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October 28 (legislative day, October 26), 1995

Ordered to be printed as passed

In the Senate of the United States,

October 28 (legislative day, October 26), 1995.

Resolved, That the bill from the House of Representatives (H.R. 2491) entitled ''An Act to provide for reconciliation pursuant to section 105 of the concurrent resolution on the budget for fiscal year 1996'', do pass with the following

AMENDMENT:

Strike out all after the enacting clause and insert:

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Balanced Budget Reconciliation Act of 1995''.

SEC. 2. TABLE OF TITLES.

The table of titles for this Act is as follows:

Title I. Committee on Agriculture, Nutrition, and Forestry.
Title II. Committee on Armed Services.
Title III. Committee on Banking, Housing, and Urban Affairs.
Title IV. Committee on Commerce, Science, and Transportation.
Title V. Committee on Energy and Natural Resources.
Title VI. Committee on Environment and Public Works.
Title VII. Committee on Finance—Spending Control Provisions.
Title VIII. Committee on Governmental Affairs.
Title IX. Committee on the Judiciary.
Title X. Committee on Labor and Human Resources.
Title XI. Committee on Veterans' Affairs.
Title XII. Committee on Finance—Revenue Provisions.
Title XIII. Miscellaneous Provisions.

TITLE I—COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

SEC. 1001. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This title may be cited as the "Agricultural Reconciliation Act of 1995".

(b) TABLE OF CONTENTS.—The table of contents of this title is as follows:

Sec. 1001. Short title; table of contents.

Subtitle A—Commodity Programs

Sec. 1101. Eligibility for enrollment in annual programs.
Sec. 1102. Rice program.
Sec. 1103. Cotton program.
Sec. 1104. Feed grain program.
Sec. 1105. Wheat program.
Sec. 1106. Milk program.
Sec. 1107. Oilseeds program.
Sec. 1108. Sugar program.
Sec. 1109. Acreage base and yield system.
Sec. 1110. Extension of related price support provisions.
Sec. 1111. Repeal of miscellaneous authorities.
Sec. 1112. Commodity Credit Corporation interest rate.
Sec. 1113. Peanut program.
Sec. 1114. Catastrophic crop insurance coverage.
Sec. 1115. Savings adjustment.
Sec. 1116. Sense of the Senate regarding tax provisions relating to ethanol.
Sec. 1117. Effective date.

Subtitle B—Conservation

Sec. 1201. Conservation.

Subtitle C—Agricultural Promotion and Export Programs

Sec. 1301. Market promotion program.
Sec. 1302. Export enhancement program.
Sec. 1303. Export of sunflowerseed oil and cottonseed oil.

Subtitle D—Nutrition Assistance

CHAPTER 1—FOOD STAMP PROGRAM

Sec. 1401. Treatment of children living at home.
Sec. 1402. Optional additional criteria for separate household determinations.
Sec. 1403. Adjustment of thrifty food plan.

Sec. 1404. Definition of homeless individual.
Sec. 1405. State options in regulations.
Sec. 1406. Energy assistance.
Sec. 1407. Deductions from income.
Sec. 1408. Amount of vehicle asset limitation.
Sec. 1409. Benefits for aliens.
Sec. 1410. Disqualification.
Sec. 1411. Employment and training.
Sec. 1412. Income calculation.
Sec. 1413. Comparable treatment for disqualification.
Sec. 1414. Cooperation with child support agencies.
Sec. 1415. Disqualification for child support arrears.
Sec. 1416. Permanent disqualification for participating in 2 or more States.
Sec. 1417. Work requirement.
Sec. 1418. Disqualification of fleeing felons.
Sec. 1419. Electronic benefit transfers.
Sec. 1420. Minimum benefit.
Sec. 1421. Benefits on recertification.
Sec. 1422. Failure to comply with other welfare and public assistance programs.
Sec. 1423. Allotments for households residing in institutions.
Sec. 1424. Collection of overissuances.
Sec. 1425. Termination of Federal match for optional information activities.
Sec. 1426. Work supplementation or support program.
Sec. 1427. Private sector employment initiatives.
Sec. 1428. Reauthorization of appropriations.
Sec. 1429. Optional State food assistance block grant.
Sec. 1430. Effective date.

Chapter 2—Child Nutrition Programs

Part I—Reimbursement Rates

Sec. 1441. Termination of additional payment for lunches served in high free and reduced price participation schools.
Sec. 1442. Lunches, breakfasts, and supplements.
Sec. 1443. Free and reduced price breakfasts.
Sec. 1444. Conforming reimbursement for paid breakfasts and lunches.

Part II—Grant Programs

Sec. 1451. School breakfast startup grants.

Part III—Other Amendments

Sec. 1461. Child and adult care food program.

Chapter 3—Additional Savings

Sec. 1471. Earnings of students.
Sec. 1472. Standard deduction.
Sec. 1473. Vendor payments for transitional housing counted as income.
Sec. 1474. Extending claims retention rates.
Sec. 1475. Reauthorization of Puerto Rico nutrition assistance program.
Sec. 1476. Value of food assistance.
Sec. 1477. Commodity assistance.
Sec. 1478. Summer food service program for children.
Sec. 1479. Special milk program.

Sec. 1480. Nutrition education and training programs.
Sec. 1481. Effective date.

CHAPTER 4—EFFECTIVE DATE

Sec. 1491. Effective date.

Subtitle A—Commodity Programs

SEC. 1101. ELIGIBILITY FOR ENROLLMENT IN ANNUAL PROGRAMS.

(a) IN GENERAL.—Title III of the Agricultural Act of 1949 (7 U.S.C. 1447 et seq.) is amended to read as follows:

"TITLE III—ANNUAL PROGRAMS FOR 1996 THROUGH 2002 CROPS

"SEC. 301. ELIGIBILITY FOR ENROLLMENT IN ANNUAL PROGRAMS.

"(a) IN GENERAL.—To be eligible for enrollment in 1 or more of the annual programs established under this title, the land on a farm must have been enrolled in 1 or more of the annual programs established under this Act for rice, upland cotton, feed grains, or wheat for a total of at least 3 of the 1991 through 1995 crop years, as determined by the Secretary.

"(b) ADDITIONAL CRITERIA.—In addition to the requirements of subsection (a), for the purpose of determining the eligibility of land for enrollment in 1 or more of the annual programs established under this title, the Secretary shall include acreage on the farm considered planted under section 503(c), including a certification of crop acreage base

filed with the Secretary in order to preserve base history, for any of the 1991 through 1995 crops.

"(c) ELIGIBILITY TO RECEIVE PAYMENTS AND LOANS.—Enrollment in the annual program for a program crop shall be required as a condition of the receipt of any payment or loan under this title for the program crop.".

(b) CONFORMING AMENDMENTS.—The Agricultural Act of 1949 is amended—

(1) in title I (7 U.S.C. 1441 et seq.)—

(A) by striking all sections other than sections 101B, 103B, 104(d), 105B, 106, 106A, 106B, 107B, 108B, 111, 114, and 115; and

(B) by moving sections 101B, 103B, 105B, and 107B to the end of title III (as amended by subsection (a)) and redesignating the sections as sections 302, 303, 304, and 305, respectively;

(2) in title II (7 U.S.C. 1446 et seq.), by striking all sections other than sections 202, 204, 205, and 206; and

(3) by striking title VI (7 U.S.C. 1471 et seq.).

SEC. 1102. RICE PROGRAM.

Section 302 of the Agricultural Act of 1949 (as redesignated by section 1101(b)(1)(B)) is amended—

(1) by striking the section heading and inserting the following:

"SEC. 302. LOANS AND PAYMENTS FOR THE 1991 THROUGH 2002 CROPS OF RICE.";

(2) in subsection (a)—

(A) in paragraph (1), by striking "1995" and inserting "2002";

(B) in paragraph (3), by striking "1995" and inserting "2002"; and

(C) in paragraph (5)(D)(i), by striking "August 1, 1991, and ending July 31, 1996" and inserting "August 1, 1996, and ending July 31, 2003";

(3) in subsection (b)(1), by striking "1995" and inserting "2002";

(4) in subsection (c)(1)—

(A) in subparagraph (A), by striking "1995" and inserting "2002";

(B) in subparagraph (B)—

(i) in clause (ii)—

(I) in the clause heading, by striking "AND 1995" and inserting "THROUGH 2002"; and

(II) by striking "and 1995" and inserting "through 2002";

(ii) by redesignating clause (iii) as clause (iv);

(iii) by inserting after clause (ii) the following:

"(iii) MAXIMUM PAYMENT RATE.—The payment rate for rice under this subsection shall not exceed (per hundredweight) $4.21 for the 1996 crop, $4.19 for the 1997 crop, $3.86 for the 1998 crop, $3.48 for the 1999 crop, $3.23 for the 2000 crop, $2.89 for the 2001 crop, and $2.66 for the 2002 crop."; and

(iv) in clause (iv) (as so redesignated), by striking "1995" and inserting "2002";

(C) in subparagraph (C)—

(i) in clause (i), by striking "within the permitted acreage"; and

(ii) in clause (ii)—

(I) by striking "85 percent" and inserting "70 percent"; and

(II) by striking "less the quantity" and all that follows through "(e)(2)(D))";

(D) in subparagraph (D)—

(i) in the subparagraph heading, by striking "50/85" and inserting "25/75";

(ii) in clause (i)—

(I) by striking "an acreage" and all that follows through "rice and";

(II) by striking "15 percent" each place it appears and inserting "25 percent";

(III) by striking "1997 crops (except as provided in clause (v)(II))" each place it appears and inserting "2002 crops";

(IV) by striking "(except as provided in subparagraph (E))" each place it appears and inserting "or alternative crops described in subparagraph (E)"; and

(V) in subclause (I), by striking "for the purpose" and all that follows through "(e)(2)(D)";

(iii) in clause (ii), by striking "50 percent" and inserting "25 percent";

(iv) in clause (iii), by striking "(or other uses as provided in subparagraph (E))" and inserting "or alternative crops described in subparagraph (E)";

(v) in clause (v)—

(I) in the clause heading, by striking "PREVENTED PLANTING AND REDUCED" and inserting "REDUCED";

(II) in the first sentence of subclause (I), by striking "under subsection (e)"; and

(III) in subclause (II)—

(aa) in the subclause heading, by striking "1997" and inserting "2002";

(bb) by striking "1997" and inserting "2002";

(cc) by striking "if an acreage limitation" and all that follows through "(aa) the" and inserting "if the";

(dd) by striking "be prevented from planting the crop or";

(ee) by striking "8 percent" the first place it appears and inserting "25 percent"; and

(ff) by striking "uses; or" and all that follows through the period at the end of the subclause and inserting "uses.";

(vi) in clause (vi), by striking "permitted rice" and all that follows through "this subparagraph" and inserting "rice payment acres of the farm was devoted to conserving uses or alternative crops described in subparagraph (E)"; and

(vii) by striking clause (viii); and

(E) in the first sentence of subparagraph (E)(ii), by inserting before the period at the end the following: "or other oilseeds as determined by the Secretary";

(5) by striking subsection (e) and inserting the following:

"(e) HAYING AND GRAZING.—

"(1) IN GENERAL.—Except as provided in paragraph (2), haying and grazing of acreage under subsection (c)(1)(C) shall be permitted, except during any consecutive 5-month period that is established by the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for a State. The 5-month period shall be established during the period beginning April 1, and ending October 31, of a year.

"(2) NATURAL DISASTERS.—In the case of a natural disaster, the Secretary may permit unlimited

haying and grazing on the acreage. The Secretary may not exclude irrigated or irrigable acreage not planted to alfalfa when exercising the authority under this paragraph.";

(6) in subsection (f)—

(A) in paragraph (1), by striking "1995" and inserting "2002"; and

(B) in paragraph (4)(C), by striking "reduced by" and all that follows through "subsection (e)"; and

(7) in subsection (n), by striking "1995" and inserting "2002".

SEC. 1103. COTTON PROGRAM.

Section 303 of the Agricultural Act of 1949 (as redesignated by section 1101(b)(1)(B)) is amended—

(1) by striking the section heading and inserting the following:

"SEC. 303. LOANS AND PAYMENTS FOR THE 1991 THROUGH 2002 CROPS OF UPLAND COTTON.";

(2) in subsection (a)—

(A) in paragraph (1), by striking "1997" and inserting "2002";

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

"(4) STORAGE PAYMENTS.—The producer shall pay the cost of all storage payments incurred for a 10-month nonrecourse loan."; and

(C) in paragraph (5)—

(i) by striking "August 1, 1991, and ending July 31, 1998" each place it appears and inserting "August 1, 1996, and ending July 31, 2003";

(ii) in subparagraph (E), by striking "1.25 cents" each place it appears and inserting "2.50 cents"; and

(iii) in subparagraph (F)(i), by striking "August 1991 and ending July 31, 1998" and inserting "August 1, 1996, and ending July 31, 2003";

(3) in subsection (b)(1), by striking "1997" and inserting "2002";

(4) in subsection (c)(1)—

(A) in subparagraph (A), by striking "1997" and inserting "2002";

(B) in subparagraph (B)—

(i) by redesignating clause (ii) as clause (iii);

(ii) by inserting after clause (i) the following:

"(ii) MAXIMUM PAYMENT RATE.—The payment rate for upland cotton under this subsection shall not exceed (per pound) 8.6 cents for the 1996 crop, 12.1 cents for the 1997 crop, 13.1 cents for the 1998 crop, 13.6 cents for the 1999 crop, 13.0 cents for the 2000 crop, 12.0 cents for the 2001 crop, and 11.5 cents for the 2002 crop."; and

(iii) in clause (iii) (as so redesignated), by striking "1997" and inserting "2002";

(C) in subparagraph (C)—

(i) in clause (i), by striking "within the permitted acreage"; and

(ii) in clause (ii)—

(I) by striking "85 percent" and inserting "70 percent"; and

(II) by striking "less the quantity" and all that follows through "(e)(2)(D))";

(D) in subparagraph (D)—

(i) in the subparagraph heading, by striking "50/85" and inserting "0/85";

(ii) in clause (i)—

(I) by striking "an acreage" and all that follows through "cotton and";

(II) by striking "1997 crops (except as provided in clause (v)(II))" each place it appears and inserting "2002 crops";

(III) by striking "(except as provided in subparagraph (E))" each place it appears and inserting "or alternative crops described in subparagraph (E)";

(IV) in subclause (I), by striking "for the purpose" and all that follows through "(e)(2)(D)"; and

(V) in subclause (II), by striking ", subject to the compliance of the producers with clause (ii)";

(iii) by striking clauses (ii) and (viii);

(iv) by redesignating clauses (iii) through (vii) and clause (ix) as clauses (ii) through (vi) and clause (vii), respectively;

(v) in clause (ii) (as so redesignated), by striking "(or other uses as provided in subparagraph (E))" and inserting "or al-

ternative crops described in subparagraph (E)";

(vi) in clause (iii) (as so redesignated), by striking ", without regard to the requirement imposed under clause (ii),";

(vii) in clause (iv) (as so redesignated)—

(I) in the clause heading, by striking "PREVENTED PLANTING AND REDUCED" and inserting "REDUCED";

(II) in the first sentence of subclause (I)—

(aa) by striking "under subsection (e)"; and

(bb) by striking "without regard to the requirement imposed under clause (ii)"; and

(III) in subclause (II)—

(aa) in the subclause heading, by striking "1997" and inserting "2002";

(bb) by striking "1997" and inserting "2002";

(cc) by striking "clause (iii) without regard" and all that fol-

lows through "(aa) the" and inserting "clause (ii) if the";

(dd) by striking "be prevented from planting the crop or";

(ee) by striking "8 percent" the first place it appears and inserting "15 percent"; and

(ff) by striking "uses; or" and all that follows through the period at the end of the subclause and inserting "uses.";

(viii) in clause (v) (as so redesignated), by striking "permitted cotton" and all that follows through "this subparagraph" and inserting "cotton payment acres of the farm was devoted to conserving uses or alternative crops described in subparagraph (E)"; and

(ix) in clause (vi) (as so redesignated), by striking "(vi)" and inserting "(v)"; and

(E) in the first sentence of subparagraph (E)(ii), by inserting before the period at the end the following: "or other oilseeds as determined by the Secretary";

(5) by striking subsection (e) and inserting the following:

"(e) HAYING AND GRAZING.—

"(1) IN GENERAL.—Except as provided in paragraph (2), haying and grazing of acreage under subsection (c)(1)(C) shall be permitted, except during any consecutive 5-month period that is established by the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for a State. The 5-month period shall be established during the period beginning April 1, and ending October 31, of a year.

"(2) NATURAL DISASTERS.—In the case of a natural disaster, the Secretary may permit unlimited haying and grazing on the acreage. The Secretary may not exclude irrigated or irrigable acreage not planted to alfalfa when exercising the authority under this paragraph.";

(6) in subsection (f)—

(A) in paragraph (1), by striking "1995" and inserting "2002"; and

(B) in paragraph (4)(C), by striking "reduced by" and all that follows through "subsection (e)"; and

(7) in subsection (o), by striking "1997" and inserting "2002".

SEC. 1104. FEED GRAIN PROGRAM.

Section 304 of the Agricultural Act of 1949 (as redesignated by section 1101(b)(1)(B)) is amended—

(1) by striking the section heading and inserting the following:

"SEC. 304. LOANS AND PAYMENTS FOR THE 1991 THROUGH 2002 CROPS OF FEED GRAINS.";

(2) in subsection (a)—

(A) in paragraph (1), by striking "1995" and inserting "2002";

(B) in paragraph (4)—

(i) in subparagraph (A)—

(I) by striking "may" and inserting "shall";

(II) in clause (i), by inserting "or" after the semicolon; and

(III) in clause (iii), by striking "(iii) the" and inserting the following: "(III) the"; and

(ii) in subparagraph (C), by striking "1995" and inserting "2002"; and

(C) in paragraph (6), by striking "1995" and inserting "2002";

(3) in subsection (b)(1), by striking "1995" and inserting "2002";

(4) in subsection (c)(1)—

(A) in subparagraph (A), by striking "1995" and inserting "2002";

(B) in subparagraph (B)—

(i) in clause (ii)—

(I) in the clause heading, by striking "AND 1995" and inserting "THROUGH 2002"; and

(II) by striking "and 1995" and inserting "through 2002";

(ii) by redesignating clause (iii) as clause (iv);

(iii) by inserting after clause (ii) the following:

"(iii) MAXIMUM PAYMENT RATE.—The payment rates under this subsection shall not exceed (per bushel)—

"(I) in the case of corn, $.53 for the 1996 crop, $.53 for the 1997 crop, $.57 for the 1998 crop, $.56 for the 1999 crop, $.53 for the 2000 crop, $.54 for the 2001 crop, and $.55 for the 2002 crop;

"(II) in the case of grain sorghums, $.59 for the 1996 crop, $.59 for the 1997 crop, $.63 for the 1998 crop, $.61 for the 1999 crop, $.59 for the 2000 crop, $.60 for the 2001 crop, and $.61 for the 2002 crop;

"(III) in the case of oats, $.12 for the 1996 crop, $.11 for the 1997 crop, $.12 for the 1998 crop, $.11 for the 1999 crop, $.09 for the 2000 crop, $.09 for the 2001 crop, and $.10 for the 2002 crop; and

"(IV) in the case of barley, $.45 for the 1996 crop, $.43 for the 1997 crop, $.44 for the 1998 crop, $.42 for the 1999 crop, $.39 for the 2000 crop, $.39 for the 2001 crop, and $.40 for the 2002 crop."; and

(iv) in clause (iv) (as so redesignated), by striking "1995" each place it appears and inserting "2002";

(C) in subparagraph (C)—

(i) in clause (i)—

(I) by inserting after "crop" the following: "or to a commodity permitted under section 504(b)"; and

(II) by striking "within the permitted acreage"; and

(ii) in clause (ii)—

(I) by striking "85 percent" and inserting "70 percent"; and

(II) by striking "less the quantity" and all that follows through "(e)(2)(D))";

(D) in subparagraph (D)(i), by striking "Notwithstanding the foregoing provisions of this section, if" and inserting "If"; and

(E) in subparagraph (E)—

(i) in clause (i)—

(I) by striking "an acreage" and all that follows through "grains and";

(II) by striking "1997 crops (except as provided in clause (vii))" each place it appears and inserting "2002 crops";

(III) by striking "(except as provided in subparagraph (F))" each place it appears and inserting "or al-

ternative crops described in subparagraph (F)"; and

(IV) in subclause (I), by striking "for the purpose" and all that follows through "(e)(2)(D)";

(ii) in clause (ii), by striking "(or other uses as provided in subparagraph (F))" and inserting "or alternative crops described in subparagraph (F)";

(iii) in clause (iv), by striking "permitted feed grain" and all that follows through "this subparagraph" and inserting "feed grain payment acres of the farm was devoted to conserving uses or alternative crops described in subparagraph (F)";

(iv) by striking clause (vi);

(v) by redesignating clause (vii) as clause (vi); and

(vi) in clause (vi) (as so redesignated)—

(I) in the clause heading, by striking "EXCEPTIONS TO 0/85" and inserting "REDUCED YIELDS";

(II) by striking "an acreage" and all that follows through "crop and";

(III) by striking subclause (II);

(IV) in subclause (I)(aa)—

(aa) by striking "(aa)"; and

(bb) by striking "be prevented from planting the crop or"; and

(V) in subclause (I)(bb)—

(aa) by striking "(bb)" and inserting "(II)";

(bb) by striking "8 percent" and inserting "15 percent"; and

(cc) by striking "; or" and inserting a period;

(5) by striking subsection (e) and inserting the following:

"(e) HAYING AND GRAZING.—

"(1) IN GENERAL.—Except as provided in paragraph (2), haying and grazing of acreage under subsection (c)(1)(C) shall be permitted, except during any consecutive 5-month period that is established by the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for a State. The 5-month period shall be established during the period beginning April 1, and ending October 31, of a year.

"(2) NATURAL DISASTERS.—In the case of a natural disaster, the Secretary may permit unlimited haying and grazing on the acreage. The Secretary may not exclude irrigated or irrigable acreage not planted to alfalfa when exercising the authority under this paragraph.";

(6) in subsection (f)—

(A) in paragraph (1), by striking "1995" and inserting "2002"; and

(B) in paragraph (4)(C), by striking "reduced by" and all that follows through "subsection (e)";

(7) in subsection (g)(1), by striking "under subsection (e)";

(8) in subsection (o)(1), by striking "and acreage reduction";

(9) in subsection (p)(1), by striking "1995" and inserting "2002";

(10) in subsection (q)(1)—

(A) by striking "1995" and inserting "2002";

(B) in subparagraph (C), by inserting "and" after the semicolon at the end;

(C) in subparagraph (D), by striking "; and" and inserting a period; and

(D) by striking subparagraph (E); and

(11) in subsection (r), by striking "1995" and inserting "2002".

SEC. 1105. WHEAT PROGRAM.

Section 305 of the Agricultural Act of 1949 (as redesignated by section 1101(b)(1)(B)) is amended—

(1) by striking the section heading and inserting the following:

"SEC. 305. LOANS AND PAYMENTS FOR THE 1991 THROUGH 2002 CROPS OF WHEAT.";

(2) in subsection (a)—

(A) in paragraph (1), by striking "1995" and inserting "2002"; and

(B) in paragraph (4)—

(i) in subparagraph (A)—

(I) by striking "may" and inserting "shall";

(II) in clause (i), by inserting "or" after the semicolon; and

(III) in clause (iii), by striking "(iii) the" and inserting the following: "(III) the"; and

(ii) in subparagraph (C), by striking "1995" and inserting "2002";

(3) in subsection (b)(1), by striking "1995" and inserting "2002";

(4) in subsection (c)(1)—

(A) in subparagraph (A), by striking "1995" and inserting "2002";

(B) in subparagraph (B)—

(i) in clause (ii)—

(I) in the clause heading, by striking "AND 1995" and inserting "THROUGH 2002"; and

(II) by striking "and 1995" and inserting "through 2002";

(ii) by redesignating clause (iii) as clause (iv);

(iii) by inserting after clause (ii) the following:

"(iii) MAXIMUM PAYMENT RATE.—The payment rate for wheat under this subsection shall not exceed (per bushel) $.89 for the 1996 crop, $.94 for the 1997 crop, $.95 for the 1998 crop, $.89 for the 1999 crop, $.79 for the 2000 crop, $.78 for the 2001 crop, and $.71 for the 2002 crop."; and

(iv) in clause (iv) (as so redesignated), by striking "1995" and inserting "2002";

(C) in subparagraph (C)—

(i) in clause (i)—

(I) by inserting after "crop" the following: "or to a commodity permitted under section 504(b)"; and

(II) by striking "within the permitted acreage"; and

(ii) in clause (ii)—

(I) by striking "85 percent" and inserting "70 percent"; and

(II) by striking "less the quantity" and all that follows through "(e)(2)(D))";

(D) in subparagraph (D)(i), by striking "Notwithstanding the foregoing provisions of this section, if" and inserting "If"; and

(E) in subparagraph (E)—

(i) in clause (i)—

(I) by striking "an acreage" and all that follows through "wheat and";

(II) by striking "1997 crops (except as provided in clause (vii))" each place it appears and inserting "2002 crops";

(III) by striking "(except as provided in subparagraph (F))" each place it appears and inserting "or alternative crops described in subparagraph (F)"; and

(IV) in subclause (I), by striking "for the purpose" and all that follows through "(e)(2)(D)";

(ii) in clause (ii), by striking "(or other uses as provided in subparagraph (F))" and inserting "or alternative crops described in subparagraph (F)";

(iii) in clause (iv), by striking "permitted wheat" and all that follows through "this subparagraph" and inserting "wheat grain payment acres of the farm was devoted to conserving uses or alternative crops described in subparagraph (F)";

(iv) by striking clause (vi);

(v) by redesignating clause (vii) as clause (vi); and

(vi) in clause (vi) (as so redesignated)—

(I) in the clause heading, by striking "EXCEPTIONS TO 0/85" and inserting "REDUCED YIELDS";

(II) by striking "an acreage" and all that follows through "crop and";

(III) by striking subclause (II);

(IV) in subclause (I)(aa)—

(aa) by striking "(aa)"; and

(bb) by striking "be prevented from planting the crop or"; and

(V) in subclause (I)(bb)—

(aa) by striking "(bb)" and inserting "(II)";

(bb) by striking "8 percent" and inserting "15 percent"; and

(cc) by striking "; or" and inserting a period;

(5) by striking subsection (e) and inserting the following:

"(e) HAYING AND GRAZING.—

"(1) IN GENERAL.—Except as provided in paragraph (2), haying and grazing of acreage under subsection (c)(1)(C) shall be permitted, except during any consecutive 5-month period that is established by

the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for a State. The 5-month period shall be established during the period beginning April 1, and ending October 31, of a year.

"(2) NATURAL DISASTERS.—In the case of a natural disaster, the Secretary may permit unlimited haying and grazing on the acreage. The Secretary may not exclude irrigated or irrigable acreage not planted to alfalfa when exercising the authority under this paragraph.";

(6) in subsection (f)—

(A) in paragraph (1), by striking "1995" and inserting "2002"; and

(B) in paragraph (4)(C), by striking "reduced by" and all that follows through "subsection (e)";

(7) in subsection (g)(1), by striking "under subsection (e)";

(8) in subsection (o)(1), by striking "and acreage reduction";

(9) in subsection (p)(2)(B), by striking "less the quantity" and all that follows through "(e)(2)(D))"; and

(10) in subsection (q), by striking "1995" and inserting "2002".

SEC. 1106. MILK PROGRAM.

(a) IN GENERAL.—Section 204 of the Agricultural Act of 1949 (7 U.S.C. 1446e) is amended to read as follows:

"SEC. 204. MILK PRICE SUPPORT PROGRAM FOR CALENDAR YEARS 1996 THROUGH 2002.

"(a) IN GENERAL.—During the period beginning January 1, 1996, and ending December 31, 2002, the price of milk produced in the 48 contiguous States shall be supported as provided in this section.

"(b) SUPPORT PRICE.—

"(1) IN GENERAL.—During the period referred to in subsection (a), the price of milk used for cheese shall be supported at a rate equal to $10.00 per hundredweight for calendar year 1996, subject to subsection (d). Milk used for nonfat dry milk or butter shall not be supported under this section.

"(2) ANNUAL REDUCTION.—For each of calendar years 1997 through 2002, the Secretary shall reduce the rate of price support for milk used for cheese by 10 cents per hundredweight.

"(c) PURCHASES.—

"(1) IN GENERAL.—The price of milk used for cheese shall be supported through the purchase of

cheese and based on the support price in effect during the applicable calendar year.

"(2) SALES THROUGH DEIP.—All sales for export under the dairy export incentive program established under section 153 of the Food Security Act of 1985 (15 U.S.C. 713a–14) shall be considered as total purchases under subsection (d).

"(d) SUPPORT RATE ADJUSTMENTS.—Effective January 1 of each of the calendar years 1996 through 2002, if the level of purchases of milk and the products of milk by the Commodity Credit Corporation under this section (less sales under section 407 for unrestricted use), through direct purchases or through sales under the dairy export incentive program established under section 153 of the Food Security Act of 1985 (15 U.S.C. 713a–14), as estimated by the Secretary by November 20 of the preceding calendar year, will exceed 1,500,000,000 pounds (milk equivalent, total milk solids basis), the Secretary shall decrease by 25 cents per hundredweight, in addition to the annual reduction under subsection (b)(2), the rate of price support for milk used for cheese in effect for the calendar year. The support rate adjustment provided under this subsection shall be effective only for the calendar year applicable to the estimate of the Secretary. After the support rate adjustment terminates, the

support price shall be the level provided under subsection (b)(2).

"(e) COMMODITY CREDIT CORPORATION.—The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(f) PERIOD.—This section shall be effective only during the period beginning January 1, 1996, and ending December 31, 2002.".

(b) MILK MANUFACTURING MARKETING ADJUSTMENT.—Section 102 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 1446e–1) is repealed.

(c) CLASS IV ACCOUNT.—Effective January 1, 1996, section 8c(5) of the Agricultural Adjustment Act (7 U.S.C. 608c(5)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended—

(1) in paragraph (A), by adding at the end the following: "Each marketing order issued pursuant to this section for milk and milk products shall include all skim milk and butterfat used to produce butter, nonfat dry milk, and dry whole milk as part of a Class IV classification."; and

(2) by adding at the end the following:

"(M) CLASS IV ACCOUNT.—

"(i) DEFINITIONS.—In this paragraph:

"(I) ACCOUNT.—The term 'Account' means the Account for Class IV final products established under clause (ii).

"(II) ADMINISTRATOR.—The term 'Administrator' means the Administrator of the Account appointed under clause (vii).

"(III) CLASS IV FINAL PRODUCT.—The term 'Class IV final product' means butter, nonfat dry milk, and dry whole milk.

"(IV) MILK MARKETING ORDER.—The term 'milk marketing order' means a milk marketing order issued pursuant to this section and any comparable State milk marketing order or system.

"(ii) ESTABLISHMENT OF ACCOUNT.—Notwithstanding any other provision of law, the Secretary shall establish an Account for Class IV final products to equalize returns from all milk used in the 48 contiguous States to produce Class IV final products among all milk marketed by producers for commercial use.

"(iii) CLASS IV PRICE AND DIFFERENTIAL; PRORATION.—

"(I) PRICE.—The Secretary shall determine a milk equivalent value per hundredweight for Class IV final products each month based on the average wholesale market prices during the month for Class IV final products. The milk equivalent value at 3.67 percent milkfat shall be the per hundredweight Class IV price under the Account.

"(II) DIFFERENTIAL.—The Administrator of the Account shall announce, on the first business day of each month, the per hundredweight Class IV differential applicable to the preceding month. The monthly Class IV differential shall be the amount, if any, by which the support rate for milk in effect under section 204 of the Agricultural Act of 1949 (7 U.S.C. 1446e) exceeds the Class IV price established pursuant to subclause (I).

"(III) PRORATION.—On or before the twentieth day after the end of each

month, the Administrator of the Account shall—

"(aa) determine the quantity of milk produced in the 48 contiguous States of the United States and marketed for commercial use in producing Class IV final products during the preceding month;

"(bb) calculate the quantity equal to the number of hundredweights of milk used for Class IV final products during the preceding month (as determined under item (aa)) multiplied by the Class IV differential for the month established under subclause (II), and add to that amount the cost of administering the Account during the current month; and

"(cc) prorate the amount established under item (bb) among the total amount, in hundredweights, of milk produced in the 48 contiguous States and

marketed for commercial use during the preceding month.

"(iv) ACCOUNT OBLIGATIONS.—On or before the twenty-fifth day after the end of each month:

"(I) Each person making payment to a producer for milk produced in any of the 48 contiguous States of the United States and marketed for commercial use shall collect from each producer the amount determined by multiplying the quantity of milk handled for the account of the producer during the preceding month by the Class IV differential proration established pursuant to clause (iii)(III)(ccc). The amount shall be remitted to the Administrator of the Account.

"(II) Any producer marketing milk of the producer's own production in the form of milk or dairy products to consumers, either directly or through retail or wholesale outlets, shall remit to the Administrator of the Account the

amount determined by multiplying the quantity of the milk marketed by the producer by the Class IV differential proration established under clause (iii)(III)(ccc).

"(v) DISTRIBUTION OF ACCOUNT PROCEEDS.—On or before the thirtieth day after the end of each month, the Administrator of the Account shall pay to each person that used skim milk and butterfat to produce Class IV final products during the preceding month a proportionate share of the total Account proceeds for the month. The proportion of the total proceeds payable to each person shall be the same proportion that the skim milk and butterfat used by the person to produce Class IV final products during the preceding month is of the total skim milk and butterfat used by all persons during the preceding month to produce Class IV final products.

"(vi) EFFECT ON BLEND PRICES.—Producer blend prices under a milk marketing order shall be adjusted to account for

revenue distributions required under clauses (iv) and (v).

"(vii) ADMINISTRATION OF CLASS IV ACCOUNT.—The Secretary shall appoint a person to serve as the Administrator of the Account and shall delegate to the Administrator such powers as are needed to carry out the duties of Administrator.

"(viii) ENFORCEMENT.—

"(I) COLLECTION.—The amounts specified in clause (iv) shall be collected and remitted to the Administrator in the manner prescribed by the Secretary.

"(II) PENALTIES.—If any person fails to remit the amounts required under clause (iv) or fails to comply with such requirements for recordkeeping or otherwise as are required by the Secretary to carry out this subparagraph, the person shall be liable to the Secretary for a civil penalty up to, as determined by the Secretary, an amount determined by multiplying—

"(i) the quantity of milk involved in the violation; by

"(ii) the support rate for milk in effect under section 204 of the Agricultural Act of 1949 (7 U.S.C. 1446e) for the applicable calendar year.

"(III) ENFORCEMENT.—The Secretary may enforce this clause in the courts of the United States.

"(ix) REGULATIONS.—The Secretary shall issue regulations to establish the Account without regard to the notice and comment requirements of section 553 of title 5, United States Code.".

(d) NORTHEAST INTERSTATE DAIRY COMPACT.—Congress consents to the Northeast Interstate Dairy Compact entered into among the States of Vermont, New Hampshire, Maine, Connecticut, Rhode Island, and Massachusetts, subject to the following conditions:

(1) COMPENSATION OF CCC.—Before the end of each fiscal year that a Compact price regulation is in effect, the Compact Commission shall compensate the Commodity Credit Corporation for the cost of any purchases of milk and milk products by the Corpora-

tion that result from projected fluid milk production for the fiscal year within the Compact region in excess of the national average rate of purchases of milk and milk products by the Corporation.

(2) MILK MARKET ORDER ADMINISTRATOR.—By agreement among the States and the Secretary of Agriculture, the Administrator shall provide technical assistance to the compact Commission, and be reimbursed for the assistance, with respect to the applicable milk marketing order issued under section 8c(5) of the Agricultural Adjustment Act (7 U.S.C. 608c(5)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937.

(3) TERMINATION AND RENEWAL.—The consent for the Compact shall—

(A) terminate on the date that is 7 years after the date of enactment of this Act, subject to subparagraph (B); and

(B) may be renewed by Congress, without prior ratification by the States' legislatures.

(e) AGRICULTURAL COMPETITIVENESS GRANTS.—The Secretary of Agriculture (referred to in this subtitle as the "Secretary") shall, in accordance with this subtitle, award a grant to a grantee eligible under section 1502 to promote a purpose of this subtitle.

(f) ELIGIBLE GRANTEE.—The Secretary may make a grant under section 1501 to—

(1) a college or university;

(2) a State agricultural experiment station;

(3) a State Cooperative Extension Service;

(4) a research institution or organization;

(5) a private organization or person; or

(6) a Federal agency.

(g) USE OF GRANT.—A grant made under section 1501 may be used by a grantee for 1 or more of the following uses:

(1) Research, ranging from discovery to principles of application.

(2) Extension and related private-sector activities.

(3) Education.

(h) PRIORITY.—In administering this subtitle, the Secretary shall—

(1) establish priorities for allocating grants, based on needs and opportunities of the food and agriculture system in the United States;

(2) seek and accept proposals for grants;

(3) determine the relevance and merit of proposals through a system of peer review; and

(4) award grants on the basis of merit and quality.

(i) ADMINISTRATION.—

(1) COMPETITIVE GRANT.—A grant under section 1501 shall be awarded on a competitive basis.

(2) TERM.—A grant under section 1501 shall have a term that does not exceed 5 years.

(3) MATCHING FUNDS.—As a condition of receipt of a grant under section 1501, the Secretary shall require the funding of the grant with equal matching funds from a non-Federal source if the grant is—

(A) for applied research that is commodity-specific; and

(B) not of national scope.

(4) ADMINISTRATIVE COSTS.—The Secretary may use not more than 4 percent of the funds made available under section 1506 for administrative costs incurred by the Secretary in carrying out this subtitle.

(5) CONSTRUCTION COSTS.—None of the funds made available under section 1507 may be used 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).

(j) REGULATIONS.—The Secretary shall issue such regulations as are necessary to carry out this subtitle.

(k) USE OF COMMODITY CREDIT CORPORATION FUNDS.—

(1) IN GENERAL.—Subject to subsection (b), the Secretary shall use $30,000,000 of the funds of the Commodity Credit Corporation for each of fiscal years 1996 through 2002 to carry out this title.

(2) LIMITATION.—The Secretary may use less than $30,000,000 of the funds of the Commodity Credit Corporation for any fiscal year if the Secretary determines that the full funding level is not necessary to fund all qualifying applications for agricultural competitiveness grants that satisfy the priority criteria established under section 1504.

(3) POWERS OF THE CORPORATION.—Section 5 of the Commodity Credit Corporation Charter Act (15 U.S.C. 714c) (as amended by section 1201(c)(1)) is amended by inserting after subsection (g) the following:

"(h) Carry out research, extension, and education related to agriculture by using not more than $30,000,000 of the funds of the Corporation in any fiscal year for any function or activity relating to agricultural research, extension, or education.".

(l) EFFECTIVE DATE.—This subtitle and the amendment made by this subtitle shall become effective upon enactment.

SEC. 1107. OILSEEDS PROGRAM.

Section 205 of the Agricultural Act of 1949 (7 U.S.C. 1446f) is amended—

*(1) in the section heading, by striking "**1995**" and inserting "**2002**";*

(2) in subsections (b), (c), (e)(1), and (n), by striking "1995" each place it appears and inserting "2002"; and

(3) in subsections (c) and (h)(2), by striking "1997" each places it appears and inserting "2002".

SEC. 1108. SUGAR PROGRAM.

(a) IN GENERAL.—Section 206 of the Agricultural Act of 1949 (7 U.S.C. 1446g) is amended—

*(1) in the section heading, by striking "**1997**" and inserting "**2002**";*

(2) in subsection (a), by striking "1997" and inserting "2002";

(3) in subsection (b), by striking "nonrecourse";

(4) in subsection (c)—

(A) by striking "1997" and inserting "2002"; and

(B) by striking "nonrecourse";

(5) by redesignating subsections (d) through (j) as subsections (f) through (l), respectively;

(6) by inserting after subsection (c) the following:

"(d) LOANS.—

"(1) IN GENERAL.—Subject to paragraph (2), the Secretary shall carry out this section through the use of recourse loans.

"(2) IMPORT TRIGGER FOR NONRECOURSE LOANS.—If in any fiscal year the tariff rate quota for imports of sugar into the United States is established at a level equal to 1,340,000 or more short tons, raw value, the Secretary shall for the duration of the fiscal year make available nonrecourse loans under this section. A recourse loan made during the fiscal year prior to the tariff rate quota being established at 1,340,000 or more short tons, raw value, under this section shall be modified by the Secretary into a nonrecourse loan for the remainder of the term of the loan.

"(3) PROCESSOR ASSURANCES.—The Secretary shall obtain from each processor that obtains either a recourse or nonrecourse loan under this section such assurances as the Secretary considers necessary to ensure that producers of sugarcane and sugar beets will

receive payments that are proportional to the value of the loan received by the processor, as determined by the Secretary.

"(e) FORFEITURES.—A penalty shall be assessed on the forfeiture of any sugar pledged as collateral for a nonrecourse loan. The penalty for cane sugar shall be equivalent to 1 cent per pound. The penalty for beet sugar shall bear the same relation to the penalty for cane sugar as the marketing assessment for sugar beets bears to the marketing assessment for sugarcane.";

(7) in subsection (f)(1) (as so redesignated), by striking "1997" and inserting "2002";

(8) in subsection (h) (as so redesignated), by striking "subsection (g)" and inserting "subsection (i)";

(9) in subsection (i) (as so redesignated)—

(A) in the subsection heading, by striking "NONRECOURSE"; and

(B) by striking "price support" each place it appears;

(10) in subsection (k) (as so redesignated)—

(A) in the subsection heading, by striking "MARKETING ASSESSMENT" and inserting "ASSESSMENTS ON ALL MARKETED SUGAR";

(B) in paragraph (1)—

(i) by striking "1996" and inserting "2002";

(ii) in subparagraph (A)—

(I) by striking "each of fiscal years 1992 through 1994, 1.0" and inserting "fiscal year 1996, 1.1"; and

(II) by striking "(but" and all that follows through "sugar),"; and

(iii) in subparagraph (B)—

(I) by striking "1995 through 1998, 1.1" and inserting "1997 through 2003, 1.375"; and

(II) by striking "(but" and all that follows through "sugar),"; and

(C) in paragraph (2)—

(i) by striking "1996" and inserting "2002";

(ii) in subparagraph (A)—

(I) by striking "each of fiscal years 1992 through 1994, 1.0722" and inserting "fiscal year 1996, 1.1794"; and

(II) by striking "(but" and all that follows through "sugar),"; and

(iii) in subparagraph (B)—

(I) by striking "1995 through 1998, 1.1794" and inserting "1997 through 2003, 1.47425"; and

(II) by striking "(but" and all that follows through "sugar),"; and

(D) by striking paragraph (6); and

(11) in subsection (l) (as so redesignated), by striking "1997" and inserting "2002".

(b) LOAN PROVISIONS.—Section 401(e)(1) of the Agricultural Act of 1949 (7 U.S.C. 1421(e)(1)) is amended by adding at the end the following: "In the case of price support for sugarcane or sugar beets, the payment owed producers by a processor shall be reduced in proportion to the loan forfeiture penalty amounts incurred by the processor as provided in section 206(e).".

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

SEC. 1109. ACREAGE BASE AND YIELD SYSTEM.

Title V of the Agricultural Act of 1949 (7 U.S.C. 1461 et seq.) is amended—

(1) in section 503 (7 U.S.C. 1463)—

(A) in subsection (a)—

(i) in paragraph (2), by adding "and historical soybean acreage" after "crop acreage bases"; and

(ii) by adding at the end the following:

"(4) HISTORICAL SOYBEAN ACREAGE.—

"(A) IN GENERAL.—The Secretary shall provide for the establishment and maintenance of an historical soybean acreage for each farm.

"(B) QUANTITY.—

"(i) IN GENERAL.—Except as provided in clause (ii), the historical soybean acreage for a farm for a crop year shall be equal to the average of the acreage planted to soybeans for harvest on the farm in each of the previous 5 crop years.

"(ii) EXCEPTION.—In determining the historical soybean acreage for a farm for a crop year, the Secretary shall exclude from the acreage any soybean plantings that were considered planted to a program crop or are planted for harvest on a crop acreage base.";

(B) in subsection (b)—

(i) by striking "CALCULATION.—" and all that follows through "paragraph (2),

the" in paragraph (1) and inserting "CALCULATION.—The"; and

(ii) by striking paragraph (2);

(C) in subsection (c)—

(i) in paragraph (1), by inserting "in the case of each of the 1991 through 1995 crops," after "(1)";

(ii) in paragraph (3), by striking "1997" and inserting "1995";

(iii) in paragraph (4)—

(I) by inserting "in the case of the 1991 through 1995 crops, and base acreage in the case of the 1996 through 2002 crops," after "permitted acreage"; and

(II) by inserting "or conservation uses or related commodity production permitted by the Secretary" after "section 504"; and

(iv) in paragraph (6), by inserting "in the case of each of the 1991 through 1995 crops," after "(6)"; and

(D) by striking subsection (h);

(2) in section 504 (7 U.S.C. 1464)—

(A) in subsection (b)—

(i) in paragraph (1)—

(I) in the paragraph heading, by striking "PERMITTED CROPS" and inserting "PAYMENT ACRES";

(II) by striking "for purposes of this section,";

(III) by striking "a crop acreage base" and inserting "the payment acres of a crop acreage base";

(IV) in subparagraph (D), by striking "and" at the end;

(V) in subparagraph (E), by striking the period at the end and inserting "; and"; and

(VI) by adding at the end the following:

"(F) peas and lentils."; and

(ii) by adding at the end the following:

"(4) CROP ACREAGE BASE NOT ELIGIBLE FOR PAYMENT.—Any crop or conserving crop that is planted on the acres of a crop acreage base that are not eligible for payments shall be eligible for loans. Haying and grazing on the acres shall not be restricted.";

(B) by striking subsection (c) and inserting the following:

"(c) LIMITATIONS ON ACREAGE AND PAYMENTS.—

"(1) IN GENERAL.—Except as otherwise provided in this section, the planting of a program crop may exceed 100 percent of the crop acreage base of the program crop. The program crop shall be eligible for loans.

"(2) UPLAND COTTON AND RICE.—In the case of upland cotton and rice, any crop other than upland cotton or rice that is planted on an upland cotton or rice crop acreage base shall not be eligible for payments.

"(3) WHEAT AND FEED GRAINS.—In the case of wheat and feed grains, except as provided in paragraph (4), any crop planted on a wheat or feed grain crop acreage base shall be eligible for payments that are attributable to the payment acres of the wheat or feed grain crop acreage base.

"(4) EXCEPTIONS.—

"(A) PAYMENTS ON MULTIPLE CROP ACREAGE BASES.—Producers on a farm with wheat or feed grain crop acreage base and upland cotton or rice crop acreage base may not receive payments with respect to the rice or upland cotton

planted on the wheat or feed grain crop acreage base.

"(B) UPLAND COTTON OR RICE PAYMENTS.—Upland cotton or rice shall not be eligible for payments if planted in excess of the respective crop acreage base, except that—

"(i) upland cotton or rice planted on acreage not eligible for payments under subsection (b)(4) shall not affect the eligibility for payments under this subparagraph, but shall be eligible for loans; and

"(ii) acreage described in subsection (e)(1) shall be eligible for loans, but not for payments.";

(C) by striking subsection (d);

(D) by redesignating subsection (e) as subsection (d);

(E) in subsection (d)(2) (as so redesignated)—

(i) by striking "the producers—" and all that follows through "(A) plant" and inserting "the producers plant";

(ii) by striking "25 percent" and inserting "100 percent"; and

(iii) by striking "crop; and" all that follows through the period at the end and inserting "crop."; and

(F) by adding at the end the following:

"(e) TWO-WAY FLEXIBILITY.—Producers of a crop of upland cotton or rice on a farm who are participating in the annual program for upland cotton or rice may plant the crop without losing eligibility for loans with respect to the crop if the acreage planted to the crop on the farm does not exceed the sum of—

"(1) 25 percent of the historical soybean acreage on the farm; and

"(2) 100 percent of the crop acreage base.";

(3) in section 505 (7 U.S.C. 1465)—

(A) in subsection (a), by striking "or (c)";

(B) in subsection (b)—

(i) in paragraph (1)—

(I) by striking "paragraphs (2) and (3)" and inserting "paragraph (2)"; and

(II) by striking "1997" and inserting "2002";

(ii) in paragraph (2), by striking "1997" and inserting "2002"; and

(iii) by striking paragraphs (3), (4), and (5); and

(C) by striking subsections (c), (d), and (e); and

(4) in section 509 (7 U.S.C. 1469), by striking "1997" and inserting "2002".

SEC. 1110. EXTENSION OF RELATED PRICE SUPPORT PROVISIONS.

Title X of the Food Security Act of 1985 (Public Law 99–198; 99 Stat. 1444) is amended—

(1) in section 1001 (7 U.S.C. 1308), by striking "1997" each place it appears in paragraphs (1)(A), (1)(B), and (2)(A) and inserting "2002"; and

(2) in section 1001C(a) (7 U.S.C. 1308–3(a)), by striking "1997" each place it appears and inserting "2002".

SEC. 1111. REPEAL OF MISCELLANEOUS AUTHORITIES.

(a) AGRICULTURAL ADJUSTMENT ACT OF 1938.—Title III of the Agricultural Adjustment Act of 1938 is amended—

(1) in subtitle B—

(A) by striking parts II through V (7 U.S.C. 1326 et seq.); and

(B) in part VI, by striking sections 358, 358a, and 358d (7 U.S.C. 1358, 1358a, and 1359); and

(2) by striking subtitle D (7 U.S.C. 1379a et seq.).

(b) TREE ASSISTANCE PROGRAM.—The Secretary of Agriculture shall terminate the tree assistance program established under part 1478 of title 7, Code of Federal Regulations.

SEC. 1112. COMMODITY CREDIT CORPORATION INTEREST RATE.

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

SEC. 1113. PEANUT PROGRAM.

(a) PRICE SUPPORT.—Section 108B of the Agricultural Act of 1949 (7 U.S.C. 1445c–3) is amended—

*(1) in the section heading, by striking "**1997**" and inserting "**2000**";*

(2) in subsection (a)—

(A) in paragraph (1), by striking "1997" and inserting "2000"; and

(B) by striking paragraph (2) and inserting the following:

"(2) SUPPORT RATE.—The national average quota support rate for each of the 1996 through 2000 crops of quota peanuts shall be $628 per ton.";

(3) in subsection (b)(1), by striking "1997" and inserting "2000";

(4) in the first sentence of subsection (c)(2)(A), by inserting before the period at the end the following: "and that, in the case of the 1996 and subsequent crops, Valencia peanuts not produced in the State shall not be eligible to participate in the pools of the State";

(5) in subsection (g)—

(A) in paragraphs (1) and (2)(A)(ii)(II), by striking "1997 crops" each place it appears and inserting "2000 crops"; and

(B) by striking "the 1997 crop" each place it appears and inserting "each of the 1997 through 2000 crops"; and

(6) in subsection (h), by striking "1997" and inserting "2000".

(b) POUNDAGE QUOTAS.—Section 358–1 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358–1) is amended—

*(1) in the section heading, by striking "**1997**" and inserting "**2000**";*

(2) in subsection (a)—

(A) by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively;

(B) by striking paragraph (1) and inserting the following:

"(1) ESTABLISHMENT.—The Secretary shall establish the national poundage quota for peanuts for each of the 1991 through 2000 marketing years.

"(2) LEVEL.—The Secretary shall establish the national poundage quota at a level that is equal to the quantity of peanuts (in tons) that the Secretary estimates will be devoted in each marketing year to domestic edible and related uses, excluding seed, plus a reasonable quantity of peanuts for carryover to ensure continuity of supply between marketing years. Undermarketings of quota peanuts from the previous year shall not be considered. In establishing the quota, the Secretary shall take into account—

"(A) any stocks of peanuts on hand in the inventory of the Commodity Credit Corporation; and

"(B) peanuts or products of peanuts imported into the United States;"; and

(C) in paragraph (4) (as so redesignated), by striking "established under paragraph (1)";

(3) in subsection (b)—

(A) by striking "1997" each place it appears and inserting "2000";

(B) in paragraph (2), by striking subparagraph (B) and inserting the following:

"(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 1991 through 2000 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, and 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 108B(c)(1) of the Agricultural Act of 1949 (7 U.S.C. 1445c–3(c)(1)); or

"(III) other increased costs.

"(v) USE OF QUOTA AND ADDITIONAL PEANUTS.—Nothing in this subparagraph affects the requirements of section 358b(b).

"(vi) 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.''; and

(C) by striking paragraphs (8) and (9); and

(4) in subsection (f), by striking ''1997'' and inserting ''2000''.

(c) SALE, LEASE, OR TRANSFER.—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 1991 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 counties of a State for transfer to the farm, except that any such lease of pound-

age 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 prescribe by regulation.

"(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 IN 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 State.

"(4) 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 for which the poundage quota allocated to the State was 10,000 tons or more may sell poundage quota to any other eligible owner or operator of a farm within the 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) 1997–2000 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, 2000, 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 35 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.—This section shall be effective only for the 1991 through 2000 crops of peanuts.".

(d) EXPERIMENTAL AND RESEARCH PROGRAMS FOR PEANUTS.—Section 358c(d) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358c(d)) is amended by striking "1995" and inserting "2000".

(e) MARKETING PENALTIES AND DISPOSITION OF ADDITIONAL PEANUTS.—Section 358e of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359a) is amended—

*(1) in the section heading, by striking "**1997**" and inserting "**2000**"; and*

(2) in subsection (i), by striking "1997" and inserting "2000".

SEC. 1114. CATASTROPHIC CROP INSURANCE COVERAGE.

(a) IN GENERAL.—Section 427 of the Agricultural Act of 1949 (7 U.S.C. 1433f) is amended by striking "subsequent" and inserting "1996".

(b) CONFORMING AMENDMENTS.—Section 508(b) of the Federal Crop Insurance Act (7 U.S.C. 1508(b)) is amended—

(1) by striking paragraph (6); and

(2) by redesignating paragraphs (7) through (10) as paragraphs (6) through (9), respectively.

(c) CROPS.—The amendments made by subsection (b) shall apply beginning with the 1997 crop of an insurable commodity.

SEC. 1115. SAVINGS ADJUSTMENT.

(a) PAYMENT RATES.—If the Director estimates that total direct spending savings described in subsection (a)(1) are less than $13,400,000,000, the Secretary of Agriculture shall reduce the maximum payment rates for deficiency payments for rice, upland cotton, feed grains, and wheat provided in sections 302, 303, 304, and 305 of the Agricultural Act of 1949 (as amended by this subtitle) by an equal percentage for each of the 1996 through 2002 crops of the commodity, to acheive total direct spending savings described in subsection (a)(1) of $13,400,000,000.

(b) MAXIMUM REDUCTION.—The maximum deficiency payment rate reduction under subsection (a) shall not exceed 2 percent.

SEC. 1116. SENSE OF THE SENATE REGARDING TAX PROVISIONS RELATING TO ETHANOL.

(a) IN GENERAL.—The Senate finds that—

(1) ethanol and its derivative ethyl tertiary butyl ether (ETBE) are used as fuels or additives to fuels for motor vehicles;

(2) ethanol and ETBE have been shown to improve air quality when used as fuels or fuel additives;

(3) ethanol and ETBE are primarily made from renewable resources and produced domestically;

(4) studies, including a study very recently released by the Department of Agriculture, have shown that when used as fuel, ethanol and ETBE yield more energy than is required to produce them;

(5) the use of domestically produced ethanol and ETBE can thus reduce our nation's reliance on energy imports and improve our energy security;

(6) the use of ethanol and ETBE adds significantly to market opportunities for corn, which constitutes about 95 percent of the feedstock for ethanol production, thereby improving corn prices and farm income;

(7) the production of ethanol and ETBE contributes substantially to improved economic and job growth, particularly in rural communities;

(8) ethanol and ETBE currently qualify for tax incentives which facilitate and promote the use of these clean-burning, renewable, and domestically-produced fuels; and

(9) a recently-released report from the General Accounting Office confirmed the results of numerous

previous reports demonstrating that the ethanol tax incentives result in net savings to the Federal Government as farm program costs are reduced through improved grain prices.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that any legislation enacted by Congress should not eliminate or in any way weaken or diminish incentives under Federal tax laws or regulations that facilitate or promote the production, blending, or use of ethanol and ETBE.

SEC. 1117. EFFECTIVE DATE.

(a) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in this subsection and as otherwise specifically provided in this subtitle, this subtitle and the amendments made by this subtitle shall apply beginning with the earlier of—

(A) the 1996 crop of an agricultural commodity; or

(B) November 1, 1995.

