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House of Representatives

The House was not in session today. Its next meeting will be held on Friday, February 9, 1996, at 11 a.m.

Senate

WEDNESDAY, FEBRUARY 7, 1996

The Senate met at 7:30 a.m. and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Trust in the Lord with all your heart, and lean not on your own understanding; in all your ways acknowledge Him, and He will direct your paths.—Proverbs 3: 5–6.

Gracious God, we put our trust in You. We resist the human tendency to lean on our own understanding; we acknowledge our need for Your wisdom in our search for solutions we all can support. As an intentional act of will, we commit to You everything we think, say, and do today. Direct our paths as we give precedence to patriotism over party and loyalty to You over anything else. We need You, Father. Strengthen each one and strengthen our oneness. In the name of our Lord, Amen.

AGRICULTURAL MARKET TRANSITION ACT OF 1996

The PRESIDENT pro tempore. The clerk will report the unfinished business.

The assistant legislative clerk read as follows:

A bill (S. 1541) to extend, reform, and improve agricultural commodity, trade, conservation, and other programs, and for other purposes.

The Senate resumed consideration of the bill.

Pending:

Craig (for Leahy/Lugar) amendment No. 3184, in the nature of a substitute.

Wellstone (for Kohl) amendment No. 3442 (to amendment No. 3184) to eliminate the provision granting consent to the Northeast Interstate Dairy Compact.

AMENDMENT NO. 3442 TO AMENDMENT NO. 3184

The PRESIDENT pro tempore. Who yields time on the amendment?

Mr. KOHL. Mr. President, I would like to call up our amendment.

The PRESIDENT pro tempore. That is the pending question.

Mr. KOHL. I yield myself 4 minutes.

Mr. President, today, I and others rise in opposition to the Northeast Interstate Dairy Compact. While we have only a short time to discuss this matter, I think that it is important to fully understand its ramifications—for farmers of other regions, for consumers in the Northeast, and for the principle of free trade within our country.

As I have said before, it is difficult for me to stand here and oppose my friends from the Northeast in their efforts to help the dairy farmers of their region. But I feel that this is a very important issue, and that it is the wrong thing to do.

The Northeast Interstate Dairy Compact is a regional compact unlike any we have seen before. It is an effort by six Northeastern States to wall themselves off from the rest of the Nation economically. The compact would bring about artificially increased milk prices in the Northeast, for the benefit of the farmers in those States, at the expense of that region's consumers, without regard to market forces. And it would do so by imposing a prohibitive compensatory payment scheme to prevent more reasonably priced milk from coming in from other regions. It is at its heart anticompetitive.

I will be the first to say that dairy issues are regionally divisive, and the first to agree that we should get beyond our divisions and find common ground. And I believe that compromise and consensus are possible, even in dairy policy.

But the Northeast Dairy Compact ignores all efforts at compromise, and instead is an effort by one region to remove itself from the national system and establish a regional dairy policy. It takes an already outmoded milk pricing system, and twists it even further.

While the context for this compact is dairy, I believe its ramifications are far more broad.

Make no mistake about it. This compact is unprecedented in the history of the Nation. It is true that the Constitution allows States to enter into a compact with other States, as long as those compacts are approved by Congress. This authority has been used many times, without controversy, by States that seek to address multistate environmental or transportation concerns. But I know of no instance where it has been used to allow States to engage in price-fixing activities, or as a way to circumvent the commerce clause of the Constitution. Congressional approval of this compact is an invitation for all sorts of economic balkanization.

The Framers of the Constitution had the foresight to see the dangers of allowing States and regions to erect economic barriers against other States in the Union.

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

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Two years ago, when the Northeast Dairy Compact was considered in the Senate Judiciary Committee, many of my colleagues raised valid constitutional concerns with the compact.

If we set the precedent today by granting consent to one region of the Nation to wall itself off economically from the rest, we must ask ourselves, where will it stop?

If we deny free trade within our own borders, we are whittling away at the economic unity that is one of the core principles of this country. And I will not stand for it.

So I urge my colleagues to vote in favor of the motion to strike the Northeast Interstate Dairy Compact from this bill.

I yield to the Senator from Minnesota.

Mr. WELLSTONE. I want to thank the Senator from Wisconsin for his exceptional leadership. Last night, when I laid down this amendment the Senator is speaking about, I did it because of what I think all of us in the Midwest feel very, very strongly about. First of all, many of us have been working for 5 years to have milk marketing order reform. That is what we really stand for. That makes all the sense in the world.

We have had a system in place since 1933, and it worked in the beginning, but it is archaic and it has a discriminatory effect on dairy producers in the upper Midwest. We have lost thousands of dairy farms in my State of Minnesota.

Mr. President, the problem with the Northeast Dairy Compact, above and beyond what the Senator from Wisconsin has spoken about, in terms of some of the regional barriers it creates, is that this also will forestall the kind of genuine reform that we really need of the milk marketing order system.

Mr. President, it is not appropriate to cut a special deal for one region's dairy farmers to the detriment of dairy farmers in other regions, especially in the upper Midwest. So, Mr. President, I think this is a critical vote, and I am proud to stand with the Senator from Wisconsin. I hope that our colleagues will support this amendment. It is absolutely key to the future of the dairy industry in this country to have a fair milk marketing order system, to have real reform. This amendment really takes us in that direction.

Mr. KOHL. Mr. President, I yield 3 minutes to the Senator from Minnesota [Mr. GRAMS].

Mr. GRAMS. Mr. President, I join my colleagues today in offering this amendment to strike the Northeast Interstate Dairy Compact from the farm bill.

As a Senator from Minnesota, I rise today for the over 11,000 dairy farmers I represent—the most productive, yet overburdened, dairy producers in the world.

For years, Minnesota's dairy industry has struggled against the harmful impact of an archaic Federal milk marketing order pricing scheme, which has played a key role in the loss of over 10,000 dairy farms over the last decade—an average of nearly 3 farms every day.

These statistics emphasize the importance of fixing the dairy program. Yet, today we are faced with a proposal which would impose another set of burdensome regulations and harmful trade barriers on our dairy producers.

If this dairy compact is enacted, it will increase the minimum price paid to dairy farmers in New England. These higher prices will likely increase dairy production in that region, causing New England milk producers and processors to seek additional markets in States like Minnesota. In the process, this overproduction has the potential to flood markets and depress milk prices paid to dairy farmers outside of the compact States.

The long-term effect of these lower prices would be to drive the dairy industry from States like Minnesota out of business—leading to a shortage of milk within the region and requiring processors to import more expensive milk from other regions.

Due to the 20-percent loss of milk production in Minnesota over the last decade, this is already happening. With the dairy compact, we run the risk of making this even worse for dairy producers around the country.

In addition, the compact will result in the proliferation of anticompetitive trade barriers between the States. If enacted, the Compact Commission will have to make immediate decisions about how to keep lower priced milk in States outside the Northeast from entering their region.

In order for the compact to survive, New England would have to engage in protectionist behavior, not from other countries, but from within the United States itself.

At a time when we are trying to open up global markets for our Nation's farm producers, it makes no sense to encourage protectionism within our own borders. Yet, that is exactly what the dairy compact would do.

The Nation's dairy industry should be exactly that—a national industry. Special favors for one region of the country will have a detrimental impact on the others.

For far too long, regional politics have made the dairy program what it is today: archaic, unfair, unwise, and unworkable. Let us not take another step backward by authorizing this Northeast Dairy Compact.

After all, the purpose of the Agricultural Marketing Transition Act is to remove the Government from interfering in the agricultural decisionmaking process and reduce the regional conflicts that have plagued our farm policy for years.

The dairy compact would do just the opposite: It would expand the role of government in dairy policy, create an unfair advantage for dairy producers in New England, and further weaken the dairy industry in States like Minnesota.

I will not stand for that. And neither should any other Senator. It is time to put an end to the failed dairy policies of the past—and certainly to the unwise proposal before us today.

I urge my colleagues to join me in standing up for small dairy farmers across the country and voting to strike the Northeast Interstate Dairy Compact from this bill.

The PRESIDING OFFICER (Mr. BENNETT). The Senator from Vermont.

Mr. LEAHY. Mr. President, who controls time?

Mr. JEFFORDS. I believe I control the time on our side, Mr. President.

Let us get down to what we are talking about. I think it was brought out well by the Senator from Minnesota. That is, they want to protect their farmers. That is understandable. They would like to have no milk orders. They would like to have nothing in this country because they believe they are lowest producers. That is fine.

This issue was raised before. I want to remind everybody, the Senate voted 65 to 35 earlier this year to say that, yes, the six States of New England, a small area of our country, has the right to act like any big State, because California and several other States have done the same thing we seek to do. Many have said, ''We want to protect and help our dairy farmers stay in business.'' Little old New England, six States are no bigger than many of the other small States.

We talk about the State's rights here. These six legislatures voted to do this. Two of those are metropolitan States. They said, ''We want to protect the farms of Vermont.'' We are tucked way up in there. We do not bother anybody with our milk supply. We could not. We are too far away. We are at the end of the energy, the end of everything up there. We are bordering on Canada that has milk prices 50 percent higher than ours. We cannot get into their markets. Hopefully with NAFTA we can.

All we are saying, ''Let us do what any other State can do and let us get our producers a little more money for their milk that goes to the consumers.'' The consumers agreed, ''We are willing to pay it, we are willing to pay it.''

So why does Minnesota and Wisconsin—later on we will have a chance to vote for something to protect them, something to give them what they want. We are willing to go along with it if they leave us alone. They do not, no. We will have the ability to be able to help our producers. It is only 5 years, a sunset, that says try it for 5 years and keep it going until NAFTA or something comes by.

It is hard to understand why they would pick on our farmers up there so far away. There is no way we are a threat to their markets. I cannot understand why they have taken this position. Fortunately, the Senate has already said 65 to 35 that you are right,

New England, your States have a right to act like any big State.

I yield to the Senator from Vermont.

Mr. LEAHY. I thank my friend and colleague from Vermont.

Mr. President, it probably makes sense this is the first thing we are debating this morning because of the fact that it is a dairy amendment and dairy farmers get up early, work hard, maybe a little bit early for some of our friends in the Senate, but Senator JEFFORDS' and my good friend, Harold Howrigan, up in Franklin County, VT, is up there. He has already finished milking, had breakfast, and probably back in the barn now feeding the calves.

I mention him for this reason: Harold is the president of the St. Albans Cooperative, but first and foremost a hard working dairy farmer like so many men and women in Vermont. I hope when we debate this amendment we consider how it will affect the average dairy farmer. This compact was an idea that came from Vermont. It could help Vermont's hard working farmers get a better return for their work. It will also help consumers gets more stable prices.

All of New England is united in this effort. I ask those who would vote against it, how would they explain to somebody in New England why they did it? It allows the States to take over their own destiny.

We hear all kinds of talk about the need to give more responsibility back to the States. We heard it across town at the National Governors' Association, telling Members of Congress to do that. In fact, I tell my colleagues, if I understand the wire service copy I was reading at about 1 o'clock this morning, the National Governors' Association has voted to support this concept. Now, the Senate also voted that way, 65 to 34.

This is not something that is anticonsumer legislation. It is something where people come together in their own region to help their own region.

We are talking about beverage milk. That is a regional market. You do not drive milk halfway across a country. You do it in the region. Over 97 percent of the package milk sold in New England comes from bottlers regulated in New England. The rest comes from outside. Less than 1 percent comes from outside our region.

This is also not closing out other markets. They are not there, anyway. Fluid milk remains within the region where it is. It also is not something where the consumers are going to be gouged. This compact would increase prices only if four of the six New England States agree to it.

Rhode Island, Connecticut, New Hampshire, and Massachusetts have 11 million consumers. They have fewer among all of them than 1,000 farmers. This is not a case where some farm bloc is going to roll over consumers. It is going to have to be something where the consumers want to do it, not that the farmers want to do it. They are an infinitesimal part of the population involved.

It also will make the point that it is not the farmer that is getting this money, it is the retailer. The past 12 years, farm prices fell 5 percent. Retail prices, I ask my friend from Vermont, I believe went up about 30 percent, is that not right, or more, during that same time? If you want to look at the price of milk, look to the retailers. It is amazing, as the price goes down to the producer, the cost goes up in the supermarket.

I yield back to my friend from Vermont, but I ask if that is not the case?

Mr. JEFFORDS. That certainly is. I happen to have a chart here.

Mr. LEAHY. I thought you might.

Mr. JEFFORDS. I have a chart that displays that fact. The farmers are the most important group that the consumers ever have to keep prices down, but they cannot do it if the retailers keep going up. Our farm prices have been going down for the last 10 years, and the retail prices have been going up. Every time we go down, they go up. Anybody that tries to say we are the cause of high retail prices, there is just no evidence of that whatever.

Mr. LEAHY. I hope, Mr. President, that the 65 Senators who voted for this last time, who obviously felt it was important to do so, felt they had legitimate reasons to do so, would not suddenly decide to change exactly as they voted last time.

To reiterate:

Mr. President, I rise today in strong opposition to the amendment offered by Senators WELLSTONE, FEINGOLD, KOHL, and others.

The underlying bill would grant congressional consent to the Northeast Interstate Dairy Compact. This compact is an agreement among the six New England States to create a commission that will have the authority to oversee the pricing of fluid milk. All six States' Governors and legislatures strongly support this amendment.

All year we have heard about the need to give more responsibility back to the States. Across town, at the National Governor's Association meeting, Members of Congress are lining up to tell the Governors how they are willing to turn more control back to the States.

The underlying bill would allow the six New England States to take more control over milk pricing. The Senate voted 65 to 34 in favor of an amendment that added the compact during the budget bill debate.

Even though the 6 New England States have debated this compact for 7 years, and even though 65 Senators voted in favor of the compact, my colleagues from Wisconsin insist that they know what is best for new England. So they want to strip this provision from the bill.

They claim that the compact would hurt their region, but that claim is false. We are talking about beverage milk, which is a limited regional market. It does not travel long distances because it is perishable. Fluid milk from Minnesota or Wisconsin is not sold in New England.

Over 97 percent of the packaged milk sold in New England comes from bottlers regulated in New England. The rest comes from the neighboring milk marketing order. Less than 1 percent comes from outside our region.

Even if fluid milk did come in from outside our region, which it does not, the compact would allow the flow of milk into and out of the region just as it occurs now.

Opponents make a lot of claims about this compact. They claim it would erect a trade barrier around New England.

This is simply not true. Over 20 percent of the milk sold in New England comes from New York. The compact would ensure that these farmers also receive their share of benefits from the compact.

The compact works just like the current Federal order system. Any producer supplying the market would receive the benefits.

I agree that the national industry needs to come together behind a unified dairy policy. I will support reasonable reforms of the milk marketing orders and the dairy program.

In the meantime, I do not see how we can hold the New England States hostage. This compact is State law in the six New England States, an idea that came from the countryside, not from Washington. The New England States think they have a better way of pricing milk. We should let them.

Some try to make the claim that the compact would raise consumer prices. The link between farm and retail milk prices is tenuous at best. In the past 12 years, farm prices have fallen 5 percent, while retail prices have increased over 30 percent.

There is no guarantee there would be any price increase. The compact would increase prices only if four of the six New England States agreed. Rhode Island, Connecticut, New Hampshire, and Massachusetts have 11 million consumers and fewer than 1,000 farmers. Their consumer interests far outweigh their farmer interests. Both farmers and consumers would have to be represented on the commission.

The New England State legislatures have voted overwhelmingly to give the compact commission this authority. All 12 members of the New England delegation are cosponsors of the compact and it has already received the support of 65 Senators.

This is a grassroots effort. New England is asking for nothing from this body nor the Federal treasury—just the opportunity to act in concert for their common good. In the spirit of federalism I urge my colleagues to vote against this amendment and give this opportunity to the New England States.

I yield back to the Senator from Vermont.

The PRESIDING OFFICER. The Senator from Vermont controls 7 minutes.

Mr. JEFFORDS. Mr. President, let me make one comment. We are not ruling out anybody else flowing their milk in. Hey, guys, bring it up if you can get the price. Bring it in, Minnesota. You can get the price. We are not trying to lock anybody out. You can get the price, Pennsylvania, then ship milk in, come on in, and take advantage of the price. That is your right.

We have not ruled anybody out, and we are not trying to make a market for ourselves. We are trying to be generous in helping the dairy farmers to stay alive in our area. If you can do it, if the price goes up, and it attracts you, what you are saying, and the end result is, we have to knock you out so that price gets even higher so we can ship in. If you cannot ship in with the high price, we will give you—you want it higher than that. You want to really rip our consumers off it you are going to get into our markets because you can get into them now.

Mr. President, I retain the balance of my time.

Mr. HATCH. Mr. President, I congratulate Senator DOLE, Senator LUGAR, Senator LEAHY, and others for their tireless efforts in bringing us a farm bill. I know that they have overcome many obstacles, and that it has not been an easy task. I also understand that there is an urgency to pass this bill. It is important for all those in the business of providing food for America that we act to improve these programs. Overall, I support these improvements and will vote for this bill.

I do object, however, to the provision added to the compromise version of S. 1541 that would give congressional approval to the Northeast Interstate Dairy Compact. This proposal was introduced and placed directly on the Senate calendar, bypassing the Judiciary Committee which has jurisdiction over interstate compacts. In other words, we are being asked to vote on this controversial compact without having had a hearing or a committee markup on the issue during this Congress.

Although some changes and minor improvements were made to the proposal from the version that was debated in the 103d Congress, those changes have not altered the essential nature of this compact. It would still permit member States to set the price for fluid milk above the existing Federal order price, effectively setting up a dairy cartel. These member States would be protected from competition from other States. This form of trade barrier is exactly the kind of practice prohibited by the commerce clause of the Constitution, and it is not one we should sanction in an interstate compact. Compacts have been used to build bridges, roads, and tunnels; to dispose of waste; or to set boundaries. Never have they been used to restrict interstate commerce.

Despite the modifications its proponents have made, I remain concerned about the dairy compact's potential anticompetitive effects, the burdens it places on interstate commerce, and the harm it would cause to consumers by increasing prices. The compact would raise the prices milk processors would have to pay for milk sold in the compact States, and those costs would be passed on to consumers.

I am equally concerned that the compact will disrupt existing Federal programs that regulate milk prices and that it will increase costs to the Federal Government. Costs to the Government will undoubtedly increase if the Government is forced to purchase more surplus when farmers are encouraged to increase production well beyond demand. This is certainly not a time when we should be increasing pressure on the Federal budget.

The fact is that we already have a Federal system for setting minimum milk prices to dairy farmers. That system provides a safety net through the dairy price support program and dictates minimum prices paid through the Federal milk marketing order program. I see no reason to establish a second milk pricing mechanism that will benefit only a few States.

In short, I remain seriously concerned that the dairy compact will hurt consumers, milk processors, and taxpayers. At a minimum, it embodies a concept that requires deeper scrutiny and further discussion.

Ms. SNOWE. Mr. President, I rise in strong opposition to the Wellstone amendment to strike the Northeast Interstate Dairy Compact from this bill.

Mr. President, we have heard a lot of talk in this debate about the need to preserve the family farm, and how the farm legislation that we pass should, at the very least, not cause more family farmers to go out of business.

Well, I can tell you that what we have at stake in this vote on the Wellstone amendment is nothing less than the survival of many family dairy farms in Maine and the other New England States.

It's very simple. If this amendment wins, large numbers of family dairy farms in Maine, Vermont, New Hampshire, and other New England States go out of business. If we defeat the Wellstone amendment and retain the Craig-Leahy language, more farmers have an opportunity to keep their farms, the rural economy of our region stays afloat, and consumers and processors in our region have the satisfaction of knowing that the price they pay for fresh milk provides a fair return to the farmer who produced it.

And that is one thing that I hope everyone keeps in mind on this vote: The only people directly affected by the compact—the farmers, consumers, and processors of New England—all support it.

What is also at stake is the concept of State-based problem-solving. In the debates held so far in this Congress, and surely in the debates to come, we have heard and will hear many Members argue that the States are often best positioned to solve their own problems, and that they should be allowed to do so without interference from Washington. I couldn't agree more.

With this vote on the Wellstone amendment today, Senators will have an opportunity to match words on this concept with deeds. The compact represents a regional response to a regional problem. It directly affects only those States that belong to the compact, and it doesn't cost the Federal Government anything. We have to decide whether we are going to support State problem solving, or obstruct it.

As in many other rural regions of the country, agriculture is a cornerstone of Maine's economy. Within the agricultural sector, dairy farming usually ranks second or third in cash receipts every year. The dairy industry provides not only jobs for the farmers themselves, but for the people who sell farm machinery, service the machinery, sell fuel and feed, and provide other goods and services. Dairy farms also account for large shares of the municipal tax base throughout rural Maine, making them critical contributors to local schools and essential town services.

Unfortunately, all is not well in the Maine dairy industry. In 1978, Maine had 1,133 dairy farms. By 1988, that number had declined to 800. In 1991, there were 680. And today we are down to roughly 600. I understand that our New England States have experienced the same devastating trend, and that Vermont, especially, has been losing huge numbers of family farmers. Without the compact in this bill, I can tell you: the bleeding of our family farms will continue.

The precipitous decline in the number of dairy farms can be attributed to several factors, but most notably to the fact that Federal market order prices in New England are generally much lower than the costs of production in the region. Opponents sometimes like to say that New England has some of the highest average order prices in the East. This is generally the case because most of New England's milk market involves fresh, fluid milk, which brings a higher price than milk sold for other products; whereas, in other regions like the Upper Midwest, less than one-sixth of the milk producers is sold for the fresh fluid market. But the average order price in New England in the first half of 1995 was $13.17 a hundred, while the costs of production in Maine, which is a fresh fluid milk market, are close to $17 per hundred. New England farmers cannot make it under the existing order system.

Mailbox prices provide a better illustration of the fact. The mailbox price is the actual price that the farmers receive after deducting the costs of marketing their milk. And if we look at mailbox prices, we see that New England farmers get the lowest take-home prices east of the Mississippi River.

Farmers in Wisconsin and Minnesota receive significantly higher mailbox prices—nearly 50 cents a hundredweight more.

Faced with the same problems throughout the region, the six New England States banded together to develop a joint regional solution. They painstakingly negotiated an interstate dairy compact that will ensure a fairer and more stable price for dairy farmers in the region. But it is a pricing program that also protects the interests of consumers in the region. As evidence of the balance and fairness achieved by the compact, both the net-producing and net-consuming States in the region all approved the compact with strong support.

The compact creates a regional commission which has the authority to set minimum prices paid to farmers for fluid, or class I milk. Delegations from each State comprise the voting membership of the commission, and these delegations in turn will include both farmer and consumer representatives. The minimum price established by the commission is the Federal market order price plus a small ''over-order'' differential that would be paid by milk processing plants. This over-order price is capped in the compact, and a two-thirds voting majority of the commission is required before any over-order price can be instituted.

Mr. President, until a court struck down the Main dairy vendor's fee in 1994 because we did not have the required congressional authorization, milk in my State was priced by a mechanism that is similar to that which could be utilized by the Compact Commission. Maine's experience was uniformly positive. Farm prices were stable and reasonable, but no farmers got rich on the minimal adjustment provided by the ''over-order'' price under the vendor's fee program. It only helped the farmers keep their heads above water. Dairy processors and vendors maintained their business, and consumers did not see any significant increases in the price of milk. It was a win-win proposition for everyone in Maine, and I am confident that the compact will achieve the same success throughout New England without violating the constitution's interstate commerce clause.

With very few exceptions, the compact only affects New England consumers, farmers, and dairy processors. The compact applies only to fluid or class I milk, and approximately 97 percent of the fluid milk consumed in New England is processed by New England-based processors. Approximately 75 percent of the milk that these processors process comes from New England farmers; the rest comes from New York, whose farmers would receive any higher prices for their milk sold to New England under a compact.

Although the direct impacts of the compact fall only on the New England States, we have shown a more than ample willingness to address the concerns expressed by Senators from other States. The compact consent provision in this bill provides additional assurances that the compact only applies to class I, fluid milk. The provision also includes a 5-year sunset, so that another act of Congress will be required to continue the compact after years. It's a fail-safe. If problems do arise with this compact, then Congress can let it expire after 5 years. In effect, what we are proposing in a kind of pilot program.

And we would be willing to go even further. Senate Joint Resolution 28, the consent resolution that we introduced last year, explicitly provides that no additional States will be allowed into the compact without the formal approval of both Houses of Congress, that out-of-region farmers who sell milk in the compact region will get the same price as farmers in the region, that the commission's pricing authority is strictly limited, and that the commission must develop a plan to ensure that over-order prices do not lead to increases in production. Unfortunately, the amendment before us ignores the good-faith, constructive offerings that we have made in the past.

Mr. President, why should the Federal Government deny the States an opportunity to solve their own problems, especially when it doesn't cost the Federal taxpayers? The answer is that we shouldn't. We should praise the States for their self-reliance and ingenuity when they devise creative ways to solve their problems, as they have done in the case of this compact. I hope that Senators will recognize the value in this kind of state-based problem-solving, support the wishes of the people who will really be affected by this legislation, and vote no on the Wellstone amendment.

• Mr. HATFIELD. Mr. President, yesterday, I voted for cloture on the Craig/Leahy substitute to the farm bill. I cast my vote in hopes of reaching cloture so that we could debate and discuss the 1995 farm bill. I have consistently voted in the past in favor of moving forward with debate to ensure the integrity of farm legislation which would allow our farmers to plant their crops. We were not able to obtain cloture yesterday, however, late yesterday evening, the leadership came to an agreement to complete a farm bill. Unfortunately, I am not able to be present for today's debate due to business which takes me away from the Senate. These past months I have postponed scheduled meetings and trips in order to meet the Senate schedule. The business which takes me away from the Senate today was planned many months ago with the knowledge that we would be in recess for the month of February. I am leading an important delegation from Oregon, which includes members of the Port of Portland, on a vital trade mission to Taiwan and Korea.

Mr. President, I know that millions of jobs, including those of truckers, retailers, farm implement dealers, bankers and exporters, are dependent upon a healthy farm economy. Consumers are accustomed to consistently having quality, yet, inexpensive agricultural products on their grocery shelves. Yet, there is no more troubled sector in the American economy than agriculture. Agricultural surpluses, declining farm exports, failed farm and farm related businesses are constant reminders of the need to reestablish strength and stability of American agriculture.

The roots of our farm crisis are many and the solutions to the problems are indeed complex. The Senate and House Agriculture Committees have labored for the past year in an attempt to bring bills to a vote in our respective Chambers. Truly, it has been a daunting year. We are now in a crisis situation where we have reverted to laws written in the 1930's and 1940's. If we do not find compromise and pass a farm bill now, we face much greater costs and exacerbate instabilities in the agricultural sector. Many of the programs of the 1930's are unpopular because they call for strict acreage allotments and marketing quotas on major crops. However, a simple extension of the current law for more than a few months will prove to be economically disastrous for both the Federal Treasury and beleaguered farmers who fall behind daily as talks continue in the Senate Chamber.

I cannot say that I agree entirely with the proposed farm bill, S. 1541. The proposed 7-year contracts with the Federal Government, guaranteeing continued payments regardless of market conditions will allow farmers broad flexibility to grow crops in accordance with market conditions and not Government regulations. However, I am concerned that the bill would cut spending for the Export Enhancement Program, which subsidizes overseas sale of U.S. commodities, such as wheat. I am also concerned that the Market Promotion Program [MPP], which helps U.S. companies fund overseas promotional and advertising campaigns, would be capped. If we are to allow flexibility to meet market demands we must also tap into as well as create markets in foreign countries, especially in the Pacific rim in order to achieve the goal of independence from traditional Government assistance to farmers.

Mr. President, I also offer an amendment which addresses a problem in Oregon that deals with the Oregon Public Broadcasting's [OPB] eligibility for the Public Television Demonstration Program administered by the U.S. Department of Agriculture. OPB's eligibility for the program was held in suspension last year when it was discovered that OPB's broadcast coverage did not meet the statute's statewide requirement. OPB covers 90 percent of the State's population and 84 percent of the State's rural area. And, since all of OPB's productions are rebroadcast by one local public television station,

OPB's programs are essentially available to all Oregonians. Until the definition of ''statewide'' is clarified, OPB will not be eligible for the grant program. Thus I submit my amendment to clarify the language for the eligibility criteria for the Public Television Demonstration Program.

In conclusion, I find sections of this farm bill which I would like to change, as do many of my colleagues. However, we must continue to find and forge compromise in order to move toward not only a farm bill but balancing our national budget. I sincerely believe we will soon achieve that goal.●

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. KOHL. Mr. President, I yield up to 5 minutes of our time to Senator FEINGOLD.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. FEINGOLD. Mr. President, I rise in strong support of Senator WELLSTONE's amendment to strike the congressional approval to the Northeast Dairy Compact contained in this Leahy substitute. I am pleased to be a cosponsor of his amendment.

Mr. President, there are so many things wrong with this Northeast Interstate Dairy Compact, it is difficult to know where to begin.

The greatest irony of the Northeast Dairy Compact's inclusion in freedom to farm is that the package, in the words of the Agriculture Committee Chairman LUGAR, purports to be market oriented. He called this package a bold departure from current law. Well, he's right. The Northeast Compact is a bold departure from current law, but it is far, very far, from the goal of market orientation.

Mr. President, the Northeast Dairy Compact is the antithesis of market orientation. It is exactly the type of program that reformers in this body have been targeting for 2 years. Many of those who support the Northeast Interstate Dairy Compact have been among the most outspoken critics of farm programs which impose taxes on consumers to support agricultural producers—which is exactly what the Northeast Compact does. But it does far more than that, Mr. President.

The compact allows six States with far more consumers than dairy producers, to artificially raise the price that consumers pay for fluid milk. It is a price fixing compact, pure and simple, Mr. President. And it is without precedent in our Nation's history.

This is not about States rights. Never was the 10th amendment or the compact clause of our Constitution intended to allow several States to collude to fix prices for products produced in those States while simultaneously keeping products produced in other States out of the compact region. Mr. President, that would be a restraint of interstate commerce. Well, Mr. President, that is what this compact does—it restrains trade and it allows States to fix prices. And it has far-reaching consequences for the entire Nation.

Who will pay for the generosity of these compact States to their dairy farmers?

Consumers in the compact region and dairy farmers throughout the country.

Since this bill has not been the subject of a single hearing in the Senate, and has never been marked up by the committee of jurisdiction, the Judiciary Committee, in the 104th Congress, I think it is important that we review what the compact actually does.

First, it allows six States to enter into to a compact to fix prices for fluid milk at a level substantially higher than allowed under the current Federal milk marketing order system.

It would also allow six additional States to enter the compact if they wish, along with any States contiguous to those additional six States. This is no small compact, Mr. President. If those additional States are added—and how could Congress justify denying those States if we approve the initial six?—the compact area would comprise 20 percent of national milk production.

That is a significant level of production that would substantially disrupt national milk markets and ultimately depress prices for all dairy producers in this country—except those in the compact.

Second, the compact would allow those States to set the price for fluid milk up to $17.40 per hundredweight—a full $1.35 above the current minimum fluid milk price in that region established by Federal orders. I would also caution my colleagues that the current fluid milk price for the Northeast is at one of its highest levels in years. What this means is that the $1.35 bonus for New England milk producers is likely the smallest that bonus will be for the 5-year period of this compact. That minimum bonus would translate into a minimum consumer-funded payment of $4,000 for a farmer with a 50-cow herd.

Also keep in mind that the minimum price in the compact States is allowed to be adjusted by inflation using 1990 as a base year. By the year 2000 the cap on fluid milk prices could be well over $20 if inflation increases by 3 percent per year.

That consumers will pay dearly for the privilege of supporting the New England dairy industry is proven by the provision in this bill that requires the compact States to reimburse the Women, Infants and Children's Supplemental Food Program for the increased cost of milk purchased under the program. However, taxpayers would not be reimbursed for the higher costs of mandatory nutrition programs such as national school lunch and breakfast programs, food stamps, and others.

For a Congress so fervently promoting tax breaks for Americans, I am surprised to see this tax on consumers so heartily embraced by the compact supporters and the supporters of the Leahy substitute which contains the compact.

I am sure the many consumers in the compact region would like a taxbreak of $4,000 or more each year. Instead they will receive a tax increase through their purchases of milk.

I also urge my colleagues to keep in mind, that while in-region milk producers get to vote on whether or not they want the higher price for the compact milk, consumers are afforded no such voice. Mr. President, I ask unanimous consent that an editorial from the New York Times, entitled ''Milking Consumers,'' be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times, Saturday, July 22, 1995]

New England senators and governors are pressuring Bob Dole, the Senate majority leader, to submit a pernicious bill to a hasty vote before it clears committee.

The bill creates a compact among Maine, Vermont, New Hampshire, Connecticut, Rhode Island and Massachusetts to raise milk prices above Federal levels. By some estimates, the cost of a gallon of milk would rise from about $2.50 to between $2.85 and $3.

Over all, the price increase would pump perhaps $500 million a year into the bank accounts of New England dairy farmers. But it would needlessly pummel poor parents by forcing them to spend up to 20 percent more to buy milk.

Besides discouraging milk drinking, the compact sets an ugly precedent. New England cannot enforce artifically high prices unless it keeps milk produced outside New England from flowing into the region. That is why the bill imposes what amounts to a protective tariff on ''imported'' milk.

The compact would in effect create a barrier to interstate commerce, sharing our milk produced in the Middle West the way the United States threatened to shut out luxury cars from Japan. The precedent so set would be ill advised, if not unconstitutional. What might be next? An oil compact in the Southwest? A wheat compact in the Midwest?

Mr. Dole ought to reject a quick vote on the dairy compact because it raises unexplored constitutional issues. Senators ought to reject the compact because it needlessly harms children. Mark Goldman, president of a New Jersey milk processor, poses the right question. Who believes that the voters of New England if forthrightly asked, would approve paying an additional 56 cents for a gallon of milk for the privilege of fattening the bank accounts of a few nearby farmers?

Mr. FEINGOLD. The New York Times editorial states:

The price increase [provided in the Compact] would pump perhaps $50 million a year into the bank accounts of New England dairy farmers. But it would needlessly pummel poor parents by forcing them to spend up to 20 percent more to buy milk.

The editorial provides some good advice to Senators who will soon vote on this measure—Senators ought to reject the compact because it needlessly harms children. I think that is pretty good advice, Mr. President.

In addition to the ill effects on consumers, the compact erects barriers to

keep milk from other States from flowing into the compact region. The Compact requires that lower cost milk produced in surrounding States must receive the higher compact price, through compensatory payments, even if producers in those other States can provide that milk at a lower cost to buyers. When you include transportation costs, any buyer of milk in the compact region would be foolish to acquire milk from outside the compact region. Any unwise buyer who did so would soon be put out of business by their competitors.

That producers from noncompact States are free to sell into the compact region, as the supporters claim, is accurate. However, there would be no demand for that milk because of the disincentives the compact creates for its acquisition.

While compact supporters claim that any producer in the country will be able to benefit from this, it is illogical to conclude that is true. If it were, the compact itself would be rendered ineffective because the compact region would be flooded with less expensive milk from surrounding States. Make no mistake, this compact is only supported by its sponsors because the walls it erects around the compact region are high and well-reinforced.

Third, while milk from outside the compact region is prevented from entering, milk processors in the compact region who must pay the higher price for the raw product, may receive a subsidy to allow them to ship their products outside the compact region. The compact includes that trade subsidy because those compact region processors will be required to pay so much for milk that their products would be uncompetitive in other parts of the country where milk producers do not receive artificially inflated prices.

For members who think the impacts of the compact are isolated to compact States, I suggest they take a careful look at this provision. The very export subsidies we have been trying to tear down in international trade through GATT and NAFTA will be imposed by the compact region States to the disadvantage of milk processors and producers in other States.

In summary, Mr. President, this compact provides authority for six States—and potentially many more—to fix artificially high prices for milk at the expense of consumers. It erects barriers to any noncompact milk, and it subsidizes exports of compact region products.

I've talked about the impacts on consumers. But what of the impact on dairy farmers throughout the country?

The compact balkanizes the U.S. dairy industry by insulating the Northeast dairy industry from the market conditions that all other farmers in this country must face. And, Mr. President, there are dairy farmers in every State of this Nation that will be affected by this. That is because there is a national market for milk, not a regional one. A surplus in one region depresses prices for all farmers nationally, and a shortage in one region raises prices for all farmers. That is why there is a national system for the marketing and pricing of milk.

However, with this compact, when national prices that farmers receive for milk plummet due to changing market conditions, the Northeast compact States will be completely isolated from those price fluctuations. When dairy farmers in Texas or New Mexico or Florida are responding to lower milk prices by reducing supply, the Northeast producers will continue to overproduce milk despite the market signals. And that, Mr. President, will exacerbate the excess supply situation depressing prices nationwide.

Not only will the compact insulate Northeast producers from price shocks that all other farmers face, it will also have the effect of driving down prices for dairy farmers in other parts of the country even if supply and demand are in balance.

It is a simple fact of economics that dairy farmers respond to higher prices with greater production. The exorbitant compact prices will surely increase production in the Northeast and yet the compact provides for no effective method of supply control. Those surpluses produced in the Northeast will drive down prices for farmers everywhere.

In addition, without a market for that surplus milk in fluid form, it will go into secondary milk markets. It will be manufactured into cheese and butter and powdered milk. Those products, generated by excess production in the Northeast, will then compete on the national market alongside products produced in other States by producers receiving far lower milk prices.

Not only will noncompact producers suffer from lower prices, but they would also lose markets for their products.

Mr. President, not only does this compact fail to recognize the national nature of milk markets, but it builds additional regional biases into current law.

The compact exacerbates current inequities of the Federal milk marketing order system that have discriminated against upper Midwest dairy producers for years. It is inherently market distorting and regionally discriminatory.

I want to just reiterate, the Senator from Vermont, Senator JEFFORDS, indicated we will have a opportunity later in the day to vote on something to help the Midwest. That is not clear at all, unless there is an agreement between the parties. We are trying very hard, but if that is not achieved we will be ending up with current law in this area, so there is no real help for the rest of the country in that regard.

In addition, this compact will also have a significant impact on the entire U.S. dairy industry. It insulates New England dairy producers from the market.

Mr. President, I understand why the compact States want the consent of Congress for this compact. The Northeast is losing dairy farmers. But, Mr. President, the decline in dairy farmer numbers is a national trend and the pain is felt nationwide.

Today there are 27,000 dairy farmers in my home State of Wisconsin, more than any other State in the Nation; 15 years ago, Mr. President, there were 45,000. Mr. President, our average herd size in Wisconsin is small—55 cows. These are small farmers who have experienced the same problems facing the Northeast—but far more acutely than any other region of the country and more than any other individual State. My State of Wisconsin, which until 1993 was the No. 1 milk producing State in the country, suffers from the loss of over 1,000 dairy farmers per year. We lose more farms per year than the current number of dairy farmers in five of the six compact States.

A recent survey indicated that in the next 5 years 40 percent of our remaining farmers will go out of business. That is over 10,000 family dairy farmers.

This trend is mirrored in other States throughout the upper Midwest. While we recognize that there are many reasons for this decline, the overwhelming message I hear from family dairy farmers in Wisconsin, Minnesota, and throughout the Midwest is that we need reform of outdated Federal milk marketing orders which provide artificial advantages to other regions of the country driving Wisconsin farmers out of business.

So I understand the desire of the Northeast to remedy their local and regional problems in their dairy industry, however further regionalizing dairy policy is not the answer. Congressional changes to dairy policy must recognize the national nature of milk marketing as well as the comprehensive and interrelated nature of fluid and manufactured milk products.

Wisconsin dairy farmers can no longer afford to help other regions at their own expense.

The supporters of this legislation have tried to present this as a very simple idea—that of a simple interstate compact designed to help the struggling producers of that region in isolation from national markets and having no unintended effects on noncompact producers.

Mr. President, I urge my colleagues to recognize that simply is not the case. This compact is unprecedented and Members should not be surprised that approval of this package will result in additional request to approve price fixing compacts.

I urge my colleagues to support the motion to strike the Northeast Dairy Compact from the bill. It is not market oriented. It is the antithesis of market orientation and its inclusion in this bill is completely inconsistent with the rhetoric of this Congress including many of the supporters of this compact.

Providing congressional consent to this compact in a bill which purports to allow farmers to take their signals from the marketplace not the Government would be the ultimate irony of this farm bill.

If we pass this compact today, I believe every Member will soon regret it.

I urge my colleagues to support this motion to strike the Northeast Interstate Dairy Compact from the farm bill.

The PRESIDING OFFICER. The Senator from Wisconsin has 2 minutes remaining.

Mr. KOHL. Mr. President, on behalf of myself, Senator FEINGOLD, Senator WELLSTONE, Senator GRAMS, Senator LAUTENBERG, and Senator HATCH, I urge my colleagues to vote in favor of this motion to strike the Northeast Dairy Compact.

I would also like to point out the 65- to 35-vote that Senator JEFFORDS and Senator LEAHY referred to was a vote on a much broader reconciliation amendment that had other things in it beside the Northeast Dairy Compact, so that was not a clean vote. What we are going to have today on the Northeast Dairy Compact is a clean vote without any other considerations. I hope that will elicit a different and a more correct response than the vote that occurred heretofore.

I thank the Chair.

Mr. JEFFORDS. Mr. President, how much time do I have left?

The PRESIDING OFFICER. The Senator from Vermont has 5 minutes and 50 seconds left.

Mr. JEFFORDS. Mr. President, I rise in strong opposition to this amendment. The Northeast interstate dairy compact is the remarkable product of 7 years of formal, interstate cooperation in New England. It has the bipartisan support of the region's six Governors—four Republicans, one Democrat and one Independent. And it is backed by the region's farmers, consumers, and milk processors alike.

Mr. President, we have spoken often this past year in this Chamber about returning power back to our sovereign States, to allow the States to work together with the Federal Government to solve the problems we face. Here is a fine example of such a cooperative federalism, most appropriately presented in the context of this farm bill.

The compact is a pilot project, with a 5-year sunset. It simply needs congressional consent to be approved. I urge this body to give the New England States an opportunity to implement this test program.

Mr. President, the compact has had an impressive journey through the six New England State legislatures. In fact, it has passed with overwhelming margins in both producing and consuming States. The Rhode Island State Legislature, representing over 1 million consumers and only 31 dairy farms voted near unanimously to pass the compact.

Some of my colleagues have been misinformed about what the compact would or would not do. Not surprisingly, the dairy processors' lobby have been promoting misguided information on how the compact will work. They have a long history of working against legislation that protects and improves dairy farmer income.

However, the compact, which has been approved overwhelming in each of the six New England State legislatures is not the monster that a select few have made it out to be.

The Northeast dairy compact is intended to help give farmers and consumers fair and stable milk prices. The compact has been carefully crafted so that it will not affect the national diary industry or burden the consumer. The compact can only regulate class I milk in New England, that is beverage or fluid milk, which makes up only 1.5 percent of the national milk supply. We are dealing with a very small amount of fluid milk. National processors will not be affected by this compact. It will have no affect on class II of class III milk which is used for manufactured products.

Mr. President, my own State of Vermont has lost over 1,200 farms in the last 10 years. Today, Vermont dairy farmers are receiving milk prices well below the cost of production. Current milk prices for farmers are as low as they were over 10 years ago.

I understand that Vermont is not the only State to witness a decline in its number of dairy farms. Dairy farms throughout the country deserve price stability and enhancement and I hope that a dairy compromise amendment will be offered and accepted today that will benefit farms across this Nation.

Mr. President, New England is not asking Washington to solve its problem, it is asking Washington to allow New England to solve its problem on its own. The compact is a regional solution to a regional problem. The six New England States should not be denied the opportunity to do just that.

Mr. President, I urge my colleagues to vote against this amendment and allow the people of Vermont and New England the opportunity to help themselves protect the future of their dairy farms.

Mr. President, let me remind everyone again, you have been reminded, you voted for this and I think you ought to keep that in mind. You voted for it in a very similar situation. It was a bigger bill, yes, but it was the same issue exactly.

The New England States have taken 7 years to examine what they can do to help the dairy farmers. I have here, and I ask unanimous consent to have printed in the RECORD, a letter from the six New England Governors to the leader here, telling him that they support this bill, together with some other material. It is very important.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

NEW ENGLAND
GOVERNORS' CONFERENCE, INC.,
Boston, MA, July 17, 1995.

Hon. ROBERT DOLE,
Hart Senate Office Building,
Washington, DC.

DEAR SENATOR DOLE: We, the Governors of the New England States, have learned that you will soon consider the Northeast Interstate Dairy Compact, SJR 28, on the Senate Floor. We would like to take this opportunity to thank you for agreeing to take this critical, procedural step on behalf of the Compact, and to reaffirm our strong support of its passage.

Enclosed, you will find the New England Governor's Conference resolution which was adopted in support of Congressional approval of the Compact. The resolution details the significance of the Compact to our region with regard to its specific importance to both New England dairy farmers and consumers, and, equally, as a model of formal, interstate cooperation.

Thank you again for agreeing to move the Compact forward. We are hopeful that, when it comes to the Floor, you will consider its importance to our region.

Very truly yours,

STEPHEN MERRILL,
Governor, New Hampshire, Chairman.
WILLIAM F. WELD,
Governor, Massachusetts.
JOHN G. ROWLAND,
Governor, Connecticut.
HOWARD DEAN, M.D.,
Governor, Vermont, Vice Chairman.
ANGUS KING, Jr.,
Governor, Maine.
LINCOLN C. ALMOND,
Governor, Rhode Island.

RESOLUTION 127—NORTHEAST DAIRY COMPACT

A Resolution of the New England Governors' Conference, Inc. in support of congressional enactment of the Northeast Dairy Compact.

Whereas, the six New England states have enacted the Northeast Interstate Dairy Compact to address the alarming loss of dairy farms in the region; and

Whereas, the Compact is a unique partnership of the region's governments and the dairy industry supported by a broad and active coalition of organizations and people committed to maintaining the vitality of the region's dairy industry, including consumers, processors, bankers, equipment dealers, veterinarians, the tourist and travel industry, environmentalists, land conservationists and recreational users of open land; and

Whereas, the Compact would not harm but instead complement the existing federal structure for milk pricing, nor adversely affect the competitive position of any dairy farmer, processor or other market participant in the nation's dairy industry; and

Whereas, the limited and relatively isolated market position of the New England dairy industry makes it an appropriate locality in which to assess the effectiveness of regional regulation of milk pricing, and

Whereas, the Constitution of the United States expressly authorizes states to enter into interstate compacts with the approval of Congress and government at all levels increasingly recognizes the need to promote cooperative, federalist solutions to local and regional problems; and

Whereas, the Northeast Interstate Dairy Compact has been submitted to Congress for approval as required by the Constitution: Now, therefore, be it

Resolved, That the New England Governors' Conference, Inc. requests that Congress approve the Northeast Interstate Dairy Compact; and be it further

Resolved, That, a copy of this resolution be sent to the leadership of the Senate and the House of Representatives, the Chairs of the appropriate legislative committees, and the Secretary of the United States Department of Agriculture.

Adoption certified by the New England Governors' Conference, Inc. on January 31, 1995.

STEPHEN MERRILL,
Governor of New Hampshire, Chairman.

INTERSTATE COMPACT LEGISLATIVE PROCESS

Connecticut: (P.L. 93–320) House vote—143–4; Senate vote—30–6. (Joint Committee on Environment voted bill out 22–2; Joint Committee on Government Administration and Relations voted bill out 15–3; Joint Committee on Judiciary voted bill out 28–0.)

Maine: Originally adopted Compact enabling legislation in 1989 (P.L. 89–437) Floor votes and Joint Committee on Agriculture vote not recorded. The law was amended in 1993. (P.L. 93–274) House vote—114–1; Senate vote—25–0. (Joint Committee on Agriculture vote not recorded.)

Massachusetts: (P.L. 93–370) Approved by unrecorded voice votes.

New Hampshire: (P.L. 93–336) Senate vote—18–4; House vote—unrecorded voice vote; (Senate Committee on Interstate Cooperation vote—unrecorded voice vote; House Committee on Agriculture voted bill out 17–0.)

Rhode Island: (P.L. 93–336) House vote—80–7; Senate vote—38–0. (House Committee on Judiciary voted bill out 11–2; Senate Committee on Judiciary voice vote not recorded.)

Vermont: Originally adopted Compact in 1989. (P.L. 89–95) House vote—unanimous voice vote; Senate vote—29–1. The law was amended in 1993. (P.L. 93–57) Floor voice votes, and House and Senate Agriculture Committee voice votes, not recorded.

Mr. JEFFORDS. Also, I have letters from the Governors to all of us with respect to that. We have brought this over here. We have explained it to staffs and they agreed with us, 65 to 35. I wanted you to keep that in mind.

Second, we are a negative producer. What are they afraid of? We only produce 70 percent of the milk consumed in New England. We are not a threat to anybody. Mr. President, 30 percent of our milk comes from New York and Pennsylvania. It can come from Wisconsin. It can come from Minnesota. We are not creating any barriers to anybody.

We say our consumers are so desirous of making sure that our farmers are there—they love the cows on the hillsides. That is New England. It is tradition.

All we are asking is to be treated as any other big State can be. New York has an order that helps protect their producers, California does, other States do. Why can we not, as six little States up in New England tucked off up in the corner there, have the ability to protect our dairy farms?

I yield to the Senator from Vermont.

Mr. LEAHY. Mr. President, obviously I agree completely with my colleague from Vermont on this. The point is, this goes beyond questions even of romanticism or anything else. It is not romanticism when we talk about the hard work of the dairy farmers. This is one of the most difficult jobs in America today.

They have also, though, created even more problems for themselves because they are the most efficient producers in America today. Their efficiency and their hard work is not being rewarded. It tends to be punished, with the system we have.

What we are saying is at least allow us, consumers and producers alike in New England, to set our own destiny. It is the only fair thing. This is not a case where it is farmers against consumers, as though the two are different; or consumers against farmers. This is a case where producers and users come together to make it work.

I hope we defeat the effort to strike the New England Dairy Compact. It has been put together by Republicans and Democrats alike. This Senate ought to approve it.

Mr. JEFFORDS. Mr. President, we have spoken often in the past year, in this Chamber, about returning power back to the sovereign States to allow the States to work together with the Federal Government to solve the problems we face. Here is a fine example of such cooperative federalism.

Most appropriately presented in the context of this farm bill here, the compact is a pilot project with a 5-year sunset. It simply needs congressional consent to be approved. Other States can do it by themselves. They are big enough. We cannot.

I urge this body to give the New England States an opportunity to implement this test program. The compact has had an impressive journey through six New England State legislatures—six State legislatures. Two of them, primarily consumers have approved so they can help keep their dairy farmers and the rural life of Vermont alive. The Rhode Island State Legislature, representing over 1 million consumers and only 31 dairy farms, nearly unanimously passed this. Why should we be prohibited from doing what other States can do, merely because the Midwest believes and hopes that sometime in the future they can ship their milk to us because the price would get so high, because our farmers are out of business, that they could ship it over there to profit?

They are welcome now. Why do they want to be so greedy?

Mr. President, how much time do I have left?

The PRESIDING OFFICER. The Senator from Vermont has 1 minute and 25 seconds.

Mr. JEFFORDS. Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. KOHL. Mr. President, I would like to add that Senator PRESSLER is cosponsor of this amendment. He was an original sponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KOHL. Mr. President, I would like, in closing, to remind Senators that if we allow this kind of a price-fixing scheme to make its way through the Congress, then there will be no way to prevent in a logical way any other group of States setting up similar price-fixing mechanisms under the same justification, not only in dairy but in any other industry. That is not what we intend to do in this country. We need a national market for our products in this country.

So every Senator is affected by what will occur if we allow the Northeast Dairy Compact to make its way through Congress. It is for that reason—and the other reasons that we have discussed—that I urge my colleagues to reject the Northeast Dairy Compact.

I thank you.

Mr. JEFFORDS. Mr. President, as we bring this to a close, I know everyone is interested in saving their dairy farms. The question is whether you try to do it at the expense of some other dairy farmer. Vermont has lost one-third of its farms in the last 10 years. I know the Midwest has done likewise. But they are not hurt by us. As pointed out, they can ship to us now. They can ship at a higher price if this goes through. But they cannot do it; they are too far away. That is our problem. We are too far away from anything. We are at the end of the energy stream. We are at the end of everything. We are tucked up in that little corner barricaded from markets in Canada. We could get 50 percent more for our milk if we could go across the border. We want to stay alive, and our States and our State legislators want us to stay alive. When you get six States to approve something that helps the farmers primarily in two States, you have got to really believe that they are sincere in their efforts to try to do what is best for their State.

Mr. President, I urge a ''no'' vote on this motion to strike. By a vote of 65 to 35 the Senate voted against what they are being asked to do today. I hope they will recognize that and keep the same wonderful logic that they used for those 65 votes.

I yield to the Senator from Vermont for a final comment.

The PRESIDING OFFICER. All time has expired.

Mr. LUGAR. Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. The yeas and nays have already been ordered.

Mr. LUGAR. I thank the Chair.

Mr. President, I ask unanimous consent that the Kohl amendment be temporarily set aside with the vote to occur on or in relation to the amendment and the time to be set by the majority leader after consultation with the Democratic leader. I also ask unanimous consent that if there are stacked votes, the votes occur in the order they were offered.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LUGAR. Mr. President, for the benefit and information of all Members, the agreement calls for several amendments in sequence. To the best

of our ability, we will shift back from one party to the other, although the agreement reached last evening was that if there are not Members present from the opposite party, we would feel free to move to whoever had an amendment. There are 10 amendments offered on the Democratic side and five on the Republican side if the maximum were to be offered.

Next in sequence we are anticipating the amendment by the distinguished Senator from Colorado, who is in fact present. He will control the time on our side on that amendment.

Mr. LEAHY. Mr. President, will the Senator from Indiana yield for another housekeeping observation?

I urge Senators who may have amendments, or issues, if they can to come and talk with the distinguished Senator from Indiana and myself to see if maybe not all amendments necessarily need a vote. If it is possible for us to come together on something, now is the time to do it.

The other thing is that I hope when we stack the votes— and I believe it is the intention of the leaders to do this at that time—that after the first vote there would be a shortened time for subsequent votes. But I urge the cooperation of Senators, certainly on my side of the aisle, and I am sure the distinguished Senator from Indiana feels that way about his side of the aisle we as we move forward on these issues.

Mr. LUGAR. Mr. President, I concur in all the distinguished Senator has said.

Let me also mention that one reason for having votes late in the morning is literally to clear the trail—it is the intent of the leadership to complete action on this bill at 4:45—so that everyone has been heard, and votes occurring may in fact be stacked votes later in the morning.

I yield the floor.

Mr. BROWN addressed the Chair.

The PRESIDING OFFICER. The Senator from Colorado.

AMENDMENT NO. 3443 TO AMENDMENT NO. 3184

(Purpose: To direct the Secretary of Agriculture to ensure that private property rights, including water rights, will be recognized and protected in the course of special use permitting decisions for existing water supply facilities)

Mr. BROWN. Mr. President, I send an amendment to the desk and I ask for its consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Colorado [Mr. BROWN] proposes an amendment numbered 3443 to amendment No. 3184.

Mr. BROWN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place, insert the following:

SEC. . CLARIFICATION OF EFFECT OF RESOURCE PLANNING ON ALLOCATION OR USE OF WATER.

(a) NATIONAL FOREST SYSTEM RESOURCE PLANNING.—Section 6 of the Forest and Rangeland Renewable Resources Planning Act of 1974 (16 U.S.C. 1604) is amended by adding at the end the following new subsection:

''(n) LIMITATION ON AUTHORITY.—Nothing in this section shall be construed to supersede, abrogate or otherwise impair any right or authority of a State to allocate quantities of water (including boundary waters). Nothing in this section shall be implemented, enforced, or construed to allow any officer or agency of the United States to utilize directly or indirectly the authorities established under this section to impose any requirement not imposed by the State which would supersede, abrogate, or otherwise impair rights to the use of water resources allocated under State law, interstate water compact, or Supreme Court decree, or held by the United States for use by a State, its political subdivisions, or its citizens. No water rights arise in the United States or any other person under the provisions of this Act.''

(b) LAND USE PLANNING UNDER BUREAU OF LAND MANAGEMENT AUTHORITIES.—Section 202 of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1712) is amended by adding at the end the following new subsection:

''(g) LIMITATION OF AUTHORITY.—Nothing in this section shall be construed to supersede, abrogate, or otherwise impair any right or authority of a State to allocate quantities of water (including boundary waters). Nothing in this section shall be implemented, enforced, or construed to allow any officer or agency of the United States to utilize directly or indirectly the authorities established under this section to impose any requirement not imposed by the State which would supersede, abrogate, or otherwise impair rights to the use of water resources allocated under State law, interstate compact, or Supreme Court decree, or held by the United States for use by a State, its political subdivisions, or its citizens. No water rights arise in the United States or any other person under the provisions of this Act.''

(c) AUTHORIZATION TO GRANT RIGHTS-OF-WAY.—Section 501 of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1761) is amended—

(1) in subsection (c)(1)—

(A) by striking subparagraph (B);

(B) in subparagraph (D), by striking ''originally constructed'';

(C) in subparagraph (G), by striking ''1996'' and inserting ''1998''; and

(D) by redesignating subparagraphs (C) through (G) as subparagraphs (B) through (F), respectively:

(2) in subsection (c)(3)(A), by striking the second and third sentences; and

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

''(e) EFFECT ON VALID EXISTING RIGHTS.—Notwithstanding any provision of this section, no Federal agency may require, as a condition of, or in connection with, the granting, issuance, or renewal of a right-of-way under this section, a restriction or limitation on the operation, use, repair, or replacement of an existing water supply facility which is located on or above National Forest lands or the exercise and use of existing water rights, if such condition would reduce the quantity of water which would otherwise be made available for use by the owner of such facility or water rights, or cause an increase in the cost of the water supply provided from such facility.''

Mr. BROWN. Mr. President, both sides have a copy of this amendment. It simply is a clarification of an action that the Senate had taken earlier in the year. That action was taken on an appropriations bill. As I am sure Members will appreciate, the members of the Appropriations Committee are reluctant to legislate on an appropriations bill. The form it took was a restriction in spending of funds by the Secretary of Agriculture.

Mr. President, to be brief, the situation arises out of a rather difficult circumstance that involved what I believe is a maverick regional forester. The situation is this: Colorado has about 37 percent of its State owned by the Federal Government. It is literally very difficult, or impossible in some areas, to transfer water from the mountain areas where it is accumulated from the snow melt and the reservoirs to the cities for drinking water without crossing Federal ground. There are a few areas where it is possible to get drinking to the cities and deliver drinking water and agricultural water without crossing Federal ground, but very few.

To cross Federal ground, what has traditionally been the case is permits have been offered by the Federal Government. As the Senate is well aware, when someone applies for a new permit, an extensive review takes place. That is to ensure that it meets the environmental standards of the Forest Service. What is happening in Colorado is an entirely new event which has begun to take place, and in other places around the country. That is, when these permits to cross Federal ground came up for renewal, the Forest Service has demanded that the cities forfeit a third of their drinking water for them to be allowed to renew their permit to cross Federal ground.

No provision for forfeiting water is included in the statutes. One would certainly understand if these were new permissions, but they are not. They are existing permits. In a number of cases, the permits preexisted the existence of the Forest Service. Some had literally been in existence for well over 100 years. They are the absolute lifeblood of the State. I may say this practice appears to do be followed by a number of other foresters around the country as they look at it and begin to apply this same consent to other States.

Literally what happened is the Forest Service wanted to extort—I use that word advisedly because it is a strong word, but I think it fits—water from the cities as a condition to renew an existing permit. Let me emphasize that nothing was changed. If something was different, if there was an expansion of the permit or a change in the use of the permit, one would understand action by the Forest Service. But these were circumstances where the city wanted to specifically use its drinking water the way it had for over 100 years. The Forest Service used the event of renewing the permit to demand a forfeiture of the water. No statute gives them that authority, but when they have the ability to stop the

renewal of the permit, they have enormous leverage.

Our cities and our water districts spent literally millions of dollars. One of the most environmentally conscious communities, I believe, in the Nation—Boulder, CO—had attorney's fees that exceeded millions of dollars just in that one city's case alone. What happened is some of the small cities that could not afford the attorney's fees forfeited a third of their water, or a portion of their water rights. Others, through negotiation, forfeited less. Others fought it through court and continue with longstanding studies and expensive attorneys' fees to negotiate the process out.

All this amendment does is exactly what was done earlier in the year through the appropriations process. It simply says when you have an existing permit, where you are not changing it, that they cannot require you to forfeit your water rights. It stops extortion in effect.

I do not know of any opposition. The amendment, when it came up on the appropriations bill, enjoyed strong bipartisan support. It was adopted by the House conferees on the Appropriations Committee.

Let me emphasize, it is important because the cities continue to spend millions of dollars in attorneys' fees. To change the rules after the project is built, after the drinking water is delivered, is wrong. It is not simply bad policy, but it is wrong in terms of a moral standard. To change the rules of the game after you have set up your water system, spent millions of dollars, and you have thousands of people dependent on it for drinking supplies is a travesty.

This sets forth in the statute clear guidelines so that you cannot retroactively repeal someone's water rights or extort water. It does not, let me emphasize, apply to new projects. Everyone should understand that the Forest Service has an appropriate job in renewing new applications, but it is a very important item to be included in this measure and a very important protection for cities, municipalities and farmers around the Nation.

I do not know of opposition. I will be happy to answer questions from other Members, and I reserve the remainder of my time.

Mr. LEAHY addressed the Chair.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. LEAHY. Mr. President, how much time is available to any who might speak in opposition?

The PRESIDING OFFICER. Fifteen minutes.

Mr. LEAHY. Mr. President, I reserve that time.

I should say that I do have a concern. This came up quite late last night, and I have just had a chance to start looking at it. I am concerned that the amendment would change permanent Forest Service law and does so without the normal hearings and debate or committee consideration. We have done this before. The Senate one other time changed Forest Service law on an ad hoc basis, and I think many of us rued the day for that. The so-called salvage rider was done on an ad hoc basis. It was done to address dead and dying trees. In fact, the measure instead suspended laws in Oregon and Washington and forced the Forest Service to cut live, green, ancient forest.

What I worry about is under the constricted and contracted situation in which we find ourselves we might do something similar.

The Senator has held a dozen hearings this year on Forest Service law focusing especially on conflicts within the existing law, but this issue has not received significant attention in this logical forum despite representation on the Energy and Natural Resources Committee.

I worry when we tell the Forest Service that they have to mandate for multiple use, which we have. That is a law passed long before any of us were in the Senate. That means the Forest Service has to manage for anglers, boaters, fisheries, wildlife, recreation, skiing, and a dozen other uses. They have to do that by law. Now we have this amendment though that says a single use gets preference but yet the multiple use law which has been there for 35 years still stands.

If we have a problem here, let us find a better way of doing it. I think it can be solved administratively. The Department of Agriculture spent a lot of time, I am told, on this issue. I am informed that all the parties involved have been invited to participate and that the relevant parties have agreed to a settlement. If that is the case, I think we should follow that procedure, not venture into unknown territory with a sweeping amendment to laws that have been on the books for decades.

The Forest Service was established to serve the many interests of all Americans. This amendment says that is fine, they can serve all Americans except that one becomes more equal than the other, water uses. And the idea of multiple use goes out the window.

So between now and the time of the vote I would be happy to talk with the proponent of the amendment, but, frankly, at this point I would have to oppose it because I believe it steps into a major area of law and does it in a way that could have unforeseen and difficult results.

I reserve the remainder of my time.

Mr. BROWN. Mr. President, if I could respond to the Senator from Vermont, I appreciate his remarks, and I think he is right to be concerned that we take a thorough look at these amendments as they come up.

Let me say that this was not only the action as a result of debate, extensive debate in the Chamber on an amendment to the appropriations bill earlier this year, but it was the very subject on which a high ranking member official of the Department of Agriculture had misrepresented the facts to Congress. It was extensively debated during that debate last year.

I might say this has gone on for several years, and the administrative response, of course, is the first thing you would think of and the most natural, and I might say when this first happened, let me spell out if I could what happened.

When I first heard about this, I learned that Boulder, which has had reservoirs in the mountains and used them for drinking water for well over 100 years, had been denied the reissuance of the permit even though they intended to use it exactly the same way they had always used it, and they had demanded from them a third of their water rights.

When I heard that and I found it applied to other cities, I went to the Secretary of Agriculture, who was at that time Secretary Madigan.

So I might say to the Senator from Vermont I did follow the administrative route on this. I did talk to Secretary Madigan. He issued a specific directive ordering them to issue the permit. Secretary Madigan gave out a special directive, signed by the Secretary, directing the regional forester to issue the permit. The regional forester received that directive and did not follow it—ignored it—until Secretary Madigan had left office. It was at that time that the administration indicated to us that policy was still in effect and they intended to eventually issue the permits.

So we have followed the administrative route.

Now, what happened was a high ranking official from the Department of Agriculture testified that this was still the policy, testified under oath before Congress that this was still the policy, and it was not. They had repealed it secretly. So this has had extensive debate and extensive review.

I have to tell the Senator in the strongest words I know I cannot sit back and have my cities lose their direct drinking water on a permit that is over 100 years old when they do not intend to change it.

Now, that is not reasonable. I do not intend to change existing law one single bit, not one bit. The McCarran law discusses specifically the primacy of State with regard to water allocation and water rights. But let me assure the Senator and the Members of the Senate this in no way mandates multiple use—no way.

This is a restatement of the McCarran law as it applies to permits. I want to indicate to the distinguished Senator from Vermont, I would be happy to work with him on this amendment. If he has suggestions for it, I would be happy to look at those and review them. I would be happy to work with him in any way I can. But one thing I cannot do—and I cannot believe any Member of the Senate could do—is

stand idly by and watch their cities lose their drinking water. That does not make good sense. That is what is involved. The millions and millions of dollars our taxpayers have had to pay in attorneys fees to get an existing permit renewed without any change is outrageous.

So I make that offer to the Senator. I hope very much that if there are improvements or suggestions he has for me, he would bring them forth. But I hope he would join me in supporting this measure.

I yield 2 minutes to the Senator from Idaho at this point.

Mr. LEAHY. Mr. President, before the Senator does that, would the Senator yield to me on my time for just a response?

Mr. BROWN. Yes.

Mr. LEAHY. Mr. President, obviously my concern is, as I stated, that I do not want to see a major change in the multiple-use Forest Service law on an amendment within a forum of this nature. I would also say to the Senator from Colorado, this is a matter that I first heard of I think about 11:30 last night. I know he is aware of that. I think most of us heard of this amendment at about 11:30 last night.

As you know, I have been fairly active in the negotiations on the bill. This was not the first item that I was looking at. It is going to be some time before we actually have a vote. It will be after 11 o'clock, in any event. Between now and then, I will meet with the Senator from Colorado. We will discuss it further.

Mr. BROWN. I appreciate very much the Senator's willingness to review this.

I yield 3 minutes to the Senator from Idaho.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. CRAIG. Mr. President, I thank my colleague from Colorado for yielding.

If I could have the attention of the ranking member of the committee, the Senator from Vermont. I would like to express to him that I have been involved with the Senator from Colorado for well over 2 years as he fought this battle, and chairing the subcommittee that deals with forestry, we have taken a close look at the amendment and the problems involved.

What has happened in the West historically—and I think the Senator from Vermont appreciates this—while the watersheds, largely the head waters, were owned or retained by the Federal Government, the right of water acquisition and water management and control was given to the States. And, of course, municipalities and irrigation districts went into those head waters and developed facilities under the permits of the Forest Service and the McCarran Act. That established the water systems of the West.

In many situations we find Federal agencies, for whatever reasons, saying, ''To get reissuance of your permits, you have to give us some of the water.'' Instead of going in and filing for water like every other citizen has the responsibility to do to acquire a water right, they are extorting, as the Senator from Colorado said, by arguing that you cannot continue—we will not renew your permit or you cannot gain this right-of-way or continued access unless you do this. And in almost all instances, it gives up some of the water, even though that is not the responsibility of the Federal Government in the West, and historically it has never been.

I know that is an issue that is being fought by many, but it is an issue that Western States will simply not give up, nor should they. They must retain primacy on water.

While I have found, in all instances, cities and irrigation districts and others willing to comply in the modernization and in the safety codes of their facilities, this is not an issue about safety, it is not an issue about the environment; it is an issue about water, power, the power of holding the water or controlling it.

So what the Senator from Colorado is doing, in my opinion, is exactly right. It is a reinstatement, not an expansion, of law, a reinstatement of the existing law and the way it has operated and provided the municipalities of the West, provided the irrigation districts that have allowed the arid West to flourish, the kind of position and control in the water that we think is critically necessary.

I strongly support my colleague and hope that the Senate will concur with him in this amendment. And I hope, Mr. President, that if at all possible, we could work this out and take this amendment. I think it fits very nicely into existing law.

Mr. BROWN addressed the Chair.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. BROWN. Mr. President, I ask Members of the Chamber to think how they would feel if they represented California and the Federal Government said that the drinking supply crosses the Federal highway and goes into San Francisco, and we are going to cut off the water for San Francisco. I do not think any reasonable person in this Chamber would think that made sense.

How would they feel if they represented New York City and the Federal Government said, ''Your water line crosses over a Federal property and naval base that the Federal Government owns, and as a condition of being able to continue to cross that ground, we are going to take a third of your drinking water''? I do not think there is a Member of this Chamber who would think that made sense.

That is literally what we face here. We face a bureaucrat at the regional forestry level that has made up their own law and provided conditions that the statute does not call for. The only way we can deal with it is to make this very clear that this clarifies existing law. It does not change it.

Mr. President, it is essential that we do this. Without it, our cities face literally millions of dollars of attorneys' fees, long, dragged-out court cases. What we see is a real danger to solid, reliable municipal planning.

I want to assure the distinguished Senator from Vermont I want to work with him, and I will be happy to do that between now and the time the votes come up later this morning.

Mr. President, I yield back the balance of my time.

Mr. LUGAR addressed the Chair.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. LUGAR. I am authorized by the distinguished Senator from Vermont to yield back all time on his side of the amendment.

Is there further debate by the distinguished Senator from Colorado?

Mr. BROWN. I thank the distinguished chairman. I have no other requests for time. I believe that the Senator from Vermont indicated that at the appropriate point he was going to yield back.

Mr. LUGAR. He has indeed. I am prepared to do that.

Mr. BROWN. Mr. President, I yield back my time.

The PRESIDING OFFICER. All time has been yielded back on the amendment.

Mr. LUGAR. Mr. President, I ask unanimous consent that the Brown amendment be temporarily set aside, with a vote to occur on or in relation to the amendment at a time set by the majority leader after consultation with the Democratic leader. For a matter of information, that would come after the Kohl amendment that we considered earlier.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LUGAR. I thank the Chair.

AMENDMENT NO. 3444 TO AMENDMENT NO. 3184

(Purpose: To improve the bill.)

Mr. LUGAR. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Indiana [Mr. LUGAR] proposes an amendment numbered 3444 to amendment No. 3184.

Mr. LUGAR. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in today's RECORD under ''Amendments Submitted.'')

Mr. LUGAR. Mr. President, I yield to myself such time as I may require on this amendment.

I rise to offer an amendment to the Agriculture Reform and Improvement Act of 1996. In July 1995, the Agriculture Committee gave preliminary, but unanimous, approval to four titles of the farm bill. They covered farm credit, trade, rural development, and

research. Since then, there has been further bipartisan work on a miscellaneous title and an agriculture promotion title. I present the fruits of those labors to the Chamber today.

The Government's role in agricultural lending is substantial. This amendment provides direction to USDA to focus on helping beginning farmers and ranchers to get started and progress in farming and ranching. The amendment emphasizes that the USDA's assistance is temporary, and, most importantly, it modifies or ends a variety of risky farm loan policies which the committee considered during hearings this year.

The amendment will expand and maintain our presence in overseas markets for high-value and bulk commodities. It establishes measurable benchmarks to evaluate U.S. export performance programs, including dollar value and market share growth goals. In addition, increased flexibility in the operation of export credit programs will allow us to seize future opportunities.

We know that all leadership is local. Rural businesses and communities cannot sustain themselves without first taking a hard look at the human capital and resources at their disposal.

This amendment provides for a new rural program delivery mechanism that depends on local and State leadership and consolidates over a dozen duplicate programs.

The amendment also address the vital role that agricultural research, extension, and education play in ensuring a productive, efficient and competitive agricultural sector in our Nation. Research is the foundation for agriculture's future success.

I urge my colleagues to support this amendment which will bring agricultural policy into the 21st century.

Mr. President, this amendment also contains a number of miscellaneous provisions supported by various Senators. We are not aware that these are controversial. Among them are provisions to set oilseed loan rates according to a market-based formula, proposed by Senator MOSELEY-BRAUN; to provide equitable treatment for beginning farmers under the Agricultural Market Transition Program, proposed by Senator PRESSLER; and numerous other amendments. I ask unanimous consent that a description of these provisions be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

The Lugar amendment will:

1. Correct a typographical error in the Leahy substitute.

2. Establish oilseed loan rates under a formula similar to that used for wheat and feed grains, at 85% of a five-year olympic average of market prices within a range of $4.92 to $5.26.

3. Make a technical change to haying and grazing rules that will allow current practices to continue with respect to grazing on wheat stubble.

4. Make three changes in the peanut provisions of the Leahy substitute: (1) Allow producer gains from the sale of additional peanuts to be used to offset quota pool losses; (2) reduce the quota loan rate 5% for producers that refuse a bona fide offer from a handler at the quota loan rate and instead opt to place their peanuts under loan; and (3) prohibit government entities and out-of-state non-farmers from holding quota.

5. Make a technical change to ensure the continuation of current treatment for fruit and vegetable crops double-cropped on contract acres.

6. Include titles of the farm bill earlier agreed to by the Agriculture Committee, including provisions on trade, research, credit, rural development, promotion and miscellaneous items.

7. Restore a previously-stricken authorization for ethanol research.

8. Allow 20% of available funding from commodity purchases in the Commodity Supplemental Food Program to be permanently carried over for administrative purposes.

9. Authorize a Wildlife Habitat Incentives Program to promote implementation of various management practices to improve habitat, utilizing $10 million in Conservation Reserve Program funding, and make other changes to conservation programs.

10. Make technical changes in Leahy substitute language authorizing land purchases in the Florida Everglades.

11. Clarify disqualification of food stores when knowingly employing Food Stamp traffickers.

12. Reauthorize an existing fluid milk promotion program.

13. Provide a specific authorization for the existing Foreign Market Development Cooperator program.

14. Allow USDA to make adjustments in contract acres (for purposes of the Agricultural Market Transition Program) if necessary to provide equitable treatment for beginning farmers.

15. Clarify definition of ''statewide'' coverage under the USDA's Television Broadcasting Demonstration Grant program.

16. Authorize grants for water and wastewater systems in rural and native villages in Alaska.

17. Provide for a reduced application process for the Indian Reservation Extension Agent program and for equitable participation in USDA programs by tribally-controlled colleges.

Mr. LUGAR. Mr. President, I know of no opposition to these provisions. As the Chair may interpret correctly, this is an attempt to provide in this bill amendments that have been offered by many Senators that have been cleared on both sides of the aisle. I will yield to any Senator who may have comments.

I yield to the distinguished Senator from Idaho.

The PRESIDING OFFICER (Mr. INHOFE). The Senator from Idaho is recognized.

Mr. CRAIG. I thank the Senator for yielding. I thank the chairman publicly for the work he has done on behalf of farm legislation this year, the extensive hearings on almost all of the titles of the farm bill, working them out in a very intricate way, under some very difficult circumstances—circumstances from a Budget Committee that said to the chairman and to the Agriculture Committee that we had to find substantial savings in agricultural appropriations.

I say that, Mr. President, in light of what we have done since 1986. Since 1986, direct payment to production agriculture in this country from Government programs has been reduced by this Congress by 60 percent. So we have continually, over the period of now a decade, progressively reduced the amount of money on a program-by-program basis that was going to production agriculture for one reason or another. In almost all instances, I have agreed with that and voted for it. I think agriculture today is stronger because of it, because they have progressively moved to farm to the market instead of to the program. That is part of the debate today and part of the consideration in the farm legislation we have before us.

But my point is that it made it increasingly difficult for the chairman, myself, and other members of the Agriculture Committee to deal with the important issues of the day. But, I must tell you, I think we accomplished that. Not only did we accomplish that, but I have worked in cooperation with the chairman, the committee, and committee staff in developing what I think is an excellent bill.

Now, the en bloc amendment the Senator has just introduced is a very positive approach in many areas. It looks at foreign market development in a line-item authorization. We all know that, because of the tremendous efficiencies of American agriculture today, if we are going to hold those prices in the marketplace, we have to move a lot of that production to the world market. The chairman is tremendously sensitive to that, and these amendments reflect that.

I have worked for some time to strengthen the ability of alternative crops in the region of the Pacific Northwest and in the State of Idaho and in surrounding States. One of those alternative crops is an oilseed crop known as canola. Many in agriculture are familiar with it. It is a new crop for our region. I have worked with that industry to provide a checkoff, much like the dairy industry has, the beef industry has, and other industries have, so that they can use their own money to promote their own programs, to promote their sales internationally, to do research for the development of a better crop and better alternatives or varieties. That is included in this en bloc amendment, along with an important amendment for the sheep industry's improvement center. We know that the domestic sheep industry today is struggling to stay alive. They need to look at alternative methods for marketing and general improvement of the livestock of that industry. That has been a consideration by the chairman, and I greatly appreciate that.

I hope the Senate can agree on this en bloc amendment. I think it complements the legislation that is before us today, rounds it out into what is a positive farm bill, I think, for American agriculture. I thank the chairman very much for the work he has done in this area and the cooperation he has offered us.

Mr. LUGAR. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BREAUX. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BREAUX. Is it appropriate to make comments, I ask the distinguished chairman?

Mr. LUGAR. I respond to the distinguished Senator from Louisiana that we are discussing the Lugar amendment, and as in each of these amendments, there is 15 minutes to each side. I control the time on our side. It is certainly appropriate if the Senator wishes to use the time.

The PRESIDING OFFICER. The Chair recognizes the Senator from Louisiana. There are 7 minutes remaining on your side.

Mr. LUGAR. The Lugar amendment is pending.

Mr. BREAUX. I will just be brief in my comments. I guess time is running, so if no other Democrat is here, I will make comments.

Mr. President and Members and, really, indeed, everyone who is concerned about the farm situation in this country must be wondering whether the Congress will have the ability to get the job done. Here we are in February, and people in the Deep South, and Louisiana in particular, my farmers, are wondering what is going to happen this year. They have their implements being prepared, the combines, the tractors, the irrigation systems they are concerned about putting into place, and they are wondering while they are working on the equipment what in the world is the program they will operate under for 1996.

I think it is extremely important that the Congress move expeditiously on this legislation. We should have done it last year. I have been in Congress for 20 some-odd years, almost 24 now, and we have always had farm bills done the year before. Generally, farmers had to be in the field deciding what to do.

I think we are late. Farmers cannot be late in their planning. Congress should not be late in tending to our business, the business of passing a farm bill of substance.

I hope we can conclude action today. There will be a number of amendments and I think some may improve the legislation; some, I think, may do damage to the legislation. It is so critically important that we get a bill in place so that the farmers in this country could know what to do, when to do it, and under what economic terms and conditions they are going to have to operate.

I think it would be insane for Members of the Senate to leave Washington, DC, to take a vacation back in our respective States or anywhere else while this pending business is not completed. I think it would be a very serious mistake. We should stay here, get the job done, before we think about moving any further down the line.

My final comment, Mr. President, this morning I think there is going to be an amendment dealing with the sugar program. We fought this fight for years and years and years. It is the only program that operates at no net cost to the taxpayers of America, but ensures a stable and dependable supply of sugar to the consumers of this country. There are some large industrial users that would probably like to get their sugar for free. I can understand that, but it does not certainly serve the needs of the overall farm policy in this country.

Our plan that is in this legislation is a dependable, stable program. Again, it operates at no net cost. It guarantees when additional sugar from foreign sources is needed that it can come into this country to meet the needs of our domestic producers, suppliers and refiners in this country. It has worked well. ''If it ain't broke, don't fix it,'' has been said so many times before in different context. It certainly fits very well in this current situation. We have a program that works. Is it perfect? Of course not. But it works, it is solid, it is stable. I have never, I think, ever, received any letter from consumers or housewives complaining about the price of sugar.

People know that it has been a dependable price. It has always been there. We have had some foreign sugar come in when it is necessary. Yet the suppliers and domestic producers in this country have been able to survive under difficult circumstances.

We have a situation, I understand, in Florida that has brought about some concern. This bill addresses it in a way that I think the Members of the Senate from Florida who are very attentive to the needs of their States have supported, and strongly support.

I conclude by urging that any amendments dealing with sugar in this area to eliminate the program be eliminated as an amendment because we have something that works. We should keep it that way. I yield the floor.

Mr. CRAIG. Mr. President, let me thank my colleague from Louisiana. We serve jointly as cochairs of the Sweetener Caucus here on the Senate side and work cooperatively together to solve the problems that this industry has had. I think we have accomplished that over the years, both in cane and sugar beet production, critical crops to the South, certainly to my State and other States in the West and Midwest.

What is important, as the Senator has spoken to, is creating a balance that offers stability to a program and at a reasonable cost to consumers. It is not just a good program in Idaho for Idaho agriculture, but it employs a tremendous number of people and provides a necessary and important commodity. I will discuss this later if amendments are offered to the program that we have worked very closely on to develop.

MODIFICATION OF AMENDMENT NO. 3184

Mr. CRAIG. Mr. President, I ask unanimous consent that I be recognized to modify amendment 3184 with permanent law provisions and, once that modification has been made, no amendments be in order to strike the permanent law modification during the pending action on S. 1541.

The PRESIDING OFFICER. The Senator has the right to modify without unanimous consent.

Mr. CRAIG. With that, I send that modification to the desk.

The PRESIDING OFFICER. The underlying amendment is so modified.

The modification follows:

On page 1–1, line 12, strike ''amendment made by section 110(b)(2)'' and insert ''suspension under section 110(b)(1)(J)''.

On page 1–1, line 20, strike ''amendment made by section 110(b)(2)'' and insert ''suspension under section 110(b)(1)(J)''.

On page 1–1, line 22, strike ''amendment made by section 110(b)(2)'' and insert ''suspension under section 110(b)(1)(J)''.

On page 1–2, line 12, strike ''amendment made by section 110(b)(2)'' and insert ''suspension under section 110(b)(1)(J)''.

On page 1–11, lines 1 and 2, strike ''(as in effect prior to the amendment made by section 110(b)(2))''.

On page 1–41, lines 14 and 15, strike ''and the Agricultural Adjustment Act of 1938 (7 U.S.C. 1281 et seq.)''.

On page 1–42, lines 13 and 14, strike ''or the Agricultural Adjustment Act of 1938 (7 U.S.C. 1281 et seq.)''.

On page 1–42, lines 21 and 24, strike ''or the Agricultural Adjustment Act of 1938 (7 U.S.C. 1281 et seq.)''.

On page 1–43, lines 10 and 11, strike ''or the Agricultural Adjustment Act of 1938''.

On page 1–43, lines 14 and 15, strike ''or the Agricultural Adjustment Act of 1938''.

On page 1–50, lines 20 and 21, strike ''section 411 of the Agricultural Adjustment Act of 1938'' and insert ''section 104(i)(1)''.

On page 1–53, line 15, insert ''that was produced outside the State'' before the period.

On page 1–73, strike lines 6 through 8.

On page 1–73, line 9, strike ''(i)'' and insert ''(h)''.

Beginning on page 1–76, strike line 1 and all that follows through page 1–78, line 4, and insert the following:

SEC. 110. SUSPENSION AND REPEAL OF PERMANENT AUTHORITIES.

(a) AGRICULTURAL ADJUSTMENT ACT OF 1938.—

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

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

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

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

(D) Subsections (a), (b), (d), and (e) of section 358d (7 U.S.C. 1359).

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

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

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

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

(I) Title IV (7 U.S.C. 1401–1407).

(2) REPORTS AND RECORDS.—Effective only for the 1996 through 2002 crops of peanuts,

the first sentence of section 373(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1373(a)) is amended by inserting before ''all brokers and dealers in peanuts'' the following: ''all producers engaged in the production of peanuts,''.

(b) AGRICULTURAL ACT OF 1949.—

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

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

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

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

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

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

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

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

(H) Title III (7 U.S.C. 1447–1449).

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

(J) Title V (7 U.S.C. 1461–1469).

(K) Title VI (7 U.S.C. 1471–1471j).

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

(A) Section 103B (7 U.S.C. 1444–2).

(B) Section 108B (7 U.S.C. 1445c–3).

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

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

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

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

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

Mr. CRAIG. Mr. President, I yield the floor.

AMENDMENT NO. 3444

The PRESIDING OFFICER. Who yields time? The Senator from Iowa?

Mr. HARKIN. Mr. President, parliamentary inquiry. I understand we are now on amendment No. 3184, proposed by Mr. LEAHY, as modified by the amendment just sent to the desk by Mr. CRAIG?

The PRESIDING OFFICER. Amendment No. 3444, the Lugar amendment, is still pending.

Mr. HARKIN. Mr. President, I will be sending an amendment to the desk. Is the bill open for amendment at this point?

The PRESIDING OFFICER. It is not.

Mr. HARKIN. The bill is not open for amendment. Will the Chair advise the Senator when the bill is open for amendment?

Mr. LUGAR. Will the Senator yield?

Mr. HARKIN. I will be delighted to yield when I can figure out what is going on around this place.

Mr. LUGAR. The Lugar amendment is the pending business; as in each case, 15 minutes to a side. We are still on that amendment, and we anticipate within a few minutes there may be clearance on the Democratic side for the Lugar amendment, in which case it will be accepted and we will move on. The distinguished Senator from Iowa will be recognized to offer his amendment.

Mr. HARKIN. I see. I did not understand the process under which we were operating. I was not privy to those deliberations that went on late last night.

Mr. President, let me say I do not even know what the Lugar amendment is, right now. It is probably OK. I just want to take at least a couple of minutes—I guess I have the floor—to raise my voice in protest against this process we are now undertaking.

Agricultural legislation is serious business. It not only affects the farmers in my home State and farmers and ranchers all across the country, it affects consumers and affects people who live in small towns in rural areas.

I have been here 22 years. I have been on the Ag Committee that long, 10 in the House and now 12 in the Senate. I have been through a lot of farm bills. I have never seen such an obscene process as what we are going through right now, and I use the word with its full import and meaning, ''obscene.''

The fact that we have before us a 7-year farm bill—I do not mind debating the farm bill and offering amendments and whatever comes out of this body, fine. That is the will of the body to do that. But, to be choked by a process that only allows several hours of debate, that only allows 10 amendments on this side, allows 5 amendments on that side; that only allows a half-hour evenly divided for any amendment—what kind of deliberative process is this? Is this the U.S. Senate? Or is this some Third World dictatorship, where somebody is trying to cram something through?

I just want to say I protest to the utmost what we are doing here and how we are doing it today. Farm legislation deserves more than 7 hours. We can spend 2 weeks on a telecommunications bill, or longer. I do not know how long it took. We can spend days and days debating other things. But for perhaps the most important thing for farmers and ranchers and rural people, what do we get, 8 hours, 7 hours, to debate and amend and try to fashion a bill?

I am sorry, this process smells to high heaven. I have some amendments I am going to be offering, but I want to make the record very clear I object to the way this bill is being pushed through, the way we are being choked off and strangled in this process. The Senate deserves better.

The PRESIDING OFFICER. Who yields time? The Senator from Indiana.

Mr. LUGAR. Mr. President, I ask unanimous consent the Lugar amendment be temporarily set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LUGAR. Mr. President, the floor is now open. In fact an amendment from the Democratic side would be in order.

AMENDMENT NO. 3445 TO AMENDMENT NO. 3184

(Purpose: To strike the section relating to the Commodity Credit Corporation interest rate and continue the farmer owned reserve)

Mr. HARKIN. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Iowa [Mr. HARKIN] proposes an amendment numbered 3445 to amendment No. 3184.

Mr. HARKIN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(1) Strike section 505 and insert: ''Notwithstanding the provisions of section 110, the Secretary shall carry out the Farmer Owned Reserve program in accordance of with section 110 of the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.) as it existed prior to the enactment of this Act.''

Mr. HARKIN. Mr. President, my amendment would do two things. First of all, it strikes section 505. What is section 505? Section 505—believe it or not, I know this is going to come as a shock to you, Mr. President, and others who may not have been privy to what is in this so-called farm bill—section 505 raises interest rates that the Commodity Credit Corporation charges farmers. Under current law, the USDA charges farmers interest on commodity loans at a rate based on the costs of money to the CCC, the Commodity Credit Corporation. It is a Treasury-based rate. This is the way it always has been.

But the bill and the Leahy-Lugar or Lugar-Leahy amendment would increase the interest rate on commodity loans by 100 basis points above the rate, as calculated under the formula in effect on October 1, 1989.

There is simply no justification for hiking the interest on farmers above a level representing the cost of funds to USDA. This bill, as drafted, would constitute usury against farmers. It is unreasonable. Here we have the Fed finally, I think, coming to its senses, I hope, in starting to reduce interest rates. They never should have hiked them in the first place over the last couple of years. Yet, on the other hand, we are going to charge more interest to farmers.

I wonder how many farmers know that. I wonder how many farmers know that in this bill their interest charges are going to go up 100 basis points, for no reason. There is no reason for it. The Treasury rates are going down, not going up. These commodity loans are among the most effective and cost-effective of all farm programs because they do allow farmers to market their grain in a more orderly fashion. It helps them obtain funds to pay their expenses using their commodity as a collateral while improving their opportunity to take advantage of higher prices that usually occur after a harvest.

So maybe that is the reason they are raising the interest rates to farmers. Maybe they will not be able to keep their grain and they will have to dump it at harvest time when prices are low. That is OK for the grain dealers, OK for the processors—bad deal for farmers. These loans also help alleviate the stress and overloading on transportation and marketing channels during the harvest season.

Mr. President, there is simply no reason for USDA to make money from farmers using this program by charging interest rates exceeding the cost of money to USDA. So my amendment would simply retain current law. Because it would simply retain current law, there would be no cost relative to baseline for the amendment. As for the cost of the overall bill relative to baseline, adding the cost of this amendment would still leave the cost of the bill well below CBO baselines.

Mr. President, that is the first part of my amendment, to strike that section that raises interest rates to farmers, leave it as under current law that is the cost of money to the Government.

As I said, these commodity loans help farmers market their grain in an orderly fashion. They can hold their grain and market it when prices are higher. It leaves the farmer more in charge of when he wants to market it rather than when he has to dump it to pay his bills.

But there is another important tool that farmers use in order to maximize their income and to ensure that they can sell their grain at the appropriate time. That is something called the farmer-owned reserve. That is the second part of my amendment. That is to reinstate and restore the farmer-owned reserve, which is eliminated in this bill and in the Lugar-Leahy amendment.

The farmer-owned reserve again helps farmers store crops in times of surplus when prices are low. It alleviates the glut on the market. It helps farmers await opportunities for better prices. It is a marketing tool for farmers. The farmer-owned reserve also protects consumers because it helps to hold grain grown in good times in reserve so that drought or other natural disasters will not drive prices to extremely high levels.

The availability of grain in reserve is also important in bringing a little stability to both grain and livestock sectors. The reserve helps to keep grain prices from going as high as they might otherwise. It helps prevent the liquidation of livestock herds in teams of short feed reduction. The liquidation of these herds eventually leads to higher meat prices at a later point for consumers.

The Food and Agricultural Policy Research Institute at the University of Missouri and Iowa State University estimated that substantial stocks that we held on hand going into the 1988 drought prevented some $40 billion in extra food costs to consumers mostly in keeping the meat prices from going sharply higher. So the farmer-owned reserve bill is good for the grain farmer, has allowed that grain farmer to market the grain when he wants, and it is a marketing tool.

Second, it is good for livestock producers because in times of short production or over demand, it keeps their prices from spiking up, which may cause them to liquidate their herds. They do not have the luxury of not feeding their cattle for a long period of time and waiting until the prices go down. A lot of herds are liquidated because of the sharp spikes in prices.

The other thing is, if we get a glut in the price, they go way down. A lot of livestock people put on more animals, and that leads to great fluctuations in the livestock market.

So the farmer-owned reserve bill provides stability, a marketing tool for grain farmers, some stability in protection for our livestock producers, and it provides a great deal of protection for our consumers. Who knows when we will have the next drought or the next flood? Who knows what crop conditions are going to be like next year with global warming and everything else that is going on and the crazy winter weather? Who knows? It is in our best interest to ensure that we have a farmer-owned reserve.

I remember when the farmer-owned reserve came into existence. I remember the debate at that time. The farmer ought to keep the grain, not the processors, not the shippers, not the elevators. The farmers ought to have control over that grain and sell it when that farmer wants to. That was the whole idea behind the farmer-owned reserve. It had broad bipartisan support. Check the record. I am right. Republicans and Democrats across the board supported the institution of the farmer-owned reserve. There is no reason to do away with it.

Yet, this bill, and the Lugar-Leahy amendment, does away with the farmer-owned reserve. My amendment simply reinstates it as it was. My amendment does not include an offset because the bill is well below the Congressional Budget Office baseline. The amendment would only constitute a continuation of the farmer-owned reserve as it was in the 1990 farm bill. It would not result in spending on the farmer-owned reserve above a baseline level.

So, again, Mr. President, my amendment does two things to help farmers and consumers. One, it knocks out the provision of the bill that raises interest rates to farmers.

I see the chairman is here. Perhaps we can have some discussion. I do not know why we are raising interest rates to farmers 1 percent when the Fed is already starting to lower interest rates and Treasury rates are going down. There is no reason for that.

So the first part of my amendment knocks that out and leaves interest rates on CCC loans at cost of money.

The second part of my amendment reinstates the farmer-owned reserve.

I reserve whatever remainder of time I might have.

Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. Six minutes and forty seconds remain.

Mr. HARKIN. I thank the Chair.

Mr. LUGAR. Mr. President, I yield myself as much time as I require on this side.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. LUGAR. Mr. President, two elements of the amendment offered by the distinguished Senator from Iowa are costly provisions. I think Senators need to understand that there are expenses attached which the taxpayers would have if the amendments were to be adopted. Specifically, the Harkin amendment as it deals with CCC credits and the 100-basis-point increase, which the pending legislation would provide in the CCC interest rates, if that were stricken, this would cost the taxpayers $260 million. So it is a significant item.

The point made by the distinguished Senator is, why should interest rates for farmers be increased as represented by the CCC interest rates? And the fundamental answer is that these rates are well below commercial rates. In essence, as the Agriculture Committee dealt with this problem, we have tried to bring some equity among farmers, business people, and those who are involved in commerce generally in America. And the elimination of the 100-basis-point advantage likewise was a very important saving at the time that

we were all considering the balanced budget amendment that was vetoed ultimately by President Clinton.

I hope that simply because the President has vetoed this particular budget, even as the President and congressional leadership are still hard at work as far as we know attempting to find a balanced budget in 7 years, that we would not abandon all of the thoughts that we had that were very important with regard to balancing the budget. This is a $260 million item.

Mr. President, the second part of the Harkin amendment would restore the farmer-owned grain reserve which pays farmers 26½ cents a bushel for storing grain. I would simply point out that restoration of this farmer-owned reserve will also be a costly item—in this case, $100 million of additional expense to taxpayers in this country.

Furthermore, I would simply say as a farmer who has adequate storage capacity on my farm, and well aware of how the farmer-reserve plan worked in the past, that I do not think it is a very good idea. I say this as a farmer, not as somebody coming in from the outside offering advice to farmers.

The truth of the matter is, so long as we had the farmer-owned reserve we had an enormous overhang of grain on markets. Those of us who looked to the markets to give signals for our marketing plans always had to take into consideration hoards of grain—hundreds of millions of bushels held out there that could depress markets strangely and sometimes almost capriciously.

The thought was suggested this morning that this farmer-owned reserve gave some solace to consumers. But it is really quite to the contrary, Mr. President. It has led to fits and starts with regard to marketing plans for farmers that finally we got rid of all of this grain, and the farmer-owned reserve was finally depleted. It is gone. It is no longer a hanging sword over the market price.

I would like to leave it that way, Mr. President. I think that is the desirable policy. In fact, the Senator's amendment does two unfortunate things: It would reestablish bad policy, and charge the taxpayers of the country $100 million for that dubious privilege.

Mr. President, the arguments are starkly simple. I will not embellish them further—$260 million more cost if you strike the 100-point interest differential and $100 million more cost if you restore the farmer-owned reserve situation. In both cases, I think they are bad policy and very expensive.

So, obviously, Mr. President, I strenuously oppose the amendment for the reasons I have suggested.

I reserve the remainder of our time.

AMENDMENT NO. 3445, AS MODIFIED

Mr. HARKIN. Mr. President, I have a modification of my amendment I send to the desk.

The PRESIDING OFFICER. The amendment is so modified.

The amendment, as modified, is as follows:

(1) Strike section 505.

Mr. HARKIN. Mr. President, the modification I sent to the desk was simply to strike the provision on the farmer-owned reserve and that leaves the amendment to strike section 505, which is striking that portion of the bill that raises the interest rates to farmers.

I will have another amendment that I wish to send to the desk that would reinstate the farmer-owned reserve. I ask the chairman if I can do that now, or do I have to wait for another time?

These are two separate issues, and I did not mean to get them together in one bill. So now I have an amendment at the desk that simply strikes that section which raises the interest rates. I wish to also offer the amendment to reinstate the farmer-owned reserve.

Mr. LUGAR. Mr. President, if I may raise a question of the distinguished Senator, he wishes to separate the two issues?

Mr. HARKIN. Yes.

Mr. LUGAR. In two amendments?

Mr. HARKIN. Yes.

Mr. LUGAR. I have no objection.

Mr. HARKIN. Could I send the other amendment to the desk?

I thank the chairman.

The PRESIDING OFFICER. The Chair would suggest that until the first amendment is set aside, a second amendment would not be in order.

Mr. HARKIN. I appreciate that, Mr. President.

Mr. President, I will just take what remaining time I have to respond to the distinguished chairman's comments on the Commodity Credit Corporation. He said it would cost $260 million—that is true—over 7 years, a very small price to pay for ensuring that farmers are not charged higher interest rates that are not even warranted.

Now, when you say that it costs money, it does not really cost money. It just adds to what is in the present bill because the present bill raises interest rates. So if you take that out, you are saying it costs money.

No, it does not. This is sort of a shell game. It does not really cost money. It only costs money because by the bill raising interest rates to farmers, the Government is going to make some money.

Well, I do not think the Government ought to be making money off of farmers by charging them another percent interest rate on commodity credit loans. So let us not get caught up in that kind of nonsense.

Second, on the farmer-owned reserve, the Senator is right; there is no grain in the farmer-owned reserve now because prices are high and farmers have sold their grain. Who can say next year or the year after or the year after or the year after for 7 years?

He talks about the grain hanging over the marketplace. That is the way it used to be when the processors and the elevators got the grain and the grain companies. When Cargill got the grain, yes, they could hold it over. But now that farmers have it, they can market that grain whenever they want, and that is the way it ought to be. It is a marketing tool for farmers, not something that depresses the market. The 7-year cost of this amendment is $81 million, which still keeps the bill well within CBO's baseline. So I did not need an offset for that.

So there are no pay-go problems relative to the baseline here. The bill now saves $784 million against the December 1995 CBO baseline. It saves about $8 billion against the February 1995 baseline, so there is room in the budget for these amendments.

So this first amendment on the Commodity Credit Corporation will cost farmers $260 million. That is what it will do if we leave it in there. If we take it out, it is not going to cost the Government and it is well within the baseline. These increased interest rates on farmers are a tax on farmers. Make no mistake about it; it is an additional tax on farmers. I think it is usurious, and I hope we can get this stricken so the farmers do not have to pay increased interest rates when it is not even warranted by anything happening in the marketplace.

Mr. LUGAR addressed the Chair.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. LUGAR. Mr. President, I will just respond briefly to the distinguish Senator's argument. Obviously, we are not imposing a tax on farmers. A farmer wishing to borrow money does that as a citizen, a voluntary act. The question is whether that loan ought to be subsidized by all the rest of the taxpayers, people in various other businesses all over the country. To some extent it is now subsidized, and the legislation that the distinguished Senator from Idaho and I introduced eliminates 100 basis points of the subsidy. It brings the loan rate for farmers closer to that of commercial loans in our country, some basic fairness really with all borrowers. That is the issue.

Now, if we offer a subsidy to farmers, I have pointed out it will cost taxpayers and other borrowers $260 million. That has no relationship whatever to baseline or budget or what have you. It is just a cost of the subsidy.

In the agriculture legislation we provided this year, we have tried to bring about more equity among farmers and other taxpayers in the country. I believe the savings involved are substantial. They are over a 7-year period of time. They do not bring any injury to farmers as a group of people with relationship to anybody else. They bring about equity, and I believe the taxpayers care about that.

Mr. President, I yield the floor.

Mr. HARKIN. Mr. President, how much time do I have?

The PRESIDING OFFICER. The Senator has 3½ minutes.

Mr. HARKIN. Mr. President, this is a good debate, and I appreciate the comments by the distinguished chairman

on this issue. But I would engage him even further.

The interest rate was raised in the bill to meet budget considerations. They were looking for every bit of money they could find to meet the budget, and so someone, I do not know whom, decided, well, we will raise the interest rates on Commodity Credit Corporation loans to farmers by a percent, and that gained us $260 million.

We are not now engaged in a budget debate. That has gone. We have room within the budget for this. That is the key. There is room in the budget for this.

Let us take this $260 million that my friend from Indiana said is costing taxpayers. No, it is not. What this $260 million represents is $260 million taken from farmers. That is what it is. Farmers pay it. If we do not have them pay it, that means farmers get to keep that $260 million over 7 years. Now, if we take it from them, what is the difference between that and a tax, I ask you? It is a tax on farmers. And, no, it is not true that taxpayers have to pay it. That is not it at all.

Why should farmers get a better rate on their commodity loans than they can get at the local bank? Why should they? I will tell you why. Because a farmer, an individual farmer out there does not have the economic clout to go to the big banks in Chicago or New York or Kansas City and get the prime rate. They have to pay whatever the local rate is. And it is usually a lot higher.

Now, Cargill, if they want to borrow money, they go to Chicago and they get the prime rate. They might even get it better than that, for all I know, because they are big and they are a big customer. Farmer Joe Jones in Iowa, though, who goes to the local bank to borrow money so he can pay his bills and keep his crop and market it when he wants to, has to pay local going rates.

That is why we have this in the bill. That is why we have had it for 60 years, I think, if I am not mistaken. For pretty close to 60 years we have had that provision which allows farmers to borrow from CCC. And now they are getting slapped with a tax. I am sorry, I am just going to tell it like I see it. This is $260 million taken from farmers. Talk about takings, this is taken from the farmer. There is no reason for it.

On the farmer-owned reserve, again, $81 million over 7 years is a small price to pay for stability for farmers and for consumers to know that if there is a drought or flood or some other national disaster, they are not going to get hit with exorbitantly high food prices. So on both of these issues, but especially on the interest rate issue, I say to my colleagues, do not stick it to the farmers and charge them more interest than what is necessary for the Government. By doing so, you are just taking $260 million more out of farmers' pockets over the next 7 years, and we ought not allow that to happen.

The PRESIDING OFFICER. The Senator's time has expired.

The Senator from Indiana.

Mr. LUGAR. Mr. President, the distinguished Senator, indeed, makes no apology for being candid. He always has been a truth teller, and I appreciate that. The facts are clear that the Senator believes farmers should receive lower interest rates in this particular instance in the CCC loan than commercial rates.

Clearly, as a part of general equity, the committee felt otherwise. We feel as a matter of fact that the loan rates ought to be comparable for commercial activities in our country, and this was a good time to rectify that. It was a part of the budget consideration, and I hope we have not forgotten that altogether. That is not an issue that has been laid aside by the country, and it is not a question of sticking it to the farmers. The question is simply equity for farmers, equity for taxpayers, equity for all of us. I think this is an important consideration. It is a $260 million consideration, as a matter of fact.

Finally, Mr. President, with regard to stability for consumers, the distinguished Senator from Iowa mentioned that because of high prices now the bins are empty. They will always be empty if prices are very high in the world. The point is, we ought not fill them up again and thus depress the prices because of this overhang. That is the principle and that is the policy. Furthermore, $100 million of savings to the taxpayers is involved in not reinstituting bad policy.

Mr. President, how much time does our side have?

The PRESIDING OFFICER. The Senator has 6½ minutes left.

Mr. LUGAR. I am prepared to yield back, that is, if all time is yielded back on the Harkin amendment.

Mr. FORD. Mr. President, has the Senator from Iowa used all his time?

The PRESIDING OFFICER. That is correct.

Mr. FORD. I thank the Chair.

Mr. LUGAR. Mr. President, I move that the Harkin amendment be set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 3446 TO AMENDMENT NO. 3184

(Purpose: To continue the farmer owned reserve)

The clerk will report the second Harkin amendment.

The bill clerk read as follows:

The Senator from Iowa [Mr. HARKIN] proposes an amendment numbered 3446 to amendment No. 3184.

At the appropriate place insert the following: ''Notwithstanding the provisions of section 110, the Secretary shall carry out the Farmer Owned Reserve program in accordance of with section 110 of the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.) as it existed prior to the enactment of this Act.''

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Mr. President, this is my second amendment. I yield back all my time. I already discussed it.

Mr. LUGAR. Mr. President, I will follow the same course as the distinguished Senator from Iowa. We have had a good discussion of both amendments and, therefore, I yield our time back on our side. I ask unanimous consent that the second Harkin amendment be temporarily set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LEAHY. Mr. President, might I note, I believe we are open for another amendment on the other side. I should note, Mr. President, for our colleagues that everybody has been very cooperative. A number of Senators have not used all their time. Things are moving forward. I almost hate to mention that as a compliment because it might spoil the rhythm of things.

I encourage Senators to keep coming forward. I know there are others on the floor now. But it is my intention on this side that whenever possible—whenever possible—on an amendment to yield back time. I would not do anything to cut off anybody's time, of course, that is allotted to them, because it is a relatively short amount of time on each amendment. But when we can, we can yield it back.

Mr. LUGAR addressed the Chair.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. LUGAR. Mr. President, the normal rotation would be now to come to our side of the aisle, if one of our Senators is ready.

Is the distinguished Senator from Pennsylvania ready?

Mr. SANTORUM. Just 1 minute.

Mr. LUGAR. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. SANTORUM. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 3225 TO AMENDMENT NO. 3184

(Purpose: To provide farm program equity by reforming the peanut program)

Mr. SANTORUM. Thank you, Mr. President. I have, I believe, at the desk amendment No. 3225. I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Pennsylvania [Mr. SANTORUM] for himself, Mr. BRADLEY, Mr. BROWN, Mr. SMITH, Mr. GREGG and Mr. KYL, proposes an amendment numbered 3225 to amendment No. 3184.

Mr. SANTORUM. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Amend Section 106, Peanut Program, by:

(a) Striking paragraph (2) in subsection (a), Quota Peanuts, and inserting the following:

''(2) SUPPORT RATES.—

''(A) MAXIMUM LEVELS.—The national average quota support rate for each of the 1996 through 2000 crops of quota peanuts shall not be more than $610 per ton for the 1996 crop, $542 per ton for the 1997 crop, $509 per ton for the 1998 crop, $475 per ton for the 1999 and 2000 crops.

''(B) DISBURSEMENT.—The Secretary shall initially disburse only 90 percent of the price support loan level required under this paragraph to producers for the 1996 and 1997 crops, and 85 percent for the 1998 through 2000 crops and provide for the disbursement to producers at maturity of any balances due the producers on the loans that may remain to be settled at maturity. The remainder of the loans for each crop shall be applied to offset losses in pools under subsection (d), if the losses exist, and shall be paid to producers only after the losses are offset.''

''(C) NON-RECOURSE LOANS.—Notwithstanding any other provision of this Act, for the 2001 and 2002 crops of peanuts, the quota is eliminated and the Secretary shall offer to all peanut producers non-recourse loans at a level not to exceed 70 percent of the estimated market price anticipated for each crop.

''(D) MARKET PRICE.—In estimating the market price for the 2001 and 2002 crops of peanuts, the Secrtary shall consider the export prices of additional peanuts during the last 5 crop years for which price support was available for additional peanuts and prices for peanuts in overseas markets, but shall not base the non-recourse loan levels for 2001–2002 on quota or additional support rates established under this Act.

Mr. SANTORUM. Mr. President, I have a very short period of time under the agreement to go through this. So if I can, I would like to first say I would like to describe our amendment so I can get that in; and then I would like to talk generally about the dramatic need for reform.

What we have seen in the bill that is before us right now is an attempt to move farm programs, at least a lot of farm programs, into the 21st century—actually the 20th century; the late 20th century, not really the 21st century—in an effort for reform, the freedom to farm.

There are a couple of programs that have been left aside, that have been allowed to continue as they are and have not been reformed. In fact, in the past several farm bills, while other commodity programs have been reformed, a couple of programs have been set aside for nontouched status. One such program is the Peanut Program.

What we are trying to do with this amendment, Senator BRADLEY and I, is to do just a modest amount of reform over the next few years and really make this program look like programs like the Soybean Program looks today. So we are just trying to bring the Peanut Program into what is the 1960's and 1970's farm policy as opposed to the 1930's farm policy.

What we do is gradually reduce the support price for peanuts from the current level, which is $678—and, by the way, the world market price for peanuts is not $678 a ton, which is what it is in this country for people who grow quota peanuts; it is $350 a ton. So we pay, as this chart shows, a tremendous amount more for peanuts in this country than the world does.

What happens as a result of that? Well, a lot of our folks who process peanuts end up producing Snickers bars and the like up in Canada or Mexico where they can buy peanuts at the world price, not have to subsidize an arcane quota system at $678 a ton. So we are losing jobs. Not only are we losing jobs, but consumption of peanuts is going down. We are losing farms and losing processors and losing shellers.

This is a doomed program. Keeping prices at this level is dooming this program, not just for the processors and consumers, but for farmers also. What we do is gradually reduce the support price for peanuts from $678 to $610 next year, and by the year 2000 it goes down to $475 for the years 1999 and 2000. After the year 2000, we go to a nonrecourse loan program which is similar to other agriculture programs in place right now as a safety net program.

So we still have a program for peanuts when we are done. It looks more like the traditional farm programs. It is not a system, as I will explain in a minute, that is absolutely indecipherable, as well as unfair, to growers who do not happen to have passed on from generation to generation a quota that allows us to charge this outrageous price for peanuts that we do charge.

Let me now talk very briefly about the peanut program. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER (Mr. COVERDELL). The Senator from Pennsylvania has 11½ minutes remaining.

Mr. SANTORUM. Thank you, Mr. President. Let me talk a little bit about this program. Freedom to farm is about simplifying agriculture programs, providing certainty and simplicity. We do that in a lot of areas of this farm bill, and I commend the chairman, Senator LUGAR, and Senator LEAHY for their work in moving farm programs, albeit slowly, but gradually toward simplicity and certainty.

We do not touch this program. We do not reform this program, and this is how it works. I wish I had time to explain this monstrosity of a program. It has taken me, as a new member of the Agriculture Committee, a year to just begin to understand how this program works.

It is discriminatory is probably the nicest thing you can say about it. If you are a quota farmer—that means, if you own a license to raise so many tons of peanuts—you can sell your peanuts at $678 a ton. If you do not have a license, which has been passed on usually from generation to generation—and, by the way, about 20 percent of the quota holders, 20 percent of the people who own quotas control 80 percent of the quota peanuts in this country. So it is very few farmers, in some cases not even farmers, people who own these things live all over the world and lease out the quotas so people can grow their peanuts. If you do not own one of these quotas, you do not get $678 a ton, you get $132 a ton when the world market price is $350.

There are literally hundreds of thousands of growers out there who cannot even make ends meet because of this program for the privileged few—for the privileged few—who just happened to have a granddaddy who knew somebody on the board when they handed out these quotas back in the 1930's.

That is not the way we should run farm policy in this country, and it is discriminatory. If you look at the percentage of minorities who have quotas, that is another story altogether. Minorities were not given a lot of quotas in the South back in the 1930's to grow peanuts, and that is another inequity built into this program. It is a great reason to get rid of it.

Let me talk about equity. As I said before, in the process of the last couple of farm bills, we have gradually begun to reform the farm programs. We have reduced support prices for a variety of commodities. In fact, we have reduced support prices for every single commodity but one: Peanuts.

Peanuts have gone up. Price supports have gone up since the 1985 farm bill by 21 percent. Peanut support prices have gone up 21 percent. Every other program has gone down. Every other commodity support price has gone down, as we seek to get Government more and more out of supporting agriculture and allowing agriculture to work on its own.

Only peanuts, with this horrible quota system that prejudices folks who were not lucky enough, as I said, to have their granddaddy give them a quota license—those are the folks who make money at the expense of other growers, of shellers, of processors and consumers, because we pay a heck of a lot more for peanuts in this country than they do anywhere else in the world. Why? For a privileged few, a privileged few who just happened to know someone back in the 1930's or their granddaddy happened to know someone in the 1930's.

It is a system that needs to be done away with. Frankly, the right thing to do is to eliminate the program outright. But we understand there are a lot of people who own these quotas who have loans and relationships, that they borrowed money based on the fact they had these quotas and were able to get these increased prices, so we phased it out. We are not going to drop anybody off the quota right away. We phase it out over a period of 5 years and then go to a nonrecourse loan program. We still keep a safety net in place for all peanut growers, not just the privileged few who happen to own quotas, but for all peanut growers.

I reserve the remainder of my time. Thank you, Mr. President.

The PRESIDING OFFICER. Who yields time?

Mr. FORD addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Kentucky.

PRIVILEGE OF THE FLOOR

Mr. FORD. Mr. President, I ask unanimous consent that Ms. Katherine DeRemer, who is on detail from the U.S. Department of Agriculture to the Committee on Agriculture, Nutrition, and Forestry, be granted the privilege of the floor during the consideration of S. 1541, the Agricultural Market Transition Act of 1996.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FORD. I thank the Chair and thank my colleague from Alabama.

Mr. BRYAN addressed the Chair.

Mr. HEFLIN. Mr. President, I yield 30 seconds to the Senator from Nevada.

The PRESIDING OFFICER. The Chair recognizes the Senator from Nevada.

Mr. BRYAN. Mr. President, I ask unanimous consent that I be recognized next, for the purpose of offering an amendment, at the conclusion of the debate on the Santorum amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FORD. Reserving the right to object.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. FORD. I withdraw it.

The PRESIDING OFFICER. The Chair recognizes the Senator from Alabama.

Mr. HEFLIN. Mr. President, there has been a great deal of misinformation about the peanut program. It is a very complicated program, but it is a cost-effective and consumer-oriented program.

In the bill that is before us, the underlying bill, there is substantial reform. We have a reform peanut bill that is before us. It is reformed in a great number of ways. It will have the effect of lowering the cost of the peanut program to the extent that it is a no-net-cost program. It is not going to cost the Government.

Over the years, the peanut program has cost the Government about $13 million a year. This past year, the cost has increased, but the peanut program is essentially very little cost to the taxpayer. The quota will be reduced by as much as 28 percent. Therefore, this change alone demonstrates significant reform. Frankly, I said, in my judgment, it went too far, but it prevailed on the Republican side. That is what they wanted to do, and they felt like that was the thing to do. I still believe that the reforms go too far. I do not like it, but it has been reformed.

So all these figures that the distinguished Senator from Pennsylvania is using do not show the reformation that has taken place.

His bill will basically kill the peanut program. Actually, a similar amendment to his in the House was estimated by the U.S. Department of Agriculture to cost the program $110 million in the first year alone, whereas the reform bill in the package before us in the Senate is a no-net cost. In effect, we are talking about a cost to the Government of $110 million in the first year under the Santorum amendment.

The amendment that Senator SANTORUM offers would bring the support and the market price below the cost of production, making financing impossible and driving farmers out of the business and reducing the supply to consumers.

Two separate studies by the farm credit system shows that basically what he is doing will mean that somewhere between 40 and 45 percent of peanut farmers will not be able to get financing the first year. And then in the remaining years, none of them could get financing relative to this. This would leave the industry with a significant reduction in supply.

I have some charts. This is a bag of salted peanuts. It sells for 20 cents, 23 cents, and 7 cents. That is 50 cents. The farmer gets 7 cents. The manufacturer gets 23 cents. The retailer gets 20 cents. That is 99 percent peanuts. I do not know what else you add to it. I suppose you add a little salt. And maybe you can cook them a little bit in peanut oil, which is a good oil relative to it.

Whoever heard of one of these bags of peanuts selling for anything like the bottled drinks, like the colas? When they first started out talking about putting a 1-cent tax on them—it never materialized in that manner. Instead, they have always been increased in multiples of 5. The price used to be 10 cents, and now we find soft drinks being 50 cents, 55 or 60 cents.

How are you going to save any money on a bag of peanuts when the farmer gets that little? Down here you have peanut butter. The peanut butter here contains 90 percent peanuts. This particular jar sells for $2.08. As it is, that is what we picked out in the store. There is a study by Purdue University, and they went out and picked out six cities to sample. The price varied for a jar of peanuts of the same size; I believe it was 18 ounces. It varied from $3.17 down to the lowest at a $1.23 a jar. We are going to show you a chart later showing what it cost the manufacturers to produce peanut butter and make a profit. For the School Lunch Program, manufacturers sell peanut butter and obviously make a profit at about 80 cents a jar, compared to an overall commercial retail average of $1.83. The manufacturer's cost is what they sell to the School Lunch Program, and they make money on that at 80 cents a jar.

Now, M&M's. We have here plain M&M's and peanut M&M's. The consumer pays the same retail price, ''disputing what candy manufacturers have been saying about the effect of peanuts on consumer prices.'' They sell for the same thing. No difference whatsoever when you go into the market.

All right. Here we have Hershey. Bear Stearns, which is a leading investment house, on September 18, issued a new alert relative to Hershey Food Corp., and they upgraded it from neutral, to ''buy.'' Bear Stearns says: ''Hershey will be a major beneficiary of several legislative and regulatory reform measures expected to be put into effect in the near future; namely, the phaseout of Government price support for sugar and peanuts.''

And on another page of this, Bear Stearns said—and this is information they sent out to their investors—''Phase out support for sugar and peanuts. As a new part of the farm legislation being hammered out, the U.S. Government could gradually phase out price supports for sugar and peanuts.'' Bear Stearns is making their stock recommendation based on the elimination of the Price Support Program. We expect this bill to go into effect in 1996. ''Such measures would lead to substantial margin improvements for Hershey, whose chocolate operations consumes huge quantities of these two commodities, sugar and peanuts.'' It goes on relative to profit margins for shareholders and other stock aspects.

Now, several years ago, there was a GAO study pertaining to this, and they said, regarding the support price, there was a possibility of it meaning lower costs to the consumer. Yet, when they testified before the House regarding their report, they came up with a very changed and realistic thing. The GAO basically stated in testimony that by ''consumer,'' they did not mean the final consumer of the product, but the first buyer of the peanuts to make them into candy or peanut butter. Further, GAO admitted that it could be zero that the homemaker would ever see of that savings. The GAO also stated that they had interviewed both small and large manufacturers of peanut products and were told that they may not pass the cost savings directly on to the final consumer of peanut products, but that they could develop some new product lines with a lower support price.

I want to show you the history of what has happened relative to farmer price and retail price. Here are the various things. The support price is in blue on the chart here, and the red is farm prices, and green the retail price. Over the years, the farm price has always been above the support price. That has been consistent throughout. The loan rate has not been used much. Look at the difference as to what the manufacturers and the retailers make, in regards to retail price versus what the farmer makes.

Let us see if we cannot get that chart now pertaining to the cost of the manufacturing. This is from USDA. This chart shows the manufacturers' cost. The manufacturers are able to make and sell peanut butter to the USDA School Lunch Program at 81 cents a pound, while consumers pay more than twice that amount for the very same peanut butter in grocery stores. The retail price illustrated in this chart is actually below the retail average. In some places, the retail price is over $3. As I indicated earlier, 90 percent of

what is in a jar of peanut butter is peanuts. They may have added a little salt and oil and other things pertaining to that.

Now we talked about prices paid by the School Lunch Program versus commercial retail. Let us now turn to the chart on the comparative prices in cities across the world. Again, USDA is the source of this information. In the United States, the average price as of that date—and they vary according to the date—is $2.10. In Mexico, it is $2.55. In Canada $2.72. The argument has been made that peanut butter produced in Canada, or any foreign country, is made with the cheaper, world market peanuts. This chart illustrates Hong Kong, Paris, and Tokyo. The U.S. peanut butter prices are the lowest in the world. I point that out. Let us look at Canada. I will not attempt to quote this French, but they have labeling on this Canadian peanut butter. In Canada, the retail price is $2.99 and in the United States it is $2.21 on that particular date and location. This example even takes into account the exchange rate.

Here we have a Snickers bar. They say they are going to pass on to the consumer savings on Snickers bars. Everybody knows Snickers is packed full of peanuts. But when you get down to it, it actually only has 2 cents worth of peanuts in it. The retail price for this Snickers bar is 55 cents. Furthermore, the sugar in a Snickers bar is only 3 cents. This information is from a reliable source, a director of quality and supply of Nestle's Chocolate and Confections, who made this statement as of the 18th day of June 1995. If the peanut price is reduced what portion will a consumer see in regards to reduced retail price. I say the consumer will see no reduction in the retail price.

Now, foes of the peanut program have been putting out a lot of misinformation about new farmers, that they are not getting into the program. Of course, there is basically not a great number of farmers that are in the program—somewhere between 10,000 to 15,000. However, we have seen a steady increase of new farmers that have gone into the peanut program. Actually, the peanut program is easier for a new farmer to access than is the cotton, wheat or corn program. In order to participate in these commodity programs, a farmer must produce that crop for 3 to 5 years building a base before they can participate.

Really, when you get down to it, ''quota'' means no more than just base, relative to that. So the argument that peanut production is left to an exclusive group and therefore nobody else can get into the market is misleading. This chart illustrating program participation, using USDA figures, demonstrates that new farmers do have access to peanut production.

The other argument, or criticism that is made, is that peanut quota holders do not produce their quota and instead lease, is also misleading. Let us compare it to the other crops. Here we have from the U.S. Bureau of Census: In the peanut industry, there are more farmers who own their land and do not rent than in wheat, soybeans or cotton. This is the percentage of those that rent. The reasons that an individual may rent can be all sorts of things. Say a widow only has Social Security, her husband is dead, she wants to rent the quota, but the critics say there is something wrong with that.

Mr. SANTORUM. Will the Senator yield?

Mr. HEFLIN. I will yield at the end of my remarks.

This chart illustrates the situation relative to wheat, soybeans and cotton, pertaining to the issue of owner-operated and rented. There are some who do rent. However, in this bill, there are provisions that would do away with some of the public entities who own peanut quota, but to do away with the concept of the right to lease one's land, and criticizing those that do, seems to me that we are losing sight of the overall situation pertaining to widows, children and others who have, over the years, rented their land, or rented their quota. That is a distinction we ought to certainly look at.

Now, food safety. We want to show that American peanuts have all sorts of safety tests. There are certain prohibited chemicals that domestic producers cannot use in the production of peanuts. Producers in foreign countries do not have these same restrictions on pesticides that domestic producers must conform with.

Today, under GATT, 74 percent of the peanuts allowed into the American edible market come from Argentina. Yet, 50 percent of the peanuts that come in from Argentina cannot pass FDA tests in regards to pesticide residues. They are listed here—I cannot pronounce all of these—including pirimiphos-methyl. And then China—the two leading sources of foreign produced peanuts they are talking about is in Argentina and China—all Chinese peanuts coming into this country contain pesticide residues that have been banned for in this country. They cannot use these chemicals, yet these chemicals are being used in Argentina and China and are then exported to the United States.

China also has a particular disease known as stripe virus. Stripe virus is a disease we have to be very careful of. There is another disease called aflatoxin that comes in, when growing peanuts. In America, by electronic means, every peanut kernel is inspected. It goes through an electronic process to be sure that there is no aflatoxin contamination. Aflatoxin has been known to cause cancer, but that process does not exist in Argentina and does not exist in China. The food safety requirements in regard to peanuts in the United States is a very important issue and something that we ought to be very careful about.

The issue of contamination was raised a while ago by one of the commissions on world trade matters in regard to peanuts that were stored in Amsterdam. When they were proposed to come into the United States, they were examined, and it was found that there was a substantial number of rat droppings in the peanuts.

I yield to the Senator from Georgia for 5 minutes.

The PRESIDING OFFICER (Mr. HELMS). The Senator from Georgia.

Mr. COVERDELL. I thank the Senator from Alabama. The Senator from Alabama has done such a distinguished job in his describing this important agricultural program and its general benefit to our Nation.

Let me just say briefly with regard to this particular program, my hat is off to the rural community, to the peanut growers who stepped forward very early in this process and became a true force in reform. The Senator from Alabama has already acknowledged the enormous reforms that exist in this bill.

I might point out in the measure that passed the committee, in the measure that passed the Balanced Budget Act, this bill saves over $500 million. This bill lowers the support price 10 percent. The price support escalator has been eliminated—a 200,000-ton reduction in quota has been accomplished. The bill is replete with reform. The growers, the rural community itself, were at the forefront of accomplishing this. They need to be acknowledged for that. They do not need to be set aside. They do not need to be reprimanded. This is a farm community that came forward and did what it needs to do.

Let me say very quickly, the peanut program has been part of rural America for nearly 50 years. The amendment offered by the Senator from Pennsylvania is like throwing a light switch off. These farmers, these rural communities, have been functioning under the set of rules imposed upon them by the Government. The Government itself put this plan in place. If we are going to change it, we need to do it in a transitional form, which is what this bill does.

This program now not only affects the farmers, but it affects the entire rural community—banking, the value of land, agribusiness in general. It is not the kind of thing that you can come in and arbitrarily change the rules in 24 months. You cannot do that without doing enormous damage.

Let me say this. The communities affected by this program are rural and they are poor. In my State, these are the poorest counties in the entire State. They have poverty rates of 20 percent, and actions taken by the Government that are capricious and without sensitivity to time do enormous damage, enormous damage.

The bill, as formed, moves in a market direction. The farm and rural communities have been a willing partner, but it is a transition so that the communities can adjust to the changes in our time.

I will oppose the amendment by the Senator from Pennsylvania. I think it is exceedingly important that when we change the way we conduct our business, when we change what the Government has put in place, there needs to be an enormous sensitivity to allow the communities to adjust and move to change, which is exactly what was accomplished in the bill that came out of committee, and is exactly what was accomplished in the bill we sent to the President which he vetoed and which we are attempting to replicate here this morning.

I commend the Senators from Alabama, from North Carolina, from Virginia, for the work they have done to produce this market reform. I yield back my time to the Senator from Alabama.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. HEFLIN. Mr. President, the distinguished Senator from Georgia, Senator COVERDELL, mentioned the economic effect. There has been a recent study by Auburn University on the economic impact in the tri-State area of Alabama, Georgia, and Florida, showing that the peanut industry there exceeds $1.3 billion and the employment associated with economic activity related to the peanut industry exceeds 16,000 jobs. This has been based on the way that the Base Closure Commission did their calculations, the effect not just on peanut farmers, but what effect it has on other dealers and communities—the COBRA effect that was set up under the base closures.

Going with the Santorum type of amendment would really mean the end of the peanut program. You would eliminate 37,500 jobs, with $350 million in lost farm revenue, $50 million in lost exports, a $750 million drop in land values, and a $25 million loss in tax revenues. That is just in those three States referenced in the study. It does not take into account other peanut-producing regions. The conclusion is that changes made in the order proposed by Senator SANTORUM will have a tremendous negative economic effect.

In order to accurately understand the situation faced by domestic producers relative to foreign growers of peanuts you have to examine the guidelines, restrictions, wage and labor laws, as well as environmental laws in order to put domestic producers on the same playing field. No. 1, as compared to American peanut producers, they are not subject to minimum wages. The farm labor in those countries—in China and in Argentina and even in Mexico or any of the rest of the peanut producing countries—is so drastically lower than the wages in the United States. There is no environmental protection, and, of course, there is no restricted chemical use, as we pointed out.

There has to be rigorous post-harvest treatment and rigorous inspection here in the United States. None of that exists in the foreign countries. So you have a situation where, if you reduce the price support down to the Santorum level, what this is going to mean is you get it down below the cost of production. Then, what it is going to mean is you are going to drive those farmers out of business because they cannot afford to produce peanuts and make a profit and still comply with all the stricter wage, environmental, and pesticide regulations. Therefore, peanut production will be forced to go overseas. The peanut industry has already suffered from unfavorable trade agreements, such as NAFTA and GATT. You are going to have a situation in which you will see there will be no more peanuts grown in the United States. It is going to mean the end of peanut production. Then you are going to get peanuts coming in from Argentina, China, Mexico, and these other places.

Another example? In the area which Senator COVERDELL talked about, the poor areas of Georgia, there is a large minority participation in the peanut program. The ratio is more than 6 times greater than in the national average in those Southern States. It means those people are going to be losing jobs relative to the peanut industry.

The reform package that is in the Lugar-Leahy-Craig bill, what we have today, already cuts the peanut program by 28 percent. It is a no-cost-to-the-Government program, and it has made substantial reforms—too many, in my judgment. I hope I can do something about it in conference to improve it. But, nevertheless, that is the bill before us right now. Today, it is a matter of whether you are going to kill a reformed peanut program that has worked well or you will support peanut production in the United States.

I understand the Senator from North Carolina, Senator HELMS, would like some time. How much time do we have remaining?

The PRESIDING OFFICER (Mr. COVERDELL). The Senator has just over a minute.

Mr. HEFLIN. I yield to the Senator from North Carolina.

The PRESIDING OFFICER. The Chair recognizes the Senator for a little under a minute.

Mr. HELMS. This may be the best speech I ever made, Mr. President.

I want to compliment the distinguished Senator from Alabama for the lucid presentation he has made.

I want to say to the distinguished Senator from Pennsylvania, he is one of my favorites. I am glad he is in the Senate. I know he is sincere. But, on this matter, he is sincerely wrong. Mr. President, I must oppose the Santorum amendment because it will do grave harm to thousands of small farmers in North Carolina and other peanut-producing States.

The issue here is the future of the peanut program—and thousands of jobs. The importance of this modest program can be measured statistically by emphasizing that it provides $1.2 billion in farm revenue, 150,000 jobs, while generating $200 million in exports. Peanut farmers also provide America with a safe and abundant supply of peanuts.

Mr. President, in North Carolina, peanuts are a major commodity that produces more than $100 million in revenue, while directly and indirectly employing more than 200,000 people in the various aspects of the industry.

Moreover, the subject of reforming the peanut program was considered and debated in the Senate Agriculture Committee.

Interestingly enough, peanut farmers have already voluntarily reformed the program. They have cut their budgets, agreeing to a 10-percent cut in their pockets, and going to a no-net-cost program to eliminate any cost of the program to the taxpayers.

The Congressional Budget Office [CBO] estimates these reforms will save taxpayers over $400 million during the next 7 years.

So, Mr. President, I must oppose the Santorum amendment, and urge other Senators to do likewise and support the distinguished majority leader in his motion to table this amendment.

Mr. WARNER. Mr. President, I rise today to address the issue of the safety of foreign imported peanuts, which was raised previously by the distinguished Senator from Alabama, Senator HEFLIN.

Mr. President, opponents of the peanut program would have you believe that American consumers are being defrauded. As evidence, critics cite a ''world peanut price'' hundreds of dollars lower per ton than that which American producers receive under the peanut-price-support program. What most Americans do not realize, Mr. President, is that those world price peanuts are of a quality and type that would be illegal to sell in the United States. I repeat, Mr. President, under USDA rules and regulations for pesticide use and diseased content, most of these so-called world price peanuts would be illegal to sell to American consumers.

Around the world, U.S. peanuts, and especially those of the type grown in my State of Virginia, are recognized as a premium quality grade worthy of a premium price on the world market. American peanut farmers already are the leading exporters in the world, selling one-fourth of their crop each year on the world market. This so-called world price for peanuts is artificially deflated because it is based on an inferior peanut used primarily for oil and animal feed rather than edible use.

Domestic peanut growers must meet the strictest health, safety, and environmental standards in the world. Our producers are limited as to the types and amounts of pesticides and chemical additives that can be applied to their crops—restrictions that few, if any, imports can meet.

American consumers should know that our peanut farmers cannot

produce peanuts cheaper than their Third World counterparts who are not subject to strict environmental regulations governing the use of pesticides, fertilizers, and other agrichemicals; worker protection laws; minimum wage laws; consumer protection laws; and USDA quality and safety inspections required of American peanuts.

In short, Mr. President, the peanut program provides American consumers with a low cost, stable supply of the highest quality, and safest, peanuts in the world.

Mr. HEFLIN. Mr. President, I reserve the remainder of our time.

The PRESIDING OFFICER. The Chair recognizes the Senator from Pennsylvania.

Mr. SANTORUM. Mr. President, I ask Senator CHAFEE and Senator REID be added as cosponsors of this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SANTORUM. Mr. President, the Senator from Alabama said we would not be growing peanuts in this country anymore. We would be driving all of these peanut farmers out of business with our amendment. What our amendment does is, over 5 years, we reduce the quota price by roughly 30 percent, and we then eliminate the quota.

How much of the cost of growing peanuts is the quota? The answer is roughly 30 percent. We reduce the support price equal to the cost the quota adds to the price of peanuts. So it is a wash.

What we have done is open up the market so all these additional growers—we are talking about these little rural communities and all these poor growers. What about these growers who grow peanuts and do not have a quota? They grow peanuts, their price is $132 a ton as opposed to, if you are one of these privileged few quota holders, you get $678 a ton. So let us think about these folks who just did not happen to have a granddaddy who was at the trough 50, 60 years ago when they were handing out these quotas.

Let us look at all the farmers out there working who have to buy quota seeds. To even grow additional peanuts, peanuts that do not get you this nice big price, you have to go to the quota holders and buy their peanuts at their high price so you can plant your poor peanuts, that are just as good in quality but you do not happen to have a quota.

The Senator from Alabama said a lot of things. First off, CBO says our savings in our amendment are the same as under the bill. There will be no increased costs to the Government under the bill.

Second, the Senator from Alabama said under our bill, 49 percent of the farmers would not be able to get loans in the first year. That is different from the underlying bill. I remind the Senator from Alabama we cut the support price in the first year of this bill the same as the underlying bill. We do not change the first year. We go to $610. The underlying bill is $610. To suggest we do the same thing and somehow 49 percent more people are not going to be eligible for loans does not make any sense.

The Senator talked about how we sell peanut butter to the School Lunch Program at a greatly reduced price, much less than market price. First off, I do not know anybody who does not sell bulk, to a mass consumer, in bulk quantities, cheaper than they do when they have to put it in little 6- or 8- or 10-ounce jars and market it. Of course, they are going to charge them less, as any bulk purchaser gets less when you are buying in that size than something you were going to market at a local convenience store. That is No. 1.

No. 2, in 1991 the USDA suspended peanut butter purchases, peanut butter sales for school lunch. School lunch programs suspended it. Why? Because peanut butter prices were too high. They could not afford it anymore, so they had to suspend it. Why? Because we were making a lot of farmers who, again, their granddaddy had a quota, they were making a lot of money and our schoolchildren are not getting peanut butter because it is too expensive.

He looked at foreign price. I remind the Senator, as I am sure he knows, America is somewhat unique in the world in the consumption of peanuts. Most of the people around the world do not eat peanuts like we do. Most grown in the rest of the world is used for feed for animals. Very little is used for food for consumers. It is considered, I would not say a delicacy, but in a sense a very rare item for people to consume.

We consume in this country over 70 percent of the world's peanuts for human consumption. To suggest because a couple of countries that do not sell a lot of peanuts have very high prices, it would be like maybe in this country our prices for caviar are higher than they are in Russia, or something like that, where you have an indigenous food that people consume versus something that is a luxury in other countries. That is not a fair comparison.

Another amazing point that was made, the Senator compared the peanut program with the cotton program and the wheat program and said these other programs rent out their land for production of this crop. The difference is, if you rent your land out for the production of cotton or wheat, you can still sell that cotton or wheat in this country. There is no quota. The difference with peanuts is, when you rent that land out, you rent the quota. If you do not have a quota, you cannot sell your peanuts in this country.

So it is not the same. I mean, the difference is anyone can rent land to grow cotton. You can sell the cotton here. But unless you have a quota, you cannot sell your peanuts here in this country. You talk about the small rural farmer, the guy who goes out and sweats every day to grow those peanuts, and he cannot sell them because you had somebody's granddaddy at the trough 50 or 60 years ago because he was able to get a quota because he knew somebody.

If people do not understand quotas—a liquor license is the same thing. What is a liquor license? It is a piece of paper. It is not worth anything. If you sell a liquor license, you get a lot of money because it gives one an opportunity to do something that nobody else can do. You cannot sell liquor in this country without a liquor license. And you cannot sell peanuts in this country unless you have a little piece of paper saying you can sell peanuts.

Is that American? Is that what we want to do to allow the privileged few—by the way, 70 percent of the people who grow quota peanuts who have this license rent that license. It is owned by somebody else, some fat cat sitting in New York City, or Paris, or someplace. They trade them like securities.

So what do they do? They make a lot of money so a bunch of folks can sit and work their tails off. For what? For what? Basically, the world price for peanuts is what they ultimately get. Who makes this different? A bunch of fat cats who buy liquor—quota—licenses.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. HEFLIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Alabama is recognized.

Mr. HEFLIN. Mr. President, you have to have a piece of paper, a license, to sell liquor. This is different. The largest peanut farmer in the country does not have a quota. He is in California, and he has 5,000 acres of peanuts.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. FORD. Mr. President, do I have time to ask unanimous consent?

I ask unanimous consent that I may follow the Senator from Nevada with an amendment after the next majority amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FORD. I thank the Chair.

PRIVILEGE OF THE FLOOR

Mr. LEAHY. Mr. President, I ask unanimous consent that David Grahn and Craig Cox be given floor privileges during the consideration of the farm legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LUGAR addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Indiana.

Mr. LUGAR. Mr. President, I ask unanimous consent that the Santorum amendment be temporarily set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LUGAR. I thank the Chair.

Mr. BRYAN addressed the Chair.

The PRESIDING OFFICER. The Senator from Nevada is recognized.

Mr. BRYAN. I thank the Chair.

I yield myself 7 minutes.

AMENDMENT NO. 3447 TO AMENDMENT NO. 3184

(Purpose: To provide that funds made available for the market promotion program under this Act may be used to provide cost-share assistance only to small businesses or Capper-Volstead cooperatives and to cap the market promotion program)

Mr. BRYAN. I send an amendment to the desk, and I ask for its consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Nevada [Mr. BRYAN], for himself, Mr. KERRY, Mr. BUMPERS, and Mr. REID, proposes an amendment numbered 3447 to amendment No. 3184.

Mr. BRYAN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

In Title II, Section 202, on page 2–2, line 8, strike ''$100,000,000'' and insert ''$70,000,000'' where appropriate.

In Title II, Section 202, on page 2–2. after line 9 and before line 10 insert the following:

''*Provided further,* That funds made available under this Act to carry out the non-generic activities of the market promotion program established under section 203 of the Agricultural Trade Act of 1978 (7 U.S.C. 5623) may be used to provide cost-share assistance only to organizations that are non-foreign entities and are recognized as small business concerns under section 3(a) of the Small Business Act (15 U.S.C. 632(a)) or to associations described in the first section of the Act entitled 'An Act to authorize association of producers of agricultural products,' approved February 22, 1922 (7 U.S.C. 291).

Provided further, That such funds may not be used to provide cost-share assistance to a foreign eligible trade organization:

Provided further, That none of the funds made available under this Act may be used to carry out the market promotion program established under section 203 of the Agricultural Trade Act of 1978 (7 U.S.C. 5623) if the aggregate amount of funds and value of commodities under the program exceeds $70,000,000.''

Mr. BRYAN. I thank the Chair.

For the RECORD, I want to make sure that the RECORD reflects that this amendment is a joint amendment by my distinguished colleague from Massachusetts, Senator KERRY, Senator BUMPERS, and Senator REID.

Mr. President, I think that those who have followed the debate on agricultural issues know that this Senator has not been a supporter of the Market Promotion Program. In the limited time that I have available this morning, I want to offer an amendment that was previously approved on the floor of the Senate on September 20 of last year by 62 to 36. My preference would be to eliminate the Market Promotion Program, which has cost the American taxpayer more than $1 billion, because I think it is a poster child for corporate entitlements in America and is without justification.

I yield to the pragmatic consideration that, although I have attempted on a number of occasions, joined by my friends on the floor, Senator KERRY and Senator BUMPERS, to eliminate this program, we have been unsuccessful. So last September we crafted a compromise which said, among other things, that we will limit this program so that foreign corporations will no longer be eligible to receive payments.

I might say parenthetically that in the last year in which there is data available, some $12 million of taxpayer money went to foreign corporations to help them supplement their advertising budgets. In addition, some of the largest corporations in America are beneficiaries under this program—companies that ought to be charged with handling their own advertising and promotional expense without reference to taxpayer subsidies.

Here are some of the major corporations in the country in 1993, 1994: Ernest & Julio Gallo, $7.9 million; Dole, $2.4 million; Pillsbury, $1.75 million; Tyson Foods, $1.7 million. And the list goes on.

This amendment would limit the branded promotion programs to those that fall within the definition of the small business company under other provisions of the Federal Code.

It is my view that we should adopt a responsible compromise that has enjoyed the support of my colleagues on both sides of the aisle to place a limitation on this program in each of the two specifics which I have just mentioned, and also to cap the program at $70 million. Under the current proposed legislation which we are debating on the floor, the Market Promotion Program would continue in each of the 7 years at a $100 million annual funding level.

We have talked a lot about curtailing Federal expenditures, taking a look and making some of the tough decisions, downsizing Government. I have listened to a great many speeches on both sides of the aisle. This is our opportunity to strike a modest blow for fiscal sanity by putting a cap on this program and limiting the expenditures to $70 million annually. There can be no conceivable justification for providing taxpayer-assisted funding to supplement the advertising budgets of companies the size of those that are listed in this exhibit that I have offered on the floor.

