

104TH CONGRESS  
1ST SESSION

# S. 1155

To extend and revise agricultural price support and related programs for certain commodities, and for other purposes.

---

## IN THE SENATE OF THE UNITED STATES

AUGUST 10 (legislative day, JULY 10), 1995

Mr. COCHRAN (for himself, Mr. PRIOR, Mr. COVERDELL, Mr. HELMS, Mr. WARNER, Mr. CRAIG, Mr. NUNN, Mr. LOTT, Mr. JOHNSTON, Mr. BREAU, Mr. THURMOND, Mr. MACK, Mr. INOUE, Mr. AKAKA, Mr. BUMPERS, and Mr. MCCONNELL) introduced the following bill; which was read twice and referred to the Committee on Agriculture, Nutrition, and Forestry

---

## A BILL

To extend and revise agricultural price support and related programs for certain commodities, and for other purposes.

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

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

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Agricultural Competitiveness Act of 1995”.

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

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings, policy, and purpose.
- Sec. 3. Sense of Congress on ending the Federal deficit.

## TITLE I—WHEAT

- Sec. 101. Loans, payments, and acreage reduction programs for the 1996 through 2002 crops of wheat.
- Sec. 102. Nonapplicability of certificate requirements.
- Sec. 103. Suspension of land use, wheat marketing allocation, and producer certificate provisions.
- Sec. 104. Suspension of certain quota provisions.
- Sec. 105. Nonapplicability of section 107 of the Agricultural Act of 1949.

## TITLE II—FEED GRAINS

- Sec. 201. Loans, payments, and acreage reduction programs for the 1996 through 2002 crops of feed grains.
- Sec. 202. Nonapplicability of section 105 of the Agricultural Act of 1949.
- Sec. 203. Recourse loan program for silage.

## TITLE III—COTTON

- Sec. 301. Loans, payments, and acreage reduction programs for the 1996 through 2002 crops of upland cotton.
- Sec. 302. Extra long staple cotton program.
- Sec. 303. Suspension of base acreage allotments, marketing quotas, and related provisions.
- Sec. 304. Miscellaneous cotton provisions.
- Sec. 305. Skiprow practices.
- Sec. 306. Preliminary allotments for 2003 crop of upland cotton.
- Sec. 307. Cottonseed and cottonseed oil.
- Sec. 308. Cotton classification services.

## TITLE IV—RICE

- Sec. 401. Loans, payments, and acreage reduction programs for the 1996 through 2002 crops of rice.

## TITLE V—OILSEEDS

- Sec. 501. Loans and payments for oilseeds for 1996 through 2002 marketing years.

## TITLE VI—PEANUTS

- Sec. 601. Suspension of marketing quotas and acreage allotments.
- Sec. 602. National poundage quotas and acreage allotments.
- Sec. 603. Sale, lease, or transfer of farm poundage quota.
- Sec. 604. Marketing penalties; disposition of additional peanuts.
- Sec. 605. Experimental and research programs for peanuts.
- Sec. 606. Price support program.
- Sec. 607. Reports and records.
- Sec. 608. Suspension of certain price support provisions.
- Sec. 609. Regulations.

## TITLE VII—SUGAR

- Sec. 701. Sugar price support.
- Sec. 702. Marketing assessment bases for processors and refiners.
- Sec. 703. Prevention of sugar loan forfeitures.

## TITLE VIII—GENERAL COMMODITY PROVISIONS

## Subtitle A—Amendments to Agricultural Act of 1949

- Sec. 801. Deficiency and land diversion payments.
- Sec. 802. Adjustment of established prices.
- Sec. 803. Adjustment of support prices.
- Sec. 804. Program option for 2003 and subsequent crops.
- Sec. 805. Application of terms in the Agricultural Act of 1949.
- Sec. 806. Double cropping.
- Sec. 807. Acreage base and yield system.

## Subtitle B—Miscellaneous Commodity Provisions

- Sec. 811. Payment limitations.
- Sec. 812. Normally planted acreage.
- Sec. 813. Normal supply.
- Sec. 814. Determinations of the Secretary.
- Sec. 815. Options pilot program.
- Sec. 816. National Agricultural Cost of Production Standards Review Board.

## Subtitle C—Conforming Amendments

- Sec. 821. Conforming amendments.

## Subtitle D—Application

- Sec. 831. Application.

1 **SEC. 2. FINDINGS, POLICY, AND PURPOSE.**

2 (a) FINDINGS.—Congress finds that—

3 (1)(A) a sound and prosperous economy in the  
 4 United States is dependent on American agriculture  
 5 and related industries, including producers, proc-  
 6 essors, handlers, manufacturers, marketers, trans-  
 7 porters, and the banking and credit industry;

8 (B) American agriculture and related industries  
 9 account for over 21,000,000 jobs and approximately  
 10 16 percent, or over \$1,000,000,000,000, of the gross  
 11 domestic product; and

12 (C) because of the combined effort of American  
 13 agriculture and related industries, consumers in the

1 United States enjoy a dependable supply of food and  
2 fiber at fair prices;

3 (2)(A) the future of American agriculture is de-  
4 pendent on the continued viability of the American  
5 agricultural producer, the underpinning of the agri-  
6 cultural economy; and

7 (B) agricultural producers must receive a fair  
8 return on their productivity and investment in an in-  
9 dustry characterized by continued subsidized foreign  
10 competition and wide fluctuations in production and  
11 prices due to weather and related factors;

12 (3)(A) one of the essential elements of a sound  
13 agricultural economy is the ability of the United  
14 States to compete in the world market;

15 (B) agricultural exports are expected to reach  
16 nearly \$50,000,000,000 in 1995 and contribute  
17 about \$20,000,000,000 to the United States balance  
18 of trade; and

19 (C) agricultural exports alone account for over  
20 1,000,000 American jobs; and

21 (4)(A) Commodity Credit Corporation outlays  
22 for farm programs have declined from a high of ap-  
23 proximately \$26,000,000,000 for fiscal year 1986 to  
24 less than \$9,000,000,000 for fiscal year 1995, a re-  
25 duction of over 65 percent that is unique among the

1 many mandatory spending programs of the Federal  
2 Government; and

3 (B) according to the Congressional Budget Of-  
4 fice, farm program outlays are projected to remain  
5 below the outlay level for fiscal year 1995 for the  
6 next 5 years and continue to decline by nearly 8 per-  
7 cent, even if no changes are made in current law for  
8 existing farm programs.

9 (b) POLICY.—It is the policy of the United States  
10 that—

11 (1) continued Federal Government support is  
12 necessary to provide stability for American agricul-  
13 tural producers to—

14 (A) enable the producers to continue to  
15 provide consumers with a steady and depend-  
16 able supply of food and fiber at fair prices;

17 (B) maintain the competitiveness of the  
18 United States in the world market; and

19 (C) otherwise preserve the underpinnings  
20 of a sound agricultural economy; and

21 (2) to meet the objective of achieving a bal-  
22 anced budget for the Federal Government in a man-  
23 ner consistent with paragraph (1), reductions in  
24 farm program spending should be made in a fair  
25 and equitable manner.

1 (c) PURPOSE.—The purpose of this Act is to establish  
2 agricultural price support and production adjustment pro-  
3 grams for the 1996 through 2002 crop years that provide  
4 a structure for a sound agricultural economy in a manner  
5 consistent with subsection (b).

6 **SEC. 3. SENSE OF CONGRESS ON ENDING THE FEDERAL**  
7 **DEFICIT.**

8 It is the sense of Congress that—

9 (1) the continuation of significant Federal  
10 budgetary deficits harms the economic well-being of  
11 the United States and is detrimental to the develop-  
12 ment of sound, long-term agricultural policy;

13 (2) agricultural price support and production  
14 adjustment programs are necessary for the contin-  
15 ued economic health of United States agriculture,  
16 which must compete in international markets  
17 against subsidized foreign competition; and

18 (3) agricultural price support and production  
19 adjustment programs should be—

20 (A) implemented, to the maximum extent  
21 practicable, in a manner that is consistent with  
22 the primary goal of the concurrent resolution on  
23 the budget for fiscal year 1996 (H.Con.Res. 67,  
24 agreed to June 29, 1995) to end Federal budg-  
25 et deficits; and

1 (B) modified, as necessary, to ensure that  
2 the programs comply with applicable budget  
3 reconciliation instructions in the concurrent res-  
4 olution that are designed to end Federal budget  
5 deficits, in a manner consistent with section  
6 306 of the concurrent resolution.

## 7 **TITLE I—WHEAT**

### 8 **SEC. 101. LOANS, PAYMENTS, AND ACREAGE REDUCTION** 9 **PROGRAMS FOR THE 1996 THROUGH 2002** 10 **CROPS OF WHEAT.**

11 Section 107B of the Agricultural Act of 1949 (7  
12 U.S.C. 1445b-3a) is amended to read as follows:

### 13 **“SEC. 107B. LOANS, PAYMENTS, AND ACREAGE REDUCTION** 14 **PROGRAMS FOR THE 1996 THROUGH 2002** 15 **CROPS OF WHEAT.**

16 “(a) LOANS AND PURCHASES.—

17 “(1) IN GENERAL.—Except as otherwise pro-  
18 vided in this subsection, the Secretary shall make  
19 available to producers on a farm loans and pur-  
20 chases for each of the 1996 through 2002 crops of  
21 wheat produced on the farm at such level as the Sec-  
22 retary determines will maintain the competitive rela-  
23 tionship of wheat to other grains in domestic and ex-  
24 port markets after taking into consideration the cost

1 of producing wheat, supply and demand conditions,  
2 and world prices for wheat.

3 “(2) MINIMUM LOAN AND PURCHASE LEVEL.—  
4 Except as provided in paragraph (3), the loan and  
5 purchase level determined under paragraph (1) shall  
6 be not less than 85 percent of the simple average  
7 price received by producers of wheat, as determined  
8 by the Secretary, during the marketing years for the  
9 immediately preceding 5 crops of wheat, excluding  
10 the year in which the average price was the highest  
11 and the year in which the average price was the low-  
12 est in the period, except that the loan and purchase  
13 level for a crop determined under this paragraph  
14 may not be reduced by more than 5 percent from  
15 the level determined for the preceding crop.

16 “(3) MARKETING LOANS.—

17 “(A) IN GENERAL.—The Secretary shall  
18 permit the producers on a farm to repay a loan  
19 made under this subsection for a crop at a level  
20 (except as provided in subparagraph (C)) that  
21 is the lesser of—

22 “(i) the loan level determined for the  
23 crop; and

24 “(ii) the prevailing world market price  
25 for wheat (adjusted to United States qual-

1           ity and location), as determined by the  
2           Secretary.

3           “(B) PREVAILING WORLD MARKET  
4           PRICE.—The Secretary shall prescribe by regu-  
5           lation—

6                   “(i) a formula to determine the pre-  
7                   vailing world market price for wheat, ad-  
8                   justed to United States quality and loca-  
9                   tion; and

10                   “(ii) a mechanism by which the Sec-  
11                   retary shall announce periodically the pre-  
12                   vailing world market price for wheat.

13           “(C) ALTERNATIVE REPAYMENT RATES.—  
14           For each of the 1996 through 2002 crops of  
15           wheat, if the world market price for wheat (ad-  
16           justed to United States quality and location), as  
17           determined by the Secretary, is less than the  
18           loan level determined for the crop, the Sec-  
19           retary may permit the producers on a farm to  
20           repay a loan made under this subsection for a  
21           crop at such level (not in excess of the loan  
22           level determined for the crop) as the Secretary  
23           determines will—

24                   “(i) minimize potential loan forfeit-  
25                   ures;

1           “(ii) minimize the accumulation of  
2           wheat stocks by the Federal Government;

3           “(iii) minimize the cost incurred by  
4           the Federal Government in storing wheat;  
5           and

6           “(iv) allow wheat produced in the  
7           United States to be marketed freely and  
8           competitively, both domestically and inter-  
9           nationally.

10           “(4) SIMPLE AVERAGE PRICE.—For purposes of  
11           this section, the simple average price received by  
12           producers for the immediately preceding marketing  
13           year shall be based on the latest information avail-  
14           able to the Secretary at the time of the determina-  
15           tion.

16           “(b) LOAN DEFICIENCY PAYMENTS.—

17           “(1) IN GENERAL.—For each of the 1996  
18           through 2002 crops of wheat, the Secretary may  
19           make payments (referred to in this section as ‘loan  
20           deficiency payments’) available to producers who, al-  
21           though eligible to obtain a loan or an agreement for  
22           purchase under subsection (a), agree to forgo obtain-  
23           ing the loan or agreement in return for payments  
24           under this subsection.

1           “(2) COMPUTATION.—A payment under this  
2 subsection shall be computed by multiplying—

3                   “(A) the loan payment rate; and

4                   “(B) the quantity of wheat the producers  
5 on a farm are eligible to place under loan (or  
6 obtain a purchase agreement) but for which the  
7 producers forgo obtaining the loan or agree-  
8 ment in return for payments under this sub-  
9 section.

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

13                   “(A) the loan level determined for the crop  
14 under subsection (a); exceeds

15                   “(B) the level at which a loan may be re-  
16 paid under subsection (a).

17           “(c) PAYMENTS.—

18                   “(1) DEFICIENCY PAYMENTS.—

19                   “(A) IN GENERAL.—The Secretary shall  
20 make available to producers payments (referred  
21 to in this section as ‘deficiency payments’) for  
22 each of the 1996 through 2002 crops of wheat  
23 in an amount computed by multiplying—

24                           “(i) the payment rate;

1           “(ii) the payment acres for the crop;  
2           and

3           “(iii) the farm program payment yield  
4           established for the crop for the farm.

5           “(B) PAYMENT RATE.—

6           “(i) IN GENERAL.—The payment rate  
7           for each of the 1996 through 2002 crops  
8           of wheat shall be the amount by which the  
9           established price for the crop of wheat ex-  
10          ceeds the higher of—

11           “(I) the lesser of—

12           “(aa) the national weighted  
13           average market price received by  
14           producers during the marketing  
15           year for the crop, as determined  
16           by the Secretary; and

17           “(bb) the national weighted  
18           average market price received by  
19           producers during the first 5  
20           months of the marketing year for  
21           the crop, as determined by the  
22           Secretary, plus 10 cents per  
23           bushel; and

24           “(II) the loan level determined  
25          for the crop.

1           “(ii)       MINIMUM       ESTABLISHED  
2           PRICE.—The established price for wheat  
3           shall not be less than \$4.00 per bushel for  
4           each of the 1996 through 2002 crops.

5           “(C)   PAYMENT   ACRES.—Payment   acres  
6           for a crop shall be the lesser of—

7                   “(i) the number of acres planted to  
8                   the crop for harvest within the permitted  
9                   acreage (as defined in subsection  
10                  (e)(2)(D)(ii)); or

11                  “(ii) 75 percent of the crop acreage  
12                  base for the crop for the farm less the  
13                  quantity of reduced acreage (as defined in  
14                  subsection (e)(2)(D)(ii)).

15           “(D) 0/85 PROGRAM.—

16                  “(i) IN GENERAL.—If an acreage limi-  
17                  tation program under subsection (e)(2) is  
18                  in effect for a crop of wheat and the pro-  
19                  ducers on a farm devote a portion of the  
20                  maximum payment acres of the farm for  
21                  wheat as calculated under subparagraph  
22                  (C)(ii) equal to more than 15 percent (ex-  
23                  cept as provided in clause (vii)) of the  
24                  wheat acreage of the farm for the crop to

1 conservation uses (except as provided in  
2 subparagraph (E))—

3 “(I) the portion of the maximum  
4 payment acres of the farm in excess  
5 of 15 percent (except as provided in  
6 clause (vii)) of the acreage devoted to  
7 conservation uses (except as provided  
8 in subparagraph (E)) shall be consid-  
9 ered to be planted to wheat for the  
10 purpose of determining the acreage on  
11 the farm required to be devoted to  
12 conservation uses in accordance with  
13 subsection (e)(2)(D); and

14 “(II) the producers shall be eligi-  
15 ble for payments under this para-  
16 graph with respect to the acreage.

17 “(ii) DEFICIENCY PAYMENTS.—Not-  
18 withstanding any other provision of this  
19 section, any producers on a farm who de-  
20 vote a portion of the maximum payment  
21 acres of the farm for wheat to conservation  
22 uses (or other uses as provided in subpara-  
23 graph (E)) under this subparagraph shall  
24 receive deficiency payments on the acreage  
25 that is considered to be planted to wheat

1 and eligible for payments under this sub-  
2 paragraph for the crop at a per-bushel rate  
3 established by the Secretary, except that  
4 the rate may not be established at less  
5 than the projected deficiency payment rate  
6 for the crop, as determined by the Sec-  
7 retary. The projected payment rate for the  
8 crop shall be announced by the Secretary  
9 prior to the period during which wheat  
10 producers may agree to participate in the  
11 program for the crop.

12 “(iii) ADVERSE EFFECT ON AGRIBUSINESS AND OTHER INTERESTS.—The  
13 Secretary shall carry out this subpara-  
14 graph in such a manner as to minimize the  
15 adverse effect on agribusiness and other  
16 agriculturally related economic interests  
17 within any county, State, or region. In car-  
18 rying out this subparagraph, the Secretary  
19 may restrict the total quantity of wheat  
20 acreage that may be taken out of produc-  
21 tion under this subparagraph, taking into  
22 consideration the total quantity of acreage  
23 that has or will be removed from produc-  
24 tion under other price support, production  
25

1 adjustment, or conservation program ac-  
2 tivities. No restrictions on the quantity of  
3 acreage that may be taken out of produc-  
4 tion in accordance with this subparagraph  
5 in a crop year shall be imposed in the case  
6 of a county in which producers were eligi-  
7 ble to receive disaster emergency loans  
8 under section 321 of the Consolidated  
9 Farm and Rural Development Act (7  
10 U.S.C. 1961) as a result of a disaster that  
11 occurred during the crop year.

12 “(iv) CROP ACREAGE AND PAYMENT  
13 YIELD.—The wheat crop acreage base and  
14 wheat farm program payment yield of the  
15 farm shall not be reduced because of the  
16 fact that a portion of the permitted acre-  
17 age for wheat for the farm was devoted to  
18 conserving uses (except as provided in sub-  
19 paragraph (E)) under this subparagraph.

20 “(v) LIMITATION.—Other than as  
21 provided in clauses (i) through (iv), pay-  
22 ments may not be made under this para-  
23 graph for any crop on a greater acreage  
24 than the acreage actually planted to wheat.

1           “(vi) CONSERVATION USE ACREAGE  
2 UNDER OTHER PROGRAMS.—Any acreage  
3 considered to be planted to wheat in ac-  
4 cordance with clauses (i) and (iv) may not  
5 also be designated as conservation use  
6 acreage for the purpose of fulfilling any  
7 provision under any acreage limitation or  
8 land diversion program requiring that the  
9 producers devote a specified quantity of  
10 acreage to conservation uses.

11           “(vii) EXCEPTIONS TO 0/85.—In the  
12 case of each of the 1996 through 2002  
13 crops of wheat, producers on a farm shall  
14 be eligible to receive deficiency payments  
15 as provided in clause (ii) if an acreage lim-  
16 itation program under subsection (e) is in  
17 effect for the crop and the producers—

18           “(I)(aa) have been determined by  
19 the Secretary (in accordance with sec-  
20 tion 503(c)) to be prevented from  
21 planting the crop, or to have incurred  
22 a reduced yield for the crop, because  
23 of a natural disaster; and

24           “(bb) elect to devote a portion of  
25 the maximum payment acres for

1 wheat (as calculated under subpara-  
2 graph (C)(ii)) equal to more than 8  
3 percent of the wheat acreage to con-  
4 servation uses; or

5 “(II) elect to devote a portion of  
6 the maximum payment acres for  
7 wheat (as calculated under subpara-  
8 graph (C)(ii)) equal to more than 8  
9 percent of the wheat acreage, to alter-  
10 native crops as provided in subpara-  
11 graph (E).

12 “(E) ALTERNATIVE CROPS.—

13 “(i) INDUSTRIAL AND OTHER  
14 CROPS.—The Secretary may permit, sub-  
15 ject to such terms and conditions as the  
16 Secretary may prescribe, all or any part of  
17 acreage otherwise required to be devoted to  
18 conservation uses as a condition of qualify-  
19 ing for payments under subparagraph (D)  
20 to be devoted to sweet sorghum, guar,  
21 castor beans, plantago ovato, triticale, rye,  
22 millet, mung beans, commodities for which  
23 no substantial domestic production or mar-  
24 ket exists but that could lead to industrial  
25 raw material being imported, or likely to

1 be imported, into the United States, or  
2 commodities grown for experimental pur-  
3 poses (including kenaf and milkweed), sub-  
4 ject to the following sentence. The Sec-  
5 retary may permit the acreage to be de-  
6 voted to the production only if the Sec-  
7 retary determines that the production is—

8 “(I) not likely to increase the  
9 cost of the price support program;  
10 and

11 “(II) needed to provide an ade-  
12 quate supply of the commodity, or, in  
13 the case of a commodity for which no  
14 substantial domestic production or  
15 market exists but that could yield in-  
16 dustrial raw materials, the production  
17 is needed to encourage domestic man-  
18 ufacture of the raw material and  
19 could lead to increased industrial use  
20 of the raw material to the long-term  
21 benefit of United States industry.

22 “(ii) OILSEEDS.—The Secretary shall  
23 permit, subject to such terms and condi-  
24 tions as the Secretary may prescribe, all or  
25 any part of acreage otherwise required to

1 be devoted to conservation uses as a condi-  
2 tion of qualifying for payments under sub-  
3 paragraph (D) to be devoted to sunflowers,  
4 rapeseed, canola, safflower, flaxseed, mus-  
5 tard seed, sesame, crambe, or other minor  
6 oilseeds designated by the Secretary (ex-  
7 cluding soybeans). In carrying out this  
8 clause, the Secretary shall provide that, to  
9 receive payments under subparagraph (D),  
10 the producers shall agree to forgo eligi-  
11 bility to receive a loan under section 205  
12 for the crop of any such oilseed produced  
13 on the farm.

14 “(iii) DOUBLE CROPPING.—The Sec-  
15 retary shall permit, subject to such terms  
16 and conditions as the Secretary may pre-  
17 scribe, all or any portion of the acreage  
18 otherwise required to be devoted to con-  
19 servation uses as a condition of qualifying  
20 for payments under subparagraph (D) that  
21 is devoted to an industrial, oilseed, or  
22 other crop pursuant to clause (i) or (ii) to  
23 be subsequently planted during the same  
24 crop year to any crop described in sub-  
25 paragraph (B), (C), or (D) of section

1           504(b)(1). The planting of soybeans as the  
2           subsequently planted crop shall be limited  
3           to farms determined by the Secretary to  
4           have an established history of double crop-  
5           ping soybeans during at least 3 of the pre-  
6           ceding 5 years. In carrying out this clause,  
7           the Secretary shall require producers to  
8           agree to forego eligibility to receive loans  
9           under this Act for the crop of the subse-  
10          quently planted crop that is produced on a  
11          farm under this clause.

12           “(2) CROP INSURANCE REQUIREMENT.—As a  
13          condition of eligibility for wheat loans, purchases,  
14          and payments, the producers on a farm shall obtain  
15          catastrophic risk protection insurance coverage in  
16          accordance with section 427.

17           “(d) PAYMENT YIELDS.—The farm program pay-  
18          ment yields for farms for each crop of wheat under this  
19          section shall be determined under title V.

20           “(e) ACREAGE REDUCTION PROGRAMS.—

21           “(1) IN GENERAL.—

22           “(A) ESTABLISHMENT.—Notwithstanding  
23          any other provision of this Act, if the Secretary  
24          determines that the total supply of wheat, in  
25          the absence of an acreage limitation program,

1 will be excessive taking into account the need  
2 for an adequate carry-over to maintain reason-  
3 able and stable supplies and prices and to meet  
4 a national emergency, the Secretary may pro-  
5 vide for any crop of wheat an acreage limitation  
6 program as described in paragraph (2).

7 “(B) AGRICULTURAL RESOURCES CON-  
8 SERVATION PROGRAM.—In making a determina-  
9 tion under subparagraph (A), the Secretary  
10 shall take into consideration the number of  
11 acres placed in the agricultural resources con-  
12 servation program established under subtitle D  
13 of title XII of the Food Security Act of 1985  
14 (16 U.S.C. 3830 et seq.).

15 “(C) ANNOUNCEMENTS.—If the Secretary  
16 elects to implement an acreage limitation pro-  
17 gram for any crop year, the Secretary shall an-  
18 nounce the program not later than the June 1  
19 preceding the calendar year in which the crop  
20 is harvested, except that in the case of the 1996  
21 crop, the Secretary shall announce the program  
22 as soon as practicable after the date of enact-  
23 ment of the Agricultural Competitiveness Act of  
24 1995.

1           “(D) ADJUSTMENTS.—Not later than July  
2           31 of the year preceding the year in which the  
3           crop is harvested, the Secretary may make ad-  
4           justments in the program announced under  
5           subparagraph (C) if the Secretary determines  
6           that there has been a significant change in the  
7           total supply of wheat since the program was  
8           first announced.

9           “(E) COMPLIANCE.—As a condition of eli-  
10          gibility for loans, purchases, and payments for  
11          any such crop of wheat, except as provided in  
12          subsections (f) and (g) and section 504, the  
13          producers on a farm shall comply with the  
14          terms and conditions of the acreage limitation  
15          program and, if applicable, a land diversion  
16          program as provided in paragraph (5).

17          “(F) ACREAGE LIMITATION PROGRAMS.—  
18          If the Secretary estimates for a marketing year  
19          for the crop that the ratio of ending stocks of  
20          wheat to total disappearance of wheat for the  
21          preceding marketing year will be—

22                 “(i) more than 40 percent, the Sec-  
23                 retary shall provide for an acreage limita-  
24                 tion program (as described in paragraph  
25                 (2)) under which the acreage planted to

1 wheat for harvest on a farm is limited to  
2 the wheat crop acreage base for the farm  
3 for the crop reduced by not less than 10  
4 percent nor more than 20 percent; or

5 “(ii) equal to or less than 40 percent,  
6 the Secretary may provide for such an  
7 acreage limitation program under which  
8 the acreage planted to wheat for harvest  
9 on a farm is limited to the wheat crop  
10 acreage base for the farm for the crop re-  
11 duced by not more than 15 percent.