(2) MILK.—This subtitle and the amendments made by this subtitle shall apply to milk and dairy products beginning on January 1, 1996.

(b) PRIOR CROPS.—

(1) IN GENERAL.—Except as otherwise specifically provided and notwithstanding any other provi-

sion of law, this subtitle and the amendments made by this subtitle shall not affect the authority of the Secretary of Agriculture to carry out a price support or production adjustment program for any of the 1991 through 1995 crops of an agricultural commodity established under a provision of law in effect immediately before the applicable effective date specified in subsection (a).

(2) LIABILITY.—A provision of this subtitle or an amendment made by this subtitle shall not affect the liability of any person under any provision of law as in effect before the application of the provision in accordance with subsection (a).

Subtitle B—Conservation

SEC. 1201. CONSERVATION.

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

"Subtitle E—Funding

"SEC. 1241. FUNDING.

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

"(1) subchapter B of chapter 1 of subtitle D (including contracts extended by the Secretary pursuant to section 1437 of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 16 U.S.C. 3831 note));

"(2) subchapter C of chapter 1 of subtitle D; and

"(3) chapter 2 of subtitle D for practices related to livestock production.

"(b) ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.—For each of fiscal years 1996 through 2002, $100,000,000 of the funds of the Commodity Credit Corporation shall be available for providing technical assistance, cost-sharing payments, and incentive payments for practices relating to livestock production under the environmental quality incentives program.

"(c) WETLANDS RESERVE PROGRAM.—Spending to carry out the wetlands reserve program under subchapter C of chapter 1 of subtitle D shall be not greater than $614,000,000 for fiscal years 1996 through 2002.

"(d) CONSERVATION RESERVE PROGRAM.—Spending for the conservation reserve program (including contracts extended by the Secretary pursuant to section 1437 of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 16 U.S.C. 3831 note)) shall be not greater than—

"(1) $1,787,000,000 for fiscal year 1996;

"(2) $1,784,000,000 for fiscal year 1997;

"(3) $1,445,000,000 for fiscal year 1998;

"(4) $1,246,000,000 for fiscal year 1999;

"(5) $1,101,000,000 for fiscal year 2000;

"(6) $999,000,000 for fiscal year 2001; and

"(7) $974,000,000 for fiscal year 2002.".

(b) ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.—To carry out the programs funded under the amendment made by subsection (a), subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3830 et seq.) is amended by striking chapter 2 (16 U.S.C. 3838 et seq.) and inserting the following:

"CHAPTER 2—ENVIRONMENTAL QUALITY INCENTIVES PROGRAM

"SEC. 1238. DEFINITIONS.

"In this chapter:

"(1) LAND MANAGEMENT PRACTICE.—The term 'land management practice' means a site-specific nutrient or manure management, integrated pest management, irrigation management, tillage or residue management, grazing management, or other land management practice that the Secretary determines is needed to protect soil, water, or related resources in the most cost effective manner.

"(2) LARGE CONFINED LIVESTOCK OPERATION.—The term 'large confined livestock operation' means a farm or ranch that—

"(A) is a confined animal feeding operation; and

"(B) has more than—

"(i) 700 mature dairy cattle;

"(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.

"(3) LIVESTOCK.—The term 'livestock' means mature dairy cows, beef cattle, laying hens, broilers, turkeys, swine, sheep, or lambs.

"(4) OPERATOR.—The term 'operator' means a person who is engaged in crop or livestock production (as defined by the Secretary).

"(5) STRUCTURAL PRACTICE.—The term 'structural practice' means the establishment of an animal waste management facility, terrace, grassed water-

way, contour grass strip, filterstrip, permanent wildlife habitat, or other structural practice that the Secretary determines is needed to protect soil, water, or related resources in the most cost effective manner.

"SEC. 1238A. ESTABLISHMENT AND ADMINISTRATION OF ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.

"(a) ESTABLISHMENT.—

"(1) IN GENERAL.—During the 1996 through 2002 fiscal years, the Secretary shall provide technical assistance, cost-sharing payments, and incentive payments to operators who enter into contracts with the Secretary, through an environmental quality incentives program that replaces the functions of the agricultural conservation program, the Great Plains conservation program, the water quality incentives program, and the Colorado River Basin salinity control program.

"(2) ELIGIBLE PRACTICES.—

"(A) STRUCTURAL PRACTICES.—An operator who implements a structural practice shall be eligible for technical assistance or cost-sharing payments, or both.

"(B) LAND MANAGEMENT PRACTICES.—An operator who performs a land management prac-

tice shall be eligible for technical assistance or incentive payments, or both.

"(3) ELIGIBLE LANDS.—Land on which structural and land management practices may be performed under this chapter includes agricultural land (including cropland, rangeland, pasture, and other land on which crops or livestock are produced) that the Secretary determines poses a serious threat to soil, water, or related resources by reason of the soil types, terrain, climatic, soil, topographic, flood, or saline characteristics, or other factors or natural hazards.

"(4) PRIORITIES.—The Secretary shall provide technical assistance, cost-sharing payments, and incentive payments to operators in a region, watershed, or conservation priority area in which an agricultural operation is located, as determined by the Secretary, based on national and regional priorities that include—

"(A) the significance of the soil, water, and related natural resource problems;

"(B) structural or land management practices for which State or local governments have provided, or will provide, financial or technical assistance to the operators;

"(C) structural practices or land management practices on lands on which agricultural production has been determined to contribute to, or create, the potential for failure to meet applicable water quality standards or other environmental objectives of a Federal or State law; and

"(D) maximization of environmental benefits per dollar expended.

"(b) APPLICATION AND TERM.—

"(1) IN GENERAL.—A contract between an operator and the Secretary under this chapter may—

"(A) apply to 1 or more structural practices or 1 or more land management practices, or both; and

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

"(2) DUTIES OF OPERATORS AND SECRETARY.—To receive cost sharing or incentive payments, or technical assistance, participating operators shall comply with all terms and conditions of the contract and a plan, as established by the Secretary.

"(c) STRUCTURAL PRACTICES.—

"(1) COMPETITIVE OFFER.—The Secretary shall administer a competitive offer system for operators proposing to receive cost-sharing payments in exchange for the implementation of 1 or more structural practices by the operator. The competitive offer system shall consist of—

"(A) the submission of a competitive offer by the operator in such manner as the Secretary may prescribe; and

"(B) evaluation of the offer in light of the priorities established by subsection (a)(4) and the projected cost of the proposal, as determined by the Secretary.

"(2) CONCURRENCE OF OWNER.—If the operator making an offer to implement a structural practice is a tenant of the land involved in agricultural production, for the offer to be acceptable, the operator shall obtain the concurrence of the owner of the land with respect to the offer.

"(d) LAND MANAGEMENT PRACTICES.—The Secretary shall establish an application and evaluation process for awarding technical assistance or incentive payments, or both, to an operator in exchange for the performance of 1 or more land management practices by the operator.

"(e) COST-SHARING, INCENTIVE PAYMENTS, AND TECHNICAL ASSISTANCE.—

"(1) COST-SHARING PAYMENTS.—

"(A) IN GENERAL.—The Federal share of cost-sharing payments to an operator proposing to implement 1 or more structural practices shall not be greater than 75 percent of the projected cost of each practice, as determined by the Secretary, taking into consideration any payment received by the operator from a State or local government.

"(B) LIMITATION.—An operator of a large confined livestock operation shall not be eligible for cost-sharing payments to construct an animal waste management facility.

"(C) OTHER PAYMENTS.—An operator shall not be eligible for cost-sharing payments for structural practices on eligible land under this chapter if the operator receives cost-sharing payments or other benefits for the same land under chapter 1 or 3.

"(2) INCENTIVE PAYMENTS.—The Secretary shall make incentive payments in an amount and at a rate determined by the Secretary to be necessary to encour-

age an operator to perform 1 or more land management practices.

"(3) TECHNICAL ASSISTANCE.—

"(A) FUNDING.—The Secretary shall allocate funding under this chapter for the provision of technical assistance according to the purpose and projected cost for which the technical assistance is provided for a fiscal year. The allocated amount may vary according to the type of expertise required, quantity of time involved, and other factors as determined appropriate by the Secretary. Funding shall not exceed the projected cost to the Secretary of the technical assistance provided for a fiscal year.

"(B) OTHER AUTHORITIES.—The receipt of technical assistance under this chapter shall not affect the eligibility of the operator to receive technical assistance under other authorities of law available to the Secretary.

"(f) LIMITATION ON PAYMENTS.—

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

"(A) $10,000 for any fiscal year; or

"(B) $50,000 for any multiyear contract.

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

"(A) defining the term 'person' as used in paragraph (1); and

"(B) prescribing such rules as the Secretary determines necessary to ensure a fair and reasonable application of the limitations established under this subsection.

"(g) REGULATIONS.—Not later than 180 days after the effective date of this subsection, the Secretary shall issue regulations to implement the environmental quality incentives program established under this chapter.

"SEC. 1238B. TEMPORARY ADMINISTRATION OF ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.

"(a) INTERIM ADMINISTRATION.—

"(1) IN GENERAL.—During the period beginning on the date of enactment of the Agricultural Reconciliation Act of 1995 and ending on the later of the dates specified in paragraph (2), to ensure that technical assistance, cost-sharing payments, and incentive payments continue to be administered in an orderly manner until such time as assistance can be provided through final regulations issued to implement the environmental quality incentives program established

under this chapter, the Secretary shall continue to provide technical assistance, cost-sharing payments, and incentive payments under the terms and conditions of the agricultural conservation program, the Great Plains conservation program, the water quality incentives program, and the Colorado River Basin salinity control program, to the extent that the terms and conditions of the programs are consistent with the environmental quality incentives program.

"(2) EXPIRATION OF AUTHORITY.—The authority of the Secretary to carry out paragraph (1) shall terminate on the later of—

"(A) the date that is 180 days after the date of enactment of the Agricultural Reconciliation Act of 1995; or

"(B) March 31, 1996.

"(b) PERMANENT ADMINISTRATION.—Effective beginning on the later of the dates specified in subsection (a)(2), the Secretary shall provide technical assistance, cost-sharing payments, and incentive payments for structural practices and land management practices related to crop and livestock production in accordance with final regulations issued to carry out the environmental quality incentives program.".

(c) CONFORMING AMENDMENTS.—

(1) COMMODITY CREDIT CORPORATION CHARTER ACT.—Section 5(g) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714c(g)) is amended to read as follows:

"(g) Carry out conservation functions and programs.".

(2) WETLANDS RESERVE PROGRAM.—

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

(i) in subsection (b)(2)—

(I) by striking "not less" and inserting "not more"; and

(II) by striking "2000" and inserting "2002"; and

(ii) in subsection (c), by striking "2000" and inserting "2002".

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

"(2) shall be for 20 or 30 years, but in no case shall be a permanent easement.".

(3) CONSERVATION RESERVE PROGRAM.—

(A) IN GENERAL.—Section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831) is amended—

(i) in subsections (a) and (b)(3), by striking "1995" each place it appears and inserting "2002"; and

(ii) in subsection (d), by striking "total of" and all that follows through the period at the end of the subsection and inserting "total of 36,400,000 acres during the 1986 through 2002 calendar years (including contracts extended by the Secretary pursuant to section 1437 of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 16 U.S.C. 3831 note), except that in no case may total spending for the conservation reserve exceed the spending limitations in section 1241(d).".

(B) CONFORMING AMENDMENT.—Section 1232(c) of the Food Security Act of 1985 (16 U.S.C. 3832(c)) is amended by striking "1995" and inserting "2002".

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), this section and the amendments made by this section shall become effective on the later of—

(A) the date of enactment of this Act; or

(B) November 1, 1995.

(2) TRANSITION PROVISIONS.—

(A) IN GENERAL.—Section 1238B of the Food Security Act of 1985 (as added by subsection (b)) shall become effective on the date of enactment of this Act.

(B) 1991 THROUGH 1995 CALENDAR YEARS.—Notwithstanding any other provision of law, this section and the amendments made by this section shall not affect the authority of the Secretary of Agriculture to carry out a program for any of the 1991 through 1995 calendar years under a provision of law in effect immediately before the effective dates specified in this subsection.

Subtitle C—Agricultural Promotion and Export Programs

SEC. 1301. 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 $75,000,000 for each of fiscal years 1996 through 2002,".

SEC. 1302. 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) $767,200,000 for fiscal year 1996;

"(B) $705,600,000 for fiscal year 1997;

"(C) $624,800,000 for fiscal year 1998;

"(D) $544,000,000 for fiscal year 1999;

"(E) $463,200,000 for fiscal year 2000;

"(F) $382,400,000 for fiscal year 2001; and

"(G) $382,400,000 for fiscal year 2002.".

SEC. 1303. EXPORT OF SUNFLOWERSEED OIL AND COTTONSEED OIL.

(a) IN GENERAL.—Effective September 30, 1995, section 301 of the Disaster Assistance Act of 1988 (Public Law 100–387; 7 U.S.C. 1464 note) is repealed.

(b) FUNDING.—Notwithstanding any other provision of law, the Secretary of Agriculture shall not spend any funds made available under section 32 of the Act entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes", approved August 24, 1935 (7 U.S.C. 612c), to carry out the programs established under section 301(b) of the Disaster Assistance Act of 1988 (Public Law 100–387; 7 U.S.C. 1464 note) (as in effect prior to the amendment made by subsection (a)).

Subtitle D—Nutrition Assistance

CHAPTER 1—FOOD STAMP PROGRAM

SEC. 1401. TREATMENT OF CHILDREN LIVING AT HOME.

The second sentence of section 3(i) of the Food Stamp Act of 1977 (7 U.S.C. 2012(i)) is amended by striking "(who are not themselves parents living with their children or married and living with their spouses)".

SEC. 1402. OPTIONAL ADDITIONAL CRITERIA FOR SEPARATE HOUSEHOLD DETERMINATIONS.

Section 3(i) of the Food Stamp Act of 1977 (7 U.S.C. 2012(i)) is amended by inserting after the third sentence the following: "Notwithstanding the preceding sentences, a State may establish criteria that prescribe when individuals who live together, and who would be allowed to participate as separate households under the preceding sentences, shall

be considered a single household, without regard to the common purchase of food and preparation of meals.".

SEC. 1403. ADJUSTMENT OF THRIFTY FOOD PLAN.

The second sentence of section 3(o) of the Food Stamp Act of 1977 (7 U.S.C. 2012(o)) is amended—

(1) by striking "and (11)" and inserting "(11)";

(2) by inserting "through October 1, 1994" after "1990, and each October 1 thereafter"; and

(3) by inserting before the period at the end the following: ", and (12) on October 1, 1995, and each October 1 thereafter, adjust the cost of the diet to reflect the cost of the diet, in the preceding June, and round the result to the nearest lower dollar increment for each household size, except that on October 1, 1995, the Secretary may not reduce the cost of the diet in effect on September 30, 1995".

SEC. 1404. DEFINITION OF HOMELESS INDIVIDUAL.

Section 3(s)(2)(C) of the Food Stamp Act of 1977 (7 U.S.C. 2012(s)(2)(C)) is amended by inserting "for not more than 90 days" after "temporary accommodation".

SEC. 1405. STATE OPTIONS IN REGULATIONS.

Section 5(b) of the Food Stamp Act of 1977 (7 U.S.C. 2014(b)) is amended—

(1) by striking "(b) The Secretary" and inserting the following:

"(b) UNIFORM STANDARDS.—Except as otherwise provided in this Act, the Secretary"; and

(2) by striking "No plan" and inserting "Except as otherwise provided in this Act, no plan".

SEC. 1406. ENERGY ASSISTANCE.

(a) IN GENERAL.—Section 5(d) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)) is amended—

(1) by striking paragraph (11); and

(2) by redesignating paragraphs (12) through (15) as paragraphs (11) through (14), respectively.

(b) CONFORMING AMENDMENTS.—

(1) Section 5(k) of the Act (7 U.S.C. 2014(k)) is amended—

(A) in paragraph (1)—

(i) in subparagraph (A), by striking "plan for aid to families with dependent children approved" and inserting "program funded"; and

(ii) in subparagraph (B), by striking ", not including energy or utility-cost assistance,";

(B) in paragraph (2)—

(i) by striking subparagraph (C); and

(ii) by redesignating subparagraphs (D) through (H) as subparagraphs (C) through (G), respectively; and

(C) by adding at the end the following:

"(4) THIRD PARTY ENERGY ASSISTANCE PAYMENTS.—

"(A) ENERGY ASSISTANCE PAYMENTS.—For purposes of subsection (d)(1), a payment made under a Federal or State law to provide energy assistance to a household shall be considered money payable directly to the household.

"(B) ENERGY ASSISTANCE EXPENSES.—For purposes of subsection (e), an expense paid on behalf of a household under a Federal or State law to provide energy assistance shall be considered an out-of-pocket expense incurred and paid by the household.".

(2) Section 2605(f) of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8624(f)) is amended—

(A) by striking "(f)(1) Notwithstanding" and inserting "(f) Notwithstanding";

(B) by striking "food stamps,"; and

(C) by striking paragraph (2).

SEC. 1407. DEDUCTIONS FROM INCOME.

(a) IN GENERAL.—Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended—

(1) in the second sentence—

(A) by striking "and (4)" and inserting "(4)";

(B) by inserting "through October 1, 1994" after "October 1 thereafter"; and

(C) by inserting before the period at the end the following: ", and (5) on October 1, 2002, and each October 1 thereafter, the Secretary shall adjust the standard deduction to the nearest lower dollar increment to reflect changes in the Consumer Price Index for all urban consumers published by the Bureau of Labor Statistics, for items other than food, for the 12-month period ending the preceding June 30";

(2) in the third sentence, by striking "willfully or fraudulently" and all that follows through "to report" and inserting "has not reported";

(3) in the seventh sentence, by striking "may use a standard" and all that follows through "except that a" and inserting "may make the use of a standard utility allowance mandatory for all households with qualifying utility costs if the State agency has developed 1 or more standards that include the cost of

heating and cooling and 1 or more standards that do not include the cost of heating and cooling and the Secretary finds that the standards will not result in an increased cost to the Secretary. A State agency that has not made the use of a standard utility allowance mandatory under the preceding sentence shall allow a household to switch, at the end of a certification period, between the standard utility allowance and a deduction based on the actual utility costs of the household. A"; and

(4) by striking "A State agency shall allow a household to switch" and all that follows through "twelve-month period.".

(b) HOMELESS SHELTER DEDUCTION.—Section 11(e)(3) of the Act (7 U.S.C. 2020(e)(3)) is amended by striking the last 3 sentences and inserting the following: "A State agency may develop a standard homeless shelter deduction, which shall not exceed $139 per month, for such expenses as may reasonably be expected to be incurred by households in which all members are homeless individuals but are not receiving free shelter throughout the month. A State agency that develops the deduction may use the deduction in determining eligibility and allotments for the households, except that the State agency may prohibit the use

of the deduction for households with extremely low shelter costs;".

SEC. 1408. AMOUNT OF VEHICLE ASSET LIMITATION.

The first sentence of section 5(g)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)(2)) is amended by striking "through September 30, 1995" and all that follows through "such date and on" and inserting "and shall be adjusted on October 1, 1996, and".

SEC. 1409. BENEFITS FOR ALIENS.

Section 5(i) of the Food Stamp Act of 1977 (7 U.S.C. 2014(i)) is amended—

(1) in the first sentence of paragraph (1)—

(A) by inserting "or who executed such an affidavit or similar agreement to enable the individual to lawfully remain in the United States," after "respect to such individual,"; and

(B) by striking "for a period" and all that follows through the period at the end of the sentence and inserting "until the end of the period ending on the later of the date agreed to in the affidavit or agreement or the date that is 5 years after the date on which the individual was first lawfully admitted into the United States following the execution of the affidavit or agreement.";

(2) in paragraph (2)—

(A) in the first sentence of subparagraph (C)(i), by striking "of three years after entry into the United States" and inserting "determined under paragraph (1)";

(B) in the first sentence of subparagraph (D), by striking "of three years after such alien's entry into the United States" and inserting "determined under paragraph (1)"; and

(C) by adding at the end the following:

"(F) LIMITATION ON MEASUREMENT OF ATTRIBUTED INCOME AND RESOURCES.—

"(i) IN GENERAL.—Notwithstanding any other provision of this subsection, if a determination described in clause (ii) is made, the amount of income and resources of the sponsor or the sponsor's spouse that shall be attributed to the sponsored individual shall not exceed the amount actually provided to the individual, for—

"(I) the 12-month period beginning on the date of the determination; or

"(II) if the address of the sponsor is unknown to the sponsored individual on the date of the determination,

the 12-month period beginning on the date the address becomes known to the sponsored individual or to the Secretary (who shall inform the individual of the address not later than 7 days after learning the address).

"(ii) DETERMINATION.—The determination described in this clause shall be a determination by the Secretary that a sponsored individual would, in the absence of the assistance provided by this Act, be unable to obtain food, taking into account the individual's own income, plus any cash, food, housing, or other assistance provided by other individuals, including the sponsor."; and

(3) by adding at the end the following:

"(3) TREATMENT OF NONCITIZENS.—

"(A) IN GENERAL.—Notwithstanding any other provision of law, a noncitizen who has entered into the United States on or after the date of the enactment of this paragraph shall not, during the 5-year period beginning on the date of the noncitizen's entry into the United States, be eligible to receive any benefits under this Act.

"(B) EXCEPTIONS.—Subparagraph (A) shall not apply to any individual who is—

"(i) a noncitizen granted asylum under section 208 of the Immigration and Nationality Act (8 U.S.C. 1158) or whose deportation has been withheld under section 243(h) of the Act (8 U.S.C. 1253(b)) for a period of not more than 5 years after the date the noncitizen arrived in the United States;

"(ii) a noncitizen admitted to the United States as a refugee under section 207 of the Act (8 U.S.C. 1157) for not more than 5 years after the date the noncitizen arrived in the United States; or

"(iii) a noncitizen, lawfully present in any State (or any territory or possession of the United States), who is—

"(I) a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge and not on account of alienage; or

"(II) the spouse or unmarried dependent child of a veteran described in subclause (I).".

SEC. 1410. DISQUALIFICATION.

(a) IN GENERAL.—Section 6(d) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)) is amended—

(1) by striking "(d)(1) Unless otherwise exempted by the provisions" and all that follows through "shall be ninety days. The" and inserting the following:

"(d) CONDITIONS OF PARTICIPATION.—

"(1) WORK REQUIREMENTS.—

"(A) IN GENERAL.—No physically and mentally fit individual over the age of 15 and under the age of 60 shall be eligible to participate in the food stamp program if the individual—

"(i) refuses, at the time of application and every 12 months thereafter, to register for employment in a manner prescribed by the Secretary;

"(ii) refuses without good cause to participate in an employment and training program under paragraph (4), to the extent required by the State agency;

"(iii) refuses without good cause to accept an offer of employment, at a site or plant not subject to a strike or lockout at the time of the refusal, at a wage not less than the higher of—

"(I) the applicable Federal or State minimum wage; or

"(II) 80 percent of the wage that would have governed had the minimum hourly rate under section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) been applicable to the offer of employment;

"(iv) refuses without good cause to provide a State agency with sufficient information to allow the State agency to determine the employment status or the job availability of the individual;

"(v) voluntarily and without good cause—

"(I) quits a job; or

"(II) reduces work effort and, after the reduction, the individual is working less than 30 hours per week; or

"(vi) fails to comply with section 20.

"(B) HOUSEHOLD INELIGIBILITY.—If an individual who is the head of a household becomes ineligible to participate in the food stamp program under subparagraph (A), the household shall, at the option of the State agency, become ineligible to participate in the food stamp program for a period, determined by the State agency, that does not exceed the lesser of—

"(i) the duration of the ineligibility of the individual determined under subparagraph (C); or

"(ii) 180 days.

"(C) DURATION OF INELIGIBILITY.—

"(i) FIRST VIOLATION.—The first time that an individual becomes ineligible to participate in the food stamp program under subparagraph (A), the individual shall remain ineligible until the later of—

"(I) the date the individual becomes eligible under subparagraph (A);

"(II) the date that is 1 month after the date the individual became ineligible; or

"(III) a date determined by the State agency that is not later than 3 months after the date the individual became ineligible.

"(ii) SECOND VIOLATION.—The second time that an individual becomes ineligible to participate in the food stamp program under subparagraph (A), the individual shall remain ineligible until the later of—

"(I) the date the individual becomes eligible under subparagraph (A);

"(II) the date that is 3 months after the date the individual became ineligible; or

"(III) a date determined by the State agency that is not later than 6 months after the date the individual became ineligible.

"(iii) THIRD OR SUBSEQUENT VIOLATION.—The third or subsequent time that an individual becomes ineligible to participate in the food stamp program under subparagraph (A), the individual shall remain ineligible until the later of—

"(I) the date the individual becomes eligible under subparagraph (A);

"(II) the date that is 6 months after the date the individual became ineligible;

"(III) a date determined by the State agency; or

"(IV) at the option of the State agency, permanently.

"(D) OTHER CONDITIONS.—The"; and

(2) in paragraph (1), by striking "Any period of ineligibility" and all that follows through "violated.".

(b) CONFORMING AMENDMENT.—

(1) The second sentence of section 17(b)(2) of the Act (7 U.S.C. 2026(b)(2)) is amended by striking "6(d)(1)(i)" and inserting "6(d)(1)(A)(i)".

(2) Section 20 of the Act (7 U.S.C. 2029) is amended by striking subsection (f) and inserting the following:

"(f) DISQUALIFICATION.—An individual or a household may become ineligible under section 6(d)(1) to participate in the food stamp program for failing to comply with this section.".

SEC. 1411. EMPLOYMENT AND TRAINING.

(a) IN GENERAL.—Section 6(d)(4) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4)) is amended by adding at the end the following:

"(O) LIMITATION ON FUNDING.—Notwithstanding any other provision of this paragraph, the amount of funds a State agency uses to carry out this paragraph (including under subparagraph (I)) for participants who are receiving benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) shall not exceed the amount of funds the State agency used in fiscal year 1995 to carry out this paragraph for participants who were receiving benefits in fiscal year 1995 under a State program funded under part A of title IV of the Act (42 U.S.C. 601 et seq.).".

(b) FUNDING.—Section 16(h) of the Act (7 U.S.C. 2025(h)) is amended by striking "(h)(1)(A) The Secretary" and all that follows through the end of paragraph (1) and inserting the following:

"(h) FUNDING OF EMPLOYMENT AND TRAINING PROGRAMS.—

"(1) IN GENERAL.—

"(A) AMOUNTS.—To carry out employment and training programs, the Secretary shall re-

serve for allocation to State agencies from funds made available for each fiscal year under section 18(a)(1) the amount of—

"(i) for fiscal year 1996, $77,000,000;

"(ii) for fiscal year 1997, $80,000,000;

"(iii) for fiscal year 1998, $83,000,000;

"(iv) for fiscal year 1999, $86,000,000;

"(v) for fiscal year 2000, $89,000,000;

"(vi) for fiscal year 2001, $92,000,000; and

"(vii) for fiscal year 2002, $95,000,000.

"(B) ALLOCATION.—The Secretary shall allocate the amounts reserved under subparagraph (A) among the State agencies using a reasonable formula (as determined by the Secretary) that gives consideration to the population in each State affected by section 6(n).

"(C) REALLOCATION.—

"(i) NOTIFICATION.—A State agency shall promptly notify the Secretary if the State agency determines that the State agency will not expend all of the funds allocated to the State agency under subparagraph (B).

"(ii) REALLOCATION.—On notification under clause (i), the Secretary shall reallocate the funds that the State agency will not expend as the Secretary considers appropriate and equitable.

"(D) MINIMUM ALLOCATION.—Notwithstanding subparagraphs (A) through (C), the Secretary shall ensure that each State agency operating an employment and training program shall receive not less than $50,000 for each fiscal year.".

SEC. 1412. INCOME CALCULATION.

Section 6(f) of the Food Stamp Act of 1977 (7 U.S.C. 2015(f)) is amended by striking the third sentence and inserting the following: "The State agency may consider either all income and financial resources of the individual rendered ineligible to participate in the food stamp program under this subsection, or the income, less a pro rata share, and the financial resources of the ineligible individual, to determine the eligibility and the value of the allotment of the household of which the individual is a member.".

SEC. 1413. COMPARABLE TREATMENT FOR DISQUALIFICATION.

(a) IN GENERAL.—Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) is amended by adding at the end the following:

"(i) COMPARABLE TREATMENT FOR DISQUALIFICATION.—

"(1) IN GENERAL.—If a disqualification is imposed on a member of a household for a failure of the member to perform an action required under a Federal, State, or local law relating to a welfare or public assistance program, the State agency may impose the same disqualification on the member of the household under the food stamp program.

"(2) APPLICATION AFTER DISQUALIFICATION PERIOD.—A member of a household disqualified under paragraph (1) may, after the disqualification period has expired, apply for benefits under this Act and shall be treated as a new applicant, except that a prior disqualification under subsection (d) shall be considered in determining eligibility.".

(b) CONFORMING AMENDMENT.—Section 6(d)(2)(A) of the Act (7 U.S.C. 2015(d)(2)(A)) is amended by striking "that is comparable to a requirement of paragraph (1)".

SEC. 1414. COOPERATION WITH CHILD SUPPORT AGENCIES.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) (as amended by section 1413) is further amended by adding at the end the following:

"(j) CUSTODIAL PARENT'S COOPERATION WITH CHILD SUPPORT AGENCIES.—

"(1) IN GENERAL.—At the option of a State agency, subject to paragraphs (2) and (3), no natural or adoptive parent or other individual (collectively referred to in this subsection as 'the individual') who is living with and exercising parental control over a child under the age of 18 who has an absent parent shall be eligible to participate in the food stamp program unless the individual cooperates with the State agency administering the program established under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.)—

"(A) in establishing the paternity of the child (if the child is born out of wedlock); and

"(B) in obtaining support for—

"(i) the child; or

"(ii) the individual and the child.

"(2) GOOD CAUSE FOR NONCOOPERATION.—Paragraph (1) shall not apply to the individual if good cause is found for refusing to cooperate, as determined by the State agency in accordance with stand-

ards prescribed by the Secretary in consultation with the Secretary of Health and Human Services. The standards shall take into consideration circumstances under which cooperation may be against the best interests of the child.

"(3) FEES.—Paragraph (1) shall not require the payment of a fee or other cost for services provided under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.).".

SEC. 1415. DISQUALIFICATION FOR CHILD SUPPORT ARREARS.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) (as amended by section 1414) is further amended by adding at the end the following:

"(k) DISQUALIFICATION FOR CHILD SUPPORT ARREARS.—

"(1) IN GENERAL.—At the option of a State agency, except as provided in paragraph (2), no individual shall be eligible to participate in the food stamp program as a member of any household during any month that the individual is delinquent in any payment due under a court order for the support of a child of the individual.

"(2) EXCEPTIONS.—Paragraph (1) shall not apply if—

"(A) a court is allowing the individual to delay payment; or

"(B) the individual is complying with a payment plan approved by a court or the State agency designated under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.) to provide support for the child of the individual.".

SEC. 1416. PERMANENT DISQUALIFICATION FOR PARTICIPATING IN 2 OR MORE STATES.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) (as amended by section 1415) is further amended by adding at the end the following:

"(l) PERMANENT DISQUALIFICATION FOR PARTICIPATING IN 2 OR MORE STATES.—An individual shall be permanently ineligible to participate in the food stamp program as a member of any household if the individual is found by a State agency to have made, or is convicted in Federal or State court of having made, a fraudulent statement or representation with respect to the place of residence of the individual in order to receive benefits simultaneously from 2 or more States under the food stamp program.".

SEC. 1417. WORK REQUIREMENT.

(a) IN GENERAL.—Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) (as amended by section 1416) is further amended by adding at the end the following:

"(m) WORK REQUIREMENT.—

"(1) DEFINITION OF WORK PROGRAM.—In this subsection, the term 'work program' means—

"(A) a program under the Job Training Partnership Act (29 U.S.C. 1501 et seq.);

"(B) a program under section 236 of the Trade Act of 1974 (19 U.S.C. 2296); or

"(C) a program of employment or training operated or supervised by a State or political subdivision of a State that meets standards approved by the Governor of the State, including a program under subsection (d)(4) other than a job search program or a job search training program under clause (i) or (ii) of subsection (d)(4)(B).

"(2) WORK REQUIREMENT.—Except as otherwise provided in this subsection, no individual shall be eligible to participate in the food stamp program as a member of any household if, during the preceding 12-month period, the individual received food stamp benefits for not less than 6 months during which the individual did not—

"(A) work 20 hours or more per week, averaged monthly; or

"(B) participate in and comply with the requirements of a work program for 20 hours or

more per week, as determined by the State agency.

"(3) EXCEPTIONS.—Paragraph (2) shall not apply to an individual if the individual is—

"(A) under 18 or over 50 years of age;

"(B) medically certified as physically or mentally unfit for employment;

"(C) a parent or other member of a household with responsibility for a dependent child; or

"(D) otherwise exempt under subsection (d)(2).

"(4) WAIVER.—On the request of a State agency, the Secretary may waive the applicability of paragraph (2) to any group of individuals in the State if the Secretary makes a determination that the area in which the individuals reside—

"(A) has an unemployment rate of over 8 percent; or

"(B) does not have a sufficient number of jobs to provide employment for the individuals.".

(b) TRANSITION PROVISION.—Prior to October 1, 1996, the term "preceding 12-month period" in section 6(m)(2) of the Food Stamp Act of 1977 (as added by subsection (a)) means the preceding period that begins on October 1, 1995.

SEC. 1418. DISQUALIFICATION OF FLEEING FELONS.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) (as amended by section 1417) is further amended by adding at the end the following:

"(n) DISQUALIFICATION OF FLEEING FELONS.—No member of a household who is otherwise eligible to participate in the food stamp program shall be eligible to participate in the program as a member of that or any other household during any period during which the individual is—

"(1) fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the individual flees, for a crime, or attempt to commit a crime, which is a felony under the laws of the place from which the individual flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of the State; or

"(2) violating a condition of probation or parole imposed under a Federal or State law.".

SEC. 1419. ELECTRONIC BENEFIT TRANSFERS.

Section 7 of the Food Stamp Act of 1977 (7 U.S.C. 2016) is amended by adding at the end the following:

"(j) ELECTRONIC BENEFIT TRANSFERS.—

"(1) APPLICABLE LAW.—

"(A) IN GENERAL.—Disclosures, protections, responsibilities, and remedies established by the

Federal Reserve Board under section 904 of the Electronic Fund Transfer Act (15 U.S.C. 1693b) shall not apply to benefits under this Act delivered through any electronic benefit transfer system.

"(B) DEFINITION OF ELECTRONIC BENEFIT TRANSFER SYSTEM.—In this paragraph, the term 'electronic benefit transfer system' means a system under which a governmental entity distributes benefits under this Act or other benefits or payments by establishing accounts to be accessed by recipients of the benefits electronically, including through the use of an automated teller machine, a point-of-sale terminal, or an intelligent benefit card.

"(2) CHARGING FOR ELECTRONIC BENEFIT TRANSFER CARD REPLACEMENT.—

"(A) IN GENERAL.—A State agency may charge an individual for the cost of replacing a lost or stolen electronic benefit transfer card.

"(B) REDUCING ALLOTMENT.—A State agency may collect a charge imposed under subparagraph (A) by reducing the monthly allotment of the household of which the individual is a member.".

SEC. 1420. MINIMUM BENEFIT.

The proviso in section 8(a) of the Food Stamp Act of 1977 (7 U.S.C. 2017(a)) is amended by striking ", and shall be adjusted" and all that follows through "$5".

SEC. 1421. BENEFITS ON RECERTIFICATION.

Section 8(c)(2)(B) of the Food Stamp Act of 1977 (7 U.S.C. 2017(c)(2)(B)) is amended by striking "of more than one month".

SEC. 1422. FAILURE TO COMPLY WITH OTHER WELFARE AND PUBLIC ASSISTANCE PROGRAMS.

Section 8 of the Food Stamp Act of 1977 (7 U.S.C. 2017) is amended by striking subsection (d) and inserting the following:

"(d) REDUCTION OF PUBLIC ASSISTANCE BENEFITS.—If the benefits of a household are reduced under a Federal, State, or local law relating to a welfare or public assistance program for the failure to perform an action required under the law or program, for the duration of the reduction—

"(1) the household may not receive an increased allotment as the result of a decrease in the income of the household to the extent that the decrease is the result of the reduction; and

"(2) the State agency may reduce the allotment of the household by not more than 25 percent.".

SEC. 1423. ALLOTMENTS FOR HOUSEHOLDS RESIDING IN INSTITUTIONS.

Section 8 of the Food Stamp Act of 1977 (7 U.S.C. 2017) is amended by adding at the end the following:

"(f) ALLOTMENTS FOR HOUSEHOLDS RESIDING IN INSTITUTIONS.—In the case of an individual who resides in a homeless shelter, or in an institution or center for the purpose of a drug or alcoholic treatment program, described in the last sentence of section 3(i), a State agency may provide an allotment for the individual to—

"(1) the institution as an authorized representative for the individual for a period that is less than 1 month; and

"(2) the individual, if the individual leaves the institution.".

SEC. 1424. COLLECTION OF OVERISSUANCES.

(a) IN GENERAL.—Section 13 of the Food Stamp Act of 1977 (7 U.S.C. 2022) is amended—

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

"(b) COLLECTION OF OVERISSUANCES.—

"(1) IN GENERAL.—Except as otherwise provided in this subsection, a State agency shall collect any overissuance of coupons issued to a household by—

"(A) reducing the allotment of the household;

"(B) withholding unemployment compensation from a member of the household under subsection (c);

"(C) recovering from Federal pay or a Federal income tax refund under subsection (d); or

"(D) any other means.

"(2) COST EFFECTIVENESS.—Paragraph (1) shall not apply if the State agency demonstrates to the satisfaction of the Secretary that all of the means referred to in paragraph (1) are not cost effective.

"(3) HARDSHIPS.—A State agency may not use an allotment reduction under paragraph (1)(A) as a means of collecting an overissuance from a household if the allotment reduction would cause a hardship on the household, as determined by the State agency.

"(4) MAXIMUM REDUCTION ABSENT FRAUD.—If a household received an overissuance of coupons without any member of the household being found ineligible to participate in the program under section 6(b)(1) and a State agency elects to reduce the allotment of the household under paragraph (1)(A), the State agency shall reduce the monthly allotment of the household under paragraph (1)(A) by the greater of—

"(A) 10 percent of the monthly allotment of the household; or

"(B) $10.

"(5) PROCEDURES.—A State agency shall collect an overissuance of coupons issued to a household under paragraph (1) in accordance with requirements established by the State agency for providing notice, electing a means of payment, and establishing a time schedule for payment."; and

(2) in subsection (d)—

(A) by striking "as determined under subsection (b) and except for claims arising from an error of the State agency," and inserting ", as determined under subsection (b)(1),"; and

(B) by inserting before the period at the end the following: "or a Federal income tax refund as authorized by section 3720A of title 31, United States Code".

(b) CONFORMING AMENDMENT.—Section 11(e)(8) of the Act (7 U.S.C. 2020(e)(8)) is amended—

(1) by striking "and excluding claims" and all that follows through "such section"; and

(2) by inserting before the semicolon at the end the following: "or a Federal income tax refund as authorized by section 3720A of title 31, United States Code".

SEC. 1425. TERMINATION OF FEDERAL MATCH FOR OPTIONAL INFORMATION ACTIVITIES.

(a) IN GENERAL.—Section 16(a) of the Food Stamp Act of 1977 (7 U.S.C. 2025(a)) is amended—

(1) by striking paragraph (4); and

(2) by redesignating paragraphs (5) through (8) as paragraphs (4) through (7), respectively.

(b) CONFORMING AMENDMENT.—Section 16(g) of the Act (7 U.S.C. 2025(g)) is amended by striking "an amount equal to" and all that follows through "1991, of" and inserting "the amount provided under subsection (a)(5) for".

SEC. 1426. WORK SUPPLEMENTATION OR SUPPORT PROGRAM.

Section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025) is amended by adding at the end the following:

"(k) WORK SUPPLEMENTATION OR SUPPORT PROGRAM.—

"(1) DEFINITION.—In this subsection, the term 'work supplementation or support program' means a program in which, as determined by the Secretary, public assistance (including any benefits provided under a program established by the State and the food stamp program) is provided to an employer to be used for hiring and employing a new employee who is a public assistance recipient.

"(2) PROGRAM.—A State agency may elect to use amounts equal to the allotment that would otherwise be allotted to a household under the food stamp program, but for the operation of this subsection, for the purpose of subsidizing or supporting jobs under a work supplementation or support program established by the State.

"(3) PROCEDURE.—If a State agency makes an election under paragraph (2) and identifies each household that participates in the food stamp program that contains an individual who is participating in the work supplementation or support program—

"(A) the Secretary shall pay to the State agency an amount equal to the value of the allotment that the household would be eligible to receive but for the operation of this subsection;

"(B) the State agency shall expend the amount paid under subparagraph (A) in accordance with the work supplementation or support program in lieu of providing the allotment that the household would receive but for the operation of this subsection;

"(C) for purposes of—

"(i) sections 5 and 8(a), the amount received under this subsection shall be excluded from household income and resources; and

"(ii) section 8(b), the amount received under this subsection shall be considered to be the value of an allotment provided to the household; and

"(D) the household shall not receive an allotment from the State agency for the period during which the member continues to participate in the work supplementation or support program.

"(4) MAXIMUM LENGTH OF PARTICIPATION.—A work supplementation or support program may not allow the participation of any individual for longer than 1 year, unless the Secretary approves a longer period.".

SEC. 1427. PRIVATE SECTOR EMPLOYMENT INITIATIVES.

Section 17 of the Food Stamp Act of 1977 (7 U.S.C. 2026) is amended by adding at the end the following:

"(m) PRIVATE SECTOR EMPLOYMENT INITIATIVES.—

"(1) ELECTION TO PARTICIPATE.—

"(A) IN GENERAL.—Subject to the other provisions of this subsection, a State may elect

to carry out a private sector employment initiative program under this subsection.

"(B) REQUIREMENT.—A State shall be eligible to carry out a private sector employment initiative under this subsection only if not less than 50 percent of the households that received food stamp benefits during the summer of 1993 also received benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) during the summer of 1993.

"(2) PROCEDURE.—A State that has elected to carry out a private sector employment initiative under paragraph (1) may use amounts equal to the food stamp allotments that would otherwise be allotted to a household under the food stamp program, but for the operation of this subsection, to provide cash benefits in lieu of the food stamp allotments to the household if the household is eligible under paragraph (3).

"(3) ELIGIBILITY.—A household shall be eligible to receive cash benefits under paragraph (2) if an adult member of the household—

"(A) has worked in unsubsidized employment in the private sector for not less than the preceding 90 days;

"(B) has earned not less than $350 per month from the employment referred to in subparagraph (A) for not less than the preceding 90 days;

"(C)(i) is eligible to receive benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); or

"(ii) was eligible to receive benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) at the time the member first received cash benefits under this subsection and is no longer eligible for the State program because of earned income;

"(D) is continuing to earn not less than $350 per month from the employment referred to in subparagraph (A); and

"(E) elects to receive cash benefits in lieu of food stamp benefits under this subsection.".

SEC. 1428. REAUTHORIZATION OF APPROPRIATIONS.

The first sentence of section 18(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2027(a)(1)) is amended by striking "1995" and inserting "2002".

SEC. 1429. OPTIONAL STATE FOOD ASSISTANCE BLOCK GRANT.

The Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) is amended by adding at the end the following:

"SEC. 24. OPTIONAL STATE FOOD ASSISTANCE BLOCK GRANT.

"(a) ESTABLISHMENT.—The Secretary shall establish a program to make grants to States in accordance with this section to provide—

"(1) food assistance to needy individuals and families residing in the State;

"(2) at the option of a State, wage subsidies and payments in return for work for needy individuals under the program;

"(3) funds to operate an employment and training program under subsection (g)(2) for needy individuals under the program; and

"(4) funds for administrative costs incurred in providing the assistance.

"(b) ELECTION.—

"(1) IN GENERAL.—A State may elect to participate in the program established under subsection (a).

"(2) ELECTION REVOCABLE.—A State that elects to participate in the program established under subsection (a) may subsequently reverse the election of the State only once thereafter. Following the reversal,

the State shall only be eligible to participate in the food stamp program in accordance with the other sections of this Act and shall not receive a block grant under this section.

"(3) PROGRAM EXCLUSIVE.—A State that is participating in the program established under subsection (a) shall not be subject to, or receive any benefit under, this Act except as provided in this section.

"(c) LEAD AGENCY.—

"(1) DESIGNATION.—A State desiring to participate in the program established under this section shall designate, in an application submitted to the Secretary under subsection (d)(1), an appropriate State agency that complies with paragraph (2) to act as the lead agency for the State.

"(2) DUTIES.—The lead agency shall—

"(A) administer, either directly, through other State agencies, or through local agencies, the assistance received under this section by the State;

"(B) develop the State plan to be submitted to the Secretary under subsection (d)(1); and

"(C) coordinate the provision of food assistance under this section with other Federal, State, and local programs.

"(d) APPLICATION AND PLAN.—

"(1) APPLICATION.—To be eligible to receive assistance under this section, a State shall prepare and submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary shall by regulation require, including—

"(A) an assurance that the State will comply with the requirements of this section;

"(B) a State plan that meets the requirements of paragraph (3); and

"(C) an assurance that the State will comply with the requirements of the State plan under paragraph (3).

"(2) ANNUAL PLAN.—The State plan contained in the application under paragraph (1) shall be submitted for approval annually.

"(3) REQUIREMENTS OF PLAN.—

"(A) LEAD AGENCY.—The State plan shall identify the lead agency.

"(B) USE OF BLOCK GRANT FUNDS.—The State plan shall provide that the State shall use the amounts provided to the State for each fiscal year under this section—

"(i) to provide food assistance to needy individuals and families residing in the

State, other than residents of institutions who are ineligible for food stamps under section 3(i);

"(ii) at the option of a State, to provide wage subsidies or workfare under section 20(a) (except that any reference in section 20(a) to an allotment shall be considered a reference to the food assistance or benefits in lieu of food assistance received by an individual or family during a month under this section) for needy individuals and families participating in the program;

"(iii) to administer an employment and training program under subsection (g)(2) for needy individuals under the program and to provide reimbursements to needy individuals and families as would be allowed under section 16(h)(3); and

"(iv) to pay administrative costs incurred in providing the assistance.

"(C) ASSISTANCE FOR ENTIRE STATE.—The State plan shall provide that benefits under this section shall be available throughout the entire State.

"(D) NOTICE AND HEARINGS.—The State plan shall provide that an individual or family who applies for, or receives, assistance under this section shall be provided with notice of, and an opportunity for a hearing on, any action under this section that adversely affects the individual or family.

"(E) OTHER ASSISTANCE.—

"(i) COORDINATION.—The State plan may coordinate assistance received under this section with assistance provided under the State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

"(ii) PENALTIES.—If an individual or family is penalized for violating part A of title IV of the Act, the State plan may reduce the amount of assistance provided under this section or otherwise penalize the individual or family.

"(F) ELIGIBILITY LIMITATIONS.—The State plan shall describe the income and resource eligibility limitations that are established for the receipt of assistance under this section.

"(G) RECEIVING BENEFITS IN MORE THAN 1 JURISDICTION.—The State plan shall establish a system to verify and otherwise ensure that no individual or family shall receive benefits under this section in more than 1 jurisdiction within the State.

"(H) PRIVACY.—The State plan shall provide for safeguarding and restricting the use and disclosure of information about any individual or family receiving assistance under this section.

"(I) OTHER INFORMATION.—The State plan shall contain such other information as may be required by the Secretary.

"(4) APPROVAL OF APPLICATION AND PLAN.—The Secretary shall approve an application and State plan that satisfies the requirements of this section.

"(e) LIMITATIONS ON STATE ALLOTMENTS.—

"(1) NO INDIVIDUAL OR FAMILY ENTITLEMENT TO ASSISTANCE.—Nothing in this section—

"(A) entitles any individual or family to assistance under this section; or

"(B) limits the right of a State to impose additional limitations or conditions on assistance under this section.

"(2) CONSTRUCTION OF FACILITIES.—No funds made available under this section shall be expended for the purchase or improvement of land, or for the purchase, construction, or permanent improvement of any building or facility.

"(f) BENEFITS FOR ALIENS.—

"(1) ELIGIBILITY.—No individual shall be eligible to receive benefits under a State plan approved under subsection (d)(4) if the individual is not eligible to participate in the food stamp program under section 6(f).

"(2) INCOME.—The State plan shall provide that the income of an alien shall be determined in accordance with section 5(i).

"(g) EMPLOYMENT AND TRAINING.—

"(1) WORK REQUIREMENTS.—No individual or member of a family shall be eligible to receive benefits under a State plan funded under this section if the individual is not eligible to participate in the food stamp program under subsection (d) or (m) of section 6.

"(2) WORK PROGRAMS.—Each State shall implement an employment and training program described in section 6(d)(4) for needy individuals under the program.

"(h) ENFORCEMENT.—

"(1) REVIEW OF COMPLIANCE WITH STATE PLAN.—The Secretary shall review and monitor State compliance with this section and the State plan approved under subsection (d)(4).

"(2) NONCOMPLIANCE.—

"(A) IN GENERAL.—If the Secretary, after reasonable notice to a State and opportunity for a hearing, finds that—

"(i) there has been a failure by the State to comply substantially with any provision or requirement set forth in the State plan approved under subsection (d)(4); or

"(ii) in the operation of any program or activity for which assistance is provided under this section, there is a failure by the State to comply substantially with any provision of this section;

the Secretary shall notify the State of the finding and that no further payments will be made to the State under this section (or, in the case of noncompliance in the operation of a program or activity, that no further payments to the State will be made with respect to the program or activity) until the Secretary is satisfied that there

is no longer any failure to comply or that the noncompliance will be promptly corrected.

"(B) OTHER SANCTIONS.—In the case of a finding of noncompliance made pursuant to subparagraph (A), the Secretary may, in addition to, or in lieu of, imposing the sanctions described in subparagraph (A), 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.

"(C) NOTICE.—The notice required under subparagraph (A) shall include a specific identification of any additional sanction being imposed under subparagraph (B).

"(3) ISSUANCE OF REGULATIONS.—The Secretary shall establish by regulation procedures for—

"(A) receiving, processing, and determining the validity of complaints concerning any failure of a State to comply with the State plan or any requirement of this section; and

"(B) imposing sanctions under this section.

"(4) INCOME AND ELIGIBILITY VERIFICATION SYSTEM.—The Secretary may withhold not more than

5 percent of the amount allotted to a State under subsection (l)(2) if the State does not use an income and eligibility verification system established under section 1137 of the Social Security Act (42 U.S.C. 1320b–7).

"(i) PAYMENTS.—

"(1) IN GENERAL.—For each fiscal year, the Secretary shall pay to a State that has an application approved by the Secretary under subsection (d)(4) an amount that is equal to the allotment of the State under subsection (l)(2) for the fiscal year.

"(2) METHOD OF PAYMENT.—The Secretary shall make payments to a State for a fiscal year under this section by issuing 1 or more letters of credit for the fiscal year, with necessary adjustments on account of overpayments or underpayments, as determined by the Secretary.

"(3) SPENDING OF FUNDS BY STATE.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), payments to a State from an allotment under subsection (l)(2) for a fiscal year may be expended by the State only in the fiscal year.

"(B) CARRYOVER.—The State may reserve up to 10 percent of an allotment under sub-

section (l)(2) for a fiscal year to provide assistance under this section in subsequent fiscal years, except that the reserved funds may not exceed 30 percent of the total allotment received under this section for a fiscal year.

"(4) FOOD ASSISTANCE AND ADMINISTRATIVE EXPENDITURES.—In each fiscal year, of the Federal funds expended by a State under this section—

"(A) not less than 80 percent shall be for food assistance; and

"(B) not more than 6 percent shall be for administrative expenses.

"(5) PROVISION OF FOOD ASSISTANCE.—A State may provide food assistance under this section in any manner determined appropriate by the State to provide food assistance to needy individuals and families in the State, such as electronic benefits transfer limited to food purchases, coupons limited to food purchases, or direct provision of commodities.

"(6) DEFINITION OF FOOD ASSISTANCE.—In this section, the term 'food assistance' means assistance that may be used only to obtain food, as defined in section 3(g).

"(j) AUDITS.—

"(1) REQUIREMENT.—After the close of each fiscal year, a State shall arrange for an audit of the expenditures of the State during the program period from amounts received under this section.

"(2) INDEPENDENT AUDITOR.—An audit under this section shall be conducted by an entity that is independent of any agency administering activities that receive assistance under this section and be in accordance with generally accepted auditing principles.

"(3) PAYMENT ACCURACY.—Each annual audit under this section shall include an audit of payment accuracy under this section that shall be based on a statistically valid sample of the caseload in the State.

"(4) SUBMISSION.—Not later than 30 days after the completion of an audit under this section, the State shall submit a copy of the audit to the legislature of the State and to the Secretary.

"(5) REPAYMENT OF AMOUNTS.—Each State shall repay to the United States any amounts determined through an audit under this section to have not been expended in accordance with this section or to have not been expended in accordance with the State plan, or the Secretary may offset the amounts

against any other amount paid to the State under this section.

"(k) NONDISCRIMINATION.—

"(1) IN GENERAL.—The Secretary shall not provide financial assistance for any program, project, or activity under this section if any person with responsibilities for the operation of the program, project, or activity discriminates with respect to the program, project, or activity because of race, religion, color, national origin, sex, or disability.

"(2) ENFORCEMENT.—The powers, remedies, and procedures set forth in title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) may be used by the Secretary to enforce paragraph (1).

"(l) ALLOTMENTS.—

"(1) DEFINITION OF STATE.—In this section, the term 'State' means each of the 50 States, the District of Columbia, Guam, and the Virgin Islands of the United States.

"(2) STATE ALLOTMENT.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), from the amounts made available under section 18 of this Act for each fiscal year, the Secretary shall allot to each State participating in the program established under

this section an amount that is equal to the sum of—

"(i) the greater of, as determined by the Secretary—

"(I) the total dollar value of all benefits issued under the food stamp program established under this Act by the State during fiscal year 1994; or

"(II) the average per fiscal year of the total dollar value of all benefits issued under the food stamp program by the State during each of fiscal years 1992 through 1994; and

"(ii) the greater of, as determined by the Secretary—

"(I) the total amount received by the State for administrative costs and the employment and training program under subsections (a) and (h), respectively, of section 16 of this Act for fiscal year 1994; or

"(II) the average per fiscal year of the total amount received by the State for administrative costs and the employment and training program under

subsections (a) and (h), respectively, of section 16 of this Act for each of fiscal years 1992 through 1994.

"(B) INSUFFICIENT FUNDS.—If the Secretary finds that the total amount of allotments to which States would otherwise be entitled for a fiscal year under subparagraph (A) will exceed the amount of funds that will be made available to provide the allotments for the fiscal year, the Secretary shall reduce the allotments made to States under this subsection, on a pro rata basis, to the extent necessary to allot under this subsection a total amount that is equal to the funds that will be made available.".

SEC. 1430. EFFECTIVE DATE.

Except as otherwise provided in this chapter, this chapter and the amendments made by this chapter shall become effective on October 1, 1995.

CHAPTER 2—CHILD NUTRITION PROGRAMS

PART I—REIMBURSEMENT RATES

SEC. 1441. TERMINATION OF ADDITIONAL PAYMENT FOR LUNCHES SERVED IN HIGH FREE AND REDUCED PRICE PARTICIPATION SCHOOLS.

(a) IN GENERAL.—Section 4(b)(2) of the National School Lunch Act (42 U.S.C. 1753(b)(2)) is amended by striking "except that" and all that follows through "2 cents more".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on July 1, 1996.

SEC. 1442. LUNCHES, BREAKFASTS, AND SUPPLEMENTS.

(a) IN GENERAL.—Section 11(a)(3)(B) of the National School Lunch Act (42 U.S.C. 1759a(a)(3)(B)) is amended—

(1) by designating the second and third sentences as subparagraphs (C) and (D), respectively; and

(2) by striking subparagraph (D) (as so designated) and inserting the following:

"(D) ROUNDING.—Except as otherwise provided in this paragraph, in the case of each school year, the Secretary shall—

"(i) base the adjustment made under this paragraph on the amount of the

unrounded adjustment for the preceding school year;

"(ii) adjust the resulting amount in accordance with subparagraphs (B) and (C); and

"(iii) round the result to the nearest lower cent increment.

"(E) ADJUSTMENT ON JANUARY 1, 1996.—On January 1, 1996, the Secretary shall adjust the rates and factor for the remainder of the school year by rounding the previously established rates and factor to the nearest lower cent increment.