I might add further that the number of companies who have received assistance, of the 200 largest corporate advertisers listed in the 1992 Standard Directory of Advertisers, 13 of those companies received market promotion programs involving some $9 million in 1992.

So we think that this is something that has been before the Senate. It has enjoyed bipartisan support. We think it makes sense, and we ask for its consideration.

I reserve the remainder of my time and am prepared to yield 5 minutes to the distinguished Senator from Massachusetts.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. KERRY. Mr. President, I want to thank the Senator from Nevada for his persistent efforts and for his tenacity in trying to address this question of inappropriate corporate welfare. I think all of us here would understand and be sympathetic to the notion that, if there are situations in our trading relations where you have a company that is hard pressed and disadvantaged against competition, as some of our companies are in certain industries, then it is conceivable that you can make a legitimate argument that you want to find some kind of Government subsidy to redress the imbalance in the marketplace.

I know, for instance, that Airbus received significant subsidies. And Boeing and McDonnell Douglas have to compete against the French, or against other countries in those industries where there is a very significant subsidy. But here we have a situation where companies that are extraordinarily profitable are going to sell their products abroad anyway for which there is a market for those products anyway, where they are profitable beyond any of the need criteria that you might try to establish, and nevertheless the taxpayers of this country are simply reimbursing them for a subsidy for an advertising budget that they would expend anyway.

Let me be very explicit about that. The M&M Mars company, for instance, has about a $262 million advertising budget. They spend that no matter what. When a company spokesman was asked, ''What do you think about taking these Government funds?'' the company spokesman's answer was, ''Well, you know, it is sort of like the mortgage interest rate deduction. If it is there, you take advantage of it.'' So they take advantage of the funds. It is not even a question of being need based.

At a time when everyone is looking for a responsible way to make judgments, critical judgments about who deserves Government assistance and who does not, it is simply wrong—it is just wrong, wrong economically, wrong politically, wrong morally, wrong on every kind of balance—to suggest that these companies with their—look at Tyson Foods. What is Tyson Foods doing getting a subsidy at this point in time for this?

I like Tyson Foods. I like what they do. We are enormously proud of what they have accomplished and of what they are capable of doing. But at a time when we are being asked to cut back on education funding, on environmental cleanup, on science research, on the R&D tax credit, on all kinds of things that are important, how can you justify this kind of effort?

There are some small companies, there are some people working at a great disadvantage in the international marketplace against countries that have a much greater degree of assistance and of partnership between the Government and the private sector than we do that may need some kind of leverage. It is with that in mind that

the Senator from Nevada and those of us who are promoting a change are not suggesting, even though we think this is not an appropriate program overall, we think that it is fair to recognize those small areas of need and simply to cut this program back to the $70 million cap.

When you measure this particular program and whatever justifications are given for it against the extraordinary reductions that we are facing in title I funds, in drug free safe school money, in Pell grants, in student loans, in environmental enforcement, in infrastructure development, in science and research, in global climate change research—you can run down the gambit and every one of those fundamental needs are being reduced—how can you justify continuing this kind of corporate welfare?

I think most Americans are not even aware that this kind of subsidy is taking place, and every American that I have ever talked to, when you explain to them what is happening, their eyes bug out and they simply are aghast at the notion that this is what people in Washington are choosing to do with their money. The American citizen knows this is inappropriate, it is unnecessary, and measured against all the other choices that we are making in Washington it is plain and simply wrong.

I am grateful to the Senator from Nevada for being willing to lead the charge here in an effort to try to redress it. I hope the Senate will once again vote as it did previously. We won this battle in the Senate. Unfortunately, as is so often the case here in Washington, the interests come into the conference committee or get one or two people to hold up everything and so it was taken out in the conference, and here we are back again. This is the same history that we had on a mink subsidy and on the wool and mohair subsidy, and ultimately we will win this battle because it is the right thing to do.

I thank the Senator from Nevada.

The PRESIDING OFFICER. The Senator's time has expired.

Who yields time?

Mr. LUGAR addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Indiana.

Mr. LUGAR. I yield to the distinguished Senator from Mississippi as much time as he wishes.

The PRESIDING OFFICER. The Chair recognizes the Senator from Mississippi.

Mr. COCHRAN. Mr. President, this is a subject we have debated on a number of different occasions on the floor of the Senate. I recall when we had the agriculture appropriations bill before the Senate this past year there were amendments offered to change various parts of the legal authorization for the program, the statutory authorization. We resisted those amendments on the appropriations bill and tried to keep the focus on the amount of money that was being appropriated for the program.

As I understand the history of this amendment, when it was brought up on the appropriations bill, the Senate passed it, or a version of it. I am advised by members of my staff that on that occasion when we went to conference the House conferees did not agree to accept the language and the provision was dropped. It did not make it through the process to be included in the appropriations bill as finally adopted and submitted to the President for his signature. So that is why this issue is raised again.

Let me just point out, while this is a controversial program, and some of the television networks have sort of made a hobby at least, if not a profession, of attacking it and exaggerating it and trying to sensationalize it as something that is evil and not workable, the facts are that this is a program which has created American jobs because it has expanded our level of exports in agriculture commodity trade and in food product trade to the extent that it has been reauthorized. It has been supported by this Senate and the House as well time after time because of the evidence. The evidence is that this program works. It was originally designed to be targeted against unfair trade practices by our competitors around the world. It was called the targeted export assistance program. The fact is it continues to work in that way because funds are allocated by the Department of Agriculture where there are special problems or special opportunities and only this kind of assistance is considered to be effective.

So I urge Senators to look at this amendment very carefully. I am not going to get all out of breath, or red in the face, arguing against it again. But I am going to say we should vote against this. It unnecessarily restricts—unnecessarily restricts—the Department of Agriculture, in the administration of the program. The Department of Agriculture has submitted testimony time and time again about how this has been a very useful program. I hope the Senate will not be stampeded by the clever arguments that are being made by my good friends who continue to take this issue up and make a semicareer out of attacking the Market Promotion Program. It is a good program, and I am going to vote against the amendment. I hope Senators will join me in doing so.

Mr. BUMPERS addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Arkansas.

Mr. BUMPERS. Mr. President, I ask for 5 minutes from my distinguished colleague.

First of all, I compliment my good friend from Nevada for his perseverance in trying to rein in, if not torpedo totally, a program that has absolutely no justification. He has been very diligent about this, and I have been honored to stand by his side to try to bring some sanity to the agriculture program but especially to eliminate the Market Promotion Program. As long as this program is on the books, at least once a year every news magazine in the country, from ''60 Minutes'' on down, is going to do a piece on it.

Every time they do a piece on it, millions of Americans are going to say, ''What on Earth are those clowns thinking about? How on Earth can they justify such a program as this?'' Well, America, the answer is, we cannot.

If I had my druthers, I would torpedo this program to zero. But the Senator from Nevada is not asking to cut the program totally. He is saying go back to the figure the Senate adopted 62 to 32 about 6 months ago, and put it back where the Senate had it at that time. It was passed overwhelmingly here.

I am not going to belabor the arguments that have already been made, but the one salient argument that the Senator from Massachusetts and the Senator from Nevada has made—and I will make it again because you cannot make it often enough—what in the name of God are we doing subsidizing Ernest and Julio Gallo, even Tyson Foods, the biggest employer in my State, and Jim Beam? That ought to make the Christian Coalition happy.

All we are saying is, in the future we are going to do what GAO recommended, except for one thing: They recommended that it be cut to a small business, generic, a new-to-exports small business program and funded at no more than $50 million. The Senator from Nevada's amendment says $70 million. Of course, that is $70 million too much, but we live in a real world around here. We know we cannot torpedo the thing because big business has too many defenders in this body.

The second thing GAO said is there is absolutely no proof that we are not simply replacing money these corporations would use on their own. Everybody knows that is true. It is just a piece of welfare. If I were the Gallo brothers, if I were Ralston Purina, Tyson Foods, Campbell Soup, Jim Beam, whoever, I would take the money, too.

But, colleagues, here is what this amendment does. It says, No. 1, you cannot give this money directly to a big business. You can give it to a generic institute. You can give it to Riceland Foods. You can give it to any of these national coalitions that have as their members all the poultry industry, all the liquor industry, those kinds of things. But we also confine it to generic small business as defined by the Small Business Administration.

It is a tragedy that we cannot kill this program. When I think about what we are doing to worthy programs in discretionary spending and standing here, pleading with you to cut the most outrageous program that we fund from $110 to $70 million, it is unfathomable.

So, Mr. President, let me say the jobs the Senator from Mississippi talks

about this creating, GAO says those are jobs we created anyway. Do you think McDonald's is going to quit trying to sell Big Mac's all over the world if we do not give them money?

Let me close by the saying I have had an excellent relationship with the Senator from Mississippi. Back before a terribly untoward event happened in November 1994, I was chairman of the Agriculture Appropriations Subcommittee and he was my ranking member. Now he is chairman and I am his ranking member. This is one of the few disagreements he and I ever had. We get along just fine in that committee and worked out those appropriations bills jointly, and I hope for the country's benefit. This is one place I strongly disagree.

I hope our colleagues will again vote 62 to 32 to pass this amendment. I yield the floor and yield back such time as I have to the Senator from Nevada.

Mr. LUGAR addressed the Chair.

The PRESIDING OFFICER (Mr. COCHRAN). The Senator from Indiana.

Mr. LUGAR. I yield as much time to the distinguished Senator from Idaho that he may require.

Mr. CRAIG. I thank my chairman for yielding, Mr. President.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. CRAIG. Mr. President, I will not stand before any of the Members of the Senate today and attempt to justify large multinational, billion-dollar corporations getting taxpayer-subsidized promotion programs. That needs to be reformed, no question about it.

In the committee this year we have reduced the overall level of funding from $110 to $100 million. But the reason the chairman of the appropriations subcommittee, who just spoke, and the reason I am on the floor defending the program is because we are trying to take the Government out of production agriculture and put the Government in the right and proper role as it relates to its relationship to domestic industries. And that is for small producers who have to compete against subsidized producers in foreign countries, our Government should serve as a leveler of the playing field.

That is where our Government can work best. We know that in our country today for American agriculture to flourish, it must sell in foreign markets. And, oh, yes, by the way, every item that one of those companies sells in many instances is produced by a small producer and sold to that company that then markets it in a foreign country. That is the other side of the story.

But what I am interested in are the marketing co-ops and the associations that go to countries to develop markets so that we can sell to them directly our products. That is where market promotion works at its very best. That is what the ag committee is really trying to get at.

I am not going to be stampeded by a couple of great, dramatic television programs. That should not dictate policy on the floor of the U.S. Senate. It should make us aware of policy that is in trouble, that deserves to be corrected. That is exactly what we are trying to do.

The Senator from Massachusetts and the Senator from Nevada and the Senator from Idaho are not going to defend McDonald's. They do not need help. But those who produce the commodities that build the components of the food they sell need to be assured that they have full access to foreign markets under the General Agreement on Tariffs and Trade and all other trade agreements we get into.

The only way we can maintain profitability at the production level on the farm is to assure that our Government works in cooperation with that producer in assuring them the level playing field and the access to foreign markets.

I am sorry, if we do not do that, if we allow foreign barriers to be constantly built against our producers, without the advantage of breaking those barriers down, then surplus arrives, profitability drops, and guess where we will be? We will have agriculture lined up at the door of the Congress once again, saying, ''You have got to help us out. You have got to provide a minimum income level. We're all going broke.''

The transition that we have been involved in for well over a decade, Mr. President, has been to move the farmer to the market and allow that farmer to produce for a market. And that market is an international market as well as a domestic market. The Market Promotion Program has been designed to expand that foreign market and create a greater desire on the part of the foreign consumer for the U.S. agricultural product. It has worked in spades. We know that. USDA knows it. That is why it has defended it. It has been misused. We all know that. We are working to correct that. I am going be as aggressive as anyone in getting it done.

We have cut the funding now. That is a responsible action to take. We will target and prioritize the money where it should be under the premise that I have laid out. That, I think, is the premise that all have agreed on was the intent of the program originally.

So I hope the Senate will reject this amendment. It is important that we look internationally when we think about American agriculture. That is a role where Government can play a responsible part as a partner with our domestic U.S. farmer.

The PRESIDING OFFICER. Who yields time?

Mr. BRYAN addressed the Chair.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. BRYAN. Let me say briefly that I believe the Senator from Idaho ought to support this amendment. All it does is give the taxpayers' dollars to be used by foreign corporations with respect to the granting of promotions, like McDonald's.

This says, look, no longer are they to be subsidized. We protect the rights of the co-ops to continue to participate in this program. I think we are in agreement, as I understood the thrust of his argument.

I urge my colleagues to support this amendment, as they did on September 20 of last year.

The PRESIDING OFFICER. The time of the Senator has expired. The time remaining in opposition is 5 minutes, 57 seconds.

Mr. LUGAR. Mr. President, I see no other Senators on our side of the aisle who wish to be heard on this amendment. Therefore, I yield back our time.

The PRESIDING OFFICER. The time has been yielded back. All time has been yielded back on the amendment.

Mr. LUGAR. Mr. President, I ask unanimous consent that the Bryan amendment be set aside temporarily.

The PRESIDING OFFICER. Is there objection?

Mr. BUMPERS. Mr. President, have the yeas and nays been ordered on this amendment?

The PRESIDING OFFICER. The yeas and nays have not been ordered.

Mr. BUMPERS. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Without objection, the amendment is set aside.

Mr. LUGAR. Mr. President, I ask for the yeas and nays on the Santorum amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. HARKIN. Mr. President, I would like to ask for the yeas and nays on the two amendments I offered.

The PRESIDING OFFICER. Is there objection to asking for the yeas and nays? Without objection, it is so ordered.

Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

Mr. HARKIN. Might I inquire if there is going to be another amendment on the other side. The clock is ticking.

Mr. LUGAR. I will respond to the distinguished Senator, there is no one present on our side of the aisle, therefore, the Senator can proceed.

Mr. HARKIN. I understand there is a unanimous-consent agreement that Senator FORD was going to go next. If he is not available, then I have an amendment I want to offer. I want to make sure Senator FORD offers his amendment, but I do not want to let the clock tick, because we are under time pressure.

Mr. LUGAR. I suggest now it would be good to expedite the situation by asking the Senator from Iowa to offer his amendment. We are going to have a backup.

Mr. HARKIN. Mr. President, I ask unanimous consent that I be allowed to

offer my amendment but that Senator FORD be able to offer the next amendment.

The PRESIDING OFFICER. Is there objection?

Mr. LUGAR. Will the Senator modify the request to state the next Democratic amendment?

Mr. HARKIN. Yes, fine.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

AMENDMENT NO. 3448 TO AMENDMENT NO. 3184

(Purpose: To amend the eligibility criteria for the Environmental Quality Incentive Program)

Mr. HARKIN. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Iowa [Mr. HARKIN] proposes an amendment numbered 3448 to amendment No. 3184.

Mr. HARKIN. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Section 314 is amended by striking ''(ii) 10,000 beef cattle'' and all that follows through ''lambs;'' and inserting the following:

''(ii) 1,000 beef cattle;

''(iii) 100,000 laying hens or broilers;

''(iv) 55,000 turkeys;

''(v) 2,500 swine; or

''(vi) 10,000 sheep or lambs.''

Mr. HARKIN. Mr. President, I will try not to take much time on this. What this amendment does is to reinstate the limits on the size of livestock operations eligible to receive benefits under the Environmental Quality Incentive Program.

Last year, the distinguished Senator from Indiana, Senator LUGAR, and Senator LEAHY introduced a bill called the Environmental Quality Incentive Program. Quite frankly, it was based upon a bill I introduced several years earlier called the Water Quality Incentive Program. So I have been very supportive of it. I think it is a good bill. I have no problems with it because it provides for technical assistance. It provides for cost-sharing assistance and incentive payments for farmers to meet environmental problems with their livestock operations.

In the original bill that the Senator from Indiana introduced last year, there were the following limits, and if you went over these limits, you would not be eligible for cost sharing by the Government, and things like that. Let me read the limits: 1,000 beef cattle; 100,000 laying hens or broilers; 55,000 turkeys; 2,500 swine; or 10,000 sheep and lambs. That was in the original bill last year.

In the bill before us today, all of those numbers have been bumped up to incredible extremes. Rather than 1,000 cattle, we now have 10,000 beef cattle. Rather than 2,500 hogs, we now have 15,000 hogs. And rather than 100,000 laying hens or broilers, which I do not know a great deal about, we have 150,000.

I think the original bill that Senator LUGAR and Senator LEAHY introduced had good limits. Why? Because those numbers in the original bill corresponded to the provisions of the Clean Water Act—I should say, corresponded to the provisions of regulations implementing the Clean Water Act—in terms of livestock concentrations.

So basically, the bill before us raises these limits up to what I think are really unconscionably high levels.

You might say, ''Well, look, if they are big operators and they are polluting, we want to solve these environmental problems, so why not let some of this money in cost sharing and taxpayers' money go to some of the bigger operators to clean up their environmental problems?''

My point is that these larger operators fall under the provisions of the Clean Water Act, and they have to clean up their act. They have to do that.

Take a smaller farmer who has maybe 1,000 hogs, maybe he has 1,000 beef cattle, a family-size operation. That farmer does not have to meet the provisions of the Clean Water Act, but it would be nice if he did so. It would help us all out. So the limited amount of money that we are going to have to help clean up our environmental problems, I think, would better be directed toward the smaller family farmers because it will give them an incentive to do so. They do not have to do so, but cost sharing, technical assistance and support will give them the kind of incentive to go ahead and put in waste management control systems, lagoons, and things like that.

For these bigger operators who have 10,000 beef cattle or 15,000 hogs, they have to do it anyway. They are so big, they ought to have the capital resources that would allow them to do that. Quite frankly, most of them do. So rather than taking the limited amount of money that we are going to have and try and spread it out—and let us face it, bigger operators have attorneys, they have accountants, they know how to go after Federal dollars. You can bet your bottom dollar that the biggest operators will be in there to get the cost share and technical assistance. What the heck, free money. If I am a big operator and I have to comply with the Clean Water Act and there is a pot of Government money over here that I can go after that will help me meet the requirements of the law and I do not have to dip into shareholders' equities or anything like that, well, I will do that, I will go after the free Government money.

That is what will happen under the provisions in the bill before us. The larger operators will go after the Government money, squeeze out the smaller guy. The smaller family farmer has 500 hogs, 1,000 hogs, 700 head of beef cattle. They do not even know this provision is there probably, or if it is there, they will not know how to apply for it. But if we limit it to those smaller operators, then that is where the money will go, and we can focus it where it is needed.

So I really do not understand why the initial numbers that were in the Lugar-Leahy bill were changed. I thought they were quite adequate. I think there should be a limit on Federal assistance to these larger operations. In order to get large, they have to have capital resources. They could not get large if they did not have the capital. If they have the capital, then they have the money to make sure they meet the provisions of the Clean Water Act.

So, again, I will just say, yes, they do have problems, but they can solve them themselves. The Federal Government should not be subsidizing the growth of large operations. My point is that large hog and cattle operations are first and foremost a State issue. States ought to address that issue forcefully. But second, I do not believe the Federal Government, the taxpayers, ought to be in the position of subsidizing in any way the growth of these large operations, and that really is what this would do under this bill as it is before us.

So basically, to repeat, all my amendment does is it takes the numbers for livestock operations that would be eligible for technical assistance and cost-sharing incentive payments to meet environmental standards under the Environmental Quality Incentive Program.

It just reinstates those numbers that were in the bill last year. Again, I want to make it clear that the large operations can still get the technical assistance. I do not mind that. They just cannot get cost share to build an animal waste facility. So that is all I am saying. As far as the cost share money goes, let us target that to the smaller operators.

The PRESIDING OFFICER. Who yields time?

Mr. LUGAR. Mr. President, I yield time to myself as I may require.

Mr. President, I appreciate the spirit of the argument. I pay tribute to the distinguished Senator from Iowa for the work he has done in this area of environmental consideration for livestock. It is an important area in his State and in mine and in the many States that our committee serves. The program does offer us, through the cost-sharing situation, an opportunity to make a difference in encouraging smaller operations to have more environmentally satisfactory hog operations, although it is not limited to that.

The Senator pointed out that there are limits with regard to cattle and turkeys and chickens. The problem here, Mr. President, is trying to arrive at some compromise in terms of the size of operations farmers now have.

The original limitations on size, I believe, were derived from the Clean Water Act regulations that discussed confined feeding operations in the 1970's. That was the genesis, at least, as I recall of the figures at the time. Of course, the average size of the facilities for feeding of livestock and birds has increased very, very substantially.

I make no case, specifically, for the figures that the committee came up with and that are incorporated in this legislation as having the wisdom of Solomon. They are clearly a compromise, after listening to a large number of producers and trying to think through the intent of the act, which, as the Senator from Iowa has stated correctly, is one of trying to help smaller producers, with the thought that the larger producers will have to take care of their own expenses.

My point is that these terms are relative. Some can move way off the spectrum and they are very large indeed, and under no circumstances are they going to qualify for cost-sharing money. The argument has been about what ought to be the limits as to what is a small- or even medium-size producer under these terms. The Senator from Iowa has probably visited with the pork caucus in Iowa and, within the last week he will have discussed this, I suspect, with many Iowa hog producers who were raising questions about—in terms of the number of hogs in the operation, as well as the payment—the limit of $10,000. In both cases, the point they have made—and it is a very lively issue in Iowa—about the size of hog situations and environmental consequences, because Iowa is a very important pork production State. It is the same in Illinois, Indiana, really, across the corn belt where there are large hog production situations.

Certainly, a number of farmers who came to visit with me about this wanted still a higher limit to qualify. In other words, they had more animals than the limit. They were past the cutoff and they were not going to qualify. They want to get the threshold up higher. They would like to see more money, likewise. I understand what they are saying. I was not able to offer them promises that this is likely to occur, given a limited amount of money and what have been some very extensive conversations with producers of all sizes.

I say, Mr. President, that the Senator raises a good point and is the type of consideration probably best discussed in a roundtable discussion of many producers of different sizes to bring some reality into the argument as to how hogs and cattle are now produced in America and what size operations we are headed toward. It is in that spirit that I simply defend the work we have done and the reasonably pragmatic compromise, based upon the sums of money available, and the actual size of operation in the country now. I hope the Senate will support that, unless there is a substantially greater preponderance of evidence that we have simply missed the mark by a whole lot.

The PRESIDING OFFICER. Who yields time?

Mr. HARKIN. Mr. President, I will not take much more time. I appreciate the arguments made by my friend from Indiana. I have visited with hog farmers in Iowa, too, and there is a battle going on in my State, and it is not a very pretty one. There are decisions being made about these large hog operations in Iowa. I do not think that is the point of this argument here. The point of my amendment is simply to say, in terms of cost-share money coming from the Government—and it is not a bottomless pit—let us focus that money on our smaller family farmers, who are really not that well-equipped with working capital sometimes to meet the higher standards of environmental quality. In many cases, they do not have to, but with the cost-share program, this would give them incentive to do so. The larger operations can handle themselves. They have the capital to do so. When you are talking about 15,000 hogs, that is an extremely large operation in any State. If you are talking about 10,000 cattle, that is a lot of cattle.

So I think the original numbers that were in the bill, which, as the Senator from Indiana pointed out, do correspond with the regulations covering the Clean Water Act. I believe they still hold pretty true today and will in the future, again, when we are looking at a limited pot of money we can use. I do not need to take any more time.

Mr. GRASSLEY. Mr. President, I rise to support the Harkin amendment. I had filed an amendment virtually identical to this, that I will place in the RECORD.

Due to the unanimous-consent agreement reached last night between the 2 leaders, the Republicans could offer only 5 amendments, while the Democrats are able to offer 10.

Because of this limitation, I was not able to offer the amendment, so I will lend my support to the Harkin amendment.

The Harkin amendment will lower the caps to determine what livestock producers are eligible for cost-share funds under the new Environmental Quality Incentive Program.

Mr. President, it is good public policy to assist farmers in complying with environmental regulations; the environment benefits, the public benefits, and agriculture benefits. Farmers who grow corn, soybeans, cotton, wheat, and many other crops have for many years received cost-share funds to implement environmental measures.

So, I approve of extending this assistance to livestock producers. However, there needs to be limits on what producers can receive USDA funds.

In the original farm bill, contained in the Balanced Budget Act, the Senate approved limits on what producers can receive funds. Only hog producers with less than 2,500 hogs and cattle producers with less than 1,000 head of cattle were eligible.

But when this provision went into conference, these caps were raised to 15,000 hogs and 10,000 cattle. So now every large livestock continent and every factory hog farm can receive money from the U.S. Department of Agriculture to help them comply with regulations.

The problem is, these type of farmers already have the capital to implement these measures. In fact, the Clean Water Act already requires them to do so.

This may not be a bad thing if Congress had an infinite amend of money to spend on this problem. But we do not.

In fact, under this bill only $100 million is authorized for livestock assistance each year. With this limited amount of money, it is essential that we target assistance to the independent pork producer who is forced to compete with the large factory-type hog farmers.

The independent hog producer can compete in this environment only if they have a level playing field. Providing funds to large factory farmers skews this playing field.

The caps in the originally passed Senate bill were reasonable—as are the caps in the Harkin amendment. I urge my colleagues to support the amendment.

I ask unanimous consent that my amendment be printed in the RECORD so that you know exactly my intentions.

There being no objection, the text of the amendment was ordered to be printed in the RECORD, as follows:

AMENDMENT TO SUBSTITUTE AMENDMENT NO. 3184 TO S. 1541

(Purpose: To target benefits under the Livestock Environmental Assistance Program to family farmers and to limit the amount any one farmer can receive)

Page 3–14, line 25 strike ''10,000'' and replace with ''1000''.

Page 3–15, line 3 strike ''15,000'' and replace with ''2500''.

Page 3–27, line 11 insert a period after ''$10,000'' and strike everything through line 12.

Mr. HARKIN. I yield the remainder of my time.

The PRESIDING OFFICER. The Senator yields back his time.

Mr. LUGAR. Mr. President, I yield back the remainder of the time on the Harkin amendment on our side.

The PRESIDING OFFICER. The Senator from Indiana yields the remainder of his time.

Mr. LUGAR. I ask unanimous consent that the Harkin amendment be temporarily laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARKIN. Mr. President, I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. LUGAR. Mr. President, I ask unanimous consent that votes occur

beginning at 11:30 a.m. today, that they occur in the order in which they were offered, and that the first vote is a standard 20 minutes in length, and that all remaining stacked votes in the sequence be limited to 10 minutes in length, with 2 minutes to be equally divided between each vote for explanation.

Mr. LEAHY. Reserving the right to object, and I will not object. We have a series of votes lined up here.

During the first votes that will require rollcalls, if there are any on that list where it is possible to vitiate rollcall votes, I urge the sponsors to talk with the distinguished Senator from Indiana and myself and see if that is possible.

I have no objection to the request.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 3449 TO AMENDMENT NO. 3184

(Purpose: To provide funds for rural development and related activities)

Mr. FORD. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Kentucky [Mr. FORD], for himself and Mr. DASCHLE, proposes an amendment numbered 3449 to amendment No. 3184.

Mr. FORD. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Title V is amended by adding at the end the following:

"SEC. 507. FUND FOR RURAL AMERICA.

''(a) IN GENERAL.—The Secretary shall create an account called the Fund for Rural America for the purposes of providing funds for activities described in subsection (c).

''(b) COMMODITY CREDIT CORPORATION.—In each of the 1996 through 1998 fiscal years, the Secretary shall transfer into the Fund for Rural America (hereafter referred to as the ''Account'')—

''(1) $50,000,000 for the 1996 fiscal year;

''(2) $100,000,000 for the 1997 fiscal year; and

''(3) $150,000,000 for the 1998 fiscal year.

''(c) PURPOSES.—Except as provided in subsection (d), the Secretary shall provide not more than one-third of the funds from the Account for activities described in paragraph (2).

''(1) RURAL DEVELOPMENT ACTIVITIES.—The Secretary may use the funds in the Account for the following rural development activities authorized in:

''(A) The Housing Act of 1949 for—

''(i) direct loans to low income borrowers pursuant to section 502;

''(ii) loans for financial assistance for housing for domestic farm laborers pursuant to section 514;

''(iii) financial assistance for housing of domestic farm labor pursuant to section 516;

''(iv) grants and contracts for mutual and self help housing pursuant to section 523(b)(1)(A); and

''(v) grants for Rural Housing Preservation pursuant to section 533;

''(B) The Food Security Act of 1985 for loans to intermediary borrowers under the Rural Development Loan Fund;

''(C) Consolidated Farm and Rural Development Act for—

''(i) grants for Rural Business Enterprises pursuant to section 310B (c) and (j);

''(ii) direct loans, loan guarantees and grants for water and waste water projects pursuant to section 306; and

''(iii) down payment assistance to farmers, section 310E;

''(D) grants for outreach to socially disadvantaged farmers and ranchers pursuant to section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279); and

''(E) grants pursuant to section 204(6) of the Agricultural Marketing Act of 1946.

''(2) RESEARCH.—

''(A) IN GENERAL.—The Secretary may use the funds in the Account for research grants to increase the competitiveness and farm profitability, protect and enhance natural resources, increase economic opportunities in farming and rural communities and expand locally owned value added processing and marketing operations.

''(B) ELIGIBLE GRANTEE.—The Secretary may make a grant under this paragraph to—

''(i) a college or university;

''(ii) a State agricultural experiment station;

''(iii) a State Cooperative Extension Service;

''(iv) a research institution or organization;

''(v) a private organization or person; or

''(vi) a Federal agency.

''(C) USE OF GRANT.—

''(i) IN GENERAL.—A grant made under this paragraph may be used by a grantee for 1 or more of the following uses:

''(I) research, ranging from discovery to principles of application;

''(II) extension and related private-sector activities; and

''(III) education.

''(ii) LIMITATION.—No grant shall be made for any project, determined by the Secretary, to be eligible for funding under research and commodity promotion programs administered by the Department.

''(D) ADMINISTRATION.—

''(i) PRIORITY.—In administering this paragraph, the Secretary shall—

''(I) establish priorities for allocating grants, based on needs and opportunities of the food and agriculture system in the United States related to the goals of the paragraph;

''(II) seek and accept proposals for grants;

''(III) determine the relevance and merit of proposals through a system of peer and stakeholder review; and

''(IV) award grants on the basis of merit, quality, and relevance to advancing the national research and extension purposes.

''(ii) COMPETITIVE AWARDING.—A grant under this paragraph shall be awarded on a competitive basis.

''(iii) TERMS.—A grant under this paragraph shall have a term that does not exceed 5 years.

''(iv) MATCHING FUNDS.—As a condition of receipts under this paragraph, the Secretary shall require the funding of the grant with equal matching funds from a non-Federal source if the grant is—

''(I) for applied research that is commodity-specific; and

''(II) not of national scope.

''(v) ADMINISTRATIVE COSTS.—

''(I) IN GENERAL.—The Secretary may use not more than 4 percent of the funds made available under this paragraph for administrative costs incurred by the Secretary in carrying out this paragraph.

''(II) LIMITATION.—Funds made available under this paragraph shall not be used—

''(aa) for the construction of a new building or the acquisition, expansion, remodeling, or alteration of an existing building (including site grading and improvement and architect fees); or

''(bb) in excess of ten percent of the annual allocation for commodity-specific projects not of the national scope.

''(d) LIMITATIONS.—No funds from the Fund for Rural America may be used for an activity specified in subsection (c) if the current level of appropriations for the activity is less than 90 percent of the 1996 fiscal year appropriations for the activity adjusted for inflation.''

Mr. FORD. Mr. President, I understand we have 30 minutes equally divided.

The PRESIDING OFFICER. The Senator is correct.

Mr. FORD. Mr. President, we have talked a lot this morning about commodity programs—for good reason, they are the heart of the farm bill and the heart of rural America. However, unless we turn our attention to other priorities in rural America, we will be neglecting the needs of millions of our citizens who live in our small towns.

To make sure we stay competitive, we have to make sure we maintain the infrastructure that has made American agriculture second to none, our research, conservation, and economic opportunities for small towns.

To meet those objectives, I am offering an amendment to create a fund for rural America. Over 3 years, this initiative will dedicate $300 million to meeting those needs—$50 million in fiscal year 1996, $100 million in fiscal year 1997, and $150 million in fiscal year 1998 for investing in meeting those priorities.

One of the top priorities must be keeping our research programs going. They make sure our farmers have the most up-to-date, most efficient farming techniques. This amendment will enable the Secretary to augment current programs and keep American agricultural ahead of the competition.

This amendment will, second, enable the Secretary to invest in priorities to enhance economic growth in rural towns—in sewer and water grants, for example. As we prepare American agriculture for the 21st century, we have to make sure that our children, our grandchildren have economic opportunities to stay in our small towns.

This piece of legislation is the only one the Senate will consider that will deal primarily with rural America. Unless we meet all the needs in rural America—not just the real and pressing needs of our farmers—then we will have done a disservice to rural Americans. We must take this opportunity to invest in meeting the needs agriculture will have to address to stay competitive and provide our citizens—and millions around the world—with an abundant, affordable food supply.

I reserve the balance of my time.

Mr. LUGAR. Mr. President, on our side of the aisle we share the need for a very, very, strong agriculture development program. I have confirmed with the distinguished Secretary of Agriculture, even again this morning, about the multiple uses of that money

in our rural areas, including agricultural research, as well as sewer and water grants.

I think it is an important initiative. It is one that has been extremely important, President Clinton's priorities and the Secretary of Agriculture's priorities, but equally important on our side of the aisle throughout the years in hearings we have held and work we have done in agriculture development.

Therefore, I share in supporting the amendment of the distinguished Senator from Kentucky. I am hopeful it might have unanimous passage.

Mr. LUGAR. I am prepared to yield back time on our side unless other Senators wish to address the issue.

Mr. FORD. I am perfectly willing to yield back my time, and if there is no objection, we can pass the amendment. I yield back my time, Mr. President.

Mr. LUGAR. I yield back our time.

The PRESIDING OFFICER (Mr. CAMPBELL). The question is on agreeing to the amendment.

The amendment (No. 3449) was agreed to.

Mr. FORD. I move to reconsider the vote.

Mr. LUGAR. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

MODIFICATION TO AMENDMENT NO. 3444

Mr. LUGAR. I ask my amendment now be the pending business, and I send a modification of my amendment to the desk.

The PRESIDING OFFICER. Without objection, it is so ordered.

The modification is as follows:

On page 1–3, strike lines 5 through 14.

Mr. LUGAR. Mr. President, I know of no objection to my amendment. I ask the amendment be agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 3444), as modified, was agreed to.

Mr. FORD. I move to reconsider the vote.

Mr. LUGAR. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 3450 TO AMENDMENT NO. 3184

(Purpose: To strike the section relating to the sugar program)

Mr. GREGG. Mr. President, may I inquire of the manager the present status of the timeframe? I understand I have half an hour, but the vote is scheduled for 11:30. I ask, if it is agreeable to the managers, that I be given my half hour before the votes go forward.

Mr. LUGAR. I ask unanimous-consent that the 30 minutes for debate originally agreed to in the unanimous consent request be in order and that the vote occur at the end of that debate of the Senator from New Hampshire, which will be approximately 11:35 a.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GREGG. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from New Hampshire [Mr. GREGG], for himself, Mr. REID, Mr. SANTORUM, Mrs. FEINSTEIN, Mr. CHAFEE, and Mr. KERRY, proposes an amendment numbered 3450 to amendment No. 3184.

Mr. GREGG. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Notwithstanding any other provision of this Act, none of the provisions dealing with or extending the Sugar Price Support Program shall be enforced.

Mr. GREGG. As I understand, I now control 15 minutes and someone in opposition controls 15 minutes.

The PRESIDING OFFICER. That is correct.

Mr. GREGG. Mr. President, I yield myself 5 minutes.

Mr. President, what this amendment does is address the sugar program. The sugar program has been an item of considerable controversy here in the Senate and in the House and in the farm program generally.

The sugar program is, in my opinion, an outrage. I have said that a number of times on the floor of this Senate. It is a subsidy program where the consumers of this country are asked to pay somewhere between $1.5 and $2 billion of additional costs for sugar used in this country in order to benefit a few growers.

It does not directly cost the Federal Government any money. It does, actually, cost money in the products we buy that are sugar related, but it is not a dramatic amount of money. What it is, essentially, is a tax on the consumers of this country in the form of the price for sugar, which greatly exceeds what the world market price is for sugar.

In fact, if you look at the sugar program honestly, it is the only surviving element of Marxist economics in the Western Hemisphere outside of Cuba. It is a program totally dominated by the Government, where the Government sets the price, where the price is set in a manner which has no relationship to the marketplace, where market force has no impact on the production of the sugar, and where, as a practical matter, if the marketplace were allowed to come into play, American consumers would save around $1.5 billion a year.

Now, the amendment which I offer does not repeal the sugar program. I have offered it on behalf of myself and Senator REID from Nevada. The amendment that I have offered says, rather than giving the sugar program, which is an outrage on its face, a 7-year extension, we will only give it a 2-year extension. So we are essentially saying, listen, this program has enough problems so that it ought to be reviewed on a fairly regular basis. It should not be extended for 7 years.

The benefits of this program run to a very small number of people. In fact, there is one sugarcane grower who gets about $60 billion a year. About 50 percent of the benefit of the program as it affects sugarcane growers runs to about 17 sugarcane growers which has been represented to us; whereas the detriment to this program runs to every American who has to pay an outrageous, inflated, arbitrary nonmarket price for sugar.

Not only does the program have a debilitating effect on our consumers, but it has a negative impact on our international relations because our sister States who want to produce this product cannot produce it and sell it to the United States, specifically, our Caribbean neighbors. And it is having a significant environmental impact in Florida where sugarcane production, which has been arbitrarily increased as a result of this subsidy, is having a dramatic impact on the viability of the Everglades. So the program itself makes no sense. There will be a representation on the other side the program has been changed. That is not true. As a practical matter, the program may have been changed superficially, but the substantive effect of the program has not been changed. The bottom line question is: How much will sugar cost in the marketplace in the United States? Well, there is not a marketplace, really. It will cost about twice the rate it would cost in the world market under the changes. There will continue to be an inflated and subsidized sugar program under the proposal in this bill.

So why the 7-year extension? It comes down to what is called greed, pure and simple greed. The fact is, people know they cannot defend the sugar program. They know if they did not stick it on this bill and bury it in the bowels of this bill, it would never survive the light of day. Even Johnny Cochran could not defend this program before a jury of fair arbiters. The fact is, this program is a pure and simple robbery of the American consumer for the benefit of a very small number of producers.

Here we are, the center of capitalism in this country, rejecting the whole concept of capitalism, having a program which basically eliminates the marketplace.

Mr. President, I yield myself an additional minute.

It says, the marketplace does not have any bearing on how much you should pay for sugar but, rather, a few powerful lobbyists should control how much you pay for sugar. It really is outrageous. But, as I pointed out, even though I find the whole program unbelievable, especially in light of the fact that the Republicans, who are supposedly supporters and defenders of the marketplace, control this Congress, I find it unbelievable we are continuing this program. Our amendment, as supported by the Senator from Nevada, does not terminate the program. It

simply takes it from a 7-year program to a 2-year program. That is still too long, but it seems to be a reasonable attempt at compromise.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time? The Senator from Vermont.

Mr. LEAHY. Mr. President, how much time is available on this side?

The PRESIDING OFFICER. Fifteen minutes.

PRIVILEGE OF THE FLOOR

Mr. LEAHY. First, Mr. President, I ask unanimous consent that Dr. Kate DeRemer have the privilege of the floor throughout the debate and votes today.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LEAHY. Mr. President, I yield a minute—I yield such time as he needs to the Senator from Georgia.

The PRESIDING OFFICER. The Senator from Georgia [Mr. NUNN] is recognized.

AMENDMENT NO. 3225

Mr. NUNN. Mr. President, first, I would like to associate myself with the remarks made by the Senator from Alabama [Mr. HEFLIN] the Senator from Georgia [Mr. COVERDELL] and others opposing the Santorum amendment on the peanut program. I will summarize my remarks in about 20 seconds in the following points. I oppose the Santorum amendment for three basic reasons.

First, even without the reforms included in S. 1541, the peanut program is already one of the least expensive Federal commodity programs. Under S. 1541, it will be a no cost program. So this bill without the Santorum amendment represents fundamental changes in the peanut program.

Second, the Santorum amendment does not recognize the evolutionary changes in the peanut program which began with competition from GATT and NAFTA. The peanut title reforms included in S. 1541 reflect the inevitable fact that peanut producers in this country are going to have to compete in the international market by reason of those agreements.

Third, even those who support changing the peanut program, in my opinion, should oppose the Santorum amendment. The Santorum amendment does not give peanut producers or the rural communities which depend so much on the peanut program the time to adjust at all.

I urge my colleagues to oppose the Santorum amendment.

AMENDMENT NO. 3450

Mr. LEAHY. Mr. President, I yield 5 minutes to the Senator from Idaho.

The PRESIDING OFFICER. The Senator from Idaho [Mr. CRAIG] is recognized for 5 minutes.

Mr. CRAIG. Mr. President, I stand in opposition to the amendment that my colleague from New Hampshire has offered this morning.

Let me say at the outset, I ain't no Johnny Cochran, but I can defend the revisions in this program, and I hope the Senator from New Hampshire will listen this morning, because, if he was like many Americans who sat down in a restaurant this morning to eat some cereal for breakfast, they reached out and, for no cost to them, picked up a packet of sugar and spread it upon their cereal. They did not pay a dime for it or a dollar for it. The sugar price is such that it was a service provided by the restaurant. Why? Because the sugar price in America today, in a retail market, per pound is about 39 cents. In Japan it is $1. In Norway it is 70 cents. In Switzerland it is 55 cents. Of the 20 developed countries of the world, we are the third from the bottom in the price of sugar.

Why, then, is this Senator saying that consumers are getting ripped off, that consumers are paying billions of dollars for this program when in fact they are paying less than almost any other country in the world except Third World nations where near slave labor produces it?

What we have today is a program that we are offering in this legislation that responds to what the Senator from New Hampshire was saying, and the Senator from Pennsylvania, and others. Reform needs to be offered to agricultural programs built within the farm bill. What did we do? We eliminated market allotments. No more domestic supply control. Any farmer can raise cane or any farmer can raise sugar beets. We do not restrict the market. We eliminated the 1 cent penalty, effectively lowering the loan rate an additional penny. What is real savings? What do we do? Also, by the assessment, we raise $300 million for deficit reduction.

Then why do we still have a program? We have a program to create a level playing field for the 1,900 farm families in my State, not a few rich producers, but 1,900 farm families who raise sugar beets, who have found that an extremely valuable program.

What this program, then, offers is a Government participation in allowing a flow of foreign raw commodity into the market to balance out domestic production. The 7.5 cents that might be saved if the Senator from New Hampshire succeeds will not be passed on to the consumer. That is 7.5 cents a pound. It will not be passed on to the consumer. It will go in the pocket of the large producers of candy and soft drinks. That would be fine if it did not destroy the market and the production environment for the domestic producer.

What happened in 1974 without a sugar program? The price of sugar was not 39 cents a pound, it was 60 cents a pound. We saw radical gyrations in a market that nearly destroyed the production unit of American sweetener, both in the cane and the sugar beet market.

What we have offered is stability, but we also have heard the Senator from New Hampshire. We also offered reform. In working with my growers and working with the sugar beet industry and the cane industry, we said—myself and Senator BREAUX from Louisiana, with whom I have worked on this—we cannot accept business as usual. The Congress is changing. We want to change farm programs, and you have to farm to a market. And they said they will.

What we also said is that we will not allow the massive dumping of foreign sugar in this market that is produced at little to no cost, oftentimes subsidized, sometimes by $1 a day labor. But that is what the large consumers of sugar want so their profits expand. But what they pass to the consumer will be not one dime of savings. They have openly admitted that after they spent millions of dollars in the television markets of this country trying to convince us there was some kind of a ripoff. This is not a ripoff. This is a program of reform that does not cost the American taxpayer one penny.

I believe it saves them money by creating a stable market. So that the Senator from New Hampshire, or the Senator from Pennsylvania, or this Senator can reach out in a restaurant, pick up a pack of sugar for no cost to them, and spread it across their cereal like thousands of Americans do every day. It sounds like a good buy to me. I think it is a great buy to the taxpayer.

I hope the Senate will reject this amendment.

Mr. LEAHY. Mr. President, I yield 5 minutes to the Senator from Hawaii.

The PRESIDING OFFICER. The Senator from Hawaii is recognized for 5 minutes.

Mr. AKAKA. Mr. President, I thank the ranking member for yielding to me.

Mr. President, as I listen to all the evils that are being attributed to the sugar program during today's debate on the Senate floor, I hardly recognize the tiny white crystals that sweeten my cereal each morning.

Sugar is an essential element of human nutrition. It is also the least expensive food item you will find in an American kitchen. When you go to a restaurant, there are only two things available at no charge and in an unlimited quantity: water and sugar. Yet on the Senate floor, sugar is the most maligned commodity grown in America.

Despite all the criticism being circulated by corporate food processors that are trying to put American sugar farmers out of business, sugar is one of the best bargains you will find at the grocery store today. A pound of refined sugar costs 39 cents.

But consumers elsewhere around the globe do not enjoy the same low prices as consumers in America. If you visited the grocery store in other industrialized nations you would get sticker shock when you came to the sugar display. In Tokyo, consumers pay nearly 90 cents for a pound of sugar, more than double the U.S. price. In Europe, prices average 50 to 70 cents per pound.

Among developed countries, the average retail price for a pound of sugar is 54 cents, which is a premium of 38 percent compared to the U.S. price. And what do these consumers get for the premium price they pay? Nothing. They get the same 1-pound box of sugar as we do in America, but they pay substantially more for it—38 percent more.

Thanks to a farm program that assures stable supplies at reasonable prices, sugar is a remarkable bargain for American consumers. U.S. consumers pay an average of 17 cents less per pound of sugar than their counterparts in other industrialized nations. That is a savings of $1.4 billion annually. So there is no doubt about one thing: the sugar program is a great deal for American consumers. By any measure, the sugar program has guaranteed U.S. consumers a stable supply of sugar at bargain prices.

I urge my colleagues to reject this amendment. If Congress reduces or terminates the sugar program, not only will a dynamic part of the economy disappear from many rural areas, but consumers will also lose a reliable supply of high-quality, low-price sugar. I urge my colleagues to vote against the Reid-Gregg amendment.

I am dumbfounded by the arguments of sugar opponents that the changes recommended by the Senate Agriculture Committee are inadequate. If anything, the reforms go too far. Cane sugar growers in my State will barely recognize the sugar program if the Senate bill becomes law.

The Senate bill eliminates marketing controls, eliminates minimum price guarantees, and increases sugar imports by 20 percent. Growers will pay a 1-cent-per-pound penalty when they forfeit sugar, which amounts to a cut in the loan rate. Finally, all beet and cane sugar growers will face a 25-percent increase in fees paid to the Federal Government to market sugar. The only thing that has not changed is the requirement that the program operate at no cost to the taxpayer.

The committee bill contains real reform. For sugar farmers in Hawaii and on the mainland these reforms will be painful, so painful that a number of them will not survive. I urge my colleagues to oppose deeper cuts than those proposed by the committee.

Mrs. FEINSTEIN. Mr. President, I rise in support of Senator GREGG's amendment to delete the sugar program from this bill.

Mr. President, California has not fared well under the current sugar program. Beet sugar production has declined markedly and the west coast's only cane sugar refinery, located in Crockett, CA, has suffered severe financial losses. As a result, California has lost several hundred sugar-related jobs in the past year alone.

In November, I learned that the cane sugar refinery in California was forced to cease operation for a week because it ran out of sugar. I have since learned that the closing of this California refinery was not an isolated case and that other refineries in Baltimore, MD, and Brooklyn, NY, have been closed several times during the past year for the same reason—no sugar.

Mr. President, the sugar program is complex. Under current law, the Secretary of Agriculture is required to provide price supports to growers through nonrecourse loans to processors, and to do so at no cost to the Federal Government. To accomplish this objective, the Secretary uses an elaborate supply management scheme that includes production and marketing allotments and strict import controls.

As currently administered, the sugar program has caused serious financial stress on a major segment of the U.S. sugar industry. The Secretary's initial decision to restrict import imports of raw cane sugar to the minimum allowed by law so distorted the price relationship between raw cane sugar and refined white sugar that all U.S. cane refiners experienced severe operating losses for the past 2 years. The increases in the quota announced by the Secretary of Agriculture last fall and last month are steps in the right direction, but the industry has not yet recovered.

As I understand it, the fundamental problem with the administration of the sugar program is the complete disregard of the relationship between raw cane sugar prices and refined beet and cane sugar prices.

Present Government policy inflates raw sugar prices to unreasonable levels by restricting raw sugar imports.

High price supports encourage excess beet production which, in turn, depresses refined sugar prices.

As a result, the normal economic relationship between raw and refined sugar prices no longer exists.

Raw costs have exceeded refined prices so that cane refiners can no longer recover their refining costs in the marketplace.

And cane refiners have been forced to sell their production at a substantial loss.

If continued as currently administered, the Government's sugar program will destroy the cane sugar refinery industry and seriously threaten the stability of the Nation's sugar supply.

Cane sugar refiners have a vital role to play in the U.S. sugar industry.

They provide over half of the refined sugar consumed in the United States under normal circumstances.

Only cane refiners have the capability to supply sugar when domestic sugar production is adversely impacted by weather or other disruptions.

Since the sugar program was put in place in 1981, 11 of the industry's 22 cane refiners have closed. The Government should not be in the business of deciding who is a winner and who is a loser in the sugar business.

Of immediate concern in my State is the damage the sugar program has inflicted on the California and Hawaiian Sugar Co. in Crockett, CA. This 90-year-old cane sugar refinery is the Nation's largest and the only such facility on the west coast. C&H Sugar refines all the sugar produced in Hawaii, as well as some imported raw cane sugar brought in under the quota. C&H Sugar refines and distributes about 15 percent of the cane sugar consumed in the United States.

As a direct result of the sugar program and its impact on imports, C&H Sugar lost about $13 million in 1994 and incurred operating losses of about $23 million in 1995.

In 1981, C&H Sugar had 1,313 employees. Today C&H Sugar has 582 employees. In other words, since 1981, over 700 jobs at C&H Sugar have been lost. Two hundred-six of these jobs were lost in January. More drastic measures are inevitable unless fundamental changes are made in the sugar program.

Mr. President, the job losses at this refinery are significant. These are good blue-collar jobs, predominantly union, with heavy minority employment. C&H Sugar's work force is 50 percent minority and 75 percent union members. C&H Sugar pays wages of $13.50 to $24 an hour, plus benefits, pension, and medical coverage for retirees. In most cases, these workers are not going to be able to duplicate these jobs.

More recently, in January, Imperial Holly Corp. announced its agreement to purchase of three of Spreckles Sugar Co.'s beet sugar processing plants in California and plans to close all three facilities and consolidate operations at existing Holly facilities in California. This will result in a further loss of hundreds of sugar related jobs in California.

Given the problems facing the sugar industry right now, I cannot support an extension of the current sugar program for 7 years as provided in this bill.

Mr. MOYNIHAN. Mr. President, I rise in enthusiastic support of the amendment offered by Senator GREGG and Senator REID to phase out sugar price supports over 2 years, rather than 7, which is the provision in the underlying bill.

First, let me point out that sugar price supports are set to expire in 2 years under current law. So the pending amendment merely maintains the status quo. Under freedom to farm, the sugar price support program receives a 5-year reprieve. And the underlying bill contains a powerful incentive to hold raw sugar imports at 1.5 million tons, some 25 percent below current levels. If the Gregg-Reid amendment is not adopted, I predict the domestic cane sugar refining industry will virtually disappear.

The Federal sugar price support program properly belongs in Cuba, not in a free market economy. It is a caricature of how a farm program ought to work. The program is cleverly designed to operate at little or no direct cost to the Federal Government. The Department of Agriculture [USDA] provides nonrecourse commodity loans to sugar

growers. If raw sugar prices fall below the loan rate currently 18 cents per pound—the growers simply default on the loan and forfeit the sugar they put up for collateral. To prevent loan forfeitures from occurring, USDA sets very tight import quotas and domestic producer allotments which limit supply and drive prices above the loan rate.

As a result of this program, at 22 to 25 cents per pound, domestic prices for raw sugar are about twice world market prices. Domestic cane refiners, such as Domino of Brooklyn and Refined Sugar of Yonkers, pay more for raw material acquisition and refining than they are able to receive for their finished product. Domestic food processors and confectioners lose market share to foreign competitors who purchase their sugar supply on the world market. The Federal Government pays higher prices about $90 million annually, for products it purchases for nutrition programs. And consumers pay $1.4 billion more than they need to for sugar and products containing sugar, according to the General Accounting Office.

Since the mid-1980's, the number of cane sugar refineries nationwide has declined from 22 to 11. Fifteen hundred jobs have been lost in the refining industry just in the last 5 years; capacity has been reduced by 40 percent. Domino has been forced to close its Brooklyn and Baltimore refineries six times in the past year because of raw cane sugar shortages.

What is particularly galling about the situation is that the refinery jobs are good-paying jobs located in inner cities and around dockyards where other employment opportunities are scarce. Moreover, the sugar program is, perhaps, more distorted than any other farm program in sending enormous benefits to the few largest producers. The top 1 percent of sugar growers, about 150 farms garner 42 percent of program benefits in the form of higher prices. The largest 33 producers each receive over $1 million annually. The Fanjul brothers, who farm 180,000 acres of cane in Florida, receive some $64 million annually. The Fanjuls, whose family dominated sugar production in Cuba before Fidel Castro took over in 1959, are not even United States citizens. All sugar producers receive price and income supports wildly disproportionate to the Federal support received by other farmers. USDA estimates that sugar price and income supports average $472.30 an acre. Corn is supported at the rate of about $33.60 per acre; wheat is supported at $23.40.

Most important, Mr. President, is the fact that the artificially high price for sugar acts as a very regressive tax on low-income consumers. We committed ourselves to phasing out sugar price supports when we passed the 1990 farm bill. We ought to stick to that commitment. I urge the adoption of the pending amendment.

Ms. MIKULSKI. Mr. President, I rise in strong support of the Gregg-Reid amendment to eliminate the sugar title in this bill.

As a Senator from a State which is home to a major sugar refinery—the Domino refinery in Baltimore which provides over 600 jobs—I will not support a bill which threatens their future existence.

This bill is a bad deal for Domino and other refineries. It threatens the livelihoods of thousands of American working families—at refineries not only in Baltimore, but also in New York, in California and elsewhere.

Too often, the sugar program squeezes refineries between artificially high raw cane sugar prices and low supply. The sugar program in this bill will worsen the problem.

Almost half of American sugar cane refineries have gone out of business. Those refineries still in operation have faced temporary closures again and again. These disruptions create economic hardships for workers and disrupts production schedules.

To give our refineries some relief, I offered an amendment called the Emergency Sugar Refiner Relief Act which requires the Secretary of Agriculture to increase imports of raw cane sugar if the price of raw cane sugar exceeds 120 percent of the loan rate. My amendment would have prevented refineries from future closings due to artificially high raw cane prices. Unfortunately, my amendment could not be accepted today but I will keep fighting for it at every opportunity.

It is outrageous that our sugar program has to pit growers against refiners. There is no reason why our refiners have to be left out of the sugar program, threatening the future of this industry.

Mr. President, I will not support legislation that threatens the jobs and livelihoods of hundreds of workers in Baltimore. The sugar program contained in this bill is simply bad policy and there is no excuse for it.

I will continue to fight for the workers at Domino and the rest of the refining industry. For this reason, I strongly support the Gregg amendment.

Mr. LEAHY. Mr. President, how much time remains?

The PRESIDING OFFICER. The Senator from Vermont has 3 minutes and 47 seconds, and the Senator from Indiana has 9 minutes.

Mr. GREGG. Mr. President, I yield 7 minutes to the Senator from Nevada.

The PRESIDING OFFICER. The Senator from Nevada is recognized for 7 minutes.

Mr. REID. Mr. President, I initially say that I very much appreciate the leadership on this amendment offered by the Senator from New Hampshire, and I appreciate the Senator from New Hampshire's leadership in that I have seen him work on this issue when he was a Member of the House of Representatives. I know that his heart was there when he was Governor of the State of New Hampshire, and certainly for all of the time that he spent here in the Senate he has been trying to do away with this program that I think is one of the most absurd programs we have anyplace in Government.

Mr. President, we talk a lot about reforming welfare. I think where we should start reforming welfare is right here. We should reform welfare as we know it, and that is the sugar program which is one of the biggest welfare programs in the history of the country, if not in the history of the world.

Mr. President, this program is a program that does not benefit farmers. I repeat this is no help to the family farmer.

Seventeen cane growers get 58 percent of the benefit available to all cane growers. One cane grower received more than $65 million in 1 year alone. Thirty-three growers received benefits of over $1 million a year each. In Florida, two growers account for 75 percent of the production in that State which produces huge amounts of sugar.

The GAO concluded a study which said that the benefits going to growers are concentrated among a relatively few. And that is an understatement. Mr. President, 42 percent of grower benefits went to 1 percent of all sugar farms. The sugar cane industry is especially concentrated with 17 of the estimated 1,705 cane farms—about 1 percent—receiving almost 60 percent of all cane grower benefits in 1991. This is corporate welfare at its worst.

The Government-run sugar cartel artificially keeps sugar prices high. The General Accounting Office estimates that because of this program U.S. sugar prices are twice as high as world prices. Because of a Government heavy hand in setting sugar prices, American consumers are paying about $1.5 billion every year in higher food costs. This adds up to a hidden tax of over $10 billion over the last decade.

The big sugar lobbies' contention that they are going to lose jobs is simply without any foundation.

I repeat. This is a program that benefits the wealthy, and just a few wealthy farmers. It does not help the family farms.

It really hurts the American consumer. Take for example, Bobs Candy of Albany, GA, the Nation's largest manufacturer of candy canes—the things with the little crook that we put on our trees at Christmas. They are not going to be able to compete much longer with the Canadian competitors because of their significantly lower cane sugar prices in Canada. If this sugar program is extended, Bobs of Albany, GA, and hundreds of other manufacturers will be forced to move their operations overseas where they can get cheap sugar. And it would eliminate thousands of jobs.

While this program has been doing great, other farm programs have been on a downward path. The sugar program has stayed very stable. It is welfare I repeat at its worst. The sugar program has remained virtually untouched from the last two farm bills

while other farm programs have faced reductions and many reforms.

The environmental consequences of the sugar program is that cane farming is destroying the environment. Take, for example, what it is doing to the Everglades in Florida.

The sugar program is big government at its worst. It sets prices, it controls imports, and it distributes benefits.

We should support this amendment. It would be good government to do so.

Mr. LEAHY. Mr. President, how much time does the Senator from Vermont have remaining?

The PRESIDING OFFICER. The Senator has 3 minutes and 47 seconds.

Mr. LEAHY. Mr. President, I yield 1½ minutes to the Senator from North Dakota.

Mr. DORGAN. Mr. President, there are many farm programs that have not worked very well. Most of us have understood that, and we have debated what might make them work better. However, the sugar program is one that works.

I represent the Red River Valley area of North Dakota, and others represent the Red River Valley area of Minnesota. It is dotted with hundreds and hundreds of family farmers who raise sugar beets.

The sugar program does work. Instead of trying to figure out how you take apart a program that works in the farm program, we ought to decide how to make the other programs work better. The sugar program ought to be a model.

Now, I hear people talking about the world price for sugar. That is a dump price. Most sugar in this world is traded on long-term contracts country to country. The dump price, which people have been describing, is not related to this debate at all. The sugar program provides stable prices and has always provided stable prices for consumers and fair prices for producers. Every farm program ought to be as successful as this one is.

This is a success story in dozens of ways, and we ought not take it apart. I know people are talking about big agribusinesses. I am talking about family farmers dotting the prairies out there in the Red River Valley of North Dakota who operate successfully as a family farm under this sugar program. I hope this Senate will turn down this amendment.

The PRESIDING OFFICER. Who yields time?

Mr. GREGG. Mr. President, I yield 1 minute to the Senator from Pennsylvania.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized for 1 minute.

Mr. SANTORUM. I thank the Senator from New Hampshire.

Comments were made that this program is good for consumers. I do not think higher prices are good for consumers. I can tell you one thing. It is not good for workers. We had two sugar refineries in Philadelphia that closed in the 1980's as a result of this sugar program and the high cost of sugar that they had to deal with—1,500 jobs in the city of Philadelphia gone as a result of this program.

I hear so much about these small family farms. I am for small family farmers. What about families who work in these refineries that are going out of business, like the ones that are threatened in Georgia and in Maryland and in other places around this country because of this sugar program? Let us not just look to the farmers. Let us look to the workers who want to have jobs processing this sugar and confectioners who want to use this sugar instead of having to send those jobs to Canada or Mexico where they can buy cheap sugar and cheap peanuts and other things they use in making candy.

Those are the kinds of issues we should be looking at, not just one segment of the matter.

The PRESIDING OFFICER. The Senator's 1 minute has expired.

Who yields time?

Mr. LEAHY. Mr. President, I yield 1½ minutes to the distinguished Senator from Louisiana.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 1½ minutes.

Mr. BREAUX. I thank the Senator. I will make a couple points.

There will be some people in the country who will never be satisfied until they can just about get free sugar to make all the products they make and thereby destroy the domestic industry.

We have over 700 small family farms that produce sugar in Louisiana that are dependent on this program. This program that we bring to the floor today has a number of significant reforms. There is major change in the program. But this side, some of them want to kill the entire program. Under this bill, there are now going to be no limits on how much domestic production of sugar can occur in the United States. If you want to plant more, go ahead. That is what this new program says. There is going to be no guaranteed minimum price under the reforms that are being presented here today.

We also have a program that is guaranteed to operate at no cost to the American taxpayer. What other program in this country can operate at no cost to the taxpayer? There is none, whether it is in health care or whether it is in other farm programs. This is the only one. You have heard these arguments about how much sugar costs and how expensive it is. I do not think any of us has ever had a housewife say anything about sugar costs in her budget. It is still the only product that they want to give away.

The PRESIDING OFFICER. The Senator's time has expired.

Who yields time?

Mr. GREGG. Mr. President, how much time remains on both sides?

The PRESIDING OFFICER. The Senator has 2 minutes 48 seconds. The Senator from Vermont has 15 seconds.

Mr. GREGG. Does the Senator from Vermont have a closing statement? I would like to maintain the right to close.

Mr. LEAHY. I yield to the Senator from Idaho.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. CRAIG. Mr. President, a GAO audit was done of this program several years ago. The Senator from New Hampshire has quoted from that as to impact on consumers. Let me put in the RECORD a letter from the Department of Agriculture, the Under Secretary for Farm and Foreign Agricultural Services, saying that the GAO used a totally faulty basis from which to calculate it. This letter refutes the very figures that are being used by the Senator, and it is important that be a part of the record.

This is the Department of Agriculture that analyzes and monitors this, saying the wrong premise was used; therefore, the wrong figures, and in fact this might be a net savings to consumers instead of a cost because of the stability of the program itself.

The PRESIDING OFFICER. All time in opposition has expired.

Does the Senator want that letter included in the RECORD?

Mr. CRAIG. I do.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, DC, October 24, 1995.

Hon. PATSY T. MINK,
House of Representatives, Rayburn House Office Building, Washington, DC.

DEAR CONGRESSWOMAN MINK: Thank you for your letter of July 26, 1995, concerning the General Accounting Office (GAO) report that stated that the U.S. sugar program costs domestic users and consumers an average of $1.4 billion annually and GAO's July 1995 analysis that the sugar program cost the Government an additional $90 million in 1994 for its food purchase and food assistance programs.

In my opinion, GAO's April 1993 report was flawed in its estimates. Some data were used incorrectly and important data and sugar market issues were not considered. Based on GAO's methodology, but by selecting prices in different time periods, the results are more ambiguous. Depending on the timeframe, one may contend that the domestic sugar program either costs or benefits U.S. users and consumers.

GAO's estimate of $1.4 billion annually was based on an assumption of a long-run equilibrium world price of 15.0 cents per pound of raw sugar if all countries liberalized sugar trade. GAO added a transportation cost of 1.5 cents per pound of raw sugar to derive a landed U.S. price (elsewhere in the report GAO stated that the transportation cost adjustment should be 2.0 cents per pound.) To derive a world price of refined sugar of 20.5 cents per pound, GAO added a refining spread of 4.0 cents per pound.

GAO compared its constructed U.S. sweetener price with its derived world price. However, GAO constructed the U.S. price for the 1989–1991 period during which 1989 and 1990 were unusually high price years for U.S. refined sugar. This exaggerated the difference between the so-called world derived price and the U.S. sweetener price. By selecting a

period of world price spikes, such as 1973–1975, GAO's analysis would show an annual savings to domestic users and consumers of $350 to $400 million.

Clearly, the expected world price of raw sugar with global liberalization is critical to any analyses of the effects of the U.S. sugar program. In 1993, the Australian Bureau of Agricultural and Resource Economics (ABARE) estimated that sugar trade liberalization in the United States, European Union, and Japan alone would result in an average world price of 17.6 cents per pound of raw sugar—2.6 cents per pound higher than GAO's derived world price.

Based on the ABARE analysis and using a transportation cost of 1.75 cents per pound, which more accurately reflects global transportation costs to the United States, plus a refining spread of 4.27 cents per pound (Landell Mills Commodities Studies, Incorporated), a world price of refined sugar is estimated at 23.6 cents per pound. Based on this world price estimate and an average U.S. sweetener price over 1992–1994, a more normal price period, it can be shown using GAO's methodology, that there are no costs to domestic users and consumers.

The estimated effects of the U.S. sugar program are highly sensitive to expected world prices if global sugar trade is liberalized. GAO's analysis, in my judgment, does not adequately consider the complexities and dynamics of the U.S. and global sugar markets.

With respect to the effects of the U.S. sugar program on Government costs of its food purchase and assistance programs, an independent analysis by the Economic Research Service (ERS) estimates the cost at $84 million based on the difference between U.S. and world refined sugar prices in 1994. However, just as for the GAO analysis, different effects could be estimated by using other time periods when the price gap between U.S. and world prices was smaller. Moreover, with global liberalization, the price gap would narrow because of the dynamics of adjustment which were not considered in the ERS analysis.

Sincerely,

EUGENE MOOS,
Under Secretary for Farm and Foreign Agricultural Services.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. GREGG. Mr. President, no amount of smoke and mirrors here is going to obfuscate the basic fact that you can go into the marketplace—in fact, it was quoted today on CNBC—and buy sugar at 10 cents a pound on the international market, but if you go out and buy it in the United States it will cost you 20, 21, 22 cents a pound. That is because the difference goes to a few growers who have a hammerlock on the political system.

And does it not cost the taxpayers money? That statement was made—it does not cost the American taxpayers money. Of course, it costs them money; $1.5 billion a year in subsidy is carried by the American consumers in order to benefit 17 cane growers who get 42 percent of the benefit, as the Senator from Nevada so aptly pointed out.

The idea that we are presenting is not to eliminate the program. We are saying just do not extend it for 7 years. Do not put this outrage on the back of the American consumers for 7 years, which would cost approximately $20 billion in subsidies having to be paid by the American consumer.

We are saying just hit them for 2 years, just hit them for 2 years. And then let us go back and look at the program again. We are not saying eliminate the program. We are saying just do not be greedy. Be reasonable. Give us a 2-year extension instead of a 7-year extension.

But what would be wrong with eliminating the program? The idea was you would get free sugar; we are not going to be happy until we get free sugar. We do not want free sugar. What we want is prices set by the marketplace. This is called capitalism. It is the concept of Adam Smith, comparative advantage. Those are things Republicans used to stand for. They happen to be things this country was built on. They are things which should be returned at some point in the sugar program. We are not asking they be returned today. All we are asking is that the sugar program only be extended for 2 years instead of 7 years—not an unreasonable request.

Mr. President, I certainly thank the Senator from Nevada for his support and the other Senators who cosponsored this amendment. And I hope that others will join us in putting a 2-year extension in place instead of a 7-year extension in place for a program which should not be extended at all.

Mr. DORGAN addressed the Chair.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DORGAN. Mr. President, I ask unanimous consent that following the next Democratic amendment and the intervening Republican amendment, Senator DASCHLE be recognized to offer his amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Who yields time? There are 17 seconds remaining.

Mr. GREGG. I yield back the rest of my time.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. LUGAR. Mr. President, we are coming now to the first vote, and the order is that each side have 1 minute of explanation. The proponent of the amendment perhaps will proceed.

The PRESIDING OFFICER. The Senator from Wisconsin.

AMENDMENT NO. 3442

Mr. KOHL. I thank the Senator. The first vote is on the Northeast area compact. I ask unanimous consent that Senator CARL LEVIN be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KOHL. This is a very, very bad amendment. The amendment should not go through. It is anticonstitutional. It only can be authorized by Congress. It should not be authorized by Congress.

It would allow six States to set the price of milk in their States and nobody else would be allowed, no other State would be allowed to compete in that market unless they were prepared to meet that price. If you can imagine, this is not the way we conduct the American economy. No State would like to be the subject of that kind of a restriction. It would allow other States at other times to come to Congress and ask for permission to set prices. We do not set prices in this country. We allow commerce to proceed in a competitive way. The Northeast area compact is specifically an action to prevent that.

The proponents will say that we voted 65 to 35 for this. We have not voted 65 to 35 for this before. The previous vote was on several different provisions on a much broader agricultural amendment. It was not an up-or-down vote on the Northeast area compact. It is bad policy for this Congress, and I urge my colleagues to vote in favor of the motion to strike the amendment.

The PRESIDING OFFICER. The Senator's 1 minute has expired.

Who yields time?

Mr. LEAHY. Mr. President, I would strongly urge that the Senate vote as it already has. We have, indeed, voted 65 to 34 in favor of this compact. I would explain that was the vote on the compact before. This is something that involves only the Northeast. It affects dairy only in the Northeast.

It is a compact carefully set up where consumers and farmers work together, where consumers actually have a veto over any price increase. I hope that we would allow the Northeast States to do what their legislatures have joined together to do.

I yield to the Senator from Vermont.

The PRESIDING OFFICER. The Senator from Vermont has 20 seconds.

Mr. JEFFORDS. Mr. President, all we are asking is that Vermont be allowed to do what other States can do. Big States can do it. California does the same thing we want to do. We allow anybody to come in. If Minnesota or Wisconsin want to bring their milk in, they can. There are no barriers.

All we are trying to do is make sure we protect the few farms that are left tucked way up at the border of the United States in the Northeast where we have a very, very difficult time being able to buy our grains and all that. So we urge you to vote as you did last time, and that is against the amendment.

The PRESIDING OFFICER. The time has expired. All time has expired.

Under the previous order, the question now occurs on agreeing to amendment No. 3442 offered by the Senator from Wisconsin, [Mr. KOHL]. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. LOTT. I announce that the Senator from New Mexico [Mr. DOMENICI], the Senator from Texas [Mr. GRAMM], and the Senator from Oregon [Mr. HATFIELD] are necessarily absent.

Mr. FORD. I announce that the Senator from New Jersey [Mr. BRADLEY] is necessarily absent.

The PRESIDING OFFICER (Mr. DEWINE). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 50, nays 46, as follows:

[Rollcall Vote No. 10 Leg.]

YEAS—50

Abraham	Ford	Nickles
Bingaman	Frist	Nunn
Brown	Glenn	Pressler
Bryan	Grams	Pryor
Bumpers	Grassley	Reid
Byrd	Harkin	Robb
Campbell	Hatch	Rockefeller
Coats	Hutchison	Roth
Conrad	Inhofe	Santorum
Craig	Kempthorne	Simon
Daschle	Kerrey	Simpson
DeWine	Kohl	Specter
Dole	Kyl	Thompson
Dorgan	Lautenberg	Warner
Exon	Levin	Wellstone
Faircloth	McCain	Wyden
Feingold	Moseley-Braun	

NAYS—46

Akaka	Gorton	Mack
Ashcroft	Graham	McConnell
Baucus	Gregg	Mikulski
Bennett	Heflin	Moynihan
Biden	Helms	Murkowski
Bond	Hollings	Murray
Boxer	Inouye	Pell
Breaux	Jeffords	Sarbanes
Burns	Johnston	Shelby
Chafee	Kassebaum	Smith
Cochran	Kennedy	Snowe
Cohen	Kerry	Stevens
Coverdell	Leahy	Thomas
D'Amato	Lieberman	Thurmond
Dodd	Lott	
Feinstein	Lugar	

NOT VOTING—4

Bradley	Gramm
Domenici	Hatfield

So the amendment (No. 3442) was agreed to.

Mr. LUGAR. Mr. President, I move to reconsider the vote.

Mr. LEVIN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 3443

The PRESIDING OFFICER. The question now is on amendment No. 3443 offered by the Senator from Colorado [Mr. BROWN].

Under the previous order, the time has been divided equally, 1 minute apiece.

The Senator has the right to be heard. We cannot proceed if discussions continue.

The Senator from Colorado.

Mr. BROWN. Mr. President, I believe we have worked this amendment out. I am proposing to alter the amendment by dropping the section dealing with BLM, section (c), applying it only to the Secretary of Agriculture, and in section (e), dropping any reference to a grant or issuance of a permit.

This dramatically scales back the amendment, and I believe this meets the concerns expressed about it. As it would be amended, it would simply mean that if an easement has existed for a long time, you could not revoke it or refuse to renew it if the easement is in no way being changed.

AMENDMENT NO. 3443, AS MODIFIED

Mr. BROWN. Mr. President, I ask unanimous consent to modify my amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment, as modified, is as follows:

At the appropriate place, insert the following:

SEC. . CLARIFICATION OF EFFECT OF RESOURCE PLANNING ON ALLOCATION OR USE OF WATER.

(a) NATIONAL FOREST SYSTEM RESOURCE PLANNING.—Section 6 of the Forest and Rangeland Renewable Resources Planning Act of 1974 (16 U.S.C. 1604) is amended by adding at the end the following new subsection:

''(n) LIMITATION ON AUTHORITY.—Nothing in this section shall be construed to supersede, abrogate or otherwise impair any right or authority of a State to allocate quantities of water (including boundary waters). Nothing in this section shall be implemented, enforced, or construed to allow any officer or agency of the United States to utilize directly or indirectly the authorities established under this section to impose any requirement not imposed by the State which would supersede, abrogate, or otherwise impair rights to the use of water resources allocated under State law, interstate water compact, or Supreme Court decree, or held by the United States for use by a State, its political subdivisions, or its citizens. No water rights arise in the United States or any other person under the provisions of this Act.''.

(c) AUTHORIZATION TO GRANT RIGHTS-OF-WAY.—Section 501 of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1761) is amended as it applies to the Secretary of Agriculture—.

(1) in subsection (c)(1)—.

(A) by striking subparagraph (B);

(B) in subparagraph (D), by striking ''originally constructed'';.

(C) in subparagraph (G), by striking ''1996'' and inserting ''1998''; and.

(D) by redesignating subparagraphs (C) through (G) as subparagraphs (B) through (F), respectively:

(2) in subsection (c)(3)(A), by striking the second and third sentences; and.

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

''(e) EFFECT ON VALID EXISTING RIGHTS.—Notwithstanding any provision of this section, the Secretary of Agriculture may not require, as a condition of, or in connection with, the renewal of a right-of-way under this section, a restriction or limitation on the operation, use, repair, or replacement of an existing water supply facility which is located on or above National Forest lands or the exercise and use of existing water rights, if such condition would reduce the quantity of water which would otherwise be made available for use by the owner of such facility or water rights, or cause an increase in the cost of the water supply provided from such facility.''

Mr. BROWN. Mr. President, I ask unanimous consent to add Senator BURNS as a cosponsor and to vitiate the yeas and nays.

The PRESIDING OFFICER. Without objection, it is so ordered. The yeas and nays have not been ordered.

Mr. BUMPERS. Mr. President, I ask unanimous consent that I be permitted to engage in a 1-minute colloquy with the Senator from Colorado. I could not hear one word he said.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BUMPERS. Mr. President, let me ask two questions of the Senator from Colorado.

First, as I understand it, the amendment has been modified so that it will only apply to Forest Service language.

Mr. BROWN. That is correct.

Mr. BUMPERS. And the amendment also has a provision in it that it will only apply to renewal of permits and not new permits?

Mr. BROWN. That is correct. To that end, we have dropped the provisions that dealt with the issuing and the granting.

Mr. BUMPERS. I will not raise a point of order, but would the Senator from Colorado join in requesting the Senator from Idaho to hold a hearing on this subject? I think it is a fairly complicated thing that deserves a hearing.

Mr. BROWN. I appreciate it. That is a valuable suggestion. I am happy to join the Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 3443), as modified, was agreed to.

Mr. LUGAR. I move to reconsider the vote.

Mr. LEAHY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 3445, AS MODIFIED

The PRESIDING OFFICER. The question is now on amendment 3445.

Mr. DORGAN. I ask unanimous consent I be recognized to offer the next amendment following the series of votes. We will have the next Democratic amendment. I ask unanimous consent to do that.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARKIN. Parliamentary inquiry: Is this the first amendment I offered which would strike the section of the bill that raises interest rates for Commodity Credit Corporation loans?

The PRESIDING OFFICER. That is correct.

Mr. HARKIN. For Senators who did not hear the debate earlier, for almost 60 years we have allowed the farmers to borrow from the Commodity Credit Corporation using grain and commodities as collateral at interest rates based on Treasury rates. This bill raises the interest rate 1 full percentage point. There is no good reason for that.

There are those who argue farmers ought to be like other people out there, borrowing at commercial rates. Large grain companies, and the large producers can go get the prime rate. My family farmers in Iowa have to go to the local bank and pay prime plus 3. There is no reason to raise these CCC interest rates 1 percent. It is a $260 million tax on farmers. Mr. President, $260 million more that farmers will have to pay into the Treasury over the next 7 years that is not needed, and it will hurt our family farmers.

Mr. LUGAR. Mr. President, I encourage Senators to vote against the Harkin amendment. It is, in fact, a $260 million subsidy to farmers. Deliberately, farmers have been given a rate 1 percent less for a long time, at the

Treasury rate as opposed to the commercial rate. If every other business in America had a similar advantage, that might be a different story but other business people do not.

There was a time when we were interested in balancing the budget in this Chamber. This was $260 million of the savings involved in that situation. All we are asking for a vote ''no'' on this is that farmers have identically the same opportunity at commercial rates and that the $260 million of savings to the taxpayers be preserved.

Mr. DOLE. Mr. President, have the yeas and nays been ordered?

The PRESIDING OFFICER. Yes.

Mr. DOLE. I ask that the Chair announce the vote at the end of 10 minutes from here on.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is now on agreeing to the Harkin amendment numbered 3445.

The yeas and nays have been ordered.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. LOTT. I announce that the Senator from New Mexico [Mr. DOMENICI], the Senator from Texas [Mr. GRAMM], and the Senator from Oregon [Mr. HATFIELD] are necessarily absent.

Mr. FORD. I announce that the Senator from New Jersey [Mr. BRADLEY] is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 37, nays 59, as follows:

[Rollcall Vote No. 11 Leg.]

YEAS—37

Akaka	Feingold	Lieberman
Baucus	Feinstein	Mikulski
Biden	Ford	Moseley-Braun
Bingaman	Glenn	Murray
Boxer	Grassley	Pell
Breaux	Harkin	Pressler
Bumpers	Heflin	Pryor
Byrd	Hollings	Sarbanes
Conrad	Inouye	Simon
Daschle	Johnston	Wellstone
Dodd	Kerrey	Wyden
Dorgan	Kohl	
Exon	Levin	

NAYS—59

Abraham	Graham	Moynihan
Ashcroft	Grams	Murkowski
Bennett	Gregg	Nickles
Bond	Hatch	Nunn
Brown	Helms	Reid
Bryan	Hutchison	Robb
Burns	Inhofe	Rockefeller
Campbell	Jeffords	Roth
Chafee	Kassebaum	Santorum
Coats	Kempthorne	Shelby
Cochran	Kennedy	Simpson
Cohen	Kerry	Smith
Coverdell	Kyl	Snowe
Craig	Lautenberg	Specter
D'Amato	Leahy	Stevens
DeWine	Lott	Thomas
Dole	Lugar	Thompson
Faircloth	Mack	Thurmond
Frist	McCain	Warner
Gorton	McConnell	

NOT VOTING—4

Bradley	Gramm	Hatfield
Domenici		

So the amendment (No. 3445), as modified, was rejected.

Mr. LUGAR. Mr. President, I move to reconsider the vote.

Mr. LEAHY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 3446

The PRESIDING OFFICER. The question now occurs on the Harkin amendment, No. 3446. There are 2 minutes for debate evenly divided pursuant to the previous order.

The Senator from Iowa.

Mr. LEAHY. Mr. President, the Senate is not in order. The Senator from Iowa is entitled to be heard.

The PRESIDING OFFICER. The Senator is correct. The Senate will be in order.

Mr. HARKIN. Mr. President, this amendment reinstates the farmer-owned reserve which is suspended for the 7 years of this bill. In the 1970's we heard a hue and cry across the country that the grain companies and processors had a hold over the grain markets because they could buy up grain from the farmers at low prices and the farmers could not market their grain when they wanted to market it. So we put in something called the farmer-owned reserve, which is, first, a marketing tool for farmers that allows them to be able to market their grain when they want to at higher prices. Second, it is also a tool for consumers, because in periods of drought, when we have short supplies——

The PRESIDING OFFICER. The Senator will suspend for a moment. The Senate will be in order.

The Senator from Iowa.

Mr. HARKIN. Then those supplies of grain are available, so we avoid severe shortages and extremely high prices. Mr. President, there is an estimate by the Food and Agricultural Policy Research Institute that, in connection with the 1988 drought, that the substantial stocks of grain on hand, including in the farmer-owned reserve, prevented some $40 billion in extra food costs to consumers because we had that reserve owned by the farmers.

So this amendment just basically continues that program of enabling farmers to store their own grain for a period as a reserve and allow them to market in a more orderly way.

This is both a profarmer and a proconsumer amendment.

Mr. LUGAR. Mr. President, the reason the Senate allowed the farmer-owned reserve to lapse was that essentially it was a very expensive storage business with 26½ cents per bushel to a farmer who wanted to store grain. But eventually over half of the money was paid to elevators and to large grain merchandisers, not to the individual farmers we are talking about here. We finally got rid of it because farmers understood it was a hangover of wheat, corn, and beans over the market. It depressed prices.

I am a farmer. I have storage. I do not need 26½ cents a bushel to store for my own purposes. I market it on the basis of price.

That is the way the country proceeded, and we saved $100 million for taxpayers for another subsidy that is unnecessary and unneeded for farmers.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Iowa. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. LOTT. I announce that the Senator from New Mexico [Mr. DOMENICI], the Senator from Texas [Mr. GRAMM], and the Senator from Oregon [Mr. HATFIELD] are necessarily absent.

Mr. FORD. I announce that the Senator from New Jersey [Mr. BRADLEY] is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 35, nays 61, as follows:

[Rollcall Vote No. 12 Leg.]

YEAS—35

Akaka	Feingold	Mikulski
Baucus	Feinstein	Moseley-Braun
Bingaman	Ford	Murray
Boxer	Glenn	Pell
Breaux	Grassley	Pressler
Bryan	Harkin	Pryor
Bumpers	Heflin	Reid
Byrd	Hollings	Rockefeller
Conrad	Inouye	Simon
Daschle	Johnston	Wellstone
Dorgan	Kerrey	Wyden
Exon	Kohl	

NAYS—61

Abraham	Graham	McConnell
Ashcroft	Grams	Moynihan
Bennett	Gregg	Murkowski
Biden	Hatch	Nickles
Bond	Helms	Nunn
Brown	Hutchison	Robb
Burns	Inhofe	Roth
Campbell	Jeffords	Santorum
Chafee	Kassebaum	Sarbanes
Coats	Kempthorne	Shelby
Cochran	Kennedy	Simpson
Cohen	Kerry	Smith
Coverdell	Kyl	Snowe
Craig	Lautenberg	Specter
D'Amato	Leahy	Stevens
DeWine	Levin	Thomas
Dodd	Lieberman	Thompson
Dole	Lott	Thurmond
Faircloth	Lugar	Warner
Frist	Mack	
Gorton	McCain	

NOT VOTING—4

Bradley	Gramm
Domenici	Hatfield

So the amendment (No. 3446) was rejected.

Mr. LUGAR. Mr. President, I move to reconsider the vote.

Mr. COHEN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 3225

The PRESIDING OFFICER. The question now occurs on agreeing to the Santorum amendment No. 3225.

Mr. LEAHY. Mr. President, the Senate is not in order.

The PRESIDING OFFICER. Will Members of the Senate who are having discussions please retire to the Cloakroom.

The Senator from Pennsylvania is recognized.

Mr. SANTORUM. I thank the Chair.

Mr. President, the amendment that I have is not an elimination of the peanut program. What is does is it phases

down the support price for peanuts 30 percent over the next 5 years and then replaces the quota system with a nonrecourse loan system. So there will still be a peanut program, a safety net program. The only commodity in the last 10, 15 years that has not been reformed is peanuts. It is the only one that has gone up in price since 1985. For everything else the support prices have been cut but not peanuts. Peanuts is still run with a quota system. That means you have to have a license to grow peanuts, and, if you do not have that license, you cannot sell peanuts in this country.

What we want to do is just reform it slightly over the next 7 years to really comport with the other programs that are going through reform, and I urge an affirmative vote to send a good message on this program.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. DOLE. Mr. President, I will just take about 30 seconds.

I have had a lot of experience with the peanut program. There have been reforms made over the years. There are reforms in this bill. We are trying to get a farm bill passed, and I know that the Senator from Pennsylvania has worked very long and very hard and has done a great job, but I think in the spirit of trying to get the bill passed, we ought to take the reforms that have been made. Therefore, I move to table the amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to table the amendment of the Senator from Pennsylvania [Mr. SANTORUM].

The yeas and nays have been ordered.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. D'AMATO. Mr. President, on this vote, I have a pair with the Senator from New Mexico [Mr. DOMENICI]. If he were present and voting, he would vote ''yea.'' If I were permitted to vote, I would vote ''nay.'' Therefore, I withhold my vote.

Mr. LOTT. I announce that the Senator from New Mexico [Mr. DOMENICI], the Senator from Texas [Mr. GRAMM], and the Senator from Oregon [Mr. HATFIELD] are necessarily absent.

Mr. FORD. I announce that the Senator from New Jersey [Mr. BRADLEY] is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 59, nays 36, as follows:

[Rollcall Vote No. 13 Leg.]

YEAS—59

Akaka	Bond	Campbell
Ashcroft	Breaux	Cochran
Baucus	Bumpers	Conrad
Bennett	Burns	Coverdell
Bingaman	Byrd	Craig
Daschle	Hutchison	Nickles
Dodd	Inhofe	Nunn
Dole	Inouye	Pell
Dorgan	Jeffords	Pressler
Exon	Johnston	Pryor
Faircloth	Kempthorne	Robb
Feinstein	Kerrey	Rockefeller
Ford	Leahy	Sarbanes
Graham	Lieberman	Shelby
Grassley	Lott	Simon
Harkin	Mack	Simpson
Hatch	McConnell	Stevens
Heflin	Mikulski	Thurmond
Helms	Moseley-Braun	Warner
Hollings	Murkowski	

NAYS—36

Abraham	Gorton	Moynihan
Biden	Grams	Murray
Boxer	Gregg	Reid
Brown	Kassebaum	Roth
Bryan	Kennedy	Santorum
Chafee	Kerry	Smith
Coats	Kohl	Snowe
Cohen	Kyl	Specter
DeWine	Lautenberg	Thomas
Feingold	Levin	Thompson
Frist	Lugar	Wellstone
Glenn	McCain	Wyden

PRESENT AND GIVING A LIVE PAIR

D'Amato, against

NOT VOTING—4

Bradley	Gramm
Domenici	Hatfield

So the motion to table the amendment (No. 3225) was agreed to.

Mr. LUGAR. Mr. President, I move to reconsider the vote.

Mr. CRAIG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BINGAMAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

CORRECTION OF VOTE

Mr. BINGAMAN. Mr. President, on rollcall vote No. 13, I was recorded as voting ''nay.'' In fact, I voted ''aye.'' I ask unanimous consent that the official record be corrected to accurately reflect my vote. Mr. President, this will in no way change the outcome of the vote.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The foregoing tally has been changed to reflect the above order.)

AMENDMENT NO. 3447

The PRESIDING OFFICER. The pending business is the Bryan amendment No. 3447. The Senator from Nevada.

Mr. BRYAN. Mr. President, I ask unanimous consent that the Bryan amendment be in order.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BRYAN. Mr. President, this is an amendment, the identical contents of which was before the Senate last fall and was approved overwhelmingly by a vote of 62 to 36. It seeks to cap the Market Promotion Program at $70 million. Under the current proposal, that funding level would rise to $100 million on an annual basis.

It precludes the payment of market promotion moneys to foreign corporations. Under the current law, foreign corporations may receive money.

It also precludes payments being made to large corporations that would exceed the small business size and scope, and it would make it possible for moneys to continue to be received by cooperative organizations who are advertising on behalf of nonbranded promotions.

I urge its adoption. As I say, it has been before us previously and enjoys the support of the chairman of the committee and the ranking member.

Mr. COCHRAN addressed the Chair.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. COCHRAN. Mr. President, in opposition to the amendment, let me simply state that there are controls and reforms not only reflected in this legislation before the Senate in the Market Promotion Program, but there are also restrictions imposed by the Department of Agriculture in the allocation of these funds.

In the view of many of us, that should answer all of the charges that have been made by some of the sensationalized attacks on our effort to enlarge our share of the international market through helping our exporters of food and commodities do a better job competing with those countries that engage in unfair practices to keep our products out of markets and to make us lose market share.

This provision in the bill that is sought to be amended creates American jobs. It is time for us to stand up for our farmers and our exporters. I urge the Senate to vote ''no'' on this amendment.

The PRESIDING OFFICER. The question is on agreeing to the Bryan amendment No. 3447.

The yeas and nays have been ordered.

The clerk will call the roll.

The bill clerk called the roll.

Mr. LOTT. I announce that the Senator from New Mexico [Mr. DOMENICI], the Senator from Texas [Mr. GRAMM], and the Senator from Oregon [Mr. HATFIELD] are necessarily absent.

Mr. FORD. I announce that the Senator from New Jersey [Mr. BRADLEY] is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 59, nays 37, as follows:

[Rollcall Vote No. 14 Leg.]

YEAS—59

Abraham	Frist	Lugar
Ashcroft	Glenn	Mack
Biden	Graham	McCain
Bingaman	Grams	Mikulski
Brown	Gregg	Moynihan
Bryan	Harkin	Nickles
Bumpers	Hollings	Nunn
Burns	Hutchison	Pell
Byrd	Inhofe	Reid
Chafee	Jeffords	Robb
Coats	Johnston	Rockefeller
Cohen	Kassebaum	Roth
Coverdell	Kennedy	Santorum
D'Amato	Kerry	Sarbanes
DeWine	Kohl	Smith
Dodd	Kyl	Thomas
Dole	Lautenberg	Thompson
Dorgan	Leahy	Warner
Exon	Levin	Wellstone
Feingold	Lieberman	

NAYS—37

Akaka	Ford	Murray
Baucus	Gorton	Pressler
Bennett	Grassley	Pryor
Bond	Hatch	Shelby
Boxer	Heflin	Simon
Breaux	Helms	Simpson
Campbell	Inouye	Snowe
Cochran	Kempthorne	Specter
Conrad	Kerrey	Stevens
Craig	Lott	Thurmond
Daschle	McConnell	Wyden
Faircloth	Moseley-Braun	
Feinstein	Murkowski	

NOT VOTING—4

Bradley	Gramm
Domenici	Hatfield

So the amendment (No. 3447) was agreed to.

Mr. LUGAR. Mr. President, I move to reconsider the vote.

Mr. LEAHY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 3448

The PRESIDING OFFICER. The question now is on the Harkin amendment, No. 3448.

Under the previous order, the time is evenly divided.

The Senator from Iowa is recognized.

Mr. LEAHY. Mr. President, the Senate is not in order.

The PRESIDING OFFICER. The Senator is correct. The Senate will be in order.

Mr. HARKIN. Last year, Senator LUGAR and Senator LEAHY introduced S. 854 to provide for incentive payments, cost-sharing, technical assistance, et cetera, to livestock producers to meet certain environmental standards. In that bill, for example, there is a limit relating to the number of livestock above which you could not get cost share payments, you could not get Government money. For example, in the original bill eligibility was limited to 1,000 beef cattle and 2,500 head of hogs.

In the bill before us, the limits were raised to 10,000 beef cattle and 15,000 head of hogs. We have a limited pool of money, $700 million over 7 years for the livestock environmental assistance. This money ought to go to the family-size farmers who need this help. The bigger operations have a lot of capital. They can take care of their own environmental problems. It is the small family farmers with the smaller herds that need this type of help.

My amendment takes this limited pot of money we have and sets limits basically back to where the initial bill was last year at 1,000 head of cattle and 2,500 head of swine, which corresponds with the regulations that have been promulgated under the Clean Water Act.

Mr. LUGAR. Mr. President, I argue against the Harkin amendment on the basis that the limits that were set in the Lugar-Leahy bill were based upon the herds in 1970. They correspond to the Clean Water Act considerations of that time, and they made sense at that time.

Unhappily or happily, as the case may be, people in cattle, with hog farms, with chickens, and with turkeys, have a great number. We have made a limit of $10,000 per operation, but in meetings with producers all over the country, pragmatically the limits that we have come to seem to be a compromise between the large and the small.

I visited the Iowa Corn Producers last week and they feel that is about the right level. We had the big and the small, and a great controversy was witnessed in that State. There is no magic in the figures. They seem to me to be a practical compromise.

I advocate the committee text be retained and the Harkin amendment be defeated.

The PRESIDING OFFICER (Mr. ASHCROFT). The question is on agreeing to the amendment.

The yeas and nays have been ordered.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. LOTT. I announce that the Senator from New Mexico [Mr. DOMENICI], the Senator from Texas [Mr. GRAMM], and the Senator from Oregon [Mr. HATFIELD] are necessarily absent.

Mr. FORD. I announce that the Senator from New Jersey [Mr. BRADLEY] is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 57, nays 39, as follows:

[Rollcall Vote No. 15 Leg.]

YEAS—57

Akaka	Ford	Mikulski
Ashcroft	Glenn	Moseley-Braun
Baucus	Graham	Moynihan
Bingaman	Grams	Murray
Boxer	Grassley	Nickles
Brown	Gregg	Nunn
Bryan	Harkin	Pell
Byrd	Helms	Pressler
Chafee	Hollings	Reid
Cohen	Inouye	Rockefeller
Conrad	Johnston	Santorum
Daschle	Kennedy	Sarbanes
Dodd	Kerrey	Simon
Dole	Kerry	Smith
Dorgan	Kohl	Snowe
Exon	Lautenberg	Specter
Faircloth	Leahy	Thomas
Feingold	Levin	Wellstone
Feinstein	Lieberman	Wyden

NAYS—39

Abraham	DeWine	Mack
Bennett	Frist	McCain
Biden	Gorton	McConnell
Bond	Hatch	Murkowski
Breaux	Heflin	Pryor
Bumpers	Hutchison	Robb
Burns	Inhofe	Roth
Campbell	Jeffords	Shelby
Coats	Kassebaum	Simpson
Cochran	Kempthorne	Stevens
Coverdell	Kyl	Thompson
Craig	Lott	Thurmond
D'Amato	Lugar	Warner

NOT VOTING—4

Bradley	Gramm
Domenici	Hatfield

So the amendment (No. 3448) was agreed to.

Mr. LUGAR. Mr. President, I move to reconsider the vote.

Mr. CRAIG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 3450

The PRESIDING OFFICER. The question now is on agreeing to amendment No. 3450. Who yields time? There is 1 minute reserved on each side.

Mr. CRAIG. Mr. President, the Senate is not in order.

The PRESIDING OFFICER. The Senate will be in order. Senators will take conversations to the Cloakroom.

The Senator from Idaho.

Mr. CRAIG. Mr. President, I hope my colleagues will oppose the next amendment that will be up. Reform has been asked for in the sugar program, and we have brought major reform. This is of no cost to the taxpayers. We create stability in the market, which I think all of us want to see.

I yield to my colleague from Louisiana.

Mr. BREAUX. My colleagues, I would say the amendment of the Senator from New Hampshire knocks out all the reforms in the sugar program, which are substantial. He wants to make, I think, the program as bad as it possibly can be. Voting against that amendment preserves the reforms that are in the legislation.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. GREGG. Mr. President, this is not about reform. There is no reform in this package. The price of sugar will remain twice the market price under this bill or under the old law.

This is an issue of whether or not the sugar program will be locked in for 7 years as a huge subsidy and expense for the American consumers to bear, or whether we are going to continue it for 2 years and come back and revisit the issue. We are just asking for a reasonable chance to revisit the issue over the next 2 years, continue the program for 2 years, come back and take it up. So I hope the people will take a look at this and be willing to vote for a 2-year extension, rather than a 7-year extension.

The PRESIDING OFFICER. The Chair informs the Members of the body that the yeas and nays have not been ordered on this vote.

Mr. GREGG. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. LOTT. I announce that the Senator from New Mexico [Mr. DOMENICI], the Senator from Texas [Mr. GRAMM], and the Senator from Oregon [Mr. HATFIELD] are necessarily absent.

Mr. FORD. I announce that the Senator from New Jersey [Mr. BRADLEY] is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 35, nays 61, as follows:

[Rollcall Vote No. 16 Leg.]

YEAS—35

Ashcroft	Gregg	Nickles
Biden	Hutchison	Nunn
Bryan	Kassebaum	Pell
Chafee	Kennedy	Reid
Coats	Kerry	Roth
Cohen	Kohl	Santorum
DeWine	Kyl	Sarbanes
Feingold	Lautenberg	Smith
Feinstein	Lugar	Snowe
Frist	McCain	Specter
Glenn	Mikulski	Thompson
Gorton	Moynihan	

NAYS—61

Abraham	Dorgan	Lott
Akaka	Exon	Mack
Baucus	Faircloth	McConnell
Bennett	Ford	Moseley-Braun
Bingaman	Graham	Murkowski
Bond	Grams	Murray
Boxer	Grassley	Pressler
Breaux	Harkin	Pryor
Brown	Hatch	Robb
Bumpers	Heflin	Rockefeller
Burns	Helms	Shelby
Byrd	Hollings	Simon
Campbell	Inhofe	Simpson
Cochran	Inouye	Stevens
Conrad	Jeffords	Thomas
Coverdell	Johnston	Thurmond
Craig	Kempthorne	Warner
D'Amato	Kerrey	Wellstone
Daschle	Leahy	Wyden
Dodd	Levin	
Dole	Lieberman	

NOT VOTING—4

Bradley	Gramm
Domenici	Hatfield

So the amendment (No. 3450) was rejected.

Mr. LEAHY. Mr. President, I move to reconsider the vote.

Mr. LUGAR. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LEAHY. Mr. President, I believe the Senator from North Dakota is next. Senators certainly on this side of the aisle have been very good in coming forward to talk about amendments, technical points they may want to have cleared. I appreciate that. I hope if anybody else does they would let us know as soon as possible because this is moving very quickly, and at some point it is going to be wrapped up.

Mr. DORGAN addressed the Chair.

The PRESIDING OFFICER. Under the previous order, the Senator from North Dakota is recognized.

AMENDMENT NO. 3451 TO AMENDMENT NO. 3184

(Purpose: To require farmers to plant crops to receive Federal payments)

Mr. DORGAN. Mr. President, I have an amendment at the desk, and I would ask that the amendment be reported.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows.

The Senator from North Dakota [Mr. DORGAN], for himself, Mr. DASCHLE, Mr. CONRAD, Mr. KERREY, Mr. HARKIN, Mr. WELLSTONE, Mr. KOHL, Mr. EXON, Mr. PRYOR, Mr. FEINGOLD, Mr. HEFLIN, and Mr. BUMPERS, proposes an amendment numbered 3451 to amendment No. 3184.

Mr. DORGAN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Section 103(f)(1) is amended by striking subparagraph (A) and inserting the following:

(A) the lesser of—

(i) 85 percent of the contract acreage, or

(ii) the contract acres planted to a contract commodity or oilseeds;

Mr. DORGAN. Mr. President, I offer the amendment on behalf of myself, Senators DASCHLE, CONRAD, KERREY, HARKIN, WELLSTONE, KOHL, EXON, PRYOR, FEINGOLD, HEFLIN, and BUMPERS.

Mr. President, my understanding is there is 15 minutes on each side.

The PRESIDING OFFICER. The Senator is correct.

Mr. DORGAN. Mr. President, I yield myself such time as I may consume.

The bill that we are now debating is called the freedom to farm bill. It is a bill that provides 7 years of fixed payments to farmers. Yet, there is no requirement in this legislation to plant a crop. All you need would to participate is to have some base acres and a bank account. You never need to plant a seed. You never need to harvest a crop. Yet, you would get payments under this proposal.

You can have two farmers side by side under this proposal, one of whom plants a crop, harvests a crop, and works all year operating a family farm. That farmer gets a payment under the Freedom to Farm Act. The other farmer across the road does nothing, packs up, moves to Arizona, does not plant a crop, never plows a furrow, and never starts an engine. That farmer gets the same payment.

Now, this is a farm bill. This bill is about helping farmers farm, not helping farmers not farm. It is a bill about helping farmers who want to farm. This should not be a bill about creating a payment system to pay people for not farming.

My amendment amends the Freedom to Farm Act and says that payments under the Freedom To Farm Act will be made to farmers who plant a program crop, any program crop on their base acres. It provides for total flexibility. It simply says we will not make payments to people who plant nothing. You must plant a program crop on your base acres to be eligible for these payments.

Some will say, well, it has been done before. We have an 0/92 program and an 0/85 program. The 0/92 program allows farmers to plant oilseeds on base acres. That is not the same at all. There is a requirement to plant.

The 0/85 program is a conservation use program. Payments are made for putting the land into a conserving use. Not the same at all.

The current provisions in this bill makes no sense to me at all, and the Senate ought to adopt this amendment. The amendment says let us make this a farm bill. Let us help the farmers who are planting crops and harvesting crops. Let us assist the work of family farmers in this country. But let us not pay people who do not plant and do not harvest.

Mr. President, I have several Members who would like to speak for a minute. Let me yield 1 minute to Senator HARKIN from Iowa.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Mr. President, I thank the Senator from North Dakota for this amendment. It is a commonsense amendment. This is just plain old common sense. Why should we be giving huge payments to people who may be sitting on Miami Beach.

I have an example here, I tell my friend from North Dakota, of a fairly large wheat farmer in Kansas. He has 1,800 acres of wheat and 600 acres of grain sorghum. Just take this year, wheat prices being what they are, sorghum prices being what they are, and let us see what happens to this individual this year under the present prices. What is he going to get this year? This farmer is going to net about $235,000. That is a profit. Part of his profit is a Government check for $39,768. That is on top of $195,000 in profit already.

Now, unless we adopt the Dorgan amendment, he can get that payment if he did not plant anything at all. He could get that $39,000 if he did not even want to do anything.

The Senator from North Dakota is right. If we are going to be sending out checks from the Government, at least we ought to expect people to work for it and not be able just to sit back and do nothing.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. DORGAN. I yield 2 minutes to the Senator from Nebraska [Mr. KERREY.]

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. KERREY. I thank the Chair.

For years, the principal criticism of the farm program has been an inaccurate one, but it has been an effective one, that American farmers are being paid not to farm; converting acres is a payment not to farm; farmers are going to get paid for wetlands regulation, lots of other things.

They are certainly not paid not to farm.

In this program, the way it is written, the law basically says that the Government will calculate the number of acres that you are eligible for based on 4, 5 years of farming using Farm Service Office numbers.

The Farm Service Office will then say, ''Here is what your yields are.'' Both of them, by the way, have built in inequities because that is another problem. The Government will say, ''Here is your number of acres, your yield, multiply your numbers and take 85 percent, then add all the acreage up and all those bushels up.'' It will take the total dollars available for that crop, divide it into the total bushels, and that is how many cents you will get. And you will get half your payment in June and half in September.

The only three things you have to do to get the payment is the following:

First, comply with the conservation requirements; second, comply with the wetlands requirements; and, third, promise not to plant more than 15 percent alfalfa and not to plant fruits and vegetables. Other than that, you do not have to promise to do anything. There will not be any question.

Farmers may make a calculation, ''Maybe I would be smarter not to plant at all. I don't have to plant under this. I don't have to put a crop in and do anything other than take the Government money which they are offering.''

It is a very reasonable amendment, and it seems to me it is very much consistent with the arguments and representations and presentations that advocates of freedom to farm have been making all this day.

Mr. DORGAN. I yield 1 minute to the Senator from North Dakota, Senator CONRAD.

Mr. CONRAD. Mr. President, one of the most frequently heard criticisms of Federal farm programs is that farmers are paid not to farm, not to plant anything. Mr. President, that has not been the case under recent farm law. But if the Dorgan amendment does not pass, it will become the case. In fact, we will have circumstances in which farmers will be paid not to plant, not to farm, not to produce.

Mr. President, I do not think there will be much support in the United States for a program that pays people not to do something, not to do anything. So I hope my colleagues will favor this amendment and vote for it.

Mr. DORGAN. Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time in opposition?

Mr. LUGAR addressed the Chair.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. LUGAR. Mr. President, let us take the situation of a farmer in America who has land. This is a basic asset for that farmer. Certainly, as commonsense rules, the farmer will plant a crop on the land or attempt to use the land to obtain income.

Certainly it is conceivable that there are Americans who have productive assets and might decide that they simply do not want a return from those assets. But this is improbable. Most persons of sound mind and common sense who have opportunities to utilize economic assets, do so. And they do so continuously to make a living.

For example, the Senator from Iowa has pointed to a potential Kansas farmer, maybe an actual farmer, but as I recall the instance, there were as many as 1,800 acres of wheat crop, and given prices, as the Senator pointed out, that farmer might have a return of almost $200,000 from the markets that are very strong for wheat. The Senator also pointed out that a Government check for $39,000 might also come to that farmer under current programs.

The suggestion was that that farmer might have the option to go to Hawaii and simply forget the wheat fields and collect the check for $39,000. That is possible as an option for that farmer, but most people would ask, what about the $200,000 that he normally takes off the farm?

Mr. President, if the farmer himself is elderly, it is a very probable set of circumstances in America today that the farmer will rent the land to somebody else and share the return. In fact, that happens increasingly as farmers grow old. The payments follow the land. The probability that the land is simply going to sit there and that a Government check comes as an ample reward is, I think, in most cases a ridiculous assumption.

There is the one case, Mr. President, we have to consider carefully, and that is that some farmers in America, in stretching to meet Government program histories for their crops, may have simply overreached and they may have planted on land that in fact was not very fertile and does not get very much return at all. There may be at the margin some cases where some farms, if farmed, lose money simply because the inputs into the farming and all the economic costs involved are more than the return that would come from the crop with or without the Government involved.

As a matter of fact, in the Conservation Reserve Program, we have been attempting to work with farmers to set aside highly erodible land, to have that set aside as part of the program, or land that impacts upon riparian waterway safety. That, I thought, made good sense, Mr. President, in the conservation mode. Many acres probably should not have been planted if our heritage of the soil is to be retained.

So farmers, in fact, have decided, as a matter once again of their own self-interest and given a government payment, to try to move away from the highly erodible lands or those that threaten waterways. But that is an economic decision that makes sense.

Therefore, Mr. President, I understand the attempt of the argument to suggest that there are farmers who simply will escape their responsibilities. But my judgment as a farmer, Mr. President, is that I have known very few people in Indiana farming during my lifetime who, having a good farm there with fertile soil, did not have a crop. They may have planted it themselves, and they may have had children that worked with them. They may have had others to whom they rented the property, but the crop got planted because that was the living for the family. Those were assets that were available. And at the point when they did not really wish to use those productive assets anymore, they sold them or they gave them away to children or through an inheritance. That is the reality of agriculture in America.

The freedom to farm idea comes down to the fact that we are saying to farmers they ought to have exactly that, freedom and flexibility to use their land in each and every way that would be productive and profitable for the farmer.

If we once again insist that a program crop—wheat, corn, rice, cotton—be planted on that land for it to have value, to get a government payment, we are back once again into the same restrictive agriculture that so many of us have decried for a long time. I am one who rejoices that today we have a very good opportunity finally to break out of that mode of governmental restriction.

Why in the world we would once again want to return to those principles I cannot understand. It seems to me somewhat disingenuous, as those who offer this amendment suggest on the one hand—and the Senator from North Dakota was the author of the amendment—others who have spoken have often pointed out very poignant cases of farmers in their States who have struggled against the weather and against great odds. But all the stories are ones of struggle. These are persons who understood how to farm the land. The question is, what sort of odds do they have to meet in order to get income?

I have not heard very many stories from the Senator from North Dakota or from other Senators about their constituents who simply went to Hawaii on the beach and ridiculed the Federal Government and the rest of the taxpayers for paying them for doing nothing.

As a matter of fact, farming is a struggle for a prohibitive majority of Americans who are engaged in it. It is a struggle they chose. Today we are about to give them greater flexibility to make certain that struggle is a more even one, that they really can plant whatever they want to. And they will plant.

As a matter of fact, the great fear always of those who wanted controls and wanted to pin it down was that farmers would plant too much. The real secret of American agricultural debate for 60 years has been this latent fear that farmers, as a matter of fact, are so ingenious, so hard working, that if left to their own devices they would simply plant so much that the price of everything would decline precipitously.

That was the basis of the New Deal philosophy, the burning of the little pigs, the plowing up of crops at the time. It was not the search for farmers going to Hawaii; it was a search for farmers who were too productive, to hold them in bounds, and to put on one restriction after another, which we have not lifted from them in 60 years.

To hear the strange argument today that at the very moment of freedom, farmers are prepared to chuck all of this and say, ''We are headed to Hawaii. Send me the check,'' is not only a gratuitous insult to farmers, but it simply lacks any basis in fact and reality of anybody who is in the farming business.

Mr. President, we are talking about the heart of the freedom-to-farm idea.

If you pin down what has to be planted, once again, with Government restrictions and say it has to be a program crop and, by golly, we have to see it in the ground before you receive a payment, you do, in fact, defeat the whole prospect of freedom to farm, and I do not want to see that occur.

I think Members ought to be alert that this is that type of amendment. It is a killer amendment, and the instinct of going for the jugular with this idea of farmers on the Hawaii beaches is, I think, well crafted to try to give a picture of persons who are idle and who are trying to do in the taxpayers.

What, in fact, we have here is a situation that came out of the Balanced Budget Act. It was clear that through the payments that will occur in a 7-year period of time and diminish in money, we know constantly now that the Federal Government and all the taxpayers are assured that farming is making a very sizable contribution to the deficit relief that we have all sought to a balanced budget.

The last farm bill we passed, those of us involved in it, estimated it would have a cost of about $41 billion in terms of subsidies, the basic deficiency payment for the program crops. It turned out to be $57 billion, and there have been many explanations as to how we could have been that far off.

The freedom-to-farm bill we discuss today does not have surprises of that sort. The payments are known. The amounts that will be distributed are constant, as well as the freedom of farmers to plant abundantly to furnish to American consumers and to the world such abundance as we have never seen and such wealth as we have never observed in terms of our export markets and our competitive ability. That is what the freedom-to-farm act is about.

I am hopeful Senators will oppose the Dorgan amendment, will retain the flexibility portions of this bill and the gist of freedom to farm, which I think is common sense and very clear to all of us.

Mr. DORGAN. I yield 2 minutes to Senator PRYOR.

The PRESIDING OFFICER (Mr. GRAMS). The Senator from Arkansas.

Mr. PRYOR. Mr. President, I thank the Chair for recognizing me and for my colleague from North Dakota yielding me this time.

I have been listening to my good friend from Indiana, Senator LUGAR, the distinguished chairman of our committee. I will just simply say to our distinguished friend from Indiana, Mr. President, that the Dorgan amendment is not a killer amendment by any stretch of the imagination. It is simply an effort to address what promises to become a totally outrageous section and provision of the freedom-to-farm act.

We are saying in the Dorgan amendment—and I am a cosponsor—we are saying that farmers do not have to do anything in order to receive their payments. If the Senator from Indiana has a fear that farmers are not going to plant anything and go to Hawaii, if he says, ''Why, they are not going to do that,'' if he maintains that position, then he should accept this amendment, he should be for the Dorgan amendment, because the Dorgan amendment couples production with an ultimate payment under certain circumstances. It does not decouple as the freedom-to-farm act does.

We want a defendable farm program. This is one, Mr. President, this particular program, this particular proposal, that I do not think we can ultimately defend. I have been through, I think, about four farm bills, and I have never seen one like this, because this is going to be, in my opinion, not an ordinary 5-year farm bill. It is not going to be a 7-year farm bill. It is going to be about a 90-day farm bill, because when people wake up and ''20/20'' and ''60 Minutes'' and everyone else becomes exposed to what we have done to agriculture and to the agriculture industry and the economy in this country, they are going to demand that the Congress go back and draft a new farm bill that will work.

Mr. President, I thank the Chair, and I yield the floor.

Mr. DORGAN addressed the Chair.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DORGAN. Mr. President, I listened carefully to the Senator from Indiana. The Senator from Arkansas apparently said, ''This isn't going to happen. We're not going to have people getting payments and not planting.'' If that is the case, why would anyone object to the amendment? If it is not going to happen, my amendment is something that ought to be accepted.

The Senator from Indiana talked a lot about the flexibility, freedom to farm offers in planting. He seemed to suggest somehow I was going to offer something that had a different kind of standard for flexibility than he and others propose. That is not the case. They, of course, do not propose complete flexibility. You cannot plant fruits and vegetables on base acres. I understand that.

I support the flexibility they are talking about. I provide the exact, same flexibility in this amendment. All I am saying is that you are not going to receive a payment for doing nothing. This is a farm program. Our interest is in helping family farmers farm.

The interesting thing about farming is you have to figure out what your input costs might be in order to determine what your profit might be and estimate what the price might be, because that is a factor of profit.

One can foresee circumstances in which some people will say, ''As far as I'm concerned, I would like to move someplace else and get the payments at this point because the input cost is too high, the price risk is too great. I think I will take the payment and let the land sit.''

I come from a town of 300. That town exists because all around you can also see farmyard lights on at night. They are family farms operating and doing business in town. Every time one of these yard lights is turned off as we lose a farm, it kills a little bit of the economic vitality of that town.

I am not interested in advancing farm bills to pay people not to farm. I am not interested in advancing any farm bills that move in the direction of more stringent requirements.

I am interested in advancing farm bills that do provide for greater flexibility, but not a flexibility that says we want to make Government payments for people who do not start a tractor in the spring and do not drive a combine in the fall, do not plant and do not harvest and are not farming. What kind of sense is that? I wish the Senator would accept this.

I notice he was able to suppress a grin when he said this was a killer amendment. I appreciate the fact he did not grin on that because this is not a killer amendment at all, nothing close to it. It is a simple proposition, and the proposition is this: Let us decide what we are going to accomplish in this freedom-to-farm act. Let us provide a series of payments to assist family farmers who are farming. Let us not advance into the future with a backward-looking approach that pays farmers who have not planted a single seed. That is not what farmers want. That is not the help they need. That will not advance the interests of rural America or family farmers.

Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 2½ minutes remaining.

Mr. DORGAN. I prefer to close debate. If the Senator from Indiana has other speakers or wishes to add anything, I reserve my time at this point.

Mr. LUGAR. How much time remains?

The PRESIDING OFFICER. The Senator from Indiana has 4 minutes remaining.

Mr. LUGAR. I thank the Chair.

Mr. President, without being tedious, I just simply reiterate the fact that a farm that is fertile is going to be planted. It is going to be planted by the farmer and by his children or family, by those associates he rents to. What the Dorgan amendment finally gets to, once again, is almost an insatiable desire on the part of those who want control over what is planted and, therefore, want a relationship between program crops and payments.

We have been down that trail. We are trying very hard to get off that trail today. I will just simply say, in my judgment, the great fear of those who have been in supply controls throughout this time of the New Deal onward has been a fear of planting too much.

It is a strange argument today to argue that somehow farmers would plant too little or nothing at all. They simply will not utilize rich resources.

But given even the hard case, Mr. President, there may be some instances in which there should not be a crop planted if the land is highly erodible, if conservation dictates that it simply should not occur. That maybe becomes an option that is both rational and good in terms of the public good. In other words, there is no particular virtue in proceeding with planting a program crop when it is not economical to do so and when it might be destructive in terms of the environment. In almost every other instance, a crop is going to be planted.

The question we have today is: Will farmers be able to have maximum flexibility of choice as to what to do? Or, once again, will we be back into the toils of supply control, of Government control, tied with those decisions and checks from the Federal Government?

This is a transition program, Mr. President, a transition to the market. The transition is known to farmers as they enter into those programs, and farmers are perfectly free not to enter into contracts. That is also an option that is greatly feared by those who want control because many farmers might simply decide that the time has really come to plant for the market, as opposed to the Federal Government, with transition payments or without.

Those choices we shall see before us, Mr. President. But for the moment, it appears to me that this is a clear-cut issue in terms of freedom to farm. I hope that the Dorgan amendment will be defeated.

The PRESIDING OFFICER. The Senator from Indiana has 1 minute remaining.

Mr. LUGAR. Mr. President, we have no other speakers on our side. I yield back that time.

Mr. DORGAN. Mr. President, whatever amendment the Senator from Indiana was opposing, I would like to oppose it as well. The fact is I would not support an amendment that goes back to supply control, or the old programs that go back to Government control over planting, et cetera. So whatever amendment that was he was describing, sign me up, I am against that as well. But, that is not the amendment at the desk.

My amendment cannot, in any way, under any condition, by anybody in this Chamber, be described as an amendment going back to the old supply control days or to requiring planting restrictions. This amendment simply says that we are not going to pay people who do not plant a seed in the ground and do not plant a crop and do not farm. If, in fact, it is not going to happen that people will decide not to plant but accept the payment—if that is the case and it is not going to happen, and the distinguished Senator from Indiana has made that point twice—then there would be no reason not to accept this amendment. But, of course, it is going to happen.

The Senator from Indiana says it is not going to happen, but then adds it may happen because of conservation reasons. Maybe some land would be put into a conservation use. For that we have a conservation program called CRP. Millions of acres are in the CRP.

This bill was not alleged to be a conservation program on the Senate floor. It is a 7-year program of fixed payments to farmers. We are simply saying, ''Let us not include in any 7-year program of fixed payments a provision that farmers should be able to plant nothing and harvest nothing and still get farm program payments.'' That is not moving into the future. That is not part of a new idea. That is not part of new great freedoms. That does not eliminate planting restrictions.

I have great respect for the Senator from Indiana. He is one of the most able people serving in this body. But I hope that he and others will really think through this process. They should ask themselves a question. Do we want—no matter what program passes in the Senate—a program that says to farmers across this land, ''If you choose to decide that you do not want to plant anything, you get a payment. If you want to move away from your small town and live elsewhere, you get a payment. When you put your farm numbers together and you determine you have risk with the marketplace and then you decide you are not going to farm, you are still going to get that payment.'' I think we make a big mistake if we do that. I hope people will think through this amendment and vote for this amendment.

I yield back my time.

I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays are ordered.

Mr. LUGAR. I ask unanimous consent that the DORGAN amendment be temporarily laid aside.

Mr. DORGAN. Has that been cleared on both sides? What is the order with respect to votes?

Mr. LUGAR. I respond that this is being discussed by the leadership. My impression is that there are other significant amendments, the Senator's amendment being one of these. Others are to be offered. The leadership is attempting to determine whether they should be voted upon at the end of the trail today, moving into final passage, or whether there will be a burst of rollcall votes at some point after we gauge how many amendments are still there.

Mr. DORGAN. Reserving the right to object, it is my understanding that after the first group of votes, we were going to then entertain whatever amendments were offered and have votes sequentially. I know that the minority leader intends to offer a rather comprehensive substitute, and we certainly would want to have a vote on that by itself following debate. I wondered whether the minority leader has been consulted on the unanimous-consent request.

Mr. LUGAR. He has been consulted by the majority leader. My understanding is that they are trying to discuss a way of handling these votes.

Mr. LEAHY. Mr. President, if I might tell my colleague from North Dakota, we are trying to have the first group of votes—as the Senator from North Dakota may know, we were able to dispose of a number of items when we had so many Senators on the floor, unanimous consent items. I believe the leadership is trying to package some others together. Obviously, any Senator, by objecting to unanimous consent, could have a vote after the debate, which, of course, would protect the distinguished Democratic leader. If I might have the attention of the Senator.

Mr. DORGAN. I withdraw my reservation.

Mr. LEAHY. Obviously, the Democratic leader would be protected on the time for a vote on his amendment. I would ensure that he was protected because, absent unanimous consent, a vote would come when his time was completed. But I think the distinguished leaders on both sides have been trying to work on the schedule, knowing that every Senator is protected at the time of the vote.

The PRESIDING OFFICER. Is there objection to the request to lay the amendment aside?

Without objection, it is so ordered.

Mr. LUGAR. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DASCHLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 3452 TO AMENDMENT NO. 3184

(Purpose: To amend the commodity payment provisions and for other purposes)

Mr. DASCHLE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from South Dakota [Mr. DASCHLE], for himself, Mr. PRYOR, Mr. HARKIN, Mr. BUMPERS, Mr. CONRAD, Mr. DORGAN, Mr. HEFLIN, Mr. EXON, Mr. BREAUX, Mrs. BOXER, and Mr. BAUCUS, proposes an amendment numbered 3452 to amendment No. 3184.

Mr. DASCHLE. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in today's RECORD under ''Amendments Submitted.'')

Mr. DASCHLE. Mr. President, the amendment I offer this afternoon represents what I hope will be a consensus here about farm policy and the direction we take in agriculture for the next 7 years.

We seek many of the same things, Republicans and Democrats.

We want to ensure that we protect rural America to the extent we can.

Democrats believe protecting rural America means ensuring it will provide a safety net for farmers in the difficult times, when prices are low, when crops are poor. We want to provide the maximum degree of flexibility, giving farmers a chance to plant what they want, to recognize the market changes, and to ensure they can respond to those changes as quickly and efficiently and successfully as possible. We want to simplify the complex programs that exist today, making them easier to administer, reducing the administrative intensity and the frustration levels of farmers themselves. Finally, we want to guarantee that farm programs do not end when this legislation expires.

That is the purpose of the amendment I offer this afternoon. I do so with the recognition that we have many very diverse elements within our caucus and within the Senate. In spite of that diversity, we have Senators from the South and the West, the East and the North who have cosponsored this legislation with me this afternoon. I am very disappointed, frankly, that it has come to this, that we have not been able to work, as we have on so many occasions in the past, to come up with farm policy that is much more bipartisan than this has been so far.

Unfortunately, as a result, we do not have a comprehensive bill before us today. We have a very narrow budget bill that fails to address many of the very legitimate concerns of rural America. While the underlying legislation provides for the freedom to farm approach, this amendment will address what we view to be many of the shortcomings, many of those areas that in our view fall short of what we need to do to address in a comprehensive way farm legislation for the next 7 years.

The amendment does a number of things, Mr. President, that I believe are supported by a vast majority of our caucus and hopefully by a majority of the Senate. We provide, as I said, the maximum degree of flexibility. The whole farm base is provided with restrictions only on fruits, vegetables and potatoes.

There is no acreage reduction whatsoever.

We retain permanent law, reinstating the Agricultural Act of 1949 at the expiration of the so-called freedom to farm act.

We establish permanent law for rice at the 1995 levels.

We set out a 3-year farm program instead of a 7-year program, only because we really do not know what the circumstances are going to be in 3 years. We do not know what the market conditions are going to be. We do not know how far short this legislation will fall in a whole range of areas. Rather than simply commit to 7 years and hope for the best, this legislation says we should take a hard look at where we are in 3 years, make whatever adaptations we have to make, and make sure we have covered all of our bases so we are not left high and dry in 3 years without the protection that permanent law provides.

We remove the caps on loan rates contained in the freedom to farm act. We remove the Findley and stocks-to-use triggers, and set loan rates for wheat, feedgrains, oilseeds and rice at 90 percent of the Olympic average. We limit county adjustments to 3 percent.

There is an advance deficiency payment with no repayment necessary. That advance payment is 20 cents per bushel for corn, 43 cents for wheat, 4.9 cents per pound for cotton and 1.54 per hundredweight for rice.

The remaining payment is tied to production and market conditions, the market conditions dictating the degree to which we have an additional payment. This is not a locked-in, 100 percent guarantee to those who own land, whether they farm or not. This is not one of those commitments to corporate agriculture that, indeed, they are entitled to under freedom to farm without any requirement that they farm at all, which is obviously the subject of the Dorgan amendment.

We restore the farmer-owned reserve.

We restore the Emergency Livestock Feed Program.

We eliminate the Commodity Credit Corporation interest rate increase as Senator HARKIN attempted to do.

We eliminate the prohibition of Commodity Credit Corporation funds.

We reduce the EQIP herd size eligibility to EPA point source numbers.

We allow enrollment in the Water Conservation Program and create a Farmland Protection Act to protect against urban sprawl.

We create a conservation escrow account.

We include a sense of the Senate provision on methyl bromide, encouraging Federal coordination on this issue, something we have to do ultimately in California if we are going to deal with this issue effectively.

We reauthorize the Integrated Farm Management Program.

We provide tenant protection regarding the freedom-to-farm contracts.

We provide assistance to protect the Everglades.

Mr. President, in essence, this amendment is a comprehensive farm bill. This is what we should have done. This is legislation addressing virtually every concern that farmers and others throughout the country have raised—many of which go unaddressed in the so-called freedom-to-farm act.

I have a large number of people who have asked to be heard on the bill and, to protect our time, I will reserve the balance of our time, yielding first 3 minutes to the Senator from North Dakota.

Mr. DORGAN. Mr. President, a few months ago a number of us went to the White House to meet with President Clinton. Senator DASCHLE was among them. We brought some farmers from North Dakota and South Dakota to talk to the President about the farm program and what they were experiencing day-to-day on their farms.

One of them from North Dakota was Deb Lundgren. She and her husband and her children operate a family farm near Kulm, ND. They are third generation farmers, trying to run their family farm.

When I called Deb and asked her to come to Washington for a meeting with the President she said, ''It is really a coincidence you called. Yesterday morning,'' she said, ''my husband and I were having kind of a tearful conversation over the breakfast table about whether we would be able to continue farming next year.''

She came to the White House and told a compelling story to the President about the struggle that it takes to operate a family farm with uncertain prices, uncertainty about whether you get a crop. They had a wet year last year and did not have much of a crop. Prices are up, but it does not mean much if you didn't raise a crop.

At the conclusion of the meeting, the President said to Deb, ''You hang in there. We will try to fight for a farm program that really works for family farmers.''

That is the only reason I care about this. If this farm program is not about trying to help preserve a network of family farms in this country, in my judgment we do not need a farm program and we do not need a USDA. Go back to the Abe Lincoln days, when he started the USDA with nine employees.

If we are not going to save family farms, if we are not going to give families a chance to farm in this country's future, we do not need any of this. If we need this, and I think we do, it is to try to help families make a living out on the farm with uncertain prices and uncertainty about whether you can even get a crop.

What Senator DASCHLE had offered is a good compromise. Many of us have worked on it for some long time. It is not the freedom-to-farm act. It does not provide payments for people who do not plant. It is sensitive to the market. It says when prices collapse, and they will, there will be a safety net there and we will respond to the issues of the market. We are not going to yank the safety net out from under family-sized farms. It says there is a need for permanent farm law.

Farm commodity prices go up and they go down. When they go down, the big agrifactories can survive because they have the financial capability of surviving. It is the mom and pop out there trying to run a family farm that can fail.

Some people say that does not matter very much. I suppose to some it does not. The only reason we ought to fight for a farm program on the floor of this Senate is to save farm families like Deb Lundgren and her husband and so many others, who are out there every single day trying to make a living. We can do it if we do it the right way.

This alternative is the right alternative. It provides complete planting

flexibility. It provides up-front payments to help recapitalize family farms. It does all of the right things and is immensely better in terms of farm policy than the freedom-to-farm bill.

I am pleased to support this, and I hope my colleagues will. I hope we can adopt this substitute.

I yield the floor.

Mr. DASCHLE. Mr. President, I yield 3 minutes to the distinguished Senator from Montana.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, very generally, the amendment offered by the Senator from South Dakota is an amendment to improve upon the bill before us. Improvement is necessary in order to provide some kind of certainty so farmers know in the future—when prices are not as high as they are now—that there is some stability, some certainty. Improvement is necessary so farmers can continue to farm, continue to pay the bills and make payments on the equipment and fertilizer. In short, so they can stay in business.

We know that today prices of wheat are higher than they have been in many years. It is the same for most other commodities. So this amendment offered by the Senator from South Dakota accomplishes several objectives, all of which I strongly support. One of them, the main one, the main philosophy and rationale, is more stability, particularly in those years—we know it is going to come—when prices are going to be low.

One provision which is also important is improving the marketing loan mechanism, to increase the loan rate from 85 percent of the 5-year average to a level of 90 percent. That is very important, particularly in years of low prices.

The amendment also eliminates the mechanisms by which the Secretary can reduce the loan rate. The so-called Findley amendment and the stocks-to-use adjustment are both eliminated. The amendment also removes the arbitrary caps on loan rates which are contained in the bill. These caps serve to render loan rates lower at those times when the loans are most useful to producers—times when prices are low.

Again, with this amendment there is a little bit more stability, a little more certainty at those times when we know prices are going to fall. That is one of the main reasons I support this pending amendment.

Another is to change the crop insurance. Back in 1994, the crop insurance reform package imposed requirements that producers purchase catastrophic crop insurance coverage in order to participate in the farm program. Basically I think it had some benefits, though I would have preferred to fix certain problems. But the pending bill totally eliminates that requirement. What is the effect? The effect of eliminating mandatory coverage. And that basically seals the fate of the Federal Crop Insurance Program because we will have fewer farmers participating. For the crop insurance program to work, more farmers have to participate. That is basically the theory of insurance. The more everybody is involved, the more insurance works. The provisions in this bill are going to end that linkage between insurance purchase and farm program participation.

I expect that fewer producers are going to participate in the crop insurance program. That means the crop insurance program will be at greater risk. It should be modified, but it should not be eliminated.

Mr. President, I strongly urge Senators to think down the road a little bit. Think of the years when prices are going to be lower. Let us improve this bill by taking care of those situations when prices will be lower and we will have a little more stability and a little more certainty.

Mr. President, I thank our Democratic leader for so aggressively and effectively working to help improve this bill.

The PRESIDING OFFICER. The Democratic leader.

Mr. DASCHLE. I thank the distinguished Senator from Montana for his eloquence and the tremendous effort he has demonstrated in putting this comprehensive package together. His effort and his leadership are deeply appreciated.

Mr. President, I yield 3 minutes to the distinguished Senator from Arkansas.

The PRESIDING OFFICER. I remind the Democratic leader he has 1 minute 50 seconds remaining.

Mr. DASCHLE. I will use my leader time as I may require. From that time I will yield 3 minutes to the distinguished Senator from Arkansas.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. PRYOR. Mr. President, as a Member of the U.S. Senate, it is so remarkably easy from time to time to do something. This is one of those times. This is a time when it is going to be very easy to say to farmers across our country that you do not have to plant to have a check. You are going to get a check in advance. You can go on vacation, you can get your check from the taxpayers. This is one of those times when I think we are about to make the terrible mistake, a terrible compass error, trying to do something that is easy when actually we should be doing something that is responsible.

Many of the farm organizations have come out now in support of the concept of the freedom-to-farm movement. The freedom-to-farm legislation has received the support, in the last several days and hours, of many of the groups that have opposed it. But, Mr. President, that does not mean this is a piece of legislation without flaw. It is seriously flawed. It was a seriously flawed piece of legislation when it was introduced. It is seriously flawed today as we go to a vote with a very short time to debate it.

I applaud the Democratic leader for offering us an opportunity, offering us a chance to save ourselves from making an enormous mistake that could affect agriculture and affect our country for generations to come.

This is a measure offered by the distinguished Democratic leader and others of his colleagues who say that we want to keep a basic safety net. We want to keep flexibility, but we do not want to decouple those payments from production. We need to couple those payments with production. We need to say to the farm sector in our country: Let us slow this down just a moment. We know there is no farm program. But is it better to have a bad farm program than no farm program at all for the moment?

I think the Daschle alternative—very respectfully, I think his alternative gives us that opportunity and that chance to speak to the future of American agriculture. One, it does not tie us for 7 years. It only obligates us and this Congress and the American farmer for a period of 3 years. In that 3-year period, hopefully we will have sorted out where we are and we will have the opportunity to revisit this issue.

The Senator from South Dakota has offered us a very good, constructive option. I hope we will heed his wisdom.

The PRESIDING OFFICER. Who yields time?

Mr. LUGAR. Mr. President, I yield myself as much time as I may require.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. LUGAR. Mr. President, the amendment by the distinguished Democratic leader is a comprehensive plan. Earlier in our debate, in fact yesterday, as we talked about agriculture, the distinguished majority leader, Senator DOLE, offered, at least as one way of trying to resolve our agricultural legislation this year, the thought that as Republicans we would offer our plan. It is called freedom to farm. It is the plan I laid down and has been amended. We have been debating it throughout the day.

The majority leader challenged Democrats to offer a plan, and the Democratic leader has done so. It is a very different plan, and Members will need to make choices as we finally come to votes on that plan. Let me just say Members ought to understand that the plan offered by the distinguished Democratic leader has expenses attached to it that are fairly substantial.

The Congressional Budget Office estimates for increased spending on the loan rates amount to $7.6 billion over the life of his bill. That is a very substantial sum. Earlier in the day, I criticized amendments by the distinguished Senator from Iowa because they had expenditure increases of $260 million and $100 million respectively. I commented, and I think most Senators agree, that we are still attempting to work toward a balanced budget in this country. The agriculture legislation is a part of that, and the freedom-to-farm

bill that I am advocating today carefully calibrates those decisions in terms of sacrifice that agriculture must make.

The distinguished Democratic leader's idea is to provide, I gather, higher income through rather startling change in the loan rate picture, and a very expensive one—$7.6 billion more. I think Senators and taxpayers need to understand that is a transfer payment once again to farmers who might qualify for those loans.

Let me just suggest, Mr. President, that as we have heard recitation of stories about farmers struggling—and, indeed, the distinguished Senator from North Dakota mentioned the story of a lady attending a White House conference, as I gather, indicating the struggle that she had—those struggles are well-known, and I have been pointing them out throughout the opportunities I have had today.

The freedom-to-farm act provides stability. It provides, despite criticism of some Senators, a payment each year. That is almost as certain as you can make it, if a contract is signed. It provides freedom to farm, but it also provides certainty of income.

Whatever might be said about current farm law and its extension, it does not provide a very great deal of certainty. I can testify to that from my own experience managing my own farm property from 1956 until the present. I have been involved at the ASCS office throughout that period of time. I am very familiar with the corn program and the wheat program, and I would simply say if I were a thoughtful person relying upon the type of security provided by those programs, I would have great fears all the time.

Obviously, each farmer plants for the market, and does the best that he or she can to maximize income. But let me just say, Mr. President, in the freedom-to-farm act that we have taken seriously the thought that we are in transition in the world. We may have a broad swing, as Senators pointed out, at prices, but those certainly will be mitigated by the certainty of income. It would appear to me that all farmers who are looking for, as has been characterized today, some certainty and some stability would clearly find freedom-to-farm to be a superior alternative on those grounds alone.

Freedom to farm is also superior, as I have pointed out, on the basis of budget, on the basis of taxpayer expense, and transfer payments of other citizens to the farm communities.

Mr. President, freedom to farm also offers more certainty because it is a 7-year program, not a 3-year program as suggested by the distinguished Democratic leader. There is great stability in having a multiyear program. This is why, at least in the last two instances, we have tried for as long as a 5-year period of time, and most farmers have found that to be a very satisfactory idea.

Mr. President, I will not attempt to go through each of the details of the Democratic leader's program. I am hearing it and seeing it on first impression today, as are most Senators, although many elements of the program are familiar from arguments we have had before. For example, earlier in the day the Senate rejected the farmer-owned reserve, as I heard—at least the recitation a short while ago that reappears. Likewise, we rejected the thought that farmers ought to be subsidized with lower CCC interest rates, although, as I recall, I think that reappears in the comprehensive package.

In short, there are reappearances of many elements that have been found very unsatisfactory in terms of farm policy by farmers quite apart from the rest of the general public. Indeed, the Democratic leader's bill is a collection of many programs that have had a high degree of failure and lack of confidence, and even a combination of them and with more money injected will not remedy that situation.

Mr. President, I am hopeful that Senators will affirm the freedom to farm idea and the elements that have been discussed now during this debate, and reject the alternative proposal of the Democratic leader.

There is a choice to be made today. I think the choice is a very clear one. And I am most hope hopeful that Senators will support freedom to farm.

I thank the Chair. I yield the floor.

Mr. DASCHLE. Mr. President, I yield 4 minutes of my leader time to the distinguished Senator from North Dakota.

The PRESIDING OFFICER. The Senator from North Dakota is recognized.

Mr. CONRAD. Mr. President, I thank the leader, and I thank the Chair.

Mr. President, this has been a difficult and contentious debate, one that has gone on now since 1995 to 1996. We stand on a precipice. The question is: What direction will we take? I very much fear that the so-called freedom-to-farm formulation will take literally hundreds of thousands of farmers right over the cliff. I believe that to be the case because this is a radical change in farm policy. It says we are going to make fixed and declining payments to farmers over a 7-year period and no one knows what comes next.

Mr. President, it does not provide the kind of price support in a low-price year that is critically important to preventing the loss of literally tens of thousands of family farmers. That is right at the heart of this question and this debate. Do we say to farmers, We make a payment to you even when prices are good, but there is no price protection when prices fall through the floor, no additional price protection? Mr. President, I think that is a profound mistake.

I think we have an opportunity to take the best of the various proposals that are on the table and to have a plan that provides some fixed payments up front to help farmers with cash flow, to especially help them with the repayment of advanced deficiency payments from last year, but to also put into law another form of payment that takes note of reduction in prices and reduction in yield. That is what the alternative does that is before us.

Mr. President, for decades we have sought to protect farmers, to buffer farmers from dramatic swings in commodity prices. Under the Republican plan, the farmers are left swinging. Farmers will no longer be protected in low price years. The safety net on which farmers have relied will be torn. I do not think that is good policy. I do not think it makes sense. I believe it will generate opposition to any future farm programs.

Mr. President, our plan offers a combination of the guaranteed payment up front and price protection and protection against yields that are reduced as a result of natural disaster. Our plan is a compromise. Our plan is a compromise which I think many on both sides of the aisle could accept. It also is something that I think can stand the test of time.

One of the great problems we have here is passing policies that can be sustained. The pure freedom-to-farm policy is not one, in my judgment, that will stand the test of time.

According to North Dakota State University, net farm income in North Dakota under the pure freedom-to-farm will drop 50 percent from the year 1995 to 2001.

The PRESIDING OFFICER. The Senator's 4 minutes have expired.

Mr. CONRAD. Mr. President, I ask for 1 additional minute.

Mr. DASCHLE. Mr. President, I yield 30 seconds of additional time to the Senator from North Dakota.

Mr. CONRAD. Mr. President, I will just conclude with an example. I have looked at a typical North Dakota farm with about 1,000 acres of wheat under normal production swings in the Congressional Budget Office's expected price projections for 1996 to 2002. This typical farm will receive 43 percent less under freedom-to-farm than under our plan; $22,000 under the Family Farm Protection Act, and $15,000 under freedom to farm.

Our plan stands behind the farmers and beside the farmers. Their plan steps aside.

I thank the Chair. I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. DASCHLE. Mr. President, let me thank the distinguished chairman for his kindness. He has agreed to allow us the use of 2 of his minutes. As I understand it, I have 4 minutes of leader time remaining.

The PRESIDING OFFICER. The Senator has 3 minutes and 10 seconds remaining.

Mr. DASCHLE. I ask unanimous consent that the Senator from Arkansas have 3 minutes and the Senator from Nebraska have 3 minutes to complete our side of the debate.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BUMPERS addressed the Chair.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. BUMPERS. Mr. President, the reason I strongly favor this substitute is because it salvages rice markets. Under the freedom-to-farm bill, payments start out big, peak in the third year, and they go down after that. Right now, cotton, wheat, and corn, three of the big program crops in this country, are all bringing more than the target price, which means under existing law those programs would not cost us anything if those prices hold up through the rest of the year.

That is not true of rice. And I am not optimistic that rice will achieve anything like, say, $9.50 to $10 a hundredweight any time in the foreseeable future. And so what is going to happen under the freedom-to-farm act? Rice farmers are going to be producing rice for about $3 a bushel, if current prices stay up, $3.50, and they cannot do it. They cannot stay in business. So everybody is being lured with this siren song about how much money we are going to pay you on the front end, and then it is over.

Now, the Democratic alternative program at least is a 3-year program, provides for a 40-percent advance, and will at least give rice farmers a chance to produce and stay in business. Under the freedom-to-farm bill, they will stay in business the first 3 or 4 years—unless public clamour forces the entire program to a quick termination, but after that they are going to start dropping like flies.

I am not absolutely rhapsodic about this substitute. I do not have any delusions about it passing. But I wanted to vote for something so they can put on my epitaph that I was violently opposed to the freedom-to-farm bill because I think it is one of the worst disasters this country is going to face.

We did not put in place the existing law just on a whim. We did it because we thought it was a good balance between the taxpayers and the farmers. It is a good balance, and it is working. It is working extremely well. You could not pick a worse time to do away with today's program. On the other hand, if you wanted to do away with farm programs, with today's high prices for most commodities, a time when farmers know that they don't need immediate assistance from Federal farm programs, you couldn't find a better time or a darker night in which to do it. This substitute retains the requirements of actually farming in order to participate in farm programs. This may seem like a trivial requirement, but it does not exist at all in the freedom-to-farm bill. This substitute continues to provide a true safety net for farmers during periods of market collapse. This substitute will protect farmers when they need it and it does not offer them a golden parachute to the tropics.