12 “(G) DEFINITION OF TOTAL DISAPPEAR-  
13 ANCE.—In this paragraph, the term ‘total dis-  
14 appearance’ means all wheat utilization, includ-  
15 ing total domestic, total export, and total resid-  
16 ual disappearance.

17 “(2) ACREAGE LIMITATION PROGRAM.—

18 “(A) PERCENTAGE REDUCTIONS.—Except  
19 as provided in paragraph (3), if a wheat acre-  
20 age limitation program is announced under  
21 paragraph (1), the limitation shall be achieved  
22 by applying a uniform percentage reduction  
23 (from 0 to 20 percent) to the wheat crop acre-  
24 age base for the crop for each wheat-producing  
25 farm.

1           “(B) COMPLIANCE.—Except as provided in  
2 subsection (g) and section 504, producers who  
3 knowingly produce wheat in excess of the per-  
4 mitted acreage for wheat for the farm shall be  
5 ineligible for wheat loans, purchases, and pay-  
6 ments with respect to the farm.

7           “(C) CROP ACREAGE BASES.—Wheat crop  
8 acreage bases for each crop of wheat shall be  
9 determined under title V.

10          “(D) ACREAGE DEVOTED TO CONSERVA-  
11 TION USES.—

12           “(i) IN GENERAL.—A number of acres  
13 on the farm shall be devoted to conserva-  
14 tion uses, in accordance with regulations  
15 issued by the Secretary.

16           “(ii) NUMBER.—The number shall be  
17 determined by multiplying the wheat crop  
18 acreage base by the percentage reduction  
19 required by the Secretary. The number of  
20 acres so determined is referred to in this  
21 section as ‘reduced acreage’. The remain-  
22 ing acreage is referred to in this section as  
23 ‘permitted acreage’.

24           “(iii) ADJUSTMENT.—Permitted acre-  
25 age may be adjusted by the Secretary as

1 provided in paragraph (3) and in section  
2 504.

3 “(E) INDIVIDUAL FARM PROGRAM ACRE-  
4 AGE.—Except as otherwise provided in sub-  
5 section (c), the individual farm program acre-  
6 age shall be the acreage planted on the farm to  
7 wheat for harvest within the permitted acreage  
8 for wheat for the farm as established under this  
9 paragraph.

10 “(F) PLANTING DESIGNATED CROPS ON  
11 REDUCED ACREAGE.—

12 “(i) DEFINITION OF DESIGNATED  
13 CROP.—In this subparagraph, the term  
14 ‘designated crop’ means a crop specified in  
15 section 504(b)(1), excluding any program  
16 crop as defined in section 502(3).

17 “(ii) PLANTING DESIGNATED  
18 CROPS.—Subject to clause (iii), the Sec-  
19 retary may permit producers on a farm to  
20 plant a designated crop on not more than  
21  $\frac{1}{2}$  of the reduced acreage on the farm.

22 “(iii) LIMITATIONS.—If the producers  
23 on a farm elect to plant a designated crop  
24 on reduced acreage under this subpara-  
25 graph—

1           “(I) the amount of the deficiency  
2           payment that the producers are other-  
3           wise eligible to receive under sub-  
4           section (c) shall be reduced, for each  
5           acre (or portion of an acre) that is  
6           planted to the designated crop, by an  
7           amount equal to the deficiency pay-  
8           ment that would be made with respect  
9           to a number of acres of the crop that  
10          the Secretary considers appropriate,  
11          except that if the producers on the  
12          farm are participating in a program  
13          established for more than 1 program  
14          crop, the amount of the reduction  
15          shall be determined by prorating the  
16          reduction based on the acreage plant-  
17          ed or considered planted on the farm  
18          to all of the program crops; and

19                 “(II) the Secretary shall ensure  
20                 that reductions in deficiency payments  
21                 under subclause (I) are sufficient to  
22                 ensure that this subparagraph will re-  
23                 sult in no additional cost to the Com-  
24                 modity Credit Corporation.

25                         “(3) TARGETED OPTION PAYMENTS.—

1           “(A) IN GENERAL.—Notwithstanding any  
2 other provision of this section, if the Secretary  
3 implements an acreage limitation program with  
4 respect to any of the 1996 through 2002 crops  
5 of wheat, the Secretary may make available to  
6 producers on a farm adjustments in the level of  
7 deficiency payments that would otherwise be  
8 made available to the producers if the producers  
9 exercise the payment options provided in this  
10 paragraph.

11           “(B) PAYMENT OPTIONS.—If the Secretary  
12 elects to carry out this paragraph, the Secretary  
13 shall make the payment options specified in  
14 subparagraphs (C) and (D) available to produc-  
15 ers who agree to make adjustments in the  
16 quantity of acreage diverted from the produc-  
17 tion of wheat under an acreage limitation pro-  
18 gram in accordance with this paragraph.

19           “(C) INCREASED ACREAGE LIMITATION OP-  
20 TION.—

21           “(i) INCREASE IN ESTABLISHED  
22 PRICE.—If the Secretary elects to carry  
23 out this paragraph, the producers on a  
24 farm shall be eligible to receive an increase  
25 in the established price for wheat in ac-

1 cordance with clause (ii) if the producers  
2 agree to an increase in the acreage limita-  
3 tion percentage to be applied to the wheat  
4 acreage base of the producers above the  
5 acreage limitation percentage announced  
6 by the Secretary.

7 “(ii) METHOD OF CALCULATION.—  
8 For the purposes of calculating deficiency  
9 payments to be made available to produc-  
10 ers who participate in the program under  
11 this paragraph, the Secretary shall in-  
12 crease the established price for wheat by  
13 an amount determined by the Secretary of  
14 not less than 0.5 percent, nor more than 1  
15 percent, for each 1 percentage point in-  
16 crease in the acreage limitation percentage  
17 applied to the wheat acreage base of the  
18 producers.

19 “(iii) LIMITATION.—The acreage limi-  
20 tation percentage to be applied to the  
21 wheat acreage base of the producers shall  
22 not be increased by more than 15 percent-  
23 age points above the acreage limitation  
24 percentage announced by the Secretary for

1 the crop or above 25 percent total for the  
2 crop.

3 “(D) DECREASED ACREAGE LIMITATION  
4 OPTION.—

5 “(i) DECREASE IN ACREAGE LIMITA-  
6 TION REQUIREMENT.—If the Secretary  
7 elects to carry out this paragraph, the pro-  
8 ducers on a farm shall be eligible to de-  
9 crease the acreage limitation percentage  
10 applicable to the wheat acreage base of the  
11 producers (as announced by the Secretary)  
12 if the producers agree to a decrease in the  
13 established price for wheat in accordance  
14 with clause (ii) for the purpose of calculat-  
15 ing deficiency payments to be made avail-  
16 able to the producers.

17 “(ii) METHOD OF CALCULATION.—  
18 For the purposes of calculating deficiency  
19 payments to be made available to produc-  
20 ers who choose the option established  
21 under this subparagraph, the Secretary  
22 shall decrease the established price for  
23 wheat by an amount to be determined by  
24 the Secretary of not less than 0.5 percent,  
25 nor more than 1 percent, for each 1 per-

1           centage point decrease in the acreage limi-  
2           tation percentage applied to the wheat  
3           acreage base of the producers.

4           “(iii) LIMITATION.—The producers on  
5           a farm may not choose to decrease the  
6           acreage limitation percentage applicable to  
7           the wheat acreage base of the producers  
8           under this paragraph by more than  $\frac{1}{2}$  of  
9           the announced acreage limitation percent-  
10          age.

11          “(E) PARTICIPATION AND PRODUCTION  
12          EFFECTS.—Notwithstanding any other provi-  
13          sion of this paragraph, the Secretary shall, to  
14          the extent practicable, ensure that the program  
15          provided for in this paragraph does not have a  
16          significant effect on participation in the pro-  
17          gram established by this section or total pro-  
18          duction and is offered in such a manner that  
19          the Secretary determines will result in no addi-  
20          tional budget outlays. The Secretary shall pro-  
21          vide an analysis of the determination of the  
22          Secretary to the Committee on Agriculture of  
23          the House of Representatives and the Commit-  
24          tee on Agriculture, Nutrition, and Forestry of  
25          the Senate.

1           “(4) ADMINISTRATION.—

2                   “(A) PROTECTION FROM WEEDS AND ERO-  
3                   SION.—The regulations issued by the Secretary  
4                   under paragraph (2) with respect to acreage re-  
5                   quired to be devoted to conservation uses shall  
6                   ensure protection of the acreage from weeds  
7                   and wind and water erosion.

8                   “(B) CONSERVING CROPS.—The Secretary  
9                   may permit, subject to such terms and condi-  
10                  tions as the Secretary may prescribe, all or any  
11                  part of the acreage to be devoted to sweet sor-  
12                  ghum, guar, sesame, castor beans, crambe,  
13                  plantago ovato, triticale, rye, mung beans, milk-  
14                  weed, or other commodity, if the Secretary de-  
15                  termines that the production is needed to pro-  
16                  vide an adequate supply of the commodity, is  
17                  not likely to increase the cost of the price sup-  
18                  port program, and will not affect farm income  
19                  adversely.

20                  “(C) HAYING AND GRAZING.—

21                          “(i) IN GENERAL.—Except as pro-  
22                          vided in clause (ii), haying and grazing of  
23                          reduced acreage and acreage diverted from  
24                          production under a land diversion program  
25                          established under this subsection shall be

1 permitted, except during any consecutive  
2 5-month period that is established by the  
3 State committee established under section  
4 8(b) of the Soil Conservation and Domestic  
5 Allotment Act (16 U.S.C. 590h(b)) for a  
6 State. The 5-month period shall be estab-  
7 lished during the period beginning April 1,  
8 and ending October 31, of a year.

9 “(ii) NATURAL DISASTERS.—In the  
10 case of a natural disaster, the Secretary  
11 may permit unlimited haying and grazing  
12 on the acreage. The Secretary may not ex-  
13 clude irrigated or irrigable acreage not  
14 planted to alfalfa when exercising the au-  
15 thority under this clause.

16 “(D) WATER STORAGE USES.—

17 “(i) IN GENERAL.—The regulations  
18 issued by the Secretary under paragraph  
19 (2) with respect to acreage required to be  
20 devoted to conservation uses shall provide  
21 that land that has been converted to water  
22 storage uses shall be considered to be de-  
23 voted to conservation uses if the land was  
24 devoted to wheat, feed grains, cotton, rice,  
25 or oilseeds in at least 3 of the immediately

1 preceding 5 crop years. The land shall be  
2 considered to be devoted to conservation  
3 uses for the period that the land remains  
4 in water storage uses, but not to exceed 5  
5 crop years subsequent to the conversion of  
6 the land to water storage uses.

7 “(ii) LIMITATIONS.—Land converted  
8 to water storage uses for the purposes of  
9 this subparagraph may not be devoted to  
10 any commercial use, including commercial  
11 fish production. The water stored on the  
12 land may not be ground water. The farm  
13 on which the land is located must have  
14 been irrigated with ground water during at  
15 least 1 of the preceding 5 crop years.

16 “(E) SUMMER FALLOW.—In determining  
17 the quantity of land to be devoted to conserva-  
18 tion uses under an acreage limitation program  
19 with respect to land that has been farmed  
20 under summer fallow practices, as defined by  
21 the Secretary, the Secretary shall consider the  
22 effects of soil erosion and such other factors as  
23 the Secretary considers appropriate.

24 “(5) LAND DIVERSION PAYMENTS.—

1           “(A) IN GENERAL.—The Secretary may  
2           make land diversion payments to producers of  
3           wheat, whether or not an acreage limitation  
4           program for wheat is in effect, if the Secretary  
5           determines that the land diversion payments  
6           are necessary to assist in adjusting the total na-  
7           tional acreage of wheat to desirable goals. The  
8           land diversion payments shall be made to pro-  
9           ducers who, to the extent prescribed by the Sec-  
10          retary, devote to approved conservation uses an  
11          acreage of cropland on the farm in accordance  
12          with land diversion contracts entered into by  
13          the Secretary with the producers.

14          “(B) AMOUNTS.—The amounts payable to  
15          producers under land diversion contracts may  
16          be determined through the submission of bids  
17          for the contracts by producers in such manner  
18          as the Secretary may prescribe or through such  
19          other means as the Secretary determines appro-  
20          priate. In determining the acceptability of con-  
21          tract offers, the Secretary shall take into con-  
22          sideration the extent of the diversion to be un-  
23          dertaken by the producers and the productivity  
24          of the acreage diverted.

1           “(C) LIMITATION ON DIVERTED ACRE-  
2           AGE.—The Secretary shall limit the total acre-  
3           age to be diverted under agreements in any  
4           county or local community so as not to affect  
5           adversely the economy of the county or local  
6           community.

7           “(6) CONSERVATION PRACTICES.—

8           “(A) WILDLIFE FOOD PLOTS OR HABI-  
9           TAT.—The reduced acreage and additional di-  
10          verted acreage may be devoted to wildlife food  
11          plots or wildlife habitat in conformity with  
12          standards established by the Secretary in con-  
13          sultation with wildlife agencies. The Secretary  
14          may pay an appropriate share of the cost of  
15          practices designed to carry out this subpara-  
16          graph.

17          “(B) SOIL AND WATER CONSERVATION  
18          PRACTICES.—The Secretary may pay an appro-  
19          priate share of the cost of approved soil and  
20          water conservation practices (including prac-  
21          tices that may be effective for a number of  
22          years) established by the producers on a farm  
23          on acreage required to be devoted to conserva-  
24          tion uses or on additional diverted acreage.

1           “(C) PUBLIC ACCESSIBILITY.—The Sec-  
2           retary may provide for an additional payment  
3           on the acreage in an amount determined by the  
4           Secretary to be appropriate in relation to the  
5           benefit to the general public if the producers on  
6           a farm agree to permit, without other com-  
7           pensation, access to all or such portion of the  
8           farm as the Secretary may prescribe by the  
9           general public, for hunting, trapping, fishing,  
10          and hiking, subject to applicable Federal and  
11          State regulations.

12          “(7) PARTICIPATION AGREEMENTS.—

13                 “(A) IN GENERAL.—Producers on a farm  
14                 desiring to participate in the program con-  
15                 ducted under this subsection shall execute an  
16                 agreement with the Secretary providing for the  
17                 participation with respect to a crop year not  
18                 later than such date as the Secretary may pre-  
19                 scribe.

20                 “(B) MODIFICATION OR TERMINATION.—  
21                 The Secretary may, by mutual agreement with  
22                 producers on a farm, modify or terminate any  
23                 such agreement if the Secretary determines the  
24                 action necessary because of an emergency cre-  
25                 ated by drought or other disaster or to prevent

1 or alleviate a shortage in the supply of agricul-  
2 tural commodities. The Secretary may modify  
3 the agreement under this subparagraph for the  
4 purpose of alleviating a shortage in the supply  
5 of agricultural commodities only if there has  
6 been a significant change in the estimated  
7 stocks of the commodity since the Secretary an-  
8 nounced the final terms and conditions of the  
9 program for the crop of wheat.

10 “(8) SPECIAL OATS PLANTINGS.—In the case of  
11 a crop year for which the Secretary determines that  
12 projected domestic production of oats will not fulfill  
13 the projected domestic demand for oats, notwith-  
14 standing paragraphs (1) through (7), the Sec-  
15 retary—

16 “(A) may provide that any reduced acreage  
17 may be planted to oats for harvest;

18 “(B) may make program benefits (includ-  
19 ing loans, purchases, and payments) available  
20 under the annual program for oats under sec-  
21 tion 105B available to producers with respect to  
22 acreage planted to oats under this paragraph;  
23 and

24 “(C) shall not make program benefits  
25 other than the benefits specified in subpara-

1 graph (B) available to producers with respect to  
2 acreage planted to oats under this paragraph.

3 “(f) INVENTORY REDUCTION PAYMENTS.—

4 “(1) IN GENERAL.—The Secretary may make  
5 payments available to producers on a farm who meet  
6 the requirements of this subsection.

7 “(2) FORM.—The payments may be made in  
8 the form of marketing certificates.

9 “(3) PAYMENTS.—Payments under this sub-  
10 section shall be determined in the manner provided  
11 in subsection (b).

12 “(4) ELIGIBILITY.—The producers on a farm  
13 shall be eligible to receive a payment under this sub-  
14 section for a crop if the producers—

15 “(A) agree to forgo obtaining a loan or  
16 purchase agreement under subsection (a);

17 “(B) agree to forgo receiving payments  
18 under subsection (c);

19 “(C) do not plant wheat for harvest in ex-  
20 cess of the crop acreage base reduced by  $\frac{1}{2}$  of  
21 any acreage required to be diverted from pro-  
22 duction under subsection (e); and

23 “(D) otherwise comply with this section.

24 “(g) PILOT VOLUNTARY PRODUCTION LIMITATION  
25 PROGRAM.—

1           “(1) IN GENERAL.—Effective for each of the  
2           1996 through 2002 crops, if a wheat acreage limita-  
3           tion program or a land diversion program is an-  
4           nounced under subsection (e) for a crop, the Sec-  
5           retary may carry out a pilot program in at least 15  
6           counties in at least 2 States where producers express  
7           an interest in participating in the pilot program.  
8           Under the pilot program, the producers on a farm  
9           shall be considered to have met the requirements of  
10          the acreage limitation or land diversion program if  
11          the producers meet the requirements of the vol-  
12          untary production limitation program established  
13          under this subsection.

14          “(2) LIMITATION ON MARKETING.—To comply  
15          with the voluntary production limitation program,  
16          the producers on a farm must agree not to market,  
17          barter, donate, or use on the farm (including use as  
18          feed for livestock) in a marketing year a quantity of  
19          wheat in excess of the wheat production limitation  
20          quantity for the farm for the marketing year.

21          “(3) PRODUCTION LIMITATION QUANTITY.—For  
22          purposes of this subsection, the wheat production  
23          limitation quantity for a farm for a marketing year  
24          for a crop shall equal the product obtained by mul-  
25          tiplying—

1           “(A) the acreage permitted to be planted  
2           to wheat under the acreage reduction program  
3           or land diversion program in effect for the crop  
4           for the farm; and

5           “(B) the greater of—

6                 “(i) the farm program payment yield  
7                 for the farm; and

8                 “(ii) the average of the yield per har-  
9                 vested acre for wheat for the farm for each  
10                of the 5 crop years immediately preceding  
11                the crop year during which the producers  
12                first participate in the program established  
13                under this subsection, excluding the crop  
14                years with the highest and lowest yield per  
15                harvested acre and any crop year in which  
16                the commodity was not planted on the  
17                farm.

18           “(4) TERMS AND CONDITIONS.—Producers on a  
19           farm who elect to participate in the program estab-  
20           lished under this subsection for a crop of wheat  
21           shall—

22                 “(A) enter into an agreement with the Sec-  
23                 retary providing that the producers shall com-  
24                 ply with the program for the crop;

1           “(B) not plant program commodities for  
2 harvest in a quantity in excess of the sum of  
3 the crop acreage bases for the farm; and

4           “(C) be considered to have complied with  
5 the terms and conditions of the wheat acreage  
6 reduction program or land diversion program  
7 for the crop, even though the acreage planted to  
8 wheat on the farm exceeds the permitted acre-  
9 age provided under the acreage reduction or  
10 land diversion program.

11           “(5) EXCESS PRODUCTION.—

12           “(A) IN GENERAL.—Any quantity of wheat  
13 produced in a crop year on a farm in excess of  
14 the production limitation quantity for the farm  
15 may be stored by the producers for a period of  
16 not to exceed 5 marketing years and may be  
17 used only in accordance with this paragraph.

18           “(B)    MARKETING    IN    SUBSEQUENT  
19 YEAR.—

20           “(i) PARTICIPANTS IN PROGRAM.—

21           Producers on a farm who are participating  
22 in the program established under this sub-  
23 section may market, barter, or use a quan-  
24 tity of the excess wheat referred to in sub-  
25 paragraph (A) equal to the difference be-

1           tween the production limitation quantity  
2           for the farm for the crop year subsequent  
3           to the crop year in which the excess wheat  
4           is produced less the quantity of wheat pro-  
5           duced on the farm during the crop year.

6           “(ii) PARTICIPANTS IN ACREAGE RE-  
7           DUCTION PROGRAM.—Producers on a farm  
8           who are participating in the program es-  
9           tablished under this subsection may mar-  
10          ket, barter, or use a quantity of the excess  
11          wheat referred to in subparagraph (A) in  
12          an amount that reflects the quantity of  
13          wheat that would be expected to be pro-  
14          duced on acreage that the producers agree  
15          to devote to approved conservation uses (in  
16          excess of any acreage reduction or land di-  
17          version requirements) during a crop year,  
18          as determined by the Secretary.

19          “(6) DUTIES OF SECRETARY.—In carrying out  
20          the pilot program established under this subsection,  
21          the Secretary—

22                 “(A) shall issue such regulations as are  
23                 necessary to carry out the program;

24                 “(B) may establish increased acreage re-  
25                 duction or land diversion requirements with re-

1           spect to producers who have had excess wheat  
2           production in order to allow the producers to  
3           market, barter, or use the production in subse-  
4           quent years;

5           “(C) shall take appropriate measures de-  
6           signed to prevent the circumvention of the pro-  
7           gram established under this subsection, includ-  
8           ing the imposition of penalties;

9           “(D) may require producers who partici-  
10          pate in the program for a crop, but who fail to  
11          comply with the terms and conditions of the  
12          program, to refund all or a part of any defi-  
13          ciency payments received with respect to the  
14          crop;

15          “(E) may require the forfeiture to the  
16          Commodity Credit Corporation of any wheat  
17          that is produced in excess of the production  
18          limitation quantity and that is not marketed,  
19          bartered, or used within 5 marketing years; and

20          “(F) shall ensure equitable treatment for  
21          producers who participate in the pilot program  
22          if the Secretary allows increases (based on ac-  
23          tual production levels) in the determination of  
24          farm program payment yields for wheat for the  
25          farm.

1           “(7) REPORT.—

2                   “(A) IN GENERAL.—The Comptroller Gen-  
3           eral shall prepare a report that evaluates the  
4           pilot program carried out under this subsection.

5                   “(B) SUBMISSION.—The Comptroller Gen-  
6           eral shall submit a copy of the report required  
7           by subparagraph (A) to the Committee on Agri-  
8           culture of the House of Representatives, the  
9           Committee on Agriculture, Nutrition, and For-  
10          estry of the Senate, and the Secretary.

11          “(h) EQUITABLE RELIEF.—

12                   “(1) LOANS, PURCHASES, AND PAYMENTS.—If  
13          the failure of a producer to comply fully with the  
14          terms and conditions of the program conducted  
15          under this section precludes the making of loans,  
16          purchases, and payments, the Secretary may, not-  
17          withstanding the failure, make the loans, purchases,  
18          and payments in such amounts as the Secretary de-  
19          termines are equitable in relation to the seriousness  
20          of the failure. The Secretary may consider whether  
21          the producer made a good faith effort to comply  
22          fully with the terms and conditions of the program  
23          in determining whether equitable relief is warranted  
24          under this paragraph.

1           “(2) DEADLINES AND PROGRAM REQUIRE-  
2           MENTS.—The Secretary may authorize the county  
3           and State committees established under section 8(b)  
4           of the Soil Conservation and Domestic Allotment  
5           Act (16 U.S.C. 590h(b)) to waive or modify dead-  
6           lines and other program requirements in cases in  
7           which lateness or failure to meet the other require-  
8           ments does not affect adversely the operation of the  
9           program.

10          “(i) REGULATIONS.—The Secretary may issue such  
11          regulations as the Secretary determines necessary to carry  
12          out this section.

13          “(j) COMMODITY CREDIT CORPORATION.—The Sec-  
14          retary shall carry out the program authorized by this sec-  
15          tion through the Commodity Credit Corporation.

16          “(k) ASSIGNMENT OF PAYMENTS.—Section 8(g) of  
17          the Soil Conservation and Domestic Allotment Act (16  
18          U.S.C. 590h(g)) shall apply to payments made under this  
19          section.

20          “(l) SHARING OF PAYMENTS.—The Secretary shall  
21          provide for the sharing of payments made under this sec-  
22          tion for any farm among the producers on the farm on  
23          a fair and equitable basis.

24          “(m) TENANTS AND SHARECROPPERS.—In carrying  
25          out this section, the Secretary shall provide adequate safe-

1 guards to protect the interests of tenants and share-  
2 croppers.

3 “(n) CROSS-COMPLIANCE.—

4 “(1) IN GENERAL.—Compliance on a farm with  
5 the terms and conditions of any other commodity  
6 program, or compliance with crop acreage base re-  
7 quirements for any other commodity, may not be re-  
8 quired as a condition of eligibility for loans, pur-  
9 chases, or payments under this section.

10 “(2) COMPLIANCE ON OTHER FARMS.—The  
11 Secretary may not require producers on a farm, as  
12 a condition of eligibility for loans, purchases, or pay-  
13 ments under this section for the farm, to comply  
14 with the terms and conditions of the wheat program  
15 with respect to any other farm operated by the pro-  
16 ducers.

17 “(o) PUBLIC COMMENT ON WHEAT PROGRAM.—

18 “(1) IN GENERAL.—To ensure that producers  
19 and consumers of wheat are provided with reason-  
20 able opportunity to comment on the annual program  
21 determinations concerning the price support and  
22 acreage reduction program for each of the 1997  
23 through 2002 crops of wheat, the Secretary shall re-  
24 quest public comment regarding the wheat program  
25 in accordance with this subsection.

1           “(2) OPTIONS.—Not less than 60 days before  
2 the program is announced for a crop of wheat under  
3 this section, the Secretary shall propose for public  
4 comment various program options for the crop of  
5 wheat.

6           “(3) ANALYSES.—Each option proposed by the  
7 Secretary shall be accompanied by an analysis that  
8 includes the estimated planted acreage, production,  
9 domestic and export use, ending stocks, season aver-  
10 age producer price, program participation rate, and  
11 cost to the Federal Government that would likely re-  
12 sult from the option.

13           “(4) ESTIMATES.—In announcing the program  
14 for a crop of wheat under this section, the Secretary  
15 shall include an estimate of the planted acreage, pro-  
16 duction, domestic and export use, ending stocks, sea-  
17 son average producer price, program participation  
18 rate, and cost to the Federal Government that is ex-  
19 pected to result from the program as announced.

20           “(p) CROPS.—Notwithstanding any other provision of  
21 law, this section shall be effective only for the 1996  
22 through 2002 crops of wheat.”.