"(F) ADJUSTMENT FOR 24-MONTH PERIOD BEGINNING JULY 1, 1996.—In the case of the 24-month period beginning July 1, 1996, the national average payment rates for paid lunches, paid breakfasts, and paid supplements shall be the same as the national average payment rate for paid lunches, paid breakfasts, and paid supplements, respectively, for the school year beginning July 1, 1995, rounded to the nearest lower cent increment.

"(G) ADJUSTMENT FOR SCHOOL YEAR BEGINNING JULY 1, 1998.—In the case of the school

year beginning July 1, 1998, the Secretary shall—

"(i) base the adjustments made under this paragraph for—

"(I) paid lunches and paid breakfasts on the amount of the unrounded adjustment for paid lunches for the school year beginning July 1, 1995; and

"(II) paid supplements on the amount of the unrounded adjustment for paid supplements for the school year beginning July 1, 1995;

"(ii) adjust each resulting amount in accordance with subparagraph (C); and

"(iii) round each result to the nearest lower cent increment.".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall become effective on January 1, 1996.

SEC. 1443. FREE AND REDUCED PRICE BREAKFASTS.

(a) IN GENERAL.—Section 4(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1773(b)) is amended—

(1) in paragraph (1)(B)—

(A) in the first sentence, by striking "section 11(a)" and inserting "subparagraphs (B) through (E) of section 11(a)(3)"; and

(B) in the second sentence, by striking ", adjusted to the nearest one-fourth cent" and inserting "(as adjusted pursuant to subparagraphs (B) through (E) of section 11(a)(3) of the National School Lunch Act (42 U.S.C. 1759a(a)(3)))"; and

(2) in paragraph (2)(B)(ii)—

(A) by striking "nearest one-fourth cent" and inserting "nearest lower cent increment for the applicable school year"; and

(B) by inserting before the period at the end the following: ", and the adjustment required by this clause shall be based on the unrounded adjustment for the preceding school year".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall become effective on July 1, 1996.

SEC. 1444. CONFORMING REIMBURSEMENT FOR PAID BREAKFASTS AND LUNCHES.

(a) IN GENERAL.—The last sentence of section 4(b)(1)(B) of the Child Nutrition Act of 1966 (42 U.S.C. 1773(b)(1)(B)) is amended by striking "8.25 cents" and all that follows through "Act)" and inserting "the same as the

national average lunch payment for paid meals established under section 4(b) of the National School Lunch Act (42 U.S.C. 1753(b))".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on January 1, 1996.

PART II—GRANT PROGRAMS

SEC. 1451. SCHOOL BREAKFAST STARTUP GRANTS.

(a) IN GENERAL.—Section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773) is amended by striking subsection (g).

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on October 1, 1996.

PART III—OTHER AMENDMENTS

SEC. 1461. CHILD AND ADULT CARE FOOD PROGRAM.

(a) IMPROVED TARGETING OF DAY CARE HOME REIMBURSEMENTS.—

(1) RESTRUCTURED DAY CARE HOME REIMBURSEMENTS.—Section 17(f)(3) of the National School Lunch Act (42 U.S.C. 1766(f)(3)) is amended by striking "(3)(A) Institutions" and all that follows through the end of subparagraph (A) and inserting the following:

"(3) REIMBURSEMENT OF FAMILY OR GROUP DAY CARE HOME SPONSORING ORGANIZATIONS.—

"(A) REIMBURSEMENT FACTOR.—

"(i) IN GENERAL.—An institution that participates in the program under this section as a family or group day care home sponsoring organization shall be provided, for payment to a home sponsored by the organization, reimbursement factors in accordance with this subparagraph for the cost of obtaining and preparing food and prescribed labor costs involved in providing meals under this section.

"(ii) TIER I FAMILY OR GROUP DAY CARE HOMES.—

"(I) DEFINITION.—In this paragraph, the term 'tier I family or group day care home' means—

"(aa) a family or group day care home that is located in a geographic area, as defined by the Secretary based on census data, in which at least 50 percent of the children residing in the area are members of households whose incomes meet the income eligibility guidelines for free or reduced price meals under section 9;

"(bb) a family or group day care home that is located in an area served by a school enrolling elementary students in which at least 50 percent of the total number of children enrolled are certified as eligible to receive free or reduced price school meals under this Act or the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.); or

"(cc) a family or group day care home that is operated by a provider whose household meets the income eligibility guidelines for free or reduced price meals under section 9 and whose income is verified by the sponsoring organization of the home under regulations established by the Secretary.

"(II) REIMBURSEMENT.—Except as provided in subclause (III), a tier I family or group day care home shall be provided reimbursement factors under

this clause without a requirement for documentation of the costs described in clause (i), except that reimbursement shall not be provided under this subclause for meals or supplements served to the children of a person acting as a family or group day care home provider unless the children meet the income eligibility guidelines for free or reduced price meals under section 9.

"(III) FACTORS.—Except as provided in subclause (IV), the reimbursement factors applied to a home referred to in subclause (II) shall be the factors in effect on the date of enactment of this subclause.

"(IV) ADJUSTMENTS.—The reimbursement factors under this subparagraph shall be adjusted on August 1, 1996, July 1, 1997, and each July 1 thereafter, to reflect changes in the Consumer Price Index for food at home for the most recent 12-month period for which the data are available. The re-

imbursement factors under this subparagraph shall be rounded to the nearest lower cent increment and based on the unrounded adjustment in effect on June 30 of the preceding school year.

"(iii) TIER II FAMILY OR GROUP DAY CARE HOMES.—

"(I) IN GENERAL.—

"(aa) FACTORS.—Except as provided in subclause (II), with respect to meals or supplements served under this clause by a family or group day care home that does not meet the criteria set forth in clause (ii)(I), the reimbursement factors shall be $1 for lunches and suppers, 30 cents for breakfasts, and 15 cents for supplements.

"(bb) ADJUSTMENTS.—The factors shall be adjusted on July 1, 1997, and each July 1 thereafter, to reflect changes in the Consumer Price Index for food at

home for the most recent 12-month period for which the data are available. The reimbursement factors under this item shall be rounded down to the nearest lower cent increment and based on the unrounded adjustment for the preceding 12-month period.

"(cc) REIMBURSEMENT.—A family or group day care home shall be provided reimbursement factors under this subclause without a requirement for documentation of the costs described in clause (i), except that reimbursement shall not be provided under this subclause for meals or supplements served to the children of a person acting as a family or group day care home provider unless the children meet the income eligibility guidelines for free or reduced price meals under section 9.

"(II) OTHER FACTORS.—A family or group day care home that does not

meet the criteria set forth in clause (ii)(I) may elect to be provided reimbursement factors determined in accordance with the following requirements:

"(aa) CHILDREN ELIGIBLE FOR FREE OR REDUCED PRICE MEALS.—In the case of meals or supplements served under this subsection to children who are members of households whose incomes meet the income eligibility guidelines for free or reduced price meals under section 9, the family or group day care home shall be provided reimbursement factors set by the Secretary in accordance with clause (ii)(III).

"(bb) INELIGIBLE CHILDREN.—In the case of meals or supplements served under this subsection to children who are members of households whose incomes do not meet the income eligibility guidelines, the family or

group day care home shall be provided reimbursement factors in accordance with subclause (I).

"(III) INFORMATION AND DETERMINATIONS.—

"(aa) IN GENERAL.—If a family or group day care home elects to claim the factors described in subclause (II), the family or group day care home sponsoring organization serving the home shall collect the necessary income information, as determined by the Secretary, from any parent or other caretaker to make the determinations specified in subclause (II) and shall make the determinations in accordance with rules prescribed by the Secretary.

"(bb) CATEGORICAL ELIGIBILITY.—In making a determination under item (aa), a family or group day care home sponsoring organization may consider a child

participating in or subsidized under, or a child with a parent participating in or subsidized under, a federally or State supported child care or other benefit program with an income eligibility limit that does not exceed the eligibility standard for free or reduced price meals under section 9 to be a child who is a member of a household whose income meets the income eligibility guidelines under section 9.

"(cc) FACTORS FOR CHILDREN ONLY.—A family or group day care home may elect to receive the reimbursement factors prescribed under clause (ii)(III) solely for the children participating in a program referred to in item (bb) if the home elects not to have income statements collected from parents or other caretakers.

"(IV) SIMPLIFIED MEAL COUNTING AND REPORTING PROCEDURES.—

The Secretary shall prescribe simplified meal counting and reporting procedures for use by a family or group day care home that elects to claim the factors under subclause (II) and by a family or group day care home sponsoring organization that sponsors the home. The procedures the Secretary prescribes may include 1 or more of the following:

"(aa) Setting an annual percentage for each home of the number of meals served that are to be reimbursed in accordance with the reimbursement factors prescribed under clause (ii)(III) and an annual percentage of the number of meals served that are to be reimbursed in accordance with the reimbursement factors prescribed under subclause (I), based on the family income of children enrolled in the home in a specified month or other period.

"(bb) Placing a home into 1 of 2 or more reimbursement categories annually based on the percentage of children in the home whose households have incomes that meet the income eligibility guidelines under section 9, with each such reimbursement category carrying a set of reimbursement factors such as the factors prescribed under clause (ii)(III) or subclause (I) or factors established within the range of factors prescribed under clause (ii)(III) and subclause (I).

"(cc) Such other simplified procedures as the Secretary may prescribe.

"(V) MINIMUM VERIFICATION REQUIREMENTS.—The Secretary may establish any necessary minimum verification requirements.".

(2) GRANTS TO STATES TO PROVIDE ASSISTANCE TO FAMILY OR GROUP DAY CARE HOMES.—Section

17(f)(3) of the Act is amended by adding at the end the following:

"(D) GRANTS TO STATES TO PROVIDE ASSISTANCE TO FAMILY OR GROUP DAY CARE HOMES.—

"(i) IN GENERAL.—

"(I) RESERVATION.—From amounts made available to carry out this section, the Secretary shall reserve $5,000,000 of the amount made available for fiscal year 1996.

"(II) PURPOSE.—The Secretary shall use the funds made available under subclause (I) to provide grants to States for the purpose of providing—

"(aa) assistance, including grants, to family and day care home sponsoring organizations and other appropriate organizations, in securing and providing training, materials, automated data processing assistance, and other assistance for the staff of the sponsoring organizations; and

"(bb) training and other assistance to family and group day care homes in the implementation of the amendments to subparagraph (A) made by section 1461(a)(1) of the Agricultural Reconciliation Act of 1995.

"(ii) ALLOCATION.—The Secretary shall allocate from the funds reserved under clause (i)(I)—

"(I) $30,000 in base funding to each State; and

"(II) any remaining amount among the States, based on the number of family day care homes participating in the program in a State during fiscal year 1994 as a percentage of the number of all family day care homes participating in the program during fiscal year 1994.

"(iii) RETENTION OF FUNDS.—Of the amount of funds made available to a State for fiscal year 1996 under clause (i), the State may retain not to exceed 30 percent

of the amount to carry out this subparagraph.

"(iv) ADDITIONAL PAYMENTS.—Any payments received under this subparagraph shall be in addition to payments that a State receives under subparagraph (A) (as amended by section 1461(a)(1) of the Agricultural Reconciliation Act of 1995).".

(3) PROVISION OF DATA.—Section 17(f)(3) of the Act (as amended by paragraph (2)) is further amended by adding at the end the following:

"(E) PROVISION OF DATA TO FAMILY OR GROUP DAY CARE HOME SPONSORING ORGANIZATIONS.—

"(i) CENSUS DATA.—The Secretary shall provide to each State agency administering a child and adult care food program under this section data from the most recent decennial census survey or other appropriate census survey for which the data are available showing which areas in the State meet the requirements of subparagraph (A)(ii)(I)(aa). The State agency shall provide the data to family or group day

care home sponsoring organizations located in the State.

"(ii) SCHOOL DATA.—

"(I) IN GENERAL.—A State agency administering the school lunch program under this Act or the school breakfast program under the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.) shall provide to approved family or group day care home sponsoring organizations a list of schools serving elementary school children in the State in which not less than ½ of the children enrolled are certified to receive free or reduced price meals. The State agency shall collect the data necessary to create the list annually and provide the list on a timely basis to any approved family or group day care home sponsoring organization that requests the list.

"(II) USE OF DATA FROM PRECEDING SCHOOL YEAR.—In determining for a fiscal year or other annual period whether a home qualifies as a

tier I family or group day care home under subparagraph (A)(ii)(I), the State agency administering the program under this section, and a family or group day care home sponsoring organization, shall use the most current available data at the time of the determination.

"(iii) DURATION OF DETERMINATION.—For purposes of this section, a determination that a family or group day care home is located in an area that qualifies the home as a tier I family or group day care home (as the term is defined in subparagraph (A)(ii)(I)), shall be in effect for 3 years (unless the determination is made on the basis of census data, in which case the determination shall remain in effect until more recent census data are available) unless the State agency determines that the area in which the home is located no longer qualifies the home as a tier I family or group day care home.".

(4) CONFORMING AMENDMENTS.—Section 17(c) of the Act is amended by inserting "except as pro-

vided in subsection (f)(3)," after "For purposes of this section," each place it appears in paragraphs (1), (2), and (3).

(b) ELIMINATION OF STATE PAPERWORK AND OUTREACH BURDEN.—Section 17 of the Act is amended by striking subsection (k) and inserting the following:

"(k) TRAINING AND TECHNICAL ASSISTANCE.—A State participating in the program established under this section shall provide sufficient training, technical assistance, and monitoring to facilitate effective operation of the program. The Secretary shall assist the State in developing plans to fulfill the requirements of this subsection.".

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall become effective on the date of enactment of this Act.

(2) IMPROVED TARGETING OF DAY CARE HOME REIMBURSEMENTS.—The amendments made by paragraphs (1), (3), and (4) of subsection (a) shall become effective on August 1, 1996.

CHAPTER 3—ADDITIONAL SAVINGS

SEC. 1471. EARNINGS OF STUDENTS.

Section 5(d)(7) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)(7)) is amended by striking "21" and inserting "17".

SEC. 1472. STANDARD DEDUCTION.

Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended by adding at the end the following: "Notwithstanding any other provision of this subsection, the Secretary shall allow a standard deduction of $134 for fiscal year 1995, $132 for the period consisting of October 1, 1995, through December 31, 1995, and $116 for the period consisting of January 1, 1996, through fiscal year 2002, except that households in Alaska, Hawaii, Guam, and the Virgin Islands of the United States shall be allowed a standard deduction of $229, $189, $269, and $118, respectively, for fiscal year 1995; $225, $186, $265, and $116, respectively, for the period consisting of October 1, 1995, through December 31, 1995; and $198, $164, $233, and $102, respectively, for the period consisting of January 1, 1996, through fiscal year 2002.".

SEC. 1473. VENDOR PAYMENTS FOR TRANSITIONAL HOUSING COUNTED AS INCOME.

Section 5(k)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(k)(2)) (as amended by section 1406(b)(1)(B)) is amended—

(1) by striking subparagraph (E); and

(2) by redesignating subparagraphs (F) and (G) as subparagraphs (E) and (F), respectively.

SEC. 1474. EXTENDING CLAIMS RETENTION RATES.

The first sentence of section 16(a) of the Food Stamp Act of 1977 (7 U.S.C. 2025(a)) is amended by striking "1995" each place it appears and inserting "2002".

SEC. 1475. REAUTHORIZATION OF PUERTO RICO NUTRITION ASSISTANCE PROGRAM.

The first sentence of section 19(a)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2028(a)(1)(A)) is amended by striking "$974,000,000" and all that follows through "fiscal year 1995" and inserting "$1,143,000,000 for each of fiscal years 1995 and 1996, $1,171,000,000 for fiscal year 1997, $1,212,000,000 for fiscal year 1998, $1,255,000,000 for fiscal year 1999, $1,299,000,000 for fiscal year 2000, $1,342,000,000 for fiscal year 2001, and $1,376,000,000 for fiscal year 2002".

SEC. 1476. VALUE OF FOOD ASSISTANCE.

(a) IN GENERAL.—Section 6(e)(1) of the National School Lunch Act (42 U.S.C. 1755(e)(1)) is amended by striking subparagraph (B) and inserting the following:

"(B) ADJUSTMENTS.—

"(i) IN GENERAL.—The value of food assistance for each meal shall be adjusted each July 1 by the annual percentage change in a 3-month average value of the Price Index for Foods Used in Schools and

Institutions for March, April, and May each year.

"(ii) ADJUSTMENTS.—Except as otherwise provided in this subparagraph, in the case of each school year, the Secretary shall—

"(I) base the adjustment made under clause (i) on the amount of the unrounded adjustment for the preceding school year;

"(II) adjust the resulting amount in accordance with clause (i); and

"(III) round the result to the nearest lower cent increment.

"(iii) ADJUSTMENT ON JANUARY 1, 1996.—On January 1, 1996, the Secretary shall adjust the value of food assistance for the remainder of the school year by rounding the previously established value of food assistance to the nearest lower cent increment.

"(iv) ADJUSTMENT FOR 24-MONTH PERIOD BEGINNING JULY 1, 1996.—In the case of the 24-month period beginning July 1, 1996, the value of food assistance shall be

the same as the value of food assistance in effect on June 30, 1996.

"(v) ADJUSTMENT FOR SCHOOL YEAR BEGINNING JULY 1, 1998.—In the case of the school year beginning July 1, 1998, the Secretary shall—

"(I) base the adjustment made under clause (i) on the amount of the unrounded adjustment for the value of food assistance for the school year beginning July 1, 1995;

"(II) adjust the resulting amount to reflect the annual percentage change in a 3-month average value of the Price Index for Foods Used in Schools and Institutions for March, April, and May for the most recent 12-month period for which the data are available; and

"(III) round the result to the nearest lower cent increment.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on January 1, 1996.

SEC. 1477. COMMODITY ASSISTANCE.

(a) IN GENERAL.—Section 6(g) of the National School Lunch Act (42 U.S.C. 1755(g)) is amended by striking "12 percent" and inserting "10 percent".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on July 1, 1996.

SEC. 1478. SUMMER FOOD SERVICE PROGRAM FOR CHILDREN.

(a) IN GENERAL.—Section 13(b) of the National School Lunch Act (42 U.S.C. 1761(b)) is amended—

(1) by striking "(b)(1)" and all that follows through the end of paragraph (1) and inserting the following:

"(b) SERVICE INSTITUTIONS.—

"(1) PAYMENTS.—

"(A) IN GENERAL.—Except as otherwise provided in this paragraph, payments to service institutions shall equal the full cost of food service operations (which cost shall include the costs of obtaining, preparing, and serving food, but shall not include administrative costs).

"(B) MAXIMUM AMOUNTS.—Subject to subparagraph (C), payments to any institution under subparagraph (A) shall not exceed—

"(i) $1.82 for each lunch and supper served;

"(ii) $1.13 for each breakfast served; and

"(iii) 46 cents for each meal supplement served.

"(C) ADJUSTMENTS.—Amounts specified in subparagraph (B) shall be adjusted each January 1 to the nearest lower cent increment in accordance with the changes for the 12-month period ending the preceding November 30 in the series for food away from home of the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor. Each adjustment shall be based on the unrounded adjustment for the prior 12-month period.";

(2) in the second sentence of paragraph (3), by striking "levels determined" and all that follows through "this subsection" and inserting "level determined by the Secretary"; and

(3) by striking paragraph (4).

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall become effective on January 1, 1996.

SEC. 1479. SPECIAL MILK PROGRAM.

(a) IN GENERAL.—Section 3(a) of the Child Nutrition Act of 1966 (42 U.S.C. 1772(a)) is amended by striking paragraph (8) and inserting the following:

"(8) ADJUSTMENTS.—

"(A) IN GENERAL.—Except as otherwise provided in this paragraph, in the case of each school year, the Secretary shall—

"(i) base the adjustment made under paragraph (7) on the amount of the unrounded adjustment for the preceding school year;

"(ii) adjust the resulting amount in accordance with paragraph (7); and

"(iii) round the result to the nearest lower cent increment.

"(B) ADJUSTMENT ON JANUARY 1, 1996.—On January 1, 1996, the Secretary shall adjust the minimum rate for the remainder of the school year by rounding the previously established minimum rate to the nearest lower cent increment.

"(C) ADJUSTMENT FOR 24-MONTH PERIOD BEGINNING JULY 1, 1996.—In the case of the 24-month period beginning July 1, 1996, the mini-

mum rate shall be the same as the minimum rate in effect on June 30, 1996.

"(D) ADJUSTMENT FOR SCHOOL YEAR BEGINNING JULY 1, 1998.—In the case of the school year beginning July 1, 1998, the Secretary shall—

"(i) base the adjustment made under paragraph (7) on the amount of the unrounded adjustment for the minimum rate for the school year beginning July 1, 1995;

"(ii) adjust the resulting amount to reflect changes in the Producer Price Index for Fresh Processed Milk published by the Bureau of Labor Statistics of the Department of Labor for the most recent 12-month period for which the data are available; and

"(iii) round the result to the nearest lower cent increment.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on January 1, 1996.

SEC. 1480. NUTRITION EDUCATION AND TRAINING PROGRAMS.

(a) IN GENERAL.—Section 19(i)(2)(A) of the Child Nutrition Act of 1966 (42 U.S.C. 1788(i)(2)(A)) is amended by striking "$10,000,000" and inserting "$7,000,000".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on October 1, 1996.

SEC. 1481. EFFECTIVE DATE.

Except as otherwise provided in this chapter, this chapter and the amendments made by this chapter shall become effective on October 1, 1995.

CHAPTER 4—EFFECTIVE DATE

SEC. 1491. EFFECTIVE DATE.

Notwithstanding any other provision of this subtitle, if the Act entitled "An Act to restore the American family, reduce illegitimacy, control welfare spending and reduce welfare dependence" is enacted on or before December 31, 1996, the amendments made by chapters 1 and 2 of this subtitle shall be effective only during the period prior to the date of enactment of such Act.

TITLE II—COMMITTEE ON ARMED SERVICES

SEC. 2001. DISPOSAL OF OBSOLETE AND EXCESS MATERIALS CONTAINED IN THE NATIONAL DEFENSE STOCKPILE.

(a) DISPOSAL AUTHORIZED.—During the 7-year period beginning on October 1, 1995, the President shall sell in accordance with this section such quantities of materials currently contained in the National Defense Stockpile (within the limits of subsection (c)) as are necessary to achieve proceeds in the total amount of $649,000,000.

(b) MINIMUM SALES EACH YEAR.—The President shall sell materials under subsection (a) as necessary in a fiscal year to ensure that, by the end of that fiscal year, the total amount of the proceeds received by the United States from such sales and from the sales under subsection (a) during preceding fiscal years equals or exceeds the amount indicated for that fiscal year as follows:

(1) By the end of fiscal year 1996, $71,000,000.

(2) By the end of fiscal year 1997, $115,000,000.

(3) By the end of fiscal year 1998, $181,000,000.

(4) By the end of fiscal year 1999, $272,000,000.

(5) By the end of fiscal year 2000, $388,000,000.

(6) By the end of fiscal year 2001, $530,000,000.

(7) By the end of fiscal year 2002, $649,000,000.

(c) MATERIALS COVERED.— The materials subject to sale under this section and the maximum quantity of each material authorized to be sold by the President are set forth in the following table:

Authorized Stockpile Disposals

Material for disposal	Quantity
Aluminum	*20,000 short tons*
Chromium Metal	*2,000 short tons*
Cobalt	*30,000,000 pounds of contained cobalt*
Columbium Carbide	*10,000 pounds of contained columbium*
Columbium Ferro	*500,000 pounds of contained columbium*
Diamond, Bort	*40,000 carats*
Diamond Stones	*2,500,000 carats*
Germanium Metal	*40,000 kilograms*
Indium	*35,000 troy ounces*
Mica, Phlogopite Block	*65,000 pounds*
Platinum	*25,000 troy ounces*
Palladium	*55,000 troy ounces*
Rubber, Natural	*75,000 long tons*
Tantalum, Carbide Powder	*6,000 pounds of contained tantalum*
Tantalum, Minerals	*750,000 pounds of contained tantalum*
Tantalum, Oxide	*40,000 pounds of contained tantalum*
Titanium Sponge	*15,000 short tons*
Tungsten, Ore and Concentrate	*19,850,000 pounds of contained tungsten*
Tungsten Carbide	*50,000 pounds of contained tungsten*
Tungsten Metal Powder	*50,000 pounds of contained tungsten*
Tungsten Ferro	*50,000 pounds of contained tungsten*
Vegetable Tannin, Chestnut	*2,500 long tons*
Vegetable Tannin, Quebracho	*35,000 long tons*
Vegetable Tannin, Wattle	*3,000 long tons*

(d) RELATIONSHIP TO OTHER DISPOSAL AUTHORITY.—(1) The disposal authority provided in this section

is in addition to any other disposal authority provided by law.

(2) The President may not sell materials under this section before disposing of the maximum quantities of materials in the National Defense Stockpile that the President is authorized to dispose of under laws enacted before the date of the enactment of this Act (except the Strategic and Critical Materials Stock Piling Act).

(e) DISPOSITION OF PROCEEDS.—Proceeds of sales under this section shall be credited to the general fund of the Treasury for reduction of budget deficits.

TITLE III—COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

SEC. 3001. STABILIZATION OF THE SAVINGS ASSOCIATION INSURANCE FUND.

(a) SPECIAL ASSESSMENT TO CAPITALIZE SAIF.—

(1) IN GENERAL.—Except as provided in paragraph (6), the Board of Directors shall impose a special assessment on the SAIF-assessable deposits of each insured depository institution at a rate that the Board of Directors, in its sole discretion, determines will cause the Savings Association Insurance Fund to achieve the designated reserve ratio on the first business day of January 1996.

(2) FACTORS TO BE CONSIDERED.—In carrying out paragraph (1), the Board of Directors shall base its determination on—

(A) the monthly Savings Association Insurance Fund balance most recently calculated;

(B) data on insured deposits reported in the most recent reports of condition filed not later than 70 days before the date of enactment of this Act by insured depository institutions; and

(C) any other factors that the Board of Directors deems appropriate.

(3) DATE OF DETERMINATION.—For purposes of paragraph (1), the amount of the SAIF-assessable deposits of an insured depository institution shall be determined as of March 31, 1995.

(4) DATE PAYMENT DUE.—The special assessment imposed under this section shall be—

(A) due on the first business day of January 1996; and

(B) paid to the Corporation on the later of—

(i) the first business day of January 1996; or

(ii) such other date as the Corporation shall prescribe, but not later than 60 days after the date of enactment of this Act.

(5) ASSESSMENT DEPOSITED IN SAIF.—Notwithstanding any other provision of law, the proceeds of the special assessment imposed under this subsection shall be deposited in the Savings Association Insurance Fund.

(6) DISCRETION TO EXEMPT WEAK INSTITUTIONS.—

(A) IN GENERAL.—The Board of Directors may, by order, in its sole discretion, exempt any insured depository institution that the Board of Directors determines to be weak from paying the special assessment imposed under this subsection if the Board of Directors determines that the exemption would reduce risk to the Savings Association Insurance Fund.

(B) GUIDELINES REQUIRED.—Not later than 30 days after the date of enactment of this Act, the Board of Directors shall prescribe guidelines setting forth the criteria that the Board of Directors will use in exempting institutions under subparagraph (A). Such guidelines shall be published in the Federal Register.

(C) EXEMPTION FOR CERTAIN NEWLY CHARTERED INSTITUTIONS.—

(i) IN GENERAL.—In addition to the institutions exempted from paying the special assessment under subparagraph (A), the Board of Directors shall, by order, exempt any insured depository institution from payment of the special assessment if the institution was in existence on October 1, 1995, and held no Savings Association Insurance Fund insured deposits prior to January 1, 1993.

(ii) DEFINITION.—For purposes of this subparagraph, an institution shall be deemed to have held Savings Association Insurance Fund insured deposits prior to January 1, 1993, if it directly held Savings Association Insurance Fund insured deposits prior to that date, or it succeeded to, acquired, purchased, or otherwise holds any Savings Association Insurance Fund insured deposits as of the date of enactment of this Act that were Savings Association Insurance Fund insured prior to January 1, 1993.

(D) EXEMPT INSTITUTIONS REQUIRED TO PAY ASSESSMENTS AT FORMER RATES.—

(i) PAYMENTS TO SAIF AND DIF.—Any insured depository institution that the Board of Directors exempts under this paragraph from paying the special assessment imposed under this subsection shall pay semiannual assessments—

(I) into the Savings Association Insurance Fund during calendar years 1996 and 1997, based on SAIF-assessable deposits of that institution, at assessment rates calculated under the schedule in effect for Savings Association Insurance Fund members on June 30, 1995; and

(II) into the Deposit Insurance Fund during the period beginning on January 1, 1998 and ending on December 31, 1999, based on SAIF-assessable deposits of that institution, at assessment rates calculated under the schedule in effect for Savings Association Insurance Fund members on June 30, 1995, except that subclause (I)

shall continue to apply if and only so long as the Bank Insurance Fund and the Savings Association Insurance Fund are not merged into the Deposit Insurance Fund.

(ii) OPTIONAL PRO RATA PAYMENT OF SPECIAL ASSESSMENT.—This subparagraph shall not apply with respect to any insured depository institution (or successor insured depository institution) that has paid, during any calendar year from 1997 through 1999, upon such terms as the Corporation may announce, an amount equal to the product of—

(I) 12.5 percent of the special assessment that the institution would have been required to pay under paragraph (1), if the Board of Directors had not exempted the institution; and

(II) the number of full semi-annual periods remaining between the date of the payment and December 31, 1999.

(7) ADJUSTMENT OF SPECIAL ASSESSMENT FOR CERTAIN BANK INSURANCE FUND MEMBER BANKS.—

(A) IN GENERAL.—For purposes of computing the special assessment imposed under this subsection with respect to a Bank Insurance Fund member bank, the amount of any deposits which section 5(d)(3) of the Federal Deposit Insurance Act treats as insured by the Savings Association Insurance Fund shall be reduced by 5 percent, if the adjusted attributable deposit amount of the Bank Insurance Fund member bank is less than 50 percent of the total deposits of that member bank as of June 30, 1995.

(B) ADJUSTED ATTRIBUTABLE DEPOSIT AMOUNT.—For purposes of this paragraph, the "adjusted attributable deposit amount" shall be determined in accordance with section 5(d)(3)(C) of the Federal Deposit Insurance Act.

(8) ADJUSTMENT TO THE ADJUSTED ATTRIBUTABLE DEPOSIT AMOUNT FOR CERTAIN BANK INSURANCE FUND MEMBER BANKS.—Section 5(d)(3) of the Federal Deposit Insurance Act (12 U.S.C. 1815(d)(3)) is amended—

(A) in subparagraph (C), by striking "The adjusted attributable deposit amount" and inserting "Except as provided in subparagraph

(K), the adjusted attributable deposit amount"; and

(B) by adding at the end the following new subparagraph:

"(K) ADJUSTMENT OF ADJUSTED ATTRIBUTABLE DEPOSIT AMOUNT.—The amount determined under subparagraph (C)(i) for deposits acquired by March 31, 1995, shall be reduced by 10 percent for purposes of computing the adjusted attributable deposit amount for the payment of any assessment for any semiannual period after December 31, 1995 (other than the special assessment imposed under section 3001(a) of the Balanced Budged Reconciliation Act of 1995), for a Bank Insurance Fund member bank that had an adjusted attributable deposit amount that was less than 50 percent of the total deposits of that member bank as of June 30, 1995.".

(9) ADJUSTMENT OF SPECIAL ASSESSMENT FOR CERTAIN SAVINGS ASSOCIATIONS.—

(A) SPECIAL ASSESSMENT REDUCTION.—For purposes of computing the special assessment imposed under this subsection, in the case of any converted association, the amount of any deposits of such association which were insured by the

Savings Association Insurance Fund as of March 31, 1995, shall be reduced by 10 percent.

(B) CONVERTED ASSOCIATION.—For purposes of this paragraph, the term "converted association" means—

(i) any Federal savings association that is a member of the Savings Association Insurance Fund and that had been, or has acquired by merger, consolidation, or otherwise the deposits of an institution that had been, a State savings bank, the deposits of which were insured under the Federal Deposit Insurance Act prior to August 9, 1989; and

(ii) a State depository institution that is a member of the Savings Association Insurance Fund that had been a State savings bank prior to October 1, 1992, and was a Federal savings association on August 9, 1989.

(b) FINANCING CORPORATION ASSESSMENTS SHARED PROPORTIONALLY BY ALL INSURED DEPOSITORY INSTITUTIONS.—

(1) IN GENERAL.—Section 21 of the Federal Home Loan Bank Act (12 U.S.C. 1441) is amended—

(A) in subsection (f)(2)—

(i) in the matter immediately preceding subparagraph (A)—

(I) by striking "Savings Association Insurance Fund member" and inserting "insured depository institution"; and

(II) by striking "members" and inserting "institutions"; and

(ii) in subparagraph (A), by striking "against Savings Association Insurance Fund members" and inserting "against insured depository institutions";

(B) in subsection (k)—

(i) by striking "section—" and inserting "section, the following definitions shall apply:";

(ii) by striking paragraph (1);

(iii) by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively; and

(iv) by adding at the end the following new paragraph:

"(3) INSURED DEPOSITORY INSTITUTION.—The term 'insured depository institution' has the same

meaning as in section 3 of the Federal Deposit Insurance Act.".

(2) CONFORMING AMENDMENT.—Section 7(b)(2)(D) of the Federal Deposit Insurance Act (12 U.S.C. 1817(b)(2)(D)) is amended by striking "against Savings Association Insurance Fund members" and inserting "against insured depository institutions".

(3) EFFECTIVE DATE.—This subsection and the amendments made by this subsection shall become effective on January 1, 1996.

(c) INSURANCE PREMIUMS FOR CAPITALIZED INSURANCE FUNDS.—

(1) REBATES FOR CAPITALIZED FUND.—Section 7 of the Federal Deposit Insurance Act (12 U.S.C. 1817) is amended—

(A) by redesignating subsections (d) through (n) as subsections (e) through (o), respectively; and

(B) by inserting after subsection (c) the following new subsection:

"(d) BANK INSURANCE FUND ASSESSMENT CREDITS.—

"(1) CREDIT AMOUNT.—

"(A) IN GENERAL.—Notwithstanding any other provision of law, if the Corporation determines, after considering the operating costs and expenses, case resolution expenditures, investment income, and assessment income of the Bank Insurance Fund, that the reserve ratio of the Bank Insurance Fund is expected to exceed the designated reserve ratio during the succeeding semiannual period, the Board of Directors may, in its sole discretion, provide an assessment credit with respect to Bank Insurance Fund assessments (for that succeeding semiannual period)—

"(i) in an amount that the Corporation determines will reduce the reserve ratio of the Bank Insurance Fund to the designated reserve ratio; or

"(ii) in a lesser amount, as determined by the Corporation.

"(B) LIMIT.—The amount of assessment credit under subparagraph (A) shall not exceed 100 percent of the net assessment income to be received with respect to the Bank Insurance Fund in the succeeding semiannual period.

"(2) DEFINITIONS.—For purposes of this subsection, the terms 'net assessment income', 'operating

costs and expenses', 'insurance costs', and 'investment income' shall have the same meanings as in paragraphs (4) and (5) of section 7(d) of the Federal Deposit Insurance Act, as in effect on the day before the date of enactment of the Federal Deposit Insurance Corporation Improvement Act of 1991, except that the term 'semiannual period' shall be substituted for the term 'calendar year' wherever that term appears.".

(2) STABILIZING PREMIUMS FOR BIF AND SAIF.—Section 7(b) of the Federal Deposit Insurance Act (12 U.S.C. 1817(b)) is amended by adding at the end the following new paragraph:

"(8) RATE COMPARABILITY.—Notwithstanding any other provision of law, assessment rates for members of the Savings Association Insurance Fund shall not be lower than assessment rates for members of the Bank Insurance Fund of comparable risk until the first full semiannual period following the last maturity date of all obligations issued by the Financing Corporation pursuant to section 21(c) of the Federal Home Loan Bank Act.".

(d) MERGER OF BIF AND SAIF.—

(1) IN GENERAL.—Effective as provided in paragraph (4)—

(A) the Bank Insurance Fund and the Savings Association Insurance Fund shall be merged into the Deposit Insurance Fund established by section 11(a)(4) of the Federal Deposit Insurance Act, as amended by this subsection;

(B) all assets and liabilities of the Bank Insurance Fund and the Savings Association Insurance Fund shall be transferred to the Deposit Insurance Fund; and

(C) the separate existence of the Bank Insurance Fund and the Savings Association Insurance Fund shall cease.

(2) SPECIAL RESERVE OF THE DEPOSIT INSURANCE FUND.—Effective as provided in paragraph (4), if, immediately before the merger of the Bank Insurance Fund and the Savings Association Insurance Fund, the reserve ratio of the Savings Association Insurance Fund exceeds the designated reserve ratio, the amount by which that reserve ratio exceeds the designated reserve ratio shall be placed in the Special Reserve of the Deposit Insurance Fund, established under section 11(a)(5) of the Federal Deposit Insurance Act, as amended by this subsection.

(3) CONFORMING AMENDMENTS.—

(A) DEPOSIT INSURANCE FUND.—Section 11(a)(4) of the Federal Deposit Insurance Act (12 U.S.C. 1821(a)(4)) is amended—

(i) by redesignating subparagraph (B) as subparagraph (C);

(ii) by striking subparagraph (A) and inserting the following:

"(A) ESTABLISHMENT.—There is established the Deposit Insurance Fund, which the Corporation shall—

"(i) maintain and administer;

"(ii) use to carry out its insurance purposes in the manner provided by this subsection; and

"(iii) invest in accordance with section 13(a).

"(B) USES.—The Deposit Insurance Fund shall be available to the Corporation for use with respect to Deposit Insurance Fund members."; and

(iii) by striking "(4) GENERAL PROVISIONS RELATING TO FUNDS.—" and inserting the following:

"(4) DEPOSIT INSURANCE FUND.—".

(B) OTHER REFERENCES.—Section 11(a)(4)(C) of the Federal Deposit Insurance Act (12 U.S.C. 1821(a)(4)(C) (as redesignated by subparagraph (A) of this paragraph)) is amended by striking "Bank Insurance Fund and the Savings Association Insurance Fund" and inserting "Deposit Insurance Fund".

(C) DEPOSITS INTO FUND.—Section 11(a)(4) of the Federal Deposit Insurance Act (12 U.S.C. 1821(a)(4)) is amended by adding at the end the following new subparagraph:

"(D) DEPOSITS.—All amounts assessed against insured depository institutions by the Corporation shall be deposited in the Deposit Insurance Fund.".

(D) SPECIAL RESERVE OF DEPOSITS.—Section 11(a)(5) of the Federal Deposit Insurance Act (12 U.S.C. 1821(a)(5)) is amended to read as follows:

"(5) SPECIAL RESERVE OF DEPOSIT INSURANCE FUND.—

"(A) SPECIAL RESERVE OF DEPOSIT INSURANCE FUND ESTABLISHED.—

"(i) ESTABLISHMENT.—There is established a Special Reserve of the Deposit In-

surance Fund, which shall be administered by the Corporation and shall be invested in accordance with section 13(a).

"(ii) LIMITATION.—The Corporation shall not provide any assessment credit, refund, or other payment from any amount in the Special Reserve.

"(B) EMERGENCY USE OF SPECIAL RESERVE.—Notwithstanding subparagraph (A)(ii), the Corporation may, in its sole discretion, transfer amounts from the Special Reserve to the Deposit Insurance Fund, for the purposes set forth in paragraph (4), only if—

"(i) the reserve ratio of the Deposit Insurance Fund is less than 50 percent of the designated reserve ratio; and

"(ii) the Corporation expects the reserve ratio of the Deposit Insurance Fund to remain less than 50 percent of the designated reserve ratio for each of the next 4 calendar quarters.

"(C) EXCLUSION OF SPECIAL RESERVE IN CALCULATING RESERVE RATIO.—Notwithstanding any other provision of law, any amounts in the Special Reserve shall be excluded in calculat-

ing the reserve ratio of the Deposit Insurance Fund under section 7.".

(E) FEDERAL HOME LOAN BANK ACT.—Section 21B(f)(2)(C)(ii) of the Federal Home Loan Bank Act (12 U.S.C. 1441b(f)(2)(C)(ii)) is amended—

(i) in subclause (I), by striking "to Savings Associations Insurance Fund members" and inserting "to insured depository institutions, and their successors, which were Savings Association Insurance Fund members on September 1, 1995"; and

(ii) in subclause (II), by striking "to Savings Associations Insurance Fund members" and inserting "to insured depository institutions, and their successors, which were Savings Association Insurance Fund members on September 1, 1995".

(F) REPEALS.—

(i) SECTION 3.—Section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813) is amended—

(I) by striking subsection (y); and

(II) by redesignating subsection (z) as subsection (y).

(ii) SECTION 7.—Section 7 of the Federal Deposit Insurance Act (12 U.S.C. 1817) is amended—

(I) by striking subsection (l);

(II) by redesignating subsections (m) and (n) as subsections (l) and (m), respectively;

(III) in subsection (b)(2), by striking subparagraph (B); and

(IV) in subsection (b)(2), by redesignating subparagraphs (C) through (H) as subparagraphs (B) through (G), respectively.

(iii) SECTION 11.—Section 11(a) of the Federal Deposit Insurance Act (12 U.S.C. 1121(a)) is amended—

(I) by striking paragraphs (6) and (7); and

(II) by redesignating paragraph (8) as paragraph (6).

(iv) RATE COMPARABILITY.—Section 7(b) of the Federal Deposit Insurance Act (12 U.S.C. 1817(b)) is amended by striking paragraph (8) (as added by subsection (c) of this section).

(4) EFFECTIVE DATE.—This subsection and the amendments made by this subsection and subsection (e) shall become effective on January 1, 1998, if no insured depository institution is a savings association on that date.

(e) OTHER TECHNICAL AND CONFORMING AMENDMENTS.—

(1) SECTION 5136 OF THE REVISED STATUTES.—Paragraph Eleventh of section 5136 of the Revised Statutes (12 U.S.C. 24) is amended in the fifth sentence by striking "affected deposit insurance fund" and inserting "Deposit Insurance Fund".

(2) INVESTMENTS PROMOTING PUBLIC WELFARE; LIMITATIONS ON AGGREGATE INVESTMENTS.—The 23d undesignated paragraph of section 9 of the Federal Reserve Act (12 U.S.C. 338a) is amended in the fourth sentence, by striking "affected deposit insurance fund" and inserting "Deposit Insurance Fund".

(3) ADVANCES TO CRITICALLY UNDERCAPITALIZED DEPOSITORY INSTITUTIONS.—Section 10B(b)(3)(A)(ii) of the Federal Reserve Act (12 U.S.C. 347b(b)(3)(A)(ii)) is amended by striking "any deposit insurance fund in" and inserting "the Deposit Insurance Fund of".

(4) AMENDMENTS TO THE BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985.—Section 255(g)(1)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 905(g)(1)(A)) is amended—

(A) by striking "Bank Insurance Fund" and inserting "Deposit Insurance Fund"; and

(B) by striking "Federal Deposit Insurance Corporation, Savings Association Insurance Fund;".

(5) AMENDMENTS TO THE FEDERAL HOME LOAN BANK ACT.—The Federal Home Loan Bank Act (12 U.S.C. 1421 et seq.) is amended—

(A) in section 11(k) (12 U.S.C. 1431(k))—

(i) in the subsection heading, by striking "SAIF" and inserting "THE DEPOSIT INSURANCE FUND"; and

(ii) by striking "Savings Association Insurance Fund" each place such term appears and inserting "Deposit Insurance Fund";

(B) in section 21A(b)(4)(B) (12 U.S.C. 1441a(b)(4)(B)), by striking "affected deposit insurance fund" and inserting "Deposit Insurance Fund";

(C) in section 21A(b)(6)(B) (12 U.S.C. 1441a(b)(6)(B))—

(i) in the subparagraph heading, by striking "SAIF-INSURED BANKS" and inserting "CHARTER CONVERSIONS"; and

(ii) by striking "Savings Association Insurance Fund member" and inserting "savings association";

(D) in section 21A(b)(10)(A)(iv)(II) (12 U.S.C. 1441a(b)(10)(A)(iv)(II)), by striking "Savings Association Insurance Fund" and inserting "Deposit Insurance Fund";

(E) in section 21B(e) (12 U.S.C. 1441b(e))—

(i) in paragraph (5), by inserting "as of the date of funding" after "Savings Association Insurance Fund members" each place such term appears;

(ii) by striking paragraph (7); and

(iii) by redesignating paragraph (8) as paragraph (7); and

(F) in section 21B(k) (12 U.S.C. 1441b(k))—

(i) by striking paragraph (8); and

(ii) by redesignating paragraphs (9) and (10) as paragraphs (8) and (9), respectively.

(6) AMENDMENTS TO THE HOME OWNERS' LOAN ACT.—The Home Owners' Loan Act (12 U.S.C. 1461 et seq.) is amended—

(A) in section 5 (12 U.S.C. 1464)—

(i) in subsection (c)(5)(A), by striking "that is a member of the Bank Insurance Fund";

(ii) in subsection (c)(6), by striking "As used in this subsection—" and inserting "For purposes of this subsection, the following definitions shall apply:";

(iii) in subsection (o)(1), by striking "that is a Bank Insurance Fund member";

(iv) in subsection (o)(2)(A), by striking "a Bank Insurance Fund member until such time as it changes its status to a Savings Association Insurance Fund member" and inserting "insured by the Deposit Insurance Fund";

(v) in subsection (t)(5)(D)(iii)(II), by striking "affected deposit insurance fund" and inserting "Deposit Insurance Fund";

(vi) in subsection (t)(7)(C)(i)(I), by striking "affected deposit insurance fund" and inserting "Deposit Insurance Fund"; and

(vii) in subsection (v)(2)(A)(i), by striking ", the Savings Association Insurance Fund" and inserting "or the Deposit Insurance Fund"; and

(B) in section 10 (12 U.S.C. 1467a)—

(i) in subsection (e)(1)(A)(iii)(VII), by adding "or" at the end;

(ii) in subsection (e)(1)(A)(iv), by adding "and" at the end;

(iii) in subsection (e)(1)(B), by striking "Savings Association Insurance Fund or Bank Insurance Fund" and inserting "Deposit Insurance Fund";

(iv) in subsection (e)(2), by striking "Savings Association Insurance Fund or the Bank Insurance Fund" and inserting "Deposit Insurance Fund"; and

(v) in subsection (m)(3), by striking subparagraph (E), and by redesignating subparagraphs (F), (G), and (H) as subparagraphs (E), (F), and (G), respectively.

(7) AMENDMENTS TO THE NATIONAL HOUSING ACT.—The National Housing Act (12 U.S.C. 1701 et seq.) is amended—

(A) in section 317(b)(1)(B) (12 U.S.C. 1723i(b)(1)(B)), by striking "Bank Insurance Fund for banks or through the Savings Association Insurance Fund for savings associations" and inserting "Deposit Insurance Fund"; and

(B) in section 526(b)(1)(B)(ii) (12 U.S.C. 1735f–14(b)(1)(B)(ii)), by striking "Bank Insurance Fund for banks and through the Savings Association Insurance Fund for savings associations" and inserting "Deposit Insurance Fund".

(8) AMENDMENTS TO THE FEDERAL DEPOSIT INSURANCE ACT.—The Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.) is amended—

(A) in section 3(a)(1) (12 U.S.C. 1813(a)(1)), by striking subparagraph (B) and inserting the following:

"(B) includes any former savings association.";

(B) in section 5(b)(5) (12 U.S.C. 1815(b)(5)), by striking "the Bank Insurance Fund or the Savings Association Insurance

Fund;" and inserting "Deposit Insurance Fund,";

(C) in section 5(d) (12 U.S.C. 1815(d)), by striking paragraphs (2) and (3);

(D) in section 5(d)(1) (12 U.S.C. 1815(d)(1))—

(i) in subparagraph (A), by striking "reserve ratios in the Bank Insurance Fund and the Savings Association Insurance Fund" and inserting "the reserve ratio of the Deposit Insurance Fund";

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

"(2) FEE CREDITED TO THE DEPOSIT INSURANCE FUND.—The fee paid by the depository institution under paragraph (1) shall be credited to the Deposit Insurance Fund.";

(iii) by striking "(1) UNINSURED INSTITUTIONS.—"; and

(iv) by redesignating subparagraphs (A) and (C) as paragraphs (1) and (3), respectively and moving the margins 2 ems to the left;

(E) in section 5(e) (12 U.S.C. 1815(e))—

(i) in paragraph (5)(A), by striking "Bank Insurance Fund or the Savings Association Insurance Fund" and inserting "Deposit Insurance Fund";

(ii) by striking paragraph (6); and

(iii) by redesignating paragraphs (7), (8), and (9) as paragraphs (6), (7), and (8), respectively;

(F) in section 6(5) (12 U.S.C. 1816(5)), by striking "Bank Insurance Fund or the Savings Association Insurance Fund" and inserting "Deposit Insurance Fund";

(G) in section 7(b) (12 U.S.C. 1817(b))—

(i) in paragraph (1)(D), by striking "each deposit insurance fund" and inserting "the Deposit Insurance Fund";

(ii) in clauses (i)(I) and (iv) of paragraph (2)(A), by striking "each deposit insurance fund" each place such term appears and inserting "the Deposit Insurance Fund";

(iii) in paragraph (2)(A)(iii), by striking "a deposit insurance fund" and inserting "the Deposit Insurance Fund";

(iv) in paragraph (2)(D) (as redesignated by section 3001(d)(3)(F)(ii)(IV) of this Act)—

(I) by striking "any deposit insurance fund" and inserting "the Deposit Insurance Fund"; and

(II) by striking "that fund" each place such term appears and inserting "the Deposit Insurance Fund";

(v) by striking paragraph (2)(E) (as redesignated by section 3001(d)(3)(F)(ii)(IV) of this Act);

(vi) in paragraph (2)(F) (as redesignated by section 3001(d)(3)(F)(ii)(IV) of this Act)—

(I) in the subparagraph heading, by striking "FUNDS ACHIEVE" and inserting "FUND ACHIEVES"; and

(II) by striking "a deposit insurance fund" and inserting "the Deposit Insurance Fund";

(vii) in paragraph (3)—

(I) in the paragraph heading, by striking "FUNDS" and inserting "FUND";

(II) by striking "that fund" each place such term appears and inserting "the Deposit Insurance Fund";

(III) in subparagraph (A), by striking "Except as provided in paragraph (2)(F), if" and inserting "If";

(IV) in subparagraph (A), by striking "any deposit insurance fund" and inserting "the Deposit Insurance Fund"; and

(V) by striking subparagraphs (C) and (D) and inserting the following:

"(C) AMENDING SCHEDULE.—The Corporation may, by regulation, amend a schedule promulgated under subparagraph (B)."; and

(viii) in paragraph (6)—

(I) by striking "any such assessment" and inserting "any such assessment is necessary";

(II) by striking "(A) is necessary—";

(III) by striking subparagraph (B);

(IV) by redesignating clauses (i), (ii), and (iii) as subparagraphs (A),

(B), and (C), respectively, and moving the margins 2 ems to the left; and

(V) in subparagraph (C) (as redesignated), by striking "; and" and inserting a period;

(H) in section 7(d) (12 U.S.C. 1817(d)) (as added by section 3001(c)(1) of this Act)—

(i) in the subsection heading, by striking "BANK" and inserting "DEPOSIT"; and

(ii) by striking "Bank Insurance Fund" each place such term appears and inserting "Deposit Insurance Fund";

(I) in section 11(f)(1) (12 U.S.C. 1821(f)(1)), by striking ", except that—" and all that follows through the end of the paragraph and inserting a period;

(J) in section 11(i)(3) (12 U.S.C. 1821(i)(3))—

(i) by striking subparagraph (B);

(ii) by redesignating subparagraph (C) as subparagraph (B); and

(iii) in subparagraph (B) (as redesignated), by striking "subparagraphs (A) and (B)" and inserting "subparagraph (A)";

(K) in section 11A(a) (12 U.S.C. 1821a(a))—

(i) in paragraph (2), by striking "LIABILITIES.—" and all that follows through "Except" and inserting "LIABILITIES.—Except";

(ii) by striking paragraph (2)(B); and

(iii) in paragraph (3), by striking "the Bank Insurance Fund, the Savings Association Insurance Fund," and inserting "the Deposit Insurance Fund";

(L) in section 11A(b) (12 U.S.C. 1821a(b)), by striking paragraph (4);

(M) in section 11A(f) (12 U.S.C. 1821a(f)), by striking "Savings Association Insurance Fund" and inserting "Deposit Insurance Fund";

(N) in section 13 (12 U.S.C. 1823)—

(i) in subsection (a)(1), by striking "Bank Insurance Fund, the Savings Association Insurance Fund," and inserting "Deposit Insurance Fund, the Special Reserve of the Deposit Insurance Fund,";

(ii) in subsection (c)(4)(E)—

(I) in the subparagraph heading, by striking "FUNDS" and inserting "FUND"; and

(II) in clause (i), by striking "any insurance fund" and inserting "the Deposit Insurance Fund";

(iii) in subsection (c)(4)(G)(ii)—

(I) by striking "appropriate insurance fund" and inserting "Deposit Insurance Fund";

(II) by striking "the members of the insurance fund (of which such institution is a member)" and inserting "insured depository institutions";

(III) by striking "each member's" and inserting "each insured depository institution's"; and

(IV) by striking "the member's" each place such term appears and inserting "the institution's";

(iv) in subsection (c), by striking paragraph (11);

(v) in subsection (h), by striking "Bank Insurance Fund" and inserting "Deposit Insurance Fund";

(vi) in subsection (k)(4)(B)(i), by striking "Savings Association Insurance Fund" and inserting "Deposit Insurance Fund"; and

(vii) in subsection (k)(5)(A), by striking "Savings Association Insurance Fund" and inserting "Deposit Insurance Fund";

(O) in section 14(a) (12 U.S.C. 1824(a)) in the fifth sentence—

(i) by striking "Bank Insurance Fund or the Savings Association Insurance Fund" and inserting "Deposit Insurance Fund"; and

(ii) by striking "each such fund" and inserting "the Deposit Insurance Fund";

(P) in section 14(b) (12 U.S.C. 1824(b)), by striking "Bank Insurance Fund or Savings Association Insurance Fund" and inserting "Deposit Insurance Fund";

(Q) in section 14(c) (12 U.S.C. 1824(c)), by striking paragraph (3);

(R) in section 14(d) (12 U.S.C. 1824(d))—

(i) by striking "BIF" each place such term appears and inserting "DIF"; and

(ii) by striking "Bank Insurance Fund" each place such term appears and inserting "Deposit Insurance Fund";

(S) in section 15(c)(5) (12 U.S.C. 1825(c)(5))—

(i) by striking "the Bank Insurance Fund or Savings Association Insurance Fund, respectively" each place such term appears and inserting "the Deposit Insurance Fund"; and

(ii) in subparagraph (B), by striking "the Bank Insurance Fund or the Savings Association Insurance Fund, respectively" and inserting "the Deposit Insurance Fund";

(T) in section 17(a) (12 U.S.C. 1827(a))—

(i) in the subsection heading, by striking "BIF, SAIF," and inserting "THE DEPOSIT INSURANCE FUND"; and

(ii) in paragraph (1), by striking "the Bank Insurance Fund, the Savings Association Insurance Fund," each place such term appears and inserting "the Deposit Insurance Fund";

(U) in section 17(d) (12 U.S.C. 1827(d)), by striking "the Bank Insurance Fund, the Savings Association Insurance Fund," each place such term appears and inserting "the Deposit Insurance Fund";

(V) in section 18(m)(3) (12 U.S.C. 1828(m)(3))—

(i) by striking "Savings Association Insurance Fund" each place such term appears and inserting "Deposit Insurance Fund"; and

(ii) in subparagraph (C), by striking "or the Bank Insurance Fund";

(W) in section 18(p) (12 U.S.C. 1828(p)), by striking "deposit insurance funds" and inserting "Deposit Insurance Fund";

(X) in section 24 (12 U.S.C. 1831a) in subsections (a)(1) and (d)(1)(A), by striking "appropriate deposit insurance fund" each place such term appears and inserting "Deposit Insurance Fund";

(Y) in section 28 (12 U.S.C. 1831e), by striking "affected deposit insurance fund" each place such term appears and inserting "Deposit Insurance Fund";

(Z) by striking section 31 (12 U.S.C. 1831h);

(AA) in section 36(i)(3) (12 U.S.C. 1831m(i)(3)) by striking "affected deposit insurance fund" and inserting "Deposit Insurance Fund";

(BB) in section 38(a) (12 U.S.C. 1831o(a)) in the subsection heading, by striking "FUNDS" and inserting "FUND";

(CC) in section 38(k) (12 U.S.C. 1831o(k))—

(i) in paragraph (1), by striking "a deposit insurance fund" and inserting "the Deposit Insurance Fund"; and

(ii) in paragraph (2)(A)—

(I) by striking "A deposit insurance fund" and inserting "The Deposit Insurance Fund"; and

(II) by striking "the deposit insurance fund's outlays" and inserting "the outlays of the Deposit Insurance Fund"; and

(DD) in section 38(o) (12 U.S.C. 1831o(o))—

(i) by striking "ASSOCIATIONS.—" and all that follows through "Subsections (e)(2)" and inserting "ASSOCIATIONS.—Subsections (e)(2)";

(ii) by redesignating subparagraphs (A), (B), and (C) as paragraphs (1), (2), and (3), respectively; and

(iii) in paragraph (1) (as redesignated), by redesignating clauses (i) and (ii) as subparagraphs (A) and (B), respectively.