Farming is hard work, and this substitute works with farmers. Anyone who looks closely at our proposal will learn it has some good features. And most importantly, it is infinitely better than what we have before us in the form of freedom to farm.

I thank the Democratic leader for yielding to me.

I yield the floor.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska is recognized for 3 minutes.

Mr. EXON. Mr. President, I rise in strong support of the Democratic alternative introduced by the Democratic leader.

The farm bill situation has become so convoluted it is difficult to know where to begin. We face an unprecedented situation. Not since the 1950's has the Congress failed to enact a farm bill in a timely fashion. This predicament is a poor reflection on the 104th Congress.

Is it any wonder that this year's farm bill debate has sunk so low? Not at all. The bill before us, the so-called freedom-to-farm bill, was never considered by the Senate Agriculture Committee. In the House of Representatives, Republican leadership bypassed the Agriculture Committee altogether after it failed there. Through a bit of parliamentary magic, the measure was routed through the House Rules Committee and then ramrodded into the budget bill with little opportunity for debate or amendment.

Throughout history, farm programs have had two essential purposes: to smooth out devastating price fluctuations, and to provide a reasonable safety net for family farmers. These are still worthy goals and should be the subject of debate.

Unfortunately, the freedom-to-farm bill on both counts fails and essentially turns farm programs into welfare programs. It destroys the essential and the traditional connection between the market price and farm payments.

In short, freedom-to-farm promises fixed transition payments, based on historic production levels which decline over time. These payments will be made regardless of market prices, as the Senator from Arkansas has just indicated. In other words, they are entirely divorced. That approach is not market oriented. It is market ignorant.

Some have been led to believe this might be a fair tradeoff; money up front in return for total elimination of farm programs as originally drafted. Now, in a clever but meaningless gesture, in my view, it has been agreed to delete the elimination of the 1949 act. That sounds great, but does anyone believe we would ever agree to $700 wheat and $500 corn?

The National Center for Agricultural Law Research and Information has studied the fine print of the freedom to farm act and concludes that the payments ''* * * are not guaranteed for the life of the Freedom to Farm legislation.'' Other legal experts agree. Simply put, this so-called 7-year contract would be just as vulnerable as any other Federal program.

Where would that leave farmers? They will get the short end of the stick. Future budget negotiators will be hard pressed to defend excessive freedom-to-farm transition payments when dramatic cuts are being made elsewhere.

What we need is a farm bill that provides greater flexibility, one that preserves a basic safety net, one that protects family farmers, and one that taxpayers can support.

I strongly urge acceptance of the alternative offered by the Senator from South Dakota.

I yield the floor.

The PRESIDING OFFICER (Mr. FAIRCLOTH). The Chair recognizes the Senator from Indiana.

Mr. LUGAR. I thank the Chair.

How much time remains on our side?

The PRESIDING OFFICER. The Senator has 7 minutes and 20 seconds.

Mr. LUGAR. Mr. President, I see no other speakers on our side. Therefore, I will summarize the case for freedom to farm which, as a matter of fact, is going to mean much greater flexibility and freedom to farmers and provide really the greatest degree of safety over a 7-year period of time.

Senators on the other side of the aisle supporting the distinguished Democratic leader's bill have talked about certainty and stability, about the fact that farmers could go out of business in large numbers in the rice business or in other commodities that have been mentioned. There always is that danger, and this is one reason why the legislation has occurred.

I simply say, Mr. President, if the desire is for security, freedom to farm is by far the preferable option simply because it does have a certain payment for 7 years. The Democratic leader's program is based upon current farm policy and lasts for 3 years, and, as I have pointed out, from my own experience even if there is a loan rate there or even if there are target prices and deficiency payments that come when market prices are lower, these are uncertain in volume. They are no more likely to provide stability or certainty that a farmer will stay in business.

Mr. President, we are on the threshold, in my judgment, of an unprecedented period in American farm history dictated largely by our success in export markets. In this particular year, the Chinese turn of events, that is, their move to import as opposed to export, has turned around prices, as Senators have pointed out on both sides of the aisle, remarkably high prices for wheat and corn and soybeans. Other factors have led to very high prices for cotton during this market year.

Senators have pointed out, given the fact that market prices are well above the target prices, there is a case to be made that there is no Government payment at all under those circumstances. This leads to some question as to where the 40-percent payment would come from, for example, in a year such as this.

Would USDA ignore all the market signals, ignore the facts, even if we were looking toward the year we are about to plant, in which a farmer could sell a contract, a futures contract for corn at least 25 cents above the target price? You can do that now. Where is the advance deficiency payment in that situation? Any honest observer of the scene would say there is no deficiency payment. It is 40 percent of zero. Where the new stability and certainty comes for farmers from that calculation, I fail to see.

We are so mired in our thoughts about the past that we are unable to take a look at what is presently ahead of us. In fact, the crop year we have just had, the one we are about to have, and about to have after that—to stretch my argument a little farther—you can take a look at the futures market and sell your crop for the year after this one and still get a certain price above the target price for corn.

It has been some time since that was possible. But those are the realities now. Where is the advance deficiency payment in years 1 or 2, if you take an honest look really at markets at this point?

What we are saying, those of us advocating this legislation today, freedom to farm, is that obviously what goes up can come down. In the 3d, 4th, 5th, 6th, 7th year there might be great uncertainty. And if there is, there is a certain payment, and you still keep your eyes on the market. That is the best course for agricultural producers, those commodities that there is demand for, and to decouple this from the necessity to plant a certain thing to produce a history or to produce a payment.

So, Mr. President, I oppose the distinguished Democratic leader's idea. He has risen to the challenge of offering an alternative, but it is not a superior one. The freedom-to-farm bill we have before us, in my judgment, is our best bet. I hope it will have a standing success in final passage and, meanwhile, that we defeat the Daschle amendment.

Mr. President, I see no further debaters on our side. Therefore, I yield back all time on our side on this amendment.

I ask unanimous consent, in the presence of the distinguished Democratic leader, that the amendment be temporarily laid aside, as we have pending negotiations on when votes will come.

Mr. DASCHLE addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Democratic leader.

Mr. DASCHLE. Mr. President, I just say that if we are going to complete our work by 4:45, we will have to begin voting, by my calculation, at 3:35. So if there are additional amendments to be offered, we have less than a half-hour to do so.

The PRESIDING OFFICER. Is there objection to the request?

Without objection, it is so ordered.

Mr. LUGAR. Mr. President, I second the advice of the distinguished Democratic leader and hope that those who still have something to say will come promptly. I will try to expedite the process.

AMENDMENT NO. 3453 TO AMENDMENT NO. 3184

(Purpose: Require the Department of Agriculture to allow private sector to develop farm management plans)

Mr. LUGAR. Mr. President, I send an amendment to the desk on behalf of Senator KEMPTHORNE and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The bill clerk read as follows:

The Senator from Indiana [Mr. LUGAR], for Mr. KEMPTHORNE, proposes an amendment numbered 3453 to amendment No. 3184.

Mr. LUGAR. I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At page 3–25 after line 8 and before line 9 insert the following paragraph so that beginning at line 9 the bill reads:

''(8) Notwithstanding any provision of law, the Secretary shall ensure that the process of writing, developing, and assisting in the implementation of plans required in the programs established under this title be open to individuals in agribusiness including but not limited to agricultural producers, representatives from agricultural cooperatives, agricultural input retail dealers, and certified crop advisers. This process shall be included in but not limited to programs and plans established under this title and any other Department program using incentive, technical assistance, cost-share or pilot project programs that require plans.''

Mr. KEMPTHORNE. Mr. President, I would like to comment on my amendment to the bill now before us. S. 1541 proposes significant change to our national farm policy, with the goal of bringing our Nation's farmers into a healthy market environment. This amendment will facilitate that transition.

Farmers in my State and across the country participate in numerous conservation efforts. These include federally directed programs including conservation compliance requirements of farm program, and voluntary programs like the Conservation Reserve Program and the Wetlands Reserve Program.

The success of these programs is due in large part to a strong relationship with the private sector and agribusiness farm management planners and advisors. These advisors are members of the community, they live and work on a day to day basis with farmers. These advisors are qualified with the latest agronomic, conservation technological and farm planning techniques.

Mr. President, it would be a shame if we did not ensure that farmers could tap into this resource as they strive to develop the best conservation plan possible for their farmland. This amendment ensures that farmers have the not only the freedom to farm, but to farm wisely by allowing them the broadest possible source of technical information and support.

This is particularly important because this bill proposing expanding the criteria for conservation plans from soil erosion control to include such goals as wildlife management and water quality control.

The idea behind the amendment is to cement the private-public partnership which already exists. We cannot kid ourselves—Federal resources to provide technical assistance to farmers are going to continue to be limited. This amendment would assure that farmers have a strong local resource to supplement the efforts of the Extension Service and the Natural Resources Conservation Service.

Mr. LUGAR. Mr. President, the amendment I offer on behalf of the distinguished Senator from Idaho would ensure that farmers have not only the freedom to farm, but the freedom to farm wisely. The amendment makes sure that farmers can go to the sources they need, including agribusiness experts, to develop management plans for their farms to meet Federal conservation requirements.

My understanding is that this amendment has been agreed to on both sides.

Mr. LEAHY. We have no objection, Mr. President.

The PRESIDING OFFICER. If there is no further debate, the question is on agreeing to the amendment of the Senator from Idaho.

The amendment (No. 3453) was agreed to.

Mr. LUGAR. I move to reconsider the vote.

Mr. LEAHY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LUGAR. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. WELLSTONE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WELLSTONE. Mr. President, just for a few moments while we are waiting, I thought I might think out loud with a few reflections about this farm bill.

I said to my colleague from Vermont and my colleague from Indiana, they have been very cooperative. With the managers' amendment, there will be technical corrections to reflect a decision we made earlier this morning that I am very pleased about as a Senator from Minnesota, as a Senator from the Upper Midwest. That is to say we will not have a Northeast dairy compact. I will not go over that debate, but I was very pleased with the vote this morning.

It is with some concern that I speak about the direction we are going because, Mr. President, I think what we are going to see with this freedom-to-farm

approach is a kind of combination of carrot and stick. The carrot will be that farmers will get higher support payments that go with good price that farmers are getting right now. I am pleased to see that good price.

But the question becomes in the medium run, in the long run, what happens when farmers no longer get that good price, whether it be because of the weather, whether it be because of a flood, or whether it be because of the position that farmers are in all too often, not so much as pricemakers but pricetakers.

My concern about the stick is that I think where this takes us eventually is that farmers are going to find themselves on their own when it comes to dealing with Cargill, or on their own when it comes to dealing with the Chicago Board of Trade. Quite frankly, I wish we had Adam Smith's invisible hand. I wish we had real free enterprise in agriculture, but I see an industry where, I think, the conglomerates have muscled their way to the dinner table with tremendous concentration of power.

So I worry about the cap on the loan rate and farmers not having a strong bargaining position as they look to an oligopolistic and, for that matter, monopolistic market.

So I am proud of the vote this morning, 50 to 46. It was extremely important to my State. I felt like the compact was a poison pill for dairy farmers in Minnesota. We still are going to continue—I have been at it for 5 years—trying to reform this milk marketing order system. As I look at the overall bill, that was a victory for dairy farmers. I hope we will have a milk marketing order system that will be good for dairy farmers everywhere in the country. I have to say, I think this bill we are about to vote on is, as I said, a great carrot in the short run, good prices and contract payments, but in the long run, I think what it says to farmers is you are on your own with Cargill, with the Board of Trade. I do not think the farmers in Minnesota or across the country will fare well with that approach.

With that, Mr. President, I yield the floor.

Mr. LUGAR addressed the Chair.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. LUGAR. I am advised the distinguished Senator from Utah has an amendment. I hope he will offer it presently. We are coming down close to the time that the distinguished leader mentioned we will commence the rollcall votes.

Mr. HATCH addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Utah.

AMENDMENT NO. 3277 TO AMENDMENT NO. 3184

(Purpose: To amend the Food Stamp Act of 1977 to permit participating households to use food stamp benefits to purchase nutritional supplements of vitamins, minerals, or vitamins and minerals)

Mr. HATCH. Mr. President, I call up amendment No. 3277 and ask unanimous consent that Senator HARKIN be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Utah [Mr. HATCH], for himself, Mr. MCCONNELL, and Mr. HARKIN, proposes an amendment numbered 3277 to amendment No. 3184.

Mr. HATCH. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of title IV, insert the following:

SEC. 406. NUTRITIONAL SUPPLEMENTS.

(a) FINDINGS.—Congress finds that—

(1) the dietary patterns of Americans do not result in nutrient intakes that fully meet Recommended Dietary Allowances (RDAs) of vitamins and minerals;

(2) children in low-income families and the elderly often fail to achieve adequate nutrient intakes from diet alone;

(3) pregnant women have particularly high nutrient needs, which they often fail to meet through dietary means alone;

(4)(A) many scientific studies have shown that nutritional supplements that contain folic acid (a B vitamin) can prevent as many as 60 to 80 percent of neural tube birth defects;

(B) the Public Health Service, in September 1992, recommended that all women of childbearing age in the United States who are capable of becoming pregnant should consume 0.4 mg of folic acid per day for the purpose of reducing their risk of having a pregnancy affected with spina bifida or other neural tube birth defects; and

(C) the Food and Drug Administration has also approved a health claim for folic acid to reduce the risk of neural tube birth defects;

(5) infants who fail to receive adequate intakes of iron may be somewhat impaired in their mental and behavioral development; and

(6) a massive volume of credible scientific evidence strongly suggests that increasing intake of specific nutrients over an extended period of time may be helpful in protecting against diseases or conditions such as osteoporosis, cataracts, cancer, and heart disease.

(b) AMENDMENT OF THE FOOD STAMP ACT OF 1977.—Section 3(g)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2012(g)(1)) is amended by striking ''or food product'' and inserting '', food product, or nutritional supplement of a vitamin, mineral, or a vitamin and a mineral''.

Mr. HATCH. Mr. President, this is the text of a bill, S. 1133, authored by Senators MCCONNELL, HARKIN, and myself. Senators MCCONNELL and HARKIN are chair and ranking member of the Nutrition Subcommittee, and we consider this a very important amendment.

This is a small amendment, but makes a good deal of sense. It allows food stamps to be used to purchase vitamins and minerals, a practice which I believe is permissible under current law, but which is not allowed due to Agriculture Department policy, a ridiculous policy, I might add. It is time to change it.

There is ample evidence to show the nutritional benefits of vitamins and minerals. This incontrovertible fact was recognized not once, but twice, by the U.S. Senate in 1993 when it passed the Dietary Supplement Health and Education Act, Public Law 103–417.

I need not remind my colleagues that the dietary supplement bill passed without a single dissenting vote in either body, abundant proof, I believe, as to the safety and public health benefits of both vitamins and minerals.

For any of my colleagues who remain unconvinced, I direct their attention to Senate Report 103–410 which provides numerous references to scientific studies supporting the nutritional benefits of dietary supplements.

In fact, studies have shown that more than 100 million Americans regularly use vitamins and minerals to ensure that their basic nutritional requirements are met, to support their health during periods of special risk, and to help protect against chronic disease.

Let me point out that there is an ample body of evidence to show that many Americans simply do not have healthy diets, and this is true for children as well as for men and women.

For example, in one Government study of the eating habits of more than 21,000 people, not a single person got the full recommended daily allowance of 10 key vitamins and minerals—and that was just one study.

Many other studies have shown that the poor and elderly in our country are especially likely to have low nutrient intakes, often with significant health consequences. For example, a 1992 study by a world-renowned authority on immune function reported that giving a modest multivitamin with minerals to a group of men and women over the age of 65 for a period of 1 year cut the number of sick days in this group to half compared to a similar unsupplemented group.

Perhaps the best example is folic acid, which the Food and Drug Administration steadfastly resisted revealing to America's women as a significant protector against birth defects.

So while we all recognize it would be desirable for Americans to eat healthy foods and maintain an adequate diet, that simply is not happening.

The purpose of the Food Stamp Program, and let me quote from the Department's own regulation, is to ''promote the general welfare and to safeguard the health and well-being of the Nation's population by raising the levels of nutrition among low-income households.''

I think that just about makes my case. Vitamins and minerals do just that; they raise levels of nutrition.

Vitamins and minerals can prevent half of all neural tube defects in America.

They can protect against heart disease and stroke.

They can improve appetite growth in poor children.

They can protect against some cancers.

They can build bone mass in children.

They can improve mental development in infants.

Those are very compelling reasons why the other Senators and I think this is a good amendment.

Frankly, I do not know why anyone would have an objection to this amendment.

Indeed, I do not know why the Agriculture Department has chosen to exclude vitamins and minerals from food stamp coverage.

As I read the applicable regulations, they only state that eligible foods are ''any food or food product intended for human consumption except alcoholic beverages, tobacco, and hot foods and hot food products prepared for immediate consumption.''

That would certainly seem to include vitamins and minerals which are by Federal law considered to be foods. The law to which I refer is the Dietary Supplement Health and Education Act of 1994, a bill which passed this body twice with literally no objection at all.

I understand that it is the Food and Nutrition Service Handbook 318 which prohibits food stamp purchases of vitamins and minerals under the theory that they are deficiency correctors or therapeutic agents. That definition flies in the face of the Food, Drug and Cosmetic Act, which, as modified by the Dietary Supplement Health and Education Act of 1994 confirms that dietary supplements are—by law—foods. I think many of my colleagues would be astounded to learn that under the Agriculture Department's interpretation, a food stamp recipient can buy sunflower seeds or wheat germ, but not vitamin C or calcium tablets.

So we are forced to come to the floor today and correct this agency misinterpretation.

To me, the reasons for our amendment are obvious. We want to help improve nutrition, and vitamins and minerals can do just that.

As one expert pointed out during House hearings on this issue, food stamp recipients have free choice of virtually every food sold in the supermarket—except vitamins and minerals. Let us think about the wisdom in that policy.

To be fair, some expressed concerns about the wisdom of adopting this change in the law, but I believe there are compelling counter arguments which this body should consider.

For example, I recognize that Ms. Yvette Jackson, Deputy Administrator of the Food Stamp Program, has testified against the House version of this amendment.

Frankly, I am disappointed with the administration's testimony and dismayed with its rationale. In the House testimony, Ms. Jackson was quoted as saying: ''It is unclear what effect a policy permitting the use of food stamp benefits to purchase vitamin and mineral supplements would have on the ability of recipients to purchase a varied and nutritious diet.''

I do not see what could be more clear than the fact that dietary supplements can improve the health of the American people.

When we passed the Dietary Supplement Health and Education Act last year, and it passed the Senate twice by unanimous consent, it is no secret that the administration, in general, and the Food and Drug Administration, in particular, resisted our efforts.

To me, the USDA testimony is but further evidence that this administration cannot, or will not, accept the fact that dietary supplements can benefit the American people.

As I mentioned, this was made abundantly clear with the Food and Drug Administration's foot-dragging on approving a health claim for folic acid. Even after the Centers for Disease Control and Prevention made a formal recommendation, endorsed by the Public Health Service, the FDA held back. It has been estimated by public health experts that 50 percent of neural tube defect cases could be eliminated by consuming 0.4 milligrams per day of folic acid a day. I fail to see how a food stamp policy that allows women to purchase folic acid in pill form can do anything but to further the public health. We are talking about healthy babies. That's what this amendment does.

Another argument that the administration and other critics of the policy make is that—and I quote from the administration's own testimony—''Adding more stores and more products would certainly make our efforts to fight fraud and abuse more difficult.''

First off, I do not see how the argument about adding more products passes the laugh test when you consider that each year literally thousands of food products and food producers enter the marketplace, and virtually all of these products are food stamp eligible, no questions asked.

I also don't see how opening up the Food Stamp Program to new outlets, presumably health food stores, not already selling some conventional products would appreciably increase the incidence of fraud or abuse. Query how many retail outlets that sell vitamins and minerals don't also already sell food stamp-eligible products?

It seems to me that many grocery store, pharmacy, and health food store already sell food stamp-eligible products. Even if some new retail outlets come on line with this change, I think that is a good thing.

I challenge anyone in this body to present any factual information that supports the proposition that a modest expansion of new stores would necessarily lead to more fraud and abuse.

I certainly never have seen this type of argument used to curtail new vendors from becoming eligible to participate in a Federal entitlement program.

Let us be honest about it. If one extended this argument to its logical conclusion, we should cut back the 216,000 stores that utilize food stamps.

And while we are at it, we should cut back the number of doctors and hospitals that provide Medicare and Medicaid services. How many of us would support that approach? That is how ridiculous this is.

Let me spend a few moments to review what I hope is a now-undisputed fact that dietary supplements are beneficial to health.

I mentioned a few of the health benefits of supplements that were on the chart, including protection against heart disease and stroke. This is the number one cause of death in this country.

We also know that supplements can help promote growth in children. According to testimony presented by the Council for Responsible Nutrition, low-income children can particularly benefit from consuming the recommended daily allowances of vitamins and minerals.

As the National Nutritional Foods Association has pointed out, we know that supplements can help protect against cancer, help build bone mass in children and the elderly, and help improve mental developments in infants.

Last year, as my colleagues may recall, when we passed the dietary supplement legislation, our findings included these two statements:

> Congress finds that the importance of nutrition and the benefits of dietary supplements to health promotion and disease prevention have been documented increasingly in scientific studies; there is a link between the ingestion of certain nutrients or dietary supplements and the prevention of chronic diseases such as cancer, heart disease, and osteoporosis.

It seems to me that changing the food stamp laws to encourage low-income people to use these product is good public policy.

As my colleagues can see from my second chart, it has been estimated that in 1994 about $216 billion was spent by Americans on food products in supermarkets.

A little over three quarters of this, 77.7 percent, was spent on so-called core foods; these are foods that, in lay terms, your mother and your health teachers taught you are good to eat.

These core foods include produce, dairy products, meat, poultry, seafood, baby food, juices, nuts, pasta, rice, bread, and other good food.

As the diagram also shows, what some have termed frivolous foods, make up 21.7 percent of food sales in supermarkets. These foods are exactly what you think they are: snack foods that are so good to eat but may not be the most healthy choice. If you think about what you ate during the Super Bowl—chips, cookies, candy, soft drinks, and the like, you know what we mean when we use the term frivolous foods. They have a place in our diets, but so do vitamins and minerals.

About 22 cents out of every $1 goes to these types of products, which amounted to some $47 billion in 1994.

Compare that substantial amount of purchasing power with the less than 1 percent—about $587 million in 1994—that

was estimated to be spent on vitamins in food stores during the same period.

In relative terms, much, much more is spent on what some nutritionists would call junk foods than on vitamins.

The reason I point this out is not to castigate any particular type of food. Rather, since some of my colleagues criticize this amendment because they say it dilutes the spending power of the food stamp, I would like to point out how very, very small spending on vitamins and minerals is compared to all other foods sold in the supermarket setting.

And so I think we must question the public health benefit of continuing a policy that allows for Federal subsidization of frivolous foods but prevents food stamp coverage of valuable dietary supplements? Indeed, I think both should be covered, and that is my point.

Let me drive this home. As my last chart shows, it is OK under current food stamp policy to buy all the soda pop you want—and this may be very refreshing but it probably is not the most healthful product in the world.

At the same time, it is not OK to use food stamps to buy vitamins and minerals that generally are agreed upon by health experts to have unquestioned health benefits for the people who use them.

In other words, a food stamp recipient can use a coupon to purchase a 50-cent can of soda, but not a 2-cent multivitamin. That is the most compelling argument I know against those who feel that this amendment would dilute the purchasing power of the food stamp.

I think our amendment would help recipients to make more wise purchases.

It seems to me that something is wrong with this picture and what is wrong is that vitamins and minerals should be covered by the food stamp program as well as all other foods.

I think it is entirely appropriate, indeed warranted, that any participant in the food stamp program who wants to improve his or her own health be allowed to purchase vitamins and minerals.

Why allow parents on food stamps the opportunity to give their children Cheez Whiz instead of vitamin C? Why not do both?

Why allow pregnant women to buy Fritos but not folic acid, which prevents neural tube defects?

Does this body really stand for the proposition that a Twinkie a day is more nutritious than a multivitamin?

Mr. President, if there is room in the food stamp program for vanilla wafers and Milky Ways, surely, there is room for vitamins and minerals as well.

I hope our colleagues will support this amendment. We think it is a worthwhile amendment. We hope that we can have the support of our friends.

I yield the floor.

Mr. HARKIN. Does the Senator have some time to yield?

Mr. HATCH. I am happy to yield whatever time I can.

Mr. HARKIN. Are we operating on a time limit?

The PRESIDING OFFICER. The Senator has 4½ minutes.

Mr. HARKIN. Will the Senator yield a couple minutes?

Mr. HATCH. Yes.

Mr. LEAHY. How much time is there in opposition?

The PRESIDING OFFICER. Four minutes ten seconds.

Mr. LEAHY. Mr. President, the side in opposition has not spoken a word yet.

The PRESIDING OFFICER. It is 4 minutes for the proponents, 15 minutes for the opponents.

Mr. HARKIN. Mr. President, I am in strong support of the amendment offered by Senator HATCH. It is a commonsense amendment that is based on legislation we introduced last year along with our distinguished chairman of the Nutrition Subcommittee, Senator MCCONNELL.

Today food stamps can be used to buy Twinkies, but not vitamin C. That does not make sense. Poor children and women and elderly often have significant vitamin and mineral deficiencies. For examples, studies have shown that 40 percent of poor children have iron deficiencies and 33 percent have vitamin E deficiencies.

Our amendment is supported by a broad coalition of groups and nutrition experts. For example, it is backed by the Alliance for Aging Research, the Spina Bifida Association of America, the National Osteoporosis Foundation and the National Nutritional Foods Association. It is also supported by nutrition experts and various scientists and heads of departments, including Dr. Paul Lachance, chairman of the Department of Food Science at Rutgers University; Dr. Jeffrey Blumberg of Tufts University; Dr. Charles Butterworth, Director of Human Nutrition at the University of Alabama Birmingham; and Dr. Dennis Heldman, chairman of the Department of Food Science and Human Nutrition at the University of Missouri.

Mr. President, there is absolutely no evidence to suggest that people will forego important food purchases to buy vitamins. In fact, you can buy a month's worth of multivitamins for about the price of one can of soda.

So I do not think we have to worry that somehow food stamp recipients will be wasting money. Quite the contrary, if the amendment goes through—they can buy vitamins and minerals. This simply allows the food stamp recipients the right to improve their intake of key vitamins and minerals.

I make a plea on behalf of pregnant women, especially poor pregnant women who are on food stamps. We know the evidence is clear that many lower income women are more likely to have inadequate intake of key nutrients. Women with incomes 130 percent or less of the poverty level have higher rates of deficiencies in vitamins A, D, C, B–6 and B–12, as well as iron and niacin. They need these nutrients to have a healthy baby. And we know the great benefits of this.

Mr. President, the amendment that I've joined the Senator from Utah, Senator HATCH in offering is a commonsense amendment allowing low-income people greater access to nutritional supplements. It is bottom-line common sense. Why should we not allow them to buy vitamin A or vitamin C, iron and mineral supplements, but allow them to buy Twinkies or Cheese Whiz?.

I say it is time to say to the people on food stamps, they can have access to vitamin and mineral supplements to improve their health.

Mr. LEAHY. Mr. President, there is much in this amendment that sounds appealing until you look at it.

I have to say I strongly, strongly oppose the idea of the amendment. It would be a major, significant change in our food stamp legislation. It would be done without any debate, really—15 minutes on the floor, no hearings, without going through the committee of jurisdiction, without looking at the complexities of it. At a time when 1 out of every 10 Americans are on food stamps, when the budget is being stretched, this makes no sense at all.

In fact, many of the families who are on food stamps today find they run out of food by the end of the month. Adding other things they could purchase is not going to help. In the 1991 publication of the National Academy of Sciences, they said food, rather than vitamin and mineral substances, should serve as the sole source of nutrients to meet the dietary needs. This is not asking food stamp purchasers to go on a yuppie diet fad of the moment that somehow they can just have vitamin pills, whether they work or not—expensive, they should work—whether they work or not and substitute it for food.

We are facing potential food stamp cuts as it is. To cut even more of the amount of money available to food makes very little sense to me. It is a significant change in the food stamp legislation that was carefully put together over the years by people on both sides of the aisle, by the distinguished Republican leader, the senior Senator from Kansas, by the distinguished senior Senator LUGAR, by myself, and others. To willy-nilly change it does not make sense. I would not support it.

I wish that the proponents would withdraw the amendment. If they do not, I will join with others in opposition to it in an effort to defeat the amendment.

Mr. LUGAR. How much time remains on both sides of the amendment?

The PRESIDING OFFICER. There are 12 minutes and 18 seconds; and on the proponents' side, there is no time remaining.

Mr. LUGAR. I take this moment to ask unanimous consent that immediately following debate on the Hatch amendment regarding vitamins, the Senate proceed to a vote on or in relation to the Dorgan amendment No. 3451, to be followed by a vote on or in relation to the Daschle substitute amendment, to be followed by a vote on or in relation to the Hatch amendment.

Further, that Senator LUGAR be recognized to offer a final amendment to include an additional manager's amendment; and following the adoption of that, the Senate proceed to vote on the modified Craig-Leahy substitute, to be immediately followed by a vote on passage, as modified. And further, there be 1 minute of debate equally divided in the usual form between each of the stacked votes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LUGAR. I ask unanimous consent that all votes following the first rollcall vote in this sequence be limited to 10 minutes in length.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LUGAR. I say, with relation to the current amendment, that no one disputes the need for good nutrition, but the amendment obviously opens the door for food stamp recipients to spend scarce food dollars on items other than food. There is no dispute that it is best to get vitamins and minerals from food.

Therefore, I oppose the amendment. I will not speak further.

Mr. DOLE. I hope the Senator from Utah and the Senator from Idaho might let us have hearings on it. It might have a lot of merit. I think rather than press it to a vote and lose, it might be preferable to have a hearing in the Agriculture Committee and the Nutrition Subcommittee. I am happy to be there if that would help.

Mr. HATCH. I wonder if I could ask the two leaders, is it possible to agree to have hearings on this matter?

I cannot see for the life of me why this adds anything to the cost of food stamps. It just says that instead of buying pop, you might buy vitamins and minerals.

Mr. DOLE. It may be a good idea.

Mr. HATCH. If you will hold hearings and if we can make a case that this is beneficial—I have no doubt in my mind we will make that case—if you will hold a hearing on this specific issue on a bill that we will file, and if we make the case you will help us move the bill, I am willing to withdraw the amendment for now. But if not, we should just vote on it.

Mr. LUGAR. I pledge to the distinguished Senator, after consultation with my distinguished colleague——

Mr. HARKIN. If I might have the attention of the distinguished majority leader, I think having hearings would be a good thing to have to look at this proposal. It is something that both Senator HATCH and I—and Senator MCCONNELL has a bill in that we are cosponsoring to do just this.

Hearings are fine. We welcome the hearings. Again, could we have some vehicle on which we might be able to move this at some point later, either for up or down after the hearings? If we could have some type of an agreement to move the bill, the McConnell-Hatch-Harkin bill.

Mr. HATCH. If the leaders will help us move the bill, and the leaders will help call it up, I think we could do it in 10 minutes, because I think we can make more than an adequate case.

It is a smart thing to do for the American people. It is hard to understand how anybody could understand that this is not a good amendment.

We will be happy to do it your way if the leader prefers.

Mr. DOLE. If we make a case, that is fine.

Mr. LEAHY. My understanding is we would have hearings first.

Mr. LUGAR. I have indicated we will have hearings.

Mr. HATCH. In a relatively short period of time.

Mr. LUGAR. As promptly as we can.

Mr. HATCH. Mr. President, on behalf of my cosponsors, we withdraw this amendment and hope it accommodates our colleagues and our leader.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment (No. 3277) is withdrawn.

AMENDMENT NO. 3451

Mr. LUGAR. We now proceed to the vote on 3451, the Dorgan amendment, with 30 seconds on each side.

Mr. DORGAN addressed the Chair.

The PRESIDING OFFICER. The pending question now is the Dorgan amendment No. 3451. Who yields time on the amendment?

Mr. LUGAR. Mr. President, I ask for the defeat of the Dorgan amendment. Clearly, the idea that farmers will not utilize the land to plant and try to obtain income is not a sound one. The attempt of the Dorgan amendment, once again, is to couple together payments with controls. We are opposed to that with freedom to farm.

The PRESIDING OFFICER. The Chair recognizes the Senator from North Dakota.

Mr. DORGAN. Mr. President this is the simplest possible amendment. If you believe payments ought to go to farmers for the purpose of not farming, then you want to defeat this amendment. If you believe this is a farm bill to help farmers who are farming, then you should support it. If you do not want to be making payments to people who simply have some land and a bank account, and do not start a tractor, do not use a combine, and do not plant anything, then you should be for my amendment. This is not about controls or flexibility. It is a question whether you want a farm program that is going to pay farmers for not farming.

I want a farm program that is a good program and that helps farmers who are actually farming the land. If you believe in that, then support this amendment.

I yield the floor.

The PRESIDING OFFICER. All time is expired. The question is on agreeing to the Dorgan amendment.

The yeas and nays have been ordered.

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. LOTT. I announce that the Senator from New Mexico [Mr. DOMENICI], the Senator from Texas [Mr. GRAMM], and the Senator from Oregon [Mr. HATFIELD] are necessarily absent.

Mr. FORD. I announce that the Senator from New Jersey [Mr. BRADLEY] is necessarily absent.

The PRESIDING OFFICER (Mr. THOMPSON). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 48, nays 48, as follows:

[Rollcall Vote No. 17 Leg.]

YEAS—48

Akaka	Feinstein	Levin
Baucus	Ford	Lieberman
Biden	Glenn	Mikulski
Bingaman	Graham	Moseley-Braun
Boxer	Gregg	Moynihan
Breaux	Harkin	Murray
Bryan	Heflin	Nunn
Bumpers	Hollings	Pell
Byrd	Inouye	Pryor
Cohen	Johnston	Reid
Conrad	Kennedy	Robb
Daschle	Kerrey	Rockefeller
Dodd	Kerry	Sarbanes
Dorgan	Kohl	Simon
Exon	Lautenberg	Wellstone
Feingold	Leahy	Wyden

NAYS—48

Abraham	Frist	McConnell
Ashcroft	Gorton	Murkowski
Bennett	Grams	Nickles
Bond	Grassley	Pressler
Brown	Hatch	Roth
Burns	Helms	Santorum
Campbell	Hutchison	Shelby
Chafee	Inhofe	Simpson
Coats	Jeffords	Smith
Cochran	Kassebaum	Snowe
Coverdell	Kempthorne	Specter
Craig	Kyl	Stevens
D'Amato	Lott	Thomas
DeWine	Lugar	Thompson
Dole	Mack	Thurmond
Faircloth	McCain	Warner

NOT VOTING—4

Bradley	Gramm
Domenici	Hatfield

So the amendment (No. 3451) was rejected.

Mr. BOND. Mr. President, I move to reconsider the vote.

Mr. COHEN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 3452

The PRESIDING OFFICER. The question occurs on agreeing to amendment No. 3452 offered by the Democratic leader, Mr. DASCHLE.

Mr. DASCHLE. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. DASCHLE. I yield back the remainder of my time.

The PRESIDING OFFICER. Under the previous order, this vote will be a 10-minute rollcall vote.

The yeas and nays have been ordered.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. LOTT. I announce that the Senator from New Mexico [Mr. DOMENICI], the Senator from Texas [Mr. GRAMM], and the Senator from Oregon [Mr. HATFIELD] are necessarily absent.

Mr. FORD. I announce that the Senator from New Jersey [Mr. BRADLEY] is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 33, nays 63, as follows:

[Rollcall Vote No. 18 Leg.]

YEAS—33

Akaka	Exon	Levin
Baucus	Ford	Mikulski
Bingaman	Glenn	Moseley-Braun
Boxer	Harkin	Moynihan
Breaux	Heflin	Murray
Bumpers	Hollings	Pryor
Byrd	Inouye	Rockefeller
Conrad	Johnston	Sarbanes
Daschle	Kennedy	Simon
Dodd	Kerrey	Wellstone
Dorgan	Kohl	Wyden

NAYS—63

Abraham	Frist	McCain
Ashcroft	Gorton	McConnell
Bennett	Graham	Murkowski
Biden	Grams	Nickles
Bond	Grassley	Nunn
Brown	Gregg	Pell
Bryan	Hatch	Pressler
Burns	Helms	Reid
Campbell	Hutchison	Robb
Chafee	Inhofe	Roth
Coats	Jeffords	Santorum
Cochran	Kassebaum	Shelby
Cohen	Kempthorne	Simpson
Coverdell	Kerry	Smith
Craig	Kyl	Snowe
D'Amato	Lautenberg	Specter
DeWine	Leahy	Stevens
Dole	Lieberman	Thomas
Faircloth	Lott	Thompson
Feingold	Lugar	Thurmond
Feinstein	Mack	Warner

NOT VOTING—4

Bradley	Gramm
Domenici	Hatfield

So the amendment (No. 3452) was rejected.

Mr. LUGAR. I move to reconsider the vote.

Mr. LEAHY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Under the previous order, the Senator from Indiana is recognized.

Mr. LUGAR. Mr. President, I have a series of amendments that I will send to the desk. They have been cleared on both sides and they will require voice votes.

AMENDMENT NO. 3454 TO AMENDMENT NO. 3184

Mr. LUGAR. Mr. President, I send to the desk an amendment proposed by Mr. GRAHAM, for himself, and Mr. MACK dealing with crop insurance.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Indiana [Mr. LUGAR], for Mr. GRAHAM, for himself, and Mr. MACK, proposes an amendment numbered 3454 to amendment No. 3184.

Mr. LUGAR. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of section 502, insert the following:

(c)(1) CROP INSURANCE PILOT PROJECT.—The Secretary of Agriculture shall develop and administer a pilot project for crop insurance coverage that indemnifies crop losses due to a natural disaster such as insect infestation or disease.

(2) ACTUARIAL SOUNDNESS.—A pilot project under this paragraph shall be actuarially sound, as determined by the Secretary, and administered at no net cost to the U.S. Treasury.

(3) DURATION.—A pilot project under this program shall be of two years' duration.

(d) CROP INSURANCE FOR SPECIALTY CROPS.—Section 508(a)(6) of the Federal Crop Insurance Act (7 U.S.C. 1508(a)(6)) is amended by adding at the end the following:

''(D) ADDITION OF SPECIALTY CROPS.—(i) Not later than 2 years after the date of enactment of this subparagraph (i) the Corporation shall issue regulations to expand crop insurance coverage under this title to include Aquaculture; and

(ii) The Corporation shall conduct a study and limited pilot program on the feasibility of insuring nursery crops.

(e) MARKETING WINDOWS.—Section 508(j) of the Federal Crop Insurance Act (7 U.S.C. 1508(j)) is amended by adding at the end the following:

''(4) MARKETING WINDOWS.—The Corporation shall consider marketing windows in determining whether it is feasible to require planting during a crop year.''.

The PRESIDING OFFICER. If there is no further debate, the question is on agreeing to the amendment.

The amendment (No. 3454) was agreed to.

AMENDMENT NO. 3455 TO AMENDMENT NO. 3184

(Purpose: To establish a farmland protection program)

Mr. LUGAR. Mr. President, I send to the desk an amendment proposed by Mr. SANTORUM, to establish a farmland protection program.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Indiana [Mr. LUGAR], for Mr. SANTORUM, proposes an amendment numbered 3455 to amendment No. 3184.

Mr. LUGAR. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 3–3, strike lines 3 through 6 and insert the following:

''(B) the wetlands reserve program established under subchapter C;

''(C) the environmental quality incentives program established under chapter 4; and

''(D) a farmland protection program under which the Secretary shall use funds of the Commodity Credit Corporation for the purchase of conservation easements or other interests in not less than 170,000, nor more than 340,000, acres of land with prime, unique, or other productive soil that is subject to a pending offer from a State or local government for the purpose of protecting topsoil by limiting non-agricultural uses of the land, except that any highly erodible cropland shall be subject to the requirements of a conservation plan, including, if required by the Secretary, the conversion of the land to less intensive uses. In no case shall total expenditures of funding from the Commodity Credit Corporation exceed a total of $35,000,000 over the first 3 and subsequent fiscal years.

Mr. LUGAR. Mr. President, I ask that the amendment be considered.

Mr. BYRD. Mr. President, may we have an explanation of the amendment?

Mr. LUGAR. Mr. President, the Santorum amendment calls for a land preservation—I sent the Santorum amendment to the desk. Mr. President, let me ask the distinguished Senator, does he want an explanation of the Santorum amendment, the amendment that is now pending?

Mr. BYRD. I do not know what we are voting on.

Mr. LUGAR. Senator SANTORUM has proposed a farmland protection program, for which $35 million would be devoted. It would authorize the Commodity Credit Purchase Corporation conservation easements of not less than 170,000, not more than 340,000 acres of land, subject to a pending offer from State or local governments. It is cosponsored by Senator LEAHY and has been cleared on both sides.

Mr. BYRD. Mr. President, I thank the Senator.

Mr. HARKIN. Mr. President, I understand this is open for debate at this time?

The PRESIDING OFFICER. There was 1-minute debate equally divided.

Mr. HARKIN. I understand each amendment is supposed to have half an hour, 15 minutes on a side. I have not heard of this amendment. Like Senator BYRD, I do not know what this is. I heard an expenditure of $35 million. Earlier today, amendments were offered and we were told because they cost additional money, they could not be accepted. All of a sudden we have an amendment which no one is going to debate or know what it is and it is going to cost.

Mrs. BOXER. Will the Senator yield for a question?

Mr. HARKIN. I will be glad to yield for a response. I want to know what it costs.

Mrs. BOXER. If the Senator will yield, this was in the Democratic alternative, and also the other side thinks it is an excellent idea because it is going to help us save farmland. It is a conservation amendment. I hope the Senator will support it. He supported the Democratic alternative.

Mr. HARKIN. I would not mind supporting conservation. I have been a strong proponent of conservation. We do not know what it is. There has been no explanation. How many millions of dollars is it going to cost?

Mrs. BOXER. Mr. President, it is a $35 million item to help preserve farmland so that if there is encroachment on the farmland, the farmers are not

going to lose money. They have a chance to sell and stay in the farming business. I think the Senator supported it. It is supported by all the environmental groups and farm groups, and it was in the Democratic alternative.

The PRESIDING OFFICER. All time on the amendment has expired.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, have we made any disposition whatsoever of the amendment that has just been talked about that no one seems to know anything about?

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. EXON. Mr. President, I ask unanimous consent that the order for the quorum call be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EXON. Mr. President, I advise the Chair I have checked out the amendment that I knew nothing about, but I have no objection to the amendment. I hope that the Senate could proceed in its usual fashion.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 3455) was agreed to.

Mr. LEAHY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. LUGAR. I move to lay that motion on the table.

Mr. LEAHY. Mr. President, I also have a package of amendments that have been worked out with the other side. One on behalf of Mr. JOHNSTON, Mr. PRYOR, Mr. BREAUX, and Mr. BUMPERS; another which adds the term ''education'' to the EQUIP program. A third is a sense-of-the-Senate resolution on methyl bromide and a colloquy between Senator LUGAR and myself.

Mr. DASCHLE. Mr. President, as I understand it, Senator CONRAD had a couple of amendments. Are they on that list?

Mr. LEAHY. I understood he had what he wanted. I asked a question of him and I have not heard back.

Mr. DASCHLE. We need to add those to the list.

Mr. LEAHY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. LEAHY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENTS NOS. 3456 THROUGH 3461 EN BLOC

Mr. LEAHY. Mr. President, I have a series of amendments on behalf of a number of people. I ask that they be considered en bloc.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Vermont [Mr. LEAHY] proposes amendments Nos. 3456 through 3461, en bloc.

Mr. LEAHY. Mr. President, I ask unanimous consent that reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments are as follows:

AMENDMENT NO. 3456

Section 101 of the Agricultural Act of 1949 is amended by adding a subsection (e) that reads as follows:

''(e) RICE.—The Secretary shall make available to producers of each crop of rice on a farm price support at a level that is not less than 50 percent, or more than 90 percent of the parity price for rice as the Secretary determines will not result in increasing stocks of rice to the Commodity Credit Corporation.''

AMENDMENT NO. 3457

On page 3–16 of amendment No. 3184, at line 1 after ''payments'' include the word ''education''.

On page 3–16, line 9, after ''payments,'' include the word ''education''.

On page 3–16, line 13, after ''payments,'' and ''education''.

AMENDMENT NO. 3458

At the appropriate place in the bill, add the following language:

It is the sense of the Senate that the Department of Agriculture shall continue to make methyl bromide alternative research and extension activities a high priority in the Department.

Provided further, That it is the sense of the Senate that the Department of Agriculture, the Environmental Protection Agency, producer and processor organizations, environmental organizations, and State agencies continue their dialogue on the risks and benefits of extending the 2001 phaseout deadline.

AMENDMENT NO. 3459

(Purpose: To reduce uncertainty among farmers as to the status of agricultural lands with respect to environmental and conservation programs)

At the appropriate place in the title relating to conservation, insert the following:

SEC. ___. ABANDONMENT OF CONVERTED WETLANDS.

Section 1222 of the Food Security Act of 1985 (16 U.S.C. 3822) is amended by adding at the end the following:

''(k) ABANDONMENT OF CONVERTED WETLANDS.—The Secretary shall not determine that a prior converted or cropped wetland is abandoned, and therefore that the wetland is subject to this subtitle, on the basis that a producer has not planted an agricultural crop on the prior converted or cropped wetland after the date of enactment of this subsection, so long as any use of the wetland thereafter is limited to agricultural purposes.''.

AMENDMENT NO. 3460

(Purpose: To improve the provisions relating to rural business and cooperative development and flexibility)

Beginning on page 7–86, strike line 11 and all that follows through page 7–87, line 11, and insert the following:

''(3) RURAL BUSINESS AND COOPERATIVE DEVELOPMENT.—The rural business and cooperative development category shall include funds made available for—

''(A) rural business opportunity grants provided under section 306(a)(11)(A);

''(B) business and industry guaranteed loans provided under section 310B(a)(1); and

''(C) rural business enterprise grants and rural educational network grants provided under section 310B(c).

''(d) OTHER PROGRAMS.—Subject to subsection (e), in addition to any other appropriated amounts, the Secretary may transfer amounts allocated for a State for any of the 3 function categories for a fiscal year under subsection (c) to—

''(1) mutual and self-help housing grants provided under section 523 of the Housing Act of 1949 (42 U.S.C. 1490(c);

''(2) rural rental housing loans for existing housing provided under section 515 of the Housing Act of 1949 (42 U.S.C. 1485);

''(3) rural cooperative development grants provided under section 310B(e); and

''(4) grants to broadcasting systems provided under section 310B(f).

AMENDMENT NO. 3461

(Purpose: To change the land ownership requirement applicable to qualified beginning farmers and ranchers for the purposes of the Consolidated Farm and Rural Development Act)

At the appropriate place in title VI, insert:

Notwithstanding any other provision of law, section 343(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)) is amended in subparagraph (F)—

(i) by striking ''exceed 15 percent'' and all that follows through ''Code'' and inserting the following: ''exceed—

''(i) 25 percent of the median acreage of the farms or ranches, as the case may be, in the county in which the farm or ranch operations of the applicant are located, as reported in the most recent census of agriculture taken under section 142 of title 13, United States Code.

Mr. LEAHY. I ask unanimous consent that the amendments be agreed to, en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

So the amendments (Nos. 3456 through 3461) were agreed to, en bloc.

Mr. LEAHY. Mr. President, I would like to engage in a colloquy with the distinguished chairman so that we may provide assurance to the many producers in the United States that are actively engaged on farms owned or operated by persons participating in the Market Transition Program, so that they will continue to be eligible for payments and will be treated fairly and equitably under the bill. Specifically, the substitute provides that the Secretary shall provide adequate safeguards to protect the interest of operators who are tenants and sharecroppers who farm land that is enrolled in the Market Transition Program. It also provides that the Secretary shall provide for the sharing of contract payments among the owners and operators subject to the contract on a fair and equitable basis. Mr. President, I would appreciate the chairman's assurance that it is the intent of the substitute that all tenants and sharecroppers who are actively engaged in farming regardless of whether the tenant or sharecropper is an operator of the farm will be eligible for payments, assuming that they are producers on a farm with contract acreage that qualifies for participation in the program.

Mr. LUGAR. I agree with the distinguished Senator that it is the intent of the substitute that all tenants and sharecroppers who are actively engaged in farming will be eligible for payments, assuming that they are producers on a farm with contract acreage that qualifies for participation in the program and that they meet the payment limitation provisions.

Mr. LEAHY. I thank the distinguished chairman. In addition, would the distinguished chairman give assurance as well that it is the intent of the substitute that contract payments must be shared with these tenants and sharecroppers on a fair and equitable basis.

Mr. LUGAR. The Senator is correct, it is the intent of the substitute that all tenants and sharecroppers must be treated fairly and equitably in the division of payments under the bill.

AMENDMENT NO. 3462

(Purpose: To require the Secretary of Agriculture to establish standards for the labeling of sheep carcasses, parts of carcasses, meat, or meat food products as ''lamb'' or ''mutton'')

Mr. LUGAR. Mr. President, I send an amendment to the desk on behalf of Senators CRAIG and BAUCUS and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Indiana [Mr. LUGAR], for Mr. CRAIG for himself and Mr. BAUCUS, proposes an amendment numbered 3462.

Mr. LUGAR. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

After section 857, insert the following:

SEC. 858. LABELING OF DOMESTIC AND IMPORTED LAMB AND MUTTON

Section 7 of the Federal Meat Inspection Act (21 U.S.C. 607) is amended by adding at the end the following:

''(f) LAMB AND MUTTON.—

''(1) STANDARDS.—The Secretary, consistent with U.S. international obligations, shall establish standards for the labeling of sheep carcasses, parts of carcasses, meat, and meat food products as 'lamb' or 'mutton'.

''(2) METHOD.—the standards under paragraph (1) shall be based on the use of the break or spool joint method to differentiate lamb from mutton by the degree of calcification of bone to reflect maturity.''.

Mr. LUGAR. The amendment would simply require a national age standard be set for labeling of lamb in the United States and that this standard would be also enforced on imported product. This is a relatively simple measure that would ensure that lamb coming into the United States is actually lamb and not mutton. This amendment would be GATT legal since the requirements are the same on both domestic and imported product.

If we are to have a viable lamb and wool industry in the United States something must be done to enhance stability and future growth while halting the hemorrhaging of our industry's infrastructure.

Mr. President, I ask unanimous consent that the amendment be agreed to.

The PRESIDING OFFICER. Without objection, it is so ordered.

So the amendment (No. 3462) was agreed to.

COMMODITY SUPPLEMENTAL FOOD PROGRAM AMENDMENT

Mr. DOMENICI. Mr. President, I am today offering an amendment that will provide the necessary flexibility to the U.S. Department of Agriculture to carry out the Commodity Supplemental Food Program [CSFP].

The amendment is very simple. It allows the Food and Nutrition Service of USDA to use a portion of available carryover funding for administrative expenses. The administration will then have sufficient funds to provide this important nutrition assistance to as many people as possible.

This is not a new issue to the Senate. This same language was enacted as part of the 1995 Second Supplemental Appropriations and Rescissions Act at my request.

The amendment was needed to correct an inadvertent effect of congressional action on the CSFP program in the 1994 Agriculture and Related Agencies Appropriations Act.

When Congress was considering the Agriculture appropriations bill, the Appropriations Committee learned that the program had $25 million in funding that could be carried over into 1995. The committee decided to reduce the overall CSFP program by $10 million due to the carryover funding.

However, while the carryover funds were available to purchase food commodities for distribution, the reduction in overall program funding limited administrative expenses by law to an amount insufficient to allow them to be used. This was a particular blow for programs in my State that serve a significant rural population; they were short of the administrative funds needed to distribute the commodities that could be purchased.

This language simply allows 20 percent of the funds carried over from 1995 into 1996 to be used for administrative expenses. This is the same percentage allowed for administrative expenses for new appropriations. The estimated amount of carryover funding is $12.6 million.

Mr. President, I have consulted with officials of the Food and Nutrition Service as to the need for this language. They concur that it is needed to carry out an effective Commodity Supplemental Food Program this year.

The Senate passed this same language in the fiscal year 1996 Agriculture appropriations bill, but it was inadvertently dropped in conference. I urge my colleagues to adopt this amendment and provide the resources necessary to carry out an effective CSFP program.

DAIRY REFORM

Mr. GRAMS. Mr. President, I would like to engage the distinguished chairman of the Agriculture Committee in a discussion on Federal dairy reform. It is my understanding that considerable time has been spent in an effort to achieve a balanced series of reforms in milk marketing orders.

Mr. LUGAR. The Senator is correct. Unfortunately, the Senate was unable to agree on those reforms due to intense regional differences over reform proposals.

Mr. GRAMS. Mr. President, could the chairman describe the reforms that were initially negotiated for the information of the Senate?

Mr. LUGAR. I will be happy to do so. The negotiations have yielded reform in milk marketing orders in three fundamental ways. First, the reforms would have mandated a reduction in the number of orders, with a consolidation plan to be decided by the end of 1998 and implemented by the end of 2000. Second, they would have mandated the use of a multiple-basing point pricing system in Federal orders. Third, they would have provided that no Federal funds could be used to administer more than 14 marketing orders after December 31, 2000, if the Secretary of Agriculture failed to implement the order consolidation plan, which would have required no fewer than 10 nor more than 14 orders.

Mr. GRAMS. While I am pleased with the overall agriculture reforms in the underlying bill, I am disappointed that our efforts regarding real dairy reform have not succeeded at this point. I do understand the intense, and oftentimes, rigid regional conflicts these proposed dairy reforms typically generate in the Senate. Although I would have preferred comprehensive reform of the class I differential as well, I believe the milk marketing order reforms the chairman has just outlined would have provided a major step toward assuring a more market-oriented system. Will the chairman give his assurance that, in conference with the House, he will work toward adoption of milk marketing order reforms?

Mr. LUGAR. Mr. President, I will. I want to commend the Senator from Minnesota for his strong and active interest in reforming the Federal order system. His efforts have been positive for Midwestern agriculture and the Nation as a whole.

AGRICULTURE RESEARCH

Mr. BENNETT. Mr. President, I would like to bring a matter to the attention of the chairman regarding agriculture research. While it does not require a legislative provision, I believe it deserves some attention by the Department of Agriculture, and it seems appropriate to discuss while we are talking about the farm bill.

Is it the chairman's understanding that the Department of Agriculture has an interest in eradicating livestock diseases, and also has funded research and other programs for the purposes of researching, controlling, and eradicating disease over the years?

Mr. LUGAR. That is my understanding.

Mr. BENNETT. Is it the chairman's understanding that scrapie, a contagious and fatal livestock disease, has had a detrimental impact on the sheep industry?

Mr. LUGAR. That is my understanding.

Mr. BENNETT. Would the chairman agree that given the scarcity of resources, a way to maximize a tight research budget may be to share the cost with other countries?

Mr. LUGAR. That seems to be a commonsense approach given our limited resources.

Mr. BENNETT. I understand that there is a collaborative research project being developed by two well-respected research groups, one in the United States and the other in Scotland, that has the hope of eventual eradication of this disease by understanding how and when scrapie is transmitted. At least two countries, the United Kingdom and New Zealand, have committed to share the cost of funding the research project with the United States. Part of the study will be conducted at a land-grant university. While the research project does not appear to fit squarely into current funding mechanisms at ARS, APHIS, or CSREES within the Department of Agriculture, would the chairman agree that it would be in the interest of the U.S. Department of Agriculture to seriously consider the feasibility of funding such a study?

Mr. LUGAR. It seems reasonable for the United States to consider providing funding for a credible study, in light of commitments from the United Kingdom and New Zealand, and I would urge the USDA to look seriously at doing so.

Mr. BENNETT. I thank the chairman.

Ms. MOSELEY-BRAUN. Mr. President, I am very pleased that the Lugar-Leahy amendment to S. 1541 contains a provision I authored that will provide a competitive loan rate for soybeans and other oilseeds.

Soybeans represent the third largest crop in the United States, with the second largest value of over $14 billion annually. Worldwide, the demand for protein meal and vegetable oil grows about 3 percent each year.

Meanwhile, U.S. oilseed acreage has declined by 17 percent since 1979, from 77 million acres to 63.8 million acres expected in 1996. Approximately 3.5 million soybean acres are enrolled in the Conservation Reserve Program, and an estimated 9.7 million soybean and sunflower acres have shifted to corn and wheat production.

The point is, that, while worldwide demand for soybeans and oilseed products increase, acreage dedicated to oilseeds in the United States has decreased. And that means American farmers are losing important economic opportunities when it comes to oilseed exports.

One notable cause for the decrease in U.S. oilseed acres has been Federal farm policy, which has made wheat and corn planting more attractive. Another factor in the loss of oilseed acreage is the lack of Government promotion for export and domestic use of vegetable oil. Export opportunities for soybeans and sunflower oil under the EEP and SOAP will be reduced 79 percent under the Uruguay round. And unlike tax incentives for ethanol production, which target corn production, there is no Federal program for soy-based biodiesel.

This provision, by setting marketing loan rates for oilseeds at 85 percent of the Olympic 5-year average price, will help to put soybeans and other oilseeds at the same percentage level as other crops. For soybeans, the marketing loan rate would be set at 85 percent of the Olympic 5-year average, but no less than $4.92 or no more than $5.26 per bushel. For sunflower seed, canola, rapeseed, safflower, mustard seed, and flaxseed, loan rates would also be set accordingly, but at rates no less than $0.087 or more than $0.093 per pound.

This provision, which I filed as an amendment to the Lugar-Leahy substitute amendment to S. 1541, allows the soybean loan rate to rise by 5 percent if prices increase, providing some protection for small producers against increased volatility in production and prices that could result from full planting flexibility. It would remove disincentives for planting soybeans, encourage increased soybean acreage, and provide an opportunity for reasonable prices and adequate supplies of high-protein meal for pork and poultry producers.

Mr. President, Illinois leads the Nation not just in the production of farm commodities, but also in farm commodity exports. And in my conversations with Illinois farmers, one theme resonates time again and again: the future of American agriculture lies in exports, and in enhancing the export competitiveness of U.S. agriculture.

I agree, and I believe my amendment will help U.S. oilseed producers seek out greater export sales, and ensure that market demand, rather than Federal policies, determine how many acres of soybeans are planted.

I would like to thank the distinguished majority leader, Senator DOLE, and Senators LUGAR, LEAHY, GRASSLEY, and COCHRAN for their assistance and support for this amendment.

Mr. NICKLES. Mr. President, I first want to compliment the managers of the farm bill for their hard work in crafting legislation which reforms our Nation's agriculture policies. No longer will the Government tell farmers which crops to plant and no longer will the Government tell farmers to leave productive land idle in exchange for a Federal handout. I believe giving more flexibility to farmers is a step in the right direction and urge my colleagues to support the freedom-to-farm legislation.

I thank the chairman and ranking member for clarifying the sponsors' intent with respect to the haying and grazing provision of the substitute amendment. This technical change allows farmers to continue the haying and grazing flexibility they have under current law and I am pleased the bill's sponsors agree this traditional freedom should continue under the reform proposal.

Once again, I thank the managers for making this technical change and appreciate their leadership on farm policy.

Mr. SIMON. Mr. President, I want to thank the distinguished minority leader for his hard work in crafting a bill that meets the needs of production agriculture, national wide. It's close to an impossible task.

I support this compromise farm bill. While I do not agree with everything in the bill, I think it has a chance of passing the House and being signed into law.

In many ways, it is a good bill for Illinois. It offers farmers limited certainty in the area of income protection, provides a safety net for farmers in future years, and protects our conservation programs, as well as important nutrition programs.

Illinois is second to Iowa in soybean production, with 9.7 million acres planted to soybeans. Exports for soybeans and soybean products totaled $7.9 billion in 1995 making soybeans the largest exporter, in terms of value, in U.S. agriculture.

With the good work of my colleague Senator MOSELEY-BRAUN, this bill raises the marketing loan rate for soybeans to 85 percent of an Olympic five-year average, with a cap of $5.26 per bushel. Despite a 3 percent annual growth in world demand for vegetable oil and protein meal, U.S. oilseed acreage has declined by 17 percent since 1979. This slight increase in the marketing loan rate creates some incentive for soybean production in the U.S., which helps our trade balance and is very good for Illinois farmers.

The bill also retains permanent law for farm programs. Good agriculture policy protects family farms as well as consumers. The original freedom-to-farm proposal eliminated permanent law for farm programs, allowing no safety net past the year 2002. With the leadership of Senator DASCHLE, the Democrats were able to push for a compromise that guaranteed a safety net for farmers in year 7.

Mr. BAUCUS. Mr. President, it is time to get the farm bill done. So I rise in support of this bill. But I do so with some misgivings.

Now, I know that the first rule of medicine is ''Do no harm.'' And I am well aware that a lot of Americans have adjusted their expectations of this new Congress. A year or so back, they had high hopes. Today, they consider it a good month when the Congress simply decides not to do anything harmful or destructive. They're relieved that we haven't shut the Government down in nearly a month, and that the plan to

let Medicare wither on the vine seems to have stalled.

OUR NUMBER ONE INDUSTRY

So sometimes doing nothing is better than doing harm. But, Mr. President, with the farm bill, it is just not good enough to wait any longer.

Agriculture is the largest industry in my State. Our State statistics service reports that Montana has about 22,000 farms, averaging about two residents per farm. Those farms support almost 50,000 additional Montana jobs in agribusiness and the food industry. So our failure to provide some policy direction puts almost 100,000 people directly at risk, not to mention the tens of thousands of others in small banks, gas stations, auto dealerships, and other small businesses who depend on a strong rural economy.

That is true across the country.

In rural States, the entire economy depends on successful production agriculture.

In urban areas, stable, fair and predictable food prices are the key to consumer well-being.

In international trade, agriculture is one of our bright spots.

Our agricultural exports will reach $58 billion in 1996—an all-time record for any country, and twice our projected $29 billion in imports.

And we all know that nobody and no country can be safe or secure without a reliable supply of food.

All this depends on a sound approach to farm policy. And the first element of a sound farm policy is to avoid giving farmers new troubles and headaches. Yet, if Congress delays the farm bill any longer, that is just what will happen.

Farmers all over America are preparing to put their 1996 crop into the ground. In Montana, and across the Great Plains, many already have their winter wheat planted. If the bitter cold has not destroyed their crop, they will begin harvesting in a few months.

These producers need to know what rules they will operate under when that harvest comes in. Because of the dereliction of the Congress, they have no idea what those rules will be. So the time has come to take up this admittedly imperfect bill, get it past the Senate, and ask the House to follow suit. We need to act now.

SUCCESSES OF THE 1996 FARM BILL

Now let me talk for a few moments about the bill. And let us begin with the good news. I would like to mention six points in particular.

The most important good news, of course, is that when the 1996 farm bill passes, producers will have a few years of certainty and stability ahead. They will be able to run their businesses without fear that the Government will make them change horses in midstream.

Two, we restore the safety net which the original more radical ideas proposed to abolish. That is, it continues the 1949 Agricultural Policy Act in case Congress threatens to let farm policy lapse altogether as it did last year. Thus, producers have the confidence that a single year of drought, flood, or collapsing prices will not financially ruin them.

Three, we include several provisions to assist an industry which has suffered from Government mistakes. That is the sheep industry. In this bill we authorize a sheep industry improvement center, which will be a clearinghouse to improve research and infrastructure for the industry. We also introduce some fairness into the lamb market by making Australian and other foreign lamb to meet the same freshness requirements as American lamb.

Four, we reauthorize the Conservation Reserve Program, one of our environmental success stories. It also authorizes two other critical environmental programs—the Livestock Environmental Assistance Program and the Environmental Quality Incentive Program—which help producers improve the management of the natural resources on their farms and ranches, and with it the quality of life in rural America.

Five, we reauthorize the nutrition program, meaning a continuing guarantee of assistance for children and poorer Americans.

And six, in the 1996 farm bill we increase planting flexibility, so producers can base their planting decisions according to the market and their potential profits, rather than on rules established by the bureaucracy.

THE MAJOR FLAW

Now let us look at what may be the real flaw in the bill.

My greatest concern is the so-called decoupling of farm payments from prices and volume of production. In essence, a farmer will now get a straight payment regardless of how much he or she produces and regardless of the price.

Since the forecasts call for a good harvest in 1996, this will be very good for farmers for at least the next year. However, if we get a bad year in 1997 or 1998, the payments may be inadequate.

Equally serious, but more of a long-term problem, is that by decoupling payments from the market, we may decouple farm policy from the broad public support it has enjoyed since the creation of the farm program during the Depression.

Most Americans can see that agriculture is a volatile business, and understand the need for some stability from year to year. It may be that the public at large will be less enthusiastic about a straight payment that remains high in good years.

Only time will give us the answer to that question. But we know that delaying action any longer this year will mean a year of questions, uncertainty and difficulty for farmers. So the time has come to pass the 1996 farm bill.

I will vote for this bill, and I hope the Senate will pass it. And I would ask the House to act as quickly as possible—to stop toying with revolutionary experiments—to cut their vacation short—and to get the job done.

Mr. CHAFEE. Mr. President, I want to compliment my colleague, the senior Senator from Indiana, for the enormous amount of effort he has put into this bill. He and his colleague on the other side have done good work. The legislation that is before the Senate represents a critical change in our farm policy that will do much to move us toward a market-oriented system. And that is a welcome change indeed.

I must say, however, that as enthusiastic as I am about the important structural changes wrought by this bill, I am sorely disappointed that one provision of particular importance to my State and the New England region was deleted earlier today. It was my understanding that this provision would be included in the final version of the Senate bill. The provision that I am referring to is the New England Dairy Compact—which has earned broad support from our region's Governors, legislators, and industry. Without congressional authorization, the compact cannot move forward. And today's action to eliminate the necessary congressional consent means moving forward will be extremely difficult.

I also regret that the Senate failed to adopt much-needed reforms to the sugar and peanut programs. While the legislation crafted by the managers revises both of these programs to some extent, those revisions do not go nearly far enough.

Therefore, with regret, I will be casting my vote against the underlying bill.

CHANGE OF VOTE

Mr. FRIST. Mr. President, I ask unanimous consent I be allowed to change my vote from ''yea'' to ''nay'' on rollcall vote 14, which passed earlier today by a vote of 59 to 37. It will not change the outcome of the vote.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FEINGOLD. Mr. President, I voted against the farm bill today for a number of reasons.

First, while I and other Senators from the Upper Midwest were successful in striking from the Leahy substitute the northeast interstate dairy compact, this bill contains no fundamental reform of Federal milk marketing orders so badly needed by Wisconsin dairy farmers. Attempts to reach a bipartisan agreement on a moderate order reform amendment were ended when regionalism overwhelmed reason. I found that very disappointing.

I remain hopeful, however, that there will be an opportunity in the conference with the House farm bill to revisit these issues and get some changes that will help create a more level playing field for our dairy producers.

Second, Mr. President, I was very disappointed at the process under which the debate over the farm bill took place in the Senate. This is an important bill that is considered every 5

years, and normally consumes several weeks of floor debate following extensive and open committee action. This year the bill was rammed through the Senate in 1 day under tight time controls that allowed little opportunity for Senators to scrutinize neither the underlying bill nor the amendments offered. Furthermore, with only one-half hour to debate each amendment, it was difficult for Members to fully analyze the impacts and implications of their votes. One amendment passed by the Senate was over 500 pages long and was the subject of absolutely no debate. Conducting business under those kinds of constraints is ultimately not good for farmers, consumers, or the taxpayers. We should take the time to debate publicly and examine thoroughly existing farm programs as well as the proposals to change them.

At the same time, I recognize the urgency that many in this Chamber felt that some type of farm bill had to move forward quickly so that farmers who are putting seed in the ground right now would have some idea of what Federal policies would be in play for this growing season. But Congress should have begun this process a year ago to give farmers the assurances they need. The need for just any bill is no justification for voting for a bad bill.

Ultimately, I voted against this bill because it failed to reform programs in a way which targets benefits to those family farmers most in need, it did little to limit Government payments to the Nation's largest and wealthiest farmers, it provides excessive guaranteed giveaway payments to landowners who never have to plant a crop, and did absolutely nothing to reform Federal milk marketing order to rectify the harms current law imposes on Wisconsin dairy farmers.

This farm bill process was fiscally irresponsible policy making. From a deficit reduction perspective, this bill could have achieved far greater budget savings while still protecting family farms. It is my hope that the Senate never again engage in this process for major legislation that affects every farmer, consumer, and taxpayer in this country.

Mr. LEVIN. Mr. President, the Senate is about to vote on final passage of S. 1541, the farm bill. This vote should have taken place last year, after a full and thorough debate. The House has recently recessed without completing action on the matter, and the Senate's action is very late. As a result, farmers are not getting the timely information they need to make important decisions for the 1996 crop year.

Without the Dorgan amendment, which I supported, freedom-to-farm payments will be made even to farmers who might choose not to plant a single seed. This doesn't make any sense and certainly seems like a potential waste of taxpayers' money. I am very concerned about the lack of market sensitivity in these freedom-to-farm payments.

Fortunately, the bill is not all bad. We were successful in removing the northeast dairy compact, which would have established unfair barriers to interstate trade and potentially hurt Michigan milk producers and processors. And, we reformed, without destroying, the sugar program. The bill does contain several good provisions that will encourage farmland preservation, establish a livestock environmental assistance program, and addresses other important trade, research, credit, and conservation matters.

On balance, however, I cannot support this bill. I hope the conferees can improve it.

Mr. WELLSTONE. Mr. President, I believe the Senate will make a mistake today if we pass this farm bill. I think I can understand why some believe this is the best way forward for American agriculture. But I profoundly disagree with that judgment.

I have been saying for weeks, even months, that I have been prepared to debate the farm bill. Today's debate is overdue, and it has not exactly been what I had in mind. It has been limited due to time constraints. Our opportunity for amendments has been constricted.

I am afraid that the best that can be said about this week's action on the farm bill is that farmers across the country now can see what this Congress might be delivering for a farm bill. Perhaps the House will act soon, and I expect that their bill will be close in principle to this one.

I voted in favor of cloture last week. I did so not because I support freedom-to-farm. I do not. I favor long-term policy that would promote family agriculture and revitalize our rural economy. This is not that. I voted for cloture because I believe that American farmers need to know what programs they will be operating under this year. With no farm policy in place, I did not want to block consideration of new farm legislation even though I was quite certain I could not support the bill's final passage.

Of course, yesterday's vote against cloture was due to the sudden inclusion into the bill of the Northeast Dairy Compact, which I have called a poison pill for Minnesota dairy farmers. I am extremely pleased, as I have already said here on the floor, that we were able to strike the compact from the bill, and I was proud to lay that amendment down on behalf of myself and other midwesterners late last evening.

Let me address the freedom-to-farm proposal. There are some good things in this bill, particularly some of the conservation provisions which some of us have ensured are in the bill. I am glad that we finally have authorized the enrollment of new acres into the successful and popular Conservation Reserve Program [CRP], which I have been advocating for some time. And we Democrats ensured that permanent farm law is retained, and that oilseeds will be allowed some equity in marketing-loan rates.

But freedom-to-farm, which is the core of this farm bill, is fundamentally bad policy.

I believe freedom-to-farm is a dubious carrot followed by a very real stick. If it becomes law, it will likely lead to the elimination of farm programs, ultimately leaving farmers to the tender mercies of the grain companies and the railroads and the Chicago Board of Trade during years when prices are low. In the long term I believe it may have disastrous effects on family farmers and our rural economy.

Some farmers believe that freedom-to-farm is the best deal they will get from this Congress. I understand that. Many in this Congress oppose farm programs, and those people have made a credible threat to the future existence of farm programs. This plan offers farmers payments this year even though prices are projected to be strong. And it promises to lock in at least some payments for 7 years. For some farmers, even those who know that it is bad policy, that is attractive.

I have supported what I consider to be genuine reform of farm programs. I cosponsored a 7-year proposal last year which called for a targeted marketing-loan approach. That plan would provide farmers the planting flexibility they need. But it also would provide needed long-term protection from some of the uncertainties that farmers face—uncertainties of weather, and of markets that are dominated by large multinational companies. It also would raise loan rates and target farm-program benefits to family-size farmers.

The freedom-to-farm concept entails a transition to what is called market orientation. I support market oriented farm policy. That is why I advocate support for family-size farmers when prices are low—not so-called contract payments regardless of market conditions and regardless of what, or whether anything, is planted. In fact, what I really support is helping farmers getting a fairer price in the marketplace so that they do not need government payments at all. Fair prices are key to improving farm income.

It must be remembered that the rationale for the transition payments in freedom-to-farm is that farm programs will end. There is no reason for decoupled payments called transition-payments unless farm programs will be ending. So we should not fool ourselves about the gesture of leaving permanent farm law in place underneath this bill. We Democrats rightly insisted upon that provision, but we have to admit it was a maneuver to help achieve a time agreement and should not be considered genuinely permanent. It may or may not survive conference.

This bill will end payments to farmers within a few years. Meanwhile, its approach will discredit farm programs forever. High payments to farmers during good-price years will not wash in

the public when we are cutting government spending on other much-needed programs. I am concerned that when prices drop back down, which is inevitable—I would say it is encouraged by the capping of loan rates in this bill—there may be no farm program there to help. I voted today to lift the loan-rate caps. I also note that I voted for amendments to retain the Farmer Owned Reserve and raise loan rates. And I voted to require that a farmer actually plant a crop in order to qualify for a so-called contract payment.

Mr. President, I do not believe we are finished debating agriculture or rural policy. I will continue to speak here on the topic. I intend to continue to fight for rural Minnesota.

Mr. KERRY. Mr. President, I voted against final passage of S. 1541 because, while it was better than some proposals put forth during this debate, ultimately, it was not the package that I believe it should have been.

Yesterday, I supported cloture on the Leahy-Dole substitute because I felt strongly that it was essential that Congress act to develop new farm policy reforms as soon as possible. The existing authorization for the numerous nutrition, conservation, and commodity programs that comprise the heart of the farm bill expired during 1995. With the expiration of these programs, the outdated 1949 Agricultural Act became the permanent law governing Federal commodity programs. According to the U.S. Department of Agriculture, the 1949 statute, if enacted today, would cost taxpayers $10 billion for 1996 alone, substantially more than the recently expired provisions. I believed then, and remain convinced, that we need a new approach to farm policy. Therefore, I supported cloture to advance the debate on the Leahy-Dole reform package which would have replaced the 1949 statute with a new reform program to phase out price supports after 7 years and would have reauthorized critical nutrition and conservation programs through 2002.

However, the package that was before us on final passage, while it included many important provisions on nutrition and conservation, fell short of true reform because a provision was added to retain the 1949 act as the permanent law. By retaining the 1949 statute, the 7-year farm support phaseout provisions of the Leahy-Dole bill become just another price support program. There is no longer a phaseout, only an interim payment plan for the intervening 7 years.

Until this package returns from conference, there is always hope that there will be important improvements to the reform provisions while retaining critical conservation and nutrition programs upon which millions of Americans depend.

AMENDMENT NO. 3184

The PRESIDING OFFICER. The question is on agreeing to the Leahy amendment No. 3184, as amended.

The amendment (No. 3184), as amended, was agreed to.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

Mr. DOLE. Mr. President, I ask for the yeas and nays on the bill.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall the bill pass? The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. LOTT. I announce that the Senator from New Mexico [Mr. DOMENICI], the Senator from Texas [Mr. GRAMM], and the Senator from Oregon [Mr. HATFIELD] are necessarily absent.

Mr. FORD. I announce that the Senator from New Jersey [Mr. BRADLEY] is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 64, nays 32, as follows:

[Rollcall Vote No. 19 Leg.]

YEAS—64

Abraham	Frist	Moseley-Braun
Akaka	Gorton	Moynihan
Ashcroft	Graham	Murkowski
Baucus	Grams	Nickles
Bennett	Grassley	Nunn
Biden	Hatch	Pell
Bond	Heflin	Pressler
Boxer	Helms	Robb
Breaux	Hutchison	Roth
Brown	Inhofe	Shelby
Burns	Inouye	Simon
Campbell	Johnston	Simpson
Coats	Kassebaum	Smith
Cochran	Kempthorne	Specter
Coverdell	Kyl	Stevens
Craig	Leahy	Thomas
D'Amato	Lieberman	Thompson
DeWine	Lott	Thurmond
Dole	Lugar	Warner
Faircloth	Mack	Wyden
Feinstein	McCain	
Ford	McConnell	

NAYS—32

Bingaman	Feingold	Levin
Bryan	Glenn	Mikulski
Bumpers	Gregg	Murray
Byrd	Harkin	Pryor
Chafee	Hollings	Reid
Cohen	Jeffords	Rockefeller
Conrad	Kennedy	Santorum
Daschle	Kerrey	Sarbanes
Dodd	Kerry	Snowe
Dorgan	Kohl	Wellstone
Exon	Lautenberg	

NOT VOTING—4

Bradley	Gramm
Domenici	Hatfield

So the bill (S. 1541), as amended, was passed.

(The text of the bill will be printed in a future edition of the RECORD.)

Mr. LUGAR. I move to reconsider the vote.

Mr. LEAHY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LUGAR. Mr. President, I thank all Senators for prompt consideration of the farm bill. I think we have an excellent bill. I had wanted to go to the conference with the House and hopefully expedite decisionmaking for farmers throughout the country.

I thank my colleague, Senator LEAHY, who has worked so well, once again, in a bipartisan way, on an important bill. I thank the majority leader, Senator DOLE, for his very, very strong leadership throughout the cloture battles, as well as all we have experienced today, and the distinguished Democratic leader, Senator DASCHLE, who worked to make certain we had both a pathway to success today, and expedited the timing of that.

I want to thank, especially, staff members who have done so much, and I want to mention them by name.

I have Andy Morton, Randy Green, Dave Johnson, Marcia Asquith, Beth Johnson, Terri Snow, Michael Knipe, Dave Stawick, Terri Nintemann, Katherine McGuire, Darrel Choat, Danny Spellacy, Doug Leslie, Barbara Ward, Debbie Schwertner, Jill Clawson, Cathy Harrington, Mary Kinzer, David Dayhoff, Pat Sweeney, Bob Sturm, Bill Sims, Jim Hedrick, and, of course, Chuck Conner, our chief of staff, who has done a splendid job, as always.

I thank all of them and all Senators for their support.

The PRESIDING OFFICER (Mr. GORTON). The Senator from Vermont.

Mr. LEAHY. Mr. President, I also want to thank the distinguished majority leader and the distinguished Democratic leader for all they have done. The distinguished senior Senator from Indiana said he thanks the distinguished Democratic leader for helping us get the pathway to be here. That is true, we would not be here without that help.

I know, at least in my 21 years here, I have never known a farm bill to go through without some strife. This is probably no exception. But the fact is that we have now brought a farm bill through that we can go to the other body with in a conference. I hope we can go to them and point out that on the final vote it was passed on a bipartisan basis. If we did not have one, had it not been passed on a bipartisan basis, I would not hold out much hope for the conference. Instead, we have one that speaks for those who produce our food and fiber but also includes protection for the environment, conservation, nutrition programs, all of which are important to get a bill that can eventually be signed.

I thank my friend with whom I have worked so many years, Senator LUGAR, on such legislation. I thank him for his help and his staff's help, and his honesty and openness to it.

I also want to thank Pat Westhoff for his outstanding economic analyses of complicated proposals; on our staff, David Grahn, who stayed up many nights drafting legal language; Craig Cox, for an outstanding job developing one of the most progressive conservation titles; Tom Cosgrove, for handling a very politically sensitive issue, dairy, and doing it very, very well; Kate Howard, who has done such a great job on

trade; Kate DeRemer for her outstanding work on the research title; Brooks Preston for all that he has done for the environment and for forestry; Nick Johnson for his very hard work on rural development. Diane Coates, Kevin Flynn, and Rob Headberg, for all that they have done. Gary Endicott and Tom Cole at the legislative counsel. I would especially like to thank Ed Barron, the Democratic chief of staff, and Jim Cubie, our chief counsel, who I think have not been to bed in several days.

I would say, if any members of their family are watching, I know exactly where they were. They were here all the time, chained to their desks but helping us go through. And also I give my personal thanks to my chief of staff, Luke Albee, who worked so hard with them.

The PRESIDING OFFICER. The majority leader.

Mr. DOLE. Mr. President, I thank the chairman of the committee for his outstanding job, Chairman LUGAR, and the ranking member's equally outstanding job, Senator LEAHY. They have worked a long time. This is a bipartisan bill. There were 20 Democrats, 44 Republicans who voted ''aye'' on final passage.

I believe there is enough flexibility. The President would certainly be inclined to sign this bill. I hope he might announce that this weekend when he is in Iowa. I think it will be very well received there.

This has been a long process. There were a lot of frustrating moments for all of us. But, just as farming requires patience and perseverance, so does passing farm legislation. It is always very difficult. There are so many issues involved, so many different commodities and so many different regional interests and State interests, it is hard to put a package together that satisfies everyone.

But I believe this is really a historic change, some would say the biggest change we have had in agriculture since the 1930's when Henry Wallace was Secretary of Agriculture. It seems to me we have made that because we have had this bipartisan cooperation.

I thank the Democratic leader, too, Senator DASCHLE, for working out, last night, an agreement which permitted us to vote at precisely 4:45. That is when we promised our colleagues we would vote and that is when the vote started.

Farmers will finally plant for the market and not the Government. The Government is going to get out of the supply control business.

We can take pride this bill is also good for the environment. The Conservation Reserve Program is reauthorized. A new program, the Environmental Quality Incentive Program, is included to provide farmers and ranchers a cost-share program as they work to develop ways to manage their farming operations. No doubt about it, another big winner in this legislation is the American taxpayer.

There is some concern about the transition payments. That has been expressed time after time. I believe we need now to make certain this is going to work so we do not have these stories appearing that somebody had a big crop and got a big payment. I think that is a very sensitive matter. But I believe, by capping entitlements, it is a sensible spending program.

It is not an end but a beginning, because there is much more we need to do to ensure survival of rural America. One is estate tax relief. I think capital gains tax relief is one. We need to take a look at regulation, regulatory reform.

I would just conclude by sharing a quote I read last week on the floor, the words of George Washington, over two centuries ago. He said, ''I know of no pursuit in which more real and important services can be rendered to any country than by improving its agriculture.'' I think that is as true today as it was then. I thank all my colleagues for their patience and their support.

Again, I thank the chairman, Senator LUGAR, and Senator LEAHY.

The PRESIDING OFFICER. The Democratic leader.

Mr. DASCHLE. Mr. President, I know there are many who want to speak so I will be brief. Let me congratulate the chairman of the Agriculture Committee for the typical manner with which he has addressed this bill and this responsibility. In true fashion he has been cooperative and accommodating. I again want to publicly thank him for his effort.

Let me also thank our ranking member, Senator LEAHY, for his efforts. I appreciate very much the work of our two managers in this regard.

Working with the majority leader, we were able to accomplish what all of us said we wanted to be able to do, finish a farm bill, by a time certain, that would allow some opportunity for farmers to better understand what may be in store, what they have to decide with regard to their own management. This bill, as flawed as I believe it is, will accommodate that.

I must say, in all my time in the Senate, there has never been a time when I felt more discouraged, and frankly more concerned about the future of agriculture, the future of farm policy, than I feel this afternoon. I think the Senate has made a very tragic mistake. I think it is a mistake that will come back to haunt us. I believe we will be here again in the not too distant future addressing many of the deficiencies that this legislation represents.

Obviously, many of us feel very strongly about this. This fight is not over. We will come back. We will revisit many of these issues. We will offer amendments. We will offer additional legislation. We firmly believe we must continue to make farm policy work better than it will work if this farm legislation becomes law.

Finally, let me thank especially Tom Buis, on my staff, for the remarkable job he has done. I do not know of anyone who has been more dedicated, or given his time and effort more generously, than has Tom over the last many days. So, I again thank him, and thank our colleagues for the work that we have done today in spite of the fact that I am so disappointed with the outcome.

I yield the floor.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. GLENN. Mr. President, I ask unanimous consent to proceed as in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE SENATE SCHEDULE

Mr. GLENN. Mr. President, I just want to make a few remarks about the recess. In fact, we are going on a vacation period when we have not even come close to completing the work of the U.S. Senate. I do not know whether people realize it, but if they look at the calendar they will see that we are into the middle of February. I do not think they realize what a short time period we have left to do the business of the Senate for this year in 1996. This year there are political party nominating conventions, and we will adjourn before the November elections. We will not come back in after the elections because that is just a lame duck session.

In effect we are saddled with getting everything done between now and the convention time. If you consider our sine die adjournment which is scheduled for October 4, and take out the normal holiday periods of Easter, Memorial Day, Fourth of July, August recess, and Labor Day, we have about 85 legislative working days left. And if we go on our normal 4-day week schedule where we do not come in until Monday noon and go out by Friday noon, which makes about a 4-day workweek, it means we have a total of about 65 working days left in this legislative year.

I do not think people realize how tight we are on time. We have not even begun to complete the work of last year yet. We have five appropriations bills—VA–HUD appropriations, Commerce, State, Justice appropriations, Interior appropriations, Labor-HHS appropriations, and D.C. appropriations. In addition to that, we had hoped to have a balanced budget agreement. We had hoped to have welfare reform. We have an absolutely critical debt limit extension that has to be done so that the full faith and credit of the United States is honored around the world. That is not one that we can really put off at all.

The continuing resolution and the debt limit expire by March 15. We now are taking off 3 weeks—almost 3 weeks.

I find that unconscionable. Then we wonder why the American people have a lack of faith in their Congress to get things done for this country.

I appreciate the fact that there is a Presidential campaign on. But we need a balanced budget agreement. We want welfare reform. The debt limit absolutely has to be passed. We need health insurance reform legislation. We have a continuing resolution to provide funding for those appropriations bills not yet enacted, all of which are limping along below their normally funded levels.

Mr. President, these are the leftovers from last year. This does not even address the new authorization and appropriations bills that we have to pass in 1996 for fiscal 1997. Here we are out for approximately a 3-week period, and to avoid a vote on whether we should go out or not—we are going to have pro forma sessions; a couple of them a week in which there will be no votes. We will have morning business only. We will come in and make our speeches, and nothing else will be accomplished. I find that unconscionable.

I never said I am ashamed of the U.S. Senate. But I will tell you right at this moment I come closer to it than any other time.

Do people realize we only have some 65 to 90 legislative days this year? These are important pieces of legislation. The items that are being partially funded with the continuing resolution now are limping along, as I said. We have veterans programs that are begging right now—where veterans hospitals are not getting the funding that they should have. We are not getting the new hospitals that were promised to be built.

So we know that on February 26, we will not get anything done. Then we will have the 27th, 28th, and the 29th, and the 1st left in that week, if we work all day Friday—which is becoming rare around here. The debt limit expires on March 15 and we will actually have only somewhere around 11 or 12 days to complete the work. That will be the total time that we will have to work on the continuing resolution to provide for those five appropriations bills left over from last year. And we know from past experience that there are going to be quid pro quos all over the place on the debt limit and any CR's. We know that because that is what has happened every time they have come up this year. I think we are getting very, very short on time.

I think we should stay here. And I think we should be working at the people's business. I think we should be working around the clock on this. And I think we should be working from 9 o'clock on Monday morning until 6 o'clock Friday afternoon—which is what the people expect of us when they elected us and sent us here. They do not expect us to come in here and work 3½- or 4-day weeks and then come back home and make all sorts of excuses about why we cannot get important legislation passed. I do not think people across this country realize we are still working on last year's agenda—five appropriations bills that we do not have done yet, and the new appropriations bills coming up this year. We only have 65 to 85 legislative days left in this year. For us to go out now for whatever purpose and for whatever reason I just think is not right.

I am sorry we were not able to have a vote on this so we could in effect hold people's feet to the fire and say, ''OK. If you want to go out, at least have guts enough to vote on it.'' But that is not the way things work.

So we are going out. We will not have pro forma sessions next week because that is President's week. Normally there is a break here. And then the following week we will have two pro forma sessions, as I understand it; one this Friday on the 9th, and then on the 20th and the 23d but not with votes. We cannot have any votes on anything important. So we will all come in here and act like we are doing something, and we are not. I just do not think that is worthy of the people of this country who sent us here.

Mr. President, in one of these pro forma sessions I will have a great deal more to say about this. I will provide additional examples of where we are being hurt.

Weather forecasting is being degraded. Public safety is jeopardized. The National Weather Service is cutting back for lack of passing a Commerce bill. There is a whole number of things that people do not normally think about, programs funded at levels that are one-fourth reduced. Advanced Technology, the program Ounce of Prevention Council, Local Climate Change, Cops on the Beat, Drug Courts, AmeriCorps, Community Development Financial Institutions, HHS Office of Consumer Affairs—all of these are things that are being cut back now because we do not stay here and do the job we were sent here to do. I just find that unconscionable.

I am so sorry that we are not staying here to take care of these things that we thought were ''must-do'' legislation.

One other comment on the debt limit: Do we know what we are dealing with here? Are we to the point where Wall Street and world's financial community doubt the true faith and allegiance of the United States monetary system? Most of the nations of the world use our currency as their reserve currency. They put dollars in the bank depending on them. We put gold in the bank at one time. They put dollars in the bank. They have that kind of faith. Yet, we are going to run right up to the hilt again on this and create a lot of doubt as to whether we are going to pass a debt limit. And, if the past is any predictor of the future, we know we are going to have a lot of things attached as riders so that the House has its way on the Contract With America. I wish they had a Contract With America on how to keep faith and allegiance in our currency, and faith in our Government, because all we have been doing so far is creating doubt as to our ability really to manage things. So I regret we are going out. I regret we are going to stop having productive sessions here. I would have much preferred that we stay here and take care of the Nation's business. It seems to me that is what we should be doing.

We will have more to say on this later, and I yield the floor.

Mr. LEVIN. Mr. President, will the Senator yield for a question?

Mr. GLENN. I yield for a question.

Mr. LEVIN. First, I wish to commend the Senator for pointing out what I think is a very, very serious inadequacy, which is to leave here for almost 3 weeks when we have two major threats to this economy which are looming before us, which hang over our heads. One is the extension of the debt limit. In effect, we will be paying our obligations through March 15, but from then on there is uncertainty. And we are also operating on interim funding for critical programs including education, the environment, and a number of other programs which have had major cuts. As the Senator from Ohio has pointed out, during this interim period, a $3 billion cut in education annualized. If that cut continues at the current level that we have through March 15, there will be a $3 billion reduction in education programs, everything from title I to Head Start to college loan programs to school-to-work programs, and so forth.

Now, my question of our friend from Ohio is this. One of the big issues that is outstanding is whether or not we are going to extend the debt limit so we pay our obligations, just simply pay our obligations. The country has never defaulted on an obligation yet. We have always paid interest owing. But as of right now we do not know whether or not there is going to be an extension of our debt limit in time to pay our obligations or whether March 15 is going to come and go and we could default unless we extend that debt limit.

Would the Senator from Ohio agree with this, that the fact we leave this issue hanging, the fact that this uncertainty is created, and the fact that we are going out effectively for 3 weeks while this uncertainty is out there could create a major economic problem for us even if at the last minute or in the last few days before March 15 there is a satisfactory resolution; that the act of going out now with the uncertainty that will be created between now and when we effectively come back in itself is a danger even if people were confident that somehow or other between the time we come back and March 15 there would be an extension of the debt limit?

Mr. GLENN. I would answer the Senator by saying absolutely, I think there is that danger. We saw a lot of comment in the international financial press and our own domestic financial press when we extended this to March 15. There was some real concern expressed as to why March 15, why was it not longer? If we really were confident

that we were taking care of the best interests of the United States and our economy, why did we not make it longer? Why did we make it such a short period of time? The closer we get to that deadline, it seems to me, the more questions are going to be raised.

The Senator makes a very good point. If we ever had a real default, if we ever come up and really go into default, it affects our credit rating. It raises interest rates, and it would cost future taxpayers billions of dollars in higher borrowing costs. To play around with that like Russian roulette, playing with fire around gasoline on something that important for the future of this country I just think is unconscionable. I do not think we should be going out.

Mr. LEVIN. I thank my friend from Ohio for yielding. I commend him for his statement. I must say that I totally concur, that the threat of using these weapons against our own economy is a very, very dangerous thing. That threat should be removed before we go out for what amounts to a 3-week recess.

Mr. ASHCROFT addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. ASHCROFT. Mr. President, I thank you for the opportunity to speak.

THE BUSINESS OF THE SENATE

Mr. ASHCROFT. It is a matter of interest and of concern to hear questions raised about the business of the Senate. We have much business to conduct. I should just point out that if we are worried about the cost of interest or worried about the finances of this country, if we are worried about the financial well-being of America, the full faith and credit of the United States, nothing could be more important than balancing the budget and moving this country in a fiscally responsible way toward accountability. We must cease the practice of displacing to the next generation the responsibility of paying for the programs to which we seem addicted.

We have spent a year working hard to try to do that. It is a little bit troublesome to hear individuals from the other side of the aisle suggest that the work has not been hard. It has been very hard. Last year, we voted well over 600 times. In the first 5 years of this decade we voted about 320 times on an average per year. I think if we really care about the future of this country, if we really care about interest rates, we will balance the budget. We will enact an amendment which will structurally require us to balance the budget and the full faith and credit of the United States will not be dependent upon the activities of the Senate and the House. They will be guaranteed by the structure of the Government which we have.

I believe that if we are concerned about the debt limit, we ought to take the steps necessary to make sure we do not unreasonably incur debt and that we do not irresponsibly continue to displace the costs of those things which we seek to have to the next generation. I am perfectly willing to work hard and to stay late, and I believe we all are and we all ought to be. But we all ought also to work in good faith. When we see a bill like the farm bill come up and we see a threatened filibuster and several hundreds of amendments proposed, with a view toward making it difficult to pass and enact the measure, I think those who are concerned about the way in which we spend our time here ought to speak clearly in those instances as well. Because when we have filibustering, whether it be done formally through time spent speaking in the Chamber or through efforts to delay passage of legislation merely by proposing redundant amendments which have nothing to do with the legislation, sense-of-the-Senate amendments that are not really germane to our activities, those also impair our progress.

So I do believe that we have a great job to do. I think we have to be realistic about doing it. We have to be consistent in working toward it. We have to understand if we are, indeed, worried about the cost of interest and the cost of capital in this country and what it does to our citizens, we should understand that balancing the budget of the United States would very likely reduce the average cost of housing in this country to families by a couple thousand dollars a year, and reduce the average cost of a car loan by $1,000 or more.

That is important. That can happen by balancing the budget. So we ought to do our work. There are tasks that have been left undone, and we must focus on them. I am eager to get them done.

I rise today to point out one of those tasks which remains undone. This task does not remain undone, however, because the Congress has failed to act. The task of welfare reform remains undone because the President of the United States has vetoed the work product of the Congress, and has preferred the status quo, a rather bankrupt welfare system, the tragedy of which is to be measured most importantly in human lives and human costs, not in terms of the actual resources in dollars and cents, although they are not inconsequential.

At the time our Republic was coming into existence, Madison envisioned, in Federalist Paper No. 57, a Congress ''with a habitual recollection of their dependence on the people.'' He wanted Government to be dependent on the people. I am afraid we have inverted that. We have people who are now dependent upon Government. And perhaps today's business in the agricultural area was a clear indication of that—farmers who clearly would not know how to plant, could not understand whether the Government would allow them to plant or not allow them to plant until we passed a new agriculture bill.

It is a shame that instead of having a Congress habitually aware of its dependence on the people, the people could not even do the most fundamental things that citizens are supposed to do without first looking to the Congress. I have to say that I was pleased that the agricultural act this year moves us away from that system of dependence.

It is the freedom to farm act. It begins to say to individuals, ''Government will not be dictating when you plant, when you reap, whether you plant wheat or whether you plant corn, when you inhale, when you exhale. The Government does not want you dependent on Government.'' We need to have a farm program and a system of agriculture in America that initiates its activities based on the will, the desire, the creativity of individuals and the demands of the marketplace. So today we took a step away from dependence by the agricultural community on Government. We tried to take a step away from dependence by many people on Government with welfare reform, moving people from the dependence of welfare to the dignity of industry and work. The President of the United States vetoed that.

It is a tremendous problem that our welfare system has encouraged dependence on Government. Welfare law has conditioned assistance on dependence and irresponsibility rather than promoting the virtues of work, independence, and integrity.

We have sent the wrong message. We have said to individuals, ''No matter how irresponsible you are, we will continue your payments.'' As a matter of fact, it has been worse than that. We have said, ''The more irresponsible you are, the more children you bring into the world, children whom you cannot support, we will increase your payments.'' We have actually provided an incentive for irresponsibility.

That has been a pernicious, negative impact of our welfare system that instead of moving us toward the value of independence, it has moved us deeper and deeper into the mire of dependence. The tragedy of dependence has not only been in the numerics of a budget that is out of control, in an entitlement system, it has been in the tally of individual lives, families and entire communities.

When I served as chairman of the National Commission on American Urban Families in 1992, I went to some communities where 80 percent of the children were without fathers. That was shocking. But it was almost impossible to comprehend that in some neighborhoods children were born and raised who did not know a child with a father. In other words, in some of the neighborhoods in those communities, fatherhood was nonexistent. That is a tragedy. That is a consequence of a welfare system that demands reform, a welfare

system which we sought to reform, and the reform of which would have changed it substantially to avoid and avert that human tragedy. But when the rescue was on the way, the reform was vetoed by the President of the United States.

The number of individuals receiving AFDC has more than tripled—more than tripled—since 1965. The rescue program designed to assist people and lift them from poverty has mired them deeper and deeper in the mud.

More than 3 million of 5 million welfare recipients will be on the rolls for more than 8 years. The average length of stay is 13 years. Programs designed to lift people and help them up have held them down. The hand up has become a web of dependency. You know, a net can either be used as a safety net or a snaring net. Unfortunately, the welfare system in the United States of America has been a net of snaring rather than a net of safety.

Fifty percent of unwed teenage mothers receive welfare within 1 year of having a child. Children born into welfare families are three times more likely to be on welfare when they reach adulthood.

This tragedy of a welfare system, which is uninterrupted and continues unreformed because the President of the United States has vetoed the work product of this Senate and of the U.S. House of Representatives, is a tragedy in no uncertain terms. Perhaps the tragedy is compounded in the way that interest compounds on debt—when you cannot pay the interest, you begin to pay interest on unpaid interest, and it snowballs.

When you have a welfare system that is intergenerational, you have a snowballing impact of a welfare tragedy, the human cost of which is staggering.

I give you an example. Ernesto Ventura, a 4-year-old child from the inner city of Boston, MA, was brutally abused and neglected by his mother. He is a third generation welfare recipient. His mother Clarabel was 26 years old and pregnant, a mother of six, by five different fathers—I should say men because I am not confident they were fathers. A crack addict, she sold food stamps and even the family's washing machine to get money to purchase drugs.

One day Clarabel went into a rage and plunged Ernesto's arm into boiling water. He did not get any medical treatment until paramedics found him 3 weeks later in a back room of his project housing, smeared with his own blood and excrement.

Ernesto's family is the story of an intergenerational web of welfare. It is not a web that is a safety net. It is a net of ensnarement. Fifteen great-grandchildren now comprise the fourth generation of this welfare web. The type of benefits received by the extended family are the alphabet soup of the acronyms of Washington—all perfectly legal, and just as perfectly destructive to the human spirit. They were designed to help, but seem to destroy the one fundamental ingredient in the recipe for recovery that is absent from our welfare system, and that is hope.

Ernesto Ventura's grandmother Eulalia has 14 living children, virtually all of whom receive a variety of at least one form of welfare benefits from AFDC, SSI, food stamps, Medicaid, subsidized housing. This does not even count what the grandchildren and great-grandchildren and others receive.

It is time for us to understand that we need to move welfare reform to the top of the agenda. We need to insist that the President reconsider his veto of the reform measure which would have dramatically changed this tragedy.

Yes, it is a problem whenever we threaten the fiscal integrity and financial security of the United States. No question about it. There is a need for us to be fiscally responsible, financially accountable. But there is something even more tragic when we threaten the safety and security of the lives of individuals born in this, the greatest nation on Earth, but ensnared in a web of welfare, a net which was meant for safety but which becomes a net of entrapment.

We need to replace the dehumanizing dependence of Government with the dignity of work and hope. It is clear that we have had a system for the last several decades which emphasizes debt instead of discipline; it has emphasized the dehumanizing dependence instead of the dignity of industry and work. It has provided for decadence instead of decency, and the real cost of our approach has been in human lives.

Welfare reform would fundamentally redefine this culture. It is something about which we must be concerned immediately. From a culture of dependence, we must switch to a culture of dignity and hope. And dignity and hope come in the dignity and hope of work.

We enacted a 5-year limit on benefits to say that welfare was a way of helping people up, but not of providing a career. The President vetoed our intentions. We said that there should be no entitlement that exists forever based on the ability of people to qualify, but instead we should give the States the opportunity to structure welfare reform plans which elicit from individuals the kind of behavior that would bring them out of welfare. That therapy was similarly vetoed by the President.

We asked that there be a requirement for work and that people prepare themselves for work, that they develop in themselves the capacity to be productive, to lift themselves and their families out of the web of welfare dependency and out of the snare, the entrapping snare of the so-called net of safety, which has become a net of capture. And requiring work was vetoed by the President of the United States when he vetoed the welfare bill.

We passed a welfare bill which confessed the fact that Government alone is very unlikely to be able to inspire people to the kind of ethics and values that will result in their rescue from the tragedy of welfare. We passed a bill that would invite charitable organizations to deliver services because the compassionate capacity of these organizations meets the deeper needs of individuals, and these organizations tend to view individuals not just as statistics who qualify for a governmental program, but as worthy human beings who have the potential of industry and the potential of opportunity and the potential of service to themselves and others.

Our welfare reform measure included that, and that as well was vetoed by the President of the United States.

We cannot allow the veto by the President of the United States to extinguish the flame of hope that is within us and needs to be rekindled across this Nation from county to county, city to city, State to State, a flame of hope that says we can do better than what we are doing.

The wretched tragedy of the welfare system as it now exists is not something with which we must live. It is something which we can and ought to change. It is not simply a debate about restructuring a Government program. It is a debate about how we will save the opportunity for America to continue to reach its potential. It is a question about rescuing our children and our culture from tragedy.

The human costs of what the welfare system has occasioned are beyond speaking, and the examples are hard to recite. But unless we confront them, we will never understand the desperate need we have to change the way in which we do business.

Every day we fail to reform the welfare system, we are nourishing the seeds of cultural disaster in our country. We have the ingredients for reform in the bills which we have passed. I believe it is time again for us to act and to call upon the President to change his mind on welfare reform and to endorse a reform which will save a generation and provide an opportunity for security and success in this society in the next century.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HARKIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. ASHCROFT). Without objection, it is so ordered. The Senator from Iowa.

REPLACING FEDERAL RESERVE CHAIRMAN

Mr. HARKIN. Mr. President, I take the floor to speak on a matter of great importance to this country, to me personally and to, I know, every Senator here. A matter of great importance to

all the working men and women of America and to our future, for our children.

This is the first time I am going to speak about it, but I am going to speak about it on several occasions in the coming days and weeks.

I wanted to begin the process of talking about one of the most important decisions that President Clinton will be facing during his first term in office. That decision is pending right now. That decision has to do with who will be the next Chairman of the Federal Reserve System.

Will the President renominate Alan Greenspan? Or will the President, consistent with his view that things must change and we must change the way we do things in this country, begin the process of looking for new leadership at the Federal Reserve System?

Mr. President, I believe President Clinton should begin to look for new leadership to head the Federal Reserve System.

Raising the living standards and the real wages of ordinary Americans is our primary economic challenge. But the policy of the Federal Reserve under Chairman Alan Greenspan, I regret to say, stands in the way. Mr. President, he should not be renominated.

Under the Full Employment and Balanced Growth Act of 1978, the Federal Reserve is obligated to conduct monetary policies so as to reconcile reasonable price stability with full employment and strong, stable economic growth. That is the law.

But under the Greenspan Fed, job growth and the living standards of average Americans have been sacrificed in the blind pursuit of inflation control and the interests of the bond market. The Fed has raised interest rates not when inflation was knocking at the door, but when inflation did not even threaten. In 1994, in the midst of 7 straight rate increases, Chairman Greenspan himself acknowledged that there was no evidence of inflation.

It is time for the Federal Reserve to pursue a more balanced policy, based on raising economic growth and increasing jobs, alongside continued vigilance against inflation. Outgoing Vice Chairman Alan Blinder argued for just such a course.

With the downsizing of Government spending and its more limited ability to stimulate the economy, the significance of the Federal Reserve interest rate policies has grown even larger.

Chairman Greenspan is guided by a concept called the ''natural rate of unemployment''—the principle that there is some definite rate of unemployment below which workers' incomes will rise, leading to rising inflation. And, obviously, Mr. Greenspan accepts statistical estimates by some economists that tell him the rate is now at, or near, 6 percent unemployment. In other words, if we fall below 6 percent unemployment, inflation is going to, boom, go up. But unemployment has been just below 6 percent for over a year, and inflation continues to fall.

Unfortunately, the Greenspan policy of slow growth and high interest rates rests on one enduring doctrine—that high unemployment is good for the economy. Today, unemployment stands at 5.8 percent. That is far too high. And 7.7 million unemployed Americans is far too many.

But according to Greenspan Federal Reserve Board dogma, there just may not be enough out-of-work Americans. Now, by contrast, Federal law sets a goal of unemployment at 4 percent, a goal of 4 percent unemployment.

Of course, I do not think anyone has all the answers, but it is time we started using some plain common sense for some positive changes.

The first step to getting back on the right track is to set our sights on a higher rate of economic growth and a lower rate of unemployment. And the key to this is to lower interest rates and keep them as low as reasonably possible.

Under new leadership, we could look forward to more growth, to lower unemployment. But I daresay not under Alan Greenspan. His feet are planted firmly in the past.

What about the fear of inflation? Well, we cannot perfectly predict the future or rule out a rise in inflation sometime in the future, so we have to continue to be vigilant and well-prepared. But most forecasts are for continued low inflation.

Our economy is much more global and open to worldwide competition. We have a new culture of mass discounting in retailing, cost efficiency in manufacturing, some pretty ruthless economies in almost every branch of trade. We have rapid technological changes, especially in computers, which are playing a role, allowing for lower cost replacements for goods whose costs rise. Oil supplies are high, relative to current demand.

Well, what all of this really means is that we can now have fuller employment without inflation—allowing our workers to fully benefit from their higher productivity with higher incomes—that is, if we push for fuller employment through our monetary policy. That is where it has to come from.

Real growth to strengthen our economy is essential. Over the last 20 years, our economic growth has fallen by about one-third over what it was previously. That huge drop in our economic growth has cost our economy in the neighborhood of $14 trillion. What that means is stagnant incomes for average families, higher unemployment, and a lower quality of life in America.

Mr. President, I have an article that appeared last year, but I thought it summed it up pretty well. Patrick Gaughan, Director of the New Jersey Economic Research Center said:

> We blame Alan Greenspan. Seven interest rate increases are taking their toll. Greenspan's statistics represent picking up effects that are apparent in day-to-day living. People listed as employed are working part-time jobs without benefits. If you lost a six-figure job and got one back at $30,000, you are treated the same in unemployment rates.

He goes on to say that he thinks the Fed is preoccupied with inflation:

> Whether inflation goes up 1 or 2 percent is far more important in the eyes of Greenspan than whether a person has a full-time versus a part-time job. The average person cares more about having a full-time job than he does about paying a nickel more for a loaf of bread. The Federal Reserve has gotten so insulated it doesn't realize these things.

Let me say that last sentence again: ''The Federal Reserve has gotten so insulated it doesn't realize these things.''

He is not the only one that has been critical. Jerry Jasinowski, head of the National Association of Manufacturers said:

> The Fed is fundamentally misreading the American economy. They ought to get out from behind their desks and see what is really happening in plants and on factory floors.

So it seems, Mr. President, that serious questions are not being raised and being asked about the leadership of the Fed under Alan Greenspan. I am not here to say that Mr. Greenspan is not a good and decent man, and I am sure he wants what is best for his country. I am just saying that his economic theories and his approach are out of date. Maybe some time in the past, but not for today's economy. Not for the rapid changes that are taking place in the world, for American workers whose incomes are stagnant and who need to have their incomes raised, because they can have higher productivity. We can have greater growth in this country than 1 percent or 2 percent, and we can have this growth without the fear of inflation.

As I said, Mr. President, I will repeat, over the last 20 years, our rate of economic growth has fallen by a third over what it was previously. That has cost us $14 trillion. That has an impact on average families on unemployment, lower jobs, lower quality of jobs, lower income.

The chairmanship of the Federal Reserve is up soon, next month, I believe. Mr. President, it is time for a change. President Clinton has the opportunity to bring about positive change by bringing in new vision and new leadership to this position. America needs a forward-looking Fed Chairman who recognizes the importance of expanding opportunities for our economy and our people in today's global market.

We need strong leadership, committed to higher growth and higher incomes, fuller employment, and lower, more stable interest rates, to improve the quality of life for average Americans. Mr. President, Alan Greenspan's time has passed. It is time for new leadership at the Fed.

Mr. President, I have an article here that appeared in the International Economy in November-December 1995, by William Greider. I ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the International Economy, Nov.–Dec. 1995]

SLEEPING WITH THE DEVIL

BILL CLINTON WILL LOSE THE 1996 ELECTION UNLESS HE CHANGES HIS ECONOMIC STRATEGY. DUMPING FED CHAIRMAN ALAN GREENSPAN WOULD BE A GOOD START

(By William Greider)

The killer campaign issue of 1996 is the same old criterion that usually determines the fate of incumbent presidents—incomes and general prosperity—and by that measure Bill Clinton looks like a goner. The financial economists at the Federal Reserve and the White House congratulate themselves for having tamed Americans' unruly appetites by engineering a 2-by-2 economy that appears quite satisfying when viewed as abstract policy: 2 percent growth, 2 percent inflation. But the political problem is that in the real world, where most voters live, this slow-growth regime guarantees the continuing erosion of wage incomes for most American families.

The last peak in the median family income occurred in 1989, followed by recession and a shrinkage of 7 percent. But although the economy was again growing in 1995 after expanding smartly during 1994, income levels had still not regained the lost ground. Since Clinton's election, wages have been flat or falling (discounted for inflation) for everyone except the top 30 percent of women on the income ladder and the top 20 percent of men. Such beneficiaries are not exactly lunch-bucket Democrats.

Clinton's presidency is distinctive in these terms: Unlike previous cycles, most people did not receive the usual bounce in family incomes once the ''good times'' supposedly resumed. The wage declines persisted despite the modest recovery and the healthier growth rate during 1994. Then the Federal Reserve stiffed the president: 4 percent growth, it announced, was dangerously inflationary, and it thus pulled the plug on the Clinton recovery.

As in so many other matters, Clinton meekly deferred to the wisdom of his elders. He made not a peep of protest as Alan Greenspan raised interest rates and cast a heavy shadow over his reelection prospects. The White House actually concurred with this move and the president's principal economic advisor, Laura Tyson, even boasted about the depressed labor costs, which were rising in 1993 at one of the lowest annual rates in three decades. ''We see a very well-behaved employee compensation index,'' Tyson announced. Well, in 1996 the president is going to see some very ill-behaved voters—including many of the working-class Democrats who were among his original electoral base of 43 percent.

Bill Clinton made his choices and now he has to live with the results. Though elected as a Democrat by talking eloquently about the crisis of declining wages, he opted for a financial-market strategy for governing; trusting the Fed and the bond market to reward him for enacting significant deficit reductions by lowering interest rates. But both of them ran out the door once Clinton had trashed his own campaign promises to increase public investments. When Republicans play to the bond holders, they employ superior timing: They take the hit on the economy early in the presidential term so things will be back on track and growing robustly in time for the next election. The investment bankers Clinton recruited as advisors seem quite naive about electoral cycles (or perhaps indifferent to his fate).

My hunch is that Clinton cynically assumed he could get around to helping the folks during the second half of his term, pumping up their gratitude with new programs just in time for his reelection. But that door slammed shut last November when the Republicans took over Congress and rediscovered fiscal prudence.

What's occurring is quite explosive for American polities and threatening to both parties. The overall returns from conventional economic growth are no longer being distributed widely through out the society, but rather are skewed upward to a fairly small group of citizens. The implications are devastating for the president, but ultimately also for the ascendant Republicans with their much-celebrated ''revolution,'' since they too have no answer to the wage problem. If most American families continually lose ground during the ''good times,'' is it any wonder national politics is turning weird and unstable?

Of course, no president can be expected to singlehandedly reverse the deeper wage trends, but it matters to people whether a politician is pulling for them or against them. Clinton's gravest political error was to sit passively while Greenspan and the Federal Reserve Board knocked the steam out of the economy. That decision effectively guaranteed that wages for most people will continue to decline throughout his presidency. By the summer of 1995, Clinton was delivering soulful speeches lamenting the effects that the forces of globalization were having on average American families. But the words are unconvincing since he himself aligned with those forces.

The iron law of presidential politics holds that an incumbent needs robust, rising prosperity during his reelection year to win a second term. If the reverse occurs, as it now is, he loses. From Herbert Hoover to George Bush, there have been no exceptions to this rule. Of course, Clinton can perhaps somehow elude these fundamentals with luck and a clever campaign, but it would require an historic levitation of public opinion.

The key electoral indicator is real per capita disposable personal income: the money people have left to spend after taxes and inflation have taken their bites. When that indicator is rising sharply it is a reliable ''feel good'' barometer for the nation even if it does not reflect the gross maldistribution of incomes. Last year, disposable income was expanding mildly at about 2 percent until the fourth quarter, when it spurted by a very robust 6.4 percent, due to the surging economic growth. If the economy had continued growing by 4 percent a year, greater and greater numbers of people would have gradually shared the benefits. Instead, the Fed's brakes took hold and personal income growth also began subsiding at an even more rapid pace.

By the spring quarter, disposable income was shrinking at a rate of minus 2 percent. I don't know how Clinton's economic wizards expect to reverse such a trend, but they must attempt to do so quickly—or Clinton will join Bush and Jimmy Carter in the one-termers' Hall of Fame.

To counter this reality, Clinton has an excellent campaign issue sitting on his desk if he has the nerve to use it: dumping Greenspan. The Federal Reserve chairman, a conservative Republican economist first appointed by Ronald Reagan and reappointed by Bush, completes his second term in March. The smart money says Clinton will reappoint him to another four-year term since—it is assumed—the Republican Senate will refuse to confirm anyone else, especially anyone burdened with such old-fashioned concerns as family incomes.

But instead of acceding to this scenario, Clinton ought to discard the old pieties about the supposedly independent Federal Reserve, ignore his own advisors and make a noisy fight of it: ''I am replacing Alan Greenspan because his slow-growth economic policies are hurting average American families.'' If Bob Dole wants to defend the Federal Reserve's noose on the American economy, let him. If Wall Street financial analysts freak out, all the better. If Republican senators refuse to approve a new chairman, Clinton can run on the issue all year long. The central bank will run just fine with a temporary chairman, while politicians debate the gut issue of American politics: the prospects for economic growth.

Politics aside, here are three substantive reasons to shake up the central bank:

1. Greenspan is an appropriate symbol of the wage disorders and the larger economic debate that ought to engage the nation in 1996. The immediate question for candidates is this: Do you agree with the Federal Reserve's gloomy assumption that the U.S. economy must not grow faster than 2 percent to 2.5 percent a year? If the American economy is permanently constrained to 2 percent growth, forget all the other issues that politicians propose, since most families are certain losers in such a scenario. Which side are you on?

2. Greenspan's intellectual explanations for why the Fed had to squelch the [economic] recovery are quite lacking and will not withstand serious scrutiny by intelligent graduate students, much less rank-and-file citizens. ''The chairman has proposed a simple-minded rule for determining what he calls ''the maximal growth of a nation's well-being.'' (Note: He does not say ''maximal economic growth'' or explain whose ''well-being'' will be maximized by his policy.) His rule is that, since the labor force expands by 1.1 percent and productivity by 1.4 percent, that adds up to 2.5 percent growth and that's it. Anything more, he opines, ''would in the end do more harm than good.''

What's wrong with his numbers? Usual ideological arguments over growth and inflation aside, the Federal Reserve assumes the economy is already at full employment—that there are no willing workers left to employ. Anyone who spends a few minutes examining the reality knows this is fraudulent: it excludes the millions of involuntary part-time workers and the millions more who are simply not counted. It presumes a static perfection in job markets that will seem ludicrous to anyone who talks to young people looking for jobs (or to the older people who have been restructured out of theirs). Greenspan's 2 percent solution is terrific for the bond holders but terrible for the future security of most families.

The Greenspan logic, oddly enough, also excludes the global economy—the competition of low-priced imports that serve as a market restraint on U.S. wages and prices, the gross overcapacity in the worldwide production base and the ability of the multinationals to shift their output from country to country, adjusting to the cycles of supply and demand. The country needs a larger debate on all such matters but it will not receive one as long as politicians defer to the opaque reasoning of the Fed.

3. Another strong reason to dump Greenspan is that he has been highly political despite the supposed non-partisan nature of the independent central bank. This Fed chairman has been mucking around in all sorts of political issues far beyond the ken of monetary policy, usually in ways that will injure broad ranks of citizens. First cozying up to Clinton, he is now sucking up to the new Republican majority in Congress. He pushed Clinton to drop his original jobs agenda and instead deal with the deficits. Now Greenspan is collaborating with Republicans so they too can break their promises.

Greenspan provided the stimulus for a devious game that is underway to cut Social

Security and raise income taxes—both of which the Republicans promised not to do in their celebrated ''Contract With America.'' Greenspan personally began the proceedings early in 1995 when he announced the Fed's conclusion that—eureka!—the Consumer Price Index overstates inflation by as much as 1.5 percent. Never mind the obvious contradiction this asertion posed for the chairman's own arguments about inflationary dangers and the need to stifle the economy.

Greenspan's purpose was to suggest that by adjusting the CPI Congress could lop more than $20 billion from Social Security and other benefit programs and add a similar amount in higher tax revenues. The CPI is used to calculate annual cost-of-living increases for a variety of entitlement programs and to protect taxpayers from being pushed into higher tax brackets by inflation. Adjust it downward and Congress can find $40 billion or $50 billion. Look, no hands—we're cutting Social Security and raising taxes and nobody can see us doing it. This is the type of sleight-of-hand that Americans have come to expect from Washington and it is the reason both parties are loathed. If Republicans try to speak this into legislation late at night. I hope the voters catch them.

Clinton could use all of these arguments to explain why he is replacing the Federal Reserve chairman, though I concede it would be out of character for him to do something so provocative and independent of the conventional wisdom. But think of the bumper sticker:

''Dump Greenspan. He's Good for Bonds/Terrible for Wages.''

''Dump Greenspan: The Guy is Standing on Your Paycheck.''

''Dump Greenspan: He Stopped the Party Before You Got Any Punch.''

If Clinton doesn't rewrite his hair shirt economic message, he will be stuck in about the same place that Jimmy Carter was in 1980, telling voters: ''Sorry about the economy, folks, but this is about as good as it's going to get.'' Rational voters, given that choice, will usually opt for something else—anything else—even a fairly loopy or nasty alternative.

I Remember the Gipper's favorite question: ''Are you better off now than you were four years ago?'' Next year, I expect Republicans to ask that question again, with devastating effect, Once again, they will be able to grab the high ground from the Democratic Party by calling for faster economic growth. Speaker Gingrich occasionally opines that the economy can grow at a 5 percent rate, through he does not explain how, given the obvious contradictions with the austerity provisions of the GOP agenda and the Federal Reserve's assumption that 2 percent growth is ''maximal.''

In other words, if the Greenspan era continues for another term, the political questions about economic growth will not go away. The same contraditions—the broad deterioration of incomes and the central bank's doleful logic—will confront Republicans if they win the White House. The Republicans are leaning on the same frail reed that failed Clinton: a vague hope that the Federal Reserve and the bond market will help them by lowering interest rates. They should get Greenspan to put this in writing.

The dilemma of the economy's growth rate is at the center of American politics but is seldom directly debated, since almost everyone assumes that faster is better. Even the antigovernment conservatives promote various proposals, such as a capital-gains tax cut or regulatory decontrols, based on the same premise: The measure will produce faster economic growth. But how can they do so, if the Fed insists 2 percent is the most the nation can handle? if voters and politicians ever grasp the contradiction, it may well be triumphant Republicans, not Democrats, who finally have to take on the Fed.

Mr. HARKIN. As I said, Mr. President, I will be discussing this issue at greater length in the days and weeks to come. I guess we are on recess now. I guess the Senate will be in again later this week and I guess next week. I do not know when. But I hope to take some more time on the Senate floor to discuss the Federal Reserve System and why what they are doing and the course of action they are taking is not consistent with the real world. It is what is happening in the global economy, with what is happening to real competition, with what is happening to the need, and not only the need, but the possibility of real economic growth in this country.

The growth rate that seems to be acceptable to Mr. Greenspan I do not believe is acceptable to the rest of this country. From February 1994 to February 1995 under Chairman Greenspan interest rates were raised seven times—seven times in 1 year, three percentage points. It went from 3 percent to 6 percent in the year that ended in February 1995.

Now, we do have to be vigilant about keeping inflation in check. But even Mr. Greenspan said there was no inflation. Inflation has not been threatening, certainly not in the last year, Mr. President. But you would think if that is the case, interest rates would come down. But since February of last year, the Fed has lowered interest rates only three-quarters of a point. So he can raise interest rates 3 percent in 1 year, but in the next year he can only lower them three-quarters of a point. The recent small reductions may make people feel a little good. But they are still not down to where they were in February 1994.

I find it more than passing strange that interest rates can go up 3 percent in a year but they can only come down three-quarters of a point in the following year when there is no inflation threatening at all. I think it is very important to talk about this because of the significant impact it has on our economy and the income of average Americans.

I know there are other Senators who feel as I do. I know that Senator DORGAN also wants to take the floor to speak about this issue and about the need for a new policy, for new policy directions at the Federal Reserve System.

Mr. President, I wanted to take the floor to alert my colleagues that I will be putting more information in the RECORD and I will be discussing this at length in the days and weeks to come. As I said, I certainly hope that President Clinton will see the necessity for new leadership, and through guidance at the Federal Reserve System, appoint someone with a new vision, someone with new vigor and energy who understands the real world as it is out there and who is not just locked into outdated, outmoded and time-worn economic philosophies that have no bearing or no real relationship to the real world as we see it today.

I am publicly calling on President Clinton to bring new leadership to the Federal Reserve System next month. I yield the floor.

CAMPAIGN FINANCE REFORM

Mr. SPECTER. Mr. President, I have sought recognition to comment about the increasing public concern about the unlimited amounts of money that individuals spend from their own private fortunes to gain public office in the United States, which I believe poses a real threat to democratic government in our society.

I have spoken about this subject in the past and have, along with Senator HOLLINGS, supported constitutional amendments, because that is what is necessary to deal with this campaign finance reform issue, because the Supreme Court of the United States decided a little more than 20 years ago, on January 30, 1976, in a case captioned Buckley versus Valeo, that an individual can spend as much of his or her money as he or she chose, notwithstanding spending limitations on everyone else.

As I have said on this floor, that case had a substantial personal impact on me because I had declared my candidacy for the U.S. Senate in late 1975 when the campaign finance law had recently been enacted. In 1974, specified on a population basis for the State, a State the size of Pennsylvania had a limit of $35,000, which is about what I had in the bank, having recently returned to private practice after having been district attorney of Philadelphia.

That year I contested a man who later became a very distinguished U.S. Senator—he won the election in 1976—a very close personal friend of mine, Senator John Heinz, who was able to spend beyond the limits established under the statute because the Supreme Court of the United States declared the law unconstitutional, on first amendment grounds, limiting the amounts anybody else could spend. My brother, for example, could have contributed substantially but could only spend $1,000 by way of contribution.

This has become a proliferating, expanding problem in our society, with many Senate seats having been, in effect, bought with enormous personal contributions. Now we are seeing the matter played out on the national level, obtaining a lot of national notoriety, with recent disclosures showing expenditures in excess of $15 million because people are not limited by the Federal laws if they choose to spend their own money. Those Federal laws on matching funds for the Presidency limit the amount that anybody can spend, if they take Federal funding, to

about $600,000 in New Hampshire, about $1 million in Iowa. Those funds are not the limit for those who spend their own funds.

I was fascinated to see on Friday in the New York Times, a column by Anthony Lewis, about this precise subject. I was surprised to see it because Mr. Lewis is well known for his defense of the Constitution and his defense of the first amendment. I think I have that same record, concern about the Constitution, concern about the first amendment.

So, when Anthony Lewis wrote a column in effect calling for the overruling of Buckley versus Valeo, which was decided on first amendment grounds, I thought it a very important event. At the conclusion of my presentation I will ask this be printed in the RECORD. But I only want to cite one sentence from it at this time, referring to the current events, on the tremendous expenditures by an individual, that these events may pose. A ''real contribution should be to make us think of ways to overcome the Supreme Court's misguided 1976 decision that limiting how much political candidates can spend on themselves violates their freedom of speech.''

I think it worth noting, when Anthony Lewis calls the Supreme Court decision ''misguided,'' he, in effect, joins Senator HOLLINGS and myself and others in calling for a constitutional amendment. On Friday, February 2, the day this appeared, I called Mr. Lewis. Before I could tell him the purpose of the call, he said, ''I think I know what you are calling about.'' He was exactly right.

On Sunday in the Philadelphia Inquirer there is an extensive article by Mr. Dick Polman, on the same subject, starting off, ''If money talks.'' Again, quoting only one small section, Mr. Polman noted, referring to Buckley versus Valeo:

> The justices ruled that candidates could spend their own money as they wanted, as an exercise of their constitutional right to freedom of expression. Publicly financed rivals, on the other hand, must obey spending ceilings in each state—$600,000 per candidate in New Hampshire, $1 million in Iowa.

Now, Mr. Polman quotes from a comment by Miss Ellen Miller, who directs the Center for Responsive Politics in Washington, ''That ruling made no sense 20 years ago, and it certainly makes less sense today.''

As the Presidential campaign moves forward and we see the impact, I am surprised that money could have made as much a difference as it has in what has resulted so far as shown by the public opinion polls in New Hampshire and Iowa. It may really be possible to buy the White House if enough money is spent from an individual who reportedly has $400 million. And if that individual chooses to spend, say $200 or $300 or $350 million—what is the difference if you have $50 million more left over? You probably have enough for any other contingency—the impact of that kind of spending has really potentially cataclysmic impact on the electoral process in the United States.

I do not want to keep the Senate here too late. It is now 6:15. I know the leader wants to wrap up, but I did want to make these brief comments.

At this time I ask unanimous consent the full text of these articles by Anthony Lewis in the New York Times of February 2, and the article by Dick Polman of the Philadelphia Inquirer of February 4 be printed in the CONGRESSIONAL RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Philadelphia Inquirer, Feb. 4, 1996]

IF MONEY TALKS, WHAT DOES IT SAY OF FORBES?

(By Dick Polman)

Ask Charles Lewis about the Steve Forbes phenomenon and you get a shake of the head and a sigh of exasperation.

''What's so disturbing,'' he says, ''is that here you have a guy who's pumping his own millions into his presidential campaign—and a substantial number of voters aren't bothered by it. This gnaws away at me a bit.''

Lewis is a Washington activist who wants to curb the power of money in politics—witness his new book, The Buying of the President—and that explains why he gets so hot about the new darling of the Republican field.

Lewis pursues his point, with a dollop of sarcasm: ''Apparently the answer to our problem is, we should elect a multimillionaire because we think he's not [beholden] to special interests. Well, look at the people who are helping him. Look at the world he lives in. . . . He has come absolutely out of nowhere. At least Bob Dole is familiar to us. But this guy? It's like The Twilight Zone.''

In terms of money and moxie, there has never been a presidential candidate like Steve Forbes. Yes, Ross Perot spent $60 million in 1992, but he arrived late in the game and ran as an independent; unlike Forbes, he didn't target the primaries and try to blow out rivals with saturation advertising. And, yes, John F. Kennedy spent his father's money, but JFK was a career politician.

Forbes, by contrast, is a career publisher of inherited wealth and conservative bent, whose sole public job was a stint as board chairman of Radio Free Europe. As the hottest ticket in the Republican road show, he is pushing a flat income tax that would put more money in his own pocket, according to an independent analysis sponsored by Lewis's public-interest group, the Center for Public integrity. Despite repeated requests, he refuses to follow Dole's example and release his income tax returns.

Most important, his lavish private spending is wreaking havoc among his chief revivals, all of whom are bound by the strict federal spending limits that inhibit those who accept campaign money from the public treasury. Forbes is free to spend, but they are not—thanks to a landmark Supreme Court ruling 20 years ago this week.

In fact, the self-financed Forbes candidacy would not exist without Buckley v. Valeo. The justices ruled that candidates could spend their own money as they wanted, as an exercise of their constitutional right to freedom of expression. Publicly financed rivals, on the other hand, must obey spending ceilings in each state—$600,000 per candidate in New Hampshire, $1 million in Iowa.

''That ruling made no sense 20 years ago, and it certainly makes less sense today,'' says Ellen Miller, who directs the Center for Responsive Politics in Washington. ''What Forbes shows is that the 'free expression' of a non-wealthy candidate, or a voter who can't afford to contribute money, is drowned out by the free expression of a candidate who can finance himself.''

If Forbes' candidacy proves that money talks, the public doesn't appear concerned. The latest survey puts him ahead of Bob Dole by nine points in New Hampshire, which stages the first primary, on Feb. 20; three weeks ago, the survey showed Forbes trailing—by 16. As several New Hampshire voters insisted in interviews last week, Forbes can ''afford'' to be his own man.

Some say this sentiment is naive. ''I've run [congressional] campaigns against rich people,'' says an adviser to a Forbes rival, ''and you have to pay attention to the people they socialize with and do business with. In Forbes' case, it's all his magazine advertisers, his vendors, accountants, investors, lawyers—a whole culture.''

It is not all Forbes' money. He has also staged fund-raisers—including a Philadelphia event Friday night—and has drawn the corporate elite. Miller complains: ''He's selling himself now. He's breaking the myth that he can't be bought.'' As long as he doesn't seek public matching funds, though, he remains free of restrictions.

And the public seems not to mind. Gerry Chevinsky, the pollster who conducted the latest New Hampshire survey, explains the public's growing support: ''We asked people if they thought it was appropriate for a candidate to use his own personal money in a big ad campaign—and 61 percent said yes. They are so turned off to Washington, and to politicians in general, that they're looking for anyone who doesn't play the political game. The support for Forbes is symbolic. He is a sanitized Perot.''

Forbes also gets a boost from Steve Salmore, who advises Republican campaigns in Forbes' native New Jersey: ''People see that . . . he's not just saying something in order to pander to people. There's a feeling that if you're spending your own money, that at least you believe in what you say.''

Is it unfair that Forbes can outspend everyone else? Not necessarily, argues Salmore: ''The court said, 'Spending your own money is a form of speech.' And rightly so. Look, is a businessman who wants to influence [the public] supposed to take time away from his work just to . . . lick stamps? The career politicians already have the advantage.''

He says that if campaign-finance reformers are unhappy, they have only themselves to blame. After all, the court in 1976 was trying to clean up the reforms adopted in 1974. Referring to good-government activists, Salmore scoffs: ''This is the problem with the 'goo-goos.' They put in reforms, and you end up with a system that helps some and hurts others. A classic case of unintended consequences.''

Indeed, the system that has soured so many Americans—the ties between politicians and special-interest political action committees (PACs)—evolved as a consequence of the 1974 reforms.

The congressional reformers, seeking to banish ''fat-cat'' contributors, enacted a law requiring that presidential candidates accept only small amounts—no more than $1,000 from an individual and $5,000 from a group—with the totals then being matched by the federal treasury. This law also decreed that no candidate could spend more than $50,000 of his or her own money.

The high court kept the first two provisions (the amounts are the same today), but threw out the cap on personal funds. And here are the results:

It takes enormous effort to build a sizable war chest from small contributions. Candidates can do it faster by relying on special-

interest PACs, which is one big reason that the PAC population has exploded over the last two decades. By contrast, someone like Forbes doesn't need to play even this game.

And while Forbes can spend whatever he wants wherever he wants, the others must obey the state-by-state ceilings. These ceilings often inspire creative cheating.

One veteran strategist says: ''To stay inside the [spending] limit in Iowa, you rent all your cars in Kansas and Nebraska, and charge the accounts there. . . . Charge the cars in states where you know you won't be spending much money. Then bring the cars over to Iowa. Problem is, some poor schlepp has to drive all the cars back.''

The big question is whether anything will be done. Salmore likes the idea of allowing publicly financed candidates to keep pace with the rich; if Forbes is spending big money, then remove the ceilings and allow his rivals to raise and spend the same amounts.

But Bill Bradley, a Democrat who is retiring from the Senate, is calling for a constitutional amendment that would bypass the court and allow Congress to set spending limits on rich candidates. In a speech last month, Bradley said: ''Money is not speech. A rich man's wallet does not merit the same protection as a poor man's soapbox.''

Charles Lewis says: ''Buckley is the biggest roadblock to reform, so we either need a constitutional amendment, or . . . How do we do this in the fairest possible way?

''I have to say, I don't know the answer.''

[From the New York Times, Feb. 2, 1996]

LESS IS MORE

(By Anthony Lewis)

BOSTON.—A rich man campaigns for President on a one-plank platform: ''Vote for me to cut my taxes drastically and make many of you pay more.'' The voters respond with enthusiasm.

It sounds like fiction, a parody of the American political process. But judging by what is happening in New Hampshire, it is reality. Three weeks before the primary there polls show Steve Forbes, the flat-tax candidate, in the lead.

A survey just taken by The Boston Globe and WJZ-TV finds 31 percent of likely voters favoring Mr. Forbes. Senator Bob Dole, who has dominated the figures for a year, is second with 22 percent. Just three weeks ago the same pollsters gave Senator Dole 33 percent, Mr. Forbes 17.

Mr. Forbes has poured millions from his personal fortune into television advertising in New Hampshire. In the new poll 85 percent of the respondents said they had seen his ads. Most of them are negative, principally attacks on Senator Dole. Just about the only affirmative argument he offers is for the flat tax.

The Forbes tax proposal would exclude the first $36,000 in income for a family of four, then tax all earnings above that amount at a rate of 17 percent. Income from investments would not be taxed at all.

A change of that kind would be a boon for Mr. Forbes and other wealthy Americans, who now are taxed on investment income and pay a marginal rate of 39.6 percent on income over $256,500 a year. To produce the same revenue as the present system, the flat tax would have to make the middle class pay more.

The Treasury Department analyzed a flat tax that would keep government revenue steady, one with a rate of 20.8 percent and excluding the first $31,400. A family of four earning $50,000 a year would pay $1,604 more in taxes, one earning $100,000 an additional $2,683. But a $200,000 family would save $3,469.

In fact, the Forbes formula as drafted would cut Federal revenue by $186 billion a year. That would mean an enormous increase in the deficit or severe cuts in Social Security, Medicare and the defense budget. There is not enough discretionary civilian spending to absorb more than a small part of that amount.

Why would New Hampshire voters want to inflict such misery on themselves in order to give Steve Forbes and others in his bracket big tax cuts? Many may simply not understand the consequences.

Detailed findings of the new poll suggest that the meaning of the Forbes flat tax has not quite sunk in—but is beginning to. Asked whether they supported the Forbes tax plan, 37 percent said yes—down from 54 percent three weeks ago.

And of those who said they favored the flat tax, 45 percent said they would not be for it if it exempted investment income so the wealthy could live tax-free. Others in varying numbers dropped out of the group favoring a flat tax if it eliminated deductions for home mortgage interest or local property taxes—as the Forbes plan would.

The more attention 17 percent flat tax gets, the less likely voters are to support it. But that need not be the end of Steve Forbes. When New Hampshire supporters were asked why they liked him, the largest category of responses (37 percent) was that he was not a Washington insider. In short, angry Americans—and there are a lot of them—can work off their feelings by voting for Mr. Forbes.

The loser in all this is Bob Dole, and that is reason for regret. Even those who disagree with him on this issue or that must recognize that he is a responsible political leader and a serious man.

It is hard to take the other Republican candidates seriously. The party has lurched far to the right, but I doubt that it has become suicidal enough to nominate Phil Gramm or Pat Buchanan.

As for Steve Forbes, my guess is that he will look increasingly flaky. He told a Boston Globe interviewer this week that much of acid rain ''is created by nature, not by smoke-stacks.'' Mr. Forbes's real contribution should be to make us think of ways to overcome the Supreme Court's misguided 1976 decision that limiting how much political candidates can spend on themselves violates their freedom of speech.

Mr. SPECTER. Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

MORNING BUSINESS

Mr. DOLE. Mr. President, I ask there now be a period for the transaction of routine morning business, with Senators permitted to speak for up to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

JUDGE JOHN HELM PRATT

Mr. WARNER. Mr. President, I am pleased to place in today's RECORD a copy of a tribute to the late Senior Judge John Pratt, of the U.S. District Court for the District of Columbia, written by his dear friend U.S. District Judge Oliver Gasch. I was privileged to serve under Oliver Gasch as an assistant when he was U.S. attorney for the District of Columbia, and I came to know Judge Pratt.

Mr. President, the recognition of the many accomplishments and contributions of Judge Pratt to his chosen profession—the law—are too numerous to list. Having served on the bench for 27 years, Judge Pratt helped to shape legal definitions of civil rights and discrimination.

Having served during World War II, Judge Pratt was honored as a distinguished member of the U.S. Marine Corps earning the Bronze Star and a Purple Heart for his service.

Judge Pratt once served as a page in the U.S. Senate. I am pleased to ask unanimous consent that the tribute in honor of the late Judge John Helm Pratt be printed in the RECORD.

There being no objection, the tribute was ordered to be printed in the RECORD, as follows:

A TRIBUTE TO JOHN HELM PRATT

We were all saddened by news of John's passing on August 11, 1995. He died at home surrounded by his devoted wife of 56 years, Bernice Safford Pratt, and five children, Sister Clare Pratt RSCJ of Rome, Italy; Lucinda Pratt Pearlman of Berkeley, California; John, Jr. of Red Bank, New Jersey; Patricia Pratt Moriarty of Wellesley Hills, Massachusetts; and Mary Pratt Brandenburg of Columbia, Maryland. In an autobiographical sketch written for his 50th Harvard Reunion, he listed the priorities which meant the most to him as: family, friends and career. He added that ''family stability has contributed more than any other factor to whatever satisfactions have been mine.''

John Pratt's exceptional and distinguished career can be divided into three segments: first, his education and early legal career; second, his service as a Marine in World War II; and third, his return to private practice and his appointment as a trial judge.

John's education was unusual. He attributed it to his mother: Boston Latin School, Gonzaga High School,[1] two years at Georgetown College, his transfer to Harvard College, from which he almost flunked out but graduated two years later with honors at age 19; Harvard Law School, from which he graduated in 1934.

After graduation, he became associated with the Washington firm of George Maurice Morris. Mr. Morris was a distinguished tax lawyer and John found himself doing research work on Mr. Morris's cases and his book on corporate tax law. Since John had no special interest in tax law, he was relieved when a highly controversial ''stoker'' case come to the firm. The Brotherhood of Railway Engineers and Firemen had sued the railroads to require installation of automatic stokers on the large steam locomotives. The record before the administrative law judge was approximately 30,000 pages. On this John and an associate worked long hours and with tremendous dedication. Their efforts were rewarded when the Sixth Circuit affirmed the favorable decision of the administrative law judge. Incidentally, one of John's opponents representing the railroads was my late brother-in-law Carleton Meyer, also a Harvard law graduate. Mr.

[1] Footnotes at end of article.

Morris later became President of the American Bar Association.

I got to know John in those days because we were both interested in touch football when the weather got cool and softball during the spring and summer. John was a heavy hitter and extremely skillful at tossing forward passes. Toward the end of this period, our close friendship resulted in our establishing bachelor quarters with two other young lawyers. Our social efforts were directed toward a group of attractive young women who were recent graduates of Vassar and Bryn Mawr and who lived together in a house on 34th Street known as ''The Nunnery.'' We waltzed at the Sulgrave Club and square danced at the Holton Arms gym. Our house was strategically located between those two buildings. John and Phil Herrick were both outstanding tennis players. They were finalists in a competition sponsored by the Junior Board of Commerce. They decided not to play it off for the large silver loving cup but to possess it jointly. I remember perfectly how we used to fill the loving cup with ice and then pour whiskey into it. Our fourth member objected to the assessments for whiskey, which were fairly large. He was overruled.

Bachelor quarters were discontinued when John got married to Bernice ''Sissy'' Safford. War came following Pearl Harbor and the Marines were looking for a few good men and they found John, who, as the son of a Marine Colonel, naturally was drawn in that direction.

Years later, Sissy persuaded John, when they were vacationing at Squam Lake, to dictate an account of his career including his Marine service. I have had access to these tapes. John was trained as an Aviation Volunteer Specialist, an ''AVS,'' which he described as ''silver in the hair, gold in the mouth and lead in the ass.'' He named some of his associates: Francis Godolphin, later Dean at Princeton; Ted Lyons, the White Sox pitcher, and Ernie Nevers, a Stanford football star. The class was divided in half, some going to Tarawa and John's half going to Kwajalein with the 4th Marine Division. After the capture of Kwajalein, John's unit was assigned to the seizure of Saipan and Tinian, the strategic atoll large enough to contain all the navies of the world. John's description of these landings and particularly seeing the death and destruction of many of his friends is heartrending. The islands were held by 40,000 Japanese who wouldn't surrender.[2] He recalled how a piece of shrapnel had struck him in the chest. He observed, at least they awarded me a Purple Heart.