1 **SEC. 102. NONAPPLICABILITY OF CERTIFICATE REQUIRE-**  
2 **MENTS.**

3 Sections 379d through 379j of the Agricultural Ad-  
4 justment Act of 1938 (7 U.S.C. 1379d–1379j) shall not  
5 be applicable to wheat processors or exporters during the  
6 period June 1, 1996, through May 31, 2003.

7 **SEC. 103. SUSPENSION OF LAND USE, WHEAT MARKETING**  
8 **ALLOCATION, AND PRODUCER CERTIFICATE**  
9 **PROVISIONS.**

10 Sections 331 through 339, 379b, and 379c of the Ag-  
11 ricultural Adjustment Act of 1938 (7 U.S.C. 1331  
12 through 1339, 1379b, and 1379c) shall not be applicable  
13 to the 1996 through 2002 crops of wheat.

14 **SEC. 104. SUSPENSION OF CERTAIN QUOTA PROVISIONS.**

15 The joint resolution entitled “A joint resolution relat-  
16 ing to corn and wheat marketing quotas under the Agri-  
17 cultural Adjustment Act of 1938, as amended”, approved  
18 May 26, 1941 (7 U.S.C. 1330 and 1340), shall not be  
19 applicable to the crops of wheat planted for harvest in the  
20 calendar years 1996 through 2002.

21 **SEC. 105. NONAPPLICABILITY OF SECTION 107 OF THE AG-**  
22 **RICULTURAL ACT OF 1949.**

23 Section 107 of the Agricultural Act of 1949 (7 U.S.C.  
24 1445a) shall not be applicable to the 1996 through 2002  
25 crops of wheat.

**TITLE II—FEED GRAINS****SEC. 201. LOANS, PAYMENTS, AND ACREAGE REDUCTION  
PROGRAMS FOR THE 1996 THROUGH 2002  
CROPS OF FEED GRAINS.**

Section 105B of the Agricultural Act of 1949 (7 U.S.C. 1444f) is amended to read as follows:

**“SEC. 105B. LOANS, PAYMENTS, AND ACREAGE REDUCTION  
PROGRAMS FOR THE 1996 THROUGH 2002  
CROPS OF FEED GRAINS.**

“(a) LOANS AND PURCHASES.—

“(1) IN GENERAL.—Except as otherwise provided in this subsection, the Secretary shall make available to producers on a farm loans and purchases for each of the 1996 through 2002 crops of corn produced on the farm at such level as the Secretary determines will encourage the exportation of feed grains and not result in excessive total stocks of feed grains after taking into consideration the cost of producing corn, supply and demand conditions, and world prices for corn.

“(2) MINIMUM LOAN AND PURCHASE LEVEL.—  
Except as provided in paragraphs (3) and (4), the loan and purchase level determined under paragraph (1) shall be not less than 85 percent of the simple average price received by producers of corn, as de-

1       terminated by the Secretary, during the marketing  
2       years for the immediately preceding 5 crops of corn,  
3       excluding the year in which the average price was  
4       the highest and the year in which the average price  
5       was the lowest in the period, except that the loan  
6       and purchase level for a crop determined under this  
7       paragraph may not be reduced by more than 5 per-  
8       cent from the level determined for the preceding  
9       crop.

10       “(3) ADJUSTMENTS TO SUPPORT LEVEL.—

11       “(A) STOCKS TO USE RATIO.— If the Sec-  
12       retary estimates for any marketing year that  
13       the ratio of ending stocks of corn to total use  
14       for the marketing year will be—

15               “(i) equal to or greater than 25 per-  
16               cent, the Secretary may reduce the loan  
17               and purchase level for corn for the crop  
18               corresponding to the marketing year by an  
19               amount not to exceed 10 percent in any  
20               year;

21               “(ii) less than 25 percent but not less  
22               than 12.5 percent, the Secretary may re-  
23               duce the loan and purchase level for corn  
24               for the crop corresponding to the market-

1 ing year by an amount not to exceed 5 per-  
2 cent in any year; or

3 “(iii) less than 12.5 percent the Sec-  
4 retary may not reduce the loan and pur-  
5 chase level for corn for the crop cor-  
6 responding to the marketing year.

7 “(B) REPORT TO CONGRESS.—

8 “(i) IN GENERAL.—If the Secretary  
9 adjusts the level of loans and purchases for  
10 corn under subparagraph (A), the Sec-  
11 retary shall submit to the Committee on  
12 Agriculture of the House of Representa-  
13 tives and the Committee on Agriculture,  
14 Nutrition, and Forestry of the Senate a re-  
15 port—

16 “(I) certifying the adjustment as  
17 necessary to prevent the accumulation  
18 of stocks and to retain market share;  
19 and

20 “(II) containing a description of  
21 the need for the adjustment.

22 “(ii) EFFECTIVE DATE OF ADJUST-  
23 MENT.—The adjustment shall become ef-  
24 fective not earlier than 60 calendar days  
25 after the date of submission of the report

1 to the Committees, except that in the case  
2 of the 1996 crop of feed grains, the adjust-  
3 ment shall become effective on the date of  
4 submission of the report.

5 “(C) COMPETITIVE POSITION.—Notwith-  
6 standing subparagraph (A), if the Secretary de-  
7 termines, not later than 60 days prior to the  
8 beginning of a marketing year for a crop, that  
9 the effective loan rate established for the crop  
10 will not maintain a competitive market position  
11 for corn, the Secretary may reduce the loan and  
12 purchase level for corn for the marketing year  
13 by an amount, in addition to any reduction  
14 under subparagraph (A), not to exceed 10 per-  
15 cent in any year.

16 “(D) NO EFFECT ON FUTURE YEARS.—  
17 Any reduction in the loan and purchase level  
18 for corn under this paragraph shall not be con-  
19 sidered in determining the loan and purchase  
20 level for corn for subsequent years.

21 “(E) MINIMUM LOAN RATE.—Notwith-  
22 standing subparagraph (A), the loan rate for  
23 corn shall not be less than \$1.76 per bushel,  
24 unless the rate would exceed 80 percent of the

1 5-year average market price determined under  
2 paragraph (2).

3 “(4) MARKETING LOANS.—

4 “(A) IN GENERAL.—The Secretary shall  
5 permit the producers on a farm to repay a loan  
6 made under this subsection for a crop at a level  
7 (except as provided in subparagraph (C)) that  
8 is the lesser of—

9 “(i) the loan level determined for the  
10 crop;

11 “(ii) the higher of—

12 “(I) 70 percent of the level; and

13 “(II) if the loan level for a crop  
14 was reduced under paragraph (3), 70  
15 percent of the loan level that would  
16 have been in effect but for the reduc-  
17 tion under paragraph (3); and

18 “(iii) the prevailing world market  
19 price for feed grains (adjusted to United  
20 States quality and location), as determined  
21 by the Secretary.

22 “(B) PREVAILING WORLD MARKET  
23 PRICE.—The Secretary shall prescribe by regu-  
24 lation—

1           “(i) a formula to determine the pre-  
2           vailing world market price for feed grains,  
3           adjusted to United States quality and loca-  
4           tion; and

5           “(ii) a mechanism by which the Sec-  
6           retary shall announce periodically the pre-  
7           vailing world market price for feed grains.

8           “(C) ALTERNATIVE REPAYMENT RATES.—  
9           For each of the 1996 through 2002 crops of  
10          feed grains, if the world market price for feed  
11          grains (adjusted to United States quality and  
12          location), as determined by the Secretary, is  
13          less than the loan level determined for the crop,  
14          the Secretary may permit the producers on a  
15          farm to repay a loan made under this sub-  
16          section for a crop at such level (not in excess  
17          of the loan level determined for the crop) as the  
18          Secretary determines will—

19                 “(i) minimize potential loan forfeit-  
20                 ures;

21                 “(ii) minimize the accumulation of  
22                 feed grain stocks by the Federal Govern-  
23                 ment;

1           “(iii) minimize the cost incurred by  
2           the Federal Government in storing feed  
3           grains; and

4           “(iv) allow feed grains produced in the  
5           United States to be marketed freely and  
6           competitively, both domestically and inter-  
7           nationally.

8           “(5) SIMPLE AVERAGE PRICE.—For purposes of  
9           this section, the simple average price received by  
10          producers for the immediately preceding marketing  
11          year shall be based on the latest information avail-  
12          able to the Secretary at the time of the determina-  
13          tion.

14          “(6) OTHER FEED GRAINS.—The Secretary  
15          shall make available to producers loans and pur-  
16          chases for each of the 1996 through 2002 crops of  
17          grain sorghums, barley, oats, and rye, respectively,  
18          produced on the farm at such level as the Secretary  
19          determines is fair and reasonable in relation to the  
20          level that loans and purchases are made available for  
21          corn, taking into consideration the feeding value of  
22          the commodity in relation to corn and other factors  
23          specified in section 401(b).

24          “(b) LOAN DEFICIENCY PAYMENTS.—

1           “(1) IN GENERAL.—For each of the 1996  
2 through 2002 crops of feed grains, the Secretary  
3 may make payments (referred to in this section as  
4 ‘loan deficiency payments’) available to producers  
5 who, although eligible to obtain a loan or an agree-  
6 ment for purchase under subsection (a), agree to  
7 forgo obtaining the loan or agreement in return for  
8 payments under this subsection.

9           “(2) COMPUTATION.—A payment under this  
10 subsection shall be computed by multiplying—

11                   “(A) the loan payment rate; and

12                   “(B) the quantity of feed grains the pro-  
13 ducers on a farm are eligible to place under  
14 loan (or obtain a purchase agreement) but for  
15 which the producers forgo obtaining the loan or  
16 agreement in return for payments under this  
17 subsection.

18           “(3) LOAN PAYMENT RATE.—For purposes of  
19 this subsection, the loan payment rate shall be the  
20 amount by which—

21                   “(A) the loan level determined for the crop  
22 under subsection (a); exceeds

23                   “(B) the level at which a loan may be re-  
24 paid under subsection (a).

25           “(c) PAYMENTS.—

1 “(1) DEFICIENCY PAYMENTS.—

2 “(A) IN GENERAL.—The Secretary shall  
3 make available to producers payments (referred  
4 to in this section as ‘deficiency payments’) for  
5 each of the 1996 through 2002 crops of corn,  
6 grain sorghums, oats, and barley, in an amount  
7 computed by multiplying—

8 “(i) the payment rate;

9 “(ii) the payment acres for the crop;

10 and

11 “(iii) the farm program payment yield  
12 established for the crop for the farm.

13 “(B) PAYMENT RATE.—

14 “(i) IN GENERAL.—The payment rate  
15 for each of the 1996 through 2002 crops  
16 of corn, grain sorghums, oats, and barley  
17 shall be the amount by which the estab-  
18 lished price for the respective crop of feed  
19 grains exceeds the higher of—

20 “(I) the lesser of—

21 “(aa) the national weighted  
22 average market price received by  
23 producers during the marketing  
24 year for the crop, as determined  
25 by the Secretary; and

1           “(bb) the national weighted  
2           average market price received by  
3           producers during the first 5  
4           months of the marketing year for  
5           the crop, as determined by the  
6           Secretary, plus 7 cents per bush-  
7           el; and

8           “(II) the loan level determined  
9           for the crop, prior to any adjustment  
10          made under subsection (a)(3) for the  
11          marketing year for the respective crop  
12          of feed grains.

13          “(ii)       MINIMUM       ESTABLISHED  
14          PRICES.—

15               “(I)    CORN.—The    established  
16               price for corn shall not be less than  
17               \$2.75 per bushel for each of the 1996  
18               through 2002 crops of corn.

19               “(II)   OATS.—The    established  
20               price for oats shall be such price as  
21               the Secretary determines is fair and  
22               reasonable in relation to the estab-  
23               lished price for corn, but not less than  
24               \$1.45 per bushel.

1           “(III) GRAIN SORGHUMS.—The  
2 established price for each of the 1996  
3 through 2002 crops of grain sorghums  
4 shall not be less than \$2.61 per bush-  
5 el.

6           “(IV) BARLEY.—

7           “(aa) IN GENERAL.—The  
8 established price for barley shall  
9 be such price as the Secretary  
10 determines is fair and reasonable  
11 in relation to the established  
12 price for corn, taking into consid-  
13 eration the various feed and food  
14 uses for barley. The established  
15 price for barley shall not be less  
16 than 85.8 percent of the estab-  
17 lished price for corn.

18           “(bb) BARLEY CALCULA-  
19 TIONS.—The Secretary shall, for  
20 purposes of determining the pay-  
21 ment rate for barley under  
22 clauses (i) and (ii) and subpara-  
23 graph (D)(ii), use the national  
24 weighted average market price

1 received by producers of barley  
2 sold primarily for feed purposes.

3 “(cc) ADVANCE PAY-  
4 MENTS.—In the case of the 1996  
5 crop of barley, the Secretary  
6 shall, for purposes of determining  
7 any advance deficiency payment  
8 made to the producers of barley  
9 under section 114, use the na-  
10 tional weighted average market  
11 price received by producers for  
12 all barley, as determined by the  
13 Secretary.

14 “(dd) EQUITY.—In carrying  
15 out this subsection, the Secretary  
16 shall make available to producers  
17 of the 1996 crop of barley, not-  
18 withstanding the method of cal-  
19 culation or the amount of the ad-  
20 vance deficiency payment, the  
21 total amount of payments as cal-  
22 culated under item (bb).

23 “(C) PAYMENT ACRES.—Payment acres  
24 for a crop shall be the lesser of—

1           “(i) the number of acres planted to  
2 the crop for harvest within the permitted  
3 acreage (as defined in subsection  
4 (e)(2)(D)(ii)); or

5           “(ii) 75 percent of the crop acreage  
6 base for the crop for the farm less the  
7 quantity of reduced acreage (as defined in  
8 subsection (e)(2)(D)(ii)).

9           “(D) EMERGENCY COMPENSATION.—

10           “(i) IN GENERAL.—Notwithstanding  
11 subparagraphs (A) through (C), if the Sec-  
12 retary adjusts the level of loans and pur-  
13 chases for feed grains under subsection  
14 (a)(3), the Secretary shall provide emer-  
15 gency compensation to producers by in-  
16 creasing the deficiency payments for feed  
17 grains by such amount as the Secretary  
18 determines is necessary to provide the  
19 same total return to producers as if the  
20 adjustment in the level of loans and pur-  
21 chases had not been made.

22           “(ii) CALCULATION.—In determining  
23 the payment rate, per bushel, for emer-  
24 gency compensation payments for a crop of  
25 feed grains under this subparagraph, the

1 Secretary shall use the national weighted  
2 average market price, per bushel of feed  
3 grains, received by producers during the  
4 marketing year for the crop, as determined  
5 by the Secretary.

6 “(E) 0/85 PROGRAM.—

7 “(i) IN GENERAL.—If an acreage limi-  
8 tation program under subsection (e)(2) is  
9 in effect for a crop of feed grains and the  
10 producers on a farm devote a portion of  
11 the maximum payment acres of the farm  
12 for feed grains as calculated under sub-  
13 paragraph (C)(ii) equal to 15 percent (ex-  
14 cept as provided in clause (vii)) of the feed  
15 grain acreage of the farm for the crop to  
16 conservation uses (except as provided in  
17 subparagraph (F))—

18 “(I) the portion of the maximum  
19 payment acres of the farm in excess  
20 of 15 percent (except as provided in  
21 clause (vii)) of the acreage devoted to  
22 conservation uses (except as provided  
23 in subparagraph (F)) shall be consid-  
24 ered to be planted to feed grains for  
25 the purpose of determining the acre-

1           age on the farm required to be de-  
2           voted to conservation uses in accord-  
3           ance with subsection (e)(2)(D); and

4                   “(II) the producers shall be eligi-  
5           ble for payments under this para-  
6           graph with respect to the acreage.

7                   “(ii) DEFICIENCY PAYMENTS.—Not-  
8           withstanding any other provision of this  
9           section, any producers on a farm who de-  
10          vote a portion of the maximum payment  
11          acres of the farm for feed grains to con-  
12          servation uses (or other uses as provided in  
13          subparagraph (F)) under this subpara-  
14          graph shall receive deficiency payments on  
15          the acreage that is considered to be plant-  
16          ed to feed grains and eligible for payments  
17          under this subparagraph for the crop at a  
18          per-bushel rate established by the Sec-  
19          retary, except that the rate may not be es-  
20          tablished at less than the projected defi-  
21          ciency payment rate for the crop, as deter-  
22          mined by the Secretary. The projected pay-  
23          ment rate for the crop shall be announced  
24          by the Secretary prior to the period during

1           which feed grain producers may agree to  
2           participate in the program for the crop.

3           “(iii) ADVERSE EFFECT ON AGRIBUSINESS AND OTHER INTERESTS.—The  
4           Secretary shall carry out this subparagraph in such a manner as to minimize the  
5           adverse effect on agribusiness and other  
6           agriculturally related economic interests  
7           within any county, State, or region. In carrying out this subparagraph, the Secretary  
8           may restrict the total quantity of feed  
9           grain acreage that may be taken out of  
10          production under this subparagraph, taking into consideration the total quantity of  
11          acreage that has or will be removed from  
12          production under other price support, production adjustment, or conservation program  
13          activities. No restrictions on the  
14          quantity of acreage that may be taken out  
15          of production in accordance with this subparagraph in a crop year shall be imposed  
16          in the case of a county in which producers  
17          were eligible to receive disaster emergency  
18          loans under section 321 of the Consolidated Farm and Rural Development Act (7  
19  
20  
21  
22  
23  
24  
25

1 U.S.C. 1961) as a result of a disaster that  
2 occurred during the crop year.

3 “(iv) CROP ACREAGE AND PAYMENT  
4 YIELD.—The feed grain crop acreage base  
5 and feed grain farm program payment  
6 yield of the farm shall not be reduced be-  
7 cause of the fact that a portion of the per-  
8 mitted acreage for feed grains for the farm  
9 was devoted to conserving uses (except as  
10 provided in subparagraph (F)) under this  
11 subparagraph.

12 “(v) LIMITATION.—Other than as  
13 provided in clauses (i) through (iv), pay-  
14 ments may not be made under this para-  
15 graph for any crop on a greater acreage  
16 than the acreage actually planted to feed  
17 grains.

18 “(vi) CONSERVATION USE ACREAGE  
19 UNDER OTHER PROGRAMS.—Any acreage  
20 considered to be planted to feed grains in  
21 accordance with clauses (i) and (iv) may  
22 not also be designated as conservation use  
23 acreage for the purpose of fulfilling any  
24 provision under any acreage limitation or  
25 land diversion program requiring that the

1 producers devote a specified quantity of  
2 acreage to conservation uses.

3 “(vii) EXCEPTIONS TO 0/85.—In the  
4 case of each of the 1996 through 2002  
5 crops of feed grains, producers on a farm  
6 shall be eligible to receive deficiency pay-  
7 ments as provided in clause (ii) if an acre-  
8 age limitation program under subsection  
9 (e) is in effect for the crop and the produc-  
10 ers—

11 “(I)(aa) have been determined by  
12 the Secretary (in accordance with sec-  
13 tion 503(c)) to be prevented from  
14 planting the crop, or have incurred a  
15 reduced yield for the crop because of  
16 a natural disaster; and

17 “(bb) elect to devote a portion of  
18 the maximum payment acres for feed  
19 grains (as calculated under subpara-  
20 graph (C)(ii)) equal to more than 8  
21 percent of the feed grain acreage, to  
22 conservation uses; or

23 “(II) elect to devote a portion of  
24 the maximum payment acres for feed  
25 grains (as calculated under subpara-

1 graph (C)(ii)) equal to more than 8  
2 percent of the feed grain acreage, to  
3 alternative crops as provided in sub-  
4 paragraph (F).

5 “(F) ALTERNATIVE CROPS.—

6 “(i) INDUSTRIAL AND OTHER  
7 CROPS.—The Secretary may permit, sub-  
8 ject to such terms and conditions as the  
9 Secretary may prescribe, all or any part of  
10 acreage otherwise required to be devoted to  
11 conservation uses as a condition of qualify-  
12 ing for payments under subparagraph (E)  
13 to be devoted to sweet sorghum, guar,  
14 castor beans, plantago ovato, triticale, rye,  
15 millet, mung beans, commodities for which  
16 no substantial domestic production or mar-  
17 ket exists but that could lead to industrial  
18 raw material being imported, or likely to  
19 be imported, into the United States, or  
20 commodities grown for experimental pur-  
21 poses (including kenaf and milkweed), sub-  
22 ject to the following sentence. The Sec-  
23 retary may permit the acreage to be de-  
24 voted to the production only if the Sec-  
25 retary determines that the production is—

1           “(I) not likely to increase the  
2           cost of the price support program;  
3           and

4           “(II) needed to provide an ade-  
5           quate supply of the commodity, or, in  
6           the case of a commodity for which no  
7           substantial domestic production or  
8           market exists but that could yield in-  
9           dustrial raw materials, the production  
10          is needed to encourage domestic man-  
11          ufacture of the raw material and  
12          could lead to increased industrial use  
13          of the raw material to the long-term  
14          benefit of United States industry.

15          “(ii) OILSEEDS.—The Secretary shall  
16          permit, subject to such terms and condi-  
17          tions as the Secretary may prescribe, all or  
18          any part of acreage otherwise required to  
19          be devoted to conservation uses as a condi-  
20          tion of qualifying for payments under sub-  
21          paragraph (E) to be devoted to sunflowers,  
22          rapeseed, canola, safflower, flaxseed, mus-  
23          tard seed, sesame, crambe, or other minor  
24          oilseeds designated by the Secretary (ex-  
25          cluding soybeans). In carrying out this

1 clause, the Secretary shall provide that, to  
2 receive payments under subparagraph (E),  
3 the producers shall agree to forgo eligi-  
4 bility to receive a loan under section 205  
5 for the crop of any such oilseed produced  
6 on the farm.

7 “(iii) DOUBLE CROPPING.—The Sec-  
8 retary shall permit, subject to such terms  
9 and conditions as the Secretary may pre-  
10 scribe, all or any portion of the acreage  
11 otherwise required to be devoted to con-  
12 servation uses as a condition of qualifying  
13 for payments under subparagraph (E) that  
14 is devoted to an industrial, oilseed, or  
15 other crop pursuant to clause (i) or (ii) to  
16 be subsequently planted during the same  
17 crop year to any crop described in sub-  
18 paragraph (B), (C), or (D) of section  
19 504(b)(1). The planting of soybeans as the  
20 subsequently planted crop shall be limited  
21 to farms determined by the Secretary to  
22 have an established history of double crop-  
23 ping soybeans during at least 3 of the pre-  
24 ceding 5 years. In carrying out this clause,  
25 the Secretary shall require producers to

1           agree to forego eligibility to receive loans  
2           under this Act for the crop of the subse-  
3           quently planted crop that is produced on a  
4           farm under this clause.

5           “(2) CROP INSURANCE REQUIREMENT.—As a  
6           condition of eligibility for feed grain loans, pur-  
7           chases, and payments, the producers on a farm shall  
8           obtain catastrophic risk protection insurance cov-  
9           erage in accordance with section 427.

10          “(d) PAYMENT YIELDS.—The farm program pay-  
11         ment yields for farms for each crop of feed grains under  
12         this section shall be determined under title V.

13          “(e) ACREAGE REDUCTION PROGRAMS.—

14                 “(1) IN GENERAL.—

15                         “(A) ESTABLISHMENT.—Notwithstanding  
16                         any other provision of this Act, if the Secretary  
17                         determines that the total supply of corn, grain  
18                         sorghum, barley, or oats, in the absence of an  
19                         acreage limitation program, will be excessive  
20                         taking into account the need for an adequate  
21                         carry-over to maintain reasonable and stable  
22                         supplies and prices and to meet a national  
23                         emergency, the Secretary may provide for any  
24                         crop of corn, grain sorghum, barley, or oats an

1           acreage limitation program as described in  
2           paragraph (2).

3           “(B) AGRICULTURAL RESOURCES CON-  
4           SERVATION PROGRAM.—In making a determina-  
5           tion under subparagraph (A), the Secretary  
6           shall take into consideration the number of  
7           acres placed in the agricultural resources con-  
8           servation program established under subtitle D  
9           of title XII of the Food Security Act of 1985  
10          (16 U.S.C. 3830 et seq.).

11          “(C) ANNOUNCEMENTS.—If the Secretary  
12          elects to implement an acreage limitation pro-  
13          gram for any crop year, the Secretary shall an-  
14          nounce the program not later than the Septem-  
15          ber 30 preceding the calendar year in which the  
16          crop is harvested, except that in the case of the  
17          1996 crop, the Secretary shall announce the  
18          program as soon as practicable after the date of  
19          enactment of the Food, Agriculture, Conserva-  
20          tion, and Trade Act of 1995.

21          “(D) ADJUSTMENTS.—Not later than No-  
22          vember 15 of the year preceding the year in  
23          which the crop is harvested, the Secretary may  
24          make adjustments in the program announced  
25          under subparagraph (C) if the Secretary deter-

1 mines that there has been a significant change  
2 in the total supply of feed grains since the pro-  
3 gram was first announced.

4 “(E) COMPLIANCE.—As a condition of eli-  
5 gibility for loans, purchases, and payments for  
6 any such crop of feed grains, except as provided  
7 in subsections (f) and (g) and section 504, the  
8 producers on a farm shall comply with the  
9 terms and conditions of the acreage limitation  
10 program and, if applicable, a land diversion  
11 program as provided in paragraph (5).

12 “(F) ACREAGE LIMITATION PROGRAMS.—  
13 If the Secretary estimates for a marketing year  
14 for the crop that the ratio of ending stocks of  
15 corn to total disappearance of corn for the pre-  
16 ceding marketing year will be—

17 “(i) more than 25 percent, the Sec-  
18 retary shall provide for an acreage limita-  
19 tion program (as described in paragraph  
20 (2)) under which the acreage planted to  
21 corn for harvest on a farm is limited to the  
22 corn crop acreage base for the farm for the  
23 crop reduced by not less than 10 percent  
24 nor more than 20 percent; or

1           “(ii) equal to or less than 25 percent,  
2           the Secretary may provide for such an  
3           acreage limitation program under which  
4           the acreage planted to corn for harvest on  
5           a farm is limited to the corn crop acreage  
6           base for the farm for the crop reduced by  
7           not more than 12.5 percent.