(9) AMENDMENTS TO THE FINANCIAL INSTITUTIONS REFORM, RECOVERY, AND ENFORCEMENT ACT OF 1989.—The Financial Institutions Reform, Recovery, and Enforcement Act (Public Law 101–73; 103 Stat. 183) is amended—

(A) in section 951(b)(3)(B) (12 U.S.C. 1833a(b)(3)(B)), by striking "Bank Insurance Fund, the Savings Association Insurance Fund," and inserting "Deposit Insurance Fund"; and

(B) in section 1112(c)(1)(B) (12 U.S.C. 3341(c)(1)(B)), by striking "Bank Insurance Fund, the Savings Association Insurance Fund," and inserting "Deposit Insurance Fund".

(10) AMENDMENT TO THE BANK ENTERPRISE ACT OF 1991.—Section 232(a)(1) of the Bank Enter-

prise Act of 1991 (12 U.S.C. 1834(a)(1)) is amended by striking "section 7(b)(2)(H)" and inserting "section 7(b)(2)(G)".

(11) AMENDMENT TO THE BANK HOLDING COMPANY ACT.—Section 2(j)(2) of the Bank Holding Company Act (12 U.S.C. 1841(j)(2)) is amended by striking "Savings Association Insurance Fund" and inserting "Deposit Insurance Fund".

(f) DEFINITIONS.—For purposes of this section—

(1) the term "Bank Insurance Fund" means the fund established pursuant to section (11)(a)(5)(A) of the Federal Deposit Insurance Act, as that section existed on the day before the date of enactment of this Act;

(2) the terms "Board of Directors", "Corporation", "insured depository institution", "Federal savings association", "savings association", "State savings bank", and "State depository institution" have the same meanings as in section 3 of the Federal Deposit Insurance Act;

(3) the term "Deposit Insurance Fund" means the fund established under section 11(a)(4) of the Federal Deposit Insurance Act, as amended by subsection (d) of this section;

(4) the term "designated reserve ratio" has the same meaning as in section 7(b)(2)(A)(iv) of the Federal Deposit Insurance Act;

(5) the term "Savings Association Insurance Fund" means the fund established pursuant to section 11(a)(6)(A) of the Federal Deposit Insurance Act, as that section existed on the day before the date of enactment of this Act; and

(5) the term "SAIF-assessable deposit" means—

(A) a deposit that is subject to assessment for purposes of the Savings Association Insurance Fund under the Federal Deposit Insurance Act; and

(B) a deposit that section 5(d)(3) of the Federal Deposit Insurance Act treats as insured by the Savings Association Insurance Fund.

SEC. 3002. ANNUAL ADJUSTMENT FACTORS FOR OPERATING COSTS ONLY; RESTRAINT ON SECTION 8 RENT INCREASES FOR STAYERS IN THE CERTIFICATE PROGRAM.

(a) ANNUAL ADJUSTMENT FACTORS FOR OPERATING COSTS ONLY.—Section 8(c)(2)(A) of the United States Housing Act of 1937 (42 U.S.C. 1437f(c)(2)(A)) is amended—

(1) by striking "(2)(A)" and inserting "(2)(A)(i)";

(2) by striking the second sentence and all that follows through the end of the subparagraph; and

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

"(ii)(I) Except as provided in subclause (II), if the maximum monthly rent for a unit in a new construction or substantial rehabilitation project to be adjusted using an annual adjustment factor exceeds 100 percent of the fair market rent for an existing dwelling unit in the market area, the Secretary shall adjust the rent using an operating costs factor that increases the rent to reflect increases in operating costs in the market area.

"(II) If the owner of a unit in a project described in subclause (I) demonstrates that the adjusted rent determined under subclause (I) would not exceed the rent for an unassisted unit of similar quality, type, and age in the same market area, as determined by the Secretary, the Secretary shall use the otherwise applicable annual adjustment factor.".

(b) RESTRAINT ON SECTION 8 RENT INCREASES FOR STAYERS IN THE CERTIFICATE PROGRAM.—Section 8(c)(2)(A) of the United States Housing Act of 1937 (42

U.S.C. 1437f(c)(2)(A)), as amended by subsection (a), is amended by adding at the end the following new clause:

"(iii) In the case of assistance under the certificate program under this section, 0.01 shall be subtracted from the amount of the annual adjustment factor, except that the annual adjustment factor shall not be reduced to less than 1.0.".

(c) APPLICABILITY.—The amendments made by subsection (a) shall apply to all contracts for new construction or substantial rehabilitation projects under which rents are adjusted under section 8(c)(2)(A) of the United States Housing Act of 1937, by applying an annual adjustment factor.

(d) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall become effective on October 1, 1996.

SEC. 3003. WORKING FAMILY PREFERENCE FOR ADMISSION TO ASSISTED HOUSING.

Section 8(d)(1)(A)(i) of the United States Housing Act of 1937 (42 U.S.C. 1437f(d)(1)(A)(i)) is amended to read as follows:

"(i) provide that not less than 50 percent of the units shall be made available for occupancy by families that include one or

more adult members who are employed on a full- or part-time basis;".

SEC. 3004. AMENDMENTS TO THE CIVIL WAR BATTLEFIELD COMMEMORATIVE COIN ACT OF 1992.

(a) DISTRIBUTION AND USE OF SURCHARGES.—

(1) IN GENERAL.—Section 6 of the Civil War Battlefield Commemorative Coin Act of 1992 (31 U.S.C. 5112 note) is amended to read as follows:

"SEC. 6. DISTRIBUTION AND USE OF SURCHARGES.

"(a) DISTRIBUTION.—An amount equal to $5,300,000 of the surcharges received by the Secretary from the sale of coins issued under this Act shall be promptly paid by the Secretary to the Association for the Preservation of Civil War Sites, Incorporated (hereafter in this Act referred to as the 'Association'), to be used for the acquisition of historically significant and threatened Civil War sites selected by the Association.

"(b) CIVIL WAR SITES INCLUDED.—In using amounts paid to the Association under subsection (a), the Association may spend—

"(1) not more than $500,000 to acquire sites at Malvern Hill, Virginia;

"(2) not more than $1,000,000 to acquire sites at Cornith, Mississippi;

"(3) not more than $300,000 to acquire sites at Spring Hill, Tennessee;

"(4) not more than $1,000,000 to acquire sites at Winchester, Virginia;

"(5) not more than $500,000 to acquire sites at Resaca, Georgia;

"(6) not more than $250,000 to acquire sites at Brice's Cross Roads, Mississippi;

"(7) not more than $250,000 to acquire sites at Perryville, Kentucky;

"(8) not more than $1,000,000 to acquire sites at Brandy Station, Virginia;

"(9) not more than $250,000 to acquire sites at Kernstown, Virginia; and

"(10) not more than $250,000 to acquire sites at Glendale, Virginia.".

(2) TRANSFER OF SURCHARGES.—

(A) TO TREASURY.—Not later than 10 days after the date of enactment of this Act, the Civil War Trust, formerly called the Civil War Battlefield Foundation (hereafter in this section referred to as the "Foundation") shall transfer to the Secretary of the Treasury an amount equal to $5,300,000.

(B) TO THE ASSOCIATION.—Not later than 10 days after the transfer under subparagraph (A) is completed, the Secretary of the Treasury shall transfer to the Association an amount equal to the amount transferred under subparagraph (A).

TITLE IV—COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

Subtitle A—Communications

SEC. 4001. SPECTRUM AUCTIONS.

(a) EXTENSION AND EXPANSION OF AUCTION AUTHORITY.—

(1) AMENDMENTS.—Section 309(j) of the Communications Act of 1934 (47 U.S.C. 309(j)) is amended—

(A) by striking paragraphs (1) and (2) and inserting the following:

"(1) GENERAL AUTHORITY.—If, consistent with the obligations described in paragraph (6)(E), mutually exclusive applications are accepted for any initial license or construction permit which will involve an exclusive use of the electromagnetic spectrum, then the Commission shall grant such license or permit to

a qualified applicant through a system of competitive bidding that meets the requirements of this subsection.

"(2) EXCEPTIONS.—The competitive bidding authority granted by this subsection shall not apply to licenses or construction permits issued by the Commission—

"(A) that, as the result of the Commission carrying out the obligations described in paragraph (6)(E), are not mutually exclusive;

"(B) for public safety radio services, including non-Government uses that protect the safety of life, health, and property and that are not made commercially available to the public; or

"(C) for initial licenses or construction permits for new terrestrial digital television services assigned by the Commission to existing terrestrial broadcast licensees to replace their existing television licenses, unless the Commission—

"(i) not later than 180 days after the date of enactment of the Omnibus Budget Reconciliation Act of 1995, after notice and public comment, submits to Congress a proposal to use the authority provided in this subsection for the assignment of initial licenses or construction permits for use of the

electromagnetic spectrum allocated but not assigned as of the date of enactment of that Act for television broadcast services; and

"(ii) the Congress takes action to approve the plan or to authorize the use of the authority provided by this subsection for such licenses or permits.

Except as provided in this subparagraph, the Commission may not assign initial licenses or construction permits under this title to terrestrial commercial television broadcast licensees to replace their existing broadcast licenses before January 1, 1998."; and

(B) by striking "1998" in paragraph (11) and inserting "2002".

(2) CONFORMING AMENDMENT.—Subsection (i) of section 309 of such Act is repealed.

(b) COMMISSION OBLIGATION TO MAKE ADDITIONAL SPECTRUM AVAILABLE BY AUCTION.—

(1) IN GENERAL.—The Federal Communications Commission shall complete all actions necessary to permit the assignment, by September 30, 2002, by competitive bidding pursuant to section 309(j) of the Communications Act of 1934 (47 U.S.C. 309(j)) of licenses for the use of bands of frequencies that—

(A) individually span not less than 25 megahertz, unless a combination of smaller bands can, notwithstanding the provisions of paragraph (7) of such section, reasonably be expected to produce greater receipts;

(B) in the aggregate span not less than 100 megahertz;

(C) are located below 3 gigahertz; and

(D) have not, as of the date of enactment of this Act—

(i) been assigned or designated by Commission regulation for assignment pursuant to such section;

(ii) been identified by the Secretary of Commerce pursuant to section 113 of the National Telecommunications and Information Administration Organization Act (47 U.S.C. 923); or

(iii) reserved for Federal Government use pursuant to section 305 of the Communications Act of 1934 (47 U.S.C. 305).

The Commission shall conduct the competitive bidding for not less than one-half of such aggregate spectrum by September 30, 2000.

(2) CRITERIA FOR REASSIGNMENT.—In making available bands of frequencies for competitive bidding pursuant to paragraph (1), the Commission shall—

(A) seek to promote the most efficient use of the spectrum;

(B) take into account the cost to incumbent licensees of relocating existing uses to other bands of frequencies or other means of communication;

(C) take into account the needs of public safety radio services;

(D) comply with the requirements of international agreements concerning spectrum allocations; and

(E) take into account the costs to satellite service providers that could result from multiple auctions of like spectrum internationally for global satellite systems.

(3) NOTIFICATION TO NTIA.—The Commission shall notify the Secretary of Commerce if—

(A) the Commission is not able to provide for the effective relocation of incumbent licensees to bands of frequencies that are available to the Commission for assignment; and

(B) the Commission has identified bands of frequencies that are—

(i) suitable for the relocation of such licensees; and

(ii) allocated for Federal Government use, but that could be reallocated pursuant to part B of the National Telecommunications and Information Administration Organization Act (47 U.S.C. 921 et seq.), as amended by this Act.

(c) IDENTIFICATION AND REALLOCATION OF FREQUENCIES; RELOCATION OF FEDERAL GOVERNMENT STATIONS.—The National Telecommunications and Information Administration Organization Act (47 U.S.C. 901 et seq.) is amended—

(1) by adding at the end of section 113 the following:

"(f) ADDITIONAL REALLOCATION REPORT.—If the Secretary receives a notice from the Commission pursuant to section 4001(b)(3) of the Omnibus Budget Reconciliation Act of 1995, the Secretary shall prepare and submit to the President and the Congress a report recommending for reallocation for use other than by Federal Government stations under section 305 of the 1934 Act (47 U.S.C. 305),

bands of frequencies that are suitable for the uses identified in the Commission's notice.

"(g) RELOCATION OF FEDERAL GOVERNMENT STATIONS.—

"(1) IN GENERAL.—In order to expedite the efficient use of the electromagnetic spectrum and notwithstanding section 3302(b) of title 31, United States Code, any Federal entity which operates a Federal Government station may accept payment in advance or in-kind reimbursement of costs, or a combination of payment in advance and in-kind reimbursement, from any person to defray entirely the expenses of relocating the Federal entity's operations from one or more radio spectrum frequencies to any other frequency or frequencies, including, without limitation, the costs of any modification, replacement, or reissuance of equipment, facilities, operating manuals, regulations, or other expenses incurred by that entity. Any such payment shall be deposited in the account of such Federal entity in the Treasury of the United States. Funds deposited according to this section shall be available, without appropriation or fiscal year limitation, only for the operations of the Federal entity for which such funds were deposited under this section.

"(2) PROCESS FOR RELOCATION.—Any person seeking to relocate a Federal Government station that has been assigned a frequency within a band allocated for mixed Federal and non-Federal use may submit a petition for such relocation to NTIA. The NTIA shall limit the Federal Government station's operating license to secondary status when the following requirements are met—

"(A) the person seeking relocation of the Federal Government station has guaranteed to defray entirely, through payment in advance, in-kind reimbursement of costs, or a combination thereof, all relocation costs incurred by the Federal entity, including all engineering, equipment, site acquisition and construction, and regulatory fee costs;

"(B) the person seeking relocation completes all activities necessary for implementing the relocation, including construction of replacement facilities (if necessary and appropriate) and identifying and obtaining on the Federal entity's behalf new frequencies for use by the relocated Federal Government station (where such station is not relocating to spectrum reserved exclusively for Federal use);

"(C) any necessary replacement facilities, equipment modifications, or other changes have been implemented and tested to ensure that the Federal Government station is able to successfully accomplish its purposes; and

"(D) NTIA has determined that the proposed use of the spectrum frequency band to which the Federal entity will relocate its operations is—

"(i) consistent with obligations undertaken by the United States in international agreements and with United States national security and public safety interests; and

"(ii) suitable for the technical characteristics of the band and consistent with other uses of the band.

In exercising its authority under subparagraph (D) with respect to issues that could have national security or foreign relations implications, NTIA shall consult with the Secretary of Defense or the Secretary of State, or both, as appropriate.

"(3) RIGHT TO RECLAIM.—If within one year after the relocation the Federal Government station demonstrates to the Commission that the new facili-

ties or spectrum are not comparable to the facilities or spectrum from which the Federal Government station was relocated, the person seeking such relocation must take reasonable steps to remedy any defects or pay the Federal entity for the costs of returning the Federal Government station to the spectrum from which such station was relocated.

"(h) FEDERAL ACTION TO EXPEDITE SPECTRUM TRANSFER.—Any Federal Government station which operates on electromagnetic spectrum that has been identified for reallocation for mixed Federal and non-Federal use in the Spectrum Reallocation Final Report shall, to the maximum extent practicable through the use of the authority granted under subsection (g) and any other applicable provision of law, take action to relocate its spectrum use to other frequencies that are reserved for Federal use or to consolidate its spectrum use with other Federal Government stations in a manner that maximizes the spectrum available for non-Federal use. Subsection (c)(4) of this section shall not apply to the extent that a non-Federal user seeks to relocate or relocates a Federal power agency under subsection (g).

"(i) DEFINITIONS.—For purposes of this section—

"(1) FEDERAL ENTITY.—The term 'Federal entity' means any Department, agency, or other element

of the Federal Government that utilizes radio frequency spectrum in the conduct of its authorized activities, including a Federal power agency.

"(2) SPECTRUM REALLOCATION FINAL REPORT.—The term 'Spectrum Reallocation Final Report' means the report submitted by the Secretary to the President and Congress in compliance with the requirements of subsection (a)."; and

(2) by striking "(a) or (d)(1)" in section 114(a)(1) and inserting "(a), (d)(1), or (f)".

(d) IDENTIFICATION AND REALLOCATION OF AUCTIONABLE FREQUENCIES.—The National Telecommunications and Information Administration Organization Act (47 U.S.C. 901 et seq.), as amended by this Act, is amended—

(1) by striking the heading of paragraph (1) of section 113(b) and inserting "INITIAL REALLOCATION REPORT.—";

(2) by inserting "in the first report required by subsection (a)" after "recommend for reallocation" in such paragraph;

(3) by inserting "or (3)" after "paragraph (1)" each place it appears in paragraph (2) of section 113(b);

(4) by adding at the end of section 113(b) the following:

"(3) SECOND REALLOCATION REPORT.—In accordance with the provisions of this section, the Secretary shall recommend for reallocation for use other than by Federal Government stations under section 305 of the 1934 Act (47 U.S.C. 305), a single frequency band that spans not less than an additional 20 megahertz, that is located below 3 gigahertz, and that meets the criteria specified in paragraphs (1) through (5) of subsection (a).";

(5) by striking "the report required by section 113(a)" in section 115(b) and inserting "the initial reallocation report required by section 113(a)"; and

(6) by adding at the end of section 115 the following:

"(c) ALLOCATION AND ASSIGNMENT OF FREQUENCIES IDENTIFIED IN THE SECOND REALLOCATION REPORT.—With respect to the frequencies made available for reallocation pursuant to section 113(b)(3), the Commission shall, not later than 1 year after receipt of the second reallocation report required by such section, prepare, submit to the President and the Congress, and implement, a plan for the allocation and assignment under the 1934 Act of such frequencies. Such plan shall propose the immediate

allocation and assignment of all such frequencies in accordance with section 309(j) of the 1934 Act (47 U.S.C. 309(j)).".

Subtitle B—Oceans and Fisheries

SEC. 4021. LIMITS ON COAST GUARD USER FEES.

Section 10401(g) of the Omnibus Budget Reconciliation Act of 1990 (46 U.S.C. 2110(a)(2)) is amended by adding after "annually." the following: "The Secretary may not establish a fee or charge under paragraph (1) for inspection or examination of a small passenger vessel under this title that is more than $300 annually for such vessels under 65 feet in length, or more than $600 annually for such vessels 65 feet in length and greater. The Secretary may not establish a fee or charge under paragraph (1) for inspection or examination under this title for any publicly-owned ferry.".

SEC. 4022. OIL SPILL RECOVERY INSTITUTE.

(a) FUNDING.—Section 5006 of the Oil Pollution Act of 1990 (33 U.S.C. 2736) is amended by—

(1) striking subsection (a), redesignating subsection (b) as subsection "(a)";

(2) striking "5003" in the caption of subsection (a), as redesignated, and inserting "5001, 5003,";

(3) inserting "to carry out section 5001 in the amount as determined in section 5006(b), and" after

"limitation," in the text of subsection (a), as redesignated; and

(4) adding at the end thereof the following:

"(b) USE OF INTEREST ONLY.—The amount of funding to be made available annually to carry out section 5001 shall be the interest produced by the Fund's investment of the $22,500,000 remaining funding authorized for the Prince William Sound Oil Spill Recovery Institute and currently deposited in the Fund and invested by the Secretary of the Treasury in income producing securities along with other funds comprising the Fund.

"(c) USE FOR SECTION 1012.—Beginning with the eleventh year following the date of enactment of the Coast Guard Authorization Act of 1995, the funding authorized for the Prince William Sound Oil Spill Recovery Institute and deposited in the Fund shall thereafter be made available for purposes of section 1012 in Alaska.".

(b) CONFORMING AMENDMENTS.—

(1) Section 6002(b) of the Oil Pollution Act of 1990 (33 U.S.C. 2752(b)) is amended by striking "5006(b)" and inserting "5006".

(2) Section 7001(c)(9) the Oil Pollution Act of 1990 (33 U.S.C. 2761(c)(9)) is amended by striking the period at the end thereof and inserting "until the

authorization for funding under section 5006(b) expires".

Subtitle C—Rail Infrastructure

SEC. 4031. RAILROAD REHABILITATION AND IMPROVEMENT PROGRAM.

(a) ISSUANCE OF OBLIGATIONS.—The Secretary of Transportation shall issue to the Secretary of the Treasury notes or other obligations pursuant to section 512 of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 832) in such amounts and at such times as may be necessary to pay any amounts required pursuant to the guarantee of the principal amount of obligations under sections 511 through 513 of that Act (45 U.S.C. 831 through 833) as long as any such guaranteed obligation is outstanding.

(b) LIMITATION.—Notwithstanding any other provision of law, the Secretary of Transportation may not make loan guarantee commitments under section 511 of that Act (45 U.S.C. 831) in excess of $100,000,000 during each fiscal year from 1996 through 2002, and $10,000,000 is hereby made available for loan guarantee commitments made during each of those fiscal years.

SEC. 4032. LOCAL RAIL FREIGHT ASSISTANCE.

Section 22108(a) of title 49, United States Code, is amended—

(1) by adding at the end of paragraph (1) the following:

"(C) $25,000,000 for each of the fiscal years ending September 30, 1995, 1996, and 1997, which is authorized and hereby made available."; and

(2) by striking "1994," in paragraph (3) and inserting "1997,".

SEC. 4033. DISASTER FUNDING FOR RAILROADS.

Section 22101 of title 49, United States Code, is amended by redesignating subsection (d) as (e), and by inserting after subsection (c) the following:

"(d) DISASTER FUNDING FOR RAILROADS.—

"(1) The Secretary may declare that a disaster has occurred and that it is necessary to repair and rebuild rail lines damaged as a result of such disaster. If the Secretary makes a declaration under this paragraph, the Secretary may—

"(A) waive the requirements of this section;

"(B) consider the extent to which the State has available unexpended local rail freight assistance funds or available repaid loans; and

"(C) prescribe the form and time for applications for assistance made available herein.

"(2) The Secretary may not provide assistance under this subsection unless emergency disaster relief funds are appropriated for that purpose.

"(3) Funds provided under this subsection shall remain available until expended.".

SEC. 4034. GRADE-CROSSING ELIGIBILITY.

Section 22101(a) of title 49, United States Code, is amended—

(1) by striking "and" after the semicolon in paragraph (2);

(2) by striking the period at the end of paragraph (3) and inserting a semicolon; and

(3) by adding at the end thereof the following new paragraphs:

"(4) closing or improving a railroad grade crossing or series of railroad grade crossings; and

"(5) creating a State supervised grain car pool.".

TITLE V—COMMITTEE ON ENERGY AND NATURAL RESOURCES

Subtitle A—United States Enrichment Corporation

SEC. 5001. SHORT TITLE.

This subtitle may be cited as the "USEC Privatization Act".

SEC. 5002. PURPOSE.

The purpose of this subtitle is to transfer the interest of the United States in the United States Enrichment Corporation to the private sector in a manner that provides for the long-term viability of the Corporation, provides for the continuation by the Corporation of the operation of the Department of Energy's gaseous diffusion plants, provides for the protection of the public interest in maintaining a reliable and economical domestic source of uranium mining and enrichment services, and, to the extent not inconsistent with such purposes, secures the maximum proceeds to the United States.

SEC. 5003. DEFINITIONS.

For purposes of this subtitle:

(1) The term "AVLIS" means atomic vapor laser isotope separation technology.

(2) The term "Corporation" means the United States Enrichment Corporation and, unless the context otherwise requires, includes the private corporation and any successor thereto following privatization.

(3) The term "gaseous diffusion plants" means the Paducah Gaseous Diffusion Plant at Paducah, Kentucky and the Portsmouth Gaseous Diffusion Plant at Piketon, Ohio.

(4) The term "highly enriched uranium" means uranium enriched to 20 percent or more of the uranium-235 isotope.

(5) The term "low-enriched uranium" means uranium enriched to less than 20 percent of the uranium-235 isotope, including that which is derived from highly enriched uranium.

(6) The term "low-level radioactive waste" has the meaning given such term in section 2(9) of the Low-Level Radioactive Waste Policy Act (42 U.S.C. 2021b(9)).

(7) The term "private corporation" means the corporation established under section 5005.

(8) The term "privatization" means the transfer of ownership of the Corporation to private investors.

(9) The term "privatization date" means the date on which 100 percent of the ownership of the Corporation has been transferred to private investors.

(10) The term "public offering" means an underwritten offering to the public of the common stock of the private corporation pursuant to section 5004.

(11) The "Russian HEU Agreement" means the Agreement Between the Government of the United States of America and the Government of the Russian Federation Concerning the Disposition of Highly Enriched Uranium Extracted from Nuclear Weapons, dated February 18, 1993.

(12) The term "Secretary" means the Secretary of Energy.

(13) The "Suspension Agreement" means the Agreement to Suspend the Antidumping Investigation on Uranium from the Russian Federation, as amended.

(14) The term "uranium enrichment" means the separation of uranium of a given isotopic content into 2 components, 1 having a higher percentage of a fissile isotope and 1 having a lower percentage.

SEC. 5004. SALE OF THE CORPORATION.

(a) AUTHORIZATION.—The Board of Directors of the Corporation, with the approval of the Secretary of the

Treasury, shall transfer ownership of the assets and obligations of the Corporation to the private corporation established under section 5005 (which may be consummated through a merger or consolidation effected in accordance with, and having the effects provided under, the laws of the state of incorporation of the private corporation, as if the Corporation were incorporated thereunder).

(b) BOARD DETERMINATION.—The Board, with the approval of the Secretary of the Treasury, shall select the method of transfer and establish terms and conditions for the transfer that will provide the maximum proceeds to the Treasury of the United States and will provide for the long-term viability of the private corporation, the continued operation of the gaseous diffusion plants, and the public interest in maintaining a reliable and economical domestic uranium mining and enrichment industries.

(c) APPLICATION OF SECURITIES LAWS.—Any offering or sale of securities by the private corporation shall be subject to the Securities Act of 1933 (15 U.S.C. 77a et seq.), the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.), and the provisions of the Constitution and laws of any State, territory, or possession of the United States relating to transactions in securities.

(d) PROCEEDS.—Proceeds from the sale of the United States' interest in the Corporation shall be—

(1) deposited in the general fund of the Treasury;

(2) included in the budget baseline required by the Balanced Budget and Emergency Deficit Control Act of 1985; and

(3) counted as an offset to direct spending for purposes of section 252 of such Act, notwithstanding section 257(e) of such Act.

(e) EXPENSES.—Expenses of privatization shall be paid from Corporation revenue accounts in the United States Treasury.

SEC. 5005. ESTABLISHMENT OF PRIVATE CORPORATION.

(a) INCORPORATION.—(1) The directors of the Corporation shall establish a private for-profit corporation under the laws of a State for the purpose of receiving the assets and obligations of the Corporation at privatization and continuing the business operations of the Corporation following privatization.

(2) The directors of the Corporation may serve as incorporators of the private corporation and shall take all steps necessary to establish the private corporation, including the filing of articles of incorporation consistent with the provisions of this subtitle.

(3) Employees and officers of the Corporation (including members of the Board of Directors) acting in accordance with this section on behalf of the private corporation shall

be deemed to be acting in their official capacities as employees or officers of the Corporation for purposes of 18 U.S.C. 205.

(b) STATUS OF THE PRIVATE CORPORATION.—(1) The private corporation shall not be an agency, instrumentality, or establishment of the United States, a Government corporation, or a Government-controlled corporation.

(2) Except as otherwise provided by this Subtitle, financial obligations of the private corporation shall not be obligations of, or guaranteed as to principal or interest by, the Corporation or the United States, and the obligations shall so plainly state.

(3) No action under section 1491 of title 28, United States Code, shall be allowable against the United States based on actions of the private corporation.

(c) APPLICATION OF POST-GOVERNMENT EMPLOYMENT RESTRICTIONS.—Beginning on the privatization date, the restrictions of 18 U.S.C. 207(a), (b), (c), and (d) shall not apply to the acts of an individual done in carrying out official duties as a director, officer, or employee of the private corporation, if the individual was an officer or employee of the Corporation (including a director) continuously during the 45 days prior to the privatization date.

(d) DISSOLUTION.—In the event that the privatization does not occur, the Corporation will provide for the dissolu-

tion of the private corporation within 1 year of the private corporation's incorporation unless the Secretary of the Treasury or his delegate, upon the Corporation's request, agrees to delay any such dissolution for an additional year.

SEC. 5006. TRANSFERS TO THE PRIVATE CORPORATION.

Concurrent with privatization, the Corporation shall transfer to the private corporation—

(1) the lease of the gaseous diffusion plants in accordance with section 5007,

(2) all personal property and inventories of the Corporation,

(3) all contracts, agreements, and leases under section 5008(a),

(4) the Corporation's right to purchase power from the Secretary under section 5008(b),

(5) such funds in accounts of the Corporation held by the Treasury or on deposit with any bank or other financial institution as approved by the Secretary of the Treasury, and

(6) all of the Corporation's records, including all of the papers and other documentary materials, regardless of physical form or characteristics, made or received by the Corporation.

SEC. 5007. LEASING OF GASEOUS DIFFUSION FACILITIES.

(a) TRANSFER OF LEASE.—Concurrent with privatization, the Corporation shall transfer to the private corporation the lease of the gaseous diffusion plants and related property for the remainder of the term of such lease in accordance with the terms of such lease.

(b) RENEWAL.—The private corporation shall have the exclusive option to lease the gaseous diffusion plants and related property for additional periods following the expiration of the initial term of the lease.

(c) EXCLUSION OF FACILITIES FOR PRODUCTION OF HIGHLY ENRICHED URANIUM.—The Secretary shall not lease to the private corporation any facilities necessary for the production of highly enriched uranium but may, subject to the requirements of the Atomic Energy Act of 1954 (42 U.S.C. 2011 et seq.), grant the Corporation access to such facilities for purposes other than the production of highly enriched uranium.

(d) DOE RESPONSIBILITY FOR PREEXISTING CONDITIONS.—The payment of any costs of decontamination and decommissioning, response actions, or corrective actions with respect to conditions existing before July 1, 1993, at the gaseous diffusion plants shall remain the sole responsibility of the Secretary.

(e) ENVIRONMENTAL AUDIT.—For purposes of subsection (d), the conditions existing before July 1, 1993, at

the gaseous diffusion plants shall be determined from the environmental audit conducted pursuant to section 1403(e) of the Atomic Energy Act of 1954 (42 U.S.C. 2297c–2(e)).

(f) TREATMENT UNDER PRICE-ANDERSON PROVISIONS.—Any lease executed between the Secretary and the Corporation or the private corporation, and any extension or renewal thereof, under this section shall be deemed to be a contract for purposes of section 170d. of the Atomic Energy Act of 1954 (42 U.S.C. 2210(d)).

(g) WAIVER OF EIS REQUIREMENT.—The execution or transfer of the lease between the Secretary and the Corporation or the private corporation, and any extension or renewal thereof, shall not be considered a major Federal action significantly affecting the quality of the human environment for purposes of section 102 of the National Environmental Policy Act of 1969 (42 U.S.C. 4332).

SEC. 5008. TRANSFER OF CONTRACTS.

(a) TRANSFER OF CONTRACTS.—Concurrent with privatization, the Corporation shall transfer to the private corporation all contracts, agreements, and leases, including all uranium enrichment contracts, that were—

(1) transferred by the Secretary to the Corporation pursuant to section 1401(b) of the Atomic Energy Act of 1954 (42 U.S.C. 2297c(b)), or

(2) entered into by the Corporation before the privatization date.

(b) NONTRANSFERABLE POWER CONTRACTS.—The Corporation shall transfer to the private corporation the right to purchase power from the Secretary under the power purchase contracts for the gaseous diffusion plants executed by the Secretary before July 1, 1993. The Secretary shall continue to receive power for the gaseous diffusion plants under such contracts and shall continue to resell such power to the private corporation at cost during the term of such contracts.

(c) EFFECT OF TRANSFER.—(1) Notwithstanding subsection (a), the United States shall remain obligated to the parties to the contracts, agreements, and leases transferred under subsection (a) for the performance of its obligations under such contracts, agreements, or leases during their terms. Performance of such obligations by the private corporation shall be considered performance by the United States.

(2) If a contract, agreement, or lease transferred under subsection (a) is terminated, extended, or materially amended after the privatization date—

(A) the private corporation shall be responsible for any obligation arising under such contract, agree-

ment, or lease after any extension or material amendment, and

(B) the United States shall be responsible for any obligation arising under the contract, agreement, or lease before the termination, extension, or material amendment.

(3) The private corporation shall reimburse the United States for any amount paid by the United States under a settlement agreement entered into with the consent of the private corporation or under a judgment, if the settlement or judgment—

(A) arises out of an obligation under a contract, agreement, or lease transferred under subsection (a), and

(B) arises out of actions of the private corporation between the privatization date and the date of a termination, extension, or material amendment of such contract, agreement, or lease.

(d) PRICING.—The Corporation may establish prices for its products, materials, and services provided to customers on a basis that will allow it to attain the normal business objectives of a profit making corporation.

SEC. 5009. LIABILITIES.

(a) LIABILITY OF THE UNITED STATES.—(1) Except as otherwise provided in this Subtitle, all liabilities arising

out of the operation of the uranium enrichment enterprise before July 1, 1993, shall remain the direct liabilities of the Secretary.

(2) Except as provided in subsection (a)(3) or otherwise provided in a memorandum of agreement entered into by the Corporation and the Office of Management and Budget prior to the privatization date, all liabilities arising out of the operation of the Corporation between July 1, 1993, and the privatization date shall remain the direct liabilities of the United States.

(3) All liabilities arising out of the disposal of depleted uranium generated by the Corporation between July 1, 1993, and the privatization date shall become the direct liabilities of the Secretary.

(4) Any stated or implied consent for the United States, or any agent or officer of the United States, to be sued by any person for any legal, equitable, or other relief with respect to any claim arising out of, or resulting from, the privatization of the Corporation is hereby withdrawn.

(5) To the extent that any claim against the United States under this section is of the type otherwise required by Federal statute or regulation to be presented to a Federal agency or official for adjudication or review, such claim shall be presented to the Department of Energy in accordance with procedures to be established by the Secretary.

Nothing in this paragraph shall be construed to impose on the Department of Energy liability to pay any claim presented pursuant to this paragraph.

(6) The Attorney General shall represent the United States in any action seeking to impose liability under this subsection.

(b) LIABILITY OF THE CORPORATION.—Notwithstanding any provision of any agreement to which the Corporation is a party, the Corporation shall not be considered in breach, default, or violation of any agreement because of the transfer of such agreement to the private corporation under section 5008 or any other action the Corporation is required to take under this subtitle.

(c) LIABILITY OF THE PRIVATE CORPORATION.—Except as provided in this subtitle, the private corporation shall be liable for any liabilities arising out of its operations after the privatization date.

(d) LIABILITY OF OFFICERS AND DIRECTORS.—(1) No officer, director, employee, or agent of the Corporation shall be liable in any civil proceeding to any party in connection with any action taken in connection with the privatization if, with respect to the subject matter of the action, suit, or proceeding, such person was acting within the scope of his employment.

(2) This subsection shall not apply to claims arising under the Securities Act of 1933 (15 U.S.C. 77a. et seq.), the Securities Exchange Act of 1934 (15 U.S.C. 78a. et seq.), or under the Constitution or laws of any State, territory, or possession of the United States relating to transactions in securities.

SEC. 5010. EMPLOYEE PROTECTIONS.

(a) CONTRACTOR EMPLOYEES.—(1) Privatization shall not diminish the accrued, vested pension benefits of employees of the Corporation's operating contractor at the two gaseous diffusion plants.

(2) In the event that the private corporation terminates or changes the contractor at either or both of the gaseous diffusion plants, the plan sponsor or other appropriate fiduciary of the pension plan covering employees of the prior operating contractor shall arrange for the transfer of all plan assets and liabilities relating to accrued pension benefits of such plans participants and beneficiaries from such plant to a pension plan sponsored by the new contractor or the private corporation or a joint labor-management plan, as the case may be.

(3) In addition to any obligations arising under the National Labor Relations Act, any employer (including the private corporation if it operates a gaseous diffusion plant

without a contractor or any contractor of the private corporation) at a gaseous diffusion plant shall—

(A) abide by the terms of any unexpired collective bargaining agreement covering employees in bargaining units at the plant and in effect on the privatization date until the stated expiration or termination date of the agreement; or

(B) in the event a collective bargaining agreement is not in effect upon the privatization date, have the same bargaining obligations under section 8(d) of the National Labor Relations Act (29 U.S.C. 158(d)) as it had immediately before the privatization date.

(4) If the private corporation replaces its operating contractor at a gaseous diffusion plant, the new employer (including the new contractor or the private corporation if it operates a gaseous diffusion plant without a contractor) shall—

(A) offer employment to non-management employees of the predecessor contractor to the extent that their jobs still exist or they are qualified for new jobs, and

(B) abide by the terms of the predecessor contractor's collective bargaining agreement until the agreement expires or a new agreement is signed.

(5) In the event of a plant closing or mass layoff (as such terms are defined in section 2101(a) (2) and (3) of title 29, United States Code) at either of the gaseous diffusion plants, the Secretary of Energy shall treat any adversely affected employee of an operating contractor at either plant who was an employee at such plant on July 1, 1993, as a Department of Energy employee for purposes of sections 3161 and 3162 of the National Defense Authorization Act for Fiscal Year 1993 (42 U.S.C. 7274h–7274i).

(6)(A) The Secretary and the private corporation shall cause the post-retirement health benefits plan provider (or its successor) to continue to provide benefits for persons employed by an operating contractor at either of the gaseous diffusion plants in an economically efficient manner and at substantially the same level of coverage as eligible retirees are entitled to receive on the privatization date.

(B) Persons eligible for coverage under subparagraph (A) shall be limited to:

(i) Persons who retired from active employment at one of the gaseous diffusion plants on or before the privatization date as vested participants in a pension plan maintained either by the Corporation's operating contractor or by a contractor employed prior to July 1, 1993, by the Department of Energy to operate a gaseous diffusion plant.

(ii) Persons who are employed by the Corporation's operating contractor on or before the privatization date and are vested participants in a pension plan maintained either by the Corporation's operating contractor or by a contractor employed prior to July 1, 1993, by the Department of Energy to operate a gaseous diffusion plant.

(C) The Secretary shall fund the entire cost of post-retirement health benefits for persons who retired from employment with an operating contractor prior to July 1, 1993.

(D) The Secretary and the Corporation shall fund the cost of post-retirement health benefits for persons who retire from employment with an operating contractor after July 1, 1993, in proportion to the retired person's years and months of service at a gaseous diffusion plant under their respective management.

(7)(A) Any suit under this subsection alleging a violation of an agreement between an employer and a labor organization shall be brought in accordance with section 301 of the Labor Management Relations Act (29 U.S.C. 185).

(B) Any charge under this subsection alleging an unfair labor practice violative of section 8 of the National Labor Relations Act (29 U.S.C. 158) shall be pursued in

accordance with section 10 of the National Labor Relations Act (29 U.S.C. 160).

(C) Any suit alleging a violation of any provision of this subsection, to the extent it does not allege a violation of the National Labor Relations Act, may be brought in any district court of the United States having jurisdiction of the parties, without regard to the amount in controversy or the citizenship of the parties.

(b) FORMER FEDERAL EMPLOYEES.—(1)(A) Employees of the Corporation who were subject to either the Civil Service Retirement System (CSRS) or the Federal Employees' Retirement System (FERS) on the day immediately preceding the privatization date shall elect—

(i) to retain their coverage under either CSRS or FERS, as applicable, in lieu of coverage by the Corporation's retirement system, or

(ii) to receive a deferred annuity or lump-sum benefit payable to a terminated employee under CSRS or FERS, as applicable.

(B) Those employees electing subparagraph (A)(ii) shall have the option to transfer the balance in their Thrift Savings Plan account to a defined contribution plan under the Corporation's retirement system, consistent with applicable law and the terms of the Corporation's defined contribution plan.

(2) The Corporation shall pay to the Civil Service Retirement and Disability Fund—

(A) such employee deductions and agency contributions as are required by sections 8334, 8422, and 8423 of title 5, United States Code, for those employees who elect to retain their coverage under either CSRS or FERS pursuant to paragraph (1);

(B) such additional agency contributions as are determined necessary by the Office of Personnel Management to pay, in combination with the sums under subparagraph (A), the "normal cost" (determined using dynamic assumptions) of retirement benefits for those employees who elect to retain their coverage under CSRS pursuant to paragraph (1), with the concept of "normal cost" being used consistent with generally accepted actuarial standards and principles; and

(C) such additional amounts, not to exceed two percent of the amounts under subparagraphs (A) and (B), as are determined necessary by the Office of Personnel Management to pay the cost of administering retirement benefits for employees who retire from the Corporation after the privatization date under either CSRS or FERS, for their survivors, and for survivors of employees of the Corporation who die after the pri-

vatization date (which amounts shall be available to the Office of Personnel Management as provided in section 8348(a)(1)(B) of title 5, United States Code).

(3) The Corporation shall pay to the Thrift Savings Fund such employee and agency contributions as are required by section 8432 of title 5, United States Code, for those employees who elect to retain their coverage under FERS pursuant to paragraph (1).

(4) Any employee of the Corporation who was subject to the Federal Employee Health Benefits Program (FEHBP) on the day immediately preceding the privatization date and who elects to retain coverage under either CSRS or FERS pursuant to paragraph (1) shall have the option to receive health benefits from a health benefit plan established by the Corporation or to continue without interruption coverage under the FEHBP, in lieu of coverage by the Corporation's health benefit system.

(5) The Corporation shall pay to the Employees Health Benefits Fund—

(A) such employee deductions and agency contributions as are required by section 8906(a)–(f) of title 5, United States Code, for those employees who elect to retain their coverage under FEHBP pursuant to paragraph (4); and

(B) such amounts as are determined necessary by the Office of Personnel Management under paragraph (6) to reimburse the Office of Personnel Management for contributions under section 8906(g)(1) of title 5, United States Code, for those employees who elect to retain their coverage under FEHBP pursuant to paragraph (4).

(6) The amounts required under paragraph (5)(B) shall pay the Government contributions for retired employees who retire from the Corporation after the privatization date under either CSRS or FERS, for survivors of such retired employees, and for survivors of employees of the Corporation who die after the privatization date, with said amounts prorated to reflect only that portion of the total service of such employees and retired persons that was performed for the Corporation after the privatization date.

SEC. 5011. OWNERSHIP LIMITATIONS.

No director, officer, or employee of the Corporation may acquire any securities, or any rights to acquire any securities of the private corporation on terms more favorable than those offered to the general public—

(1) in a public offering designed to transfer ownership of the Corporation to private investors,

(2) pursuant to any agreement, arrangement, or understanding entered into before the privatization date, or

(3) before the election of the directors of the private corporation.

SEC. 5012. URANIUM TRANSFERS AND SALES.

(a) TRANSFERS AND SALES BY THE SECRETARY.—The Secretary shall not provide enrichment services or transfer or sell any uranium (including natural uranium concentrates, natural uranium hexafluoride, or enriched uranium in any form) to any person except as consistent with this section.

(b) RUSSIAN HEU.—(1) On or before December 31, 1996, the United States Executive Agent under the Russian HEU Agreement shall transfer to the Secretary without charge title to an amount of uranium hexafluoride equivalent to the natural uranium component of low-enriched uranium derived from at least 18 metric tons of highly enriched uranium purchased from the Russian Executive Agent under the Russian HEU Agreement. The quantity of such uranium hexafluoride delivered to the Secretary shall be based on a tails assay of 0.30 U235. Uranium hexafluoride transferred to the Secretary pursuant to this paragraph shall be deemed under U.S. law for all purposes to be of Russian origin.

(2) Within 7 years of the date of enactment of this subtitle, the Secretary shall sell, and receive payment for, the uranium hexafluoride transferred to the Secretary pursuant to paragraph (1). Such uranium hexafluoride shall be sold—

(A) at any time for use in the United States for the purpose of overfeeding;

(B) at any time for end use outside the United States; or

(C) in calendar year 2001 for consumption by end users in the United States not prior to January 1, 2002, in volumes not to exceed 3 million pounds U3O8 equivalent per year.

(3) With respect to all enriched uranium delivered to the United States Executive Agent under the Russian HEU Agreement on or after January 1, 1997, the United States Executive Agent shall, upon request of the Russian Executive Agent, enter into an agreement to deliver concurrently to the Russian Executive Agent an amount of uranium hexafluoride equivalent to the natural uranium component of such uranium. An agreement executed pursuant to a request of the Russian Executive Agent, as contemplated in this paragraph, may pertain to any deliveries due during any period remaining under the Russian HEU Agreement. The quantity of such uranium hexafluoride delivered to the

Russian Executive Agent shall be based on a tails assay of 0.30 U235. Title to uranium hexafluoride delivered to the Russian Executive Agent pursuant to this paragraph shall transfer to the Russian Executive Agent upon delivery of such material to the Russian Executive Agent, with such delivery to take place at a North American facility designated by the Russian Executive Agent. Uranium hexafluoride delivered to the Russian Executive Agent pursuant to this paragraph shall be deemed under U.S. law for all purposes to be of Russian origin. Such uranium hexafluoride may be sold to any person or entity for delivery and use in the United States only as permitted in subsections (b)(5), (b)(6), and (b)(7) of this section.

(4) In the event that the Russian Executive Agent does not exercise its right to enter into an agreement to take delivery of the natural uranium component of any low-enriched uranium, as contemplated in paragraph (3), within 90 days of the date such low-enriched uranium is delivered to the United States Executive Agent, then the United States Executive Agent shall engage an independent entity through a competitive selection process to auction an amount of uranium hexafluoride or U3O8 (in the event that the conversion component of such hexafluoride has previously been sold) equivalent to the natural uranium component of such low-enriched uranium. Such independent en-

tity shall sell such uranium hexafluoride in one or more lots to any person or entity to maximize the proceeds from such sales, for disposition consistent with the limitations set forth in this subsection. The independent entity shall pay to the Russian Executive Agent the proceeds of any such auction less all reasonable transaction and other administrative costs. The quantity of such uranium hexafluoride auctioned shall be based on a tails assay of 0.30 U235. Title to uranium hexafluoride auctioned pursuant to this paragraph shall transfer to the buyer of such material upon delivery of such material to the buyer. Uranium hexafluoride auctioned pursuant to this paragraph shall be deemed under U.S. law for all purposes to be of Russian origin.

(5) Except as provided in paragraphs (6) and (7), uranium hexafluoride delivered to the Russian Executive Agent under paragraph (3) or auctioned pursuant to paragraph (4), may not be delivered for consumption by end users in the United States either directly or indirectly prior to January 1, 1998, and thereafter only in accordance with the following schedule:

Year:	***Annual maximum deliveries to end users (millions lbs. U3O8 equivalent)***
1998	*2*
1999	*4*
2000	*6*
2001	*8*
2002	*10*

Year:	*Annual maximum deliveries to end users (millions lbs. U3O8 equivalent)*
2003	*12*
2004	*14*
2005	*16*
2006	*17*
2007	*18*
2008	*19*
2009 and each year thereafter	*20.*

(6) Uranium hexafluoride delivered to the Russian Executive Agent under paragraph (3) or auctioned pursuant to paragraph (4) may be sold at any time as Russian-origin natural uranium in a matched sale pursuant to the Suspension Agreement, and in such case shall not be counted against the annual maximum deliveries set forth in paragraph (5).

(7) Uranium hexafluoride delivered to the Russian Executive Agent under paragraph (3) or auctioned pursuant to paragraph (4) may be sold at any time for use in the United States for the purpose of overfeeding in the operations of enrichment facilities.

(8) Nothing in this subsection (b) shall restrict the sale of the conversion component of such uranium hexafluroide. Material sold pursuant to paragraph 5 shall not be swapped, exchanged or loaned.

(9) The Secretary of Commerce shall have responsibility for the administration and enforcement of the limitations set forth in this subsection. The Secretary of Commerce may require any person to provide any certifications,

information, or take any action that may be necessary to enforce these limitations. The U.S. Customs Service shall maintain and provide any information required by the Secretary of Commerce and shall take any action requested by the Secretary of Commerce which is necessary for the administration and enforcement of the uranium delivery limitations set forth in this section.

(10) The President shall monitor the actions of the United States Executive Agent under the Russian HEU Agreement and shall report to the Congress not later than December 31 of each year on the effect the low-enriched uranium delivered under the Russian HEU Agreement is having on the domestic uranium mining, conversion, and enrichment industries, and the operation of the gaseous diffusion plants. Such report shall include a description of actions taken or proposed to be taken by the President to prevent or mitigate any material adverse impact on such industries or any loss of employment at the gaseous diffusion plants as a result of the Russian HEU Agreement.

(c) TRANSFERS TO THE CORPORATION.—(1) The Secretary shall transfer to the Corporation without charge up to 50 metric tons of enriched uranium and up to 7,000 metric tons of natural uranium from the Department of Energy's stockpile, subject to the restrictions in subsection (c)(2).

(2) The Corporation shall not deliver for commercial end use in the United States—

(A) any of the uranium transferred under this subsection before January 1, 1998;

(B) more than 10 percent of the uranium (by uranium hexafluoride equivalent content) transferred under this subsection or more than 4 million pounds, whichever is less, in any calendar year after 1997; or

(C) more than 800,000 separative work units contained in low-enriched uranium transferred under this subsection in any calendar year.

(d) INVENTORY SALES.—(1) In addition to the transfers authorized under subsections (c) and (e), the Secretary may, from time to time, sell natural and low-enriched uranium (including low-enriched uranium derived from highly enriched uranium) from the Department of Energy's stockpile.

(2) Except as provided in subsections (b), (c), and (e) no sale or transfer of natural or low-enriched uranium shall be made unless—

(A) the President determines that the material is not necessary to national security needs,

(B) the Secretary determines that the sale of the material will not have an adverse material impact on the domestic uranium mining, conversion, or enrich-

ment industry, taking into account the sales of uranium under the Russian HEU Agreement and the Suspension Agreement, and

(C) the price paid to the Secretary will not be less than the fair market value of the material.

(e) GOVERNMENT TRANSFERS.—Notwithstanding subsection (d)(2), the Secretary may transfer or sell enriched uranium—

(1) to a Federal agency if the material is transferred for the use of the receiving agency without any resale or transfer to another entity and the material does not meet commercial specifications;

(2) to any person for national security purposes, as determined by the Secretary; or

(3) to any State or local agency or nonprofit, charitable, or educational institution for use other than the generation of electricity for commercial use.

(f) SAVINGS PROVISION.—Nothing in this subtitle shall be read to modify the terms of the Russian HEU Agreement.

SEC. 5013. LOW-LEVEL WASTE.

(a) RESPONSIBILITY OF DOE.—(1) The Secretary, at the request of the generator, shall accept for disposal low-level radioactive waste, including depleted uranium if it were ultimately determined to be low-level radioactive waste, generated by—

(A) the Corporation as a result of the operations of the gaseous diffusion plants or as a result of the treatment of such wastes at a location other than the gaseous diffusion plants, or

(B) any person licensed by the Nuclear Regulatory Commission to operate a uranium enrichment facility under sections 53, 63, and 193 of the Atomic Energy Act of 1954 (42 U.S.C. 2073, 2093, and 2243).

(2) Except as provided in paragraph (3), the generator shall reimburse the Secretary for the disposal of low-level radioactive waste pursuant to paragraph (1) in an amount equal to the Secretary's costs, including a pro rata share of any capital costs, but in no event more than an amount equal to that which would be charged by commercial, State, regional, or interstate compact entities for disposal of such waste.

(3) In the event depleted uranium were ultimately determined to be low-level radioactive waste, the generator shall reimburse the Secretary for the disposal of depleted uranium pursuant to paragraph (1) in an amount equal to the Secretary's costs, including a pro rata share of any capital costs.

(b) AGREEMENTS WITH OTHER PERSONS.—The generator may also enter into agreements for the disposal of

low-level radioactive waste subject to subsection (a) with any person other than the Secretary that is authorized by applicable laws and regulations to dispose of such wastes.

(c) STATE OR INTERSTATE COMPACTS.—Notwithstanding any other provision of law, no State or interstate compact shall be liable for the treatment, storage, or disposal of any low-level radioactive waste (including mixed waste) attributable to the operation, decontamination, and decommissioning of any uranium enrichment facility.

SEC. 5014. AVLIS.

(a) EXCLUSIVE RIGHT TO COMMERCIALIZE.—The Corporation shall have the exclusive commercial right to deploy and use any AVLIS patents, processes, and technical information owned or controlled by the Government, upon completion of a royalty agreement with the Secretary.

(b) TRANSFER OF RELATED PROPERTY TO CORPORATION.—

(1) IN GENERAL.—To the extent requested by the Corporation and subject to the requirements of the Atomic Energy Act of 1954, the President shall transfer without charge to the Corporation all of the right, title, or interest in and to property owned by the United States under control or custody of the Secretary that is directly related to and materially useful in the performance of the Corporation's purposes re-

garding AVLIS and alternative technologies for uranium enrichment, including—

(A) facilities, equipment, and materials for research, development, and demonstration activities; and

(B) all other facilities, equipment, materials, processes, patents, technical information of any kind, contracts, agreements, and leases.

(2) EXCEPTION.—Facilities, real estate, improvements, and equipment related to the gaseous diffusion, and gas centrifuge, uranium enrichment programs of the Secretary shall not transfer under paragraph (1)(B).

(3) EXPIRATION OF TRANSFER AUTHORITY.—The President's authority to transfer property under this subsection shall expire upon the privatization date.

(c) LIABILITY FOR PATENT AND RELATED CLAIMS.—With respect to any right, title, or interest provided to the Corporation under subsection (a) or (b), the Corporation shall have sole liability for any payments made or awards under section 157 b. (3) of the Atomic Energy Act of 1954 (42 U.S.C. 2187(b)(3)), or any settlements or judgments involving claims for alleged patent infringement. Any royalty agreement under subsection (a) of this section shall provide for a reduction of royalty payments to the Secretary to off-

set any payments, awards, settlements, or judgments under this subsection.

SEC. 5015. GASEOUS DIFFUSION TECHNOLOGY.

(a) TRANSFER OF RIGHTS.—The Corporation shall have the exclusive commercial rights for both uranium enrichment and non-uranium enrichment uses of any patents, patent applications, trade secrets, and other technical information related to the gaseous diffusion technology owned or controlled by the Department of Energy, or by the United States but under control or custody of the Department of Energy. The Corporation shall enter into an exclusive licensing agreement with the Department of Energy providing for—

(1) the payment of royalties of 3 percent of the gross, pre-tax revenues realized by the Corporation from its non-uranium enrichment commercial uses of such patents, patent applications, trade secrets, and other technical information,

(2) the reduction of such royalties to offset any payments, awards, settlements, or judgments rendered against the Corporation in its deployment or licensing of the exclusive commercial rights under this section, and

(3) the reservation of a non-exclusive, royalty-free right to the United States Government to use

such patents, patent applications, trade secrets, and other technical information solely for Governmental purposes.

(b) IMPROVEMENTS.—New patents, trade secrets, and other technical information developed for commercial applications that derive from the gaseous diffusion technology initially licensed by the Corporation shall be at the Corporation's expense and shall be free from royalties to the Department of Energy.

SEC. 5016. APPLICATION OF CERTAIN LAWS.

(a) OSHA.—(1) As of the privatization date, the private corporation shall be subject to and comply with the Occupational Safety and Health Act of 1970 (29 U.S.C. 651 et seq.).

(2) The Nuclear Regulatory Commission and the Occupational Safety and Health Administration shall, within 90 days after the enactment of this subtitle, enter into a memorandum of agreement to govern the exercise of their authority over occupational safety and health hazards at the gaseous diffusion plants, including inspection, investigation, enforcement, and rulemaking relating to such hazards.