Following the capture of these islands, John's unit, after getting some ''R&R'' in Maui, was assigned to Layte. Incidentally, our paths crossed at the Sentani Strip in New Guinea, where he had learned that I was located. He was on his way up to the Tacloban Strip on Leyte. Our ultimate destination was about five miles from the Tacloban Strip but neither he nor I knew the other's whereabouts. His unit was assigned 82 F4V's, which the Navy had found were unfit for carrier duty. The trouble was the Navy did not supply maintenance personnel. John, as the AVS officer, was briefing these pilots on the details of their next strike. After the briefing, he took a position in his jeep about 50 feet from the runway. The undercarriage on one of these planes gave way and John was suddenly aware that this F4V was headed toward his jeep. The propeller severed John's left arm and he sustained other serious injury. He was ultimately evacuated to Biak, where a Harvard Medical School unit had been set up.

John tells the story of an elderly nurse who was attending him. He asked her name and she replied, Peabody. He inquired whether she was related to Endicott Peabody, the Headmaster of Groton School. She replied, he is my father. During the course of this conversation, they were both aware of the fact that another Marine, who had lost a leg, was cursing out the orderly for pain caused in the changing of his dressing. John said to Miss Peabody, you wouldn't hear language like that at Groton School, would you? She replied, without changing her expression, Father does not condone profanity at the school.

John's awards, in addition to the Purple Heart, included the Bronze Star and two Presidential Unit Citations.

Following these experiences, John ultimately returned to the Morris firm where he subsequently became a partner. He modestly described his experience there as being ''jack of all trades, master of none.'' I remember he had several zoning cases and defended his Marine friend, Colonel Frank Schwable, who had been accused by the Commandant of misconduct, in that while a prisoner of war, the colonel had been coerced into making a confession regarding germ warfare. John won an acquittal. The decision was not popular with the Commandant, who expressed his views extensively. John, with his usual flair for describing the impact of the acquittal on other Marines, told about how, in the Rec Room of another Marine colonel, there were photographs of all the Marine Commandants, except one. That particular photograph was turned to the wall and on the back of it was the official reprimand which the Commandant received as a young Marine, when he, himself, was found guilty of misconduct.

John was appointed by President Johnson as a Judge of the U.S. District Court in 1968. I knew from my long association with him that he was a deeply religious person. He never made a show of it. It was a private matter with him. The New Catholic Catechism, distributed to the faithful about two years ago, since it was not in existence 27 years ago when John became a judge, could not have been his guiding light. He was certainly motivated, however, to follow its principles. I quote an excerpt from paragraph 1807, respecting justice: ''Justice toward men disposes one to respect the rights of each and to establish in human relationships the harmony that promotes equity with regard to persons and to the common good. The just man, often mentioned in the Sacred Scriptures, is distinguished by habitual right thinking and the uprightness of his conduct toward his neighbor. ''You shall not be partial to the poor or defer to the great, but in righteousness shall you judge your neighbor.'' (Citation omitted.)

In the 27 years that John served on this Court, he never sought publicity or interviews. He let the record speak for itself. He did, however, always seek to let justice prevail. Typical of this is the ''Forest Haven'' case, which he was struggling with at the time of his death. The case concerned the treatment of mentally retarded persons. The evidence disclosed, and John had found, that the city had failed properly to discharge its responsibilities in the care of these people. He had appointed a Special Master to oversee the functioning of his decree.

I recall one of his early cases, known as the ''D.C. Nine,'' in which four priests, a nun, a former nun, two Jesuit seminarians and a draft resister broke into the offices of Dow Chemical and poured blood over the files of that company as a protest against the war in Vietnam. Though a devout Catholic, John could not condone such action. they were tried, convicted and sentenced.

One of the most highly publicized cases that John tried was the corruption case against the former governor of Maryland, Marvin Mandel. After some three months of trial, because of evidence of jury tampering, John declared a mistrial. Another judge was assigned to the case, which resulted in a conviction. In looking over the extensive list of cases in which John wrote opinions, found in the ''Federal Supplement,'' ''Federal Rules Decisions,'' ''Washington Law Reporter,'' and other publications, I ran across one in which minister Farrakhan was involved. The case concerned a presidential order involving sanctions against Libya and, among other things, precluded travel to that country. Minister Farrakhan denounced the sanctions and announced his intent to travel to Libya. He sought to enjoin prosecution for disobedience of a presidential decree. In granting the government's motion to dismiss, John held, among other things, that plaintiff lacked standing.

In *Broderick* v. *SEC*, John was confronted with a sex discrimination case. John found that Broderick herself was a victim of sexual harassment by at least three of her supervisors. More importantly, plaintiff was forced to work in an environment in which the managers harassed her and other employees by bestowing preferential treatment on those who submitted to their sexual advances. The court ordered a substantial recovery for Broderick.

In *Adams* v. *Bennett*, John dealt with a major nationwide desegregation issue for approximately seventeen years. He required schools receiving federal funds to show that their actions were in harmony with requirements promulgated by Congress. In conformity with a 1984 Supreme Court decision[3] which held that federal courts lack standing to serve as continuing monitors of the wisdom and soundness of executive action, John dismissed this law suit which he had been administering for many years. The Office for Civil Rights of the Department of Education agreed to continue to investigate thoroughly alleged violations in programs or activities receiving financial assistance.

Two owners of the Florida Avenue Grill, the famed ''Soul Food'' restaurant, were sentenced to six months' imprisonment and a fine in connection with fencing activities. The defendants had pleaded guilty to a charge of interstate transportation of stolen goods after the police infiltrated an operation which directed burglaries and thefts against homes and businesses. The police confiscated approximately two million dollars worth of property.

While it is true that John was troubled by the concept of mandatory minimum sentences, like many other federal trial judges he continued trying those cases that were assigned to his Court.

Before he assumed the responsibilities of a federal judge, John's interest in community affairs is reflected by the following: He was elected President of the Harvard Club of Washington in 1949. In 1952 and 1953, he was elected president of the Associated Harvard Clubs of America. He was the President of Harvard Law School Association of the District of Columbia in 1952 and 1953. He was Chairman of the Montgomery County, Maryland Housing Authority, 1950–1953. He was Chairman of the Board of Trustees of the District of Columbia Legal Aid Agency from 1967 to 1968. He served as the Judge Advocate General 1961–1968 of the Marine Corps Reserve Officers Association. He was elected President of the Bar Association of the District of Columbia in 1965 and President of the Barristers club in 1969. He served as President of The Lawyers' Club in 1987. He served as Chairman of the Judicial Conference committee which has the responsiblity of reviewing extrajudicial income reports of federal judges, known as the Ethics Committee. John, in all his activities, demonstrated the

qualifications of a leader. He was a modest man who seldom raised his voice. He didn't have to. He was completely in control of his courtroom and of any other activity which he undertook. All of us who knew John were amazed by his ability to recall with accuracy names of participants and dates of athletic and other events going back sixty or seventy years. What a mind!

Pax vobiscum.

With undying respect,

OLIVER GASCH,
Judge, U.S. District Court.

FOOTNOTES

[1]About this time, John also served as a page in the U.S. Senate.

[2]''On the southern half of the beaches the 4th Marine Division was having plenty of trouble. The unfortunate 1st Battalion of the 25th Regiment, pinned down on an onfiladed beach, observed a Japanese counterattack developing from Agingan Point around 0940. It called for help from air and naval gunfire, and both of them it obtained; the advancing Japanese were discouraged by strafing and bombing attacks and gunfire from TENNESSEE. But the battalion continued to lose men by accurate artillery fire delivered from high ground not half a mile inland. During the afternoon Colonel Merton J. Batchelder, the regimental commander, sent a part of the 3rd Battalion to help the 1st take Agingan Point.'' Admiral Samuel Eliot Horisons's ''History of United States Naval Operations in World War II,'' Volume VIII, p. 198.

[3]See *Allen* v. *Wright*, 468 U.S. 737, 754

TRIBUTE TO U.S. CAPITOL POLICE

Mr. WARNER. Mr. President, I wish to pay tribute to the personnel of the U.S. Capitol Police. During my tenure in the Senate, I have witnessed these officers working in all types of adverse weather conditions during all seasons. The dedication and commitment these officers displayed during the ''Blizzard of '96'' is commendable and worthy of recognition. I thank the Sergeant of Arms for bringing these individuals to my attention.

On Saturday, January 6, the Washington metropolitan area experienced a winter storm of record proportions. When the storm was over 2 days later, record snowfall blanketed the city. High winds, drifting snow, and severe windchill temperatures created a critical emergency situation.

Whle roads throughout the area were impassable, the men and women of the U.S. Capitol Police were on duty providing vital public safety and police services within the Capitol complex.

Officers who were on duty when the storm began elected to remain on duty for extended periods. Some worked for as long as 32 hours to ensure there were sufficient personnel to perform law enforcement and security operations.

Several officers used their own funds to stay at local hotels so they could report back to duty on time to relieve fellow officers. Others, such as Lynne Williams, chose to sleep on the floor of the police station so she would be available for immediate recall.

Many officers performed services above and beyond the call of duty. Officer Al Jones worked four consecutive shifts, using his own plow-equipped vehicle to clear snow from parking lots, allowing for the movement of police vehicles.

Officers Michael Poillucci, Terrell Brantley, Thomas Howard, Terry Cook, and Angelo Cimini used four-wheel drive police vehicles to transport House and Senate Members to critical official meetings.

Officer Richard Rudd voluntarily came to work on his day off knowing he would be needed. Officer Michael Mulcahy used plumbing skills to repair a broken water pipe in the police K–9 facility. Sgt. Dennis Kitchen, Officer Peter Demas, Officer Ellen Howard, and Capt. Edward Bailor worked extended duty hours in the Operations Division to provide coordination with other congressional and Federal entities during the storm.

Officers Ted Tholen, Kevin Weinkauf, James Whitt and freight handlers Bounteum Sysamout, Barry Pickett, Debora Riddick, Charles Wilson, Christopher Westmoreland, Richard Morris, and Thomas Cuthbertson of the Off-Site Delivery Center shoveled parking lots and security inspection areas to ensure police operations were not disrupted. Mr. Ken Meadows of the vehicle maintenance section worked additional duty hours to equip police vehicles with chains and respond to motorists in need of assistance. In addition, officers assisted countless citizens whose vehicles became stuck in the snow, responded to dozens of emergency calls for police assistance, and continued to diligently protect the Capitol and congressional office buildings.

These are just some examples of the extraordinary effort by the U.S. Capitol Police officers to meet and overcome the unique challenges posed by this severe snow storm. Their actions reflect the highest standards of public service. We thank the U.S. Capitol Police for their continued good work.

TRIBUTE TO AOC EMPLOYEES

Mr. WARNER. Mr. President, on Saturday, January 6, the Washington metropolitan area experienced a winter storm which virtually shut down the city and surrounding areas. The historic snowfall, high winds, and cold temperatures caused immeasurable difficulties and crisis situations never encountered before.

Despite these dangerous conditions, employees of all units under the Architect of the Capitol, including the Senate restaurants, preformed their duties to the highest level possible. In many instances key personnel remained in the immediate area and at their posts throughout the storm. Their commitment and hard work resulted in the following accomplishments: The removal of ice and snow equal to 19 miles from sidewalks, steps, building entrances, and handicapped ramps. Maintenance of powerplant operations to ensure delivery of steam to heat the Capitol Hill complex. Arrangement for continuous operation and emergency maintenance of all mechanical and electrical systems. The maintenance and monitoring of all office communication systems and climate control systems. Response to emergency calls for repair of frozen HVAC coils and building and roof leaks.

We should applaud the outstanding efforts these employees made on behalf of all of us during a historic weather event. I thank the Architect for providing me with this information.

THE BLIZZARD OF 1996 AND THE U.S. CAPITOL OPERATORS

Mr. WARNER. Mr. President, the blizzard of 1996 caused untold inconvenience and problems to those in the Washington metropolitan area. The record snowstorm virtually shut down this city and surrounding Virginia and Maryland suburbs.

The infrastructure which supports the U.S. Senate met the challenge. I thank the Sergeant at Arms for providing me the facts and the names of these individuals. The U.S. Capitol telephone operators who were scheduled to work during the weekend storm that struck on January 6 knew the forecast. They came to work prepared to stay as long as necessary to keep the Capitol switchboard open and covered. Their commitment to duty resulted in many remaining overnight in their offices, carrying on with their duties, as others could not get here to relieve them. Bringing in extra food and clothing, they were prepared to work through the weekend. Supervisors of the Capitol switchboard came to work a day early to make certain they would be on duty.

While these Capitol switchboard operators and supervisors are designated ''emergency personnel,'' they consider getting to work under extreme weather conditions as simply doing their job.

I would like to commend these supervisors and operators for their exemplary public service and mention them by name:

Barbara Broce, Martha Brick, Joan Sartori, Joan Cooksey, Mary Quesenberry, Lisa Thompson, and Laura Williams.

Thanks to all of you for your fine efforts and dedication to your jobs serving the U.S. Congress and our citizens.

CHINESE NUCLEAR EXPORTS TO PAKISTAN

Mr. PRESSLER. Mr. President, I want to bring to the attention of my colleagues some very disturbing developments in weapons proliferation in south Asia. Last year may go down in history as one of the worst years for the cause of nuclear nonproliferation. New evidence released this week merely reinforces this grave conclusion.

On February 5 the Washington Times reported that, in 1995, Chinese defense industrial trading companies exported 5,000 ring magnets to Pakistan. Under the terms of an international agreement with the International Atomic Energy Agency, the export of ring magnets is strictly controlled because

of the magnets' critical use in the production of nuclear weapons. Specifically, ring magnets are used in gas centrifuges, which are used to extract enriched, weapons-grade uranium from uranium gas.

Just this morning, Mr. President, the Washington Post reported a similar story, finding that American intelligence officials believe there is no doubt that the transfers occurred. Chapter 10, section 101, of the Arms Export Control Act contains very severe penalties that are to be imposed on both the exporting country and the importing country for illicit nuclear transfers of this type. Specifically, the law states that no Federal assistance—economic or military—may be made available to either country. In the case of the receiving country, Pakistan, this would mean the suspension of economic and military assistance, including military training or the transfer of defense articles. In the case of the delivering country, the People's Republic of China, the operations of the United States Export-Import Bank would be blocked.

These shocking revelations raise three fundamental issues:

First, numerous officials in the Government of Pakistan have been quoted, as recently as 1995, that it was no longer enriching uranium for nuclear weapons production. In other words, Pakistan claimed it had frozen its bomb program. We could never verify those statements, but that was what we were led to believe. We now know differently.

Second, the People's Republic of China has made a series of pledges to the United States with regards to the proliferation of weapons of mass destruction. Again, we now know differently.

Finally, during most of 1995—when the transfer of nuclear technology from the People's Republic of China to Pakistan was taking place—representatives of the Government of Pakistan and the Clinton administration were actively lobbying the Congress to weaken United States non-proliferation law to allow for a one time transfer of military equipment valued in excess of $370 million, as well as the resumption of nonmilitary aid. As we all know, last year the Senate passed the so-called Brown amendment, which authorized the transfer of this military equipment to Pakistan. It also repealed portions of the so-called Pressler amendment, a law which prohibited any United States assistance to the Government of Pakistan because of its possession of nuclear explosive devices.

This last point—the passage of the Brown amendment—is particularly disturbing. I opposed the Brown amendment. I opposed it in part because it called for the transfer of military equipment without obtaining one single concession from Pakistan on the issue of nuclear proliferation. Frankly, if Members of Congress were aware of the ring sale—this violation of U.S. law—I do not believe the Brown amendment would have passed.

It is unfortunate enough that our Nation would transfer to Pakistan, United States-made military equipment without any non-proliferation concession. Now we face the real and embarrassing prospect of having weakened United States non-proliferation law for Pakistan's benefit at the same time Pakistan was expanding its nuclear weapons capability in violation of United States law. This irony would be humorous if the issue wasn't so serious.

Accordingly, in view of the confirmations of these transfers, I have written today to President Clinton urging that he enforce the law. Specifically, any contemplated transfer of military equipment to Pakistan, as called for in the Brown amendment, should cease immediately. Further, sanctions called for under the law also should be applied to Chinese exporting companies.

Finally, Mr. President, it may be worth exploring if officials within the Clinton administration knew of this blatant violation of U.S. nonproliferation law while the administration was lobbying to pass the Brown amendment. And if they did, in fact, know it would be important to determine if they informed Members of Congress of this development. I intend to raise this matter with the chairman of the Intelligence Committee in the very near future.

Mr. President, I ask unanimous consent that articles in the Washington Times of February 5 and the Washington Post of February 7 as well as my letter to the President of this date be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Times, Feb. 5, 1996]

CHINA NUCLEAR TRANSFER EXPOSED

HILL EXPECTED TO URGE SANCTIONS

(By Bill Gertz)

The CIA has uncovered new evidence China has violated U.S. antiproliferation laws by exporting nuclear weapons technology to Pakistan.

Evidence that China has transferred ring magnets—used in gas centrifuges that enrich uranium for weapons—is likely to intensify congressional pressure on the Clinton administration to impose sanctions as required by law.

Last week, several senators asked the president in a letter if China's sale of advanced cruise missiles to Iran, disclosed Tuesday by Vice Adm. Scott Redd, commander of U.S. naval forces in the Persian Gulf, also violates counterproliferation laws.

State Department officials are expected to confront Chinese Vice Foreign Minister Li Zhaoxing, who arrives in Washington today, over the nuclear technology and other weapons-proliferation exports.

The administration in the past has sought to minimize Chinese nuclear and missile-proliferation activities. But senior State Department officials are said to be very worried that China's proliferation activities can no longer be ignored without undermining the credibility of U.S. efforts to halt the spread of nuclear arms technology and missiles.

''The Chinese are their own worst enemy,'' a White House official said when asked about the new proliferation activities by Beijing.

The CIA in 1992 obtained intelligence indicating China had transferred M–11 missiles to Pakistan, including photographs of missile canisters. But the State Department ruled there was no proof missiles were inside, thereby avoiding having to invoke tough sanctions.

Instead, the department in 1993 applied much milder sanctions for transferring what is said was M–11 technology, and then lifted the sanctions after a year.

According to intelligence sources, the CIA recently notified the State Department that China sold 5,000 ring magnets to the A.Q. Khan Research Laboratory in Kahuta, Pakistan, last year.

Officials did not further identify the originating firm in China, but one congressional source said the magnets were probably produced by the China National Nuclear Co., a government-owned firm that makes nuclear-related products.

CIA spokesman Mark Mansfield declined to comment when asked about the Chinese transfer of nuclear technology. Spokesmen for the Chinese and Pakistani embassies could not be reached for comment.

According to congressional sources, State Department officials believe China's export of ring magnets violates the Arms Export Control Act. Under an amendment to that law, the 1994 Nuclear Proliferation Prevention Act, the president is required to impose sanctions on any country that ''transfers to a non-nuclear weapon state any design information or component'' used in building nuclear arms.

Gas centrifuges are used to extract enriched uranium from uranium gas. Intelligence officials believe the magnets sent to Pakistan will be used in special suspension bearings at the top of a spinning chamber in the centrifuges.

''This is another example of the ruthless way the Chinese are violating every nonproliferation pledge they've made to us,'' said William C. Triplett, former chief counsel of the Senate Foreign Relations Committee.

On Wednesday, Sens. Larry Pressler of South Dakota, Alfonse M. D'Amato of New York, Connie Mack of Florida and Arlen Specter of Pennsylvania wrote to President Clinton about Iran's test-firing a Chinese C–802 advanced anti-ship cruise missile.

''Clearly, Adm. Redd's acknowledgment of the C–802 test-firing would appear to be an official recognition of an illegal transfer to Iran to advanced conventional weapons by Chinese defenses industrial trading companies,'' Mr. Pressler said in a statement. ''This is a vital national security matter and demands immediate attention.''

In their letter, the four senators asked the president either to ''enforce the sanctions pursuant to federal law or to seek a waiver.''

Under an amendment to the fiscal 1993 defense authorization law, the president is required to impose sanctions on any nation that transfers advanced conventional weapons to either Iran or Iraq. The measure was sponsored by Sen. John McCain, Arizona Republican, and Sen. Al Gore, Tennessee Democrat and now vice president.

Mr. McCain, in a separate letter to Undersecretary of State Lynn Davis, the department's top arms-control policy-maker, asked whether the Chinese cruise missile transfer to Iran violates federal law and contributes to Iran's efforts to acquire destabilizing advanced conventional arms.

In the House, Rep. Nancy Pelosi, California Democrat and a member of the House Intelligence Committee, asked the committee last week to hold hearings on China's proliferation activities.

It also was a key topic when several members of the House International Relations

Committee met last week with Peter Tarnoff, undersecretary of state for political affairs.

The disclosures about export of missile and nuclear weapons components come at a time of increased tensions between Washington and Beijing.

The State Department announced last week that it has granted a visa to Taiwan's vice president, Li Yuan Zu. China protested the action and has been threatening to use force to recapture Taiwan, which it regards as a renegade province, not an independent country.

Other Chinese activities that have severely eroded support in Congress for a waiver of sanctions:

The expulsion last week of three Chinese nationals from Ukraine for trying to obtain secret technology on SS–18 ICBM boosters from a missile-production facility in Dnipropetrovsk.

Ongoing copyright violations involving U.S. goods.

Continued nuclear weapons testing.

Dispatching missile technicians to Pakistan in 1994, indicating the transfer of M–11 technology was still under way at a time when China was denying such activities.

[From the Washington Post, Feb. 7, 1996]

CHINA AIDS PAKISTAN NUCLEAR PROGRAM

PARTS SHIPMENT REPORTED BY CIA COULD JEOPARDIZE U.S. TRADE DEALS

(By R. Jeffrey Smith)

U.S. intelligence officials have concluded that China sold sensitive nuclear weapons-related equipment to Pakistan last year, an act that could lead the Clinton administration to halt U.S. government financing for nearly $10 billion worth of American business deals in China.

President Clinton's advisers are studying the intelligence report to determine how they should respond, according to several officials. Legislation approved by Congress in 1994 requires that he either approve the sanctions, which would block loan guarantees by the U.S. Export-Import Bank, or formally waive the penalties, once such an intelligence report is received.

In a previous arms transfer case, involving the alleged sale of Chinese missiles to Pakistan, the State Department ducked imposing sanctions by concluding that the evidence was not strong enough. A senior official commenting yesterday at the State Department about the new report of nuclear aid to Pakistan, said that ''as of now'' the United States has not determined that China has ''done anything that would trigger sanctions under U.S. legislation.''

But several other U.S. officials privy to the new intelligence report said there is no doubt about its conclusions, a circumstance that could put the administration in a bind because it prefers to avoid damaging extensive U.S. trade ties with China.

The aim of the sanctions would be to punish China for assisting Partisan's production of highly enriched uranium, a key ingredient of nuclear weapons. But U.S. officials say the nuclear transfer is only one of several recent actions by China that may wind up disrupting its commercial and diplomatic relations with the United States.

China's export to Iran late last year of anti-ship cruise missiles—confirmed last week by a senior U.S. Navy official—may also qualify as a sanctionable offense, according to some U.S. officials and lawmakers. Another U.S. law requires broad economic penalties against any nation that gives ''destabilizing numbers and types of advanced conventional weapons'' to Iran, which Washington has branded a terrorist nation.

U.S. officials said that the number of missiles sold by China may not be large enough to force the drastic cutoff of development bank assistance, technical assistance, military exchanges and sensitive exports mandated by the law. But four senators recently wrote to Clinton to say that either sanctions or a waiver are required in this case.

In yet another sign of increasingly rocky U.S. relations with China, some administration officials have raised the prospect of imposing tariffs later this year on billions of dollars in trade to protest China's refusal to halt illicit copying of U.S. trademark goods.

Washington is also trying to persuade China to adopt a less threatening posture toward Taiwan. Beijing views the island as a renegade province, but Taiwan receives U.S. arms and is supported by many U.S. lawmakers because of its considerable prosperity and political openness relative to China.

''There's a recognition that this is going to be a very difficult year in U.S.-China relations,'' a senior State Department official said. He explained that with China in the midst of a difficult transition to new political leadership, and ''our own domestic environment'' affected by an upcoming presidential election, the two nations may find themselves being pulled toward opposing positions on matters they previously sidestepped or settled through compromise.

Washington has long had concerns about Chinese military assistance to Pakistan, which Beijing regards as an erstwhile political ally and military counter-weight to India. U.S. intelligence officials have long alleged that Pakistan's nuclear arsenal is largely derived from design information supplied by China, a charge that Beijing denies.

U.S. intelligence reports have also pinpointed the apparent location in Pakistan of crated, Chinese-made, medium-range missiles, which if confirmed would force a cutoff of billions of dollars worth of U.S.-China trade. But the administration has decided that no sanctions need be invoked until the missiles are sighted outside their crates.

The latest Chinese nuclear-related transfer to Pakistan was recently detected by the CIA and first reported publicly in Monday's editions of the Washington Times. It involves a shipment of 5,000 specialized magnets to the Abdul Qadeer Khan Research Laboratory in Kahuta, named for the father of the Pakistani nuclear bomb program.

According to two knowledgeable officials, the magnets are clearly meant to be installed in high-speed centrifuges at the plant that enrich uranium for nuclear weapons.

Several congressional sources said that the shipment thus triggers provisions of the 1994 Nuclear Proliferation Prevention Act, which forces ''a cutoff of Export-Import Bank assistance'' involving trade with China.

Among the large U.S. companies that would be affected by a loan guarantee cutoff are Boeing Co., AT&T, and Westinghouse Electric Corp.

''We do have genuine concerns about any possible nuclear-related transfers between China and Pakistan and we have raised these concerns . . . at very senior levels,'' the senior official said at the State Department.

''We will do whatever is required under U.S. law, but . . . we have to have a very high degree of confidence in our evidence,'' the official added. ''As of now we have not determined that China . . . has done anything that would trigger sanctions under U.S. legislation. But this is obviously under continual review.''

U.S. SENATE,
Washington, DC, February 7, 1996.

The PRESIDENT,
The White House,
Washington, DC.

DEAR MR. PRESIDENT: The United States Intelligence Community is confirming on background that the People's Republic of China (PRC) has violated U.S. non-proliferation laws by exporting nuclear weapons technology to Pakistan. According to today's Washington Post, our intelligence officials believe ''there is no doubt'' that an illicit transfer has taken place.

Specifically, the Washington Times first reported on February 5 that, in 1995, Chinese defense industrial trading companies sold 5,000 ring magnets to the Abdul Qadeer Khan Research Laboratory in Kahuta, Pakistan. Under an international agreement sponsored by the International Atomic Energy Agency, the export of ring magnets is severely restricted because of their critical use in nuclear weapons production.

This reported sale of nuclear technology raises two key concerns many in Congress have held for some time: Contrary to the most solemn declaration of the Government of Pakistan, Pakistan is attempting to expand its supply of weapons-grade enriched uranium, and Chinese companies are actively fueling and profiting from a dangerous nuclear arms race in South Asia.

Chapter 10 of the Arms Export Control Act contains a set of specific prohibitions governing illicit nuclear transfers. If the President determines that a country has delivered *or* received ''nuclear enrichment equipment, materials or technology,'' no funds may be made available to that country under the Foreign Assistance Act of 1961. This would include *all* civilian and military equipment, including that provided by the Brown Amendment to the Fiscal Year 1996 Foreign Operations Appropriations Act. The prohibitions also extend to military education and training.

I ask that you make the determination called for by Chapter 10. Unquestionably, this sale of nuclear technology represents a serious violation of federal law, as well as international nuclear non-proliferation agreements.

No issue is more important to the security of all people than nuclear non-proliferation. For that reason, I urge your Administration to take immediate and certain action to enforce the law with respect to this sale of nuclear technology and freeze all assistance, civilian or military, to Pakistan. The sanctions called for under the law should be applied to Chinese exporting companies.

Sincerely,

LARRY PRESSLER,
U.S. Senator.

TRIBUTE TO RICHARD G. ''DICK'' FIFIELD

Mr. HEFLIN. Mr. President, the agricultural community in Alabama and throughout the Southeast have not had a more forceful and competent representative than Richard G. ''Dick'' Fifield. For 20 years, this loyal friend to has done an outstanding job of directing the Washington legislative operations of the Alabama Farmers Federation—widely known as ALFA—as the organization's official liaison to Congress. Dick will be retiring from his position as ALFA's Director of National Affairs and Research on March 1, 1996, and will be sorely missed by all of us who have been fortunate enough to know him and work with him over the years.

As a long-time member of the Senate's Agriculture Committee, I have had the pleasure of working with Dick Fifield on a great number of issues that

are important to American farmers, especially those in the South. The major legislation on which we have worked includes the peanut program; the Food and Agriculture Act of 1981; the Food Security Act of 1985; and the Food, Agriculture, Conservation and Trade Act of 1990. The peanut, cotton, soybean, dairy, cattle, hog, poultry, and catfish programs have his fingerprints all over them. In each case, Dick's counsel, insight, ingenuity, and strong leadership have contributed not only to their passage and enactment into law, but to their overall success during their implementation phase.

He has indeed been my mentor and teacher. Practically all of my knowledge about American agriculture has come from him. There is no one more knowledgeable. Doctoral degrees are usually given to those in academic circles because of their knowledge about a particular subject. I gave Dick the name ''Dr. Fifield'' because I felt he was superior to most PhD's. Not only will I miss him as a mentor and teacher, but also as a dear friend.

As ALFA's Washington director, he also works extensively with the U.S. Department of Agriculture; the U.S. Trade Representative; the Department of the Interior; the Environmental Protection Agency; the Army Corps of Engineers; the Statistical Reporting Service; the Farmers Home Administration; the Soil Conservation Service; as well as other agencies which handle agricultural programs and projects. It is no surprise that his friendly face is known far and wide within the various corners of the Federal Government.

He has been an effective representative of farm interests due not only to his God-given talents, but also because of his extensive experience as a college professor, a geologist, a science editor, and a horticulturist. Examples of his influence on Alabama agriculture are numerous and varied. For instance, the State's modern farmers market, located in Montgomery, was made possible by his submission of the original design and his work on legislation and grants to raise the $5 million needed to built the facility. He started annual farmers market days in Montgomery, Huntsville, and Birmingham, establishing a producer-farmer market inside Birmingham's Eastwood Mall.

Dick initiated the ALFA's monthly Food Price Survey and he remains the project's director. The food basket report is regarded by the business community and the media as one of the State's best economic indicators.

He represented the peanut industry in efforts to protect Section 22 of the GATT negotiations. He is a member of the Technical Advisory Committee of the National Peanut Growers Group; Assistant Director of the Farm Crisis and Transition Committee for Alabama; and has served on the Governor's Agriculture Policy Advisory Committee and the Energy Advisory Committee. Along with the Birmingham Chamber of Commerce Environmental Task Force, he helped form a State-wide endangered species task force for Alabama.

Dick received his bachelor of science degree in biology and geology from Beloit College in 1951. He continued his education at the University of Hawaii, the Wisconsin Institute of Technology, and the University of Wisconsin, receiving his master's degree in 1972 from the University of Illinois.

Over the course of his career, he served as an instructor of geology at the Wisconsin Institute of Technology; as an exploration geologist with the New Jersey Zinc Co.; and as a representative of the college textbook division in sales and as a field editor in science with the Houghton Mifflin Company. Also, he served in the U.S. Army in the counter-intelligence corps as an investigative special agent. Before accepting his position with ALFA, he was assistant horticulturist with the University of Illinois.

Dick Fifield's retirement will leave a void for American agriculture. He is as knowledgeable as anyone I know of as to the complexity of the integral parts of food and fiber production in this country and their effects on every phase of the American economy. His goal has been to improve the quality of life for rural America while at the same time providing consumers with a stable, safe, and cost-effective farm programs. I hope he doesn't stray too far, for we will continue to rely on his counsel even after he retires.

I commend Dick for all his outstanding and unwavering service to the agricultural community, and wish him and his wonderful wife, Shirley, all the best as they retire and enter a new phase of their lives. I know he will enjoy having more quality time with his family and many, many friends. Both ALFA and the Alabama Congressional delegation will sorely miss his strong and principled advocacy for agriculture in our State.

ALABAMA PRESS ASSOCIATION REACHES MILESTONE

Mr. HEFLIN. Mr. President, the first 10 amendments to the U.S. Constitution were ratified on December 15, 1791, forming what we refer to as the Bill of Rights. The first amendment covers what we have come to consider the most primary and essential element of our freedom as Americans: ''Congress shall make no law * * * abridging the freedom of speech, or of the press.''

Thomas Jefferson once wrote that if it were left up to him to decide between a government without newspapers or newspapers without a government, he would not hesitate to choose the latter. This year, we celebrate the 125th anniversary of the Alabama Press Association [APA]. Founded in 1871, the APA is the oldest statewide trade association in Alabama and one of the oldest State newspaper associations in the Nation.

According to APA information, William Wallace Screws, the editor of the Montgomery Advertiser in 1871, took the initiative and invited newspaper executives from around the State to help build new communication links among themselves. On March 17 of that year, eight editors and publishers met in Screws' office and made plans to organize the press of Alabama. Newspapers represented in that first meeting were the Montgomery Advertiser, the Montgomery Mail, the Evergreen Observer, the Troy Messenger, the Union Springs Times and Herald, the Montgomery State Journal, the Talladega Sun, and the Opelika Locomotive.

In 1872, at the first convention, 30 editors and publishers from every corner of the State came together to form a new association of newspapermen called the Editors and Publishers Association of the State of Alabama. Since those early days, this association has played an important role in developing the daily and weekly newspapers of Alabama and in helping to lead the State's economic and cultural development. The APA has also worked on behalf of the citizenry of Alabama by advocating stronger citizen access to government records and meetings.

On February 24 and 25 of this year, editors and publishers from Alabama's daily and weekly newspapers will gather for the 125th successive year. The site of this anniversary celebration is in Montgomery, the same city in which the organization was founded. During this convention, they will hear historians discuss the role of newspapers in Alabama's history while also considering the future role of newspapers in the Nation's rapidly changing communications industry.

The 1996 APA is led by its president, R. Douglas Pearson, editor and publisher of the Daily Mountain Eagle in Jasper. The first vice president is Michael R. Kelley, editor and publisher of the Clanton Advertiser, and the second vice president is John W. Stevenson, editor and publisher of the Randolph Leader. APA's executive director is William B. Keller.

For 125 years, the APA has thrived under its first amendment rights. Taken as a whole, freedom of the press in the United States rests upon relatively firm constitutional footing. The media's general right to publish material, regardless of potential impacts on government operations or other features of national life, has been accepted. Winston Churchill eloquently stated the importance of a free press in his own country during the midst of World War II when he said, ''A free press is the unsleeping guardian of every other right that free men prize; it is the most dangerous foe of tyranny.'' I salute the APA on reaching this distinguished milestone.

DEE SCHELLING MEMORIAL

Mr. BINGAMAN. Mr. President, I would like to take a moment to recognize a New Mexican who made a notable contribution to my State—to its

communications and to its participation in public policy.

Daralee ''Dee'' Schelling passed away this week at the age of 57. She will be greatly missed.

Dee was the executive director of the New Mexico Broadcasters Association for 14 years and she was well-known among State legislators for her participation in legislative issues regarding broadcast interests.

In addition, she handled media relations for New Mexico First, an organization that Senator DOMENICI and I formed in 1986 to encourage citizens to take an active role in studying the long-range issues facing our State. Dee was with us from the beginning.

She was born in Colorado, but came to New Mexico in the mid-1960's to work in advertising. She became the first female ad agency president in our State and handled many major accounts including various movie promotions and the Double-Eagle II trans-Atlantic balloon crossing—an event which is a source of pride to New Mexicans and is commemorated at the Smithsonian Air and Space Museum.

Dee's many public service accomplishments included service on numerous Greater Albuquerque Chamber of Commerce, Ski New Mexico, and Project I committees.

She will be remembered fondly by many.

PRESS FREEDOM IN HONG KONG

Mr. PELL. Mr. President, I rise today to speak out on behalf of freedom of the press in Hong Kong. As we approach Hong Kong's July 1, 1997 transfer to control under the People's Republic of China, there is great fear that one of the fundamental tenets of a free society—freedom of the press—will not survive the transition. China's track record on press freedom leaves much to be desired; the current Hong Kong Government should be actively working to shore up legal support for the press before it hands over control to Beijing.

The grand experiment of democracy in the United States would have surely failed were it not for a free press. Our founders realized that its importance was not only for general education, but also for exposing the dangers of would-be oppressive officials and prodding leaders into more ethical behavior. Our Nation's history has proven that the scrutiny of public light forces public officials both to serve the interests of the public and to serve honestly far better than they would without that scrutiny. Benjamin Franklin once said that ''whoever would overthrow the liberty of a nation must begin by subduing the freeness of speech.'' It is precisely this fear—that the PRC will attempt to overthrow Hong Kong's current way of life by stifling its press, with the quiet acquiescence of the current authorities—that I wish to address today.

Hong Kong boasts of one of the freest media systems in all of Asia, with more than 70 daily newspapers. The press is privately owned, offering Hong Kong citizens access to a broad range of political and social views. But journalists in and out of Hong Kong cite the present administration's sluggish pace in revising anachronistic press laws as one of their key sources of fear for the press after 1997.

Current Hong Kong laws which restrict press freedom are rarely applied by the government, but an authoritarian regime could easily use them to prohibit the expression of any objectionable ideas. These laws—which are inconsistent with Hong Kong's own Bill of Rights—include the Emergency Regulations Ordinance, which gives the Governor broad powers of censorship during loosely defined ''emergencies''; the Crimes Ordinance, which defines any publication or speech ''intending'' to foster hatred of the government as seditious; and the Official Secrets Act, which makes unauthorized publication of information illegal. Some of the democratically elected members of the Legislative Council, along with independent journalists groups such as the Hong Kong Journalists Association, have repeatedly urged the government to repeal or amend these laws. These same reformers have also urged the Hong Kong Governor's office to enact legislation which would provide greater access to information, similar to the United States Freedom of Information Act. But the current administration continues to move slowly, to the point of delay. There is no reason to believe that the successor Chinese administration will be any more willing to undertake these reforms; it is likely to oppose them outright. The time to make these changes is now. Above all, the government should refrain from introducing any new laws which in any way restrict the press' right to function independently. A recent call by pro-Beijing Legislator Law Cheung-kwok for hearings to consider regulating newspaper prices, a move that appears to be aimed specifically at controlling the Oriental Daily News, is exactly what the Hong Kong government should not be doing.

Joseph Pulitzer argued that ''publicity may not be the only thing that is needed, but it is the one thing without which all other agencies will fail.'' There is no point of having a freely elected democratic government if there is no way to freely report on its actions and to expose its abuses. A free press is the only guarantor of the people's right to know what their government does and the best guarantor of their right to offer alternative views. Hong Kong's press must remain free and unrestricted if the colony's current rights are to be maintained. The colonial government has the immediate responsibility of ensuring that it does.

PROGRESS AGAINST FRAUD IN POLITICAL ASYLUM

Mr. KENNEDY. Mr. President, this is the first anniversary of a major initiative by the Immigration and Naturalization Service to reduce illegal immigration by cracking down on fraudulent asylum claims. One year ago, INS Commissioner Doris Meissner put new regulations into effect which have more than doubled the number of asylum officers, increased the number of immigration judges and streamlined the asylum application process.

The results have been dramatic. In 1 year, there has been a 57 percent reduction in new asylum applications. Clearly, there has been a reduction in the filing of fraudulent claims. In addition, 84 percent of new asylum claims are now heard by INS within 60 days. This initiative is a major success story in the Clinton administration's ongoing effort to combat illegal immigration.

In coming weeks, the Senate Judiciary Committee will recommend comprehensive immigration reforms. A large part of these reforms focus on the need to reduce illegal immigration, including steps to deal with abuse of the right of asylum.

As the INS has shown, asylum abuse can be remedied—without denying true refugees the right to apply for asylum. They deserve adequate time to learn how to apply for asylum, overcome their fear of authority, and obtain help with their applications. We must avoid unfair restrictions that result in real harm to true refugees.

I ask unanimous consent that recent articles on the major progress against asylum abuse be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Post, Jan. 15, 1996]

SOME PROGRESS AT INS

A year ago, the Immigration and Naturalization Service put into effect new regulations to control abuse of the political asylum program. Commissioner Doris Meissner recently released figures that indicate progress. The problem has been this: Although immigration law authorizes sanctuary to be given to people in fear of political persecution at home, too many undocumented immigrants had figured out that they could indefinitely postpone deportation merely by requesting asylum. They would be automatically given work permits, and, because of the backlog of cases awaiting adjudication, they could often disappear into the general population without much chance of being found. In 1994, 123,000 new applications were filed (up from 56,000 three years earlier), and the backlog exceeded 425,000.

In response, the INS decided to issue work permits only to those granted asylum or waiting more than 180 days for an adjudication. Within a year, applications dropped by 57 percent to 53,000. Then Congress approved a request for more asylum officers and judges, and the new positions—which are still being filled—have enabled INS to complete more than twice as many cases as it did last year. Finally, most individual claims for asylum are heard within 60 days instead of waiting months, or even years, as was the case before. While the backlog remains almost unchanged, the figure is deceptive, inflated by a sizable number of petitions filed pursuant to court order by certain Salvadorans and Nicaraguans.

Although some challenge has been made to the claims of progress made by the INS, it is

certain that considerable distance has been covered in improving procedures. And this kind of effective enforcement is, paradoxically, the best way to deal with the anti-immigration political climate. Legal immigrants and those who have valid claims for asylum will be the beneficiaries of policies that make the law work as it is meant to—and should—work.

U.S. DEPARTMENT OF JUSTICE, IMMIGRATION AND NATURALIZATION SERVICE,

Washington, DC, January 4, 1996.

INS SUCCESSFULLY REFORMS U.S. ASYLUM SYSTEM

WASHINGTON. DC.—A Clinton Administration initiative to reform the U.S. asylum system has achieved dramatic success in its first year, INS Commissioner Doris Meissner announced today.

On the first anniversary of the initiative, Commissioner Meissner said that the unprecedented reforms have substantially lowered the incidence of fraudulent claims by eliminating the virtually automatic issuance of work authorization documents to all asylum applicants. ''INS has removed the primary incentive for baseless asylum claims,'' she said, ''resulting in the fair and prompt adjudication of newly filed cases for the very first time. With this attack on fraud, we have closed a back door to illegal immigration.''

Over the past year, the Administration's landmark reforms have reduced the number of new asylum claims filed with the INS by 57 percent. In addition, these initiatives enabled INS asylum officers to double their productivity, completing 126,000 cases during 1995 compared with 61,000 in 1994. INS' new regulations to improve productivity and prevent misuse became effective on January 4, 1995.

Commissioner Meissner said, ''The U.S. asylum system was broken for many years, but today our asylum system is fair and efficient. The 57 percent reduction in new asylum cases is evidence that the INS has eliminated incentives for asylum abuse. At the same time, we have greatly improved the system's ability to quickly provide protection to those who deserve it.''

In response to a mandate from President Clinton in July 1993 to overhaul the inefficient and long-neglected U.S. asylum system, INS established asylum reform as a top priority. New regulations which took effect one year ago today eliminated easy access to work authorization and streamlined the process.

Applicants for the first time are required to personally appear at an asylum office to receive notification of the asylum decision. At that time, the applicant is granted asylum or is served with charging documents which formally begin deportation proceedings.

The Administration also sought the resources necessary to improve and update the system and secured them through the 1994 Crime Bill. In addition to more than doubling the authorized number of INS asylum officers from 150 to 325, the Crime Bill significantly increased the number of Immigration Judges from 112 to 179.

Additional indications of the success of asylum reform include:

Currently 84 percent of individual claims for asylum are heard by the INS within 60 days.

In 1995, the issuance of charging documents doubled (from 29,000 in 1994 to 65,000 in 1995), placing twice as many applicants directly in deportation proceedings.

''By limiting the availability of work authorization to only those applicants who are granted asylum or are not promptly adjudicated, the Administration has significantly reduced the potential for baseless claims. At the same time, INS has streamlined the entire asylum system. And we will continue to make dramatic progress in resolving this long-standing problem,'' Commissioner Meissner added.

[From the Washington Post, Nov. 12, 1995]

DON'T GUT POLITICAL ASYLUM

(By Philip G. Schrag)

For many years, the United States has granted political asylum to victims of persecution who come to our country and seek our protection. Now, however, Congress is on the verge of abolishing the right of political asylum.

Congress is not proposing to repeal the asylum provisions of the Refugee Act of 1980. An outright repeal would probably never pass, because many in Congress, recalling America's sorry treatment of refugees during the Holocaust, accept the humanitarian premises underlying asylum. Rather, the abolition is in the form of a new, apparently innocuous ''procedural'' requirement. The House Judiciary Committee recently adopted, as an amendment to this year's immigration reform act, a proviso that denies asylum to any person who applies for it more than 30 days after arriving in the United States. A Senate subcommittee has approved a similar proposal.

If this bill becomes law, the asylum process will shut down because, as a practical matter, it is impossible for an applicant to file that quickly. Most refugees fleeing persecution must give top priority to searching for their American relatives and acquaintances. In many cases, they do not speak English. They are not permitted to hold jobs in the United States. They must immediately find ways to feed themselves and their children. It takes weeks for them to find minimal housing and to achieve the most basic orientation to American culture. Months may pass before they even learn that if they want asylum, they have to file an application with the Immigration and Naturalization Service (INS) on Form I–589.

After refugees learn about asylum and obtain the form, they will discover the daunting task ahead of them. The form itself is quite complicated: seven pages, plus eight pages of fine-print instructions. It is only available in English and must be completed in English. It requires applicants to prove that they have a well-founded fear, should they be deported, that they will be ''persecuted'' because of their ''race, religion, nationality, political opinion or membership in a particular social group''—all legal terms of art that have been interpreted by many courts. Because the legal standard has been embellished by judicial decisions and because a lawyer can help * * * case effectively, an applicant is well advised to have an attorney help compile and organize the supporting documentation. Mistakes can literally be fatal, resulting in deportation into the hands of a persecutor.

At present, most asylum applicants need weeks or months to find a lawyer, especially if they need one who will handle the application free of charge. Even now, only a few neighborhood offices that offer free legal help to the poor handle asylum cases, and Congress is slashing the budget of the Legal Services program.

Once the applicant finds a willing lawyer, however, more inevitable delays are in store. The instructions for the application form ''strongly urge'' applicants to ''attach additional written statements and documents that support'' their claims, including ''newspaper articles, affidavits of witnesses or experts, periodicals, journals, books, photographs, official documents, other personal statements, or evidence regarding incidents that have occurred to others.''

The law students who help prepare these applications under my supervision in an asylum law clinic at Georgetown University Law Center spend at lest a month of nearly full-time work putting together just one application for a client. Obtaining supporting affidavits or even such elementary documentation as birth and death records typically includes, among other things, making repeated telephone calls to people in the country from which the applicant has fled (sometimes with interpreters on the line) and exchanging numerous faxes with witnesses and officials there. These communications are expensive as well as time-consuming.

Similarly, obtaining accounts of arbitrary imprisonment, torture, rape and other human rights violations from local * * * many weeks of investigative effort. Finding experts who know about human rights violations against the applicant's tribe or ethnic group is also an arduous and lengthy process.

The attachments to support an application can include several hundreds of pages of evidence, and the file can be several inches thick. It is not reasonable to expect a refugee to develop such a file within 30 days after arriving in the United States, with or without the help of a lawyer.

A few years ago, the asylum program was abused by large numbers of applicants who were not genuinely eligible for it, but the federal government closed this loophole by ceasing to issue work permits for people whose applications have not yet been approved. In July, Commissioner of Immigration Doris Meissner reported that ''after years in which fraudulent asylum claims were routinely filed as a backdoor way to enter the U.S., INS finally has * * * stopped the abuse.''

Congress should preserve the asylum program. At the very least, Congress should not abolish asylum by invisibly and irresponsibly imposing a procedural requirement that is impossible to satisfy. Fewer than one percent of the 900,000 people who immigrate into the United States each year are asylees. This small immigration program poses no serious problems and is worth keeping. When we give sanctuary to victims of oppression we demonstrate to everyone the most humanitarian impulses of the American spirit.

CONGRESSMAN FLOYD SPENCE NAMED THE RESERVE OFFICERS ASSOCIATION OF THE UNITED STATES 1996 MINUTEMAN OF THE YEAR

Mr. THURMOND. Mr. President, on January 24, 1996, my able colleague from South Carolina, FLOYD SPENCE, the chairman of the House National Security Committee, received the 1996 Minuteman of the Year Award from the Reserve Officers Association of the United States. He is most deserving of this high honor. Throughout the 25 years that FLOYD SPENCE has served in the House of Representatives, he has been a strong advocate for ensuring that our Nation's defense capabilities are second to none, and he has demonstrated great leadership ability as

the chairman of the House National Security Committee in the 104th Congress. FLOYD SPENCE is a man of character and integrity, and it is a privilege to work with him. He is truly dedicated to the freedoms that we as Americans hold so dear.

Mr. President, I was so impressed with the remarks that Chairman SPENCE made when he received the 1996 Minuteman of the Year Award, that I would like to share them with my colleagues. Mr. President, I ask unanimous consent that the address made by FLOYD SPENCE to the Reserve Officers Association of the United States on January 24, 1996, be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

ADDRESS BY CONGRESSMAN FLOYD D. SPENCE TO THE MID-WINTER BANQUET AND MILITARY BALL OF THE RESERVE OFFICERS ASSOCIATION OF THE UNITED STATES JANUARY 24, 1996

It is a privilege for me to be in the presence of so many great Americans this evening, and to join the list of famous people who have received the Minuteman of the Year award from the Reserve Officers Association of the United States. I never thought that I would be honored in this way. I would like to thank you. I also would like to thank God, for it is through him that I received a double-lung transplant in 1988, that has extended my life and allowed me to continue my work in the Congress.

It is indeed an honor to be selected as the 1996 Minuteman of the Year. I joined the Navy when I was 17 years old, and after graduating from college, I was commissioned as an ensign in the Naval Reserve. As a retired Captain in the Navy and a member of the Reserve Officers Association, not a day goes by that I do not think about my time in the Naval Reserve and relate it to my work as Chairman of the House National Security Committee. I use those experiences in looking for ways to do what is best for our men and women in uniform and for our National Security. To be recognized as I mark my first anniversary as Chairman, this award really means a lot to me.

A Chairman of a Committee, in either the House or the Senate, is only as good as the people that he serves with. Over my 25 years in the House, I have had the privilege of serving with some of the finest Members that the United States Congress has seen. And, although my dear friend and colleague from Mississippi could not be here tonight, due to back surgery, I would like to take a moment to recognize Sonny Montgomery for his infinite support for our veterans, and our Reserve and National Guard programs.

Sonny will be retiring at the end of this term after 30 years in the House. But, we, his family of veterans, Reservists and members of the National Guard, can all take comfort in knowing that the Congress is a better place due to his service. I do not need to say any more. I am certain that because of Sonny Montgomery, either you or someone that you know was able to go to college through the Montgomery GI Bill. I will be sure to pass along your warm greeting to Sonny.

I am sometimes accused of being too supportive of the military. To my accusers, I say that it is impossible to be too supportive of the military that helped this country to gain and keep its freedom. When I was appointed Chairman, last year, my first proposal was to change the Department of Defense's name to the Department of Offense. When people quote scripture to me, it is often from Isaiah and references the beating of swords into plowshares. My immediate response is to quote Joel 3:9—''wake up mighty men and beat plowshares into swords and pruning hooks into spears.''

Article 1, Section 8, of the Constitution gives the Congress the responsibility of providing for the defense of our Nation. We have conducted a survey of the status of our defense, which concludes that defense spending has been cut too deeply and that the President's defense plan underfunds the Bottom-Up Review force structure and the overall National Military Strategy for two major regional contingencies.

In my 25 years on the Hill, I have seen leaders come and go; budget fights won and lost; and changes in threat, weapons systems and strategies, and even a ''hollow'' military. I have seen hot wars, cold wars, contingency, peacekeeping and even peace enforcement operations; yet, I have never been more concerned about the state of our National Security than I am now.

Unlike during the Cold War, when the consensus on the threat generally dictated our national strategy, forces, budgets and weapon systems decisions, there is no consensus on the threat to our national interest in the post-Cold War world, as we cannot see the threat. As the former Director of the CIA testified several years ago, in the post-Cold War world it is as if a mighty dragon had been slayed and the result is a jungle full of deadly snakes.

In this new environment, we still face weapons of mass destruction, low technology and inexpensive delivery systems. We still face a growing range of nationalist, ethnic and religious conflicts that transcend traditional borders. The only people who have seen the end of war are the dead themselves. Whether or not this country will next go to war is not a question of ''if'' but a question of ''when.''

Yet, we have cut back too severely over the last decade. For example, over the last decade of declining defense budgets, we have cut back dramatically on modernization spending—procurement spending by 70 percent and research and development spending by 20 percent. As a consequence, there will be a dramatic modernization shortfall beginning early in the next century.

As for force structure, just since the end of Desert Storm, we have cut back: active duty force structure by almost 30 percent, Army divisions by 30 percent, combat ships by 32 percent, and warplanes by 36 percent. Currently, many experts doubt that we could conduct another campaign like we did in the Persian Gulf in 1991.

One year ago, in an effort to begin revitalizing our National Security, the Chairman of the National Security Subcommittee of the Appropriations Committee, Bill Young, and I worked with the Republican Leadership to stop the ''hemorrhaging,'' to freeze defense spending and to end the decline. We managed to reach an agreement to add approximately $30 billion to defense over the next 7 years.

The defense authorization Conference Report, that the House adopted earlier today, reflects this additional funding, as well as our focus on four basic priorities: improving military quality of life, sustaining core readiness, reinvigorating lagging modernization programs, and beginning long overdue reform of The Pentagon. As this group knows, our Reserves will be critical to this revitalized United States National Security posture.

I am sure that you are aware that Congressman Greg Laughlin is working to ensure that the Reserves are an integral part of that National Security posture. As sponsor of the ''Reserve Forces Revitalization Act of 1995,'' Greg has introduced legislation that, if passed in its present form, will result in many substantive changes in the way that the Reserve components are organized and administered.

As a retired Naval Reservist, I am acutely aware of the challenges and sacrifices that you face. The ''Reserve Forces Revitalization Act of 1995'' is intended to address many of the administrative and organizational inefficiencies that have developed in Reserve programs, and it is designed to reinforce the ''Total Force Concept.'' As the demands on our active forces are spread thinner than ever across the world, our Committee and The Pentagon are continually looking for ways to increase reliance on the Reserve components of all of the branches of the Armed Services.

During the Fiscal Year 1997 authorization cycle, the National Security Committee's Personnel Subcommittee, which is chaired by Congressman Bob Dornan, will conduct hearings on the aspects that fall under the Committee's jurisdiction. But, you do not need to wait until next year. The Fiscal Year 1996 Defense Authorization bill, which was passed by the House today by a 287 to 129 vote, has already accomplished a few of the Revitalization Act's objectives. As soon as the President signs the bill, the following programs will become active:

Mobilization Income Insurance Program for Ready Reserve members. This new insurance plan is voluntary and will be financed by premiums paid by the participants.

Medical and Dental Care for Members of the Selected Reserve for early deploying Army Reserve and National Guard units. The Conference Report also establishes a shared-cost dental insurance program for all members of the Selected Reserve, which will be fully implemented in Fiscal Year 1997.

Military Technician Full-Time Support Program. The Committee felt that the Military Technician Full-Time Support Program is essential to Reserve component readiness, and to the Reserve components' ability to relieve active duty units suffering under the duress of consistently high operating tempos. Therefore, the conferees agreed to increase military technician endstrength by 1,400 over the Administration's request and to prohibit reductions below established endstrengths, except for those occurring as a result of force structure changes.

Increase in the Number of Members in the Grades of O–4, O–5, and O–6 Authorized to Serve on Active Duty in Support of the Reserves. and

Continued Support for the Off-Site Agreement for the Army Reserve and the National Guard.

As always, the National Security Committee is fully supportive and will remain fully committed to each of the Reserve components and the National Guard.

In closing, I want to thank the members of the Reserve Officers Association for their leadership in Reserve affairs. As Chairman, I look to the ROA for your insight and perspective on all matters relating to the Reserve forces. Thank you for bestowing the honor of being Minuteman of the Year for 1996 upon me. I look forward to working with you as we begin to address the authorization process for the next fiscal year. Thank you. God bless you and our great Country.

THE BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, as of the close of business Tuesday, February 6, the Federal debt—down to the penny—stood at exactly $4,987,288,825,759.77 or $18,930.18 on a per capita basis for every man, woman, and child in America.

SUSANNE B. WILSON

Mrs. FEINSTEIN. Mr. President, I rise today to salute Susanne B. Wilson, who will be honored with the 1995–96 distinguished Tower Award by San Jose State University.

Since 1972 the Tower Award has been presented to alumni, faculty, and community leaders recognizing exceptional and continuous service to San Jose State and the university community. Continuing the tradition of the award, Susie Wilson is a longstanding leader in Santa Clara Valley as a public official—a member of the county board of supervisors and a member of the San Jose City Council—and in her work for numerous organizations.

Susie's active leadership role at San Jose State University spans nearly three decades—first as a student then as a faculty member, and now as a volunteer alumna. She earned her bachelor's degree in political science in 1976, and later served as a lecturer during the 1980's. In 1994, she was the first visiting professor in the SJSU leader-in-residence program, teaching a senior seminar in the ethical issues in politics.

Susie was one of the founders of and participants in the Walk for Women of Sparta, which was the largest fundraiser by women for women athletes, which raised over $1 million for women's athletic scholarships. She has also been active in the Spartan Foundation, a key fundraising organization of the San Jose State, and is currently serving on the executive committee and board of directors.

Susie Wilson built a reputation of leadership as a member of the San Jose City Council where she served for 6 years, then as a member of the County of Santa Clara Board of Supervisors. Susie solved problems, brought opposing parties together in compromise, and worked through consensus to prevent political stalemates. It is no surprise that when Susie retired from the board she started her own business called SOLUTIONS.

Susie has continued to be a community leader, lending her insight and expertise to organizations such as the United Way, the Boy Scouts of America, and Cambrian Park United Methodist Church, her church of over 30 years. A champion of social justice, one of her most important accomplishments was her success as chair of the YWCA Villa Nueva Capital Campaign. Villa Nueva is a 63-family residential housing unit for lower income families which houses transitional and affordable housing, mostly for single parents and their kids. To honor Susie, the building was named in her honor when it opened in 1993. In addition, she is a founding member of the National Women's Political Caucus and a member of the American Association of University Women.

Susie Wilson is truly a model of effective leadership in a community. I join with her wonderful husband Bob, a retired IBM engineer, their sons, Bill, Rob, and David, as well as their families and six grandchildren in celebrating this well-deserved award.

I congratulate Susie Wilson as she is honored with the Tower Award for her years of giving to others and for her well known, more private, and very personal accomplishments. And I congratulate President Caret for his selection of Susie which honors San Jose State University and the previous recipients of the award.

TRIBUTE TO DR. LEON RIEBMAN

Mr. SPECTER. Mr. President, I have sought recognition today to recognize one of Pennsylvania's distinguished citizens as he retires after 60 years of service to his community and his country. Dr. Leon Riebman has served his country as a naval officer, his community as a professor at the University of Pennsylvania, and our national defense needs as a founder and long-term chief executive officer of AEL Industries, a premier defense electronics organization.

As a naval officer during World War II, Dr. Riebman served at the Naval Research Laboratory in Washington, where he conducted research in the then-new science of fire control radar systems. Following his Navy service, Dr. Riebman returned to the University of Pennsylvania for advanced studies, and to serve on the staff as a research associate and instructor.

Since 1950, when he cofounded AEL Industries, he has been an active contributor to technological advances in the defense electronics industry. Under Dr. Riebman's leadership, AEL Industries has grown continually to the point where it now employs 1,300 people in Pennsylvania and five other States.

Dr. Riebman's interest in research and development has resulted in 10 patents. In 1966, he was named a fellow of the Institute of Electrical and Electronic Engineers, and continues to be an active participant through service on several committees.

I am pleased to have this opportunity to recognize the many accomplishments of Dr. Leon Riebman and hope my colleagues will join me in tribute on the occasion of his retirement.

READING OF WASHINGTON'S FAREWELL ADDRESS

Mr. DOLE. Mr. President, I ask unanimous consent that notwithstanding the resolution of the Senate of January 24, 1901, on Monday, February 26, 1996, immediately following the prayer and the disposition of the Journal, the traditional reading of Washington's Farewell Address take place and that the Chair be authorized to appoint a Senator to perform this task.

The PRESIDING OFFICER. Without objection, it is so ordered.

APPOINTMENT BY THE VICE PRESIDENT

The PRESIDING OFFICER. The Chair, on behalf of the Vice President, pursuant to the order of the Senate of January 24, 1901, as modified by the order of February 7, 1996, appoints the Senator from Hawaii [Mr. AKAKA] to read Washington's Farewell Address on February 26, 1996.

Mr. DOLE. So I assume it started in 1901, is that it?

The PRESIDING OFFICER. The majority leader is correct.

MEASURE PLACED ON THE CALENDAR—S. 1561

Mr. DOLE. Mr. President, I understand there is a bill on the calendar that is due for its second reading.

The PRESIDING OFFICER. The clerk will read the bill for the second time.

The assistant legislative clerk read as follows:

A bill (S. 1561) for the relief of the individuals whose employment at the White House Travel Office was terminated.

Mr. DOLE. Mr. President, I object to further consideration of this matter at this time.

The PRESIDING OFFICER. The bill will be placed on the calendar.

DESIGNATING THE MAX ROSENN U.S. COURTHOUSE

Mr. DOLE. Mr. President, I ask unanimous consent the Committee on Environment and Public Works be discharged from further consideration of H.R. 1718, and further that the Senate proceed to its immediate consideration.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 1718) to designate the United States courthouse located at 197 South Main Street, Wilkes-Barre, Pennsylvania as the ''Max Rosenn United States Courthouse.''

The Senate proceeded to consider the bill.

Mr. SPECTER. Mr. President, I am very pleased that the Senate is acting so quickly on H.R. 1718, a bill to designate the U.S. courthouse in Wilkes-Barre, PA as the Max Rosenn United States Courthouse.

Max Rosenn is one of our Nation's most eminent jurists and one of Pennsylvania's outstanding citizens. Judge Rosenn has dedicated his life to serving the people of Wilkes-Barre, Luzerne County, PA, and the United States. There is no one more deserving of this great honor.

Judge Rosenn was born in Luzerne County in 1910 and raised there. After graduating from Cornell and the University of Pennsylvania Law School, he returned to Luzerne County to practice law.

In 1941, Judge Rosenn began his distinguished career in the service of his community and country by becoming an assistant district attorney for Luzerne County. In 1944, he entered on

active duty with the U.S. Army, serving in the judge advocate general's corps in the South Pacific during World War II. After the war, he returned to Luzerne County, where he resumed the private practice of law and was active in civic and public matters. From 1964 to 1966, he served as a member of the State Welfare Board and in 1966 was appointed by Governor Scranton to be Pennsylvania's Secretary of Public Welfare, serving until 1967 after being retained in office by Governor Shafer. In 1969, he was appointed to the Pennsylvania Human Relations Commission, a post he held when named a Federal judge.

Recognizing Max Rosenn's dedication to his community and his State and his legal skill, President Nixon nominated him to serve as U.S. Circuit Judge for the Third Circuit in 1970. For over 25 years, Judge Rosenn has been one of this country's most distinguished appellate judges. If the hallmarks of justice are fairness and wisdom, then Judge Rosenn is a leader in achieving justice, as he is widely recognized for both qualities.

Naming the U.S. courthouse in Wilkes-Barre after its most famous and respected lawyer and judge is the most fitting tribute I can imagine. I am pleased that the Senate is joining with the House and the members of the legal community in Pennsylvania in recognizing Judge Rosenn's achievements.

I would like to take the opportunity to thank Representative KANJORSKI, who represents Luzerne County, for introducing this bill in the House and seeing it through to passage there, and Senators CHAFEE and BAUCUS for their willingness to move the bill so quickly in the Senate. I also appreciate the services of the staff of the Committee on the Environment and Public Works, especially Dan Delich and Kathryn Ruffalo, for their work on this matter.

Mr. DOLE. I ask unanimous consent the bill be deemed read a third time, passed, the motion to reconsider be laid upon the table, and any colloquies and statements relating to the bill be placed at an appropriate place in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (H.R. 1718) was deemed read three times and passed.

E. BARRETT PRETTYMAN U.S. COURTHOUSE

Mr. DOLE. Mr. President, I ask unanimous consent that the Committee on Environment and Public Works be discharged from further consideration of S. 1510; further, that the Senate proceed to its immediate consideration.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 1510) to designate the United States Courthouse in Washington, District of Columbia, as the ''E. Barrett Prettyman United States Courthouse'', and for other purposes.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. DOLE. Mr. President, I ask unanimous consent that the bill be deemed read a third time, passed, that the motion to reconsider be laid upon the table, and that any colloquy or statements relating to the bill be placed at the appropriate place in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

So the bill (S. 1510) was deemed read for a third time, and passed, as follows:

S. 1510

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

SECTION 1. DESIGNATION OF E. BARRETT PRETTYMAN UNITED STATES COURTHOUSE.

The United States Courthouse located at 3rd Street and Constitution Avenue Northwest, in Washington, District of Columbia, shall be known and designated as the ''E. Barrett Prettyman United States Courthouse''.

TECHNOLOGY TRANSFER IMPROVEMENTS ACT OF 1995

Mr. DOLE. Mr. President, I ask unanimous consent that the Committee on Commerce be discharged from further consideration of H.R. 2196; further, that the Senate proceed to its immediate consideration.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 2196) to amend the Stevenson-Wydler Technology Innovation Act of 1980 with respect to inventions made under cooperative research and development agreements, and for other purposes.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

AMENDMENT NO. 3463

(Purpose: To make perfecting amendments)

Mr. DOLE. Mr. President, I send an amendment to the desk on behalf of Senators ROCKEFELLER and BURNS.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Kansas [Mr. DOLE], for Mr. ROCKEFELLER, for himself and Mr. BURNS, proposes an amendment numbered 3463.

Mr. DOLE. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 3, line 24, insert ''pre-negotiated'' before ''field''.

On page 5, beginning on line 4, strike ''if the Government finds'' and insert ''in exceptional circumstances and only if the Government determines''.

On page 5, between lines 15 and 16, insert the following:

This determination is subject to administrative appeal and judicial review under section 203(2) of title 35, United States Code.

On page 13, strike lines 10 through 17 and insert the following:

Section 11(i) of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3710(i)) is amended by inserting ''loan, lease, or'' before ''give''.

Beginning with line 23 on page 21, strike though line 3 on page 22 and insert the following:

''(13) to coordinate Federal, State, and local technical standards activities and conformity assessment activities, with private sector technical standards activities and conformity assessment activities, with the goal of eliminating unnecessary duplication and complexity in the development and promulgation of conformity assessment requirements and measures.''.

On page 22, beginning on line 5, strike ''by January 1, 1996,'' and insert ''within 90 days after the date of enactment of this Act,''.

Beginning with line 8 on page 22, strike through line 5 on page 23 and insert the following:

(d) UTILIZATION OF CONSENSUS TECHNICAL STANDARDS BY FEDERAL AGENCIES; REPORTS.—

(1) IN GENERAL.—Except as provided in paragraph (3) of this subsection, all Federal agencies and departments shall use technical standards that are developed or adopted by voluntary consensus standards bodies, using such technical standards as a means to carry out policy objectives or activities determined by the agencies and departments.

(2) CONSULTATION; PARTICIPATION.—In carrying out paragraph (1) of this subsection, Federal agencies and departments shall consult with voluntary, private sector, consensus standards bodies and shall, when such participation is in the public interest and is compatible with agency and departmental missions, authorities, priorities, and budget resources, participate with such bodies in the development of technical standards.

(3) EXCEPTION.—If compliance with paragraph (1) of this subsection is inconsistent with applicable law or otherwise impractical, a Federal agency or department may elect to use technical standards that are not developed or adopted by voluntary consensus standards bodies if the head of each such agency or department transmits to the Office of Management and Budget an explanation of the reasons for using such standards. Each year, beginning with fiscal year 1997, the Office of Management and Budget shall transmit to Congress and its committees a report summarizing all explanations received in the preceding year under this paragraph.

(4) DEFINITION OF TECHNICAL STANDARDS.—As used in this subsection, the term ''technical standards'' means performance-based or design-specific technical specifications and related management systems practices.

Mr. ROCKEFELLER. Mr. President, I am pleased that the Senate is now considering legislation to improve the transfer of technology from Federal laboratories to the private sector. Two related bills are now before the Senate: First, S. 1164, which I introduced and have been joined as a cosponsor by the distinguished Science Subcommittee chairman, Senator BURNS, and second, the House-passed companion bill, H.R. 2196, introduced by the distinguished chairwoman of the House Technology

Subcommittee, Representative CONNIE MORELLA. House cosponsors include Science Committee chairman, BOB WALKER, Science Committee ranking member, GEORGE BROWN, and Technology Subcommittee ranking, member, JOHN TANNER. We also have consulted closely with the administration on this bill.

It is my hope that the Senate will now pass H.R. 2196 with small perfecting and clarification amendments worked out in consultation with interested Senators. We have worked with the House on these perfecting amendments, and I hope that the House can pass the amended H.R. 2196 without further changes, clearing the bill for transmittal to the President.

The title of the House-passed bill is the National Technology Transfer and Advancement Act. The Senate title is similar: the Technology Transfer Improvements Act. The two bills are based on earlier legislation that Representative MORELLA and I introduced in the last Congress and which has been thoroughly checked with all interested parties. The current legislation makes valuable amendments in existing law but contains no authorizations or controversial spending proposals. It has bipartisan support here in Congress, and has the support of the administration. The Senate Commerce Committee approved S. 1164 without objection on November 3 of last year. H.R. 2196 passed the House by voice vote on December 12.

Mr. President, this is a constructive bill that has earned the bipartisan support now evident. The legislation has three main parts. First, the heart of both bills is legislation that Mrs. MORELLA and I authored to help improve the transfer of technology from Federal laboratories to the private sector. The Federal Government spends some $20 billion a year on its laboratories. They employ some of the finest scientists and engineers in the world, have some of the best facilities and new technologies. This bill will cut the time and redtape involved in creating joint research projects between companies and these Federal laboratories. And that, Mr. President, will help companies in West Virginia and all across the country. The country or countries that can develop and use new technologies most quickly and efficiently will win the markets of the future. This bill will help speed joint research projects, and increase their number, leading to new technologies that companies can use to produce new products, revitalize existing ones, and build markets. And that means more jobs and a more competitive America.

Second, the bill contains important amendments to the Fastener Quality Act of 1990, a law which regulates the manufacture and sale of high-strength bolts and other fasteners used in safety-related applications such as motor vehicles, aircraft, and buildings. These amendments have been championed here in the Senate by Senator BURNS, and they will reduce the burden of the law on private industry while maintaining public safety.

Third, the House version of the bill now before us contains several nonspending measures regarding technical agencies and the use of private-sector technical standards.

BACKGROUND ON THE TECHNOLOGY TRANSFER PROVISIONS

Mr. President, the heart of the legislation, in both the Senate and House versions, is section 4, which will improve the transfer of technology from Federal laboratories by giving both laboratories and industrial partners clearer guidelines on the distribution of intellectual property rights from inventions resulting from cooperative research projects.

Specifically, the bill amends the Stevenson-Wydler Technology Innovation Act, which since 1986 has allowed Federal laboratories to enter into cooperative research and development agreements [CRADA's] with industry and other collaborating parties. The laboratories can contribute people, facilities, equipment, and ideas, but not funding, and the companies contribute people and funding.

As I pointed out when I introduced S. 1164 on August 10, even under the current law the CRADA provision has been a success. Hundreds of these agreements have been signed and carried out in recent years, making expertise and technology that the Federal Government has already paid for through its mission-related work available to the wider economy. But we also have seen a problem. Currently, the law provides little guidance on what intellectual property rights a collaborating partner should receive from a CRADA. The current law gives agencies very broad discretion on this matter, which provides flexibility but also means that both companies and laboratory executives must laboriously negotiate patent rights each time they discuss a new CRADA. Neither side has much guidance as to what constitutes an appropriate agreement regarding intellectual property developed under the CRADA. Options range from assigning full patent title to the company all the way to providing the firm with only a nonexclusive license for a narrow field of use.

In conversations with company executives, we learned that this uncertainty—and the time and effort involved in negotiating intellectual property from scratch in each CRADA—was often a barrier to working with some laboratories. Companies are reluctant to enter into a CRADA, or, equally important, to commit additional resources to commercialize a CRADA invention, unless they have some assurance they will control important patent rights.

In 1993, I began working with Congresswoman MORELLA on possible ways to reduce the uncertainty and negotiating burden facing companies, while still ensuring that the Government interest remains protected. To begin legislative discussion on this matter, I introduced S. 1537 on October 7, 1993, for myself and Senator DeConcini, then chairman of the Senate Patent Subcommittee. That bill would have directed Federal laboratories to assign to the collaborating party—the company—title to any intellectual property arising from a CRADA, in exchange for reasonable compensation to the laboratory and certain patent safeguards.

S. 1537 also contained a second provision—an additional incentive for Federal scientists to report and develop inventions that might have commercial as well as government value. The General Accounting Office [GAO] had recommended that Federal inventors receive more of the royalties received by laboratories as government compensation under CRADA's. My bill incorporated that recommendation.

Soon after Senator DeConcini and I introduced our bill, Congresswoman MORELLA introduced the companion House bill, H.R. 3590. In subsequent House and Senate hearings, the bill received strong support from industry, professional societies, trade associations, and the administration. At that point, we also began working closely with Commerce Department Under Secretary for Technology Mary Good and her staff, who helped us obtain detailed technical suggestions from executive branch agencies and other patent experts. We made major progress during the 103d Congress, but in 1994 ran out of time to complete action on the legislation.

TECHNOLOGY TRANSFER PROVISIONS OF THE CURRENT BILL

The bills that Representative MORELLA and I introduced this year are based on this earlier legislation but also reflect suggestions made by the experts. The revised bill continues to focus on the twin issues of company rights under a CRADA and royalty-sharing for Federal inventors.

The key CRADA provision of H.R. 2196—as well as S. 1164—is section 4, which amends section 12 of the Stevenson-Wydler Act. Those section 12 amendments, in turn, have two key provisions. One deals with inventions made, pursuant to a CRADA, solely by the collaborating party's employee. In this case, the laboratory shall ensure that the collaborating party may retain title to that invention. The rationale, of course, is that since the collaborating party's employee is solely responsible for the invention, the collaborating party should have the right of title.

The other key section 12 amendment concerns inventions developed in whole or in part by a laboratory employee under a CRADA. The current bill would give a collaborating party a statutory option to choose an exclusive license for a field of use for any such invention. Agencies may still assign full patent title for such inventions to the company; the agencies we consulted

felt they needed to retain that flexibility, and our new bill allows them to do so. But the important point is that a company will now know that it is assured of having no less than an exclusive license in a field of use identified through negotiations between the laboratory and the company. This statutory guideline will give companies real assurance that they will get important intellectual property out of any CRADA they fund. In turn, that assurance will give those companies both an extra incentive to enter into a CRADA and the knowledge that they can safely invest further in the commercialization of that invention, knowing they have an exclusive claim on it.

Senators DOMENICI and BINGAMAN have raised an important point about this provision. They and I agree that the relevant field of use for which a collaborating party has the option of an exclusive license shall be selected through a process of negotiation between the laboratory and that collaborating party. As with other provisions of a CRADA, the field of use is selected through a process of negotiation between the two parties. It is a pre-negotiated field of use. As I will discuss below, we propose a perfecting amendment to clarify this key point.

The bill further provides that in return for granting the option of an exclusive license in that pre-negotiated field of use, the Government may negotiate for reasonable compensation, such as royalties. And the Government retains minimal rights to use the invention under unusual but important circumstances, such as when the party holding the exclusive license is unwilling or unable to use the invention to meet important health and safety needs. However, and I want to emphasize this point, we believe strongly that the Government should exercise these rights only under the most exceptional circumstances. As the distinguished Senators from New Mexico have pointed out, we do not want the existence of these Government rights to deter companies from entering into CRADA's. And I want to assure these Senators and industry that these rights would only be used under the most exceptional circumstances. For that reason, as I will discuss shortly, I propose a further perfecting amendment to make this point even more clear.

A related point deals with one of the grounds under which the Government might exercise these rights. We mention that one such circumstance would be that ''the collaborating party has failed to comply with an agreement containing provisions described in subsection (c)(4)(B)'' of the existing section 12 of the Stevenson-Wydler Act. Subsection (c)(4)(B) says, in part that a laboratory director in deciding what CRADA's to enter into shall ''give preference to business units located in the United States which agree that products embodying inventions made under the cooperative research and development agreement or produced through the use of such inventions will be manufactured substantially in the United States.* * *''

I want to emphasize two points about this provision and its role in the new language giving the Government, under exceptional circumstances, a right to compel a licensee to share its licensed technology.

First, subsection 12(c)(4)(B) of the Stevenson-Wydler Act directs laboratory directors to give preference to those organizations which agree to this condition but is flexible enough to envision circumstances where this condition is not practical or appropriate. One example might be the case of a research technique or process that in itself is not used to make products. Or in the case of biotechnology, one might create and license a gene therapy technique which leads to no manufactured product. So this subsection was never intended to require a substantial U.S. manufacturing agreement in all CRADA's. The second point follows from the first. The absence of such an agreement in a particular CRADA in no way creates grounds for the Government to exercise the new exceptional circumstances powers. The new language simply says that if, and only if, a collaborating party voluntarily includes a substantial U.S. manufacturing agreement in its CRADA, and also if it then fails in a truly exceptional manner to comply with that agreement, then grounds exist for the Government to exercise these new powers. This new provision provides important protection for the taxpayer in the case of that very rare collaborating party which abuses its exclusive license, but it, by definition, does not apply to CRADA's which do not include an agreement regarding substantial U.S. manufacturing.

I also want to mention that in order to give a collaborating party full due process in the event that the Government ever decides to exercise any of these exceptional circumstances powers, we are offering another perfecting amendment to give collaborating parties a right of administrative and judicial appeal which already exists in one other provision of Federal patent law. I will discuss that amendment, as well as the others I have mentioned, in the later part of my statement which deals with the amendments we are offering today.

Overall, Mr. President, the bill now before the Senate continues the original purpose we envisioned in 1993—providing guidelines that simplify the negotiation of CRADA's and, in the process, give companies greater assurance they will share in the benefits of the research they fund. We expect that this change will increase the number of CRADA's, reduce the time and effort required to negotiate them, and thus speed the transfer of laboratory technology and know-how to the broader economy.

The legislation now before the Senate also contains a slightly revised version of the provision regarding royalty-sharing for Federal investors. Under the new bill, agencies each year must pay a Federal inventor the first $2,000 in royalties received because of that person's inventions, plus at least 15 percent of any additional annual royalties. By rewarding Federal inventors, we will give them an incentive to report inventions and work in CRADA's. The bill involves no Federal spending; all rewards would be from royalties paid to the Government by companies and others.

FASTENER QUALITY ACT AMENDMENTS

Mr. President, the second major provision of the bill now before us is a set of amendments to the Fastener Quality Act of 1990. That act regulates the manufacture and distribution of certain high-strength bolts and other fasteners used in safety-related applications, such as building, aircraft, and motor vehicles.

The Fastener Advisory Committee created under the 1990 law has recommended a series of changes which will continue to ensure the safety of these high-strength fasteners while reducing the regulatory burden on business. The Senate first passed these amendments in March 1994 as part of a larger technology bill. That 1994 bill did not become law, however, so this year in the Commerce Committee, Senator BURNS, who is the Senate leader on this matter, offered these changes as an amendment to S. 1164. The same amendments were included in H.R. 2196. These changes have been worked out with a very broad set of interested parties, including major users of fasteners, and I know of no controversy in the Senate regarding them.

OTHER PROVISIONS IN H.R. 2196

Finally, the House version of the legislation also contains a set of nonspending amendments regarding NIST operations and voluntary industry standards. While these amendments are not currently in S. 1164, they did not lead to any controversy on the House floor.

One such provision, section 9, is intended to make it easier for Federal laboratories to loan, lease, or donate excess research equipment to educational institutions and nonprofit organizations. As I will explain shortly, I will shortly propose a perfecting amendment and colloquy pertaining to section 9.

Another provision, section 12(d), would codify an existing Office of Management and Budget circular, OMB Circular A–119. Following the OMB circular, the amendment directs Federal agencies to use, to the extent not inconsistent with applicable law or otherwise impractical, technical standards that are developed or adopted by voluntary consensus standards organizations. We believe this step will reduce costs for both government and the private sector. For example, if off-the-shelf products meeting a voluntary consensus standards can, in the judgment of an Agency, meet its procurement requirements, then the Agency

saves money over buying products built to special government specifications and commercial industry benefits from increased sales to the Government.

I will shortly discuss the several perfecting amendments that we are now offering to this bill, but here I want to mention that one of these amendments clarifies the intent and scope of section 12(d). We have worked closely with Senators BAUCUS and JOHNSTON, and their staffs, on this rewrite. And here, based on our discussions with these offices, I want to emphasize five key points about the intent and effect of this provision, as amended, in order to deal with concerns that have been raised.

First, we are talking here about technical standards pertaining to products and processes, such as the size, strength, or technical performance of a product, process, or material. The amended version of section 12(d) explicitly defines the term ''technical standards'' as meaning performance-based or design-specific technical specifications and related management systems practices. An example of a management system practice standard is the ISO 9000 series of standards specifying procedures for maintaining quality assurance in manufacturing.

In this subsection, we are emphatically not talking about requiring or encouraging any agency to follow private sector attempts to set regulatory standards or requirements. For example, we do not intend for the Government to have to follow any attempts by private standards bodies to set specific environmental regulations. Regular consensus standards bodies do not do that, in any case. But no one should presume that a new private group could use section 12(d) to dictate regulations to Federal agencies. The amended version of this subsection makes clear that agencies and departments use ''such technical standards as a means to carry out policy objectives or activities determined by the agencies and departments.''

Second, consensus standards are standards which are developed by voluntary, private sector, consensus standards bodies. These organizations are established explicitly for the purpose of developing such standards through a process having three characteristics—First, openness, defined as meaning that participation in the standards development process shall be open to all persons who are directly and materially affected by the activity in question; second, balance of interest, which means that the consensus body responsible for the development of a standard shall be comprised of representatives of all categories of interest that relate to the subject—for example, manufacturer, user, regulatory, insurance/inspection, employee/union interest); and third, due process, which means a procedure by which any individual or organization who believes that an action or inaction of a third party causes unreasonable hardship or potential harm is provided the opportunity to have a fair hearing of their concerns. In short, a legitimate consensus standards organization provides open process in which all parties and experts have ample opportunity to participate in developing the consensus.

Examples include traditional standards organizations, such as the American Society of Testing and Materials, as well as newer organizations such as the Internet Engineering Task Force which has effectively used consensus procedures coupled with real-time implementation and testing to develop the technical standards for Internet protocols and technology. Many of these standards development organizations are accredited, including those accredited by the American National Standards Institute.

This provision is not intended to direct agencies and departments to consider standards from organizations that do not meet the criteria of openness, balance of interest, and due process.

Third, the amended version of section 12(d) makes clear that if compliance with the requirement to use voluntary consensus technical standards ''is inconsistent with applicable law or otherwise impractical, a Federal agency or department may elect to use technical standards that are not developed or adopted by voluntary consensus standards bodies.'' We intend that these other technical standards may be ones developed by the Agency or such other standards as the Agency may deem appropriate.

Fourth, we intend that the determination of what is or is not ''inconsistent with applicable law or otherwise impractical'' is solely the decision of the agency department involved. We do require that if an agency or department does elect to use other technical standards, they notify the Office of Management and Budget [OMB]. But if an Agency decides that no product or process based on voluntary consensus standards meets its requirements, it does not have to get approval from anyone before it sets its own specifications. It most certainly does not need approval from any private sector standards organization. Moreover, the provision neither provides nor implies any private sector veto or review of the agency's decision. Nor does it provide, nor do we intend to provide, any legal test or legal standard or decisionmaking requirement that an agency must meet before it decides which types of technical standards to choose. As a result, section 12(d) provides no new or additional basis for either administrative or judicial review.

In other words, the intent of section 12(d) is exactly that of the following provision of OMB Circular A–119: It should also be noted, however, that the provisions of this circular are intended for internal management purposes only and are not intended to: First, create delay in the administrative process; second, provide new grounds for judicial review; or third, create legal rights enforceable against agencies or their officers.

Fifth and finally, the term ''Federal agencies and departments'' is meant to refer to entities of the executive branch, and not to independent regulatory commissions. Commissions may have their own separate statutory requirements regarding whether or not to use consensus technical standards; one such example is the Consumer Product Safety Commission [CPSC]. I want to emphasize that section 12(d) is not intended to apply to the CPSC or other independent regulatory commissions.

ADDITIONAL PERFECTING AMENDMENTS

Mr. President, conversations with interested Senators have led me, after consultation with Chairman BURNS, to offer six other small perfecting amendments that clarify key provisions of the bill. I want to mention them briefly, as well as thank the relevant Senators for working with us on these issues.

First, as discussed earlier, we propose to clarify that the field of use for which a collaborating party may get an exclusive license is a pre-negotiated field of use. That is, the company alone does not pick the field of use. Like other provisions of CRADA, the field or fields of use for which a license applies is the result of negotiations between the company and the laboratory. This has been the intent all along of both the Senate and House sponsors of this legislation, as reflected in both House and Senate report language. However, Senator DOMENICI has asked that we make this point explicit in the bill language itself, and I am happy to do so.

Second, as also discussed earlier, we want to make clear that an Agency will exercise its rights under the bill to require the holder of an exclusive technology to share that technology only in exceptional circumstances. Senators BINGAMAN and DOMENICI have requested this clarification, and I am pleased to do so because this has been our intent all along. We know that there may be some exceptional, and very rare, circumstances under which the holder of an exclusive license is not willing or able to use an important technology or use it as provided in the original CRADA agreement. We feel strongly that the Government must maintain some rights to deal with such a situation, but agree with our distinguished colleagues that these rights should be exercised only under the most exceptional circumstances. We do not want prospective CRADA participants to feel that the Government will exercise these rights on a routine or arbitrary basis.

Third, Senator JOHNSTON has asked that a provision from other Federal patent law—the Bayh-Dole Act—be added to our bill's section regarding the exceptional circumstances under which the Government may exercise its right to require a collaborating party,

holding an exclusive license to an invention made in whole or in part by a laboratory employee, to grant a license to a responsible applicant. That provision from the Bayh-Dole is section 203(2) of title 35, United States Code, and as added here it would provide a collaborating party under these exceptional circumstances a right to an administrative appeal, as described under 37 CFR part 401, and to judicial review. In short, if the Government determines that it has grounds to force a collaborating party to grant a license to additional party, according to the criteria set forth in the bill, then that collaborating party will have a right of due process and appeal.

Fourth, Senator GLENN, in his capacity as ranking member of the Committee on Governmental Affairs, has raised a point concerning section 9's provisions on the disposal of excess laboratory research equipment. We delete one part of section 9 and plan to enter into a colloquy with the distinguished Senator from Ohio regarding the procedures under which Federal laboratories may loan or lease research equipment.

Fifth, the date on which a report required under section 12(c) is due is changed from January 1, 1996, to within 90 days of the date of enactment of this act.

A final amendment clarifies section 12(b), a provision which deals with the role of the National Institute of Standards and Technology [NIST] in coordinating government standards activities. The amendment corrects a small drafting error. The original text, in part, implies that NIST is to coordinate private sector standards and conformity assessment activities. Of course, we in no way intend that NIST or any other part of the Federal Government is to coordinate, direct, or supervise private sector activities. The amendment makes clear that NIST is to coordinate with private sector activities.

I thank Senators GLENN, DOMENICI, BINGAMAN, JOHNSTON, and BAUCUS, and their staffs, for working with us on these perfecting amendments.

CONCLUSION

Mr. President, this bill is a concrete step toward making our Government's huge investment in science and technology more useful to commercial companies and our economy. Companies in West Virginia and other States will not find it easier to partner with Federal laboratories across the country. The winner will be the American economy, which will get more economic benefit out of the billions of dollars we invest each year in our Government laboratories. The result will be new technologies, new products, and new jobs for Americans.

In closing, I want to thank and compliment my good friends, Representative MORELLA and Senator BURNS, for their great leadership on this legislation. I also want to thank their staffs, the staffs for Congressmen BROWN and TANNER, and Chairman PRESSLER's staff for their hard work. Special thanks also goes to Under Secretary of Commerce Mary Lowe Good and her staff, particularly Chief Counsel Mark Bohannon, for their work in reviewing the legislation and working with other Federal agencies. Numerous technical experts helped us with the legislation, and I thank them. I also want to thank Dr. Thomas Forbord, who as a congressional fellow on my staff several years ago drafted the first version of this valuable legislation.

Mr. President, this is a good bill that will benefit companies in West Virginia, Montana, Maryland, and all other States. It will help speed the creation of new technologies, will help make American companies more competitive, and will help create and retain good American jobs.

I urge our colleagues to accept the House-passed version, H.R. 2196, with these minor perfecting amendments, and return the bill to the House so that they may concur in these minor changes and send the legislation on the President for his signature.

Mr. BURNS. Mr. President, I rise in support of H.R. 2196, as amended, which is a bill to amend the Stevenson-Wylder Technology Innovation Act of 1980. The Senate version of this bill, S. 1164, was reported out of the Commerce Committee in November of last year. Our system of more than 700 Federal laboratories is one of our most precious national assets. These labs conduct important research and development programs to keep the United States on the cutting edge of science and technology.

As chairman of the Science Subcommittee, I cosponsored S. 1164 to help accelerate the transfer of technology from our 700 Federal labs to the private industry, where it can be converted into commercial goods and services for the American people. Our cooperative research and development agreements [CRADA's] have proven a very effective way of accomplishing technology transfer without increasing Federal spending. These CRADA's enable Government and industry to conduct research together which hopefully will generate inventions and technological breakthroughs that can be later commercialized. It is the national interest to encourage more of this kind of joint research.

With that in mind, this bill seeks to encourage more joint research by clarifying the intellectual property rights that the industry partner may receive in inventions generated by the joint research. In this way, the company knows going into the arrangement that it will have the right to commercialize the results of its joint research. The bill also makes clear that, in exchange for the rights given to the company, the Government is entitled to reasonable compensation, which would typically involve a share of the royalties from any successful commercialization efforts. So, both the Federal labs and their private sector partners in these agreements stand to benefit from this legislation.

Equally important, the bill provides greater incentives for the Federal lab scientists to commercialize their inventions by increasing their share of any royalties received from the sale of products arising from the joint research.

Mr. President, it is my understanding that this bill, as amended, is supported by industry, the Federal lab directors, and the research community and has broad bipartisan support in Congress. I urge my colleagues to support H.R. 2196 as amended pass it.

Mr. GLENN. Mr. President, I would like to engage the Senator from West Virginia and the Senator from Montana in a colloquy to clarify their intentions under section 9 of the pending bill. As currently drafted, section 9 would expand Federal laboratory directors' authority to dispose of research equipment by allowing them to loan or lease this property. Under existing law, this property may already be given to eligible institutions outright as a gift.

I would begin by thanking the chairman and ranking member of the committee for agreeing with me that the original language in this section was overbroad. I very much appreciate their willingness to amend the House bill.

With regard to the remaining loan and lease provision, I would like to clarify the committee's intent with respect to the continuing Federal liability and responsibility for leased or loaned equipment. What steps does the committee envision Federal agencies should take in order to limit the taxpayer's liability for such equipment?

Mr. ROCKEFELLER. Mr. President, I thank the Senator from Ohio for his interest in this matter, and I respect his judgment on these issues. To answer his question, it is this Senator's intent that, prior to any equipment being leased or loaned under this provision, a Federal agency shall issue guidance which clearly states the steps a lab director or agency head shall take in order to clearly define the Federal Government's liability and responsibility with respect to the leased or loaned property. Such guidance should address issues like: The ongoing Federal obligation to maintain or upgrade the leased equipment; the necessary steps to adequately train the recipient in the safe and proper use of the equipment; the appropriate inventory controls needed to track the equipment which both the lab and the recipient institution should have in place; and whether any financial issues, such as equipment depreciation, should be considered in the lease-loan agreement.

Mr. BURNS. Mr. President, I agree with the ranking member of the subcommittee.

Mr. GLENN. Mr. President, I thank my friends from Montana and West Virginia for their clarification of this matter. I look forward to continuing to work with them to strengthen our Nation's science and math education infrastructure.

Mr. DOLE. I ask unanimous consent that the amendment be agreed to, the bill be deemed read a third time, passed, as amended, the motion to reconsider be laid upon the table, and that any colloquy and statements relating to the bill be placed at the appropriate place in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

So the amendment (No. 3463) was agreed to.

So the bill (H.R. 2196), as amended, was passed.

MESSAGES FROM THE HOUSE

At 10:25 a.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House has agreed to the following resolution (H. Res. 363) that the Honorable CONSTANCE A. MORELLA, a Representative from the State of Maryland, be, and she is hereby, elected Speaker pro tempore during any absence of the Speaker, such authority to continue not later than Tuesday, February 27, 1996.

MEASURE PLACED ON THE CALENDAR

The following measure was read the second time and placed on the calendar:

S. 1561. A bill for the relief of the individuals whose employment at the White House Travel Office was terminated.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. SIMPSON (for himself and Mr. ROCKEFELLER) (by request):

S. 1563. A bill to amend title 38, United States Code, to revise and improve eligibility for medical care and services under that title, and for other purposes; to the Committee on Veterans Affairs.

By Mr. CRAIG:

S. 1564. A bill to amend the Small Reclamation Projects Act of 1956 to authorize the Secretary of the Interior to provide loan guarantees for water supply, conservation, quality and transmission projects, and for other purposes; to the Committee on Energy and Natural Resources.

S. 1565. A bill to supplement the Small Reclamation Projects Act of 1956 and to supplement the Federal Reclamation laws by providing for Federal cooperation in non-Federal projects and for participation by non-Federal agencies in Federal projects; to the Committee on Energy and Natural Resources.

By Mr. HOLLINGS:

S. 1566. A bill to authorize the Secretary of Transportation to issue a certificate of documentation with appropriate endorsement for employment in the coastwise trade for the vessel *Marsh Grass Too*; to the Committee on Commerce, Science, and Transportation.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. ROBB:

S. Res. 225. A resolution urging the President to undertake measures to facilitate the immediate withdrawal of the Iranian Revolutionary Guards from Bosnia-Herzegovina; to the Committee on Foreign Relations.

By Mr. INOUYE:

S. Con. Res. 41. A concurrent resolution expressing the sense of the Congress that The George Washington University is important to the Nation and urging that the importance of the University be recognized and celebrated through regular ceremonies; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. SIMPSON (for himself and Mr. ROCKEFELLER) (by request):

S. 1563. A bill to amend title 38, United States Code, to revise and improve eligibility for medical care and services under that title, and for other purposes; to the Committee on Veterans' Affairs.

VA HEALTH CARE LEGISLATION

● Mr. SIMPSON. Mr. President, I am most pleased to join with the distinguished ranking member of the Committee on Veterans' Affairs in introducing, by request, legislation intended to reform the operation of VA's health care program. This legislation places into statutory language the eligibility reform proposal of the many veterans' service organizations who each year prepare and submit to the Congress the so called independent budget.

The successful operation of the VA health care system has become one of the most pressing issues faced by the Committee on Veterans' Affairs and the Congress. Many observers feel that changing the current priorities for health care is the certain key to resolving the problems faced by both VA and the veterans it serves. The proposal we introduce today is one of at least five different proposals before the Congress and introduction of this legislation should be viewed as neither endorsement nor opposition to this specific proposal. I join in introduction of the legislation in order to put before the Congress both the proposal and the ideas upon which it is based. I plan to chair committee hearings on the issue later this spring. Both the committee's hearings and legislative process will be much improved if we can view this proposal in legislative format.

As a life member of the Veterans of Foreign Wars, one of the organizations that has prepared the proposal, I understand how important this issue is to America's veterans, the Congress, to the Department of Veterans Affairs, and to the American people who must fund whatever decision is reached by the Congress.

I thank my fine personal friend from West Virginia for the constructive and active role that he played as chairman of the Veterans' Committee and continues to play as ranking minority member. He has been most helpful and courteous to me. I always look forward to working with him and the members of the committee as we work together to address the difficult questions we face concerning veterans' health care and the future structure of the Veterans Health Administration.●

● Mr. ROCKEFELLER. Mr. President, as the ranking Democrat on the Committee on Veterans' Affairs, I am delighted to join today with the chairman of the committee, Senator SIMPSON, in introducing legislation that would reform eligibility for VA health care. We are doing so at the request of the four veterans service organizations—AMVETS, Disabled American Veterans, Paralyzed Veterans of America, and Veterans of Foreign Wars—that develop the so-called independent budget [IB].

While it was my policy, as chairman of the Committee on Veterans' Affairs, to introduce legislation proposed by the administration so that my colleagues and others with an interest would have specific bills to which they might direct their attention and comments, I have not done that for entities other than the administration. Senator SIMPSON has followed a similar policy in his two terms as the committee's chairman. However, in this instance, we have agreed to introduce this legislation so that it might be before the committee later in this session when we take up the issue of the reform of the current eligibility criteria for VA health care.

In introducing administration-requested legislation, we always reserved the right to support the provisions of, as well as any amendment to, such by-request legislation. Obviously, that same policy applies to the bill we are introducing today.

While I have been working with representatives of the IB group for many months in an effort to translate the group's narrative description of proposed eligibility reform into legislative language, I have done so without in any way endorsing the result. I intend to wait to support any specific eligibility reform legislation until after the committee has held hearings and the many issues connected with this subject have been explored in some depth and detail.●

By Mr. CRAIG:

S. 1564. A bill to amend the Small Reclamation Projects Act of 1956 to authorize the Secretary of the Interior to provide loan guarantees for water supply, conservation, quality and transmission projects, and for other purposes; to the Committee on Energy and Natural Resources.

S. 1565. A bill to supplement the Small Reclamation Projects Act of 1956 and to supplement the Federal Reclamation laws by providing for Federal cooperation in non-Federal projects and for participation by non-Federal

agencies in Federal projects; to the Committee on Energy and Natural Resources.

SMALL RECLAMATION PROJECTS ACT OF 1956 AMENDMENTS LEGISLATION

● Mr. CRAIG. Mr. President, I introduce two measures to expand the use and availability of the Small Reclamation Projects Act of 1956.

The Small Reclamation Projects Act has provided important benefits throughout the reclamation West in the 40 years since it was first established. Over the past several years, there have been various discussions of ways to expand the benefits of the program. These two measures incorporate some of the suggestions that have been made. I want to emphasize that neither of the measures would affect ongoing projects.

One of the measures deals with financing. At the present time, the Secretary is limited to using grants or loans in fulfilling the objectives of the act. This legislation would expand that authority to include the use of loan guarantees as a way of stretching the limited Federal resources. There has been some discussion among those suggesting this approach that the committee should consider expanding the program under the guarantees outside the 17 reclamation States to other States and the territories. While I do not dispute that the advantages of the program could be useful in the territories and other States, I do not want to dilute the program so that is not able to meet the very real needs in the arid West. Therefore, I have not included such an expansion in this legislation. I do agree that it is a subject worth discussing and it should be one of the subjects of our hearings.

The other measure is essentially a rewrite of the existing statute to expand the purposes for which assistance can be received from the Federal Government. Irrigation remains an authorized purpose, but it would no longer be a required component. The purposes would not include the augmentation and management of local water supplies, conservation of water and energy, fish and wildlife conservation, supplemental water for existing supplies, water quality improvements, and flood control. There had been some discussion about the application of interest on any allocable irrigation component, and I would support discussing this in any hearings. For the moment, however, I have limited the application of interest on any loans to those features which are currently reimbursable with interest under reclamation law.

I also believe that we should explore in our hearings exactly how to deal with investments that further particular Federal objectives, such as fish and wildlife enhancement or other features that are normally nonreimbursable.

Mr. President, neither of these measures should be viewed as a final product, and they are not mutually exclusive. Given the timing, I thought it would be useful to have both measures introduced so that they could be reviewed by the States and water users as well as by the administration and other interested parties with sufficient time to permit Congress to consider the concepts this session. While I am not prepared to announce a schedule of hearings at this time, I do want to indicate to my colleagues that I do intend to have the Subcommittee on Forests and Public Land Management of the Committee on Energy and Natural Resources conduct hearings early this year.●

By Mr. HOLLINGS:

S. 1566. A bill to authorize the Secretary of Transportation to issue a certificate of documentation with appropriate endorsement for employment in the coastwise trade for the vessel *Marsh Grass Too*; to the Committee on Commerce, Science, and Transportation.

TRADING PRIVILEGES LEGISLATION

Mr. HOLLINGS. Mr. President, I am introducing a bill today to direct that the vessel *Marsh Grass Too*, hull identification number AUKEV51139K690, be accorded coastwise trading privileges and be issued a certificate of documentation under section 12103 of title 46, U.S. Code.

The *Marsh Grass Too* was recently constructed in Australia and is a catamaran intended for use as a recreational vessel. The vessel is 28 feet in length, capable of accommodating 12 people, and is self-propelled.

The vessel is owned by Marsha Hass of South Carolina. Ms. Hass would like to utilize her vessel in the coastwise trade and fisheries of the United States. However, because the vessel was built in a foreign shipyard, it does not meet the requirements for coastwise license endorsement in the United States. The *Marsh Grass Too* is a catamaran, a vessel U.S. shipbuilders do not normally build. This particular vessel is built of kevlar, a product of DuPont, and would be imported into the United States as a bare hull. All motors, electronics, and accessories will be purchased and installed in the United States. Coastwise documentation is mandatory to enable the owner to use the vessel for its intended purpose.

The owner of the *Marsh Grass Too* is seeking a waiver of the existing law because she wishes to use the vessel for recreational charters. Her desired intentions for the vessel's use will not adversely affect the coastwise trade in U.S. waters. If she is granted this waiver, it is her intention to comply fully with U.S. documentation and safety requirements. The purpose of the legislation I am introducing is to allow the *Marsh Grass Too* to engage in the coastwise trade and the fisheries of the United States.

ADDITIONAL COSPONSORS

S. 295

At the request of Mrs. KASSEBAUM, the names of the Senator from Alabama [Mr. SHELBY] and the Senator from North Carolina [Mr. FAIRCLOTH] were added as cosponsors of S. 295, a bill to permit labor management cooperative efforts that improve America's economic competitiveness to continue to thrive, and for other purposes.

S. 743

At the request of Mrs. HUTCHISON, the name of the Senator from Pennsylvania [Mr. SPECTER] was added as a cosponsor of S. 743, a bill to amend the Internal Revenue Code of 1986 to provide a tax credit for investment necessary to revitalize communities within the United States, and for other purposes.

S. 837

At the request of Mr. WARNER, the names of the Senator from North Carolina [Mr. FAIRCLOTH], the Senator from Nevada [Mr. REID], and the Senator from Texas [Mrs. HUTCHISON] were added as cosponsors of S. 837, a bill to require the Secretary of the Treasury to mint coins in commemoration of the 250th anniversary of the birth of James Madison.

S. 881

At the request of Mr. PRYOR, the name of the Senator from Texas [Mrs. HUTCHISON] was added as a cosponsor of S. 881, a bill to amend the Internal Revenue Code of 1986 to clarify provisions relating to church pension benefit plans, to modify certain provisions relating to participants in such plans, to reduce the complexity of and to bring workable consistency to the applicable rules, to promote retirement savings and benefits, and for other purposes.

S. 1028

At the request of Mrs. KASSEBAUM, the names of the Senator from Nevada [Mr. BRYAN] and the Senator from Missouri [Mr. BOND] were added as cosponsors of S. 1028, a bill to provide increased access to health care benefits, to provide increased portability of health care benefits, to provide increased security of health care benefits, to increase the purchasing power of individuals and small employers, and for other purposes.

S. 1344

At the request of Mr. HEFLIN, the names of the Senator from South Dakota [Mr. DASCHLE] and the Senator from Massachusetts [Mr. KENNEDY] were added as cosponsors of S. 1344, a bill to repeal the requirement relating to specific statutory authorization for increases in judicial salaries, to provide for automatic annual increases for judicial salaries, and for other purposes.

S. 1434

At the request of Mr. THOMAS, the name of the Senator from Arizona [Mr. MCCAIN] was added as a cosponsor of S. 1434, a bill to amend the Congressional Budget Act of 1974 to provide for a two-year (biennial) budgeting cycle, and for other purposes.

S. 1505

At the request of Mr. LOTT, the name of the Senator from Nebraska [Mr.

EXON] was added as a cosponsor of S. 1505, a bill to reduce risk to public safety and the environment associated with pipeline transportation of natural gas and hazardous liquids, and for other purposes.

SENATE RESOLUTION 219

At the request of Mr. SPECTER, the names of the Senator from Oklahoma [Mr. INHOFE], the Senator from New York [Mr. MOYNIHAN], the Senator from South Carolina [Mr. HOLLINGS], and the Senator from Delaware [Mr. ROTH] were added as cosponsors of Senate Resolution 219, a resolution designating March 25, 1996 as ''Greek Independence Day: A National Day of Celebration of Greek and American Democracy.''

AMENDMENT NO. 3225

At the request of Mr. SANTORUM the names of the Senator from Rhode Island [Mr. CHAFEE] and the Senator from Nevada [Mr. REID] were added as cosponsors of amendment No. 3225 proposed to S. 1541, a bill to extend, reform, and improve agricultural commodity, trade, conservation, and other programs, and for other purposes.

At the request of Mr. LAUTENBERG his name was added as a cosponsor of amendment No. 3225 proposed to S. 1541, supra.

At the request of Mr. MCCAIN his name was added as a cosponsor of amendment No. 3225 proposed to S. 1541, supra.

AMENDMENT NO. 3277

At the request of Mr. HATCH the names of the Senator from Iowa [Mr. HARKIN] and the Senator from Kentucky [Mr. MCCONNELL] were added as cosponsors of amendment No. 3277 proposed to S. 1541, a bill to extend, reform, and improve agricultural commodity, trade, conservation, and other programs, and for other purposes.

AMENDMENT NO. 3442

At the request of Mr. KOHL the name of the Senator from Michigan [Mr. LEVIN] was added as a cosponsor of amendment No. 3442 proposed to S. 1541, a bill to extend, reform, and improve agricultural commodity, trade, conservation, and other programs, and for other purposes.

SENATE CONCURRENT RESOLUTION 41—RELATIVE TO THE GEORGE WASHINGTON UNIVERSITY

Mr. INOUYE submitted the following concurrent resolution; which was referred to the Committee on the Judiciary:

S. CON. RES. 41

Whereas on February 9, 1821, the United States Congress chartered Columbian College (renamed The George Washington University in 1904);

Whereas President James Monroe signed The George Washington University's charter and attended the University's historic first commencement ceremony;

Whereas Congress adjourned to join President Monroe for The George Washington University's first commencement ceremony;

Whereas in 1825 The George Washington University added a medical curriculum with facilities that throughout the following years have contributed greatly to the Nation, including conversion of its teaching infirmary into a military hospital during the Civil War;

Whereas from that time forward, The George Washington University's medical facilities have provided treatment to patients ranging from kings and presidents to the indigent and the homeless;

Whereas The George Washington University has in its 175 years contributed to the educational, cultural, and political enrichment of the Nation through its synergistic associations with the Federal establishment and its branches and agencies;

Whereas The George Washington University is now the largest higher education institution in the Nation's capital, providing educational services to some 19,000 undergraduate, graduate, and professional students annually;

Whereas The George Washington University has rendered continuing and exemplary service to the country through the achievement of its educational mission; and

Whereas The George Washington University's distinguished alumni hold prominent positions in business, law, government, medicine, and the arts and sciences: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of the Congress that—

(1) The George Washington University has been and continues to be of exceptional importance to the Nation; and

(2) the importance of The George Washington University should be recognized and celebrated through regular ceremonies.

Mr. INOUYE. Mr. President, I rise today to speak about my alma mater, the George Washington University, chartered by the Congress of the United States 175 years ago, on February 9, 1821.

Those of us who have a George Washington University degree—whether it be in law, medicine, engineering, education, business, or international affairs—have reason to celebrate this occasion. What was once merely a university of convenience usefully located in the Nation's capital, has in our own time taken its place among the premier institutions of higher learning in the country.

Among this illustrious company, few have had such unpromising beginnings. Some universities come into being endowed by land grants or can boast a distinguished founder like a John Harvard or a Thomas Jefferson. The George Washington University—or Columbian College, as it was called when the Congress chartered it in 1821—owed its origins to an obscure Baptist clergyman named Luther Rice. Today, 175 years later, it has achieved a name recognition that is international in scope, drawing students and scholars from all quarters of the globe. The university takes great pride in its distinguished graduates, among them: John Foster Dulles, J. William Fulbright, Gen. Billy Mitchell, Gen. Colin Powell, Gen. John Shalikashvili, and Jacqueline Kennedy Onassis, to name a few.

I had the privilege of receiving my law degree from the George Washington University. My experiences during my legal studies were largely responsible for my decision to enter public life and run for elective office. I am grateful that I had the opportunities that come from studying and living in the Nation's capital as a young man.

It is with great pleasure that I submit today a resolution in celebration of the 175th anniversary of the George Washington University's illustrious role in our Nation's academic and political lives.

SENATE RESOLUTION 225—RELATIVE TO BOSNIA AND HERZEGOVINA

Mr. ROBB submitted the following resolution; which was referred to the Committee on Foreign Relations:

S. RES. 225

Whereas units of the Iranian Revolutionary Guards, including military trainers and intelligence officers posing as humanitarian relief officials, are still present in Bosnia-Herzegovina;

Whereas the presence of the Revolutionary Guards in Bosnia-Herzegovina violates the peace accord initialed in Dayton, Ohio, on November 21, 1995 and the subsequent treaty signed in Paris, France, on December 14, 1995, which provide that all foreign volunteer troops be withdrawn from Bosnia-Herzegovina within 30 days of the signing of the treaty, that is, January 13, 1996;

Whereas the commanders of the NATO Implementation Force in Bosnia-Herzegovina consider the activities of the Revolutionary Guards in Bosnia-Herzegovina, including their espousal and promotion of extremist Islamic fundamentalism, to be one of the most direct threats to the safety of United States forces in Bosnia-Herzegovina;

Whereas the continued presence of the Revolutionary Guards in Bosnia-Herzegovina threatens long-term stability in the region; and

Whereas the continuation of arms shipments from Iran to Bosnia-Herzegovina could preclude the United States from fulfilling its promise of providing military equipment and training to Bosnia-Herzegovina: Now, therefore, be it

Resolved, That it is the sense of the Senate that the President should—

(1) pursue all measures necessary, including substantial diplomatic pressure on Bosnia-Herzegovina, to expedite the withdrawal from Bosnia-Herzegovina, of all foreign troops whose presence in Bosnia-Herzegovina violates the peace accord initialed in Dayton, Ohio, on November 21, 1995, and the subsequent treaty signed in Paris, France, on December 14, 1995;

(2) bring in the United Nations a proposal to ban Member States from importing Iranian oil in order to pressure the Iranian Government into withdrawing the Iranian Revolutionary Guards from Bosnia-Herzegovina; and

(3) establish within the NATO Implementation Force in Bosnia-Herzegovina a multinational task force whose mission shall be, if called upon, to locate and ensure the withdrawal of the Revolutionary Guards from Bosnia-Herzegovina.

• Mr. ROBB. Mr. President, under the leadership of Adm. Leighton Smith, the NATO Implementation Force has made marked progress in war-torn Bosnia and Herzegovina during the first 2 months of Operation Joint Endeavor.

As an aside, I should mention that, as a member of all three national security committees, including Armed Services, Foreign Relations, and Intelligence, I am privy to significant amounts of classified information related to Bosnia. For the purpose of this open discussion, however, I will refer solely to information widely available in the public record.

The news media report that much has been accomplished so far in coming to terms with the Dayton Peace Agreement:

First, with only a few exceptions, the Bosnian Serbs and the Muslim-Croat Federation have observed the cease-fire.

Second, the warring parties have stepped back and are today in substantial compliance with the 4-kilometer zone of separation.

Third, the adversaries have removed their heavy weapons to points that pose no apparent of immediate threat to our forces.

Fourth, the locations of roughly a quarter of the estimated 3 million land mines that plague Bosnia have been identified. Still, this threat to security remains one of the most troublesome—as witnessed by the fact that more than a dozen IFOR troops have been killed or wounded by mines so far.

Fifth, freedom of movement along Bosnia's roads is returning to normal, which is a requisite step to allowing hundreds of thousands of refugees to return to their homes.

In short, the Implementation Force has taken the necessary first steps for Bosnia and Herzegovina to get back on its feet as a peaceful community in this historically war-ravaged region of Europe.

But, even with all of these NATO successes, we must also recognize that all has not gone according to plan. In fact, there remains a clear danger to the peacekeepers.

Today, according to published news reports, there remains a band of about 200 Iranian revolutionary guards in northern Bosnia, many apparently in the United States sector. This band of well-trained soldiers in well-named in that they are Iran's primary instrument for exporting its Islamic revolution.

For more than 3 years, according to the Reuters News Service, these revolutionary guards have served primarily as military advisers and commanders. They reportedly draw their logistical and other support from Iran's Embassy in Croatia. They have not only been training a brigade of Bosnian Moslems in military doctrine and tactics, they have also been teaching them the tenets of radical, extremist Islamic fundamentalism, according to the Washington Post.

Moreover, their continued presence is an indication of the Bosnian Moslem government's inability to comply with the provision in the Dayton Peace Agreement that mandates the expulsion of all foreign volunteer fighters in Bosnia. This presence, combined with Iran's criticism of the Dayton Accord as unjust to the Bosnian Moslems, is cause for concern. Their presence sounds the same alarm bells that we failed to heed a decade ago in Lebanon, with tragic consequences.

Those bells have tolled even louder in the last few days. According to the New York Times, an American who uses the names Kevin Holt and Isa Abdullah Ali has been sighted in Bosnia. U.S. troops have been ordered to arrest him as a possible suspect in the 1983 bombing of the Marine barracks in Beirut.

The Times also reports that the revolutionary guards have increased their surveillance of U.S. troop activities and are suspected of planning attacks against U.S. targets there. As a result, NATO forces were put on a state of alert on January 23. According to Secretary of Defense William Perry, ''We will continue to maintain an alert.''

U.S. commanders consider many of the remaining revolutionary guards as intelligence agents and terrorists. There is speculation that they hope to retaliate against the United States for its Middle East and antiterrorism policies and that they further hope to be able to sway the fragile balance of American public opinion on Operation Joint Endeavor.

When they believe the time is right, they may try to disrupt our operations and in turn, undermine the commitment of the North Atlantic Alliance to a peaceful settlement of the Balkans conflict.

That is why they must not be allowed to remain. At this point, the presence of Iran's revolutionary guards is the single most significant, near-term threat to Operation Joint Endeavor and to lasting peace on the Continent. Landmines will no doubt continue to take their toll on the peacekeeping force, but the revolutionary guards appear to have offensive, revolutionary intent and that poses a real danger to our troops.

That is why, today, I have submitted a Senate resolution that calls for the administration to take three distinct actions:

First, it urges the administration to continue to exert strong diplomatic pressure on Bosnia and Herzegovina to comply with the provision of the Dayton Accord that states ''all foreign Forces, including individual advisors, freedom fighters, trainers, volunteers, and personnel from neighboring and other States, shall be withdrawn from the territory of Bosnia and Herzegovina.'' We must make it clear that, as Secretary of State Warren Christopher has said, neither military equipment and training nor economic reconstruction assistance is forthcoming until the Bosnian Moslem government is ''in compliance with the agreement.''

Second, it urges the President to take to the United Nations the issue of Iran's revolutionary guards remaining in Bosnia in defiance of the Dayton Accord. The members of that international body must weigh the evidence and then take the appropriate action: placing an international embargo on all importation of Iranian oil until that nation recalls all of its military personnel stationed in Bosnia.

Third, it urges the administration to establish an operational task force from units of the Implementation Force. Should diplomacy and sanctions fail, it could be called upon to locate and ensure the withdrawal of the Iranian revolutionary guards from Bosnia. As stated in the Dayton Accord, IFOR troops are authorized to use necessary force to ensure compliance. The mere presence of a force specifically honed to deal with the revolutionary guards should give Iran both pause about terrorist actions in Bosnia and further motivation to withdraw them. To preclude the possibility of mission creep, any such task force would be deactivated immediately upon completion of the operation.

What is at risk if we do not expel the Iranian revolutionary guards from Bosnia and Herzegovina?

First and foremost, the lives of American troops and other NATO soldiers working to secure a lasting peace in Bosnia.

At risk is the security of such neighboring nations as Macedonia, Albania, and our NATO allies should the conflict spread further.

And at risk is an emerging security architecture for a post-cold-war Europe.

Mr. President, I hope all of our colleague can support this resolution. Together, we must increase pressure on the Bosnian Government to expel all foreign volunteer soldiers and in particular, those from Iran. Together, we must persuade the Government of Iran that its continuing presence in Bosnia and Herzegovina, as the United States leads the effort to bring that nation to peace, must come to an end—and now.●

AMENDMENTS SUBMITTED

THE AGRICULTURAL MARKET TRANSITION ACT OF 1996

BROWN (AND BURNS) AMENDMENT NO. 3443

Mr. BROWN (for himself and Mr. BURNS) proposed an amendment to amendment No. 3184 proposed by Mr. LEAHY to the bill (S. 1541) to extend, reform, and improve agricultural commodity, trade, conservation, and other programs, and for other purposes; as follows:

At the appropriate place, insert the following:

SEC. . CLARIFICATION OF EFFECT OF RESOURCE PLANNING ON ALLOCATION OR USE OF WATER.

(a) NATIONAL FOREST SYSTEM RESOURCE PLANNING.—Section 6 of the Forest and Rangeland Renewable Resources Planning

Act of 1974 (16 U.S.C. 1604) is amended by adding at the end the following new subsection:

''(n) LIMITATION ON AUTHORITY.—Nothing in this section shall be construed to supersede, abrogate or otherwise impair any right or authority of a State to allocate quantities of water (including boundary waters). Nothing in this section shall be implemented, enforced, or construed to allow any officer or agency of the United States to utilize directly or indirectly the authorities established under this section to impose any requirement not imposed by the State which would supersede, abrogate, or otherwise impair rights to the use of water resources allocated under State law, interstate water compact, or Supreme Court decree, or held by the United States for use by a State, its political subdivisions, or its citizens. No water rights arise in the United States or any other person under the provisions of this Act.''

(b) LAND USE PLANNING UNDER BUREAU OF LAND MANAGEMENT AUTHORITIES.—Section 202 of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1712) is amended by adding at the end the following new subsection:

''(g) LIMITATION ON AUTHORITY.—Nothing in this section shall be construed to supersede, abrogate, or otherwise impair any right or authority of a State to allocate quantities of water (including boundary waters). Nothing in this section shall be implemented, enforced, or construed to allow any officer or agency of the United States to utilize directly or indirectly the authorities established under this section to impose any requirement not imposed by the State which would supersede, abrogate, or otherwise impair rights to the use of water resources allocated under State law, interstate compact, or Supreme Court decree, or held by the United States for use by a State, its political subdivisions, or its citizens. No water rights arise in the United States or any other person under the provisions of this Act.''

(c) AUTHORIZATION TO GRANT RIGHTS-OF-WAY.—Section 501 of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1761) is amended—

(1) in subsection (c)(1)—

(A) by striking subparagraph (B);

(B) in subparagraph (D), by striking ''originally constructed'';

(C) in subparagraph (G), by striking ''1996'' and inserting ''1998''; and

(D) by redesignating subparagraphs (C) through (G) as subparagraphs (B) through (F), respectively;

(2) in subsection (c)(3)(A), by striking the second and third sentences; and

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

''(e) EFFECT ON VALID EXISTING RIGHTS.—Notwithstanding any provision of this section, no Federal agency may require, as a condition of, or in connection with, the granting, issuance, or renewal of a right-of-way under this section, a restriction or limitation on the operation, use, repair, or replacement of an existing water supply facility which is located on or above National Forest lands or the exercise and use of existing water rights, if such condition would reduce the quantity of water which would otherwise be made available for use by the owner of such facility or water rights, or cause an increase in the cost of the water supply provided from such facility.''

LUGAR AMENDMENT NO. 3444

Mr. LUGAR proposed an amendment to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

On page 1–8, line 13, after ''was considered planted'', insert the following: '', including land on a farm that is owned or leased by a beginning farmer (as determined by the Secretary) that the Secretary determines is necessary to establish a fair and equitable crop acreage base''.

On page 1–11, line 19, strike ''$17,000,000,000'' and insert ''$17,000,000''.

On page 1–17, strike lines 14 through 17 and insert the following:

(ii) CONTRACT COMMODITIES.—Contract acreage planted to a contract commodity during the crop year may be hayed or grazed without limitation.

On page 1–18, line 7, before the period, insert the following: '', unless there is a history of double cropping of a contract commodity and fruits and vegetables''.

On page 1–26, strike lines 16 through 25 and insert the following:

(6) OILSEEDS.—

(A) SOYBEANS.—The loan rate for a marketing assistance loan for soybeans shall be—

(i) not less than 85 percent of the simple average price received by producers of soybeans, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of soybeans, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; but

(ii) not less than $4.92 or more than $5.26 per bushel.

(B) SUNFLOWER SEED, CANOLA, RAPESEED, SAFFLOWER, MUSTARD SEED, AND FLAXSEED.—The loan rate for a marketing assistance loan for sunflower seed, canola, rapeseed, safflower, mustard seed, and flaxseed, individually, shall be—

(i) not less than 85 percent of the simple average price received by producers of sunflower seed, individually, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of sunflower seed, individually, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; but

(ii) not less than $0.087 or more than $0.093 per pound.

On page 1–50, between lines 21 and 22, insert the following:

(5) REDUCTION FOR CERTAIN OFFERS FROM HANDLERS.—The Secretary shall reduce the loan rate for quota peanuts by 5 percent for any producer who had an offer from a handler, at the time and place of delivery, to purchase quota peanuts from the farm on which the peanuts were produced at a price equal to or greater than the applicable loan rate for quota peanuts.

On page 1–62, strike lines 4 and 5 and insert the following:

through 2002 marketing years'';

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

''(D) CERTAIN FARMS INELIGIBLE FOR QUOTA.—Effective beginning with the 1997 marketing year, the Secretary shall not establish a farm poundage quota under subparagraph (A) for a farm owned or controlled by—

''(i) a municipality, airport authority, school, college, refuge, or other public entity (other than a university used for research purposes); or

''(ii) a person who is not a producer and resides in another State.'';

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

''(E) TRANSFER OF QUOTA FROM INELIGIBLE FARMS.—Any farm poundage quota held at the end of the 1996 marketing year by a farm described in paragraph (1)(D) shall be allocated to other farms in the same State on such basis as the Secretary may by regulation prescribe.''; and

(vii) in subsection (f), by striking

On page 1–55, strike lines 4 through 23 and insert the following:

(3) OFFSET WITHIN AREA.—Further losses in an area quota pool shall be offset by any gains or profits from additional peanuts (other than separate type pools established under subsection (c)(2)(A) for Valencia peanuts produced in New Mexico) owned or controlled by the Commodity Credit Corporation in that area and sold for domestic edible use, in accordance with regulations issued by the Secretary.

(4) USE OF MARKETING ASSESSMENTS.—The Secretary shall use funds collected under subsection (g) (except funds attributable to handlers) to offset further losses in area quota pools. The Secretary shall transfer to the Treasury those funds collected under subsection (g) and available for use under this subsection that the Secretary determines are not required to cover losses in area quota pools.

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

(6) OFFSET GENERALLY.—If losses in an area quota pool have not been entirely offset under paragraph (3), further losses shall be offset by any gains or profits from additional peanuts (other than separate type pools established under subsection (c)(2)(A) for Valencia peanuts produced in New Mexico) owned or controlled by the Commodity Credit Corporation and sold for domestic edible use, in accordance with regulations issued by the Secretary.

(7) INCREASED ASSESSMENTS.—If use of the

On page 1–73, strike lines 12 through 14 and insert the following:

SEC. 108. MILK PROGRAM.

(a) FLUID MILK PROMOTION PROGRAM EXTENSION.—Section 1999O(a) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 6614(a)) is amended by striking ''1996'' and inserting ''2002''.

(b) CONSENT TO NORTHEAST INTERSTATE DAIRY COMPACT.—Congress consents to the Northeast Interstate Dairy

Strike title II and insert the following:

TITLE II—AGRICULTURAL TRADE

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

SEC. 201. FOOD AID TO DEVELOPING COUNTRIES.

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

''SEC. 3. FOOD AID TO DEVELOPING COUNTRIES.

''(a) POLICY.—In light of the Uruguay Round Agreement on Agriculture and the Ministerial Decision on Measures Concerning the Possible Negative Effects of the Reform Program on Least-Developed and Net-Food Importing Developing Countries, the United States reaffirms the commitment of the United States to providing food aid to developing countries.

''(b) SENSE OF CONGRESS.—It is the sense of Congress that—

''(1) the President should initiate consultations with other donor nations to consider appropriate levels of food aid commitments to meet the legitimate needs of developing countries; and

''(2) the United States should increase its contribution of bona fide food assistance to

developing countries consistent with the Agreement on Agriculture.''.

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

SEC. 202. TRADE AND DEVELOPMENT ASSISTANCE.

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

(1) by striking ''developing countries'' each place it appears and inserting ''developing countries and private entities''; and

(2) in subsection (b), by inserting ''and entities'' before the period at the end.

SEC. 203. AGREEMENTS REGARDING ELIGIBLE COUNTRIES AND PRIVATE ENTITIES.

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

''SEC. 102. AGREEMENTS REGARDING ELIGIBLE COUNTRIES AND PRIVATE ENTITIES.

''(a) PRIORITY.—In selecting agreements to be entered into under this title, the Secretary shall give priority to agreements providing for the export of agricultural commodities to developing countries that—

''(1) have the demonstrated potential to become commercial markets for competitively priced United States agricultural commodities;

''(2) are undertaking measures for economic development purposes to improve food security and agricultural development, alleviate poverty, and promote broad-based equitable and sustainable development; and

''(3) demonstrate the greatest need for food.

''(b) PRIVATE ENTITIES.—An agreement entered into under this title with a private entity shall require such security, or such other provisions as the Secretary determines necessary, to provide reasonable and adequate assurance of repayment of the financing extended to the private entity.

''(c) AGRICULTURAL MARKET DEVELOPMENT PLAN.—

''(1) DEFINITION OF AGRICULTURAL TRADE ORGANIZATION.—In this subsection, the term 'agricultural trade organization' means a United States agricultural trade organization that promotes the export and sale of a United States agricultural commodity and that does not stand to profit directly from the specific sale of the commodity.

''(2) PLAN.—The Secretary shall consider a developing country for which an agricultural market development plan has been approved under this subsection to have the demonstrated potential to become a commercial market for competitively priced United States agricultural commodities for the purpose of granting a priority under subsection (a).

''(3) REQUIREMENTS.—

''(A) IN GENERAL.—To be approved by the Secretary, an agricultural market development plan shall—

''(i) be submitted by a developing country or private entity, in conjunction with an agricultural trade organization;

''(ii) describe a project or program for the development and expansion of a United States agricultural commodity market in a developing country, and the economic development of the country, using funds derived from the sale of agricultural commodities received under an agreement described in section 101;

''(iii) provide for any matching funds that are required by the Secretary for the project or program;

''(iv) provide for a results-oriented means of measuring the success of the project or program; and

''(v) provide for graduation to the use of non-Federal funds to carry out the project or program, consistent with requirements established by the Secretary.

''(B) AGRICULTURAL TRADE ORGANIZATION.—The project or program shall be designed and carried out by the agricultural trade organization.

''(C) ADDITIONAL REQUIREMENTS.—An agricultural market development plan shall contain such additional requirements as are determined necessary by the Secretary.

''(4) ADMINISTRATIVE COSTS.—

''(A) IN GENERAL.—The Secretary shall make funds made available to carry out this title available for the reimbursement of administrative expenses incurred by agricultural trade organizations in developing, implementing, and administering agricultural market development plans, subject to such requirements and in such amounts as the Secretary considers appropriate.

''(B) DURATION.—The funds shall be made available to agricultural trade organizations for the duration of the applicable agricultural market development plan.

''(C) TERMINATION.—The Secretary may terminate assistance made available under this subsection if the agricultural trade organization is not carrying out the approved agricultural market development plan.''.

SEC. 204. TERMS AND CONDITIONS OF SALES.

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

(1) in subsection (a)(2)(A)—

(A) by striking ''a recipient country to make''; and

(B) by striking ''such country'' and inserting ''the appropriate country'';

(2) in subsection (c), by striking ''less than 10 nor''; and

(3) in subsection (d)—

(A) by striking ''recipient country'' and inserting ''developing country or private entity''; and

(B) by striking ''7'' and inserting ''5''.

SEC. 205. USE OF LOCAL CURRENCY PAYMENT.

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

(1) in subsection (a), by striking ''recipient country'' and inserting ''developing country or private entity''; and

(2) in subsection (c)—

(A) by striking ''recipient country'' each place it appears and inserting ''appropriate developing country''; and

(B) in paragraph (3), by striking ''recipient countries'' and inserting ''appropriate developing countries''.

SEC. 206. VALUE-ADDED FOODS.

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

SEC. 207. ELIGIBLE ORGANIZATIONS.

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

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

''(b) NONEMERGENCY ASSISTANCE.—

''(1) IN GENERAL.—The Administrator may provide agricultural commodities for nonemergency assistance under this title through eligible organizations (as described in subsection (d)) that have entered into an agreement with the Administrator to use the commodities in accordance with this title.

''(2) LIMITATION.—The Administrator may not deny a request for funds submitted under this subsection because the program for which the funds are requested—

''(A) would be carried out by the eligible organization in a foreign country in which the Agency for International Development does not have a mission, office, or other presence; or

''(B) is not part of a development plan for the country prepared by the Agency.''; and

(2) in subsection (e)—

(A) in the subsection heading, by striking ''PRIVATE VOLUNTARY ORGANIZATIONS AND COOPERATIVES'' and inserting ''ELIGIBLE ORGANIZATIONS'';

(B) in paragraph (1)—

(i) by striking ''$13,500,000'' and inserting ''$28,000,000''; and

(ii) by striking ''private voluntary organizations and cooperatives to assist such organizations and cooperatives'' and inserting ''eligible organizations described in subsection (d), to assist the organizations'';

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

''(2) REQUEST FOR FUNDS.—To receive funds made available under paragraph (1), a private voluntary organization or cooperative shall submit a request for the funds that is subject to approval by the Administrator.''; and

(D) in paragraph (3), by striking ''a private voluntary organization or cooperative, the Administrator may provide assistance to that organization or cooperative'' and inserting ''an eligible organization, the Administrator may provide assistance to the eligible organization''.

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

(1) in subsection (a), by striking ''a private voluntary organization or cooperative'' and inserting ''an eligible organization''; and

(2) in subsection (b)—

(A) in paragraph (1), by striking ''private voluntary organizations and cooperatives'' and inserting ''eligible organizations''; and

(B) in paragraph (2), by striking ''organizations, cooperatives,'' and inserting ''eligible organizations''.

SEC. 208. GENERATION AND USE OF FOREIGN CURRENCIES.

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

(1) in subsection (a), by inserting '', or in a country in the same region,'' after ''in the recipient country'';

(2) in subsection (b)—

(A) by inserting ''or in countries in the same region,'' after ''in recipient countries,''; and

(B) by striking ''10 percent'' and inserting ''15 percent'';

(3) in subsection (c), by inserting ''or in a country in the same region,'' after ''in the recipient country,''; and

(4) in subsection (d)(2), by inserting ''or within a country in the same region'' after ''within the recipient country''.

SEC. 209. GENERAL LEVELS OF ASSISTANCE UNDER PUBLIC LAW 480.

Section 204(a) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1724(a)) is amended—

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

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

(3) in paragraph (3), by adding at the end the following: ''No waiver shall be made before the beginning of the applicable fiscal year.''.

SEC. 210. FOOD AID CONSULTATIVE GROUP.

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

(1) in subsection (a), by striking ''private voluntary organizations, cooperatives and

indigenous non-governmental organizations'' and inserting ''eligible organizations described in section 202(d)(1)'';

(2) in subsection (b)—

(A) in paragraph (2), by striking ''for International Affairs and Commodity Programs'' and inserting ''of Agriculture for Farm and Foreign Agricultural Services'';

(B) in paragraph (4), by striking ''and'' at the end;

(C) in paragraph (5), by striking the period at the end and inserting ''; and''; and

(D) by adding at the end the following:

''(6) representatives from agricultural producer groups in the United States.'';

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

(4) in subsection (f), by striking ''1995'' and inserting ''2002''.

SEC. 211. SUPPORT OF NONGOVERNMENTAL ORGANIZATIONS.

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

(1) in the subsection heading, by striking ''INDIGENOUS NON-GOVERNMENTAL'' and inserting ''NONGOVERNMENTAL''; and

(2) by striking ''utilization of indigenous'' and inserting ''utilization of''.

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

''(6) NONGOVERNMENTAL ORGANIZATION.—The term 'nongovernmental organization' means an organization that works at the local level to solve development problems in a foreign country in which the organization is located, except that the term does not include an organization that is primarily an agency or instrumentality of the government of the foreign country.''.

SEC. 212. COMMODITY DETERMINATIONS.

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

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

''(a) AVAILABILITY OF COMMODITIES.—No agricultural commodity shall be available for disposition under this Act if the Secretary determines that the disposition would reduce the domestic supply of the commodity below the supply needed to meet domestic requirements and provide adequate carryover (as determined by the Secretary), unless the Secretary determines that some part of the supply should be used to carry out urgent humanitarian purposes under this Act.'';

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

(3) in subsection (c) (as so redesignated), by striking ''(e)(1)'' and inserting ''(b)(1)''.

SEC. 213. GENERAL PROVISIONS.

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

(1) in subsection (b)—

(A) in the subsection heading, by striking ''CONSULTATIONS'' and inserting ''IMPACT ON LOCAL FARMERS AND ECONOMY''; and

(B) by striking ''consult with'' and all that follows through ''other donor organizations to'';

(2) in subsection (c)—

(A) by striking ''from countries''; and

(B) by striking ''for use'' and inserting ''or use'';

(3) in subsection (f)—

(A) by inserting ''or private entities, as appropriate,'' after ''from countries''; and

(B) by inserting ''or private entities'' after ''such countries''; and

(4) in subsection (i)(2), by striking subparagraph (C).

SEC. 214. AGREEMENTS.

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

(1) in subsection (a), by inserting ''with foreign countries'' after ''Before entering into agreements'';

(2) in subsection (b)(2)—

(A) by inserting ''with foreign countries'' after ''with respect to agreements entered into''; and

(B) by inserting before the semicolon at the end the following: ''and broad-based economic growth''; and

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

''(1) IN GENERAL.—Agreements to provide assistance on a multi-year basis to recipient countries or to eligible organizations—

''(A) may be made available under titles I and III; and

''(B) shall be made available under title II.''.

SEC. 215. USE OF COMMODITY CREDIT CORPORATION.

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

(1) in subsection (a), by striking ''shall'' and inserting ''may''; and

(2) in subsection (b)—

(A) by inserting ''titles II and III of'' after ''commodities made available under''; and

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

''(4) the vessel freight charges from United States ports or designated Canadian transshipment ports, as determined by the Secretary, to designated ports of entry abroad;''.

SEC. 216. ADMINISTRATIVE PROVISIONS.

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

(1) in subsection (a)—

(A) in paragraph(1), by inserting ''or private entity that enters into an agreement under title I'' after ''importing country''; and

(B) in paragraph (2), by adding at the end the following: ''Resulting contracts may contain such terms and conditions as the Secretary determines are necessary and appropriate.'';

(2) in subsection (c)—

(A) in paragraph (1)(A), by inserting ''importer or'' before ''importing country''; and

(B) in paragraph (2)(A), by inserting ''importer or'' before ''importing country'';

(3) in subsection (d)—

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

''(2) FREIGHT PROCUREMENT.—Notwithstanding the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.) or other similar provisions of law relating to the making or performance of Federal Government contracts, ocean transportation under titles II and III may be procured on the basis of such full and open competitive procedures. Resulting contracts may contain such terms and conditions, as the Administrator determines are necessary and appropriate.''; and

(B) by striking paragraph (4);

(4) in subsection (g)(2)—

(A) in subparagraph (B), by striking ''and'' at the end;

(B) in subparagraph (C), by striking the period at the end and inserting ''; and''; and

(C) by adding at the end the following:

''(D) an assessment of the progress towards achieving food security in each country receiving food assistance from the United States Government, with special emphasis on the nutritional status of the poorest populations in each country.''; and

(5) by striking subsection (h).

SEC. 217. EXPIRATION DATE.

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

SEC. 218. REGULATIONS.

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

SEC. 219. INDEPENDENT EVALUATION OF PROGRAMS.

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

SEC. 220. AUTHORIZATION OF APPROPRIATIONS.

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

(1) by striking subsections (b) and (c) and inserting the following:

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

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

''(2) any funds available for title III be used to carry out title II.''; and

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

SEC. 221. COORDINATION OF FOREIGN ASSISTANCE PROGRAMS.

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

SEC. 222. MICRONUTRIENT FORTIFICATION PILOT PROGRAM.

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

''SEC. 415. MICRONUTRIENT FORTIFICATION PILOT PROGRAM.

''(a) IN GENERAL.—Not later than September 30, 1997, the Secretary, in consultation with the Administrator, shall establish a micronutrient fortification pilot program under this Act. The purposes of the program shall be to—

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

''(2) encourage the development of technologies for the fortification of whole grains and other commodities that are readily transferable to developing countries.

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

''(c) FORTIFICATION.—Under the pilot program, whole grains and other commodities made available to a developing country selected to participate in the pilot program may be fortified with 1 or more micronutrients (including vitamin A, iron, and iodine) with respect to which a substantial portion of the population in the country are deficient. The commodity may be fortified in the United States or in the developing country.

''(d) TERMINATION OF AUTHORITY.—The authority to carry out the pilot program established under this section shall terminate on September 30, 2002.''.

SEC. 223. USE OF CERTAIN LOCAL CURRENCY.

Title IV of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1731 et seq.) (as amended by section 222) is further amended by adding at the end the following:

"SEC. 416. USE OF CERTAIN LOCAL CURRENCY.

''Local currency payments received by the United States pursuant to agreements entered into under title I (as in effect on November 27, 1990) may be utilized by the Secretary in accordance with section 108 (as in effect on November 27, 1990).''.

SEC. 224. LEVELS OF ASSISTANCE UNDER FARMER-TO-FARMER PROGRAM.

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

(1) in subsection (a)—

(A) by redesignating paragraphs (4) through (6) as paragraphs (5) through (7), respectively; and

(B) by inserting after paragraph (3) the following:

''(4) assist the travel of farmers and other agricultural professionals from developing countries, middle income countries, and emerging democracies to the United States for educational purposes consistent with the objectives of this section;''; and

(2) in subsection (c), by striking ''1991 through 1995'' and inserting ''1996 through 2002''.

SEC. 225. FOOD SECURITY COMMODITY RESERVE.

(a) IN GENERAL.—Title III of the Agricultural Act of 1980 (7 U.S.C. 1736f–1 et seq.) is amended to read as follows:

"TITLE III—FOOD SECURITY COMMODITY RESERVE

"SEC. 301. SHORT TITLE.

''This title may be cited as the 'Food Security Commodity Reserve Act of 1996'.

"SEC. 302. ESTABLISHMENT OF COMMODITY RESERVE.

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

''(b) COMMODITIES IN RESERVE.—

''(1) IN GENERAL.—The reserve established under this section shall consist of—

''(A) wheat in the reserve established under the Food Security Wheat Reserve Act of 1980 as of the effective date of the Agricultural Reform and Improvement Act of 1996;

''(B) wheat, rice, corn, and sorghum (referred to in this section as 'eligible commodities') acquired in accordance with paragraph (2) to replenish eligible commodities released from the reserve, including wheat to replenish wheat released from the reserve established under the Food Security Wheat Reserve Act of 1980 but not replenished as of the effective date of the Agricultural Reform and Improvement Act of 1996; and

''(C) such rice, corn, and sorghum as the Secretary may, at such time and in such manner as the Secretary determines appropriate, acquire as a result of exchanging an equivalent value of wheat in the reserve established under this section.

''(2) REPLENISHMENT OF RESERVE.—

''(A) IN GENERAL.—Subject to subsection (i), commodities of equivalent value to eligible commodities in the reserve established under this section may be acquired—

''(i) through purchases—

''(I) from producers; or

''(II) in the market, if the Secretary determines that the purchases will not unduly disrupt the market; or

''(ii) by designation by the Secretary of stocks of eligible commodities of the Commodity Credit Corporation.

''(B) FUNDS.—Any use of funds to acquire eligible commodities through purchases from producers or in the market to replenish the reserve must be authorized in an appropriation Act.

''(c) RELEASE OF ELIGIBLE COMMODITIES.—

''(1) EMERGENCY FOOD ASSISTANCE.—Notwithstanding any other law, eligible commodities designated or acquired for the reserve established under this section may be released by the Secretary to provide, on a donation or sale basis, emergency food assistance to developing countries at such time as the domestic supply of the eligible commodities is so limited that quantities of the eligible commodities cannot be made available for disposition under the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.) (other than disposition for urgent humanitarian purposes under section 401 of the Act (7 U.S.C. 1731)).

''(2) PROVISION OF URGENT HUMANITARIAN RELIEF.—

''(A) IN GENERAL.—Notwithstanding paragraph (1), eligible commodities may be released from the reserve established under this section for any fiscal year, without regard to the availability of domestic supply, for use under title II of the Agricultural Trade Development Assistance Act of 1954 (7 U.S.C. 1721 et seq.) in providing urgent humanitarian relief in any developing country suffering a major disaster (as determined by the Secretary) in accordance with this paragraph.

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

''(C) FUNDS.—If the Secretary certifies that the funds made available for a fiscal year to carry out title II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721 et seq.) are not less than the funds made available for the previous fiscal year, up to 1,000,000 metric tons of eligible commodities may be released under subparagraph (A).

''(D) WAIVER OF MINIMUM TONNAGE REQUIREMENTS.—Nothing in this paragraph shall require the exercise of the waiver under section 204(a)(3) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 5624(a)(3)) as a prerequisite for the release of eligible commodities under this paragraph.