8           “(G) DEFINITION OF TOTAL DISAPPEAR-  
9           ANCE.—In this paragraph, the term ‘total dis-  
10          appearance’ means all corn utilization, includ-  
11          ing total domestic, total export, and total resid-  
12          ual disappearance.

13          “(H) ACREAGE LIMITATION PROGRAM FOR  
14          1996 THROUGH 2002 CROPS OF OATS.—In the  
15          case of each of the 1996 through 2002 crops of  
16          oats, the Secretary shall provide for an acreage  
17          limitation program (as described in paragraph  
18          (2)) under which the acreage planted to oats for  
19          harvest on a farm would be limited to the oat  
20          crop acreage base for the farm for the crop re-  
21          duced by not more than 0 percent.

22          “(2) ACREAGE LIMITATION PROGRAM.—

23          “(A) PERCENTAGE REDUCTIONS.—Except  
24          as provided in paragraph (3), if a feed grain  
25          acreage limitation program is announced under

1 paragraph (1), the limitation shall be achieved  
2 by applying a uniform percentage reduction  
3 (from 0 to 20 percent) to the crop acreage base  
4 for corn, grain sorghum, barley, or oats, respec-  
5 tively, for each feed grain-producing farm.

6 “(B) COMPLIANCE.—Except as provided in  
7 subsection (g) and section 504, producers who  
8 knowingly produce a feed grain in excess of the  
9 respective permitted acreage for feed grains for  
10 the farm shall be ineligible for feed grain loans,  
11 purchases, and payments with respect to the  
12 farm.

13 “(C) CROP ACREAGE BASES.—Feed grain  
14 crop acreage bases for each crop of feed grains  
15 shall be determined under title V.

16 “(D) ACREAGE DEVOTED TO CONSERVA-  
17 TION USES.—

18 “(i) IN GENERAL.—A number of acres  
19 on the farm shall be devoted to conserva-  
20 tion uses, in accordance with regulations  
21 issued by the Secretary.

22 “(ii) NUMBER.—The number shall be  
23 determined by multiplying the respective  
24 feed grain crop acreage base by the per-  
25 centage reduction required by the Sec-

1           retary. The number of acres so determined  
2           is referred to in this section as ‘reduced  
3           acreage’. The remaining acreage is referred  
4           to in this section as ‘permitted acreage’.

5           “(iii) ADJUSTMENT.—Permitted acre-  
6           age may be adjusted by the Secretary as  
7           provided in paragraph (3) and in section  
8           504.

9           “(E) INDIVIDUAL FARM PROGRAM ACRE-  
10          AGE.—Except as otherwise provided in sub-  
11          section (c), the individual farm program acre-  
12          age shall be the acreage planted on the farm to  
13          feed grains for harvest within the permitted  
14          acreage for feed grains for the farm as estab-  
15          lished under this paragraph.

16          “(F) PLANTING DESIGNATED CROPS ON  
17          REDUCED ACREAGE.—

18                 “(i) DEFINITION OF DESIGNATED  
19                 CROP.—In this subparagraph, the term  
20                 ‘designated crop’ means a crop specified in  
21                 section 504(b)(1), excluding any program  
22                 crop as defined in section 502(3).

23                 “(ii) PLANTING DESIGNATED  
24                 CROPS.—Subject to clause (iii), the Sec-  
25                 retary may permit producers on a farm to

1 plant a designated crop on not more than  
2  $\frac{1}{2}$  of the reduced acreage on the farm.

3 “(iii) LIMITATIONS.—If the producers  
4 on a farm elect to plant a designated crop  
5 on reduced acreage under this subpara-  
6 graph—

7 “(I) the amount of the deficiency  
8 payment that the producers are other-  
9 wise eligible to receive under sub-  
10 section (c) shall be reduced, for each  
11 acre (or portion of an acre) that is  
12 planted to the designated crop, by an  
13 amount equal to the deficiency pay-  
14 ment that would be made with respect  
15 to a number of acres of the crop that  
16 the Secretary considers appropriate,  
17 except that if the producers on the  
18 farm are participating in a program  
19 established for more than 1 program  
20 crop, the amount of the reduction  
21 shall be determined by prorating the  
22 reduction based on the acreage plant-  
23 ed or considered planted on the farm  
24 to all of the program crops; and

1                   “(II) the Secretary shall ensure  
2                   that reductions in deficiency payments  
3                   under subclause (I) are sufficient to  
4                   ensure that this subparagraph will re-  
5                   sult in no additional cost to the Com-  
6                   modity Credit Corporation.

7                   “(G) EXCEPTION FOR MALTING BARLEY.—  
8                   The Secretary may provide that no producer of  
9                   malting barley shall be required as a condition  
10                  of eligibility for feed grain loans, purchases,  
11                  and payments to comply with any acreage limi-  
12                  tation under this paragraph if the producer has  
13                  previously produced a malting variety of barley  
14                  for harvest, plants barley only of an acceptable  
15                  malting variety for harvest, and meets such  
16                  other conditions as the Secretary may prescribe.  
17                  The Secretary shall make an annual determina-  
18                  tion of whether to exempt the producers from  
19                  compliance with any acreage limitation under  
20                  this paragraph and shall announce the deter-  
21                  mination in the Federal Register.

22                  “(H) CORN AND SORGHUM BASES.—Not-  
23                  withstanding any other provision of this Act,  
24                  with respect to each of the 1996 through 2002  
25                  crops of corn and grain sorghums—

1           “(i) the Secretary shall combine the  
2 permitted acreages established under sub-  
3 paragraph (D) for a farm for a crop year  
4 for corn and grain sorghums;

5           “(ii) for each crop year, the sum of  
6 the acreage planted and considered planted  
7 to corn and grain sorghum, as determined  
8 by the Secretary under this section and  
9 title V, shall be prorated to corn and grain  
10 sorghum based on the ratio of the crop  
11 acreage base for the individual crop of corn  
12 or grain sorghum, as applicable, to the  
13 sum of the crop acreage bases for corn and  
14 grain sorghum established for each crop  
15 year; and

16           “(iii) for each crop year, the sum of  
17 the corn and grain sorghum payment  
18 acres, as determined under subsection (c),  
19 shall be prorated to corn and grain sor-  
20 ghum based on the ratio of the maximum  
21 payment acres for the individual crop of  
22 corn or grain sorghum, as applicable, to  
23 the sum of the maximum payment acres  
24 for corn and grain sorghum established for  
25 each crop year.

1 “(3) TARGETED OPTION PAYMENTS.—

2 “(A) IN GENERAL.—Notwithstanding any  
3 other provision of this section, if the Secretary  
4 implements an acreage limitation program with  
5 respect to any of the 1996 through 2002 crops  
6 of feed grains, the Secretary may make avail-  
7 able to producers on a farm who do not receive  
8 payments under subsection (c)(1)(E) for the  
9 crop on the farm, adjustments in the level of  
10 deficiency payments that would otherwise be  
11 made available to the producers if the producers  
12 exercise the payment options provided in this  
13 paragraph.

14 “(B) PAYMENT OPTIONS.—If the Secretary  
15 elects to carry out this paragraph, the Secretary  
16 shall make the payment options specified in  
17 subparagraphs (C) and (D) available to produc-  
18 ers who agree to make adjustments in the  
19 quantity of acreage diverted from the produc-  
20 tion of feed grains under an acreage limitation  
21 program in accordance with this paragraph.

22 “(C) INCREASED ACREAGE LIMITATION OP-  
23 TION.—

24 “(i) INCREASE IN ESTABLISHED  
25 PRICE.—If the Secretary elects to carry

1 out this paragraph, the producers on a  
2 farm shall be eligible to receive an increase  
3 in the established price for corn in accord-  
4 ance with clause (ii) if the producers agree  
5 to an increase in the acreage limitation  
6 percentage to be applied to the corn acre-  
7 age base of the producers above the acre-  
8 age limitation percentage announced by  
9 the Secretary.

10 “(ii) METHOD OF CALCULATION.—  
11 For the purposes of calculating deficiency  
12 payments to be made available to produc-  
13 ers who participate in the program under  
14 this paragraph, the Secretary shall in-  
15 crease the established price for corn by an  
16 amount determined by the Secretary of not  
17 less than 0.5 percent, nor more than 1 per-  
18 cent, for each 1 percentage point increase  
19 in the acreage limitation percentage ap-  
20 plied to the corn acreage base of the pro-  
21 ducers.

22 “(iii) LIMITATION.—The acreage limi-  
23 tation percentage to be applied to the corn  
24 acreage base of the producers shall not be  
25 increased by more than 10 percentage

1 points above the acreage limitation per-  
2 centage announced by the Secretary for  
3 the crop or above 20 percent total for the  
4 crop.

5 “(D) DECREASED ACREAGE LIMITATION  
6 OPTION.—

7 “(i) DECREASE IN ACREAGE LIMITA-  
8 TION REQUIREMENT.—If the Secretary  
9 elects to carry out this paragraph, the pro-  
10 ducers on a farm shall be eligible to de-  
11 crease the acreage limitation percentage  
12 applicable to the corn acreage base of the  
13 producers (as announced by the Secretary)  
14 if the producers agree to a decrease in the  
15 established price for corn in accordance  
16 with clause (ii) for the purpose of calculat-  
17 ing deficiency payments to be made avail-  
18 able to the producers.

19 “(ii) METHOD OF CALCULATION.—  
20 For the purposes of calculating deficiency  
21 payments to be made available to produc-  
22 ers who choose the option established  
23 under this subparagraph, the Secretary  
24 shall decrease the established price for  
25 corn by an amount to be determined by the

1 Secretary of not less than 0.5 percent, nor  
2 more than 1 percent, for each 1 percentage  
3 point decrease in the acreage limitation  
4 percentage applied to the corn acreage  
5 base of the producers.

6 “(iii) LIMITATION.—The producers on  
7 a farm may not choose to decrease the  
8 acreage limitation percentage applicable to  
9 the corn acreage base of the producers  
10 under this paragraph by more than  $\frac{1}{2}$  of  
11 the announced acreage limitation percent-  
12 age.

13 “(E) OTHER FEED GRAINS.—The Sec-  
14 retary shall carry out the program provided for  
15 by this paragraph for other feed grains similar  
16 to the manner in which the program is imple-  
17 mented for corn.

18 “(F) PARTICIPATION AND PRODUCTION  
19 EFFECTS.—Notwithstanding any other provi-  
20 sion of this paragraph, the Secretary shall, to  
21 the extent practicable, ensure that the program  
22 provided for in this paragraph does not have a  
23 significant effect on participation in the pro-  
24 gram established by this section or total pro-  
25 duction and is offered in such a manner that

1 the Secretary determines will result in no addi-  
2 tional budget outlays. The Secretary shall pro-  
3 vide an analysis of the determination of the  
4 Secretary to the Committee on Agriculture of  
5 the House of Representatives and the Commit-  
6 tee on Agriculture, Nutrition, and Forestry of  
7 the Senate.

8 “(4) ADMINISTRATION.—

9 “(A) PROTECTION FROM WEEDS AND ERO-  
10 SION.—The regulations issued by the Secretary  
11 under paragraph (2) with respect to acreage re-  
12 quired to be devoted to conservation uses shall  
13 ensure protection of the acreage from weeds  
14 and wind and water erosion.

15 “(B) CONSERVING CROPS.—The Secretary  
16 may permit, subject to such terms and condi-  
17 tions as the Secretary may prescribe, all or any  
18 part of the acreage to be devoted to sweet sor-  
19 ghum, guar, sesame, castor beans, crambe,  
20 plantago ovato, triticale, rye, mung beans, milk-  
21 weed, or other commodity, if the Secretary de-  
22 termines that the production is needed to pro-  
23 vide an adequate supply of the commodity, is  
24 not likely to increase the cost of the price sup-

1 port program, and will not affect farm income  
2 adversely.

3 “(C) HAYING AND GRAZING.—

4 “(i) IN GENERAL.—Except as pro-  
5 vided in clause (ii), haying and grazing of  
6 reduced acreage, acreage devoted to a con-  
7 servation use under subsection (c)(1)(E),  
8 and acreage diverted from production  
9 under a land diversion program established  
10 under this subsection shall be permitted,  
11 except during any consecutive 5-month pe-  
12 riod that is established by the State com-  
13 mittee established under section 8(b) of  
14 the Soil Conservation and Domestic Allot-  
15 ment Act (16 U.S.C. 590h(b)) for a State.  
16 The 5-month period shall be established  
17 during the period beginning April 1, and  
18 ending October 31, of a year.

19 “(ii) NATURAL DISASTERS.—In the  
20 case of a natural disaster, the Secretary  
21 may permit unlimited haying and grazing  
22 on the acreage. The Secretary may not ex-  
23 clude irrigated or irrigable acreage not  
24 planted to alfalfa when exercising the au-  
25 thority under this clause.

1 “(D) WATER STORAGE USES.—

2 “(i) IN GENERAL.—The regulations  
3 issued by the Secretary under paragraph  
4 (2) with respect to acreage required to be  
5 devoted to conservation uses shall provide  
6 that land that has been converted to water  
7 storage uses shall be considered to be de-  
8 voted to conservation uses if the land was  
9 devoted to wheat, feed grains, cotton, rice,  
10 or oilseeds in at least 3 of the immediately  
11 preceding 5 crop years. The land shall be  
12 considered to be devoted to conservation  
13 uses for the period that the land remains  
14 in water storage uses, but not to exceed 5  
15 crop years subsequent to the conversion of  
16 the land to water storage uses.

17 “(ii) LIMITATIONS.—Land converted  
18 to water storage uses for the purposes of  
19 this subparagraph may not be devoted to  
20 any commercial use, including commercial  
21 fish production. The water stored on the  
22 land may not be ground water. The farm  
23 on which the land is located must have  
24 been irrigated with ground water during at  
25 least 1 of the preceding 5 crop years.

1           “(E) SUMMER FALLOW.—In determining  
2 the quantity of land to be devoted to conserva-  
3 tion uses under an acreage limitation program  
4 with respect to land that has been farmed  
5 under summer fallow practices, as defined by  
6 the Secretary, the Secretary shall consider the  
7 effects of soil erosion and such other factors as  
8 the Secretary considers appropriate.

9           “(5) LAND DIVERSION PAYMENTS.—

10           “(A) IN GENERAL.—The Secretary may  
11 make land diversion payments to producers of  
12 feed grains, whether or not an acreage limita-  
13 tion program for feed grains is in effect, if the  
14 Secretary determines that the land diversion  
15 payments are necessary to assist in adjusting  
16 the total national acreage of feed grains to de-  
17 sirable goals. The land diversion payments shall  
18 be made to producers who, to the extent pre-  
19 scribed by the Secretary, devote to approved  
20 conservation uses an acreage of cropland on the  
21 farm in accordance with land diversion con-  
22 tracts entered into by the Secretary with the  
23 producers.

24           “(B) AMOUNTS.—The amounts payable to  
25 producers under land diversion contracts may

1 be determined through the submission of bids  
2 for the contracts by producers in such manner  
3 as the Secretary may prescribe or through such  
4 other means as the Secretary determines appro-  
5 priate. In determining the acceptability of con-  
6 tract offers, the Secretary shall take into con-  
7 sideration the extent of the diversion to be un-  
8 dertaken by the producers and the productivity  
9 of the acreage diverted.

10 “(C) LIMITATION ON DIVERTED ACRE-  
11 AGE.—The Secretary shall limit the total acre-  
12 age to be diverted under agreements in any  
13 county or local community so as not to affect  
14 adversely the economy of the county or local  
15 community.

16 “(6) CONSERVATION PRACTICES.—

17 “(A) WILDLIFE FOOD PLOTS OR HABI-  
18 TAT.—The reduced acreage and additional di-  
19 verted acreage may be devoted to wildlife food  
20 plots or wildlife habitat in conformity with  
21 standards established by the Secretary in con-  
22 sultation with wildlife agencies. The Secretary  
23 may pay an appropriate share of the cost of  
24 practices designed to carry out this subpara-  
25 graph.

1           “(B) SOIL AND WATER CONSERVATION  
2 PRACTICES.—The Secretary may pay an appro-  
3 priate share of the cost of approved soil and  
4 water conservation practices (including prac-  
5 tices that may be effective for a number of  
6 years) established by the producers on a farm  
7 on acreage required to be devoted to conserva-  
8 tion uses or on additional diverted acreage.

9           “(C) PUBLIC ACCESSIBILITY.—The Sec-  
10 retary may provide for an additional payment  
11 on the acreage in an amount determined by the  
12 Secretary to be appropriate in relation to the  
13 benefit to the general public if the producers on  
14 a farm agree to permit, without other com-  
15 pensation, access to all or such portion of the  
16 farm, as the Secretary may prescribe by the  
17 general public, for hunting, trapping, fishing,  
18 and hiking, subject to applicable Federal and  
19 State regulations.

20           “(7) PARTICIPATION AGREEMENTS.—

21           “(A) IN GENERAL.—Producers on a farm  
22 desiring to participate in the program con-  
23 ducted under this subsection shall execute an  
24 agreement with the Secretary providing for the  
25 participation with respect to a crop year not

1 later than such date as the Secretary may pre-  
2 scribe.

3 “(B) MODIFICATION OR TERMINATION.—  
4 The Secretary may, by mutual agreement with  
5 producers on a farm, modify or terminate any  
6 such agreement if the Secretary determines the  
7 action necessary because of an emergency cre-  
8 ated by drought or other disaster or to prevent  
9 or alleviate a shortage in the supply of agricul-  
10 tural commodities. The Secretary may modify  
11 the agreement under this subparagraph for the  
12 purpose of alleviating a shortage in the supply  
13 of agricultural commodities only if there has  
14 been a significant change in the estimated  
15 stocks of the commodity since the Secretary an-  
16 nounced the final terms and conditions of the  
17 program for the crop of feed grains.

18 “(8) SPECIAL OATS PLANTINGS.—In the case of  
19 a crop year for which the Secretary determines that  
20 projected domestic production of oats will not fulfill  
21 the projected domestic demand for oats, notwith-  
22 standing paragraphs (1) through (7), the Sec-  
23 retary—

24 “(A) may provide that any reduced acreage  
25 may be planted to oats for harvest;

1           “(B) may make program benefits (includ-  
2           ing loans, purchases, and payments) available  
3           under the annual program for oats under this  
4           section available to producers with respect to  
5           acreage planted to oats under this paragraph;  
6           and

7           “(C) shall not make program benefits  
8           other than the benefits specified in subpara-  
9           graph (B) available to producers with respect to  
10          acreage planted to oats under this paragraph.

11          “(f) INVENTORY REDUCTION PAYMENTS.—

12           “(1) IN GENERAL.—The Secretary may make  
13           payments available to producers on a farm who meet  
14           the requirements of this subsection.

15           “(2) FORM.—The payments may be made in  
16           the form of marketing certificates.

17           “(3) PAYMENTS.—Payments under this sub-  
18           section shall be determined in the same manner as  
19           provided in subsection (b).

20           “(4) ELIGIBILITY.—The producers on a farm  
21           shall be eligible to receive a payment under this sub-  
22           section for a crop if the producers—

23           “(A) agree to forgo obtaining a loan or  
24           purchase agreement under subsection (a);

1           “(B) agree to forgo receiving payments  
2           under subsection (c);

3           “(C) do not plant feed grains for harvest  
4           in excess of the crop acreage base reduced by  
5            $\frac{1}{2}$  of any acreage required to be diverted from  
6           production under subsection (e); and

7           “(D) otherwise comply with this section.

8           “(g) PILOT VOLUNTARY PRODUCTION LIMITATION  
9           PROGRAM.—

10           “(1) IN GENERAL.—Effective for each of the  
11           1996 through 2002 crops, if a feed grain acreage  
12           limitation program or a land diversion program is  
13           announced under subsection (e) for a crop, the Sec-  
14           retary may carry out a pilot program in at least 15  
15           counties in at least 2 States where producers express  
16           an interest in participating in the pilot program.  
17           Under the pilot program, the producers on a farm  
18           shall be considered to have met the requirements of  
19           the acreage limitation or land diversion program if  
20           the producers meet the requirements of the vol-  
21           untary production limitation program established  
22           under this subsection.

23           “(2) LIMITATION ON MARKETING.—To comply  
24           with the voluntary production limitation program,  
25           the producers on a farm must agree not to market,

1 barter, donate, or use on the farm (including use as  
2 feed for livestock) in a marketing year a quantity of  
3 feed grains in excess of the feed grain production  
4 limitation quantity for the farm for the marketing  
5 year.

6 “(3) PRODUCTION LIMITATION QUANTITY.—For  
7 purposes of this subsection, the production limitation  
8 quantity for a farm for a marketing year for a crop  
9 shall equal the product obtained by multiplying—

10 “(A) the acreage permitted to be planted  
11 to feed grains under the acreage reduction pro-  
12 gram or land diversion program in effect for the  
13 crop for the farm; and

14 “(B) the greater of—

15 “(i) the farm program payment yield  
16 for the farm; and

17 “(ii) the average of the yield per har-  
18 vested acre for feed grains for the farm for  
19 each of the 5 crop years immediately pre-  
20 ceding the crop year during which the pro-  
21 ducers first participate in the program es-  
22 tablished under this subsection, excluding  
23 the crop years with the highest and lowest  
24 yield per harvested acre and any crop year

1           in which the commodity was not planted  
2           on the farm.

3           “(4) TERMS AND CONDITIONS.—Producers on a  
4           farm who elect to participate in the program estab-  
5           lished under this subsection for a crop of feed grains  
6           shall—

7                   “(A) enter into an agreement with the Sec-  
8                   retary providing that the producers shall com-  
9                   ply with the program for the crop;

10                   “(B) not plant program commodities for  
11                   harvest in a quantity in excess of the sum of  
12                   the crop acreage bases for the farm; and

13                   “(C) be considered to have complied with  
14                   the terms and conditions of the feed grain acre-  
15                   age reduction program or land diversion pro-  
16                   gram for the crop, even though the acreage  
17                   planted to feed grains on the farm exceeds the  
18                   permitted acreage provided under the acreage  
19                   reduction or land diversion program.

20           “(5) EXCESS PRODUCTION.—

21                   “(A) IN GENERAL.—Any quantity of feed  
22                   grains produced in a crop year on a farm in ex-  
23                   cess of the production limitation quantity for  
24                   the farm may be stored by the producers for a  
25                   period of not to exceed 5 marketing years and

1           may be used only in accordance with this para-  
2           graph.

3           “(B)   MARKETING    IN    SUBSEQUENT  
4           YEAR.—

5           “(i) PARTICIPANTS IN PROGRAM.—

6           Producers on a farm who are participating  
7           in the program established under this sub-  
8           section may market, barter, or use a quan-  
9           tity of the excess feed grains referred to in  
10          subparagraph (A) equal to the difference  
11          between the production limitation quantity  
12          for the farm for the crop year subsequent  
13          to the crop year in which the excess feed  
14          grains are produced less the quantity of  
15          feed grains produced on the farm during  
16          the crop year.

17          “(ii) PARTICIPANTS IN ACREAGE RE-  
18          DUCTION PROGRAM.—Producers on a farm  
19          who are participating in the program es-  
20          tablished under this subsection may mar-  
21          ket, barter, or use a quantity of the excess  
22          feed grains referred to in subparagraph  
23          (A) in an amount that reflects the quantity  
24          of feed grains that would be expected to be  
25          produced on acreage that the producers

1           agree to devote to approved conservation  
2           uses (in excess of any acreage reduction or  
3           land diversion requirements) during a crop  
4           year, as determined by the Secretary.

5           “(6) DUTIES OF SECRETARY.—In carrying out  
6           the pilot program established under this subsection,  
7           the Secretary—

8           “(A) shall issue such regulations as are  
9           necessary to carry out the program;

10          “(B) may establish increased acreage re-  
11          duction or land diversion requirements with re-  
12          spect to producers who have had excess feed  
13          grain production in order to allow the producers  
14          to market, barter, or use the production in sub-  
15          sequent years;

16          “(C) shall take appropriate measures de-  
17          signed to prevent the circumvention of the pro-  
18          gram established under this subsection, includ-  
19          ing the imposition of penalties;

20          “(D) may require producers who partici-  
21          pate in the program for a crop, but who fail to  
22          comply with the terms and conditions of the  
23          program, to refund all or a part of any defi-  
24          ciency payments received with respect to the  
25          crop;

1           “(E) may require the forfeiture to the  
2           Commodity Credit Corporation of any feed  
3           grains that are produced in excess of the pro-  
4           duction limitation quantity and that are not  
5           marketed, bartered, or used within 5 marketing  
6           years; and

7           “(F) shall ensure equitable treatment for  
8           producers who participate in the pilot program  
9           if the Secretary allows increases (based on ac-  
10          tual production levels) in the determination of  
11          farm program payment yields for feed grains  
12          for the farm.

13          “(7) REPORT.—

14                 “(A) IN GENERAL.—The Comptroller Gen-  
15                 eral shall prepare a report that evaluates the  
16                 pilot program carried out under this subsection.

17                 “(B) SUBMISSION.—The Comptroller Gen-  
18                 eral shall submit a copy of the report required  
19                 by subparagraph (A) to the Committee on Agri-  
20                 culture of the House of Representatives, the  
21                 Committee on Agriculture, Nutrition, and For-  
22                 estry of the Senate, and the Secretary.

23          “(h) EQUITABLE RELIEF.—

24                 “(1) LOANS, PURCHASES, AND PAYMENTS.—If  
25                 the failure of a producer to comply fully with the

1 terms and conditions of the program conducted  
2 under this section precludes the making of loans,  
3 purchases, and payments, the Secretary may, not-  
4 withstanding the failure, make the loans, purchases,  
5 and payments in such amounts as the Secretary de-  
6 termines are equitable in relation to the seriousness  
7 of the failure. The Secretary may consider whether  
8 the producer made a good faith effort to comply  
9 fully with the terms and conditions of the program  
10 in determining whether equitable relief is warranted  
11 under this paragraph.

12 “(2) DEADLINES AND PROGRAM REQUIRE-  
13 MENTS.—The Secretary may authorize the county  
14 and State committees established under section 8(b)  
15 of the Soil Conservation and Domestic Allotment  
16 Act (16 U.S.C. 590h(b)) to waive or modify dead-  
17 lines and other program requirements in cases in  
18 which lateness or failure to meet the other require-  
19 ments does not affect adversely the operation of the  
20 program.

21 “(i) REGULATIONS.—The Secretary may issue such  
22 regulations as the Secretary determines necessary to carry  
23 out this section.