(b) ANTITRUST LAWS.—For purposes of the antitrust laws, the performance by the private corporation of a "matched import" contract under the Suspension Agree-

ment shall be considered to have occurred prior to the privatization date, if at the time of privatization, such contract had been agreed to by the parties in all material terms and confirmed by the Secretary of Commerce under the Suspension Agreement.

(c) ENERGY REORGANIZATION ACT REQUIREMENTS.—(1) The private corporation and its contractors shall be subject to the provisions of section 211 of the Energy Reorganization Act of 1974 (42 U.S.C. 5851) to the same extent as an employer subject to such section.

(2) With respect to the operation of the facilities leased by the private corporation, section 206 of the Energy Reorganization Act of 1974 (42 U.S.C. 5846) shall apply to the directors and officers of the private corporation.

SEC. 5017. AMENDMENTS TO THE ATOMIC ENERGY ACT.

(a) REPEAL.—(1) Chapters 22 through 26 of the Atomic Energy Act of 1954 (42 U.S.C. 1201–1608) are repealed as of the privatization date.

(2) The table of contents of such Act is amended as of the privatization date by striking the items referring to sections repealed by paragraph (1).

(b) NRC LICENSING.—(1) Section 11v. of the Atomic Energy Act of 1954 (42 U.S.C. 2014v.) is amended by striking "or the construction and operation of a uranium en-

richment facility using Atomic Vapor Laser Isotope Separation technology".

(2) Section 193 of the Atomic Energy Act of 1954 (42 U.S.C. 2243) is amended by adding at the end the following:

"(f) LIMITATION.—No license or certificate of compliance may be issued to the United States Enrichment Corporation or its successor under section 53, 63, 193, or 1701, if in the opinion of the Commission, the issuance of such a license or certificate of compliance—

"(1) would be inimical to the common defense and security of the United States; or

"(2) would be inimical to the maintenance of a reliable and economical domestic source of enrichment services because of the nature and extent of the ownership, control, or domination of the Corporation by a foreign corporation or a foreign government or any other relevant factors or circumstances.".

(3) Section 1701(c)(2) of the Atomic Energy Act of 1954 (42 U.S.C. 2297f(c)(2)) is amended to read as follows:

"(2) PERIODIC APPLICATION FOR CERTIFICATE OF COMPLIANCE.—The Corporation shall apply to the Nuclear Regulatory Commission for a certificate of compliance under paragraph (1) periodically, as determined by the Commission, but not less than every 5 years. The Commission shall review any such appli-

cation and any determination made under subsection (b)(2) shall be based on the results of any such review.".

(4) Section 1702(a) of the Atomic Energy Act of 1954 (42 U.S.C. 2297f–1(a)) is amended—

(1) by striking "other than" and inserting "including", and

(2) by striking "sections 53 and 63" and inserting "sections 53, 63, and 193".

(c) JUDICIAL REVIEW OF NRC ACTIONS.—Section 189b. of the Atomic Energy Act of 1954 (42 U.S.C. 2239(b)) is amended to read as follows:

"b. The following Commission actions shall be subject to judicial review in the manner prescribed in chapter 158 of title 28, United States Code and chapter 7 of title 5, United States Code:

"(1) Any final order entered in any proceeding of the kind specified in subsection (a).

"(2) Any final order allowing or prohibiting a facility to begin operating under a combined construction and operating license.

"(3) Any final order establishing by regulation standards to govern the Department of Energy's gaseous diffusion uranium enrichment plants, including

any such facilities leased to a corporation established under the USEC Privatization Act.

"(4) Any final determination relating to whether the gaseous diffusion plants, including any such facilities leased to a corporation established under the USEC Privatization Act, are in compliance with the Commission's standards governing the gaseous diffusion plants and all applicable laws.".

(d) CIVIL PENALTIES.—Section 234 a. of the Atomic Energy Act of 1954 (42 U.S.C. 2282(a)) is amended by—

(1) striking "any licensing provision of section 53, 57, 62, 63, 81, 82, 101, 103, 104, 107, or 109" and inserting: "any licensing or certification provision of section 53, 57, 62, 63, 81, 82, 101, 103, 104, 107, 109, or 1701"; and

(2) by striking "any license issued thereunder" and inserting: "any license or certification issued thereunder".

(e) REFERENCES TO THE CORPORATION.—Following the privatization date, all references in the Atomic Energy Act of 1954 to the United States Enrichment Corporation shall be deemed to be references to the private corporation.

SEC. 5018. AMENDMENTS TO OTHER LAWS.

(a) DEFINITION OF GOVERNMENT CORPORATION.—As of the privatization date, section 9101(3) of title 31, United States Code, is amended by striking subparagraph (N).

(b) DEFINITION OF THE CORPORATION.—Section 1018 (1) of the Energy Policy Act of 1992 (42 U.S.C. 2296b–7(1)) is amended by adding at the end "or its successor.".

Subtitle B—Department of the Interior Conveyances

SEC. 5101. SHORT TITLE.

This subtitle may be cited as the "Helium Act of 1995".

SEC. 5102. AMENDMENT OF HELIUM ACT.

Except as otherwise expressly provided, whenever in this part an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Helium Act (50 U.S.C. 167 to 167n).

SEC. 5103. AUTHORITY OF SECRETARY.

Sections 3, 4, and 5 are amended to read as follows:

"SEC. 3. AUTHORITY OF SECRETARY.

"(a) EXTRACTION AND DISPOSAL OF HELIUM ON FEDERAL LANDS.—

"(1) IN GENERAL.—The Secretary may enter into agreements with private parties for the recovery and disposal of helium on Federal lands upon such

terms and conditions as the Secretary deems fair, reasonable, and necessary.

"(2) LEASEHOLD RIGHTS.—The Secretary may grant leasehold rights to any such helium.

"(3) LIMITATION.—The Secretary may not enter into any agreement by which the Secretary sells such helium other than to a private party with whom the Secretary has an agreement for recovery and disposal of helium.

"(4) REGULATIONS.—Agreements under paragraph (1) may be subject to such regulations as may be prescribed by the Secretary.

"(5) EXISTING RIGHTS.—An agreement under paragraph (1) shall be subject to any rights of any affected Federal oil and gas lessee that may be in existence prior to the date of the agreement.

"(6) TERMS AND CONDITIONS.—An agreement under paragraph (1) (and any extension or renewal of an agreement) shall contain such terms and conditions as the Secretary may consider appropriate.

"(7) PRIOR AGREEMENTS.—This subsection shall not in any manner affect or diminish the rights and obligations of the Secretary and private parties under agreements to dispose of helium produced from Federal lands in existence on the date of enactment of the

Helium Act of 1995 except to the extent that such agreements are renewed or extended after that date.

"(b) STORAGE, TRANSPORTATION AND SALE.—The Secretary may store, transport, and sell helium only in accordance with this Act.

"SEC. 4. STORAGE, TRANSPORTATION, AND WITHDRAWAL OF CRUDE HELIUM.

"(a) STORAGE, TRANSPORTATION AND WITHDRAWAL.—The Secretary may store, transport and withdraw crude helium and maintain and operate crude helium storage facilities, in existence on the date of enactment of the Helium Act of 1995 at the Bureau of Mines Cliffside Field, and related helium transportation and withdrawal facilities.

"(b) CESSATION OF PRODUCTION, REFINING, AND MARKETING.—Not later than 18 months after the date of enactment of the Helium Act of 1995, the Secretary shall cease producing, refining, and marketing refined helium and shall cease carrying out all other activities relating to helium which the Secretary was authorized to carry out under this Act before the date of enactment of the Helium Act of 1995, except activities described in subsection (a).

"(c) DISPOSAL OF FACILITIES.—

"(1) IN GENERAL.—Subject to paragraph (5), not later than 18 months after the cessation of activi-

ties referred to in section (b) of this section, the Secretary shall designate as excess property and dispose of all facilities, equipment, and other real and personal property, and all interests therein, held by the United States for the purpose of producing, refining and marketing refined helium.

"(2) APPLICABLE LAW.—The disposal of such property shall be in accordance with the Federal Property and Administrative Services Act of 1949.

"(3) PROCEEDS.—All proceeds accruing to the United States by reason of the sale or other disposal of such property shall be treated as moneys received under this chapter for purposes of section 6(f).

"(4) COSTS.—All costs associated with such sale and disposal (including costs associated with termination of personnel) and with the cessation of activities under subsection (b) shall be paid from amounts available in the helium production fund established under section 6(f).

"(5) EXCEPTION.—Paragraph (1) shall not apply to any facilities, equipment, or other real or personal property, or any interest therein, necessary for the storage, transportation and withdrawal of crude helium or any equipment, facilities, or other real or personal property, required to maintain the

purity, quality control, and quality assurance of crude helium in the Bureau of Mines Cliffside Field.

"(d) EXISTING CONTRACTS.—

"(1) IN GENERAL.—All contracts that were entered into by any person with the Secretary for the purchase by the person from the Secretary of refined helium and that are in effect on the date of the enactment of the Helium Act of 1995 shall remain in force and effect until the date on which the refining operations cease, as described in subsection (b).

"(2) COSTS.—Any costs associated with the termination of contracts described in paragraph (1) shall be paid from the helium production fund established under section 6(f).

"SEC. 5. FEES FOR STORAGE, TRANSPORTATION AND WITHDRAWAL.

"(a) IN GENERAL.—Whenever the Secretary provides helium storage withdrawal or transportation services to any person, the Secretary shall impose a fee on the person to reimburse the Secretary for the full costs of providing such storage, transportation, and withdrawal.

"(b) TREATMENT.—All fees received by the Secretary under subsection (a) shall be treated as moneys received under this Act for purposes of section 6(f).".

SEC. 5104. SALE OF CRUDE HELIUM.

(a) Subsection 6(a) is amended by striking "from the Secretary" and inserting "from persons who have entered into enforceable contracts to purchase an equivalent amount of crude helium from the Secretary".

(b) Subsection 6(b) is amended—

(1) by inserting "crude" before "helium"; and

(2) by adding the following at the end: "Except as may be required by reason of subsection (a), sales of crude helium under this section shall be in amounts as the Secretary determines, in consultation with the helium industry, necessary to carry out this subsection with minimum market disruption.".

(c) Subsection 6(c) is amended—

(1) by inserting "crude" after "Sales of"; and

(2) by striking "together with interest as provided in this subsection" and all that follows through the end of the subsection and inserting "all funds required to be repaid to the United States as of October 1, 1994 under this section (referred to in this subsection as 'repayable amounts'). The price at which crude helium is sold by the Secretary shall not be less than the amount determined by the Secretary by—

"(i) dividing the outstanding amount of such repayable amounts by the volume (in million cubic feet) of crude helium owned by the

United States and stored in the Bureau of Mines Cliffside Field at the time of the sale concerned, and

"(ii) adjusting the amount determined under paragraph (1) by the Consumer Price Index for years beginning after December 31, 1994.".

(d) Subsection 6(d) is amended to read as follows:

"(d) EXTRACTION OF HELIUM FROM DEPOSITS ON FEDERAL LANDS.—All moneys received by the Secretary from the sale or disposition of helium on Federal lands shall be paid to the Treasury and credited against the amounts required to be repaid to the Treasury under subsection (c).".

(e) Subsection 6(e) is repealed.

(f) Subsection (f) is amended—

(A) by striking "(f)" and inserting "(e)(1)"; and

(B) by adding the following at the end:

"(2)(A) Within 7 days after the commencement of each fiscal year after the disposal of the facilities referred to in section 4(c), all amounts in such fund in excess of $2,000,000 (or such lesser sum as the Secretary deems necessary to carry out this Act during such fiscal year) shall be paid to the Treasury and credited as provided in paragraph (1).

"(B) On repayment of all amounts referred to in subsection (c), the fund established under this section shall be terminated and all moneys received under this Act shall be deposited in the general fund of the Treasury.".

SEC. 5105. ELIMINATION OF STOCKPILE.

Section 8 is amended to read as follows:

"SEC. 8. ELIMINATION OF STOCKPILE.

"(a) STOCKPILE SALES.—

"(1) COMMENCEMENT.—Not later than January 1, 2005, the Secretary shall commence offering for sale crude helium from helium reserves owned by the United States in such amounts as may be necessary to dispose of all such helium reserves in excess of 600,000,000 cubic feet by January 1, 2015.

"(2) TIMES OF SALE.—The sales shall be at such times during each year and in such lots as the Secretary determines, in consultation with the helium industry, to be necessary to carry out this subsection with minimum market disruption.

"(3) PRICE.—The price for all sales under paragraph (1), as determined by the Secretary in consultation with the helium industry, shall be such price as will ensure repayment of the amounts required to be repaid to the Treasury under section 6(c).

"(b) DISCOVERY OF ADDITIONAL RESERVES.—The discovery of additional helium reserves shall not affect the duty of the Secretary to make sales of helium under subsection (a).".

SEC. 5106. REPEAL OF AUTHORITY TO BORROW.

Sections 12 and 15 are repealed.

Subtitle C—Arctic Coastal Plain Leasing and Revenue Act

SEC. 5201. SHORT TITLE.

This subtitle may be cited as the "Arctic Coastal Plain Leasing and Revenue Act of 1995".

SEC. 5202. PURPOSE AND POLICY.

The Congress hereby declares that it is the purpose and policy of this subtitle to authorize competitive oil and gas leasing and development to proceed on the Coastal Plain in a manner consistent with protection of the environment, maintenance of fish and wildlife and their habitat, and the interests of the area's subsistence users, and in a manner that will reduce the Federal deficit by an estimated $1.3 billion over the next seven years.

SEC. 5203. DEFINITIONS.

When used in this subtitle the term—

(1) "Coastal Plain" means that area identified as such in the map entitled "Arctic National Wildlife Refuge", dated August 1980, as referenced in section

1002(b) of the Alaska National Interest Lands Conservation Act of 1980 (16 U.S.C. 3142(b)(1)) comprising approximately 1,549,000 ACRES acres; and

(2) "Secretary" means the Secretary of the Interior or the Secretary's designee.

SEC. 5204. LEASING PROGRAM FOR LANDS WITHIN THE COASTAL PLAIN.

(a) AUTHORIZATION.—The Congress hereby authorizes and directs the Secretary and other appropriate Federal officers and agencies to take such actions as are necessary to establish and implement a competitive oil and gas leasing program that will result in an environmentally sound program for the exploration, development, and production of the oil and gas resources of the Coastal Plain, and no further findings or decisions shall be required to implement this authorization. The Secretary shall administer the provisions of this subtitle through regulations, lease terms, conditions, restrictions, prohibitions, stipulations and other provisions that ensure the oil and gas exploration, development, and production activities on the Coastal Plain will result in no significant adverse effect on fish and wildlife, their habitat, and the environment, and shall require the application of the best commercially available technology for oil and gas exploration, development, and production, on all new exploration, development, and production oper-

ations, and whenever practicable, on existing operations, and in a manner to ensure the receipt of fair market value by the public for the mineral resources to be leased.

(b) REPEAL.—The prohibitions and limitations contained in section 1003 of the Alaska National Interest Lands Conservation Act of 1980 (16 U.S.C. 3143) are hereby repealed.

(c) SOLE AUTHORITY.—This subtitle shall be the sole authority for leasing on the Coastal Plain.

(d) FEDERAL LAND.—The Coastal Plain shall be considered "Federal land" for the purposes of the Federal Oil and Gas Royalty Management Act of 1982.

SEC. 5205. RULES AND REGULATIONS.

(a) PROMULGATION.—The Secretary shall prescribe such rules and regulations as may be necessary to carry out the purposes and provisions of this subtitle, including rules and regulations relating to protection of the fish and wildlife, their habitat, and the environment of the Coastal Plain. Such rules and regulations shall be promulgated within eighteen months after the date of enactment of this subtitle and shall, as of their effective date, apply to all operations conducted under a lease issued or maintained under the provisions of this subtitle and all operations on the Coastal Plain related to the leasing, exploration, development and production of oil and gas.

(b) REVISION OF REGULATIONS.—The Secretary shall periodically review and, if appropriate, revise the rules and regulations issued under subsection (a) of this section to reflect any significant biological, environmental, or engineering data which come to the Secretary's attention.

SEC. 5206. ADEQUACY OF THE DEPARTMENT OF THE INTERIOR'S LEGISLATIVE ENVIRONMENTAL IMPACT STATEMENT.

The "Final Legislative Environmental Impact Statement" (April 1987) on the Coastal Plain prepared pursuant to section 1002 of the Alaska National Interest Lands Conservation Act of 1980 (16 U.S.C. 3142) and section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)) is hereby found by the Congress to be adequate to satisfy the legal requirements under the National Environmental Policy Act of 1969 with respect to actions authorized to be taken by the Secretary to develop and promulgate the regulations for the establishment of a leasing program authorized by this subtitle and to conduct the first lease sale authorized by this subtitle.

SEC. 5207. LEASE SALES.

(a) LEASE SALES.—Lands may be leased pursuant to the provisions of this subtitle to any person qualified to obtain a lease for deposits of oil and gas under the Mineral Leasing Act, as amended (30 U.S.C. 181).

(b) PROCEDURES.—The Secretary shall, by regulation, establish procedures for—

(1) receipt and consideration of sealed nominations for any area in the Coastal Plain for inclusion in, or exclusion (as provided in subsection (d)) from, a lease sale; and

(2) public notice of and comment on designation of areas to be included in, or excluded per subsection (d) from, a lease sale.

(c) LEASE SALES ON COASTAL PLAIN.—The Secretary shall, by regulation, provide for lease sales of lands on the Coastal Plain. When lease sales are to be held, they shall occur after the nomination process provided for in subsection (b) of this section. For the first lease sale, the Secretary shall offer for lease those acres receiving the greatest number of nominations, but not to exceed a total of three hundred thousand acres. If the total acreage nominated is less than three hundred thousand acres, the Secretary shall include in such sale any other acreage which he believes has the highest resource potential, but in no event shall more than three hundred thousand acres of the Coastal Plain be offered in such sale. Thereafter, no more than three hundred thousand acres of the Coastal Plain may be leased in any one lease sale. The initial lease sale shall be held within twenty-four months of the date of enactment of this subtitle.

The second lease sale shall be held twenty-four months after the initial sale, with additional sales conducted every twenty-four months thereafter so long as sufficient interest in development exists to warrant, in the Secretary's judgment, the conduct of such sales.

(d) SPECIAL AREAS.—The Secretary, after consultation with the State of Alaska, City of Kaktovik, and the North Slope Borough, is authorized to designate up to a total of 60,000 acres of the Coastal Plain as Special Areas and close it to leasing if the Secretary determines that these lands are of such unique character and interest so as to require special management and regulatory protection. The Secretary shall notify the Committee on Energy and Natural Resources of the Senate and the Committee on Resources of the House of Representatives ninety days in advance of making such designations. The Secretary may permit leasing of all or portions of any lands within the Coastal Plain designated as Special Areas by setting lease terms that limit or condition surface use and occupancy by lessees of such lands but permit the use of horizontal drilling technology from sites on leases located outside the designated Special Areas.

SEC. 5208. GRANT OF LEASES BY THE SECRETARY.

(a) IN GENERAL.—The Secretary is authorized to grant to the highest responsible qualified bidder by sealed

competitive cash bonus bid any lands to be leased on the Coastal Plain upon payment by the lessee of such bonus as may be accepted by the Secretary and of such royalty as may be fixed in the lease, which shall be not less than 12½ per centum in amount or value of the production removed or sold from the lease.

(b) ANTITRUST REVIEW.—Following each notice of a proposed lease sale and before the acceptance of bids and the issuance of leases based on such bids, the Secretary shall allow the Attorney General, in consultation with the Federal Trade Commission, thirty days to perform an antitrust review of the results of such lease sale on the likely effects the issuance of such leases would have on competition and shall advise the Secretary with respect to such review, including any recommendation for the nonacceptance of any bid or the imposition of terms or conditions on any lease, as may be appropriate to prevent any situation inconsistent with the antitrust laws.

(c) SUBSEQUENT TRANSFERS.—No lease issued under this subtitle may be sold, exchanged, assigned, or otherwise transferred except with the approval of the Secretary. Prior to any such approval the Secretary shall consult with, and give due consideration to the views of, the Attorney General.

(d) IMMUNITY.—Nothing in this subtitle shall be deemed to convey to any person, association, corporation,

or other business organization immunity from civil or criminal liability, or to create defenses to actions, under any antitrust law.

(e) DEFINITIONS.—As used in this section, the term—

(1) "antitrust review" shall be deemed an "antitrust investigation" for the purposes of the Antitrust Civil Process Act (15 U.S.C. 1311); and

(2) "antitrust laws" means those Acts set forth in section 1 of the Clayton Act (15 U.S.C. 12) as amended.

SEC. 5209. LEASE TERMS AND CONDITIONS.

An oil or gas lease issued pursuant to this subtitle shall—

(1) be for a tract consisting of a compact area not to exceed five thousand seven hundred sixty acres, or nine surveyed or protracted sections which shall be as compact in form as possible;

(2) be for an initial period of ten years and shall be extended for so long thereafter as oil or gas is produced in paying quantities from the lease or unit area to which the lease is committed or for so long as drilling or reworking operations, as approved by the Secretary, are conducted on the lease or unit area;

(3) require the payment of royalty as provided for in section 5208 of this subtitle;

(4) require that exploration activities pursuant to any lease issued or maintained under this subtitle shall be conducted in accordance with an exploration plan or a revision of such plan approved by the Secretary;

(5) require that all development and production pursuant to a lease issued or maintained pursuant to this subtitle shall be conducted in accordance with a development and production plan approved by the Secretary;

(6) require posting of bond as required by section 5210 of this subtitle;

(7) forbid the flaring of natural gas from any well unless the Secretary finds that such flaring is necessary to alleviate a temporary emergency situation or to conduct testing or work-over operations;

(8) contain such rental and other provisions as the Secretary may prescribe at the time of offering the area for lease;

(9) provide that the Secretary may direct or assent to the suspension of operations and production under any lease granted under the terms of this subtitle in the interest of conservation of the resource or where there is no available system to transport the resource. If such a suspension is directed or assented to

by the Secretary, any payment of rental prescribed by such lease shall be suspended during such period of suspension of operations and production, and the term of the lease shall be extended by adding any such suspension period thereto;

(10) provide that whenever the owner of a nonproducing lease fails to comply with any of the provisions of this subtitle, or of any applicable provision of Federal or State environmental law, or of the lease, or of any regulation issued under this subtitle, such lease may be canceled by the Secretary if such default continues for more than thirty days after mailing of notice by registered letter to the lease owner at the lease owner's record post office address of record;

(11) provide that whenever the owner of any producing lease fails to comply with any of the provisions of this subtitle, or of any applicable provision of Federal or State environmental law, or of the lease, or of any regulation issued under this subtitle, such lease may be forfeited and canceled by any appropriate proceeding brought by the Secretary in any United States district court having jurisdiction under the provisions of this subtitle;

(12) provide that cancellation of a lease under this subtitle shall in no way release the owner of the lease from the obligation to provide for reclamation of the lease site;

(13) require that no lease issued under the authority of this subtitle shall be assigned or sublet, except with the consent of the Secretary;

(14) allow the lessee, at the discretion of the Secretary, to make written relinquishment of all rights under any lease issued pursuant to this subtitle, and the Secretary shall accept the relinquishment by the lessee of any lease issued under this subtitle where there has not been surface disturbance on the lands covered by the lease;

(15) provide that for the purpose of conserving the natural resources of any oil or gas pool, field, or like area, or any part thereof, and in order to avoid the unnecessary duplication of facilities, to protect the environment of the Coastal Plain, and to protect correlative rights, the Secretary shall require that, to the greatest extent practicable, lessees unite with each other in collectively adopting and operating under a cooperative or unit plan of development for operation of such pool, field, or like area, or any part thereof, and the Secretary is also authorized and directed to

enter into such agreements as are necessary or appropriate for the protection of the United States against drainage;

(16) require that the holder of a lease or leases on lands within the Coastal Plain shall be fully responsible and liable for the reclamation of lands within the Coastal Plain and any other Federal lands adversely affected in connection with exploration, development, production or transportation activities on a lease within the Coastal Plain by the holder of a lease or as a result of activities conducted on the lease by any of the leaseholder's subcontractors or agents;

(17) provide that the holder of a lease may not delegate or convey, by contract or otherwise, the reclamation responsibility and liability to another party without the express written approval of the Secretary;

(18) provide that the standard of reclamation for lands required to be reclaimed under this subtitle be, as nearly as practicable, a condition capable of supporting the uses which the lands were capable of supporting prior to any exploration, development, or production activities, or upon application by the lessee, to a higher or better use as approved by the Secretary;

(19) contain the terms and conditions relating to protection of fish and wildlife, their habitat, and the

environment, as required by section 5204 (a) of this subtitle; and

(20) contain such other provisions as the Secretary determines necessary to ensure compliance with the provisions of this subtitle and the regulations issued thereunder.

SEC. 5210. BONDING REQUIREMENTS TO ENSURE FINANCIAL RESPONSIBILITY OF LESSEE AND AVOID FEDERAL LIABILITY.

(a) REQUIREMENT.—The Secretary shall, by rule or regulation, establish such standards as may be necessary to ensure that an adequate bond, surety, or other financial arrangement will be established prior to the commencement of surface disturbing activities on any lease, to ensure the complete and timely reclamation of the lease tract, and the restoration of any lands or surface waters adversely affected by lease operations after the abandonment or cessation of oil and gas operations on the lease. Such bond, surety, or financial arrangement is in addition to, and not in lieu, of any bond, surety, or financial arrangement required by any other regulatory authority or required by any other provision of law.

(b) AMOUNT.—The bond, surety, or financial arrangement shall be in an amount—

(1) to be determined by the Secretary to provide for reclamation of the lease site in accordance with an approved or revised exploration or development and production plan; plus

(2) an amount set by the Secretary consistent with the type of operations proposed, to provide the means for rapid and effective cleanup, and to minimize damages resulting from an oil spill, the escape of gas, refuse, domestic wastewater, hazardous or toxic substances, or fire caused by oil and gas activities.

(c) ADJUSTMENT.—In the event that an approved exploration or development and production plan is revised, the Secretary may adjust the amount of the bond, surety, or other financial arrangement to conform to such modified plan.

(d) DURATION.—The responsibility and liability of the lessee and its surety under the bond, surety, or other financial arrangement shall continue until such time as the Secretary determines that there has been compliance with the terms and conditions of the lease and all applicable law.

(e) TERMINATION.—Within sixty days after determining that there has been compliance with the terms and conditions of the lease and all applicable laws, the Secretary, after consultation with affected Federal and State agencies, shall notify the lessee that the period of liability under the

bond, surety, or other financial arrangement has been terminated.

SEC. 5211. OIL AND GAS INFORMATION.

(a) IN GENERAL.—(1) Any lessee or permittee conducting any exploration for, or development or production of, oil or gas pursuant to this subtitle shall provide the Secretary access to all data and information from any lease granted pursuant to this subtitle (including processed and analyzed) obtained from such activity and shall provide copies of such data and information as the Secretary may request. Such data and information shall be provided in accordance with regulations which the Secretary shall prescribe.

(2) If processed and analyzed information provided pursuant to paragraph (1) of this subsection is provided in good faith by the lessee or permittee, such lessee or permittee shall not be responsible for any consequence of the use or of reliance upon such processed and analyzed information.

(3) Whenever any data or information is provided to the Secretary, pursuant to paragraph (1) of this subsection—

(A) by a lessee or permittee, in the form and manner of processing which is utilized by such lessee or permittee in the normal conduct of business, the

Secretary shall pay the reasonable cost of reproducing such data and information; or

(B) by a lessee or permittee, in such other form and manner of processing as the Secretary may request, the Secretary shall pay the reasonable cost of processing and reproducing such data and information.

(b) REGULATIONS.—The Secretary shall prescribe regulations to:

(1) assure that the confidentiality of privileged or proprietary information received by the Secretary under this section will be maintained; and

(2) set forth the time periods and conditions which shall be applicable to the release of such information.

SEC. 5212. EXPEDITED JUDICIAL REVIEW.

Any complaint seeking judicial review of an action of the Secretary in promulgating any regulation under this subtitle may be filed only in the United States Court of Appeals for the District of Columbia, and such complaint shall be filed within ninety days from the date of such promulgation, or after such date if such complaint is based solely on grounds arising after such ninetieth day, in which case the complaint must be filed within ninety days after the complainant knew or reasonably should have known of

the grounds for the complaint. Any complaint seeking judicial review of any other actions of the Secretary under this subtitle may be filed in any appropriate district court of the United States, and such complaint must be filed within ninety days from the date of the action being challenged, or after such date if such complaint is based solely on grounds arising after such ninetieth day, in which case the complaint must be filed within ninety days after the complainant knew or reasonably should have known of the grounds for the complaint. Actions of the Secretary with respect to which review could have been obtained under this section shall not be subject to judicial review in any civil or criminal proceeding for enforcement.

SEC. 5213. RIGHTS-OF-WAY ACROSS THE COASTAL PLAIN.

Notwithstanding title XI of the Alaska National Interest Lands Conservation Act of 1980 (16 U.S.C. 3161 et seq.), the Secretary is authorized and directed to grant, in accordance with the provisions of section 28 (c) through (t) and (v) through (y) of the Mineral Leasing Act of 1920 (30 U.S.C. 185), rights-of-way and easements across the Coastal Plain for the transportation of oil and gas under such terms and conditions as may be necessary so as not to result in a significant adverse effect on the fish and wildlife, their habitat, and the environment of the Coastal Plain. Such terms and conditions shall include requirements that facili-

ties be sited or modified so as to avoid unnecessary duplication of roads and pipelines. The regulations issued pursuant to this subtitle shall include provisions granting of rights-of-way across the Coastal Plain.

SEC. 5214. ENFORCEMENT OF SAFETY AND ENVIRONMENTAL REGULATIONS TO ENSURE COMPLIANCE WITH TERMS AND CONDITIONS OF LEASE.

(a) RESPONSIBILITY OF THE SECRETARY.—The Secretary shall diligently enforce all regulations, lease terms, conditions, restrictions, prohibitions, and stipulations promulgated pursuant to this subtitle.

(b) RESPONSIBILITY OF HOLDERS OF LEASE.—It shall be the responsibility of any holder of a lease under this subtitle to—

(1) maintain all operations within such lease area in compliance with regulations intended to protect persons and property on, and fish and wildlife, their habitat, and the environment of, the Coastal Plain; and

(2) allow prompt access at the site of any operations subject to regulation under this subtitle to any appropriate Federal or State inspector, and to provide such documents and records which are pertinent

to occupational or public health, safety, or environmental protection, as may be requested.

(c) ON-SITE INSPECTION.—The Secretary shall promulgate regulations to provide for—

(1) scheduled onsite inspection by the Secretary, at least twice a year, of each facility on the Coastal Plain which is subject to any environmental or safety regulation promulgated pursuant to this subtitle or conditions contained in any lease issued pursuant to this subtitle to assure compliance with such environmental or safety regulations or conditions; and

(2) periodic onsite inspection by the Secretary at least once a year without advance notice to the operator of such facility to assure compliance with all environmental or safety regulations.

SEC. 5215. NEW REVENUES.

(a) DISTRIBUTION OF REVENUES.—Notwithstanding any other provision of law, all revenues received by the Federal Government from competitive bids, sales, bonuses, royalties, rents, fees, interest or other income derived from the leasing of oil and gas resources within the Coastal Plain shall be deposited into the Treasury of the United States: Provided, That 50 per centum of all such revenues shall be paid by the Secretary of the Treasury semiannually, on March 30th and on September 30th of each year, to the

State of Alaska: Provided further, That the Secretary of the Treasury shall monitor the total amount of bonus bid revenue deposited into the Treasury from oil and gas leases issued under the authority of this subtitle. All bonus bid revenue deposited in the Treasury in excess of $2,600,000,000 shall be distributed as follows: 50 per centum to the State of Alaska in the manner provided in this subsection and 50 per centum into a special fund established in the Treasury of the United States known as the "National Park and Wildlife Refuge Renewal Fund" (Renewal Fund).

(b) USE OF RENEWAL FUND.—Funds from the Renewal Fund shall be made available to the Secretary of the Interior, without further appropriation, at the beginning of each fiscal year in which funds are available, and may be expended by the Secretary for infrastructure needs at units of the National Park and Wildlife Refuge Systems, including but not limited to facility refurbishment, repair and replacement, interpretive media and exhibit repair and replacement and infrastructure projects associated with park and wildlife refuge resource protection: Provided, That such amounts shall remain available until expended, and that the Secretary shall develop procedures for the use of the Renewal Fund that ensure accountability and demonstrated results. Such procedures shall not take effect until 90 days after transmittal to the Committees on Energy and

Natural Resources and Environment and Public Works of the Senate and the appropriate Committees of the House of Representatives: Provided further, That beginning the first full fiscal year after funds are deposited in the Renewal Fund, the Secretary shall submit an annual report to the Congress, on a unit-by-unit basis, detailing the expenditures of such receipts, and that any revenues made available pursuant to this section shall be in addition to funds appropriated in the preceding fiscal year for the Park Service and Fish and Wildlife Service and shall not result in a reduction or offset of such appropriated funds.

Subtitle D—Park Entrance Fees

SEC. 5300. FEES.

(a) ADMISSION FEES.—Section 4(a) of the Land and Water Conservation Fund Act of 1965 (16 U.S.C. 460l–6a(a)) is amended:

(1) By deleting "fee-free travel areas" and "lifetime admission permit" from the subsection.

(2) By striking "$25" in the first sentence of paragraph (1)(a)(i), and inserting "$50".

(3) By adding at the end of clause (ii) of paragraph (1)(A) the following: "Such receipts shall be made available, subject to appropriation, for authorized resource protection, rehabilitation and conservation projects as provided for by subsection (I), includ-

ing projects to be carried out by the Public Land Corps or any other conservation corps pursuant to the Youth Conservation Corps Act of 1970 (16 U.S.C. 1701 and following), or other related programs or authorities, on lands administered by the Secretary of the Interior and the Secretary of Agriculture.".

(4) By striking "$15" in paragraph (a)(1)(B), and inserting "$25".

(5) By striking the fifth and sixth sentences in paragraph (a)(2), and by amending the fourth sentence to read as follows: "The fee for a single-visit permit at any designated area shall be collected on a per person basis, not to exceed $6 per person, including for those entering by private, noncommercial vehicle.".

(6) By inserting the word "Great" before "Smoky" in the third sentence of paragraph (a)(3), and by striking the last sentence.

(7) By striking the second sentence in paragraph (a)(4), in its entirety and inserting: "Such permit shall be nontransferable, shall be issued for a one-time charge of $10, and shall entitle the permittee to free admission into any area designated pursuant to this subsection.".

(8) By amending the third sentence in paragraph (a)(4), to read as follows: "No fees of any kind shall be collected from any persons who have a right of access for hunting or fishing privileges under a specific provision of law or treaty or who are engaged in the conduct of official Federal, State, or local government business.".

(9) By striking paragraph (a)(5), in its entirety and inserting: "The Secretary of the Interior and the Secretary of Agriculture shall establish procedures providing for the issuance of a lifetime admission permit to any citizen of, or person legally domiciled in, the United States, if such citizen or person applies for such permit and is permanently disabled. Such procedures shall assure that such permit shall be issued only to persons who have been medically determined to be permanently disabled. Such permit shall be nontransferable, shall be issued without charge, and shall entitle the permittee and one accompanying individual to general admission into any area designated pursuant to this subsection, notwithstanding the method of travel.".

(10) By striking subparagraph (a)(6)(A), in its entirety and inserting: "No later than 30 days after the enactment date of this sentence, the Secretary of

the Interior shall submit to the Committee on Energy and Natural Resources of the United States Senate and the Committee on Resources of the House of Representatives a report on the admission fees proposed to be charged at units of the National Park System. The report shall include a list of units of the National Park System and the admission fee proposed to be charged at each unit. The Secretary of the Interior shall also identify areas where such fees are authorized but not collected, including an explanation of the reasons that such fees are not collected.".

(11) By striking paragraph (a)(9) in its entirety and by renumbering current paragraph (10) as "(9)".

(12) By striking all but the last sentence in paragraph (a)(11), and renumbering the remaining sentence as "(a)(10)".

(13) By renumbering paragraph (a)(12) as "(a)(11)".

(b) RECREATION FEES.—Section 4(b) of the Land and Water Conservation Fund Act of 1965; 16 U.S.C. 460l–6a(b)), is amended:

(1) By striking "fees for Golden Age Passport permittees" from the heading.

(2) By striking "personal collection of the fee by an employee or agent of the Federal agency operating the facility,".

(3) By striking "Any Golden Age Passport permittee, or" and inserting "Any".

(c) CRITERIA, POSTING AND UNIFORMITY OF FEES.—Section 4(d) of the Land and Water Conservation Fund Act of 1965 (16 U.S.C. 460l–6a(d)) is amended by striking from the first sentence, "recreation fees charged by non-Federal public agencies," and inserting: "fees charged by other public and private entities,".

(d) PENALTY.—Section 4(e) of the Land and Water Conservation Fund Act of 1965 (16 U.S.C. 460l–6a(e)) is amended by deleting "of not more than $100." and inserting: "as provided by law.".

(e) TECHNICAL AMENDMENTS.—Section 4(h) of the Land and Water Conservation Fund Act of 1965 (16 U.S.C. 460l–6a(h)), is amended—

(1) by striking "Bureau of Outdoor Recreation" and inserting: "National Park Service";

(2) by striking "Natural" in the phrase "Committee on Natural Resources of the House of Representatives"; and

(3) by striking "Bureau" and inserting: "National Park Service";

(f) USE OF FEES.—Section 4(i) of the Land and Water Conservation Fund Act of 1965 (16 U.S.C. 460l–6a(i)) is amended:

(1) By amending the subsection heading to read as follows: "USE OF FEES.—".

(2) By striking "fee collection costs for that fiscal year" in the first sentence of subparagraph (B) and inserting: "fee collection costs for the immediately preceding fiscal year" and by striking "section in that fiscal year" and inserting in lieu thereof, "section in such immediately preceding fiscal year.".

(3) By striking "in that fiscal year" in the second sentence of subparagraph (B).

(4) By striking paragraph (4), and subparagraphs (A) and (B) in their entirety and inserting: "Amounts covered into the special account for the National Park Service shall be allocated among park system units in accordance with subsection (j) of this section for obligation or expenditure by the Director of the National Park Service for park operations.".

(g) TIME OF REIMBURSEMENT.—Section 4(k) of the Land and Water Conservation Fund Act of 1965 (16 U.S.C. 460l–6a(k)) is amended by striking the last sentence in its entirety.

(h) CHARGES FOR TRANSPORTATION PROVIDED BY THE NATIONAL PARK SERVICE.—Section 4(l)(1) of the Land and Water Conservation Fund Act of 1965 (16 U.S.C. 460l–6a(1)) is amended—

(1) by striking the word "viewing" from the section heading and inserting "visiting", and

(2) by striking the word "view" from the first sentence of subparagraph (1) and inserting "visit".

(i) COMMERCIAL TOUR USE FEES.—Section 4(n) of the Land and Water Conservation Fund Act of 1965 (16 U.S.C. 460l–6a(n)) is further amended—

(1) By striking the first sentence of subsection (n)(1) and inserting: "In the case of each unit of the National Park System for which an admission fee is charged under this section, the Secretary of the Interior shall establish, by October 1, 1995, a commercial tour use fee in lieu of a per person admission fee to be imposed on each vehicle entering the unit for the purpose of providing commercial tour services within the unit.".

(2) By striking the period at the end of subsection (n)(3) and inserting: "with written notification of such adjustments provided to commercial tour operators twelve months in advance of implementation.".

(j) FEES FOR SPECIAL USES.—Section 4 of the Land and Water Conservation Fund Act of 1965 (16 U.S.C. 460l–6a)), is further amended by adding at the end the following:

"(o) FEES FOR COMMERCIAL/NON-RECREATIONAL USES.—The Secretary of the Interior shall establish reasonable fees for uses of National Park System units that require special arrangements, including permits. Such fees shall be set at a level as the Secretary deems necessary to ensure that the United States will receive fair market value for such use, and shall, at a minimum, cover all costs of providing necessary services associated with such use, except that at the Secretary's discretion, the Secretary may waive or reduce such fees in the case of any nonprofit organization or any organization using an area within the National Park System for educational purposes. That portion of such fee which exceeds the cost of providing necessary services associated with such use shall be deposited into the Park Renewal Fund.".

(k) CONFORMING AMENDMENTS.—

(1) Section 3 of Public Law 70–805 (45 Stat. 1300), is amended by striking the last sentence.

(2) Section 5(e) of Public Law 87–657 (76 Stat. 540; 16 U.S.C. 459c–5), is repealed.

(3) Section 3(b) of Public Law 87–750 (76 Stat. 747; 16 U.S.C. 398e(b)) is repealed.

(4) Section 4(e) of Public Law 92–589 (86 Stat. 1299; 16 U.S.C. 460bb–3), is amended by striking the first sentence.

(5) Section 6(j) of Public Law 95–348 (92 Stat. 487; 16 U.S.C. 410dd(j)) is repealed.

(6) Section 207 of Public Law 96–199 (94 Stat. 77; 16 U.S.C. 410ff–6) is repealed.

(7) Section 106 of Public Law 96–287 (94 Stat. 600; 16 U.S.C. 410gg–5) is amended by striking the last sentence.

(8) Section 204 of Public Law 96–287 (94 Stat. 601) is amended by striking the last sentence.

(9) Section 5 of Public Law 96–428 (94 Stat. 1843; 16 U.S.C. 461 note) is repealed.

(10) Public Law 100–55 (101 Stat. 371; U.S.C. 460l–6a note) is repealed.

SEC. 5301. CHALLENGE COST-SHARE AGREEMENTS.

The Secretary of the Interior is authorized to negotiate and enter into challenge cost-share agreements with any State or local government, public or private agency, organization, institution, corporation, individual, or other entity for the purpose of sharing costs or services in carrying out any authorized functions and responsibilities of the Secretary with respect to any unit of the National Park System (as defined in section 2(a) of the Act of August 8, 1953

(16 U.S.C. 1c(a)), any affiliated area, or designated National Scenic or Historic Trail.

SEC. 5302. COST RECOVERY FOR DAMAGE TO NATIONAL PARK RESOURCES.

(a) DEFINITION OF PARK SYSTEM RESOURCE.—Section 1 (d) of the National Park System Visitor Facilities Fund Act (16 U.S.C. 19jj(d)) is amended to read as follows:

"(d) 'Park system resource' means any living or nonliving resource that is located within the boundaries of a unit of the National Park System, except for resources owned by a non-Federal entity.".

(b) DEFINITION OF MARINE OR AQUATIC PARK SYSTEM RESOURCE.—Section 1 of the National Park System Visitor Facilities Fund Act (16 U.S.C. 19jj) is amended by adding at the end the following:

"(g) 'Marine or aquatic park system resource' means any living or non-living resource that is located within or is a living part of a marine or aquatic regimen within the boundaries of a unit of the National Park System, except for resources owned by a non-Federal entity.".

(c) LIABILITY IN REM.—Section 2(b) of the National Park System Visitor Facilities Fund Act (16 U.S.C. 19jj–1(b)) is amended by striking "any park" and inserting "any marine or aquatic park".

SEC. 5303. SPECIAL ACCOUNT.

A special account is hereby established in the Treasury of the United States that shall be called the Park Renewal Fund (hereinafter referred to in this subtitle as "the fund").

SEC. 5304. COVERING OF FEES INTO PARK RENEWAL FUND.

Notwithstanding section 4(i) of the Land and Water Conservation Fund Act of 1965 (16 U.S.C. 460l–6a(i)), beginning in fiscal year 1996, there shall be deposited into the fund eighty percent of all revenues received from admission, recreation use, commercial tour use, and commercial/non-recreational use fees collected by units of the National Park System in excess of:

(1) $82,000,000 for fiscal year 1996;

(2) $85,000,000 for fiscal year 1997;

(3) $88,000,000 for fiscal year 1998;

(4) $91,000,000 for fiscal year 1999;

(5) $94,000,000 for fiscal year 2000;

(6) $97,000,000 for fiscal year 2001; and

(7) $100,000,000 for fiscal year 2002.

SEC. 5305. ALLOCATION AND USE OF FEES.

(a) ALLOCATION.—Beginning in fiscal year 1997, receipts in the fund from the previous fiscal year shall be available to the Secretary without further appropriation and shall be allocated as follows (except that all amounts in excess of $20,000,000 in fiscal year 2003 and all

amounts in fiscal year 2004 shall not be available for obligation until fiscal year 2006):

(1) Seventy-five percent shall be allocated among the units of the National Park System in the same proportion as admission, recreation use, commercial tour use and commercial/non-recreational use fees collected from a specific unit bears to the total amount of such fees collected from all units of the National Park System for each fiscal year.

(2) Twenty-five percent shall be allocated among the units of the National Park System on the basis of need, as determined by the Secretary.

(b) USE.—Expenditures from the fund shall be used solely for infrastructure and operational needs by units of the National Park System. By January 1 of each year, the Secretary shall provide to the Committee on Energy and Natural Resources of the United States Senate and the Committee on Resources of the House of Representatives a list of proposed expenditures from the fund for each unit for that fiscal year and a report detailing expenditures, by unit, for the previous fiscal year.

Subtitle E—Water Projects

SEC. 5400. AUTHORIZATION FOR PREPAYMENT OF CONSTRUCTION CHARGES.

Subsection 213(a) of the Reclamation Reform Act of 1982 (96 Stat.1269, 43 U.S.C. 390mm(a)) is amended:

(a) By adding at the beginning:

"Notwithstanding any provision of Reclamation law or limitation contained in any repayment or water service contract, any person or district holding such a contract or receiving water under such a contract with the United States may prepay the construction costs referred to in this section either through accelerated or lump sum payments. For the purposes of such prepayment only, the project to which such contract applies is declared to be complete and the Secretary shall determine the repayment obligations associated with the construction costs of the project facilities so that accelerated payments or a lump sum payment may be made. The amount of any prepayment shall be calculated by discounting the remaining payments due under a contract in accordance with the guidelines set forth in Circular A–129 issued by the Office of Management and Budget: Provided, That the discount shall be adjusted by any amounts necessary to compensate the Federal Government for the direct or indirect loss of future tax revenues if the

individual or district plans to use federally tax-exempt financing for such prepayment.".

(b) By deleting "lands in a district" and inserting: "lands in a district, or lands owned or leased by a person".

(c) By deleting "obligation of a district" and inserting: "obligation of a district or a person".

(d) By deleting "enactment of this Act." and inserting: "enactment of this Act or as otherwise provided for in this section. Any additional capital costs incurred after the date of such prepayment shall be recoverable as a separate obligation and shall not be considered to be a new or supplemental benefit for the purposes of this act nor cause the full cost pricing limitation of this act or the ownership limitations contained in any provision of Federal reclamation law to apply to the lands to which such capital costs apply.".

SEC. 5401. CONFORMING AMENDMENT.

Subsection 213(c) of the Reclamation Reform Act of 1982 (43 U.S.C. 390mm(c)) is repealed.

SEC. 5410. HETCH HETCHY DAM.

Section 7 of the Act of December 13, 1913 (38 Stat. 242), is amended—

(1) By striking "pay the sum of $30,000" and all that follows in the first sentence and inserting "pay an amount determined annually by the Sec-

retary in accordance with the formula used by the Federal Energy Regulatory Commission for application to licenses of hydroelectric projects under the Federal Power Act (16 U.S.C. 791 et seq.), provided that, in no event shall such amount be less than $597,000.00. Said amount to be paid on the first day of July of each year.''.

(2) By amending the second and third sentences to read as follows: ''These funds shall be placed in a separate fund by the United States and, notwithstanding any other provision of law, shall not be available for obligation or expenditure until appropriated by Congress. The highest priority use of the funds shall be for annual operation of Yosemite National Park, with the remainder of any funds to be used to fund operations of other national parks in the State of California.''.

SEC. 5420. COLLBRAN PROJECT.

(a) SHORT TITLE.—This section may be cited as the ''Collbran Project Unit Conveyance Act''.

(b) DEFINITIONS.—For purposes of this section:

(1) DISTRICTS.—The term ''Districts'' means the Ute Water Conservancy District and the Collbran Conservancy District (including their successors and assigns).

(2) FEDERAL RECLAMATION LAWS.—The term "Federal reclamation laws" means the Act of June 17, 1902, and Acts amendatory thereof or supplementary thereto (32 Stat. 388, chapter 1093; 43 U.S.C. 371 et seq.) (including regulations adopted pursuant to those Acts).

(3) PROJECT.—The term "Project" means the Collbran Reclamation Project, as constructed and operated under the Act of July 3, 1952 (66 Stat. 325, chapter 565), including all property, equipment, and assets of or relating to the Project that are owned by the United States, including—

(A) Vega Dam and Reservoir (but not including recreation facilities owned by the United States or the State of Colorado);

(B) Leon-Park Dams and Feeder Canal;

(C) Southside Canal;

(D) East Fork Diversion Dam and Feeder Canal;

(E) Bonham-Cottonwood Pipeline;

(F) Snowcat Shed and Diesel Storage;

(G) Upper Molina Penstock and Power Plant;

(H) Lower Molina Penstock and Power Plant;

(I) the diversion structure in the tailrace of the Lower Molina Power Plant;

(J) all substations and switchyards;

(K) a perpetual, non-exclusive easement for the use of easements or rights-of-way owned by the United States on or across non-Federal lands which are necessary for access to Project facilities;

(L) a perpetual, non-exclusive easement on and across National Forest lands for access to existing Project facilities and access to and the operation, use repair, and replacement of the existing storage reservoirs on the Grand Mesa which are operated as a part of the Project;

(M) title to lands reasonably necessary for all Project facilities except for those described in subparagraphs (3)(K) and (3)(L);

(N) all permits and contract rights;

(O) all equipment, parts inventories, and tools;

(P) all additions, replacements, betterments, and appurtenances to any of the above; and

(Q) a copy of all data, plans designs, reports, records, or other materials, whether in

writing or in any form of electronic storage relating specifically to the Project.

(4) SECRETARY.—The term "Secretary" means the Secretary of the Interior.

(c) CONVEYANCE OF THE COLLBRAN PROJECT.—

(1) IN GENERAL.—The Secretary shall convey to the Districts all right, title, and interest of the United States in and to the Project, as described in this section, by quitclaim deed and bill of sale, without warranties, during the last quarter of fiscal year 2000, subject only to the requirements of this section: Provided, That such conveyance shall reserve to the United States all minerals, including hydrocarbons, and a perpetual right of public access over, across, under, and to the portions of the Project which on the date of enactment of this Act were open to public use for purposes such as grazing, mineral development and logging: Provided further, That the United States may allow for the continued public use and enjoyment of such portions of the Project for recreational activities and other public uses conducted as of the date of enactment of this Act.

(2) PAYMENT.—

(A) IN GENERAL.—At the time of transfer, the Districts shall pay to the United States

$12,900,000 ($12,300,000 of which represents the net present value of the outstanding repayment obligations of the Districts), of which—

(i) $12,300,000 shall be deposited in the general fund of the United States Treasury; and

(ii) $600,000 shall be deposited in a special account in the United States Treasury and shall be available to the United States Fish and Wildlife Service, region 6, without further appropriation, for use in funding Colorado operations and capital expenditures associated with the Recovery Implementation Program for Endangered Fish Species in the Upper Colorado River Basin.

(B) SOURCE OF FUNDS.—Funds for the payment to the extent of the amount specified in the paragraph (1)(A) shall not be derived from the issuance or sale, prior to the conveyance, of State or local bonds the interest on which is exempt from taxation under section 103 of the Internal Revenue Code of 1986 (26 U.S.C. 103).

(3) OPERATION OF PROJECT.—

(A) IN GENERAL.—The Project shall be operated and used by the Districts for a period of

40 years after the date of enactment of this section for the purposes for which the Project was authorized under the Act of July 3, 1952 (66 Stat. 325, chapter 565).

(B) REQUIREMENTS.—During the 40-year period described in paragraph (1)—

(i) the Districts shall annually submit to the Secretary a plan for operation of the Project, which plan shall—

(I) report on Project operations for the previous year;

(II) provide a description of the manner of Project operations anticipated for the forthcoming year; and

(III) certify that the Districts have operated and will operate and maintain the Project facilities in accordance with sound engineering practices; and

(ii) provide that, subject to subsection (d), all electric power generated by operation of the Project shall be made available to and be marketed by the Western Area Power Administration (including its successors and assigns).

(4) AGREEMENTS.—Conveyance of the Project shall be subject to the agreements between the United States and the State of Colorado dated August 22, 1994, and September 23, 1994, relating to the construction and operation of recreational facilities at Vega Reservoir, which agreements shall continue to be performed by the parties thereto according to the terms of the agreements.

(d) OPERATION.—

(1) CONFORMITY TO HISTORIC OPERATIONS.—The power component and facilities of the Project shall be operated in substantial conformity with the historic operations of the power component and facilities (including recent operations in a peaking mode).

(2) POWER MARKETING.—

(A) UNDER EXISTING AGREEMENTS.—The Districts shall be bound by the agreements between the Bureau of Reclamation and the Western Area Power Administration in existence on the date of enactment of this section, which provide for the marketing of power generated by the power component of the Project as part of the output of the Salt Lake City Area Integrated Projects under the Post 1989 Operating Criteria, until those agreements expire or are terminated.

(B) AFTER EXPIRATION OF EXISTING AGREEMENT.—

(i) After the agreements described in paragraph (1) expire or are terminated, the Districts shall offer all power produced by the power component of the Project to the Western Area Power Administration or its successors or assigns ("Western"), which, in consultation with its affected preference customers, shall have the first right to purchase such power at the rates established in accordance with Subparagraph (ii) of this paragraph. If Western declines to purchase the power after consultation with its affected preference customers, such power shall then be offered at the same rates first to Western's preference customers located in the Salt Lake City Area Integrated Projects marketing area ("SLCAIP preference customers"). Thereafter, such power may be sold to any other party: Provided, however, That no such sale may occur at rates less than established in accordance with subparagraph (ii) of this paragraph unless such power is first offered at such lesser rate

first to Western and then to its SLCAIP preference customers.

(ii) The rate for power initially offered to Western and its SLCAIP preference customers under this paragraph shall not exceed that required to produce revenues sufficient to provide for

(I) annual debt service and/or recoupment of the cost of capital for the amount specified in subsection (c)(2) of this section, less the sum of $220,000 (which is the net present value of the outstanding repayment obligation of the Collbran Conservancy District), and

(II) the cost of operation, maintenance and replacement of the power component of the Project.

(iii) Such costs and rate shall be determined in a manner consistent with the current principles followed by the Secretary of the Interior and by Western in its annual power and repayment study.

(3) LICENSE.—The Districts are by this section granted a license under the Federal Power Act (16

U.S.C. 791a et seq.) for the operation of the Project in accordance with the requirement of subsection (c)(3) of this section, for a period of 40 years after the date of conveyance of the Project, after which period the license may be renewed in accordance with applicable law.

(e) INAPPLICABILITY OF NEPA.—The conveyance of the Project does not constitute a major Federal action within the meaning of the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.), including any regulations issued under such Act.

(f) INAPPLICABILITY OF PRIOR AGREEMENTS AND OF FEDERAL RECLAMATION LAWS.—On conveyance of the Project to the Districts—

(1) the Repayment Contract dated May 27, 1957, as amended April 12, 1962, between the Collbran Conservancy District and the United States, and the Contract for use of Project facilities for Diversion of Water dated January 11, 1962, as amended November 10, 1977, between the Ute Water Conservancy District and the United States, shall be terminated and of no further force or effect; and

(2) the Project shall no longer be subject to or governed by the Federal reclamation laws.

(g) DISTRICTS' LIABILITY.—The Districts shall be liable for all acts or omissions relating to the operation and use of the Project that occur subsequent to the conveyance.

Subtitle F—Federal Oil and Gas Royalties

SEC. 5500. SHORT TITLE.

This subtitle may be cited as the "Federal Oil and Gas Royalty Simplification and Fairness Act of 1995".

SEC. 5501. DEFINITIONS.