''(E) LIMITATION.—The quantity of eligible commodities released under this paragraph may not exceed 1,000,000 metric tons in any fiscal year.

''(3) PROCESSING OF ELIGIBLE COMMODITIES.—Eligible commodities that are released from the reserve established under this section may be processed in the United States and shipped to a developing country when conditions in the recipient country require processing.

''(4) EXCHANGE.—The Secretary may exchange an eligible commodity for another United States commodity of equal value, including powdered milk, pulses, and vegetable oil.

''(d) USE OF ELIGIBLE COMMODITIES.—Eligible commodities that are released from the reserve established under this section for the purpose of subsection (c) shall be made available under the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.) to meet famine or other urgent or extraordinary relief needs, except that section 401 of the Act (7 U.S.C. 1731), with respect to determinations of availability, shall not be applicable to the release.

''(e) MANAGEMENT OF ELIGIBLE COMMODITIES.—The Secretary shall provide—

''(1) for the management of eligible commodities in the reserve established under this section as to location and quality of eligible commodities needed to meet emergency situations; and

''(2) for the periodic rotation or replacement of stocks of eligible commodities in the reserve to avoid spoilage and deterioration of the commodities.

''(f) TREATMENT OF RESERVE UNDER OTHER LAW.—Eligible commodities in the reserve established under this section shall not be—

''(1) considered a part of the total domestic supply (including carryover) for the purpose of subsection (c) or for the purpose of administering the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.); and

''(2) subject to any quantitative limitation on exports that may be imposed under section 7 of the Export Administration Act of 1979 (50 U.S.C. App. 2406).

''(g) USE OF COMMODITY CREDIT CORPORATION.—

''(1) IN GENERAL.—Subject to the limitations provided in this section, the funds, facilities, and authorities of the Commodity Credit Corporation shall be used by the Secretary in carrying out this section, except that any restriction applicable to the acquisition, storage, or disposition of eligible commodities owned or controlled by the Commodity Credit Corporation shall not apply.

''(2) REIMBURSEMENT.—

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

''(B) BASIS FOR REIMBURSEMENT.—The reimbursement shall be made on the basis of the lesser of—

''(i) the actual costs incurred by the Commodity Credit Corporation with respect to the eligible commodity; or

''(ii) the export market price of the eligible commodity (as determined by the Secretary) as of the time the eligible commodity is released from the reserve for the purpose.

''(C) SOURCE OF FUNDS.—The reimbursement may be made from funds appropriated for the purpose of reimbursement in subsequent fiscal years.

''(h) FINALITY OF DETERMINATION.—Any determination by the Secretary under this section shall be final.

''(i) TERMINATION OF AUTHORITY.—

''(1) IN GENERAL.—The authority to replenish stocks of eligible commodities to maintain the reserve established under this section shall terminate on September 30, 2002.

''(2) DISPOSAL OF ELIGIBLE COMMODITIES.—Eligible commodities remaining in the reserve after September 30, 2002, shall be disposed of by release for use in providing for emergency humanitarian food needs in developing countries as provided in this section.''.

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

''(2) APPLICABILITY OF CERTAIN PROVISIONS.—Subsections (c), (d), (e), (f), and (g)(2) of section 302 of the Food Security Commodity Reserve Act of 1996 shall apply to commodities in any reserve established under paragraph (1), except that the references to 'eligible commodities' in the subsections shall be deemed to be references to 'agricultural commodities'.''.

SEC. 226. PROTEIN BYPRODUCTS DERIVED FROM ALCOHOL FUEL PRODUCTION.

Section 1208 of the Agriculture and Food Act of 1981 (7 U.S.C. 1736n) is repealed.

SEC. 227. FOOD FOR PROGRESS PROGRAM.

The Food for Progress Act of 1985 (7 U.S.C. 1736o) is amended—

(1) in subsection (b)—

(A) in paragraph (1)—

(i) by striking ''(b)(1)'' and inserting ''(b)''; and

(ii) in the first sentence, by inserting ''intergovernmental organizations'' after ''cooperatives''; and

(B) by striking paragraph (2);

(2) in subsection (e)(4), by striking ''203'' and inserting ''406'';

(3) in subsection (f)—

(A) in paragraph (1), by striking ''in the case of the independent states of the former Soviet Union,'';

(B) by striking paragraph (2);

(C) in paragraph (4), by inserting ''in each of fiscal years 1996 through 2002'' after ''may be used''; and

(D) by redesignating paragraphs (3) through (5) as paragraphs (2) through (4), respectively;

(4) in subsection (g), by striking ''1995'' and inserting ''2002'';

(5) in subsection (j), by striking ''shall'' and inserting ''may'';

(6) in subsection (k), by striking ''1995'' and inserting ''2002'';

(7) in subsection (l)(1)—

(A) by striking ''1991 through 1995'' and inserting ''1996 through 2002''; and

(B) by inserting '', and to provide technical assistance for monetization programs,'' after ''monitoring of food assistance programs''; and

(8) in subsection (m)—

(A) by striking ''with respect to the independent states of the former Soviet Union'';

(B) by striking ''private voluntary organizations and cooperatives'' each place it appears and inserting ''agricultural trade organizations, intergovernmental organizations, private voluntary organizations, and cooperatives''; and

(C) in paragraph (2), by striking ''in the independent states''.

SEC. 228. USE OF FOREIGN CURRENCY PROCEEDS FROM EXPORT SALES FINANCING.

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

SEC. 229. STIMULATION OF FOREIGN PRODUCTION.

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

Subtitle B—Amendments to Agricultural Trade Act of 1978

SEC. 241. AGRICULTURAL EXPORT PROMOTION STRATEGY.

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

''SEC. 103. AGRICULTURAL EXPORT PROMOTION STRATEGY.

''(a) IN GENERAL.—The Secretary shall develop a strategy for implementing Federal agricultural export promotion programs that takes into account the new market opportunities for agricultural products, including opportunities that result from—

''(1) the North American Free Trade Agreement and the Uruguay Round Agreements;

''(2) any accession to membership in the World Trade Organization;

''(3) the continued economic growth in the Pacific Rim; and

''(4) other developments.

''(b) PURPOSE OF STRATEGY.—The strategy developed under subsection (a) shall encourage the maintenance, development, and expansion of export markets for United States agricultural commodities and related products, including high-value and value-added products.

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

''(1) By September 30, 2002, increasing the value of annual United States agricultural exports to $60,000,000,000.

''(2) By September 30, 2002, increasing the United States share of world export trade in agricultural products significantly above the average United States share from 1993 through 1995.

''(3) By September 30, 2002, increasing the United States share of world trade in high-value agricultural products to 20 percent.

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

''(5) Ensuring that the value of United States exports of high-value agricultural products increases at a faster rate than the rate of increase in overall world export trade in high-value agricultural products.

''(6) Ensuring to the extent practicable that—

''(A) substantially all obligations undertaken in the Uruguay Round Agreement on Agriculture that provide significantly increased access for United States agricultural commodities are implemented to the extent required by the Uruguay Round Agreements; or

''(B) applicable United States trade laws are used to secure United States rights under the Uruguay Round Agreement on Agriculture.

''(d) PRIORITY MARKETS.—

''(1) IDENTIFICATION OF MARKETS.—In developing the strategy required under subsection (a), the Secretary shall identify as priority markets—

''(A) those markets in which imports of agricultural products show the greatest potential for increase by September 30, 2002; and

''(B) those markets in which, with the assistance of Federal export promotion programs, exports of United States agricultural products show the greatest potential for increase by September 30, 2002.

''(2) IDENTIFICATION OF SUPPORTING OFFICES.—The President shall identify annually in the budget of the United States Government submitted under section 1105 of title 31, United States Code, each overseas office of the Foreign Agricultural Service that provides assistance to United States exporters in each of the priority markets identified under paragraph (1).

''(e) REPORT.—Not later than December 31, 2001, the Secretary shall prepare and submit a report to Congress assessing progress in meeting the goals established by subsection (c).

''(f) FAILURE TO MEET GOALS.—Notwithstanding any other law, if the Secretary determines that more than 2 of the goals established by subsection (c) are not met by September 30, 2002, the Secretary may not carry out agricultural trade programs under the Agricultural Trade Act of 1978 (7 U.S.C. 5601 et seq.) as of that date.

''(g) NO PRIVATE RIGHT OF ACTION.—This section shall not create any private right of action.''.

(b) CONTINUATION OF FUNDING.—

(1) IN GENERAL.—If the Secretary of Agriculture makes a determination under section 103(f) of the Agricultural Trade Act of 1978 (as amended by subsection (a)), the Secretary shall utilize funds of the Commodity Credit Corporation to promote United States agricultural exports in a manner consistent with the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.) and obligations pursuant to the Uruguay Round Agreements.

(2) FUNDING.—The amount of Commodity Credit Corporation funds used to carry out paragraph (1) during a fiscal year shall not exceed the total outlays for agricultural trade programs under the Agricultural Trade Act of 1978 (7 U.S.C. 5601 et seq.) during fiscal year 2002.

(c) ELIMINATION OF REPORT.—

(1) IN GENERAL.—Section 601 of the Agricultural Trade Act of 1978 (7 U.S.C. 5711) is repealed.

(2) CONFORMING AMENDMENT.—The last sentence of section 603 of the Agricultural Trade Act of 1978 (7 U.S.C. 5713) is amended by striking '', in a consolidated report,'' and all that follows through ''section 601'' and inserting ''or in a consolidated report''.

SEC. 242. EXPORT CREDITS.

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

(1) in subsection (a)—

(A) by striking ''GUARANTEES.—The'' and inserting the following: ''GUARANTEES.—

''(1) IN GENERAL.—The''; and

(B) by adding at the end the following:

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

(2) in subsection (f)—

(A) by striking ''(f) RESTRICTIONS.—The'' and inserting the following:

''(f) RESTRICTIONS.—

''(1) IN GENERAL.—The''; and

(B) by adding at the end the following:

''(2) CRITERIA FOR DETERMINATION.—In making the determination required under paragraph (1) with respect to credit guarantees under subsection (b) for a country, the Secretary may consider, in addition to financial, macroeconomic, and monetary indicators—

''(A) whether an International Monetary Fund standby agreement, Paris Club rescheduling plan, or other economic restructuring plan is in place with respect to the country;

''(B) the convertibility of the currency of the country;

''(C) whether the country provides adequate legal protection for foreign investments;

''(D) whether the country has viable financial markets;

''(E) whether the country provides adequate legal protection for the private property rights of citizens of the country; and

''(F) any other factors that are relevant to the ability of the country to service the debt of the country.'';

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

''(h) UNITED STATES AGRICULTURAL COMPONENTS.—The Commodity Credit Corporation shall finance or guarantee under this section only United States agricultural commodities.'';

(4) in subsection (i)—

(A) by striking ''INSTITUTIONS.—A financial'' and inserting the following: ''INSTITUTIONS.—

''(1) IN GENERAL.—A financial'';

(B) by striking paragraph (1);

(C) by striking ''(2) is'' and inserting the following:

''(A) is'';

(D) by striking ''(3) is'' and inserting the following:

''(B) is''; and

(E) by adding at the end the following:

''(2) THIRD COUNTRY BANKS.—The Commodity Credit Corporation may guarantee under subsections (a) and (b) the repayment of credit made available to finance an export sale irrespective of whether the obligor is located in the country to which the export sale is destined.''; and

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

''(k) PROCESSED AND HIGH-VALUE PRODUCTS.—

''(1) IN GENERAL.—In issuing export credit guarantees under this section, the Commodity Credit Corporation shall, subject to paragraph (2), ensure that not less than 25 percent for each of fiscal years 1996 and 1997, 30 percent for each of fiscal years 1998 and 1999, and 35 percent for each of fiscal years 2000, 2001, and 2002, of the total amount of credit guarantees issued for a fiscal year is issued to promote the export of processed or high-value agricultural products and that the balance is issued to promote the export of bulk or raw agricultural commodities.

''(2) LIMITATION.—The percentage requirement of paragraph (1) shall apply for a fiscal year to the extent that a reduction in the total amount of credit guarantees issued for the fiscal year is not required to meet the percentage requirement.''.

(b) FUNDING LEVELS.—Section 211(b) of the Agricultural Trade Act of 1978 (7 U.S.C. 5641(b)) is amended—

(1) by striking paragraph (2);

(2) by redesignating subparagraph (B) of paragraph (1) as paragraph (2) and indenting the margin of paragraph (2) (as so redesignated) so as to align with the margin of paragraph (1); and

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

''(1) EXPORT CREDIT GUARANTEES.—The Commodity Credit Corporation shall make available for each of fiscal years 1996 through 2002 not less than $5,500,000,000 in credit guarantees under subsections (a) and (b) of section 202.''.

(c) DEFINITIONS.—Section 102(7) of the Agricultural Trade Act of 1978 (7 U.S.C. 5602(7)) is amended by striking subparagraphs (A) and (B) and inserting the following:

''(A) an agricultural commodity or product entirely produced in the United States; or

''(B) a product of an agricultural commodity—

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

''(ii) that the Secretary determines to be a high value agricultural product.''.

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

SEC. 243. MARKET PROMOTION PROGRAM.

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

(1) by striking ''and'' after ''1991 through 1993,''; and

(2) by striking ''through 1997,'' and inserting ''through 1995, and not more than $100,000,000 for each of fiscal years 1996 through 2002,''.

SEC. 244. EXPORT ENHANCEMENT PROGRAM.

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

''(1) IN GENERAL.—The Commodity Credit Corporation shall make available to carry out the program established under this section not more than—

''(A) $350,000,000 for fiscal year 1996;

''(B) $350,000,000 for fiscal year 1997;

''(C) $500,000,000 for fiscal year 1998;

''(D) $550,000,000 for fiscal year 1999;

''(E) $579,000,000 for fiscal year 2000;

''(F) $478,000,000 for fiscal year 2001; and

''(G) $478,000,000 for fiscal year 2002.''.

SEC. 245. ARRIVAL CERTIFICATION.

Section 401 of the Agricultural Trade Act of 1978 (7 U.S.C. 5662(a)) is amended by striking subsection (a) and inserting the following:

''(a) ARRIVAL CERTIFICATION.—With respect to a commodity provided, or for which financing or a credit guarantee or other assistance is made available, under a program authorized in section 201, 202, or 301, the Commodity Credit Corporation shall require the exporter of the commodity to maintain records of an official or customary commercial nature or other documents as the Secretary may require, and shall allow representatives of the Commodity Credit Corporation access to the records or documents as needed, to verify the arrival of the commodity in the country that was the intended destination of the commodity.''.

SEC. 246. COMPLIANCE.

Section 402(a) of the Agricultural Trade Act of 1978 (7 U.S.C. 5662(a)) is amended—

(1) by striking paragraph (2); and

(2) by redesignating paragraph (3) as paragraph (2).

SEC. 247. REGULATIONS.

Section 404 of the Agricultural Trade Act of 1978 (7 U.S.C. 5664) is repealed.

SEC. 248. TRADE COMPENSATION AND ASSISTANCE PROGRAMS.

Title IV of the Agricultural Trade Act of 1978 (7 U.S.C. 5661 et seq.) is amended by adding at the end the following:

''SEC. 417. TRADE COMPENSATION AND ASSISTANCE PROGRAMS.

''(a) IN GENERAL.—Notwithstanding any other law, if, after the effective date of this section, the President or any other member of the Executive branch causes exports from the United States to any country to be unilaterally suspended for reasons of national security or foreign policy, and if within 180 days after the date on which the suspension is imposed on United States exports no other country agrees to participate in the suspension, the Secretary shall carry out a trade compensation and assistance program in accordance with this section (referred to in this section as a 'program').

''(b) PROVISION OF FUNDS.—Under a program, the Secretary shall make available for each fiscal year funds of the Commodity Credit Corporation, in an amount calculated under subsection (c), to promote agricultural exports or provide agricultural commodities to developing countries, under any authorities available to the Secretary.

''(c) DETERMINATION OF AMOUNT OF FUNDS.—For each fiscal year of a program, the amount of funds made available under subsection (b) shall be equal to 90 percent of the average annual value of United States agricultural exports to the country with respect to which exports are suspended during the most recent 3 years prior to the suspension for which data are available.

''(d) DURATION OF PROGRAM.—

''(1) IN GENERAL.—For each suspension of exports for which a program is implemented under this section, funds shall be made available under subsection (b) for each fiscal year or part of a fiscal year for which the suspension is in effect, but not to exceed 2 fiscal years.

''(2) PARTIAL-YEAR EMBARGOES.—Regardless of whether an embargo is in effect for only part of a fiscal year, the full amount of funds as calculated under subsection (c) shall be made available under a program for the fiscal year. If the Secretary determines that making the required amount of funds available in a partial fiscal year is impracticable, the Secretary may make all or part of the funds required to be made available in the partial fiscal year available in the following fiscal year (in addition to any funds otherwise required under a program to be made available in the following fiscal year).''.

SEC. 249. FOREIGN AGRICULTURAL SERVICE.

Section 503 of the Agricultural Trade Act of 1978 (7 U.S.C. 5693) is amended to read as follows:

''SEC. 503. ESTABLISHMENT OF THE FOREIGN AGRICULTURAL SERVICE.

''The Service shall assist the Secretary in carrying out the agricultural trade policy and international cooperation policy of the United States by—

''(1) acquiring information pertaining to agricultural trade;

''(2) carrying out market promotion and development activities;

''(3) providing agricultural technical assistance and training; and

''(4) carrying out the programs authorized under this Act, the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.), and other Acts.''.

SEC. 250. REPORTS.

The first sentence of section 603 of the Agricultural Trade Act of 1978 (7 U.S.C. 5713) is amended by striking ''The'' and inserting ''Subject to section 217 of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6917), the''.

Subtitle C—Miscellaneous

SEC. 251. REPORTING REQUIREMENTS RELATING TO TOBACCO.

Section 214 of the Tobacco Adjustment Act of 1983 (7 U.S.C. 509) is repealed.

SEC. 252. TRIGGERED EXPORT ENHANCEMENT.

(a) READJUSTMENT OF SUPPORT LEVELS.—Section 1302 of the Omnibus Budget Reconciliation Act of 1990 (Public Law 101–508; 7 U.S.C. 1421 note) is repealed.

(b) TRIGGERED MARKETING LOANS AND EXPORT ENHANCEMENT.—Section 4301 of the Omnibus Trade and Competitiveness Act of 1988 (Public Law 100–418; 7 U.S.C. 1446 note) is repealed.

(c) EFFECTIVE DATE.—The amendments made by this section shall be effective beginning with the 1996 crops of wheat, feed grains, upland cotton, and rice.

SEC. 253. DISPOSITION OF COMMODITIES TO PREVENT WASTE.

Section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431) is amended—

(1) in subsection (b)—

(A) in paragraph (1), by inserting after the first sentence the following: ''The Secretary may use funds of the Commodity Credit Corporation to cover administrative expenses of the programs.'';

(B) in paragraph (7)(D)(iv), by striking ''one year of acquisition'' and all that follows and inserting the following: ''a reasonable length of time, as determined by the Secretary, except that the Secretary may permit the use of proceeds in a country other than the country of origin—

''(I) as necessary to expedite the transportation of commodities and products furnished under this subsection; or

''(II) if the proceeds are generated in a currency generally accepted in the other country.'';

(C) in paragraph (8), by striking subparagraph (C); and

(D) by striking paragraphs (10), (11), and (12); and

(2) by striking subsection (c).

SEC. 254. DIRECT SALES OF DAIRY PRODUCTS.

Section 106 of the Agriculture and Food Act of 1981 (7 U.S.C. 1446c-1) is repealed.

SEC. 255. EXPORT SALES OF DAIRY PRODUCTS.

Section 1163 of the Food Security Act of 1985 (Public Law 99–198; 7 U.S.C. 1731 note) is repealed.

SEC. 256. DEBT-FOR-HEALTH-AND-PROTECTION SWAP.

(a) IN GENERAL.—Section 1517 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 1706) is repealed.

(b) CONFORMING AMENDMENT.—Subsection (e)(3) of the Food for Progress Act of 1985 (7 U.S.C. 1736*o*(e)(3)) is amended by striking ''section 106'' and inserting ''section 103''.

SEC. 257. POLICY ON EXPANSION OF INTERNATIONAL MARKETS.

Section 1207 of the Agriculture and Food Act of 1981 (7 U.S.C. 1736m) is repealed.

SEC. 258. POLICY ON MAINTENANCE AND DEVELOPMENT OF EXPORT MARKETS.

Section 1121 of the Food Security Act of 1985 (7 U.S.C. 1736p) is amended—

(1) by striking subsection (a); and

(2) in subsection (b)—

(A) by striking ''(b)''; and

(B) by striking paragraphs (1) through (4) and inserting the following:

''(1) be the premier supplier of agricultural and food products to world markets and expand exports of high value products;

''(2) support the principle of free trade and the promotion of fair trade in agricultural commodities and products;

''(3) cooperate fully in all efforts to negotiate with foreign countries further reductions in tariff and nontariff barriers to trade, including sanitary and phytosanitary measures and trade-distorting subsidies;

''(4) aggressively counter unfair foreign trade practices as a means of encouraging fairer trade;''.

SEC. 259. POLICY ON TRADE LIBERALIZATION.

Section 1122 of the Food Security Act of 1985 (7 U.S.C. 1736q) is repealed.

SEC. 260. AGRICULTURAL TRADE NEGOTIATIONS.

Section 1123 of the Food Security Act of 1985 (7 U.S.C. 1736r) is amended to read as follows:

''SEC. 1123. TRADE NEGOTIATIONS POLICY.

''(a) FINDINGS.—Congress finds that—

''(1) on a level playing field, United States producers are the most competitive suppliers of agricultural products in the world;

''(2) exports of United States agricultural products will account for $53,000,000,000 in 1995, contributing a net $24,000,000,000 to the merchandise trade balance of the United States and supporting approximately 1,000,000 jobs;

''(3) increased agricultural exports are critical to the future of the farm, rural, and overall United States economy, but the opportunities for increased agricultural exports are limited by the unfair subsidies of the competitors of the United States, and a variety of tariff and nontariff barriers to highly competitive United States agricultural products;

''(4) international negotiations can play a key role in breaking down barriers to United States agricultural exports;

''(5) the Uruguay Round Agreement on Agriculture made significant progress in the attainment of increased market access opportunities for United States exports of agricultural products, for the first time—

''(A) restraining foreign trade-distorting domestic support and export subsidy programs; and

''(B) developing common rules for the application of sanitary and phytosanitary restrictions;

that should result in increased exports of United States agricultural products, jobs, and income growth in the United States;

''(6) the Uruguay Round Agreement on Agriculture did not succeed in completely eliminating trade distorting domestic support and export subsidies by—

''(A) allowing the European Union to continue unreasonable levels of spending on export subsidies; and

''(B) failing to discipline monopolistic state trading entities, such as the Canadian Wheat Board, that use nontransparent and discriminatory pricing as a hidden de facto export subsidy;

''(7) during the period 1996 through 2002, there will be several opportunities for the United States to negotiate fairer trade in agricultural products, including further negotiations under the World Trade Organization, and steps toward possible free trade agreements of the Americas and Asian-Pacific Economic Cooperation (APEC); and

''(8) the United States should aggressively use these opportunities to achieve more open and fair opportunities for trade in agricultural products.

''(b) GOALS OF THE UNITED STATES IN AGRICULTURAL TRADE NEGOTIATIONS.—The objectives of the United States with respect to future negotiations on agricultural trade include—

''(1) increasing opportunities for United States exports of agricultural products by eliminating or substantially reducing tariff and nontariff barriers to trade;

''(2) leveling the playing field for United States producers of agricultural products by limiting per unit domestic production supports to levels that are no greater than those available in the United States;

''(3) ending the practice of export dumping by eliminating all trade distorting export subsidies and disciplining state trading entities so that they do not (except in cases of bona fide food aid) sell in foreign markets at below domestic market prices nor their full costs of acquiring and delivering agricultural products to the foreign markets; and

''(4) encouraging government policies that avoid price-depressing surpluses.''.

SEC. 261. POLICY ON UNFAIR TRADE PRACTICES.

Section 1164 of the Food Security Act of 1985 (Public Law 99–198; 99 Stat. 1499) is repealed.

SEC. 262. AGRICULTURAL AID AND TRADE MISSIONS.

(a) IN GENERAL.—The Agricultural Aid and Trade Missions Act (7 U.S.C. 1736bb et seq.) is repealed.

(b) CONFORMING AMENDMENT.—Section 7 of Public Law 100–277 (7 U.S.C. 1736bb note) is repealed.

SEC. 263. ANNUAL REPORTS BY AGRICULTURAL ATTACHES.

Section 108(b)(1)(B) of the Agricultural Act of 1954 (7 U.S.C. 1748(b)(1)(B)) is amended by striking ''including fruits, vegetables, legumes, popcorn, and ducks''.

SEC. 264. WORLD LIVESTOCK MARKET PRICE INFORMATION.

Section 1545 of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 7 U.S.C. 1761 note) is repealed.

SEC. 265. ORDERLY LIQUIDATION OF STOCKS.

Sections 201 and 207 of the Agricultural Act of 1956 (7 U.S.C. 1851 and 1857) are repealed.

SEC. 266. SALES OF EXTRA LONG STAPLE COTTON.

Section 202 of the Agricultural Act of 1956 (7 U.S.C. 1852) is repealed.

SEC. 267. REGULATIONS.

Section 707 of the Freedom for Russia and Emerging Eurasian Democracies and Open Markets Support Act of 1992 (Public Law 102–511; 7 U.S.C. 5621 note) is amended by striking subsection (d).

SEC. 268. EMERGING MARKETS.

(a) PROMOTION OF AGRICULTURAL EXPORTS TO EMERGING MARKETS.—

(1) EMERGING MARKETS.—Section 1542 of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 7 U.S.C. 5622 note) is amended—

(A) in the section heading, by striking ''**EMERGING DEMOCRACIES**'' and inserting ''**EMERGING MARKETS**'';

(B) by striking ''emerging democracies'' each place it appears in subsections (b), (d), and (e) and inserting ''emerging markets'';

(C) by striking ''emerging democracy'' each place it appears in subsection (c) and inserting ''emerging market''; and

(D) by striking subsection (f) and inserting the following:

''(f) EMERGING MARKET.—In this section and section 1543, the term 'emerging market' means any country that the Secretary determines—

''(1) is taking steps toward a market-oriented economy through the food, agriculture, or rural business sectors of the economy of the country; and

''(2) has the potential to provide a viable and significant market for United States agricultural commodities or products of United States agricultural commodities.''.

(2) FUNDING.—Section 1542 of the Food, Agriculture, Conservation, and Trade Act of 1990 is amended by striking subsection (a) and inserting the following:

''(a) FUNDING.—The Commodity Credit Corporation shall make available for fiscal years 1996 through 2002 not less than $1,000,000,000 of direct credits or export credit guarantees for exports to emerging markets under section 201 or 202 of the Agricultural Trade Act of 1978 (7 U.S.C. 5621 and 5622), in addition to the amounts acquired or authorized under section 211 of the Act (7 U.S.C. 5641) for the program.''.

(3) AGRICULTURAL FELLOWSHIP PROGRAM.—Section 1542 of the Food, Agriculture, Conservation, and Trade Act of 1990 is amended—

(A) in subsection (b), by striking the last sentence and inserting the following: ''The Commodity Credit Corporation shall give priority under this subsection to—

''(A) projects that encourage the privatization of the agricultural sector or that benefit private farms or cooperatives in emerging markets; and

''(B) projects for which nongovernmental persons agree to assume a relatively larger share of the costs.''; and

(B) in subsection (d)—

(i) in the matter preceding paragraph (1), by striking ''the Soviet Union'' and inserting ''emerging markets'';

(ii) in paragraph (1)—

(I) in subparagraph (A)(i)—

(aa) by striking ''1995'' and inserting ''2002''; and

(bb) by striking ''those systems, and identify'' and inserting ''the systems, including potential reductions in trade barriers, and identify and carry out'';

(II) in subparagraph (B), by striking ''shall'' and inserting ''may'';

(III) in subparagraph (D), by inserting ''(including the establishment of extension services)'' after ''technical assistance'';

(IV) by striking subparagraph (F);

(V) by redesignating subparagraphs (G), (H), and (I) as subparagraphs (F), (G), and (H), respectively; and

(VI) in subparagraph (H) (as redesignated by subclause (V)), by striking ''$10,000,000'' and inserting ''$20,000,000'';

(iii) in paragraph (2)—

(I) by striking ''the Soviet Union'' each place it appears and inserting ''emerging markets'';

(II) in subparagraph (A), by striking ''a free market food production and distribution system'' and inserting ''free market food production and distribution systems'';

(III) in subparagraph (B)—

(aa) in clause (i), by striking ''Government'' and inserting ''governments'';

(bb) in clause (iii)(II), by striking ''and'' at the end;

(cc) in clause (iii)(III), by striking the period at the end and inserting ''; and''; and

(dd) by adding at the end of clause (iii) the following:

''(IV) to provide for the exchange of administrators and faculty members from agricultural and other institutions to strengthen and revise educational programs in agricultural economics, agribusiness, and agrarian

law, to support change towards a free market economy in emerging markets.'';

(IV) by striking subparagraph (D); and

(V) by redesignating subparagraph (E) as subparagraph (D); and

(iv) by striking paragraph (3).

(4) UNITED STATES AGRICULTURAL COMMODITY.—Subsections (b) and (c) of section 1542 of the Food, Agriculture, Conservation, and Trade Act of 1990 are amended by striking ''section 101(6)'' each place it appears and inserting ''section 102(7)''.

(5) REPORT.—The first sentence of section 1542(e)(2) of the Food, Agriculture, Conservation, and Trade Act of 1990 is amended by striking ''Not'' and inserting ''Subject to section 217 of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6917), not''.

(b) AGRICULTURAL FELLOWSHIP PROGRAM FOR MIDDLE INCOME COUNTRIES, EMERGING DEMOCRACIES, AND EMERGING MARKETS.—Section 1543 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 3293) is amended—

(1) in the section heading, by striking ''**MIDDLE INCOME COUNTRIES AND EMERGING DEMOCRACIES**'' and inserting ''**MIDDLE INCOME COUNTRIES, EMERGING DEMOCRACIES, AND EMERGING MARKETS**'';

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

''(5) EMERGING MARKET.—Any emerging market, as defined in section 1542(f).''; and

(3) in subsection (c)(1), by striking ''food needs'' and inserting ''food and fiber needs''.

(c) CONFORMING AMENDMENTS.—

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

(A) in subsection (a), by striking ''emerging democracies'' and inserting ''emerging markets''; and

(B) in subsection (b), by striking paragraph (1) and inserting the following:

''(1) EMERGING MARKET.—The term 'emerging market' means any country that the Secretary determines—

''(A) is taking steps toward a market-oriented economy through the food, agriculture, or rural business sectors of the economy of the country; and

''(B) has the potential to provide a viable and significant market for United States agricultural commodities or products of United States agricultural commodities.''.

(2) Section 201(d)(1)(C)(ii) of the Agricultural Trade Act of 1978 (7 U.S.C. 5621(d)(1)(C)(ii)) is amended by striking ''emerging democracies'' and inserting ''emerging markets''.

(3) Section 202(d)(3)(B) of the Agricultural Trade Act of 1978 (7 U.S.C. 5622(d)(3)(B)) is amended by striking ''emerging democracies'' and inserting ''emerging markets''.

SEC. 269. IMPORT ASSISTANCE FOR CBI BENEFICIARY COUNTRIES AND THE PHILIPPINES.

Section 583 of Public Law 100–202 (101 Stat. 1329–182) is repealed.

SEC. 270. STUDIES, REPORTS, AND OTHER PROVISIONS.

(a) IN GENERAL.—Sections 1551 through 1555, section 1559, and section 1560 of subtitle E of title XV of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 104 Stat. 3696) are repealed.

(b) LANGUAGE PROFICIENCY.—Section 1556 of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 7 U.S.C. 5694 note) is amended by striking subsection (c).

SEC. 271. IMPLEMENTATION OF COMMITMENTS UNDER URUGUAY ROUND AGREEMENTS.

Part III of subtitle A of title IV of the Uruguay Round Agreements Act (Public Law 103–465; 108 Stat. 4964) is amended by adding at the end the following:

''SEC. 427. IMPLEMENTATION OF COMMITMENTS UNDER URUGUAY ROUND AGREEMENTS.

''Not later than September 30 of each fiscal year, the Secretary of Agriculture shall determine whether the obligations undertaken by foreign countries under the Uruguay Round Agreement on Agriculture are being fully implemented. If the Secretary of Agriculture determines that any foreign country, by not implementing the obligations of the country, is significantly constraining an opportunity for United States agricultural exports, the Secretary shall—

''(1) submit to the United States Trade Representative a recommendation as to whether the President should take action under any provision of law; and

''(2) transmit a copy of the recommendation to the Committee on Agriculture, and the Committee on Ways and Means, of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry, and the Committee on Finance, of the Senate.''.

SEC. 272. SENSE OF CONGRESS CONCERNING MULTILATERAL DISCIPLINES ON CREDIT GUARANTEES.

It is the sense of Congress that—

(1) in negotiations to establish multilateral disciplines on agricultural export credits and credit guarantees, the United States should not agree to any arrangement that is incompatible with the provisions of United States law that authorize agricultural export credits and credit guarantees;

(2) in the negotiations (which are held under the auspices of the Organization for Economic Cooperation and Development), the United States should not reach any agreement that fails to impose disciplines on the practices of foreign government trading entities such as the Australian Wheat Board and Canadian Wheat Board; and

(3) the disciplines should include greater openness in the operations of the entities as long as the entities are subsidized by the foreign government or have monopolies for exports of a commodity that are sanctioned by the foreign government.

SEC. 273. FOREIGN MARKET DEVELOPMENT COOPERATOR PROGRAM.

The Agricultural Trade Act of 1978 (7 U.S.C. 5601 et seq.) is amended by adding at the end the following:

''TITLE VII—FOREIGN MARKET DEVELOPMENT COOPERATOR PROGRAM

''SEC. 701. DEFINITION OF ELIGIBLE TRADE ORGANIZATION.

''In this title, the term 'eligible trade organization' means a United States trade organization that—

''(1) promotes the export of 1 or more United States agricultural commodities or products; and

''(2) does not have a business interest in or receive remuneration from specific sales of agricultural commodities or products.

''SEC. 702. FOREIGN MARKET DEVELOPMENT COOPERATOR PROGRAM.

''(a) IN GENERAL.—The Secretary shall establish and, in cooperation with eligible trade organizations, carry out a foreign market development cooperator program to maintain and develop foreign markets for United States agricultural commodities and products.

''(b) ADMINISTRATION.—Funds made available to carry out this title shall be used only to provide—

''(1) cost-share assistance to an eligible trade organization under a contract or agreement with the organization; and

''(2) assistance for other costs that are necessary or appropriate to carry out the foreign market development cooperator program, including contingent liabilities that are not otherwise funded.

''SEC. 703. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated to carry out this title such sums as may be necessary for each of fiscal years 1996 through 2002.''.

On page 3–3, line 23, after ''Region,'' insert ''the Rainwater Basin Region, the Lake Champlain Basin, the Prairie Pothole Region,''.

On page 3–6, line 7, strike ''36,400,000'' and insert ''36,520,000''.

On page 3–6, between lines 11 and 12, insert the following:

(c) RELATIONSHIP TO OTHER LAW.—The authority granted to the Secretary of Agriculture as a result of the amendments made by this section shall supersede any restriction on the operation of the conservation reserve program established under any other provision of law.

On page 3–7, line 9, add ''and'' at the end.

On page 3–7, line 12, strike the semicolon and insert a period.

Beginning on page 3–7, strike line 13 and all that follows through page 3–8, line 12.

On page 3–18, line 4, strike ''less'' and insert ''more''.

On page 3–46, strike lines 11 through 14 and insert the following:

(2) in paragraph (8), by striking the period at the end and inserting a semicolon; and

(3) by adding at the end the following:

''(9) agricultural producers;

''(10) other nonprofit organizations with demonstrable expertise;

''(11) persons knowledgeable about the economic and environmental impact of conservation techniques and programs; and

''(12) agribusiness.

On page 3–62, after line 22, add the following:

SEC. 356. WATER BANK PROGRAM.

Section 1230 of the Food Security Act of 1985 (16 U.S.C. 3830) is amended by adding at the end the following:

''(d) WATER BANK PROGRAM.—For purposes of this Act, acreage enrolled, prior to the date of enactment of this subsection, in the water bank program authorized by the Water Bank Act (16 U.S.C. 1301 et seq.) shall be considered to have been enrolled in the conservation reserve program on the date the acreage was enrolled in the water bank program. Payments shall continue at the existing water bank rates.''.

SEC. 357. FLOOD WATER RETENTION PILOT PROJECTS.

Section 16 of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590p) is amended by adding at the end the following:

''(l) FLOOD WATER RETENTION PILOT PROJECTS.—

''(1) IN GENERAL.—In cooperation with States, the Secretary shall carry out at least 1 but not more than 2 pilot projects to create and restore natural water retention areas to control storm water and snow melt runoff within closed drainage systems.

''(2) PRACTICES.—To carry out paragraph (1), the Secretary shall provide cost-sharing and technical assistance for the establishment of nonstructural landscape management practices, including agricultural tillage practices and restoration, enhancement, and creation of wetland characteristics.

''(3) FUNDING.—

''(A) LIMITATION.—The funding used by the Secretary to carry out this subsection shall not exceed $10,000,000 per project.

''(B) USE OF COMMODITY CREDIT CORPORATION.—The Secretary shall use the funds, facilities, and authorities of the Commodity Credit Corporation to carry out this subsection.

''(4) ADDITIONAL PILOT PROJECTS.—

''(A) EVALUATION.—Not later than 2 years after a pilot project is implemented, the Secretary shall evaluate the extent to which the project has reduced or may reduce Federal outlays for emergency spending and unplanned infrastructure maintenance by an amount that exceeds the Federal cost of the project.

''(B) ADDITIONAL PROJECTS.—If the Secretary determines that pilot projects carried out under this subsection have reduced or may reduce Federal outlays as described in subparagraph (A), the Secretary may carry out, in accordance with this subsection, pilot projects in addition to the projects authorized under paragraph (1).''.

SEC. 358. WETLAND CONSERVATION EXEMPTION.

Section 1222(b)(1) of the Food Security Act of 1985 (16 U.S.C. 3822(b)(1)) is amended—

(1) in subparagraph (C), by striking ''or'' at the end; and

(2) by adding at the end the following:

''(E) converted wetland, if—

''(i) the extent of the conversion is limited to the reversion to conditions that will be at least equivalent to the wetland functions and values that existed prior to implementation of a voluntary wetland restoration, enhancement, or creation action;

''(ii) technical determinations of the prior site conditions and the restoration, enhancement, or creation action have been adequately documented in a plan approved by the Natural Resources Conservation Service prior to implementation; and

''(iii) the conversion action proposed by the private landowner is approved by the Natural Resources Conservation Service prior to implementation; or''.

SEC. 359. FLOODPLAIN EASEMENTS.

Section 403 of the Agricultural Credit Act of 1978 (16 U.S.C. 2203) is amended by inserting '', including the purchase of floodplain easements,'' after ''emergency measures''.

SEC. 360. RESOURCE CONSERVATION AND DEVELOPMENT PROGRAM REAUTHORIZATION.

Section 1538 of the Agriculture and Food Act of 1981 (16 U.S.C. 3461) is amended by striking ''1991 through 1995'' and inserting ''1996 through 2001''.

SEC. 361. CONSERVATION RESERVE NEW ACREAGE.

Section 1231(a) of the Food Security Act of 1985 (16 U.S.C. 3831(a)) is amended by adding at the end the following: ''The Secretary may enter into 1 or more new contracts to enroll acreage in a quantity equal to the quantity of acreage covered by any contract that terminates after the date of enactment of the Agricultural Market Transition Act.''.

SEC. 362. REPEAL OF REPORT REQUIREMENT.

Section 1342 of title 44, United States Code, is repealed.

SEC. 363. WATERSHED PROTECTION AND FLOOD PREVENTION ACT AMENDMENTS.

(a) DECLARATION OF POLICY.—The first section of the Watershed Protection and Flood Prevention Act (16 U.S.C. 1001) is amended to read as follows:

''SECTION 1. DECLARATION OF POLICY.

''Erosion, flooding, sedimentation, and loss of natural habitats in the watersheds and waterways of the United States cause loss of life, damage to property, and a reduction in the quality of environment and life of citizens. It is therefore the sense of Congress that the Federal Government should join with States and their political subdivisions, public agencies, conservation districts, flood prevention or control districts, local citizens organizations, and Indian tribes for the purpose of conserving, protecting, restoring, and improving the land and water resources of the United States and the quality of the environment and life for watershed residents across the United States.''.

(b) DEFINITIONS.—

(1) WORKS OF IMPROVEMENT.—Section 2 of the Act (16 U.S.C. 1002) is amended, with respect to the term ''works of improvement''—

(A) in paragraph (1), by inserting '', nonstructural,'' after ''structural'';

(B) in paragraph (2), by striking ''or'' at the end;

(C) by redesignating paragraph (3) as paragraph (11);

(D) by inserting after paragraph (2) the following new paragraphs:

''(3) a land treatment or other nonstructural practice, including the acquisition of easements or real property rights, to meet multiple watershed needs,

''(4) the restoration and monitoring of the chemical, biological, and physical structure, diversity, and functions of waterways and their associated ecological systems,

''(5) the restoration or establishment of wetland and riparian environments as part of a multi-objective management system that provides floodwater or storm water storage, detention, and attenuation, nutrient filtering, fish and wildlife habitat, and enhanced biological diversity,

''(6) the restoration of steam channel forms, functions, and diversity using the principles of biotechnical slope stabilization to reestablish a meandering, bankfull flow channels, riparian vegetation, and floodplains,

''(7) the establishment and acquisition of multi-objective riparian and adjacent flood prone lands, including greenways, for sediment storage and floodwater storage,

''(8) the protection, restoration, enhancement and monitoring of surface and groundwater quality, including measures to improve the quality of water emanating from agricultural lands and facilities,

''(9) the provision of water supply and municipal and industrial water supply for rural communities having a population of less than 55,000, according to the most recent decennial census of the United States,

''(10) outreach to and organization of local citizen organizations to participate in project design and implementation, and the training of project volunteers and participants in restoration and monitoring techniques, or''; and

(E) in paragraph (11) (as so redesignated)—

(i) by inserting in the first sentence after ''proper utilization of land'' the following: '', water, and related resources''; and

(ii) by striking the sentence that mandates that 20 percent of total project benefits be directly related to agriculture.

(2) LOCAL ORGANIZATION.—Such section is further amended, with respect to the term ''local organization'', by adding at the end the following new sentence: ''The term includes any nonprofit organization (defined as having tax exempt status under section 501(c)(3) of the Internal Revenue Code of 1986) that has authority to carry out and maintain works of improvement or is developing and implementing a work of improvement in partnership with another local organization that has such authority.''.

(3) WATERWAY.—Such section is further amended by adding at the end the following new definition:

''WATERWAY.—The term 'waterway' means, on public or private land, any natural, degraded, seasonal, or created wetland on public or private land, including rivers, streams, riparian areas, marshes, ponds, bogs, mudflats, lakes, and estuaries. The term includes any natural or manmade watercourse which is culverted, channelized, or vegetatively cleared, including canals, irrigation ditches, drainage wages, and navigation, industrial, flood control and water supply channels.''.

(c) ASSISTANCE TO LOCAL ORGANIZATIONS.—Section 3 of the Act (16 U.S.C. 1003) is amended—

(1) in paragraph (1), by inserting after ''(1)'' the following ''to provide technical assistance to help local organizations'';

(2) in paragraph (2)—

(A) by inserting after ''(2)'' the following: ''to provide technical assistance to help local organizations''; and

(B) by striking ''engineering'' and inserting ''technical and scientific''; and

(3) by striking paragraph (3) and inserting the following new paragraph:

''(3) to make allocations of costs to the project or project components to determine whether the total of all environmental, social, and monetary benefits exceed costs;''.

(d) COST SHARE ASSISTANCE.—

(1) AMOUNT OF ASSISTANCE.—Section 3A of the Act (16 U.S.C. 1003a) is amended by striking subsection (b) and inserting the following:

''(b) NONSTRUCTURAL PRACTICES.—Notwithstanding any other provision of this Act, Federal cost share assistance to local organizations for the planning and implementation of nonstructural works of improvement may be provided using funds appropriated for the purposes of this Act for an amount not exceeding 75 percent of the total installation costs.

''(c) STRUCTURAL PRACTICES.—Notwithstanding any other provision of this Act, Federal cost share assistance to local organizations for the planning and implementation of structural works of improvement may be provided using funds appropriated for the purposes of this Act for 50 percent of the total cost, including the cost of mitigating damage to fish and wildlife habitat and the value of any land or interests in land acquired for the work of improvement.

''(d) SPECIAL RULE FOR LIMITED RESOURCE COMMUNITIES.—Notwithstanding any other provision of this Act, the Secretary may provide cost share assistance to a limited resource community for any works of improvement, using funds appropriated for the purposes of this Act, for an amount not to exceed 90 percent of the total cost.

''(e) TREATMENT OF OTHER FEDERAL FUNDS.—Not more than 50 percent of the non-Federal cost share may be satisfied using funds from other Federal agencies.''.

(2) CONDITIONS ON ASSISTANCE.—Section 4(1) of the Act (16 U.S.C. 1004(1)) is amended by striking '', without cost to the Federal Government from funds appropriated for the purposes of this Act,''.

(e) BENEFIT COST ANALYSIS.—Section 5(1) of the Act (16 U.S.C. 1005(1)) is amended by striking ''the benefits'' and inserting ''the total benefits, including environmental, social, and monetary benefits,''.

(f) PROJECT PRIORITIZATION.—The Watershed Protection and Flood Prevention Act is amended by inserting after section 5 (16 U.S.C. 1005) the following new section:

''SEC. 5A. FUNDING PRIORITIES.

''In making funding decisions under this Act, the Secretary shall give priority to projects with one or more of the following attributes:

''(1) Projects providing significant improvements in ecological values and functions in the project area.

''(2) Projects that enhance the long-term health of local economies or generate job or job training opportunities for local residents, including Youth Conservation and Service Corps participants and displaced resource harvesters.

''(3) Projects that provide protection to human health, safety, and property.

''(4) Projects that directly benefit economically disadvantaged communities and

enhance participation by local residents of such communities.

''(5) Projects that restore or enhance fish and wildlife species of commercial, recreational, subsistence or scientific concern.

''(6) Projects or components of projects that can be planned, designed, and implemented within two years.''.

(g) TRANSFER OF FUNDS.—The Watershed Protection and Flood Prevention Act (16 U.S.C. 1001–1010) is amended by adding at the end the following new section:

''SEC. 14. TRANSFERS OF FUNDS.

''The Secretary may accept transfers of funds from other Federal departments and agencies in order to carry out projects under this Act.''.

On page 4–1, between lines 3 and 4, insert the following:

(a) DISQUALIFICATION OF A STORE OR CONCERN.—Section 12 of the Food Stamp Act of 1977 (7 U.S.C. 2021) is amended—

(1) by striking the section heading;

(2) by striking ''SEC. 12. (a) Any'' and inserting the following:

''SEC. 12. CIVIL MONEY PENALTIES AND DISQUALIFICATION OF RETAIL FOOD STORES AND WHOLESALE FOOD CONCERNS.

''(a) DISQUALIFICATION.—

''(1) IN GENERAL.—An'';

(3) by adding at the end of subsection (a) the following:

''(2) EMPLOYING CERTAIN PERSONS.—A retail food store or wholesale food concern shall be disqualified from participation in the food stamp program if the store or concern knowingly employs a person who has been found by the Secretary, or a Federal, State, or local court, to have, within the preceding 3-year period—

''(A) engaged in the trading of a firearm, ammunition, an explosive, or a controlled substance (as defined in section 102 of the Controlled Substances Act (21 U.S.C. 802)) for a coupon; or

''(B) committed any act that constitutes a violation of this Act or a State law relating to using, presenting, transferring, acquiring, receiving, or possessing a coupon, authorization card, or access device.''; and

(4) in subsection (b)(3)(B), by striking ''neither the ownership nor management of the store or food concern was aware'' and inserting ''the ownership of the store or food concern was not aware''.

On page 4–3, between lines 4 and 5, insert the following:

(c) CARRIED-OVER FUNDS.—20 percent of any commodity supplemental food program funds carried over under section 5 of the Agriculture and Consumer Protection Act of 1973 (Public Law 93–86; 7 U.S.C. 612c note) shall be available for administrative expenses of the program.

On page 5–1, between lines 1 and 2, insert the following:

Subtitle A—General Miscellaneous Provisions

On page 5–11, strike lines 1 through 12 and insert the following:

(3) shall use the funds to conduct restoration activities in the Everglades ecosystem, which may include acquiring private acreage in the Everglades Agricultural Area including approximately 52,000 acres that is commonly known as the ''Talisman tract''.

(c) TRANSFERRING FUNDS.—The Secretary of the Interior may transfer funds to the Army Corps of Engineers, the State of Florida, or the South Florida Water Management District to carry out subsection (b)(3).

(d) DEADLINE.—Not later than December 31, 1999, the Secretary of the Interior shall utilize the funds for restoration activities referred to in subsection (b)(3).

Subtitle B—Options Pilot Programs and Risk Management Education

SEC. 511. SHORT TITLE.

This subtitle may be cited as the ''Options Pilot Programs Act of 1996''.

SEC. 512. PURPOSE.

The purpose of this subtitle is to authorize the Secretary of Agriculture (referred to in this subtitle as the ''Secretary'') to—

(1) conduct research through pilot programs for 1 or more program commodities to ascertain whether futures and options contracts can provide producers with reasonable protection from the financial risks of fluctuations in price, yield, and income inherent in the production and marketing of agricultural commodities; and

(2) provide education in the management of the financial risks inherent in the production and marketing of agricultural commodities.

SEC. 513. PILOT PROGRAMS.

(a) IN GENERAL.—The Secretary is authorized to conduct pilot programs for 1 or more supported commodities through December 31, 2002.

(b) DISTRIBUTION OF PILOT PROGRAMS.—The Secretary may operate a pilot program described in subsection (a) (referred to in this subtitle as a ''pilot program'') in up to 100 counties for each program commodity with not more than 6 of those counties in any 1 State. A pilot program shall not be implemented in any county for more than 3 of the 1996 through 2002 calendar years.

(c) ELIGIBLE PARTICIPANTS.—

(1) IN GENERAL.—In carrying out a pilot program, the Secretary may contract with a producer who—

(A) is eligible to participate in a price support program for a supported commodity;

(B) desires to participate in a pilot program; and

(C) is located in an area selected for a pilot program.

(2) CONTRACTS.—Each contract under paragraph (1) shall set forth the terms and conditions for participation in a pilot program.

(d) ELIGIBLE MARKETS.—Trades for futures and options contracts under a pilot program shall be carried out on commodity futures and options markets designated as contract markets under the Commodity Exchange Act (7 U.S.C. 1 et seq.)

SEC. 514. TERMS AND CONDITIONS.

(a) IN GENERAL.—To be eligible to participate in any pilot program for any commodity conducted under this subtitle, a producer shall meet the eligibility requirements established under this subtitle (including regulations issued under this subtitle).

(b) RECORDKEEPING.—Producers shall compile, maintain, and submit (or authorize the compilation, maintenance, and submission) of such documentation as the regulations governing any pilot program require.

SEC. 515. NOTICE.

(a) ALTERNATIVE PROGRAMS.—Pilot programs shall be alternatives to other related programs of the Department of Agriculture.

(b) NOTICE TO PRODUCERS.—The Secretary shall provide notice to each producer participating in a pilot program that—

(1) the participation of the producer in a pilot program is voluntary; and

(2) neither the United States, the Commodity Credit Corporation, the Federal Crop Insurance Corporation, the Department of Agriculture, nor any other Federal agency is authorized to guarantee that participants in the pilot program will be better or worse off financially as a result of participation in a pilot program than the producer would have been if the producer had not participated in a pilot program.

SEC. 516. COMMODITY CREDIT CORPORATION.

(a) IN GENERAL.—Pilot programs established under this subtitle shall be funded by and carried out through the Commodity Credit Corporation.

(b) LIMITATION.—In conducting the programs, the Secretary shall, to the maximum extent practicable, operate the pilot programs in a budget neutral manner.

SEC. 517. RISK MANAGEMENT EDUCATION.

The Secretary shall provide such education in management of the financial risks inherent in the production and marketing of agricultural commodities as the Secretary considers appropriate.

Subtitle C—Commercial Transportation of Equine for Slaughter

SEC. 521. FINDINGS.

Congress finds that, to ensure that equine sold for slaughter are provided humane treatment and care, it is essential to regulate the transportation, care, handling, and treatment of equine by any person engaged in the commercial transportation of equine for slaughter.

SEC. 522. DEFINITIONS.

In this subtitle:

(1) COMMERCE.—The term ''commerce'' means trade, traffic, transportation, or other commerce by a person—

(A) between any State, territory, or possession of the United States, or the District of Columbia, and any place outside thereof;

(B) between points within the same State, territory, or possession of the United States, or the District of Columbia, but through any place outside thereof; or

(C) within any territory or possession of the United States or the District of Columbia.

(2) DEPARTMENT.—The term ''Department'' means the United States Department of Agriculture.

(3) EQUINE.—The term ''equine'' means any member of the Equidae family.

(4) EQUINE FOR SLAUGHTER.—The term ''equine for slaughter'' means any equine that is transported, or intended to be transported, by vehicle to a slaughter facility or intermediate handler from a sale, auction, or intermediate handler by a person engaged in the business of transporting equine for slaughter.

(5) FOAL.—The term ''foal'' means an equine that is not more than 6 months of age.

(6) INTERMEDIATE HANDLER.—The term ''intermediate handler'' means any person regularly engaged in the business of receiving custody of equine for slaughter in connection with the transport of the equine to a slaughter facility, including a stockyard, feedlot, or assembly point.

(7) PERSON.—The term ''person'' means any individual, partnership, firm, company, corporation, or association that regularly transports equine for slaughter in commerce, except that the term shall not include an individual or other entity that does not transport equine for slaughter on a regular basis as part of a commercial enterprise.

(8) SECRETARY.—The term ''Secretary'' means the Secretary of Agriculture.

(9) VEHICLE.—The term ''vehicle'' means any machine, truck, tractor, trailer, or semitrailer, or any combination thereof, propelled or drawn by mechanical power and used on a highway in the commercial transportation of equine for slaughter.

(10) STALLION.—The term ''stallion'' means any uncastrated male equine that is 1 year of age or older.

SEC. 523. STANDARDS FOR HUMANE COMMERCIAL TRANSPORTATION OF EQUINE FOR SLAUGHTER.

(a) IN GENERAL.—Subject to the availability of appropriations, not later than 1 year after the date of enactment of this subtitle, the Secretary shall issue, by regulation, standards for the humane commercial transportation by vehicle of equine for slaughter.

(b) PROHIBITION.—No person engaged in the regular business of transporting equine by vehicle for slaughter as part of a commercial enterprise shall transport in commerce, to a slaughter facility or intermediate handler, an equine for slaughter except in accordance with the standards and this subtitle.

(c) MINIMUM REQUIREMENTS.—The standards shall include minimum requirements for the humane handling, care, treatment, and equipment necessary to ensure the safe and humane transportation of equine for slaughter. The standards shall require, at a minimum, that—

(1) no equine for slaughter shall be transported for more than 24 hours without being unloaded from the vehicle and allowed to rest for at least 8 consecutive hours and given access to adequate quantities of wholesome food and potable water;

(2) a vehicle shall provide adequate headroom for an equine for slaughter with a minimum of at least 6 feet, 6 inches of headroom from the roof and beams or other structural members overhead to floor underfoot, except that a vehicle transporting 6 equine or less shall provide a minimum of at least 6 feet of headroom from the roof and beams or other structural members overhead to floor underfoot if none of the equine are over 16 hands;

(3) the interior of a vehicle shall—

(A) be free of protrusions, sharp edges, and harmful objects;

(B) have ramps and floors that are adequately covered with a nonskid nonmetallic surface; and

(C) be maintained in a sanitary condition;

(4) a vehicle shall—

(A) provide adequate ventilation and shelter from extremes of weather and temperature for all equine;

(B) be of appropriate size, height, and interior design for the number of equine being carried to prevent overcrowding; and

(C) be equipped with doors and ramps of sufficient size and location to provide for safe loading and unloading, including unloading during emergencies;

(5)(A) equine shall be positioned in the vehicle by size; and

(B) stallions shall be segregated from other equine;

(6)(A) all equine for slaughter must be fit to travel as determined by an accredited veterinarian, who shall prepare a certificate of inspection, prior to loading for transport, that—

(i) states that the equine were inspected and satisfied the requirements of subparagraph (B);

(ii) includes a clear description of each equine; and

(iii) is valid for 7 days;

(B) no equine shall be transported to slaughter if the equine is found to be—

(i) suffering from a broken or dislocated limb;

(ii) unable to bear weight on all 4 limbs;

(iii) blind in both eyes; or

(iv) obviously suffering from severe illness, injury, lameness, or physical debilitation that would make the equine unable to withstand the stress of transportation;

(C) no foal may be transported for slaughter;

(D) no mare in foal that exhibits signs of impending parturition may be transported for slaughter; and

(E) no equine for slaughter shall be accepted by a slaughter facility unless the equine is—

(i) inspected on arrival by an employee of the slaughter facility or an employee of the Department; and

(ii) accompanied by a certificate of inspection issued by an accredited veterinarian, not more than 7 days before the delivery, stating that the veterinarian inspected the equine on a specified date.

SEC. 524. RECORDS.

(a) IN GENERAL.—A person engaged in the business of transporting equine for slaughter shall establish and maintain such records, make such reports, and provide such information as the Secretary may, by regulation, require for the purposes of carrying out, or determining compliance with, this subtitle.

(b) MINIMUM REQUIREMENTS.—The records shall include, at a minimum—

(1) the veterinary certificate of inspection;

(2) the names and addresses of current owners and consignors, if applicable, of the equine at the time of sale or consignment to slaughter; and

(3) the bill of sale or other documentation of sale for each equine.

(c) AVAILABILITY.—The records shall—

(1) accompany the equine during transport to slaughter;

(2) be retained by any person engaged in the business of transporting equine for slaughter for a reasonable period of time, as determined by the Secretary, except that the veterinary certificate of inspection shall be surrendered at the slaughter facility to an employee or designee of the Department and kept by the Department for a reasonable period of time, as determined by the Secretary; and

(3) on request of an officer or employee of the Department, be made available at all reasonable times for inspection and copying by the officer or employee.

SEC. 525. AGENTS.

(a) IN GENERAL.—For purposes of this subtitle, the act, omission, or failure of an individual acting for or employed by a person engaged in the business of transporting equine for slaughter, within the scope of the employment or office of the individual, shall be considered the act, omission, or failure of the person engaging in the commercial transportation of equine for slaughter as well as of the individual.

(b) ASSISTANCE.—If an equine suffers a substantial injury or illness while being transported for slaughter on a vehicle, the driver of the vehicle shall seek prompt assistance from a licensed veterinarian.

SEC. 526. COOPERATIVE AGREEMENTS.

The Secretary is authorized to cooperate with States, political subdivisions of States, State agencies (including State departments of agriculture and State law enforcement agencies), and foreign governments to carry out and enforce this subtitle (including regulations issued under this subtitle).

SEC. 527. INVESTIGATIONS AND INSPECTIONS.

(a) IN GENERAL.—The Secretary is authorized to conduct such investigations or inspections as the Secretary considers necessary to enforce this subtitle (including any regulation issued under this subtitle).

(b) ACCESS.—For the purposes of conducting an investigation or inspection under subsection (a), the Secretary shall, at all reasonable times, have access to—

(1) the place of business of any person engaged in the business of transporting equine for slaughter;

(2) the facilities and vehicles used to transport the equine; and

(3) records required to be maintained under section 834.

(c) ASSISTANCE TO OR DESTRUCTION OF EQUINE.—The Secretary shall issue such regulations as the Secretary considers necessary to permit employees or agents of the Department to—

(1) provide assistance to any equine that is covered by this subtitle (including any regulation issued under this subtitle); or

(2) destroy, in a humane manner, any such equine found to be suffering.

SEC. 528. INTERFERENCE WITH ENFORCEMENT.

(a) IN GENERAL.—Subject to subsection (b), a person who forcibly assaults, resists, opposes, impedes, intimidates, or interferes with any person while engaged in or on account of the performance of an official duty of the person under this subtitle shall be fined not more than $5,000 or imprisoned not more than 3 years, or both.

(b) WEAPONS.—If the person uses a deadly or dangerous weapon in connection with an action described in subsection (a), the person shall be fined not more than $10,000 or imprisoned not more than 10 years, or both.

SEC. 529. JURISDICTION OF COURTS.

Except as provided in section 840(a)(5), a district court of the United States in any appropriate judicial district under section 1391 of title 28, United States Code, shall have jurisdiction to specifically enforce this subtitle, to prevent and restrain a violation of this subtitle, and to otherwise enforce this subtitle.

SEC. 530. CIVIL AND CRIMINAL PENALTIES.

(a) CIVIL PENALTIES.—

(1) IN GENERAL.—A person who violates this subtitle (including a regulation or standard issued under this subtitle) shall be assessed a civil penalty by the Secretary of not more than $2,000 for each violation.

(2) SEPARATE OFFENSES.—Each equine transported in violation of this subtitle shall constitute a separate offense. Each violation and each day during which a violation continues shall constitute a separate offense.

(3) HEARINGS.—No penalty shall be assessed under this subsection unless the person who is alleged to have violated this subtitle is given notice and opportunity for a hearing with respect to an alleged violation.

(4) FINAL ORDER.—An order of the Secretary assessing a penalty under this subsection shall be final and conclusive unless the aggrieved person files an appeal from the order pursuant to paragraph (5).

(5) APPEALS.—Not later than 30 days after entry of a final order of the Secretary issued pursuant to this subsection, a person aggrieved by the order may seek review of the order in the appropriate United States Court of Appeals. The Court shall have exclusive jurisdiction to enjoin, set aside, suspend (in whole or in part), or to determine the validity of the order.

(6) NONPAYMENT OF PENALTY.—On a failure to pay the penalty assessed by a final order under this section, the Secretary shall request the Attorney General to institute a civil action in a district court of the United States or other United States court for any district in which the person is found, resides, or transacts business, to collect the penalty. The court shall have jurisdiction to hear and decide the action.

(b) CRIMINAL PENALTIES.—

(1) FIRST OFFENSE.—Subject to paragraph (2), a person who knowingly violates this subtitle (or a regulation or standard issued under this subtitle) shall, on conviction of the violation, be subject to imprisonment for not more than 1 year or a fine of not more than $2,000, or both.

(2) SUBSEQUENT OFFENSES.—On conviction of a second or subsequent offense described in paragraph (1), a person shall be subject to imprisonment for not more than 3 years or to a fine of not more than $5,000, or both.

SEC. 531. PAYMENTS FOR TEMPORARY OR MEDICAL ASSISTANCE FOR EQUINE DUE TO VIOLATIONS.

From sums received as penalties, fines, or forfeitures of property for any violation of this subtitle (including a regulation issued under this subtitle), the Secretary shall pay the reasonable and necessary costs incurred by any person in providing temporary care or medical assistance for any equine that

needs the care or assistance due to a violation of this subtitle.

SEC. 532. RELATIONSHIP TO STATE LAW.

Nothing in this subtitle prevents a State from enacting or enforcing any law (including a regulation) that is not inconsistent with this subtitle or that is more restrictive than this subtitle.

SEC. 533. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—There are authorized to be appropriated for each fiscal year such sums as are necessary to carry out this subtitle.

(b) LIMITATION.—No provision of this subtitle shall be effective, or be enforced against any person, during a fiscal year unless funds to carry out this subtitle have been appropriated for the fiscal year.

Subtitle D—Miscellaneous

SEC. 541. LIVESTOCK DEALER TRUST.

Title III of the Packers and Stockyards Act, 1921 (7 U.S.C. 201 et seq.), is amended by adding at the end the following:

"SEC. 318. LIVESTOCK DEALER TRUST.

''(a) FINDINGS.—Congress finds that—

''(1) a burden on and obstruction to commerce in livestock is caused by financing arrangements under which dealers and market agencies purchasing livestock on commission encumber, give lenders security interests in, or have liens placed on livestock purchased by the dealers and market agencies in cash sales, or on receivables from or proceeds of such sales, when payment is not made for the livestock; and

''(2) the carrying out of such arrangements is contrary to the public interest.

''(b) PURPOSE.—The purpose of this section is to remedy the burden on and obstruction to commerce in livestock described in paragraph (1) and protect the public interest.

''(c) DEFINITIONS.—In this section:

''(1) CASH SALE.—The term 'cash sale' means a sale in which the seller does not expressly extend credit to the buyer.

''(2) TRUST.—The term 'trust' means 1 or more assets of a buyer that (subsequent to a cash sale of livestock) constitutes the corpus of a trust held for the benefit of a seller and consists of—

''(A) account receivables and proceeds earned from the cash sale of livestock by a dealer;

''(B) account receivables and proceeds of a marketing agency earned on commission from the cash sale of livestock;

''(C) the inventory of the dealer or marketing agency; or

''(D) livestock involved in the cash sale, if the seller has not received payment in full for the livestock and a bona fide third-party purchaser has not purchased the livestock from the dealer or marketing agency.

''(d) HOLDING IN TRUST.—

''(1) IN GENERAL.—The account receivables and proceeds generated in a cash sale made by a dealer or a market agency on commission and the inventory of the dealer or market agency shall be held by the dealer or market agency in trust for the benefit of the seller of the livestock until the seller receives payment in full for the livestock.

''(2) EXEMPTION.—Paragraph (1) does not apply in the case of a cash sale made by a dealer or market agency if the total amount of cash sales made by the dealer or market agency during the preceding 12 months does not exceed $250,000.

''(3) DISHONOR OF INSTRUMENT OF PAYMENT.—A payment in a sale described in paragraph (1) shall not be considered to be made if the instrument by which payment is made is dishonored.

''(4) LOSS OF BENEFIT OF TRUST.—If an instrument by which payment is made in a sale described in paragraph (1) is dishonored, the seller shall lose the benefit of the trust under paragraph (1) on the earlier of—

''(A) the date that is 15 business days after date on which the seller receives notice of the dishonor; or

''(B) the date that is 30 days after the final date for making payment under section 409,

unless the seller gives written notice to the dealer or market agency of the seller's intention to preserve the trust and submits a copy of the notice to the Secretary.

''(5) RIGHTS OF THIRD-PARTY PURCHASER.—The trust established under paragraph (1) shall have no effect on the rights of a bona fide third-party purchaser of the livestock, without regard to whether the livestock are delivered to the bona fide purchaser.

''(e) JURISDICTION.—The district courts of the United States shall have jurisdiction in a civil action—

''(1) by the beneficiary of a trust described in subsection (c)(1), to enforce payment of the amount held in trust; and

''(2) by the Secretary, to prevent and restrain dissipation of a trust described in subsection (c)(1).''.

SEC. 542. PLANTING OF ENERGY CROPS.

(a) FEED GRAINS.—The first sentence of section 105B(c)(1)(F)(i) of the Agricultural Act of 1949 (7 U.S.C. 1444f(c)(1)(F)(i)) is amended by inserting ''herbaceous perennial grass, short rotation woody coppice species of trees, other energy crops designated by the Secretary with high energy content,'' after ''mung beans,''.

(b) WHEAT.—The first sentence of section 107B(c)(1)(F)(i) of the Agricultural Act of 1949 (7 U.S.C. 1445b–3a(c)(1)(F)(i)) is amended by inserting ''herbaceous perennial grass, short rotation woody coppice species of trees, other energy crops designated by the Secretary with high energy content,'' after ''mung beans,''.

SEC. 543. REIMBURSABLE AGREEMENTS.

Section 737 of Public Law 102–142 (7 U.S.C. 2277) is amended—

(1) by striking ''SEC. 737. Funds'' and inserting the following:

"SEC. 737. SERVICES FOR APHIS PERFORMED OUTSIDE THE UNITED STATES.

''(a) IN GENERAL.—Funds''; and

(2) by adding at the end the following:

''(b) REIMBURSABLE AGREEMENTS.—

''(1) IN GENERAL.—The Secretary of Agriculture may enter into reimbursable fee agreements with persons for preclearance at locations outside the United States of plants, plant products, animals, and articles for movement to the United States.

''(2) OVERTIME, NIGHT, AND HOLIDAY WORK.—Notwithstanding any other law, the Secretary of Agriculture may pay an employee of the Department of Agriculture preforming services relating to imports into and exports from the United States for overtime, night, and holiday work performed by the employee at a rate of pay established by the Secretary.

''(3) REIMBURSEMENT.—

''(A) IN GENERAL.—The Secretary of Agriculture may require persons for whom preclearance services are performed to reimburse the Secretary for any amounts paid by the Secretary for performance of the services.

''(B) CREDITING OF FUNDS.—All funds collected under subparagraph (A) shall be credited to the account that incurs the costs and shall remain available until expended without fiscal year limitation.

''(C) LATE PAYMENT PENALTY.—

''(i) IN GENERAL.—On failure of a person to reimburse the Secretary of Agriculture for the costs of performance of preclearance services—

''(I) the Secretary may assess a late payment penalty; and

''(II) the overdue funds shall accrue interest in accordance with section 3717 of title 31, United States Code.

''(ii) CREDITING OF FUNDS.—Any late payment penalty and any accrued interest collected under this subparagraph shall be credited to the account that incurs the costs and shall remain available until expended without fiscal year limitation.''.

SEC. 544. SWINE HEALTH PROTECTION.

(a) TERMINATION OF STATE PRIMARY ENFORCEMENT RESPONSIBILITY.—Section 10 of the Swine Health Protection Act (7 U.S.C. 3809) is amended—

(1) by redesignating subsection (c) as subsection (d); and

(2) by inserting after subsection (b) the following:

''(c) REQUEST OF STATE OFFICIAL.—

''(1) IN GENERAL.—On request of the Governor or other appropriate official of a State, the Secretary may terminate, effective as soon as the Secretary determines is practicable, the primary enforcement responsibility of a State under subsection (a). In terminating the primary enforcement responsibility under this subsection, the Secretary shall work with the appropriate State official to determine the level of support to be provided to the Secretary by the State under this Act.

''(2) REASSUMPTION.—Nothing in this subsection shall prevent a State from reassuming primary enforcement responsibility if the Secretary determines that the State meets the requirements of subsection (a).''.

(b) ADVISORY COMMITTEE.—The Swine Health Protection Act is amended—

(1) by striking section 11 (7 U.S.C. 3810); and

(2) by redesignating sections 12, 13, and 14 (7 U.S.C. 3811, 3812, and 3813) as sections 11, 12, and 13, respectively.

SEC. 545. COOPERATIVE WORK FOR PROTECTION, MANAGEMENT, AND IMPROVEMENT OF NATIONAL FOREST SYSTEM.

The penultimate paragraph of the matter under the heading ''FOREST SERVICE.'' of the first section of the Act of June 30, 1914 (38 Stat. 430, chapter 131; 16 U.S.C. 498), is amended—

(1) by inserting '', management,'' after ''the protection'';

(2) by striking ''national forests,'' and inserting ''National Forest System,'';

(3) by inserting ''management,'' after ''protection,'' both places it appears; and

(4) by adding at the end the following new sentences: ''Payment for work undertaken pursuant to this paragraph may be made from any appropriation of the Forest Service that is available for similar work if a written agreement so provides and reimbursement will be provided by a cooperator in the same fiscal year as the expenditure by the Forest Service. A reimbursement received from a cooperator that covers the proportionate share of the cooperator of the cost of the work shall be deposited to the credit of the appropriation of the Forest Service from which the payment was initially made or, if the appropriation is no longer available to the credit of an appropriation of the Forest Service that is available for similar work. The Secretary of Agriculture shall establish written rules that establish criteria to be used to determine whether the acceptance of contributions of money under this paragraph would adversely affect the ability of an officer or employee of the United States Department of Agriculture to carry out a duty or program of the officer or employee in a fair and objective manner or would compromise, or appear to compromise, the integrity of the program, officer, or employee. The Secretary of Agriculture shall establish written

rules that protect the interests of the Forest Service in cooperative work agreements.''.

SEC. 546. AMENDMENT OF THE VIRUS-SERUM TOXIN ACT OF 1913.

The Act of March 4, 1913 (37 Stat. 828, chapter 145), is amended in the eighth paragraph under the heading ''BUREAU OF ANIMAL INDUSTRY'', commonly known as the ''Virus-Serum Toxin Act of 1913'', by striking the 10th sentence (21 U.S.C. 158) and inserting ''A person, firm, or corporation that knowingly violates any of the provisions of this paragraph or regulations issued under this paragraph, or knowingly forges, counterfeits, or, without authorization by the Secretary of Agriculture, uses, alters, defaces, or destroys any certificate, permit, license, or other document provided for in this paragraph, may, for each violation, after written notice and opportunity for a hearing on the record, be assessed a civil penalty by the Secretary of Agriculture of not more than $5,000, or shall, on conviction, be assessed a criminal penalty of not more than $10,000, imprisoned not more than 1 year, or both. In the course of an investigation of a suspected violation of this paragraph, the Secretary of Agriculture may issue subpoenas requiring the attendance and testimony of witnesses and the production of evidence that relates to the matter under investigation. In determining the amount of a civil penalty, the Secretary of Agriculture shall take into account the nature, circumstances, extent, and gravity of the violation, the ability of the violator to pay the penalty, the effect that the assessment would have on the ability of the violator to continue to do business, any history of such violations by the violator, the degree of culpability of the violator, and such other matters as justice may require. An order assessing a civil penalty shall be treated as a final order reviewable under chapter 158 of title 28, United State's Code. The Secretary of Agriculture may compromise, modify, or remit a civil penalty with or without conditions. The amount of a civil penalty that is paid (including any amount agreed on in compromise) may be deducted from any sums owing by the United States to the violator. The total amount of civil penalties assessed against a violator shall not exceed $300,000 for all such violations adjudicated in a single proceeding. The validity of an order assessing a civil penalty shall not be subject to review in an action to collect the civil penalty. The unpaid amount of a civil penalty not paid in full when due shall accrue interest at the rate of interest applicable to civil judgments of the courts of the United States.''.

SEC. 547. OVERSEAS TORT CLAIMS.

Title VII of Public Law 102–142 (105 Stat. 911) is amended by inserting after section 737 (7 U.S.C. 2277) the following:

''SEC. 737A. OVERSEAS TORT CLAIMS.

''The Secretary of Agriculture may pay a tort claim in the manner authorized in section 2672 of title 28, United States Code, if the claim arises outside the United States in connection with activities of individuals who are performing services for the Secretary. A claim may not be allowed under this section unless the claim is presented in writing to the Secretary within 2 years after the date on which the claim accrues.''.

SEC. 548. GRADUATE SCHOOL OF THE UNITED STATES DEPARTMENT OF AGRICULTURE.

(a) PURPOSE.—The purpose of this section is to authorize the continued operation of the Graduate School as a nonappropriated fund instrumentality of the Department of Agriculture.

(b) DEFINITIONS.—In this section:

(1) BOARD.—The term ''Board'' means the General Administration Board of the Graduate School.

(2) DEPARTMENT.—The term ''Department'' means the Department of Agriculture.

(3) DIRECTOR.—The term ''Director'' means the Director of the Graduate School.

(4) GRADUATE SCHOOL.—The term ''Graduate School'' means the Graduate School of the United States Department of Agriculture.

(5) SECRETARY.—The term ''Secretary'' means the Secretary of Agriculture.

(c) FUNCTIONS AND AUTHORITY.—

(1) IN GENERAL.—The Graduate School shall continue as a nonappropriated fund instrumentality of the Department under the general supervision of the Secretary.

(2) ACTIVITIES.—The Graduate School shall develop and administer education, training, and professional development activities, including the provision of educational activities for Federal agencies, Federal employees, nonprofit organizations, other entities, and members of the general public.

(3) FEES.—

(A) IN GENERAL.—The Graduate School may charge and retain fair and reasonable fees for the activities that it provides based on the cost of the activities to the Graduate School.

(B) NOT FEDERAL FUNDS.—Fees under subparagraph (A) shall not be considered to be Federal funds and shall not required to be deposited in the Treasury of the United States.

(4) NAME.—The Graduate School shall operate under the name ''United States Department of Agriculture Graduate School'' or such other name as the Graduate School may adopt.

(d) GENERAL ADMINISTRATION BOARD.—

(1) APPOINTMENT.—The Secretary shall appoint a General Administration Board to serve as a governing board subject to regulation by the Secretary.

(2) SUPERVISION.—The Graduate School shall be subject to the supervision and direction of the Board.

(3) DUTIES.—The Board shall—

(A) formulate broad policies in accordance with which the Graduate School shall be administered;

(B) take all steps necessary to see that the highest possible educational standards are maintained;

(C) exercise general supervision over the administration of the Graduate School; and

(D) establish such bylaws, rules, and procedures as may be necessary for the fulfillment of the duties described in subparagraph (A), (B), and (C).

(4) DIRECTOR AND OTHER OFFICERS.—The Board shall select the Director and such other officers as the Board may consider necessary, who shall serve on such terms and perform such duties as the Board may prescribe.

(5) BORROWING.—The Board may authorize the Director to borrow money on the credit of the Graduate School.

(e) DIRECTOR OF THE GRADUATE SCHOOL.—

(1) DUTIES.—The Director shall be responsible, subject to the supervision and direction of the Board, for carrying out the functions of the Graduate School.

(2) INVESTMENT OF FUNDS.—The Board may authorize the Director to invest funds held in excess of the current operating requirements of the Graduate School for purposes of maintaining a reasonable reserve.

(f) LIABILITY.—The Director and the members of the Board shall not be held personally liable for any loss or damage that may accrue to the funds of the Graduate School as the result of any act or exercise of discretion performed in carrying out the duties described in this section.

(g) EMPLOYEES.—Employees of the Graduate School are employees of a nonappropriated fund instrumentality and shall not be considered to be Federal employees.

(h) NOT A FEDERAL AGENCY.—The Graduate School shall not be considered to be a Federal Agency for purposes of—

(1) chapter 171 of title 28, United States Code;

(2) section 552 or 552a of title 28, United States Code; or

(3) the Federal Advisory Committee Act (5 U.S.C. App.).

(i) ACCEPTANCE OF DONATIONS.—The Graduate School shall not accept a donation from a person that is actively engaged in a procurement activity with the Graduate School or has an interest that may be substantially affected by the performance or nonperformance of an official duty of a member of the Board or an employee of the Graduate School.

(j) ADMINISTRATIVE PROVISIONS.—In order to carry out the functions of the Graduate School, the Graduate School may—

(1) accept, use, hold, dispose, and administer gifts, bequests, or devises of money, securities, and other real or personal property made for the benefit of, or in connection with, the Graduate School;

(2) notwithstanding any other law—

(A) acquire real property in the District of Columbia and in other places by lease, purchase, or otherwise;

(B) maintain, enlarge, or remodel any such property; and

(C) have sole control of any such property;

(3) enter into contracts without regard to the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471) or any other law that prescribes procedures for the procurement of property or services by an executive agency;

(4) dispose of real and personal property without regard to the requirements of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471); and

(5) use the facilities and resources of the Department, on the condition that any costs incurred by the Department that are attributable solely to Graduate School operations and all costs incurred by the Graduate School arising out of such operations shall be borne by the fees paid by or on behalf of students or by other means and not with Federal funds.

SEC. 549. STUDENT INTERN SUBSISTENCE PROGRAM.

(a) DEFINITION.—In this section, the term ''student intern'' means a person who—

(1) is employed by the Department of Agriculture to assist scientific, professional, administrative, or technical employees of the Department; and

(2) is a student in good standing at an accredited college or university pursuing a course of study related to the field in which the person is employed by the Department.

(b) PAYMENT OF CERTAIN EXPENSES BY THE SECRETARY.—The Secretary of Agriculture may, out of user fee funds or funds appropriated to any agency, pay for lodging expenses, subsistence expenses, and transportation expenses of a student intern (including expenses of transportation to and from the student intern's residence at or near the college or university attended by the student intern and the official duty station at which the student intern is employed).

SEC. 550. CONVEYANCE OF LAND TO WHITE OAK CEMETERY.

(a) IN GENERAL.—

(1) RELEASE OF INTEREST.—After execution of the agreement described in subsection (b), the Secretary of Agriculture shall release the condition stated in the deed on the land described in subsection (c) that the land be used for public purposes, and that if the land is not so used, that the land revert the United States, on the condition that the land be

used exclusively for cemetery purposes, and that if the land is not so used, that the land revert the United States.

(2) BANKHEAD-JONES ACT.—Section 32(c) of the Bankhead-Jones Farm Tenant Act (7 U.S.C. 1011(c)) shall not apply to the release under paragraph (1).

(b) AGREEMENT.—The Secretary of Agriculture shall make the release under in subsection (a) on execution by the Board of Trustees of the University of Arkansas, in consideration of the release, of an agreement, satisfactory to the Secretary of Agriculture, that—

(1) the Board of Trustees will not sell, lease, exchange, or otherwise dispose of the land described in subsection (c) except to the White Oak Cemetery Association of Washington County, Arkansas, or a successor organization, for exclusive use for an expansion of the cemetery maintained by the Association; and

(2) the proceeds of such a disposition of the land will be deposited and held in an account open to inspection by the Secretary of Agriculture, and used, if withdrawn from the account, for public purposes.

(c) LAND DESCRIPTION.—The land described in this subsection is the land conveyed to the Board of Trustees of the University of Arkansas, with certain other land, by deed dated November 18, 1953, comprising approximately 2.2 acres located within property of the University of Arkansas in Washington, County, Arkansas, commonly known as the ''Savor property'' and described as follows:

The part of Section 20, Township 17 north, range 31 west, beginning at the north corner of the White Oak Cemetery and the University of Arkansas Agricultural Experiment Station farm at Washington County road #874, running west approximately 330 feet, thence south approximately 135 feet, thence southeast approximately 384 feet, thence north approximately 330 feet to the point of beginning.

SEC. 551. ADVISORY BOARD ON AGRICULTURAL AIR QUALITY.

(a) FINDINGS.—Congress finds that—

(1) various studies have identified agriculture as a major atmospheric polluter;

(2) Federal research activities are underway to determine the extent of the pollution problem and the extent of the role of agriculture in the problem; and

(3) any Federal policy decisions that may result, and any Federal regulations that may be imposed on the agricultural sector, should be based on sound scientific findings;

(b) PURPOSE.—The purpose of this section is to establish an advisory board to assist and provide the Secretary of Agriculture with information, analyses, and policy recommendations for determining matters of fact and technical merit and addressing scientific questions dealing with particulate matter less than 10 microns that become lodged in human lungs (known as ''PM10'') and other airborne particulate matter or gases that affect agricultural production yields and the economy.

(c) ESTABLISHMENT.—

(1) IN GENERAL.—The Secretary of Agriculture may establish a board to be known as the ''Advisory Board on Agricultural Air Quality'' (referred to in this section as the ''Board'') to advise the Secretary, through the Chief of the Natural Resources Conservation Service, with respect to carrying out this act and obligations agriculture incurred under the Clean Air Act (42 U.S.C. 7401 et seq.) and the Act entitled 'An Act to amend the Clean Air Act to provide for attainment and maintenance of health protective national ambient air quality standards, and for other purposes', approved November 15, 1990 (commonly known as the 'Clean Air Act Amendments of 1990') (42 U.S.C. 7401 et seq.).

(2) OVERSIGHT COORDINATION.—The Secretary of Agriculture shall provide oversight and coordination with respect to other Federal departments and agencies to ensure intergovernmental cooperation in research activities and to avoid duplication of Federal efforts.

(d) COMPOSITION.—

(1) IN GENERAL.—The Board shall be composed of at least 17 members appointed by the Secretary in consultation with the Administrator of the Environmental Protection Agency.

(2) REGIONAL REPRESENTATION.—The membership of the Board shall be 2 persons from each of the 6 regions of the Natural Resources Conservation Service, of whom 1 from each region shall be an agricultural producer.

(3) ATMOSPHERIC SCIENTIST.—At least 1 member of the Board shall be an atmospheric scientist.

(e) CHAIRPERSON.—The Chief of the Natural Resources Conservation Service shall—

(1) serve as chairman of the Board; and

(2) provide technical support to the Board.

(f) TERM.—Each member of the Board shall be appointed for a 3-year term, except that the Secretary of Agriculture shall appoint 4 of the initial members for a term of 1 year and 4 for a term of 2 years.

(g) MEETINGS.—The Board shall meet not less than twice annually.

(h) COMPENSATION.—Members of the Board shall serve without compensation, but while away from their homes or regular place of business in performance of services for the Board, members of the Board shall be allowed travel expenses, including a per diem allowance in lieu of subsistence, in the same manner as persons employed in Government service are allowed travel expenses under section 5703 of title 5, United States Code.

(i) FUNDING.—The Board shall be funded using appropriations for conservation operations.

SEC. 552. WATER SYSTEMS FOR RURAL AND NATIVE VILLAGES IN ALASKA.

The Consolidated Farm and Rural Development Act is amended by inserting after section 306C (7 U.S.C. 1926c) the following:

''SEC. 306D. WATER SYSTEMS FOR RURAL AND NATIVE VILLAGES IN ALASKA.

''(a) IN GENERAL.—The Secretary may make grants to the State of Alaska for the benefit of rural or Native villages in Alaska to provide for the development and construction of water and wastewater systems to improve the health and sanitation conditions in those villages.

''(b) MATCHING FUNDS.—To be eligible to receive a grant under subsection (a), the State of Alaska shall provide equal matching funds from non-Federal sources.

''(c) CONSULTATION WITH THE STATE OF ALASKA.—The Secretary shall consult with the State of Alaska on a method of prioritizing the allocation of grants under subsection (a) according to the needs of, and relative health and sanitation conditions in, each village.

''(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $15,000,000 for each of fiscal years 1996 through 2002.''.

SEC. 553. ELIGIBILITY FOR GRANTS TO BROADCASTING SYSTEMS.

Section 310B(j) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(j)) is amended by striking ''SYSTEMS.—The'' and inserting the following: ''SYSTEMS.—

''(1) DEFINITION OF STATEWIDE.—In this subsection, the term 'statewide' means having a coverage area of not less than 90 percent of the population of a State and 90 percent of the rural land area of the State (as determined by the Secretary).

''(2) GRANTS.—The''.

SEC. 554. WILDLIFE HABITAT INCENTIVES PROGRAM.

(a) IN GENERAL.—The Secretary of Agriculture, in consultation with the State Technical Committee, shall establish a program in the Natural Resources Conservation Service to be known as the Wildlife Habitat Incentive Program.

(b) COST-SHARE PAYMENTS.—The Program shall make cost-share payments to landowners to develop upland wildlife, wetland wildlife, threatened and endangered species, fisheries, and other types of wildlife habitat approved by the Secretary.

(c) FUNDING.—To carry out this section, $10,000,000 shall be made available for each of fiscal years 1996 through 2002 from funds made available to carry out subchapter B of chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3831 et seq.).

SEC. 555. INDIAN RESERVATIONS.

(a) INDIAN RESERVATION EXTENSION AGENT PROGRAM.—

(1) REAUTHORIZATION.—The program established under section 1677 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5930) is reauthorized through fiscal year 2002.

(2) REDUCED REGULATORY BURDEN.—On a determination by the Secretary of Agriculture that a program carried out under section 1677 of the Act (7 U.S.C. 5930) has been satisfactorily administered for not less than 2 years, the Secretary shall implement a reduced re-application process for the continued operation of the program in order to reduce regulatory burdens on participating university and tribal entities.

(b) MEMORANDUM OF AGREEMENT.—

(1) IN GENERAL.—Not later than January 6, 1997, the Secretary shall develop and implement a formal Memorandum of Agreement with the 29 tribally controlled colleges eligible under Federal law to receive funds from the Secretary of Agriculture as partial land grant institutions.

(2) EQUITABLE PARTICIPATION.—The Memorandum shall establish programs to ensure that tribally-controlled colleges and Native American communities equitably participate in Department of Agriculture employment programs, services, and resources.

SEC. 556. ICD REIMBURSEMENT FOR OVERHEAD EXPENSES.

Section 1542(d)(1)(D) of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624;7 U.S.C. 5622 note) is amended by adding at the end the following: ''Notwithstanding any other provision of law, the assistance shall include assistance for administrative and overhead expenses, to the extent that the expenses were incurred pursuant to reimbursable agreements entered into prior to September 30, 1993, the expenses do not exceed $2,000,000 per year, and the expenses were not incurred to provide information to technology systems.''.

TITLE VI—CREDIT

Subtitle A—Agricultural Credit

CHAPTER 1—FARM OWNERSHIP LOANS

SEC. 601. LIMITATION ON DIRECT FARM OWNERSHIP LOANS.

Section 302 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922) is amended by striking subsection (b) and inserting the following:

''(b) DIRECT LOANS.—

''(1) IN GENERAL.—Subject to paragraph (3), the Secretary may only make a direct loan under this subtitle to a farmer or rancher who has operated a farm or ranch for not less than 3 years and—

''(A) is a qualified beginning farmer or rancher;

''(B) has not received a previous direct farm ownership loan made under this subtitle; or

''(C) has not received a direct farm ownership loan under this subtitle more than 10 years before the date the new loan would be made.

''(2) YOUTH LOANS.—The operation of an enterprise by a youth under section 311(b) shall not be considered the operation of a farm or ranch for purposes of paragraph (1).

''(3) TRANSITION RULE.—

''(A) IN GENERAL.—Subject to subparagraphs (B) and (C), paragraph (1) shall not apply to a farmer or rancher who has a direct loan outstanding under this subtitle on the date of enactment of this paragraph.

''(B) LESS THAN 5 YEARS.—If, as of the date of enactment of this paragraph, a farmer or rancher has had a direct loan outstanding under this subtitle for less than 5 years, the Secretary shall not make another loan to the farmer or rancher under this subtitle after the date that is 10 years after the date of enactment of this paragraph.

''(C) 5 YEARS OR MORE.—If, as of the date of enactment of this paragraph, a farmer or rancher has had a direct loan outstanding under this subtitle for 5 years or more, the Secretary shall not make another loan to the farmer or rancher under this subtitle after the date that is 5 years after the date of enactment of this paragraph.''.

SEC. 602. PURPOSES OF LOANS.

Section 303 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1923) is amended to read as follows:

''SEC. 303. PURPOSES OF LOANS.

''(a) ALLOWED PURPOSES.—

''(1) DIRECT LOANS.—A farmer or rancher may use a direct loan made under this subtitle only for—

''(A) acquiring or enlarging a farm or ranch;

''(B) making capital improvements to a farm or ranch;

''(C) paying loan closing costs related to acquiring, enlarging, or improving a farm or ranch; or

''(D) paying for activities to promote soil and water conservation and protection under section 304 on the farm or ranch.

''(2) GUARANTEED LOANS.—A farmer or rancher may use a loan guaranteed under this subtitle only for—

''(A) acquiring or enlarging a farm or ranch;

''(B) making capital improvements to a farm or ranch;

''(C) paying loan closing costs related to acquiring, enlarging, or improving a farm or ranch;

''(D) paying for activities to promote soil and water conservation and protection under section 304 on the farm or ranch; or

''(E) refinancing indebtedness.

''(b) PREFERENCES.—In making or guaranteeing a loan for farm or ranch purchase, the Secretary shall give a preference to a person who—

''(1) has a dependent family;

''(2) to the extent practicable, is able to make an initial down payment; or

''(3) is an owner of livestock or farm or ranch equipment that is necessary to successfully carry out farming or ranching operations.

''(c) HAZARD INSURANCE REQUIREMENT.—

''(1) IN GENERAL.—The Secretary may not make a loan to a farmer or rancher under this subtitle unless the farmer or rancher has, or agrees to obtain, hazard insurance on any real property to be acquired or improved with the loan.

''(2) DETERMINATION.—Not later than 180 days after the date of enactment of this subsection, the Secretary shall determine the appropriate level of insurance to be required under paragraph (1).

''(3) TRANSITIONAL PROVISION.—Paragraph (1) shall not apply until the Secretary makes the determination required under paragraph (2).''.

SEC. 603. SOIL AND WATER CONSERVATION AND PROTECTION.

Section 304 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1924) is amended—

(1) by striking subsections (b) and (c);

(2) by striking ''SEC. 304. (a)(1) Loans'' and inserting the following:

''SEC. 304. SOIL AND WATER CONSERVATION AND PROTECTION.

''(a) IN GENERAL.—Loans'';

(3) by striking ''(2) In making or insuring'' and inserting the following:

''(b) PRIORITY.—In making or guaranteeing'';

(4) by striking ''(3) The Secretary'' and inserting the following:

''(c) LOAN MAXIMUM.—The Secretary'';

(5) by redesignating subparagraphs (A) through (F) of subsection (a) (as amended by paragraph (2)) as paragraphs (1) through (6), respectively; and

(6) by redesignating subparagraphs (A) and (B) of subsection (c) (as amended by paragraph (4)) as paragraphs (1) and (2), respectively.

SEC. 604. INTEREST RATE REQUIREMENTS.

Section 307(a)(3) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1927(a)(3)) is amended—

(1) in subparagraph (B), by inserting ''subparagraph (D) and in'' after ''Except as provided in''; and

(2) by adding at the end the following:

''(D) JOINT FINANCING ARRANGEMENT.—If a direct farm ownership loan is made under this subtitle as part of a joint financing arrangement and the amount of the direct farm ownership loan does not exceed 50 percent of the total principal amount financed under the arrangement, the interest rate on the direct farm ownership loan shall be 4 percent annually.''.

SEC. 605. INSURANCE OF LOANS.

Section 308 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1928) is amended to read as follows:

''SEC. 308. FULL FAITH AND CREDIT.

''(a) IN GENERAL.—A contract of insurance or guarantee executed by the Secretary under this title shall be an obligation supported by the full faith and credit of the United States.

''(b) CONTESTABILITY.—A contract of insurance or guarantee executed by the Secretary under this title shall be incontestable except for fraud or misrepresentation that the lender or any holder—

''(1) has actual knowledge of at the time the contract or guarantee is executed; or

''(2) participates in or condones.''.

SEC. 606. LOANS GUARANTEED.

Section 309(h) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1929(h)) is amended by adding at the end the following:

''(4) MAXIMUM GUARANTEE OF 90 PERCENT.—Except as provided in paragraph (5), a loan guarantee under this title shall be for not more than 90 percent of the principal and interest due on the loan.

''(5) REFINANCED LOANS GUARANTEED AT 95 PERCENT.—The Secretary shall guarantee 95 percent of—

''(A) in the case of a loan that solely refinances a direct loan made under this title, the principal and interest due on the loan on the date of the refinancing; or

''(B) in the case of a loan that is used for multiple purposes, the portion of the loan that refinances the principal and interest due on a direct loan made under this title that is outstanding on the date the loan is guaranteed.

''(6) BEGINNING FARMER LOANS GUARANTEED UP TO 95 PERCENT.—The Secretary may guarantee up to 95 percent of—

''(A) a farm ownership loan for acquiring a farm or ranch to a borrower who is participating in the down payment loan program under section 310E; or

''(B) an operating loan to a borrower who is participating in the down payment loan program under section 310E that is made during the period that the borrower has a direct loan for acquiring a farm or ranch.''.

CHAPTER 2—OPERATING LOANS

SEC. 611. LIMITATION ON DIRECT OPERATING LOANS.

(a) IN GENERAL.—Section 311 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1941) is amended by striking subsection (c) and inserting the following:

''(c) DIRECT LOANS.—

''(1) IN GENERAL.—Subject to paragraph (3), the Secretary may only make a direct loan under this subtitle to a farmer or rancher who—

''(A) is a qualified beginning farmer or rancher who has not operated a farm or ranch, or who has operated a farm or ranch for not more than 5 years;

''(B) has not had a previous direct operating loan under this subtitle; or

''(C) has not had a previous direct operating loan under this subtitle for more than 7 years.

''(2) YOUTH LOANS.—In this subsection, the term 'direct operating loan' shall not include a loan made to a youth under subsection (b).

''(3) TRANSITION RULE.—If, as of the date of enactment of this paragraph, a farmer or rancher has received a direct operating loan under this subtitle during each of 4 or more previous years, the borrower shall be eligible to receive a direct operating loan under this subtitle during 3 additional years after the date of enactment of this paragraph.''.

(b) YOUTH ENTERPRISES NOT FARMING OR RANCHING.—Section 311(b) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1941(b)) is amended by adding at the end the following:

''(4) YOUTH ENTERPRISES NOT FARMING OR RANCHING.—The operation of an enterprise by a youth under this subsection shall not be considered the operation of a farm or ranch under this title.''.

SEC. 612. PURPOSES OF OPERATING LOANS.

Section 312 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1942) is amended to read as follows:

''SEC. 312. PURPOSES OF LOANS.

''(a) IN GENERAL.—A direct loan may be made under this subtitle only for—

''(1) paying the costs incident to reorganizing a farming or ranching system for more profitable operation;

''(2) purchasing livestock, poultry, or farm or ranch equipment;

''(3) purchasing feed, seed, fertilizer, insecticide, or farm or ranch supplies, or to meet other essential farm or ranch operating expenses, including cash rent;

''(4) financing land or water development, use, or conservation;

''(5) paying loan closing costs;

''(6) assisting a farmer or rancher in effecting an addition to, or alteration of, the equipment, facilities, or methods of operation of a farm or ranch to comply with a standard promulgated under section 6 of the Occupational Safety and Health Act of 1970 (29 U.S.C. 655) or a standard adopted by a State under a plan approved under section 18 of the Act (29 U.S.C. 667), if the Secretary determines that without assistance under this

paragraph the farmer or rancher is likely to suffer substantial economic injury due to compliance with the standard;

''(7) training a limited-resource borrower receiving a loan under section 310D in maintaining records of farming and ranching operations;

''(8) training a borrower under section 359;

''(9) refinancing the indebtedness of a borrower if the borrower—

''(A) has refinanced a loan under this subtitle not more than 4 times previously; and

''(B)(i) is a direct loan borrower under this title at the time of the refinancing and has suffered a qualifying loss because of a natural disaster declared by the Secretary under this title or a major disaster or emergency designated by the President under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.); or

''(ii) is refinancing a debt obtained from a creditor other than the Secretary; or

''(10) providing other farm, ranch, or home needs, including family subsistence.

''(b) GUARANTEED LOANS.—A loan may be guaranteed under this subtitle only for—

''(1) paying the costs incident to reorganizing a farming or ranching system for more profitable operation;

''(2) purchasing livestock, poultry, or farm or ranch equipment;

''(3) purchasing feed, seed, fertilizer, insecticide, or farm or ranch supplies, or to meet other essential farm or ranch operating expenses, including cash rent;

''(4) financing land or water development, use, or conservation;

''(5) refinancing indebtedness;

''(6) paying loan closing costs;

''(7) assisting a farmer or rancher in effecting an addition to, or alteration of, the equipment, facilities, or methods of operation of a farm or ranch to comply with a standard promulgated under section 6 of the Occupational Safety and Health Act of 1970 (29 U.S.C. 655) or a standard adopted by a State under a plan approved under section 18 of the Act (29 U.S.C. 667), if the Secretary determines that without assistance under this paragraph the farmer or rancher is likely to suffer substantial economic injury due to compliance with the standard;

''(8) training a borrower under section 359; or

''(9) providing other farm, ranch, or home needs, including family subsistence.

''(c) HAZARD INSURANCE REQUIREMENT.—

''(1) IN GENERAL.—The Secretary may not make a loan to a farmer or rancher under this subtitle unless the farmer or rancher has, or agrees to obtain, hazard insurance on any property to be acquired with the loan.

''(2) DETERMINATION.—Not later than 180 days after the date of enactment of this paragraph, the Secretary shall determine the appropriate level of insurance to be required under paragraph (1).

''(3) TRANSITIONAL PROVISION.—Paragraph (1) shall not apply until the Secretary makes the determination required under paragraph (2).

''(d) PRIVATE RESERVE.—

''(1) IN GENERAL.—Notwithstanding any other provision of this title, the Secretary may reserve the lesser of 10 percent or $5,000 of the amount of a direct loan made under this subtitle, to be placed in a nonsupervised bank account that may be used at the discretion of the borrower for any necessary family living need or purpose that is consistent with any farming or ranching plan agreed to by the Secretary and the borrower prior to the date of the loan.

''(2) ADJUSTMENT OF RESERVE.—If a borrower exhausts the amount of funds reserved under paragraph (1), the Secretary may—

''(A) review and adjust the farm or ranch plan referred to in paragraph (1) with the borrower and reschedule the loan;

''(B) extend additional credit;

''(C) use income proceeds to pay necessary farm, ranch, home, or other expenses; or

''(D) provide additional available loan servicing.''.

SEC. 613. PARTICIPATION IN LOANS.

Section 315 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1945) is repealed.

SEC. 614. LINE-OF-CREDIT LOANS.

Section 316 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1946) is amended by adding at the end the following:

''(c) LINE-OF-CREDIT LOANS.—

''(1) IN GENERAL.—A loan made or guaranteed by the Secretary under this subtitle may be in the form of a line-of-credit loan.

''(2) TERM.—A line-of-credit loan under paragraph (1) shall terminate not later than 5 years after the date that the loan is made or guaranteed.

''(3) ELIGIBILITY.—For purposes of determining eligibility for a farm operating loan, each year in which a farmer or rancher takes an advance or draws on a line-of-credit loan the farmer or rancher shall be considered to have received an operating loan for 1 year.''.

SEC. 615. INSURANCE OF OPERATING LOANS.

Section 317 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1947) is repealed.

SEC. 616. SPECIAL ASSISTANCE FOR BEGINNING FARMERS AND RANCHERS.

(a) IN GENERAL.—Section 318 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1948) is repealed.

(b) CONFORMING AMENDMENT.—Section 310F of the Consolidated Farm and Rural Development Act (7 U.S.C. 1936) is repealed.

SEC. 617. LIMITATION ON PERIOD FOR WHICH BORROWERS ARE ELIGIBLE FOR GUARANTEED ASSISTANCE.

Section 319 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1949) is amended by striking subsection (b) and inserting the following:

''(b) LIMITATION ON PERIOD BORROWERS ARE ELIGIBLE FOR GUARANTEED ASSISTANCE.—

''(1) GENERAL RULE.—Subject to paragraph (2), the Secretary shall not guarantee a loan under this subtitle for a borrower for any year after the 15th year that a loan is made to, or a guarantee is provided with respect to, the borrower under this subtitle.

''(2) TRANSITION RULE.—If, as of October 28, 1992, a farmer or rancher has received a direct or guaranteed operating loan under this subtitle during each of 10 or more previous years, the borrower shall be eligible to receive a guaranteed operating loan under this subtitle during 5 additional years after October 28, 1992.''.

CHAPTER 3—EMERGENCY LOANS

SEC. 621. HAZARD INSURANCE REQUIREMENT.

Section 321 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961) is amended by striking subsection (b) and inserting the following:

''(b) HAZARD INSURANCE REQUIREMENT.—

''(1) IN GENERAL.—The Secretary may not make a loan to a farmer or rancher under this subtitle to cover a property loss unless the farmer or rancher had hazard insurance that insured the property at the time of the loss.

''(2) DETERMINATION.—Not later than 180 days after the date of enactment of this paragraph, the Secretary shall determine the appropriate level of insurance to be required under paragraph (1).

''(3) TRANSITIONAL PROVISION.—Paragraph (1) shall not apply until the Secretary makes the determination required under paragraph (2).''.

SEC. 622. MAXIMUM EMERGENCY LOAN INDEBTEDNESS.

Section 324 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1964) is amended by striking ''SEC. 324. (a) No loan'' and all that follows through the end of subsection (a) and inserting the following:

''SEC. 324. TERMS OF LOANS.

''(a) MAXIMUM AMOUNT OF LOAN.—The Secretary may not make a loan under this subtitle that—

''(1) exceeds the actual loss caused by a disaster; or

''(2) would cause the total indebtedness of the borrower under this subtitle to exceed $500,000.''.

SEC. 623. INSURANCE OF EMERGENCY LOANS.

Section 328 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1968) is repealed.

CHAPTER 4—ADMINISTRATIVE PROVISIONS

SEC. 631. USE OF COLLECTION AGENCIES.

Section 331 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981) is amended by adding at the end the following:

''(d) PRIVATE COLLECTION AGENCY.—The Secretary may use a private collection agency to collect a claim or obligation described in subsection (b)(5).''.

SEC. 632. NOTICE OF LOAN SERVICE PROGRAMS.

Section 331D(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981d(a)) is amended by striking ''180 days delinquent in'' and inserting ''90 days past due on''.

SEC. 633. SALE OF PROPERTY.

Section 335 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985) is amended—

(1) in subsection (b), by striking ''subsection (e)'' and inserting ''subsections (c) and (e)'';

(2) by striking subsection (c) and inserting the following:

''(c) SALE OF PROPERTY.—

''(1) IN GENERAL.—Subject to this subsection and subsection (e)(1)(A), the Secretary shall offer to sell real property that is acquired by the Secretary under this title in the following order and method of sale:

''(A) ADVERTISEMENT.—Not later than 15 days after acquiring real property, the Secretary shall publicly advertise the property for sale.

''(B) BEGINNING FARMER OR RANCHER.—

''(i) IN GENERAL.—Not later than 75 days after acquiring real property, the Secretary shall attempt to sell the property to a qualified beginning farmer or rancher at current market value based on a current appraisal.

''(ii) RANDOM SELECTION.—If more than 1 qualified beginning farmer or rancher offers to purchase the property, the Secretary shall select between the qualified applicants on a random basis.

''(iii) APPEAL OF RANDOM SELECTION.—A random selection or denial by the Secretary of a beginning farmer or rancher for farm inventory property under this subparagraph shall be final and not administratively appealable.

''(C) PUBLIC SALE.—If no acceptable offer is received from a qualified beginning farmer or rancher under subparagraph (B) within 75 days of acquiring the real property, the Secretary shall, within 30 days, sell the property after public notice at a public sale, and, if no acceptable bid is received, by negotiated sale, at the best price obtainable.

''(2) TRANSITIONAL RULES.—

''(A) PREVIOUS LEASE.—In the case of real property acquired prior to the date of enactment of this subparagraph that the Secretary leased prior to the date of enactment of this subparagraph, the Secretary shall

offer to sell the property according to paragraph (1) not later than 60 days after the lease expires.

''(B) PREVIOUSLY IN INVENTORY.—In the case of real property acquired prior to the date of enactment of this subparagraph that the Secretary has not leased, the Secretary shall offer to sell the property according to paragraph (1) not later than 60 days after the date of enactment of this subparagraph.

''(3) INTEREST.—

''(A) IN GENERAL.—Subject to subparagraph (B), any conveyance under this subsection shall include all of the interest of the United States, including mineral rights.

''(B) CONSERVATION.—The Secretary may for conservation purposes grant or sell an easement, restriction, development right, or similar legal right to a State, a political subdivision of a State, or a private nonprofit organization separately from the underlying fee or other rights owned by the Secretary.

''(4) OTHER LAW.—This title shall not be subject to the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.).

''(5) LEASE OF PROPERTY.—

''(A) IN GENERAL.—Subject to subparagraph (B), the Secretary may not lease any real property acquired under this title.

''(B) EXCEPTION.—

''(i) BEGINNING FARMER OR RANCHER.—Notwithstanding paragraph (1), the Secretary may lease or contract to sell a farm or ranch acquired by the Secretary under this title to a beginning farmer or rancher if the beginning farmer or rancher qualifies for a credit sale or direct farm ownership loan but credit sale authority for loans or direct farm ownership funds, respectively, are not available.

''(ii) TERM.—A lease or contract to sell to a beginning farmer or rancher under clause (i) shall be until the earlier of—

''(I) the date that is 18 months after the date of the lease or sale; or

''(II) the date that direct farm ownership loan funds or credit sale authority for loans become available to the beginning farmer or rancher.

''(iii) INCOME-PRODUCING CAPABILITY.—In determining the rental rate on real property leased under this subparagraph, the Secretary shall consider the income-producing capability of the property during the term that the property is leased.

''(6) DETERMINATION BY SECRETARY.—

''(A) EXPEDITED REVIEW.—On the request of an applicant, the Secretary shall provide within 30 days of denial of the applicant's application for an expedited review by the appropriate State Director of whether the applicant is a beginning farmer or rancher for the purpose of acquiring farm inventory property.

''(B) APPEAL.—The results of a review conducted by a State Director under subparagraph (A) shall be final and not administratively appealable.

''(C) EFFECTS OF REVIEW.—

''(i) IN GENERAL.—The Secretary shall maintain statistical data on the number and results of reviews conducted under subparagraph (A) and whether the reviews adversely impact on—

''(I) selling farm inventory property to beginning farmers and ranchers; and

''(II) disposing of real property in inventory.

''(ii) NOTIFICATION.—The Secretary shall notify the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate if the Secretary determines that reviews under subparagraph (A) are adversely impacting the selling of farm inventory property to beginning farmers or ranchers or on disposing of real property in inventory.''; and

(3) in subsection (e)—

(A) in paragraph (1)—

(i) by striking subparagraphs (A) through (C);

(ii) by redesignating subparagraphs (D) through (G) as subparagraphs (A) through (D), respectively;

(iii) in subparagraph (A) (as redesignated by clause (ii))—

(I) in clause (i)—

(aa) in the matter preceding subclause (I), by striking ''(G)'' and inserting ''(D)'';

(bb) by striking subclause (I) and inserting the following:

''(I) the Secretary acquires property under this title that is located within an Indian reservation; and'';

(cc) in subclause (II), by striking '', and'' at the end and inserting a semicolon; and

(dd) by striking subclause (III); and

(II) in clause (iii), by striking ''The Secretary shall'' and all that follows through ''of subparagraph (A),'' and inserting ''Not later than 90 days after acquiring the property, the Secretary shall''; and

(iv) in subparagraph (D) (as redesignated by clause (ii))—

(I) in clause (i), by striking ''(D)'' in the matter following subclause (IV) and inserting ''(A)'';

(II) in clause (iii)(I), by striking ''subparagraphs (C)(i), (C)(ii), and (D)'' and inserting ''subparagraph (A)''; and

(III) by striking clause (v) and inserting the following:

''(v) FORECLOSURE PROCEDURES.—

''(I) NOTICE TO BORROWER.—If a borrower-owner does not voluntarily convey to the Secretary real property described in clause (i), not less than 30 days before a foreclosure sale of the property the Secretary shall provide the Indian borrower-owner with the option of—

''(aa) requiring the Secretary to assign the loan and security instruments to the Secretary of the Interior, provided the Secretary of the Interior agrees to the assignment, releasing the Secretary of Agriculture from all further responsibility for collection of any amounts with regard to the loan secured by the real property; or

''(bb) requiring the Secretary to assign the loan and security instruments to the tribe having jurisdiction over the reservation in which the real property is located, provided the tribe agrees to the assignment.

''(II) NOTICE TO TRIBE.—If a borrower-owner does not voluntarily convey to the Secretary real property described in clause (i), not less than 30 days before a foreclosure sale of the property the Secretary shall provide written notice to the Indian tribe that has jurisdiction over the reservation in which the real property is located of—

''(aa) the sale;

''(bb) the fair market value of the property; and

''(cc) the requirements of this subparagraph.

''(III) ASSUMED LOANS.—If an Indian tribe assumes a loan under subclause (I)—

''(aa) the Secretary shall not foreclose the loan because of any default that occurred prior to the date of the assumption;

''(bb) the loan shall be for the lesser of the outstanding principal and interest of the loan or the fair market value of the property; and

''(cc) the loan shall be treated as though the loan was made under Public Law 91–229 (25 U.S.C. 488 et seq.).'';

(B) by striking paragraph (3);

(C) in paragraph (4)—

(i) by striking subparagraph (B);

(ii) in subparagraph (A)—

(I) in clause (i), by striking ''(i)''; and

(II) by redesignating clause (ii) as subparagraph (B); and

(iii) in subparagraph (B) (as redesignated by clause (ii)(II)), by striking ''clause (i)'' and inserting ''subparagraph (A)'';

(D) by striking paragraph (5);

(E) by striking paragraph (6);

(F) by redesignating paragraph (4) as paragraph (3); and

(G) by redesignating paragraphs (7) through (10) as paragraphs (4) through (7), respectively.

SEC. 634. DEFINITIONS.

Section 343(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)) is amended—

(1) in paragraph (11)—

(A) in the text preceding subparagraph (A), by striking ''applicant—'' and inserting ''applicant, regardless of whether participating in a program under section 310E—''; and

(B) in subparagraph (F)—

(i) by striking ''15 percent'' and inserting ''35 percent''; and

(ii) by inserting before the semicolon at the end the following: '', except that this subparagraph shall not apply to loans under subtitle B''; and

(2) by adding at the end the following:

''(12) DEBT FORGIVENESS.—

''(A) IN GENERAL.—The term 'debt forgiveness' means reducing or terminating a farm loan made or guaranteed under this title, in a manner that results in a loss to the Secretary, through—

''(i) writing-down or writing-off a loan under section 353;

''(ii) compromising, adjusting, reducing, or charging-off a debt or claim under section 331;

''(iii) paying a loss on a guaranteed loan under section 357; or

''(iv) discharging a debt as a result of bankruptcy.

''(B) LOAN RESTRUCTURING.—The term 'debt forgiveness' does not include consolidation, rescheduling, reamortization, or deferral.''.

SEC. 635. AUTHORIZATION FOR LOANS.

Section 346 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1994) is amended—

(1) in the second sentence of subsection (a), by striking ''with or without'' and all that follows through ''administration'' and inserting the following: ''without authority for the Secretary to transfer amounts between the categories''; and

(2) by striking subsection (b) and inserting the following:

''(b) AUTHORIZATION FOR LOANS.—

''(1) IN GENERAL.—The Secretary may make or guarantee loans under subtitles A and B from the Agricultural Credit Insurance Fund established under section 309 in not more than the following amounts:

''(A) FISCAL YEAR 1996.—For fiscal year 1996, $3,085,000,000, of which—

''(i) $585,000,000 shall be for direct loans, of which—

''(I) $85,000,000 shall be for farm ownership loans under subtitle A; and

''(II) $500,000,000 shall be for operating loans under subtitle B; and

''(ii) $2,500,000,000 shall be for guaranteed loans, of which—

''(I) $600,000,000 shall be for farm ownership loans under subtitle A; and

''(II) $1,900,000,000 shall be for operating loans under subtitle B.

''(B) FISCAL YEAR 1997.—For fiscal year 1997, $3,165,000,000, of which—

''(i) $585,000,000 shall be for direct loans, of which—

''(I) $85,000,000 shall be for farm ownership loans under subtitle A; and

''(II) $500,000,000 shall be for operating loans under subtitle B; and

''(ii) $2,580,000,000 shall be for guaranteed loans, of which—

''(I) $630,000,000 shall be for farm ownership loans under subtitle A; and

''(II) $1,950,000,000 shall be for operating loans under subtitle B.

''(C) FISCAL YEAR 1998.—For fiscal year 1998, $3,245,000,000, of which—

''(i) $585,000,000 shall be for direct loans, of which—

''(I) $85,000,000 shall be for farm ownership loans under subtitle A; and

''(II) $500,000,000 shall be for operating loans under subtitle B; and

''(ii) $2,660,000,000 shall be for guaranteed loans, of which—

''(I) $660,000,000 shall be for farm ownership loans under subtitle A; and

''(II) $2,000,000,000 shall be for operating loans under subtitle B.

''(D) FISCAL YEAR 1999.—For fiscal year 1999, $3,325,000,000, of which—

''(i) $585,000,000 shall be for direct loans, of which—

''(I) $85,000,000 shall be for farm ownership loans under subtitle A; and

''(II) $500,000,000 shall be for operating loans under subtitle B; and

''(ii) $2,740,000,000 shall be for guaranteed loans, of which—

''(I) $690,000,000 shall be for farm ownership loans under subtitle A; and

''(II) $2,050,000,000 shall be for operating loans under subtitle B.

''(E) FISCAL YEAR 2000.—For fiscal year 2000, $3,435,000,000, of which—

''(i) $585,000,000 shall be for direct loans, of which—

''(I) $85,000,000 shall be for farm ownership loans under subtitle A; and

''(II) $500,000,000 shall be for operating loans under subtitle B; and

''(ii) $2,850,000,000 shall be for guaranteed loans, of which—

''(I) $750,000,000 shall be for farm ownership loans under subtitle A; and

''(II) $2,100,000,000 shall be for operating loans under subtitle B.

''(F) FISCAL YEAR 2001.—For fiscal year 2001, $3,435,000,000, of which—

''(i) $585,000,000 shall be for direct loans, of which—

''(I) $85,000,000 shall be for farm ownership loans under subtitle A; and

''(II) $500,000,000 shall be for operating loans under subtitle B; and

''(ii) $2,850,000,000 shall be for guaranteed loans, of which—

''(I) $750,000,000 shall be for farm ownership loans under subtitle A; and

''(II) $2,100,000,000 shall be for operating loans under subtitle B.

''(G) FISCAL YEAR 2002.—For fiscal year 2002, $3,435,000,000, of which—

''(i) $585,000,000 shall be for direct loans, of which—

''(I) $85,000,000 shall be for farm ownership loans under subtitle A; and

''(II) $500,000,000 shall be for operating loans under subtitle B; and

''(ii) $2,850,000,000 shall be for guaranteed loans, of which—

''(I) $750,000,000 shall be for farm ownership loans under subtitle A; and

''(II) $2,100,000,000 shall be for operating loans under subtitle B.

''(2) BEGINNING FARMERS AND RANCHERS.—

''(A) DIRECT LOANS.—

''(i) FARM OWNERSHIP LOANS.—Of the amounts made available under paragraph (1) for direct farm ownership loans, the Secretary shall reserve 70 percent of available funds for qualified beginning farmers and ranchers.

''(ii) OPERATING LOANS.—Of the amounts made available under paragraph (1) for direct operating loans, the Secretary shall reserve for qualified beginning farmers and ranchers—

''(I) for fiscal year 1996, 25 percent;

''(II) for fiscal year 1997, 25 percent;

''(III) for fiscal year 1998, 25 percent;

''(IV) for fiscal year 1999, 30 percent; and

''(V) for each of fiscal years 2000 through 2002, 35 percent.

''(iii) FUNDS RESERVED UNTIL SEPTEMBER 1.—Funds reserved for beginning farmers or ranchers under this subparagraph shall be reserved only until September 1 of each fiscal year.

''(B) GUARANTEED LOANS.—

''(i) FARM OWNERSHIP LOANS.—Of the amounts made available under paragraph (1) for guaranteed farm ownership loans, the Secretary shall reserve 25 percent for qualified beginning farmers and ranchers.

''(ii) OPERATING LOANS.—Of the amounts made available under paragraph (1) for guaranteed operating loans, the Secretary shall reserve 40 percent for qualified beginning farmers and ranchers.

''(iii) FUNDS RESERVED UNTIL APRIL 1.—Funds reserved for beginning farmers or ranchers under this subparagraph shall be reserved only until April 1 of each fiscal year.

''(C) RESERVED FUNDS FOR ALL QUALIFIED BEGINNING FARMERS AND RANCHERS.—If a qualified beginning farmer or rancher meets the eligibility criteria for receiving a direct or guaranteed loan under section 302, 310E, or 311, the Secretary shall make or guarantee the loan if sufficient funds reserved under this paragraph are available to make or guarantee the loan.

''(3) TRANSFER FOR DOWN PAYMENT LOANS.—

''(A) IN GENERAL.—Notwithstanding subsection (a), subject to subparagraph (B)—

''(i) beginning on August 1 of each fiscal year, the Secretary shall use available unsubsidized guaranteed farm operating loan funds to fund approved direct farm ownership loans to beginning farmers and ranchers under the down payment loan program established under section 310E; and

''(ii) beginning on September 1 of each fiscal year, the Secretary shall use available unsubsidized guaranteed farm operating loan funds to fund approved direct farm ownership loans to beginning farmers and ranchers.

''(B) LIMITATION.—The Secretary shall limit the transfer of funds under subparagraph (A) so that all guaranteed farm operating loans that have been approved, or will be approved, during the fiscal year shall be funded to extent of appropriated amounts.

''(4) TRANSFER FOR CREDIT SALES OF FARM INVENTORY PROPERTY.—

''(A) IN GENERAL.—Notwithstanding subsection (a), subject to subparagraphs (B) and (C), beginning on September 1 of each fiscal year, the Secretary may use available emergency disaster loan funds appropriated for the fiscal year to fund the credit sale of farm real estate in the inventory of the Secretary.

''(B) SUPPLEMENTAL APPROPRIATIONS.—The transfer authority provided under subparagraph (A) does not include any emergency disaster loan funds made available to the Secretary for any fiscal year as a result of a supplemental appropriation made by Congress.

''(C) LIMITATION.—The Secretary shall limit the transfer of funds under subparagraph (A) so that all emergency disaster loans that have been approved, or will be approved, during the fiscal year shall be funded to extent of appropriated amounts.''.

SEC. 636. LIST OF CERTIFIED LENDERS AND INVENTORY PROPERTY DEMONSTRATION PROJECT.

(a) IN GENERAL.—Section 351 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1999) is amended—

(1) in subsection (f)—

(A) by striking ''Each Farmers Home Administration county supervisor'' and inserting ''The Secretary'';

(B) by striking ''approved lenders'' and inserting ''lenders''; and

(C) by striking ''the Farmers Home Administration''; and

(2) by striking subsection (h).

(b) TECHNICAL AMENDMENTS.—

(1) Section 1320 of the Food Security Act of 1985 (Public Law 99–198; 7 U.S.C. 1999 note) is amended by striking ''Effective only'' and all that follows through ''1995, the'' and inserting ''The''.

(2) Section 351(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1999) is amended—

(A) by striking ''SEC. 351. (a) The'' and inserting the following:

''SEC. 351. INTEREST RATE REDUCTION PROGRAM.

''(a) ESTABLISHMENT OF PROGRAM.—

''(1) IN GENERAL.—The''; and

(B) by adding at the end the following:

''(2) TERMINATION OF AUTHORITY.—The authority provided by this subsection shall terminate on September 30, 2002.''.

SEC. 637. HOMESTEAD PROPERTY.

Section 352(c) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2000(c)) is amended—

(1) in paragraph (1)(A), by striking ''90'' each place it appears and inserting ''30''; and

(2) in paragraph (6), by striking ''Within 30'' and all that follows through ''title,'' and insert ''Not later than the date of acquisition of the property securing a loan made under this title (or, in the case of real property in inventory on the effective date of the Agricultural Reform and Improvement Act of 1996, not later than 5 days after the date of enactment of the Act),'' and by striking the second sentence.

SEC. 638. RESTRUCTURING.

Section 353 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2001) is amended—

(1) in subsection (c)—

(A) in paragraph (3) by striking subparagraph (C) and inserting the following:

''(C) CASH FLOW MARGIN.—

''(i) ASSUMPTION.—For the purpose of assessing under subparagraph (A) the ability of a borrower to meet debt obligations and continue farming operations, the Secretary shall assume that the borrower needs up to 110 percent of the amount indicated for payment of farm operating expenses, debt service obligations, and family living expenses.

''(ii) AVAILABLE INCOME.—If an amount up to 110 percent of the amount determined under subparagraph (A) is available, the Secretary shall consider the income of the borrower to be adequate to meet all expenses, including the debt obligations of the borrower.''; and

(B) by striking paragraph (6) and inserting the following:

''(6) TERMINATION OF LOAN OBLIGATIONS.—The obligations of a borrower to the Secretary under a loan shall terminate if—

''(A) the borrower satisfies the requirements of paragraphs (1) and (2) of subsection (b);

''(B) the value of the restructured loan is less than the recovery value; and

''(C) not later than 90 days after receipt of the notification described in paragraph (4)(B), the borrower pays (or obtains third-party financing to pay) the Secretary an amount equal to the current market value.'';

(2) by striking subsection (k); and

(3) by redesignating subsections (l) through (p) as subsections (k) through (o), respectively.

SEC. 639. TRANSFER OF INVENTORY LANDS.

Section 354 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2002) is amended—

(1) in the matter preceding paragraph (1), by striking ''The Secretary, without reimbursement,'' and inserting the following:

''(a) IN GENERAL.—Subject to subsection (b), the Secretary'';

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

''(2) that is eligible to be disposed of in accordance with section 335; and''; and

(3) by adding at the end the following:

''(b) CONDITIONS.—The Secretary may not transfer any property or interest under subsection (a) unless—

''(1) at least 2 public notices are given of the transfer;

''(2) if requested, at least 1 public meeting is held prior to the transfer; and

''(3) the Governor and at least 1 elected county official are consulted prior to the transfer.''.

SEC. 640. IMPLEMENTATION OF TARGET PARTICIPATION RATES.

Section 355 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2003) is amended by adding at the end the following:

''(f) IMPLEMENTATION CONSISTENT WITH SUPREME COURT HOLDING.—Not later than 180 days after the date of enactment of this subsection, the Secretary shall ensure that the implementation of this section is consistent with the holding of the Supreme Court in Adarand Constructors, Inc. v. Federico Pena, Secretary of Transportation, 63 U.S.L.W. 4523 (U.S. June 12, 1995).''.

SEC. 641. DELINQUENT BORROWERS AND CREDIT STUDY.

The Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) is amended by adding at the end the following:

''SEC. 372. PAYMENT OF INTEREST AS A CONDITION OF LOAN SERVICING FOR BORROWERS.

''The Secretary may not reschedule or reamortize a loan for a borrower under this title who has not requested consideration under section 331D(e) unless the borrower pays a portion, as determined by the Secretary, of the interest due on the loan.

''SEC. 373. LOAN AND LOAN SERVICING LIMITATIONS

''(a) DELINQUENT BORROWERS PROHIBITED FROM OBTAINING DIRECT OPERATING LOANS.—The Secretary may not make a direct operating loan under subtitle B to a borrower who is delinquent on any loan made or guaranteed under this title.

''(b) LOANS PROHIBITED FOR BORROWERS THAT HAVE RECEIVED DEBT FORGIVENESS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), the Secretary may not make or guarantee a loan under this title to a borrower who received debt forgiveness under this title.

''(2) EXCEPTION.—The Secretary may make a direct or guaranteed farm operating loan for paying annual farm or ranch operating expenses to a borrower who was restructured with debt write-down under section 353.

''(c) NO MORE THAT 1 DEBT FORGIVENESS FOR A BORROWER ON A DIRECT LOAN.—The Secretary may not provide debt forgiveness to a borrower on a direct loan made under this title if the borrower has received debt forgiveness on another direct loan under this title.

''SEC. 374. CREDIT STUDY.

''(a) IN GENERAL.—The Secretary of Agriculture shall perform a study and report to the Committee on Agriculture in the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry in the Senate on the demand for and availability of credit in rural areas for agriculture, rural housing, and rural development.

''(b) PURPOSE.—The purpose of the study is to ensure that Congress has current and comprehensive information to consider as Congress deliberates on the credit needs of rural America and the availability of credit to satisfy the needs of rural America.

''(c) ITEMS IN STUDY.—The study should be based on the most current available data and should include—

''(1) rural demand for credit from the Farm Credit System, the ability of the Farm Credit System to meet the demand, and the extent to which the Farm Credit System provided loans to satisfy the demand;

''(2) rural demand for credit from the nation's banking system, the ability of banks to meet the demand, and the extent to which banks provided loans to satisfy the demand;

''(3) rural demand for credit from the Secretary, the ability of the Secretary to meet the demand, and the extent to which the Secretary provided loans to satisfy the demand;

''(4) rural demand for credit from other Federal agencies, the ability of the agencies to meet the demand, and the extent to which the agencies provided loans to satisfy the demand;

''(5) what measure or measures exist to gauge the overall demand for rural credit and the extent to which rural demand for credit is satisfied, and what the measures have shown;

''(6) a comparison of the interest rates and terms charged by the Farm Credit System Farm Credit Banks, production credit associations, and banks for cooperatives with the rates and terms charged by the nation's banks for credit of comparable risk and maturity;

''(7) the advantages and disadvantages of the modernization and expansion proposals of the Farm Credit System on the Farm Credit System, the nation's banking system, rural users of credit, local rural communities, and the Federal Government, including—

''(A) any added risk to the safety and soundness of the Farm Credit System that may result from approval of a proposal; and

''(B) any positive or adverse impacts on competition between the Farm Credit System and the nation's banks in providing credit to rural users;

''(8) the nature and extent of the unsatisfied rural credit need that the Farm Credit System proposal are supposed to address and what aspects of the present Farm Credit System prevent the Farm Credit System from meeting the need;

''(9) the advantages and disadvantages of the proposal by commercial bankers to allow banks access to the Farm Credit System as a funding source on the Farm Credit System, the nation's banking system, rural users of credit, local rural communities, and the Federal Government, including—

''(A) any added risk to the safety and soundness of the Farm Credit System that may result from approval of the proposal; and

''(B) any positive or adverse impacts on competition between the Farm Credit System and the nation's banks in providing credit to rural users; and

''(10) problems that commercial banks have in obtaining capital for lending in rural areas, how access to Farm Credit System funds would improve the availability of capital in rural areas in ways that cannot be achieved in the present system, and the possible effects on the viability of the Farm Credit System of granting banks access to Farm Credit System funds.

''(d) INTERAGENCY TASK FORCE.—In completing the study, the Secretary shall use, among other things, data and information obtained by the interagency task force on rural credit.''.

CHAPTER 5—GENERAL PROVISIONS

SEC. 651. CONFORMING AMENDMENTS.

(a) Section 307(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1927(a)) is amended—

(1) in paragraph (4), by striking ''304(b), 306(a)(1), and 310B'' and inserting ''306(a)(1) and 310B''; and

(2) in paragraph (6)(B)—

(A) by striking clauses (i), (ii), and (vii);

(B) in clause (v), by adding ''and'' at the end;

(C) in clause (vi), by striking '', and'' at the end and inserting a period; and

(D) by redesignating clauses (iii) through (vi) as clauses (i) through (iv), respectively.

(b) The second sentence of section 309(g)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1929(g)(1)) is amended by striking ''section 308,''.

(c) Section 309A of the Consolidated Farm and Rural Development Act (7 U.S.C. 1929a) is amended—

(1) in the second sentence of subsection (a), by striking ''304(b), 306(a)(1), 306(a)(14), 310B, and 312(b)'' and inserting ''306(a)(1), 306(a)(14), and 310B''; and

(2) in subsection (b), by striking ''and section 308''.

(d) Section 310B(d) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(d)) is amended—

(1) by striking ''sections 304(b), 310B, and 312(b)'' each place it appears in paragraphs (2), (3), and (4) and inserting ''this section''; and

(2) in paragraph (6), by striking ''this section, section 304, or section 312'' and inserting ''this section''.

(e) The first sentence of section 310D(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1934(a)) is amended by striking ''paragraphs (1) through (5) of section 303(a), or subparagraphs (A) through (E) of section 304(a)(1)'' and inserting ''section 303(a), or paragraphs (1) through (5) of section 304(b)''.

(f) Section 311(b)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1941(b)(1)) is amended by striking ''and for the purposes specified in section 312''.

(g) Section 316(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1946(a)) is amended by striking paragraph (3).

(h) Section 343 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991) is amended—

(1) in subsection (a)(10), by striking ''recreation loan (RL) under section 304,''; and

(2) in subsection (b)—

(A) in the matter preceding paragraph (1), by striking ''351(h),''; and

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

''(4) PRESERVATION LOAN SERVICE PROGRAM.—The term ''preservation loan service program'' means homestead retention as authorized under section 352.''.

(i) The first sentence of section 344 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1992) is amended by striking ''304(b), 306(a)(1), 310B, 312(b), or 312(c)'' and inserting ''306(a)(1), 310B, or 312(c)''.

(j) Section 353(l) of the Consolidated Farm and Rural Development Act (as redesignated by section 638(3)) is further amended by striking ''and subparagraphs (A)(i) and (C)(i) of section 335(e)(1),''.

Subtitle B—Farm Credit System

CHAPTER 1—AGRICULTURAL MORTGAGE SECONDARY MARKET

SEC. 661. DEFINITION OF REAL ESTATE.

Section 8.0(1)(B)(ii) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa(1)(B)(ii)) is amended by striking ''with a purchase price'' and inserting '', excluding the land to which the dwelling is affixed, with a value''.

SEC. 662. DEFINITION OF CERTIFIED FACILITY.

Section 8.0(3) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa(3)) is amended—

(1) in subparagraph (A), by striking ''a secondary marketing agricultural loan'' and inserting ''an agricultural mortgage marketing''; and

(2) in subparagraph (B), by striking '', but only'' and all that follows through ''(9)(B)''.

SEC. 663. DUTIES OF FEDERAL AGRICULTURAL MORTGAGE CORPORATION.

Section 8.1(b) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–1(b)) is amended—

(1) in paragraph (2), by striking ''and'' at the end;

(2) in paragraph (3), by striking the period at the end and inserting ''; and''; and

(3) by adding at the end the following:

''(4) purchase qualified loans and issue securities representing interests in, or obligations backed by, the qualified loans, guaranteed for the timely repayment of principal and interest.''.

SEC. 664. POWERS OF THE CORPORATION.

Section 8.3(c) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–3(c)) is amended—

(1) by redesignating paragraphs (13) and (14) as paragraphs (14) and (15), respectively; and

(2) by inserting after paragraph (12) the following:

''(13) To purchase, hold, sell, or assign a qualified loan, to issue a guaranteed security, representing an interest in, or an obligation backed by, the qualified loan, and to perform all the functions and responsibilities of an agricultural mortgage marketing facility operating as a certified facility under this title.''.

SEC. 665. FEDERAL RESERVE BANKS AS DEPOSITARIES AND FISCAL AGENTS.

Section 8.3 of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–3) is amended—

(1) in subsection (d), by striking ''may act as depositories for, or'' and inserting ''shall act as depositories for, and''; and

(2) in subsection (e), by striking ''Secretary of the Treasury may authorize the Corporation to use'' and inserting ''Corporation shall have access to''.

SEC. 666. CERTIFICATION OF AGRICULTURAL MORTGAGE MARKETING FACILITIES.

Section 8.5 of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–5) is amended—

(1) in subsection (a)—

(A) in paragraph (1), by inserting ''(other than the Corporation)'' after ''agricultural mortgage marketing facilities''; and

(B) in paragraph (2), by inserting ''(other than the Corporation)'' after ''agricultural mortgage marketing facility''; and

(2) in subsection (e)(1), by striking ''(other than the Corporation)''.

SEC. 667. GUARANTEE OF QUALIFIED LOANS.

Section 8.6 of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–6) is amended—

(1) in subsection (a)(1)—

(A) by striking ''Corporation shall guarantee'' and inserting the following: ''Corporation—

''(A) shall guarantee'';

(B) by striking the period at the end and inserting ''; and''; and

(C) by adding at the end the following:

''(B) may issue a security, guaranteed as to the timely payment of principal and interest, that represents an interest solely in, or an obligation fully backed by, a pool consisting of qualified loans that—

''(i) meet the standards established under section 8.8; and

''(ii) have been purchased and held by the Corporation.'';

(2) in subsection (d)—

(A) by striking paragraph (4); and

(B) by redesignating paragraphs (5), (6), and (7) as paragraphs (4), (5), and (6), respectively; and

(3) in subsection (g)(2), by striking ''section 8.0(9)(B))'' and inserting ''section 8.0(9))''.

SEC. 668. MANDATORY RESERVES AND SUBORDINATED PARTICIPATION INTERESTS ELIMINATED.

(a) GUARANTEE OF QUALIFIED LOANS.—Section 8.6 of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–6) is amended by striking subsection (b).

(b) RESERVES AND SUBORDINATED PARTICIPATION INTERESTS.—Section 8.7 of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–7) is repealed.

(c) CONFORMING AMENDMENTS.—

(1) Section 8.0(9)(B)(i) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa(9)(B)(i)) is amended by striking ''8.7, 8.8,'' and inserting ''8.8''.

(2) Section 8.6(a)(2) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–6(a)(2)) is amended by striking ''subject to the provisions of subsection (b)''.

SEC. 669. STANDARDS REQUIRING DIVERSIFIED POOLS.

(a) IN GENERAL.—Section 8.6 of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–6) (as amended by section 668) is amended—

(1) by striking subsection (c); and

(2) by redesignating subsections (d) through (g) as subsections (b) through (e), respectively.

(b) CONFORMING AMENDMENTS.—

(1) Section 8.0(9)(B)(i) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa(9)(B)(i)) is amended by striking ''(f)'' and inserting ''(d)''.

(2) Section 8.13(a) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–13(a)) is amended by striking ''sections 8.6(b) and'' in each place it appears and inserting ''section''.

(3) Section 8.32(b)(1)(C) of the Farm Credit Act of 1971 (12 U.S.C. 2279bb–1(b)(1)(C)) is amended—

(A) by striking ''shall'' and inserting ''may''; and

(B) by inserting ''(as in effect before the date of the enactment of the Agricultural Reform and Improvement Act of 1996)'' before the semicolon.

(4) Section 8.6(b) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–6(b)) (as redesignated by subsection (a)(2)) is amended—

(A) by striking paragraph (4) (as redesignated by section 667(2)(B)); and

(B) by redesignating paragraphs (5) and (6) (as redesignated by section 667(2)(B)) as paragraphs (4) and (5), respectively.

SEC. 670. SMALL FARMS.

Section 8.8(e) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–8(e)) is amended by adding at the end the following: ''The Board shall promote and encourage the inclusion of qualified loans for small farms and family farmers in the agricultural mortgage secondary market.''.

SEC. 671. DEFINITION OF AN AFFILIATE.

Section 8.11(e) of the Farm Credit Act of 1971 (21 U.S.C. 2279aa–11(e)) is amended—

(1) by striking ''a certified facility or''; and

(2) by striking ''paragraphs (3) and (7), respectively, of section 8.0'' and inserting ''section 8.0(7)''.

SEC. 672. STATE USURY LAWS SUPERSEDED.

Section 8.12 of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–12) is amended by striking subsection (d) and inserting the following:

''(d) STATE USURY LAWS SUPERSEDED.—A provision of the Constitution or law of any State shall not apply to an agricultural loan made by an originator or a certified facility in accordance with this title for sale to the Corporation or to a certified facility for inclusion in a pool for which the Corporation has provided, or has committed to provide, a guarantee, if the loan, not later than 180 days after the date the loan was made, is sold to the Corporation or included in a pool for which the Corporation has provided a guarantee, if the provision—

''(1) limits the rate or amount of interest, discount points, finance charges, or other charges that may be charged, taken, received, or reserved by an agricultural lender or a certified facility; or

''(2) limits or prohibits a prepayment penalty (either fixed or declining), yield maintenance, or make-whole payment that may be charged, taken, or received by an agricultural lender or a certified facility in connection with the full or partial payment of the principal amount due on a loan by a borrower in advance of the scheduled date for the payment under the terms of the loan, otherwise known as a prepayment of the loan principal.''.

SEC. 673. EXTENSION OF CAPITAL TRANSITION PERIOD.

Section 8.32 of the Farm Credit Act of 1971 (12 U.S.C. 2279bb–1) is amended—

(1) in the first sentence of subsection (a), by striking ''Not later than the expiration of the 2-year period beginning on December 13, 1991,'' and inserting ''Not sooner than the expiration of the 3-year period beginning on the date of enactment of the Agricultural Reform and Improvement Act of 1996,'';

(2) in the first sentence of subsection (b)(2), by striking ''5-year'' and inserting ''8-year''; and

(3) in subsection (d)—

(A) in the first sentence—

(i) by striking ''The regulations establishing'' and inserting the following:

''(1) IN GENERAL.—The regulations establishing''; and

(ii) by striking ''shall contain'' and inserting the following: ''shall—

''(A) be issued by the Director for public comment in the form of a notice of proposed rulemaking, to be first published after the expiration of the period referred to in subsection (a); and

''(B) contain''; and

(B) in the second sentence, by striking ''The regulations shall'' and inserting the following:

''(2) SPECIFICITY.—The regulations referred to in paragraph (1) shall''.

SEC. 674. MINIMUM CAPITAL LEVEL.

Section 8.33 of the Farm Credit Act of 1971 (12 U.S.C. 2279bb–2) is amended to read as follows:

''SEC. 8.33. MINIMUM CAPITAL LEVEL.

''(a) IN GENERAL.—Except as provided in subsection (b), for purposes of this subtitle, the minimum capital level for the Corporation shall be an amount of core capital equal to the sum of—

''(1) 2.75 percent of the aggregate on-balance sheet assets of the Corporation, as determined in accordance with generally accepted accounting principles; and

''(2) 0.75 percent of the aggregate off-balance sheet obligations of the Corporation, which, for the purposes of this subtitle, shall include—

''(A) the unpaid principal balance of outstanding securities that are guaranteed by the Corporation and backed by pools of qualified loans;

''(B) instruments that are issued or guaranteed by the Corporation and are substantially equivalent to instruments described in subparagraph (A); and

''(C) other off-balance sheet obligations of the Corporation.

''(b) TRANSITION PERIOD.—

''(1) IN GENERAL.—For purposes of this subtitle, the minimum capital level for the Corporation—

''(A) prior to January 1, 1997, shall be the amount of core capital equal to the sum of—

''(i) 0.45 percent of aggregate off-balance sheet obligations of the Corporation;

''(ii) 0.45 percent of designated on-balance sheet assets of the Corporation, as determined under paragraph (2); and

''(iii) 2.50 percent of on-balance sheet assets of the Corporation other than assets designated under paragraph (2);

''(B) during the 1-year period ending December 31, 1997, shall be the amount of core capital equal to the sum of—

''(i) 0.55 percent of aggregate off-balance sheet obligations of the Corporation;

''(ii) 1.20 percent of designated on-balance sheet assets of the Corporation, as determined under paragraph (2); and

''(iii) 2.55 percent of on-balance sheet assets of the Corporation other than assets designated under paragraph (2);

''(C) during the 1-year period ending December 31, 1998, shall be the amount of core capital equal to—

''(i) if the Corporation's core capital is not less than $25,000,000 on January 1, 1998, the sum of—

''(I) 0.65 percent of aggregate off-balance sheet obligations of the Corporation;

''(II) 1.95 percent of designated on-balance sheet assets of the Corporation, as determined under paragraph (2); and

''(III) 2.65 percent of on-balance sheet assets of the Corporation other than assets designated under paragraph (2); or

''(ii) if the Corporation's core capital is less than $25,000,000 on January 1, 1998, the amount determined under subsection (a); and

''(D) on and after January 1, 1999, shall be the amount determined under subsection (a).