1       “(j) COMMODITY CREDIT CORPORATION.—The Sec-  
2 retary shall carry out the program authorized by this sec-  
3 tion through the Commodity Credit Corporation.

4       “(k) ASSIGNMENT OF PAYMENTS.—Section 8(g) of  
5 the Soil Conservation and Domestic Allotment Act (16  
6 U.S.C. 590h(g)) shall apply to payments made under this  
7 section.

8       “(l) SHARING OF PAYMENTS.—The Secretary shall  
9 provide for the sharing of payments made under this sec-  
10 tion for any farm among the producers on the farm on  
11 a fair and equitable basis.

12       “(m) TENANTS AND SHARECROPPERS.—In carrying  
13 out this section, the Secretary shall provide adequate safe-  
14 guards to protect the interests of tenants and share-  
15 croppers.

16       “(n) CROSS-COMPLIANCE.—

17               “(1) IN GENERAL.—Compliance on a farm with  
18 the terms and conditions of any other commodity  
19 program, or compliance with crop acreage base re-  
20 quirements for any other commodity, may not be re-  
21 quired as a condition of eligibility for loans, pur-  
22 chases, or payments under this section.

23               “(2) COMPLIANCE ON OTHER FARMS.—The  
24 Secretary may not require producers on a farm, as  
25 a condition of eligibility for loans, purchases, or pay-

1       ments under this section for the farm, to comply  
2       with the terms and conditions of the feed grains pro-  
3       gram with respect to any other farm operated by the  
4       producers.

5       “(o) PUBLIC COMMENT ON FEED GRAINS PRO-  
6       GRAM.—

7               “(1) IN GENERAL.—To ensure that producers  
8       and consumers of feed grains are provided with rea-  
9       sonable opportunity to comment on the annual pro-  
10      gram determinations concerning the price support  
11      and acreage reduction program for each of the 1997  
12      through 2002 crops of feed grains, the Secretary  
13      shall request public comment regarding the feed  
14      grains program in accordance with this subsection.

15              “(2) OPTIONS.—Not less than 60 days before  
16      the program is announced for a crop of feed grains  
17      under this section, the Secretary shall propose for  
18      public comment various program options for the  
19      crop of feed grains.

20              “(3) ANALYSES.—Each option proposed by the  
21      Secretary shall be accompanied by an analysis that  
22      includes the estimated planted acreage, production,  
23      domestic and export use, ending stocks, season aver-  
24      age producer price, program participation rate, and

1 cost to the Federal Government that would likely re-  
2 sult from the option.

3 “(4) ESTIMATES.—In announcing the program  
4 for a crop of feed grains under this section, the Sec-  
5 retary shall include an estimate of the planted acre-  
6 age, production, domestic and export use, ending  
7 stocks, season average producer price, program par-  
8 ticipation rate, and cost to the Federal Government  
9 that is expected to result from the program as an-  
10 nounced.

11 “(p) MALTING BARLEY.—

12 “(1) ASSESSMENT REQUIRED.—To help offset  
13 costs associated with deficiency payments made  
14 available under this section to producers of barley,  
15 the Secretary shall provide for an assessment for  
16 each of the 1996 through 2002 crop years to be lev-  
17 ied on any producer of malting barley produced on  
18 a farm that is enrolled for the crop year in the pro-  
19 duction adjustment program under this section. The  
20 Secretary shall establish the assessment at not more  
21 than 5 percent of the value of the malting barley  
22 produced on program payment acres on the farm  
23 during each of the 1996 through 2002 crop years.  
24 The production per acre on which the assessment is

1 based shall not be greater than the farm program  
2 payment yield.

3 “(2) VALUE OF MALTING BARLEY.—The Sec-  
4 retary may establish the value of the malting barley  
5 at the lesser of the State or national weighted aver-  
6 age market price received by producers of malting  
7 barley for the first 5 months of the marketing year.  
8 In calculating the State or national weighted average  
9 market price, the Secretary may exclude the value of  
10 malting barley that is contracted for sale by produc-  
11 ers prior to planting.

12 “(3) EXCEPTION TO ASSESSMENT.—In a county  
13 where malting barley is produced, participating bar-  
14 ley producers may certify to the Secretary prior to  
15 computation of final deficiency payments that part  
16 or all of the production of the producer was (or will  
17 be) sold or used for nonmalting purposes. The por-  
18 tion certified as sold or used for nonmalting pur-  
19 poses shall not be subject to the assessment. The  
20 Secretary may require producers to provide to the  
21 Secretary such documentation as the Secretary con-  
22 siders appropriate to carry out this paragraph.

23 “(q) PRICE SUPPORT FOR HIGH-MOISTURE FEED  
24 GRAINS.—

1           “(1) RECOURSE LOANS.—Notwithstanding any  
2 other provision of law, effective for each of the 1996  
3 through 2002 crops of feed grains, the Secretary  
4 (through the Commodity Credit Corporation) shall  
5 make available recourse loans, as determined by the  
6 Secretary, to producers on a farm who—

7           “(A) normally harvest all or a portion of  
8 the crop of feed grains of the producers with a  
9 moisture content in excess of Commodity Credit  
10 Corporation standards for loans made by the  
11 Secretary under paragraphs (1) and (6) of sub-  
12 section (a) (referred to in this section as ‘high-  
13 moisture’);

14           “(B)(i) present certified scale tickets from  
15 an inspected, certified commercial scale, includ-  
16 ing licensed warehouses, feedlots, feed mills,  
17 distilleries, or other similar entities approved by  
18 the Secretary, pursuant to regulations issued by  
19 the Secretary; or

20           “(ii) present field or other physical meas-  
21 urements of the standing or stored feed grain  
22 crop in regions of the country, as determined by  
23 the Secretary, that do not have certified com-  
24 mercial scales from which certified scale tickets

1           may be obtained within reasonable proximity of  
2           harvest operation;

3           “(C) certify that the producers were the  
4           owners of the feed grain at the time of delivery  
5           to, and that the quantity to be placed under  
6           loan was harvested on the farm and delivered  
7           to, a feedlot, feed mill, or commercial or on-  
8           farm high-moisture storage facility, or to the  
9           facilities maintained by the users of the high-  
10          moisture feed grain;

11          “(D) comply with deadlines established by  
12          the Secretary for harvesting the feed grain and  
13          submit applications for loans within deadlines  
14          established by the Secretary; and

15          “(E) participate in an acreage limitation  
16          program for the crop of feed grains established  
17          by the Secretary.

18          “(2) ELIGIBILITY OF ACQUIRED FEED  
19          GRAINS.—The loans shall be made on a quantity of  
20          feed grains of the same crop acquired by the produc-  
21          ers on a farm equivalent to a quantity determined  
22          by multiplying—

23                  “(A) the acreage of the feed grain in a  
24                  high-moisture state harvested on the farm of  
25                  the producer; and

1           “(B) the lower of the farm program pay-  
2           ment yield or the actual yield on a field, as de-  
3           termined by the Secretary, that is similar to the  
4           field from which the high-moisture feed grain  
5           was obtained.

6           “(r) CROPS.—Notwithstanding any other provision of  
7           law, this section shall be effective only for the 1996  
8           through 2002 crops of feed grains.”.

9           **SEC. 202. NONAPPLICABILITY OF SECTION 105 OF THE AG-**  
10           **RICULTURAL ACT OF 1949.**

11           Section 105 of the Agricultural Act of 1949 (7 U.S.C.  
12           1444b) shall not be applicable to the 1996 through 2002  
13           crops of feed grains.

14           **SEC. 203. RECOURSE LOAN PROGRAM FOR SILAGE.**

15           Section 403 of the Food Security Act of 1985 (7  
16           U.S.C. 1444e-1) is amended by striking “1996” and in-  
17           serting “2002”.

18           **TITLE III—COTTON**

19           **SEC. 301. LOANS, PAYMENTS, AND ACREAGE REDUCTION**  
20           **PROGRAMS FOR THE 1996 THROUGH 2002**  
21           **CROPS OF UPLAND COTTON.**

22           Section 103B of the Agricultural Act of 1949 (7  
23           U.S.C. 1444-2) is amended to read as follows:

1 **“SEC. 103B. LOANS, PAYMENTS, AND ACREAGE REDUCTION**  
2 **PROGRAMS FOR THE 1996 THROUGH 2002**  
3 **CROPS OF UPLAND COTTON.**

4 “(a) LOANS.—

5 “(1) IN GENERAL.—Except as otherwise pro-  
6 vided in this subsection, the Secretary shall, on pres-  
7 entation of warehouse receipts or other acceptable  
8 evidence of title, as determined by the Secretary, re-  
9 flecting accrued storage charges of not more than 60  
10 days, make available for each of the 1996 through  
11 2002 crops of upland cotton to producers on a farm  
12 nonrecourse loans for upland cotton produced on the  
13 farm for a term of 10 months from the first day of  
14 the month in which the loan is made at such loan  
15 level, per pound, as will reflect for the base quality  
16 of upland cotton, as determined by the Secretary, at  
17 an average location in the United States a level that  
18 is not less than the lesser of—

19 “(A) 85 percent of the average price  
20 (weighted by market and month) of the base  
21 quality of cotton as quoted in the designated  
22 United States spot markets during 3 years of  
23 the 5-year period ending July 31 of the year in  
24 which the loan level is announced, excluding the  
25 year in which the average price was the highest

1 and the year in which the average price was the  
2 lowest in the period; or

3 “(B) 90 percent of the average price, for  
4 the 15-week period beginning July 1 of the year  
5 in which the loan level is announced, of the 5  
6 lowest-priced growths of the growths quoted for  
7 Middling  $1\frac{3}{32}$ -inch cotton C.I.F. Northern Eu-  
8 rope (adjusted downward by the average dif-  
9 ference during the period April 15 through Oc-  
10 tober 15 of the year in which the loan is an-  
11 nounced between the average Northern Euro-  
12 pean price quotation of the quality of cotton  
13 and the market quotations in the designated  
14 United States spot markets for the base quality  
15 of upland cotton), as determined by the Sec-  
16 retary.

17 “(2) ADJUSTMENTS TO LOAN LEVEL.—

18 “(A) LIMITATION ON DECREASE IN LOAN  
19 LEVEL.—The loan level for any crop determined  
20 under paragraph (1) may not be reduced by  
21 more than 5 percent from the level determined  
22 for the preceding crop, and may not be reduced  
23 below 50 cents per pound.

24 “(B) LIMITATION ON INCREASE IN LOAN  
25 LEVEL.—If for any crop the average Northern

1 European price determined under paragraph  
2 (1)(B) is less than the average United States  
3 spot market price determined under paragraph  
4 (1)(A), the Secretary may increase the loan  
5 level to such level as the Secretary may consider  
6 appropriate, not in excess of the average United  
7 States spot market price determined under  
8 paragraph (1)(A).

9 “(3) ANNOUNCEMENT OF LOAN LEVEL.—The  
10 loan level for any crop of upland cotton shall be de-  
11 termined and announced by the Secretary not later  
12 than November 1 of the calendar year preceding the  
13 marketing year for which the loan is to be effective  
14 or, in the case of the 1996 crop, as soon as prac-  
15 ticable after the date of enactment of the Agricul-  
16 tural Competitiveness Act of 1995. The loan level  
17 for a crop shall not be changed after announcement.

18 “(4) EXTENSION OF LOAN PERIOD.—

19 “(A) IN GENERAL.—Except as provided in  
20 subparagraph (B), nonrecourse loans provided  
21 for in this section shall, on request of the pro-  
22 ducers on a farm during the 10th month of the  
23 loan period for the cotton, be made available for  
24 an additional term of 8 months.

1           “(B) LIMITATION.—A request to extend  
2 the loan period shall not be approved in any  
3 month in which the average price of the base  
4 quality of upland cotton, as determined by the  
5 Secretary, in the designated spot markets for  
6 the preceding month exceeds 130 percent of the  
7 average price of the base quality of cotton in  
8 the designated United States spot markets for  
9 the preceding 36-month period.

10           “(5) MARKETING LOANS.—

11           “(A) IN GENERAL.—If the Secretary deter-  
12 mines that the prevailing world market price for  
13 upland cotton (adjusted to United States qual-  
14 ity and location) is below the loan level deter-  
15 mined under paragraphs (1) through (4), to  
16 make United States upland cotton competitive  
17 in world markets, the Secretary shall permit the  
18 producers on a farm to repay a loan made for  
19 any crop at—

20                   “(i) a level that is the lesser of—

21                           “(I) the loan level determined for  
22 the crop; and

23                           “(II) the greater of—

24                                   “(aa) 70 percent of the loan  
25 level determined for the crop; and

1           “(bb) the prevailing world  
2           market price for upland cotton  
3           (adjusted to United States qual-  
4           ity and location), as determined  
5           by the Secretary; or

6           “(ii) such other level (not in excess of  
7           the loan level determined for the crop nor  
8           less than 70 percent of the loan level) that  
9           the Secretary determines will—

10           “(I) minimize potential loan for-  
11           feitures;

12           “(II) minimize the accumulation  
13           of upland cotton stocks by the Federal  
14           Government;

15           “(III) minimize the cost incurred  
16           by the Federal Government in storing  
17           upland cotton; and

18           “(IV) allow upland cotton pro-  
19           duced in the United States to be mar-  
20           keted freely and competitively, both  
21           domestically and internationally.

22           “(B) FIRST HANDLER MARKETING CER-  
23           TIFICATES.—

24           “(i) IN GENERAL.—During the period  
25           beginning August 1, 1996, and ending

1 July 31, 2003, if a program carried out  
2 under subparagraph (A) or subsection (b)  
3 fails to make United States upland cotton  
4 fully competitive in world markets and the  
5 prevailing world market price of upland  
6 cotton (adjusted to United States quality  
7 and location), as determined by the Sec-  
8 retary, is below the current loan repayment  
9 rate for upland cotton determined under  
10 subparagraph (A), to make United States  
11 upland cotton competitive in world markets  
12 and to maintain and expand domestic con-  
13 sumption and exports of upland cotton  
14 produced in the United States, the Sec-  
15 retary shall provide for the issuance of  
16 marketing certificates or cash payments in  
17 accordance with this subparagraph.

18 “(ii) PAYMENTS.—The Commodity  
19 Credit Corporation, under such regulations  
20 as the Secretary may prescribe, shall make  
21 payments, through the issuance of market-  
22 ing certificates or cash payments, to first  
23 handlers of cotton (who shall be persons  
24 regularly engaged in buying or selling up-  
25 land cotton) who have entered into an

1 agreement with the Commodity Credit Cor-  
2 poration to participate in the program es-  
3 tablished under this subparagraph. The  
4 payments shall be made in such monetary  
5 amounts and subject to such terms and  
6 conditions as the Secretary determines will  
7 make upland cotton produced in the  
8 United States available at competitive  
9 prices, consistent with the purposes of this  
10 subparagraph.

11 “(iii) VALUE.—The value of each cer-  
12 tificate or cash payment issued under  
13 clause (ii) shall be based on the difference  
14 between—

15 “(I) the loan repayment rate for  
16 upland cotton; and

17 “(II) the prevailing world market  
18 price of upland cotton (adjusted to  
19 United States quality and location),  
20 as determined by the Secretary.

21 “(iv) REDEMPTION, MARKETING, OR  
22 EXCHANGE.—The Commodity Credit Cor-  
23 poration, under regulations prescribed by  
24 the Secretary, may assist any person re-  
25 ceiving marketing certificates under this

1           subparagraph in the redemption of the cer-  
2           tificates for cash, or marketing or ex-  
3           change of the certificates for agricultural  
4           commodities or products owned by the  
5           Commodity Credit Corporation, at such  
6           times, in such manner, and at such price  
7           levels as the Secretary determines will best  
8           effectuate the purposes of the program es-  
9           tablished under this subparagraph. Any  
10          price restrictions that may otherwise apply  
11          to the disposition of agricultural commod-  
12          ities by the Commodity Credit Corporation  
13          shall not apply to the redemption of certifi-  
14          cates under this subparagraph.

15                 “(v) DESIGNATION OF COMMODITIES  
16                 AND PRODUCTS; CHARGES.—Insofar as  
17                 practicable, the Secretary shall permit  
18                 owners of certificates to designate the com-  
19                 modities and the products of the commod-  
20                 ities, including storage sites of the com-  
21                 modities and products, that the owners  
22                 would prefer to receive in exchange for cer-  
23                 tificates. If any certificate is not presented  
24                 for redemption, marketing, or exchange  
25                 within a reasonable number of days after

1 the issuance of the certificate (as deter-  
2 mined by the Secretary), the reasonable  
3 costs of storage and other carrying  
4 charges, as determined by the Secretary,  
5 shall be deducted from the value of the  
6 certificate for the period beginning after  
7 the reasonable number of days and ending  
8 on the date of the presentation of the cer-  
9 tificate to the Commodity Credit Corpora-  
10 tion.

11 “(vi) DISPLACEMENT.—The Secretary  
12 shall take such measures as may be nec-  
13 essary to prevent the marketing or ex-  
14 change of agricultural commodities and  
15 products for certificates under this sub-  
16 section from adversely affecting the income  
17 of producers of the commodities or prod-  
18 ucts.

19 “(vii) TRANSFERS.—Under regula-  
20 tions prescribed by the Secretary, certifi-  
21 cates issued to cotton handlers under this  
22 subparagraph may be transferred to other  
23 handlers and persons approved by the Sec-  
24 retary.

1           “(C) PREVAILING WORLD MARKET  
2 PRICE.—

3           “(i) IN GENERAL.—The Secretary  
4 shall prescribe by regulation—

5           “(I) a formula to determine the  
6 prevailing world market price for up-  
7 land cotton (adjusted to United States  
8 quality and location); and

9           “(II) a mechanism by which the  
10 Secretary shall announce periodically  
11 the prevailing world market price for  
12 upland cotton (adjusted to United  
13 States quality and location).

14           “(ii) USE.—The prevailing world mar-  
15 ket price for upland cotton (adjusted to  
16 United States quality and location) estab-  
17 lished under this subparagraph shall be  
18 used under subparagraphs (A), (B), and  
19 (E).

20           “(D) ADJUSTMENT OF PREVAILING WORLD  
21 MARKET PRICE.—

22           “(i) IN GENERAL.—During the period  
23 beginning August 1, 1996, and ending  
24 July 31, 2003, the prevailing world market  
25 price for upland cotton (adjusted to United

1 States quality and location) established  
2 under subparagraph (C) shall be further  
3 adjusted if—

4 “(I) the adjusted prevailing world  
5 market price is less than 115 percent  
6 of the current crop year loan level for  
7 the base quality of upland cotton, as  
8 determined by the Secretary; and

9 “(II) the Friday through Thurs-  
10 day average price for the lowest-priced  
11 United States growth as quoted for  
12 Middling  $1\frac{3}{32}$ -inch cotton delivered  
13 C.I.F. Northern Europe is greater  
14 than the Friday through Thursday av-  
15 erage price of the 5 lowest-priced  
16 growths of upland cotton, as quoted  
17 for Middling  $1\frac{3}{32}$ -inch cotton, deliv-  
18 ered C.I.F. Northern Europe (referred  
19 to in this subsection as the ‘Northern  
20 Europe price’).

21 “(ii) FURTHER ADJUSTMENT.—Ex-  
22 cept as provided in clause (iii), the ad-  
23 justed prevailing world market price shall  
24 be further adjusted on the basis of some or  
25 all of the following data, as available:

1           “(I) The United States share of  
2 world exports.

3           “(II) The current level of cotton  
4 export sales and cotton export ship-  
5 ments.

6           “(III) Other data determined by  
7 the Secretary to be relevant in estab-  
8 lishing an accurate prevailing world  
9 market price for upland cotton (ad-  
10 justed to United States quality and lo-  
11 cation).

12           “(iii) LIMITATION ON FURTHER AD-  
13 JUSTMENT.—The adjustment under clause  
14 (ii) may not exceed the difference be-  
15 tween—

16           “(I) the Friday through Thurs-  
17 day average price for the lowest-priced  
18 United States growth as quoted for  
19 Middling 1<sup>3</sup>/<sub>32</sub>-inch cotton delivered  
20 C.I.F. Northern Europe; and

21           “(II) the Northern Europe price.

22           “(E) COTTON USER MARKETING CERTIFI-  
23 CATES.—

24           “(i) ISSUANCE.—Subject to clause  
25 (iv), during the period beginning August 1,

1 1996, and ending July 31, 2003, the Sec-  
2 retary shall issue marketing certificates or  
3 cash payments to domestic users and ex-  
4 porters for documented purchases by do-  
5 mestic users and sales for export by ex-  
6 porters made in the week following a con-  
7 secutive 4-week period in which—

8 “(I) the Friday through Thurs-  
9 day average price for the lowest-priced  
10 United States growth, as quoted for  
11 Middling  $1\frac{3}{32}$ -inch cotton delivered  
12 C.I.F. Northern Europe exceeds the  
13 Northern Europe price by more than  
14 1.25 cents per pound; and

15 “(II) the prevailing world market  
16 price for upland cotton (adjusted to  
17 United States quality and location),  
18 established under subparagraph (C),  
19 does not exceed 130 percent of the  
20 current crop year loan level for the  
21 base quality of upland cotton, as de-  
22 termined by the Secretary.

23 “(ii) VALUE.—The value of the mar-  
24 keting certificates or cash payments shall  
25 be based on the amount of the difference

1 (reduced by 1.25 cents per pound) in the  
2 prices during the 4th week of the consecu-  
3 tive 4-week period multiplied by the quan-  
4 tity of upland cotton included in the docu-  
5 mented sales.

6 “(iii) ADMINISTRATION.—Clauses (iv)  
7 through (vii) of subparagraph (B) shall  
8 apply to marketing certificates issued  
9 under this subparagraph. Any such certifi-  
10 cates may be transferred to other persons  
11 in accordance with regulations issued by  
12 the Secretary.

13 “(iv) EXCEPTION.—The Secretary  
14 shall not issue marketing certificates or  
15 cash payments under clause (i) if, for the  
16 immediately preceding consecutive 10-week  
17 period, the Friday through Thursday aver-  
18 age price for the lowest priced United  
19 States growth, as quoted for Middling  
20 1<sup>3</sup>/<sub>32</sub>-inch cotton, delivered C.I.F. Northern  
21 Europe, adjusted for the value of any cer-  
22 tificate issued under this subparagraph, ex-  
23 ceeds the Northern Europe price by more  
24 than 1.25 cents per pound.

25 “(F) SPECIAL IMPORT QUOTA.—

1           “(i) IN GENERAL.—The President  
2 shall carry out an import quota program  
3 that shall provide that, during the period  
4 beginning August 1996 and ending July  
5 31, 2003, whenever the Secretary deter-  
6 mines and announces that for any consecu-  
7 tive 10-week period, the Friday through  
8 Thursday average price for the lowest-  
9 priced United States growth, as quoted for  
10 Middling 1<sup>3</sup>/<sub>32</sub>-inch cotton, delivered C.I.F.  
11 Northern Europe, adjusted for the value of  
12 any certificates issued under subparagraph  
13 (E), exceeds the Northern Europe price by  
14 more than 1.25 cents per pound, there  
15 shall immediately be in effect a special im-  
16 port quota.

17           “(ii) QUANTITY.—The quota shall be  
18 equal to the consumption of upland cotton  
19 for 1 week by domestic mills at the season-  
20 ally adjusted average rate of the most re-  
21 cent 3 months for which data are available.

22           “(iii) APPLICATION.—The quota shall  
23 apply to upland cotton purchased not later  
24 than 90 days after the date of the an-  
25 nouncement of the Secretary under clause

1 (i) and entered into the United States not  
2 later than 180 days after the date.

3 “(iv) OVERLAP.—A special quota pe-  
4 riod may be established that overlaps any  
5 existing quota period if required by clause  
6 (i), except that a special quota period may  
7 not be established under this paragraph if  
8 a quota period has been established under  
9 subsection (n).

10 “(v) PREFERENTIAL TARIFF TREAT-  
11 MENT.—The quantity under a special im-  
12 port quota shall be considered to be an in-  
13 quota quantity for purposes of—

14 “(I) section 213(d) of the Carib-  
15 bean Basin Economic Recovery Act  
16 (19 U.S.C. 2703(d));

17 “(II) section 204 of the Andean  
18 Trade Preference Act (19 U.S.C.  
19 3203);

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

23 “(IV) General Note 3(a)(iv) to  
24 the Harmonized Tariff Schedule of

1 the United States (19 U.S.C. 1202  
2 note).

3 “(vi) DEFINITION.—In this subpara-  
4 graph, the term ‘special import quota’  
5 means a quantity of imports that is not  
6 subject to the over-quota tariff rate of a  
7 tariff-rate quota.

8 “(6) RECOURSE LOANS FOR SEED COTTON.—  
9 To encourage and assist producers in the orderly  
10 ginning and marketing of production of upland cot-  
11 ton by the producers, the Secretary shall make re-  
12 course loans available to the producers on seed cot-  
13 ton in accordance with authority vested in the Sec-  
14 retary under the Commodity Credit Corporation  
15 Charter Act (15 U.S.C. 714 et seq.).

16 “(b) LOAN DEFICIENCY PAYMENTS.—

17 “(1) IN GENERAL.—For each of the 1996  
18 through 2002 crops of upland cotton, the Secretary  
19 shall make payments (referred to in this section as  
20 ‘loan deficiency payments’) available to producers  
21 who, although eligible to obtain a loan under sub-  
22 section (a), agree to forgo obtaining the loan in re-  
23 turn for payments under this subsection.

24 “(2) COMPUTATION.—A payment under this  
25 subsection shall be computed by multiplying—

1           “(A) the loan payment rate; and

2           “(B) the quantity of upland cotton the  
3 producers on a farm are eligible to place under  
4 loan but for which the producers forgo obtain-  
5 ing the loan in return for payments under this  
6 subsection.

7           “(3) LOAN PAYMENT RATE.—For purposes of  
8 this subsection, the loan payment rate shall be the  
9 amount by which—

10           “(A) the loan level determined for the crop  
11 under subsection (a); exceeds

12           “(B) the level at which a loan may be re-  
13 paid under subsection (a).

14           “(4) MARKETING CERTIFICATES.—The Sec-  
15 retary may make up to ½ the amount of a payment  
16 under this subsection available in the form of mar-  
17 keting certificates, subject to the terms and condi-  
18 tions provided in subsection (a)(5)(B).