Section 3 of the Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1701 et seq.) is amended by striking "and" at the end of paragraph (15), by striking the period at the end of paragraph (16) and inserting a semicolon, and by adding at the end the following:

"(17) 'adjustment' means an amendment to a previously filed report on an obligation, and any additional payment or credit, if any, applicable thereto, to rectify an underpayment or overpayment on a lease;

"(18) 'administrative proceeding' means any agency process in which a demand, decision or order issued by the Secretary is subject to appeal or has been appealed;

"(19) 'assessment' means any fee or charge levied or imposed by the Secretary or the United States other than—

"(A) the principal amount of any royalty, minimum royalty, rental, bonus, Net profit share or proceed of sale;

"(B) any interest; or

"(C) any civil or criminal penalty;

"(20) 'commence' means—

"(A) with respect to a judicial proceeding, the service of a complaint, petition, counterclaim, crossclaim, or other pleading seeking affirmative relief or seeking credit or recoupment; or

"(B) with respect to a demand, the receipt by the Secretary or a lessee of the demand;

"(21) 'credit' means the application of an overpayment (in whole or in part) against an obligation which has become due to discharge, cancel or reduce the obligation;

"(22) 'demand' means—

"(A) an order to pay issued by the Secretary; or

"(B) a separate written request by a lessee which asserts an obligation due the lessee, but

does not mean any royalty or production report, or any information contained therein, required by the Secretary;

"(23) 'obligation' means—

"(A) any duty of the Secretary or the United States—

"(i) to take oil or gas royalty in kind; or

"(ii) to pay, refund, offset, or credit monies including but not limited to—

"(I) the principal amount of any royalty, minimum royalty, rental, bonus, net profit share or proceed of sale; or

"(II) any interest;

"(B) any duty of a lessee—

"(i) to deliver oil or gas royalty in kind; or

"(ii) to pay, offset or credit monies including but not limited to—

"(I) the principal amount of any royalty, minimum royalty, rental, bonus, net profit share or proceed of sale;

"(II) any interest;

"(III) any penalty; or

"(IV) any assessment,

which arises from or relates to any lease administered by the Secretary for, or any mineral leasing law related to, the exploration, production and development of oil or gas on Federal lands or the Outer Continental Shelf;

"(24) 'order to pay' means a written order issued by the Secretary or the United States which—

"(A) asserts a definite and quantified obligation due the Secretary or the United States; and

"(B) specifically identifies the obligation by lease, production month and amount of such obligation ordered to be paid, as well as the reason or reasons such obligation is claimed to be due, but such term does not include any other communication or action by or on behalf of the Secretary or the United States;

"(25) 'order to perform a restructured accounting' means a written order issued by the Secretary during a full and complete audit of a lessee to recalculate royalty due on an obligation based upon the Secretary's finding that the lessee has made identified underpayments or overpayments which are dem-

onstrated by the Secretary to be based upon repeated, systemic reporting errors for a significant number of leases for a significant number of reporting months with the same type of error which constitutes a pattern of violations and which are likely to result in either a significant underpayment or overpayment. The term 'order to perform a restructured accounting' shall not include any other communication or action by or on behalf of the Secretary or the United States;

"(26) 'overpayment' means any payment by a lessee in excess of an amount legally required to be paid on an obligation and includes the portion of any estimated payment for a production month that is in excess of the royalties due for that month;

"(27) 'payment' means satisfaction, in whole or in part, of an obligation due the Secretary or the United States;

"(28) 'penalty' means a statutorily authorized civil fine levied or imposed by the Secretary or the United States for a violation of this Act, any mineral leasing law, or a term or provision of a lease administered by the Secretary;

"(29) 'refund' means the return of an overpayment by the Secretary or the United States by the drawing of funds from the United States Treasury;

"(30) 'State concerned' means, with respect to a lease, a State which receives a portion of royalties under this Act from such lease;

"(31) 'underpayment' means any payment or nonpayment by a lessee that is less than the amount legally required to be paid on an obligation; and

"(32) 'United States' means the United States Government and any department, agency, or instrumentality thereof, and the several States, the District of Columbia, Puerto Rico, and the territories and possessions of the United States.".

SEC. 5502. LIMITATION PERIODS.

(a) IN GENERAL.—The Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1701 et seq.) is amended by adding after section 114 the following new section:

"SEC. 115. LIMITATION PERIODS AND AGENCY ACTIONS.

"(a) IN GENERAL.—A judicial proceeding or demand which arises from, or relates to an obligation, shall be commenced within six years from the date on which the obligation becomes due and if not so commenced shall be barred, except as otherwise provided by this section.

"(b) OBLIGATION BECOMES DUE.—

"(1) IN GENERAL.—For purposes of this Act, an obligation becomes due when the right to enforce the obligation is fixed.

"(2) ROYALTY OBLIGATIONS.—The right to enforce the royalty obligation for a production month for a lease is fixed for purposes of this Act on the last day of the calendar month following the month in which oil or gas is produced.

"(c) TOLLING LIMITATIONS PERIOD.—The running of the limitation period under subsection (a) shall not be suspended, tolled, extended, or enlarged for any obligation for any reason by any action, including an action by the Secretary or the United States, other than the following:

"(1) TOLLING AGREEMENT.—A written agreement executed during the limitation period between the Secretary and a lessee which tolls the limitation period for the amount of time during which the agreement is in effect.

"(2) SUBPOENA.—(A) The issuance of a subpoena in accordance with the provisions of section 107(c) shall toll the limitation period with respect to the obligation which is the subject of a subpoena only for the period beginning on the date the lessee receives the subpoena and ending on the date on which—

"(i) the lessee has produced such subpoenaed records for the subject obligation,

"(ii) the Secretary receives written notice that the subpoenaed records for the subject obli-

gation are not in existence or are not in the lessee's possession or control, or

"(iii) a court has determined in a final decision that such records are not required to be produced, whichever occurs first.

"(B) If a State has been delegated authority pursuant to section 205 and pursuant to said delegation executes a cooperative agreement under section 202, the Secretary shall issue a subpoena hereunder upon the request of the highest ranking State official having ultimate authority over the collection of royalties on State owned lands.

"(3) FRAUD OR CONCEALMENT.—Any fraud or concealment by a lessee in an attempt to defeat or evade an obligation in which case the limitation period shall be tolled for the period of such fraud or such concealment.

"(4) TOLLING REQUEST.—A written tolling request from a lessee based upon the lessee's representation that the lessee's entitlement to an overpayment has not been finally determined. The limitation period shall be tolled pursuant to this paragraph from the date the Secretary receives the tolling request until the earlier of the end of the requested period or 12 months after the date the Secretary receives the tolling

request, but is subject to successive 12-month renewals by the lessee made prior to the expiration of the then applicable 12-month period. The tolling request shall be sufficient if it identifies—

"(A) the person who made the potential overpayment;

"(B) the leases and production months involved in the potential overpayment; and

"(C) the reasons the lessee believes that it may later be entitled to a refund of the overpayment.

"(5) ORDER TO PERFORM A RESTRUCTURED ACCOUNTING.—

"(A) The issuance of an order to perform a restructured accounting by the Secretary necessary for an audit. The limitation period under subsection (a) shall be tolled for the obligation which is the subject of the order only for the time period commencing on the date the lessee receives such order until—

"(i) 120 days after the Secretary has received written notice that the accounting (or other requirement) has been performed, or

"(ii) the issuance of a final decision that the lessee is not required to perform the accounting, whichever is earlier.

"(B) The Secretary is not precluded during a full and complete audit from issuing an order to perform a restructured accounting by the Secretary for a single lease upon a finding that the lessee has made identified underpayments or overpayments which are demonstrated to be based upon repeated, systemic reporting errors on that lease for a significant number of reporting months with the same type of error which constitutes a pattern of violations and which are likely to result in either a significant underpayment or overpayment. The power of the Secretary to issue an order to perform a restructured accounting may not be delegated below the most senior career professional position having responsibility for the royalty management program, which position is currently designated as the 'Associate Director for Royalty Management'. An order to perform a restructured accounting shall—

"(i) be issued within a reasonable period of time from when the audit identifies the systemic, reporting errors;

"(ii) specify the reasons and factual bases for such order; and

"(iii) be specifically identified as an 'order to perform a restructured accounting'.

"(d) TERMINATION OF LIMITATIONS PERIOD.—The limitations period shall be terminated in the event—

"(1) the Secretary has notified the lessee in writing that a time period is closed to further audit; or

"(2) the Secretary and a lessee have so agreed in writing.

"(e) FINAL AGENCY ACTION.—

"(1) 3-YEAR PERIOD.—The Secretary shall issue a final decision in any administrative proceeding, including any administrative proceedings pending on the date of enactment of the Federal Oil and Gas Royalty Simplification and Fairness Act of 1995, within three years from the date such proceeding was initiated or three years from the date of such enactment, whichever is later. The three-year period may be extended by any period of time agreed upon in writing by the Secretary and the lessee.

"(2) EFFECT OF FAILURE TO ISSUE DECISION.—

"(A) IN GENERAL.—If no such decision has been issued by the Secretary within the three-year period referred to in paragraph (1)—

"(i) the Secretary shall be deemed to have issued and granted a decision in favor of the lessee or lessees as to any nonmonetary obligation and any monetary obligation the principal amount of which is less than $2,500; and

"(ii) the Secretary shall be deemed to have issued a final decision in favor of the Secretary, which decision shall be deemed to affirm those issues for which the agency rendered a decision prior to the end of such period, as to any monetary obligation the principal amount of which is $2,500 or more, and the lessee shall have a right to a de novo judicial review of such deemed final decision.

"(B) NO PRECEDENTIAL EFFECT ON OTHER PROCEEDINGS.—Deemed decisions under subparagraph (A) shall have no precedential effect in any judicial or administrative proceeding or for any other purpose.

"(f) ADMINISTRATIVE SETTLEMENT.—During the pendency of any administrative proceeding, the parties shall hold at least one settlement consultation for the purpose of discussing disputed matters between the parties. For purposes of settlement, the Secretary may waive interest required and may allow offsetting of obligations among leases. The Secretary and the State concerned shall seek to resolve disputes with a lessee in as expeditious a manner as possible, through settlement negotiations and other alternative dispute resolution processes methods. If any dispute involving an obligation due is not resolved by the end of the six-year period beginning on the date the obligation became due, the amount of interest otherwise payable with respect to the obligation shall accrue after such six-year period at the rate—

"(1) for purposes of section 111(h), reduced each year thereafter by two additional percentage points from the rate in effect under this subsection for the previous year (but not less than zero); and

"(2) for purposes of section 111(a), reduced each year thereafter by one additional percentage point from the rate in effect under this subsection for the previous year (but not less than zero).

"(g) LIMITATION ON CERTAIN ACTIONS BY THE UNITED STATES.—When an action on or enforcement of an obli-

gation under the mineral leasing laws is barred under this section the United States or an officer or agency thereof may not take any other or further action regarding that obligation, including (but not limited to) the issuance of any order, request, demand or other communication seeking any document, accounting, determination, calculation, recalculation, payment, principal, interest, assessment, or penalty or the initiation, pursuit or completion of an audit with respect to that obligation.

"(h) JUDICIAL REVIEW.—In the event a demand subject to this section is timely commenced, a judicial proceeding challenging the final agency action with respect to such demand shall be deemed timely so long as such judicial proceeding is commenced within 180 days from receipt of notice by the lessee of the final agency action.

"(i) IMPLEMENTATION OF FINAL DECISION.—In the event a judicial proceeding or demand subject to this section is timely commenced and thereafter the limitation period in this section lapses during the pendency of such proceeding, any party to such proceeding shall not be barred from taking such action as is required or necessary to implement a final unappealable judicial or administrative decision, including any action required or necessary to implement such decision by the recovery or recoupment of an

underpayment or overpayment by means of refund or credit.

"(j) STAY OF PAYMENT OBLIGATION PENDING REVIEW.—Any party ordered by the Secretary or the United States to pay any obligation (other than an assessment) shall be entitled to a stay of such payment without bond or other surety instrument pending an administrative or judicial proceeding if the party periodically demonstrates to the satisfaction of the Secretary that such party is financially solvent or otherwise able to pay the obligation. In the event the party is not able to so demonstrate, the Secretary may require a bond or other surety instrument satisfactory to cover the obligation. Any party ordered by the Secretary to pay an assessment shall be entitled to a stay without bond or other surety instrument.

"(k) INAPPLICABILITY OF THE OTHER STATUTES OF LIMITATION.—The limitations set forth in sections 2401, 2415, 2416, and 2462 of title 28, United States Code, and section 42 of the Mineral Leasing Act (30 U.S.C. 226–2) shall not apply to any obligation to which this Act applies.".

(b) SUBPOENA.—Section 107 of the Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1717) is amended by adding at the end the following:

"(c) RULES REGARDING ISSUANCE OF SUBPOENA RELATING TO REPORTING AND PAYMENT OF AN OBLIGATION DUE.—

"(1) IN GENERAL.—A subpoena which requires a lessee to produce records necessary to determine the proper reporting and payment of an obligation due the Secretary may be issued under this section only by the Solicitor, an Assistant Secretary of the Interior, or an acting Assistant Secretary of the Interior who is a schedule C employee (as defined by section 213.3301 of title 5, Code of Federal Regulations) and may not be delegated.

"(2) PRIOR WRITTEN REQUEST REQUIRED.—A subpoena described in paragraph (1) may only be issued against a lessee during the limitation period provided in section 115 and only after the Secretary has in writing requested the records from the lessee related to the obligation which is the subject of the subpoena and has determined that—

"(A) the lessee has failed to respond within a reasonable period of time to the Secretary's written request for such records necessary for an audit, investigation or other inquiry made in accordance with the Secretary's responsibilities under this Act;

"(B) the lessee has in writing denied the Secretary's written request to produce such records in the lessee's possession or control necessary for an audit, investigation or other inquiry made in accordance with the Secretary's responsibilities under this Act; or

"(C) the lessee has unreasonably delayed in producing records necessary for an audit, investigation or other inquiry made in accordance with the Secretary's responsibilities under this Act after the Secretary's written request.

"(3) REASONABLE PERIOD FOR COMPLIANCE WITH WRITTEN REQUEST.—In seeking records, the Secretary shall afford the lessee a reasonable period of time after a written request by the Secretary in which to provide such records prior to the issuance of any subpoena.".

(c) CLERICAL AMENDMENT.—The table of contents in section 1 of such Act (30 U.S.C. 1701) is amended by adding after the item relating to section 114 the following new item:

"Sec. 115. Limitation periods and agency actions.".

SEC. 5503. ADJUSTMENT AND REFUNDS.

(a) IN GENERAL.—The Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1701 et seq.) is amended by adding after section 111 the following new section:

"SEC. 111A. ADJUSTMENTS AND REFUNDS.

"(a) ADJUSTMENTS.—

"(1) If, during the adjustment period, a lessee determines that an adjustment or refund request is necessary to correct an underpayment or overpayment of an obligation, the lessee shall make such adjustment or request a refund within a reasonable period of time and only during the adjustment period. Any such adjustment shall not require prior notice to or approval of the Secretary.

"(2)(A) For any adjustment, the lessee shall calculate and report the interest due attributable to such adjustment at the same time the lessee adjusts the principal amount of the subject obligation, except as provided by subparagraph (B).

"(B) In the case of a lessee on whom the Secretary determines that subparagraph (A) would impose a hardship, the Secretary shall calculate the interest due and notify the lessee within a reasonable time of the amount of interest due, unless such lessee elects to calculate and report interest in accordance with subparagraph (A).

"(3) An adjustment or a request for a refund for an obligation may be made after the adjustment period only upon written notice to and approval by the Secretary during an audit of the period which in-

cludes the production month for which the adjustment is being made. If an overpayment is identified during an audit, then the Secretary shall allow a credit or refund in the amount of the overpayment.

"(4) For purposes of this section, the adjustment period for any obligation shall be the five-year period following the date on which an obligation became due. The adjustment period shall be suspended, tolled, extended, enlarged, or terminated by the same actions as the limitation period in section 115.

"(b) REFUNDS.—

"(1) IN GENERAL.—A request for refund is sufficient if it—

"(A) is made in writing to the Secretary and, for purposes of section 115, is specifically identified as a demand;

"(B) identifies the person entitled to such refund;

"(C) provides the Secretary information that reasonably enables the Secretary to identify the overpayment for which such refund is sought; and

"(D) provides the reasons why the payment was an overpayment.

"(2) PAYMENT BY SECRETARY OF THE TREASURY.—The Secretary shall certify the amount of the refund to be paid under paragraph (1) to the Secretary of the Treasury who shall make such refund. Such refund shall be paid from amounts received as current receipts from sales, bonuses, royalties (including interest charges collected under this section) and rentals of the public lands and the Outer Continental Shelf under the provisions of the Mineral Leasing Act and the Outer Continental Shelf Lands Act, which are not payable to a State or the Reclamation Fund. The portion of any such refund attributable to any amounts previously disbursed to a State, the Reclamation Fund, or any recipient prescribed by law shall be deducted from the next disbursements to that recipient made under the applicable law. Such amounts deducted from subsequent disbursements shall be credited to miscellaneous receipts in the Treasury.

"(3) PAYMENT PERIOD.—A refund under this subsection shall be paid or denied (with an explanation of the reasons for the denial) within 120 days of the date on which the request for refund is received by the Secretary. Such refund shall be subject to later

audit by the Secretary and subject to the provisions of this Act.

"(4) PROHIBITION AGAINST REDUCTION OF REFUNDS OR CREDITS.—In no event shall the Secretary directly or indirectly claim any amount or amounts against, or reduce any refund or credit (or interest accrued thereon) by the amount of any obligation the enforcement of which is barred by section 115.".

(b) CLERICAL AMENDMENT.—The table of contents in section 1 of Act (30 U.S.C. 1701) is amended by adding after the item relating to section 111 the following new item:

"Sec. 111A. Adjustments and refunds.".

SEC. 5504. REQUIRED RECORDKEEPING.

Section 103 of the Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1713(b)) is amended by adding at the end the following:

"(c) records required by the Secretary for the purpose of determining compliance with any applicable mineral leasing law, lease provision, regulation or order with respect to oil and gas leases from Federal lands or the Outer Continental Shelf shall be maintained for the same period of time during which a judicial proceeding or demand may be commenced under section 115(a). If a judicial proceeding or demand is timely commenced, the record holder shall maintain such records until the final nonappealable decision in such judicial proceeding is made, or with respect

to that demand is rendered, unless the Secretary authorizes in writing an earlier release of the requirement to maintain such records. Notwithstanding anything herein to the contrary, under no circumstance shall a record holder be required to maintain or produce any record relating to an obligation for any time period which is barred by the applicable limitation in section 115.".

SEC. 5505. ROYALTY INTEREST, PENALTIES, AND PAYMENTS.

(a) PERIOD.—Section 111(f) of the Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1721(f)) is amended to read as follows:

"(f) The Secretary may waive or forego such interest in whole or in part. Interest shall be charged under this section only for the number of days a payment is late.".

(b) LESSEE INTEREST.—Section 111 of the Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1721) is amended by adding after subsection (g) the following:

"(h) Interest shall be allowed and the Secretary shall pay or credit such interest on any overpayment, with such interest to accrue from the date such overpayment was made, at the rate applicable under section 6621(a)(2) of the Internal Revenue Code of 1986. Interest which has accrued on any overpayment may be applied to reduce an

underpayment. This subsection applies to overpayments made later than six months after the date of enactment of this subsection or September 1, 1996, whichever is later. Such interest shall be paid from amounts received as current receipts from sales, bonuses, royalties (including interest charges collected under this section) and rentals of the public lands and the Outer Continental Shelf under the provisions of the Mineral Leasing Act, and the Outer Continental Shelf Lands Act, which are not payable to a State or the Reclamation Fund. The portion of any such interest payment attributable to any amounts previously disbursed to a State, the Reclamation Fund, or any other recipient designated by law shall be deducted from the next disbursements to that recipient made under the applicable law. Such amounts deducted from subsequent disbursements shall be credited to miscellaneous receipts in the Treasury.".

(c) LIMITATION ON INTEREST.—Section 111 of the Federal Oil and Gas Royalty Management Act, as amended by subsection (b) of this Act, is further amended by adding at the end the following:

"(i) Upon a determination by the Secretary that an excessive overpayment (based upon all obligations of a lessee for a given reporting month) was made for the sole purpose of receiving interest, interest shall not be paid on the excessive amount of such overpayment. For purposes of this Act,

an 'excessive overpayment' shall be the amount that any overpayment a lessee pays for a given reporting month (excluding payments for demands for obligations as a result of judicial or administrative proceedings for settlement agreements and for other similar payments) for the aggregate of all of its Federal leases exceeds 25 percent of the total royalties paid that month for those leases.".

(d) ESTIMATED PAYMENT.—Section 111 of the Federal Oil and Gas Royalty Management Act, as amended by subsections (b) and (c) of this Act, is further amended by adding at the end the following:

"(j) A lessee may make a payment for the approximate amount of royalties (hereinafter in this subsection "estimated payment') that would otherwise be due to the Secretary for such lease to avoid underpayment or nonpayment interest charges. When an estimated payment is made, actual royalties become due at the end of the month following the period covered by the estimated payment. If the lessee makes a payment for such actual royalties, the lessee may apply the estimated payment to future royalties. Any estimated payment may be adjusted, recouped, or reinstated at any time by the lessee.".

(e) VOLUME ALLOCATION OF OIL AND GAS PRODUCTION.—Section 111 of the Federal Oil and Gas Royalty Management Act (30 U.S.C. 1721), as amended by sub-

sections (b) through (d) of this Act, is amended by adding at the end the following:

"(k)(1) Except as otherwise provided by this subsection—

"(A) a lessee of a lease in a unit or communitization agreement which contains only Federal leases with the same royalty rate and funds distribution must report and pay royalties on oil and gas production for each production month based on the actual volume of production sold by or on behalf of that lessee;

"(B) a lessee of a lease in any other unit or communitization agreement must report and pay royalties on oil and gas production for each production month based on the volume of oil and gas produced from such agreement and allocated to the lease in accordance with the terms of the agreement; and

"(C) a lessee of a lease that is not contained in a unit or communitization agreement must report and pay royalties on oil and gas production for each production month based on the actual volume of production sold by or on behalf of that lessee.

"(2) This subsection applies only to requirements for reporting and paying royalties. Nothing in this subsection is intended to alter a lessee's liability for royalties on oil

or gas production based on the share of production allocated to the lease in accordance with the terms of the lease, a unit or communitization agreement, or any other agreement.

"(3) For any unit or communitization agreement, if all lessees contractually agree to an alternative method of royalty reporting and payment, the lessees may submit such alternative method to the Secretary for approval and make payments in accordance with such approved alternative method so long as such alternative method does not reduce the amount of the royalty obligation.

"(4) The Secretary shall grant an exception from the reporting and payment requirements for marginal properties by allowing for any calendar year or portion thereof royalties to be paid each month based on the volume of production sold. Interest shall not accrue on the difference for the entire calendar year or portion thereof between the amount of oil and gas actually sold and the share of production allocated to the lease until the beginning of the month following calendar year or portion thereof. Any additional royalties due or overpaid royalties and associated interest shall be paid, refunded, or credited within six months after the end of each calendar year in which royalties are paid based on volumes of production sold. For the purpose of this subsection, the term "marginal property' means a lease that

produces on average the combined equivalent of less than 15 barrels of oil per day or 90 thousand cubic feet of gas per day, or a combination thereof, determined by dividing the average daily production of domestic crude oil and domestic natural gas from producing wells on such lease by the number of such wells, unless the Secretary, together with the State concerned, determines that an amount which is a nonsubstantive variation thereof is more appropriate.

"(5) Not later than two years after the date of the enactment of this subsection, the Secretary shall issue any appropriate demand for all outstanding royalty payment disputes regarding who is required to report and pay royalties on production from units and communitization agreements outstanding on the date of the enactment of this subsection, and collect royalty amounts owed on such production.".

(f) PRODUCTION ALLOCATION.—Section 111 of the Federal Oil and Gas Royalty Management Act (30 U.S.C. 1721), as amended by subsections (b) through (e) of this Act, is further amended by adding at the end the following:

"(l) The Secretary shall issue all determinations of allocations of production for units and communitization agreements within 120 days of a request for determination. If the Secretary fails to issue a determination within such 120-day period, the Secretary shall waive interest due on obligations subject to the determination until the end of the

month following the month in which the determination is made.".

SEC. 5506. LIMITATION ON ASSESSMENTS.

Section 111 of the Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1721), as amended by section 5505 of this Act, is further amended by adding at the end the following:

"(l)(1) After the date of enactment of this subsection, the Secretary shall not impose any assessment for any late payment or underpayment. After the date of enactment of this subsection, the Secretary may impose an assessment only for erroneous reports submitted by lessees subject to the limitations of paragraph (2). Nothing in this section shall prohibit the Secretary from imposing penalties or interest under other sections of this Act for late payments or underpayments.

"(2) No assessment for erroneous reports shall be imposed for 18 months following the date of enactment of this subsection, or until the Secretary issues a final rule which provides for imposition of an assessment only on a lessee who chronically submits erroneous reports and which establishes what constitutes chronic errors for a lessee, whichever is later. However, if the Secretary determines during that 18-month period that the reporting error rate for all reporters for all Federal leases has increased by one-third for three

consecutive report months for either production reporting or royalty reporting over the 12 months preceding the date of enactment of this subsection, the Secretary may impose an assessment for erroneous reports only for the increased category of report under regulations in effect on the date of enactment of this subsection.".

SEC. 5507. ALTERNATIVES FOR MARGINAL PROPERTIES.

(a) IN GENERAL.—The Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1701 et seq.), as amended by section 5502 of this Act, is further amended by adding at the end the following:

"SEC. 116. ALTERNATIVES FOR MARGINAL PROPERTIES.

"(a) SELLING REVENUE STREAM.—

"(1) IN GENERAL.—Notwithstanding the provisions of any lease to the contrary, upon request of the lessee and a State under section 205(g), the Secretary shall authorize a lessee for a marginal property and for a lease, the administration of which is not cost-effective for the Secretary to administer, to make a prepayment in lieu of royalty payments under the lease for the remainder of the lease term. For the purposes of this section, the term 'marginal property' has the same meaning given such term in section 111(k)(4), unless the Secretary, together with each State in which such marginal production occurs, de-

termines otherwise to better achieve the purpose of this section.

"(2) MARGINAL PROPERTIES.—For marginal properties, prepayments under paragraph (1) shall begin—

"(A) in the case of those properties producing on average $500 or less per month in total royalties to the United States, two years after the date of the enactment of this section;

"(B) in the case of those properties producing on average more than $500 but $1,000 or less per month in total royalties to the United States, three years after the date of the enactment of this section;

"(C) in the case of those properties producing on average more than $1,000 but $1,500 or less per month in total royalties to the United States, four years after the date of the enactment of this section; and

"(D) in the case of those properties not described in subparagraphs (A) through (C), five years after the date of the enactment of this section.

"(3) ADMINISTRATION NOT COST-EFFECTIVE.—For a lease, the administration of which is not cost-

effective for the Secretary to administer, prepayments under paragraph (1) shall begin on the date of the enactment of this section.

"(4) SATISFACTION OF ROYALTY OBLIGATION.—A lessee who makes a prepayment under this section shall have satisfied in full its obligation to pay royalty on production from the lease or a portion of a lease and shall not be required to submit any royalty reports to the Secretary. The prepayment shall be shared by the Secretary with any State or other recipient to the same extent as any royalty payment for such lease.

"(5) VALUATION.—The prepayment authorized under this section shall only occur if the Secretary, the State concerned, and the lessee determine that such prepayment is based on the present value of the projected remaining royalties from the production from the lease, based on appropriate nominal discount rate for a comparable term, as provided in Office of Management and Budget Circular A–94.

"(b) ALTERNATIVE ACCOUNTING AND ALTERNATIVE ACCOUNTING AND AUDITING REQUIREMENTS.—

"(1) IN GENERAL.—Within one year after the date of the enactment of this section, for the marginal properties referenced in subsection (a)(1), the Sec-

retary shall provide accounting, reporting, and auditing relief that will encourage lessees to continue to produce and develop such properties: Provided, That such relief will only be available to lessees in a State that concurs.

"(2) PAYMENT DATE.—For leases subject to this section, the Secretary may allow royalties to be paid later than the time specified in the lease.".

(b) CLERICAL AMENDMENT.—The table of contents in section 1 of the Federal Oil and Gas Royalty Management Act (30 U.S.C. 1701) is amended by adding after the item relating to section 115 the following new item:

"Sec. 116. Alternatives for marginal properties.".

SEC. 5508. NOTICE REQUIREMENT.

Section 23(a)(2) of the Outer Continental Shelf Lands Act (43 U.S.C. 1349(a)(2)) is amended to read as follows:

"(2) Except as provided in paragraph (3) of this subsection, no action may be commenced under subsection (a)(1) of this section if the Attorney General has commenced and is diligently prosecuting a civil action in a court of the United States with respect to such matter, but in any such action in a court of the United States any person having a legal interest which is or may be adversely affected may intervene as a matter of right.".

SEC. 5509. REPEALS.

(a) FOGRMA.—Section 307 of the Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1755), is repealed. Section 1 of such Act (relating to the table of contents) is amended by striking out the item relating to section 307.

(b) OCSLA.—Effective on the date of the enactment of this Act, section 10 of the Outer Continental Shelf Lands Act (43 U.S.C. 1339) is repealed.

SEC. 5510. PERFORMANCE STANDARD.

Section 109 of the Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1719) is amended in subsections (c) and (d), by striking "knowingly or willfully" and inserting "by willful misconduct or gross negligence" each place it appears.

SEC. 5511. INDIAN LANDS.

The amendments made by this subtitle shall not apply with respect to Indian lands, and the provisions of the Federal Oil and Gas Royalty Management Act of 1982 as in effect on the day before the date of enactment of this Act shall continue to apply after such date with respect to Indian lands. The provisions of the Federal Oil and Gas Royalty Management Act of 1982, as amended by this subtitle, shall apply as of the date of enactment with respect to Federal lands and the Outer Continental Shelf.

SEC. 5512. PRIVATE LANDS.

This subtitle shall not apply to any privately owned minerals.

SEC. 5513. EFFECTIVE DATE.

Except as provided by section 115(e), section 111(h), section 111(k)(5), and section 116 of the Federal Oil and Gas Royalty Management Act of 1982 (as added by this subtitle), this subtitle, and the amendments made by this subtitle, shall apply with respect to the production of oil and gas after the first day of the month following the date of the enactment of this Act.

Subtitle G—Department of Energy

SEC. 5600. SALE OF DOE ASSETS.

(a) IN GENERAL.—

(1) In order to maximize the use of Department of Energy assets and to reduce overhead and other costs related to asset management at the Department's facilities and laboratories, the Secretary of Energy shall conduct an asset management and disposition program that will result in no less than $225 million in receipts and savings by October 1, 2000.

(2) The program shall include an inventory of assets in the care of the Department and its contractors; the recovery, reuse, and stewardship of assets; and disposition of a minimum of 1,139,000,000 pounds of fuel, 136,000 tons of chemicals and indus-

trial gases, 557,000 tons of scrap metal, 14,000 radiation sources, 17,000 pieces of major equipment, 11,000 pounds of precious metals (not including the Research Materials Collection), and 91,000,000 pounds of base metals.

(b) EXEMPTIONS.—The disposition of assets under this section is not subject to sections 202 and 203 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. secs. 483 and 484) or section 13 of the Surplus Property Act of 1944 (50 U.S.C. App. sec. 1622). In order to avoid market disruptions, the Secretary shall consult with appropriate executive agencies with respect to dispositions under this section.

(c) DISPOSITION OF PROCEEDS.—After deduction of administrative costs of disposition under this section not to exceed $7 million per year, the remainder of the proceeds from dispositions under this section shall be returned to the Treasury as miscellaneous receipts. There shall be established a new receipt account in the Treasury for proceeds of asset sales under this section.

SEC. 5651. WEEKS ISLAND.

Notwithstanding section 161 of the Energy Policy and Conservation Act, the Secretary of Energy shall draw down and sell 32 million barrels of oil contained in the Weeks Island Strategic Petroleum Reserve Facility.

SEC. 5652. LEASE OF EXCESS SPRO CAPACITY.

The Energy Policy and Conservation Act (42 U.S.C. 6201 to 6422) is amended by adding the following new section after section 167:

"SEC. 168. USE OF UNDERUTILIZED FACILITIES.

"(a) Notwithstanding any other provision of this title, the Secretary, by lease or otherwise, for any term and under such other conditions as the Secretary considers necessary or appropriate, may store in underutilized Strategic Petroleum Reserve facilities petroleum product owned by a foreign government or its representative.

"(b) Petroleum product stored under this section is not part of the Reserve and may be exported from the United States.".

"(c) Beginning in fiscal year 2001 and in each fiscal year thereafter, except for fiscal years 2003 and 2004, 50 percent of the funds resulting from the leasing of Strategic Petroleum Reserve facilities authorized by subsection (a) shall be available to the Secretary of Energy without further appropriation for the purchase of oil for the Strategic Petroleum Reserve.".

Subtitle H—Mining

SEC. 5700. SHORT TITLE.

This subtitle may be cited as "The Mining Law Revenue Act of 1995".

SEC. 5701. DEFINITIONS.

When used in this subtitle:

(1) "Assessment year" means the annual period commencing at 12 o'clock noon on the 1st day of September and ending at 12 o'clock noon on the 1st day of September of the following year.

(2) "Federal lands" means lands and interests in lands owned by the United States that are open to mineral location, or that were open to mineral location when a mining claim or site was located and which have not been patented under the general mining laws.

(3) "General mining laws" means those Acts which generally comprise chapters 2, 11, 12, 12A, 15, and 16, and sections 161 and 162, of Title 30 of the United States Code, all Acts heretofore enacted which are amendatory of or supplementary to any of the foregoing Acts, and the judicial and administrative decisions interpreting such Acts.

(4) "Locatable minerals" means those minerals owned by the United States and subject to location and disposition under the general mining laws on or after the effective date of this Subtitle, but not including any mineral held in trust by the United States for any Indian or Indian tribe, as defined in section 2 of the Indian Mineral Development Act of 1982 (25

U.S.C. 2101), or any mineral owned by any Indian or Indian tribe, as defined in that section, that is subject to a restriction against alienation imposed by the United States, or any mineral owned by any incorporated Native group, village corporation, or regional corporation and acquired by the group or corporation under the provisions of the Alaska Native Claims Settlement Act (43 U.S.C. 1601 et seq.).

(5) "Mineral activities" means any activity on Federal lands related to, or incidental to, exploration for or development, mining, production, beneficiation, or processing of any locatable mineral, or reclamation of the impacts of such activities.

(6) "Mining claim or site", except where provided otherwise, means a lode mining claim, placer mining claim, mill site or tunnel site.

(7) "Operator" means any person conducting mineral activities subject to this Subtitle.

(8) "Person" means an individual, Indian tribe, partnership, association, society, joint venture, joint stock company, firm, company, limited liability company, corporation, cooperative or other organization, and any instrumentality of State or local government, including any publicly owned utility or publicly owned corporation of State or local government.

(9) "Processing and treatment cost" means any activity following mining including but not limited to, crushing, milling, leaching, flotation, grinding, solvent extraction, electrolytic deposition, roasting, calcining thermal or electric smelting, refining, treatment effecting a chemical change, or product fabrication. Direct and indirect cost such as maintenance, depreciation, environmental, labor and consumable cost associated with these activities shall be included in this definition.

(10) "Secretary" means the Secretary of the Interior.

SEC. 5702. CLAIM MAINTENANCE REQUIREMENTS.

(a) MAINTENANCE FEE.—After the date of enactment of this Subtitle, the owner of each unpatented mining claim or site located pursuant to the general mining laws, whether located before or after the enactment of this Subtitle, shall pay in advance to the Secretary annually on or before September 1, and until a patent has been issued therefor, a maintenance fee of $100 per mining claim or site. The owner of each unpatented mining claim or site located after the date of enactment of this Subtitle pursuant to the general mining laws shall pay to the Secretary, at the time the copy of the notice or certificate of location is filed with the Bureau of Land Management pursuant to section 314(b)

of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1744(b)), in addition to the location fee required under subsection (c) of this section, an initial maintenance fee of $100 per mining claim or site for the assessment year which includes the date of location of such mining claim or site. If a mining claim or site is located within 90 days before September 1 and the copy of the notice or certificate of location is timely filed with the Bureau of Land Management under subsection 314(b) of the Federal Land Policy and Management Act of 1976 after September 1, the annual maintenance fee payable under the first sentence of this subsection shall be paid at the time such notice or certificate of location is filed, in addition to the location fee and the initial $100 maintenance fee. No maintenance fee shall be required if the fee is waived or the owner of the mining claim or site is exempt as provided in section 5703 of this Subtitle.

(b) MAINTENANCE FEE STATEMENT.—Each payment under subsection (a) of this section shall be accompanied by a statement which reasonably identifies the mining claim or site for which the maintenance fee is being paid. Such statement may include the name of the mining claim or site, the serial number assigned by the Secretary to such mining claim or site, the description of the book and page in which the notice or certificate of location for such mining

claim or site is recorded under State law, any combination of the foregoing, or any other information that reasonably identifies the mining claim or site for which the maintenance fee is being paid. The statement required under this subsection shall be in lieu of any annual filing requirements for mining claims or sites, under any other Federal law, but shall not supersede any such filing requirement under applicable State law.

(c) LOCATION FEE.—The owner of each unpatented mining claim or site located on or after the date of enactment of this Subtitle pursuant to the general mining laws shall pay to the Secretary, at the time the notice or certificate of location is filed with the Bureau of Land Management pursuant to subsection 314(b) of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1744(b)), a location fee of $25.00 per claim.

(d) CREDIT AGAINST ROYALTY.—The annual claim maintenance fee paid for any unpatented mining claim or site on or before September 1 of any year shall be credited against the amount of royalty required to be paid under Section 5705 for such mining claim or site during the following assessment year.

(e) FAILURE TO COMPLY.—The failure of the owner of the mining claim or site to pay the claim maintenance fee or location fee for a mining claim or site on or before

the date such payment is due under subsection (a) or subsection (c) of this section shall constitute forfeiture of the mining claim or site and such mining claim or site shall be null and void, effective as of the day after the date such payment is due: Provided, however, That, if such maintenance fee or location fee is paid or tendered on or before the 30th day after such payment was due under subsection (a) or subsection (c) of this section, such mining claim or site shall not be forfeited or null or void, and such maintenance fee or location fee shall be deemed timely paid.

(f) REPEAL OF OMNIBUS BUDGET RECONCILIATION ACT FEE REQUIREMENTS.—Sections 10101 through 10106 of the Omnibus Budget Reconciliation Act of 1993 (30 U.S.C. 28f through 28k) are hereby repealed.

(g) AMENDMENT OF FLPMA FILING REQUIREMENTS.—Section 314 (a) of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1744 (a)) is hereby repealed.

SEC. 5703. WAIVER AND EXEMPTION.

(a) WAIVER OF FEE.—The maintenance fee provided for in subsection 5702(a) shall be waived for the owner of a mining claim or site who certifies in writing to the Secretary, on or before the date the payment is due, that, as of the date such payment is due, such owner and all related persons own not more than twenty-five unpatented mining

claims or sites. Any owner of a mining claim or site that is not required to pay a maintenance fee under this subsection shall continue to be subject to the assessment work requirements of the general mining laws or of any other State or Federal law, subject to any suspension or deferment of annual assessment work provided by law, for the assessment year following the filing of the certification required by this subsection.

(b) RELATED PERSONS.—As used in subsection (a), the term "related persons" includes—

(1) the spouse and dependent children (as defined in section 152 of the Internal Revenue Code of 1986), of the owner of the mining claim or site; and

(2) a person controlled by, controlling, or under common control with the owner of the mining claim or site.

(c) EXEMPTION.—The owner of any mining claim or site who certifies in writing to the Secretary on or before the first day of any assessment year that access to such mining claim or site was denied or impeded during the prior assessment year by the action or inaction of any local, State, or Federal Governmental officer, agency, or court, or by any Indian tribal authority, shall be exempt from the maintenance fee requirement of subsection (a) of section

5702 for the assessment year following the filing of the certification.

SEC. 5704. PATENTS.

(a) IN GENERAL.—Except as provided in subsection (c), any patent issued by the United States under the general mining laws after the date of enactment of this Subtitle shall be issued only—

(1) upon payment by the owner of the claim of the fair market value for the interest in the land owned by the United States exclusive of and without regard to the mineral deposits in the land or the use of the land for mineral activities; and

(2) subject to reservation by the United States of the royalty provided in section 5705.

(b) RIGHT OF REENTRY.—

(1) Except as provided in subsection 5704(c), and notwithstanding any other provision of law, a patent issued pursuant to this section shall be subject to a right of reentry by the United States if the patented estate is used by the patentee for any purpose other than for conducting mineral activities in good faith and such unauthorized use is not discontinued as provided in this subsection.

(2) If the surface of the patented estate is used by the patentee, or any subsequent owners, for any

purpose other than for conducting mineral activities in good faith, the Secretary shall serve on all owners of interests in such patented estate, in the manner prescribed for service of a summons and complaint under the Federal Rules of Civil Procedure, notice specifying such unauthorized use and providing not more than 90 days in which such unauthorized use must be terminated. The giving of such notice shall constitute final agency action appealable by any owner of an interest in such patented estate. The Secretary may exercise the right of reentry as provided in paragraph (3) of this subsection if such unauthorized use has not been terminated in the time provided in this paragraph, and only after all appeal rights have expired and any appeals of such notice have been finally determined.

(3) The Secretary may exercise the right of the United States to reenter such patented estate by filing a declaration of reentry in the office of the Bureau of Land Management designated by the Secretary and recording such declaration where the notice or certificate of location for the patented claim or site is recorded under State law. Upon the filing and recording of such declaration, all right, title and interest in such patented estate shall revert to the United States.

Lands and interests in lands for which the United States exercises its right of reentry under this section shall remain open to the location of mining claims and mill sites, unless withdrawn under other applicable law.

(c) PATENT TRANSITION.—Notwithstanding any other provision of law, the requirements of this subtitle (except the payment of maintenance and location fees in accordance with sections 5702 and 5703) shall not apply to those patent applications pending at the Department of the Interior as of September 30, 1995. Such patents shall be issued under or subject to the general mining laws in effect prior to the date of enactment of this subtitle.

SEC. 5705. ROYALTY.

(a) RESERVATION OF ROYALTY.—

(1) IN GENERAL.—Production of locatable minerals (including associated minerals) from any unpatented mining claim (other than those from Federal lands to which subsection 5704(c) applies) or any mining claim patented under subsection 5704(a), including mineral concentrates and products derived from locatable minerals, shall be subject to the payment of a royalty of 2.5 percent on the Net Smelter Return of all ores, minerals, metals, and materials mined and removed and sold.

(2) WAIVER.—If the Secretary determines that the Secretary's cost of accounting for and collecting a royalty for any mineral exceeds or is likely to exceed the amount of royalty to be collected, the Secretary shall waive such royalty. The obligation to pay royalties hereunder shall accrue only upon the sale of locatable minerals or mineral products produced from a mining claim subject to such royalty, and not upon the stockpiling of the same for future processing.

(3) EXEMPTION.—Any mine with an annual Revenues Received of less than $500,000 shall be exempt from the requirement to pay a royalty under this section.

(4) DEFINITION.—

(A) "Net Smelter Return" means the "Revenues Received" for such ores, minerals, metals or materials, less the "Allowable Deductions" for any calendar year.

(B) "Revenues Received" means the proceeds from the sale of ores mined from the claims or patents before subtracting the "Allowable Deductions", or, in the case of sales of beneficiated products from locatable minerals such as cathode, anode or copper rod or wire, or other products fabricated from the locatable minerals, the

gross income from mining derived from the first commercially marketable product determined in the same manner as under Section 613 of the Internal Revenue Code, before subtracting the "Allowable Deductions." Sales or transfers of ores to affiliates shall be valued at the fair market value of the products sold or transferred. Without limiting the foregoing, the profits or losses incurred in connection with forward sales, futures or commodity options trading, metal loans, or any other price hedging or speculative activity or arrangement shall not be included in Revenues Received.

(C) "Allowable Deductions" means the following costs and expenses actually incurred or paid to third parties by the royalty payor: processing and treatment cost, costs for all transportation and insurance for ores or products produced from ores mined from the claim, group of claims or patents comprising an operation, between the mine and processing facilities, from one processing facility to another, and from processing facilities to the point of delivery of said ores or products; assaying charges, umpire charges, independent representative charges; all

charges by purchasers of said ores or products; all taxes (except income taxes) measured by or valued upon production.

(5) REVENUES RECEIVED.—All Revenues Received and Allowable Deductions shall be determined in accordance with generally accepted accounting principles and practices consistently applied. Revenues Received and Allowable Deductions shall be determined by the accrual method.

(6) ALLOWABLE DEDUCTIONS.—Where any Allowable Deductions are incurred in conjunction with like costs for mineral products from other properties controlled by the payor such costs shall be fairly allocated and apportioned in accordance with generally accepted practices in the mining industry.

(7) COMMINGLING.—The payor shall have the right to commingle ore and minerals from the claim, group of claims, or patent comprising an operation, with ore from other lands and properties: Provided, however, That the payor shall calculate from representative samples the average grade of the ore before commingling. If concentrates are produced from the commingled ores, the payor shall calculate from representative samples calculating the average grade of the ore, and calculating average recovery percentages

the payor shall use procedures accepted in the mining and metallurgical industry suitable for the type of mining and processing activity being conducted.

(8) EFFECTIVE DATE.—

(A) IN GENERAL.—The royalty required under this section shall take effect with respect to production on or after the first day of the first month following the date of enactment of this subtitle.

(B) PHASE-IN.—The royalty payments required under this section shall be reduced—

(i) by 66 2/3 percent for the first 12 months following the date of enactment of this subtitle for which royalties are due on production pursuant to this subtitle; and

(ii) by 33 1/3 percent for the second 12 months that royalties are due on production pursuant to this subtitle.

(C) TIME FOR PAYMENT.—Any royalty payment attributable to production during the first 15 calendar months after the date of enactment of this subtitle, after any reduction under paragraph (B), shall be due on the date that is 12 months after the date of enactment of this subtitle.

(D) NO MARKETABLE QUANTITY PRIOR TO DATE OF ENACTMENT.—For a claim, group of claims, or patents comprising an operation that has not produced a marketable quantity prior to the date of enactment of this subtitle, the royalty payments required pursuant to this section shall be reduced—

(i) by 66 2/3 percent for the first 12 months following the date of enactment of this subtitle for which royalties are due on production pursuant to this subtitle; and

(ii) by 33 1/3 percent for the second 12 months that royalties are due on production pursuant to this subtitle.

(9) ROYALTY REDUCTION FOR MARGINAL OPERATIONS.—

(A) APPLICATION.—A person that is required to make a royalty payment under this section may file for a reduction or waiver of the royalty by demonstrating that payment of the royalty would preclude recovery of costs of production, including invested capital, for a claim, group of claims or patents comprising an operation for the remaining reasonable life of the operation: Provided, That the Secretary shall not

consider royalty reduction effective during the phase-in periods under paragraph (8). For purposes of this initial application, "Projected Revenues" shall be calculated using the operator's current and projected rates of production at the average price for the preceding 12 months.

(B) DEFINITION.—For purposes of an application under subparagraph (A)—

(i) "Projected Revenues" shall be the net present value of the expected revenues for the remaining reasonable life of the operation calculated using the average mineral price received for the preceding 12 month calendar year.

(ii) "Costs of Production" shall mean the net present value of the following costs based on the expected rate of production for the remaining reasonable life of the operation—

(I) the projected cost of extracting the locatable mineral;

(II) the projected cost of transporting the locatable mineral to the place or places of reduction, beneficiation, refining and sale;

(III) the projected cost of reduction, beneficiation, refining and sale of the locatable mineral;

(IV) the projected cost of marketing and delivering the locatable mineral and the conversion of the locatable mineral into money;

(V) the projected cost of maintenance and repairs of all machinery, equipment, apparatus, and facilities used in the mine; all crushing, milling, leaching, refining, smelting, and reduction works, plants, and facilities; and all facilities and equipment for transportation;

(VI) the projected cost for support personnel and support services at the mine site, including without limitation, accounting, assaying, drafting, and mapping, computer services, surveying, housing, camp and office expenses, safety and security;

(VII) the projected cost of engineering, sampling, and assaying per-

taining to development and production;

(VIII) the projected cost of permitting, reclamation, environmental compliance and monitoring;

(IX) the projected cost of fire and other insurance on the machinery, equipment, apparatus, works, plants and facilities mentioned in subclause (B)(ii)(V);

(X) depreciation of the original capitalized cost of the machinery, equipment, apparatus, works, plants, and facilities listed in subclause (B)(ii)(V), considering the probable life of the property in computing the annual depreciation charge;

(XI) all money expended for premiums for industrial insurance, and the owner-paid cost of hospital and medical attention and accident benefits and group insurance for all employees engaged in the production or processing of locatable minerals;

(XII) all money paid as contributions or payments under State unemployment compensation law, all money paid as contributions under the Federal Social Security Act, and all money paid to State government in real property taxes measured or levied on production, or Federal excise tax payments and payments as fees or charges for use of the Federal lands from which the locatable minerals are produced; and

(XIII) the projected cost of developmental work in or about the mine or upon a group of mines when operated as a unit.

(C) For purposes of the annual depreciation charge under paragraph (B)(ii)X)—

(i) Any expenditure not otherwise described in this clause which is not deductible in the year paid or incurred pursuant to the Internal Revenue Code of 1986, and which is:

(I) attributable to the direct acquisition of mining claims purchased

separately or as part of a group of assets, or

(II) attributable to the indirect acquisition of mining property or mining claims by reason of being a portion of the consideration for an interest in a corporation, partnership or trust (in connection with an ownership change of such entity determined under the principles of Section 382(g) of the Internal Revenue Code of 1986) allocable to such property or claims of such entity, shall be allowable as a depreciation deduction to the purchaser in the case of an expenditure described in (I) or to the acquired corporation, partnership or trust in the case of an expenditure described in (II), ratably over a period based on the probable life of the property, beginning with the taxable year in which such expenditure was made.

(ii) The deduction allowed for costs attributable to mining property or claims is available only at the election of the pur-

chaser in the case of expenditures described in (i)(I), or at the election of both the purchaser and acquired corporation, partnership or trust in the case of expenditures described in (i)(II), and is in lieu of any other deduction otherwise allowable under this section with respect to such expenditure.

(D) If the Costs of Production for the operation exceed the Projected Revenues, the Secretary shall waive in full the royalty obligation. If the Projected Revenues exceed the Costs of Production by less than the full royalty obligation under subsection (a), the Secretary shall reduce the royalty rate to a level allowing the recovery of the Costs of Production, including invested capital, over the remaining reasonable life of the operation.

(10) SPLIT ESTATES.—For circumstances where a claim, group of claims or patent is subject to this section but does not comprise the entirety of a mine, the Annual Revenues and Costs of Production shall be allocated for royalty purposes in proportion to the value of production recovered from the claim, group of claims or patent.

(11) JUDICIAL REVIEW.—A determination by the Secretary under paragraph (9) shall be judicially reviewable under section 702 of title 5, United States Code, only for actions filed within 180 days of the Secretary's determination.

(12) ANNUAL FILING OF DATA.—If a reduction in royalty is provided under this paragraph, the royalty payor shall file cost and revenue data with the Secretary annually during the period of royalty waiver or reduction.

(b) DUTIES OF CLAIM HOLDERS, OPERATORS AND TRANSPORTERS.—A person that is required to make a royalty payment under this section shall make quarterly estimates of the royalty obligation and shall make the payment to the United States annually in such manner as the Secretary of the Interior may by rule prescribe. The owner or co-owners of a mining claim shall be liable for royalty on locatable minerals produced and sold during the period of ownership to the extent of the interest in such claim owned. As used in this subsection, "owner" or "co-owner" shall mean the person or persons owning the right to mine locatable minerals from such claim and receiving the revenues of sale. Any person who makes any royalty payment attributable to the interest of the owner or co-owners liable

therefor shall not become liable to the United States for such royalty as a result.

(c) MANNER OF PAYMENT.—

(1) Each royalty payment or adjustment shall be accompanied by a statement containing:

(A) the name and Bureau of Land Management serial number of the mining claim or claims from which ores, concentrates, solutions or beneficiated products of locatable minerals subject to the royalty required in this section were produced and sold for the period covered by such payment or adjustment;

(B) the estimated (or actual, if determined) quantity of such ore, concentrates, solutions or beneficiated or fabricated products produced and sold from such mining claim or claims for such period;

(C) the estimated (or actual, if determined) Gross Yield from the production and sale of such ore, concentrates, solutions or beneficiated products for such period;

(D) the estimated (or actual, if determined) Net Smelter Return from the production and sale of such ores, concentrates, solutions or beneficiated products for such period, including

an itemization of the applicable deductions described in paragraph 20(a)(4)(A); and

(E) the estimated (or actual, if determined) royalty due to the United States, or adjustment due to the United States or such owner or co-owners, for such period.

(2) In lieu of receiving a refund under subsection (e), the owner or co-owners may elect to apply any adjustment due to such owner or co-owners as an offset against royalties due from such owner or co-owners to the United States under this Subtitle, regardless of whether such royalties are due for production and sale from the same mining claim or claims.

(d) RECORDKEEPING AND REPORTING REQUIREMENTS.—

(1) An owner, operator, or other person directly involved in the conduct of mineral activities, transportation, purchase, or sale of locatable minerals, concentrates, or products derived therefrom, subject to the royalty required in this section, through the point of royalty computation, shall establish and maintain any records, make any reports, and provide any information that the Secretary may reasonably require for the purposes of implementing this section or determining compliance with regulations or orders under

this section. Upon the request of the Secretary when conducting an audit or investigation pursuant to subsection (f), the appropriate records, reports, or information which may be required by this section shall be made available for inspection and duplication by the Secretary.

(2) Records required by the Secretary under this section shall be maintained for three years after the records are generated unless the Secretary notifies the record holder that he or she has initiated an audit or investigation specifically identifying and involving such records and that such records must be maintained for a longer period. When an audit or investigation is under way, such records shall be maintained until the earlier of the date that the Secretary releases the record holder of the obligation to maintain such records or the date that the limitations period applicable to such audit or investigation under subsection (f) expires.

(e) INTEREST ASSESSMENTS.—In any case in which royalty payments are not received by the Secretary on the date that such payments are due, or when such payments are less than the amount due, the Secretary shall charge interest on such late payments computed at the rate published by the Department of the Treasury as the "Treasury

Current Value of Funds Rate." In the case of an underpayment or partial payment, interest shall be computed and charged only on the amount of the deficiency and not on the total amount, and only for the number of days such payment is late. No other late payment or underpayment charge or penalty shall be charged. In any case in which royalty payments are made in excess of the amount due, or amounts are held by the Secretary pending the outcome of any appeal in which the Secretary does not prevail, the Secretary shall promptly refund such overpayments or pay such amounts to the person or persons entitled thereto, together with interest thereon for the number of days such overpayment or amounts were held by the Secretary, with the addition of interest charged against the United States computed at the rate published by the Department of the Treasury as the "Treasury Current Value of Funds Rate".

(f) AUDITS, PAYMENT DEMANDS AND LIMITATIONS.—

(1) The Secretary may conduct, after notice, any audit reasonably necessary and appropriate to verify the payments required under this section.

(2) Any billing or demand letter for royalty due on locatable minerals produced and sold from any mining claim subject to royalty required by this section must be sent or issued not later than three years

after the date such royalty was due and must specifically identify the production involved, the royalty allegedly due and the basis for the claim. No action, proceeding or claim for royalty due on locatable minerals produced and sold, or relating to such production, may be brought by the United States, including but not limited to any claim for additional royalties or claim of the right to offset the amount of such additional royalties against amounts owed to any person by the United States, unless judicial suit or administrative proceedings are commenced to recover specific amounts claimed to be due prior to the expiration of three years from the date such royalty is alleged to have been due.

(g) PENALTIES.—Any person who withholds payment of royalties under this section after a final, nonappealable determination of liability may be liable for civil penalties of up to $5,000 per day that payment is withheld after becoming due.

(h) DISBURSEMENT OF REVENUES.—The receipts from royalties collected under this section shall be disbursed as follows:

(1) One-half of such receipts shall be paid into the Treasury of the United States and deposited as miscellaneous receipts; and

(2) One-half of such receipts shall be paid into a State Fund or the Federal Fund in accordance with section 5706; until termination as provided in section 5710.

SEC. 5706. ABANDONED LOCATABLE MINERALS MINE RECLAMATION FUND.

(a) STATE FUND.—Any State within which royalties are collected pursuant to section 5705 from a mining claim and which wishes to become eligible to receive such proceeds allocated by paragraph 5705(h)(2) shall establish and maintain an interest-bearing abandoned locatable mineral mine reclamation fund (hereinafter referred to in this subtitle as "State Fund") to accomplish the purposes of this subtitle.

(b) FEDERAL FUND.—There is established on the books of the Treasury of the United States an interest-bearing fund to be known as the Abandoned Locatable Minerals Mine Reclamation Fund (hereinafter referred to in this subtitle as "Federal Fund") which shall consist of royalty proceeds allocated by paragraph 5705(h)(2) from mining claims in a State where a State Fund has not been established or maintained under subsection (a).

SEC. 5707. ALLOCATION AND PAYMENTS.