''(2) DESIGNATED ON-BALANCE SHEET ASSETS.—For purposes of this subsection, the designated on-balance sheet assets of the Corporation shall be—

''(A) the aggregate on-balance sheet assets of the Corporation acquired under section 8.6(e); and

''(B) the aggregate amount of qualified loans purchased and held by the Corporation under section 8.3(c)(13).''.

SEC. 675. CRITICAL CAPITAL LEVEL.

Section 8.34 of the Farm Credit Act of 1971 (12 U.S.C. 2279bb–3) is amended to read as follows:

''SEC. 8.34. CRITICAL CAPITAL LEVEL.

''For purposes of this subtitle, the critical capital level for the Corporation shall be an amount of core capital equal to 50 percent of the total minimum capital amount determined under section 8.33.''.

SEC. 676. ENFORCEMENT LEVELS.

Section 8.35(e) of the Farm Credit Act of 1971 (12 U.S.C. 2279bb–4(e)) is amended by striking ''during the 30-month period beginning on the date of the enactment of this section,'' and inserting ''during the period beginning on December 13, 1991, and ending on the effective date of the risk based capital regulation issued by the Director under section 8.32,''.

SEC. 677. RECAPITALIZATION OF THE CORPORATION.

Title VIII of the Farm Credit Act of 1971 (12 U.S.C. 2279aa et seq.) is amended by adding at the end the following:

''SEC. 8.38. RECAPITALIZATION OF THE CORPORATION.

''(a) MANDATORY RECAPITALIZATION.—The Corporation shall increase the core capital of the Corporation to an amount equal to or greater than $25,000,000, not later than the earlier of—

''(1) the date that is 2 years after the date of enactment of this section; or

''(2) the date that is 180 days after the end of the first calendar quarter that the aggregate on-balance sheet assets of the Corporation, plus the outstanding principal of the off-balance sheet obligations of the Corporation, equal or exceed $2,000,000,000.

''(b) RAISING CORE CAPITAL.—In carrying out this section, the Corporation may issue stock under section 8.4 and otherwise employ any recognized and legitimate means of raising core capital in the power of the Corporation under section 8.3.

''(c) LIMITATION ON GROWTH OF TOTAL ASSETS.—During the 2-year period beginning on the date of enactment of this section, the aggregate on-balance sheet assets of the Corporation plus the outstanding principal of the off-balance sheet obligations of the Corporation may not exceed $3,000,000,000 if the core capital of the Corporation is less than $25,000,000.

''(d) ENFORCEMENT.—If the Corporation fails to carry out subsection (a) by the date required under paragraph (1) or (2) of subsection (a), the Corporation may not purchase a new qualified loan or issue or guarantee a new loan-backed security until the core capital of the Corporation is increased to an amount equal to or greater than $25,000,000.''.

SEC. 678. LIQUIDATION OF THE FEDERAL AGRICULTURAL MORTGAGE CORPORATION.

Title VIII of the Farm Credit Act of 1971 (12 U.S.C. 2279aa et seq.) (as amended by section 677) is amended by adding at the end the following:

''Subtitle C—Receivership, Conservatorship, and Liquidation of the Federal Agricultural Mortgage Corporation

''SEC. 8.41. CONSERVATORSHIP; LIQUIDATION; RECEIVERSHIP.

''(a) VOLUNTARY LIQUIDATION.—The Corporation may voluntarily liquidate only with the consent of, and in accordance with a plan of liquidation approved by, the Farm Credit Administration Board.

''(b) INVOLUNTARY LIQUIDATION.—

''(1) IN GENERAL.—The Farm Credit Administration Board may appoint a conservator or receiver for the Corporation under the circumstances specified in section 4.12(b).

''(2) APPLICATION.—In applying section 4.12(b) to the Corporation under paragraph (1)—

''(A) the Corporation shall also be considered insolvent if the Corporation is unable to pay its debts as they fall due in the ordinary course of business;

''(B) a conservator may also be appointed for the Corporation if the authority of the Corporation to purchase qualified loans or issue or guarantee loan-backed securities is suspended; and

''(C) a receiver may also be appointed for the Corporation if—

''(i)(I) the authority of the Corporation to purchase qualified loans or issue or guarantee loan-backed securities is suspended; or

''(II) the Corporation is classified under section 8.35 as within level III or IV and the alternative actions available under subtitle B are not satisfactory; and

''(ii) the Farm Credit Administration determines that the appointment of a conservator would not be appropriate.

''(3) NO EFFECT ON SUPERVISORY ACTIONS.—The grounds for appointment of a conservator for the Corporation under this subsection shall be in addition to those in section 8.37.

''(c) APPOINTMENT OF CONSERVATOR OR RECEIVER.—

''(1) QUALIFICATIONS.—Notwithstanding section 4.12(b), if a conservator or receiver is appointed for the Corporation, the conservator or receiver shall be—

''(A) the Farm Credit Administration or any other governmental entity or employee, including the Farm Credit System Insurance Corporation; or

''(B) any person that—

''(i) has no claim against, or financial interest in, the Corporation or other basis for a conflict of interest as the conservator or receiver; and

''(ii) has the financial and management expertise necessary to direct the operations and affairs of the Corporation and, if necessary, to liquidate the Corporation.

''(2) COMPENSATION.—

''(A) IN GENERAL.—A conservator or receiver for the Corporation and professional personnel (other than a Federal employee) employed to represent or assist the conservator or receiver may be compensated for activities conducted as, or for, a conservator or receiver.

''(B) LIMIT ON COMPENSATION.—Compensation may not be provided in amounts greater than the compensation paid to employees of the Federal Government for similar services, except that the Farm Credit Administration may provide for compensation at higher rates that are not in excess of rates prevailing in the private sector if the Farm Credit Administration determines that compensation at higher rates is necessary in order to recruit and retain competent personnel.

''(C) CONTRACTUAL ARRANGEMENTS.—The conservator or receiver may contract with any governmental entity, including the Farm Credit System Insurance Corporation, to make personnel, services, and facilities of the entity available to the conservator or receiver on such terms and compensation arrangements as shall be mutually agreed, and each entity may provide the same to the conservator or receiver.

''(3) EXPENSES.—A valid claim for expenses of the conservatorship or receivership (including compensation under paragraph (2)) and a valid claim with respect to a loan made under subsection (f) shall—

''(A) be paid by the conservator or receiver from funds of the Corporation before any other valid claim against the Corporation; and

''(B) may be secured by a lien, on such property of the Corporation as the conservator or receiver may determine, that shall have priority over any other lien.

''(4) LIABILITY.—If the conservator or receiver for the Corporation is not a Federal entity, or an officer or employee of the Federal Government, the conservator or receiver shall not be personally liable for damages in tort or otherwise for an act or omission performed pursuant to and in the course of the conservatorship or receivership, unless the act or omission constitutes gross negligence or any form of intentional tortious conduct or criminal conduct.

''(5) INDEMNIFICATION.—The Farm Credit Administration may allow indemnification of the conservator or receiver from the assets of the conservatorship or receivership on such terms as the Farm Credit Administration considers appropriate.

''(d) JUDICIAL REVIEW OF APPOINTMENT.—

''(1) IN GENERAL.—Notwithstanding subsection (i)(1), not later than 30 days after a conservator or receiver is appointed under subsection (b), the Corporation may bring an action in the United States District Court for the District of Columbia for an order requiring the Farm Credit Administration Board to remove the conservator or receiver. The court shall, on the merits, dismiss the action or direct the Farm Credit Administration Board to remove the conservator or receiver.

''(2) STAY OF OTHER ACTIONS.—On the commencement of an action under paragraph (1), any court having jurisdiction of any other action or enforcement proceeding authorized under this Act to which the Corporation is a party shall stay the action or proceeding during the pendency of the action for removal of the conservator or receiver.

''(e) GENERAL POWERS OF CONSERVATOR OR RECEIVER.—The conservator or receiver for the Corporation shall have such powers to conduct the conservatorship or receivership

as shall be provided pursuant to regulations adopted by the Farm Credit Administration Board. Such powers shall be comparable to the powers available to a conservator or receiver appointed pursuant to section 4.12(b).

''(f) BORROWINGS FOR WORKING CAPITAL.—

''(1) IN GENERAL.—If the conservator or receiver of the Corporation determines that it is likely that there will be insufficient funds to pay the ongoing administrative expenses of the conservatorship or receivership or that there will be insufficient liquidity to fund maturing obligations of the conservatorship or receivership, the conservator or receiver may borrow funds in such amounts, from such sources, and at such rates of interest as the conservator or receiver considers necessary or appropriate to meet the administrative expenses or liquidity needs of the conservatorship or receivership.

''(2) WORKING CAPITAL FROM FARM CREDIT BANKS.—A Farm Credit bank may loan funds to the conservator or receiver for a loan authorized under paragraph (1) or, in the event of receivership, a Farm Credit bank may purchase assets of the Corporation.

''(g) AGREEMENTS AGAINST INTERESTS OF CONSERVATOR OR RECEIVER.—No agreement that tends to diminish or defeat the right, title, or interest of the conservator or receiver for the Corporation in any asset acquired by the conservator or receiver as conservator or receiver for the Corporation shall be valid against the conservator or receiver unless the agreement—

''(1) is in writing;

''(2) is executed by the Corporation and any person claiming an adverse interest under the agreement, including the obligor, contemporaneously with the acquisition of the asset by the Corporation;

''(3) is approved by the Board or an appropriate committee of the Board, which approval shall be reflected in the minutes of the Board or committee; and

''(4) has been, continuously, from the time of the agreement's execution, an official record of the Corporation.

''(h) REPORT TO THE CONGRESS.—On a determination by the receiver for the Corporation that there are insufficient assets of the receivership to pay all valid claims against the receivership, the receiver shall submit to the Secretary of the Treasury, the Committee on Agriculture of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the financial condition of the receivership.

''(i) TERMINATION OF AUTHORITIES.—

''(1) CORPORATION.—The charter of the Corporation shall be canceled, and the authority provided to the Corporation by this title shall terminate, on such date as the Farm Credit Administration Board determines is appropriate following the placement of the Corporation in receivership, but not later than the conclusion of the receivership and discharge of the receiver.

''(2) OVERSIGHT.—The Office of Secondary Market Oversight established under section 8.11 shall be abolished, and section 8.11(a) and subtitle B shall have no force or effect, on such date as the Farm Credit Administration Board determines is appropriate following the placement of the Corporation in receivership, but not later than the conclusion of the receivership and discharge of the receiver.''.

CHAPTER 2—REGULATORY RELIEF

SEC. 681. COMPENSATION OF ASSOCIATION PERSONNEL.

Section 1.5(13) of the Farm Credit Act of 1971 (12 U.S.C. 2013(13)) is amended by striking '', and the appointment and compensation of the chief executive officer thereof,''.

SEC. 682. USE OF PRIVATE MORTGAGE INSURANCE.

(a) IN GENERAL.—Section 1.10(a)(1) of the Farm Credit Act of 1971 (12 U.S.C. 2018(a)(1)) is amended by adding at the end the following:

''(D) PRIVATE MORTGAGE INSURANCE.—A loan on which private mortgage insurance is obtained may exceed 85 percent of the appraised value of the real estate security to the extent that the loan amount in excess of such 85 percent is covered by the insurance.''.

(b) CONFORMING AMENDMENT.—Section 1.10(a)(1)(A) of the Farm Credit Act of 1971 (12 U.S.C. 2018(a)(1)(A)) is amended by striking ''paragraphs (2) and (3)'' and inserting ''subparagraphs (C) and (D)''.

SEC. 683. REMOVAL OF CERTAIN BORROWER REPORTING REQUIREMENT.

Section 1.10(a) of the Farm Credit Act of 1971 (12 U.S.C. 2018(a)) is amended by striking paragraph (5).

SEC. 684. REFORM OF REGULATORY LIMITATIONS ON DIVIDEND, MEMBER BUSINESS, AND VOTING PRACTICES OF ELIGIBLE FARMER-OWNED COOPERATIVES.

(a) IN GENERAL.—Section 3.8(a) of the Farm Credit Act of 1971 (12 U.S.C. 2129(a)) is amended by adding at the end the following: ''Any such association that has received a loan from a bank for cooperatives shall, without regard to the requirements of paragraphs (1) through (4), continue to be eligible for so long as more than 50 percent (or such higher percentage as is established by the bank board) of the voting control of the association is held by farmers, producers or harvesters of aquatic products, or eligible cooperative associations.''.

(b) CONFORMING AMENDMENT.—Section 3.8(b)(1)(D) of the Farm Credit Act of 1971 (12 U.S.C. 2129(b)(1)(D)) is amended by striking ''and (4) of subsection (a)'' and inserting ''and (4), or under the last sentence, of subsection (a)''.

SEC. 685. REMOVAL OF FEDERAL GOVERNMENT CERTIFICATION REQUIREMENT FOR CERTAIN PRIVATE SECTOR FINANCINGS.

Section 3.8(b)(1)(A) of the Farm Credit Act of 1971 (12 U.S.C. 2129(b)(1)(A)) is amended—

(1) by striking ''have been certified by the Administrator of the Rural Electrification Administration to be eligible for such'' and inserting ''are eligible under the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.) for''; and

(2) by striking ''loan guarantee, and'' and inserting ''loan guarantee from the Administration or the Bank (or a successor of the Administration or the Bank), and''.

SEC. 686. BORROWER STOCK.

Section 4.3A of the Farm Credit Act of 1971 (12 U.S.C. 2154a) is amended—

(1) by redesignating subsections (f) and (g) as subsections (g) and (h), respectively; and

(2) by inserting after subsection (e) the following:

''(f) LOANS DESIGNATED FOR SALE OR SOLD INTO THE SECONDARY MARKET.—

''(1) IN GENERAL.—Subject to paragraph (2) and notwithstanding any other provision of this section, the bylaws adopted by a bank or association under subsection (b) may provide—

''(A) in the case of a loan made on or after the date of enactment of this paragraph that is designated, at the time the loan is made, for sale into a secondary market, that no voting stock or participation certificate purchase requirement shall apply to the borrower for the loan; and

''(B) in the case of a loan made before the date of enactment of this paragraph that is sold into a secondary market, that all outstanding voting stock or participation certificates held by the borrower with respect to the loan shall, subject to subsection (d)(1), be retired.

''(2) APPLICABILITY.—Notwithstanding any other provision of this section, in the case of a loan sold to a secondary market under title VIII, paragraph (1) shall apply regardless of whether the bank or association retains a subordinated participation interest in a loan or pool of loans or contributes to a cash reserve.

''(3) EXCEPTION.—

''(A) IN GENERAL.—Subject to subparagraph (B) and notwithstanding any other provision of this section, if a loan designated for sale under paragraph (1)(A) is not sold into a secondary market during the 180-day period that begins on the date of the designation, the voting stock or participation certificate purchase requirement that would otherwise apply to the loan in the absence of a bylaw provision described in paragraph (1)(A) shall be effective.

''(B) RETIREMENT.—The bylaws adopted by a bank or association under subsection (b) may provide that if a loan described in subparagraph (A) is sold into a secondary market after the end of the 180-day period described in the subparagraph, all outstanding voting stock or participation certificates held by the borrower with respect to the loan shall, subject to subsection (d)(1), be retired.''.

SEC. 687. DISCLOSURE RELATING TO ADJUSTABLE RATE LOANS.

Section 4.13(a)(4) of the Farm Credit Act of 1971 (12 U.S.C. 2199(a)(4)) is amended by inserting before the semicolon at the end the following: '', and notice to the borrower of a change in the interest rate applicable to the loan of the borrower may be made within a reasonable time after the effective date of an increase or decrease in the interest rate''.

SEC. 688. BORROWERS' RIGHTS.

(a) DEFINITION OF LOAN.—Section 4.14A(a)(5) of the Farm Credit Act of 1971 (12 U.S.C. 2202a(a)(5)) is amended—

(1) by striking ''(5) LOAN.—The'' and inserting the following:

''(5) LOAN.—

''(A) IN GENERAL.—Subject to subparagraph (B), the''; and

(2) by adding at the end the following:

''(B) EXCLUSION FOR LOANS DESIGNATED FOR SALE INTO SECONDARY MARKET.—

''(i) IN GENERAL.—Except as provided in clause (ii), the term 'loan' does not include a loan made on or after the date of enactment of this subparagraph that is designated, at the time the loan is made, for sale into a secondary market.

''(ii) UNSOLD LOANS.—

''(I) IN GENERAL.—Except as provided in subclause (II), if a loan designated for sale under clause (i) is not sold into a secondary market during the 180-day period that begins on the date of the designation, the provisions of this section and sections 4.14, 4.14B, 4.14C, 4.14D, and 4.36 that would otherwise apply to the loan in the absence of the exclusion described in clause (i) shall become effective with respect to the loan.

''(II) LATER SALE.—If a loan described in subclause (I) is sold into a secondary market after the end of the 180-day period described in subclause (I), subclause (I) shall not apply with respect to the loan beginning on the date of the sale.''.

(b) BORROWERS' RIGHTS FOR POOLED LOANS.—The first sentence of section 8.9(b) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–9(b)) is amended by inserting ''(as defined in section 4.14A(a)(5))'' after ''application for a loan''.

SEC. 689. FORMATION OF ADMINISTRATIVE SERVICE ENTITIES.

Part E of title IV of the Farm Credit Act of 1971 is amended by inserting after section 4.28 (12 U.S.C. 2214) the following:

"SEC. 4.28A. DEFINITION OF BANK.

''In this part, the term 'bank' includes each association operating under title II.''.

SEC. 690. JOINT MANAGEMENT AGREEMENTS.

The first sentence of section 5.17(a)(2)(A) of the Farm Credit Act of 1971 (12 U.S.C. 2252(a)(2)(A)) is amended by striking ''or management agreements''.

SEC. 691. DISSEMINATION OF QUARTERLY REPORTS.

Section 5.17(a)(8) of the Farm Credit Act of 1971 (12 U.S.C. 2252(a)(8)) is amended by inserting after ''except that'' the following: ''the requirements of the Farm Credit Administration governing the dissemination to stockholders of quarterly reports of System institutions may not be more burdensome or costly than the requirements applicable to national banks, and''.

SEC. 692. REGULATORY REVIEW.

(a) FINDINGS.—Congress finds that—

(1) the Farm Credit Administration, in the role of the Administration as an arms-length safety and soundness regulator, has made considerable progress in reducing the regulatory burden on Farm Credit System institutions;

(2) the efforts of the Farm Credit Administration described in paragraph (1) have resulted in cost savings for Farm Credit System institutions; and

(3) the cost savings described in paragraph (2) ultimately benefit the farmers, ranchers, agricultural cooperatives, and rural residents of the United States.

(b) CONTINUATION OF REGULATORY REVIEW.—The Farm Credit Administration shall continue the comprehensive review of regulations governing the Farm Credit System to identify and eliminate, consistent with law, safety, and soundness, all regulations that are unnecessary, unduly burdensome or costly, or not based on law.

SEC. 693. EXAMINATION OF FARM CREDIT SYSTEM INSTITUTIONS.

The first sentence of section 5.19(a) of the Farm Credit Act of 1971 (12 U.S.C. 2254(a)) is amended by striking ''each year'' and inserting ''during each 18-month period''.

SEC. 694. CONSERVATORSHIPS AND RECEIVERSHIPS.

(a) DEFINITIONS.—Section 5.51 of the Farm Credit Act of 1971 (12 U.S.C. 2277a) is amended—

(1) by striking paragraph (5); and

(2) by redesignating paragraph (6) as paragraph (5).

(b) GENERAL CORPORATE POWERS.—Section 5.58 of the Farm Credit Act of 1971 (12 U.S.C. 2277a–7) is amended by striking paragraph (9) and inserting the following:

''(9) CONSERVATOR OR RECEIVER.—The Corporation may act as a conservator or receiver.''.

SEC. 695. FARM CREDIT INSURANCE FUND OPERATIONS.

(a) ADJUSTMENT OF PREMIUMS.—

(1) IN GENERAL.—Section 5.55(a) of the Farm Credit Act of 1971 (12 U.S.C. 2277a–4(a)) is amended—

(A) in paragraph (1), by striking ''Until the aggregate of amounts in the Farm Credit Insurance Fund exceeds the secure base amount, the annual premium due from any insured System bank for any calendar year'' and inserting the following: ''If at the end of any calendar year the aggregate of amounts in the Farm Credit Insurance Fund does not exceed the secure base amount, subject to paragraph (2), the annual premium due from any insured System bank for the calendar year'';

(B) by redesignating paragraph (2) as paragraph (3); and

(C) by inserting after paragraph (1) the following:

''(2) REDUCED PREMIUMS.—The Corporation, in the sole discretion of the Corporation, may reduce by a percentage uniformly applied to all insured System banks the annual premium due from each insured System bank during any calendar year, as determined under paragraph (1).''.

(2) CONFORMING AMENDMENTS.—

(A) Section 5.55(b) of the Farm Credit Act of 1971 (12 U.S.C. 2277a–4(b)) is amended—

(i) by striking ''Insurance Fund'' each place it appears and inserting ''Farm Credit Insurance Fund'';

(ii) by striking ''for the following calendar year''; and

(iii) by striking ''subsection (a)'' and inserting ''subsection (a)(1)''.

(B) Section 5.56(a) of the Farm Credit Act of 1971 (12 U.S.C. 2277a–5(a)) is amended by striking ''section 5.55(a)(2)'' each place it appears in paragraphs (2) and (3) and inserting ''section 5.55(a)(3)''.

(C) Section 1.12(b) (12 U.S.C. 2020(b)) is amended—

(i) in paragraph (1), by inserting ''(as defined in section 5.55(a)(3))'' after ''government-guaranteed loans''; and

(ii) in paragraph (3), by inserting ''(as so defined)'' after ''government-guaranteed loans'' each place such term appears.

(b) ALLOCATION TO INSURED SYSTEM BANKS AND OTHER SYSTEM INSTITUTIONS OF EXCESS AMOUNTS IN THE FARM CREDIT INSURANCE FUND.—Section 5.55 of the Farm Credit Act of 1971 (12 U.S.C. 2277a–4) is amended by adding at the end the following:

''(e) ALLOCATION TO SYSTEM INSTITUTIONS OF EXCESS RESERVES.—

''(1) ESTABLISHMENT OF ALLOCATED INSURANCE RESERVES ACCOUNTS.—There is hereby established in the Farm Credit Insurance Fund an Allocated Insurance Reserves Account—

''(A) for each insured System bank; and

''(B) subject to paragraph (6)(C), for all holders, in the aggregate, of Financial Assistance Corporation stock.

''(2) TREATMENT.—Amounts in any Allocated Insurance Reserves Account shall be considered to be part of the Farm Credit Insurance Fund.

''(3) ANNUAL ALLOCATIONS.—If, at the end of any calendar year, the aggregate of the amounts in the Farm Credit Insurance Fund exceeds the average secure base amount for the calendar year (as calculated on an average daily balance basis), the Corporation shall allocate to the Allocated Insurance Reserves Accounts the excess amount less the amount that the Corporation, in its sole discretion, determines to be the sum of the estimated operating expenses and estimated insurance obligations of the Corporation for the immediately succeeding calendar year.

''(4) ALLOCATION FORMULA.—From the total amount required to be allocated at the end of a calendar year under paragraph (3)—

''(A) 10 percent of the total amount shall be credited to the Allocated Insurance Reserves Account established under paragraph (1)(B), subject to paragraph (6)(C); and

''(B) there shall be credited to the Allocated Insurance Reserves Account of each insured System bank an amount that bears the same ratio to the total amount (less any amount credited under subparagraph (A)) as the average principal outstanding for the 3-year period ending on the end of the calendar year on loans made by the bank that are in accrual status bears to the average principal outstanding for the 3-year period ending on the end of the calendar year on loans made by all insured System banks that are in accrual status (excluding, in each case, the guaranteed portions of government-guaranteed loans described in subsection (a)(1)(C)).

''(5) USE OF FUNDS IN ALLOCATED INSURANCE RESERVES ACCOUNTS.—To the extent that the sum of the operating expenses of the Corporation and the insurance obligations of the Corporation for a calendar year exceeds the sum of operating expenses and insurance obligations determined under paragraph (3) for the calendar year, the Corporation shall cover the expenses and obligations by—

''(A) reducing each Allocated Insurance Reserves Account by the same proportion; and

''(B) expending the amounts obtained under subparagraph (A) before expending other amounts in the Fund.

''(6) OTHER DISPOSITION OF ACCOUNT FUNDS.—

''(A) IN GENERAL.—As soon as practicable during each calendar year beginning more than 8 years after the date on which the aggregate of the amounts in the Farm Credit Insurance Fund exceeds the secure base amount, but not earlier than January 1, 2005, the Corporation may—

''(i) subject to subparagraphs (D) and (F), pay to each insured System bank, in a manner determined by the Corporation, an amount equal to the lesser of—

''(I) 20 percent of the balance in the insured System bank's Allocated Insurance Reserves Account as of the preceding December 31; or

''(II) 20 percent of the balance in the bank's Allocated Insurance Reserves Account on the date of the payment; and

''(ii) subject to subparagraphs (C), (E), and (F), pay to each System bank and association holding Financial Assistance Corporation stock a proportionate share, determined by dividing the number of shares of Financial Assistance Corporation stock held by the institution by the total number of shares of Financial Assistance Corporation stock outstanding, of the lesser of—

''(I) 20 percent of the balance in the Allocated Insurance Reserves Account established under paragraph (1)(B) as of the preceding December 31; or

''(II) 20 percent of the balance in the Allocated Insurance Reserves Account established under paragraph (1)(B) on the date of the payment.

''(B) AUTHORITY TO ELIMINATE OR REDUCE PAYMENTS.—The Corporation may eliminate or reduce payments during a calendar year under subparagraph (A) if the Corporation determines, in its sole discretion, that the payments, or other circumstances that might require use of the Farm Credit Insurance Fund, could cause the amount in the Farm Credit Insurance Fund during the calendar year to be less than the secure base amount.

''(C) REIMBURSEMENT FOR FINANCIAL ASSISTANCE CORPORATION STOCK.—

''(i) SUFFICIENT FUNDING.—Notwithstanding paragraph (4)(A), on provision by the Corporation for the accumulation in the Account established under paragraph (1)(B) of funds in an amount equal to $56,000,000 (in addition to the amounts described in subparagraph (F)(ii)), the Corporation shall not allocate any further funds to the Account except to replenish the Account if funds are diminished below $56,000,000 by the Corporation under paragraph (5).

''(ii) WIND DOWN AND TERMINATION.—

''(I) FINAL DISBURSEMENTS.—On disbursement of $53,000,000 (in addition to the amounts described in subparagraph (F)(ii)) from the Allocated Insurance Reserves Account, the Corporation shall disburse the remaining amounts in the Account, as determined under subparagraph (A)(ii), without regard to the percentage limitations in subclauses (I) and (II) of subparagraph (A)(ii).

''(II) TERMINATION OF ACCOUNT.—On disbursement of $56,000,000 (in addition to the amounts described in subparagraph (F)(ii)) from the Allocated Insurance Reserves Account, the Corporation shall close the Account established under paragraph (1)(B) and transfer any remaining funds in the Account to the remaining Allocated Insurance Reserves Accounts in accordance with paragraph (4)(B) for the calendar year in which the transfer occurs.

''(D) DISTRIBUTION OF PAYMENTS RECEIVED.—Not later than 60 days after receipt of a payment made under subparagraph (A)(i), each insured System bank, in consultation with affiliated associations of the insured System bank, and taking into account the direct or indirect payment of insurance premiums by the associations, shall develop and implement an equitable plan to distribute payments received under subparagraph (A)(i) among the bank and associations of the bank.

''(E) EXCEPTION FOR PREVIOUSLY REIMBURSED ASSOCIATIONS.—For purposes of subparagraph (A)(ii), in any Farm Credit district in which the funding bank has reimbursed 1 or more affiliated associations of the bank for the previously unreimbursed portion of the Financial Assistance Corporation stock held by the associations, the funding bank shall be deemed to be the holder of the shares of Financial Assistance Corporation stock for which the funding bank has provided the reimbursement.

''(F) INITIAL PAYMENT.—Notwithstanding subparagraph (A), the initial payment made to each payee under subparagraph (A) shall be in such amount determined by the Corporation to be equal to the sum of—

''(i) the total of the amounts that would have been paid if payments under subparagraph (A) had been authorized to begin, under the same terms and conditions, in the first calendar year beginning more than 5 years after the date on which the aggregate of the amounts in the Farm Credit Insurance Fund exceeds the secure base amount, and to continue through the 2 immediately subsequent years;

''(ii) interest earned on any amounts that would have been paid as described in clause (i) from the date on which the payments would have been paid as described in clause (i); and

''(iii) the payment to be made in the initial year described in subparagraph (A), based on the amount in each Account after subtracting the amounts to be paid under clauses (i) and (ii).''

(c) TECHNICAL AMENDMENTS.—Section 5.55(d) of the Farm Credit Act of 1971 (12 U.S.C. 2277a–4(d)) is amended—

(1) in the matter preceding paragraph (1)—

(A) by striking ''subsections (a) and (c)'' and inserting ''subsections (a), (c), and (e)''; and

(B) by striking ''a Farm Credit Bank'' and inserting ''an insured System bank''; and

(2) in paragraphs (1), (2), and (3), by striking ''Farm Credit Bank'' each place it appears and inserting ''insured System bank''.

SEC. 696. EXAMINATIONS BY THE FARM CREDIT SYSTEM INSURANCE CORPORATION.

Section 5.59(b)(1)(A) of the Farm Credit Act of 1971 (12 U.S.C. 2277a–8(b)(1)(A)) is amended by adding at the end the following: ''Notwithstanding any other provision of this Act, on cancellation of the charter of a System institution, the Corporation shall have authority to examine the system institution in receivership. An examination shall be performed at such intervals as the Corporation shall determine.''.

SEC. 697. POWERS WITH RESPECT TO TROUBLED INSURED SYSTEM BANKS.

(a) LEAST-COST RESOLUTION.—Section 5.61(a)(3) of the Farm Credit Act of 1971 (12 U.S.C. 2277a–10(a)) is amended—

(1) by redesignating subparagraph (B) as subparagraph (F); and

(2) by striking subparagraph (A) and inserting the following:

''(A) LEAST-COST RESOLUTION.—Assistance may not be provided to an insured System bank under this subsection unless the means of providing the assistance is the least costly means of providing the assistance by the Farm Credit Insurance Fund of all possible alternatives available to the Corporation, including liquidation of the bank (including paying the insured obligations issued on behalf of the bank). Before making a least-cost determination under this subparagraph, the Corporation shall accord such other insured System banks as the Corporation determines to be appropriate the opportunity to submit information relating to the determination.

''(B) DETERMINING LEAST COSTLY APPROACH.—In determining the least costly alternative under subparagraph (A), the Corporation shall—

''(i) evaluate alternatives on a present-value basis, using a reasonable discount rate;

''(ii) document the evaluation and the assumptions on which the evaluation is based; and

''(iii) retain the documentation for not less than 5 years.

''(C) TIME OF DETERMINATION.—

''(i) GENERAL RULE.—For purposes of this subsection, the determination of the costs of providing any assistance under any provision of this section with respect to any insured System bank shall be made as of the date on which the Corporation makes the determination to provide the assistance to the institution under this section.

''(ii) RULE FOR LIQUIDATIONS.—For purposes of this subsection, the determination of the costs of liquidation of any insured System bank shall be made as of the earliest of—

''(I) the date on which a conservator is appointed for the insured System bank;

''(II) the date on which a receiver is appointed for the insured System bank; or

''(III) the date on which the Corporation makes any determination to provide any assistance under this section with respect to the insured System bank.

''(D) RULE FOR STAND-ALONE ASSISTANCE.—Before providing any assistance under paragraph (1), the Corporation shall evaluate the adequacy of managerial resources of the insured System bank. The continued service of any director or senior ranking officer who serves in a policymaking role for the assisted insured System bank, as determined by the Corporation, shall be subject to approval by the Corporation as a condition of assistance.

''(E) DISCRETIONARY DETERMINATIONS.—Any determination that the Corporation makes under this paragraph shall be in the sole discretion of the Corporation.''.

(b) CONFORMING AMENDMENTS.—Section 5.61(a) of the Farm Credit Act of 1971 (12 U.S.C. 2277a–10(a)) is amended—

(1) in paragraph (1) by striking ''IN GENERAL.—'' and inserting ''STAND-ALONE ASSISTANCE.—''; and

(2) in paragraph (2)—

(A) by striking ''ENUMERATED POWERS.—'' and inserting ''FACILITATION OF MERGERS OR CONSOLIDATION.—''; and

(B) in subparagraph (A) by striking ''FACILITATION OF MERGERS OR CONSOLIDATION.—'' and inserting ''IN GENERAL.—''.

SEC. 698. OVERSIGHT AND REGULATORY ACTIONS BY THE FARM CREDIT SYSTEM INSURANCE CORPORATION.

The Farm Credit Act of 1971 is amended by inserting after section 5.61 (12 U.S.C. 2279a–10) the following:

''SEC. 5.61A. OVERSIGHT ACTIONS BY THE CORPORATION.

''(a) DEFINITIONS.—In this section, the term 'institution' means—

''(1) an insured System bank; and

''(2) a production credit association or other association making loans under section 7.6 with a direct loan payable to the funding bank of the association that comprises 20 percent or more of the funding bank's total loan volume net of nonaccrual loans.

''(b) CONSULTATION REGARDING PARTICIPATION OF UNDERCAPITALIZED BANKS IN ISSUANCE OF INSURED OBLIGATIONS.—The Farm Credit Administration shall consult with the Corporation prior to approving an insured obligation that is to be issued by or on behalf of, or participated in by, any insured System bank that fails to meet the minimum level for any capital requirement established by the Farm Credit Administration for the bank.

''(c) CONSULTATION REGARDING APPLICATIONS FOR MERGERS AND RESTRUCTURINGS.—

''(1) CORPORATION TO RECEIVE COPY OF TRANSACTION APPLICATIONS.—On receiving an application for a merger or restructuring of an institution, the Farm Credit Administration shall forward a copy of the application to the Corporation.

''(2) CONSULTATION REQUIRED.—If the proposed merger or restructuring involves an institution that fails to meet the minimum level for any capital requirement established by the Farm Credit Administration applicable to the institution, the Farm Credit Administration shall allow 30 days within which the Corporation may submit the views and recommendations of the Corporation, including any conditions for approval. In determining whether to approve or disapprove any proposed merger or restructuring, the Farm Credit Administration shall give due consideration to the views and recommendations of the Corporation.

''SEC. 5.61B. AUTHORITY TO REGULATE GOLDEN PARACHUTE AND INDEMNIFICATION PAYMENTS.

''(a) DEFINITIONS.—In this section:

''(1) GOLDEN PARACHUTE PAYMENT.—The term 'golden parachute payment'—

''(A) means a payment (or any agreement to make a payment) in the nature of compensation for the benefit of any institution-related party under an obligation of any Farm Credit System institution that—

''(i) is contingent on the termination of the party's relationship with the institution; and

''(ii) is received on or after the date on which—

''(I) the institution is insolvent;

''(II) a conservator or receiver is appointed for the institution;

''(III) the institution has been assigned by the Farm Credit Administration a composite CAMEL rating of 4 or 5 under the Farm Credit Administration Rating System, or an equivalent rating; or

''(IV) the Corporation otherwise determines that the institution is in a troubled condition (as defined in regulations issued by the Corporation); and

''(B) includes a payment that would be a golden parachute payment but for the fact that the payment was made before the date referred to in subparagraph (A)(ii) if the payment was made in contemplation of the occurrence of an event described in any subclause of subparagraph (A); but

''(C) does not include—

''(i) a payment made under a retirement plan that is qualified (or is intended to be

qualified) under section 401 of the Internal Revenue Code of 1986 or other nondiscriminatory benefit plan;

''(ii) a payment made under a bona fide supplemental executive retirement plan, deferred compensation plan, or other arrangement that the Corporation determines, by regulation or order, to be permissible; or

''(iii) a payment made by reason of the death or disability of an institution-related party.

''(2) INDEMNIFICATION PAYMENT.—The term 'indemnification payment' means a payment (or any agreement to make a payment) by any Farm Credit System institution for the benefit of any person who is or was an institution-related party, to pay or reimburse the person for any liability or legal expense with regard to any administrative proceeding or civil action instituted by the Farm Credit Administration that results in a final order under which the person—

''(A) is assessed a civil money penalty; or

''(B) is removed or prohibited from participating in the conduct of the affairs of the institution.

''(3) INSTITUTION-RELATED PARTY.—The term 'institution-related party' means—

''(A) a director, officer, employee, or agent for a Farm Credit System institution or any conservator or receiver of such an institution;

''(B) a stockholder (other than another Farm Credit System institution), consultant, joint venture partner, or any other person determined by the Farm Credit Administration to be a participant in the conduct of the affairs of a Farm Credit System institution; and

''(C) an independent contractor (including any attorney, appraiser, or accountant) that knowingly or recklessly participates in any violation of any law or regulation, any breach of fiduciary duty, or any unsafe or unsound practice that caused or is likely to cause more than a minimal financial loss to, or a significant adverse effect on, the Farm Credit System institution.

''(4) LIABILITY OR LEGAL EXPENSE.—The term 'liability or legal expense' means—

''(A) a legal or other professional expense incurred in connection with any claim, proceeding, or action;

''(B) the amount of, and any cost incurred in connection with, any settlement of any claim, proceeding, or action; and

''(C) the amount of, and any cost incurred in connection with, any judgment or penalty imposed with respect to any claim, proceeding, or action.

''(5) PAYMENT.—The term 'payment' means—

''(A) a direct or indirect transfer of any funds or any asset; and

''(B) any segregation of any funds or assets for the purpose of making, or under an agreement to make, any payment after the date on which the funds or assets are segregated, without regard to whether the obligation to make the payment is contingent on—

''(i) the determination, after that date, of the liability for the payment of the amount; or

''(ii) the liquidation, after that date, of the amount of the payment.

''(b) PROHIBITION.—The Corporation may prohibit or limit, by regulation or order, any golden parachute payment or indemnification payment by a Farm Credit System institution (including any conservator or receiver of the Federal Agricultural Mortgage Corporation) in troubled condition (as defined in regulations issued by the Corporation).

''(c) FACTORS TO BE TAKEN INTO ACCOUNT.—The Corporation shall prescribe, by regulation, the factors to be considered by the Corporation in taking any action under subsection (b). The factors may include—

''(1) whether there is a reasonable basis to believe that an institution-related party has committed any fraudulent act or omission, breach of trust or fiduciary duty, or insider abuse with regard to the Farm Credit System institution involved that has had a material effect on the financial condition of the institution;

''(2) whether there is a reasonable basis to believe that the institution-related party is substantially responsible for the insolvency of the Farm Credit System institution, the appointment of a conservator or receiver for the institution, or the institution's troubled condition (as defined in regulations prescribed by the Corporation);

''(3) whether there is a reasonable basis to believe that the institution-related party has materially violated any applicable law or regulation that has had a material effect on the financial condition of the institution;

''(4) whether there is a reasonable basis to believe that the institution-related party has violated or conspired to violate—

''(A) section 215, 657, 1006, 1014, or 1344 of title 18, United States Code; or

''(B) section 1341 or 1343 of title 18, United States Code, affecting a Farm Credit System institution;

''(5) whether the institution-related party was in a position of managerial or fiduciary responsibility; and

''(6) the length of time that the party was related to the Farm Credit System institution and the degree to which—

''(A) the payment reasonably reflects compensation earned over the period of employment; and

''(B) the compensation represents a reasonable payment for services rendered.

''(d) CERTAIN PAYMENTS PROHIBITED.—No Farm Credit System institution may prepay the salary or any liability or legal expense of any institution-related party if the payment is made—

''(1) in contemplation of the insolvency of the institution or after the commission of an act of insolvency; and

''(2) with a view to, or with the result of—

''(A) preventing the proper application of the assets of the institution to creditors; or

''(B) preferring 1 creditor over another creditor.

''(e) RULE OF CONSTRUCTION.—Nothing in this section—

''(1) prohibits any Farm Credit System institution from purchasing any commercial insurance policy or fidelity bond, so long as the insurance policy or bond does not cover any legal or liability expense of an institution described in subsection (a)(2); or

''(2) limits the powers, functions, or responsibilities of the Farm Credit Administration.''.

SEC. 699. FARM CREDIT SYSTEM INSURANCE CORPORATION BOARD OF DIRECTORS.

(a) IN GENERAL.—Section 5.53 of the Farm Credit Act of 1971 (12 U.S.C. 2277a–2) is amended to read as follows:

''SEC. 5.53. BOARD OF DIRECTORS.

''(a) ESTABLISHMENT.—The Corporation shall be managed by a Board of Directors that shall consist of the members of the Farm Credit Administration Board.

''(b) CHAIRMAN.—The Board of Directors shall be chaired by any Board member other than the Chairman of the Farm Credit Administration Board.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 5314 of title 5, United States Code, is amended by striking ''Chairperson, Board of Directors of the Farm Credit System Insurance Corporation.''.

(2) Section 5315 of title 5, United States Code, is amended by striking ''Members, Board of Directors of the Farm Credit System Insurance Corporation.''.

SEC. 699A. LIABILITY FOR MAKING CRIMINAL REFERRALS.

(a) IN GENERAL.—Any institution of the Farm Credit System, or any director, officer, employee, or agent of a Farm Credit System institution, that discloses to a Government authority information proffered in good faith that may be relevant to a possible violation of any law or regulation shall not be liable to any person under any law of the United States or any State—

(1) for the disclosure; or

(2) for any failure to notify the person involved in the possible violation.

(b) NO PROHIBITION ON DISCLOSURE.—Any institution of the Farm Credit System, or any director, officer, employee, or agent of a Farm Credit System institution, may disclose information to a Government authority that may be relevant to a possible violation of any law or regulation.

TITLE VII—RURAL DEVELOPMENT

Subtitle A—Amendments to the Food, Agriculture, Conservation, and Trade Act of 1990

CHAPTER 1—GENERAL PROVISIONS

SEC. 701. RURAL INVESTMENT PARTNERSHIPS.

(a) IN GENERAL.—Section 2310(c)(1) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2007(c)(1)) is amended by striking ''1996'' and inserting ''2002''.

(b) AUTHORIZATION OF APPROPRIATIONS.—The first sentence of section 2313(d) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2007c) is amended by striking ''$10,000,000'' and all that follows through ''1996'' and inserting ''$4,700,000 for each of fiscal years 1996 through 2002''.

SEC. 702. WATER AND WASTE FACILITY FINANCING.

Section 2322 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 1926–1) is repealed.

SEC. 703. RURAL WASTEWATER CIRCUIT RIDER PROGRAM.

Section 2324 of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 7 U.S.C. 1926 note) is repealed.

SEC. 704. TELEMEDICINE AND DISTANCE LEARNING SERVICES IN RURAL AREAS.

Chapter 1 of subtitle D of title XXIII of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 950aaa et seq.) is amended to read as follows:

''CHAPTER 1—TELEMEDICINE AND DISTANCE LEARNING SERVICES IN RURAL AREAS

''SEC. 2331. PURPOSE.

''The purpose of the financing programs established under this chapter is to encourage and improve telemedicine services and distance learning services in rural areas through the use of telecommunications, computer networks, and related advanced technologies by students, teachers, medical professionals, and rural residents.

''SEC. 2332. DEFINITIONS.

''In this chapter:

''(1) CONSTRUCT.—The term 'construct' means to construct, acquire, install, improve, or extend a facility or system.

''(2) COST OF MONEY LOAN.—The term 'cost of money loan' means a loan made under this chapter bearing interest at a rate equal to the then current cost to the Federal Government of loans of similar maturity.

''(3) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture.

''SEC. 2333. TELEMEDICINE AND DISTANCE LEARNING SERVICES IN RURAL AREAS.

''(a) SERVICES TO RURAL AREAS.—The Secretary is authorized to provide financial assistance for the purpose of financing the construction of facilities and systems to provide

telemedicine services and distance learning services to persons and entities in rural areas.

''(b) FINANCIAL ASSISTANCE.—

''(1) IN GENERAL.—Financial assistance shall consist of grants or cost of money loans, or both.

''(2) FORM.—The Secretary shall determine the portion of the financial assistance provided to a recipient that consists of grants and that consists of cost of money loans so as to result in the maximum feasible repayment to the Federal Government of the financial assistance, based on the ability to repay of the recipient and full utilization of funds made available to carry out this chapter.

''(c) RECIPIENTS.—

''(1) IN GENERAL.—The Secretary may provide financial assistance under this chapter to—

''(A) entities using telemedicine services or distance learning services, or both; and

''(B) entities providing or proposing to provide telemedicine service or distance learning service, or both, to other persons at rates reflecting the benefit of the financial assistance.

''(2) ELECTRIC OR TELECOMMUNICATIONS BORROWERS.—

''(A) LOANS TO BORROWERS.—Subject to subparagraph (B), the Secretary may provide a cost of money loan under this chapter to a borrower of an electric or telecommunications loan under the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.). A borrower receiving a cost of money loan under this paragraph shall—

''(i) make the funds provided available to entities that qualify under paragraph (1) for projects satisfying the requirements of this chapter;

''(ii) use the funds provided to acquire, install, improve, or extend a system for the purposes of this chapter; or

''(iii) use the funds provided to install, improve, or extend a facility for the purposes of this chapter.

''(B) LIMITATIONS.—A borrower of an electric or telecommunications loan under the Rural Electrification Act of 1936 shall—

''(i) make a system or facility funded under subparagraph (A) available to entities that qualify under paragraph (1); and

''(ii) neither retain from the proceeds of a loan provided under subparagraph (A), nor assess a qualifying entity under paragraph (1), any amount except as may be required to pay the actual costs incurred in administering the loan funds or making the system or facility available.

''(3) ASSISTANCE TO PROVIDE OR IMPROVE SERVICES.—Financial assistance may be provided under this chapter for a facility regardless of the location of the facility if the Secretary determines that the assistance is necessary to provide or improve telemedicine services or distance learning services in a rural area.

''(d) PRIORITY.—The Secretary shall establish procedures to prioritize financial assistance provided under this chapter considering—

''(1) the need for the assistance in the affected rural area;

''(2) the financial need of the applicant;

''(3) the population sparsity of the affected rural area;

''(4) the local involvement in the project serving the affected rural area;

''(5) geographic diversity among the recipients of financial assistance;

''(6) the utilization of the telecommunications facilities of the existing telecommunications provider;

''(7) the portion of total project financing provided by the applicant from the funds of the applicant;

''(8) the portion of project financing provided by the applicant with funds obtained from non-Federal sources;

''(9) the joint utilization of facilities financed by other financial assistance;

''(10) the coordination of the proposed project with regional projects or networks;

''(11) service to the widest practical number of persons within the general geographic area covered by the financial assistance;

''(12) conformity with the State strategic plan as prepared under section 381D of the Consolidated Farm and Rural Development Act; and

''(13) other factors determined appropriate by the Secretary.

''(e) MAXIMUM AMOUNT OF ASSISTANCE TO INDIVIDUAL RECIPIENTS.—The Secretary may establish the maximum amount of financial assistance to be made available to an individual recipient for each fiscal year under this chapter by publishing notice in the Federal Register. The notice shall be published not more than 45 days after funds are made available to carry out this chapter during a fiscal year.

''(f) USE OF FUNDS.—Financial assistance provided under this chapter shall be used for—

''(1) the development and acquisition of instructional programming;

''(2) the development and acquisition, through lease or purchase, of computer hardware and software, audio and visual equipment, computer network components, telecommunications terminal equipment, telecommunications transmission facilities, data terminal equipment, or interactive video equipment, and other facilities that would further telemedicine services or distance learning services, or both;

''(3) providing technical assistance and instruction for the development or use of the programming, equipment, or facilities referred to in paragraphs (1) and (2); or

''(4) other uses that are consistent with this chapter, as determined by the Secretary.

''(g) SALARIES AND EXPENSES.—Notwithstanding subsection (f), financial assistance provided under this chapter shall not be used for paying salaries of employees or administrative expenses.

''(h) EXPEDITING COORDINATED TELEPHONE LOANS.—

''(1) IN GENERAL.—The Secretary may establish and carry out procedures to ensure that expedited consideration and determination is given to applications for loans and advances of funds submitted by local exchange carriers under this chapter and the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.) to enable the exchange carriers to provide advanced telecommunications services in rural areas in conjunction with any other projects carried out under this chapter.

''(2) DEADLINE IMPOSED ON SECRETARY.—Not later than 45 days after the receipt of a completed application for an expedited telephone loan under paragraph (1), the Secretary shall respond to the application. The Secretary shall notify the applicant in writing of the decision of the Secretary regarding each expedited loan application.

''(i) NOTIFICATION OF LOCAL EXCHANGE CARRIER.—

''(1) APPLICANTS.—Each applicant for a grant for a telemedicine or distance learning project established under this chapter shall notify the appropriate local telephone exchange carrier regarding the application filed with the Secretary for the grant.

''(2) SECRETARY.—The Secretary shall—

''(A) publish notice of applications received for grants under this chapter for telemedicine or distance learning projects; and

''(B) make the applications available for inspection.

''SEC. 2334. ADMINISTRATION.

''(a) NONDUPLICATION.—The Secretary shall ensure that facilities constructed using financial assistance provided under this chapter do not duplicate adequate established telemedicine services or distance learning services.

''(b) LOAN MATURITY.—The maturities of cost of money loans shall be determined by the Secretary, based on the useful life of the facility being financed, except that the loan shall not be for a period of more than 10 years.

''(c) LOAN SECURITY AND FEASIBILITY.—The Secretary shall make a cost of money loan only after determining that the security for the loan is reasonably adequate and that the loan will be repaid within the period of the loan.

''(d) ENCOURAGING CONSORTIA.—The Secretary shall encourage the development of consortia to provide telemedicine services or distance learning services, or both, through telecommunications in rural areas served by a telecommunications provider.

''(e) COOPERATION WITH OTHER AGENCIES.—The Secretary shall cooperate, to the extent practicable, with other Federal and State agencies with similar grant or loan programs to pool resources for funding meritorious proposals in rural areas.

''(f) INFORMATIONAL EFFORTS.—The Secretary shall establish and implement procedures to carry out informational efforts to advise potential end users located in rural areas of each State about the program authorized by this chapter.

''SEC. 2335. REGULATIONS.

''Not later than 180 days after the effective date of the Agricultural Reform and Improvement Act of 1996, the Secretary shall issue regulations to carry out this chapter.

''SEC. 2335A. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated to carry out this chapter $100,000,000 for each of fiscal years 1996 through 2002.''.

SEC. 705. LIMITATION ON AUTHORIZATION OF APPROPRIATIONS FOR RURAL TECHNOLOGY GRANTS.

Section 2347 of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 104 Stat. 4034) is amended—

(1) by striking ''(a) IN GENERAL.—''; and

(2) by striking subsection (b).

SEC. 706. MONITORING THE ECONOMIC PROGRESS OF RURAL AMERICA.

Section 2382 of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 13 U.S.C. 141 note) is repealed.

SEC. 707. ANALYSIS BY OFFICE OF TECHNOLOGY ASSESSMENT.

Section 2385 of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 7 U.S.C. 950aaa–4 note) is repealed.

SEC. 708. RURAL HEALTH INFRASTRUCTURE IMPROVEMENT.

Section 2391 of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 7 U.S.C. 2662 note) is repealed.

SEC. 709. CENSUS OF AGRICULTURE.

Section 2392 of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 104 Stat. 4057) is repealed.

CHAPTER 2—ALTERNATIVE AGRICULTURAL RESEARCH AND COMMERCIALIZATION

SEC. 721. DEFINITIONS.

Section 1657(c) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5901(c)) is amended—

(1) by striking paragraphs (3) and (4);

(2) by redesignating paragraph (5) as paragraph (3);

(3) by redesignating paragraphs (6) through (12) as paragraphs (7) through (13), respectively; and

(4) by inserting after paragraph (3) (as redesignated by paragraph (2)) the following:

''(4) CORPORATE BOARD.—The term 'Corporate Board' means the Board of Directors of the Corporation described in section 1659.

''(5) CORPORATION.—The term 'Corporation' means the Alternative Agricultural Research and Commercialization Corporation established under section 1658.

''(6) EXECUTIVE DIRECTOR.—The term 'Executive Director' means the Executive Director of the Corporation appointed under section 1659(d)(2).''.

SEC. 722. ALTERNATIVE AGRICULTURAL RESEARCH AND COMMERCIALIZATION CORPORATION.

(a) IN GENERAL.—Section 1658 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5902) is amended to read as follows:

''SEC. 1658. ALTERNATIVE AGRICULTURAL RESEARCH AND COMMERCIALIZATION CORPORATION.

''(a) ESTABLISHMENT.—To carry out this subtitle, there is created a body corporate to be known as the Alternative Agricultural Research and Commercialization Corporation, which shall be an agency of the United States, within the Department of Agriculture, subject to the general supervision and direction of the Secretary, except as specifically provided for in this subtitle.

''(b) PURPOSE.—The purpose of the Corporation is to—

''(1) expedite the development and market penetration of industrial, nonfood, nonfeed products from agricultural and forestry materials; and

''(2) assist the private sector in bridging the gap between research results and the commercialization of the research.

''(c) PLACE OF INCORPORATION.—The Corporation shall be located in the District of Columbia.

''(d) CENTRAL OFFICE.—The Secretary shall provide facilities for the principal office of the Corporation within the Washington, D.C. metropolitan area.

''(e) WHOLLY-OWNED GOVERNMENT CORPORATION.—The Corporation shall be considered a wholly-owned government corporation for purposes of chapter 91 of title 31, United States Code.

''(f) GENERAL POWERS.—In addition to any other powers granted to the Corporation under this subtitle, the Corporation—

''(1) shall have succession in its corporate name;

''(2) may adopt, alter, and rescind any bylaw and adopt and alter a corporate seal, which shall be judicially noticed;

''(3) may enter into any agreement or contract with a person or private or governmental agency, except that the Corporation shall not provide any financial assistance unless specifically authorized under this subtitle;

''(4) may lease, purchase, accept a gift or donation of, or otherwise acquire, use, own, hold, improve, or otherwise deal in or with, and sell, convey, mortgage, pledge, lease, exchange, or otherwise dispose of, any property, real, personal, or mixed, or any interest in property, as the Corporation considers necessary in the transaction of the business of the Corporation, except that this paragraph shall not provide authority for carrying out a program of real estate investment;

''(5) may sue and be sued in the corporate name of the Corporation, except that—

''(A) no attachment, injunction, garnishment, or similar process shall be issued against the Corporation or property of the Corporation; and

''(B) exclusive original jurisdiction shall reside in the district courts of the United States, but the Corporation may intervene in any court in any suit, action, or proceeding in which the Corporation has an interest;

''(6) may independently retain legal representation;

''(7) may provide for and designate such committees, and the functions of the committees, as the Corporate Board considers necessary or desirable,

''(8) may indemnify the Executive Director and other officers of the Corporation, as the Corporate Board considers necessary and desirable, except that the Executive Director and officers shall not be indemnified for an act outside the scope of employment;

''(9) may, with the consent of any board, commission, independent establishment, or executive department of the Federal Government, including any field service, use information, services, facilities, officials, and employees in carrying out this subtitle, and pay for the use, which payments shall be credited to the applicable appropriation that incurred the expense;

''(10) may obtain the services and fix the compensation of any consultant and otherwise procure temporary and intermittent services under section 3109(b) of title 5, United States Code;

''(11) may use the United States mails on the same terms and conditions as the Executive agencies of the Federal Government;

''(12) shall have the rights, privileges, and immunities of the United States with respect to the right to priority of payment with respect to debts due from bankrupt, insolvent, or deceased creditors;

''(13) may collect or compromise any obligations assigned to or held by the Corporation, including any legal or equitable rights accruing to the Corporation;

''(14) shall determine the character of, and necessity for, obligations and expenditures of the Corporation and the manner in which the obligations and expenditures shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to Government corporations;

''(15) may make final and conclusive settlement and adjustment of any claim by or against the Corporation or a fiscal officer of the Corporation;

''(16) may sell assets, loans, and equity interests acquired in connection with the financing of projects funded by the Corporation; and

''(17) may exercise all other lawful powers necessarily or reasonably related to the establishment of the Corporation to carry out this subtitle and the powers, purposes, functions, duties, and authorized activities of the Corporation.

''(g) SPECIFIC POWERS.—To carry out this subtitle, the Corporation shall have the authority to—

''(1) make grants to, and enter into cooperative agreements and contracts with, eligible applicants for research, development, and demonstration projects in accordance with section 1660;

''(2) make loans and interest subsidy payments and invest venture capital in accordance with section 1661;

''(3) collect and disseminate information concerning State, regional, and local commercialization projects;

''(4) search for new nonfood, nonfeed products that may be produced from agricultural commodities and for processes to produce the products;

''(5) administer, maintain, and dispense funds from the Alternative Agricultural Research and Commercialization Revolving Fund to facilitate the conduct of activities under this subtitle; and

''(6) engage in other activities incident to carrying out the functions of the Corporation.''.

(b) WHOLLY OWNED GOVERNMENT CORPORATION.—Section 9101(3) of title 31, United States Code, is amended—

(1) by redesignating subparagraph (N) (relating to the Uranium Enrichment Corporation) as subparagraph (O); and

(2) by adding at the end the following:

''(P) the Alternative Agricultural Research and Commercialization Corporation.''.

(c) CONFORMING AMENDMENT.—Section 211(b)(5) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6911(b)(5)) is amended by striking ''Alternative Agricultural Research and Commercialization Board'' and inserting ''Corporate Board of the Alternative Agricultural Research and Commercialization Corporation''.

SEC. 723. BOARD OF DIRECTORS, EMPLOYEES, AND FACILITIES.

(a) IN GENERAL.—Section 1659 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5903) is amended to read as follows:

''SEC. 1659. BOARD OF DIRECTORS, EMPLOYEES, AND FACILITIES.

''(a) IN GENERAL.—The powers of the Corporation shall be vested in a Corporate Board.

''(b) MEMBERS OF THE CORPORATE BOARD.—The Corporate Board shall consist of 10 members as follows:

''(1) The Under Secretary of Agriculture for Rural Economic and Community Development.

''(2) The Under Secretary of Agriculture for Research, Education, and Economics.

''(3) 4 members appointed by the Secretary, of whom—

''(A) at least 1 member shall be a representative of the leading scientific disciplines relevant to the activities of the Corporation;

''(B) at least 1 member shall be a producer or processor of agricultural commodities; and

''(C) at least 1 member shall be a person who is privately engaged in the commercialization of new nonfood, nonfeed products from agricultural commodities.

''(4) 2 members appointed by the Secretary who—

''(A) have expertise in areas of applied research relating to the development or commercialization of new nonfood, nonfeed products; and

''(B) shall be appointed from a group of at least 4 individuals nominated by the Director of the National Science Foundation if the nominations are made within 60 days after the date a vacancy occurs.

''(5) 2 members appointed by the Secretary who—

''(A) have expertise in financial and managerial matters; and

''(B) shall be appointed from a group of at least 4 individuals nominated by the Secretary of Commerce if the nominations are made within 60 days after the date a vacancy occurs.

''(c) RESPONSIBILITIES OF THE CORPORATE BOARD.—

''(1) IN GENERAL.—The Corporate Board shall—

''(A) be responsible for the general supervision of the Corporation and Regional Centers established under section 1663;

''(B) determine (in consultation with Regional Centers) high priority commercialization areas to receive assistance under section 1663;

''(C) review any grant, contract, or cooperative agreement to be made or entered into by the Corporation under section 1660 and any financial assistance to be provided under section 1661;

''(D) make the final decision, by majority vote, on whether and how to provide assistance to an applicant; and

''(E) using the results of the hearings and other information and data collected under

paragraph (2), develop and establish a budget plan and a long-term operating plan to carry out this subtitle.

''(2) AUTHORITY OF THE SECRETARY.—

''(A) IN GENERAL.—The Secretary shall vacate and remand to the Board for reconsideration any decision made pursuant to paragraph (1)(D) if the Secretary determines that there has been a violation of subsection (j), or any conflict of interest provisions of the bylaws of the Board, with respect to the decision.

''(B) REASONS.—In the case of any violation and referral of a funding decision to the Board, the Secretary shall inform the Board of the reasons for any remand pursuant to subparagraph (A).

''(d) CHAIRPERSON.—The members of the Corporate Board shall select a Chairperson from among the members of the Corporate Board. The term of office of the Chairperson shall be 2 years. The members referred to in paragraphs (1) and (2) of subsection (b) may not serve as Chairperson.

''(e) EXECUTIVE DIRECTOR.—

''(1) IN GENERAL.—The Executive Director of the Corporation shall be the chief executive officer of the Corporation, with such power and authority as may be conferred by the Corporate Board. The Executive Director shall be appointed by the Corporate Board. The appointment shall be subject to the approval of the Secretary.

''(2) COMPENSATION.—The Executive Director shall receive basic pay at the rate provided for level IV of the Executive Schedule under section 5315 of title 5, United States Code.

''(f) OFFICERS.—The Corporate Board shall establish the offices and appoint the officers of the Corporation, including a Secretary, and define the duties of the officers in a manner consistent with this subtitle.

''(g) MEETINGS.—The Corporate Board shall meet at least 3 times each fiscal year at the call of the Chairperson or at the request of the Executive Director. The location of the meetings shall be subject to approval of the Executive Director. A quorum of the Corporate Board shall consist of a majority of the members. The decisions of the Corporate Board shall be made by majority vote.

''(h) TERM; VACANCIES.—

''(1) IN GENERAL.—The term of office of a member of the Corporate Board shall be 4 years, except that the members initially appointed shall be appointed to serve staggered terms. A member appointed to fill a vacancy for an unexpired term may be appointed only for the remainder of the term. A vacancy on the Corporate Board shall be filled in the same manner as the original appointment. The Secretary shall not remove a member of the Corporate Board except for cause.

''(2) TRANSITION MEASURE.—An individual who is serving on the Alternative Agricultural Research and Commercialization Board on the day before the effective date of the Agricultural Reform and Improvement Act of 1996 may be appointed to the Corporate Board by the Secretary for a term that does not exceed the term of the individual on the Alternative Agricultural Research and Commercialization Board if the Act had not been enacted.

''(i) COMPENSATION.—A member of the Corporate Board who is an officer or employee of the United States shall not receive any additional compensation by reason of service on the Corporate Board. Any other member shall receive, for each day (including travel time) the member is engaged in the performance of the functions of the Corporate Board, compensation at a rate not to exceed the daily equivalent of the annual rate in effect for Level IV of the Executive Schedule. A member of the Corporate Board shall be reimbursed for travel, subsistence, and other necessary expenses incurred by the member in the performance of the duties of the member.

''(j) CONFLICT OF INTEREST; FINANCIAL DISCLOSURE.—

''(1) CONFLICT OF INTEREST.—Except as provided in paragraph (3), no member of the Corporate Board shall vote on any matter respecting any application, contract, claim, or other particular matter pending before the Corporation, in which, to the knowledge of the member, the member, spouse, or child of the member, partner, or organization in which the member is serving as officer, director, trustee, partner, or employee, or any person or organization with whom the member is negotiating or has any arrangement concerning prospective employment, has a financial interest.

''(2) VIOLATIONS.—Action by a member of the Corporate Board that is contrary to the prohibition contained in paragraph (1) shall be cause for removal of the member, but shall not impair or otherwise affect the validity of any otherwise lawful action by the Corporation in which the member participated.

''(3) EXCEPTIONS.—The prohibitions contained in paragraph (1) shall not apply if a member of the Corporate Board advises the Corporate Board of the nature of the particular matter in which the member proposes to participate, and if the member makes a full disclosure of the financial interest, prior to any participation, and the Corporate Board determines, by majority vote, that the financial interest is too remote or too inconsequential to affect the integrity of the member's services to the Corporation in that matter. The member involved shall not vote on the determination.

''(4) FINANCIAL DISCLOSURE.—A Board member shall be subject to the financial disclosure requirements applicable to a special Government employee (as defined in section 202(a) of title 18, United States Code).

''(k) DELEGATION OF AUTHORITY.—

''(1) IN GENERAL.—The Corporate Board may, by resolution, delegate to the Chairperson, the Executive Director, or any other officer or employee any function, power, or duty assigned to the Corporation under this subtitle, other than a function, power, or duty expressly vested in the Corporate Board by subsections (c) through (n).

''(2) PROHIBITION ON DELEGATION.—Notwithstanding any other law, the Secretary and any other officer or employee of the United States shall not make any delegation to the Corporate Board, the Chairperson, the Executive Director, or the Corporation of any power, function, or authority not expressly authorized by this subtitle, unless the delegation is made pursuant to an authority in law that expressly makes reference to this section.

''(3) REORGANIZATION ACT.—Notwithstanding any other law, the President (through authorities provided under chapter 9, title 5, United States Code) may not authorize the transfer to the Corporation of any power, function, or authority in addition to powers, functions, and authorities provided by law.

''(l) BYLAWS.—Notwithstanding section 1658(f)(2), the Corporate Board shall adopt, and may from time to time amend, any bylaw that is necessary for the proper management and functioning of the Corporation. The Corporate Board shall not adopt any bylaw that has not been reviewed and approved by the Secretary.

''(m) ORGANIZATION.—The Corporate Board shall provide a system of organization to fix responsibility and promote efficiency.

''(n) PERSONNEL AND FACILITIES OF CORPORATION.—

''(1) APPOINTMENT AND COMPENSATION OF PERSONNEL.—The Corporation may select and appoint officers, attorneys, employees, and agents, who shall be vested with such powers and duties as the Corporation may determine.

''(2) USE OF FACILITIES AND SERVICES OF THE DEPARTMENT OF AGRICULTURE.—Notwithstanding any other provision of law, to perform the responsibilities of the Corporation under this subtitle, the Corporation may partially or jointly utilize the facilities of and the services of employees of the Department of Agriculture, without cost to the Corporation.

''(3) GOVERNMENT EMPLOYMENT LAWS.—An officer or employee of the Corporation shall be subject to all laws of the United States relating to governmental employment.''.

(b) CONFORMING AMENDMENT.—Section 5315 of title V, United States Code, is amended by adding at the end the following:

''Executive Director of the Alternative Agricultural Research and Commercialization Corporation.''.

SEC. 724. RESEARCH AND DEVELOPMENT GRANTS, CONTRACTS, AND AGREEMENTS.

Section 1660 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5904) is amended—

(1) by striking ''Center'' each place it appears and inserting ''Corporation'';

(2) in subsection (c), by striking ''Board'' and inserting ''Corporate Board''; and

(3) in subsection (f), by striking ''non-Center'' and inserting ''non-Corporation''.

SEC. 725. COMMERCIALIZATION ASSISTANCE.

Section 1661 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5905) is amended—

(1) by striking ''Center'' each place it appears and inserting ''Corporation'';

(2) by striking ''Board'' each place it appears and inserting ''Corporate Board'';

(3) by striking subsection (c);

(4) by redesignating subsections (d), (e), and (f) as subsections (c), (d), and (e), respectively; and

(5) in subsection (c) (as so redesignated)—

(A) in the subsection heading of paragraph (1), by striking ''DIRECTOR'' and inserting ''EXECUTIVE DIRECTOR''; and

(B) by striking ''Director'' each place it appears and inserting ''Executive Director''.

SEC. 726. GENERAL RULES REGARDING THE PROVISION OF ASSISTANCE.

Section 1662 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5906) is amended—

(1) by striking ''Center'' each place it appears (except in subsection (b)) and inserting ''Corporation'';

(2) by striking ''Board'' each place it appears and inserting ''Corporate Board''; and

(3) in subsection (b)—

(A) in the second sentence, by striking ''Board, a Regional Center, or the Advisory Council'' and inserting ''Board or a Regional Center''; and

(B) by striking the third sentence.

SEC. 727. REGIONAL CENTERS.

Section 1663 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5907) is amended—

(1) by striking ''Board'' each place it appears and inserting ''Corporate Board'';

(2) in subsection (e)(8), by striking ''Center'' and inserting ''Corporation''; and

(3) in subsection (f)—

(A) in paragraph (2), by striking ''in consultation with the Advisory Council appointed under section 1661(c)''; and

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

''(3) RECOMMENDATION.—The Regional Director, based on the comments of the reviewers, shall make and submit a recommendation to the Board. A recommendation submitted by a Regional Director shall not be binding on the Board.''.

SEC. 728. ALTERNATIVE AGRICULTURAL RESEARCH AND COMMERCIALIZATION REVOLVING FUND.

Section 1664 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5908) is amended to read as follows:

''SEC. 1664. ALTERNATIVE AGRICULTURAL RESEARCH AND COMMERCIALIZATION REVOLVING FUND.

''(a) ESTABLISHMENT.—There is established in the Treasury of the United States a revolving fund to be known as the Alternative Agricultural Research and Commercialization Revolving Fund. The Fund shall be available to the Corporation, without fiscal year limitation, to carry out the authorized programs and activities of the Corporation under this subtitle.

''(b) CONTENTS OF FUND.—There shall be deposited in the Fund—

''(1) such amounts as may be appropriated or transferred to support programs and activities of the Corporation;

''(2) payments received from any source for products, services, or property furnished in connection with the activities of the Corporation;

''(3) fees and royalties collected by the Corporation from licensing or other arrangements relating to commercialization of products developed through projects funded in whole or part by grants, contracts, or cooperative agreements executed by the Corporation;

''(4) proceeds from the sale of assets, loans, and equity interests made in furtherance of the purposes of the Corporation;

''(5) donations or contributions accepted by the Corporation to support authorized programs and activities; and

''(6) any other funds acquired by the Corporation.

''(c) FUNDING ALLOCATIONS.—Funding of projects and activities under this subtitle shall be subject to the following restrictions:

''(1) Of the total amount of funds made available for a fiscal year under this subtitle—

''(A) not more than the lesser of 15 percent or $3,000,000 may be set aside to be used for authorized administrative expenses of the Corporation in carrying out the functions of the Corporation;

''(B) not more than 1 percent may be set aside to be used for generic studies and specific reviews of individual proposals for financial assistance; and

''(C) except as provided in subsection (e), not less than 84 percent shall be set aside to be awarded to qualified applicants who file project applications with, or respond to requests for proposals from, the Corporation under sections 1660 and 1661.

''(2) Any funds remaining uncommitted at the end of a fiscal year shall be credited to the Fund and added to the total program funds available to the Corporation for the next fiscal year.

''(d) AUTHORIZED ADMINISTRATIVE EXPENSES.—For the purposes of this section, authorized administrative expenses shall include all ordinary and necessary expenses, including all compensation for personnel and consultants, expenses for computer usage, or space needs of the Corporation and similar expenses. Funds authorized for administrative expenses shall not be available for the acquisition of real property.

''(e) PROJECT MONITORING.—The Board may establish, in the bylaws of the Board, a percent of funds provided under subsection (c), not to exceed 1 percent per project award, for any commercialization project to be expended from project awards that shall be used to ensure that project funds are being utilized in accordance with the project agreement.

''(f) TERMINATION OF THE FUND.—On expiration of the authority provided by this subtitle, all assets (after payment of all outstanding obligations) of the Fund shall revert to the general fund of the Treasury.

''(g) AUTHORIZATION OF APPROPRIATIONS; CAPITALIZATION.—

''(1) AUTHORIZATION OF APPROPRIATION.—There are authorized to be appropriated to the Fund $75,000,000 for each of fiscal years 1996 through 2002.

''(2) CAPITALIZATION.—The Executive Director may pay as capital of the Corporation, from amounts made available through annual appropriations, $75,000,000 for each of fiscal years 1996 through 2002. On the payment of capital by the Executive Director, the Corporation shall issue an equivalent amount of capital stock to the Secretary of the Treasury.

''(3) TRANSFER.—All obligations, assets, and related rights and responsibilities of the Alternative Agricultural Research and Commercialization Center established under section 1658 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5902) (as in effect on the day before the effective date of the Agricultural Reform and Improvement Act of 1996) are transferred to the Corporation.''.

SEC. 729. PROCUREMENT PREFERENCES FOR PRODUCTS RECEIVING CORPORATION ASSISTANCE.

Subtitle G of title XVI of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5901 et seq.) is amended by adding at the end the following:

''SEC. 1665. PROCUREMENT OF ALTERNATIVE AGRICULTURAL RESEARCH AND COMMERCIALIZATION PRODUCTS.

''(a) DEFINITION OF EXECUTIVE AGENCY.—In this section, the term 'executive agency' has the meaning provided the term in section 4(1) of the Office of Federal Procurement Policy Act (41 U.S.C. 403(1)).

''(b) PROCUREMENT.—To further the achievement of the purposes specified in section 1657(b), an executive agency may, for any procurement involving the acquisition of property, establish set-asides and preferences for property that has been commercialized with assistance provided under this subtitle.

''(c) SET-ASIDES.—Procurements solely for property may be set-aside exclusively for products developed with commercialization assistance provided under section 1661.

''(d) PREFERENCES.—Preferences for property developed with assistance provided under this subtitle in procurements involving the acquisition of property may be—

''(1) a price preference, if the procurement is solely for property, of not greater than a percentage to be determined within the sole discretion of the head of the procuring agency; or

''(2) a technical evaluation preference included as an award factor or subfactor as determined within the sole discretion of the head of the procuring agency.

''(e) NOTICE.—Each competitive solicitation or invitation for bids selected by an executive agency for a set-aside or preference under this section shall contain a provision notifying offerors where a list of products eligible for the set aside or preference may be obtained.

''(f) ELIGIBILITY.—Offerors shall receive the set aside or preference required under this section if, in the case of products developed with financial assistance under—

''(1) section 1660, less than 10 years have elapsed since the expiration of the grant, cooperative agreement, or contract;

''(2) paragraph (1) or (2) of section 1661(a), less than 5 years have elapsed since the date the loan was made or insured;

''(3) section 1661(a)(3), less than 5 years have elapsed since the date of sale of any remaining government equity interest in the company; or

''(4) section 1661(a)(4), less than 5 years have elapsed since the date of the final payment on the repayable grant.''.

SEC. 730. BUSINESS PLAN AND FEASIBILITY STUDY AND REPORT.

(a) BUSINESS PLAN.—Not later than 180 days after the date of enactment of this Act, the Alternative Agricultural Research and Commercialization Corporation established under section 1658 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5902) shall—

(1) develop a 5-year business plan pursuant to section 1659(c)(1)(E) of the Food, Agriculture, Conservation, and Trade Act of 1990 (as amended by section 723); and

(2) submit the plan to the Secretary of Agriculture, the Committee on Agriculture of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(b) FEASIBILITY STUDY AND REPORT.—

(1) STUDY.—The Secretary of Agriculture shall conduct a study of and prepare a report on the continued feasibility of the Alternative Agricultural Research and Commercialization Corporation. In conducting the study, the Secretary shall examine options for privatizing the Corporation and converting the Corporation to a Government sponsored enterprise.

(2) REPORT.—Not later than December 31, 2001, the Secretary shall transmit the report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

Subtitle B—Amendments to the Consolidated Farm and Rural Development Act

CHAPTER 1—GENERAL PROVISIONS

SEC. 741. WATER AND WASTE FACILITY LOANS AND GRANTS.

(a) IN GENERAL.—Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) is amended—

(1) in the first sentence of paragraph (2), by striking ''$500,000,000'' and inserting ''$590,000,000'';

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

''(7) DEFINITION OF RURAL AND RURAL AREAS.—For the purpose of water and waste disposal grants and direct and guaranteed loans provided under paragraphs (1) and (2), the terms 'rural' and 'rural area' shall mean a city, town, or unincorporated area that has a population of no more than 10,000 inhabitants.'';

(3) by striking paragraphs (9), (10), and (11) and inserting the following:

''(9) CONFORMITY WITH STATE DRINKING WATER STANDARDS.—No Federal funds shall be made available under this section unless the Secretary determines that the water system seeking funding will make significant progress toward meeting the standards established under title XIV of the Public Health Service Act (commonly known as the 'Safe Drinking Water Act') (42 U.S.C. 300f et seq.).

''(10) CONFORMITY WITH FEDERAL AND STATE WATER POLLUTION CONTROL STANDARDS.—In the case of a water treatment discharge or waste disposal system seeking funding, no Federal funds shall be made available under this section unless the Secretary determines that the effluent from the system conforms with applicable Federal and State water pollution control standards.

''(11) RURAL BUSINESS OPPORTUNITY GRANTS.—

''(A) IN GENERAL.—The Secretary may make grants, not to exceed $1,500,000 annually, to public bodies, private nonprofit community development corporations or entities, or such other agencies as the Secretary may select to enable the recipients—

''(i) to identify and analyze business opportunities, including opportunities in export markets, that will use local rural economic and human resources;

''(ii) to identify, train, and provide technical assistance to existing or prospective rural entrepreneurs and managers;

''(iii) to establish business support centers and otherwise assist in the creation of new rural businesses, the development of methods of financing local businesses, and the enhancement of the capacity of local individuals and entities to engage in sound economic activities;

''(iv) to conduct regional, community, and local economic development planning and coordination, and leadership development; and

''(v) to establish centers for training, technology, and trade that will provide training to rural businesses in the utilization of interactive communications technologies to develop international trade opportunities and markets.

''(B) CRITERIA.—In awarding the grants, the Secretary shall consider, among other criteria to be established by the Secretary—

''(i) the extent to which the applicant provides development services in the rural service area of the applicant; and

''(ii) the capability of the applicant to carry out the purposes of this section.

''(C) COORDINATION.—The Secretary shall ensure, to the maximum extent practicable, that assistance provided under this paragraph is coordinated with and delivered in cooperation with similar services or assistance provided to rural residents by the Cooperative State Research, Education, and Extension Service or other Federal agencies.

''(D) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this paragraph $7,500,000 for each of fiscal years 1996 through 2002.'';

(4) by striking paragraphs (14) and (15); and

(5) in paragraph (16)—

(A) by striking ''(16)(A) The'' and inserting the following:

''(16) RURAL WATER AND WASTEWATER TECHNICAL ASSISTANCE AND TRAINING PROGRAMS.—

''(A) IN GENERAL.—The'';

(B) in subparagraph (A)—

(i) by striking ''(i) identify'' and inserting the following:

''(i) identify'';

(ii) by striking ''(ii) prepare'' and inserting the following:

''(ii) prepare''; and

(iii) by striking ''(iii) improve'' and inserting the following:

''(iii) improve'';

(C) in subparagraph (B), by striking ''(B) In'' and inserting the following:

''(B) SELECTION PRIORITY.—In''; and

(D) in subparagraph (C)—

(i) by striking ''(C) Not'' and inserting the following:

''(C) FUNDING.—Not''; and

(ii) by striking ''2 per centum of any funds provided in Appropriations Acts'' and inserting ''3 percent of any funds appropriated''.

(b) CONFORMING AMENDMENTS.—

(1) Section 307(a)(6)(B) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1927(a)(6)(B)) (as amended by section 651(a)(2)) is further amended—

(A) by striking clause (ii); and

(B) by redesignating clauses (iii) and (iv) as clauses (ii) and (iii), respectively.

(2) The second sentence of section 309A(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1929a(a)) is amended by striking '', 306(a)(14),''.

SEC. 742. EMERGENCY COMMUNITY WATER ASSISTANCE GRANT PROGRAM FOR SMALL COMMUNITIES.

Section 306A of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926a) is amended—

(1) in subsection (e)—

(A) by striking paragraph (1) and inserting the following:

''(1) MAXIMUM INCOME.—No grant provided under this section may be used to assist any rural area or community that has a median household income in excess of the State nonmetropolitan median household income according to the most recent decennial census of the United States.''; and

(B) in paragraph (2), by striking ''5,000'' and inserting ''3,000''; and

(2) by striking subsection (i) and inserting the following:

''(i) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $35,000,000 for each of fiscal years 1996 through 2002.''.

SEC. 743. EMERGENCY COMMUNITY WATER ASSISTANCE GRANT PROGRAM FOR SMALLEST COMMUNITIES.

Section 306B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926b) is repealed.

SEC. 744. AGRICULTURAL CREDIT INSURANCE FUND.

Section 309(f) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1929(f)) is amended—

(1) by striking paragraph (1); and

(2) by redesignating paragraphs (2) through (6) as paragraphs (1) through (5), respectively.

SEC. 745. RURAL DEVELOPMENT INSURANCE FUND.

Section 309A(g) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1929a(g)) is amended—

(1) by striking paragraph (1); and

(2) by redesignating paragraphs (2) through (8) as paragraphs (1) through (7), respectively.

SEC. 746. INSURED WATERSHED AND RESOURCE CONSERVATION AND DEVELOPMENT LOANS.

Section 310A of the Consolidated Farm and Rural Development Act (7 U.S.C. 1931) is repealed.

SEC. 747. RURAL INDUSTRIALIZATION ASSISTANCE.

(a) IN GENERAL.—Section 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932) is amended—

(1) in subsection (b), by striking ''(b)(1)'' and all that follows through ''(2) The'' and inserting the following:

''(b) SOLID WASTE MANAGEMENT GRANTS.—The'';

(2) in subsection (c)—

(A) by striking ''(c)(1) The'' and inserting the following:

''(c) RURAL BUSINESS ENTERPRISE GRANTS.—

''(1) IN GENERAL.—The'';

(B) in paragraph (1), by inserting ''(including nonprofit entities)'' after ''private business enterprises''; and

(C) in paragraph (2)—

(i) by striking ''(2) The'' and inserting the following:

''(2) PASSENGER TRANSPORTATION SERVICES OR FACILITIES.—The''; and

(ii) by striking ''make grants'' and inserting ''award grants on a competitive basis''; and

(3) by striking subsections (e), (g), (h), and (i);

(4) by redesignating subsections (f) and (j) as subsections (e) and (f), respectively;

(5) by striking subsection (e) (as so redesignated) and inserting the following:

''(e) RURAL COOPERATIVE DEVELOPMENT GRANTS.—

''(1) DEFINITIONS.—In this subsection:

''(A) NONPROFIT INSTITUTION.—The term 'nonprofit institution' means any organization or institution, including an accredited institution of higher education, no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual.

''(B) UNITED STATES.—The term 'United States' means the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, and the other territories and possessions of the United States.

''(2) GRANTS.—The Secretary shall make grants under this subsection to nonprofit institutions for the purpose of enabling the institutions to establish and operate centers for rural cooperative development.

''(3) GOALS.—The goals of a center funded under this subsection shall be to facilitate the creation of jobs in rural areas through the development of new rural cooperatives, value added processing, and rural businesses.

''(4) APPLICATION.—Any nonprofit institution seeking a grant under paragraph (2) shall submit to the Secretary an application containing a plan for the establishment and operation by the institution of a center or centers for cooperative development. The Secretary may approve the application if the plan contains the following:

''(A) A provision that substantiates that the center will effectively serve rural areas in the United States.

''(B) A provision that the primary objective of the center will be to improve the economic condition of rural areas through cooperative development.

''(C) A description of the activities that the center will carry out to accomplish the objective. The activities may include the following:

''(i) Programs for applied research and feasibility studies that may be useful to individuals, cooperatives, small businesses, and other similar entities in rural areas served by the center.

''(ii) Programs for the collection, interpretation, and dissemination of information that may be useful to individuals, cooperatives, small businesses, and other similar entities in rural areas served by the center.

''(iii) Programs providing training and instruction for individuals, cooperatives, small businesses, and other similar entities in rural areas served by the center.

''(iv) Programs providing loans and grants to individuals, cooperatives, small businesses, and other similar entities in rural areas served by the center.

''(v) Programs providing technical assistance, research services, and advisory services to individuals, cooperatives, small businesses, and other similar entities in rural areas served by the center.

''(vi) Programs providing for the coordination of services and sharing of information among the center.

''(D) A description of the contributions that the activities are likely to make to the improvement of the economic conditions of the rural areas for which the center will provide services.

''(E) Provisions that the center, in carrying out the activities, will seek, where appropriate, the advice, participation, expertise, and assistance of representatives of business, industry, educational institutions, the Federal Government, and State and local governments.

''(F) Provisions that the center will take all practicable steps to develop continuing sources of financial support for the center,

particularly from sources in the private sector.

''(G) Provisions for—

''(i) monitoring and evaluating the activities by the nonprofit institution operating the center; and

''(ii) accounting for money received by the institution under this section.

''(5) AWARDING GRANTS.—Grants made under paragraph (2) shall be made on a competitive basis. In making grants under paragraph (2), the Secretary shall give preference to grant applications providing for the establishment of centers for rural cooperative development that—

''(A) demonstrate a proven track record in administering a nationally coordinated, regionally or State-wide operated project;

''(B) demonstrate previous expertise in providing technical assistance in rural areas;

''(C) demonstrate the ability to assist in the retention of existing businesses, facilitate the establishment of new cooperatives and new cooperative approaches, and generate new employment opportunities that will improve the economic conditions of rural areas;

''(D) demonstrate the ability to create horizontal linkages among businesses within and among various sectors in rural America and vertical linkages to domestic and international markets;

''(E) commit to providing technical assistance and other services to underserved and economically distressed areas in rural America; and

''(F) commit to providing greater than a 25 percent matching contribution with private funds and in-kind contributions.

''(6) TWO-YEAR GRANTS.—The Secretary shall evaluate programs receiving assistance under this subsection and, if the Secretary determines it to be in the best interest of the Federal Government, the Secretary may approve grants under this subsection for up to 2 years.

''(7) TECHNICAL ASSISTANCE TO PREVENT EXCESSIVE UNEMPLOYMENT OR UNDEREMPLOYMENT.—In carrying out this subsection, the Secretary may provide technical assistance to alleviate or prevent conditions of excessive unemployment, underemployment, outmigration, or low employment growth in economically distressed rural areas that the Secretary determines have a substantial need for the assistance. The assistance may include planning and feasibility studies, management and operational assistance, and studies evaluating the need for development potential of projects that increase employment and improve economic growth in the areas.

''(8) GRANTS TO DEFRAY ADMINISTRATIVE COSTS.—The Secretary may make grants to defray not to exceed 75 percent of the costs incurred by organizations and public bodies to carry out projects for which grants or loans are made under this subsection. For purposes of determining the non-Federal share of the costs, the Secretary shall consider contributions in cash and in kind, fairly evaluated, including premises, equipment, and services.

''(9) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subsection $50,000,000 for each of fiscal years 1996 through 2002.''; and

(6) by adding at the end the following:

''(g) LOAN GUARANTEES FOR THE PURCHASE OF COOPERATIVE STOCK.—

''(1) DEFINITION OF FARMER.—In this subsection, the term 'farmer' means any farmer that meets the family farmer definition, as determined by the Secretary.

''(2) LOAN GUARANTEES.—The Secretary may guarantee loans under this section to individual farmers for the purpose of purchasing capital stock of a farmer cooperative established for the purpose of processing an agricultural commodity.

''(3) ELIGIBILITY.—To be eligible for a loan guarantee under this subsection, a farmer must produce the agricultural commodity that will be processed by the cooperative.

''(4) COLLATERAL.—To be eligible for a loan guarantee under this subsection for the establishment of a cooperative, the borrower of the loan must pledge collateral to secure at least 25 percent of the amount of the loan.''.

(b) CONFORMING AMENDMENTS.—

(1) Clause (iii) of section 307(a)(6)(B) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1927(a)(6)(B)) (as redesignated by section 741(b)(1)(B)) is amended by striking ''subsections (d) and (e) of section 310B'' and inserting ''section 310B(d)''.

(2) Section 232(c)(2) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6942(c)(2)) is amended—

(A) by striking ''310B(b)(2)'' and inserting ''310B(b)''; and

(B) by striking ''1932(b)(2)'' and inserting ''1932(b)''.

(3) Section 233(b) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6943(b)) is amended—

(A) by striking paragraph (2); and

(B) by redesignating paragraph (3) as paragraph (2).

SEC. 748. ADMINISTRATION.

Section 331(b)(4) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981(b)(4)) is amended—

(1) by inserting after ''claims'' the following: ''(including debts and claims arising from loan guarantees)'';

(2) by striking ''Farmers Home Administration or'' and inserting ''Consolidated Farm Service Agency, Rural Utilities Service, Rural Housing and Community Development Service, Rural Business and Cooperative Development Service, or a successor agency, or''; and

(3) by inserting after ''activities under the Housing Act of 1949.'' the following: ''In the case of a security instrument entered into under the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.), the Secretary shall notify the Attorney General of the intent of the Secretary to exercise the authority of the Secretary under this paragraph.''.

SEC. 749. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—Section 338 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1988) is amended—

(1) by striking subsections (b), (c), (d), and (e); and

(2) by redesignating subsection (f) as subsection (b).

(b) CONFORMING AMENDMENTS.—

(1) The first sentence of section 309(g)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1929(g)(1)) is amended by inserting after ''section 338(c)'' the following: ''(before the amendment made by section 447(a)(1) of the Agricultural Reform and Improvement Act of 1996)''.

(2) Section 343(b) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(b)) is amended by striking ''338(f),'' and inserting ''338(b),''.

SEC. 750. TESTIMONY BEFORE CONGRESSIONAL COMMITTEES.

Section 345 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1993) is repealed.

SEC. 751. PROHIBITION ON USE OF LOANS FOR CERTAIN PURPOSES.

Section 363 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2006e) is amended by adding at the end the following: ''This section shall not apply to a loan made or guaranteed under this title for a utility line.''.

SEC. 752. RURAL DEVELOPMENT CERTIFIED LENDERS PROGRAM.

The Consolidated Farm and Rural Development Act is amended by inserting after section 363 (7 U.S.C. 2006e) the following:

''SEC. 364. RURAL DEVELOPMENT CERTIFIED LENDERS PROGRAM.

''(a) CERTIFIED LENDERS PROGRAM.—

''(1) IN GENERAL.—The Secretary may establish a program under which the Secretary may guarantee a loan for any rural development program that is made by a lender certified by the Secretary.

''(2) CERTIFICATION REQUIREMENTS.—The Secretary may certify a lender if the lender meets such criteria as the Secretary may prescribe in regulations, including the ability of the lender to properly make, service, and liquidate the guaranteed loans of the lender.

''(3) CONDITION OF CERTIFICATION.—As a condition of certification, the Secretary may require the lender to undertake to service the guaranteed loan using standards that are not less stringent than generally accepted banking standards concerning loan servicing that are used by prudent commercial or cooperative lenders.

''(4) GUARANTEE.—Notwithstanding any other provision of law, the Secretary may guarantee not more than 80 percent of a loan made by a certified lender described in paragraph (1), if the borrower of the loan meets the eligibility requirements and such other criteria for the loan guarantee that are established by the Secretary.

''(5) CERTIFICATIONS.—With respect to loans to be guaranteed, the Secretary may permit a certified lender to make appropriate certifications (as provided in regulations issued by the Secretary) —

''(A) relating to issues such as creditworthiness, repayment ability, adequacy of collateral, and feasibility of the operation; and

''(B) that the borrower is in compliance with all requirements of law, including regulations issued by the Secretary.

''(6) RELATIONSHIP TO OTHER REQUIREMENTS.—This subsection shall not affect the responsibility of the Secretary to determine eligibility, review financial information, and otherwise assess an application.

''(b) PREFERRED CERTIFIED LENDERS PROGRAM.—

''(1) IN GENERAL.—The Secretary may establish a preferred certified lenders program for lenders who establish their—

''(A) knowledge of, and experience under, the program established under subsection (a);

''(B) knowledge of the regulations concerning the particular guaranteed loan program; and

''(C) proficiency related to the certified lender program requirements.

''(2) ADDITIONAL LENDING INSTITUTIONS.—The Secretary may certify any lending institution as a preferred certified lender if the institution meets such additional criteria as the Secretary may prescribe by regulation.

''(3) REVOCATION OF DESIGNATION.—The designation of a lender as a preferred certified lender shall be revoked if the Secretary determines that the lender is not adhering to the rules and regulations applicable to the program or if the loss experiences of a preferred certified lender are greater than other preferred certified lenders, except that the suspension or revocation shall not affect any outstanding guarantee.

''(4) CONDITION OF CERTIFICATION.—As a condition of the preferred certification, the Secretary shall require the lender to undertake to service the loan guaranteed by the

Secretary under this subsection using generally accepted banking standards concerning loan servicing employed by prudent commercial or cooperative lenders. The Secretary shall, at least annually, monitor the performance of each preferred certified lender to ensure that the conditions of the certification are being met.

''(5) EFFECT OF PREFERRED LENDER CERTIFICATION.—Notwithstanding any other provision of law, the Secretary may—

''(A) guarantee not more than 80 percent of any approved loan made by a preferred certified lender as described in this subsection, if the borrower meets the eligibility requirements and such other criteria as may be applicable to loans guaranteed by the Secretary; and

''(B) permit preferred certified lenders to make all decisions, with respect to loans to be guaranteed by the Secretary under this subsection relating to creditworthiness, the closing, monitoring, collection, and liquidation of loans, and to accept appropriate certifications, as provided in regulations issued by the Secretary, that the borrower is in compliance with all requirements of law and regulations issued by the Secretary.''.

SEC. 753. SYSTEM FOR DELIVERY OF CERTAIN RURAL DEVELOPMENT PROGRAMS.

(a) IN GENERAL.—Section 365 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008) is repealed.

(b) CONFORMING AMENDMENTS.—

(1) Section 2310 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2007) is amended—

(A) in subsection (a), by striking ''or the program established in sections 365 and 366 of the Consolidated Farm and Rural Development Act (as added by chapter 3 of this subtitle)'';

(B) in subsection (b)—

(i) by striking ''STATES.—'' and all that follows through ''PARTNERSHIPS.—The'' in paragraph (1) and inserting ''STATES.—The''; and

(ii) by striking paragraph (2);

(C) in subsection (c)—

(i) by striking ''PROJECTS.—'' and all that follows through ''PARTNERSHIPS.—Chapter'' in paragraph (1) and inserting ''PROJECTS.—Chapter'';

(ii) by striking ''subsection (b)(1)'' and inserting ''subsection (b)''; and

(iii) by striking paragraph (2); and

(D) in subsection (d), by striking ''and sections 365, 366, 367, and 368(b) of the Consolidated Farm and Rural Development Act (as added by chapter 3 of this subtitle)''.

(2) Section 2375 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 6613) is amended—

(A) in subsection (e), by striking '', as defined in section 365(b)(2) of the Consolidated Farm and Rural Development Act,''; and

(B) by adding at the end the following:

''(g) DEFINITION OF DESIGNATED RURAL DEVELOPMENT PROGRAM.—In this section, the term 'designated rural development program' means a program carried out under section 304(b), 306(a), or 310B(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1924(b), 1926(a), and 1932(e)), or under section 1323 of the Food Security Act of 1985 (Public Law 99–198; 7 U.S.C. 1932 note), for which funds are available at any time during the fiscal year under the section.''.

(3) Paragraph (2) of section 233(b) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6943(b)) (as redesignated by section 747(b)(3)(B)) is amended by striking ''sections 365 through 369 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008-2008d)'' and inserting ''section 369 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008d)''.

SEC. 754. STATE RURAL ECONOMIC DEVELOPMENT REVIEW PANEL.

Section 366 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008a) is repealed.

SEC. 755. LIMITED TRANSFER AUTHORITY OF LOAN AMOUNTS.

Section 367 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008b) is repealed.

SEC. 756. ALLOCATION AND TRANSFER OF LOAN GUARANTEE AUTHORITY.

Section 368 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008c) is repealed.

SEC. 757. NATIONAL SHEEP INDUSTRY IMPROVEMENT CENTER.

The Consolidated Farm and Rural Development Act (as amended by section 641) is amended by adding at the end the following:

''SEC. 375. NATIONAL SHEEP INDUSTRY IMPROVEMENT CENTER.

''(a) DEFINITIONS.—In this section:

''(1) BOARD.—The term 'Board' means the Board of Directors established under subsection (f).

''(2) CENTER.—The term 'Center' means the National Sheep Industry Improvement Center established under subsection (b).

''(3) ELIGIBLE ENTITY.—The term 'eligible entity' means an entity that promotes the betterment of the United States lamb or wool industry and that is—

''(A) a public, private, or cooperative organization;

''(B) an association, including a corporation not operated for profit;

''(C) a federally recognized Indian Tribe; or

''(D) a public or quasi-public agency.

''(4) FUND.—The term 'Fund' means the Natural Sheep Improvement Center Revolving Fund established under subsection (e).

''(b) ESTABLISHMENT OF CENTER.—The Secretary shall establish a National Sheep Industry Improvement Center.

''(c) PURPOSES.—The purposes of the Center shall be to—

''(1) promote strategic development activities and collaborative efforts by private and State entities to maximize the impact of Federal assistance to strengthen and enhance the production and marketing of lamb and wool in the United States;

''(2) optimize the use of available human capital and resources within the sheep industry;

''(3) provide assistance to meet the needs of the sheep industry for infrastructure development, business development, production, resource development, and market and environmental research;

''(4) advance activities that empower and build the capacity of the United States sheep industry to design unique responses to the special needs of the lamb and wool industries on both a regional and national basis; and

''(5) adopt flexible and innovative approaches to solving the long-term needs of the United States sheep industry.

''(d) STRATEGIC PLAN.—

''(1) IN GENERAL.—The Center shall submit to the Secretary an annual strategic plan for the delivery of financial assistance provided by the Center.

''(2) REQUIREMENTS.—A strategic plan shall identify—

''(A) goals, methods, and a benchmark for measuring the success of carrying out the plan and how the plan relates to the national and regional goals of the Center;

''(B) the amount and sources of Federal and non-Federal funds that are available for carrying out the plan;

''(C) funding priorities;

''(D) selection criteria for funding; and

''(E) a method of distributing funding.

''(e) REVOLVING FUND.—

''(1) ESTABLISHMENT.—There is established in the Treasury the Natural Sheep Improvement Center Revolving Fund. The Fund shall be available to the Center, without fiscal year limitation, to carry out the authorized programs and activities of the Center under this section.

''(2) CONTENTS OF FUND.—There shall be deposited in the Fund—

''(A) such amounts as may be appropriated, transferred, or otherwise made available to support programs and activities of the Center;

''(B) payments received from any source for products, services, or property furnished in connection with the activities of the Center;

''(C) fees and royalties collected by the Center from licensing or other arrangements relating to commercialization of products developed through projects funded, in whole or part, by grants, contracts, or cooperative agreements executed by the Center;

''(D) proceeds from the sale of assets, loans, and equity interests made in furtherance of the purposes of the Center;;

''(E) donations or contributions accepted by the Center to support authorized programs and activities; and

''(F) any other funds acquired by the Center.

''(3) USE OF FUND.—

''(A) IN GENERAL.—The Center may use amounts in the Fund to make grants and loans to eligible entities in accordance with a strategic plan submitted under subsection (d).

''(B) CONTINUED EXISTENCE.—The Center shall manage the Fund in a manner that ensures that sufficient amounts are available in the Fund to carry out subsection (c).

''(C) DIVERSE AREA.—The Center shall, to the maximum extent practicable, use the Fund to serve broad geographic areas and regions of diverse production.

''(D) VARIETY OF LOANS AND GRANTS.—The Center shall, to the maximum extent practicable, use the Fund to provide a variety of intermediate- and long-term grants and loans.

''(E) ADMINISTRATION.—The Center may not use more than 3 percent of the amounts in the Fund for a fiscal year for the administration of the Center.

''(F) INFLUENCING LEGISLATION.—None of the amounts in the Fund may be used to influence legislation.

''(G) ACCOUNTING.—To be eligible to receive amounts from the Fund, an entity must agree to account for the amounts using generally accepted accounting principles.

''(H) USES OF FUND.—The Center may use amounts in the Fund to—

''(i) participate with Federal and State agencies in financing activities that are in accordance with a strategic plan submitted under subsection (d), including participation with several States in a regional effort;

''(ii) participate with other public and private funding sources in financing activities that are in accordance with the strategic plan, including participation in a regional effort;

''(iii) provide security for, or make principle or interest payments on, revenue or general obligation bonds issued by a State, if the proceeds from the sale of the bonds are deposited in the Fund;

''(iv) accrue interest;

''(v) guarantee or purchase insurance for local obligations to improve credit market access or reduce interest rates for a project that is in accordance with the strategic plan; or

''(vi) sell assets, loans, and equity interests acquired in connection with the financing of projects funded by the Center.

''(4) LOANS.—

''(A) RATE.—A loan from the Fund may be made at an interest rate that is below the market rate or may be interest free.

''(B) TERM.—The term of a loan may not exceed the shorter of—

''(i) the useful life of the activity financed; or

''(ii) 40 years.

''(C) SOURCE OF REPAYMENT.—The Center may not make a loan from the Fund unless the recipient establishes an assured source of repayment.

''(D) PROCEEDS.—All payments of principal and interest on a loan made from the Fund shall be deposited into the Fund.

''(5) MAINTENANCE OF EFFORT.—The Center shall use the Fund only to supplement and not to supplant Federal, State, and private funds expended for rural development.

''(6) FUNDING.—

''(A) DEPOSIT OF FUNDS.—All Federal and non-Federal amounts received by the Center to carry out this section shall be deposited in the Fund.

''(B) MANDATORY FUNDS.—Out of any moneys in the Treasury not otherwise appropriated, the Secretary of the Treasury shall provide to the Center not to exceed $20,000,000 to carry out this section.

''(C) ADDITIONAL FUNDS.—In addition to any funds provided under subparagraph (B), there is authorized to be appropriated to carry out this section $30,000,000 to carry out this section.

''(D) PRIVATIZATION.—Federal funds shall not be used to carry out this section beginning on the earlier of—

''(i) the date that is 10 years after the effective date of this section; or

''(ii) the day after a total of $50,000,000 is made available under subparagraphs (B) and (C) to carry out this section.

''(f) BOARD OF DIRECTORS.—

''(1) IN GENERAL.—The management of the Center shall be vested in a Board of Directors.

''(2) POWERS.—The Board shall—

''(A) be responsible for the general supervision of the Center;

''(B) review any grant, loan, contract, or cooperative agreement to be made or entered into by the Center and any financial assistance provided to the Center;

''(C) make the final decision, by majority vote, on whether and how to provide assistance to an applicant; and

''(D) develop and establish a budget plan and a long-term operating plan to carry out the goals of the Center.

''(3) COMPOSITION.—The Board shall be composed of—

''(A) 7 voting members, of whom—

''(i) 4 members shall be active producers of sheep in the United States;

''(ii) 2 members shall have expertise in finance and management; and

''(iii) 1 member shall have expertise in lamb and wool marketing; and

''(B) 2 nonvoting members, of whom—

''(i) 1 member shall be the Under Secretary of Agriculture for Rural Economic and Community Development; and

''(ii) 1 member shall be the Under Secretary of Agriculture for Research, Education, and Economics.

''(4) ELECTION.—A voting member of the Board shall be chosen in an election of the members of a national organization selected by the Secretary that—

''(A) consists only of sheep producers in the United States; and

''(B) has as the primary interest of the organization the production of lamb and wool in the United States.

''(5) TERM OF OFFICE.—

''(A) IN GENERAL.—Subject to subparagraph (B), the term of office of a voting member of the Board shall be 3 years.

''(B) STAGGERED INITIAL TERMS.—The initial voting members of the Board (other than the chairperson of the initially established Board) shall serve for staggered terms of 1, 2, and 3 years, as determined by the Secretary.

''(C) REELECTION.—A voting member may be reelected for not more than 1 additional term.

''(6) VACANCY.—

''(A) IN GENERAL.—A vacancy on the Board shall be filled in the same manner as the original Board.

''(B) REELECTION.—A member elected to fill a vacancy for an unexpired term may be reelected for 1 full term.

''(7) CHAIRPERSON.—

''(A) IN GENERAL.—The Board shall select a chairperson from among the voting members of the Board.

''(B) TERM.—The term of office of the chairperson shall be 2 years.

''(8) ANNUAL MEETING.—

''(A) IN GENERAL.—The Board shall meet not less than once each fiscal year at the call of the chairperson or at the request of the executive director appointed under subsection (g)(1).

''(B) LOCATION.—The location of a meeting of the Board shall be established by the Board.

''(9) VOTING.—

''(A) QUORUM.—A quorum of the Board shall consist of a majority of the voting members.

''(B) MAJORITY VOTE.—A decision of the Board shall be made by a majority of the voting members of the Board.

''(10) CONFLICTS OF INTEREST.—

''(A) IN GENERAL.—A member of the Board shall not vote on any matter respecting any application, contract, claim, or other particular matter pending before the Board in which, to the knowledge of the member, an interest is held by—

''(i) the member;

''(ii) any spouse of the member;

''(iii) any child of the member;

''(iv) any partner of the member;

''(v) any organization in which the member is serving as an officer, director, trustee, partner, or employee; or

''(vi) any person with whom the member is negotiating or has any arrangement concerning prospective employment or with whom the member has a financial interest.

''(B) REMOVAL.—Any action by a member of the Board that violates subparagraph (A) shall be cause for removal from the Board.

''(C) VALIDITY OF ACTION.—An action by a member of the Board that violates subparagraph (A) shall not impair or otherwise affect the validity of any otherwise lawful action by the Board.

''(D) DISCLOSURE.—

''(i) IN GENERAL.—If a member of the Board makes a full disclosure of an interest and, prior to any participation by the member, the Board determines, by majority vote, that the interest is too remote or too inconsequential to affect the integrity of any participation by the member, the member may participate in the matter relating to the interest.

''(ii) VOTE.—A member that discloses an interest under clause (i) shall not vote on a determination of whether the member may participate in the matter relating to the interest.

''(E) REMANDS.—

''(i) IN GENERAL.—The Secretary may vacate and remand to the Board for reconsideration any decision made pursuant to subsection (e)(3)(H) if the Secretary determines that there has been a violation of this paragraph or any conflict of interest provision of the bylaws of the Board with respect to the decision.

''(ii) REASONS.—In the case of any violation and remand of a funding decision to the Board under clause (i), the Secretary shall inform the Board of the reasons for the remand.

''(11) COMPENSATION.—

''(A) IN GENERAL.—A member of the Board shall not receive any compensation by reason of service on the Board.

''(B) EXPENSES.—A member of the Board shall be reimbursed for travel, subsistence, and other necessary expenses incurred by the member in the performance of a duty of the member.

''(12) BYLAWS.—The Board shall adopt, and may from time to time amend, any bylaw that is necessary for the proper management and functioning of the Center.

''(13) PUBLIC HEARINGS.—Not later than 1 year after the effective date of this section, the Board shall hold public hearings on policy objectives of the program established under this section.

''(14) ORGANIZATIONAL SYSTEM.—The Board shall provide a system of organization to fix responsibility and promote efficiency in carrying out the functions of the Board.

''(15) USE OF DEPARTMENT OF AGRICULTURE.—The Board may, with the consent of the Secretary, utilize the facilities of and the services of employees of the Department of Agriculture, without cost to the Center.

''(g) OFFICERS AND EMPLOYEES.—

''(1) EXECUTIVE DIRECTOR.—

''(A) IN GENERAL.—The Board shall appoint an executive director to be the chief executive officer of the Center.

''(B) TENURE.—The executive director shall serve at the pleasure of the Board.

''(C) COMPENSATION.—Compensation for the executive director shall be established by the Board.

''(2) OTHER OFFICERS AND EMPLOYEES.—The Board may select and appoint officers, attorneys, employees, and agents who shall be vested with such powers and duties as the Board may determine.

''(3) DELEGATION.—The Board may, by resolution, delegate to the chairperson, the executive director, or any other officer or employee any function, power, or duty of the Board other than voting on a grant, loan, contract, agreement, budget, or annual strategic plan.

''(h) CONSULTATION.—To carry out this section, the Board may consult with—

''(1) State departments of agriculture;

''(2) Federal departments and agencies;

''(3) nonprofit development corporations;

''(4) colleges and universities;

''(5) banking and other credit-related agencies;

''(6) agriculture and agribusiness organizations; and

''(7) regional planning and development organizations.

''(i) OVERSIGHT.—

''(1) IN GENERAL.—The Secretary shall review and monitor compliance by the Board and the Center with this section.

''(2) SANCTIONS.—If, following notice and opportunity for a hearing, the Secretary finds that the Board or the Center is not in compliance with this section, the Secretary may—

''(A) cease making deposits to the Fund;

''(B) suspend the authority of the Center to withdraw funds from the Fund; or

''(C) impose other appropriate sanctions, including recoupment of money improperly expended for purposes prohibited or not authorized by this Act and disqualification from receipt of financial assistance under this section.

''(3) REMOVING SANCTIONS.—The Secretary shall remove sanctions imposed under paragraph (2) on a finding that there is no longer any failure by the Board or the Center to

comply with this section or that the noncompliance shall be promptly corrected.''.

CHAPTER 2—RURAL COMMUNITY ADVANCEMENT PROGRAM

SEC. 761. RURAL COMMUNITY ADVANCEMENT PROGRAM.

The Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) is amended by adding at the end the following:

''Subtitle E—Rural Community Advancement Program

''SEC. 381A. DEFINITIONS.

''In this subtitle:

''(1) RURAL AND RURAL AREA.—The terms 'rural' and 'rural area' mean, subject to section 306(a)(7), a city, town, or unincorporated area that has a population of 50,000 inhabitants or less, other than an urbanized area immediately adjacent to a city, town, or unincorporated area that has a population in excess of 50,000 inhabitants.

''(2) STATE.—The term 'State' means each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands of the United States, American Samoa, the Commonwealth of the Northern Mariana Islands, the Trust Territory of the Pacific Islands, and the Federated States of Micronesia.

''SEC. 381B. ESTABLISHMENT.

''The Secretary shall establish a rural community advancement program to provide grants, loans, loan guarantees, and other assistance to meet the rural development needs of local communities in States and federally recognized Indian tribes.

''SEC. 381C. NATIONAL OBJECTIVES.

''The national objectives of the program established under this subtitle shall be to—

''(1) promote strategic development activities and collaborative efforts by State and local communities, and federally recognized Indian tribes, to maximize the impact of Federal assistance;

''(2) optimize the use of resources;

''(3) provide assistance in a manner that reflects the complexity of rural needs, including the needs for business development, health care, education, infrastructure, cultural resources, the environment, and housing;

''(4) advance activities that empower, and build the capacity of, State and local communities to design unique responses to the special needs of the State and local communities, and federally recognized Indian tribes, for rural development assistance; and

''(5) adopt flexible and innovative approaches to solving rural development problems.

''SEC. 381D. STRATEGIC PLANS.

''(a) IN GENERAL.—The Secretary shall direct each of the Directors of Rural Economic and Community Development State Offices to prepare a strategic plan for each State for the delivery of assistance under this subtitle within the State.

''(b) ASSISTANCE.—

''(1) IN GENERAL.—Financial assistance for rural development allocated for a State under this subtitle shall be used only for orderly community development that is consistent with the strategic plan of the State.

''(2) RURAL AREA.—Assistance under this subtitle may only be provided in a rural area.

''(3) SMALL COMMUNITIES.—In carrying out this subtitle within a State, the Secretary shall give priority to communities with the smallest populations and lowest per capita income.

''(c) REVIEW.—The Secretary shall review the strategic plan of a State at least once every 5 years.

''(d) CONTENTS.—A strategic plan of a State under this section shall be a plan that—

''(1) coordinates economic, human, and community development plans and related activities proposed for an affected area;

''(2) provides that the State and an affected community (including local institutions and organizations that have contributed to the planning process) shall act as full partners in the process of developing and implementing the plan;

''(3) identifies goals, methods, and benchmarks for measuring the success of carrying out the plan and how the plan relates to local or regional ecosystems;

''(4) provides for the involvement, in the preparation of the plan, of State, local, private, and public persons, State rural development councils, federally-recognized Indian tribes, and community-based organizations;

''(5) identifies the amount and source of Federal and non-Federal resources that are available for carrying out the plan; and

''(6) includes such other information as may be required by the Secretary.

''SEC. 381E. ACCOUNTS.

''(a) IN GENERAL.—Notwithstanding any other provision of law, for each fiscal year, the Secretary shall consolidate into 3 accounts, corresponding to the 3 function categories established under subsection (c), the amounts made available for programs included in each function category.

''(b) ALLOCATION WITHIN ACCOUNT.—The Secretary shall allocate the amounts in each account for such program purposes authorized for the corresponding function category among the States, as the Secretary may determine in accordance with this subtitle.

''(c) FUNCTION CATEGORIES.—For purposes of subsection (a):

''(1) RURAL HOUSING AND COMMUNITY DEVELOPMENT.—The rural housing and community development category shall include funds made available for—

''(A) community facility direct and guaranteed loans provided under section 306(a)(1);

''(B) community facility grants provided under section 306(a)(21); and

''(C) rental housing loans for new housing provided under section 515 of the Housing Act of 1949 (42 U.S.C. 1485).

''(2) RURAL UTILITIES.—The rural utilities category shall include funds made available for—

''(A) water and waste disposal grants and direct and guaranteed loans provided under paragraphs (1) and (2) of section 306(a);

''(B) rural water and wastewater technical assistance and training grants provided under section 306(a)(16);

''(C) emergency community water assistance grants provided under section 306A; and

''(D) solid waste management grants provided under section 310B(b).

''(3) RURAL BUSINESS AND COOPERATIVE DEVELOPMENT.—The rural business and cooperative development category shall include funds made available for—

''(A) rural business opportunity grants provided under section 306(a)(11)(A);

''(B) business and industry guaranteed loans provided under section 310B(a)(1);

''(C) rural business enterprise grants and rural educational network grants provided under section 310B(c); and

''(D) grants to broadcasting systems provided under section 310B(f).

''(d) OTHER PROGRAMS.—Subject to subsection (e), in addition to any other appropriated amounts, the Secretary may transfer amounts allocated for a State for any of the 3 function categories for a fiscal year under subsection (c) to—

''(1) mutual and self-help housing grants provided under section 523 of the Housing Act of 1949 (42 U.S.C. 1490c);

''(2) rural rental housing loans for existing housing provided under section 515 of the Housing Act of 1949 (42 U.S.C. 1485); and

''(3) rural cooperative development grants provided under section 310B(e).

''(e) TRANSFER.—

''(1) IN GENERAL.—Subject to paragraph (2), the Secretary may transfer within each State up to 25 percent of the total amount allocated for a State under each function category referred to in subsection (c) for each fiscal year under this section to any other function category, or to a program referred to in subsection (d), but excluding State grants under section 381G.

''(2) LIMITATION.—Not more than 10 percent of the total amount (excluding grants to States under section 381G) made available for any fiscal year for the programs covered by each of the 3 function categories referred to in subsection (c), and the programs referred to in subsection (d), shall be available for the transfer.

''(f) AVAILABILITY OF FUNDS.—The Secretary may make available funds appropriated for the programs referred to in subsection (c) to defray the cost of any subsidy associated with a guarantee provided under section 381H, except that not more than 5 percent of the funds provided under subsection (c) may be made available within a State.

''SEC. 381F. ALLOCATION.

''(a) NATIONAL RESERVE.—The Secretary may use not more than 10 percent of the total amount of funds made available for a fiscal year under section 381E to establish a national reserve for rural development that may be used by the Secretary in rural areas during the fiscal year to—

''(1) meet situations of exceptional need;

''(2) provide incentives to promote or reward superior performance; or

''(3) carry out performance-oriented demonstration projects.

''(b) INDIAN TRIBES.—

''(1) RESERVATION.—The Secretary shall reserve not less than 3 percent of the total amounts made available for a fiscal year under section 381E to carry out rural development programs specified in subsections (c) and (d) of section 381D for federally recognized Indian tribes.

''(2) ALLOCATION.—The Secretary shall establish a formula for allocating the reserve and shall administer the reserve through the appropriate Director of the Rural Economic and Cooperative Development State office.

''(c) STATE ALLOCATION.—

''(1) IN GENERAL.—The Secretary shall allocate among all the States the amounts made available under section 381E in a fair, reasonable, and appropriate manner that takes into consideration rural population, levels of income, unemployment, and other relevant factors, as determined by the Secretary.

''(2) MINIMUM ALLOCATION.—In making the allocations for each of fiscal years 1996 through 2002, the Secretary shall ensure that the percentage allocation for each State is equal to the percentage of the average of the total funds made available to carry out the programs referred to in section 381E(c) that were obligated in the State for each of fiscal years 1993 and 1994.

''SEC. 381G. GRANTS TO STATES.

''(a) IN GENERAL.—Subject to subsection (c), the Secretary shall grant to any eligible State from which a request is received for a fiscal year 5 percent of the amount allocated for the State for the fiscal year under section 381F(c).

''(b) ELIGIBILITY.—To be eligible to receive a grant under this section, the Secretary shall require that the State maintain the grant funds received and any non-Federal matching funds to carry out this subtitle in a separate account, to remain available until expended.

''(c) MATCHING FUNDS.—For any fiscal year, if non-Federal matching funds are provided

for a State in an amount that is equal to 200 percent or more of an amount equal to 5 percent of the amount allocated for the State for the fiscal year under section 381F(c), the Secretary shall pay to the State the grant provided under this subsection in an amount equal to 5 percent of the amount allocated for the State for the fiscal year under section 381F(c).

''(d) USE OF FUNDS.—The Secretary shall require that funds provided to a State under this section be used in rural areas to achieve the purposes of the programs referred to in section 381E(c) in accordance with the strategic plan referred to in section 381D.

''(e) MAINTENANCE OF EFFORT.—The State shall provide assurances that funds received under this section will be used only to supplement, not to supplant, the amount of Federal, State, and local funds otherwise expended for rural development assistance in the State.

''(f) APPEALS.—The Secretary shall provide to a State an opportunity for an appeal of any action taken under this section.

''(g) ADMINISTRATIVE COSTS.—Federal funds shall not be used for any administrative costs incurred by a State in carrying out this subtitle.

''(h) SPENDING OF FUNDS BY STATE.—

''(1) IN GENERAL.—Payments to a State from a grant under this section for a fiscal year shall be obligated by the State in the fiscal year or in the succeeding fiscal year. A State shall obligate funds under this section to provide assistance to rural areas pursuant, to the maximum extent practicable, to applications received from the rural areas.

''(2) FAILURE TO OBLIGATE.—If a State fails to obligate payments in accordance with paragraph (1), the Secretary shall make a corresponding reduction in the amount of payments provided to the State under this section for the subsequent fiscal year.

''(3) NONCOMPLIANCE.—

''(A) REVIEW.—The Secretary shall review and monitor State compliance with this section.

''(B) PENALTY.—If the Secretary finds that there has been misuse of grant funds provided under this section, or noncompliance with any of the terms and conditions of a grant, after reasonable notice and opportunity for a hearing—

''(i) the Secretary shall notify the State of the finding; and

''(ii) no further payments to the State shall be made with respect to the programs funded under this section until the Secretary is satisfied that there is no longer any failure to comply or that the noncompliance will be promptly corrected.

''(C) OTHER SANCTIONS.—In the case of a finding of noncompliance made pursuant to subparagraph (B), the Secretary may, in addition to, or in lieu of, imposing the sanctions described in subparagraph (B), impose other appropriate sanctions, including recoupment of money improperly expended for purposes prohibited or not authorized by this section and disqualification from the receipt of financial assistance under this section.

''(i) NO ENTITLEMENT TO CONTRACT, GRANT, OR ASSISTANCE.—Nothing in this subtitle—

''(1) entitles any person to assistance or a contract or grant; or

''(2) limits the right of a State to impose additional limitations or conditions on assistance or a contract or grant under this section.

''SEC. 381H. GUARANTEE AND COMMITMENT TO GUARANTEE LOANS.

''(a) DEFINITION OF ELIGIBLE PUBLIC ENTITY.—In this section, the term 'eligible public entity' means any unit of general local government.

''(b) GUARANTEE AND COMMITMENT.—The Secretary is authorized, on such terms and conditions as the Secretary may prescribe, to guarantee and make commitments to guarantee the notes or other obligations issued by eligible public entities, or by public agencies designated by the eligible public entities, for the purposes of financing rural development assistance activities authorized and funded under section 381G.

''(c) PREREQUISITES.—No guarantee or commitment to guarantee shall be made with respect to any note or other obligation if the issuer's total outstanding notes or obligations guaranteed under this section (excluding any amount repaid under the contract entered into under subsection (e)(1)(A)) would exceed an amount equal to 5 times the amount of the grant approval for the issuer pursuant to section 381G.

''(d) PAYMENT OF PRINCIPAL, INTEREST, AND COSTS.—Notwithstanding any other provision of this subtitle, grants allocated to an issuer pursuant to this subtitle (including program income derived from the grants) shall be authorized for use in the payment of principal and interest due (including such servicing, underwriting, or other costs as may be specified in regulations of the Secretary) on the notes or other obligations guaranteed pursuant to this section.

''(e) REPAYMENT CONTRACT; SECURITY.—

''(1) IN GENERAL.—To ensure the repayment of notes or other obligations and charges incurred under this section and as a condition for receiving the guarantees, the Secretary shall require the issuer to—

''(A) enter into a contract, in a form acceptable to the Secretary, for repayment of notes or other obligations guaranteed under this section;

''(B) pledge any grant for which the issuer may become eligible under this subtitle; and

''(C) furnish, at the discretion of the Secretary, such other security as may be considered appropriate by the Secretary in making the guarantees.

''(2) SECURITY.—To assist in ensuring the repayment of notes or other obligations and charges incurred under this section, a State shall pledge any grant for which the State may become eligible under this subtitle as security for notes or other obligations and charges issued under this section by any unit of general local government in the State.

''(f) PLEDGED GRANTS FOR REPAYMENTS.—Notwithstanding any other provision of this subtitle, the Secretary is authorized to apply grants pledged pursuant to paragraphs (1)(B) and (2) of subsection (e) to any repayments due the United States as a result of the guarantees.

''(g) OUTSTANDING OBLIGATIONS.—The total amount of outstanding obligations guaranteed on a cumulative basis by the Secretary pursuant to subsection (b) shall not at any time exceed such amount as may be authorized to be appropriated for any fiscal year.

''(h) PURCHASE OF GUARANTEED OBLIGATIONS BY FEDERAL FINANCING BANK.—Notes or other obligations guaranteed under this section may not be purchased by the Federal Financing Bank.

''(i) FULL FAITH AND CREDIT.—The full faith and credit of the United States is pledged to the payment of all guarantees made under this section. Any such guarantee made by the Secretary shall be conclusive evidence of the eligibility of the obligations for the guarantee with respect to principal and interest. The validity of the guarantee shall be incontestable in the hands of a holder of the guaranteed obligations.

''SEC. 381I. LOCAL INVOLVEMENT.

''The Secretary shall require that an applicant for assistance under this subtitle demonstrate evidence of significant community support.

''SEC. 381J. STATE-TO-STATE COLLABORATION.

''The Secretary shall permit the establishment of voluntary pooling arrangements among States, and regional fund-sharing agreements, to carry out this subtitle.

''SEC. 381K. RURAL VENTURE CAPITAL DEMONSTRATION PROGRAM.

''(a) IN GENERAL.—The Secretary shall designate up to 10 community development venture capital organizations to demonstrate the utility of guarantees to attract increased private investment in rural private business enterprises.

''(b) RURAL BUSINESS INVESTMENT POOL.—

''(1) ESTABLISHMENT.—To be eligible to participate in the demonstration program, an organization referred to in subsection (a) shall establish a rural business private investment pool (referred to in this subsection as a 'pool') for the purpose of making equity investments in rural private business enterprises.

''(2) GUARANTEE.—From funds allocated for the national reserve under section 381F(a), the Secretary shall guarantee the funds in a pool against loss, except that the guarantee shall not exceed an amount equal to 30 percent of the total funds in the pool.

''(3) AMOUNT.—The Secretary shall issue guarantees covering not more than $15,000,000 of obligations for each of fiscal years 1996 through 2002.

''(4) TERM.—The term of a guarantee provided under this subsection shall not exceed 10 years.

''(5) SUBMISSION OF PLAN.—To be eligible to participate in the demonstration program, an organization referred to in subsection (a) shall submit a plan that describes—

''(A) potential sources and uses of the pool to be established by the organization;

''(B) the utility of the guarantee authority in attracting capital for the pool; and

''(C) on selection, mechanisms for notifying State, local, and private nonprofit business development organizations and businesses of the existence of the pool.

''(6) COMPETITION.—

''(A) IN GENERAL.—The Secretary shall conduct a competition for the designation and establishment of pools.

''(B) PRIORITY.—In conducting the competition, the Secretary shall give priority to organizations that—

''(i) have a demonstrated record of performance or have a board and executive director with experience in venture capital, small business equity investments, or community development finance;

''(ii) propose to serve low-income communities;

''(iii) propose to maintain an average investment of not more than $500,000 from the pool of the organization;

''(iv) invest funds statewide or in a multicounty region; and

''(v) propose to target job opportunities resulting from the investments primarily to economically disadvantaged individuals.

''(C) GEOGRAPHIC DIVERSITY.—To the extent practicable, the Secretary shall select organizations in diverse geographic areas.

''SEC. 381L. ANNUAL REPORT.

''(a) IN GENERAL.—The Secretary, in collaboration with public, State, local, and private entities, State rural development councils, and community-based organizations, shall prepare an annual report that contains evaluations, assessments, and performance outcomes concerning the rural community advancement programs carried out under this subtitle.

''(b) SUBMISSION.—Not later than March 1 of each year, the Secretary shall—

''(1) submit the report required under subsection (a) to Congress and the chief executives of States participating in the program established under this subtitle; and

''(2) make the report available to State and local participants.

"SEC. 381M. RURAL DEVELOPMENT INTERAGENCY WORKING GROUP.

''(a) IN GENERAL.—The Secretary shall provide leadership within the Executive branch for, and assume responsibility for, establishing an interagency working group chaired by the Secretary.

''(b) DUTIES.—The working group shall establish policy, provide coordination, make recommendations, and evaluate the performance of or for all Federal rural development efforts.

"SEC. 381N. DUTIES OF RURAL ECONOMIC AND COMMUNITY DEVELOPMENT STATE OFFICES.

''In carrying out this subtitle, the Director of a Rural Economic and Community Development State Office shall—

''(1) to the maximum extent practicable, ensure that the State strategic plan is implemented;

''(2) coordinate community development objectives within the State;

''(3) establish links between local, State, and field office program administrators of the Department of Agriculture;

''(4) ensure that recipient communities comply with applicable Federal and State laws and requirements; and

''(5) integrate State development programs with assistance under this subtitle.

"SEC. 381*O*. ELECTRONIC TRANSFER.

''The Secretary shall transfer funds in accordance with this subtitle through electronic transfer as soon as practicable after the effective date of this subtitle.''.

SEC. 762. COMMUNITY FACILITIES GRANT PROGRAM.

Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) is amended by adding at the end the following:

''(21) COMMUNITY FACILITIES GRANT PROGRAM.—

''(A) IN GENERAL.—The Secretary may make grants, in a total amount not to exceed $10,000,000 for any fiscal year, to associations, units of general local government, nonprofit corporations, and federally recognized Indian tribes to provide the Federal share of the cost of developing specific essential community facilities in rural areas.

''(B) FEDERAL SHARE.—

''(i) IN GENERAL.—Except as provided in clauses (ii) and (iii), the Secretary shall, by regulation, establish the amount of the Federal share of the cost of the facility under this paragraph.

''(ii) MAXIMUM AMOUNT.—The amount of a grant provided under this paragraph shall not exceed 75 percent of the cost of developing a facility.

''(iii) GRADUATED SCALE.—The Secretary shall provide for a graduated scale for the amount of the Federal share provided under this paragraph, with higher Federal shares for facilities in communities that have lower community population and income levels, as determined by the Secretary.''.

Subtitle C—Amendments to the Rural Electrification Act of 1936

SEC. 771. PURPOSES; INVESTIGATIONS AND REPORTS.

Section 2 of the Rural Electrification Act of 1936 (7 U.S.C. 902) is amended—

(1) by striking ''SEC. 2. (a) The Secretary of Agriculture is'' and inserting the following:

"SEC. 2. GENERAL AUTHORITY OF THE SECRETARY OF AGRICULTURE.

''(a) LOANS.—The Secretary of Agriculture (referred to in this Act as the 'Secretary') is'';

(2) in subsection (a)—

(A) by striking ''and the furnishing'' the first place it appears and all that follows through ''central station service''; and

(B) by striking ''systems; to make'' and all that follows through the period at the end of the subsection and inserting ''systems''; and

(3) by striking subsection (b) and inserting the following:

''(b) INVESTIGATIONS AND REPORTS.—The Secretary may make, or cause to be made, studies, investigations, and reports regarding matters, including financial, technological, and regulatory matters, affecting the condition and progress of electric, telecommunications, and economic development in rural areas and publish and disseminate information with respect to the matters.''.

SEC. 772. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—Section 3 of the Rural Electrification Act of 1936 (7 U.S.C. 903) is amended to read as follows:

"SEC. 3. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated such sums as are necessary to carry out this Act.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 301(a) of the Rural Electrification Act of 1936 (7 U.S.C. 931(a)) is amended—

(A) by striking ''(a)''; and

(B) in paragraph (3), by striking ''notwithstanding section 3(a) of title I,''.

(2) Section 302(b)(2) of the Rural Electrification Act of 1936 (7 U.S.C. 932(b)(2)) is amended by striking ''pursuant to section 3(a) of this Act''.

(3) The last sentence of section 406(a) of the Rural Electrification Act of 1936 (7 U.S.C. 946(a)) is amended by striking ''pursuant to section 3(a) of this Act''.

SEC. 773. LOANS FOR ELECTRICAL PLANTS AND TRANSMISSION LINES.

Section 4 of the Rural Electrification Act of 1936 (7 U.S.C. 904) is amended—

(1) in the first sentence—

(A) by striking ''for the furnishing of'' and all that follows through ''central station service and''; and

(B) by striking ''the provisions of sections 3(d) and 3(e) but without regard to the 25 per centum limitation therein contained,'' and inserting ''section 3,'';

(2) in the second sentence, by striking '': *Provided further,* That all'' and all that follows through ''loan: *And provided further,* That'' and inserting '', except that''; and

(3) in the third sentence, by striking ''and section 5''.

SEC. 774. LOANS FOR ELECTRICAL AND PLUMBING EQUIPMENT.

(a) IN GENERAL.—Section 5 of the Rural Electrification Act of 1936 (7 U.S.C. 905) is repealed.

(b) CONFORMING AMENDMENTS.—Section 12(a) of the Rural Electrification Act of 1936 (7 U.S.C. 912(a)) is amended—

(1) by striking '': *Provided, however,* That'' and inserting '', except that,''; and

(2) by striking '', and with respect to any loan made under section 5,'' and all that follows through ''section 3''.

SEC. 775. TESTIMONY ON BUDGET REQUESTS.

Section 6 of the Rural Electrification Act of 1936 (7 U.S.C. 906) is amended by striking the second sentence.

SEC. 776. TRANSFER OF FUNCTIONS OF ADMINISTRATION CREATED BY EXECUTIVE ORDER.

Section 8 of the Rural Electrification Act of 1936 (7 U.S.C. 908) is repealed.

SEC. 777. ANNUAL REPORT.

Section 10 of the Rural Electrification Act of 1936 (7 U.S.C. 910) is repealed.

SEC. 778. PROHIBITION ON RESTRICTING WATER AND WASTE FACILITY SERVICES TO ELECTRIC CUSTOMERS.

The Rural Electrification Act of 1936 is amended by inserting after section 16 (7 U.S.C. 916) the following:

"SEC. 17. PROHIBITION ON RESTRICTING WATER AND WASTE FACILITY SERVICES TO ELECTRIC CUSTOMERS.

''The Secretary shall establish rules and procedures that prohibit borrowers under title III or under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) from conditioning or limiting access to, or the use of, water and waste facility services financed under the Consolidated Farm and Rural Development Act if the conditioning or limiting is based on whether individuals or entities in the area served or proposed to be served by the facility receive, or will accept, electric service from the borrower.''.

SEC. 779. TELEPHONE LOAN TERMS AND CONDITIONS.

Section 309 of the Rural Electrification Act of 1936 (7 U.S.C. 939) is amended—

(1) in subsection (a), by striking ''(a) IN GENERAL.—''; and

(2) by striking subsection (b).

SEC. 780. PRIVATIZATION PROGRAM.

Section 311 of the Rural Electrification Act of 1936 (7 U.S.C. 940a) is repealed.

SEC. 781. RURAL BUSINESS INCUBATOR FUND.

(a) IN GENERAL.—Section 502 of the Rural Electrification Act of 1936 (7 U.S.C. 950aa–1) is repealed.

(b) CONFORMING AMENDMENTS.—Section 501 of the Rural Electrification Act of 1936 (7 U.S.C. 950aa) is amended—

(1) in paragraph (5), by inserting ''and'' at the end;

(2) in paragraph (6), by striking ''; and'' at the end and inserting a period; and

(3) by striking paragraph (7).

Subtitle D—Miscellaneous Rural Development Provisions

SEC. 791. INTEREST RATE FORMULA.

(a) BANKHEAD-JONES FARM TENANT ACT.—Section 32(e) of the Bankhead-Jones Farm Tenant Act (7 U.S.C. 1011) is amended by striking the fifth sentence and inserting the following: ''A loan under this subsection shall be made under a contract that provides, under such terms and conditions as the Secretary considers appropriate, for the repayment of the loan in not more than 30 years, with interest at a rate not to exceed the current market yield for outstanding municipal obligations with remaining periods to maturity comparable to the average maturity for the loan, adjusted to the nearest ⅛ of 1 percent.''.

(b) WATERSHED PROTECTION AND FLOOD PREVENTION ACT.—Section 8 of the Watershed Protection and Flood Prevention Act (16 U.S.C. 1006a) is amended by striking the second sentence and inserting the following: ''A loan or advance under this section shall be made under a contract or agreement that provides, under such terms and conditions as the Secretary considers appropriate, for the repayment of the loan or advance in not more than 50 years from the date when the principal benefits of the works of improvement first become available, with interest at a rate not to exceed the current market yield for outstanding municipal obligations with remaining periods to maturity comparable to the average maturity for the loan, adjusted to the nearest ⅛ of 1 percent.''.

SEC. 792. GRANTS FOR FINANCIALLY STRESSED FARMERS, DISLOCATED FARMERS, AND RURAL FAMILIES.

(a) IN GENERAL.—Section 502 of the Rural Development Act of 1972 (7 U.S.C. 2662) is amended by striking subsection (f).

(b) CONFORMING AMENDMENTS.—

(1) Section 2389 of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 7 U.S.C. 2662 note) is amended by striking subsection (d).

(2) Section 503(c) of the Rural Development Act of 1972 (7 U.S.C. 2663(c)) is amended—

(A) in paragraph (1)—

(i) by striking ''(1)'';

(ii) by striking ''section 502(e)'' and all that follows through ''shall be distributed'' and inserting ''subsections (e), (h), and (i) of section 502 shall be distributed''; and

(iii) by striking ''objectives of'' and all that follows through ''title'' and inserting ''objectives of subsections (e), (h), and (i) of section 502''; and

(B) by striking paragraph (2).

SEC. 793. COOPERATIVE AGREEMENTS.

Section 607(b) of the Rural Development Act of 1972 (7 U.S.C. 2204b(b)) is amended by striking paragraph (4) and inserting the following:

''(4) COOPERATIVE AGREEMENTS.—

''(A) IN GENERAL.—Notwithstanding chapter 63 of title 31, United States Code, the Secretary may enter into cooperative agreements with other Federal agencies, State and local governments, and any other organization or individual to improve the coordination and effectiveness of Federal programs, services, and actions affecting rural areas, including the establishment and financing of interagency groups, if the Secretary determines that the objectives of the agreement will serve the mutual interest of the parties in rural development activities.

''(B) COOPERATORS.—Each cooperator, including each Federal agency, to the extent that funds are otherwise available, may participate in any cooperative agreement or working group established pursuant to this paragraph by contributing funds or other resources to the Secretary to carry out the agreement or functions of the group.''.

TITLE VIII—RESEARCH EXTENSION AND EDUCATION

Subtitle A—Amendments to National Agricultural Research, Extension, and Teaching Policy Act of 1977 and Related Statutes

SEC. 801. PURPOSES OF AGRICULTURAL RESEARCH, EXTENSION, AND EDUCATION.

Section 1402 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101) is amended to read as follows:

''SEC. 1402. PURPOSES OF AGRICULTURAL RESEARCH, EXTENSION, AND EDUCATION.

''The purposes of federally supported agricultural research, extension, and education are to—

''(1) enhance the competitiveness of the United States agriculture and food industry in an increasingly competitive world environment;

''(2) increase the long-term productivity of the United States agriculture and food industry while protecting the natural resource base on which rural America and the United States agricultural economy depend;

''(3) develop new uses and new products for agricultural commodities, such as alternative fuels, and develop new crops;

''(4) support agricultural research and extension to promote economic opportunity in rural communities and to meet the increasing demand for information and technology transfer throughout the United States agriculture industry;

''(5) improve risk management in the United States agriculture industry;

''(6) improve the safe production and processing of, and adding of value to, United States food and fiber resources using methods that are environmentally sound;

''(7) support higher education in agriculture to give the next generation of Americans the knowledge, technology, and applications necessary to enhance the competitiveness of United States agriculture; and

''(8) maintain an adequate, nutritious, and safe supply of food to meet human nutritional needs and requirements.''.

SEC. 802. SUBCOMMITTEE ON FOOD, AGRICULTURAL, AND FORESTRY RESEARCH.

Section 401(h) of the National Science and Technology Policy, Organization, and Priorities Act of 1976 (42 U.S.C. 6651(h)) is amended by striking the second through fifth sentences.

SEC. 803. JOINT COUNCIL ON FOOD AND AGRICULTURAL SCIENCES.

(a) IN GENERAL.—Section 1407 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3122) is repealed.

(b) CONFORMING AMENDMENTS.—

(1) Section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103) is amended—

(A) by striking paragraph (9); and

(B) by redesignating paragraphs (10) through (18) as paragraphs (9) through (17), respectively.

(2) Section 1405 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3121) is amended—

(A) in paragraph (5), by striking ''Joint Council, Advisory Board,'' and inserting ''Advisory Board''; and

(B) in paragraph (11), by striking ''the Joint Council,''.

(3) Section 1410(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3125(2)) is amended by striking ''the recommendations of the Joint Council developed under section 1407(f),''.

(4) Section 1412 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3127) is amended—

(A) in the section heading, by striking ''**JOINT COUNCIL, ADVISORY BOARD,**'' and inserting ''**ADVISORY BOARD**'';

(B) in subsection (a)—

(i) by striking ''Joint Council, the Advisory Board,'' and inserting ''Advisory Board'';

(ii) by striking ''the cochairpersons of the Joint Council and'' each place it appears; and

(iii) in paragraph (2), by striking ''one shall serve as the executive secretary to the Joint Council, one shall serve as the executive secretary to the Advisory Board,'' and inserting ''1 shall serve as the executive secretary to the Advisory Board''; and

(C) in subsections (b) and (c), by striking ''Joint Council, Advisory Board,'' each place it appears and inserting ''Advisory Board''.

(5) Section 1413 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3128) is amended—

(A) in subsection (a), by striking ''Joint Council, the Advisory Board,'' and inserting ''Advisory Board'';

(B) in subsection (b), by striking ''Joint Council, Advisory Board,'' and inserting ''Advisory Board''; and

(C) by striking subsection (d).

(6) Section 1434(c) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3196(c)) is amended—

(A) in the second sentence, by striking ''Joint Council, the Advisory Board,'' and inserting ''Advisory Board''; and

(B) in the fourth sentence, by striking ''the Joint Council,''.

SEC. 804. NATIONAL AGRICULTURAL RESEARCH, EXTENSION, EDUCATION, AND ECONOMICS ADVISORY BOARD.

(a) IN GENERAL.—Section 1408 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123) is amended to read as follows:

''SEC. 1408. NATIONAL AGRICULTURAL RESEARCH, EXTENSION, EDUCATION, AND ECONOMICS ADVISORY BOARD.

''(a) ESTABLISHMENT.—The Secretary shall establish within the Department of Agriculture a board to be known as the 'National Agricultural Research, Extension, Education, and Economics Advisory Board'.

''(b) MEMBERSHIP.—

''(1) IN GENERAL.—The Advisory Board shall consist of 25 members, appointed by the Secretary.

''(2) SELECTION OF MEMBERS.—The Secretary shall appoint members to the Advisory Board from individuals who are selected from national farm, commodity, agribusiness, environmental, consumer, and other organizations directly concerned with agricultural research, education, and extension programs.

''(3) REPRESENTATION.—A member of the Advisory Board may represent 1 or more of the organizations referred to in paragraph (2), except that 1 member shall be a representative of the scientific community that is not closely associated with agriculture. The Secretary shall ensure that the membership of the Advisory Board includes full-time farmers and ranchers and represents the interests of the full variety of stakeholders in the agricultural sector.

''(c) DUTIES.—The Advisory Board shall—

''(1) review and provide consultation to the Secretary and land-grant colleges and universities on long-term and short-term national policies and priorities, as set forth in section 1402, relating to agricultural research, extension, education, and economics;

''(2) evaluate the results and effectiveness of agricultural research, extension, education, and economics with respect to the policies and priorities;

''(3) review and make recommendations to the Under Secretary of Agriculture for Research, Education, and Economics on the research, extension, education, and economics portion of the draft strategic plan required under section 306 of title 5, United States Code; and

''(4) review the mechanisms of the Department of Agriculture for technology assessment (which should be conducted by qualified professionals) for the purposes of—

''(A) performance measurement and evaluation of the implementation by the Secretary of the strategic plan required under section 306 of title 5, United States Code;

''(B) implementation of the national research policies and priorities set forth in section 1402; and

''(C) the development of mechanisms for the assessment of emerging public and private agricultural research and technology transfer initiatives.

''(d) CONSULTATION.—In carrying out this section, the Advisory Board shall solicit opinions and recommendations from persons who will benefit from and use federally funded agricultural research, extension, education, and economics.

''(e) APPOINTMENT.—A member of the Advisory Board shall be appointed by the Secretary for a term of up to 3 years. The members of the Advisory Board shall be appointed to serve staggered terms.