19           “(c) PAYMENTS.—

20           “(1) DEFICIENCY PAYMENTS.—

21           “(A) IN GENERAL.—The Secretary shall  
22 make available to producers payments (referred  
23 to in this section as ‘deficiency payments’) for  
24 each of the 1996 through 2002 crops of upland  
25 cotton in an amount computed by multiplying—

1 “(i) the payment rate;

2 “(ii) the payment acres for the crop;

3 and

4 “(iii) the farm program payment yield  
5 established for the crop for the farm.

6 “(B) PAYMENT RATE.—

7 “(i) IN GENERAL.—The payment rate  
8 for upland cotton shall be the amount by  
9 which the established price for the crop of  
10 upland cotton exceeds the greater of—

11 “(I) the national average market  
12 price received by producers during the  
13 calendar year that includes the first 5  
14 months of the marketing year for the  
15 crop, as determined by the Secretary;  
16 and

17 “(II) the loan level determined  
18 for the crop.

19 “(ii) MINIMUM ESTABLISHED  
20 PRICE.—The established price for upland  
21 cotton shall be not less than \$0.729 per  
22 pound for each of the 1996 through 2002  
23 crops.

24 “(C) PAYMENT ACRES.—Payment acres  
25 for a crop shall be the lesser of—

1           “(i) the number of acres planted to  
2 the crop for harvest within the permitted  
3 acreage (as defined in subsection  
4 (e)(2)(D)(ii)); or

5           “(ii) 75 percent of the crop acreage  
6 base for the crop for the farm less the  
7 quantity of reduced acreage (as defined in  
8 subsection (e)(2)(D)(ii)).

9           “(D) 50/85 PROGRAM.—

10           “(i) IN GENERAL.—If an acreage limi-  
11 tation program under subsection (e)(2) is  
12 in effect for a crop of upland cotton and  
13 the producers on a farm devote a portion  
14 of the maximum payment acres of the  
15 farm for upland cotton as calculated under  
16 subparagraph (C)(ii) equal to more than  
17 15 percent (except as provided in clause  
18 (v)) of the upland cotton acreage of the  
19 farm for the crop to conservation uses (ex-  
20 cept as provided in subparagraph (E))—

21           “(I) the portion of the maximum  
22 payment acres in excess of 15 percent  
23 (except as provided in clause (v)) of  
24 the acreage devoted to conservation  
25 uses (except as provided in subpara-

1 graph (E)) shall be considered to be  
2 planted to upland cotton for the pur-  
3 pose of determining the acreage on  
4 the farm required to be devoted to  
5 conservation uses in accordance with  
6 subsection (e)(2)(D); and

7 “(II) the producers shall be eligi-  
8 ble for payments under this para-  
9 graph with respect to the acreage,  
10 subject to the compliance of the pro-  
11 ducers with clause (ii).

12 “(ii) MINIMUM PLANTING REQUIRE-  
13 MENT.—To be eligible for payments under  
14 clause (i), except as provided in clauses  
15 (iv) and (v), the producers on a farm must  
16 actually plant upland cotton for harvest on  
17 at least 50 percent of the maximum pay-  
18 ment acres for cotton for the farm.

19 “(iii) DEFICIENCY PAYMENTS.—Not-  
20 withstanding any other provision of this  
21 section, any producers on a farm who de-  
22 vote a portion of the maximum payment  
23 acres of the farm for upland cotton to con-  
24 servation uses (or other uses as provided in  
25 subparagraph (E)) under this subpara-

1 graph shall receive deficiency payments on  
2 the acreage that is considered to be plant-  
3 ed to upland cotton and eligible for pay-  
4 ments under this subparagraph for the  
5 crop at a per-pound rate established by the  
6 Secretary, except that the rate may not be  
7 established at less than the projected defi-  
8 ciency payment rate for the crop, as deter-  
9 mined by the Secretary. The projected pay-  
10 ment rate for the crop shall be announced  
11 by the Secretary prior to the period during  
12 which upland cotton producers may agree  
13 to participate in the program for the crop.

14 “(iv) QUARANTINES.—If a State or  
15 local agency has imposed in an area of a  
16 State or county a quarantine on the plant-  
17 ing of upland cotton for harvest on farms  
18 in the area, the State committee estab-  
19 lished under section 8(b) of the Soil Con-  
20 servation and Domestic Allotment Act (16  
21 U.S.C. 590h(b)) may recommend to the  
22 Secretary that payments be made under  
23 this paragraph, without regard to the re-  
24 quirement imposed under clause (ii), to  
25 producers in the area who were required to

1 forgo the planting of upland cotton for  
2 harvest on acreage to alleviate or eliminate  
3 the condition requiring the quarantine. If  
4 the Secretary determines that the condition  
5 exists, the Secretary may make payments  
6 under this paragraph to the producers. To  
7 be eligible for payments under this clause,  
8 the producers must devote the acreage to  
9 conservation uses (except as provided in  
10 subparagraph (E)).

11 “(v) PREVENTED PLANTING AND RE-  
12 DUCED YIELDS.—In the case of each of the  
13 1996 through 2002 crops of upland cotton,  
14 producers on a farm shall be eligible to re-  
15 ceive deficiency payments as provided in  
16 clause (iii) without regard to clause (ii) if  
17 an acreage limitation program under sub-  
18 section (e) is in effect for the crop and the  
19 producers—

20 “(I)(aa) have been determined by  
21 the Secretary (in accordance with sec-  
22 tion 503(c)) to be prevented from  
23 planting the crop, or have incurred a  
24 reduced yield for the crop because of  
25 a natural disaster; and

1           “(bb) elect to devote a portion of  
2           the maximum payment acres for up-  
3           land cotton (as calculated under sub-  
4           paragraph (C)(ii)) equal to more than  
5           8 percent of the upland cotton acre-  
6           age, to conservation uses; or

7           “(II) elect to devote a portion of  
8           the maximum payment acres for up-  
9           land cotton (as calculated under sub-  
10          paragraph (C)(ii)) equal to more than  
11          8 percent of the upland cotton acre-  
12          age, to alternative crops as provided  
13          in subparagraph (E).

14          “(vi) CROP ACREAGE AND PAYMENT  
15          YIELD.—The upland cotton crop acreage  
16          base and upland cotton farm program pay-  
17          ment yield of the farm shall not be reduced  
18          because of the fact that a portion of the  
19          permitted acreage for upland cotton for the  
20          farm was devoted to conserving uses (ex-  
21          cept as provided in subparagraph (E))  
22          under this subparagraph.

23          “(vii) LIMITATION.—Other than as  
24          provided in clauses (i) through (vi), pay-  
25          ments may not be made under this para-

1 graph for any crop on a greater acreage  
2 than the acreage actually planted to up-  
3 land cotton.

4 “(viii) CONSERVATION USE ACREAGE  
5 UNDER OTHER PROGRAMS.—Any acreage  
6 considered to be planted to upland cotton  
7 in accordance with clauses (i) and (vi) may  
8 not also be designated as conservation use  
9 acreage for the purpose of fulfilling any  
10 provisions under any acreage limitation or  
11 land diversion program requiring that the  
12 producers devote a specified quantity of  
13 acreage to conservation uses.

14 “(ix) BLACK-EYED PEAS FOR DONA-  
15 TION.—The Secretary may permit, under  
16 such terms and conditions as will ensure  
17 optimum producer participation, all or any  
18 part of the acreage required to be devoted  
19 to conservation uses as a condition for  
20 qualifying for payments under this sub-  
21 paragraph to be devoted to the production  
22 of black-eyed peas if—

23 “(I) the producers on a farm  
24 agree to donate the harvested peas  
25 from the acreage to a food bank, food

1 pantry, or soup kitchen (as defined in  
2 paragraphs (3), (4), and (7) of section  
3 110(b) of the Hunger Prevention Act  
4 of 1988 (Public Law 100-435; 7  
5 U.S.C. 612c note)) that is approved  
6 by the Secretary; and

7 “(II) the Secretary finds that the  
8 action will not result in the disruption  
9 of normal channels of trade.

10 “(E) ALTERNATIVE CROPS.—

11 “(i) INDUSTRIAL AND OTHER  
12 CROPS.—The Secretary may permit, sub-  
13 ject to such terms and conditions as the  
14 Secretary may prescribe, all or any part of  
15 acreage otherwise required to be devoted to  
16 conservation uses as a condition of qualify-  
17 ing for payments under subparagraph (D)  
18 to be devoted to sweet sorghum, guar,  
19 castor beans, plantago ovato, triticale, rye,  
20 millet, mung beans, commodities for which  
21 no substantial domestic production or mar-  
22 ket exists but that could yield industrial  
23 raw material being imported, or likely to  
24 be imported, into the United States, or  
25 commodities grown for experimental pur-

1           poses (including kenaf and milkweed), sub-  
2           ject to the following sentence. The Sec-  
3           retary may permit the acreage to be de-  
4           voted to the production only if the Sec-  
5           retary determines that the production is—

6                   “(I) not likely to increase the  
7                   cost of the price support program;  
8                   and

9                   “(II) needed to provide an ade-  
10                  quate supply of the commodity, or, in  
11                  the case of a commodity for which no  
12                  substantial domestic production or  
13                  market exists but that could yield in-  
14                  dustrial raw materials, the production  
15                  is needed to encourage domestic man-  
16                  ufacture of the raw material and  
17                  could lead to increased industrial use  
18                  of the raw material to the long-term  
19                  benefit of United States industry.

20                  “(ii) SESAME AND CRAMBE.—The  
21                  Secretary shall permit, subject to such  
22                  terms and conditions as the Secretary may  
23                  prescribe, all or any part of acreage other-  
24                  wise required to be devoted to conservation  
25                  uses as a condition of qualifying for pay-

1           ments under subparagraph (D) to be de-  
2           voted to sesame or crambe. In carrying out  
3           this clause, if the Secretary determines  
4           that sesame or crambe are considered oil-  
5           seeds under section 205, the Secretary  
6           shall provide that, to receive payments  
7           under subparagraph (D), the producers  
8           shall agree to forgo eligibility to receive a  
9           loan under section 205 for the crop of ses-  
10          ame or crambe produced on the farm.

11           “(2) CROP INSURANCE REQUIREMENT.—As a  
12          condition of eligibility for upland cotton loans, pur-  
13          chases, and payments, the producers on a farm shall  
14          obtain catastrophic risk protection insurance cov-  
15          erage in accordance with section 427.

16           “(d) PAYMENT YIELDS.—The farm program pay-  
17          ment yields for farms for each crop of upland cotton under  
18          this section shall be determined under title V.

19           “(e) ACREAGE REDUCTION PROGRAMS.—

20           “(1) IN GENERAL.—

21           “(A) ESTABLISHMENT.—Notwithstanding  
22          any other provision of this Act, if the Secretary  
23          determines that the total supply of upland cot-  
24          ton, in the absence of an acreage limitation pro-  
25          gram, will be excessive taking into account the

1           need for an adequate carry-over to maintain  
2           reasonable and stable supplies and prices and to  
3           meet a national emergency, the Secretary may  
4           provide for any crop of upland cotton an acre-  
5           age limitation program as described in para-  
6           graph (2).

7           “(B) AGRICULTURAL RESOURCES CON-  
8           SERVATION PROGRAM.—In making a determina-  
9           tion under subparagraph (A), the Secretary  
10          shall take into consideration the number of  
11          acres placed in the agricultural resources con-  
12          servation program established under subtitle D  
13          of title XII of the Food Security Act of 1985  
14          (16 U.S.C. 3830 et seq.).

15          “(C) ANNOUNCEMENTS.—

16                 “(i) PRELIMINARY ANNOUNCE-  
17                 MENT.—If the Secretary elects to imple-  
18                 ment an acreage limitation program for  
19                 any crop year, the Secretary shall make a  
20                 preliminary announcement of any such  
21                 program not later than November 1 of the  
22                 calendar year preceding the year in which  
23                 the crop is harvested, except that in the  
24                 case of the 1996 crop, the Secretary shall  
25                 announce the program as soon as prac-

1            ticable after the date of enactment of the  
2            Agricultural Competitiveness Act of 1995.  
3            The announcement shall include, among  
4            other information determined necessary by  
5            the Secretary, an announcement of the  
6            uniform percentage reduction in the up-  
7            land cotton crop acreage base described in  
8            paragraph (2)(A).

9            “(ii) FINAL ANNOUNCEMENT.—Not  
10          later than January 1 of the calendar year  
11          in which the crop is harvested, the Sec-  
12          retary shall make a final announcement of  
13          the program. The announcement shall in-  
14          clude, among other information determined  
15          necessary by the Secretary, an announce-  
16          ment of the uniform percentage reduction  
17          in the upland cotton crop described in  
18          paragraph (2)(A).

19          “(iii) OPTIONAL PROGRAMS IN EARLY  
20          PLANTING AREAS.—The Secretary shall  
21          allow producers in early planting areas to  
22          elect to participate in the program on the  
23          terms of the acreage limitation program—

24                  “(I) first announced for the crop  
25                  under clause (i); or

1                   “(II) as subsequently revised  
2                   under clause (ii);

3                   if the Secretary determines that the pro-  
4                   ducers may be unfairly disadvantaged by  
5                   the revision.

6                   “(D) DESIRED CARRY-OVER.—The Sec-  
7                   retary shall carry out an acreage limitation pro-  
8                   gram described in paragraph (2) for a crop of  
9                   upland cotton in a manner that will result in a  
10                  ratio of carry-over to total disappearance of  
11                  29½ percent for the 1996 crop and 29 percent  
12                  for each of the 1997 through 2002 crops, based  
13                  on the most recent projection of the Secretary  
14                  of carry-over and total disappearance at the  
15                  time of announcement of the acreage limitation  
16                  program. In this subparagraph, the term ‘total  
17                  disappearance’ means all upland cotton utiliza-  
18                  tion, including total domestic, total export, and  
19                  total residual disappearance.

20                  “(2) ACREAGE LIMITATION PROGRAM.—

21                  “(A) UNIFORM PERCENTAGE REDUC-  
22                  TION.—Except as provided in paragraph (3), if  
23                  an upland cotton acreage limitation program is  
24                  announced under paragraph (1), the limitation  
25                  shall be achieved by applying a uniform per-

1 centage reduction (from 0 to 25 percent) to the  
2 upland cotton crop acreage base for the crop for  
3 each upland cotton-producing farm.

4 “(B) COMPLIANCE.—Except as provided in  
5 section 504, producers who knowingly produce  
6 upland cotton in excess of the permitted acre-  
7 age for upland cotton for the farm, as estab-  
8 lished in accordance with subparagraph (A),  
9 shall be ineligible for upland cotton loans and  
10 payments with respect to the farm.

11 “(C) CROP ACREAGE BASES.—Upland cot-  
12 ton crop acreage bases for each crop of upland  
13 cotton shall be determined under title V.

14 “(D) ACREAGE DEVOTED TO CONSERVA-  
15 TION USES.—

16 “(i) IN GENERAL.—A number of acres  
17 on the farm shall be devoted to conserva-  
18 tion uses, in accordance with regulations  
19 issued by the Secretary.

20 “(ii) NUMBER.—The number shall be  
21 determined by multiplying the upland cot-  
22 ton crop acreage base by the percentage  
23 reduction required by the Secretary. The  
24 number of acres so determined is referred  
25 to in this section as ‘reduced acreage’. The

1 remaining acreage is referred to in this  
2 section as 'permitted acreage'.

3 "(iii) ADJUSTMENT.—Permitted acre-  
4 age may be adjusted by the Secretary as  
5 provided in paragraph (3) and in section  
6 504.

7 "(E) INDIVIDUAL FARM PROGRAM ACRE-  
8 AGE.—Except as otherwise provided in sub-  
9 section (c), the individual farm program acre-  
10 age shall be the acreage planted on the farm to  
11 upland cotton for harvest within the permitted  
12 acreage for upland cotton for the farm as estab-  
13 lished under this paragraph.

14 "(F) PLANTING DESIGNATED CROPS ON  
15 REDUCED ACREAGE.—

16 "(i) DEFINITION OF DESIGNATED  
17 CROP.—In this subparagraph, the term  
18 'designated crop' means a crop described  
19 in section 504(b)(1), excluding any pro-  
20 gram crop as defined in section 502(3).

21 "(ii) PLANTING DESIGNATED  
22 CROPS.—Subject to clause (iii), the Sec-  
23 retary may permit producers on a farm to  
24 plant a designated crop on not more than  
25  $\frac{1}{2}$  of the reduced acreage on the farm.

1           “(iii) LIMITATIONS.—If the producers  
2 on a farm elect to plant a designated crop  
3 on reduced acreage under this subpara-  
4 graph—

5                   “(I) the amount of the deficiency  
6 payment that the producers are other-  
7 wise eligible to receive under sub-  
8 section (c) shall be reduced, for each  
9 acre (or portion of an acre) that is  
10 planted to the designated crop, by an  
11 amount equal to the deficiency pay-  
12 ment that would be made with respect  
13 to a number of acres of the crop that  
14 the Secretary considers appropriate,  
15 except that if the producers on the  
16 farm are participating in a program  
17 established for more than 1 program  
18 crop, the amount of the reduction  
19 shall be determined by prorating the  
20 reduction based on the acreage plant-  
21 ed or considered planted on the farm  
22 to all of the program crops; and

23                   “(II) the Secretary shall ensure  
24 that reductions in deficiency payments  
25 under subclause (I) are sufficient to

1 ensure that this subparagraph will re-  
2 sult in no additional cost to the Com-  
3 modity Credit Corporation.

4 “(G) BLACK-EYED PEAS FOR DONATION.—  
5 The Secretary may permit, under such terms  
6 and conditions as will ensure optimum producer  
7 participation, producers on a farm to plant  
8 black-eyed peas on not more than  $\frac{1}{2}$  of the re-  
9 duced acreage on the farm if—

10 “(i) the producers agree to donate the  
11 harvested peas from the acreage to a food  
12 bank, food pantry, or soup kitchen (as de-  
13 fined in paragraphs (3), (4), and (7) of  
14 section 110(b) of the Hunger Prevention  
15 Act of 1988 (Public Law 100–435; 7  
16 U.S.C. 612c note)) that is approved by the  
17 Secretary; and

18 “(ii) the Secretary finds that the ac-  
19 tion will not result in the disruption of nor-  
20 mal channels of trade.

21 “(3) TARGETED OPTION PAYMENTS.—

22 “(A) IN GENERAL.—Notwithstanding any  
23 other provision of this section, if the Secretary  
24 implements an acreage limitation program with  
25 respect to any of the 1996 through 2002 crops

1 of upland cotton, the Secretary may make avail-  
2 able to producers on a farm who do not receive  
3 payments under subsection (c)(1)(D) for the  
4 crop on the farm, adjustments in the level of  
5 deficiency payments that would otherwise be  
6 made available to the producers if the producers  
7 exercise the payment options provided in this  
8 paragraph.

9 “(B) PAYMENT OPTIONS.—If the Secretary  
10 elects to carry out this paragraph, the Secretary  
11 shall make the payment options specified in  
12 subparagraphs (C) and (D) available to produc-  
13 ers who agree to make adjustments in the  
14 quantity of acreage diverted from the produc-  
15 tion of upland cotton under an acreage limita-  
16 tion program in accordance with this para-  
17 graph.

18 “(C) INCREASED ACREAGE LIMITATION OP-  
19 TION.—

20 “(i) INCREASE IN ESTABLISHED  
21 PRICE.—If the Secretary elects to carry  
22 out this paragraph, the producers on a  
23 farm shall be eligible to receive an increase  
24 in the established price for upland cotton  
25 in accordance with clause (ii) if the pro-

1           ducers agree to an increase in the acreage  
2           limitation percentage to be applied to the  
3           upland cotton acreage base of the produc-  
4           ers above the acreage limitation percentage  
5           announced by the Secretary.

6           “(ii) METHOD OF CALCULATION.—  
7           For the purposes of calculating deficiency  
8           payments to be made available to produc-  
9           ers who participate in the program under  
10          this paragraph, the Secretary shall in-  
11          crease the established price for upland cot-  
12          ton by an amount determined by the Sec-  
13          retary of not less than 0.5 percent, nor  
14          more than 1 percent, for each 1 percentage  
15          point increase in the acreage limitation  
16          percentage applied to the upland cotton  
17          acreage base of the producers.

18          “(iii) LIMITATION.—The acreage limi-  
19          tation percentage to be applied to the up-  
20          land cotton acreage base of the producers  
21          shall be increased by not more than 10  
22          percentage points above the acreage limita-  
23          tion percentage announced by the Sec-  
24          retary for the crop or above 25 percent  
25          total for the crop.

1                   “(iv)           ADJUSTMENT           FOR  
2                   UNDERPLANTINGS.—In determining the in-  
3                   creased acreage limitation percentage that  
4                   is applied to the upland cotton base of the  
5                   producers on a farm under this paragraph,  
6                   the Secretary shall exclude an amount of  
7                   acreage equal to the average difference be-  
8                   tween the permitted acreage for upland  
9                   cotton for the farm of the producers and  
10                  the acreage actually planted (including  
11                  acreage devoted to conserving uses under  
12                  subsection (c)(1)(D)) to upland cotton for  
13                  harvest during the previous 2 years.

14                  “(D) DECREASED ACREAGE LIMITATION  
15                  OPTION.—

16                       “(i) DECREASE IN ACREAGE LIMITA-  
17                       TION REQUIREMENT.—If the Secretary  
18                       elects to carry out this paragraph, the pro-  
19                       ducers on a farm shall be eligible to de-  
20                       crease the acreage limitation percentage  
21                       applicable to the upland cotton acreage  
22                       base of the producers (as announced by the  
23                       Secretary) if the producers agree to a de-  
24                       crease in the established price for upland  
25                       cotton in accordance with clause (ii) for

1 the purpose of calculating deficiency pay-  
2 ments to be made available to the produc-  
3 ers.

4 “(ii) METHOD OF CALCULATION.—  
5 For the purposes of calculating deficiency  
6 payments to be made available to produc-  
7 ers who choose the option established  
8 under this subparagraph, the Secretary  
9 shall decrease the established price for up-  
10 land cotton by an amount to be determined  
11 by the Secretary of not less than 0.5 per-  
12 cent, nor more than 1 percent, for each 1  
13 percentage point decrease in the acreage  
14 limitation percentage applied to the upland  
15 cotton acreage base of the producers.

16 “(iii) LIMITATION.—The producers on  
17 a farm may not choose to decrease the  
18 acreage limitation percentage applicable to  
19 the upland cotton acreage base of the pro-  
20 ducers under this paragraph by more than  
21  $\frac{1}{2}$  of the announced acreage limitation  
22 percentage.

23 “(E) PARTICIPATION AND PRODUCTION  
24 EFFECTS.—Notwithstanding any other provi-  
25 sion of this paragraph, the Secretary shall, to

1 the extent practicable, ensure that the program  
2 provided for in this paragraph does not have a  
3 significant effect on participation in the pro-  
4 gram established by this section or total pro-  
5 duction and shall be offered in such a manner  
6 that the Secretary determines will result in no  
7 additional budget outlays. The Secretary shall  
8 provide an analysis of the determination of the  
9 Secretary to the Committee on Agriculture of  
10 the House of Representatives and the Commit-  
11 tee on Agriculture, Nutrition, and Forestry of  
12 the Senate.

13 “(4) ADMINISTRATION.—

14 “(A) PROTECTION FROM WEEDS AND ERO-  
15 SION.—The regulations issued by the Secretary  
16 under paragraph (2) with respect to acreage re-  
17 quired to be devoted to conservation uses shall  
18 ensure protection of the acreage from weeds  
19 and wind and water erosion.

20 “(B) CONSERVING CROPS.—The Secretary  
21 may permit, subject to such terms and condi-  
22 tions as the Secretary may prescribe, all or any  
23 part of the acreage to be devoted to sweet sor-  
24 ghum, guar, sesame, castor beans, crambe,  
25 plantago ovato, triticale, rye, mung beans, milk-

1 weed, or other commodity, if the Secretary de-  
2 termines that the production is needed to pro-  
3 vide an adequate supply of the commodities, is  
4 not likely to increase the cost of the price sup-  
5 port program, and will not affect farm income  
6 adversely.

7 “(C) HAYING AND GRAZING.—

8 “(i) IN GENERAL.—Except as pro-  
9 vided in clause (ii), haying and grazing of  
10 reduced acreage, acreage devoted to a con-  
11 servation use under subsection (c)(1)(D),  
12 and acreage diverted from production  
13 under a land diversion program established  
14 under this subsection shall be permitted,  
15 except during any consecutive 5-month pe-  
16 riod that is established by the State com-  
17 mittee established under section 8(b) of  
18 the Soil Conservation and Domestic Allot-  
19 ment Act (16 U.S.C. 590h(b)) for a State.  
20 The 5-month period shall be established  
21 during the period beginning April 1, and  
22 ending October 31, of a year.

23 “(ii) NATURAL DISASTERS.—In the  
24 case of a natural disaster, the Secretary  
25 may permit unlimited haying and grazing

1 on the acreage. The Secretary may not ex-  
2 clude irrigated or irrigable acreage not  
3 planted to alfalfa when exercising the au-  
4 thority under this clause.

5 “(D) WATER STORAGE USES.—

6 “(i) IN GENERAL.—The regulations  
7 issued by the Secretary under paragraph  
8 (2) with respect to acreage required to be  
9 devoted to conservation uses shall provide  
10 that land that has been converted to water  
11 storage uses shall be considered to be de-  
12 voted to conservation uses if the land was  
13 devoted to wheat, feed grains, cotton, rice,  
14 or oilseeds in at least 3 of the immediately  
15 preceding 5 crop years. The land shall be  
16 considered to be devoted to conservation  
17 uses for the period that the land remains  
18 in water storage uses, but not to exceed  
19 5 crop years subsequent to the conversion  
20 of the land to water storage uses.

21 “(ii) LIMITATIONS.—Land converted  
22 to water storage uses for the purposes of  
23 this subparagraph may not be devoted to  
24 any commercial use, including commercial  
25 fish production. The water stored on the

1 land may not be ground water. The farm  
2 on which the land is located must have  
3 been irrigated with ground water during at  
4 least 1 of the preceding 5 crop years.

5 “(5) LAND DIVERSION PROGRAM.—

6 “(A) PAYMENTS.—

7 “(i) IN GENERAL.—The Secretary  
8 may make land diversion payments to pro-  
9 ducers of upland cotton, whether or not an  
10 acreage limitation program for upland cot-  
11 ton is in effect, if the Secretary determines  
12 that the land diversion payments are nec-  
13 essary to assist in adjusting the total na-  
14 tional acreage of upland cotton to desirable  
15 goals. The land diversion payments shall  
16 be made to producers who, to the extent  
17 prescribed by the Secretary, devote to ap-  
18 proved conservation uses an acreage of  
19 cropland on the farm in accordance with  
20 land diversion contracts entered into by the  
21 Secretary with the producers.