(a) STATE FUND.—Royalties collected pursuant to section 5705 and allocated by paragraph 5705(h)(2) shall be

paid by the Secretary of the Treasury to the State Fund established pursuant to subsection 5706(a) for the State where the mining claim from which the production occurred is located. Payments to States under this subsection with respect to any royalties received by the United States, shall be made not later than the last business day of the month in which such royalties are warranted by the United States Treasury to the Secretary of the Interior as having been received, except for any portion of such royalties which is under challenge, which shall be placed in a suspense account pending resolution of such challenge. Such warrants shall be issued by the United States Treasury not later than 10 days after receipt of such royalties by the Treasury. Royalties placed in a suspense account which are determined to be due the United States shall be payable to a State Fund not later than fifteen days after such challenge is resolved. Any such amount placed in a suspense account pending resolution shall bear interest until the challenge is resolved. In determining the amount of payments to State Funds under this section, the amount of such payments shall not be reduced by any administrative or other costs incurred by the United States.

(b) FEDERAL FUND.—Royalties collected pursuant to section 5705, and allocated by paragraph 5705(h)(2), from mining claims located in a State which has not established

or maintained a State Fund, and such royalties from mining claims located in a State for which the Secretary's authority has expired under subsection 5710(a), shall be credited to the Federal Fund and distributed in accordance with subsection (c).

(c) TRANSITION.—Prior to the time a State establishes a State Fund pursuant to subsection 5706(a), any royalties collected from a mining claim within such State shall be deposited into the Federal Fund and allocated to such State. Once a State establishes a State Fund under subsection 5706(a), the State allocation in the Federal Fund with accrued interest shall be paid by the Secretary of the Treasury to the State Fund in accordance with subsection (a). Commencing three years after the date of enactment of this subtitle, the Secretary of the Treasury shall distribute royalty proceeds then accrued or which are thereafter credited to the Federal Fund equally among all States which maintain a State Fund established under subsection 5706(a), and for which the Secretary of the Treasury's authority has not expired under subsection 5710(a).

SEC. 5708. ELIGIBLE AREA.

(a) IN GENERAL.—Subject to subsection (b), lands and water eligible for reclamation under this subtitle shall be Federal lands or private lands patented under the general mining laws that—

(1) have been adversely affected by past mineral activities on lands abandoned and left inadequately reclaimed prior to the date of enactment of this Subtitle; and

(2) for which the State determines there is no identifiable party with a continuing reclamation responsibility under State or Federal laws.

(b) SPECIFIC SITES AND AREAS NOT ELIGIBLE.—The following areas shall not be eligible for expenditures from a State Fund:

(1) Any area subject to a plan of operations submitted or approved prior to, on or after the date of enactment of this subtitle which includes remining or reclamation of the area adversely affected by past locatable mineral activities.

(2) Any area affected by coal mining eligible for reclamation expenditures pursuant to section 404 of the Surface Mining Control and Reclamation Act (30 U.S.C. 1234).

(3) Any area designated for remedial action pursuant to the Uranium Mill Tailings Radiation Control Act of 1978 (42 U.S.C. 7912).

(4) Any area that was listed on the National Priorities List pursuant to the Comprehensive Environmental Response, Compensation and Liability Act

of 1980 (42 U.S.C. 9605) prior to the date of enactment of this subtitle, or where the Environmental Protection Agency has initiated or caused to be initiated a response action pursuant to that Act.

SEC. 5709. USES AND OBJECTIVES OF FUNDS.

(a) USE OF FUNDS.—Royalty proceeds in a State Fund shall be used for the reclamation of eligible areas. For purposes of this section, reclamation includes—

(1) backfilling, fencing, sealing, or otherwise controlling abandoned underground mine entries to protect public health and safety;

(2) abatement, treatment or control of water pollution;

(3) shaping, grading, contouring and revegetation of land to prevent erosion and sedimentation, or to enhance fish and wildlife habitat;

(4) removal or control of toxic or hazardous materials; and

(5) control or reclamation of surface subsidence due to abandoned underground mines.

(b) PRIORITIES.—Expenditures of royalty proceeds from a State Fund shall reflect the following priorities in the order stated, but shall not preclude, where feasible and appropriate, a combination of these priorities for cost-effective reclamation:

(1) The protection of public health, safety, general welfare and property from extreme danger from the adverse effects of past mineral activities.

(2) The protection of public health, safety, and general welfare from the adverse effects of past mineral activities.

SEC. 5710. SUNSET PROVISIONS.

(a) TERMINATION OF AUTHORITY.—The Secretary of the Treasury's authority to allocate funds to a State Fund under section 5707 shall expire on the date that the State submits a report to the Congress which states that there are no areas in the State which remain to be reclaimed.

(b) TERMINATION OF FUND.—Upon the termination of authority as provided in subsection (a) with respect to all State Funds, the Federal Fund shall also be terminated, and all royalty proceeds thereafter remaining in the Federal Fund shall be paid into the Treasury of the United States and deposited as miscellaneous receipts.

SEC. 5711. EFFECT ON THE GENERAL MINING LAWS.

The provisions of this Subtitle shall supersede the general mining laws only to the extent such laws conflict with the requirements of this Subtitle. Where no such conflict exists, the general mining laws, including all judicial and administrative decisions interpreting them, shall remain in full force and effect.

SEC. 5712. SEVERABILITY.

If any provision of this subtitle or the applicability thereof to any person or circumstances is held invalid, the remainder of this Subtitle and the application of such provision to other persons or circumstances shall not be affected thereby.

Subtitle I—Department of the Interior

SEC. 5800. AIRCRAFT SERVICES.

(a) USE OF PRIVATE CONTRACTORS.—By not later than October 1, 1996, the Secretary of the Interior shall contract with private entities for the provision of all aircraft services required by the Department of the Interior, other than those available from existing DOI aircraft whose primary purpose is fire suppression.

(b) SALE OF FEDERAL AIRCRAFT.—By September 30, 1998, the Secretary of the Interior is authorized and directed to sell all aircraft owned by the Department of the Interior, and all associated equipment and facilities, other than those whose primary purpose is fire suppression.

(c) EXEMPTIONS.—The disposition of assets under this section is not subject to section 202 and 203 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 483 and 484) or section 13 of the Surplus Property Act of 1944 (50 U.S.C. App. 1622).

(d) DISPOSITION OF PROCEEDS.—The proceeds from dispositions under this section shall be returned to the Treasury as miscellaneous receipts and all savings from reduced overhead and other costs related to the management of the assets sold shall be returned to the Treasury.

Subtitle J—Power Marketing Administrations

PART I—BONNEVILLE POWER ADMINISTRATION REFINANCING

SEC. 5900. DEFINITIONS.

For the purposes of this subtitle—

(1) "Administrator" means the Administrator of the Bonneville Power Administration;

(2) "capital investment" means a capitalized cost funded by Federal appropriations that—

(A) is for a project, facility, or separable unit or feature of a project or facility;

(B) is a cost for which the Administrator is required by law to establish rates to repay to the United States Treasury through the sale of electric power, transmission, or other services;

(C) excludes a Federal irrigation investment; and

(D) excludes an investment financed by the current revenues of the Administrator or by

bonds issued and sold, or authorized to be issued and sold, by the Administrator under section 13 of the Federal Columbia River Transmission System Act (16 U.S.C.838(k));

(3) "new capital investment" means a capital investment for a project, facility, or separable unit or feature of a project, facility, or separable unit or feature of a project or facility, placed in service after September 30, 1995;

(4) "old capital investment" means a capital investment whose capitalized cost—

(A) was incurred, but not repaid, before October 1, 1995, and

(B) was for a project, facility, or separable unit or feature of a project or facility, placed in service before October 1, 1995;

(5) "repayment date" means the end of the period within which the Administrator's rates are to assure the repayment of the principal amount of a capital investment; and

(6) "Treasury rate" means—

(A) for an old capital investment, a rate determined by the Secretary of the Treasury, taking into consideration prevailing market yields, during the month preceding October 1, 1995, on

outstanding interest-bearing obligations of the United States with periods to maturity comparable to the period between October 1, 1995, and the repayment date for the old capital investment; and

(B) for a new capital investment, a rate determined by the Secretary of the Treasury, taking into consideration prevailing market yields, during the month preceding the beginning of the fiscal year in which the related project, facility, or separable unit or feature is placed in service, on outstanding interest-bearing obligations of the United States with periods to maturity comparable to the period between the beginning of the fiscal year and the repayment date for the new capital investment.

SEC. 5901. NEW PRINCIPAL AMOUNTS.

(a) PRINCIPAL AMOUNT.—Effective October 1, 1995, an old capital investment has a new principal amount that is the sum of—

(1) the present value of the old payment amounts for the old capital investment, calculated using a discount rate equal to the Treasury rate for the old capital investment; and

(2) an amount equal to $100,000,000 multiplied by a fraction whose numerator is the principal amount of the old payment amounts for the old capital investment and whose denominator is the sum of the principal amounts of the old payment amounts for all old capital investments.

(b) DETERMINATION.—With the approval of the Secretary of the Treasury based solely on consistency with this part the Administrator shall determine the new principal amounts under section 5901 and the assignment of interest rates to the new principal amounts under section 5902.

(c) OLD PAYMENT AMOUNT.—For the purposes of this section, "old payment amounts" means, for an old capital investment, the annual interest and principal that the Administrator would have paid to the United States Treasury from October 1, 1995, if this part were not enacted, assuming that—

(1) the principal were repaid—

(A) on the repayment date the Administrator assigned before October 1, 1993, to the old capital investment, or

(B) with respect to an old capital investment for which the Administrator has not assigned a repayment date before October 1, 1993, on a repayment date the Administrator shall as-

sign to the old capital investment in accordance with paragraph 10(d)(1) of the version of Department of Energy Order RA 6120.2 in effect on October 1, 1993; and

(2) interest were paid—

(A) at the interest rate the Administrator assigned before October 1, 1993, to the old capital investment, or

(B) with respect to an old capital investment for which the Administrator has not assigned an interest rate before October 1, 1993, at a rate determined by the Secretary of the Treasury, taking into consideration prevailing market yields, during the month preceding the beginning of the fiscal year in which the related project, facility, or separable unit or feature is placed in service, on outstanding interest-bearing obligations of the United States with periods to maturity comparable to the period between the beginning of the fiscal year and the repayment date for the old capital investment.

SEC. 5902. INTEREST RATE FOR NEW PRINCIPAL AMOUNTS.

As of October 1, 1995, the unpaid balance on the new principal amount established for an old capital investment under section 5901 bears interest annually at the Treasury

rate for the old capital investment until the earlier of the date that the new principal amount is repaid or the repayment date for the new principal amount.

SEC. 5903. REPAYMENT DATES.

As of October 1, 1995, the repayment date for the new principal amount established for an old capital investment under section 5901 is no earlier than the repayment date for the old capital investment assumed in section 5901(c)(1).

SEC. 5904. PREPAYMENT LIMITATIONS.

During the period October 1, 1995, through September 30, 2000, the total new principal amounts of old capital investments, as established under section 5901, that the Administrator may pay before their respective repayment dates shall not exceed $100,000,000.

SEC. 5905. INTEREST RATES FOR NEW CAPITAL INVESTMENTS DURING CONSTRUCTION.

(a) NEW CAPITAL INVESTMENT.—The principal amount of a new capital investment includes interest in each fiscal year of construction of the related project, facility, or separable unit or feature at a rate equal to the one-year rate for the fiscal year on the sum of—

(1) construction expenditures that were made from the date construction commenced through the end of the fiscal year, and

(2) accrued interest during construction.

(b) PAYMENT.—The Administrator is not required to pay, during construction of the project, facility, or separable unit or feature, the interest calculated, accrued, and capitalized under subsection (a).

(c) ONE-YEAR RATE.—For the purposes of this section, "one-year rate" for a fiscal year means a rate determined by the Secretary of the Treasury, taking into consideration prevailing market yields, during the month preceding the beginning of the fiscal year, on outstanding interest-bearing obligations of the United States with periods to maturity of approximately one year.

SEC. 5906. INTEREST RATES FOR NEW CAPITAL INVESTMENTS.

The unpaid balance on the principal amount of a new capital investment bears interest at the Treasury rate for the new capital investment from the date the related project, facility, or separable unit or feature is placed in service until the earlier of the date the new capital investment is repaid or the repayment date for the new capital investment.

SEC. 5907. APPROPRIATED AMOUNTS.

The Confederated Tribe of the Colville Reservation Grand Coulee Dam Settlement Act (Public Law No. 103–

436) is amended by striking section 6 and its catchline and inserting the following:

"SEC. 6. APPROPRIATED AMOUNTS.

"(a) APPROPRIATED AMOUNTS.—Without fiscal year limitation, there are appropriated to the Administrator $15.25 million in fiscal year 1996, $15.86 million in fiscal year 1997, $16.49 million in fiscal year 1998, $17.15 million in fiscal year 1999, $17.84 million in fiscal year 2000, and $4.10 million in each succeeding fiscal year so long as the Administrator makes annual payments to the Tribes under the settlement agreement.

"(b) DEFINITIONS.—For the purposes of this section—

"(1) 'settlement agreement' means that settlement agreement between the United States of America and the Confederated Tribes of the Colville Reservation signed by the Tribes on April 16, 1994, and by the United States of America on April 21, 1994, which settlement agreement resolves claims of the Tribes in Docket 181–D of the Indian Claims Commission, which docket has been transferred to the United States Court of Federal Claims; and

"(2) 'Tribes' means the Confederated Tribes of the Colville Reservation, a federally recognized Indian Tribe.".

SEC. 5908. CONTRACT PROVISIONS.

In each contract of the Administrator that provides for the Administrator to sell electric power, transmission, or related services, and that is in effect after September 30, 1995, the Administrator shall offer to include, or as the case may be, shall offer to amend to include, provisions specifying that after September 30, 1995—

(1) the Administrator shall establish rates and charges on the basis that—

(A) the principal amount of an old capital investment shall be no greater than the new principal amount established under section 5901 of this part;

(B) the interest rate applicable to the unpaid balance of the new principal amount of an old capital investment shall be no greater than the interest rate established under section 5902 of this part;

(C) any payment of principal of an old capital investment shall reduce the outstanding principal balance of the old capital investment in the amount of the payment at the time the payment is tendered; and

(D) any payment of interest on the unpaid balance of the new principal amount of an old capital investment shall be a credit against the

appropriate interest account in the amount of the payment at the time the payment is tendered;

(2) apart from charges necessary to repay the new principal amount of an old capital investment as established under section 5901 of this part and to pay the interest on the principal amount under section 5902 of this part, no amount may be charged for return to the United States Treasury as repayment for or return on an old capital investment, whether by way of rate, rent, lease payment, assessment, user charge, or any other fee;

(3) amounts provided under section 1304 of title 31, United States Code, shall be available to pay, and shall be the sole source for payment of, a judgment against or settlement by the Administrator or the United States on a claim for a breach of the contract provisions required by this part; and

(4) the contract provisions specified in this part do not—

(A) preclude the Administrator from recovering, through rates or other means, any tax that is generally imposed on electric utilities in the United States, or

(B) affect the Administrator's authority under applicable law, including section 7(g) of the Pacific Northwest Electric Power Planning and Conservation Act (16 U.S.C. 839e(g)), to—

(i) allocate costs and benefits, including but not limited to fish and wildlife costs, to rates or resources, or

(ii) design rates.

SEC. 5909. SAVINGS PROVISIONS.

(a) REPAYMENT.—This part does not affect the obligation of the Administrator to repay the principal associated with each capital investment, and to pay interest on the principal, only from the "Administrator's net proceeds," as defined in section 13 of the Federal Columbia River Transmission System Act (16 U.S.C. 838k(b)).

(b) PAYMENT OF CAPITAL INVESTMENT.—Except as provided in section 5904 of this part, this part does not affect the authority of the Administrator to pay all or a portion of the principal amount associated with a capital investment before the repayment date for the principal amount.

PART II—ALASKA POWER MARKETING ADMINISTRATION SALE

SEC. 5910. SALE OF SNETTISHAM AND EKLUTNA HYDROELECTRIC PROJECTS.

(a) SALE OF SNETTISHAM.—The Secretary of Energy is authorized and directed to sell the Snettisham Hydroelectric Project (referred to in this part as "Snettisham") to the State of Alaska in accordance with the terms of this part and the February 10, 1989, Snettisham Purchase Agreement, as amended, between the Alaska Power Administration of the United States Department of Energy and the Alaska Power Authority and the Authority's successors.

(b) SALE OF EKLUTNA.—The Secretary of Energy is authorized and directed to sell the Eklutna Hydroelectric Project (referred to in this part as "Eklutna") to the Municipality of Anchorage doing business as Municipal Light and Power, the Chugach Electric Association, Inc., and the Matanuska Electric Association, Inc. (referred to in this part as "Eklutna Purchasers"), in accordance with the terms of this part and the August 2, 1989, Eklutna Purchase Agreement, as amended, between the Alaska Power Administration of the United States Department of Energy and the Eklutna Purchasers.

(c) FEDERAL SALE ASSISTANCE.—The heads of other Federal departments and agencies, including the Secretary

of the Interior, shall assist the Secretary of Energy in implementing the sales authorized and directed by this part.

(d) DISPOSITION OF PROCEEDS.—Proceeds from the sales required by this part shall be deposited in the Treasury of the United States to the credit of miscellaneous receipts.

(e) PREPARATION OF EKLUTNA AND SNETTISHAM FOR SALE.—The Secretary of Energy is authorized and directed to use such funds from the sale of electric power by the Alaska Power Administration as may be necessary to prepare, survey and acquire Eklutna and Snettisham assets for sale and conveyance. Such preparations and acquisitions shall provide sufficient title to ensure the beneficial use, enjoyment, and occupancy by the purchaser.

SEC. 5911. EXEMPTION AND OTHER PROVISIONS.

(a) FEDERAL POWER ACT EXEMPTION.—

(1) After the sales authorized by this part occur, Eklutna and Snettisham, including future modifications, shall continue to be exempt from the requirements of the Federal Power Act (16 U.S.C. 791a et seq.) as amended.

(2) The exemption provided by paragraph (1) does not affect the Memorandum of Agreement entered into among the State of Alaska, the Eklutna Purchasers, the Alaska Energy Authority, and Federal

fish and wildlife agencies regarding the protection, mitigation of, damages to, and enhancement of fish and wildlife, dated August 7, 1991, which remains in full force and effect.

(3) Nothing in this part or the Federal Power Act preempts the State of Alaska from carrying out the responsibilities and authorities of the Memorandum of Agreement.

(b) JUDICIAL REVIEW.—

(1) The United States District Court for the District of Alaska shall have jurisdiction to review decisions made under the Memorandum of Agreement and to enforce the provisions of the Memorandum of Agreement, including the remedy of specific performance.

(2) An action seeking review of a Fish and Wildlife Program ("Program") of the Governor of Alaska under the Memorandum of Agreement or challenging actions of any of the parties to the Memorandum of Agreement prior to the adoption of the Program shall be brought not later than ninety days after the date on which the Program is adopted by the Governor of Alaska, or be barred.

(3) An action seeking review of implementation of the Program shall be brought not later than ninety

days after the challenged act implementing the Program, or be barred.

(c) TRANSFER OF EKLUTNA.—With respect to Eklutna lands described in Exhibit A of the Eklutna Purchase Agreement:

(1) The Secretary of the Interior shall issue rights-of-way to the Alaska Power Administration for subsequent reassignment to the Eklutna Purchasers—

(A) at no cost to the Eklutna Purchasers;

(B) to remain effective for a period equal to the life of Eklutna as extended by improvements, repairs, renewals, or replacements; and

(C) sufficient for the operation of, maintenance of, repair to, and replacement of, and access to, Eklutna facilities located on military lands and lands managed by the Bureau of Land Management, including lands selected by the State of Alaska.

(2) If the Eklutna Purchasers subsequently sell or transfer Eklutna to private ownership, the Bureau of Land Management may assess reasonable and customary fees for continued use of the rights-of-way on lands managed by the Bureau of Land Management and military lands in accordance with existing law.

(3) Fee title to lands at Anchorage Substation shall be transferred to Eklutna Purchasers at no additional cost if the Secretary of the Interior determines that pending claims to, and selections of, those lands are invalid or relinquished.

(4) With respect to the Eklutna lands identified in paragraph 1 of Exhibit A of the Eklutna Purchase Agreement, the State of Alaska may select, and the Secretary of the Interior shall convey to the State, improved lands under the selection entitlements in section 6 of the Act of July 7, 1958 (commonly referred to as the Alaska Statehood Act, Public Law 85–508, 72 Stat. 339, as amended), and the North Anchorage Land Agreement dated January 31, 1983. This conveyance shall be subject to the rights-of-way provided to the Eklutna Purchasers under paragraph (1).

(d) TRANSFER OF SNETTISHAM.—With respect to the Snettisham lands identified in paragraph 1 of Exhibit A of the Snettisham Purchase Agreement and Public Land Order No. 5108, the State of Alaska may select, and the Secretary of the Interior shall convey to the State of Alaska, improved lands under the selection entitlements in section 6 of the Act of July 7, 1958 (commonly referred to as the Alaska Statehood Act, Public Law 85–508, 72 Stat. 339, as amended).

(e) APA TERMINATION.—Not later than one year after both of the sales authorized in section 102 have occurred, as measured by the Transaction Dates stipulated in the Purchase Agreements, the Secretary of Energy shall—

(1) complete the business of, and close out, the Alaska Power Administration;

(2) submit to Congress a report documenting the sales; and

(3) return unobligated balances of funds appropriated for the Alaska Power Administration to the Treasury of the United States.

(f) REPEAL.—The Act of July 31, 1950 (64 Stat. 382) is repealed effective on the date, as determined by the Secretary of Energy, that all Eklutna assets have been conveyed to the Eklutna Purchasers.

(g) REPEAL.—Section 204 of the Flood Control Act of 1962 (76 Stat. 1193) is repealed effective on the date, as determined by the Secretary of Energy, that all Snettisham assets have been conveyed to the State of Alaska.

(h) CONFORMITY CHANGES TO THE DEPARTMENT OF ENERGY ORGANIZATION ACT.—As of the later of the two dates determined in subsections (f) and(g), section 302(a) of the Department of Energy Organization Act (42 U.S.C. 7152(a)) is amended—

(1) in paragraph (1)—

(A) by striking subparagraph (C); and

(B) by redesignating subparagraphs (D), (E), and (F) as subparagraphs (C), (D), and (E) respectively; and

(2) in paragraph (2) by striking out "and the Alaska Power Administration" and by inserting "and" after "Southwestern Power Administration,".

(i) REPEAL.—The Act of August 9, 1955, concerning water resources investigation in Alaska (69 Stat. 618), is repealed.

(j) ASSET DISPOSAL.—The sales of Eklutna and Snettisham under this part are not considered disposal of Federal surplus property under the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 484) or the Act of October 3, 1944, popularly referred to as the "Surplus Property Act of 1944" (50 U.S.C. App. 1622).

(k) For purposes of section 147(d) of the Internal Revenue Code, "1st use" of Snettisham shall be considered to occur upon acquisition of the property by or on behalf of the State of Alaska.

Subtitle K—Radio and Television Communication Site Fees

SEC. 5920. RADIO AND TELEVISION COMMUNICATION SITE FEES.

(a) ADDITIONAL USERS OF COMMUNICATION SITES.—(1) If the radio or television communications site user is permitted under the terms of its site use authorization from the Bureau of Land Management or the Forest Service to grant access to the site to additional users, then the radio or television communications site user shall pay annually to the Bureau of Land Management or the Forest Service an amount equal to 25 percent of the gross income it receives from each such additional user during that year.

(2) Authorizations to radio and television communications site users shall require such site users to provide the Bureau of Land Management or the Forest Service with a certified list which identifies all additional users of such sites and all gross revenues received from such additional users. The Bureau of Land Management and the Forest Service shall not require any additional user of a radio or television communications site to obtain a separate authorization to use such a site.

(b) REGULATIONS.—(1) The Secretaries shall prescribe appropriate rules and regulations to carry out the provisions of this section.

(2) Ten years after the date of enactment of this section, the Secretaries shall establish a broad-based advisory group, including representatives from the radio and television broadcast industry, to review the schedule of charges and other acceptable criteria for determining fair market value for radio and television communications site users. The advisory group shall report its findings to the Congress no later than 1 year after it is established.

(c) INITIAL SCHEDULE OF CHARGES.—(1) Until modified pursuant to subsection (b) of this section, the schedule of charges for television communications site users which the Secretaries shall prescribe pursuant to subsection (a) of this section shall be as listed in exhibit 3, (television rental fee schedule) in the report of the radio and television broadcast use fee advisory committee dated December 1992.

(2) Until modified pursuant to subsection (b) of this section, the schedule of charges for radio communications site users which the Secretaries shall prescribe pursuant to subsection (a) of this section shall be as listed in exhibit 4, (radio rental fee schedule) in the report of the radio and television broadcast use fee advisory committee dated December 1992.

(d) ADVISORY GROUP.—(1) The Secretaries are directed to jointly establish a broad-based advisory group comprised of representatives from the non-broadcast com-

munications industry (users of both private and public communication sites) and the two agencies to review recommendations on acceptable criteria for determining fair market values and next best alternative use.

(2) The advisory group shall review the methodology used in any previous studies and reach concurrence on such methodology.

(3) The advisory group shall also assess the validity of the results of such studies, taking into account all reasonable options for the establishment of fair market values and next best alternative use.

(4) The advisory group shall report its findings to the Committee on Energy and Natural Resources of the United States Senate and the Committee on Natural Resources of the United States House of Representatives within one year after the enactment of this Act.

Subtitle L—Amendments to Outer Continental Shelf Lands Act

SEC. 5930. AMENDMENTS TO THE OUTER CONTINENTAL SHELF LANDS ACT.

Section 8(a) of the Outer Continental Shelf Lands Act, (43 U.S.C. 1337(a)(3)), is amended by striking paragraph (3) in its entirety and inserting the following:

"(3)(A) The Secretary may through primary, secondary, or tertiary recovery means, reduce or

eliminate any royalty or net profit share set forth in the lease(s). With the lessee's consent, the Secretary may make other modifications to the royalty or net profit share terms of the lease in order to—

"(i) promote development or increased production on producing or non-producing leases; or

"(ii) encourage production of marginal resources on producing or non-producing leases;

"(B)(i) Notwithstanding any other provision of this Act, with respect to any lease or unit in existence on the date of enactment of the Outer Continental Shelf Deep Water Royalty Relief Act meeting the requirements of this subparagraph, no royalty payments shall be due on new production, as defined in clause (iv) of this subparagraph, from any lease or unit located in water depths of 200 meters or greater in the Western and Central Planning Areas of the Gulf of Mexico, including that portion of the Eastern Planning Area of the Gulf of Mexico encompassing whole lease blocks lying west of 87 degrees, 30 minutes West longitude, until such volume of production as determined pursuant to clause (ii) has been produced by the lessee.

"(ii) Upon submission of a complete application by the lessee, the Secretary shall determine within 180

days of such application whether new production from such lease or unit would be economic in the absence of the relief from the requirement to pay royalties provided for by clause (i) of this subparagraph. In making such determination, the Secretary shall consider the increased technological and financial risk of deep water development and all costs associated with exploring, developing, and producing from the lease. The lessee shall provide information required for a complete application to the Secretary prior to such determination. The Secretary shall clearly define the information required for a complete application under this section. Such application may be made on the basis of an individual lease or unit. If the Secretary determines that such new production would be economic in the absence of the relief from the requirement to pay royalties provided for by clause (i) of this subparagraph, the provisions of clause (i) shall not apply to such production. If the Secretary determines that such new production would not be economic in the absence of the relief from the requirement to pay royalties provided for by clause (i), the Secretary must determine the volume of production from the lease or unit on which no royalties would be due in order to make such new production economi-

cally viable; except that for new production as defined in clause (iv)(aa), in no case will that volume be less than 17.5 million barrels of oil equivalent in water depths of 200 to 400 meters, 52.5 million barrels of oil equivalent in 400–800 meters of water, and 87.5 million barrels of oil equivalent in water depths greater than 800 meters. Redetermination of the applicability of clause (i) shall be undertaken by the Secretary when requested by the lessee prior to the commencement of the new production and upon significant change in the factors upon which the original determination was made. The Secretary shall make such redetermination within 120 days of submission of a complete application. The Secretary may extend the time period for making any determination or redetermination under this clause for 30 days, or longer if agreed to by the applicant, if circumstances so warrant. The lessee shall be notified in writing of any determination or redetermination and the reasons for and assumptions used for such determination. Any determination or redetermination under this clause shall be a final agency action. The Secretary's determination or redetermination shall be judicially reviewable under section 10 (a) of the Administrative Procedures Act, 5 U.S.C. Sec. 702, only for actions

filed within 30 days of the Secretary's determination or redetermination.

"(iii) In the event that the Secretary fails to make the determination or redetermination called for in clause (ii) upon application by the lessee within the time period, together with any extension thereof, provided for by clause (ii), no royalty payments shall be due on new production as follows:

"(I) For new production, as defined in clause (iv)(aa) of this subparagraph, no royalty shall be due on such production according to the schedule of minimum volumes specified in clause (ii) of this subparagraph.

"(II) For new production, as defined in clause (iv)(bb) of this subparagraph, no royalty shall be due on such production for one year following the start of such production.

"(iv) For purposes of this subparagraph, the term 'new production' is—

"(I) any production from a lease from which no royalties are due on production, other than test production, prior to the date of enactment of the Outer Continental Shelf Deep Water Royalty Relief Act; or

"(II) any production resulting from lease development activities pursuant to a Development Operations Coordination Document, or supplement thereto that would expand production significantly beyond the level anticipated in the Development Operations Coordination Document, approved by the Secretary after the date of enactment of the Outer Continental Shelf Deep Water Royalty Relief Act.

"(v) During the production of volumes determined pursuant to clause (ii) or (iii) of this subparagraph, in any year during which the arithmetic average of the closing prices on the New York Mercantile Exchange for Light Sweet crude oil exceeds $28.00 per barrel, any production of oil will be subject to royalties at the lease stipulated royalty rate. Any production subject to this clause shall be counted toward the production volume determined pursuant to clause (ii) or (iii). Estimated royalty payments will be made if such average of the closing prices for the previous year exceeds $28.00. After the end of the calendar year, when the new average price can be calculated, lessees will pay any royalties due, with interest but without penalty, or can apply for a refund, with interest, of any overpayment.

"(vi) During the production of volumes determined pursuant to clause (ii) or (iii) of this subparagraph, in any year during which the arithmetic average of the closing prices on the New York Mercantile Exchange for natural gas exceeds $3.50 per million British thermal units, any production of natural gas will be subject to royalties at the lease stipulated royalty rate. Any production subject to this clause shall be counted toward the production volume determined pursuant to clauses (ii) or (iii). Estimated royalty payments will be made if such average of the closing prices for the previous year exceeds $3.50. After the end of the calendar year, when the new average price can be calculated, lessees will pay any royalties due, with interest but without penalty, or can apply for a refund, with interest, of any overpayment.

"(vii) The prices referred to in clauses (v) and (vi) of this subparagraph shall be changed during any calendar year after 1994 by the percentage, if any, by which the implicit price deflator for the gross domestic product changed during the preceding calendar year.".

SEC. 5931. NEW LEASES.

(a) AMENDMENTS.—Section 8(a)(1) of the Outer Continental Shelf Lands Act (43 U.S.C. 1337(a)(1)) is amended as follows:

(1) Redesignate section 8(a)(1)(H) as section 8(a)(1)(I);

(2) Add a new section 8(a)(1)(H) as follows:

"(H) cash bonus bid with royalty at no less than 12 and 1/2 per centum fixed by the Secretary in amount or value of production saved, removed, or sold, and with suspension of royalties for a period, volume, or value of production determined by the Secretary. Such suspensions may vary based on the price of production from the lease.".

(b) PRODUCTION.—For all tracts located in water depths of 200 meters or greater in the Western and Central Planning Ares of the Gulf of Mexico, including that portion of the Eastern Planning Area of the Gulf of Mexico encompassing whole lease blocks lying west of 87 degrees, 30 minutes West longitude, any lease sale within seven years of the date of enactment of this Act, shall use the bidding system authorized in section 8(a)(1)(H) of the Outer Continental Shelf Lands Act, as amended by this Act, except that the suspension of royalties shall be set at a volume of not less than the following:

(1) 17.5 million barrels of oil equivalent for leases in water depths of 200 to 400 meters;

(2) 52.5 million barrels of oil equivalent for leases in 400 to 800 meters of water; and

(3) 87.5 million barrels of oil equivalent for leases in water depths greater than 800 meters.

SEC. 5932. REGULATIONS.

The Secretary shall promulgate such rules and regulations as are necessary to implement the provisions of this Act within 180 days after the enactment of this Act.

TITLE VI—COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

SEC. 6001. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This title may be cited as the "Public Works Reconciliation Act of 1995".

(b) TABLE OF CONTENTS.—The table of contents of this title is as follows:

Sec. 6001. Short title; table of contents.
Sec. 6002. Highway demonstration projects.
Sec. 6003. Technical correction concerning minimum allocation.
Sec. 6004. Nuclear Regulatory Commission annual charges.
Sec. 6005. Radiological emergency preparedness fees.

SEC. 6002. HIGHWAY DEMONSTRATION PROJECTS.

(a) PROJECTS AUTHORIZED FOR FISCAL YEARS 1996 AND 1997.—

(1) REDUCTIONS.—Subject to paragraph (2), notwithstanding any other law, for each of fiscal

years 1996 and 1997 and with respect to each State, the total of the amounts authorized, allocated, or unallocated to the State for highway demonstration projects under sections 1103 through 1108 of the Intermodal Surface Transportation Efficiency Act of 1991 (Public Law 102–240; 105 Stat. 2027) shall be reduced by 15 percent.

(2) ORDER OF REDUCTIONS.—For fiscal year 1996, the reductions required by paragraph (1) shall be made after any reduction required for the fiscal year under section 1003(c) of the Act (Public Law 102–240; 105 Stat. 1921).

(b) PROJECTS PREVIOUSLY AUTHORIZED UNDER CERTAIN TRANSPORTATION LAWS.—

(1) REDUCTIONS.—Subject to paragraph (2), notwithstanding any other law, with respect to each State, the total unobligated balance as of September 30, 1995, of the amounts authorized, allocated, unallocated, or otherwise provided to the State for highway demonstration projects under all of the following laws shall be reduced by 15 percent:

(A) For each of fiscal years 1992 through 1995, sections 1103 through 1108 of the Intermodal Surface Transportation Efficiency Act of 1991 (Public Law 102–240; 105 Stat. 2027).

(B) Section 149 of the Surface Transportation and Uniform Relocation Assistance Act of 1987 (Public Law 100–17; 101 Stat. 181).

(C) Section 131 of the Surface Transportation Assistance Act of 1982 (Public Law 97–424; 96 Stat. 2119).

(2) EFFECT ON OTHER REDUCTIONS.—A reduction under paragraph (1) made with respect to a law described in paragraph (1)(A) shall not affect any reduction required for a fiscal year under section 1003(c) of the Intermodal Surface Transportation Efficiency Act of 1991 (Public Law 102–240; 105 Stat. 1921).

SEC. 6003. TECHNICAL CORRECTION CONCERNING MINIMUM ALLOCATION.

(a) FINDINGS.—Congress finds that—

(1) under the amendments made by section 1013(a) of the Intermodal Surface Transportation Efficiency Act of 1991 (Public Law 102–240; 105 Stat. 1940), each State receives back from the Federal-aid highway program not less than 90 percent of the State's percentage of all contributions to the Highway Account of the Highway Trust Fund established by section 9503 of the Internal Revenue Code of 1986;

(2) for fiscal year 1995, the amount apportioned under section 157(a)(4) of title 23, United States Code, was $1,427,000,000;

(3) in fiscal year 1996, the Interstate construction program under the title will be terminated and replaced with a new reimbursement program; and

(4) as a result of the termination of the Interstate construction program, the number of States receiving funds under section 157(a)(4) of the title for fiscal year 1996 may decrease and the amount of funds some States will require will decrease, and, therefore, the amount of funds necessary to ensure that each State receives not less than 90 percent will be reduced from $1,427,000,000 to an estimated $565,000,000.

(b) CORRECTION.—

(1) IN GENERAL.—With respect to the first fiscal year beginning after September 30, 1995—

(A) the Secretary of Transportation shall determine, in accordance with the policies established by the Intermodal Surface Transportation Efficiency Act of 1991 (Public Law 102–240; 105 Stat. 1914)—

(i) which of the States will no longer require an apportionment under section

157(a)(4) of title 23, United States Code; and

(ii) which of the States will require decreased funding under section 157(a)(4) of the title;

as a result of the termination of the Interstate construction program; and

(B) as a result of the reduced number of States that may require an apportionment under section 157(a)(4) of the title, and the decrease in the amount of funds some States will require under section 157(a)(4) of the title, the amount apportioned under section 157(a)(4) of the title shall be reduced from the amount apportioned for fiscal year 1995 by 60.4 percent.

(2) EFFECT ON CERTAIN CALCULATIONS.—The correction made by paragraph (1) shall not be taken into account in making the calculations required under sections 1003(c), 1013(c), and 1015 of the Intermodal Surface Transportation Efficiency Act of 1991 (Public Law 102–240; 105 Stat. 1921, 1940, and 1943).

SEC. 6004. NUCLEAR REGULATORY COMMISSION ANNUAL CHARGES.

Section 6101(a)(3) of the Omnibus Budget Reconciliation Act of 1990 (42 U.S.C. 2214(a)(3)) is amended by striking "September 30, 1998" and inserting "September 30, 2005".

SEC. 6005. RADIOLOGICAL EMERGENCY PREPAREDNESS FEES.

The first paragraph of the matter under the heading "ADMINISTRATIVE PROVISIONS" under the heading "FEDERAL EMERGENCY MANAGEMENT AGENCY" in title III of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1995 (Public Law 103–327; 108 Stat. 2325), is amended—

(1) in the first and second sentences, by striking "fiscal year 1995" each place it appears and inserting "each of fiscal years 1995 through 2005"; and

(2) in the last sentence, by striking "only authorized during fiscal year 1995" and inserting "authorized only during fiscal years 1995 through 2005".

TITLE VII—COMMITTEE ON FINANCE—SPENDING CONTROL PROVISIONS

SEC. 7000. REFERENCES; TABLE OF CONTENTS.

(a) AMENDMENTS TO SOCIAL SECURITY ACT.—Except as otherwise specifically provided, whenever in subtitles A through G of this title an amendment is expressed in terms of an amendment to or repeal of a section or other provision, the reference shall be considered to be made to that section or other provision of the Social Security Act.

(b) REFERENCES TO OBRA.—In this title, the terms "OBRA–1986", "OBRA–1987", "OBRA–1990", and "OBRA–1993" refer to the Omnibus Budget Reconciliation Act of 1986 (Public Law 99–509), the Omnibus Budget Reconciliation Act of 1987 (Public Law 100–203), the Omnibus Budget Reconciliation Act of 1989 (Public Law 101–239), the Omnibus Budget Reconciliation Act of 1990 (Public Law 101–508), and the Omnibus Budget Reconciliation Act of 1993 (Public Law 103–66), respectively.

(c) TABLE OF CONTENTS OF SUBTITLES A THROUGH J.—The table of contents of subtitles A through J of this title is as follows:

TITLE VII—COMMITTEE ON FINANCE—SPENDING CONTROL PROVISIONS

Sec. 7000. References; table of contents.

Subtitle A—Medicare

Chapter 1—Medicare Choice Plans

subchapter a—establishment of medicare choice plans

Sec. 7001. Medicare choice plans.
Sec. 7002. Treatment of 1876 organizations.
Sec. 7003. Special rule for calculation of payment rates for 1996.

subchapter b—tax provisions relating to medicare choice plans

Sec. 7006. Medicare Choice Accounts.
Sec. 7007. Certain rebates included in gross income.

Chapter 2—Provisions Relating to Part A

subchapter a—general provisions relating to part a

Sec. 7011. PPS hospital payment update.
Sec. 7012. PPS-exempt hospital payments.
Sec. 7013. Capital payments for PPS hospitals.
Sec. 7014. Disproportionate share hospital payments.
Sec. 7015. Indirect medical education payments.
Sec. 7016. Graduate medical education and disproportionate share payment adjustments for medicare choice.
Sec. 7017. Payments for hospice services.
Sec. 7018. Extending medicare coverage of, and application of hospital insurance tax to, all State and local government employees.
Sec. 7019. Nurse aide training in skilled nursing facilities subject to extended survey and certain other conditions.

subchapter b—payments to skilled nursing facilities

Part I—Prospective Payment System

Sec. 7025. Prospective payment system for skilled nursing facilities.

Part II—Interim Payment System

Sec. 7031. Payments for routine service costs.
Sec. 7032. Cost-effective management of covered non-routine services.
Sec. 7033. Payments for routine service costs.
Sec. 7034. Reductions in payment for capital-related costs.
Sec. 7035. Treatment of items and services paid for under part B.
Sec. 7036. Medical review process.
Sec. 7037. Revised salary equivalence limits.
Sec. 7038. Report by Prospective Payment Assessment Commission.
Sec. 7039. Effective date.

Chapter 3—Provisions Relating to Part B

Sec. 7041. Payments for physicians' services.
Sec. 7042. Elimination of formula-driven overpayments for certain outpatient hospital services.
Sec. 7043. Payment for clinical laboratory diagnostic services.
Sec. 7044. Durable medical equipment.
Sec. 7045. Updates for orthotics and prosthetics.
Sec. 7046. Payments for capital-related costs of outpatient hospital services.

Sec. 7047. Payments for non-capital costs of outpatient hospital services.
Sec. 7048. Updates for ambulatory surgical services.
Sec. 7049. Payment for ambulance services.
Sec. 7050. Physician supervision of nurse anesthetists.
Sec. 7051. Part B deductible.
Sec. 7052. Part B premium.
Sec. 7053. Increase in medicare part B premium for high income individuals.

Chapter 4—Provisions Relating to Parts A and B

SUBCHAPTER A—GENERAL PROVISIONS RELATING TO PARTS A AND B

Sec. 7055. Secondary payor provisions.
Sec. 7056. Treatment of assisted suicide.
Sec. 7057. Administrative provisions.
Sec. 7058. Sense of Senate regarding coverage for treatment of breast and prostate cancer under medicare.

SUBCHAPTER B—PAYMENTS FOR HOME HEALTH SERVICES

Sec. 7061. Payment for home health services.
Sec. 7062. Maintaining savings resulting from temporary freeze on payment increases for home health services.
Sec. 7063. Extension of waiver of presumption of lack of knowledge of exclusion from coverage for home health agencies.

Chapter 5—Rural Areas

Sec. 7071. Medicare-dependent, small, rural hospital payment extension.
Sec. 7072. Medicare rural hospital flexibility program.
Sec. 7073. Establishment of rural emergency access care hospitals.
Sec. 7074. Additional payments for physicians' services furnished in shortage areas.
Sec. 7075. Payments to physician assistants and nurse practitioners for services furnished in outpatient or home settings.
Sec. 7076. Demonstration projects to promote telemedicine.
Sec. 7077. PROPAC recommendations on urban medicare dependent hospitals.

Chapter 6—Health Care Fraud and Abuse Prevention

Sec. 7100. Short title.

SUBCHAPTER A—FRAUD AND ABUSE CONTROL PROGRAM

Sec. 7101. Fraud and abuse control program.
Sec. 7102. Application of certain health anti-fraud and abuse sanctions to fraud and abuse against Federal health programs.
Sec. 7103. Health care fraud and abuse guidance.

SUBCHAPTER B—REVISIONS TO CURRENT SANCTIONS FOR FRAUD AND ABUSE

Sec. 7111. Mandatory exclusion from participation in medicare and State health care programs.
Sec. 7112. Establishment of minimum period of exclusion for certain individuals and entities subject to permissive exclusion from medicare and State health care programs.
Sec. 7113. Permissive exclusion of individuals with ownership or control interest in sanctioned entities.

Sec. 7114. Sanctions against practitioners and persons for failure to comply with statutory obligations.
Sec. 7115. Intermediate sanctions for medicare health maintenance organizations.
Sec. 7116. Clarification of and additions to exceptions to anti-kickback penalties.
Sec. 7117. Effective date.

SUBCHAPTER C—ADMINISTRATIVE AND MISCELLANEOUS PROVISIONS

Sec. 7121. Establishment of the health care fraud and abuse data collection program.
Sec. 7122. Elimination of reasonable cost reimbursement for certain legal fees.

SUBCHAPTER D—CIVIL MONETARY PENALTIES

Sec. 7131. Social Security Act civil monetary penalties.

SUBCHAPTER E—AMENDMENTS TO CRIMINAL LAW

Sec. 7141. Health care fraud.
Sec. 7142. Forfeitures for Federal health care offenses.
Sec. 7143. Injunctive relief relating to Federal health care offenses.
Sec. 7144. Grand jury disclosure.
Sec. 7145. False statements.
Sec. 7146. Obstruction of criminal investigations of Federal health care offenses.
Sec. 7147. Theft or embezzlement.
Sec. 7148. Laundering of monetary instruments.
Sec. 7149. Authorized investigative demand procedures.

SUBCHAPTER F—STATE HEALTH CARE FRAUD CONTROL UNITS

Sec. 7151. State health care fraud control units.
Sec. 7152. Beneficiary incentive programs.

CHAPTER 7—OTHER PROVISIONS FOR TRUST FUND SOLVENCY

Sec. 7171. Nondischargeability of certain medicare debts.
Sec. 7172. Transfers of certain part B savings to hospital insurance trust fund.

Subtitle B—Transformation of the Medicaid Program

Sec. 7190. Short title.
Sec. 7191. Transformation of medicaid program.
Sec. 7192. Medicaid drug rebate program.
Sec. 7193. Waivers.
Sec. 7194. Children with special health care needs.
Sec. 7195. CBO reports.
Sec. 7196. Adjustments of pool amounts.
Sec. 7197. State review of mentally ill or retarded nursing facility residents upon change in physical or mental condition.
Sec. 7198. Nurse aide training in nursing facilities subject to extended survey and under certain other conditions.
Sec. 7199. Nurse aide training in nursing facilities subject to extended survey and under certain other conditions.

Subtitle C—Block Grants for Temporary Assistance for Needy Families

Sec. 7200. Short title.
Sec. 7201. Block grants to States.
Sec. 7202. Limitations on use of funds for certain purposes.

Sec. 7203. Census data on grandparents as primary caregivers for their grandchildren.
Sec. 7204. Study of effect of welfare reform on grandparents as primary caregivers.
Sec. 7205. Development of prototype of counterfeit-resistant social security card required.
Sec. 7206. Modifications to the job opportunities for certain low-income individuals program.
Sec. 7207. Demonstration projects for school utilization.
Sec. 7208. Corrective compliance plan.
Sec. 7209. Parental responsibility contracts.
Sec. 7210. Expenditure of Federal funds in accordance with laws and procedures applicable to expenditure of State funds.
Sec. 7211. Conforming amendments to the Social Security Act.
Sec. 7212. Conforming amendments to the Food Stamp Act of 1977 and related provisions.
Sec. 7213. Conforming amendments to other laws.
Sec. 7214. Secretarial submission of legislative proposal for technical and conforming amendments.
Sec. 7215. Effective date; transition rule.

Subtitle D—Supplemental Security Income

Chapter 1—Eligibility Restrictions

Sec. 7251. Denial of supplemental security income benefits by reason of disability to drug addicts and alcoholics.
Sec. 7252. Denial of SSI benefits for 10 years to individuals found to have fraudulently misrepresented residence in order to obtain benefits simultaneously in 2 or more States.
Sec. 7253. Denial of SSI benefits for fugitive felons and probation and parole violators.
Sec. 7254. Effective dates; application to current recipients.

Chapter 2—Benefits for Disabled Children

Sec. 7261. Definition and eligibility rules.
Sec. 7262. Eligibility redeterminations and continuing disability reviews.
Sec. 7263. Additional accountability requirements.

Chapter 3—Studies Regarding Supplemental Security Income Program

Sec. 7271. Annual report on the supplemental security income program.
Sec. 7272. Improvements to disability evaluation.
Sec. 7273. Study of disability determination process.
Sec. 7274. Study by General Accounting Office.

Chapter 4—National Commission on the Future of Disability

Sec. 7281. Establishment.
Sec. 7282. Duties of the Commission.
Sec. 7283. Membership.
Sec. 7284. Staff and support services.
Sec. 7285. Powers of Commission.
Sec. 7286. Reports.
Sec. 7287. Termination.

Subtitle E—Child Support

Chapter 1—Eligibility for Services; Distribution of Payments

Sec. 7301. State obligation to provide child support enforcement services.
Sec. 7302. Distribution of child support collections.
Sec. 7303. Rights to notification and hearings.
Sec. 7304. Privacy safeguards.

Chapter 2—Locate and Case Tracking

Sec. 7311. State case registry.
Sec. 7312. Collection and disbursement of support payments.
Sec. 7313. State directory of new hires.
Sec. 7314. Amendments concerning income withholding.
Sec. 7315. Locator information from interstate networks.
Sec. 7316. Expansion of the Federal parent locator service.
Sec. 7317. Collection and use of social security numbers for use in child support enforcement.

Chapter 3—Streamlining and Uniformity of Procedures

Sec. 7321. Adoption of uniform State laws.
Sec. 7322. Improvements to full faith and credit for child support orders.
Sec. 7323. Administrative enforcement in interstate cases.
Sec. 7324. Use of forms in interstate enforcement.
Sec. 7325. State laws providing expedited procedures.

Chapter 4—Paternity Establishment

Sec. 7331. State laws concerning paternity establishment.
Sec. 7332. Outreach for voluntary paternity establishment.
Sec. 7333. Cooperation by applicants for and recipients of temporary family assistance.

Chapter 5—Program Administration and Funding

Sec. 7341. Performance-based incentives and penalties.
Sec. 7342. Federal and State reviews and audits.
Sec. 7343. Required reporting procedures.
Sec. 7344. Automated data processing requirements.
Sec. 7345. Technical assistance.
Sec. 7346. Reports and data collection by the Secretary.

Chapter 6—Establishment and Modification of Support Orders

Sec. 7351. National Child Support Guidelines Commission.
Sec. 7352. Simplified process for review and adjustment of child support orders.
Sec. 7353. Furnishing consumer reports for certain purposes relating to child support.
Sec. 7354. Nonliability for depository institutions providing financial records to State child support enforcement agencies in child support cases.

Chapter 7—Enforcement of Support Orders

Sec. 7361. Internal Revenue Service collection of arrearages.
Sec. 7362. Authority to collect support from Federal employees.

Sec. 7363. Enforcement of child support obligations of members of the armed forces.
Sec. 7364. Voiding of fraudulent transfers.
Sec. 7365. Work requirement for persons owing child support.
Sec. 7366. Definition of support order.
Sec. 7367. Reporting arrearages to credit bureaus.
Sec. 7368. Liens.
Sec. 7369. State law authorizing suspension of licenses.
Sec. 7370. Denial of passports for nonpayment of child support.
Sec. 7371. International child support enforcement.
Sec. 7372. Denial of means-tested Federal benefits to noncustodial parents who are delinquent in paying child support.
Sec. 7373. Child support enforcement for Indian tribes.
Sec. 7374. Financial institution data matches.
Sec. 7375. Enforcement of orders against paternal grandparents in cases of minor parents.
Sec. 7376. Sense of the Senate regarding the inability of the non-custodial parent to pay child support.

Chapter 8—Medical Support

Sec. 7378. Technical correction to ERISA definition of medical child support order.
Sec. 7379. Enforcement of orders for health care coverage.

Chapter 9—Enhancing Responsibility and Opportunity for Nonresidential Parents

Sec. 7381. Grants to States for access and visitation programs.

Chapter 10—Effect of Enactment

Sec. 7391. Effective dates.

Subtitle F—Noncitizens

Sec. 7401. State option to prohibit assistance for certain aliens.
Sec. 7402. Deemed income requirement for Federal and federally funded programs.
Sec. 7403. Requirements for sponsor's affidavit of support.
Sec. 7404. Limited eligibility of noncitizens for SSI benefits.
Sec. 7405. Treatment of noncitizens.
Sec. 7406. Information reporting.
Sec. 7407. Prohibition on payment of Federal benefits to certain persons.

Subtitle G—Additional Provisions Relating To Welfare Reform

Chapter 1—Reductions in Federal Government Positions

Sec. 7411. Reductions.
Sec. 7412. Reducing personnel in Washington, D.C. area.

Chapter 2—Block Grant for Social Services.

Sec. 7421. Reduction in block grant for social services.
Sec. 7422. Establishing national goals to prevent teenage pregnancies.

CHAPTER 3—FOSTER CARE MAINTENANCE PAYMENTS PROGRAM

Sec. 7431. Limitation on growth of administrative expenses for foster care maintenance payments program.

CHAPTER 4—MISCELLANEOUS PROVISIONS

Sec. 7441. Exemption of battered individuals from certain requirements.
Sec. 7442. Sense of the Senate on legislative accountability for unfunded mandates in welfare reform legislation.
Sec. 7443. Sense of the Senate regarding enforcement of statutory rape laws.
Sec. 7444. Sanctioning for testing positive for controlled substances.
Sec. 7445. Fraud under means-tested welfare and public assistance programs.

Subtitle H—Reform of the Earned Income Tax Credit

Sec. 7460. Amendment of 1986 code.
Sec. 7461. Earned income credit denied to individuals not authorized to be employed in the United States.
Sec. 7462. Repeal of earned income credit for individuals without children.
Sec. 7463. Modification of earned income credit amount and phaseout.
Sec. 7464. Rules relating to denial of earned income credit on basis of disqualified income.
Sec. 7465. Modification of adjusted gross income definition for earned income credit.
Sec. 7466. Provisions to improve tax compliance.

Subtitle I—Increase in Public Debt Limit

Sec. 7471. Increase in public debt limit.

Subtitle A—Medicare

CHAPTER 1—MEDICARE CHOICE PLANS

Subchapter A—Establishment of Medicare Choice Plans

SEC. 7001. MEDICARE CHOICE PLANS.

(a) Title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) is amended by adding at the end the following new part:

"PART D—MEDICARE CHOICE PLANS

"SUBPART 1—DEFINITIONS

"Sec. 1895A. Definitions.

"SUBPART 2—ENTITLEMENT OF MEDICARE CHOICE ELIGIBLE INDIVIDUALS TO HEALTH CARE CHOICES

"Sec. 1895B. Entitlement to medicare choices.
"Sec. 1895C. Enrollment procedures.
"Sec. 1895D. Effect of enrollment.

"SUBPART 3—MEDICARE CHOICE PLAN REQUIREMENTS

"Sec. 1895G. Availability and enrollment.
"Sec. 1895H. Benefits provided to individuals.
"Sec. 1895I. Licensing and financial requirements.
"Sec. 1895J. Health plan standards.

"SUBPART 4—DETERMINATION OF MEDICARE PAYMENT AMOUNTS AND REBATES

"Sec. 1895M. Medicare payment amounts.
"Sec. 1895N. Premiums and rebates.
"Sec. 1895O. Payments to plan sponsors.

"SUBPART 5—CONTRACTUAL AUTHORITY; TEMPORARY CERTIFICATION; REGULATIONS

"Sec. 1895P. General permission to contract.
"Sec. 1895Q. Renewal and termination of contract.
"Sec. 1895R. Temporary certification process for coordinated care plans.
"Sec. 1895S. Regulations.

"Subpart 1—Definitions

"SEC. 1895A. DEFINITIONS.

"(a) MEDICARE CHOICE PLAN.—In this part—

"(1) IN GENERAL.—The term 'medicare choice plan' means an eligible health plan with respect to which there is a contract in effect under this part to provide health benefits coverage to medicare choice eligible individuals.

"(2) MEDICARE CHOICE PLAN SPONSOR.—The terms 'medicare choice plan sponsor' and 'plan sponsor' mean a public or private entity which establishes or maintains a medicare choice plan.

"(b) TERMS RELATING TO HEALTH PLANS.—In this part:

"(1) ELIGIBLE HEALTH PLAN.—

"(A) IN GENERAL.—The term 'eligible health plan' means a policy, contract, or plan which is capable of providing health benefits coverage of items and services provided under the traditional medicare program to medicare choice eligible individuals.

"(B) TYPES OF INSURANCE.—The term 'eligible health plan' shall include any of the following types of plans of health insurance:

"(i) INDEMNITY OR FEE-FOR-SERVICE PLANS.—Private indemnity plans that reimburse hospitals, physicians, and other providers on the basis of a privately determined fee schedule.

"(ii) COORDINATED CARE PLANS.—Private managed or coordinated care plans which provide health care services through an integrated network of providers, including—

"(I) qualified health maintenance organizations as defined in section 1310(d) of the Public Health Service Act; and

"(II) preferred provider organization plans, point of service plans, provider-sponsored network plans, or other coordinated care plans.