''(f) FEDERAL ADVISORY COMMITTEE ACT.—The Advisory Board shall be deemed to have filed a charter for the purpose of section 9(c) of the Federal Advisory Committee Act (5 U.S.C. App.).

''(g) TERMINATION.—The Advisory Board shall remain in existence until September 30, 2002.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 1404(1) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(1)) is amended by striking ''National Agricultural Research and Extension Users Advisory Board''

and inserting ''National Agricultural Research, Extension, Education, and Economics Advisory Board''.

(2) Section 1410(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3125(2)) is amended by striking ''the recommendations of the Advisory Board developed under section 1408(g),'' and inserting ''any recommendations of the Advisory Board''.

(3) The last sentence of section 4(a) of the Renewable Resources Extension Act of 1978 (16 U.S.C. 1673(a)) is amended by striking ''National Agricultural Research and Extension Users Advisory Board'' and inserting ''National Agricultural Research, Extension, Education, and Economics Advisory Board''.

SEC. 805. AGRICULTURAL SCIENCE AND TECHNOLOGY REVIEW BOARD.

(a) IN GENERAL.—Section 1408A of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123a) is repealed.

(b) CONFORMING AMENDMENTS.—

(1) Section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103) (as amended by section 803(b)(1)(B)) is further amended—

(A) in paragraph (15), by adding ''and'' at the end;

(B) in paragraph (16), by striking ''; and'' and inserting a period; and

(C) by striking paragraph (17).

(2) Section 1405(12) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3121(12)) is amended by striking '', after coordination with the Technology Board,''.

(3) Section 1410(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3125(2)) (as amended by section 804(b)(2)) is further amended by striking ''and the recommendations of the Technology Board developed under section 1408A(d)''.

(4) Section 1412 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3127) (as amended by section 803(b)(4)) is further amended—

(A) in the section heading, by striking ''**AND TECHNOLOGY BOARD**'';

(B) in subsection (a)—

(i) by striking ''and the Technology Board'' each place it appears; and

(ii) in paragraph (2), by striking ''and one shall serve as the executive secretary to the Technology Board''; and

(C) in subsections (b) and (c), by striking ''and Technology Board'' each place it appears.

(5) Section 1413 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3128) (as amended by section 803(b)(5)) is further amended—

(A) in subsection (a), by striking ''or the Technology Board''; and

(B) in subsection (b), by striking ''and the Technology Board''.

SEC. 806. FEDERAL ADVISORY COMMITTEE ACT EXEMPTION FOR FEDERAL-STATE COOPERATIVE PROGRAMS.

Section 1409A of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3124a) is amended by adding at the end the following:

''(e) APPLICABILITY OF FEDERAL ADVISORY COMMITTEE ACT.—

''(1) PUBLIC MEETINGS.—All meetings of any entity described in paragraph (2) shall be publicly announced in advance and shall be open to the public. Detailed minutes of meetings and other appropriate records of the activities of such an entity shall be kept and made available to the public on request.

''(2) EXEMPTION.—The Federal Advisory Committee Act (5 U.S.C. App.) and title XVIII of the Food and Agriculture Act of 1977 (7 U.S.C. 2281 et seq.) shall not apply to any committee, board, commission, panel, or task force, or similar entity that—

''(A) is created for the purpose of cooperative efforts in agricultural research, extension, or teaching; and

''(B) consists entirely of full-time Federal employees and individuals who are employed by, or who are officials of, a State cooperative institution or a State cooperative agent.''.

SEC. 807. COORDINATION AND PLANNING OF AGRICULTURAL RESEARCH, EXTENSION, AND EDUCATION.

Subtitle B of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3121 et seq.) is amended by adding at the end the following:

''SEC. 1413A. ACCOUNTABILITY.

''(a) IN GENERAL.—The Secretary shall develop and carry out a system to monitor and evaluate agricultural research and extension activities conducted or supported by the Federal Government that will enable the Secretary to measure the impact of research, extension, and education programs according to priorities, goals, and mandates established by law.

''(b) CONSISTENCY WITH OTHER REQUIREMENTS.—The system shall be developed and carried out in a manner that is consistent with the Government Performance and Results Act of 1993 (Public Law 103–62; 107 Stat. 285) and amendments made by the Act.

''SEC. 1413B. IMMINENT OR EMERGING THREATS TO FOOD SAFETY AND ANIMAL AND PLANT HEALTH.

''In the case of any activities of an agency of the Department of Agriculture that relate to food safety, animal or plant health, research, education, or technology transfer, the Secretary may transfer up to 5 percent of any amounts made available to the agency for a fiscal year to an agency of the Department of Agriculture reporting to the Under Secretary of Agriculture for Research, Education, and Economics for the purpose of addressing imminent or emerging threats to food safety and animal and plant health.

''SEC. 1413C. FEDERAL ADVISORY COMMITTEE ACT EXEMPTION FOR COMPETITIVE RESEARCH, EXTENSION, AND EDUCATION PROGRAMS.

''The Federal Advisory Committee Act (5 U.S.C. App.) and title XVIII of the Food and Agriculture Act of 1977 (7 U.S.C. 2281 et seq.) shall not apply to any committee, board, commission, panel, or task force, or similar entity, created solely for the purpose of reviewing applications or proposals requesting funding under any competitive research, extension, or education program carried out by the Secretary.''.

SEC. 808. GRANTS AND FELLOWSHIPS FOR FOOD AND AGRICULTURAL SCIENCES EDUCATION.

(a) IN GENERAL.—Section 1417 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152) is amended—

(1) in subsection (b)—

(A) by inserting before ''for a period'' the following: ''or to research foundations maintained by the colleges and universities,''; and

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

''(4) to design and implement food and agricultural programs to build teaching and research capacity at primarily minority institutions;'';

(2) by redesignating subsections (h) and (i) as subsections (i) and (j), respectively;

(3) by inserting after subsection (g) the following:

''(h) SECONDARY EDUCATION AND 2-YEAR POSTSECONDARY EDUCATION TEACHING PROGRAMS.—

''(1) AGRISCIENCE AND AGRIBUSINESS EDUCATION.—The Secretary shall—

''(A) promote and strengthen secondary education and 2-year postsecondary education in agriscience and agribusiness in order to help ensure the existence in the United States of a qualified workforce to serve the food and agricultural sciences system; and

''(B) promote complementary and synergistic linkages among secondary, 2-year postsecondary, and higher education programs in the food and agricultural sciences in order to promote excellence in education and encourage more young Americans to pursue and complete a baccalaureate or higher degree in the food and agricultural sciences.

''(2) GRANTS.—The Secretary may make competitive or noncompetitive grants, for grant periods not to exceed 5 years, to public secondary education institutions, 2-year community colleges, and junior colleges that have made a commitment to teaching agriscience and agribusiness—

''(A) to enhance curricula in agricultural education;

''(B) to increase faculty teaching competencies;

''(C) to interest young people in pursuing a higher education in order to prepare for scientific and professional careers in the food and agricultural sciences;

''(D) to promote the incorporation of agriscience and agribusiness subject matter into other instructional programs, particularly classes in science, business, and consumer education;

''(E) to facilitate joint initiatives among other secondary or 2-year postsecondary institutions and with 4-year colleges and universities to maximize the development and use of resources such as faculty, facilities, and equipment to improve agriscience and agribusiness education; and

''(F) to support other initiatives designed to meet local, State, regional, or national needs related to promoting excellence in agriscience and agribusiness education.''; and

(4) in subsection (j) (as so redesignated), by striking ''1995'' and inserting ''2002''.

(b) TRANSFER OF FUNCTIONS AND DUTIES PERTAINING TO THE FUTURE FARMERS OF AMERICA.—

(1) IN GENERAL.—There are transferred to the Secretary of Agriculture all the functions and duties of the Secretary of Education under the Act entitled ''An Act to incorporate the Future Farmers of America, and for other purposes'', approved August 30, 1950 (36 U.S.C. 271 et seq.).

(2) PERSONNEL AND UNEXPENDED BALANCES.—There are transferred to the Department of Agriculture all personnel and balances of unexpended appropriations available for carrying out the duties and functions transferred under paragraph (1).

(3) AMENDMENTS.—The Act entitled ''An Act to incorporate the Future Farmers of America, and for other purposes'', approved August 30, 1950, is amended—

(A) in section 7(c) (36 U.S.C. 277(c)) by striking ''Secretary of Education, the executive secretary shall be a member of the Department of Education'' and inserting ''Secretary of Agriculture, the executive secretary shall be an officer or employee of the Department of Agriculture'';

(B) in section 8(a) (36 U.S.C. 278(a))—

(i) by striking ''Secretary of Education'' and inserting ''Secretary of Agriculture''; and

(ii) by striking ''Department of Education'' and inserting ''Department of Agriculture''; and

(C) in section 18 (36 U.S.C. 288)—

(i) by striking ''Secretary of Education'' each place it appears and inserting ''Secretary of Agriculture''; and

(ii) by striking ''Department of Education'' each place it appears and inserting ''Department of Agriculture''.

SEC. 809. GRANTS FOR RESEARCH ON THE PRODUCTION AND MARKETING OF ALCOHOLS AND INDUSTRIAL HYDROCARBONS FROM AGRICULTURAL COMMODITIES AND FOREST PRODUCTS.

Section 1419(d) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3154(d)) is amended by striking ''1995'' and inserting ''2002''.

SEC. 810. POLICY RESEARCH CENTERS.

The National Agricultural Research, Extension, and Teaching Policy Act of 1977 (as amended by section 809) is further amended by inserting after section 1418 (7 U.S.C. 3153) the following:

''SEC. 1419. POLICY RESEARCH CENTERS.

''(a) IN GENERAL.—Consistent with this section, the Secretary may make grants, competitive grants, and special research grants to, and enter into cooperative agreements and other contracting instruments with, policy research centers to conduct research and education programs that are objective, operationally independent, and external to the Federal Government and that concern the effect of public policies on—

''(1) the farm and agricultural sectors;

''(2) the environment;

''(3) rural families, households and economies; and

''(4) consumers, food, and nutrition.

''(b) ELIGIBLE RECIPIENTS.—Except to the extent otherwise prohibited by law, State agricultural experiment stations, colleges and universities, other research institutions and organizations, private organizations, corporations, and individuals shall be eligible to apply for and receive funding under subsection (a).

''(c) ACTIVITIES.—Under this section, funding may be provided for disciplinary and interdisciplinary research and education concerning activities consistent with this section, including activities that—

''(1) quantify the implications of public policies and regulations;

''(2) develop theoretical and research methods;

''(3) collect and analyze data for policymakers, analysts, and individuals; and

''(4) develop programs to train analysts.

''(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section for fiscal years 1996 through 2002.''.

SEC. 811. HUMAN NUTRITION INTERVENTION AND HEALTH PROMOTION RESEARCH PROGRAM.

Section 1424 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3174) is amended to read as follows:

''SEC. 1424. HUMAN NUTRITION INTERVENTION AND HEALTH PROMOTION RESEARCH PROGRAM.

''(a) AUTHORITY OF SECRETARY.—

''(1) IN GENERAL.—The Secretary may establish, and award grants for projects for, a multi-year research initiative on human nutrition intervention and health promotion.

''(2) EMPHASIS OF INITIATIVE.—In administering human nutrition research projects under this section, the Secretary shall give specific emphasis to—

''(A) coordinated longitudinal research assessments of nutritional status; and

''(B) the implementation of unified, innovative intervention strategies;

to identify and solve problems of nutritional inadequacy and contribute to the maintenance of health, well-being, performance, and productivity of individuals, thereby reducing the need of the individuals to use the health care system and social programs of the United States.

''(b) ADMINISTRATION OF FUNDS.—The Administrator of the Agricultural Research Service shall administer funds made available to carry out this section to ensure a coordinated approach to health and nutrition research efforts.

''(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section for fiscal years 1996 through 2002.''.

SEC. 812. FOOD AND NUTRITION EDUCATION PROGRAM.

Section 1425(c)(3) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3175(c)(3)) is amended by striking ''fiscal year 1995'' and inserting ''each of fiscal years 1996 through 2002''.

SEC. 813. PURPOSES AND FINDINGS RELATING TO ANIMAL HEALTH AND DISEASE RESEARCH.

Section 1429 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3191) is amended to read as follows:

''SEC. 1429. PURPOSES AND FINDINGS RELATING TO ANIMAL HEALTH AND DISEASE RESEARCH.

''(a) PURPOSES.—The purposes of this subtitle are to—

''(1) promote the general welfare through the improved health and productivity of domestic livestock, poultry, aquatic animals, and other income-producing animals that are essential to the food supply of the United States and the welfare of producers and consumers of animal products;

''(2) improve the health of horses;

''(3) facilitate the effective treatment of, and, to the extent possible, prevent animal and poultry diseases in both domesticated and wild animals that, if not controlled, would be disastrous to the United States livestock and poultry industries and endanger the food supply of the United States;

''(4) improve methods for the control of organisms and residues in food products of animal origin that could endanger the human food supply;

''(5) improve the housing and management of animals to improve the well-being of livestock production species;

''(6) minimize livestock and poultry losses due to transportation and handling;

''(7) protect human health through control of animal diseases transmissible to humans;

''(8) improve methods of controlling the births of predators and other animals; and

''(9) otherwise promote the general welfare through expanded programs of research and extension to improve animal health.

''(b) FINDINGS.—Congress finds that—

''(1) the total animal health and disease research and extension efforts of State colleges and universities and of the Federal Government would be more effective if there were close coordination between the efforts; and

''(2) colleges and universities having accredited schools or colleges of veterinary medicine and State agricultural experiment stations that conduct animal health and disease research are especially vital in training research workers in animal health and related disciplines.''.

SEC. 814. ANIMAL HEALTH SCIENCE RESEARCH ADVISORY BOARD.

Section 1432 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3194) is repealed.

SEC. 815. ANIMAL HEALTH AND DISEASE CONTINUING RESEARCH.

Section 1433 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3195) is amended—

(1) in the first sentence of subsection (a), by striking ''1995'' and inserting ''2002'';

(2) in subsection (b)(2)—

(A) by striking ''domestic livestock and poultry'' each place it appears and inserting ''domestic livestock, poultry, and commercial aquaculture species''; and

(B) in the second sentence, by striking ''horses, and poultry'' and inserting ''horses, poultry, and commercial aquaculture species'';

(3) in subsection (d), by striking ''domestic livestock and poultry'' and inserting ''domestic livestock, poultry, and commercial aquaculture species''; and

(4) in subsection (f), by striking ''domestic livestock and poultry'' and inserting ''domestic livestock, poultry, and commercial aquaculture species''.

SEC. 816. ANIMAL HEALTH AND DISEASE NATIONAL OR REGIONAL RESEARCH.

Section 1434 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3196) is amended—

(1) in subsection (a)—

(A) by inserting ''or national or regional problems relating to pre-harvest, on-farm food safety, or animal well-being,'' after ''problems,''; and

(B) by striking ''1995'' and inserting ''2002'';

(2) in subsection (b), by striking ''eligible institutions'' and inserting ''State agricultural experiment stations, colleges and universities, other research institutions and organizations, Federal agencies, private organizations or corporations, and individuals'';

(3) in subsection (c)—

(A) in the first sentence, by inserting '', food safety, and animal well-being'' after ''animal health and disease''; and

(B) in the fourth sentence—

(i) by redesignating paragraphs (2) and (3) as paragraphs (4) and (5), respectively; and

(ii) by inserting after paragraph (1) the following:

''(2) any food safety problem that has a significant pre-harvest (on-farm) component and is recognized as posing a significant health hazard to the consuming public;

''(3) issues of animal well-being related to production methods that will improve the housing and management of animals to improve the well-being of livestock production species;'';

(4) in the first sentence of subsection (d), by striking ''to eligible institutions''; and

(5) by adding at the end the following:

''(f) APPLICABILITY OF FEDERAL ADVISORY COMMITTEE ACT.—The Federal Advisory Committee Act (5 U.S.C. App.) and title XVIII of the Food and Agriculture Act of 1977 (7 U.S.C. 2281 et seq.) shall not apply to a panel or board created solely for the purpose of reviewing applications or proposals submitted under this subtitle.''.

SEC. 817. RESIDENT INSTRUCTION PROGRAM AT 1890 LAND-GRANT COLLEGES.

Section 1446 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222a) is repealed.

SEC. 818. GRANT PROGRAM TO UPGRADE AGRICULTURAL AND FOOD SCIENCES FACILITIES AT 1890 LAND-GRANT COLLEGES.

Section 1447(b) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222b(b)) is amended by striking ''$8,000,000 for each of the fiscal years 1991 through 1995'' and inserting ''$15,000,000 for each of fiscal years 1996 through 2002''.

SEC. 819. NATIONAL RESEARCH AND TRAINING CENTENNIAL CENTERS AUTHORIZATION.

Section 1448 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222c) is amended—

(1) in subsection (a)(1), by inserting '', or fiscal years 1996 through 2002,'' after ''1995''; and

(2) in subsection (f), by striking ''1995'' and inserting ''2002''.

SEC. 820. GRANTS TO STATES FOR INTERNATIONAL TRADE DEVELOPMENT CENTERS.

Section 1458A of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3292) is repealed.

SEC. 821. AGRICULTURAL RESEARCH PROGRAMS.

Section 1463 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3311) is amended by striking ''1995'' each place it appears and inserting ''2002''.

SEC. 822. EXTENSION EDUCATION.

Section 1464 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3312) is amended by striking ''fiscal year 1995'' and inserting ''each of fiscal years 1995 through 2002''.

SEC. 823. SUPPLEMENTAL AND ALTERNATIVE CROPS RESEARCH.

Section 1473D of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3319d) is amended—

(1) in subsection (a)—

(A) by striking ''1995'' and inserting ''2002''; and

(B) by striking ''and pilot'';

(2) in subsection (c)—

(A) in paragraph (2)—

(i) in subparagraph (B), by striking ''at pilot sites'' through ''the area''; and

(ii) in subparagraph (D)—

(I) by striking ''near such pilot sites''; and

(II) by striking ''successful pilot program'' and inserting ''successful program'';

(B) in paragraph (3)—

(i) by striking ''pilot'';

(ii) in subparagraph (C), by striking ''and'' at the end;

(iii) in subparagraph (D), by striking the period at the end and inserting a semicolon; and

(iv) by adding at the end the following:

''(E) to conduct fundamental and applied research related to the development of new commercial products derived from natural plant material for industrial, medical, and agricultural applications; and

''(F) to participate with colleges and universities, other Federal agencies, and private sector entities in conducting research described in subparagraph (E).''

SEC. 824. AQUACULTURE ASSISTANCE PROGRAMS.

(a) REPORTS.—Section 1475 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3322) is amended—

(1) by striking subsection (e); and

(2) by redesignating subsections (f) and (g) as subsections (e) and (f), respectively.

(b) AQUACULTURE RESEARCH FACILITIES.—Section 1476(b) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3323(b)) is amended by striking ''1995'' and inserting ''2002''.

(c) RESEARCH AND EXTENSION.—Section 1477 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3324) is amended by striking ''1995'' and inserting ''2002''.

SEC. 825. RANGELAND RESEARCH.

(a) REPORTS.—Section 1481 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3334) is repealed.

(b) ADVISORY BOARD.—Section 1482 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3335) is repealed.

(c) AUTHORIZATION OF APPROPRIATIONS.—Section 1483(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3336(a)) is amended by striking ''1995'' and inserting ''2002''.

SEC. 826. TECHNICAL AMENDMENTS.

The table of contents of the Food and Agriculture Act of 1977 (Public Law 95–113; 91 Stat. 913) is amended—

(1) by striking the item relating to section 1402 and inserting the following:

''Sec. 1402. Purposes of agricultural research, extension, and education.'';

(2) by striking the items relating to sections 1406, 1407, 1408A, 1432, 1446, 1458A, 1481, and 1482;

(3) by striking the item relating to section 1408 and inserting the following:

''Sec. 1408. National Agricultural Research, Extension, Education, and Economics Advisory Board.'';

(4) by striking the item relating to section 1412 and inserting the following:

''Sec. 1412. Support for the Advisory Board.'';

(5) by adding at the end of the items relating to subtitle B of title XIV the following:

''Sec. 1413A. Accountability.

''Sec. 1413B. Imminent or emerging threats to food safety and animal and plant health.

''Sec. 1413C. Federal Advisory Committee Act exemption for competitive research, extension, and education programs.'';

(6) by striking the item relating to section 1419 and inserting the following:

''Sec. 1419. Policy research centers.'';

(7) by striking the item relating to section 1424 and inserting the following:

''Sec. 1424. Human nutrition intervention and health promotion research program.'';

and

(8) by striking the item relating to section 1429 and inserting the following:

''Sec. 1429. Purposes and findings relating to animal health and disease research.''.

Subtitle B—Amendments to Food, Agriculture, Conservation, and Trade Act of 1990

SEC. 831. WATER QUALITY RESEARCH, EDUCATION, AND COORDINATION.

(a) IN GENERAL.—Subtitle G of title XIV of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5501 et seq.) is repealed.

(b) CONFORMING AMENDMENTS.—

(1) Section 1627(a)(3) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5821(a)(3)) is amended by striking '', subtitle G of title XIV,''.

(2) Section 1628 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5831) is amended by striking '', subtitle G of title XIV,'' each place it appears in subsections (a) and (d).

(3) Section 1629 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5832) is amended by striking '', subtitle G of title XIV,'' each place it appears in subsections (f) and (g)(11).

SEC. 832. EDUCATION PROGRAM REGARDING HANDLING OF AGRICULTURAL CHEMICALS AND AGRICULTURAL CHEMICAL CONTAINERS.

(a) IN GENERAL.—Section 1499A of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 3125c) is repealed.

(b) CONFORMING AMENDMENT.—Section 1499(b) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5506(b)) is amended by striking ''and section 1499A''.

SEC. 833. PROGRAM ADMINISTRATION.

(a) IN GENERAL.—Section 1622 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5812) is amended—

(1) by striking subsections (b), (c), and (d); and

(2) by redesignating subsection (e) as subsection (b).

(b) CONFORMING AMENDMENTS.—

(1) Section 1619(b) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5801(b)) is amended—

(A) by striking paragraph (7); and

(B) by redesignating paragraphs (8), (9), and (10) as paragraphs (7), (8), and (9), respectively.

(2) Section 1621(c) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5811(c)) is amended—

(A) in paragraph (1)—

(i) by striking subparagraph (A); and

(ii) by redesignating subparagraphs (B) through (E) as subparagraphs (A) through (D), respectively; and

(B) in paragraph (2)—

(i) by striking subparagraph (A); and

(ii) by redesignating subparagraphs (B) through (F) as subparagraphs (A) through (E), respectively.

(3) Section 1622 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5812) (as amended by subsection (a)) is further amended—

(A) in subsection (a)—

(i) by striking paragraph (2);

(ii) in paragraph (3), by striking ''subsection (e)'' and inserting ''subsection (b)''; and

(iii) by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively; and

(B) in subsection (b)(2)—

(i) by striking subparagraph (A); and

(ii) by redesignating subparagraphs (B) through (F) as subparagraphs (A) through (E), respectively.

(4) Section 1628(b) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5831(b)) is amended by striking ''Advisory Council, the Soil Conservation Service,'' and inserting ''Natural Resources Conservation Service''.

SEC. 834. NATIONAL GENETICS RESOURCES PROGRAM.

(a) FUNCTIONS.—Section 1632(d) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5841(d)) is amended by striking paragraph (4) and inserting the following:

''(4) unless otherwise prohibited by law, have the right to make available on request, without charge and without regard to the country from which the request originates, the genetic material that the program assembles;''.

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 1635(b) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5844(b)) is amended by striking ''1995'' and inserting ''2002''.

SEC. 835. NATIONAL AGRICULTURAL WEATHER INFORMATION SYSTEM.

Section 1641(c) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5855(c)) is amended by striking ''1995'' and inserting ''2002''.

SEC. 836. RESEARCH REGARDING PRODUCTION, PREPARATION, PROCESSING, HANDLING, AND STORAGE OF AGRICULTURAL PRODUCTS.

Subtitle E of title XVI of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5871 et seq.) is repealed.

SEC. 837. PLANT AND ANIMAL PEST AND DISEASE CONTROL PROGRAM.

(a) IN GENERAL.—Subtitle F of title XVI of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5881) is repealed.

(b) CONFORMING AMENDMENTS.—

(1) Section 28(b)(2)(A) of the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136w–3(b)(2)(A)) is amended by striking ''and the information required by section 1651 of the Food, Agriculture, Conservation, and Trade Act of 1990''.

(2) Section 1627(a)(3) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5821(a)(3)) is amended by striking ''and section 1650''.

(3) Section 1628 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5831) is amended by striking ''section 1650,'' each place it appears in subsections (a) and (d).

(4) Section 1629 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5832) is amended by striking ''section 1650,'' each place it appears in subsections (f) and (g)(11).

SEC. 838. LIVESTOCK PRODUCT SAFETY AND INSPECTION PROGRAM.

Section 1670(e) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5923(e)) is amended by striking ''1995'' and inserting ''2002''.

SEC. 839. PLANT GENOME MAPPING PROGRAM.

Section 1671 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5924) is repealed.

SEC. 840. SPECIALIZED RESEARCH PROGRAMS.

Section 1672 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925) is repealed.

SEC. 841. AGRICULTURAL TELECOMMUNICATIONS PROGRAM.

Section 1673(h) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5926(h)) is amended by striking ''1995'' and inserting ''2002''.

SEC. 842. NATIONAL CENTERS FOR AGRICULTURAL PRODUCT QUALITY RESEARCH.

Section 1675(g)(1) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5928(g)(1)) is amended by striking ''1995'' and inserting ''2002''.

SEC. 843. TURKEY RESEARCH CENTER AUTHORIZATION.

Section 1676 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5929) is repealed.

SEC. 844. SPECIAL GRANT TO STUDY CONSTRAINTS ON AGRICULTURAL TRADE.

Section 1678 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5931) is repealed.

SEC. 845. PILOT PROJECT TO COORDINATE FOOD AND NUTRITION EDUCATION PROGRAMS.

Section 1679 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5932) is repealed.

SEC. 846. ASSISTIVE TECHNOLOGY PROGRAM FOR FARMERS WITH DISABILITIES.

Section 1680 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5933) is amended—

(1) in subsection (a)(6)(B), by striking ''1996'' and inserting ''2002''; and

(2) in subsection (b)(2), by striking ''1996'' and inserting ''2002''.

SEC. 847. DEMONSTRATION PROJECTS.

Section 2348 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2662a) is repealed.

SEC. 848. NATIONAL RURAL INFORMATION CENTER CLEARINGHOUSE.

Section 2381(e) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 3125b(e)) is amended by striking ''1995'' and inserting ''2002''.

SEC. 849. GLOBAL CLIMATE CHANGE.

(a) TECHNICAL ADVISORY COMMITTEE.—Section 2404 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 6703) is repealed.

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 2412 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 6710) is amended by striking ''1996'' and inserting ''2002''.

SEC. 850. TECHNICAL AMENDMENTS.

The table of contents of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 104 Stat. 3359) is amended by striking the items relating to subtitle G of title XIV, section 1499A, subtitles E and F of title XVI, and sections 1671, 1672, 1676, 1678, 1679, 2348, and 2404.

Subtitle C—Miscellaneous Research Provisions

SEC. 861. CRITICAL AGRICULTURAL MATERIALS RESEARCH.

(a) IN GENERAL.—Section 4 of the Critical Agricultural Materials Act (7 U.S.C. 178b) is amended—

(1) by striking subsection (g); and

(2) by redesignating subsection (h) as subsection (g).

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 16(a) of the Critical Agricultural Materials Act (7 U.S.C. 178n(a)) is amended by striking ''1995'' and inserting ''2002''.

SEC. 862. 1994 INSTITUTIONS.

(a) LAND-GRANT STATUS.—The first sentence of section 533(b) of the Equity in Educational Land-Grant Status Act of 1994 (Public Law 103–382; 7 U.S.C. 301 note) is amended by striking ''2000'' and inserting ''2002''.

(b) INSTITUTIONAL CAPACITY BUILDING GRANTS.—Section 535 of the Equity in Educational Land-Grant Status Act of 1994 (Public Law 103–382; 7 U.S.C. 301 note) is amended by striking ''2000'' each place it appears in subsections (b)(1) and (c) and inserting ''2002''.

SEC. 863. SMITH-LEVER ACT FUNDING FOR 1890 LAND-GRANT COLLEGES, INCLUDING TUSKEGEE UNIVERSITY AND THE DISTRICT OF COLUMBIA.

(a) ELIGIBILITY FOR FUNDS.—Section 3(d) of the Act of May 8, 1914 (commonly known as the ''Smith-Lever Act'') (38 Stat. 373, chapter 79; 7 U.S.C. 343(d)), is amended by adding at the end the following: ''A college or university eligible to receive funds under the Act of August 30, 1890 (26 Stat. 417, chapter 841; 7 U.S.C. 321 et seq.), including Tuskegee University, or section 208 of the District of Columbia Public Postsecondary Education Reorganization Act (Public Law 93–471; 88 Stat. 1428) may apply for and receive directly from the Secretary of Agriculture—

''(1) amounts made available under this subsection after September 30, 1995, to carry out programs or initiatives for which no funds were made available under this subsection for fiscal year 1995, or any previous fiscal year, as determined by the Secretary; and

''(2) amounts made available after September 30, 1995, to carry out programs or initiatives funded under this subsection prior to that date that are in excess of the highest amount made available for the programs or initiatives under this subsection for fiscal year 1995, or any previous fiscal year, as determined by the Secretary.''.

(b) CONFORMING AMENDMENTS.—

(1) The third sentence of section 1444(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3221(a)) is amended by inserting before the period at the end the following: '', except that for the purpose of this calculation, the total appropriations shall not include amounts made available after September 30, 1995, under section 3(d) of the Act of May 8, 1914 (commonly known as the 'Smith-Lever Act') (38 Stat. 373, chapter 79; 7 U.S.C. 343(d)), to carry out programs or initiatives for which no funds were made available under section 3(d) of the Act for fiscal year 1995, or any previous fiscal year, as determined by the Secretary, and shall not include amounts made available after September 30, 1995, to carry out programs or initiatives funded under section 3(d) of the Act prior to that date that are in excess of the highest amount made available for the programs or initiatives for fiscal year 1995, or any previous fiscal year, as determined by the Secretary.''.

(2) Section 208(c) of the District of Columbia Public Postsecondary Education Reorganization Act (Public Law 93–471; 88 Stat. 1428) is amended by adding at the end the following: ''Funds appropriated under this subsection shall be in addition to any amounts provided to the District of Columbia from—

''(1) amounts made available after September 30, 1995, under section 3(d) of the Act to carry out programs or initiatives for which no funds were made available under section 3(d) of the Act for fiscal year 1995, or any previous fiscal year, as determined by the Secretary of Agriculture; and

''(2) amounts made available after September 30, 1995, to carry out programs or initiatives funded under section 3(d) of the Act prior to the date that are in excess of the highest amount made available for the programs or initiatives for fiscal year 1995, or any previous fiscal year, as determined by the Secretary of Agriculture.''.

SEC. 864. COMMITTEE OF NINE.

Section 3(c)(3) of the Act of March 2, 1887 (Chapter 314; 7 U.S.C. 361c(c)(3)) is amended by striking from '', and shall be used'' through the end of the paragraph and inserting a period.

SEC. 865. AGRICULTURAL RESEARCH FACILITIES.

(a) IN GENERAL.—

(1) RESEARCH FACILITIES.—The Research Facilities Act (7 U.S.C. 390 et seq.) is amended to read as follows:

''SECTION 1. SHORT TITLE.

''This Act may be cited as the 'Research Facilities Act'.

''SEC. 2. DEFINITIONS.

''In this Act:

''(1) AGRICULTURAL RESEARCH FACILITY.—The term 'agricultural research facility' means a proposed facility for research in food and agricultural sciences for which Federal funds are requested by a college, university, or nonprofit institution to assist in the construction, alteration, acquisition, modernization, renovation, or remodeling of the facility.

''(2) FOOD AND AGRICULTURAL SCIENCES.—The term 'food and agricultural sciences' means—

''(A) agriculture, including soil and water conservation and use, the use of organic materials to improve soil tilth and fertility, plant and animal production and protection, and plant and animal health;

''(B) the processing, distributing, marketing, and utilization of food and agricultural products;

''(C) forestry, including range management, production of forest and range products. multiple use of forest and rangelands, and urban forestry;

''(D) aquaculture (as defined in section 1404(3) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(3));

''(E) human nutrition;

''(F) production inputs, such as energy, to improve productivity; and

''(G) germ plasm collection and preservation.

''(3) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture.

''SEC. 3. REVIEW PROCESS.

''(a) SUBMISSION TO SECRETARY.—Each proposal for an agricultural research facility shall be submitted to the Secretary for review. The Secretary shall review the proposals in the order in which the proposals are received.

''(b) APPLICATION PROCESS.—In consultation with the Committee on Appropriations

of the Senate and Committee on Appropriations of the House of Representatives, the Secretary shall establish an application process for the submission of proposals for agricultural research facilities.

''(c) CRITERIA FOR APPROVAL.—

''(1) DETERMINATION BY SECRETARY.—With respect to each proposal for an agricultural research facility submitted under subsection (a), the Secretary shall determine whether the proposal meets the criteria set forth in paragraph (2).

''(2) CRITERIA.—A proposal for an agricultural research facility shall meet the following criteria:

''(A) NON-FEDERAL SHARE.—The proposal shall certify the availability of at least a 50 percent non-Federal share of the cost of the facility. The non-Federal share shall be paid in cash and may include funding from private sources or from units of State or local government.

''(B) NONDUPLICATION OF FACILITIES.—The proposal shall demonstrate how the agricultural research facility would be complementary to, and not duplicative of, facilities of colleges, universities, and nonprofit institutions, and facilities of the Agricultural Research Service, within the State and region.

''(C) NATIONAL RESEARCH PRIORITIES.—The proposal shall demonstrate how the agricultural research facility would serve—

''(i) 1 or more of the national research policies and priorities set forth in section 1402 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101); and

''(ii) regional needs.

''(D) LONG-TERM SUPPORT.—The proposal shall demonstrate that the recipient college, university, or nonprofit institution has the ability and commitment to support the long-term, ongoing operating costs of—

''(i) the agricultural research facility after the facility is completed; and

''(ii) each program to be based at the facility.

''(E) STRATEGIC PLAN.—After the development of the strategic plan required by section 4, the proposal shall demonstrate how the agricultural research facility reflects the strategic plan for Federal research facilities.

''(d) EVALUATION OF PROPOSALS.—Not later than 90 days after receiving a proposal under subsection (a), the Secretary shall—

''(1) evaluate and assess the merits of the proposal, including the extent to which the proposal meets the criteria set forth in subsection (c); and

''(2) report to the Committee on Appropriations of the Senate and Committee on Appropriations of the House of Representatives on the results of the evaluation and assessment.

''SEC. 4. STRATEGIC PLAN FOR FEDERAL RESEARCH FACILITIES.

''(a) IN GENERAL.—Not later than September 30, 1997, the Secretary shall develop a comprehensive plan for the development, construction, modernization, consolidation, and closure of federally supported agricultural research facilities.

''(b) FACTORS.—In developing the plan, the Secretary shall consider—

''(1) the need to increase agricultural productivity and to enhance the competitiveness of the United States agriculture and food industry as set forth in section 1402 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101); and

''(2) the findings of the National Academy of Sciences with respect to programmatic and scientific priorities relating to agriculture.

''(c) IMPLEMENTATION.—The plan shall be developed for implementation over the 10-fiscal year period beginning with fiscal year 1998.

''SEC. 5. APPLICABILITY OF FEDERAL ADVISORY COMMITTEE ACT.

''The Federal Advisory Committee Act (5 U.S.C. App) and title XVIII of the Food and Agriculture Act of 1977 (7 U.S.C. 2281 et. seq) shall not apply to a panel or board created solely for the purpose of reviewing applications or proposals submitted under this Act.

''SEC. 6. AUTHORIZATION OF APPROPRIATIONS.

''(a) IN GENERAL.—Subject to subsection (b), there are authorized to be appropriated such sums as are necessary for fiscal years 1996 through 2002 for the study, plan, design, structure, and related costs of agricultural research facilities under this Act.

''(b) ALLOWABLE ADMINISTRATIVE COSTS.—Not more than 3 percent of the funds made available for any project for an agricultural research facility shall be available for administration of the project.''.

(2) APPLICATION.—

(A) CURRENT PROJECTS.—The amendment made by paragraph (1), other than section 4 of the Research Facilities Act (as amended by paragraph (1)), shall not apply to any project for an agricultural research facility for which funds have been made available for a feasibility study or for any phase of the project prior to October 1, 1995.

(B) STRATEGIC PLAN.—The strategic plan required by section 4 of the Act shall apply to all federally supported agricultural research facilities, including projects funded prior to the effective date of this title.

(b) AUTHORIZATION OF APPROPRIATIONS FOR FEDERAL FACILITIES.—Section 1431 of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1985 (Public Law 99–198; 99 Stat. 1556) is amended—

(1) in subsection (a)—

(A) by striking ''(a)''; and

(B) by striking ''1995'' and inserting ''2002''; and

(2) by striking subsection (b).

(c) CONFORMING AMENDMENT.—Section 1463(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3311(a)) is amended by striking ''1416,''.

SEC. 866. NATIONAL COMPETITIVE RESEARCH INITIATIVE.

Subsection (b)(10) of the Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 450i(b)(10)) is amended—

(1) by striking ''OF APPROPRIATIONS.—There'' and inserting the following: ''AND AVAILABILITY OF APPROPRIATIONS.—

''(A) IN GENERAL.—There'';

(2) by striking ''fiscal year 1995'' and inserting ''each of fiscal years 1995 through 2002'';

(3) by striking ''(A) not'' and inserting the following:

''(i) not'';

(4) by striking ''(B) not'' and inserting the following:

''(ii) not'';

(5) in clause (ii) (as so designated), by striking ''20 percent'' and inserting ''40 percent'';

(6) by striking ''(C) not'' and inserting the following:

''(iii) not'';

(7) by striking ''(D) not'' and inserting the following:

''(iv) not'';

(8) by striking ''(E) not'' and inserting the following:

''(v) not''; and

(9) by adding at the end the following:

''(B) AVAILABILITY.—Funds made available under subparagraph (A) shall be available for obligation for a period of 2 years from the beginning of the fiscal year for which the funds are made available.''.

SEC. 867. COTTON CROP REPORTS.

The Act of May 3, 1924 (43 Stat. 115, chapter 149; 7 U.S.C. 475), is repealed.

SEC. 868. RURAL DEVELOPMENT RESEARCH AND EDUCATION.

Section 502 of the Rural Development Act of 1972 (7 U.S.C. 2662) is amended—

(1) in subsection (a), by inserting after the first sentence the following: ''The rural development extension programs shall also promote coordinated and integrated rural community initiatives that advance and empower capacity building through leadership development, entrepreneurship, business development and management training and strategic planning to increase jobs, income, and quality of life in rural communities.'';

(2) by striking subsections (g) and (j); and

(3) by redesignating subsections (h) and (i) as subsections (g) and (h) respectively.

SEC. 869. HUMAN NUTRITION RESEARCH.

Section 1452 of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1985 (Public Law 99–198; 7 U.S.C. 3173 note) is repealed.

SEC. 870. DAIRY GOAT RESEARCH PROGRAM.

Section 1432 of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1981 (Public Law 97–98; 7 U.S.C. 3222 note) is amended—

(1) in subsection (a), by striking ''(a)''; and

(2) by striking subsection (b).

SEC. 871. GRANTS TO UPGRADE 1890 LAND-GRANT COLLEGE EXTENSION FACILITIES.

(a) IN GENERAL.—Section 1416 of the Food Security Act of 1985 (7 U.S.C. 3224) is repealed.

(b) TECHNICAL AMENDMENT.—The table of contents of the Food Security Act of 1985 (Public Law 99–198; 99 Stat. 1354) is amended by striking the item relating to section 1416.

SEC. 872. STUTTGART NATIONAL AQUACULTURE RESEARCH CENTER.

(a) TRANSFER OF FUNCTIONS TO THE SECRETARY OF AGRICULTURE.—

(1) TITLE OF PUBLIC LAW 85–342.—The title of Public Law 85–342 (16 U.S.C. 778 et seq.) is amended by striking ''Secretary of the Interior'' and inserting ''Secretary of Agriculture''.

(2) AUTHORIZATION.—The first section of Public Law 85–342 (16 U.S.C. 778) is amended—

(A) by striking ''Secretary of the Interior'' and all that follows through ''directed to'' and inserting ''Secretary of Agriculture shall'';

(B) by striking ''station and stations'' and inserting ''1 or more centers''; and

(C) in paragraph (5), by striking ''Department of Agriculture'' and inserting ''Secretary of the Interior''.

(3) AUTHORITY.—Section 2 of Public Law 85–342 (16 U.S.C. 778a) is amended by striking '', the Secretary'' and all that follows through ''authorized'' and inserting '', the Secretary of Agriculture is authorized''.

(4) ASSISTANCE.—Section 3 of Public Law 85–342 (16 U.S.C. 778b) is amended—

(A) by striking ''Secretary of the Interior'' and inserting ''Secretary of Agriculture''; and

(B) by striking ''Department of Agriculture'' and inserting ''Secretary of the Interior''.

(b) TRANSFER OF FISH FARMING EXPERIMENTAL LABORATORY TO DEPARTMENT OF AGRICULTURE.—

(1) DESIGNATION OF STUTTGART NATIONAL AQUACULTURE RESEARCH CENTER.—

(A) IN GENERAL.—The Fish Farming Experimental Laboratory in Stuttgart, Arkansas (including the facilities in Kelso, Arkansas), shall be known and designated as the ''Stuttgart National Aquaculture Research Center''.

(B) REFERENCES.—Any reference in a law, map, regulation, document, paper, or other record of the United States to the laboratory referred to in subparagraph (A) shall be

deemed to be a reference to the ''Stuttgart National Aquaculture Research Center''.

(2) TRANSFER OF LABORATORY TO THE DEPARTMENT OF AGRICULTURE.—Subject to section 1531 of title 31, United States Code, not later than 90 days after the effective date of this title, there are transferred to the Department of Agriculture—

(A) the personnel employed in connection with the laboratory referred to in paragraph (1);

(B) the assets, liabilities, contracts, and real and personal property of the laboratory;

(C) the records of the laboratory; and

(D) the unexpended balance of appropriations, authorizations, allocations and other funds employed, held, arising from, available to, or to be made available in connection with the laboratory.

(3) NONDUPLICATION.—The research center referred to in paragraph (1)(A) shall be complementary to, and not duplicative of, facilities of colleges, universities, and nonprofit institutions, and facilities of the Agricultural Research Service, within the State and region, as determined by the Administrator of the Service.

SEC. 873. NATIONAL AQUACULTURE POLICY, PLANNING, AND DEVELOPMENT.

(a) DEFINITIONS.—Section 3 of the National Aquaculture Act of 1980 (16 U.S.C. 2802) is amended—

(1) in paragraph (1), by striking ''the propagation'' and all that follows through the period at the end and inserting the following: ''the commercially controlled cultivation of aquatic plants, animals, and microorganisms, but does not include private for-profit ocean ranching of Pacific salmon in a State in which the ranching is prohibited by law.'';

(2) in paragraph (3), by striking ''or aquatic plant'' and inserting ''aquatic plant, or microorganism'';

(3) by redesignating paragraphs (7) through (9) as paragraphs (8) through (10), respectively; and

(4) by inserting after paragraph (6) the following:

''(7) The term 'private aquaculture' means the commercially controlled cultivation of aquatic plants, animals, and microorganisms other than cultivation carried out by the Federal Government, any State or local government, or an Indian tribe recognized by the Bureau of Indian Affairs.''.

(b) NATIONAL AQUACULTURE DEVELOPMENT PLAN.—Section 4 of the National Aquaculture Act of 1980 (16 U.S.C. 2803) is amended—

(1) in subsection (c)—

(A) in subparagraph (A), by adding ''and'' at the end;

(B) in subparagraph (B), by striking ''; and'' and inserting a period; and

(C) by striking subparagraph (C);

(2) in the second sentence of subsection (d), by striking ''Secretaries determine that'' and inserting ''Secretary, in consultation with the Secretary of Commerce, the Secretary of the Interior, and the heads of such other agencies as the Secretary determines are appropriate, determines that''; and

(3) in subsection (e), by striking ''Secretaries'' and inserting ''Secretary, in consultation with the Secretary of Commerce, the Secretary of the Interior, and the heads of such other agencies as the Secretary determines are appropriate,''.

(c) FUNCTIONS AND POWERS OF SECRETARIES.—Section 5(b)(3) of the National Aquaculture Act of 1980 (16 U.S.C. 2804(b)(3)) is amended by striking ''Secretaries deem'' and inserting ''Secretary, in consultation with the Secretary of Commerce, the Secretary of the Interior, and the heads of such other agencies as the Secretary determines are appropriate, consider''.

(d) COORDINATION OF NATIONAL ACTIVITIES REGARDING AQUACULTURE.—The first sentence of section 6(a) of the National Aquaculture Act of 1980 (16 U.S.C. 2805(a)) is amended by striking ''(f)'' and inserting ''(e)''.

(e) NATIONAL POLICY FOR PRIVATE AQUACULTURE.—The National Aquaculture Act of 1980 (16 U.S.C. 2801 et seq.) is amended—

(1) by redesignating sections 7, 8, 9, 10, and 11 as sections 8, 9, 10, 11, and 12, respectively; and

(2) by inserting after section 6 (16 U.S.C. 2805) the following:

''SEC. 7. NATIONAL POLICY FOR PRIVATE AQUACULTURE.

''(a) IN GENERAL.—In consultation with the Secretary of Commerce and the Secretary of the Interior, the Secretary shall coordinate and implement a national policy for private aquaculture in accordance with this section. In developing the policy, the Secretary may consult with other agencies and organizations.

''(b) DEPARTMENT OF AGRICULTURE AQUACULTURE PLAN.—

''(1) IN GENERAL.—The Secretary shall develop and implement a Department of Agriculture Aquaculture Plan (referred to in this section as the 'Department plan') for a unified aquaculture program of the Department of Agriculture (referred to in this section as the 'Department') to support the development of private aquaculture.

''(2) ELEMENTS OF DEPARTMENT PLAN.—The Department plan shall address—

''(A) programs of individual agencies of the Department related to aquaculture that are consistent with Department programs related to other areas of agriculture, including livestock, crops, products, and commodities under the jurisdiction of agencies of the Department;

''(B) the treatment of cultivated aquatic animals as livestock and cultivated aquatic plants as agricultural crops; and

''(C) means for effective coordination and implementation of aquaculture activities and programs within the Department, including individual agency commitments of personnel and resources.

''(c) NATIONAL AQUACULTURE INFORMATION CENTER.—In carrying out section 5, the Secretary may maintain and support a National Aquaculture Information Center at the National Agricultural Library as a repository for information on national and international aquaculture.

''(d) TREATMENT OF AQUACULTURE.—The Secretary shall treat—

''(1) private aquaculture as agriculture; and

''(2) commercially cultivated aquatic animals, plants, and microorganisms, and products of the animals, plants, and microorganisms, produced by private persons and transported or moved in standard commodity channels as agricultural livestock, crops, and commodities.

''(e) PRIVATE AQUACULTURE POLICY COORDINATION, DEVELOPMENT, AND IMPLEMENTATION.—

''(1) RESPONSIBILITY.—The Secretary shall have responsibility for coordinating, developing, and carrying out policies and programs for private aquaculture.

''(2) DUTIES.—The Secretary shall—

''(A) coordinate all intradepartmental functions and activities relating to private aquaculture; and

''(B) establish procedures for the coordination of functions, and consultation with, the coordinating group.

''(f) LIAISON WITH DEPARTMENTS OF COMMERCE AND THE INTERIOR.—The Secretary of Commerce and the Secretary of the Interior shall each designate an officer or employee of the Department of the Secretary to be the liaison of the Department to the Secretary of Agriculture.''.

(f) AUTHORIZATION OF APPROPRIATIONS.—Section 11 of the National Aquaculture Act of 1980 (as redesignated by subsection (e)(1)) is amended by striking ''the fiscal years 1991, 1992, and 1993'' each place it appears and inserting ''fiscal years 1991 through 2002''.

SEC. 874. EXPANSION OF AUTHORITIES RELATED TO THE NATIONAL ARBORETUM.

(a) SOLICITATION OF GIFTS, BENEFITS, AND DEVISES.—The first sentence of section 5 of the Act of March 4, 1927 (89 Stat. 683; 20 U.S.C. 195), is amended by inserting ''solicit,'' after ''authorized to''.

(b) CONCESSIONS, FEES, AND VOLUNTARY SERVICES.—The Act of March 4, 1927 (44 Stat. 1422, chapter 505; 20 U.S.C. 191 et seq.), is amended by adding at the end the following:

''SEC. 6. CONCESSIONS, FEES, AND VOLUNTARY SERVICES.

''(a) IN GENERAL.—Notwithstanding the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.) and section 321 of the Act of June 30, 1932 (47 Stat. 412, chapter 314; 40 U.S.C. 303b), the Secretary of Agriculture, in furtherance of the mission of the National Arboretum, may—

''(1) negotiate agreements granting concessions at the National Arboretum to nonprofit scientific or educational organizations the interests of which are complementary to the mission of the National Arboretum, except that the net proceeds of the organizations from the concessions shall be used exclusively for research and educational work for the benefit of the National Arboretum;

''(2) provide by concession, on such terms as the Secretary of Agriculture considers appropriate and necessary, for commercial services for food, drink, and nursery sales, if an agreement for a permanent concession under this paragraph is negotiated with a qualified person submitting a proposal after due consideration of all proposals received after the Secretary of Agriculture provides reasonable public notice of the intent of the Secretary to enter into such an agreement;

''(3) dispose of excess property, including excess plants and fish, in a manner designed to maximize revenue from any sale of the property, including by way of public auction, except that this paragraph shall not apply to the free dissemination of new varieties of seeds and germ plasm in accordance with section 520 of the Revised Statutes (commonly known as the 'Department of Agriculture Organic Act of 1862') (7 U.S.C. 2201);

''(4) charge such fees as the Secretary of Agriculture considers reasonable for temporary use by individuals or groups of National Arboretum facilities and grounds for any purpose consistent with the mission of the National Arboretum;

''(5) charge such fees as the Secretary of Agriculture considers reasonable for the use of the National Arboretum for commercial photography or cinematography;

''(6) publish, in print and electronically and without regard to laws relating to printing by the Federal Government, informational brochures, books, and other publications concerning the National Arboretum or the collections of the Arboretum; and

''(7) license use of the National Arboretum name and logo for public service or commercial uses.

''(b) USE OF FUNDS.—Any funds received or collected by the Secretary of Agriculture as a result of activities described in subsection (a) shall be retained in a special fund in the Treasury for the use and benefit of the National Arboretum as the Secretary of Agriculture considers appropriate.

''(c) ACCEPTANCE OF VOLUNTARY SERVICES.—The Secretary of Agriculture may accept the voluntary services of organizations

described in subsection (a)(1), and the voluntary services of individuals (including employees of the National Arboretum), for the benefit of the National Arboretum.''.

SEC. 875. STUDY OF AGRICULTURAL RESEARCH SERVICE.

(a) STUDY.—The Secretary of Agriculture shall request the National Academy of Sciences to conduct a study of the role and mission of the Agricultural Research Service. The study shall—

(1) evaluate the strength of science of the Service and the relevance of the science to national priorities;

(2) examine how the work of the Service relates to the capacity of the United States agricultural research, education, and extension system overall; and

(3) include recommendations, as appropriate.

(b) REPORT.—Not later than 18 months after the effective date of this title, the Secretary shall prepare a report that describes the results of the study conducted under subsection (a) and submit the report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(c) FUNDING.—The Secretary shall use to carry out this section not more than $500,000 of funds made available to the Agricultural Research Service for research.

TITLE IX—AGRICULTURAL PROMOTION

Subtitle A—Popcorn

SEC. 901. SHORT TITLE.

This subtitle may be cited as the ''Popcorn Promotion, Research, and Consumer Information Act''.

SEC. 902. FINDINGS AND DECLARATION OF POLICY.

(a) FINDINGS.—Congress finds that—

(1) popcorn is an important food that is a valuable part of the human diet;

(2) the production and processing of popcorn plays a significant role in the economy of the United States in that popcorn is processed by several popcorn processors, distributed through wholesale and retail outlets, and consumed by millions of people throughout the United States and foreign countries;

(3) popcorn must be of high quality, readily available, handled properly, and marketed efficiently to ensure that the benefits of popcorn are available to the people of the United States;

(4) the maintenance and expansion of existing markets and uses and the development of new markets and uses for popcorn are vital to the welfare of processors and persons concerned with marketing, using, and producing popcorn for the market, as well as to the agricultural economy of the United States;

(5) the cooperative development, financing, and implementation of a coordinated program of popcorn promotion, research, consumer information, and industry information is necessary to maintain and expand markets for popcorn; and

(6) popcorn moves in interstate and foreign commerce, and popcorn that does not move in those channels of commerce directly burdens or affects interstate commerce in popcorn.

(b) POLICY.—It is the policy of Congress that it is in the public interest to authorize the establishment, through the exercise of the powers provided in this subtitle, of an orderly procedure for developing, financing (through adequate assessments on unpopped popcorn processed domestically), and carrying out an effective, continuous, and coordinated program of promotion, research, consumer information, and industry information designed to—

(1) strengthen the position of the popcorn industry in the marketplace; and

(2) maintain and expand domestic and foreign markets and uses for popcorn.

(c) PURPOSES.—The purposes of this subtitle are to—

(1) maintain and expand the markets for all popcorn products in a manner that—

(A) is not designed to maintain or expand any individual share of a producer or processor of the market;

(B) does not compete with or replace individual advertising or promotion efforts designed to promote individual brand name or trade name popcorn products; and

(C) authorizes and funds programs that result in government speech promoting government objectives; and

(2) establish a nationally coordinated program for popcorn promotion, research, consumer information, and industry information.

(d) STATUTORY CONSTRUCTION.—This subtitle treats processors equitably. Nothing in this subtitle—

(1) provides for the imposition of a trade barrier to the entry into the United States of imported popcorn for the domestic market; or

(2) provides for the control of production or otherwise limits the right of any individual processor to produce popcorn.

SEC. 903. DEFINITIONS.

In this subtitle (except as otherwise specifically provided):

(1) BOARD.—The term ''Board'' means the Popcorn Board established under section 905(b).

(2) COMMERCE.—The term ''commerce'' means interstate, foreign, or intrastate commerce.

(3) CONSUMER INFORMATION.—The term ''consumer information'' means information and programs that will assist consumers and other persons in making evaluations and decisions regarding the purchase, preparation, and use of popcorn.

(4) DEPARTMENT.—The term ''Department'' means the Department of Agriculture.

(5) INDUSTRY INFORMATION.—The term ''industry information'' means information and programs that will lead to the development of—

(A) new markets, new marketing strategies, or increased efficiency for the popcorn industry; or

(B) activities to enhance the image of the popcorn industry.

(6) MARKETING.—The term ''marketing'' means the sale or other disposition of unpopped popcorn for human consumption in a channel of commerce, but does not include a sale or disposition to or between processors.

(7) ORDER.—The term ''order'' means an order issued under section 904.

(8) PERSON.—The term ''person'' means an individual, group of individuals, partnership, corporation, association, or cooperative, or any other legal entity.

(9) POPCORN.—The term ''popcorn'' means unpopped popcorn (Zea Mays L) that is—

(A) commercially grown;

(B) processed in the United States by shelling, cleaning, or drying; and

(C) introduced into a channel of commerce.

(10) PROCESS.—The term ''process'' means to shell, clean, dry, and prepare popcorn for the market, but does not include packaging popcorn for the market without also engaging in another activity described in this paragraph.

(11) PROCESSOR.—The term ''processor'' means a person engaged in the preparation of unpopped popcorn for the market who owns or shares the ownership and risk of loss of the popcorn and who processes and distributes over 4,000,000 pounds of popcorn in the market per year.

(12) PROMOTION.—The term ''promotion'' means an action, including paid advertising, to enhance the image or desirability of popcorn.

(13) RESEARCH.—The term ''research'' means any type of study to advance the image, desirability, marketability, production, product development, quality, or nutritional value of popcorn.

(14) SECRETARY.—The term ''Secretary'' means the Secretary of Agriculture.

(15) STATE.—The term ''State'' means each of the 50 States and the District of Columbia.

(16) UNITED STATES.—The term ''United States'' means all of the States.

SEC. 904. ISSUANCE OF ORDERS.

(a) IN GENERAL.—To effectuate the policy described in section 902(b), the Secretary, subject to subsection (b), shall issue 1 or more orders applicable to processors. An order shall be applicable to all popcorn production and marketing areas in the United States. Not more than 1 order shall be in effect under this subtitle at any 1 time.

(b) PROCEDURE.—

(1) PROPOSAL OR REQUEST FOR ISSUANCE.—The Secretary may propose the issuance of an order, or an association of processors or any other person that would be affected by an order may request the issuance of, and submit a proposal for, an order.

(2) NOTICE AND COMMENT CONCERNING PROPOSED ORDER.—Not later than 60 days after the receipt of a request and proposal for an order under paragraph (1), or at such time as the Secretary determines to propose an order, the Secretary shall publish a proposed order and give due notice and opportunity for public comment on the proposed order.

(3) ISSUANCE OF ORDER.—After notice and opportunity for public comment under paragraph (2), the Secretary shall issue an order, taking into consideration the comments received and including in the order such provisions as are necessary to ensure that the order conforms to this subtitle. The order shall be issued and become effective not later than 150 days after the date of publication of the proposed order.

(c) AMENDMENTS.—The Secretary, as appropriate, may amend an order. The provisions of this subtitle applicable to an order shall be applicable to any amendment to an order, except that an amendment to an order may not require a referendum to become effective.

SEC. 905. REQUIRED TERMS IN ORDERS.

(a) IN GENERAL.—An order shall contain the terms and conditions specified in this section.

(b) ESTABLISHMENT AND MEMBERSHIP OF POPCORN BOARD.—

(1) IN GENERAL.—The order shall provide for the establishment of, and appointment of members to, a Popcorn Board that shall consist of not fewer than 4 members and not more than 9 members.

(2) NOMINATIONS.—The members of the Board shall be processors appointed by the Secretary from nominations submitted by processors in a manner authorized by the Secretary, subject to paragraph (3). Not more than 1 member may be appointed to the Board from nominations submitted by any 1 processor.

(3) GEOGRAPHICAL DIVERSITY.—In making appointments, the Secretary shall take into account, to the extent practicable, the geographical distribution of popcorn production throughout the United States.

(4) TERMS.—The term of appointment of each member of the Board shall be 3 years, except that the members appointed to the initial Board shall serve, proportionately, for terms of 2, 3, and 4 years, as determined by the Secretary.

(5) COMPENSATION AND EXPENSES.—A member of the Board shall serve without compensation, but shall be reimbursed for the expenses of the member incurred in the performance of duties for the Board.

(c) POWERS AND DUTIES OF BOARD.—The order shall define the powers and duties of the Board, which shall include the power and duty—

(1) to administer the order in accordance with the terms and provisions of the order;

(2) to make regulations to effectuate the terms and provisions of the order;

(3) to appoint members of the Board to serve on an executive committee;

(4) to propose, receive, evaluate, and approve budgets, plans, and projects of promotion, research, consumer information, and industry information, and to contract with appropriate persons to implement the plans or projects;

(5) to accept and receive voluntary contributions, gifts, and market promotion or similar funds;

(6) to invest, pending disbursement under a plan or project, funds collected through assessments authorized under subsection (f), only in—

(A) obligations of the United States or an agency of the United States;

(B) general obligations of a State or a political subdivision of a State;

(C) an interest-bearing account or certificate of deposit of a bank that is a member of the Federal Reserve System; or

(D) obligations fully guaranteed as to principal and interest by the United States;

(7) to receive, investigate, and report to the Secretary complaints of violations of the order; and

(8) to recommend to the Secretary amendments to the order.

(d) PLANS AND BUDGETS.—

(1) IN GENERAL.—The order shall provide that the Board shall submit to the Secretary for approval any plan or project of promotion, research, consumer information, or industry information.

(2) BUDGETS.—The order shall require the Board to submit to the Secretary for approval budgets on a fiscal year basis of the anticipated expenses and disbursements of the Board in the implementation of the order, including projected costs of plans and projects of promotion, research, consumer information, and industry information.

(e) CONTRACTS AND AGREEMENTS.—

(1) IN GENERAL.—The order shall provide that the Board may enter into contracts or agreements for the implementation and carrying out of plans or projects of promotion, research, consumer information, or industry information, including contracts with a processor organization, and for the payment of the cost of the plans or projects with funds collected by the Board under the order.

(2) REQUIREMENTS.—A contract or agreement under paragraph (1) shall provide that—

(A) the contracting party shall develop and submit to the Board a plan or project, together with a budget that shows the estimated costs to be incurred for the plan or project;

(B) the plan or project shall become effective on the approval of the Secretary; and

(C) the contracting party shall keep accurate records of each transaction of the party, account for funds received and expended, make periodic reports to the Board of activities conducted, and make such other reports as the Board or the Secretary may require.

(3) PROCESSOR ORGANIZATIONS.—The order shall provide that the Board may contract with processor organizations for any other services. The contract shall include provisions comparable to the provisions required by paragraph (2).

(f) ASSESSMENTS.—

(1) PROCESSORS.—The order shall provide that each processor marketing popcorn in the United States or for export shall, in the manner prescribed in the order, pay assessments and remit the assessments to the Board.

(2) DIRECT MARKETERS.—A processor that markets popcorn produced by the processor directly to consumers shall pay and remit the assessments on the popcorn directly to the Board in the manner prescribed in the order.

(3) RATE.—

(A) IN GENERAL.—The rate of assessment prescribed in the order shall be a rate established by the Board but not more than $.08 per hundredweight of popcorn.

(B) ADJUSTMENT OF RATE.—The order shall provide that the Board, with the approval of the Secretary, may raise or lower the rate of assessment annually up to a maximum of $.08 per hundredweight of popcorn.

(4) USE OF ASSESSMENTS.—

(A) IN GENERAL.—Subject to subparagraphs (B) and (C) and subsection (c)(5), the order shall provide that the assessments collected shall be used by the Board—

(i) to pay expenses incurred in implementing and administering the order, with provision for a reasonable reserve; and

(ii) to cover such administrative costs as are incurred by the Secretary, except that the administrative costs incurred by the Secretary (other than any legal expenses incurred to defend and enforce the order) that may be reimbursed by the Board may not exceed 15 percent of the projected annual revenues of the Board.

(B) EXPENDITURES BASED ON SOURCE OF ASSESSMENTS.—In implementing plans and projects of promotion, research, consumer information, and industry information, the Board shall expend funds on—

(i) plans and projects for popcorn marketed in the United States or Canada in proportion to the amount of assessments collected on domestically marketed popcorn; and

(ii) plans and projects for exported popcorn in proportion to the amount of assessments collected on exported popcorn.

(C) NOTIFICATION.—If the administrative costs incurred by the Secretary that are reimbursed by the Board exceed 10 percent of the projected annual revenues of the Board, the Secretary shall notify as soon as practicable the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(g) PROHIBITION ON USE OF FUNDS.—The order shall prohibit any funds collected by the Board under the order from being used to influence government action or policy, other than the use of funds by the Board for the development and recommendation to the Secretary of amendments to the order.

(h) BOOKS AND RECORDS OF THE BOARD.—The order shall require the Board to—

(1) maintain such books and records (which shall be available to the Secretary for inspection and audit) as the Secretary may prescribe;

(2) prepare and submit to the Secretary, from time to time, such reports as the Secretary may prescribe; and

(3) account for the receipt and disbursement of all funds entrusted to the Board.

(i) BOOKS AND RECORDS OF PROCESSORS.—

(1) MAINTENANCE AND REPORTING OF INFORMATION.—The order shall require that each processor of popcorn for the market shall—

(A) maintain, and make available for inspection, such books and records as are required by the order; and

(B) file reports at such time, in such manner, and having such content as is prescribed in the order.

(2) USE OF INFORMATION.—The Secretary shall authorize the use of information regarding processors that may be accumulated under a law or regulation other than this subtitle or a regulation issued under this subtitle. The information shall be made available to the Secretary as appropriate for the administration or enforcement of this subtitle, the order, or any regulation issued under this subtitle.

(3) CONFIDENTIALITY.—

(A) IN GENERAL.—Subject to subparagraphs (B), (C), and (D), all information obtained by the Secretary under paragraphs (1) and (2) shall be kept confidential by all officers, employees, and agents of the Board and the Department.

(B) DISCLOSURE BY SECRETARY.—Information referred to in subparagraph (A) may be disclosed if—

(i) the Secretary considers the information relevant;

(ii) the information is revealed in a suit or administrative hearing brought at the request of the Secretary, or to which the Secretary or any officer of the United States is a party; and

(iii) the information relates to the order.

(C) DISCLOSURE TO OTHER AGENCY OF FEDERAL GOVERNMENT.—

(i) IN GENERAL.—No information obtained under the authority of this subtitle may be made available to another agency or officer of the Federal Government for any purpose other than the implementation of this subtitle and any investigatory or enforcement activity necessary for the implementation of this subtitle.

(ii) PENALTY.—A person who knowingly violates this subparagraph shall, on conviction, be subject to a fine of not more than $1,000 or to imprisonment for not more than 1 year, or both, and if an officer, employee, or agent of the Board or the Department, shall be removed from office or terminated from employment, as applicable.

(D) GENERAL STATEMENTS.—Nothing in this paragraph prohibits—

(i) the issuance of general statements, based on the reports, of the number of persons subject to the order or statistical data collected from the reports, if the statements do not identify the information provided by any person; or

(ii) the publication, by direction of the Secretary, of the name of a person violating the order, together with a statement of the particular provisions of the order violated by the person.

(j) OTHER TERMS AND CONDITIONS.—The order shall contain such terms and conditions, consistent with this subtitle, as are necessary to effectuate this subtitle, including regulations relating to the assessment of late payment charges.

SEC. 906. REFERENDA.

(a) INITIAL REFERENDUM.—

(1) IN GENERAL.—Within the 60-day period immediately preceding the effective date of an order, as provided in section 904(b)(3), the Secretary shall conduct a referendum among processors who, during a representative period as determined by the Secretary, have been engaged in processing, for the purpose of ascertaining whether the order shall go into effect.

(2) APPROVAL OF ORDER.—The order shall become effective, as provided in section 904(b), only if the Secretary determines that the order has been approved by not less than a majority of the processors voting in the referendum and if the majority processed more than 50 percent of the popcorn certified as having been processed, during the representative period, by the processors voting.

(b) ADDITIONAL REFERENDA.—

(1) IN GENERAL.—Not earlier than 3 years after the effective date of an order approved

under subsection (a), on the request of the Board or a representative group of processors, as described in paragraph (2), the Secretary may conduct additional referenda to determine whether processors favor the termination or suspension of the order.

(2) REPRESENTATIVE GROUP OF PROCESSORS.—An additional referendum on an order shall be conducted if the referendum is requested by 30 percent or more of the number of processors who, during a representative period as determined by the Secretary, have been engaged in processing.

(3) DISAPPROVAL OF ORDER.—If the Secretary determines, in a referendum conducted under paragraph (1), that suspension or termination of the order is favored by at least ⅔ of the processors voting in the referendum, the Secretary shall—

(A) suspend or terminate, as appropriate, collection of assessments under the order not later than 180 days after the date of determination; and

(B) suspend or terminate the order, as appropriate, in an orderly manner as soon as practicable after the date of determination.

(c) COSTS OF REFERENDUM.—The Secretary shall be reimbursed from assessments collected by the Board for any expenses incurred by the Secretary in connection with the conduct of any referendum under this section.

(d) METHOD OF CONDUCTING REFERENDUM.—Subject to this section, a referendum conducted under this section shall be conducted in such manner as is determined by the Secretary.

(e) CONFIDENTIALITY OF BALLOTS AND OTHER INFORMATION.—

(1) IN GENERAL.—The ballots and other information or reports that reveal or tend to reveal the vote of any processor, or any business operation of a processor, shall be considered to be strictly confidential and shall not be disclosed.

(2) PENALTY FOR VIOLATIONS.—An officer or employee of the Department who knowingly violates paragraph (1) shall be subject to the penalties described in section 905(i)(3)(C)(ii).

SEC. 907. PETITION AND REVIEW.

(a) PETITION.—

(1) IN GENERAL.—A person subject to an order may file with the Secretary a petition—

(A) stating that the order, a provision of the order, or an obligation imposed in connection with the order is not established in accordance with law; and

(B) requesting a modification of the order or obligation or an exemption from the order or obligation.

(2) STATUTE OF LIMITATIONS.—A petition under paragraph (1) concerning an obligation may be filed not later than 2 years after the date of imposition of the obligation.

(3) HEARINGS.—The petitioner shall be given the opportunity for a hearing on a petition filed under paragraph (1), in accordance with regulations issued by the Secretary.

(4) RULING.—After a hearing under paragraph (3), the Secretary shall issue a ruling on the petition that is the subject of the hearing, which shall be final if the ruling is in accordance with applicable law.

(b) REVIEW.—

(1) COMMENCEMENT OF ACTION.—The district court of the United States for any district in which a person who is a petitioner under subsection (a) resides or carries on business shall have jurisdiction to review a ruling on the petition, if the person files a complaint not later than 20 days after the date of issuance of the ruling under subsection (a)(4).

(2) PROCESS.—Service of process in a proceeding under paragraph (1) may be made on the Secretary by delivering a copy of the complaint to the Secretary.

(3) REMANDS.—If the court determines, under paragraph (1), that a ruling issued under subsection (a)(4) is not in accordance with applicable law, the court shall remand the matter to the Secretary with directions—

(A) to make such ruling as the court shall determine to be in accordance with law; or

(B) to take such further proceedings as, in the opinion of the court, the law requires.

(c) ENFORCEMENT.—The pendency of proceedings instituted under subsection (a) may not impede, hinder, or delay the Secretary or the Attorney General from taking action under section 908.

SEC. 908. ENFORCEMENT.

(a) IN GENERAL.—The Secretary may issue an enforcement order to restrain or prevent any person from violating an order or regulation issued under this subtitle and may assess a civil penalty of not more than $1,000 for each violation of the enforcement order, after an opportunity for an administrative hearing, if the Secretary determines that the administration and enforcement of the order and this subtitle would be adequately served by such a procedure.

(b) JURISDICTION.—The district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating, an order or regulation issued under this subtitle.

(c) REFERRAL TO ATTORNEY GENERAL.—A civil action authorized to be brought under this section shall be referred to the Attorney General for appropriate action.

SEC. 909. INVESTIGATIONS AND POWER TO SUBPOENA.

(a) INVESTIGATIONS.—The Secretary may make such investigations as the Secretary considers necessary—

(1) for the effective administration of this subtitle; and

(2) to determine whether any person subject to this subtitle has engaged, or is about to engage, in an act that constitutes or will constitute a violation of this subtitle or of an order or regulation issued under this subtitle.

(b) OATHS, AFFIRMATIONS, AND SUBPOENAS.—For the purpose of an investigation under subsection (a), the Secretary may administer oaths and affirmations, subpoena witnesses, compel the attendance of witnesses, take evidence, and require the production of any records that are relevant to the inquiry. The attendance of witnesses and the production of records may be required from any place in the United States.

(c) AID OF COURTS.—

(1) REQUEST.—In the case of contumacy by, or refusal to obey a subpoena issued to, any person, the Secretary may request the aid of any court of the United States within the jurisdiction of which the investigation or proceeding is carried on, or where the person resides or carries on business, in requiring the attendance and testimony of the person and the production of records.

(2) ENFORCEMENT ORDER OF THE COURT.—The court may issue an enforcement order requiring the person to appear before the Secretary to produce records or to give testimony concerning the matter under investigation.

(3) CONTEMPT.—A failure to obey an enforcement order of the court under paragraph (2) may be punished by the court as a contempt of the court.

(4) PROCESS.—Process in a case under this subsection may be served in the judicial district in which the person resides or conducts business or wherever the person may be found.

SEC. 910. RELATION TO OTHER PROGRAMS.

Nothing in this subtitle preempts or supersedes any other program relating to popcorn promotion organized and operated under the laws of the United States or any State.

SEC. 911. REGULATIONS.

The Secretary may issue such regulations as are necessary to carry out this subtitle.

SEC. 912. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated such sums as are necessary to carry out this subtitle. Amounts made available under this section or otherwise made available to the Department, and amounts made available under any other marketing or promotion order, may not be used to pay any administrative expense of the Board.

Subtitle B—Canola and Rapeseed

SEC. 921. SHORT TITLE.

This subtitle may be cited as the ''Canola and Rapeseed Research, Promotion, and Consumer Information Act''.

SEC. 922. FINDINGS AND DECLARATION OF POLICY.

(a) FINDINGS.—Congress finds that—

(1) canola and rapeseed products are an important and nutritious part of the human diet;

(2) the production of canola and rapeseed products plays a significant role in the economy of the United States in that canola and rapeseed products are produced by thousands of canola and rapeseed producers, processed by numerous processing entities, and canola and rapeseed products produced in the United States are consumed by people throughout the United States and foreign countries;

(3) canola, rapeseed, and canola and rapeseed products should be readily available and marketed efficiently to ensure that consumers have an adequate supply of canola and rapeseed products at a reasonable price;

(4) the maintenance and expansion of existing markets and development of new markets for canola, rapeseed, and canola and rapeseed products are vital to the welfare of canola and rapeseed producers and processors and those persons concerned with marketing canola, rapeseed, and canola and rapeseed products, as well as to the general economy of the United States, and are necessary to ensure the ready availability and efficient marketing of canola, rapeseed, and canola and rapeseed products;

(5) there exist established State and national organizations conducting canola and rapeseed research, promotion, and consumer education programs that are valuable to the efforts of promoting the consumption of canola, rapeseed, and canola and rapeseed products;

(6) the cooperative development, financing, and implementation of a coordinated national program of canola and rapeseed research, promotion, consumer information, and industry information is necessary to maintain and expand existing markets and develop new markets for canola, rapeseed, and canola and rapeseed products; and

(7) canola, rapeseed, and canola and rapeseed products move in interstate and foreign commerce, and canola, rapeseed, and canola and rapeseed products that do not move in interstate or foreign commerce directly burden or affect interstate commerce in canola, rapeseed, and canola and rapeseed products.

(b) POLICY.—It is the policy of this subtitle to establish an orderly procedure for developing, financing through assessments on domestically-produced canola and rapeseed, and implementing a program of research, promotion, consumer information, and industry information designed to strengthen the position in the marketplace of the canola and rapeseed industry, to maintain and expand existing domestic and foreign markets and uses for canola, rapeseed, and canola and rapeseed products, and to develop new markets and uses for canola, rapeseed, and canola and rapeseed products.

(c) CONSTRUCTION.—Nothing in this subtitle provides for the control of production or otherwise limits the right of individual producers to produce canola, rapeseed, or canola or rapeseed products.

SEC. 923. DEFINITIONS.

In this subtitle (unless the context otherwise requires):

(1) BOARD.—The term ''Board'' means the National Canola and Rapeseed Board established under section 925(b).

(2) CANOLA; RAPESEED.—The terms ''canola'' and ''rapeseed'' means any brassica plant grown in the United States for the production of an oilseed, the oil of which is used for a food or nonfood use.

(3) CANOLA OR RAPESEED PRODUCTS.—The term ''canola or rapeseed products'' means products produced, in whole or in part, from canola or rapeseed.

(4) COMMERCE.—The term ''commerce'' includes interstate, foreign, and intrastate commerce.

(5) CONFLICT OF INTEREST.—The term ''conflict of interest'' means a situation in which a member of the Board has a direct or indirect financial interest in a corporation, partnership, sole proprietorship, joint venture, or other business entity dealing directly or indirectly with the Board.

(6) CONSUMER INFORMATION.—The term ''consumer information'' means information that will assist consumers and other persons in making evaluations and decisions regarding the purchase, preparation, and use of canola, rapeseed, or canola or rapeseed products.

(7) DEPARTMENT.—The term ''Department'' means the Department of Agriculture.

(8) FIRST PURCHASER.—The term ''first purchaser'' means—

(A) except as provided in subparagraph (B), a person buying or otherwise acquiring canola, rapeseed, or canola or rapeseed products produced by a producer; or

(B) the Commodity Credit Corporation, in a case in which canola or rapeseed is forfeited to the Commodity Credit Corporation as collateral for a loan issued under a price support loan program administered by the Commodity Credit Corporation.

(9) INDUSTRY INFORMATION.—The term ''industry information'' means information or programs that will lead to the development of new markets, new marketing strategies, or increased efficiency for the canola and rapeseed industry, or an activity to enhance the image of the canola or rapeseed industry.

(10) INDUSTRY MEMBER.—The term ''industry member'' means a member of the canola and rapeseed industry who represents—

(A) manufacturers of canola or rapeseed products; or

(B) persons who commercially buy or sell canola or rapeseed.

(11) MARKETING.—The term ''marketing'' means the sale or other disposition of canola, rapeseed, or canola or rapeseed products in a channel of commerce.

(12) ORDER.—The term ''order'' means an order issued under section 924.

(13) PERSON.—The term ''person'' means an individual, partnership, corporation, association, cooperative, or any other legal entity.

(14) PRODUCER.—The term ''producer'' means a person engaged in the growing of canola or rapeseed in the United States who owns, or who shares the ownership and risk of loss of, the canola or rapeseed.

(15) PROMOTION.—The term ''promotion'' means an action, including paid advertising, technical assistance, or trade servicing activity, to enhance the image or desirability of canola, rapeseed, or canola or rapeseed products in domestic and foreign markets, or an activity designed to communicate to consumers, processors, wholesalers, retailers, government officials, or others information relating to the positive attributes of canola, rapeseed, or canola or rapeseed products or the benefits of use or distribution of canola, rapeseed, or canola or rapeseed products.

(16) QUALIFIED STATE CANOLA AND RAPESEED BOARD.—The term ''qualified State canola and rapeseed board'' means a State canola and rapeseed promotion entity that is authorized and functioning under State law.

(17) RESEARCH.—The term ''research'' means any type of test, study, or analysis to advance the image, desirability, marketability, production, product development, quality, or functional or nutritional value of canola, rapeseed, or canola or rapeseed products, including research activity designed to identify and analyze barriers to export sales of canola or rapeseed produced in the United States.

(18) SECRETARY.—The term ''Secretary'' means the Secretary of Agriculture.

(19) STATE.—The term ''State'' means any of the 50 States, the District of Columbia and the Commonwealth of Puerto Rico.

(20) UNITED STATES.—The term ''United States'' means collectively the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico.

SEC. 924. ISSUANCE AND AMENDMENT OF ORDERS.

(a) IN GENERAL.—Subject to subsection (b), the Secretary shall issue 1 or more orders under this subtitle applicable to producers and first purchasers of canola, rapeseed, or canola or rapeseed products. The order shall be national in scope. Not more than 1 order shall be in effect under this subtitle at any 1 time.

(b) PROCEDURE.—

(1) PROPOSAL OR REQUEST FOR ISSUANCE.—The Secretary may propose the issuance of an order under this subtitle, or an association of canola and rapeseed producers or any other person that would be affected by an order issued pursuant to this subtitle may request the issuance of, and submit a proposal for, an order.

(2) NOTICE AND COMMENT CONCERNING PROPOSED ORDER.—Not later than 60 days after the receipt of a request and proposal for an order pursuant to paragraph (1), or whenever the Secretary determines to propose an order, the Secretary shall publish a proposed order and give due notice and opportunity for public comment on the proposed order.

(3) ISSUANCE OF ORDER.—After notice and opportunity for public comment are given as provided in paragraph (2), the Secretary shall issue an order, taking into consideration the comments received and including in the order provisions necessary to ensure that the order is in conformity with the requirements of this subtitle. The order shall be issued and become effective not later than 180 days following publication of the proposed order.

(c) AMENDMENTS.—The Secretary, from time to time, may amend an order issued under this section.

SEC. 925. REQUIRED TERMS IN ORDERS.

(a) IN GENERAL.—An order issued under this subtitle shall contain the terms and conditions specified in this section.

(b) ESTABLISHMENT AND MEMBERSHIP OF THE NATIONAL CANOLA AND RAPESEED BOARD.—

(1) IN GENERAL.—The order shall provide for the establishment of, and appointment of members to, a National Canola and Rapeseed Board to administer the order.

(2) SERVICE TO ENTIRE INDUSTRY.—The Board shall carry out programs and projects that will provide maximum benefit to the canola and rapeseed industry in all parts of the United States and only promote canola, rapeseed, or canola or rapeseed products.

(3) BOARD MEMBERSHIP.—The Board shall consist of 15 members, including—

(A) 11 members who are producers, including—

(i) 1 member from each of 6 geographic regions comprised of States where canola or rapeseed is produced, as determined by the Secretary; and

(ii) 5 members from the geographic regions referred to in clause (i), allocated according to the production in each region; and

(B) 4 members who are industry members, including at least—

(i) 1 member who represents manufacturers of canola or rapeseed end products; and

(ii) 1 member who represents persons who commercially buy or sell canola or rapeseed.

(4) LIMITATION ON STATE RESIDENCE.—There shall be no more than 4 producer members of the Board from any State.

(5) MODIFYING BOARD MEMBERSHIP.—In accordance with regulations approved by the Secretary, at least once each 3 years and not more than once each 2 years, the Board shall review the geographic distribution of canola and rapeseed production throughout the United States and, if warranted, recommend to the Secretary that the Secretary—

(A) reapportion regions in order to reflect the geographic distribution of canola and rapeseed production; and

(B) reapportion the seats on the Board to reflect the production in each region.

(6) CERTIFICATION OF ORGANIZATIONS.—

(A) IN GENERAL.—The eligibility of any State organization to represent producers shall be certified by the Secretary.

(B) CRITERIA.—The Secretary shall certify any State organization that the Secretary determines has a history of stability and permanency and meets at least 1 of the following criteria:

(i) MAJORITY REPRESENTATION.—The total paid membership of the organization—

(I) is comprised of at least a majority of canola or rapeseed producers; or

(II) represents at least a majority of the canola or rapeseed producers in the State.

(ii) SUBSTANTIAL NUMBER OF PRODUCERS REPRESENTED.—The organization represents a substantial number of producers that produce a substantial quantity of canola or rapeseed in the State.

(iii) PURPOSE.—The organization is a general farm or agricultural organization that has as a stated objective the promotion and development of the United States canola or rapeseed industry and the economic welfare of United States canola or rapeseed producers.

(C) REPORT.—The Secretary shall make a certification under this paragraph on the basis of a factual report submitted by the State organization.

(7) TERMS OF OFFICE.—

(A) IN GENERAL.—The members of the Board shall serve for a term of 3 years, except that the members appointed to the initial Board shall serve, proportionately, for terms of 1, 2, and 3 years, as determined by the Secretary.

(B) TERMINATION OF TERMS.—Notwithstanding subparagraph (C), each member shall continue to serve until a successor is appointed by the Secretary.

(C) LIMITATION ON TERMS.—No individual may serve more than 2 consecutive 3-year terms as a member.

(8) COMPENSATION.—A member of the Board shall serve without compensation, but shall be reimbursed for necessary and reasonable expenses incurred in the performance of duties for and approved by the Board.

(c) POWERS AND DUTIES OF THE BOARD.—The order shall define the powers and duties of the Board, which shall include the power and duty—

(1) to administer the order in accordance with the terms and conditions of the order;

(2) to make regulations to effectuate the terms and conditions of the order;

(3) to meet, organize, and select from among members of the Board a chairperson, other officers, and committees and subcommittees, as the Board determines appropriate;

(4) to establish working committees of persons other than Board members;

(5) to employ such persons, other than Board members, as the Board considers necessary, and to determine the compensation and define the duties of the persons;

(6) to prepare and submit for the approval of the Secretary, when appropriate or necessary, a recommended rate of assessment under section 926, and a fiscal period budget of the anticipated expenses in the administration of the order, including the probable costs of all programs and projects;

(7) to develop programs and projects, subject to subsection (d);

(8) to enter into contracts or agreements, subject to subsection (e), to develop and carry out programs or projects of research, promotion, industry information, and consumer information;

(9) to carry out research, promotion, industry information, and consumer information projects, and to pay the costs of the projects with assessments collected under section 926;

(10) to keep minutes, books, and records that reflect the actions and transactions of the Board, and promptly report minutes of each Board meeting to the Secretary;

(11) to appoint and convene, from time to time, working committees comprised of producers, industry members, and the public to assist in the development of research, promotion, industry information, and consumer information programs for canola, rapeseed, and canola and rapeseed products;

(12) to invest, pending disbursement under a program or project, funds collected through assessments authorized under section 926, or funds earned from investments, only in—

(A) obligations of the United States or an agency of the United States;

(B) general obligations of a State or a political subdivision of a State;

(C) an interest-bearing account or certificate of deposit of a bank that is a member of the Federal Reserve System; or

(D) obligations fully guaranteed as to principal and interest by the United States;

(13) to receive, investigate, and report to the Secretary complaints of violations of the order;

(14) to furnish the Secretary with such information as the Secretary may request;

(15) to recommend to the Secretary amendments to the order;

(16) to develop and recommend to the Secretary for approval such regulations as may be necessary for the development and execution of programs or projects, or as may otherwise be necessary, to carry out the order; and

(17) to provide the Secretary with advance notice of meetings.

(d) PROGRAMS AND BUDGETS.—

(1) SUBMISSION TO SECRETARY.—The order shall provide that the Board shall submit to the Secretary for approval any program or project of research, promotion, consumer information, or industry information. No program or project shall be implemented prior to approval by the Secretary.

(2) BUDGETS.—The order shall require the Board, prior to the beginning of each fiscal year, or as may be necessary after the beginning of a fiscal year, to submit to the Secretary for approval budgets of anticipated expenses and disbursements in the implementation of the order, including projected costs of research, promotion, consumer information, and industry information programs and projects.

(3) INCURRING EXPENSES.—The Board may incur such expenses for programs or projects of research, promotion, consumer information, or industry information, and other expenses for the administration, maintenance, and functioning of the Board as may be authorized by the Secretary, including any implementation, administrative, and referendum costs incurred by the Department.

(4) PAYING EXPENSES.—The funds to cover the expenses referred to in paragraph (3) shall be paid by the Board from assessments collected under section 926 or funds borrowed pursuant to paragraph (5).

(5) AUTHORITY TO BORROW.—To meet the expenses referred to in paragraph (3), the Board shall have the authority to borrow funds, as approved by the Secretary, for capital outlays and startup costs.

(e) CONTRACTS AND AGREEMENTS.—

(1) IN GENERAL.—To ensure efficient use of funds, the order shall provide that the Board may enter into a contract or agreement for the implementation and carrying out of a program or project of canola, rapeseed, or canola or rapeseed products research, promotion, consumer information, or industry information, including a contract with a producer organization, and for the payment of the costs with funds received by the Board under the order.

(2) REQUIREMENTS.—A contract or agreement under paragraph (1) shall provide that—

(A) the contracting party shall develop and submit to the Board a program or project together with a budget that shall show the estimated costs to be incurred for the program or project;

(B) the program or project shall become effective on the approval of the Secretary; and

(C) the contracting party shall keep accurate records of all transactions, account for funds received and expended, make periodic reports to the Board of activities conducted, and make such other reports as the Board or the Secretary may require.

(3) PRODUCER ORGANIZATIONS.—The order shall provide that the Board may contract with producer organizations for any other services. The contract shall include provisions comparable to those required by paragraph (2).

(f) BOOKS AND RECORDS OF THE BOARD.—

(1) IN GENERAL.—The order shall require the Board to—

(A) maintain such books and records (which shall be available to the Secretary for inspection and audit) as the Secretary may prescribe;

(B) prepare and submit to the Secretary, from time to time, such reports as the Secretary may prescribe; and

(C) account for the receipt and disbursement of all funds entrusted to the Board.

(2) AUDITS.—The Board shall cause the books and records of the Board to be audited by an independent auditor at the end of each fiscal year, and a report of the audit to be submitted to the Secretary.

(g) PROHIBITION.—

(1) IN GENERAL.—Subject to paragraph (2), the Board shall not engage in any action to, nor shall any funds received by the Board under this subtitle be used to—

(A) influence legislation or governmental action;

(B) engage in an action that would be a conflict of interest;

(C) engage in advertising that is false or misleading; or

(D) engage in promotion that would disparage other commodities.

(2) ACTION PERMITTED.—Paragraph (1) does not preclude—

(A) the development and recommendation of amendments to the order;

(B) the communication to appropriate government officials of information relating to the conduct, implementation, or results of promotion, research, consumer information, or industry information activities under the order; or

(C) any action designed to market canola or rapeseed products directly to a foreign government or political subdivision of a foreign government.

(h) BOOKS AND RECORDS.—

(1) IN GENERAL.—The order shall require that each producer, first purchaser, or industry member shall—

(A) maintain and submit to the Board any reports considered necessary by the Secretary to ensure compliance with this subtitle; and

(B) make available during normal business hours, for inspection by employees of the Board or Secretary, such books and records as are necessary to carry out this subtitle, including such records as are necessary to verify any required reports.

(2) CONFIDENTIALITY.—

(A) IN GENERAL.—Except as otherwise provided in this subtitle, all information obtained from books, records, or reports required to be maintained under paragraph (1) shall be kept confidential, and shall not be disclosed to the public by any person.

(B) DISCLOSURE.—Information referred to in subparagraph (A) may be disclosed to the public if—

(i) the Secretary considers the information relevant;

(ii) the information is revealed in a suit or administrative hearing brought at the direction or on the request of the Secretary or to which the Secretary or any officer of the Department is a party; and

(iii) the information relates to this subtitle.

(C) MISCONDUCT.—A knowing disclosure of confidential information in violation of subparagraph (A) by an officer or employee of the Board or Department, except as required by other law or allowed under subparagraph (B) or (D), shall be considered a violation of this subtitle.

(D) GENERAL STATEMENTS.—Nothing in this paragraph prohibits—

(i) the issuance of general statements, based on the reports, of the number of persons subject to the order or statistical data collected from the reports, if the statements do not identify the information furnished by any person; or

(ii) the publication, by direction of the Secretary, of the name of a person violating the order, together with a statement of the particular provisions of the order violated by the person.

(3) AVAILABILITY OF INFORMATION.—

(A) EXCEPTION.—Except as provided in this subtitle, information obtained under this subtitle may be made available to another agency of the Federal Government for a civil or criminal law enforcement activity if the activity is authorized by law and if the head of the agency has made a written request to the Secretary specifying the particular information desired and the law enforcement activity for which the information is sought.

(B) PENALTY.—Any person knowingly violating this subsection, on conviction, shall be subject to a fine of not more than $1,000 or to imprisonment for not more than 1 year, or both, and if an officer or employee of the Board or the Department, shall be removed from office or terminated from employment, as applicable.

(5) WITHHOLDING INFORMATION.—Nothing in this subtitle authorizes withholding information from Congress.

(i) USE OF ASSESSMENTS.—The order shall provide that the assessments collected under section 926 shall be used for payment of the expenses in implementing and administering this subtitle, with provision for a reasonable reserve, and to cover those administrative costs incurred by the Secretary in implementing and administering this subtitle.

(j) OTHER TERMS AND CONDITIONS.—The order also shall contain such terms and conditions, not inconsistent with this subtitle, as determined necessary by the Secretary to effectuate this subtitle.

SEC. 926. ASSESSMENTS.

(a) IN GENERAL.—

(1) FIRST PURCHASERS.—During the effective period of an order issued pursuant to this subtitle, assessments shall be—

(A) levied on all canola or rapeseed produced in the United States and marketed; and

(B) deducted from the payment made to a producer for all canola or rapeseed sold to a first purchaser.

(2) DIRECT PROCESSING.—The order shall provide that any person processing canola or rapeseed of that person's own production and marketing the canola or rapeseed, or canola or rapeseed products, shall remit to the Board or a qualified State canola and rapeseed board, in the manner prescribed by the order, an assessment established at a rate equivalent to the rate provided for under subsection (d).

(b) LIMITATION ON ASSESSMENTS.—No more than 1 assessment may be assessed under subsection (a) on any canola or rapeseed produced (as remitted by a first purchaser).

(c) REMITTING ASSESSMENTS.—

(1) IN GENERAL.—Assessments required under subsection (a) shall be remitted to the Board by a first purchaser. The Board shall use qualified State canola and rapeseed boards to collect the assessments. If an appropriate qualified State canola and rapeseed board does not exist to collect an assessment, the assessment shall be collected by the Board. There shall be only 1 qualified State canola or rapeseed Board in each State.

(2) TIMES TO REMIT ASSESSMENT.—Each first purchaser shall remit the assessment to the Board as provided for in the order.

(d) ASSESSMENT RATE.—

(1) INITIAL RATE.—The initial assessment rate shall be 4 cents per hundredweight of canola or rapeseed produced and marketed.

(2) INCREASE.—The assessment rate may be increased on recommendation by the Board to a rate not exceeding 10 cents per hundredweight of canola or rapeseed produced and marketed in a State, unless—

(A) after the initial referendum is held under section 927(a), the Board recommends an increase above 10 cents per hundredweight; and

(B) the increase is approved in a referendum under section 927(b).

(3) CREDIT.—A producer who demonstrates to the Board that the producer is participating in a program of an established qualified State canola and rapeseed board shall receive credit, in determining the assessment due from the producer, for contributions to the program of up to 2 cents per hundredweight of canola or rapeseed marketed.

(e) LATE PAYMENT CHARGE.—

(1) IN GENERAL.—There shall be a late payment charge imposed on any person who fails to remit, on or before the date provided for in the order, to the Board the total amount for which the person is liable.

(2) AMOUNT OF CHARGE.—The amount of the late payment charge imposed under paragraph (1) shall be prescribed by the Board with the approval of the Secretary.

(f) REFUND OF ASSESSMENTS FROM ESCROW ACCOUNT.—

(1) ESTABLISHMENT OF ESCROW ACCOUNT.—During the period beginning on the date on which an order is first issued under section 924(b)(3) and ending on the date on which a referendum is conducted under section 927(a), the Board shall—

(A) establish an escrow account to be used for assessment refunds; and

(B) place funds in such account in accordance with paragraph (2).

(2) PLACEMENT OF FUNDS IN ACCOUNT.—The Board shall place in such account, from assessments collected during the period referred to in paragraph (1), an amount equal to the product obtained by multiplying the total amount of assessments collected during the period by 10 percent.

(3) RIGHT TO RECEIVE REFUND.—The Board shall refund to a producer the assessments paid by or on behalf of the producer if—

(A) the producer is required to pay the assessment;

(B) the producer does not support the program established under this subtitle; and

(C) the producer demands the refund prior to the conduct of the referendum under section 927(a).

(4) FORM OF DEMAND.—The demand shall be made in accordance with such regulations, in such form, and within such time period as prescribed by the Board.

(5) MAKING OF REFUND.—The refund shall be made on submission of proof satisfactory to the Board that the producer paid the assessment for which the refund is demanded.

(6) PRORATION.—If—

(A) the amount in the escrow account required by paragraph (1) is not sufficient to refund the total amount of assessments demanded by eligible producers; and

(B) the order is not approved pursuant to the referendum conducted under section 927(a);

the Board shall prorate the amount of the refunds among all eligible producers who demand a refund.

(7) PROGRAM APPROVED.—If the plan is approved pursuant to the referendum conducted under section 927(a), all funds in the escrow account shall be returned to the Board for use by the Board in accordance with this subtitle.

SEC. 927. REFERENDA.

(a) INITIAL REFERENDUM.—

(1) REQUIREMENT.—During the period ending 30 months after the date of the first issuance of an order under section 924, the Secretary shall conduct a referendum among producers who, during a representative period as determined by the Secretary, have been engaged in the production of canola or rapeseed for the purpose of ascertaining whether the order then in effect shall be continued.

(2) ADVANCE NOTICE.—The Secretary shall, to the extent practicable, provide broad public notice in advance of any referendum. The notice shall be provided, without advertising expenses, by means of newspapers, county newsletters, the electronic media, and press releases, through the use of notices posted in State and county Cooperative State Research, Education, and Extension Service offices and county Consolidated Farm Service Agency offices, and by other appropriate means specified in the order. The notice shall include information on when the referendum will be held, registration and voting requirements, rules regarding absentee voting, and other pertinent information.

(3) APPROVAL OF ORDER.—The order shall be continued only if the Secretary determines that the order has been approved by not less than a majority of the producers voting in the referendum.

(4) DISAPPROVAL OF ORDER.—If continuation of the order is not approved by a majority of those voting in the referendum, the Secretary shall terminate collection of assessments under the order within 6 months after the referendum and shall terminate the order in an orderly manner as soon as practicable.

(b) ADDITIONAL REFERENDA.—

(1) IN GENERAL.—

(A) REQUIREMENT.—After the initial referendum on an order, the Secretary shall conduct additional referenda, as described in subparagraph (C), if requested by a representative group of producers, as described in subparagraph (B).

(B) REPRESENTATIVE GROUP OF PRODUCERS.—An additional referendum on an order shall be conducted if requested by 10 percent or more of the producers who during a representative period have been engaged in the production of canola or rapeseed.

(C) ELIGIBLE PRODUCERS.—Each additional referendum shall be conducted among all producers who, during a representative period, as determined by the Secretary, have been engaged in the production of canola or rapeseed to determine whether the producers favor the termination or suspension of the order.

(2) DISAPPROVAL OF ORDER.—If the Secretary determines, in a referendum conducted under paragraph (1), that suspension or termination of the order is favored by a majority of the producers voting in the referendum, the Secretary shall suspend or terminate, as appropriate, collection of assessments under the order within 6 months after the determination, and shall suspend or terminate the order, as appropriate, in an orderly manner as soon as practicable after the determination.

(3) OPPORTUNITY TO REQUEST ADDITIONAL REFERENDA.—

(A) IN GENERAL.—Beginning on the date that is 5 years after the conduct of a referendum under this subtitle, and every 5 years thereafter, the Secretary shall provide canola and rapeseed producers an opportunity to request an additional referendum.

(B) METHOD OF MAKING REQUEST.—

(i) IN-PERSON REQUESTS.—To carry out subparagraph (A), the Secretary shall establish a procedure under which a producer may request a reconfirmation referendum in-person at a county Cooperative State Research, Education, and Extension Service office or a county Consolidated Farm Service Agency office during a period established by the Secretary, or as provided in clause (ii).

(ii) MAIL-IN REQUESTS.—In lieu of making a request in person, a producer may make a request by mail. To facilitate the submission of requests by mail, the Secretary may make mail-in request forms available to producers.

(C) NOTIFICATIONS.—The Secretary shall publish a notice in the Federal Register, and the Board shall provide written notification to producers, not later than 60 days prior to the end of the period established under subparagraph (B)(i) for an in-person request, of the opportunity of producers to request an additional referendum. The notification shall explain the right of producers to an additional referendum, the procedure for a referendum, the purpose of a referendum, and the date and method by which producers may act to request an additional referendum under this paragraph. The Secretary shall take such other action as the Secretary determines is necessary to ensure that producers are made aware of the opportunity to request an additional referendum.

(D) ACTION BY SECRETARY.—As soon as practicable following the submission of a request for an additional referendum, the Secretary shall determine whether a sufficient

number of producers have requested the referendum, and take such steps as are necessary to conduct the referendum, as required under paragraph (1).

(E) TIME LIMIT.—An additional referendum requested under the procedures provided in this paragraph shall be conducted not later than 1 year after the Secretary determines that a representative group of producers, as described in paragraph (1)(B), have requested the conduct of the referendum.

(c) PROCEDURES.—

(1) REIMBURSEMENT OF SECRETARY.—The Secretary shall be reimbursed from assessments collected by the Board for any expenses incurred by the Secretary in connection with the conduct of an activity required under this section.

(2) DATE.—Each referendum shall be conducted for a reasonable period of time not to exceed 3 days, established by the Secretary, under a procedure under which producers intending to vote in the referendum shall certify that the producers were engaged in the production of canola, rapeseed, or canola or rapeseed products during the representative period and, at the same time, shall be provided an opportunity to vote in the referendum.

(3) PLACE.—Referenda under this section shall be conducted at locations determined by the Secretary. On request, absentee mail ballots shall be furnished by the Secretary in a manner prescribed by the Secretary.

SEC. 928. PETITION AND REVIEW.

(a) PETITION.—

(1) IN GENERAL.—A person subject to an order issued under this subtitle may file with the Secretary a petition—

(A) stating that the order, a provision of the order, or an obligation imposed in connection with the order is not established in accordance with law; and

(B) requesting a modification of the order or an exemption from the order.

(2) HEARINGS.—The petitioner shall be given the opportunity for a hearing on a petition filed under paragraph (1), in accordance with regulations issued by the Secretary.

(3) RULING.—After a hearing under paragraph (2), the Secretary shall make a ruling on the petition that is the subject of the hearing, which shall be final if the ruling is in accordance with applicable law.

(4) LIMITATION ON PETITION.—Any petition filed under this subtitle challenging an order, or any obligation imposed in connected with an order, shall be filed not later than 2 years after the effective date of the order or obligation.

(b) REVIEW.—

(1) COMMENCEMENT OF ACTION.—The district court of the United States in any district in which the person who is a petitioner under subsection (a) resides or carries on business shall have jurisdiction to review a ruling on the petition, if a complaint is filed by the person not later than 20 days after the date of the entry of a ruling by the Secretary under subsection (a)(3).

(2) PROCESS.—Service of process in a proceeding under paragraph (1) shall be conducted in accordance with the Federal Rules of Civil Procedure.

(3) REMANDS.—If the court determines, under paragraph (1), that a ruling issued under subsection (a)(3) is not in accordance with applicable law, the court shall remand the matter to the Secretary with directions either—

(A) to make such ruling as the court shall determine to be in accordance with law; or

(B) to take such further proceedings as, in the opinion of the court, the law requires.

(4) ENFORCEMENT.—The pendency of proceedings instituted under subsection (a) shall not impede, hinder, or delay the Attorney General or the Secretary from taking any action under section 929.

SEC. 929. ENFORCEMENT.

(a) JURISDICTION.—The district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating, an order or regulation made or issued under this subtitle.

(b) REFERRAL TO ATTORNEY GENERAL.—A civil action authorized to be commenced under this section shall be referred to the Attorney General for appropriate action, except that the Secretary shall not be required to refer to the Attorney General a violation of this subtitle if the Secretary believes that the administration and enforcement of this subtitle would be adequately served by providing a suitable written notice or warning to the person who committed the violation or by administrative action under section 928.

(c) CIVIL PENALTIES AND ORDERS.—

(1) CIVIL PENALTIES.—

(A) IN GENERAL.—Any person who willfully violates any provision of an order or regulation issued by the Secretary under this subtitle, or who fails or refuses to pay, collect, or remit an assessment or fee required of the person under an order or regulation, may be assessed—

(i) a civil penalty by the Secretary of not more than $1,000 for each violation; and

(ii) in the case of a willful failure to pay, collect, or remit an assessment as required by an order or regulation, an additional penalty equal to the amount of the assessment.

(B) SEPARATE OFFENSE.—Each violation under subparagraph (A) shall be a separate offense.

(2) CEASE-AND-DESIST ORDERS.—In addition to, or in lieu of, a civil penalty under paragraph (1), the Secretary may issue an order requiring a person to cease and desist from continuing a violation.

(3) NOTICE AND HEARING.—No penalty shall be assessed, or cease-and-desist order issued, by the Secretary under this subsection unless the person against whom the penalty is assessed or the order is issued is given notice and opportunity for a hearing before the Secretary with respect to the violation.

(4) FINALITY.—The order of the Secretary assessing a penalty or imposing a cease-and-desist order under this subsection shall be final and conclusive unless the affected person files an appeal of the order with the appropriate district court of the United States in accordance with subsection (d).

(d) REVIEW BY DISTRICT COURT.—

(1) COMMENCEMENT OF ACTION.—Any person who has been determined to be in violation of this subtitle, or against whom a civil penalty has been assessed or a cease-and-desist order issued under subsection (c), may obtain review of the penalty or order by—

(A) filing, within the 30-day period beginning on the date the penalty is assessed or order issued, a notice of appeal in—

(i) the district court of the United States for the district in which the person resides or conducts business; or

(ii) the United States District Court for the District of Columbia; and

(B) simultaneously sending a copy of the notice by certified mail to the Secretary.

(2) RECORD.—The Secretary shall file promptly, in the appropriate court referred to in paragraph (1), a certified copy of the record on which the Secretary has determined that the person has committed a violation.

(3) STANDARD OF REVIEW.—A finding of the Secretary under this section shall be set aside only if the finding is found to be unsupported by substantial evidence.

(e) FAILURE TO OBEY ORDERS.—Any person who fails to obey a cease-and-desist order issued under this section after the order has become final and unappealable, or after the appropriate United States district court has entered a final judgment in favor of the Secretary, shall be subject to a civil penalty assessed by the Secretary, after opportunity for a hearing and for judicial review under the procedures specified in subsections (c) and (d), of not more than $5,000 for each offense. Each day during which the failure continues shall be considered as a separate violation of the order.

(f) FAILURE TO PAY PENALTIES.—If a person fails to pay an assessment of a civil penalty under this section after the assessment has become a final and unappealable order, or after the appropriate United States district court has entered final judgment in favor of the Secretary, the Secretary shall refer the matter to the Attorney General for recovery of the amount assessed in the district court in which the person resides or conducts business. In an action for recovery, the validity and appropriateness of the final order imposing the civil penalty shall not be subject to review.

(g) ADDITIONAL REMEDIES.—The remedies provided in this subtitle shall be in addition to, and not exclusive of, other remedies that may be available.

SEC. 930. INVESTIGATIONS AND POWER TO SUBPOENA.

(a) INVESTIGATIONS.—The Secretary may make such investigations as the Secretary considers necessary—

(1) for the effective administration of this subtitle; and

(2) to determine whether any person has engaged or is engaging in an act that constitutes a violation of this subtitle, or an order, rule, or regulation issued under this subtitle.

(b) SUBPOENAS, OATHS, AND AFFIRMATIONS.—

(1) IN GENERAL.—For the purpose of an investigation under subsection (a), the Secretary may administer oaths and affirmations, subpoena witnesses, take evidence, and issue subpoenas to require the production of any records that are relevant to the inquiry. The attendance of witnesses and the production of records may be required from any place in the United States.

(2) ADMINISTRATIVE HEARINGS.—For the purpose of an administrative hearing held under section 928 or 929, the presiding officer is authorized to administer oaths and affirmations, subpoena and compel the attendance of witnesses, take evidence, and require the production of any records that are relevant to the inquiry. The attendance of witnesses and the production of records may be required from any place in the United States.

(c) AID OF COURTS.—In the case of contumacy by, or refusal to obey a subpoena issued to, any person, the Secretary may invoke the aid of any court of the United States within the jurisdiction of which the investigation or proceeding is carried on, or where the person resides or carries on business, in order to enforce a subpoena issued by the Secretary under subsection (b). The court may issue an order requiring the person to comply with the subpoena.

(d) CONTEMPT.—A failure to obey an order of the court under this section may be punished by the court as contempt of the court.

(e) PROCESS.—Process may be served on a person in the judicial district in which the person resides or conducts business or wherever the person may be found.

(f) HEARING SITE.—The site of a hearing held under section 928 or 729 shall be in the judicial district where the person affected by the hearing resides or has a principal place of business.

SEC. 931. SUSPENSION OR TERMINATION OF AN ORDER.

The Secretary shall, whenever the Secretary finds that an order or a provision of an order obstructs or does not tend to effectuate the declared policy of this subtitle, terminate or suspend the operation of the order or provision. The termination or suspension of an order shall not be considered an order within the meaning of this subtitle.

SEC. 932. REGULATIONS.

The Secretary may issue such regulations as are necessary to carry out this subtitle.

SEC. 933. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—There are authorized to be appropriated for each fiscal year such sums as are necessary to carry out this subtitle.

(b) ADMINISTRATIVE EXPENSES.—Funds appropriated under subsection (a) shall not be available for payment of the expenses or expenditures of the Board in administering a provision of an order issued under this subtitle.

Subtitle C—Kiwifruit

SEC. 941. SHORT TITLE.

This subtitle may be cited as the ''National Kiwifruit Research, Promotion, and Consumer Information Act''.

SEC. 942. FINDINGS AND PURPOSES.

(a) FINDINGS.—Congress finds that—

(1) domestically produced kiwifruit are grown by many individual producers;

(2) virtually all domestically produced kiwifruit are grown in the State of California, although there is potential for production in many other areas of the United States;

(3) kiwifruit move in interstate and foreign commerce, and kiwifruit that do not move in channels of commerce directly burden or affect interstate commerce;

(4) in recent years, large quantities of kiwifruit have been imported into the United States;

(5) the maintenance and expansion of existing domestic and foreign markets for kiwifruit, and the development of additional and improved markets for kiwifruit, are vital to the welfare of kiwifruit producers and other persons concerned with producing, marketing, and processing kiwifruit;

(6) a coordinated program of research, promotion, and consumer information regarding kiwifruit is necessary for the maintenance and development of the markets; and

(7) kiwifruit producers, handlers, and importers are unable to implement and finance such a program without cooperative action.

(b) PURPOSES.—The purposes of this subtitle are—

(1) to authorize the establishment of an orderly procedure for the development and financing (through an assessment) of an effective and coordinated program of research, promotion, and consumer information regarding kiwifruit;

(2) to use the program to strengthen the position of the kiwifruit industry in domestic and foreign markets and maintain, develop, and expand markets for kiwifruit; and

(3) to treat domestically produced kiwifruit and imported kiwifruit equitably.

SEC. 943. DEFINITIONS.

In this subtitle (unless the context otherwise requires):

(1) BOARD.—The term ''Board'' means the National Kiwifruit Board established under section 945.

(2) CONSUMER INFORMATION.—The term ''consumer information'' means any action taken to provide information to, and broaden the understanding of, the general public regarding the consumption, use, nutritional attributes, and care of kiwifruit.

(3) EXPORTER.—The term ''exporter'' means any person from outside the United States who exports kiwifruit into the United States.

(4) HANDLER.—The term ''handler'' means any person, excluding a common carrier, engaged in the business of buying and selling, packing, marketing, or distributing kiwifruit as specified in the order.

(5) IMPORTER.—The term ''importer'' means any person who imports kiwifruit into the United States.

(6) KIWIFRUIT.—The term ''kiwifruit'' means all varieties of fresh kiwifruit grown or imported in the United States.

(7) MARKETING.—The term ''marketing'' means the sale or other disposition of kiwifruit into interstate, foreign, or intrastate commerce by buying, marketing, distribution, or otherwise placing kiwifruit into commerce.

(8) ORDER.—The term ''order'' means a kiwifruit research, promotion, and consumer information order issued by the Secretary under section 944.

(9) PERSON.—The term ''person'' means any individual, group of individuals, partnership, corporation, association, cooperative, or other legal entity.

(10) PROCESSING.—The term ''processing'' means canning, fermenting, distilling, extracting, preserving, grinding, crushing, or in any manner changing the form of kiwifruit for the purposes of preparing the kiwifruit for market or marketing the kiwifruit.

(11) PRODUCER.—The term ''producer'' means any person who grows kiwifruit in the United States for sale in commerce.

(12) PROMOTION.—The term ''promotion'' means any action taken under this subtitle (including paid advertising) to present a favorable image for kiwifruit to the general public for the purpose of improving the competitive position of kiwifruit and stimulating the sale of kiwifruit.

(13) RESEARCH.—The term ''research'' means any type of research relating to the use, nutritional value, and marketing of kiwifruit conducted for the purpose of advancing the image, desirability, marketability, or quality of kiwifruit.

(14) SECRETARY.—The term ''Secretary'' means the Secretary of Agriculture.

(15) UNITED STATES.—The term ''United States'' means the 50 States of the United States, the District of Columbia, and the Commonwealth of Puerto Rico.

SEC. 944. ISSUANCE OF ORDERS.

(a) ISSUANCE.—To effectuate the declared purposes of this subtitle, the Secretary shall issue an order applicable to producers, handlers, and importers of kiwifruit. Any such order shall be national in scope. Not more than 1 order shall be in effect under this subtitle at any 1 time.

(b) PROCEDURE.—

(1) PROPOSAL FOR ISSUANCE OF ORDER.—Any person that will be affected by this subtitle may request the issuance of, and submit a proposal for, an order under this subtitle.

(2) PROPOSED ORDER.—Not later than 90 days after the receipt of a request and proposal for an order, the Secretary shall publish a proposed order and give due notice and opportunity for public comment on the proposed order.

(3) ISSUANCE OF ORDER.—After notice and opportunity for public comment are provided under paragraph (2), the Secretary shall issue an order, taking into consideration the comments received and including in the order provisions necessary to ensure that the order is in conformity with this subtitle.

(c) AMENDMENTS.—The Secretary may amend any order issued under this section. The provisions of this subtitle applicable to an order shall be applicable to an amendment to an order.

SEC. 945. NATIONAL KIWIFRUIT BOARD.

(a) MEMBERSHIP.—An order issued by the Secretary under section 944 shall provide for the establishment of a National Kiwifruit Board that consists of the following 11 members:

(1) 6 members who are producers (or representatives of producers) and who are not exempt from an assessment under section 946(b).

(2) 4 members who are importers (or representatives of importers) and who are not exempt from an assessment under section 946(b) or are exporters (or representatives of exporters).

(3) 1 member appointed from the general public.

(b) ADJUSTMENT OF MEMBERSHIP.—Subject to the 11-member limit, the Secretary may adjust membership on the Board to accommodate changes in production and import levels of kiwifruit.

(c) APPOINTMENT AND NOMINATION.—

(1) APPOINTMENT.—The Secretary shall appoint the members of the Board from nominations submitted in accordance with this subsection.

(2) PRODUCERS.—The members referred to in subsection (a)(1) shall be appointed from individuals nominated by producers.

(3) IMPORTERS AND EXPORTERS.—The members referred to in subsection (a)(2) shall be appointed from individuals nominated by importers or exporters.

(4) PUBLIC REPRESENTATIVE.—The public representative shall be appointed from nominations submitted by other members of the Board.

(5) FAILURE TO NOMINATE.—If producers, importers, and exporters fail to nominate individuals for appointment, the Secretary may appoint members on a basis provided for in the order. If the Board fails to nominate a public representative, the member may be appointed by the Secretary without a nomination.

(d) ALTERNATES.—The Secretary shall appoint an alternate for each member of the Board. An alternate shall—

(1) be appointed in the same manner as the member for whom the individual is an alternate; and

(2) serve on the Board if the member is absent from a meeting or is disqualified under subsection (f).

(e) TERMS.—A member of the Board shall be appointed for a term of 3 years. No member may serve more than 2 consecutive 3-year terms, except that of the members first appointed—

(1) 5 members shall be appointed for a term of 2 years; and

(2) 6 members shall be appointed for a term of 3 years.

(f) DISQUALIFICATION.—If a member or alternate of the Board who was appointed as a producer, importer, exporter, or public representative member ceases to belong to the group for which the member was appointed, the member or alternate shall be disqualified from serving on the Board.

(g) COMPENSATION.—A members or alternate of the Board shall serve without pay.

(h) GENERAL POWERS AND DUTIES.—The Board shall—

(1) administer an order issued by the Secretary under section 944, and an amendment to the order, in accordance with the order and amendment and this subtitle;

(2) prescribe rules and regulations to carry out the order;

(3) meet, organize, and select from among members of the Board a chairperson, other officers, and committees and subcommittees, as the Board determines appropriate;

(4) receive, investigate, and report to the Secretary accounts of violations of the order;

(5) make recommendations to the Secretary with respect to an amendment that should be made to the order; and

(6) employ or contract with a manager and staff to assist in administering the order, except that, to reduce administrative costs and increase efficiency, the Board shall seek, to the extent practicable, to employ or contract with personnel who are already associated with State chartered organizations involved in promoting kiwifruit.

SEC. 946. REQUIRED TERMS IN ORDER.

(a) BUDGETS AND PLANS.—

(1) IN GENERAL.—An order issued under section 944 shall provide for periodic budgets and plans in accordance with this subsection.

(2) BUDGETS.—The Board shall prepare and submit to the Secretary a budget prior to the beginning of the fiscal year of the anticipated expenses and disbursements of the Board in the administration of the order, including probable costs of research, promotion, and consumer information. A budget shall become effective on a ⅔-vote of a quorum of the Board and approval by the Secretary.

(3) PLANS.—Each budget shall include a plan for research, promotion, and consumer information regarding kiwifruit. A plan under this paragraph shall become effective on approval by the Secretary. The Board may enter into contracts and agreements, on approval by the Secretary, for—

(A) the development of and carrying out the plan; and

(B) the payment of the cost of the plan, with funds collected pursuant to this subtitle.

(b) ASSESSMENTS.—

(1) IN GENERAL.—The order shall provide for the imposition and collection of assessments with regard to the production and importation of kiwifruit in accordance with this subsection.

(2) RATE.—The assessment rate shall be the reate that is recommended by a ⅔-vote of a quorum of the Board and approved by the Secretary, except that the rate shall not exceed $0.10 per 7-pound tray of kiwifruit or equivalent.

(3) COLLECTION BY FIRST HANDLERS.—Except as provided in paragraph (5), the first handler of kiwifruit shall—

(A) be responsible for the collection from the producer, and payment to the Board, of assessments required under this subsection; and

(B) maintain a separate record of the kiwifruit of each producer whose kiwifruit are so handled, including the kiwifruit owned by the handler.

(4) IMPORTERS.—The assessment on imported kiwifruit shall be paid by the importer to the United States Customs Service at the time of entry into the United States and shall be remitted to the Board.

(5) EXEMPTION FROM ASSESSMENT.—The following persons or activities are exempt from an assessment under this subsection:

(A) A producer who produces less than 500 pounds of kiwifruit per year.

(B) An importer who imports less than 10,000 pounds of kiwifruit per year.

(C) A sale of kiwifruit made directly from the producer to a consumer for a purpose other than resale.

(D) The production or importation of kiwifruit for processing.

(6) CLAIM OF EXEMPTION.—To claim an exemption under paragraph (5) for a particular year, a person shall—

(A) submit an application to the Board stating the basis for the exemption and certifying that the quantity of kiwifruit produced, imported, or sold by the person will not exceed any poundage limitation required for the exemption in the year; or

(B) be on a list of approved processors developed by the Board.

(c) USE OF ASSESSMENTS.

(1) AUTHORIZED USES.—The order shall provide that funds paid to the Board as assessments under subsection (b) may be used by the Board—

(A) to pay for research, promotion, and consumer information described in the budget of the Board under subsection (a) and for other expenses incurred by the Board in the administration of an order;

(B) to pay such other expenses for the administration, maintenance, and functioning of the Board, including any enforcement efforts for the collection of assessments as may be authorized by the Secretary, including interest and penalties for late payments; and

(C) to fund a reserve established under section 947(d).

(2) REQUIRED USES.—The order shall provide that funds paid to the Board as assessments under subsection (b) shall be used by the Board—

(A) to pay the expenses incurred by the Secretary, including salaries and expenses of Federal Government employees, in implementing and administering the order; and

(B) to reimburse the Secretary for any expenses incurred by the Secretary in conducting referenda under this subtitle.

(3) LIMITATION ON USE OF ASSESSMENTS.—Except for the first year of operation of the Board, expenses for the administration, maintenance, and functioning of the Board may not exceed 30 percent of the budget for a year.

(d) FALSE CLAIMS.—The order shall provide that any promotion funded with assessments collected under subsection (b) may not make—

(1) any false claims on behalf of kiwifruit; and

(2) any false statements with respect to the attributes or use of any product that competes with kiwifruit for sale in commerce.

(e) PROHIBITION ON USE OF FUNDS.—The order shall provide that funds collected by the Board under this subtitle through assessments may not, in any manner, be used for the purpose of influencing legislation or governmental policy or action, except for making recommendations to the Secretary as provided for under this subtitle.

(f) BOOKS, RECORDS, AND REPORTS.—

(1) BOARD.—The order shall require the Board—

(A) to maintain books and records with respect to the receipt and disbursement of funds received by the Board;

(B) to submit to the Secretary from time to time such reports as the Secretary may require for appropriate accounting; and

(C) to submit to the Secretary at the end of each fiscal year a complete audit report by an independent auditor regarding the activities of the Board during the fiscal year.

(2) OTHERS.—To make information and data available to the Board and the Secretary that is appropriate or necessary for the effectuation, administration, or enforcement of this subtitle (or any order or regulation issued under this subtitle), the order shall require handlers and importers who are responsible for the collection, payment, or remittance of assessments under subsection (b)—

(A) to maintain and make available for inspection by the employees and agents of the Board and the Secretary such books and records as may be required by the order; and

(B) to file, at the times and in the manner and content prescribed by the order, reports regarding the collection, payment, or remittance of the assessments.

(g) CONFIDENTIALITY.—

(1) IN GENERAL.—The order shall require that all information obtained pursuant to subsection (f)(2) be kept confidential by all officers and employees and agents of the Department and of the Board. Only such information as the Secretary considers relevant shall be disclosed to the public and only in a suit or administrative hearing, brought at the request of the Secretary or to which the Secretary or any officer of the United States is a party, involving the order with respect to which the information was furnished or acquired.

(2) LIMITATIONS.—Nothing in this subsection prohibits—

(A) issuance of general statements based on the reports of a number of handlers and importers subject to an order, if the statements do not identify the information furnished by any person; or

(B) the publication, by direction of the Secretary, of the name of any person violating an order issued under section 944(a), together with a statement of the particular provisions of the order violated by the person.

(3) PENALTY.—Any person who willfully violates this subsection, on conviction, shall be subject to a fine of not more than $1,000 or to imprisonment for not more than 1 year, or both, and, if the person is a member, officer, or agent of the board or an employee of the Department, shall be removed from office.

(h) WITHHOLDING INFORMATION.—Nothing in this subtitle authorizes the withholding of information from Congress.

SEC. 947. PERMISSIVE TERMS IN ORDER.

(a) PERMISSIVE TERMS.—On the recommendation of the Board and with the approval of the Secretary, an order issued under section 944 may include the terms and conditions specified in this section and such additional terms and conditions as the Secretary considers necessary to effectuate the other provisions of the order and are incidental to, and not inconsistent with, this subtitle.

(b) ALTERNATIVE PAYMENT AND REPORTING SCHEDULES.—The order may authorize the Board to designate different handler payment and reporting schedules to recognize differences in marketing practices and procedures.

(c) WORKING GROUPS.—The order may authorize the Board to convene working groups drawn from producers, handlers, importers, exporters, or the general public and utilize the expertise of the groups to assist in the development of research and marketing programs for kiwifruit.

(d) RESERVE FUNDS.—The order may authorize the Board to accumulate reserve funds from assessments collected pursuant to section 946(b) to permit an effective and continuous coordinated program of research, promotion, and consumer information in years in which production and assessment income may be reduced, except that any reserve fund may not exceed the amount budgeted for operation of this subtitle for 1 year.

(e) PROMOTION ACTIVITIES OUTSIDE UNITED STATES.—The order may authorize the Board to use, with the approval of the Secretary, funds collected under section 946(b) and funds from other sources for the development and expansion of sales in foreign markets of kiwifruit produced in the United States.

SEC. 948. PETITION AND REVIEW.

(a) PETITION.—

(1) IN GENERAL.—A person subject to an order may file with the Secretary a petition—

(A) stating that the order, a provision of the order, or an obligation imposed in connection with the order is not in accordance with law; and

(B) requesting a modification of the order or an exemption from the order.

(2) HEARINGS.—A person submitting a petition under paragraph (1) shall be given an opportunity for a hearing on the petition, in accordance with regulations issued by the Secretary.

(3) RULING.—After the hearing, the Secretary shall make a ruling on the petition which shall be final if the petition is in accordance with law.

(4) LIMITATION ON PETITION.—Any petition filed under this subtitle challenging an order, or any obligation imposed in connected with an order, shall be filed not later than 2 years after the effective date of the order or obligation.

(b) REVIEW.—

(1) COMMENCEMENT OF ACTION.—The district court of the United States in any district in which the person who is a petitioner under subsection (a) resides or carries on business is vested with jurisdiction to review the ruling on the petition of the person, if a complaint for that purpose is filed not later than 20 days after the date of the entry of a ruling by the Secretary under subsection (a).

(2) PROCESS.—Service of process in the proceedings shall be conducted in accordance with the Federal Rules of Civil Procedure.

(3) REMANDS.—If the court determines that the ruling is not in accordance with law, the court shall remand the matter to the Secretary with directions—

(A) to make such ruling as the court shall determine to be in accordance with law; or

(B) to take such further action as, in the opinion of the court, the law requires.

(4) ENFORCEMENT.—The pendency of a proceeding instituted pursuant to subsection (a) shall not impede, hinder, or delay the Attorney General or the Secretary from obtaining relief pursuant to section 949.

SEC. 949. ENFORCEMENT.

(a) JURISDICTION.—A district court of the United States shall have jurisdiction specifically to enforce, and to prevent and restrain any person from violating, any order or regulation made or issued by the Secretary under this subtitle.

(b) REFERRAL TO ATTORNEY GENERAL.—A civil action authorized to be brought under this section shall be referred to the Attorney General for appropriate action, except that the Secretary is not required to refer to the Attorney General a violation of this subtitle, or any order or regulation issued under this subtitle, if the Secretary believes that the administration and enforcement of this subtitle would be adequately served by administrative action under subsection (c) or suitable written notice or warning to any person committing the violation.

(c) CIVIL PENALTIES AND ORDERS.—

(1) CIVIL PENALTIES.—Any person who willfully violates any provision of any order or regulation issued by the Secretary under this subtitle, or who fails or refuses to pay, collect, or remit any assessment or fee duly required of the person under the order or regulation, may be assessed a civil penalty by the Secretary of not less than $500 nor more than $5,000 for each such violation. Each violation shall be a separate offense.

(2) CEASE-AND-DESIST ORDERS.—In addition to or in lieu of the civil penalty, the Secretary may issue an order requiring the person to cease and desist from continuing the violation.

(3) NOTICE AND HEARING.—No order assessing a civil penalty or cease-and-desist order may be issued by the Secretary under this subsection unless the Secretary gives the person against whom the order is issued notice and opportunity for a hearing on the record before the Secretary with respect to the violation.

(4) FINALITY.—The order of the Secretary assessing a penalty or imposing a cease-and-desist order shall be final and conclusive unless the person against whom the order is issued files an appeal from the order with the appropriate district court of the United States, in accordance with subsection (d).

(d) REVIEW BY UNITED STATES DISTRICT COURT.—

(1) COMMENCEMENT OF ACTION.—Any person against whom a violation is found and a civil penalty assessed or cease-and-desist order issued under subsection (c) may obtain review of the penalty or order in the district court of the United States for the district in which the person resides or does business, or the United States district court for the District of Columbia, by—

(A) filing a notice of appeal in the court not later than 30 days after the date of the order; and

(B) simultaneously sending a copy of the notice by certified mail to the Secretary.

(2) RECORD.—The Secretary shall promptly file in the court a certified copy of the record on which the Secretary found that the person had committed a violation.

(3) STANDARD OF REVIEW.—A finding of the Secretary shall be set aside only if the finding is found to be unsupported by substantial evidence.

(e) FAILURE TO OBEY ORDERS.—Any person who fails to obey a cease-and-desist order issued by the Secretary after the order has become final and unappealable, or after the appropriate United States district court has entered a final judgment in favor of the Secretary, shall be subject to a civil penalty assessed by the Secretary, after opportunity for a hearing and for judicial review under the procedures specified in subsections (c) and (d), of not more than $500 for each offense. Each day during which the failure continues shall be considered a separate violation of the order.

(f) FAILURE TO PAY PENALTIES.—If a person fails to pay an assessment of a civil penalty after the assessment has become a final and unappealable order issued by the Secretary, or after the appropriate United States district court has entered final judgment in favor of the Secretary, the Secretary shall refer the matter to the Attorney General for recovery of the amount assessed in the district court of the United States in any district in which the person resides or conducts business. In the action, the validity and appropriateness of the final order imposing the civil penalty shall not be subject to review.

SEC. 950. INVESTIGATIONS AND POWER TO SUBPOENA.

(a) IN GENERAL.—The Secretary may make such investigations as the Secretary considers necessary—

(1) for the effective carrying out of the responsibilities of the Secretary under this subtitle; or

(2) to determine whether a person subject to this subtitle has engaged or is engaging in any act that constitutes a violation of this subtitle, or any order, rule, or regulation issued under this subtitle.

(b) POWER TO SUBPOENA.—

(1) INVESTIGATIONS.—For the purpose of an investigation made under subsection (a), the Secretary may administer oaths and affirmations and may issue subpoenas to require the production of any records that are relevant to the inquiry. The production of any such records may be required from any place in the United States.

(2) ADMINISTRATIVE HEARINGS.—For the purpose of an administrative hearing held under section 948 or 949, the presiding officer is authorized to administer oaths and affirmations, subpoena witnesses, compel the attendance of witnesses, take evidence, and require the production of any records that are relevant to the inquiry. The attendance of witnesses and the production of any such records may be required from any place in the United States.

(c) AID OF COURTS.—In the case of contumacy by, or refusal to obey a subpoena to, any person, the Secretary may invoke the aid of any court of the United States within the jurisdiction of which the investigation or proceeding is carried on, or where the person resides or carries on business, to enforce a subpoena issued by the Secretary under subsection (b). The court may issue an order requiring the person to comply with the subpoena.

(d) CONTEMPT.—Any failure to obey the order of the court may be punished by the court as a contempt of the order.

(e) PROCESS.—Process in any such case may be served in the judicial district of which the person resides or conducts business or wherever the person may be found.

(f) HEARING SITE.—The site of any hearing held under section 948 or 949 shall be within the judicial district where the person is an inhabitant or has a principal place of business.

SEC. 951. REFERENDA.

(a) INITIAL REFERENDUM.—

(1) REFERENDUM REQUIRED.—During the 60-day period immediately preceding the proposed effective date of an order issued under section 944, the Secretary shall conduct a referendum among kiwifruit producers and importers who will be subject to assessments under the order, to ascertain whether producers and importers approve the implementation of the order.

(2) APPROVAL OF ORDER.—The order shall become effective, as provided in section 944, if the Secretary determines that—

(A) the order has been approved by a majority of the producers and importers voting in the referendum; and

(B) the producers and importers produce and import more than 50 percent of the total volume of kiwifruit produced and imported by persons voting in the referendum.

(b) SUBSEQUENT REFERENDA.—The Secretary may periodically conduct a referendum to determine if kiwifruit producers and importers favor the continuation, termination, or suspension of any order issued under section 944 that is in effect at the time of the referendum.

(c) REQUIRED REFERENDA.—The Secretary shall hold a referendum under subsection (b)—

(1) at the end of the 6-year period beginning on the effective date of the order and at the end of each subsequent 6-year period;

(2) at the request of the Board; or

(3) if not less than 30 percent of the kiwifruit producers and importers subject to assessments under the order submit a petition requesting the referendum.

(d) VOTE.—On completion of a referendum under subsection (b), the Secretary shall suspend or terminate the order that was subject to the referendum at the end of the marketing year if—

(1) the suspension or termination of the order is favored by not less than a majority of the producers and importers voting in the referendum; and

(2) the producers and importers produce and import more than 50 percent of the total volume of kiwifruit produced and imported by persons voting in the referendum.

(e) CONFIDENTIALITY.—The ballots and other information or reports that reveal, or tend to reveal, the vote of any person under this subtitle and the voting list shall be held strictly confidential and shall not be disclosed.

SEC. 952. SUSPENSION AND TERMINATION OF ORDER BY SECRETARY.

(a) IN GENERAL.—If the Secretary finds that an order issued under section 944, or a

provision of the order, obstructs or does not tend to effectuate the purposes of this subtitle, the Secretary shall terminate or suspend the operation of the order or provision.

(b) LIMITATION.—The termination or suspension of any order, or any provision of an order, shall not be considered an order under this subtitle.

SEC. 953. REGULATIONS.

The Secretary may issue such regulations as are necessary to carry out this subtitle.

SEC. 954. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated such funds as are necessary to carry out this subtitle for each fiscal year.

Subtitle D—Commodity Promotion and Evaluation

SEC. 961. COMMODITY PROMOTION AND EVALUATION.

(a) FINDINGS.—Congress finds that—

(1) it is in the national public interest and vital to the welfare of the agricultural economy of the United States to expand and develop markets for agricultural commodities through generic, industry-funded promotion programs;

(2) the programs play a unique role in advancing the demand for agricultural commodities, since the programs increase the total market for a product to the benefit of consumers and all producers;

(3) the programs complement branded advertising initiatives, which are aimed at increasing the market share of individual competitors;

(4) the programs are of particular benefit to small producers, who may lack the resources or market power to advertise on their own;

(5) the programs do not impede the branded advertising efforts of individual firms but instead increase market demand by methods that each individual entity would not have the incentive to employ;

(6) the programs, paid for by the producers who directly reap the benefits of the programs, provide a unique opportunity for agricultural producers to inform consumers about their products;

(7) it is important to ensure that the programs be carried out in an effective and coordinated manner that is designed to strengthen the position of the commodities in the marketplace and to maintain and expand the markets and uses of the commodities; and

(8) independent evaluation of the effectiveness of the programs will assist Congress and the Secretary of Agriculture in ensuring that the objectives of the programs are met.

(b) INDEPENDENT EVALUATIONS.—Except as otherwise provided by law, and at such intervals as the Secretary of Agriculture may determine, but not more frequently than every 3 years or 3 years after the establishment of a program, the Secretary shall require that each industry-funded generic promotion program authorized by Federal law for an agricultural commodity shall provide for an independent evaluation of the program and the effectiveness of the program. The evaluation may include an analysis of benefits, costs, and the efficacy of promotional and research efforts under the program. The evaluation shall be funded from industry assessments and made available to the public.

(c) ADMINISTRATIVE COSTS.—The Secretary shall provide to Congress annually information on administrative expenses on programs referred to in subsection (b).

HARKIN (AND WELLSTONE) AMENDMENTS NOS. 3445–3446

Mr. HARKIN (for himself and Mr. WELLSTONE) proposed two amendments to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

AMENDMENT NO. 3445

Strike section 505 and insert: ''Notwithstanding the provisions of section 110, the Secretary shall carry out the Farmer Owned Reserve Program in accordance with section 110 of the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.) as it existed prior to the enactment of this Act.''

AMENDMENT NO. 3446

At the appropriate place insert the following: ''Notwithstanding the provisions of section 110, the Secretary shall carry out the Farmer Owned Reserve Program in accordance with section 110 of the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.) as it existed prior to the enactment of this Act.''

BRYAN (AND OTHERS) AMENDMENT NO. 3447

Mr. BRYAN (for himself, Mr. BUMPERS, Mr. KERRY, Mr. MCCAIN, and Mr. REID) proposed an amendment to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

In Title II, Section 202, on page 2–2, line 8, strike ''$100,000,000'' and insert ''$70,000,000'' where appropriate.

In Title II, Section 202, on page 2–2, after line 9 and before line 10 insert the following:

''*Provided further,* That funds made available under this Act to carry out the non-generic activities of the market promotion program established under section 203 of the Agricultural Trade Act of 1978 (7 U.S.C. 5623) may be used to provide cost-share assistance only to organizations that are non-foreign entities and are recognized as small business concerns under section 3(a) of the Small Business Act (15 U.S.C. 632(a)) or to the associations described in the first section of the Act entitled 'An Act to authorize association of producers of agricultural products', approved February 22, 1992 (7 U.S.C. 291).

''*Provided further,* that such funds may not be used to provide cost-share assistance to a foreign eligible trade organization:

''*Provided further,* That none of the funds made available under this Act may be used to carry out the market promotion program established under section 203 of the Agricultural Trade Act of 1978 (7 U.S.C. 5623) if the aggregate amount of funds and value of commodities under the program exceeds $70,000,000.''

HARKIN (AND WELLSTONE) AMENDMENT NO. 3448

Mr. HARKIN (for himself and Mr. WELLSTONE) proposed an amendment to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

Section 314 is amended by striking ''(ii) 10,000 beef cattle'' and all that follows through ''lambs;'' and inserting the following:

''(ii) 1,000 beef cattle;

''(iii) 100,000 laying hens or broilers;

''(iv) 55,000 turkeys;

''(v) 2,500 swine; or

''(vi) 10,000 sheep or lambs.''

FORD (AND DASCHLE) AMENDMENT NO. 3449

Mr. FORD (for himself and Mr. DASCHLE) proposed an amendment to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

Title V is amended by adding at the end the following:

''SEC. 507. FUND FOR RURAL AMERICA.

''(a) IN GENERAL.—The Secretary shall create an account called the Fund for Rural America for the purposes of providing funds for activities described in subsection (c).

''(b) COMMODITY CREDIT CORPORATION.—In each of the 1996 through 1998 fiscal years, the Secretary shall transfer into the Fund for Rural America (hereafter referred to as the ''Account'')—

''(1) $50,000,000 for the 1996 fiscal year;

''(2) $100,000,000 for the 1997 fiscal year; and

''(3) $150,000,000 for the 1998 fiscal year.

''(c) PURPOSES.—Except as provided in subsection (d), the Secretary shall provide not more than one-third of the funds from the Account for activities described in paragraph (2).

''(1) RURAL DEVELOPMENT ACTIVITIES.—The Secretary may use the funds in the Account for the following rural development activities authorized in:

''(A) The Housing Act of 1949 for—

''(i) direct loans to low income borrowers pursuant to section 502;

''(ii) loans for financial assistance for housing for domestic farm laborers pursuant to section 514;

''(iii) financial assistance for housing of domestic farm labor pursuant to section 516;

''(iv) grants and contracts for mutual and self help housing pursuant to section 523(b)(1)(A); and

''(v) grants for Rural Housing Preservation pursuant to section 533;

''(B) The Food Security Act of 1985 for loans to intermediary borrowers under the Rural Development Loan Fund;

''(C) Consolidated Farm and Rural Development Act for—

''(i) grants for Rural Business Enterprises pursuant to section 310B(c) and (j);

''(ii) direct loans, loan guarantees and grants for water and waste water projects pursuant to section 306; and

''(iii) down payments assistance to farmers, section 310E;

''(D) grants for outreach to socially disadvantaged farmers and ranchers pursuant to section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279); and

''(E) grants pursuant to section 204(6) of the Agricultural Marketing Act of 1946.

''(2) RESEARCH—

''(A) IN GENERAL.—The Secretary may use the funds in the Account for research grants to increase the competitiveness and farm profitability, protect and enhance natural resources, increase economic opportunities in farming and rural communities and expand locally owned value added processing and marketing operations.

''(B) ELIGIBLE GRANTEE.—The Secretary may make a grant under this paragraph to—

''(i) a college or university;

''(ii) a State agricultural experiment station;

''(iii) a State Cooperative Extension Service;

''(iv) a research institution or organization;

''(v) a private organization or person; or

''(iv) a Federal agency.

''(C) USE OF GRANT.—

''(i) IN GENERAL.—A grant made under this paragraph may be used by a grantee for 1 or more of the following uses;

''(I) research, ranging from discovery to principles of application;

''(II) extension and related private-sector activities; and

''(III) education.

''(ii) LIMITATION.—No grant shall be made for any project, determined by the Secretary, to be eligible for funding under research and commodity promotion programs administered by the Department.

''(D) ADMINISTRATION.—

''(i) PRIORITY.—In administering this paragraph, the Secretary shall—

''(I) establish priorities for allocating grants, based on needs and oppportunities of the food and agriculture system in the United States related to the goals of the paragraph;

''(II) seek and accept proposals for grants;

''(III) determine the relevance and merit of proposals through a system of peer and stakeholder review; and

''(IV) award grants on the basis of merit, quality, and relevance to advancing the national research and extension purposes.

''(ii) COMPETITIVE AWARDING.—A grant under this paragraph shall be awarded on a competitive basis.

''(iii) TERMS.—A grant under this paragraph shall have a term that does not exceed 5 years.

''(iv) MATCHING FUNDS.—As a condition of receipts under this paragraph, the Secretary shall require the funding of the grant with equal matching funds from a non-Federal source if the grant is—

''(I) for applied research that is commodity-specific; and

''(II) not of national scope.

''(v) ADMINISTRATIVE COSTS.—

''(I) IN GENERAL.—The Secretary may use not more than 4 percent of the funds made available under this paragraph for administrative costs incurred by the Secretary in carrying out this paragraph.

''(II) LIMITATION.—Funds made available under this paragraph shall not be used—

''(aa) for the construction of a new building or the acquisition, expansion, remodeling, or alteration of an existing building (including site grading and improvement and architect fees); or

''(bb) in excess of ten percent of the annual allocation for commodity-specific projects not of the national scope.

''(d) LIMITATIONS.—No funds from the Fund for Rural America may be used for an activity specified in subsection (c) if the current level of appropriations for the activity is less than 90 percent of the 1996 fiscal year appropriations for the activity adjusted for inflation.''

GREGG (AND OTHERS) AMENDMENT NO. 3450

Mr. GREGG (for himself, Mr. REID, Mr. SANTORUM, Mrs. FEINSTEIN, Mr. CHAFEE, Mr. MCCAIN, and Mr. KERRY) proposed an amendment to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

Notwithstanding any other provision of this Act, none of the provision dealing with or extending the Sugar Price Support Program shall be enforced.

DORGAN (AND OTHERS) AMENDMENT NO. 3451

Mr. DORGAN (for himself, Mr. DASCHLE, Mr. CONRAD, Mr. KERREY, Mr. HARKIN, Mr. WELLSTONE, Mr. KOHL, Mr. EXON, Mr. PRYOR, Mr. FEINGOLD, Mr. HEFLIN, and Mr. BUMPERS) proposed an amendment to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

Section 103(f)(1) is amended by striking subparagraph (A) and inserting the following:

(A) the lesser of—

(i) 85 percent of the contract acreage, or

(ii) the contract acres planted to a contract commodity or oilseeds;

DASCHLE (AND OTHERS) AMENDMENT NO. 3452

Mr. DASCHLE (for himself, Mr. PRYOR, Mr. HARKIN, Mr. BUMPERS, Mr. CONRAD, Mr. DORGAN, Mr. HEFLIN, Mr. EXON, Mr. BREAUX, Mrs. BOXER, Mr. KERREY, and Mr. BAUCUS) proposed an amendment to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

(a) Title I is amended by—

(1) striking ''2002'' each place it appears and inserting ''1998'';

(2) striking ''2003'' each place it appears and inserting ''1999'';

(3) in section 103—

(A) in subsection (a)(3) by striking ''operators who are'';

(B) in subsection (j)(2)(A)(iii) after ''15 percent'' insert the following: ''(or in the case of a producer participating in the Integrated Farm Management Program Option established under section 1451 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5822), which is authorized to be carried out through the end of calendar year 1998, 30 percent)''; and

(C) by striking subsections (d) through (f) and inserting the following:

''(e) CONTRACT PAYMENTS.—

''(1) IN GENERAL.—The Secretary shall provide adavnaced and final payments to owners and operators in accordance with this subsection.