22 “(ii) EXCESS CARRY-OVER.—If, at the  
23 time of final announcement of the acreage  
24 limitation program established under this  
25 subsection, the Secretary projects that the

1 ratio of carry-over to total disappearance  
2 of upland cotton for the crop year is equal  
3 to or greater than 40 percent, the Sec-  
4 retary shall offer a paid land diversion pro-  
5 gram to producers of upland cotton. Pay-  
6 ments to producers under the program  
7 shall be determined by multiplying—

8 “(I) the payment rate, of not less  
9 than 35 cents per pound of cotton, es-  
10 tablished by the Secretary;

11 “(II) the program payment yield  
12 established for the crop for the farm;  
13 and

14 “(III) the number of permitted  
15 acreage for upland cotton for the farm  
16 diverted on the farm.

17 “(B) BIDS FOR CONTRACTS.—The  
18 amounts payable to producers under land diver-  
19 sion contracts may be determined through the  
20 submission of bids for the contracts by produc-  
21 ers in such manner as the Secretary may pre-  
22 scribe or through such other means as the Sec-  
23 retary determines appropriate. In determining  
24 the acceptability of contract offers, the Sec-  
25 retary shall take into consideration the extent

1 of the diversion to be undertaken by the pro-  
2 ducers and the productivity of the acreage di-  
3 verted.

4 “(C) LIMITATIONS ON DIVERTED ACRE-  
5 AGE.—

6 “(i) MAXIMUM ACREAGE PER FARM,  
7 COUNTY, OR COMMUNITY.—The Secretary  
8 shall limit the total acreage to be diverted  
9 under this paragraph—

10 “(I) to not more than 15 percent  
11 of the upland cotton crop acreage  
12 base for a farm; and

13 “(II) under agreements in any  
14 county or local community so as not  
15 to affect adversely the economy of the  
16 county or local community.

17 “(ii) LOWER PARTICIPATION LEV-  
18 ELS.—The Secretary may allow producers  
19 to participate in a land diversion program  
20 under this paragraph at a level lower than  
21 the maximum level announced by the Sec-  
22 retary, at the option of the producer, if the  
23 Secretary determines that the lower level  
24 will increase participation in the program.

25 “(6) CONSERVATION PRACTICES.—

1           “(A) WILDLIFE FOOD PLOTS OR HABI-  
2           TAT.—The reduced acreage and additional di-  
3           verted acreage may be devoted to wildlife food  
4           plots or wildlife habitat in conformity with  
5           standards established by the Secretary in con-  
6           sultation with wildlife agencies. The Secretary  
7           may pay an appropriate share of the cost of  
8           practices designed to carry out this subpara-  
9           graph.

10           “(B) PUBLIC ACCESS.—The Secretary may  
11           provide for an additional payment on the acre-  
12           age in an amount determined by the Secretary  
13           to be appropriate in relation to the benefit to  
14           the general public if the producers on a farm  
15           agree to permit, without other compensation,  
16           access to all or such portion of the farm, as  
17           the Secretary may prescribe, by the general  
18           public, for hunting, trapping, fishing, and hik-  
19           ing, subject to applicable Federal and State  
20           regulations.

21           “(7) PARTICIPATION AGREEMENTS.—

22           “(A) IN GENERAL.—Producers on a farm  
23           desiring to participate in the program con-  
24           ducted under this subsection shall execute an  
25           agreement with the Secretary providing for the

1 participation not later than such date as the  
2 Secretary may prescribe.

3 “(B) MODIFICATION OR TERMINATION.—

4 The Secretary may, by mutual agreement with  
5 producers on a farm, modify or terminate any  
6 such agreement if the Secretary determines the  
7 action necessary because of an emergency cre-  
8 ated by drought or other disaster or to prevent  
9 or alleviate a shortage in the supply of agricul-  
10 tural commodities. The Secretary may modify  
11 the agreement under this subparagraph for the  
12 purpose of alleviating a shortage in the supply  
13 of agricultural commodities only if there has  
14 been a significant change in the estimated  
15 stocks of the commodity since the Secretary an-  
16 nounced the final terms and conditions of the  
17 program for the crop of upland cotton.

18 “(f) INVENTORY REDUCTION PAYMENTS.—

19 “(1) IN GENERAL.—For each of the 1996  
20 through 2002 crops of upland cotton, the Secretary  
21 may make payments available to producers on a  
22 farm who meet the requirements of this subsection.

23 “(2) FORM.—The payments may be made in  
24 the form of marketing certificates.

25 “(3) PAYMENTS.—

1           “(A) IN GENERAL.—Payments under this  
2 subsection shall be determined in the same  
3 manner as provided in subsection (b).

4           “(B) QUANTITY OF COTTON MADE AVAIL-  
5 ABLE.—The quantity of upland cotton to be  
6 made available to the producers on a farm  
7 under this subsection shall be equal in value to  
8 the payments so determined under this sub-  
9 section.

10          “(4) ELIGIBILITY.—The producers on a farm  
11 shall be eligible to receive a payment under this sub-  
12 section for a crop if the producers—

13           “(A) agree to forgo obtaining a loan under  
14 subsection (a);

15           “(B) agree to forgo receiving payments  
16 under subsection (c);

17           “(C) do not plant upland cotton for har-  
18 vest in excess of the crop acreage base reduced  
19 by  $\frac{1}{2}$  of any acreage required to be diverted  
20 from production under subsection (e); and

21           “(D) otherwise comply with this section.

22          “(g) EQUITABLE RELIEF.—

23           “(1) LOANS AND PAYMENTS.—If the failure of  
24 a producer to comply fully with the terms and condi-  
25 tions of the program conducted under this section

1 precludes the making of loans and payments, the  
2 Secretary may, notwithstanding the failure, make  
3 the loans and payments in such amounts as the Sec-  
4 retary determines are equitable in relation to the se-  
5 riousness of the failure. The Secretary may consider  
6 whether the producer made a good faith effort to  
7 comply fully with the terms and conditions of the  
8 program in determining whether equitable relief is  
9 warranted under this paragraph.

10 “(2) DEADLINES AND PROGRAM REQUIRE-  
11 MENTS.—The Secretary may authorize the county  
12 and State committees established under section 8(b)  
13 of the Soil Conservation and Domestic Allotment  
14 Act (16 U.S.C. 590h(b)) to waive or modify dead-  
15 lines and other program requirements in cases in  
16 which lateness or failure to meet the other require-  
17 ments does not affect adversely the operation of the  
18 program.

19 “(h) REGULATIONS.—The Secretary may issue such  
20 regulations as the Secretary determines necessary to carry  
21 out this section.

22 “(i) COMMODITY CREDIT CORPORATION.—The Sec-  
23 retary shall carry out the program authorized by this sec-  
24 tion through the Commodity Credit Corporation.

1       “(j) ASSIGNMENT OF PAYMENTS.—Section 8(g) of  
2 the Soil Conservation and Domestic Allotment Act (16  
3 U.S.C. 590h(g)) shall apply to payments made under this  
4 section.

5       “(k) SHARING OF PAYMENTS.—The Secretary shall  
6 provide for the sharing of payments made under this sec-  
7 tion for any farm among the producers on the farm on  
8 a fair and equitable basis.

9       “(l) TENANTS AND SHARECROPPERS.—In carrying  
10 out this section, the Secretary shall provide adequate safe-  
11 guards to protect the interests of tenants and share-  
12 croppers.

13       “(m) CROSS-COMPLIANCE.—

14               “(1) IN GENERAL.—Compliance on a farm with  
15 the terms and conditions of any other commodity  
16 program, or compliance with crop acreage base re-  
17 quirements for any other commodity, may not be re-  
18 quired as a condition of eligibility for loans or pay-  
19 ments under this section.

20               “(2) COMPLIANCE ON OTHER FARMS.—The  
21 Secretary may not require producers on a farm, as  
22 a condition of eligibility for loans or payments under  
23 this section for the farm, to comply with the terms  
24 and conditions of the upland cotton program with  
25 respect to any other farm operated by the producers.

1 “(n) LIMITED GLOBAL IMPORT QUOTA.—

2 “(1) DEFINITIONS.—In this subsection:

3 “(A) DEMAND.—The term ‘demand’  
4 means—

5 “(i) the average seasonally adjusted  
6 annual rate of domestic mill consumption  
7 in the most recent 3 months for which  
8 data are available; plus

9 “(ii) the larger of—

10 “(I) average exports of upland  
11 cotton during the preceding 6 market-  
12 ing years; or

13 “(II) cumulative exports of up-  
14 land cotton plus outstanding export  
15 sales for the marketing year in which  
16 the quota is established.

17 “(B) LIMITED GLOBAL IMPORT QUOTA.—

18 The term ‘limited global import quota’ means a  
19 quantity of imports that is not subject to the  
20 over-quota tariff rate of a tariff-rate quota.

21 “(C) SUPPLY.—The term ‘supply’ means,  
22 using the latest official data of the Bureau of  
23 the Census, the Department of Agriculture, and  
24 the Department of the Treasury—

1           “(i) the carry-over of upland cotton at  
2           the beginning of the marketing year (ad-  
3           justed to 480-pound bales) in which the  
4           quota is established;

5           “(ii) production of the current crop;  
6           and

7           “(iii) imports to the latest date avail-  
8           able during the marketing year.

9           “(2) QUOTA.—The President shall carry out an  
10          import quota program that shall provide that when-  
11          ever the Secretary determines and announces that  
12          the average price of the base quality of upland cot-  
13          ton, as determined by the Secretary, in the des-  
14          ignated spot markets for a month exceeded 130 per-  
15          cent of the average price of the quality of cotton in  
16          the markets for the preceding 36 months, notwith-  
17          standing any other provision of law, there shall im-  
18          mediately be in effect a limited global import quota  
19          subject to the following conditions:

20                 “(A) QUANTITY.—The quantity of the  
21                 quota shall be equal to 21 days of domestic mill  
22                 consumption of upland cotton at the seasonally  
23                 adjusted average rate of the most recent 3  
24                 months for which data are available.

1           “(B) QUANTITY IF PRIOR QUOTA.—If a  
2 quota has been established under this sub-  
3 section during the preceding 12 months, the  
4 quantity of the quota next established under  
5 this subsection shall be the smaller of 21 days  
6 of domestic mill consumption calculated as set  
7 forth in subparagraph (A) or the quantity re-  
8 quired to increase the supply to 130 percent of  
9 the demand.

10           “(C) PREFERENTIAL TARIFF TREAT-  
11 MENT.—The quantity under a limited global  
12 import quota shall be considered to be an in-  
13 quota quantity for purposes of—

14           “(i) section 213(d) of the Caribbean  
15 Basin Economic Recovery Act (19 U.S.C.  
16 2703(d));

17           “(ii) section 204 of the Andean Trade  
18 Preference Act (19 U.S.C. 3203);

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

21           “(iv) General Note 3(a)(iv) to the  
22 Harmonized Tariff Schedule of the United  
23 States (19 U.S.C. 1202 note).

24           “(3) QUOTA ENTRY PERIOD.—



1 **SEC. 304. MISCELLANEOUS COTTON PROVISIONS.**

2 Section 103(a) of the Agricultural Act of 1949 (7  
3 U.S.C. 1444(a)) shall not be applicable to the 1996  
4 through 2002 crops.

5 **SEC. 305. SKIPROW PRACTICES.**

6 The third sentence of section 374(a) of the Agricul-  
7 tural Adjustment Act of 1938 (7 U.S.C. 1374(a)) is  
8 amended—

9 (1) by striking “1995” each place it appears  
10 and inserting “2002”; and

11 (2) by striking “1991” each place it appears  
12 and inserting “1996”.

13 **SEC. 306. PRELIMINARY ALLOTMENTS FOR 2003 CROP OF**  
14 **UPLAND COTTON.**

15 Notwithstanding any other provision of law, the per-  
16 manent State, county, and farm base acreage allotments  
17 for the 1977 crop of upland cotton, adjusted for any  
18 underplantings in 1977 and reconstituted as provided in  
19 section 379 of the Agricultural Adjustment Act of 1938  
20 (7 U.S.C. 1379), shall be the preliminary allotments for  
21 the 2003 crop.

22 **SEC. 307. COTTONSEED AND COTTONSEED OIL.**

23 Section 203(b) of the Agricultural Act of 1949 (7  
24 U.S.C. 1446d(b)) is amended by striking “1995” and in-  
25 serting “2002”.

1 **SEC. 308. COTTON CLASSIFICATION SERVICES.**

2 The first sentence of section 3a of the Act of March  
3 3, 1927 (commonly known as the “Cotton Statistics and  
4 Estimates Act”) (chapter 337; 7 U.S.C. 473a), is amend-  
5 ed by striking “1996” and inserting “2002”.

6 **TITLE IV—RICE**

7 **SEC. 401. LOANS, PAYMENTS, AND ACREAGE REDUCTION**  
8 **PROGRAMS FOR THE 1996 THROUGH 2002**  
9 **CROPS OF RICE.**

10 Section 101B of the Agricultural Act of 1949 (7  
11 U.S.C. 1441-2) is amended to read as follows:

12 **“SEC. 101B. LOANS, PAYMENTS, AND ACREAGE REDUCTION**  
13 **PROGRAMS FOR THE 1996 THROUGH 2002**  
14 **CROPS OF RICE.**

15 “(a) LOANS AND PURCHASES.—

16 “(1) IN GENERAL.—Except as otherwise pro-  
17 vided in this subsection, the Secretary shall make  
18 available to producers on a farm nonrecourse loans  
19 and purchases for each of the 1996 through 2002  
20 crops of rice produced on the farm at a level that  
21 is not less than the greater of—

22 “(A) 85 percent of the simple average  
23 price received by producers, as determined by  
24 the Secretary, during the marketing years for  
25 the immediately preceding 5 crops of rice, ex-  
26 cluding the year in which the average price was

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

3           “(B) \$6.50 per hundredweight.

4           “(2) MAXIMUM REDUCTION.—The loan level for  
5           any crop of rice determined under paragraph (1)  
6           may not be reduced by more than 5 percent from  
7           the level determined for the preceding crop.

8           “(3) ANNOUNCEMENT OF LOAN LEVEL AND ES-  
9           TABLISHED PRICE.—The loan and purchase level  
10          and the established price for each of the 1996  
11          through 2002 crops of rice shall be announced not  
12          later than January 31 of each calendar year for the  
13          crop harvested in the calendar year or, in the case  
14          of the 1996 crop, as soon as practicable after the  
15          date of enactment of the Farm Commodities Act of  
16          1995.

17          “(4) TERM.—A loan made under this sub-  
18          section shall have a term of not more than 9 months  
19          beginning after the month in which the application  
20          for the loan is made.

21          “(5) MARKETING LOANS.—

22                  “(A) IN GENERAL.—To ensure that a com-  
23                  petitive market position is maintained for rice,  
24                  the Secretary shall permit the producers on a

1 farm to repay a loan made under paragraph (1)  
2 for a crop at a level that is the lesser of—

3 “(i) the loan level determined for the  
4 crop; or

5 “(ii) the greater of—

6 “(I) 70 percent of the loan level  
7 determined for the crop; or

8 “(II) the prevailing world market  
9 price for rice, as determined by the  
10 Secretary.

11 “(B) PREVAILING WORLD MARKET  
12 PRICE.—The Secretary shall prescribe by regu-  
13 lation—

14 “(i) a formula to determine the pre-  
15 vailing world market price for rice that  
16 does not take into account any price for  
17 the sale of rice produced in the United  
18 States; and

19 “(ii) a mechanism by which the Sec-  
20 retary shall announce periodically the pre-  
21 vailing world market price for rice.

22 “(C) PRODUCER PURCHASE OF MARKET-  
23 ING CERTIFICATES.—

24 “(i) IN GENERAL.—As a condition of  
25 permitting the producers on a farm to

1            repay a loan as provided in subparagraph  
2            (A), the Secretary may require the produc-  
3            ers to purchase marketing certificates  
4            equal in value to an amount that does not  
5            exceed  $\frac{1}{2}$  the difference, as determined by  
6            the Secretary, between the amount of the  
7            loan obtained by the producers and the  
8            amount of the loan repayment.

9            “(ii) REDEMPTION FOR RICE OR  
10            CASH.—The certificates shall be redeem-  
11            able for agricultural commodities owned by  
12            the Commodity Credit Corporation valued  
13            at the prevailing market price, as deter-  
14            mined by the Secretary, or for cash, under  
15            such terms and conditions as the Secretary  
16            may prescribe.

17            “(iii) REDEMPTION, MARKETING, OR  
18            EXCHANGE.—The Commodity Credit Cor-  
19            poration, under regulations prescribed by  
20            the Secretary, shall assist any person re-  
21            ceiving marketing certificates under this  
22            subparagraph in the redemption or mar-  
23            keting or exchange of the certificates at  
24            such times, in such manner, and at such  
25            price levels as the Secretary determines

1 will best effectuate the purposes of the pro-  
2 gram established under this section.

3 “(iv) CHARGES.—If any such certifi-  
4 cate is not presented for redemption or  
5 marketing within a reasonable number of  
6 days after issuance, as determined by the  
7 Secretary, reasonable costs of storage and  
8 other carrying charges, as determined by  
9 the Secretary, shall be deducted from the  
10 value of the certificate for the period be-  
11 ginning after the reasonable number of  
12 days and ending on the date of the presen-  
13 tation of the certificate to the Commodity  
14 Credit Corporation.

15 “(v) DESIGNATION OF COMMODITIES  
16 AND PRODUCTS.—Insofar as practicable,  
17 the Secretary shall permit owners of cer-  
18 tificates to designate the commodities and  
19 the products of commodities, including  
20 storage sites of the commodities and prod-  
21 ucts, that the owners would prefer to re-  
22 ceive in exchange for certificates.

23 “(vi) SALES PRICE RESTRICTIONS.—  
24 Notwithstanding any other provision of  
25 law, any price restrictions that may other-

1 wise apply to the disposition of agricultural  
2 commodities by the Commodity Credit Cor-  
3 poration shall not apply to the redemption  
4 of certificates under this subparagraph.

5 “(vii) DISPLACEMENT.—The Sec-  
6 retary shall take such measures as may be  
7 necessary to prevent the marketing or ex-  
8 change of agricultural commodities and the  
9 products of the commodities for certificates  
10 under this subparagraph from adversely  
11 affecting the income of producers of the  
12 commodities or products.

13 “(viii) TRANSFERS.—Under regula-  
14 tions prescribed by the Secretary, certifi-  
15 cates issued under this subparagraph may  
16 be transferred to other persons approved  
17 by the Secretary.

18 “(D) CERTIFICATES TO MAINTAIN COM-  
19 PETITIVENESS.—

20 “(i) IN GENERAL.—Notwithstanding  
21 any other provision of law, whenever, dur-  
22 ing the period beginning August 1, 1996,  
23 and ending July 31, 2003, the prevailing  
24 world market price for a class of rice (ad-  
25 justed to United States quality and loca-

1           tion), as determined by the Secretary, is  
2           below the current loan repayment rate for  
3           that class of rice, to make United States  
4           rice competitive in world markets and to  
5           maintain and expand exports of rice pro-  
6           duced in the United States, the Commodity  
7           Credit Corporation shall make payments,  
8           through the issuance of marketing certifi-  
9           cates, to persons who have entered into an  
10          agreement with the Commodity Credit Cor-  
11          poration to participate in the program es-  
12          tablished under this subparagraph. The  
13          payments shall be made in such monetary  
14          amounts and subject to such terms and  
15          conditions as the Secretary determines will  
16          make rice produced in the United States  
17          available at competitive prices consistent  
18          with the purposes of this subparagraph.

19               “(ii) VALUE.—The value of each cer-  
20               tificate issued under this subparagraph  
21               shall be based on the difference between—

22                       “(I) the loan repayment rate for  
23                       the class of rice; and

1                   “(II) the prevailing world market  
2                   price for the class of rice, as deter-  
3                   mined by the Secretary.

4                   “(iii) TERMS AND CONDITIONS OF  
5                   CERTIFICATES.—Marketing certificates is-  
6                   sued under this subparagraph shall be sub-  
7                   ject to the same terms and conditions as  
8                   certificates issued under subparagraph (C).

9                   “(6) SIMPLE AVERAGE PRICE.—For purposes of  
10                  this section, the simple average price received by  
11                  producers for the immediately preceding marketing  
12                  year shall be based on the latest information avail-  
13                  able to the Secretary at the time of the determina-  
14                  tion.

15                  “(b) LOAN DEFICIENCY PAYMENTS.—

16                  “(1) IN GENERAL.—The Secretary shall, for  
17                  each of the 1996 through 2002 crops of rice, make  
18                  payments (referred to in this section as ‘loan defi-  
19                  ciency payments’) available to producers who, al-  
20                  though eligible to obtain a loan or an agreement for  
21                  purchase under subsection (a), agree to forgo obtain-  
22                  ing the loan or agreement in return for payments  
23                  under this subsection.

24                  “(2) COMPUTATION.—A payment under this  
25                  subsection shall be computed by multiplying—

1           “(A) the loan payment rate; and

2           “(B) the quantity of rice that the produc-  
3           ers are eligible to place under loan (or obtain  
4           a purchase agreement) but for which the pro-  
5           ducers forgo obtaining the loan or agreement in  
6           return for payments under this subsection.

7           “(3) LOAN PAYMENT RATE.—For purposes of  
8           this subsection, the loan payment rate shall be the  
9           amount by which—

10           “(A) the loan level determined for the crop  
11           under subsection (a); exceeds

12           “(B) the level at which a loan may be re-  
13           paid under subsection (a).

14           “(4) MARKETING CERTIFICATES.—The Sec-  
15           retary may make up to  $\frac{1}{2}$  the amount of a payment  
16           under this subsection available in the form of mar-  
17           keting certificates, subject to the terms and condi-  
18           tions provided in subsection (a)(5)(C).

19           “(c) PAYMENTS.—

20           “(1) DEFICIENCY PAYMENTS.—

21           “(A) IN GENERAL.—The Secretary shall  
22           make available to producers payments (referred  
23           to in this section as ‘deficiency payments’) for  
24           each of the 1996 through 2002 crops of rice in  
25           an amount computed by multiplying—

1 “(i) the payment rate;

2 “(ii) the payment acres for the crop;

3 and

4 “(iii) the farm program payment yield  
5 established for the crop for the farm.

6 “(B) PAYMENT RATE.—

7 “(i) IN GENERAL.—The payment rate  
8 for each of the 1996 through 2002 crops  
9 of rice shall be the amount by which the  
10 established price for the crop of rice ex-  
11 ceeds the greater of—

12 “(I) the lesser of—

13 “(aa) the national average  
14 market price received by produc-  
15 ers during the calendar year that  
16 contains the first 5 months of the  
17 marketing year for the crop, as  
18 determined by the Secretary; or

19 “(bb) the national average  
20 market price received by produc-  
21 ers during the first 5 months of  
22 the marketing year for the crop,  
23 as determined by the Secretary,  
24 plus an appropriate amount that  
25 is fair and equitable in relation

1 to wheat and feed grains (as de-  
2 termined by the Secretary); or

3 “(II) the loan level determined  
4 for the crop.

5 “(ii) MINIMUM ESTABLISHED  
6 PRICE.—The established price for rice shall  
7 not be less than \$10.71 per hundredweight  
8 for each of the 1996 through 2002 crops.

9 “(C) PAYMENT ACRES.—Payment acres  
10 for a crop shall be the lesser of—

11 “(i) the number of acres planted to  
12 the crop for harvest within the permitted  
13 acreage (as defined in subsection  
14 (e)(2)(D)(ii)); or

15 “(ii) 75 percent of the crop acreage  
16 base for the crop for the farm less the  
17 quantity of reduced acreage (as defined in  
18 subsection (e)(2)(D)(ii)).

19 “(D) 50/85 PROGRAM.—

20 “(i) IN GENERAL.—If an acreage limi-  
21 tation program under subsection (e)(2) is  
22 in effect for a crop of rice and the produc-  
23 ers on a farm devote a portion of the maxi-  
24 mum payment acres of the farm for rice as  
25 calculated under subparagraph (C)(ii)

1 equal to more than 15 percent (except as  
2 provided in clause (v)(II)) of the rice acre-  
3 age of the farm for the crop to conserva-  
4 tion uses (except as provided in subpara-  
5 graph (E))—

6 “(I) the portion of the maximum  
7 payment acres of the farm in excess  
8 of 15 percent (except as provided in  
9 clause (v)(II)) of the acreage devoted  
10 to conservation uses (except as pro-  
11 vided in subparagraph (E)) shall be  
12 considered to be planted to rice for  
13 the purpose of determining the acre-  
14 age on the farm required to be de-  
15 voted to conservation uses in accord-  
16 ance with subsection (e)(2)(D); and

17 “(II) the producers shall be eligi-  
18 ble for payments under this para-  
19 graph with respect to the acreage,  
20 subject to the compliance of the pro-  
21 ducers with clause (ii).

22 “(ii) MINIMUM PLANTING REQUIRE-  
23 MENT.—To be eligible for payments under  
24 clause (i), except as provided in clauses  
25 (iv) and (v), the producers on a farm shall

1 actually plant rice for harvest on at least  
2 50 percent of the maximum payment acres  
3 for rice for the farm.

4 “(iii) DEFICIENCY PAYMENTS.—Not-  
5 withstanding any other provision of this  
6 section, any producers on a farm who de-  
7 vote a portion of the maximum payment  
8 acres of the farm for rice to conservation  
9 uses (or other uses as provided in subpara-  
10 graph (E)) under this subparagraph shall  
11 receive deficiency payments on the acreage  
12 that is considered to be planted to rice and  
13 eligible for payments under this subpara-  
14 graph for the crop at a per-hundredweight  
15 rate established by the Secretary, except  
16 that the rate may not be established at less  
17 than the projected deficiency payment rate  
18 for the crop, as determined by the Sec-  
19 retary. The projected deficiency payment  
20 rate for the crop shall be announced by the  
21 Secretary prior to the period during which  
22 rice producers may agree to participate in  
23 the program for the crop.