"(iii) OTHER HEALTH CARE PLANS.—Any other private plan for the delivery of health care items and services that is not described in clause (i), or (ii).

"(2) UNION OR ASSOCIATION PLAN.—

"(A) IN GENERAL.—The term 'union or association plan' means an eligible health plan with a union sponsor, a Taft-Hartley sponsor, or a qualified association sponsor that—

"(i) is organized for purposes other than to market a health plan;

"(ii) may not condition its membership on health status, health claims experience, receipt of health care, medical history, or lack of evidence of insurability of a potential member;

"(iii) may not exclude a member or spouse of a member from health plan coverage based on factors described in clause (ii);

"(iv) is a permanent entity which receives a substantial majority of its financial support from active members; and

"(v) may not be owned or controlled by an insurance company.

"(B) UNION SPONSOR.—The term 'union sponsor' means an employee organization that establishes or maintains an eligible health plan other than pursuant to a collective bargaining agreement.

"(C) TAFT-HARTLEY SPONSOR.—The term 'Taft-Hartley sponsor' means, with respect to a group health plan established or maintained by 2 or more employees or jointly by 1 or more employees and 1 or more employee organizations, the association, committee, joint board of trustees, or other similar group of representatives of parties who establish or maintain the plan.

"(D) QUALIFIED ASSOCIATION SPONSOR.—The term 'qualified association sponsor' means an association, religious fraternal organization, or other organization (which may be a trade, industry, or professional association, a chamber of commerce, or a public entity association) which establishes or maintains an eligible health plan.

"(E) TERMS.—In this paragraph, the terms 'employee', 'employee organization', and 'group health plan' have the meanings given such terms for purposes of part 6 of subtitle B of title I of the Employee Retirement Income Security Act of 1974.

"(c) OTHER DEFINITIONS.—In this part:

"(1) AREAS.—

"(A) MEDICARE PAYMENT AREA.—

"(i) IN GENERAL.—Except as provided in clause (ii), the term 'medicare payment area' means—

"(I) a metropolitan statistical area (whether or not such area is in a single State) or in the case of a consolidated metropolitan statistical area, each primary metropolitan statistical area within the consolidated area; or

"(II) one area within each State composed of all areas that do not fall within a metropolitan statistical area.

"(ii) GEOGRAPHIC ADJUSTMENT.—Upon request of a State, the Secretary may make a geographic adjustment to a medi-

care payment area otherwise determined under clause (i).

"(iii) AREAS.—In this subparagraph, the terms 'metropolitan statistical area', 'consolidated metropolitan statistical area', and 'primary metropolitan statistical area' mean any area designated as such by the Secretary of Commerce.

"(B) MEDICARE SERVICE AREA.—

"(i) IN GENERAL.—Except as provided in clause (ii), the term 'medicare service area' means a medicare payment area.

"(ii) GEOGRAPHIC ADJUSTMENT.—The Secretary may designate a medicare service area other than a medicare payment area for a medicare choice plan if the Secretary determines that such designation would not result in the enrollment of enrollees in the plan in such area which are substantially nonrepresentative, as determined in accordance with regulations of the Secretary, of the population in the medicare payment area.

"(2) MEDICARE CHOICE ELIGIBLE INDIVIDUAL.—

"(A) IN GENERAL.—The term 'medicare choice eligible individual' means an individual who is entitled to benefits under part A and enrolled under part B.

"(B) SPECIAL RULE FOR END-STAGE RENAL DISEASE.—Such term shall not include an individual medically determined to have end-stage renal disease, except that an individual who develops end-stage renal disease while enrolled in a medicare choice plan may continue to be enrolled in that plan. Not later than December 31, 1999, the Secretary shall submit to the Congress recommendations on expanding the definition of 'medicare choice eligible individual' to include individuals with end-stage renal disease and the enrollment of such individuals in medicare choice plans.

"(3) TRADITIONAL MEDICARE PROGRAM.—The term 'traditional medicare program' means the program of benefits available to individuals entitled to benefits under part A and enrolled under part B of this title, other than enrollment in a medicare choice plan under this part.

"Subpart 2—Entitlement of Medicare Choice Eligible Individuals to Health Care Choices

"SEC. 1895B. ENTITLEMENT TO MEDICARE CHOICES.

"Each medicare choice eligible individual is entitled to choose to receive health care items and services covered under parts A and B—

"(1) through the traditional medicare program; or

"(2) by receiving payments toward the individual's enrollment in a medicare choice plan under this part.

"SEC. 1895C. ENROLLMENT PROCEDURES.

"(a) IN GENERAL.—Except as provided in section 1895G(a)(2), each medicare choice eligible individual shall be entitled to enroll in any medicare choice plan with a medicare service area including the geographic area in which the individual resides during—

"(1) the annual open enrollment period described in section 1895G(b)(1); or

"(2) any other enrollment period described in section 1895G(b)(2) applicable to the individual.

"(b) METHOD OF ENROLLMENT AND DISENROLLMENT.—

"(1) NOTICE PROVIDED TO THE SECRETARY.—Each medicare choice eligible individual desiring to enroll or terminate enrollment in a medicare choice

plan shall provide the Secretary with notice of such enrollment or disenrollment during any enrollment period applicable to the individual. The Secretary shall, to the extent feasible, provide for the receipt of such notice by telephone, through the mail, and in person at local social security offices.

"(2) INFORMATION FORWARDED TO THE PLAN.—The Secretary shall promptly provide each medicare choice plan with notice of an individual's enrollment or disenrollment with the plan.

"(c) NOTICES TO INDIVIDUALS TO ASSIST IN ENROLLMENT.—

"(1) OPEN SEASON NOTIFICATION.—

"(A) MAILING OF NOTICE.—By September 30 of each year beginning after 1995, the Secretary shall mail a notice of eligibility to each medicare choice eligible individual and each individual entitled to benefits under part A prior to the end of the annual open enrollment period described in section 1895G(b)(1).

"(B) NOTICE DESCRIBED.—The notice described in subparagraph (A) shall include an informational brochure that includes the information described in this section, and any other in-

formation that the Secretary determines will assist the individual's enrollment decision.

"(2) NOTIFICATION TO NEWLY MEDICARE CHOICE ELIGIBLE INDIVIDUALS.—With respect to an individual who becomes eligible to enroll in a medicare choice plan during the period described in section 1895G(b)(2)(A) and to whom paragraph (1) does not apply, the Secretary shall, not later than 2 months before the date on which the individual becomes eligible, mail to the individual the notice of eligibility described in paragraph (1).

"(d) SECRETARY'S MATERIALS; CONTENTS.—The notice and informational materials mailed by the Secretary under subsection (c) shall be written and formatted in the most easily understandable manner possible, and shall include, at a minimum, the following:

"(1) GENERAL INFORMATION.—General information with respect to coverage under this part during the next calendar year, including—

"(A) the part B premium rates that will be charged for part B coverage,

"(B) the deductible, copayment, and coinsurance amounts for coverage under the traditional medicare program,

"(C) a description of the coverage under the traditional medicare program and any changes in coverage under the program from the prior year,

"(D) a description of the individual's medicare payment area, and the standardized medicare payment amount available with respect to such individual,

"(E) information and instructions on how to enroll in a medicare choice plan,

"(F) the right of each medicare choice plan sponsor by law to terminate or refuse to renew its contract and the effect the termination or nonrenewal of its contract may have on individuals enrolled with the medicare choice plan under this part, and

"(G) to the extent available, quality indicators for the traditional medicare program and each medicare choice plan, including—

"(i) disenrollment rates for medicare enrollees for the previous 2 years (excluding disenrollment due to death or moving outside the plan's medicare service area), and

"(ii) information on medicare enrollee satisfaction and health outcomes.

"(2) PLAN-SPECIFIC INFORMATION.—Information for the next calendar year for each medicare choice plan in the individual's medicare payment area, including—

"(A) the plan's medicare service area,

"(B) the enrollee's rights to benefits under the plan, including—

"(i) covered items and services,

"(ii) deductible, coinsurance, and copayment amounts, and

"(iii) the enrollee's liability for payment amounts billed in excess of the plan's fee schedule,

"(C) the extent to which enrollees may select the providers of their choice (from within or outside the plan's network of providers if applicable) and the restrictions (if any) on the plan's payment for services furnished to the enrollees by other than the plan's participating providers,

"(D) out-of-area coverage provided by the plan,

"(E) coverage of emergency services and urgently needed care,

"(F) appeal rights of enrollees, including the right to address grievances to the Secretary or the applicable external review entity,

"(G) whether the plan is out-of-compliance with any requirements of this part (as determined by the Secretary),

"(H) the plan's premium price submitted under section 1895N(a)(1) and an indication of the difference between such premium price and the standardized medicare payment amount, and

"(I) optional supplemental coverage available from the plan, including—

"(i) the supplemental items and services covered, and

"(ii) the premium price for the optional supplemental benefits.

"(e) ASSISTANCE.—

"(1) AGREEMENTS WITH COMMISSIONER OF SOCIAL SECURITY.—In order to promote the efficient administration of this section and this part, the Secretary may enter into an agreement with the Commissioner of Social Security under which the Commissioner performs administrative responsibilities relating to enrollment and disenrollment under this section.

"(2) USE OF NON-FEDERAL ENTITIES.—The Secretary shall, to the maximum extent feasible, enter into contracts with appropriate non-Federal entities to carry out activities under subsection (d).

"(3) PLANS.—Each medicare choice plan sponsor shall provide such information as the Secretary requests with respect to a medicare choice plan in order to carry out activities under subsection (d).

"SEC. 1895D. EFFECT OF ENROLLMENT.

"(a) PREMIUM DIFFERENTIALS.—If a medicare choice eligible individual enrolls in a medicare choice plan, the individual—

"(1) shall receive a rebate in the amount determined under section 1895N(b) if the plan's premium is less than the standardized medicare payment amount; and

"(2) shall be required to pay the plan's premium in excess of the standardized medicare payment amount.

"(b) PERIOD OF ENROLLMENT.—

"(1) ANNUAL ENROLLMENT PERIOD.—An individual enrolling in a medicare choice plan during the annual open enrollment period under section 1895G(b)(1) shall be enrolled in the plan for the calendar year following the open enrollment period.

"(2) SPECIAL ENROLLMENT PERIODS.—An individual enrolling in a plan under section 1895G(b)(2) shall be enrolled in the plan for the portion of the calender year on and after the date on which the enrollment becomes effective (as specified by the Secretary).

"(3) TERMINATIONS.—

"(A) IN GENERAL.—Except as otherwise provided in this subsection, an individual may not terminate enrollment in a medicare choice plan before the next annual open enrollment period applicable to the individual.

"(B) QUALIFYING EVENTS.—Notwithstanding subparagraph (A), an individual may terminate enrollment in a medicare choice plan if—

"(i) the individual moves to a new medicare service area, or

"(ii) the individual has experienced a qualifying event (as determined by the Secretary).

"(C) FOR CAUSE.—Notwithstanding subparagraph (A), an individual may terminate enrollment in a medicare choice plan if the plan fails to meet quality or capacity standards or for other cause as determined by the Secretary.

"(D) TERMINATION AFTER INITIAL ENROLLMENT.—An individual may terminate enrollment in a medicare choice plan within 90 days of the individual's initial enrollment in such medicare choice plan and enroll in another medicare choice plan or the traditional medicare program.

"(4) SEAMLESS ENROLLMENT.—If a medicare choice eligible individual is enrolled in a medicare choice plan under this part and such individual fails to provide the Secretary with notice of the individual's enrollment or disenrollment under section 1895C(b)(1) during any open enrollment period applicable to the individual, the individual shall be deemed to have reenrolled in the plan.

"(5) SPECIAL RULES FOR HIGH DEDUCTIBLE PLANS.—In the case of a high deductible plan described in section 1895A(b)(1)(B)(iii) operated in connection with a medicare choice account, an individual may not terminate enrollment in the plan (other than under paragraph (3) (B), (C), or (D)) without at least 12 months notice given during the annual open enrollment period under section 1895G(b)(1).

"(6) SPECIAL RULES FOR UNION, TAFT-HARTLEY, OR ASSOCIATION PLANS.—The Secretary shall establish special enrollment rules for the enrollment of individuals in medicare choice plans that are union or association-sponsored health plans described in section 1895A(b)(2).

"(c) SOLE PAYMENTS.—Subject to subsections (d)(2) and (e) of section 1895H, payments under a contract to a medicare choice plan under section 1895O and for rebates under section 1895N(b) shall be instead of the amounts which (in the absence of the contract) would be otherwise payable under the traditional medicare program for items or services furnished to individuals enrolled with the plan under this section.

"Subpart 3—Medicare Choice Plan Requirements

"SEC. 1895G. AVAILABILITY AND ENROLLMENT.

"(a) GENERAL AVAILABILITY.—

"(1) IN GENERAL.—Except as provided in paragraph (2), each medicare choice plan sponsor shall provide that each medicare choice eligible individual shall be eligible to enroll under this part in a medicare choice plan of the sponsor during an enrollment period applicable to such individual if the plan's medicare service area includes the geographic area in which the individual resides.

"(2) EXCEPTIONS.—

"(A) ACCEPTANCE TO LIMITS OF CAPACITY.—Each medicare choice plan sponsor shall provide that, at any time during which enrollments are accepted, the plan sponsor will accept medicare choice eligible individuals in the order in which they apply for enrollment up to the limits of the medicare choice plan's capacity (as determined by the Secretary) and without restrictions, except as may be authorized in regulations. The preceding sentence shall not apply if it would result in the enrollment of enrollees substantially nonrepresentative, as determined in accordance with regulations of the Secretary, of the medicare population in the medicare service area of the plan.

"(B) UNION, TAFT-HARTLEY, OR ASSOCIATION HEALTH PLAN.—A medicare choice plan sponsor of a union or association plan described in section 1895A(b)(2) shall limit its enrollment to members of the sponsoring group who are entitled to all rights and privileges of any other members of the group and spouses of such members. An association plan which is sponsored by a religious fraternal benefit society may limit

membership to individuals who share the same religious convictions as the society.

"(3) POINT-OF-SERVICE COVERAGE.—If a Medicare Choice sponsor offers a Medicare Choice plan that limits benefits to items and services furnished only by providers in a network of providers which have entered into a contract with the sponsor, the sponsor must also offer at the time of enrollment, a Medicare Choice plan that permits payment to be made under the plan for covered items and services when obtained out-of-network by the individual.

"(b) ENROLLMENT PERIODS.—

"(1) ANNUAL OPEN ENROLLMENT PERIOD.—Each medicare choice plan sponsor shall offer an annual open enrollment period in November of each year for the enrollment and termination of enrollment of medicare choice eligible individuals for the next year.

"(2) ADDITIONAL PERIODS.—Each medicare choice plan sponsor shall accept the enrollment of an individual in the medicare choice plan—

"(A) during the initial medicare enrollment period specified by section 1837 that applies to the individual (effective as specified by section 1838), and

"(B) during the period specified by the Secretary following any termination of the enrollment of the individual in a medicare choice plan under subparagraph (B), (C), or (D) of section 1895D(b)(3).

"(c) PLAN PARTICIPATION IN ENROLLMENT PROCESS.—

"(1) IN GENERAL.—In addition to any informational materials distributed by the Secretary under section 1895C(c), a medicare choice plan sponsor may develop and distribute marketing materials and engage in marketing strategies in accordance with this subsection.

"(2) PLAN MARKETING AND ADVERTISING STANDARDS.—Any marketing material developed or distributed by a medicare choice plan sponsor and any marketing strategy developed by such plan sponsor—

"(A) shall accurately describe differences between health care coverage available under the plan and the health care coverage available under the traditional medicare program,

"(B) shall be pursued in a manner not intended to violate the nondiscrimination requirement of section 1895J(e)(1), and

"(C) shall not contain false or materially misleading information, and shall conform to any other fair marketing and advertising standards and requirements applicable to such plans under law.

"(3) PRIOR APPROVAL BY SECRETARY.—

"(A) IN GENERAL.—No marketing materials may be distributed by a medicare choice plan sponsor to (or for the use of) individuals eligible to enroll with the plan under this part unless—

"(i) at least 45 days before its distribution, the plan has submitted the material to the Secretary for review, and

"(ii) the Secretary has not disapproved the distribution of the material.

"(B) REVIEW.—The Secretary shall review all marketing materials submitted under guidelines established by the Secretary and shall disapprove such material if the Secretary determines, in the Secretary's discretion, that the material is materially inaccurate or misleading or otherwise makes a material misrepresentation.

"(C) DEEMED APPROVAL.—If marketing material has been submitted under subparagraph (A) to the Secretary or a regional office of the

Department of Health and Human Services and the Secretary or the office has not disapproved the distribution of the materials under subparagraph (B) with respect to an area, the Secretary is deemed not to have disapproved such distribution in all areas covered by the plan.

"SEC. 1895H. BENEFITS PROVIDED TO INDIVIDUALS.

"(a) BASIC BENEFITS.—Each medicare choice plan shall provide to members enrolled under this part, through providers and other persons that meet the applicable requirements of this title and part A of title XI—

"(1) those items and services covered under parts A and B of this title which are available to individuals residing in the medicare service area of the plan, and

"(2) additional health services as the Secretary may approve.

The Secretary shall approve any such additional health care services which the plan proposes to offer to such members, unless the Secretary determines that including such additional services will substantially discourage enrollment by medicare choice eligible individuals with the plan.

"(b) SUPPLEMENTAL BENEFITS.—Each medicare choice plan may offer optional supplemental benefits to each individual enrolled in the plan under this part for an addi-

tional premium amount. If the supplemental benefits are offered only to individuals enrolled in the sponsor's plan under this part, the additional premium amount shall be the same for all enrolled individuals in the medicare payment area. Such benefits may be marketed and sold by the medicare choice plan sponsor outside of the enrollment process described in section 1895D(b).

"(c) COST-SHARING.—

"(1) ENROLLEE COST-SHARING UNDER CHOICE PLAN MAY NOT EXCEED MEDICARE ENROLLEE COST.—Except as provided in paragraph (2), in no event may the average total amount of deductibles, coinsurance, and copayments charged an individual under a medicare choice plan with respect to basic benefits described in subsection (a)(1) for a year exceed the average total amount of deductibles, coinsurance, and copayments charged an individual under the traditional medicare program for a year.

"(2) HIGH DEDUCTIBLE PLANS.—Subparagraph (A) shall not apply to a high deductible plan described in section 1895A(b)(1)(B)(iii).

"(3) DETERMINATION ON OTHER BASIS.—If the Secretary determines that adequate data are not available to determine the average amount under paragraph (1), the Secretary may determine such

amount with respect to all individuals in the medicare payment area, the State, or in the United States, eligible to enroll in such plan under this part or on the basis of other appropriate data.

"(d) NATIONAL COVERAGE DETERMINATION.—If there is a national coverage determination made in the period beginning on the date of an announcement under section 1895M(a) and ending on the date of the next announcement under such section and the Secretary projects that the determination will result in a significant change in the costs to the medicare choice plan of providing the benefits that are the subject of such national coverage determination and that such change in costs was not incorporated in the determination of the medicare payment amount included in the announcement made at the beginning of such period—

"(1) such determination shall not apply to contracts under this part until the first contract year that begins after the end of such period, and

"(2) if such coverage determination provides for coverage of additional benefits or coverage under additional circumstances, section 1895I(b)(2) shall not apply to payment for such additional benefits or benefits provided under such additional circumstances until the first contract year that begins after the end of such period,

unless otherwise required by law.

"(e) OVERLAPPING PERIODS OF COVERAGE.—A contract under this part shall provide that in the case of an individual who is receiving inpatient hospital services from a subsection (d) hospital (as defined in section 1886(d)(1)(B)) as of the effective date of the individual's—

"(1) enrollment with a medicare choice plan under this part—

"(A) payment for such services until the date of the individual's discharge shall be made under this title as if the individual were not enrolled with the plan,

"(B) the plan sponsor shall not be financially responsible for payment for such services until the date after the date of the individual's discharge, and

"(C) the plan sponsor shall nonetheless be paid the full amount otherwise payable to the plan under this part, or

"(2) termination of enrollment with a medicare choice plan under this part—

"(A) the plan sponsor shall be financially responsible for payment for such services after such date and until the date of the individual's discharge,

"(B) payment for such services during the stay shall not be made under section 1886(d), and

"(C) the plan sponsor shall not receive any payment with respect to the individual under this part during the period the individual is not enrolled.

"(f) ORGANIZATION AS SECONDARY PAYER.—Notwithstanding any other provision of law, a medicare choice plan sponsor may (in the case of the provision of services to an individual under this part under circumstances in which payment is made secondary pursuant to section 1862(b)(2)) charge or authorize the provider of such services to charge, in accordance with the charges allowed under the law, plan, or policy which is the primary payer under such circumstances—

"(1) the insurance carrier, employer, or other entity which under such law, plan, or policy is to pay for the provision of such services, or

"(2) such individual to the extent that the individual has been paid under such law, plan, or policy for such services.

"SEC. 1895I. LICENSING AND FINANCIAL REQUIREMENTS.

"(a) LICENSING REQUIREMENT.—

"(1) IN GENERAL.—A medicare choice plan sponsor shall be organized and licensed under applicable State law as a risk-bearing entity eligible to offer health insurance or health benefits coverage in each State in which the medicare choice plan enrolls individuals under this part.

"(2) EXCEPTION FOR UNION, TAFT-HARTLEY, OR ASSOCIATION PLANS.—Paragraph (1) shall not apply to a union or association plan described in section 1895A(b)(2) if such plan is exempt from such requirements under the Employee Retirement Income Security Act of 1974.

"(3) COORDINATED CARE PLANS.—Paragraph (1) shall apply to a coordinated care plan except to the extent provided in section 1895R.

"(b) ASSUMPTION OF FULL FINANCIAL RISK.—A medicare choice plan sponsor shall assume full financial risk on a prospective basis for the provision of health care services for which benefits are required to be provided under section 1895H(a)(1), except that such plan sponsor may—

"(1) obtain insurance or make other arrangements for the cost of such health care services the aggregate value of which exceeds $5,000 in any year,

"(2) obtain insurance or make other arrangements for the cost of such health care services provided

to its enrolled members other than through the plan sponsor because medical necessity required their provision before they could be secured through the plan sponsor,

"(3) obtain insurance or make other arrangements for not more than 90 percent of the amount by which its costs for any of its fiscal years exceed 115 percent of its income for such fiscal year, and

"(4) make arrangements with physicians or other health professionals, health care institutions, or any combination of such individuals or institutions to assume all or part of the financial risk on a prospective basis for the provision of basic health services by the physicians or other health professionals or through the institutions.

"(c) PROTECTION AGAINST RISK OF INSOLVENCY.—

"(1) IN GENERAL.—A medicare choice plan sponsor shall make adequate provision against the risk of insolvency (including provision to prevent enrollees from being held liable to any person or entity for the plan sponsor's debts in the event of the plan sponsor's insolvency)—

"(A) as determined by the Secretary, or

"(B) as determined by a State which the Secretary determines requires solvency standards

at least as stringent as the standards under subparagraph (A).

"(2) FACTORS TO CONSIDER.—In establishing standards under paragraph (1) for coordinated care plans described in section 1895A(b)(1)(B)(ii), the Secretary shall consult with interested parties and shall take into account—

"(A) a coordinated care plan sponsor's delivery system assets and its ability to provide services directly to enrollees through affiliated providers, and

"(B) alternative means of protecting against insolvency, including reinsurance, unrestricted surplus, letters of credit, guarantees, organizational insurance coverage, and partnerships with other licensed entities.

The Secretary is not required to include alternative means described in subparagraph (B) in the standards but may consider such alternatives where consistent with the standards.

"(d) PAYMENTS TO THE PLAN.—

"(1) PREPAID PAYMENT.—A medicare choice plan sponsor shall be compensated (except for deductibles, coinsurance, and copayments) for the provision of health care services to individuals enrolled

under this part by a payment by the Secretary (and if applicable, the individual) which is paid on a periodic basis without regard to the date the health care services are provided and which is fixed without regard to the frequency, extent, or kind of health care service actually provided to a member.

"(2) SOLE PAYMENTS.—Subject to subsections (d)(2) and (e) of section 1895H, if an individual is enrolled under this part with a medicare choice plan, only the plan sponsor shall be entitled to receive payments from the Secretary under this title for services furnished to the individual.

"SEC. 1895J. HEALTH PLAN STANDARDS.

"(a) IN GENERAL.—Each medicare choice plan sponsor shall meet the requirements of this section.

"(b) QUALITY ASSURANCE AND ACCREDITATION.—

"(1) INTERNAL REVIEW.—

"(A) IN GENERAL.—Each medicare choice plan sponsor must establish an ongoing quality assurance program (in accordance with regulations established by the Secretary) for health care services it provides to such individuals.

"(B) ELEMENTS OF PROGRAM.—The quality assurance program established under subparagraph (A) shall—

"(i) stress health outcomes,

"(ii) provide for the establishment of written protocols for utilization review, based on current standards of medical practice,

"(iii) provide review by physicians and other health care professionals of the process followed in the provision of such health care services,

"(iv) monitor and evaluate high-volume and high-risk services and the care of acute and chronic conditions,

"(v) evaluate the continuity and coordination of care that enrollees receive,

"(vi) have mechanisms to detect both underutilization and overutilization of services,

"(vii) after identifying areas for improvement, establish or alter practice parameters,

"(viii) take action to improve quality and assess the effectiveness of such action through systematic followup,

"(ix) make available information on quality and outcomes measures to facilitate

beneficiary comparison and choice of health coverage options (in such form and on such quality and outcomes measures as the Secretary determines to be appropriate), and

"(x) provide that the program is evaluated on an ongoing basis as to its effectiveness.

"(2) EXTERNAL REVIEW.—

"(A) IN GENERAL.—Each medicare choice plan sponsor shall, for each medicare choice plan it operates, have an agreement with an independent quality review and improvement organization approved by the Secretary.

"(B) FUNCTIONS OF ORGANIZATION.—Each independent quality review and improvement organization with an agreement under subparagraph (A) shall—

"(i) provide an alternative mechanism for addressing enrollee grievances,

"(ii) review plan performance based on accepted quality performance criteria,

"(iii) promote and make plans accountable for improved plan performance,

"(iv) integrate into ongoing external quality assurance activities a new set of

quality indicators and standards developed specifically for the medicare population that would be used to determine whether a plan is providing quality care and appropriate continuity and coordination of care, and

"(v) report to the Secretary on those plans that have demonstrated unwillingness or inability to improve their performance.

"(3) ACCREDITATION.—Each medicare choice plan sponsor shall be required—

"(A) to meet accreditation standards established by the Secretary, or

"(B) to be accredited by an external independent accrediting organization, recognized by the Secretary as requiring standards at least as stringent as the standards established under subparagraph (A).

"(4) ENCOUNTER DATA.—The Secretary shall create incentives for medicare choice plan sponsors to report aggregate encounter data, including data on physician visits, nursing home days, home health days, hospital inpatient days, and rehabilitation services.

"(c) ACCESS.—Each medicare choice plan sponsor shall—

"(1) make the services described in section 1895H(a) (and such other health care services as such individuals have contracted for) available and accessible to each such individual, within the medicare service area of the plan, with reasonable promptness, and in a manner which assures continuity,

"(2) provide for reimbursement with respect to such services which are provided to such an individual other than through the plan's providers, if—

"(A) the services were medically necessary and immediately required because of an unforeseen illness, injury, or condition, and

"(B) it was not reasonable given the circumstances to obtain the services through the plan's providers,

"(3) provide access to appropriate providers, including credentialed specialists, for all medically necessary treatment and services, and

"(4) except as provided by the Secretary on a case-by-case basis, in the case of a coordinated care plan described in section 1895A(b)(1)(B)(ii), provide primary care services within 30 minutes or 30 miles from an enrollee's place of residence if the enrollee resides in a rural area.

"(d) CAPACITY.—Each medicare choice plan sponsor shall provide the Secretary with a demonstration of the plan's capacity to adequately service the plan's expected enrollment of individuals under this part.

"(e) CONSUMER PROTECTIONS.—

"(1) NONDISCRIMINATION.—Each medicare choice plan sponsor shall provide assurances to the Secretary that it will not deny enrollment to, expel, or refuse to reenroll any such individual because of the individual's health status or requirements for health care services, and that it will notify each such individual of such fact at the time of the individual's enrollment. A medicare choice plan sponsor may not cancel or refuse to renew a beneficiary except in the case of fraud or nonpayment of premium amounts due the plan.

"(2) GRIEVANCE PROCEDURES.—

"(A) IN GENERAL.—Each medicare choice plan sponsor shall provide meaningful procedures for hearing and resolving grievances between the plan (including any entity or individual through which the plan provides health care services) and members enrolled with the plan under this part.

"(B) HEARING REQUIREMENT.—A member enrolled with a medicare choice plan under this part who is dissatisfied by reason of his failure to receive any health service to which he believes he is entitled and at no greater charge than he believes he is required to pay is entitled, if the amount in controversy is $100 or more, to a hearing before the Secretary to the same extent as is provided in section 205(b), and in any such hearing the Secretary shall make the plan sponsor a party. If the amount in controversy is $1,000 or more, the individual or plan sponsor shall, upon notifying the other party, be entitled to judicial review of the Secretary's final decision as provided in section 205(g), and both the individual and the plan sponsor shall be entitled to be parties to that judicial review. In applying sections 205(b) and 205(g) as provided in this subparagraph, and in applying section 205(l) thereto, any reference therein to the Commissioner of Social Security or the Social Security Administration shall be considered a reference to the Secretary or the Department of Health and Human Services, respectively.

"(C) EXPEDITED REVIEW.—The Secretary shall provide an expedited review procedure under subparagraph (B) where a failure to receive any health care service or payment for such service would result in significant harm.

"(3) SUPPLEMENTAL COVERAGE IF PLAN TERMINATES THE CONTRACT.—Each medicare choice plan sponsor that provides items and services pursuant to a contract under this part shall provide assurances to the Secretary that in the event the contract is terminated, the sponsor shall provide or arrange for supplemental coverage of benefits under this title related to a preexisting condition with respect to any exclusion period, to all individuals enrolled with the entity who receive benefits under this title, for the lesser of 6 months or the duration of such period.

"(f) PROMPT PAYMENT.—

"(1) IN GENERAL.—Each medicare choice plan sponsor shall provide prompt payment (consistent with the provisions of sections 1816(c)(2) and 1842(c)(2)) of claims submitted for services and supplies furnished to individuals pursuant to such contract, if the services or supplies are not furnished under a contract between the plan and the provider or supplier.

"(2) DIRECT PAYMENT.—In the case of a medicare choice plan sponsor which the Secretary determines, after notice and opportunity for a hearing, has failed to make payments of amounts in compliance with paragraph (1), the Secretary may provide for direct payment of the amounts owed to providers and suppliers for such covered services furnished to individuals enrolled under this part under the contract. If the Secretary provides for such direct payments, the Secretary shall provide for an appropriate reduction in the amount of payments otherwise made to the plan sponsor under this part to reflect the amount of the Secretary's payments (and costs incurred by the Secretary in making such payments).

"(g) ADVANCE DIRECTIVES.—A contract under this part shall provide that a medicare choice plan sponsor shall meet the requirement of section 1866(f) (relating to maintaining written policies and procedures respecting advance directives).

"(h) TIMELY AUTHORIZATION FOR PROMPTLY NEEDED CARE IDENTIFIED AS A RESULT OF REQUIRED SCREENING EVALUATION.—

"(1) ACCESS TO PROCESS.—A medicare choice plan sponsor shall provide access 24 hours a day, 7 days a week to such persons as may be authorized to

make any prior authorizations required by the plan sponsor for coverage of items and services (other than emergency services) that a treating physician or other emergency department personnel identify, pursuant to a screening evaluation required under section 1867(a), as being needed promptly by an individual enrolled with the organization under this part.

"(2) DEEMED APPROVAL.—A medicare choice plan sponsor is deemed to have approved a request for such promptly needed items and services if the physician or other emergency department personnel involved—

"(A) has made a reasonable effort to contact such a person for authorization to provide an appropriate referral for such items and services or to provide the items and services to the individual and access to the person has not been provided (as required in paragraph (1)), or

"(B) has requested such authorization from the person and the person has not denied the authorization within 30 minutes after the time the request is made.

"(3) EFFECT OF APPROVAL.—Approval of a request for a prior authorization determination (including a deemed approval under paragraph (2)) shall be

treated as approval of a request for any items and services that are required to treat the medical condition identified pursuant to the required screening evaluation.

"(4) DEFINITION OF EMERGENCY SERVICES.—In this subsection, the term 'emergency services' means—

"(A) health care items and services furnished in the emergency department of a hospital (including a trauma center), and

"(B) ancillary services routinely available to such department,

to the extent they are required to evaluate and treat an emergency medical condition (as defined in paragraph (5)) until the condition is stabilized.

"(5) EMERGENCY MEDICAL CONDITION.—In paragraph (4), the term 'emergency medical condition' means a medical condition, the onset of which is sudden, that manifests itself by symptoms of sufficient severity, including severe pain, that a prudent layperson, who possesses an average knowledge of health and medicine, could reasonably expect the absence of immediate medical attention to result in—

"(A) placing the person's health in serious jeopardy,

"(B) serious impairment to bodily functions, or

"(C) serious dysfunction of any bodily organ or part.

"Subpart 4—Determination of Medicare Payment Amounts and Rebates

"SEC. 1895M. MEDICARE PAYMENT AMOUNTS.

"(a) IN GENERAL.—Not later than July 31 of each calendar year (beginning with 1996), the Secretary shall determine, and announce in a manner intended to provide notice to interested parties, a standardized medicare payment amount determined in accordance with this section for the following calendar year for each medicare payment area.

"(b) CALCULATION OF STANDARDIZED MEDICARE PAYMENT AMOUNTS.—For purposes of this part—

"(1) 1997.—

"(A) IN GENERAL.—The standardized medicare payment amount for calendar year 1997 for a medicare payment area shall be equal to the sum of—

"(i) 50 percent of the modified per capita rate for calendar year 1996, and

"(ii) 50 percent of the adjusted average national per capita rate for calendar year 1996,

increased by the percentage increase in the gross domestic product per capita for the 12-month period ending on June 30, 1996.

"(B) MODIFIED PER CAPITA RATE.—For purposes of subparagraph (A)(i), the modified per capita rate for calendar year 1996 for a medicare payment area shall be equal to the per capita rate which would have been determined (without regard to class) under section 1876(a)(1)(C) for 1995 if—

"(i) the applicable geographic area were the medicare payment area, and

"(ii) 50 percent of any payments attributable to sections 1886(d)(5)(B), 1886(h), and 1886(d)(5)(F) (relating to IME, GME, and DSH payments) were not taken into account,

increased by the percentage increase which the Secretary estimates will occur in medicare expenditures per capita for 1996 over medicare expenditures per capita for 1995.

"(C) ADJUSTED AVERAGE NATIONAL PER CAPITA RATE.—

"(i) IN GENERAL.—For purposes of subparagraph (A)(ii), the adjusted average

national per capita rate for a medicare payment area for calendar year 1996 shall be equal to the sum, for all types of medicare services (as classified by the Secretary), of the product for each such type of—

"(I) the average national per capita rate for 1996,

"(II) the proportion of such rate for the year which is attributable to such type of services, and

"(III) an index that reflects for 1996 and that type of service the relative input price of such services in the medicare payment area as compared to the national average input price of such services.

In applying subclause (III), the Secretary shall apply those indices that are used in applying (or updating) medicare payment rates for specific areas and localities.

"(ii) AVERAGE NATIONAL PER CAPITA RATE.—For purposes of clause (i), the average national per capita rate for 1996 is the weighted average of the modified per capita

rates determined under subparagraph (B) for all medicare payment areas for 1996.

"(2) SUCCEEDING YEARS.—

"(A) IN GENERAL.—The standardized medicare payment amount for any calendar year after 1997 in a medicare payment area shall be an amount equal to the standardized medicare payment amount determined for such area for the preceding year, increased by the percentage increase in the gross domestic product per capita for the 12-month period ending on June 30 of the preceding calendar year.

"(B) SPECIAL RULE FOR 1998.—In applying subparagraph (A) for 1998, the standardized medicare payment amount for the preceding calendar year shall be the amount which would have been determined if clause (ii) of paragraph (1)(B) had been applied by substituting '100 percent' for '50 percent'.

"(3) SPECIAL RULE FOR INDIVIDUALS WITH END-STAGE RENAL DISEASE.—In computing the standardized medicare payment amount for any medicare payment area, there shall not be taken into account any individuals with end-stage renal disease or any medicare expenditures for such individuals.

"(c) ADJUSTMENTS FOR PAYMENTS TO PLAN SPONSORS.—

"(1) IN GENERAL.—The rate of payment under section 1895O to a medicare choice plan sponsor with respect to any individual enrolled in a medicare choice plan of the sponsor shall be equal to the standardized medicare payment amount for the medicare payment area, adjusted for such risk factors as age, disability status, gender, institutional status, health status, and such other factors as the Secretary determines to be appropriate, so as to ensure actuarial equivalence. The Secretary may add to, modify, or substitute for such classes, if such changes will improve the determination of actuarial equivalence.

"(2) SPECIAL RULE FOR END-STAGE RENAL DISEASE.—The Secretary shall establish a separate rate of payment under section 1895O to a medicare choice plan sponsor with respect to any individual with end-stage renal disease enrolled in a medicare choice plan of the sponsor. Such rate of payment shall be actuarially equivalent to rates paid to other enrollees in the medicare payment area (or such other area as specified by the Secretary).

"(d) GEOGRAPHICAL ADJUSTMENTS.—

"(1) ANNUAL ADJUSTMENTS.—

"(A) IN GENERAL.—Unless Congress provides otherwise, beginning with calendar years after 1999, the Secretary shall, based on the analysis under paragraph (2) and to the extent the Secretary determines necessary, make annual differential adjustments to the standardized medicare payment amounts determined under subsection (b)(2) for calendar years 2000 and 2001 in a manner designed to achieve appropriate and equitable variation in standardized medicare payment amounts across medicare payment areas by calendar year 2002. Such variation shall be reasonably related to measurable geographic differences in medicare payment areas.

"(B) BUDGET NEUTRALITY.—The Secretary shall adjust the standardized medicare payment amounts under subsection (b) in a manner that ensures that total payments under this section for a year are not greater or less than total payments under this section would have been but for the application of subparagraph (A).

"(2) ANALYSIS.—The Secretary, in consultation with interested parties, shall conduct an analysis of the measurable input cost differences across medicare payment areas, including wage differentials, and

other measurable variables identified by the Secretary. The Secretary shall also determine the degree to which medicare beneficiaries, including beneficiaries in rural and underserved areas, have access to more health plan choices by calendar year 2000 under this part, and the extent to which standardized medicare payment amounts have limited or enhanced such choices.

"(3) REPORT TO CONGRESS.—Not later than March 1, 1999, the Secretary shall submit a report to the appropriate committees of Congress that includes the results of the analysis described in paragraph (2) and the annual differential adjustments that the Secretary intends to implement under paragraph (1) for calendar years 2000 and 2001.

"(e) NOTICE IN CHANGES TO BENEFIT ASSUMPTIONS.—

"(1) IN GENERAL.—At least 45 days before making the announcement under subsection (a) for a year (beginning with the announcement for 1998), the Secretary shall provide for notice to medicare choice plans of proposed changes to be made in the methodology or benefit coverage assumptions from the methodology and assumptions used in the previous an-

nouncement and shall provide such plans an opportunity to comment on such proposed changes.

"(2) EXPLANATION.—In each announcement made under subsection (a) for a year (beginning with the announcement for 1998), the Secretary shall include an explanation of the assumptions (including any benefit coverage assumptions) and changes in methodology used in the announcement in sufficient detail so that medicare choice plans can compute medicare payment rates under subsection (d) for classes of individuals located in each medicare payment area which is in whole or in part within the medicare service area of such a plan.

"(f) DEMONSTRATION PROJECT ON MARKET-BASED REIMBURSEMENT AND COMPETITIVE PRICING.—The Secretary shall establish 1 or more demonstration projects to determine the standardized medicare payment amounts described in subsection (b) through competitive bidding by medicare choice plans in a medicare payment area. Not later than December 31, 2001, the Secretary shall submit a report to the Congress on the success of such projects in determining standardized medicare payment amounts that are reflective of market price.

"SEC. 1895N. PREMIUMS AND REBATES.

"(a) SUBMISSION AND CHARGING OF PREMIUMS.—

"(1) IN GENERAL.—Each medicare choice plan sponsor shall file with the Secretary each year, in a form and manner and at a time specified by the Secretary, the amount of the monthly premium for coverage under each medicare choice plan it offers under this part in each medicare payment area in which the plan is being offered.

"(2) UNIFORM PREMIUM.—The premiums charged by a medicare choice plan sponsor under this part may not vary among individuals who reside in the same medicare payment area.

"(3) TERMS AND CONDITIONS OF IMPOSING PREMIUMS.—Each medicare choice plan sponsor shall permit the payment of monthly premiums on a monthly basis.

"(b) REBATES.—

"(1) IN GENERAL.—If the standardized medicare payment amount for the medicare payment area in which an individual resides exceeds the amount of the monthly premium for the plan in which the individual is enrolled (as submitted under subsection (a)(1)), the Secretary shall—

"(A) in the case of an individual—

"(i) who is enrolled in a high deductible health plan described in section

1895A(b)(1)(B)(iii), deposit 100 percent of such excess in the medicare choice account specified by the individual, or

"(ii) who is not so enrolled but who elects the application of this clause, deposit 100 percent of such excess in the medicare choice account specified by the individual; or

"(B)(i) pay to the medicare choice plan sponsor on behalf of such individual the monthly amount equal to 100 percent of such excess up to the amount of the premium amount of such individual for supplemental benefits described in section 1895H(b),

"(ii) pay to such individual an amount equal to 75 percent of the remainder of such excess, and

"(iii) deposit the remainder of such excess in the Federal Hospital Insurance Trust Fund.

"(2) TIME FOR PAYMENT.—

"(A) IN GENERAL.—A rebate under paragraph (1)(B)(ii) shall be paid as of the close of the calendar year to which the enrollment applied.

"(B) DEPOSITS IN MEDICARE CHOICE ACCOUNTS.—Deposits described in paragraph (1)(A) shall be made on a monthly basis.

"(C) OTHER PAYMENTS AND DEPOSITS.—Payments and deposits described in subparagraphs (B)(i) and (iii) shall be made on a monthly basis.

"(3) SOURCE OF REBATES.—Deposits and payments described in paragraph (1) shall be made in the same manner as payments are made under section 1895O(b).

"SEC. 1895O. PAYMENTS TO PLAN SPONSORS.

"(a) MONTHLY PAYMENTS.—

"(1) IN GENERAL.—For each individual enrolled with a plan under this part, the Secretary shall make monthly payments in advance to the medicare choice plan sponsor of the medicare choice plan with which the individual is enrolled in an amount equal to the medicare payment rate determined with respect to such individual under section 1895M(c).

"(2) RETROACTIVE ADJUSTMENTS.—The amount of payment under this paragraph may be retroactively adjusted to take into account any difference between the actual number of individuals enrolled in the plan under this section and the number of such

individuals estimated to be so enrolled in determining the amount of the advance payment.

"(b) PAYMENTS FROM TRUST FUNDS.—The payment to a medicare choice plan sponsor under this section for a medicare-eligible individual shall be made from the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund in such proportion as the Secretary determines reflects the relative weight that benefits under parts A and B are representative of the actuarial value of the total benefits under this part.

"Subpart 5—Contractual Authority; Temporary Certification; Regulations

"SEC. 1895P. GENERAL PERMISSION TO CONTRACT.

"The Secretary shall enter into a contract with any medicare choice plan sponsor in a medicare payment area if the requirements of this part are met with respect to the medicare choice plan and the plan sponsor.

"SEC. 1895Q. RENEWAL AND TERMINATION OF CONTRACT.

"(a) IN GENERAL.—Except as provided in subsection (b), each contract under this part may be made automatically renewable from term to term in the absence of notice by either party of intention to terminate at the end of the current term.

"(b) TERMINATION FOR CAUSE.—

"(1) IN GENERAL.—In accordance with procedures established under paragraph (2), the Secretary may terminate any contact with a medicare choice plan sponsor at any time or may impose the intermediate sanctions described in paragraph (2) or (3) or subsection (f) (whichever is applicable) on the plan sponsor, if the Secretary finds that the plan sponsor—

"(A) has failed substantially to carry out the contract,

"(B) is carrying out the contract in a manner substantially inconsistent with the efficient and effective administration of this part, or

"(C) no longer substantially meets the applicable conditions of this part.

"(2) PROCEDURES.—The Secretary may terminate a contract with a medicare choice plan sponsor under this part or may impose the intermediate sanctions described in subsection (f)(3) on the plan in accordance with formal investigation and compliance procedures established by the Secretary under which—

"(A) the Secretary first provides the medicare choice plan sponsor with the reasonable opportunity to develop and implement a corrective

action plan to correct the deficiencies that were the basis of the Secretary's determination under paragraph (1) and the medicare choice plan sponsor fails to develop or implement such a corrective action plan,

"(B) in deciding whether to impose sanctions, the Secretary considers aggravating factors such as whether a plan sponsor has a history of deficiencies or has not taken action to correct deficiencies the Secretary has brought to the plan sponsor's attention,

"(C) there are no unreasonable or unnecessary delays between the finding of a deficiency and the imposition of sanctions, and

"(D) the Secretary provides the plan sponsor with reasonable notice and opportunity for hearing (including the right to appeal an initial decision) before imposing any sanction or terminating the contract.

"(c) TERMS OF CONTRACT.—Each contract under this part—

"(1) shall provide that the Secretary, or any person or organization designated by the Secretary—

"(A) shall have the right to inspect or otherwise evaluate—

"(i) the quality, appropriateness, and timeliness of services performed under the contract, and

"(ii) the facilities of the plan sponsor when there is reasonable evidence of some need for such inspection,

"(B) shall have the right to audit and inspect any books and records of the plan sponsor that pertain—

"(i) to the ability of the plan sponsor to bear the risk of potential financial losses, and

"(ii) shall require the plan sponsor with a contract to provide (and pay for) written notice in advance of the contract's termination, as well as a description of alternatives for obtaining benefits under this title, to each individual enrolled under this part with the plan sponsor,

"(C)(i) except as provided by the Secretary, shall require the plan sponsor to comply with requirements similar to the requirements of subsections (a) and (c) of section 1318 of the Public Health Service Act (relating to disclosure of certain financial information) and section

1301(c)(8) of such Act (relating to liability arrangements to protect members),

"(ii) shall require the plan sponsor to provide and supply information (described in section 1866(b)(2)(C)(ii)) in the manner such information is required to be provided or supplied under that section, and

"(iii) shall require the plan sponsor to notify the Secretary of loans and other special financial arrangements which are made between the plan sponsor and subcontractors, affiliates, and related parties, and

"(D) shall contain such other terms and conditions not inconsistent with this part (including requiring the plan sponsor to provide the Secretary with such information) as the Secretary may find necessary and appropriate.

"(d) 5-YEAR LOCKOUT.—The Secretary may not enter into a contract under this part with a medicare choice plan sponsor if a previous contract with that plan sponsor under this part was terminated at the request of the plan sponsor within the preceding 5-year period, except in circumstances which warrant special consideration, as determined by the Secretary.

"(e) APPLICATION OF OTHER FEDERAL LAWS.—The authority vested in the Secretary by this part may be performed without regard to such provisions of law or regulations relating to the making, performance, amendment, or modification of contracts of the United States as the Secretary may determine to be inconsistent with the furtherance of the purpose of this title.

"(f) REMEDIES FOR FAILURE TO COMPLY.—

"(1) FAILURE OF PLAN SPONSOR TO COMPLY WITH CONTRACT.—If the Secretary determines that a medicare choice plan sponsor—

"(A) fails substantially to provide medically necessary items and services that are required (under law or under the contract) to be provided to an individual covered under the contract, and the failure has adversely affected (or has substantial likelihood of adversely affecting) the individual,

"(B) imposes cost sharing on individuals enrolled under this part in excess of the cost sharing permitted,

"(C) acts to expel or to refuse to re-enroll an individual in violation of the provisions of this part,

"(D) engages in any practice that would reasonably be expected to have the effect of denying or discouraging enrollment (except as permitted by this part) by eligible individuals with the plan whose medical condition or history indicates a need for substantial future medical services,

"(E) misrepresents or falsifies information that is furnished—

"(i) to the Secretary under this section, or

"(ii) to an individual or to any other entity under this section,

"(F) fails to comply with the requirements of section 1895J(f), or

"(G) employs or contracts with any individual or entity that is excluded from participation under this title under section 1128 or 1128A for the provision of health care, utilization review, medical social work, or administrative services or employs or contracts with any entity for the provision (directly or indirectly) through such an excluded individual or entity of such services,

the Secretary may provide, in addition to any other remedies authorized by law, for any of the remedies described in paragraph (2).

"(2) REMEDIES.—The remedies described in this paragraph are—

"(A) civil money penalties of not more than $25,000 for each determination under paragraph (1) or, with respect to a determination under subparagraph (D) or (E)(i) of such paragraph, of not more than $100,000 for each such determination, plus, with respect to a determination under paragraph (1)(B), double the excess amount charged in violation of such subparagraph (and the excess amount charged shall be deducted from the penalty and returned to the individual concerned), and plus, with respect to a determination under paragraph (1)(D), $15,000 for each individual not enrolled as a result of the practice involved,

"(B) suspension of enrollment of individuals under this section after the date the Secretary notifies the plan sponsor of a determination under paragraph (1) and until the Secretary is satisfied that the basis for such deter-

mination has been corrected and is not likely to recur, or

"(C) suspension of payment to the plan sponsor under this section for individuals enrolled after the date the Secretary notifies the plan sponsor of a determination under paragraph (1) and until the Secretary is satisfied that the basis for such determination has been corrected and is not likely to recur.

"(3) INTERMEDIATE SANCTIONS.—In the case of a medicare choice plan sponsor for which the Secretary makes a determination under subsection (b)(1) the basis of which is not described in subparagraph (A) thereof, the Secretary may apply the following intermediate sanctions:

"(A) Civil money penalties of not more than $25,000 for each determination under subsection (b)(1) if the deficiency that is the basis of the determination has directly adversely affected (or has the substantial likelihood of adversely affecting) an individual covered under the plan's contract.

"(B) Civil money penalties of not more than $10,000 for each week beginning after the initiation of procedures by the Secretary under

subsection (b)(2) during which the deficiency that is the basis of a determination under subsection (b)(1) exists.

"(C) Suspension of enrollment of individuals under this section after the date the Secretary notifies the plan sponsor of a determination under subsection (b)(1) and until the Secretary is satisfied that the deficiency that is the basis for the determination has been corrected and is not likely to recur.

"(4) PROCEEDINGS.—The provisions of section 1128A (other than subsections (a) and (b)) shall apply to a civil money penalty under paragraph (2)(A) or (3)(A) in the same manner as they apply to a civil money penalty or proceeding under section 1128A(a).

"SEC. 1895R. TEMPORARY CERTIFICATION PROCESS FOR COORDINATED CARE PLANS.

"(a) FEDERAL ACTION ON CERTIFICATION.—

"(1) IN GENERAL.—If—

"(A) a State fails to substantially complete action on a licensing application of a coordinated care plan sponsor within 90 days of receipt of the completed application, or

"(B) a State denies a licensing application and the Secretary determines that the State's licensing standards or review process create an unreasonable barrier to market entry,

the Secretary shall evaluate such application pursuant to the procedures established under subsection (b).

"(2) UNREASONABLE BARRIERS TO MARKET ENTRY.—A State's licensing standards and review process shall not be treated as unreasonable barriers to market entry under paragraph (1) if—

"(A) they are applied consistently to all coordinated care medicare choice plan applications,

"(B) are not directly in conflict, or inconsistent with, the Federal standards.

"(b) FEDERAL CERTIFICATION PROCEDURES.—

"(1) IN GENERAL.—The Secretary shall establish a process for certification of a coordinated care plan and its sponsor as meeting the requirements of this part in cases described in subsection (a)(1).

"(2) REQUIREMENTS.—Such process shall—

"(A) set forth the standards for certification,

"(B) provide that final action will be taken on an application for certification within 120

business days of receipt of the completed application,

"(C) provide that State law and regulations shall apply to the extent they have not been found to be an unreasonable barrier to market entry under subsection (a)(1)(B), and

"(D) require any person receiving a certificate to provide the Secretary with all reasonable information in order to ensure compliance with the certification.

"(3) EFFECT OF CERTIFICATIONS.—

"(A) IN GENERAL.—A certificate under this section shall be issued for not more than 36 months and may not be renewed.

"(B) COORDINATION WITH STATE.—A person receiving a certificate under this section shall continue to seek State licensure under subsection (a) during the period the certificate is in effect.

"(C) SUNSET.—No certificate shall be issued under this section after December 31, 2000, and no certificate under this section shall remain in effect after December 31, 2001.

"(c) REPORT.—Not later than December 31, 1998, the Secretary shall report to Congress on the temporary Federal

certification system under subsection (b), including an analysis of State efforts to adopt licensing standards and review processes that take into account the fact that coordinated care plan sponsors provide services directly to enrollees through affiliated providers.

"(d) COORDINATED CARE PLAN.—In this section, the term 'coordinated care plan' means a plan described in section 1895A(b)(1)(B)(ii).

"(e) TRANSITION RULE FOR CERTAIN RISK CONTRACTORS.—A medicare choice plan sponsor that is an eligible organization (as defined in section 1876(b)) and that—

"(1) has a risk-sharing contract in effect under section 1876 as of the date of the enactment of this part, or

"(2) has an application for such a contract filed before such date and the contract is entered into before July 1, 1996,

shall be treated as meeting the Federal standards in effect under this section for any contract year beginning before January 1, 2000.

"(f) PARTIAL CAPITATION DEMONSTRATION.—The Secretary shall conduct a demonstration on alternative partial risk-sharing arrangements between the Secretary and health care providers. The Secretary shall report to Congress no later than December 31, 1998, on the administra-

tive feasibility of such partial capitation methods and the information necessary to implement such arrangements.

"SEC. 1895S. REGULATIONS.

"(a) IN GENERAL.—The Secretary shall establish such regulations as may be necessary to carry out the purposes of this part, including regulations setting forth the requirements to meet all quality, access, and solvency standards specified in sections 1895I and 1895J.

"(b) USE OF INTERIM, FINAL REGULATIONS.—In order to carry out the provisions of this part in a timely manner, the Secretary may, within 120 days after the date of the enactment of this part, promulgate regulations described in subsection (a) that take effect on an interim basis, after notice and opportunity for public comment.".

(b) COORDINATION WITH FEHBP.—Notwithstanding any provision of part D of title XVIII of the Social Security Act (as added by subsection (a)), individuals who are enrolled in a health benefit plan under chapter 89 of title 5, United States Code, shall not be eligible to enroll in high deductible medicare choice plans described in section 1895A(b)(1)(B)(iii) of such Act until such time as the Director of the Office of Management and Budget certifies to the Secretary of Health and Human Services that the Office of Personnel Management has adopted policies which will ensure that the enrollment of such individuals in such plans

will not result in increased expenditures for the Federal Government for health benefit plans under such chapter.

(c) CONFORMING AMENDMENTS.—

(1) IN GENERAL.—Not later than 90 days after the date of the enactment of this Act, the Secretary of Health and Human Services shall submit to the appropriate committees of Congress a legislative proposal providing for such technical and conforming amendments in the law as are required by the provisions of this chapter.

(2) OTHER AMENDMENTS.—(A) Section 1866(a)(1)(O) (42 U.S.C. 1395cc(a)(1)(O)) is amended—

(i) in the matter preceding clause (i), by inserting "or medicare choice plan under part D" after "eligible organization", and

(ii) in clause (i), by inserting "or under a contract under part D, " after "1972,".

(B) Section 1882(g)(1) (42 U.S.C. 1395ww(g)(1)) is amended in the first sentence by inserting ", or under a medicare choice plan under part D" before the end period.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to contracts effective on and after January 1, 1997.

SEC. 7002. TREATMENT OF 1876 ORGANIZATIONS.

(a) TERMINATION OF 1876 RISK-SHARING ORGANIZATIONS.—Section 1876 (42 U.S.C. 1395mm) is amended by adding at the end the following new subsection:

"(k)(1) Except as provided in paragraph (2), this section shall not apply to risk-sharing contracts effective for contract years beginning on or after January 1, 1997.

"(2) An individual who is enrolled in part B only and is enrolled in an eligible organization with a risk-sharing contract under this section on December 31, 1996, may continue enrollment in such organization. Not later then July