''(2) ADVANCED PAYMENTS.—

''(A) IN GENERAL.—An owner or operator shall receive an advanced payment by June 15 for the 1996 fiscal year and December 15 for the 1997 and 1998 fiscal years which represents the product of—

''(i) the applicable payment rate described in subparagraph (B);

''(ii) the farm program payment yield; and

''(iii) 85 percent of the contract acreage.

''(B) PAYMENT RATE.—The payment rate shall be 40 percent of the average deficiency payment rate for the 1990 through 1994 the specific contract commodity.

''(3) FINAL PAYMENT.—

''(A) IN GENERAL.—The Secretary shall make a final payment which represents the county rate described in subparagraph (B) multiplied by lessor of—

''(i) 85 percent of the contract acreage; or

''(ii) contract acreage planted to the contract commodity or to a minor oilseed, as determined by the Secretary.

''(B) COUNTY RATE.—The county rate is the difference between the target county revenue described in clause (i) and the current county revenue described in clause (ii)—

''(i) TARGET COUNTY REVENUE.—The target county revenue shall equal to the product of—

''(I) the five year average county yield for the contract commodity, excluding the year in which the average yield was the highest and the lowest; and

''(II) the established price for the commodity for the 1995 crop.

''(ii) CURRENT COUNTY REVENUE.—The current county revenue shall equal the product of—

''(I) the average price for the contract commodity for the first five months of the marketing year; and

''(II) the county average yield for the contract commodity.

''(iii) LIMITATION.—The final payment shall be reduced by the advanced payment, but in no case shall the final payment be less than zero.

''(f) 1996 RICE OPTION.—In the case of the 1996 crop of rice, any producer shall have the option of participating under the terms and conditions of—

''(1) the program announced by the Secretary prior to the date of enactment of this Act; or

''(2) the program administered in accordance with this Act.''

''(4) in section 104—

''(A) in subsection (a) by striking paragraph (1) and insert the following:

''(1) AVAILABILITY.—For each of the 1996 through 1998 crops of each loan commodity, the Secretary shall make available to producers on a farm nonrecourse marketing assistance loans for loan commodity producer on crop acreage base (as determined in accordance with Title V of the Agricultural Act of 1949 for the 1995 crop) on the farm. The loans shall be made under terms and conditions that are prescribed by the Secretary and at the loan rate established under subsection (b) for the loan commodities.''

''(B) in subsection (b)—

''(i) by striking paragraph (1) and inserting the following:

''(1) WHEAT 90 PERCENT MARKETING LOAN.—The loan rate for a marketing assistance loan for wheat shall be not less than 90 percent of the simple average price received by producers of wheat, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of wheat, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period.''

''(ii) by striking paragraph (2) and inserting the following:

''(2) FEED GRAINS 90 PERCENT MARKETING LOAN.—

''(A) IN GENERAL.—The loan rate for a marketing assistance loan for corn shall be not less than 90 percent of the simple average price received by producers of corn, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of corn, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period.

''(B) OTHER FEED GRAINS.—The loan rate for a marketing assistance loan for grain sorghum, barley, and oats, respectively, shall be established at such level as the Secretary determines is fair and reasonable in relation to the rate that loans are made available for corn, taking into consideration the feeding value of the commodity in relation to corn.''

''(iii) by striking paragraph (5) and inserting the following:

''(5) RICE 90 PERCENT MARKETING LOAN.—The loan rate for a marketing assistance loan for rice shall be—

''(A) not less than 90 percent of the simple average price received by producers of rice, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of rice, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; but

''(B) not less than $6.50.''

(iv) by striking paragraph (6) and inserting the following:

''(6) OILSEEDS MARKETING LOAN.—

''(A) SOYBEANS.—The loan rate for a marketing assistance loan for soybeans, shall be—

''(i) not less than 90 percent of the simple average price received by producers of soybeans, as determined by the Secretary, during 3 years of the 5 previous marketing years, excluding the year in which the average price was the highest and the year in

which the average price was the lowest in the period; but

''(ii) not less than $4.92 per bushel.

''(B) SUNFLOWER SEED, CANOLA, RAPESEED, SAFFLOWER, MUSTARD SEED, AND FLAX SEED.—The loan rate for a marketing assistance loan for each of sunflower seed, canola, rapeseed, safflower, mustard seed, and flaxseed, shall be—

''(i) not less than 90 percent of the simple average price received by producers of sunflower seed, as determined by the Secretary, during 3 years of the 5 previous marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; but

''(ii) not less than $0.087 per pound.

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

(C) in subsection (i)(1) by adding at the end the following: ''The Secretary may not reduce the national loan for a crop in a county by an amount in excess of 3 percent of the national average loan.''

(5) PEANUT PROGRAM.—Strike section 106 and insert the following:

''SEC. 106. PEANUT PROGRAM.

''(a) PRICE SUPPORT PROGRAM.—

''(1) QUOTA PEANUTS.—

''(A) IN GENERAL.—The Secretary shall make price support available to producer through loans, purchases, and other operations on quota peanuts for each of the 1996 through 1998 crops.

''(B) SUPPORT RATES.—The national average quota support rate for each of the 1996 through 1998 crops of quota peanuts shall be 640 dollars per ton.

''(C) INSPECTION, HANDLING, OR STORAGE.—The level of support determined under subparagraph (B) shall not be reduced by any deduction for inspection, handling, or storage; and

(D) LOCATION AND OTHER FACTORS.—The Secretary may make adjustments for location of peanuts and such other factors as are authorized by section 104(i).

(E) ANNOUNCEMENT.—The Secretary shall announce the level of support for quota peanuts of each crop not later than the February 15 preceding the marketing year for the crop for which the level of support is being determined.

(2) ADDITIONAL PEANUTS.—

(A) IN GENERAL.—The Secretary shall make price support available to producers through loans, purchases, or other operations on additional peanuts for each of the 1996 through 2002 crops at such levels as the Secretary considers appropriate, taking into consideration the demand for peanut oil and peanut meal, expected prices of other vegetable oils and protein meals, and the demand for peanuts in foreign markets, except that the Secretary shall set the support rate on additional peanuts at a level estimated by the Secretary to ensure that there are no losses to the Commodity Credit Corporation on the sale or disposal of the peanuts.

(B) ANNOUNCEMENT.—The Secretary shall announce the level of support for additional peanuts of each crop not later than the February 15 preceding the marketing year for the crop for which the level of support is being determined.

(3) AREA MARKETING ASSOCIATIONS.—

(A) WAREHOUSE STORAGE LOANS.—

(i) IN GENERAL.—In carrying out paragraphs (1) and (2), the Secretary shall make warehouse storage loans available in each of the 3 producing areas described in section 1446.95 of title 7, Code of Federal Regulations (as of January 1, 1989), to a designated area marketing association of peanut producers that is selected and approved by the Secretary and that is operated primarily for the purpose of conducting the loan activities. The Secretary may not make warehouse storage loans available to any cooperative that is engaged in operations or activities concerning peanuts other than those operations and activities specified in this subsection and sections 358e of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359a).

(ii) ADMINISTRATIVE AND SUPERVISORY ACTIVITIES.—The area marketing associations shall be used in administrative and supervisory activities relating to price support and marketing activities under this subsection and sections 358e of the Agricultural Adjustment Act of 1938.

(iii) ASSOCIATION COSTS.—Loans made to an area marketing association under this subparagraph shall include, in addition to the price support value of the peanuts, such costs as the association reasonably may incur in carrying out the responsibilities, operations, and activities of the association under this subsection and sections 358e of the Agricultural Adjustment Act of 1938.

(B) POOLS FOR QUOTA AND ADDITIONAL PEANUTS.—

(i) IN GENERAL.—The Secretary shall require that each area marketing association establish pools and maintain complete and accurate records by area and segregation for quota peanuts handled under loan and for additional peanuts placed under loan, except that separate pools shall be established for Valencia peanuts produced in New Mexico. Peanuts produced outside New Mexico shall not be eligible for entry into or participation in the separate pools established for Valencia peanuts produced in New Mexico. Bright hull and dark hull Valencia peanuts shall be considered as separate types for the purpose of establishing the pools.

(ii) NET GAINS.—Net gains on peanuts in each pool, unless otherwise approved by the Secretary, shall be distributed only to producers who placed peanuts in the pool and shall be distributed in proportion to the value of the peanuts placed in the pool by each producer. Net gains for peanuts in each pool shall consist of the following:

(I) QUOTA PEANUTS.—For quota peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in the pool plus an amount from all additional pool gains equal to any loss on disposition of all peanuts in the pool for quota peanuts.

(II) ADDITIONAL PEANUTS.—For additional peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in the pool for additional peanuts less any amount allocated to offset any loss on the pool for quota peanuts as provided in subclause (I).

(4) LOSSES.—Losses in quota area pools shall be covered using the following sources in the following order of priority:

(A) TRANSFERS FROM ADDITIONAL LOAN POOLS.—The proceeds due any producer from any pool shall be reduced by the amount of any loss that is incurred with respect to peanuts transferred from an additional loan pool to a quota loan pool by the producer under section 358–1(b)(2)(B)(v) of the Agricultural Adjustment Act of 1938 (as amended by subsection (c)).

(B) OTHER PRODUCERS IN SAME POOL.—Further losses in an area quota pool shall be offset by reducing the gain of any producer in the pool by the amount of pool gains attributed to the same producer from the sale of additional peanuts for domestic and export edible use.

(C) ADDITIONAL PEANUT GAINS.—Further losses in an area quota pool shall be offset by gains or profits attributable to sales of additional peanuts in that area for domestic edible and other uses.

(D) USE OF MARKETING ASSESSMENTS.—The Secretary shall use funds collected under paragraph (7) to offset further losses in area quota pools. The Secretary shall transfer to the Treasury those funds collected under paragraph (7) and available for use under this subsection that the Secretary determines are not required to cover losses in area quota pools.

(E) CROSS COMPLIANCE.—Further losses in area quota pools, other than losses incurred as a result of transfers from additional loan pools to quota loan pools under section 358–1(b)(2)(B)(v) of the Agricultural Adjustment Act of 1938 (as amended by subsection (c)), shall be offset by any gains or profits from pools in other production areas (other than separate type pools established under paragraph (3)(B)(i) for Valencia peanuts produced in New Mexico) in such manner as the Secretary shall by regulation prescribe.

(F) INCREASED ASSESSMENTS.—If use of the authorities provided in the preceding paragraphs is not sufficient to cover losses in an area quota pool, the Secretary shall increase the marketing assessment established under paragraph (7) by such an amount as the Secretary considers necessary to cover the losses. Amounts collected under paragraph (7) as a result of the increased assessment shall be retained by the Secretary to cover losses in that pool.

(5) DISAPPROVAL OF QUOTAS.—Notwithstanding any other provision of law, no price support may be made available by the Secretary for any crop of peanuts with respect to which poundage quotas have been disapproved by producers, as provided for in section 358–1(d) of the Agricultural Adjustment Act of 1938 (as amended by subsection (c)).

(6) QUALITY IMPROVEMENT.—

(A) PRICE SUPPORT PEANUTS.—With respect to peanuts under price support loan, the Secretary shall—

(i) promote the crushing of peanuts at a greater risk of deterioration before peanuts at a lesser risk of deterioration;

(ii) ensure that all Commodity Credit Corporation loan stocks of peanuts sold for domestic edible use are shown to have been officially inspected by licensed Department of Agriculture inspectors both as farmer stock and shelled or cleaned in-shell peanuts;

(iii) continue to endeavor to operate the peanut price support program so as to improve the quality of domestic peanuts and ensure the coordination of activities under the Peanut Administrative Committee established under Marketing Agreement No. 146, regulating the quality of domestically produced peanuts (under the Agricultural Adjustment Act (7 U.S.C. 601 et seq.), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937); and

(iv) ensure that any changes made in the price support program as a result of this paragraph requiring additional production or handling at the farm level are reflected as an upward adjustment in the Department of Agriculture loan schedule.

(B) EXPORTS AND OTHER PEANUTS.—The Secretary shall require that all peanuts, including peanuts imported into the United States, meet all United States quality standards under Marketing Agreement No. 146 and that importers of the peanuts fully comply with inspection, handling, storage, and processing requirements implemented under Marketing Agreement No. 146. The Secretary shall ensure that peanuts produced for the

export market meet quality, inspection, handling, storage, and processing requirements under Marketing Agreement No. 146.

(7) MARKETING ASSESSMENT.—

(A) IN GENERAL.—The Secretary shall provide, by regulation, for a nonrefundable marketing assessment applicable to each of the 1996 through 2002 crops of peanuts. The assessment shall be made in accordance with this paragraph and shall be on a per pound basis in an amount equal to 1.2 percent of the national average quota or additional peanut support rate per pound, as applicable, for the applicable crop. No peanuts shall be assessed more than 1.2 percent of the applicable support rate under this paragraph.

(B) FIRST PURCHASERS.—

(i) IN GENERAL.—Except as provided under subparagraphs (C) and (D), the first purchaser of peanuts shall—

(I) collect from the producer a marketing assessment equal to the quantity of peanuts acquired multiplied by .65 percent of the applicable national average support rate;

(II) pay, in addition to the amount collected under subclause (I), a marketing assessment in an amount equal to the quantity of peanuts acquired multiplied by .55 percent of the applicable national average support rate; and

(III) remit the amounts required under subclauses (I) and (II) to the Commodity Credit Corporation in a manner specified by the Secretary.

(ii) IMPORTED PEANUTS.—In the case of imported peanuts, the first purchaser shall pay to the Commodity Credit Corporation, in a manner specified by the Secretary, a marketing assessment in an amount equal to the quantity of peanuts acquired multiplied by 1.2 percent of the national average support rate for additional peanuts.

(iii) DEFINITION.—In this paragraph, the term 'first purchaser' means a person acquiring peanuts from a producer, except that in the case of peanuts forfeited by a producer to the Commodity Credit Corporation, the term means the person acquiring the peanuts from the Commodity Credit Corporation.

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

(D) LOAN PEANUTS.—In the case of peanuts that are pledged as collateral for a price support loan made under this subsection, ½ of the assessment shall be deducted from the proceeds of the loan. The remainder of the assessment shall be paid by the first purchaser of the peanuts. For the purposes of computing net gains on peanuts under this subsection, the reduction in loan proceeds shall be treated as having been paid to the producer.

(E) PENALTIES.—If any person fails to collect or remit the reduction required by this paragraph or fails to comply with such requirements for recordkeeping or otherwise as are required by the Secretary to carry out this paragraph, the person shall be liable to the Secretary for a civil penalty up to an amount determined by multiplying—

(i) the quantity of peanuts involved in the violation; by

(ii) the national average quota peanut price support level for the applicable crop year.

(F) ENFORCEMENT.—The Secretary may enforce this paragraph in the courts of the United States.

(8) CROPS.—Notwithstanding any other provision of law, this subsection shall be effective only for the 1996 through 2002 crops of peanuts.

(b) SUSPENSION OF MARKETING QUOTAS AND ACREAGE ALLOTMENTS.—Section 371 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1371) shall not be applicable to the 1996 through 2002 crops of peanuts.

(c) NATIONAL POUNDAGE QUOTAS AND ACREAGE ALLOTMENTS.—Section 358–1 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358–1) is amended to read as follows:

"SEC. 358–1. NATIONAL POUNDAGE QUOTAS AND ACREAGE ALLOTMENTS FOR 1996 THROUGH 2002 CROPS OF PEANUTS.

"(a) NATIONAL POUNDAGE QUOTAS.—

"(1) ESTABLISHMENT.—The national poundage quota for peanuts for each of the 1996 through 2002 marketing years shall be established by the Secretary at a level that is equal to the quantity of peanuts (in tons) that the Secretary estimates will be devoted in each such marketing year to domestic edible and related uses, excluding seed. The Secretary shall include in the annual estimate of domestic edible and related uses, the estimated quantity of peanuts and peanut products to be imported into the United States for the marketing year for which the quota is being established.

"(2) ANNOUNCEMENT.—The national poundage quota for a marketing year shall be announced by the Secretary not later than the December 15 preceding the marketing year.

"(3) APPORTIONMENT AMONG STATES.—The national poundage quota established under paragraph (1) shall be apportioned among the States so that the poundage quota allocated to each State is equal to the percentage of the national poundage quota allocated to farms in the State for 1995.

"(b) FARM POUNDAGE QUOTAS.—

"(1) IN GENERAL.—

"(A) ESTABLISHMENT.—A farm poundage quota for each of the 1996 through 2002 marketing years shall be established—

"(i) for each farm that had a farm poundage quota for peanuts for the 1995 marketing year;

"(ii) if the poundage quota apportioned to a State under subsection (a)(3) for any such marketing year is larger than the quota for the immediately preceding marketing year, for each other farm on which peanuts were produced for marketing in at least 2 of the 3 immediately preceding crop years, as determined by the Secretary; and

"(iii) as approved and determined by the Secretary under section 358c, for each farm on which peanuts are produced in connection with experimental and research programs.

"(B) QUANTITY.—

"(i) IN GENERAL.—The farm poundage quota for each of the 1996 through 2002 marketing years for each farm described in subparagraph (A)(i) shall be the same as the farm poundage quota for the farm for the immediately preceding marketing year, as adjusted under paragraph (2), but not including any increases resulting from the allocation of quotas voluntarily released for 1 year under paragraph (7).

"(ii) INCREASED QUOTA.—The farm poundage quota, if any, for each of the 1996 through 2002 marketing years for each farm described in subparagraph (A)(ii) shall be equal to the quantity of peanuts allocated to the farm for the year under paragraph (2).

"(C) TRANSFERS.—For purposes of this subsection, if the farm poundage quota, or any part of the quota, is permanently transferred in accordance with section 358b, the receiving farm shall be considered as possessing the farm poundage quota (or portion of the quota) of the transferring farm for all subsequent marketing years.

"(2) ADJUSTMENTS.—

"(A) ALLOCATION OF INCREASED QUOTA GENERALLY.—Subject to subparagraphs (B) and (D), if the poundage quota apportioned to a State under subsection (a)(3) for any of the 1996 through 2002 marketing years is increased over the poundage quota apportioned to farms in the State for the immediately preceding marketing year, the increase shall be allocated proportionately, based on farm production history for peanuts for the 3 immediately preceding years, among—

"(i) all farms in the State for which a farm poundage quota was established for the marketing year immediately preceding the marketing year for which the allocation is being made; and

"(ii) all other farms in the State on which peanuts were produced in at least 2 of the 3 immediately preceding crop years, as determined by the Secretary.

"(B) TEMPORARY QUOTA ALLOCATION.—

"(i) IN GENERAL.—Subject to clause (iv), temporary allocation of a poundage quota for the marketing year in which a crop of peanuts is planted shall be made to producers for each of the 1996 through 2002 marketing years in accordance with this subparagraph.

"(ii) QUANTITY.—The temporary quota allocation shall be equal to the quantity of seed peanuts (in pounds) planted on a farm, as determined in accordance with regulations issued by the Secretary.

"(iii) ALLOCATION.—The allocation of quota pounds to producers under this subparagraph shall be performed in such a manner as will not result in a net decrease in quota pounds on a farm in excess of 3 percent, after the temporary seed quota is added, from the basic farm quota for the 1995 marketing year. A decrease shall occur only once, shall be applicable only to the 1996 marketing year.

"(iv) NO INCREASED COSTS.—The Secretary may carry out this subparagraph only if this subparagraph does not result in—

"(I) an increased cost to the Commodity Credit Corporation through displacement of quota peanuts by additional peanuts in the domestic market;

"(II) an increased loss in a loan pool of an area marketing association designated pursuant to section 106(a)(3)(A) of the Agricultural Market Transition Act; or

"(III) other increased costs.

"(v) TRANSFER OF ADDITIONAL PEANUTS.—

"(I) IN GENERAL.—Except as provided in subclause (II), additional peanuts on a farm from which the quota poundage was not harvested and marketed may be transferred to the quota loan pool for pricing purposes on such basis as the Secretary shall provide by regulation.

"(II) LIMITATIONS.—The poundage of peanuts transferred under subclause (I) shall not exceed 25 percent of the total farm poundage quota, excluding pounds transferred in the fall.

"(III) SUPPORT RATE.—Peanuts transferred under this clause shall be supported at a rate of 70 percent of the quota support rate for the marketing years during which the transfers occur.

"(vi) USE OF QUOTA AND ADDITIONAL PEANUTS.—Nothing in this subparagraph affects the requirements of section 358b(b).

"(vii) ADDITIONAL ALLOCATION.—The temporary allocation of quota pounds under this subparagraph shall be in addition to the farm poundage quota established under this subsection and shall be credited to the producers of the peanuts on the farm in accordance with regulations issued by the Secretary.

"(C) DECREASE.—If the poundage quota apportioned to a State under subsection (a)(3) for any of the 1996 through 2002 marketing years is decreased from the poundage quota apportioned to farms in the State under subsection (a)(3) for the immediately preceding

marketing year, the decrease shall be allocated among all the farms in the State for which a farm poundage quota was established for the marketing year immediately preceding the marketing year for which the allocation is being made.

''(D) SPECIAL RULE ON TENANT'S SHARE OF INCREASED QUOTA.—Subject to terms and conditions prescribed by the Secretary, on farms that were leased to a tenant for peanut production, the tenant shall share equally with the owner of the farm in the percentage of the quota made available under subparagraph (A) and otherwise allocated to the farm as the result of the production of the tenant on the farm of additional peanuts. Not later than April 1 of each year or as soon as practicable during the year, the share of the tenant of any such quota shall be allocated to a farm within the county owned by the tenant or sold by the tenant to the owner of any farm within the county and permanently transferred to the farm. Any quota not so disposed of as provided in this subparagraph shall be allocated to other quota farms in the State under paragraph (6) as part of the quota reduced from farms in the State due to the failure to produce the quota.

''(3) QUOTA NOT PRODUCED.—

''(A) IN GENERAL.—Insofar as practicable and on such fair and equitable basis as the Secretary may by regulation prescribe, the farm poundage quota established for a farm for any of the 1996 through 2002 marketing years shall be reduced to the extent that the Secretary determines that the farm poundage quota established for the farm for any 2 of the 3 marketing years preceding the marketing year for which the determination is being made was not produced, or considered produced, on the farm.

''(B) EXCLUSIONS.—For the purposes of this paragraph, the farm poundage quota for any such preceding marketing year shall not include any increase resulting from the allocation of quotas voluntarily released for 1 year under paragraph (7).

''(4) QUOTA CONSIDERED PRODUCED.—

''(A) IN GENERAL.—For purposes of this subsection, subject to subparagraph (B), the farm poundage quota shall be considered produced on a farm if—

''(i) the farm poundage quota was not produced on the farm because of drought, flood, or any other natural disaster, or any other condition beyond the control of the producer, as determined by the Secretary;

''(ii) the farm poundage quota for the farm was released voluntarily under paragraph (7) for only 1 of the 3 marketing years immediately preceding the marketing year for which the determination is being made; or

''(iii) the farm poundage quota was leased to another owner or operator of a farm within the same county for transfer to the farm for only 1 of the 3 marketing years immediately preceding the marketing year for which the determination is being made.

''(B) MARKETING YEARS.—For purposes of clauses (ii) and (iii) of subparagraph (A)—

''(i) the farm poundage quota leased or transferred shall be considered produced for only 1 of the 3 marketing years immediately preceding the marketing year for which the determination is being made; and

''(ii) the farm shall not be considered to have produced for more than 1 marketing year out of the 3 immediately preceding marketing years.

''(5) QUOTA PERMANENTLY RELEASED.—Notwithstanding any other provision of law—

''(A) the farm poundage quota established for a farm under this subsection, or any part of the quota, may be permanently released by the owner of the farm, or the operator with the permission of the owner; and

''(B) the poundage quota for the farm for which the quota is released shall be adjusted downward to reflect the quota that is released.

''(6) ALLOCATION OF QUOTAS REDUCED OR RELEASED.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), the total quantity of the farm poundage quotas reduced or voluntarily released from farms in a State for any marketing year under paragraphs (3) and (5) shall be allocated, as the Secretary may by regulation prescribe, to other farms in the State on which peanuts were produced in at least 2 of the 3 crop years immediately preceding the year for which the allocation is being made.

''(B) SET-ASIDE FOR FARMS WITH NO QUOTA.—The total amount of farm poundage quota to be allocated in the State under subparagraph (A) shall be allocated to farms in the State for which no farm poundage quota was established for the crop of the immediately preceding year. The allocation to any such farm shall not exceed the average farm production of peanuts for the 3 immediately preceding years during which peanuts were produced on the farm. Any farm poundage quota remaining after allocation to farms under this subparagraph shall be allocated to farms in the State on which poundage quotas were established for the crop of the immediately preceding year.

''(7) QUOTA TEMPORARILY RELEASED.—

''(A) IN GENERAL.—The farm poundage quota, or any portion of the quota, established for a farm for a marketing year may be voluntarily released to the Secretary to the extent that the quota, or any part of the quota, will not be produced on the farm for the marketing year. Any farm poundage quota so released in a State shall be allocated to other farms in the State on such basis as the Secretary may by regulation prescribe.

''(B) EFFECTIVE PERIOD.—Except as otherwise provided in this section, any adjustment in the farm poundage quota for a farm under subparagraph (A) shall be effective only for the marketing year for which the adjustment is made and shall not be taken into consideration in establishing a farm poundage quota for the farm from which the quota was released for any subsequent marketing year.

''(c) FARM YIELDS.—

''(1) IN GENERAL.—For each farm for which a farm poundage quota is established under subsection (b), and when necessary for purposes of this Act, a farm yield of peanuts shall be determined for each such farm.

''(2) QUANTITY.—The yield shall be equal to the average of the actual yield per acre on the farm for each of the 3 crop years in which yields were highest on the farm during the 5-year period consisting of the 1973 through 1977 crop years.

''(3) APPRAISED YIELDS.—If peanuts were not produced on the farm in at least 3 years during the 5-year period or there was a substantial change in the operation of the farm during the period (including a change in operator, lessee who is an operator, or irrigation practices), the Secretary shall have a yield appraised for the farm. The appraised yield shall be that quantity determined to be fair and reasonable on the basis of yields established for similar farms that are located in the area of the farm and on which peanuts were produced, taking into consideration land, labor, and equipment available for the production of peanuts, crop rotation practices, soil and water, and other relevant factors.

''(d) REFERENDUM RESPECTING POUNDAGE QUOTAS.—

''(1) IN GENERAL.—Not later than December 15 of each calendar year, the Secretary shall conduct a referendum of producers engaged in the production of quota peanuts in the calendar year in which the referendum is held to determine whether the producers are in favor of or opposed to poundage quotas with respect to the crops of peanuts produced in the 5 calendar years immediately following the year in which the referendum is held, except that, if at least ⅔ of the producers voting in any referendum vote in favor of poundage quotas, no referendum shall be held with respect to quotas for the remaining years of the 5-calendar year period.

''(2) PROCLAMATION.—The Secretary shall proclaim the result of the referendum within 30 days after the date on which the referendum is held.

''(3) VOTE AGAINST QUOTAS.—If more than ⅓ of the producers voting in the referendum vote against poundage quotas, the Secretary shall proclaim that poundage quotas will not be in effect with respect to the crop of peanuts produced in the calendar year immediately following the calendar year in which the referendum is held.

''(e) DEFINITIONS.—In this part and the Agricultural Market Transition Act:

''(1) ADDITIONAL PEANUTS.—The term 'additional peanuts' means, for any marketing year—

''(A) any peanuts that are marketed from a farm for which a farm poundage quota has been established and that are in excess of the marketings of quota peanuts from the farm for the year; and

''(B) all peanuts marketed from a farm for which no farm poundage quota has been established in accordance with subsection (b).

''(2) CRUSH.—The term 'crush' means the processing of peanuts to extract oil for food uses and meal for feed uses, or the processing of peanuts by crushing or otherwise when authorized by the Secretary.

''(3) DOMESTIC EDIBLE USE.—The term 'domestic edible use' means use for milling to produce domestic food peanuts (other than a use described in paragraph (2)) and seed and use on a farm, except that the Secretary may exempt from this paragraph seeds of peanuts that are used to produce peanuts excluded under section 301(b)(18), are unique strains, and are not commercially available.

''(4) QUOTA PEANUTS.—The term 'quota peanuts' means, for any marketing year, any peanuts produced on a farm having a farm poundage quota, as determined under subsection (b), that—

''(A) are eligible for domestic edible use as determined by the Secretary;

''(B) are marketed or considered marketed from a farm; and

''(C) do not exceed the farm poundage quota of the farm for the year.

''(f) CROPS.—Notwithstanding any other provision of law, this section shall be effective only for the 1996 through 2002 crops of peanuts.''.

(d) SALE, LEASE, OR TRANSFER OF FARM POUNDAGE QUOTA.—Section 358b of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358b) is amended to read as follows:

''SEC. 358b. SALE, LEASE, OR TRANSFER OF FARM POUNDAGE QUOTA FOR 1996 THROUGH 2000 CROPS OF PEANUTS.

''(a) IN GENERAL.—

''(1) AUTHORITY.—

''(A) IN GENERAL.—Subject to such terms, conditions, or limitations as the Secretary may prescribe, the owner, or operator with the permission of the owner, of any farm for which a farm poundage quota has been established under this Act may sell or lease all or any part of the poundage quota to any other owner or operator of a farm within the same county for transfer to the farm, except that

any such lease of poundage quota may be entered into in the fall or after the normal planting season—

''(i) if not less than 90 percent of the basic quota (consisting of the farm quota and temporary quota transfers), plus any poundage quota transferred to the farm under this subsection, has been planted or considered planted on the farm from which the quota is to be leased; and

''(ii) under such terms and conditions as the Secretary may by regulation prescribe.

''(B) FALL TRANSFERS.—

''(i) NO TRANSFER AUTHORIZATION.—In the case of a fall transfer or a transfer after the normal planting season by a cash lessee, the landowner shall not be required to sign the transfer authorization.

''(ii) TIME LIMITATION.—A fall transfer or a transfer after the normal planting season may be made not later than 72 hours after the peanuts that are the subject of the transfer are inspected and graded.

''(iii) LESSEES.—In the case of a fall transfer, poundage quota from a farm may be leased to an owner or operator of another farm within the same county or to an owner or operator of another farm in any other county within the State.

''(iv) EFFECT OF TRANSFER.—A fall transfer of poundage quota shall not affect the farm quota history for the transferring or receiving farm and shall not result in the reduction of the farm poundage quota on the transferring farm.

''(2) TRANSFERS TO OTHER SELF-OWNED FARMS.—The owner or operator of a farm may transfer all or any part of the farm poundage quota for the farm to any other farm owned or controlled by the owner or operator that is in the same State and that had a farm poundage quota for the crop of the preceding year, if both the transferring and receiving farms were under the control of the owner or operator for at least 3 crop years prior to the crop year in which the farm poundage quota is to be transferred. Any farm poundage quota transferred under this paragraph shall not result in any reduction in the farm poundage quota for the transferring farm if sufficient acreage is planted on the receiving farm to produce the quota pounds transferred.

''(3) TRANSFERS WITHIN STATES WITH SMALL QUOTAS.—In the case of any State for which the poundage quota allocated to the State was less than 10,000 tons for the crop of the preceding year, all or any part of a farm poundage quota may be transferred by sale or lease or otherwise from a farm in 1 county to a farm in another county in the same State.

''(4) TRANSFERS BETWEEN STATES HAVING QUOTAS OF LESS THAN 10,000 TONS.—Notwithstanding paragraphs (1) through (3), in the case of any State for which the poundage quota allocated to the State was less than 10,000 tons for the crop of the preceding year, all or any part of a farm poundage quota up to 1,000 tons may be transferred by sale or lease from a farm in 1 such State to a farm in another such State.

''(5) TRANSFERS BY SALE IN STATES HAVING QUOTAS OF 10,000 TONS OR MORE.—

''(A) IN GENERAL.—Subject to the other provisions of this paragraph and such terms and conditions as the Secretary may prescribe, the owner, or operator with the permission of the owner, of any farm for which a farm quota has been established under this Act in a State having a poundage quota of 10,000 tons or more may sell poundage quota to any other eligible owner or operator of a farm within the same State.

''(B) LIMITATIONS BASED ON TOTAL POUNDAGE QUOTA.—

''(i) 1996 MARKETING YEAR.—Not more than 15 percent of the total poundage quota within a county as of January 1, 1996, may be sold and transferred under this paragraph during the 1996 marketing year.

''(ii) 1997–2002 MARKETING YEARS.—

''(I) IN GENERAL.—Except as provided in subclause (II), not more than 5 percent of the quota pounds remaining in a county as of January 1, 1997, and each January 1 thereafter through January 1, 2002, may be sold and transferred under this paragraph during the applicable marketing year.

''(II) CARRYOVER.—Any eligible quota that is not sold or transferred under clause (i) shall be eligible for sale or transfer under subclause (I).

''(C) COUNTY LIMITATION.—Not more than 40 percent of the total poundage quota within a county may be sold and transferred under this paragraph.

''(D) SUBSEQUENT LEASES OR SALES.—Quota pounds sold and transferred to a farm under this paragraph may not be leased or sold by the farm to another owner or operator of a farm within the same State for a period of 5 years following the date of the original transfer to the farm.

''(E) APPLICATION.—This paragraph shall not apply to a sale within the same county or to any sale, lease, or transfer described in paragraph (1).

''(b) CONDITIONS.—Transfers (including transfer by sale or lease) of farm poundage quotas under this section shall be subject to all of the following conditions:

''(1) LIENHOLDERS.—No transfer of the farm poundage quota from a farm subject to a mortgage or other lien shall be permitted unless the transfer is agreed to by the lienholders.

''(2) TILLABLE CROPLAND.—No transfer of the farm poundage quota shall be permitted if the county committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) determines that the receiving farm does not have adequate tillable cropland to produce the farm poundage quota.

''(3) RECORD.—No transfer of the farm poundage quota shall be effective until a record of the transfer is filed with the county committee of each county to, and from, which the transfer is made and each committee determines that the transfer complies with this section.

''(4) OTHER TERMS.—The Secretary may establish by regulation other terms and conditions.

''(c) CROPS.—Notwithstanding any other provision of law, this section shall be effective only for the 1996 through 2000 crops of peanuts.''.

(e) MARKETING PENALTIES; DISPOSITION OF ADDITIONAL PEANUTS.—Section 358e of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359a) is amended to read as follows:

''SEC. 358e. MARKETING PENALTIES AND DISPOSITION OF ADDITIONAL PEANUTS FOR 1996 THROUGH 2002 CROPS OF PEANUTS.

''(a) MARKETING PENALTIES.—

''(1) IN GENERAL.—

''(A) MARKETING PEANUTS IN EXCESS OF QUOTA.—The marketing of any peanuts for domestic edible use in excess of the farm poundage quota for the farm on which the peanuts are produced shall be subject to a penalty at a rate equal to 140 percent of the support price for quota peanuts for the marketing year in which the marketing occurs. The penalty shall not apply to the marketing of breeder or Foundation seed peanuts grown and marketed by a publicly owned agricultural experiment station (including a State operated seed organization) under such regulations as the Secretary may prescribe.

''(B) MARKETING YEAR.—For purposes of this section, the marketing year for peanuts shall be the 12-month period beginning August 1 and ending July 31.

''(C) MARKETING ADDITIONAL PEANUTS.—The marketing of any additional peanuts from a farm shall be subject to the same penalty as the penalty prescribed in subparagraph (A) unless the peanuts, in accordance with regulations established by the Secretary, are—

''(i) placed under loan at the additional loan rate in effect for the peanuts under section 106 of the Agricultural Market Transition Act and not redeemed by the producers;

''(ii) marketed through an area marketing association designated pursuant to section 106(a)(3)(A) of the Agricultural Market Transition Act; or

''(iii) marketed under contracts between handlers and producers pursuant to subsection (f).

''(2) PAYER.—The penalty shall be paid by the person who buys or otherwise acquires the peanuts from the producer or, if the peanuts are marketed by the producer through an agent, the penalty shall be paid by the agent. The person or agent may deduct an amount equivalent to the penalty from the price paid to the producer.

''(3) FAILURE TO COLLECT.—If the person required to collect the penalty fails to collect the penalty, the person and all persons entitled to share in the peanuts marketed from the farm or the proceeds of the marketing shall be jointly and severally liable with the persons who failed to collect the penalty for the amount of the penalty.

''(4) APPLICATION OF QUOTA.—Peanuts produced in a calendar year in which farm poundage quotas are in effect for the marketing year beginning in the calendar year shall be subject to the quotas even though the peanuts are marketed prior to the date on which the marketing year begins.

''(5) FALSE INFORMATION.—If any producer falsely identifies, fails to accurately certify planted acres, or fails to account for the disposition of any peanuts produced on the planted acres, a quantity of peanuts equal to the greater of the average or actual yield of the farm, as determined by the Secretary, multiplied by the number of planted acres, shall be deemed to have been marketed in violation of permissible uses of quota and additional peanuts. Any penalty payable under this paragraph shall be paid and remitted by the producer.

''(6) UNINTENTIONAL VIOLATIONS.—The Secretary shall authorize, under such regulations as the Secretary shall issue, the county committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or reduce marketing penalties provided for under this subsection in cases with respect to which the committees determine that the violations that were the basis of the penalties were unintentional or without knowledge on the part of the parties concerned.

''(7) DE MINIMIS VIOLATIONS.—An error in weight that does not exceed 1/10 of 1 percent in the case of any 1 marketing document shall not be considered to be a marketing violation except in a case of fraud or conspiracy.

''(b) USE OF QUOTA AND ADDITIONAL PEANUTS.—

''(1) QUOTA PEANUTS.—Only quota peanuts may be retained for use as seed or for other uses on a farm. When peanuts are so retained, the retention shall be considered as marketings of quota peanuts, except that the Secretary may exempt from consideration as marketings of quota peanuts seeds of peanuts for the quantity involved that are used to produce peanuts excluded under section 301(b)(18), are unique strains, and are not commercially available.

''(2) ADDITIONAL PEANUTS.—Additional peanuts shall not be retained for use on a farm and shall not be marketed for domestic edible use, except as provided in subsection (g).

''(3) SEED.—Except as provided in paragraph (1), seed for planting of any peanut acreage in the United States shall be obtained solely from quota peanuts marketed or considered marketed for domestic edible use.

''(c) MARKETING PEANUTS WITH EXCESS QUANTITY, GRADE, OR QUALITY.—On a finding by the Secretary that the peanuts marketed from any crop for domestic edible use by a handler are larger in quantity or higher in grade or quality than the peanuts that could reasonably be produced from the quantity of peanuts having the grade, kernel content, and quality of the quota peanuts acquired by the handler from the crop for the marketing year, the handler shall be subject to a penalty equal to 140 percent of the loan level for quota peanuts on the quantity of peanuts that the Secretary determines are in excess of the quantity, grade, or quality of the peanuts that could reasonably have been produced from the peanuts so acquired.

''(d) HANDLING AND DISPOSAL OF ADDITIONAL PEANUTS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), the Secretary shall require that the handling and disposal of additional peanuts be supervised by agents of the Secretary or by area marketing associations designated pursuant to section 106(a)(3)(A) of the Agricultural Market Transition Act.

''(2) NONSUPERVISION OF HANDLERS.—

''(A) IN GENERAL.—Supervision of the handling and disposal of additional peanuts by a handler shall not be required under paragraph (1) if the handler agrees in writing, prior to any handling or disposal of the peanuts, to comply with regulations that the Secretary shall issue.

''(B) REGULATIONS.—The regulations issued by the Secretary under subparagraph (A) shall include the following provisions:

''(i) TYPES OF EXPORTED OR CRUSHED PEANUTS.—Handlers of shelled or milled peanuts may export or crush peanuts classified by type in each of the following quantities:

''(I) SOUND SPLIT KERNEL PEANUTS.—Sound split kernel peanuts purchased by the handler as additional peanuts to which, under price support loan schedules, a mandated deduction with respect to the price paid to the producer of the peanuts would be applied due to the percentage of the sound splits.

''(II) SOUND MATURE KERNEL PEANUTS.—Sound mature kernel peanuts (which term includes sound split kernel peanuts and sound whole kernel peanuts) in an amount equal to the poundage of the peanuts purchased by the handler as additional peanuts, less the total poundage of sound split kernel peanuts described in subclause (I).

''(III) REMAINDER.—The remaining quantity of total kernel content of peanuts purchased by the handler as additional peanuts.

''(ii) DOCUMENTATION.—Handlers shall ensure that any additional peanuts exported or crushed are evidenced by onboard bills of lading or other appropriate documentation as may be required by the Secretary, or both.

''(iii) LOSS OF PEANUTS.—If a handler suffers a loss of peanuts as a result of fire, flood, or any other condition beyond the control of the handler, the portion of the loss allocated to contracted additional peanuts shall not be greater than the portion of the total peanut purchases of the handler for the year attributable to contracted additional peanuts purchased for export or crushing by the handler during the year.

''(iv) SHRINKAGE ALLOWANCE.—

''(I) IN GENERAL.—The obligation of a handler to export or crush peanuts in quantities described in this subparagraph shall be reduced by a shrinkage allowance, to be determined by the Secretary, to reflect actual dollar value shrinkage experienced by handlers in commercial operations, except that the allowance shall not be less than 4 percent, except as provided in subclause (II).

''(II) COMMON INDUSTRY PRACTICES.—The Secretary may provide a lower shrinkage allowance for a handler who fails to comply with restrictions on the use of peanuts, as may be specified by the Commodity Credit Corporation, to take into account common industry practices.

''(3) ADEQUATE FINANCES AND FACILITIES.—A handler shall submit to the Secretary adequate financial guarantees, as well as evidence of adequate facilities and assets, with respect to the facilities under the control and operation of the handler, to ensure the compliance of the handler with the obligation to export peanuts.

''(4) COMMINGLING OF LIKE PEANUTS.—Quota and additional peanuts of like type and segregation or quality may, under regulations issued by the Secretary, be commingled and exchanged on a dollar value basis to facilitate warehousing, handling, and marketing.

''(5) PENALTY.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), the failure by a handler to comply with regulations issued by the Secretary governing the disposition and handling of additional peanuts shall subject the handler to a penalty at a rate equal to 140 percent of the loan level for quota peanuts on the quantity of peanuts involved in the violation.

''(B) NONDELIVERY.—A handler shall not be subject to a penalty for failure to export additional peanuts if the peanuts were not delivered to the handler.

''(6) REENTRY OF EXPORTED PEANUTS.—

''(A) PENALTY.—If any additional peanuts or peanut products exported by a handler are reentered into the United States in commercial quantities as determined by the Secretary, the importer of the peanuts and peanut products shall be subject to a penalty at a rate equal to 140 percent of the loan level for quota peanuts on the quantity of peanuts reentered.

''(B) RECORDS.—Each person, firm, or handler who imports peanuts into the United States shall maintain such records and documents as are required by the Secretary to ensure compliance with this subsection.

''(e) SPECIAL EXPORT CREDITS.—

''(1) IN GENERAL.—The Secretary shall, with due regard for the integrity of the peanut program, promulgate regulations that will permit any handler of peanuts who manufactures peanut products from domestic edible peanuts to export the products and receive credit for the fulfillment of export obligations for the peanut content of the products against which export credit the handler may subsequently apply, up to the amount of the credit, equivalent quantities of additional peanuts of the same type acquired by the handler and used in the domestic edible market. The peanuts so acquired for the domestic edible market as provided in this subsection shall be of the same crop year as the peanuts used in the manufacture of the products so exported.

''(2) CERTIFICATION.—Under the regulations, the Secretary shall require all handlers who are peanut product manufacturers to submit annual certifications of peanut product content on a product-by-product basis. Any changes in peanut product formulas as affecting peanut content shall be recorded within 90 days after the changes. The Secretary shall conduct an annual review of the certifications. The Secretary shall pursue all available remedies with respect to persons who fail to comply with this paragraph.

''(3) RECORDS.—The Secretary shall require handlers who are peanut product manufacturers to maintain and provide such documents as are necessary to ensure compliance with this subsection and to maintain the integrity of the peanut program.

''(f) CONTRACTS FOR PURCHASE OF ADDITIONAL PEANUTS.—

''(1) IN GENERAL.—A handler may, under such regulations as the Secretary may issue, contract with a producer for the purchase of additional peanuts for crushing or export, or both.

''(2) SUBMISSION TO SECRETARY.—

''(A) CONTRACT DEADLINE.—Any such contract shall be completed and submitted to the Secretary (or if designated by the Secretary, the area marketing association) for approval not later than September 15 of the year in which the crop is produced.

''(B) EXTENSION OF DEADLINE.—The Secretary may extend the deadline under subparagraph (A) by up to 15 days in response to damaging weather or related condition (as defined in section 112 of the Disaster Assistance Act of 1989 (Public Law 101–82; 7 U.S.C. 1421 note)). The Secretary shall announce the extension not later than September 5 of the year in which the crop is produced.

''(3) FORM.—The contract shall be executed on a form prescribed by the Secretary. The form shall require such information as the Secretary determines appropriate to ensure the proper handling of the additional peanuts, including the identity of the contracting parties, poundage and category of the peanuts, the disclosure of any liens, and the intended disposition of the peanuts.

''(4) INFORMATION FOR HANDLING AND PROCESSING ADDITIONAL PEANUTS.—Notwithstanding any other provision of this section, any person wishing to handle and process additional peanuts as a handler shall submit to the Secretary (or if designated by the Secretary, the area marketing association), such information as may be required under subsection (d) by such date as is prescribed by the Secretary so as to permit final action to be taken on the application by July 1 of each marketing year.

''(5) TERMS.—Each such contract shall contain the final price to be paid by the handler for the peanuts involved and a specific prohibition against the disposition of the peanuts for domestic edible or seed use.

''(6) SUSPENSION OF RESTRICTIONS ON IMPORTED PEANUTS.—Notwithstanding any other provision of this Act, if the President issues a proclamation under section 404(b) of the Uruguay Round Agreements Act (19 U.S.C. 3601(b)) expanding the quantity of peanuts subject to the in-quota rate of duty under a tariff-rate quota, or under section 22 of the Agricultural Adjustment Act (7 U.S.C. 624), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, temporarily suspending restrictions on the importation of peanuts, the Secretary shall, subject to such terms and conditions as the Secretary may prescribe, permit a handler, with the written consent of the producer, to purchase additional peanuts from any producer who contracted with the handler and to offer the peanuts for sale for domestic edible use.

''(g) MARKETING OF PEANUTS OWNED OR CONTROLLED BY THE COMMODITY CREDIT CORPORATION.—

''(1) IN GENERAL.—Subject to section 104(k) of the Agricultural Market Transition Act, any peanuts owned or controlled by the Commodity Credit Corporation may be made available for domestic edible use, in accordance with regulations issued by the Secretary, so long as doing so does not result in substantially increased cost to the Commodity Credit Corporation. Additional peanuts received under loan shall be offered for sale for domestic edible use at prices that are not less than the prices that are required to cover all costs incurred with respect to the

peanuts for such items as inspection, warehousing, shrinkage, and other expenses, plus—

''(A) not less than 100 percent of the loan value of quota peanuts if the additional peanuts are sold and paid for during the harvest season on delivery by and with the written consent of the producer;

''(B) not less than 105 percent of the loan value of quota peanuts if the additional peanuts are sold after delivery by the producer but not later than December 31 of the marketing year; or

''(C) not less than 107 percent of the loan value of quota peanuts if the additional peanuts are sold later than December 31 of the marketing year.

''(2) ACCEPTANCE OF BIDS BY AREA MARKETING ASSOCIATIONS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), for the period from the date additional peanuts are delivered for loan to March 1 of the calendar year following the year in which the additional peanuts were harvested, the area marketing association designated pursuant to section 106(a)(3)(A) of the Agricultural Market Transition Act shall have sole authority to accept or reject lot list bids when the sales price, as determined under this subsection, equals or exceeds the minimum price at which the Commodity Credit Corporation may sell the stocks of additional peanuts of the Corporation.

''(B) MODIFICATION.—The area marketing association and the Commodity Credit Corporation may agree to modify the authority granted by subparagraph (A) to facilitate the orderly marketing of additional peanuts.

''(3) PRODUCER MARKETING AND EXPENSES.—Notwithstanding any other provision of this Act, the Secretary shall, in any determination required under paragraphs (1)(B) and (2)(A) of section 106(a) of the Agricultural Market Transition Act, include any additional marketing expenses required by law, excluding the amount of any assessment required under section 106(a)(7) of the Agricultural Market Transition Act.

''(h) ADMINISTRATION.—

''(1) INTEREST.—The person liable for payment or collection of any penalty provided for in this section shall be liable also for interest on the penalty at a rate per annum equal to the rate per annum of interest that was charged the Commodity Credit Corporation by the Treasury of the United States on the date the penalty became due.

''(2) DE MINIMIS QUANTITY.—This section shall not apply to peanuts produced on any farm on which the acreage harvested for peanuts is 1 acre or less if the producers who share in the peanuts produced on the farm do not share in the peanuts produced on any other farm.

''(3) LIENS.—Until the amount of the penalty provided by this section is paid, a lien on the crop of peanuts with respect to which the penalty is incurred, and on any subsequent crop of peanuts subject to farm poundage quotas in which the person liable for payment of the penalty has an interest, shall be in effect in favor of the United States.

''(4) PENALTIES.—

''(A) PROCEDURES.—Notwithstanding any other provision of law, the liability for and the amount of any penalty assessed under this section shall be determined in accordance with such procedures as the Secretary may by regulation prescribe. The facts constituting the basis for determining the liability for or amount of any penalty assessed under this section, when officially determined in conformity with the applicable regulations prescribed by the Secretary, shall be final and conclusive and shall not be reviewable by any other officer or agency of the Federal Government.

''(B) JUDICIAL REVIEW.—Nothing in this section prohibits any court of competent jurisdiction from reviewing any determination made by the Secretary with respect to whether the determination was made in conformity with applicable law.

''(C) CIVIL PENALTIES.—All penalties imposed under this section shall for all purposes be considered civil penalties.

''(5) REDUCTION OF PENALTIES.—

''(A) IN GENERAL.—Except as provided in subparagraph (B) and notwithstanding any other provision of law, the Secretary may reduce the amount of any penalty assessed against handlers under this section by any appropriate amount, including, in an appropriate case, eliminating the penalty entirely, if the Secretary finds that the violation on which the penalty is based was minor or inadvertent, and that the reduction of the penalty will not impair the operation of the peanut program.

''(B) FAILURE TO EXPORT CONTRACTED ADDITIONAL PEANUTS.—The amount of any penalty imposed on a handler under this section that resulted from the failure to export or crush contracted additional peanuts shall not be reduced by the Secretary.

''(i) CROPS.—Notwithstanding any other provision of law, this section shall be effective only for the 1996 through 2002 crops of peanuts.''.

(f) PEANUT STANDARDS.—

(1) INSPECTION; QUALITY ASSURANCE.—

(A) INITIAL ENTRY.—The Secretary shall require all peanuts and peanut products sold in the United States to be initially placed in a bonded, licensed warehouse approved by the Secretary for the purpose of inspection and grading by the Secretary, the Commissioner of the Food and Drug Administration, and the heads of other appropriate agencies of the United States.

(B) PRELIMINARY INSPECTION.—Peanuts and peanut products shall be held in the warehouse until inspected by the Secretary, the Commissioner of the Food and Drug Administration, or the head of another appropriate agency of the United States, for chemical residues, general cleanliness, disease, size, aflatoxin, stripe virus, and other harmful conditions, and an assurance of compliance with all grade and quality standards specified under Marketing Agreement No. 146, regulating the quality of domestically produced peanuts (under the Agricultural Adjustment Act (7 U.S.C. 601 et seq.), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937).

(C) SEPARATION OF LOTS.—All imported peanuts shall be maintained separately from, and shall not be commingled with, domestically produced peanuts in the warehouse.

(D) ORIGIN OF PEANUT PRODUCTS.—

(i) LABELING.—A peanut product shall be labeled with a label that indicates the origin of the peanuts contained in the product.

(ii) SOURCE.—No peanut product may contain both imported and domestically produced peanuts.

(iii) IMPORTED PEANUT PRODUCTS.—The first seller of an imported peanut product shall certify that the product is made from raw peanuts that meet the same quality and grade standards that apply to domestically produced peanuts.

(E) DOCUMENTATION.—No peanuts or peanut products may be transferred, shipped, or otherwise released from a warehouse described in subparagraph (A) unless accompanied by a United States Government inspection certificate that certifies compliance with this paragraph.

(2) HANDLING AND STORAGE.—

(A) TEMPERATURE AND HUMIDITY.—The Secretary shall require all shelled peanuts sold in the United States to be maintained at a temperature of not more than 37 degrees Fahrenheit and a humidity range of 60 to 68 percent at all times during handling and storage prior to sale and shipment.

(B) CONTAINERS.—The peanuts shall be shipped in a container that provides the maximum practicable protection against moisture and insect infestation.

(C) IN-SHELL PEANUTS.—The Secretary shall require that all in-shell peanuts be reduced to a moisture level not exceeding 10 percent immediately on being harvested and be stored in a facility that will ensure quality maintenance and will provide proper ventilation at all times prior to sale and shipment.

(3) LABELING.—The Secretary shall require that all peanuts and peanut products sold in the United States contain labeling that lists the country or countries in which the peanuts, including all peanuts used to manufacture the peanut products, were produced.

(4) INSPECTION AND TESTING.—

(A) IN GENERAL.—All peanuts and peanut products sold in the United States shall be inspected and tested for grade and quality.

(B) CERTIFICATION.—All peanuts or peanut products offered for sale in, or imported into, the United States shall be accompanied by a certification by the first seller or importer that the peanuts or peanut products do not contain residues of any pesticide not approved for use in, or importation into, the United States.

(5) NUTRITIONAL LABELING.—The Secretary shall require all peanuts and peanut products sold in the United States to contain complete nutritional labeling information as required under the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321 et seq.).

(6) PEANUT CONTENT.—

(A) OFFSET AGAINST HTS QUANTITY.—The actual quantity of peanuts, by weight, used to manufacture, and ultimately contained in, peanut products imported into the United States shall be accounted for and offset against the total quantity of peanut imports allowed under the in-quota quantity of the tariff-rate quota established for peanuts under the Harmonized Tariff Schedule of the United States.

(B) VERIFICATION.—The Secretary shall establish standards and procedures for the purpose of verifying the actual peanut content of peanut products imported into the United States.

(7) PLANT DISEASES.—The Secretary, in consultation with the heads of other appropriate agencies of the United States, shall ensure that all peanuts in the domestic edible market are inspected and tested to ensure that they are free of all plant diseases.

(8) ADMINISTRATION.—

(A) FEES.—The Secretary shall by regulation fix and collect fees and charges to cover the costs of any inspection or testing performed under this subsection.

(B) CERTIFICATION.—

(i) IN GENERAL.—The Secretary may require the first seller of peanuts sold in the United States to certify that the peanuts comply with this subsection.

(ii) FRAUD AND FALSE STATEMENTS.—Section 1001 of title 18, United States Code, shall apply to a certification made under this subsection.

(C) STANDARDS AND PROCEDURES.—In consultation with the heads of other appropriate agencies of the United States, the Secretary shall establish standards and procedures to provide for the enforcement of, and ensure compliance with, this subsection.

(D) FAILURE TO MEET STANDARDS.—Peanuts or peanut products that fail to meet standards established under this subsection shall be returned to the seller and exported or crushed pursuant to section 358e(d) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359a(d)).

(9) CHANGE OF VENUE.—In any case in which an area pool or a marketing association brings, joins, or seeks to join a civil action in a United States district court to enforce this subsection, the district court may not transfer the action to any other district or division over the objection of the pool or marketing association.

(g) EXPERIMENTAL AND RESEARCH PROGRAMS FOR PEANUTS.—Section 358c of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358c) is amended to read as follows:

"SEC. 358c. EXPERIMENTAL AND RESEARCH PROGRAMS FOR PEANUTS.

''(a) IN GENERAL.—Notwithstanding any other provision of this Act, the Secretary may permit a portion of the poundage quota for peanuts apportioned to any State to be allocated from the quota reserve of the State to land-grant institutions identified in the Act of May 8, 1914 (38 Stat. 372, chapter 79; 7 U.S.C. 341 et seq.), and colleges eligible to receive funds under the Act of August 30, 1890 (26 Stat. 419, chapter 841; 7 U.S.C. 321 et seq.), including Tuskegee Institute and, as appropriate, the Agricultural Research Service of the Department of Agriculture to be used for experimental and research purposes.

''(b) QUANTITY.—The quantity of the quota allocated to an institution under this section shall not exceed the quantity of the quota held by each such institution during the 1985 crop year, except that the total quantity allocated to all institutions in a State shall not exceed 1/10 of 1 percent of the basic quota of the State.

''(c) LIMITATION.—The director of the agricultural experiment station for a State shall be required to ensure, to the extent practicable, that farm operators in the State do not produce quota peanuts under subsection (a) in excess of the quantity needed for experimental and research purposes.

''(d) CROPS.—Notwithstanding any other provision of law, this section shall be effective only for the 1996 through 2002 crops of peanuts.''.

(h) REPORTS AND RECORDS.—Effective only for the 1996 through 2002 crops of peanuts, the first sentence of section 373(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1373(a)) is amended by inserting before ''all brokers and dealers in peanuts'' the following: ''all producers engaged in the production of peanuts,''.

(i) REGULATIONS.—The Secretary of Agriculture shall issue such regulations as are necessary to carry out this section and the amendments made by this section. In issuing the regulations, the Secretary shall—

(1) comply with subchapter II of chapter 5 of title 5, United States Code;

(2) provide public notice through the Federal Register of any such proposed regulations; and

(3) allow adequate time for written public comment prior to the formulation and issuance of any final regulations.

(6) in section 109(a) by striking paragraph (1).

(b) PERMANENT LAW.—

(1) Notwithstanding any other provision of law, the following provisions of the Agricultural Act of 1949 shall be applicable for the 1999 and subsequent crops:

(A) Section 101 (Price Support) (7 U.S.C. 1441);

(B) Section 103(a) (Cotton) (7 U.S.C. 1444(a));

(C) Section 105 (Feed Grains) (7 U.S.C. 1444b);

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

(E) Section 110 (Farmer Owned Reserve) (7 U.S.C. 1445e);

(F) Section 112 (Commodity Utilization) (7 U.S.C. 1445g);

(G) Section 115 (Commodity Certificates) (7 U.S.C. 1445k);

(H) Section 201(c) (Dairy) (7 U.S.C. 1446(c)); and

(I) Title VI (Emergency Livestock Feed Assistance Act) (7 U.S.C. 1471–71j).

(2) In section 101B by striking subsection (n) and inserting the following:

''(n) CROPS.—

''(1) Except as provided in paragraph (2) notwithstanding any other provision of law, the provisions of this section shall be effective for the 1996 and subsequent crops under the terms and provisions applicable to the 1995 crop of rice under this Act.

''(2) In the case of the 1996 through 1998 crops of rice, the provisions of paragraph (1) are suspended.''

(c) Title III is amended—

(1) in section 312 by adding at the end the following:

''(c) WATER BANK ACRES.—Section 1231(b) is amended by adding at the end the following:

''(6) land that was enrolled as of the date of enactment of the 'Agricultural Reform and Improvement Act of 1996' in the Water Bank Program established under the Water Bank Act (16 U.S.C. 1301 et seq.) at a rate not to exceed the rates in effect under the program.'';

(2) in section 313 by striking ''(c) ELIGIBILITY.—'' and all that follows through ''under the program.''; and

(3) in section 314 strike ''(ii) 10,000 beef cattle'' through ''sheep or lambs'' and inserting the following:

''(ii) 1,000 beef cattle;

''(iii) 30,000 laying hens or broilers (if the facility has continuous overflow watering);

''(iv) 100,000 laying hens or broilers (if the facility has a liquid manure system);

''(v) 55,000 turkeys;

''(vi) 2,500 swine; or

''(vii) 10,000 sheep or lambs.''

(4) by adding at the end the following:

"SEC. 356. CONSERVATION ESCROW ACCOUNT.

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

'SEC. 1248. CONSERVATION ESCROW ACCOUNT.

'(a) ESTABLISHMENT.—The Secretary shall establish a conservation escrow account.

'(b) DEPOSITS INTO ACCOUNT.—Any program loans, payments, or benefits forfeited by, or fines collected from producers under section 1211 or 1221 shall be placed in the conservation escrow account.

'(c) USE OF FUNDS.—Funds in the conservation escrow account shall be used to provide technical and financial assistance to individuals to implement natural resource conservation practices.

'(d) GEOGRAPHIC DISTRIBUTION.—The Secretary shall use funds in the conservation escrow account for local areas in proportion to the amount of funds forfeited by or collected from producers in the local area.

'(e) COMPLIANCE ASSISTANCE.—To assist a producer, who the Secretary determines has acted in good faith, in complying with the applicable section referred to in subsection (b) not later than 1 year after a determination of noncompliance, a producer shall be eligible to receive compliance assistance of up to 66 percent of any loan, payments, benefits forfeited, or fines placed in the conservation escrow account.'

"SEC. 357. METHYL BROMIDE SENSE OF THE SENATE.

''It is the sense of the Senate that the U.S. Department of Agriculture should continue to carry out its research efforts on cost-effective alternatives to methyl bromide, because it is a critically important chemical to farmers that is subject to phase-out in 2001 under the requirements of the Clean Air Act. The Senate urges the U.S. Department of Agriculture and the Environmental Protection Agency to work together with Congress and members of the agricultural and environmental community to evaluate the risks and benefits of extending the methyl bromide phase out date.''

SEC. 358. FARMLAND PROTECTION.

(a) OPERATION OF PROGRAM THROUGH THE STATES.—Section 1231(a) of the Food Security Act of 1985 (16 U.S.C. 3831(a)) is amended—

(1) by striking ''(a) IN GENERAL.—Through the 1995 calendar year'' and inserting the following:

''(a) AUTHORIZATION.—

''(1) IN GENERAL.—Through the 1998 calendar year''; and

(2) by adding at the end the following:

''(2) FARMLAND PROTECTION.—With respect to land described in subsection (b)(5), the Secretary shall carry out the program through the States.''

(b) ELIGIBLE LAND.—Section 1231(b) of the Food Security Act of 1985 (16 U.S.C. 3831(b)) is amended—

(1) by striking the period at the end of paragraph (4) and inserting ''; and''; and

(2) by adding at the end the following:

''(5) land with prime unique, or other productive soil that is subject to a pending offer from a State or local government for the purchase of a conversation easement or other interest in the land for the purpose of protecting topsoil by limiting non-agricultural uses of the land, but any highly erodible cropland shall be subject to the requirements of a conservation plan, including, if required by the Secretary, the conversion of the land to less intensive uses.''.

(c) ENROLLMENT LIMITATIONS.—Section 1231(d) of the Food Security Act of 1985 (16 U.S.C. 3831(d)) is amended by inserting before the period at the end the following:'', of which not less than 170,000 nor more than 340,000 acres may be enrolled under subsection (b)(5)''.

(d) DUTIES OF OWNERS AND OPERATORS.—Section 1232 of the Food Security Act of 1985 (16 U.S.C. 3832) is amended by adding at the end the following:

''(f) LAND WITH PRIME, UNIQUE, OR OTHER PRODUCTIVE SOIL.—In the case of land enrolled in the conservation reserve under section 1231(b)(5), an owner or operator shall be permitted to use the land for any lawful agricultural purpose, subject to the conservation easement or other interest in land purchased by the State or local government and to any conservation plan required by the Secretary.''.

(e) DUTIES OF THE SECRETARY WITH RESPECT TO PAYMENTS.—Section 1233 of the Food Security Act of 1985 (16 U.S.C. 3833) is amended—

(1) by striking ''and'' at the end of paragraph (2);

(2) by striking the period at the end of the paragraph (3) and inserting ''; and''; and

(3) by adding at the end of the following:

''(4) in the case of a contract relating to land enrolled under section 1231(b)(5), pay up to 50 percent of the cost of limiting the non-agricultural use of land to protect the topsoil from urban development.''.

(f) ANNUAL RENTAL PAYMENTS.—Section 1234(c)(2) of the Food Security Act of 1985 (16 U.S.C. 3834(c)(2)) is amended—

(1) by striking ''or'' at the end of subparagraph (A);

(2) by redesignating subparagraph (B) as subparagraph (C); and

(3) by inserting after subparagraph (A) the following;

''(B) in the case of a contract relating to land enrolled under section 1231(b)(5), determination of the fair market value of the conservation easement or other interest acquired multiplied by 50 percent.''.

(d) Title V is amended—

(1) in section 502 by adding the following at the end:

''(c) DEFINITION OF NATURAL DISASTER.—Section 502 of the Federal Crop Insurance Act (7 U.S.C. 1502) is amended—

''(1) by redesignating paragraphs (7) and (8) as paragraphs (8) and (9), respectively; and

''(2) by inserting after paragraph (6) the following:

'(7) NATURAL DISASTER.—The term 'natural disaster' includes extensive crop destruction caused by insects or disease.'.

''(d) MARKETING WINDOWS.—Section 508(j) of the Federal Crop Insurance Act (7 U.S.C. 1508(j)) is amended by adding at the end the following:

''(4) MARKETING WINDOWS.—The Corporation shall consider marketing windows in determining whether it is feasible to require planting during a crop year.'''

''(e) BUY-UP COVERAGE.—Notwithstanding the provisions of the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.), the Secretary shall ensure crop insurance is provided to producers at the 75 percent coverage level at a cost to producers which is similar to the costs associated with insurance at the 65 percent level prior to date of enactment of this Act.

(2) by adding at the end the following:

''SEC. 507. FUND FOR RURAL AMERICA.

''(a) IN GENERAL.—The Secretary shall create an account called the Fund for Rural America for purposes of providing funds for activities described in subsection (c).

''(b) COMMODITY CREDIT CORPORATION.—In each of the 1996 through 1998 fiscal years, the Secretary shall transfer into the Fund for Rural America (hereafter referred to as the ''Account'')—

''(1) $50,000,000 for the 1996 fiscal year;

''(2) $100,000,000 for the 1997 fiscal year; and

''(3) $150,000,000 for the 1998 fiscal year.

''(c) PURPOSES.—Except as provided in subsection (d), the Secretary shall provide not more than one-third of the funds from the Account for activities described in paragraph (2).

''(1) RURAL DEVELOPMENT ACTIVITIES.—The Secretary may use the funds in the Account for the following rural development activities authorized in:

''(A) The Housing Act of 1949 for—

''(i) direct loans to low income borrowers pursuant to section 502;

''(ii) loans for financial assistance for housing for domestic farm laborers pursuant to section 514;

''(iii) financial assistance for housing of domestic farm labor pursuant to section 516;

''(iv) grants and contracts for mutual and self help housing pursuant to section 523(b)(1)(A); and

''(v) grants for Rural Housing Preservation pursuant to section 533;

''(B) The Food Security Act of 1985 for loans to intermediary borrowers under the Rural Development Loan Fund;

''(C) Consolidated Farm and Rural Development Act for—

''(i) grants for Rural Business Enterprises pursuant to section 310B(c) and (j);

''(ii) direct loans, loan guarantees and grants for water and waste water projects pursuant to section 306; and

''(iii) down payments assistance to farmers, section 310E;

''(D) grants for outreach to socially disadvantaged farmers and ranchers pursuant to section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279); and

''(E) grants pursuant to section 204(6) of the Agricultural Marketing Act of 1946.

''(2) RESEARCH—

''(A) IN GENERAL.—The Secretary may use the funds in the Account for research grants to increase the competitiveness and farm profitability, protect and enhance natural resources, increase economic opportunities in farming and rural communities and expand locally owned value added processing and marketing operations.

''(B) ELIGIBLE GRANTEE.—The Secretary may make a grant under this paragraph to—

''(i) a college or university;

''(ii) a State agricultural experiment station;

''(iii) a State Cooperative Extension Service;

''(iv) a research institution or organization;

''(v) a private organization or person; or

''(vi) a Federal agency.

''(C) USE OF GRANT.—

''(i) IN GENERAL.—A grant made under this paragraph may be used by a grantee for 1 or more of the following uses:

''(I) research, ranging from discovery to principles of application;

''(II) extension and related private-sector activities; and

''(III) education

''(ii) LIMITATION.—No grant shall be made for any project, determined by the Secretary, to be eligible for funding under research and commodity promotion programs administered by the Department.

''(D) ADMINISTRATION.—

''(i) PRIORITY.—In administering this paragraph, the Secretary shall—

''(I) establish priorities for allocating grants, based on needs and opportunities of the food and agriculture system in the United States related to the goals of the paragraph;

''(II) seek and accept proposals for grants;

''(III) determine the relevance and merit of proposals through a system of peer and stakeholder review; and

''(IV) award grants on the basis of merit, quality, and relevance to advancing the national research and extension purposes.

''(ii) COMPETITIVE AWARDING.—A grant under this paragraph shall be awarded on a competitive basis.

''(iii) TERMS.—A grant under this paragraph shall have a term that does not exceed 5 years.

''(iv) MATCHING FUNDS.—As a condition of receipts under this paragraph, the Secretary shall require the funding of the grant with equal matching funds from a non-Federal source if the grant is—

''(I) for applied research that is commodity-specific; and

''(II) not of national scope.

''(v) ADMINISTRATIVE COSTS.—

''(I) IN GENERAL.—The Secretary may use not more than 4 percent of the funds made available under this paragraph for administrative costs incurred by the Secretary in carrying out this paragraph.

''(II) LIMITATION.—Funds made available under this paragraph shall not be used—

''(aa) for the construction of a new building or the acquisition, expansion, remodeling, or alteration of an existing building (including site grading and improvement and architect fees); or

''(bb) in excess of ten percent of the annual allocation for commodity-specific projects not of the national scope.

''(d) LIMITATIONS.—No funds from the Fund for Rural America may be used to for an activity specified in subsection (c) if the current level of appropriations for the activity is less than 90 percent of the 1996 fiscal year appropriations for the activity adjusted for inflation.''

KEMPTHORNE AMENDMENT NO. 3453

Mr. LUGAR (for Mr. KEMPTHORNE) proposed an amendment to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

At page 3–25 after line 8 and before line 9 insert the following paragraph so that beginning at line 9 the bill reads:

''(8) Not withstanding any provision of law, the Secretary shall ensure that the process of writing, developing, and assisting in the implementation of plans required in the programs established under this title be open to individuals in agribusiness including but not limited to agricultural producers, representatives from agricultural cooperatives, agricultural input retail dealers, and certified crop advisers. This process shall be included in but not limited to programs and plans established under this title and any other Department program using incentive, technical assistance, cost-share or pilot project programs that require plans.''

GRAHAM (AND MACK) AMENDMENT NO. 3454

Mr. LUGAR (for Mr. GRAHAM, for himself and Mr. MACK) proposed an amendment to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra, as follows:

(c)(1) CROP INSURANCE PILOT PROJECT.—The Secretary of Agriculture shall develop and administer a pilot project for crop insurance coverage that indemnifies crop losses due to a natural disaster such as insect infestation or disease.

(2) ACTUARIAL SOUNDNESS.—A pilot project under this paragraph shall be actuarially sound, as determined by the Secretary and administers at no net cost to the U.S. Treasury.

(3) DURATION.—A pilot project under this paragraph shall be of two years' duration.

(d) CROP INSURANCE FOR SPECIALTY CROPS.—Section 508(a)(6) of the Federal Crop Insurance Act (7 U.S.C. 1508(a)(6)) is amended by adding at the end the following:

''(D) ADDITION OF SPECIALTY CROPS.—(i) Not later than 2 years after the date of enactment of this subparagraph. (1) the Corporation shall issue regulations to expand crop insurance coverage under this title to include aquaculture; and

(ii) The Corporation shall conduct a study and limited pilot program on the feasibility of insuring nursery crops.

(e) MARKETING WINDOWS.—Section 508(j) of the Federal Crop Insurance Act (7 U.S.C. 1508(j)) is amended by adding at the end the following:

''(4) MARKETING WINDOWS.—The Corporation shall consider marketing windows in determining whether it is feasible to require planting during a crop year.''.

SANTORUM AMENDMENT NO. 3455

Mr. LUGAR (for Mr. SANTORUM) proposed an amendment to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

On page 3–3, strike lines 3 through 6 and insert the following:

''(B) the wetlands reserve program established under subchapter C;

''(C) the environmental quality incentives program established under chapter 4; and

''(D) a farmland protection program under which the Secretary shall use funds of the Commodity Credit Corporation for the purchase of conservation easements or other interests in not less than 170,000, nor more than 340,000, acres of land with prime, unique, or other productive soil that is subject to a pending offer from a State or local government for the purpose of protecting topsoil by limiting non-agricultural uses of

the land, except that any highly erodible cropland shall be subject to the requirements of a conservation plan, including, if required by the Secretary, the conversion of the land to less intensive uses. In no case shall total expenditures of funding from the Commodity Credit Corporation exceed a total of $35,000,000 over the first 3 and subsequent fiscal years.

JOHNSTON AMENDMENT NO. 3456

Mr. LEAHY (for Mr. JOHNSTON, for himself, Mr. PRYOR, Mr. BREAUX, and Mr. BUMPERS) proposed an amendment to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra, as follows:

At the appropriate place in title V of the amendment No. 3184 offered by Mr. LEAHY, insert:

Section 101 of the Agricultural Act of 1949 is amended by adding a subsection (e) that reads as follows:

''(e) RICE.—The Secretary shall make available to producers of each crop of rice on a farm price support at a level that is not less than 50%, or more than 90% of the parity price for rice as the Secretary determines will not result in increasing stocks of rice to the Commodity Credit Corporation.''

PRYOR AMENDMENT NO. 3457

Mr. LEAHY (for Mr. PRYOR) proposed an amendment to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

On page 3–16 of amendment No. 3184, at line 1, after ''payments'' include the word ''education.''

On page 3–16, line 9, after ''payments,'' include the word ''education.''

On page 3–16, line 13, after ''payments,'' and ''education.''

BOXER AMENDMENT NO. 3458

Mr. LEAHY (for Mrs. BOXER) proposed an amendment to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

At the appropriate place, add the following:

It is the sense of the Senate that the Department of Agriculture should continue to make methyl bromide alternate research and extension activities a high priority of the Department.

Provided further, That it is the sense of the Senate that the Department of Agriculture, the Environmental Protection Agency, producer and processor organizations, environmental organizations, and State agencies continue their dialogue on the risks and benefits of extending the 2001 phaseout deadline.

CONRAD AMENDMENT NO. 3459

Mr. LEAHY (for Mr. CONRAD) proposed an amendment to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

At the appropriate place in the title relating to conservation, insert the following:

SEC. . ABANDONMENT OF CONVERTED WETLANDS.

Section 1222 of the Food Security Act of 1985 (16 U.S.C. 3822) is amended by adding at the end the following:

''(k) ABANDONMENT OF CONVERTED WETLANDS.—The Secretary shall not determine that a prior converted or cropped wetland is abandoned, and therefore that the wetland is subject to this subtitle, on the basis that a producer has not planted an agricultural crop on the prior converted or cropped wetland after the date of enactment of this subsection, so long as any use of the wetland thereafter is limited to agricultural purposes.''

CONRAD (AND HATFIELD) AMENDMENT NO. 3460

Mr. LEAHY (for Mr. CONRAD, for himself and Mr. HATFIELD) proposed an amendment to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

Beginning on page 7–86, strike line 11 and all that follows through page 7–87, line 11, and insert the following:

''(3) RURAL BUSINESS AND COOPERATIVE DEVELOPMENT.—The rural business and cooperative development category shall include funds made available for—

''(A) rural business opportunity grants provided under section 306(a)(11)(A);

''(B) business and industry guaranteed loans provided under section 310B(a)(1); and

''(C) rural business enterprise grants and rural educational network grants provided under section 310B(c).

''(d) OTHER PROGRAMS.—Subject to subsection (e), in addition to any other appropriated amounts, the Secretary may transfer amounts allocated for a State for any of the 3 function categories for a fiscal year under subsection (c) to—

''(1) mutual and self-help housing grants provided under section 523 of the Housing Act of 1949 (42 U.S.C. 1490c);

''(2) rural rental housing loans for existing housing provided under section 515 of the Housing Act of 1949 (42 U.S.C. 1485);

''(3) rural cooperative development grants provided under section 310B(e); and

''(4) grants to broadcasting systems provided under section 310B(f).

CONRAD AMENDMENT NO. 3461

Mr. LEAHY (for Mr. CONRAD) proposed an amendment to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

Notwithstanding any other provision of law, Section 343(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)) is amended in subparagraph (F)—

(i) by striking ''exceed 15 percent'' and all that follows through ''Code'' and inserting the following: ''exceed—

''(i) 25 percent of the median acreage of the farms or ranches, as the case may be, in the county in which the farm or ranch operations of the applicant are located, as reported in the most recent census of agriculture taken under section 142 of title 13, United States Code.

CRAIG (AND BAUCUS) AMENDMENT NO. 3462

Mr. LUGAR (for Mr. CRAIG, for himself and Mr. BAUCUS) proposed an amendment to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

After section 857, insert the following:

SEC. 858. LABELING OF DOMESTIC AND IMPORTED LAMB AND MUTTON.

Section 7 of the Federal Meat Inspection Act (21 U.S.C. 607) is amended by adding at the end the following:

''(f) LAMB AND MUTTON—

''(1) STANDARDS.—The Secretary, consistent with U.S. international obligations, shall establish standards for the labeling of sheep carcasses, parts of carcasses, meat, and meat food products as 'lamb' and 'mutton''.

''(2) METHOD.—The standards under paragraph (1) shall be based on the use of the break or spool joint method to differentiate lamb from mutton by the degree of calcification of bone to reflect maturity.''.

THE TECHNOLOGY TRANSFER IMPROVEMENTS ACT OF 1996

ROCKEFELLER (AND BURNS) AMENDMENT NO. 3463

Mr. DOLE (for Mr. ROCKEFELLER, for himself and Mr. BURNS) proposed an amendment to the bill (H.R. 2196) to amend the Stevenson-Wydler Technology Innovation Act of 1980 with respect to inventions made under cooperative research and development agreements, and for other purposes; as follows:

On page 3, line 24, insert ''pre-negotiated'' before ''field''.

On page 5, beginning on line 4, strike ''if the Government finds'' and insert ''in exceptional circumstances and only if the Government determines''.

On page 5, between lines 15 and 16, insert the following:

This determination is subject to administrative appeal and judicial review under section 203(2) of title 35, United States Code.

On page 13, strike lines 10 through 17 and insert the following:

Section 11(i) of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3710(i)) is amended by inserting ''loan, lease, or'' before ''give''.

Beginning with line 23 on page 21, strike through line 3 on page 22 and insert the following:

''(13) to coordinate Federal, State, and local technical standards activities and conformity assessment activities, with private sector technical standards activities and conformity assessment activities, with the goal of eliminating unnecessary duplication and complexity in the development and promulgation of conformity assessment requirements and measures.''.

On page 22, beginning on line 5, strike ''by January 1, 1996,'' and insert ''within 90 days after the date of enactment of this Act,''.

Beginning with line 8 on page 22, strike through line 5 on page 23 and insert the following:

(d) UTILIZATION OF CONSENSUS TECHNICAL STANDARDS BY FEDERAL AGENCIES; REPORTS.—

(1) IN GENERAL.—Except as provided in paragraph (3) of this subsection, all Federal agencies and departments shall use technical standards that are developed or adopted by voluntary consensus standards bodies, using such technical standards as a means to carry out policy objectives or activities determined by the agencies and departments.

(2) CONSULTATION; PARTICIPATION.—In carrying out paragraph (1) of this subsection, Federal agencies and departments shall consult with voluntary, private sector, consensus standards bodies and shall, when such participation is in the public interest and is compatible with agency and departmental missions, authorities, priorities, and budget resources, participate with such bodies in the development of technical standards.

(3) EXCEPTION.—If compliance with paragraph (1) of this subsection is inconsistent with applicable law or otherwise impractical, a Federal agency or department may elect to use technical standards that are not

developed or adopted by voluntary consensus standards bodies if the head of each such agency or department transmits to the Office of Management and Budget an explanation of the reasons for using such standards. Each year, beginning with fiscal year 1997, the Office of Management and Budget shall transmit to Congress and its committees a report summarizing all explanations received in the preceding year under this paragraph.

(4) DEFINITION OF TECHNICAL STANDARDS.—As used in this subsection, the term ''technical standards'' means performance-based or design-specific technical specifications and related management systems practices.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. LUGAR. Mr. President, I ask unanimous consent on behalf of the Governmental Affairs Committee to meet on Wednesday, February 7, at 9:30 a.m. for a hearing on recommendations by Members of Congress relating to Federal employment.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON EAST ASIAN AND PACIFIC AFFAIRS

Mr. LUGAR. Mr. President, I ask unanimous consent that the Subcommittee on East Asian and Pacific Affairs of the Committee on Foreign Relations be authorized to meet during the session of the Senate on Wednesday, February 7, 1996, at 10 a.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

COMMERCIAL REVITALIZATION TAX CREDIT OF 1995

• Mr. SPECTER. Mr. President, I strongly support S. 743, the Commercial Revitalization Tax Credit Act of 1995 [CRTC] and today I join several of my colleagues in cosponsoring this bill. I commend Senator KAY BAILEY HUTCHISON for her sponsorship of this legislation designed to encourage business investment in economically distressed areas. I also want to commend my Pennsylvania colleague, Representative PHIL ENGLISH who has introduced this same legislation in the House. I believe this measure will help to create jobs and expand economic activity, in addition to improving the physical appearance and property values in these areas.

Earlier in this session, I introduced legislation to replace our current cumbersome Tax Code with a simple and efficient 20-percent flat tax. My legislation, the Flat Tax Act of 1995 (S. 488) will bring tremendous economic growth to all areas of our country, and especially our cities by freeing up capital and lowering interest rates. While I continue to support the principles and necessity of a flat tax, I believe that in the interim we must proceed with measures such as the Commercial Revitalization Tax Credit Act to bring economic growth to our cities immediately.

This legislation provides a targeted, limited tax credit to businesses to help defray their costs of construction, expansion, and renovation in urban areas. The CRTC would be another tool to aid localities and States in boosting jobs and business investment in America's most troubled neighborhoods. If enacted, estimates indicate the CRTC could attract over $7 billion in private sector investment to these communities, create thousands of jobs, and generate new tax revenue.

America's urban areas serve an important role as centers of commerce, industry, education, health care, and culture. Yet these urban centers, particularly in the inner cities, also have special needs. As a Philadelphia resident, I have first-hand knowledge of the growing problems that plague our cities. I have long supported a variety of programs to assist our cities such as increased funding for community development block grants, extension of the low income housing tax credit, and legislation to establish enterprise and empowerment zones. I have also promoted legislation to provide targeted tax incentives for investing in minority- or women-owned small businesses.

This issue of urban renewal is not new to me. In the 104th Congress, I introduced the New Urban Agenda Act of 1995—S. 17—which would redress urban decay and decline without massive Federal outlays. S. 17 embodies many of the proposals of Philadelphia Mayor Edward G. Rendell. The bill is intended to stimulate the economies of our urban centers. Increased economic growth resulting in increased employment is the key to reversing current urban economic conditions. Specifically, my legislation would: First, require certain Federal and foreign aid purchases to be made from businesses operating with urban zones; second, favor distressed cities for the location or relocation of Federal facilities; third, expand the historic rehabilitation tax credit, expand the use of commercial industrial development bonds, and modify the arbitrage rebate rules concerning municipal bond interest; fourth, study streamlining Federal housing programs into block-grant form, and encourage community building by locating original tenants in new units on old sites; and fifth, ease environmental restrictions for governments, speed up the remediation process, and establish a pilot powerplant for the benefit of city residents and energy intensive industry.

Mr. President, I believe the CRTC will complement my legislation because it would encourage new construction and rehabilitation of structures in distressed areas. The CRTC would provide businesses with the option of taking either a one time 20-percent tax credit against the cost of new construction or rehabilitation, or a tax credit of 5 percent a year for 10 years. The credit is intended to help encourage businesses locate to economically distressed areas.

The original concept of enterprise zones provided for broad based incentives for capital formation. Current these zones primarily encourage wage-based tax, and other investment incentives to locate within the zone. There is no incentive for a business within the zone to expand so that larger numbers of employees can be hired. That is a gap which the CRTC fills.

I believe the CRTC will be an efficient and productive program. The tax credit will only be available after private sector investment has been made and the competed project is generating income. This bill authorizes a maximum of $1.5 billion in tax credits over a 5-year period. The credits will be allocated to each State according to a formula which takes into account the number of localities where over half the people earn less than 60 percent of the area's median income. Local governments, not the Federal Government, will determine their priority projects and forward them to the States which will allocate the tax credits according to an evaluation system which the States themselves establish.

Furthrmore, communities which have already been designated as economic revitalization areas by the Federal, State, and local governments would now become eligible for the CRTC Program. This is particularly good news for Philadelphia, PA, and Camden, NJ, which were jointly chosen as 1 of 6 urban empowerment zones by the Department of Housing and Urban Development. The cities of Harrisburg and Pittsburgh, and Allegheny County in my home State were also designated as enterprise communities and will benefit from S. 743.

Last June, the U.S. Conference of Mayors adopted the attached resolution sponsored by Edward Rendell, the mayor of Philadelphia, which endorsed the commercial revitalization tax credit. Other organizations which have endorsed this bill include the National Association of Counties, the American Institute of Architects, the National Association of Industrial Office Properties, the American Planning Association, the American Enterprise Zone Association, the Local Initiatives Support Corporation, the International Downtown Association, the National Congress of Community Economic Development, and the American Society of Landscape Architects.

We must address any very serious issues—jobs, teenage pregnancy, welfare reform—if we are to save our cities. It may well be that many in America have given up on our cities. That is a stark statement, but it is one which I believe may be true, but, I have not given up. And I believe there are others in this body on both sides of the aisle who have not done so. There must be new strategies for dealing with the problems of urban America. The Commercial Tax Revitalization Tax Credit

Act is one such strategy that strives toward the ultimate goal of restoring the former vitality of our cities which can only help make our country stronger and more competitive. The days of expansive Federal aid are clearly past, but that is no excuse for the National Government to turn a blind eye to the problems of the cities.

The resolution follows:

RESOLUTION NO. 62—COMMERCIAL REVITALIZATION TAX CREDIT

Whereas, many American urban centers and rural areas are plagued by chronic economic distress, including aging infrastructure and business disinvestment; and

Whereas, to be successful in breaking the cycle of economic erosion, unemployment and abandonment of older neighborhoods, new measures must be taken to regenerate private investment; and

Whereas, new approaches must be fostered to address the problems of our cities; and

Whereas, Senator Kay Bailey Hutchison (TX) has introduced the Commercial Revitalization Tax Credit Act (CRTCA) of 1995 to encourage business investment and reinvestment in specially designated revitalization areas; and

Whereas, the CRTCA would offer a 20 percent tax credit in one year, or a 5 percent credit each year for 10 years, to defray the cost of business construction, expansion or rehabilitation in specially designated areas; and

Whereas, tax policies designed to target private entrepreneurial activities in declining urban and rural areas enjoy bipartisan support, Now, therefore, be it

Resolved, That The United States Conference of Mayors strongly urges Congress to support this session the CRTCA; and be it further

Resolved, That The United States Conference of Mayors urges Congress to approve this credit this session at the full benefit level for which it is proposed.●

DIETRICH BONHOEFFER

● Mr. LEVIN. Mr. President, I rise today to bring attention to the life of one of the 20th-century's most inspirational leaders, the anti-Nazi theologian, Dietrich Bonhoeffer. The author of numerous books, most notably, ''The Cost of Discipleship'' and ''Letter and Papers From Prison,'' Mr. Bonhoeffer spent time in the United States as a student at Union Seminary in New York.

It was after his stay in the United States that Dietrich Bonhoeffer returned to his native Germany and voiced opposition to the practices of Hitler and his Nazi regime. As an ardent pacifist, not only did he speak out against Nazi terrors and propaganda, but Mr. Bonhoeffer was centrally involved in transporting Jews from Germany to Switzerland in an effort to spare them from the Nazis.

In 1943 Mr. Bonhoeffer was arrested and sent to the Buchenwald concentration camp. Then, at the age of 39, on April 9, 1945, just 2 days before the arrival of the Allied forces, Dietrich Bonhoeffer was hanged by the Nazis.

Despite Dietrich Bonhoeffer's heroics, he is still regarded by German law as a traitor. Ten years ago, German Parliament condemned Nazi ''people's courts'' and voided their convictions. However, the declaration did not pertain to the SS courts, where Mr. Bonhoeffer was condemned. today, I formally urge my colleagues on both sides of the isle to support posthumous rehabilitation for Mr. Bonhoeffer and to urge the German Parliament to declare that all convictions by the SS courts were illegal.

Mr. President, Dietrich Bonhoeffer should serve as an inspiration to all of us for he sought change where change often times seemed impossible. He joined his church, and changed it. He lived in Nazi Germany where the message of a superior Aryan race separated man from man and thus man from God. But, rather than accept the Nazi dictatorship, he openly opposed Hitler and the regime. for his conviction to justice, equality, and peace, Dietrich Bonhoeffer had his life violently taken from him. Surely he deserves our best efforts to legally clear his name and to celebrate his legacy of courage and commitment.●

PROFESSIONAL SPORTS FRANCHISES IN SEATTLE

● Mr. GORTON. Mr. President, on February 2, the citizens of Seattle and of Washington State were dealt yet another low blow in their continuing struggle to maintain three professional sports franchises in Seattle. Unfortunately, it now seems that just as one team reaches the pinnacle of success in Seattle, another outsider owner of a local team decides that he no longer wishes to call Seattle its home. Last Friday, the owners of the Seattle Seahawks announced their intention to move the team from Seattle even though they have 10 years remaining on their contract with King County.

Why are they leaving? The Seahawk owners cite inadequate playing facilities and a lack of local government and community support. Lack of support? Consider the numerous years of sell-out crowds in the Kingdome. Consider the local and State subsidies that have supported this organization. If there is no community support, why did the Seahawk organization retire the No. 12 jersey? The number was retired in honor of all the Seahwawak fans who have long served as the ''twelfth man'' on the Seahawks playing field. Lack of support?

As many of my colleagues may know, a great deal of my political career has been focused on maintaining a presence of professional sports franchises in Seattle. My involvement started late one evening in 1970, when the owners of the Seattle Pilots baseball team loaded their moving vans and headed east to Milwaukee, WI, after only 1 year in Seattle. As Washington State attorney, general, I successfully sued the American League to bring a new baseball club to Seattle in 1977—the Seattle Mariners—a suit that also resulted in the creation of the Toronto Blue Jays.

During its first 17 years of existence, the Mariner organization faced many of the expected challenges that confront any new sports franchise. This young baseball team was only able to produce two winning seasons in its first 17 years. While the adversity continued on the field, the difficulties facing the franchise off the field quickly became even more owerwhelming. The Mariners organization suffered increasing financial losses, fueling speculation that the team would leave Sattle. All of the succession of Mariner owerns were underfunded outsiders unable to take the risks necessary for success. Finally in 1992, the threat became a reality, and the owners of the Mariners announced their intentions to move the baseball team to Florida. The fans, myself included reacted. A provision in the Mariners' contract with King County prohibited the midnight-loading of the moving vans. This local-option provision required that prior to any relocation to another city, the team first be put up for sale for 120 days and sold to any local buyers with a reasonable offer. With on 2 weeks left before the 120-day period expired, local business and community leaders, myself included, were able to secure the local resources to purchase the Mariners and keep the Mariners safe at home.

Last fall, after 18 long years, the fans of Washington State, and the team they fought so hard to keep, were finally rewarded when the Seattle Mariners won the American League Western Division Title. This championship fever should be the reward for fans when they dedicate themselves to supporting a professional sports team, not what is currently happening in Seattle and Cleveland.

Unfortunately for the fans of professional sports team, today's loyalty and gratitude given to professional teams is being returned with seriously harsh slaps in the face. Looking for news of a sports franchise relocation? Just open a newspaper. Within the last 18 months, two professional football organizations have moved cities and three more have announced their intentions to move prior to the 1996 season.

Mr. President, something has got to be done to bring some stability back to professional sports. Some question the role of the Government in professional sports leagues. I do not. Professional sports franchises rely on Federal tax dollars, participate in interstate commerce, and affect millions of people across the country. I have no doubt that there is a role for the Federal Government in creating standards and expectations of behavior. That is why I have cosponsored the Fans' Rights Act with my colleagues from Ohio, Senator GLENN and Senator DEWINE.

The Fans' Rights Act, S. 1439, seeks to restore stability and integrity to the current chaos that marks franchise relocations. It does this by giving professional sports league officials the ability to enforce their own rules through a limited antitrust exemption. This

limited exemption will ensure that league officials can block franchise relocations they believe not to be in the best interests of their sport. The bill also provides for a 180-day notice period before any team can move. During that time, public hearings must be held, at which time a home community would have the opportunity to induce the team to stay. Finally, the Fans' Rights Act would prohibit the outrageous practice of teams buying the league's approval of a proposed relocation. Current practices allow the paying of relocation fees to the leagues and individual teams prior to the vote by the individual team owners to approve the move. The bill would require that the relocation fee be paid only after the vote of approval has taken place. The era of professional sports teams moving, only to leave behind fans, businesses, and communities who have invested emotional and financial support must come to an end, and this legislation attempts to do just that.

As chairman of the Consumer Subcommittee within the Commerce Committee, I intend to hold hearings on Fans' Rights Act sometime in early March. I will seek testimony from commissioners of all four professional leagues, player representatives, team owners, and elected officials from cities impacted by franchise relocation.

When this bill comes to the floor, it is also my intention to offer an amendment to include a provision similar to that that kept the Mariners in Seattle in 1992. Essentially, this provision would require a team to be put up for sale to local owners for 120 days prior to any relocation at a price to be set by arbitration. Fan loyalty and local support must be rewarded with local ownership, not the removal of the team.

Unfortunately for the Seahawk fans, even if we could enact the Fans' Rights Act into law tomorrow, this legislation will not reverse the clock in Seattle. The decision to relocate the team has been made, although a lawsuit is pending against the organization is a King County Superior Court, an action I believe likely to succeed. I have been invited by King County Executive Gary Locke to serve on a small task force of business and community leaders who will work together to ensure that professional football in Seattle does not become part of Seattle's fading history.

I would also like to take this opportunity to commend King County Executive Gary Locke, King County Prosecutor Norm Maleng, and members of the King County Council for all of their efforts thus far to save the Seahawks.

In closing Mr. President, I would like to send a message to sports fans in Washington State and around the country. While we are in the midst of troubling times with sports teams coming and sports teams leaving, I would like to assure each of you that your loyalty to professional sports franchises will not go unrewarded. Throughout the 8 weeks of the Mariners playoff excitement this fall, the residents of Seattle and the citizens of Washington State were part of an amazing roller-coaster ride that reached beyond anything that could ever be expected from professional sports. The great sense of community pride and support toward a single team, however, must be rewarded with loyalty from the team back to the community. The Seattle Mariners displayed this loyalty in their final game of the season, when all of the Mariner players came out of the clubhouse 20 minutes after game's end, to applaud the 58,000-plus fans who had encouraged the team during the championship run.

Mr. President, the Seahawks will not move and, I believe, Cleveland will not be deserted by the NFL either.

Mr. President, every fan deserves the opportunity to applaud his or her local sports team, and for loyalty from the owners in return. I hope that passing the Fans' Rights Act can begin to recognize that fans are equal players in the world of sports.●

THE NEED FOR A NATIONAL COMMISSION ON GAMBLING

● Mr. SIMON. Mr. President, I would like to call to the attention of my colleagues a recent column in the Washington Post. Cowritten by our former colleague from Maryland, Joseph Tydings, the column cogently describes the importance of a national study on the social and economic impacts of gambling.

The impacts of gambling are regional, national, and international in scope. Local and State governments simply do not have access to the information they need to make wise decisions. Although local and State task forces and commissions continue to produce reports, these entities are not equipped to deal with the regional and national ramifications of local and State policies and tend to focus only on the short term. As the authors suggest, a national commission would help States a great deal.

Although the column is focused on Maryland, States and municipalities across the country are facing the same choices. Strapped for cash, many turn to casinos, riverboats, and lotteries. Gambling should not be the only choice. Identifying alternative sources of revenue will be prominent among the issues considered by a national commission.

I urge my colleagues to read the column and to work with me and the bipartisan group supporting S. 704, the Gambling Impact Study Commission Act.

I ask that the Washington Post column be printed in the RECORD.

The column follows:

[From the Washington Post, Feb. 6, 1996]

CASINO GAMBLING: BRING IN THE FEDS

(By Joseph Tydings and Peter Reuter)

The recent opening of slot machines at two Delaware race tracks is a small event in itself but is yet another step along the path to coast-to-coast casinos that many states are reluctantly and uncertainly following. Notwithstanding the pressure from the Delaware move, Maryland's Joint Executive Legislative Task Force to Study Commercial Gambling, on which we served as chair and executive director, recommended against casinos last November.

One of the task force's major conclusions has been largely ignored by the media—namely, that the problem of legal casino gambling is a national one; Maryland cannot deal with this on its own. The problem cries out for attention from the president and Congress. Unfortunately, the casino industry has mobilized cash and lobbyists to prevent federal action on the issue.

The Maryland Task Force, in its full report, unhappily noted that, lacking a significant federally funded study, it has a very limited basis for making projections of what would happen if Maryland opened its doors to casinos, which nowadays get 70 percent of their revenues from slot machines. Given the limited statistical and economic analysis available, its opposition to casinos reflected a sensible caution.

Casinos do provide a credible promise of substantial financial gains to those states that are the first in their region to introduce them. Foxwoods casino in Connecticut (owned by the Mashantucket Pequot tribe under 1988 federal legislation that allows Indian tribes to operate casinos on certain tribal lands) now yields that state $115 million in tax revenues. Most of it comes from residents of Massachusetts, Rhode Island and New York who come to play in the world's largest casino. It employs more than 10,000 workers, offering good wages and benefits to many who would otherwise have more menial and unreliable jobs.

Not surprisingly, the state of Massachusetts feels it must also allow slots to compete and is now negotiating with the Wampanoag Indians to let the tribe operate a casino. The state of New York, which created a long legislative and referendum process to prevent a rash decision on casinos, has also responded to Connecticut by starting down a path that could lead to their introduction in 1998.

But the economic gains that entice states to open their doors to casinos are only substantial if neighboring states aren't competing for the same customers. If Maryland were the only state in its region to allow casinos, it might be able to justify building casinos that relied heavily on spending by Virginians, Pennsylvanians, Washingtonians and West Virginians. However, just as the Foxwoods' success had caused Connecticut's neighbors to move toward casinos, so would Maryland's advantage, if any, be short-lived.

The case for casinos has an element of vodoo economics—namely, the claim that providing a new form of entertainment will increase the economic base of the community or state by increasing local spending. Casino expenditures by Maryland citizens would come entirely through reductions in other leisure spending or even in spending on food, shelter and education. Casinos can provide economic development only by attracting spending from other states. Moreover, if casinos lead to greater consumer spending nationally, then clearly it has to come from reductions in people's savings—scarcely a desirable change for a country that chronically undersaves.

There are also important social costs to having casinos readily accessible. Many people have difficulty controlling their gambling, particularly in the artificial environment of a casino where liquor is freely offered and the game is available at all hours. Big gambling losses and the obsessive pursuit of gambling opportunities may lead to

family breakdown and loss of productivity and community involvement. Embezzlement would probably rise. Casino patrons might also make attractive victims for criminal offenses. But whether this is a major problem or just a modest incidental to the simple pleasures of millions is still a matter of debate and in need of serious research.

The opponents of casinos often weaken their case by making exaggerated claims about the social consequences of gambling. Typical is the claim that ''40 percent of all white-collar crimes come from pathological gambling,'' a hardy perennial that appears in all anti-casino writings. It is supposedly the product of the American Insurance Institute. In fact, no such organization exists, and no one has ever been able to locate a copy of a report documenting the claim. Nor is there much more basis for the frequent claim that each problem gambler costs society $30,000 annually.

An authoritative and independent assessment of the economic and social consequences of casinos would help states a great deal. A federal commission needs to do systematic analysis of the kind that state task forces, with their short time horizons and minuscule budgets (ours had six months and a total of $50,000 for its work), cannot muster. There seems to be strong congressional support for such a commission, notwithstanding aggressive lobbying against it by the casino industry.

The national commission would also have to focus on the very troubling issue of Indian tribal gambling. Providing Indian tribes with better economic opportunities is clearly an important and legitimate goal, but when those opportunities result in large costs being borne by the entire nation, then the issue needs to be revisited.

In the meantime, states like Maryland will feel a constant pressure from their neighbors to avoid having good Maryland money turn into Delaware gambling revenues. The growing burden of social services on state finances as the federal government cuts back its support will increase that pressure, so that in the next downturn many states may reluctantly, but irreversibly, become casino states as well. A federal commission and some sensible national policy are needed, as soon.●

OPEN TOBACCO HEARINGS ARE NEEDED

Mr. LAUTENBERG. Mr. President, I rise to make a few comments about Sunday's ''60 Minutes'' program on Dr. Jeffrey Wigand and his statements about what went on inside the Brown & Williamson Tobacco Co.

Mr. President, for those who did not see this interview, Dr. Wigand told the Nation that Brown & Williamson acknowledged that cigarettes are a ''nicotine delivery'' device and that senior management rejected his efforts to make their tobacco products safer.

Dr. Wigand also claimed that Brown & Williamson knowingly used carcinogens in their tobacco products.

Mr. President, if these allegations were found to be true—if Brown & Williamson knew that nicotine was addictive, if the company knew that its products contained carcinogens, if it withheld this information from the public and this resulted in unnecessary death and disease—it would be absolutely unconscionable.

Mr. President, I ask that a transcript of this interview be printed in the RECORD following my remarks.

Mr. President, these accusations made by Dr. Wigand are extremely serious and I believe that Congress and the American people should fully understand the real dangers of tobacco products and all of the recent allegations involving the tobacco industry.

Mr. President, there is so much activity and confusion about tobacco these days.

Let me tell my colleagues about some of the legal matters that are currently pending:

Five States are actively suing the tobacco companies for Medicaid costs associated with tobacco related illnesses of their residents. Other States are seriously considering similar action, including my home State.

On the Federal level, I have introduced legislation to recoup all Medicare and Medicaid costs spent on tobacco related illnesses, some $20 billion a year, directly from the tobacco companies.

There is a multibillion-dollar class action suit against the tobacco companies going on in New Orleans. It is commonly referred to as the Castano case. The plaintiffs are former smokers and survivors who claim that the tobacco companies knew that nicotine was addictive and dangerous but never told their customers.

There is a Justice Department probe underway to investigate whether the seven tobacco companies' CEO's perjured themselves before Congressman WAXMAN's subcommittee when they testified they did not believe nicotine was addictive.

Because of all of these current legal activities, there have been numerous leaks about the dangers of tobacco in the print and television media. However, Congress and the American people are only getting bits and pieces of the entire story because of the intense legal climate surrounding this entire issue.

This is why I wrote a letter to Senators KASSEBAUM and KENNEDY asking them to hold hearings in the Labor and Human Resources Committee about the entire tobacco issue. I have spoken personally to Senator KASSEBAUM and she assured me that she would seriously consider this request. I also spoke with Senator KENNEDY who is deeply interested in all health issues including the health effects of tobacco and would like to set up hearings on this subject.

Mr. President, I ask that a copy of this letter be printed in the RECORD following my remarks.

Mr. President, the Congress, on behalf of the American people, needs to find out the truth about the addictive nature of nicotine, the health effects of tobacco use and all of the recent allegations involving the tobacco industry. We need this information so that we can evaluate the need for legislation regulating the tobacco industry and trying to recoup the cost of tobacco related illnesses.

It is clear that the only way for Congress and the American people to get all of this information is to have open hearings in the Senate—so that we can secure for the record as much information as possible.

On the House side, unfortunately, there is little chance of hearings. Congressman BLILEY, from Richmond, VA, chairman of the Commerce Committee, has indicated that his committee will not permit these issues to be aired.

I hope that things will be different in the Senate. I hope that both Democrats and Republicans will see the value in holding hearings on this critical issue. Only then, will the Congress and the public be fully informed about the dangers of a product that takes over 400,000 lives per year.

Mr. President, we cannot sit idly by and listen to these types of allegations and do nothing.

The material follows:

TRANSCRIPT FROM 60 MINUTES, FEBRUARY 4, 1966

MIKE WALLACE. A story we set out to report six months ago has now turned into two stories: how cigarettes can destroy people's lives; and how one cigarette company is trying to destroy the reputation of a man who refused to keep quiet about what he says he learned when he worked for them. The Company is Brown & Williamson, America's third-largest tobacco company. The man they've set out to destroy is Dr. Jeffrey Wigand, their former $300,000 a year director of research.

They employed prestigious law firms to sue him, a high-powered investigation firm to probe every nook and cranny of his life. And they hired a big-time public relations consultant to help them plant damaging stories about him in The Washington Post, The Wall Street Journal and others. But the Journal reported the story for what they though it was. ''Scant evidence'' was just one of their comments.

CBS management wouldn't let us broadcast our original story and our interview with Jeffrey Wigand because they were worried about the possibility of a multibillion dollar lawsuit against us for ''tortions'' interference—that is, interfering with Wigand's confidentiality agreement with Brown & Williamson. But now things have changed. Last week The Wall Street Journal got hold of and published a confidential deposition Wigand gave in a Mississippi case, a November deposition that repeated many of the charges he made to us last August. And while a lawsuit is still a possibility, not putting Jeffrey Wigand's story on 60 minutes no longer is.

[Footage of Wigand; Brown & Williamson Tower; cigarettes on machine; of tobacco on conveyor belt; tobacco executives testifying before Congress.]

WALLACE (Voiceover). What Dr. Wigand told us in that original interview was that his former colleagues, executives of Brown & Williamson tobacco, knew all along that their tobacco products, their cigarettes and pipe tobacco, contained additives that increased the danger of disease; and further, that they had long known that the nicotine in tobacco is an addictive drug, despite their public statement to the countrary, like the testimony before Congress of Dr. Wigand's former boss, B&W chief executive officer Thomas Sandefur.

Mr. THOMAS SANDEFUR (Chief Executive Officer, Brown & Williamson). I believe that nicotine is not addictive.

Dr. JEFFREY WIGAND (Testifying Against Brown & Williamson). I believe he perjured himself because——

[Footage of congressional hearing.]

Dr. WIGAND (Voiceover). I watched those testimonies very carefully.

WALLACE (Voiceover). All of us did. There was the whole line of people-the-the whole line of CEOs up there, all swearing that——

Dr. WIGAND: And part of the reason I'm here is I felt that their representation, clearly—at least within Brown & Williamson's representation, clearly, misstated what they commonly knew as language within the company: that we're in a nicotine-delivery business.

WALLACE. And that's what cigarettes are for.

Dr. WIGAND. Most certainly. It's a delivery device for nicotine.

WALLACE. A delivery device for nicotine.

Dr. WIGAND. Nicotine.

WALLACE. Put it in your mouth, light it up and you're going to get your fix.

Dr. WIGAND. You'll get your fix.

WALLACE. Dr. Wigand says that Brown & Williamson manipulates and adjusts that nicotine fix, not by artificially adding nicotine, but by enhancing the effect of the nicotine through the use of chemical additive like ammonia. This process is know in the tobacco industry as ''impact boosting.

Dr. WIGAND. While not spiking nicotine, they clearly manipulate it.

[Footage of Brown & Williamson Root Technology handbook.]

WALLACE (Voiceover). The process is described in Brown & Williamson's leaf blender's manual and in other B&W documents.

Dr. WIGAND. There's extensive use of this technology, which is called ammonia chemistry, that allows for nicotine to be more rapidly absorbed in the lungs and, therefore, affect the brain and central nervous system.

[Footage of documents in file cabinet; computer screen; Williams walking; Glantz; Journal of the American Medical Association.]

WALLACE (Voiceover). And then there are these documents, thousands of pages of confidential scientific reports and legal memoranda from B&W's secret files, which experts say support Dr. Wigand's claim that Brown & Williamson's executives have had strong reason to believe all along that nicotine is addictive and that their tobacco products cause cancer and other diseases. Most of these documents had been locked away in B&W's lawyers' confidential files in Louisville, Kentucky, until this man, the paralegal in that law office, Merrill Williams, walked off with them. The documents found their way to Dr. Stanton Glantz, a professor of medicine at the University of California Medical Center in San Francisco. It was Dr. Glantz and a team of scientists from the university who wrote about the documents this past summer in a series of articles in the Journal of the American Medical Association.

What is the story that the documents told you?

Dr. STANTON GLANTZ (University of California Medical Center). They told me that 30 years ago Brown & Williamson and British-American Tobacco, its parent, knew nicotine was an addictive drug, and they knew smoking caused cancer and other diseases.

[Footage of Glantz.]

WALLACE (Voiceover). And Dr. Glantz says these documents reveal how Brown & Williamson was keeping that knowledge from the public.

Dr. GLANTZ. And they also developed very sophisticated legal strategies to keep this information away from the public, to keep this information away from public health authorities.

WALLACE. Dr. Wigand said that the cigarette is basically a nicotine delivery instrument. That's what it's really all about.

Dr. GLANTZ. Yes, absolutely. And they—in the documents, they say that over and over and over again.

[Footage of smokers.]

WALLACE (Voiceover). And finding a way to deliver that nicotine to the smoker's brain without exposing smokers to disease-causing pollutants, like tar that come with tobacco smoke, is one reason, says Dr. Wigand, that he was hired by B&W on January 1st, 1989.

Dr. WIGAND. They were looking to reduce the hazards within cigarettes, reduce the carcinogenic components—or—or list the carcinogens that were within the tobacco products.

WALLACE. They talked about carcinogens to you?

Dr. WIGAND. Talked about carcinogens——

WALLACE. They talked about cancer and heart disease and emphysema and all of those things——

Dr. WIGAND. They talked about——

WALLACE. ——and they were going to work toward making a safer cigarette? You must have been very excited.

Dr. WIGAND. I was enthusiastic and energetic in terms of pursuing that.

[Footage of Wigand; a smoker.]

WALLACE. Dr. Jeffrey Wigand, with a doctorate in biochemistry, had spent nearly 20 years working in the health-care and biotechnology industries. He says his goal at B&W was to make a cigarette that would be less likely to cause disease.

Dr. WIGAND (Voiceover). People will continue to smoke no matter what, no matter what kind of regulations.

If you can provide for those who are smoking and who need to smoke something that produces less risk for them—I thought I was going to be making a difference.

[Footage of newspaper story of Wigand.]

WALLACE (Voiceover). Brown & Williamson made Jeff Wigand vice president for R&D, paying him more than $300,000 a year in salary and perks.

Dr. WIGAND. And I was very inquisitive when I came on. ''Have you ever done any nicotine studies? Have you done any pharmacology studies? Have you done any biological studies? Have you looked at the effect of nicotine on the central nervous system?'' And they always, general categorically, ''No, we don't do that kind of work.''

[Footage of Brown & Williamson Tower; Wigand.]

WALLACE (Voiceover). But according to those thousands of pages from B&W and its parent, British-American tobacco's, confidential files, the company had, in fact, done exactly those kinds of studies. Dr. Wigand says he did not suspect there was anything wrong until he attended a meeting of scientists who worked for British-American tobacco companies from around the world. Dr. Wigand says that his colleagues talked about working together to develop a safer, a less-hazardous cigarette, a cigarette less likely to cause disease. But when it came time to write up their ideas, to create a documentary record of their discussion, B&W's lawyers intervened.

Dr. WIGAND. The minutes that came in were roughly about 18 pages long describ—the co—I knew what was in the content. The—they were rewritten by Kendrick Wells. They were—

WALLACE. Who's he?

Dr. WIGAND. Kendrick Wells was the—one of the staff attorneys at B&W.

WALLACE. And he rewrote the minutes of the meeting?

Dr. WIGAND. He rewrote the minutes of the meeting. He edited out the discussions on safer cigarette and, basically, toned the meeting down.

WALLACE. You're saying that one of the staff attornyes from B&W, here in the United States, whose name was——

Dr. WIGAND. Kendrick Wells.

WALLACE. ——an attorney——

Dr. WIGAND. Mm-hmm.

WALLACE. ——rewrote the minutes of this research meeting with all of the research heads of BAT Industries——

Dr. WIGAND. That's correct.

WALLACE. ——in order to sanitize it, in a sense.

Dr. WIGAND. Sanitize it, as well as reduce any type of exposure associated with discussing a safer cigarette. When you say you're going to have a safer cigarette——

WALLACE. Mm-hmm.

Dr. WIGAND. ——but that now takes everything else that you have available and say it—it's unsafe, and that from a products liability point of view, gave the lawyers great concern.

[Footage of Wells; files; cigarettes on conveyor belt; files.]

WALLACE (Voiceover). Kendrick Wells, the lawyer Dr. Wigand says deleted materials from the minutes of the scientific meeting, is now the assistant general counsel of B&W. Why would B&W lawyers like Kendrick Wells be so concerned? According to B&W's own confidential files, any evidence, any documents that show any B&W tobacco product, like Kools or Viceroys, might be unsafe, those documents would have to be produced in court as part of any lawsuit filed by a smoker or his surviving family. And according to the lawyers, those documents could be disastrous for B&W. So the lawyers took over.

Dr. WIGAND (Voiceover). The lawyers intervened.

And then they purged documents every time there was a reference to a word ''less hazardous'' or ''safer.''

[Footage of Wigand.]

WALLACE (Voiceover). But Dr. Wigand says the lawyers' interference, their editing and review of his reports, did not stop him.

Dr. WIGAND. And I started asking more probing questions and I started digging deeper and deeper. As I dug deeper and deeper, I started getting a bodyguard.

WALLACE. What do you mean a bodyguard?

Dr. WIGAND. I went to a meeting; I now was accompanied by a lawyer. My bodyguard was Kendrick Wells.

[Footage of Wigand; photo of Sandefur.]

WALLACE (Voiceover). Frustrated by the lawyers' intervention and presence at major scientific meetings, Dr. Wigand says he took his complaints to Thomas Sandefur, then the president of B&W.

What'd he say to you?

Dr. WIGAND. ''I don't want to hear any more discussion about a safer cigarette.''

[Still shot of B&W executive.]

WALLACE (Voiceover). And he says Thomas Sandefur went on to tell him——

Dr. WIGAND. ''We pursue a safer cigarette, it would put us at extreme exposure with every other product. I don't want to hear about it anymore.''

WALLACE. All the people who were dying from cigarettes.

Dr. WIGAND. Essentially, yes.

WALLACE. Cancer——

Dr. WIGAND. Cancer.

WALLACE. ——heart disease, things of that nature.

Dr. WIGAND. Emphysema.

[Still shot of Sandefur; footage of Wigand.]

WALLACE. (Voiceover). Lawyers representing B&W and Thomas Sandefur have said that all this, as well as other accounts of conversations with Thomas Sandefur, are absolutely false. We asked Dr. Wigand what his reaction was to what he says was Sandefur's decision to abandon a safer cigarette.

Dr. WIGAND. I would say I got angry.

WALLACE. He was your boss.

Dr. WIGAND. I bit my tongue. I had just transitioned from another—one company to another. I was paid well. It was comfortable.

And for me to do anything precipitous would put my family at risk.

WALLACE. You were happy to take down the 300,000 bucks a year.

Dr. WIGAND. I, essentially, yeah, took the money. I did my job.

WALLACE. So Dr. Wigand abandoned his idea of trying to develop a new and safer cigarette. He turned his attention to investigating the additives, the flavorings, the other compounds in B&W tobacco products. Many, like glycerol, which is used to keep the tobacco in cigarettes moist, are normally harmless. But when glycerol is burned in a cigarette, its chemistry changes.

Dr. WIGAND. Glycerol, when it's burnt, forms a—a very specific substance called acrolein.

[Footage of book; excerpt from book; smokers.]

WALLACE. (Voiceover). According to the American Council on Science and Health, acrolin, or acrolEIN, is extremely irritating and has been shown to interfere with the normal clearing of the lungs. Recent research shows that acrolein acts like a carcinogen, though not yet classified as such. And Dr. Wigand says that B&W continues to add glycerol to their product. But it was another additive that Dr. Wigand says led to the end of his career at B&W.

Dr. WIGAND. The straw that broke the c—the camel's back for me and really put me in trouble with Sandefur was a compound called coumarin.

[Footage of smoker; medical record on mice experiment; B&W documents.]

WALLACE. (Voiceover). Coumarin is a flavoring that provides a sweet taste to tobacco products, but is known to cause tumors in the livers of mice. It was removed from B&W cigarettes, but according to these documents, B&W continued to use it in its Sir Walter Raleigh aromatic pipe tobacco until at least 1992.

Dr. WIGAND. And when I came on board at B&W, they had tried to tend—transition from coumarin to another similar flavor that would give the same taste. And it was unsuccessful.

[Footage of Wigand and Wallace; report.]

WALLACE. (Voiceover). Dr. Wigand says the news about coumarin and cancer got worse. This report by independent researchers, part of a national toxic safety program, presented evidence that coumarin is a carcinogen that causes various cancers.

Dr. WIGAND. I wanted it out immediately. And I was told that it would affect sales and I was to mind my own business. And then I constructed a memo to Mr. Sandefur indicating that I could not, in conscience, continue with coumarin, a product that we now knowingly have documentation that is lung-specific, carcinogen.

WALLACE. Right. Sent the document forward to Sandefur?

Dr. WIGAND. I sent the document forward to Sandefur. I was told that—that we would continue working on a substitute, and we weren't going to remove it because it would impact sales. And that's—that was his decision.

WALLACE. In other words, what you're charging Sandefur with and Brown & Williamson with is, ''ignoring health considerations consciously''.

Dr. WIGAND. Most certainly.

[Footage of Wigand].

WALLACE (Voiceover). After his confrontations over coumarin, Dr. Wigand says he was not surprised when, on March the 24th, 1993, Thomas Sandefur, newly promoted to chief executive officer, CEO of B&W, had him fired.

And the reason for firing that he gave you?

Dr. WIGAND. Poor communication skills, just not cutting it, poor performance.

[Footage of Wigand and his family at dinner table.]

WALLACE (Voiceover). When Dr. Wigand, who has a wife and two young daughters, was fired by Brown & Williamson tobacco, his contract provided severance pay and critical health benefits for his family, critical because one of his children requires expensive daily health care. Several months after he was fired, B&W decided to sue their former head of R&D and they cut off his severance and those vital health benefits.

Dr. WIGAND. They said I violated my confidentiality agreement by discussing my severance package.

[Footage of Wigand and Lucretia walking.]

WALLACE (Voiceover). Lucretia Wigand says that the firing and B&W's suspension of benefits was devastating.

Mrs. LUCRETIA WIGAND (Dr. Jeffrey Wigand's Wife). We almost lost our family as a unit. Jeff and I almost separated.

WALLACE. Why?

Mrs. WIGAND. Because he was under so much stress and sto—so much pressure that it was something that we needed help dealing with. We went to counseling and we worked through it.

WALLACE. And this was, you think, started—triggered by the business with B&W?

Mrs. WIGAND. Yes. I know it was.

[Footage of Wigand in his kitchen; document.]

WALLACE (Voiceover). B&W settled that lawsuit we mentioned and reinstated those critical health benefits, only after Dr. Wigand agreed to sign a new, stricter, lifelong confidentiality agreement.

Nontheless, word of Dr. Wigand's battles with Brown & Williamson attracted attention in Washington, where, in the spring of 1994, Democratic Congress and the FDA, the Food & Drug Administration, were investigating the tobacco industry. Dr. Wigand was contacted by their investigators, and after notifying Brown & Williamson, he talked with those investigators. Shortly afterward, he was stunned by a couple of anonymous telephone calls.

Dr. WIGAND. And in April 1994, on two separate occasions, I had life threats on my kids.

WALLACE. What?

Dr. WIGAND. We had life threats on my kids.

[Footage of Wigand and Wallace.]

WALLACE (Voiceover). Dr. Wigand told us he doesn't know where they came from, but that, understandably, they frightened him. He described the threats by referring to his diary.

Dr. WIGAND. ''A male voice that was on the phone that said, 'Don't mess with tobacco anymore. How are your kids?'' Then on April 28th, around 3:00 in the afternoon, relative the same voice—he says, ''Leave tobacco alone or else you'll find your kids hurt. They're pretty girls now.'' So I got scared. I started carrying a gun.

WALLACE. Really?

Dr. WIGAND. Yep. Started carrying a handgun.

Mrs. WIGAND. Someone called and threatened to—to kill him and to hurt the family if he messed with the tobacco industry.

WALLACE. That was last August. Now in February, Lucretia Wigand has filed for divorce, citing spousal abuse, just one of the accusations Brown & Williamson is using in their full-throated campaign to discredit Jeffrey Wigand. That report when we return.

[Commercial break.]

WALLACE. Today, three years after he was fired by Brown & Williamson, Dr. Jeffrey Wigand is the star witness in a US Justice Department criminal investigation into the tobacco industry, which includes the question of whether B&W's former CEO lied to the US Congress when he said that he believed that nicotine was not addictive. But Dr. Wigand is paying a heavy price for his decision to testify, as well as for breaking his confidentiality agreement by talking to us. His family life has been shattered, his reputation has been tarnished because of B&W's massive campaign designed to silence him and to discredit this former research chief turned whistle-blower.

They're trying to do what they can to paint you as irresponsible, a liar——

Dr. WIGAND. Well, I think the word they've used, Mike, is a ''master of deceit.''

WALLACE. You wish you hadn't come forward? You wish you hadn't blown the whistle?

Dr. WIGAND. There are times I wish I hadn't done it, but there are times that I feel compelled to do it. I—if you ask me if I would do it again or if it—do I think it's worth it, yeah, I think it's worth it. I think in the end people will see the truth.

[Footage of state attorneys general of Florida, Minnesota and Mississippi.]

WALLACE (Voiceover). Well, these three men have seen the same truth as Wigand. They are the state attorney's general of Florida, Minnesota and Mississippi, where Dr. Wigand is testifying in a multibillion-dollar lawsuit against the tobacco industry. Mike Moore is attorney general of Mississippi.

Mr. MOORE. Jeffrey's testimony is going to be devastating, Mike, to the tobacco industry, so devastating that I fear for his life. I think——

WALLACE. Are you serious?

Mr. MOORE. I'm—I'm very serious. The information that Jeffrey has, I think, is the most important information that has ever come out against the tobacco industry. This industry, in my opinion, is an industry who has perpetrated the biggest fraud on the American public in history. They have lied to the American public for years and years. They have killed millions and millions of people and made a profit on it. So I hope that they won't continue to lie and try to destroy Jeffrey like they destroyed the other lives of people all over this country.

[Footage of newspaper clippings; Wigand and Wallace; The Investigative Group Inc. sign.]

WALLACE [Voiceover]. The campaign to destroy Dr. Jeffrey Wigand began over two months ago in the midst of a media frenzy over our failure to broadcast our August interview with him. Brown & Williamson sued Dr. Wigand for talking to us, despite his confidentiality agreement. And they got a court order in Kentucky to try to silence him from speaking out further. Then investigators hired by B&W fanned out across the country looking for anything they could use to discredit the whistle-blower.

Dr. WIGAND. They've been going around to my family, my friends, digging up and digging here and digging there.

WALLACE. Then their lawyers—and B&W has a half-dozen major firms working on the Jeff Wigand case—their lawyers compiled the results of their nationwide dragnet into a summary that alleges that, in recent years, Dr. Wigand pled guilty to everything from wife-beating to shoplifting. Beyond that, they charged him with a multitude of sins, from fudging his resume to making a false claim three years ago for $95.20 for dry cleaning.

[Footage of Scanlon.]

WALLACE (Voiceover). Then Brown & Williamson retained John Scanlon to get their story to the media. Scanlon is a fixture of the New York media scene, who has close, personal relationships with print and television reporters and producers, as well as editors and publishers. We asked him to sit down and discuss the charges he has been

circulating to me and other reporters, but he declined. But Scanlon did make this statement to a CBS News camera crew.

Mr. JOHN SCANLON (New York). He's running from cross-examination. His victims have decided to respond and present evidence that he is, in fact, a habitual liar.

Dr. WIGAND. The smear campaign—it's been very systematic, very organized, very well done.

(Speaking to class). My background is I have a PhD in biochemistry.

[Footage of Wigand teaching class; news broadcast.]

WALLACE (Voiceover). Today Dr. Wigand is a $30,000 a year science teacher at a Louisville, Kentucky, public high school. And his students, his faculty colleagues and his family were stunned last month when a Louisville television station broadcast some of Brown & Williamson's accusations.

Unidentified Reporter (From news broadcast). Court records show Wigand was charged with theft by unlawful taking and shoplifting.

[Footage of document; article in The Wall Street Journal; Gordon Smith.]

WALLACE (Voiceover). Then the Brown & Williamson 500-page dossier on Wigand was given to The Wall Street Journal, who investigated the charges. And last Thursday in this front-page story, The Journal reported that, quote, ''a close look at the file and independent research by this newspaper into its key claims indicates that many of the serious allegations against Dr. Wigand are backed by scanty or contradictory evidence.'' And they continued, quote, ''Some of the charges, including that he pleaded guilty to shoplifting, are demonstrably untrue.'' We put that Journal statement to Gordon Smith, an attorney designated by Brown & Williamson to talk to us.

The Wall Street Journal went through all of that material. It says that what—the dossier that you put together: ''scant evidence.''

Mr. SMITH. Mr. Wallace, that's dead wrong. There is not scant evidence. The Wall Street Journal did not——

WALLACE. It——

Mr. SMITH. ——did not go over the scores—literally scores of untruths told by Jeff Wigand that we showed to them.

[Footage of Smith and Wallace.]

WALLACE (Voiceover). And Gordon Smith went on at some length to say that Wigand's life, quote, ''is a pattern of lies.''

Well, I don't understand, frankly, Mr. Smith. I really don't understand. Brown & Williamson must be in a panic if they are going after this man as hard as you are.

Mr. SMITH. You're wrong. There are no material inaccuracies in that book, none whatsoever.

[Footage of performance appraisal document on Wigand; Wigand; letter.]

WALLACE (Voiceover). But not included in that dossier were Brown & Williamson's own personnel records, which showed that Wigand had received good performance appraisals for the first three years from B&W. In his fourth year, however, those appraisals turned sour. But despite that, even after he was fired, he received this letter from Brown & Williamson's personnel director.

''To whom it may concern, Dr. Jeffrey Wigand was instrumental in the development of new products, as well as the major impetus behind a significant upgrade in our R&D technical capabilities, both in terms of people and equipment. During his tenure at Brown & Williamson, Dr. Wigand demonstrated a high level of technical knowledge and expertise.''

And this is on your own stationery, your own man saying bad about him.

Mr. SMITH. Mike, Brown & Williamson refused to be a reference for Jeff Wigand after he left. This letter was negotiated with his attorney, and it was the only statement Brown & Williamson would ever make about him because Brown & Williamson did not want to be a reference for Jeff Wigand.

[Footage of Smith and Wallace.]

WALLACE (Voiceover). And Mr. Smith had this to say about our relationship with Jeffrey Wigand.

Mr. SMITH. You're being led along by a guy who's not believable. You're getting half the story.

WALLACE. Well, then why——

Mr. SMITH. You—you—and you've got—you've got a—a vested interest in making this man credible.

WALLACE. Why do we have a vested interest?

Mr. SMITH. CBS has—has paid this guy $12,000.

WALLACE. For what?

Mr. SMITH. I believe for consulting.

WALLACE. Now wait just a moment. Let's get this straight. Paid him $12,000 for what?

Mr. SMITH. To consult on a story for CBS.

WALLACE. For the record, as we explained to Mr. Smith, 60 Minutes did, in fact, hire Dr. Wigand two years ago to act as our expert consultant to analyze nearly 1,000 pages of technical documents leaked to us, not from Brown & Williamson, but from inside Philip Morris, another tobacco company. At that time, Dr. Wigand told us he would not talk with us about Brown & Williamson. And he did not, until over a year later.

Dr. WIGAND. I felt an obligation to tell the truth. There were things I saw, there were things I learned, there was things I observed that I felt—that need to be told. The focus continues to be on what I would call systematic and aggressive ta—tactics to undermine my credibility and my—some of my personal life.

WALLACE. But you expected that, didn't you?

Dr. WIGAND. Well, I didn't expect to the extent it would—it's happened, OK? It's—it's disrupted not only my life—I'm in divorce proceedings now.

[Footage of state attorneys general.]

WALLACE (Voiceover). These three state attorneys general say that no matter what B&W's accusations are, they remain convinced that what Wigand has to say about the tobacco industry in general, and Brown & Williamson in particular, is thoroughly credible.

They are suing the tobacco industry for the billions of dollars in state Medicaid costs their states have paid to treat people who have become ill from smoking. Minnesota Attorney General Hubert Humphrey III.

Mr. HUBERT HUMPHREY III (Minnesota Attorney General). We want to see the full truth come out. We want the deception and fraud and the violations of our state laws stopped. And we want people that are making the money on this product to bear the full cost of the health-care burden that is there.

[Footage of state attorneys general.]

WALLACE (Voiceover). Bob Butterworth is the attorney general of Florida.

Mr. BOB BUTTERWORTH (Florida Attorney General). The issue has been deceit.

WALLACE. Deceit.

Mr. BUTTERWORTH. Pure and simple deceit. The cigarette companies made a decision that they would withhold valuable information from the American public, information that the consumer would need to make a—an intelligent decision as to whether or not they wish to smoke or not to smoke.

[Footage of Moore.]

WALLACE (Voiceover). Again, Mississippi Attorney General Mike Moore.

Mr. MOORE. I'm used to dealing with—with cocaine dealers and—and crack dealers, and I have never seen damage done like the tobacco company has done. There's no comparison. Cocaine kills 10,000, 15,000 people a year in this country. Tobacco kills 425,000 people a year.

Mr. SMITH. Mike, it's absurd to suggest that tobacco is any way like cocaine in terms of addiction. It's absolutely absurd to suggest that. Brown & Williamson makes a lawful product. They sell it and make it in a lawful way.

WALLACE Well, then why do 425,000 people die every year—according to all medical and scientific evaluations, die of smoking cigarettes? Why?

Mr. SMITH. Mike, 50 million people choose to use tobacco and smoke.

WALLACE. So on a cost-benefit ratio, it's only 425,000 people who die out of the 50 million?

Mr. SMITH. No, Mike.

WALLACE. That's—that's a—a—a small fraction. Is that the point you're making?

Mr. SMITH. No, Mike, not at all. People choose to smoke. People choose to stop smoking. I think you used to smoke and you chose to stop smoking.

WALLACE. That's right.

Mr. SMITH. It's their choice. It's a lawful product. It's marketed and manufactured lawfully.

[Footage of Wigand and Wallace.]

WALLACE (Voiceover). B&W has questioned Dr. Wigand's character. But he says that's just a smoke screen, and he has some questions for Brown & Williamson.

Dr. WIGAND. Why don't they deal with the issue of whether they can develop or—a safer cigarette? Why don't they deal with the issue of using—and knowingly using additives that are known to be carcinogenic in order not to influence sales? Why don't we deal with that issue?

WALLACE. Brown & Williamson did answer some of Dr. Jeffrey Wigand's questions for us. They told us they have removed coumarin—that's carcinogenic flavoring—from their Sir Walter Raleigh aromatic pipe tobacco, but they insist it never posed a health risk to smokers. B&W lawyer Kendrick Wells declined to talk to us, but he did deny, in testimony last week, Dr. Wigand's charge that he had altered the minutes of that scientific meeting. And B&W says the truth will come out in the end when they get a chance to cross-examine Dr. Wigand under oath.

And they insist that we, CBS, cannot report on this story objectively since we are indemnifying Dr. Wigand in B&W's lawsuit against him. Two months ago CBS agreed to do that after a leak resulted in the disclosure of Dr. Wigand's identity before he was prepared to go public. Though still unaware of where that leak had come from, CBS decided to take financial responsibility for the impact that leak had on Dr. Wigand because it exposed him to a lawsuit by Brown & Williamson.

A footnote.

[Footage of That Courier-Journal headline and article.]

WALLACE (Voiceover). This banner headline yesterday in the Louisville Courier-Journal, B&W's hometown newspaper, about charges their employees and engaged in smuggling and bribes in Louisiana.

In that story, the US attorney in New Orleans says, ''Look for some indictments in the very near future.''

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FEBRUARY 5, 1996.

Hon. NANCY L. KASSEBAUM,
Chairwoman, Committee on Labor and Human Resources, U.S. Senate, Washington, DC.
Hon. EDWARD M. KENNEDY,
Ranking Member, Committee on Labor and Human Resources, U.S. Senate, Washington, DC.

DEAR SENATORS KASSEBAUM AND KENNEDY: I am writing to urge you to schedule hearings in your Committee on recent disclosures about the health effects of tobacco products and the nicotine contained in them. I believe that recent legal tactics by the tobacco industry have led to the suppression of vital public health information about Congress. Consequently, Members of Congress have had to rely on leaks and incomplete information concerning the health effects of tobacco and nicotine. It would be an enormous service to Congress for your Committee to hold comprehensive hearings on this matter because there are at least 42 bills affecting the growth, sale and promotion of tobacco products pending before Congress.

1995 was a year full of revelations about the tobacco industry and the content of its cigarettes. There were various articles on allegations of nicotine manipulation by tobacco companies. Despite this trickling out of information on the dangers of tobacco, there were two infamous incidents in 1995 that set dangerous precedents.

First, Philip Morris sued Capital Cities/ABC for $10 billion over its report that this tobacco giant ''spiked'' its cigarettes with nicotine. R.J. Reynolds later filed a similar lawsuit against Capital Cities/ABC. These two companies pressured Capital Cities/ABC to settle these suits despite the fact that its story appeared to be factually supported by interviews and internal company documents.

Second, the CBS news program 60 Minutes canceled an interview with a former Brown and Williamson tobacco executive due to fears of a lawsuit, even though its reporters believed in the accuracy of the interview and the reporting. While CBS has subsequently agreed to air this piece, it apparently has done so only because of a recent leak in the Wall Street Journal involving the same former executive.

These two episodes have sent a chilling message to the media about reporting new information on the health consequences of tobacco. If these two major broadcast networks are intimidated by these tobacco companies, then smaller news organizations would seem to face even greater challenges in reporting important stories on the health effects of tobacco and nicotine. The mere threat of legal action will likely force the suppression of critical information on tobacco and nicotine from being reported in the press and subsequently used by Members of Congress. Therefore, it appears that the only way that Congress will be able to get complete information on the health effects of tobacco and nicotine is if your Committee holds comprehensive hearings.

I know that you will conduct balanced hearings and I fully expect that you would include witnesses from all points of view, including representatives of the tobacco industry. This will allow Congress, and the American people, to hear all sides and be fully informed about the health effects of tobacco and nicotine. This will also allow Congress to consider pending legislation affecting tobacco in a well educated manner.

Thank you for your consideration of this request. I would be happy to work with you so that these hearings can be held as soon as possible.

Sincerely,

FRANK LAUTENBERG.

ORDERS FOR RECONVENING OF THE SENATE

Mr. DOLE. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 11 a.m. on Friday, February 9, and that following the prayer there be a period for morning business not to extend beyond the hour of 1 p.m. with the time to be equally divided between the two parties, and that following the use or yielding back of the morning business time the Senate automatically stand in recess until Tuesday, February 13, at 10:30 a.m. for a pro forma session only, and that immediately following convening, the Senate stand in recess until 10:30 a.m. on Friday, February 16 for a pro forma session only, and that immediately following convening that day the Senate stand in recess until 11 a.m. on Tuesday, February 20, 1996, and that following the prayer there be a period for routine morning business not to extend beyond the hour of 1 p.m. with the time to be equally divided between the two parties, and that following the use or yielding back of time the Senate automatically stand in adjournment until 11 a.m. on Friday, February 23, 1996.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. I further ask unanimous consent that following the prayer on Friday, February 23, the Journal of proceedings be deemed approved to date, no resolutions come over under the rule, the call of the calendar be dispensed with, the morning hour be deemed to have expired, and the time for the two leaders be reserved for their use later in the day, and there then be a period for morning business not to extend beyond the hour of 1 p.m. with the time equally divided between the two parties, and that following the use or yielding back of time, morning business be closed and the Senate then turn to the conference report to accompany the District of Columbia appropriations bill, and the conference report be considered as read.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. On Friday, February 23, the Senate will conduct a period for morning business, and following morning business it will be the majority leader's intention to file a cloture motion on the District of Columbia appropriations conference report. Therefore, votes will not occur on Friday, February 23.

It will be the majority leader's intention to set the cloture vote on the D.C. appropriations conference report for Tuesday, February 27, 1996, at 2:15 p.m.

I further ask that when the Senate completes its business on Friday, February 23, it stand in recess until 3 p.m. on Monday, February 26; that immediately following the prayer, Senator AKAKA be recognized to read Washington's Farewell Address. It will be the leader's intention to then recess following the address until 11 a.m. on Tuesday, February 27, 1996.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDERS FOR TUESDAY, FEBRUARY 27, 1996

Mr. DOLE. I further ask that when the Senate completes its business on Monday, February 26, it stand in recess until 10 a.m. on Tuesday, February 27, and that following the prayer there be a period for the transaction of morning business not to extend beyond the hour of 10:30 a.m., with Senators permitted to speak for up to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. I further ask that at 10:30 a.m., there be 2 hours to be equally divided in the usual form for debate with respect to cloture on the D.C. appropriations conference report.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. I ask that the Senate stand in recess between the hours of 12:30 p.m. and 2:15 p.m. on Tuesday, February 27, in order for the weekly party conferences to meet.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Again, for the information of all Senators, the first rollcall vote will occur at 12:15 on Tuesday, February 27, 1996, and that vote will be a cloture vote with respect to the D.C. appropriations conference report.

ACCOMPLISHMENTS OF THE SENATE

Mr. DOLE. Mr. President, let me indicate that I think we have accomplished a great deal this year in the Senate, and we will accomplish a great deal more. Normally there is a period of recess for Lincoln's birthday so Republicans can go out and do whatever they do during that week, and then there is a later period of a week for Democrats.

I regret that we could not adjourn the Senate to accommodate many members of the staff who will now be required probably to stay here, because if we take a look at last year, we came in early in January and stayed throughout the year with hardly any breaks. I am not complaining about that, but those are the facts. I should know. I think we may have set records with the number of votes and the number of hours in session. It was truly a remarkable year, and we accomplished a great deal. We have a great deal more to do this year. I regret that we were unable to just recess. There will be no votes until February 27, and perhaps members of the staff whom I am looking at now can work out some little time to have some relaxation and rest because they certainly deserve it. We have had long sessions. We have been in late at night and some of us were here during the holidays negotiating with the President trying to work out a budget agreement. We do not have it yet.

America's Governors may have moved it along a little bit. We are still not in accord with the President, and we hope that might be possible. I must say the American people will only accept a good agreement, not a game of arithmetic, but policy changes that will mean a great deal to the American people, bring interest rates down a couple of percent so that when you buy a home or car or borrow money for one of your children going to college or whatever, you will pay 2 percent less interest. The American people can understand that. That is what the first session was all about, and that is what the second session is going to be all about.

In the meantime, today we passed historic farm legislation. We passed a very significant DOD authorization report. We passed a START II Treaty which the President requested in his State of the Union Message. We had all the work done before and we were just waiting for a vote.

We also passed the telecommunications bill, probably the biggest jobs bill in this decade. We have done all that plus public housing reform, which was very significant legislation.

So I do not want the RECORD to only reflect the statements I heard earlier from my friend from Ohio, Senator GLENN, and the Senator from Michigan, Senator LEVIN, that it has been sort of a waste of time. Because there will be no votes does not mean that there will not be hearings and progress, and I am certain my colleagues on both sides of the aisle will either be here working or be at home working. I think that from time to time it is good to go home and find out what the people are thinking.

It is not 3 weeks. It is about 2 weeks—10 days—10 days. So we will be back. In the interim, if there is anything that should be done, obviously we are going to be in here on this Friday, and next week there are pro forma sessions, and then we are in again for a couple hours each day and we can take care of any business that might come before the Senate.

So I want to thank all of my colleagues for their help and their cooperation so far this year. It is going to be a long year. There will be a lot of work to do, but I believe we can accomplish what we set out to do in the first place—welfare reform, balance the budget, regulatory reform, tax relief for families with children, all those things that are so necessary if we are going to get the economy moving again and if we are going to have that hope and optimism that the American people are looking for. So I thank the Presiding Officer.

ORDER FOR RECESS

Mr. DOLE. If there is no further business to come before the Senate, I move we stand in recess under the previous order following the remarks of Senator DASCHLE.

The PRESIDING OFFICER. The question is on agreeing to the motion.

The motion was agreed to.

Mr. DOLE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate stand in recess for 2 minutes.

There being no objection, the Senate, at 6:31 p.m., recessed until 6:34 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. ASHCROFT).

The PRESIDING OFFICER. In my capacity as a Senator from the State of Missouri, I suggest the absence of a quorum.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

The PRESIDING OFFICER. The Chair, in his capacity as a Senator from the State of Missouri, asks unanimous consent that the order for the quorum call be rescinded.

Without objection, it is so ordered.

RECESS UNTIL FRIDAY, FEBRUARY 9, 1996, AT 11 A.M.

The PRESIDING OFFICER. Under the previous order, the Senate now stands in recess until 11 a.m. on Friday, February 9.

Thereupon, the Senate, at 6:43 p.m., recessed until Friday, February 9, 1996, at 11 a.m.