24 “(iv) QUARANTINES.—If a State or  
25 local agency has imposed in an area of a

1 State or county a quarantine on the plant-  
2 ing of rice for harvest on farms in the  
3 area, the State committee established  
4 under section 8(b) of the Soil Conservation  
5 and Domestic Allotment Act (16 U.S.C.  
6 590h(b)) may recommend to the Secretary  
7 that payments be made under this para-  
8 graph, without regard to the requirement  
9 imposed under clause (ii), to producers in  
10 the area who were required to forgo the  
11 planting of rice for harvest on acreage to  
12 alleviate or eliminate the condition requir-  
13 ing the quarantine. If the Secretary deter-  
14 mines that the condition exists, the Sec-  
15 retary may make payments under this  
16 paragraph to the producers. To be eligible  
17 for payments under this clause, the pro-  
18 ducers must devote the acreage to con-  
19 servation uses (except as provided in sub-  
20 paragraph (E)).

21 “(v) PREVENTED PLANTING AND RE-  
22 DUCED YIELDS.—In the case of each of the  
23 1996 through 2002 crops of rice, produc-  
24 ers on a farm shall be eligible to receive  
25 deficiency payments as provided in clause

1 (iii) without regard to clause (ii) if an  
2 acreage limitation program under sub-  
3 section (e) is in effect for the crop and the  
4 producers—

5 “(I)(aa) have been determined by  
6 the Secretary (in accordance with sec-  
7 tion 503(c)) to be prevented from  
8 planting the crop, or have incurred a  
9 reduced yield for the crop because of  
10 a natural disaster; and

11 “(bb) elect to devote a portion of  
12 the maximum payment acres for rice  
13 (as calculated under subparagraph  
14 (C)(ii)) equal to more than 8 percent  
15 of the rice acreage, to conservation  
16 uses; or

17 “(II) elect to devote a portion of  
18 the maximum payment acres for rice  
19 (as calculated under subparagraph  
20 (C)(ii)) equal to more than 8 percent  
21 of the rice acreage, to alternative  
22 crops as provided in subparagraph  
23 (E).

24 “(vi) CROP ACREAGE AND PAYMENT  
25 YIELD.—The rice crop acreage base and

1 rice farm program payment yield of the  
2 farm shall not be reduced because of the  
3 fact that a portion of the permitted acre-  
4 age for rice for the farm was devoted to  
5 conserving uses (except as provided in sub-  
6 paragraph (E)) under this subparagraph.

7 “(vii) LIMITATION.—Other than as  
8 provided in clauses (i) through (vi), pay-  
9 ments may not be made under this para-  
10 graph for any crop on a greater acreage  
11 than the acreage actually planted to rice.

12 “(viii) CONSERVATION USE ACREAGE  
13 UNDER OTHER PROGRAMS.—Any acreage  
14 considered to be planted to rice in accord-  
15 ance with clauses (i) and (vi) may not also  
16 be designated as conservation use acreage  
17 for the purpose of fulfilling any provision  
18 under any acreage limitation or land diver-  
19 sion program requiring that the producers  
20 devote a specified quantity of acreage to  
21 conservation uses.

22 “(E) ALTERNATIVE CROPS.—

23 “(i) INDUSTRIAL AND OTHER  
24 CROPS.—The Secretary may permit, sub-  
25 ject to such terms and conditions as the

1 Secretary may prescribe, all or any part of  
2 acreage otherwise required to be devoted to  
3 conservation uses as a condition of qualify-  
4 ing for payments under subparagraph (D)  
5 to be devoted to sweet sorghum, guar,  
6 castor beans, plantago ovato, triticale, rye,  
7 millet, mung beans, commodities for which  
8 no substantial domestic production or mar-  
9 ket exists but that could yield industrial  
10 raw material being imported, or likely to  
11 be imported, into the United States, or  
12 commodities grown for experimental pur-  
13 poses (including kenaf and milkweed), sub-  
14 ject to the following sentence. The Sec-  
15 retary may permit the acreage to be de-  
16 voted to the production only if the Sec-  
17 retary determines that the production is—

18 “(I) not likely to increase the  
19 cost of the price support program;  
20 and

21 “(II) needed to provide an ade-  
22 quate supply of the commodity, or, in  
23 the case of a commodity for which no  
24 substantial domestic production or  
25 market exists but that could yield in-

1 industrial raw materials, the production  
2 is needed to encourage domestic man-  
3 ufacture of the raw material and  
4 could lead to increased industrial use  
5 of the raw material to the long-term  
6 benefit of United States industry.

7 “(ii) SESAME AND CRAMBE.—The  
8 Secretary shall permit, subject to such  
9 terms and conditions as the Secretary may  
10 prescribe, all or any part of acreage other-  
11 wise required to be devoted to conservation  
12 uses as a condition of qualifying for pay-  
13 ments under subparagraph (D) to be de-  
14 voted to sesame or crambe. In carrying out  
15 this clause, if the Secretary determines  
16 that sesame or crambe are considered oil-  
17 seeds under section 205, the Secretary  
18 shall provide that, in order to receive pay-  
19 ments under subparagraph (D), the pro-  
20 ducers shall agree to forgo eligibility to re-  
21 ceive a loan under section 205 for the crop  
22 of sesame or crambe produced on the farm.

23 “(2) CROP INSURANCE REQUIREMENT.—As a  
24 condition of eligibility for rice loans, purchases, and  
25 payments, the producers on a farm shall obtain cata-

1       strophic risk protection insurance coverage in ac-  
2       cordance with section 427.

3       “(d) PAYMENT YIELDS.—The farm program pay-  
4       ment yields for farms for each crop of rice under this sec-  
5       tion shall be determined under title V.

6       “(e) ACREAGE REDUCTION PROGRAMS.—

7             “(1) IN GENERAL.—

8                 “(A) ESTABLISHMENT.—Notwithstanding  
9                 any other provision of this Act, if the Secretary  
10                determines that the total supply of rice, in the  
11                absence of an acreage limitation program, will  
12                be excessive taking into account the need for an  
13                adequate carry-over to maintain reasonable and  
14                stable supplies and prices and to meet a na-  
15                tional emergency, the Secretary may provide for  
16                any crop of rice an acreage limitation program  
17                as described in paragraph (2).

18               “(B) AGRICULTURAL RESOURCES CON-  
19                SERVATION PROGRAM.—In making a determina-  
20                tion under subparagraph (A), the Secretary  
21                shall take into consideration the number of  
22                acres placed in the agricultural resources con-  
23                servation program established under subtitle D  
24                of title XII of the Food Security Act of 1985  
25                (16 U.S.C. 3830 et seq.).

1 “(C) ANNOUNCEMENTS.—

2 “(i) PRELIMINARY ANNOUNCE-  
3 MENT.—If the Secretary elects to imple-  
4 ment an acreage limitation program for  
5 any crop year, the Secretary shall make a  
6 preliminary announcement of any such  
7 program not later than December 1 of the  
8 calendar year preceding the year in which  
9 the crop is harvested (or, for the 1996  
10 crop, as soon as practicable after the date  
11 of enactment of the Farm Commodities  
12 Act of 1995). The preliminary announce-  
13 ment shall include, among other informa-  
14 tion determined necessary by the Sec-  
15 retary, an announcement of the uniform  
16 percentage reduction in the rice crop acre-  
17 age base described in paragraph (2)(A).

18 “(ii) FINAL ANNOUNCEMENT.—Not  
19 later than January 31 of the calendar year  
20 in which the crop is harvested, the Sec-  
21 retary shall make a final announcement of  
22 the program. The announcement shall in-  
23 clude, among other information determined  
24 necessary by the Secretary, an announce-  
25 ment of the uniform percentage reduction

1           in the rice crop acreage base described in  
2           paragraph (2)(A).

3           “(D) CARRY-OVER.—The Secretary shall  
4           carry out an acreage limitation program de-  
5           scribed in paragraph (2) for a crop of rice in  
6           a manner that will result in carry-over stocks  
7           equal to 16.5 to 20 percent of the simple aver-  
8           age of the total disappearance of rice for each  
9           of the 3 marketing years preceding the year for  
10          which the announcement is made. In this sub-  
11          paragraph, the term ‘total disappearance’  
12          means all rice utilization, including total  
13          domestic, total export, and total residual dis-  
14          appearance.

15          “(2) ACREAGE LIMITATION PROGRAM.—

16                 “(A) PERCENTAGE REDUCTIONS.—Except  
17                 as provided in paragraph (3), if a rice acreage  
18                 limitation program is announced under para-  
19                 graph (1), the limitation shall be achieved by  
20                 applying a uniform percentage reduction (from  
21                 0 to 35 percent) to the rice crop acreage base  
22                 for the crop for each rice-producing farm.

23                 “(B) COMPLIANCE.—Except as provided in  
24                 section 504, producers on a farm who know-  
25                 ingly produce rice in excess of the permitted

1 acreage for rice for the farm, as established in  
2 accordance with subparagraph (A), shall be in-  
3 eligible for rice loans, purchases, and payments  
4 with respect to the farm.

5 “(C) CROP ACREAGE BASES.—Rice crop  
6 acreage bases for each crop of rice shall be de-  
7 termined under title V.

8 “(D) ACREAGE DEVOTED TO CONSERVA-  
9 TION USES.—

10 “(i) IN GENERAL.—A number of acres  
11 on the farm shall be devoted to conserva-  
12 tion uses, in accordance with regulations  
13 issued by the Secretary.

14 “(ii) NUMBER.—The number shall be  
15 determined by multiplying the rice crop  
16 acreage base by the percentage reduction  
17 required by the Secretary. The number of  
18 acres so determined is referred to in this  
19 section as ‘reduced acreage’. The remain-  
20 ing acreage is referred to in this section as  
21 ‘permitted acreage’.

22 “(iii) ADJUSTMENT.—Permitted acre-  
23 age may be adjusted by the Secretary as  
24 provided in paragraph (3) and in section  
25 504.

1           “(E) INDIVIDUAL FARM PROGRAM ACRE-  
2           AGE.—Except as otherwise provided in sub-  
3           section (c), the individual farm program acre-  
4           age shall be the acreage planted on the farm to  
5           rice for harvest within the permitted acreage  
6           for rice for the farm as established under this  
7           paragraph.

8           “(F) PLANTING DESIGNATED CROPS ON  
9           REDUCED ACREAGE.—

10           “(i) DEFINITION OF DESIGNATED  
11           CROP.—In this subparagraph, the term  
12           ‘designated crop’ means a crop described  
13           in section 504(b)(1), excluding any pro-  
14           gram crop as defined in section 502(3).

15           “(ii) PLANTING DESIGNATED  
16           CROPS.—Subject to clause (iii), the Sec-  
17           retary may permit producers on a farm to  
18           plant a designated crop on not more than  
19            $\frac{1}{2}$  of the reduced acreage on the farm.

20           “(iii) LIMITATIONS.—If the producers  
21           on a farm elect to plant a designated crop  
22           on reduced acreage under this subpara-  
23           graph—

24                           “(I) the amount of the deficiency  
25                           payment that the producers are other-

1 wise eligible to receive under sub-  
2 section (c) shall be reduced, for each  
3 acre (or portion of an acre) that is  
4 planted to the designated crop, by an  
5 amount equal to the deficiency pay-  
6 ment that would be made with respect  
7 to a number of acres of the crop that  
8 the Secretary considers appropriate,  
9 except that if the producers on the  
10 farm are participating in a program  
11 established for more than 1 program  
12 crop, the amount of the reduction  
13 shall be determined by prorating the  
14 reduction based on the acreage plant-  
15 ed or considered planted on the farm  
16 to all of the program crops; and

17 “(II) the Secretary shall ensure  
18 that reductions in deficiency payments  
19 under subclause (I) are sufficient to  
20 ensure that this subparagraph will re-  
21 sult in no additional cost to the Com-  
22 modity Credit Corporation.

23 “(3) TARGETED OPTION PAYMENTS.—

24 “(A) IN GENERAL.—Notwithstanding any  
25 other provision of this section, if the Secretary

1 implements an acreage limitation program with  
2 respect to any of the 1996 through 2002 crops  
3 of rice and announces an acreage limitation  
4 percentage of 20 percent or less, the Secretary  
5 may make available to producers on a farm who  
6 do not receive payments under subsection  
7 (c)(1)(D) for the crop on the farm, adjustments  
8 in the level of deficiency payments that would  
9 otherwise be made available to the producers if  
10 the producers exercise the payment options pro-  
11 vided in this paragraph.

12 “(B) PAYMENT OPTIONS.—If the Secretary  
13 elects to carry out this paragraph, the Secretary  
14 shall make the payment options specified in  
15 subparagraphs (C) and (D) available to produc-  
16 ers who agree to make adjustments in the  
17 quantity of acreage diverted from the produc-  
18 tion of rice under an acreage limitation pro-  
19 gram in accordance with this paragraph.

20 “(C) INCREASED ACREAGE LIMITATION OP-  
21 TION.—

22 “(i) INCREASE IN ESTABLISHED  
23 PRICE.—If the Secretary elects to carry  
24 out this paragraph, the producers on a  
25 farm shall be eligible to receive an increase

1 in the established price for rice in accord-  
2 ance with clause (ii) if the producers agree  
3 to an increase in the acreage limitation  
4 percentage to be applied to the rice acre-  
5 age base of the producers above the acre-  
6 age limitation percentage announced by  
7 the Secretary.

8 “(ii) METHOD OF CALCULATION.—  
9 For the purposes of calculating deficiency  
10 payments to be made available to produc-  
11 ers who participate in the program under  
12 this paragraph, the Secretary shall in-  
13 crease the established price for rice by an  
14 amount determined by the Secretary of not  
15 less than 0.5 percent, nor more than 1 per-  
16 cent, for each 1 percentage point increase  
17 in the acreage limitation percentage ap-  
18 plied to the rice acreage base of the pro-  
19 ducers.

20 “(iii) LIMITATION.—The acreage limi-  
21 tation percentage to be applied to the rice  
22 acreage base of the producers shall be in-  
23 creased by not more than 5 percentage  
24 points above the acreage limitation per-  
25 centage announced by the Secretary.

1           “(iv) ADJUSTMENT FOR UNDER-  
2 PLANTINGS.—In determining the increased  
3 acreage limitation percentage that is ap-  
4 plied to the rice acreage base of the pro-  
5 ducers under this paragraph, the Secretary  
6 shall exclude an amount of acreage equal  
7 to the average difference between the per-  
8 mitted acreage for rice for the farm of the  
9 producers and the acreage actually planted  
10 (including acreage devoted to conserving  
11 uses under subsection (c)(1)(D)) to rice for  
12 harvest during the previous 2 years.

13           “(D) DECREASED ACREAGE LIMITATION  
14 OPTION.—

15           “(i) DECREASE IN ACREAGE LIMITA-  
16 TION REQUIREMENT.—If the Secretary  
17 elects to carry out this paragraph, the pro-  
18 ducers on a farm shall be eligible to de-  
19 crease the acreage limitation percentage  
20 applicable to the rice acreage base of the  
21 producers (as announced by the Secretary)  
22 if the producers agree to a decrease in the  
23 established price for rice in accordance  
24 with clause (ii) for the purpose of calculat-

1 ing deficiency payments to be made avail-  
2 able to the producers.

3 “(ii) METHOD OF CALCULATION.—

4 For the purposes of calculating deficiency  
5 payments to be made available to produc-  
6 ers who choose the option established  
7 under this subparagraph, the Secretary  
8 shall decrease the established price for rice  
9 by an amount to be determined by the Sec-  
10 retary of not less than 0.5 percent, nor  
11 more than 1 percent, for each 1 percentage  
12 point decrease in the acreage limitation  
13 percentage applied to the rice acreage base  
14 of the producers.

15 “(iii) LIMITATION.—The producers on

16 a farm may not choose to decrease the  
17 acreage limitation percentage applicable to  
18 the rice acreage base of the producers  
19 under this paragraph by more than  $\frac{1}{2}$  of  
20 the announced acreage limitation percent-  
21 age.

22 “(E) PARTICIPATION AND PRODUCTION

23 EFFECTS.—Notwithstanding any other provi-  
24 sion of this paragraph, the Secretary shall, to  
25 the extent practicable, ensure that the program

1 provided for in this paragraph does not have a  
2 significant effect on participation on the pro-  
3 gram established under this section or total  
4 production and shall be offered in such a man-  
5 ner that the Secretary determines will result in  
6 no additional budget outlays. The Secretary  
7 shall provide an analysis of the determination  
8 of the Secretary to the Committee on Agri-  
9 culture of the House of Representatives and the  
10 Committee on Agriculture, Nutrition, and For-  
11 estry of the Senate.

12 “(4) ADMINISTRATION.—

13 “(A) PROTECTION FROM WEEDS AND ERO-  
14 SION.—The regulations issued by the Secretary  
15 under paragraph (2) with respect to acreage re-  
16 quired to be devoted to conservation uses shall  
17 ensure protection of the acreage from weeds  
18 and wind and water erosion.

19 “(B) CONSERVING CROPS.—The Secretary  
20 may permit, subject to such terms and condi-  
21 tions as the Secretary may prescribe, all or any  
22 part of the acreage to be devoted to sweet sor-  
23 ghum, guar, sesame, castor beans, crambe,  
24 plantago ovato, triticale, rye, mung beans, milk-  
25 weed, or other commodity, if the Secretary de-

1           termines that the production is needed to pro-  
2           vide an adequate supply of the commodities, is  
3           not likely to increase the cost of the price sup-  
4           port program, and will not affect farm income  
5           adversely.

6           “(C) HAYING AND GRAZING.—

7           “(i) IN GENERAL.—Except as pro-  
8           vided in clause (ii), haying and grazing of  
9           reduced acreage, acreage devoted to a con-  
10          servation use under subsection (c)(1)(D),  
11          and acreage diverted from production  
12          under a land diversion program established  
13          under this subsection shall be permitted,  
14          except during any consecutive 5-month pe-  
15          riod that is established by the State com-  
16          mittee established under section 8(b) of  
17          the Soil Conservation and Domestic Allot-  
18          ment Act (16 U.S.C. 590h(b)) for a State.  
19          The 5-month period shall be established  
20          during the period beginning April 1, and  
21          ending October 31, of a year.

22          “(ii) NATURAL DISASTERS.—In the  
23          case of a natural disaster, the Secretary  
24          may permit unlimited haying and grazing  
25          on the acreage. The Secretary may not ex-

1 clude irrigated or irrigable acreage not  
2 planted to alfalfa when exercising the au-  
3 thority under this clause.

4 “(D) WATER STORAGE USES.—

5 “(i) IN GENERAL.—The regulations  
6 issued by the Secretary under paragraph  
7 (2) with respect to acreage required to be  
8 devoted to conservation uses shall provide  
9 that land that has been converted to water  
10 storage uses shall be considered to be de-  
11 voted to conservation uses if the land was  
12 devoted to wheat, feed grains, cotton, rice,  
13 or oilseeds in at least 3 of the immediately  
14 preceding 5 crop years. The land shall be  
15 considered to be devoted to conservation  
16 uses for the period that the land remains  
17 in water storage uses, but not to exceed 5  
18 crop years subsequent to the conversion of  
19 the land to water storage uses.

20 “(ii) LIMITATIONS.—Land converted  
21 to water storage uses for the purposes of  
22 this subparagraph may not be devoted to  
23 any commercial use, including commercial  
24 fish production. The water stored on the  
25 land may not be ground water. The farm

1           on which the land is located must have  
2           been irrigated with ground water during at  
3           least 1 of the preceding 5 crop years.

4           “(5) LAND DIVERSION PROGRAM.—

5           “(A) IN GENERAL.—The Secretary may  
6           make land diversion payments to producers of  
7           rice, whether or not an acreage limitation pro-  
8           gram for rice is in effect, if the Secretary deter-  
9           mines that the land diversion payments are nec-  
10          essary to assist in adjusting the total national  
11          acreage of rice to desirable goals. The land di-  
12          version payments shall be made to producers  
13          who, to the extent prescribed by the Secretary,  
14          devote to approved conservation uses an acreage  
15          of cropland on the farm in accordance with land  
16          diversion contracts entered into by the Sec-  
17          retary with the producers.

18          “(B) AMOUNTS.—The amounts payable to  
19          producers under land diversion contracts may  
20          be determined through the submission of bids  
21          for the contracts by producers in such manner  
22          as the Secretary may prescribe or through such  
23          other means as the Secretary determines appro-  
24          priate. In determining the acceptability of con-  
25          tract offers, the Secretary shall take into con-

1           sideration the extent of the diversion to be un-  
2           dertaken by the producers and the productivity  
3           of the acreage diverted.

4           “(C) LIMITATION ON DIVERTED ACRE-  
5           AGE.—The Secretary shall limit the total acre-  
6           age to be diverted under agreements in any  
7           county or local community so as not to affect  
8           adversely the economy of the county or local  
9           community.

10          “(6) CONSERVATION PRACTICES.—

11           “(A) WILDLIFE FOOD PLOTS OR HABI-  
12           TAT.—The reduced acreage and additional di-  
13           verted acreage may be devoted to wildlife food  
14           plots or wildlife habitat in conformity with  
15           standards established by the Secretary in con-  
16           sultation with wildlife agencies. The Secretary  
17           may pay an appropriate share of the cost of  
18           practices designed to carry out this subpara-  
19           graph.

20           “(B) PUBLIC ACCESS.—The Secretary may  
21           provide for an additional payment on the acre-  
22           age in an amount determined by the Secretary  
23           to be appropriate in relation to the benefit to  
24           the general public if the producers on a farm  
25           agree to permit, without other compensation,

1 access to all or such portion of the farm as the  
2 Secretary may prescribe by the general public,  
3 for hunting, trapping, fishing, and hiking, sub-  
4 ject to applicable Federal and State regulations.

5 “(7) PARTICIPATION AGREEMENTS.—

6 “(A) IN GENERAL.—Producers on a farm  
7 desiring to participate in the program con-  
8 ducted under this subsection shall execute an  
9 agreement with the Secretary providing for the  
10 participation not later than such date as the  
11 Secretary may prescribe.

12 “(B) MODIFICATION OR TERMINATION.—

13 The Secretary may, by mutual agreement with  
14 producers on a farm, modify or terminate any  
15 such agreement if the Secretary determines the  
16 action necessary because of an emergency cre-  
17 ated by drought or other disaster or to prevent  
18 or alleviate a shortage in the supply of agricul-  
19 tural commodities. The Secretary may modify  
20 the agreement under this subparagraph for the  
21 purpose of alleviating a shortage in the supply  
22 of agricultural commodities only if there has  
23 been a significant change in the estimated  
24 stocks of the commodity since the Secretary an-

1           nounced the final terms and conditions of the  
2           program for the crop of rice.

3           “(f) INVENTORY REDUCTION PAYMENTS.—

4           “(1) IN GENERAL.—For each of the 1996  
5           through 2002 crops of rice, the Secretary may make  
6           payments available to producers on a farm who meet  
7           the requirements of this subsection.

8           “(2) FORM.—The payments may be made in  
9           the form of marketing certificates.

10          “(3) PAYMENTS.—

11          “(A) IN GENERAL.—Payments under this  
12          subsection shall be determined in the same  
13          manner as provided in subsection (b).

14          “(B) QUANTITY OF RICE MADE AVAIL-  
15          ABLE.—The quantity of rice to be made avail-  
16          able to the producers on a farm under this sub-  
17          section shall be equal in value to the payments  
18          so determined under this subsection.

19          “(4) ELIGIBILITY.—The producers on a farm  
20          shall be eligible to receive a payment under this sub-  
21          section for a crop if the producers—

22                  “(A) agree to forgo obtaining a loan or  
23                  purchase agreement under subsection (a);

24                  “(B) agree to forgo receiving payments  
25                  under subsection (c);

1           “(C) do not plant rice for harvest in excess  
2           of the crop acreage base reduced by  $\frac{1}{2}$  of any  
3           acreage required to be diverted from production  
4           under subsection (e); and

5           “(D) otherwise comply with this section.

6           “(g) EQUITABLE RELIEF.—

7           “(1) LOANS, PURCHASES, AND PAYMENTS.—If  
8           the failure of a producer to comply fully with the  
9           terms and conditions of the program conducted  
10          under this section precludes the making of loans,  
11          purchases, and payments, the Secretary may, not-  
12          withstanding the failure, make the loans, purchases,  
13          and payments in such amounts as the Secretary de-  
14          termines are equitable in relation to the seriousness  
15          of the failure. The Secretary may consider whether  
16          the producer made a good faith effort to comply  
17          fully with the terms and conditions of the program  
18          in determining whether equitable relief is warranted  
19          under this paragraph.

20          “(2) DEADLINES AND PROGRAM REQUIRE-  
21          MENTS.—The Secretary may authorize the county  
22          and State committees established under section 8(b)  
23          of the Soil Conservation and Domestic Allotment  
24          Act (16 U.S.C. 590h(b)) to waive or modify dead-  
25          lines and other program requirements in cases in

1       which lateness or failure to meet the other require-  
2       ments does not affect adversely the operation of the  
3       program.

4       “(h) REGULATIONS.—The Secretary may issue such  
5       regulations as the Secretary determines necessary to carry  
6       out this section.

7       “(i) COMMODITY CREDIT CORPORATION.—The Sec-  
8       retary shall carry out the program authorized by this sec-  
9       tion through the Commodity Credit Corporation.

10       “(j) ASSIGNMENT OF PAYMENTS.—Section 8(g) of  
11       the Soil Conservation and Domestic Allotment Act (16  
12       U.S.C. 590h(g)) shall apply to payments made under this  
13       section.

14       “(k) SHARING OF PAYMENTS.—The Secretary shall  
15       provide for the sharing of payments made under this sec-  
16       tion for any farm among the producers on the farm on  
17       a fair and equitable basis.

18       “(l) TENANTS AND SHARECROPPERS.—In carrying  
19       out this section, the Secretary shall provide adequate safe-  
20       guards to protect the interests of tenants and share-  
21       croppers.

22       “(m) CROSS-COMPLIANCE.—

23               “(1) IN GENERAL.—Compliance on a farm with  
24       the terms and conditions of any other commodity  
25       program, or compliance with crop acreage base re-

1 requirements for any other commodity, may not be re-  
 2 quired as a condition of eligibility for loans, pur-  
 3 chases, or payments under this section.

4 “(2) COMPLIANCE ON OTHER FARMS.—The  
 5 Secretary may not require producers on a farm, as  
 6 a condition of eligibility for loans, purchases, or pay-  
 7 ments under this section for the farm, to comply  
 8 with the terms and conditions of the rice program  
 9 with respect to any other farm operated by the pro-  
 10 ducers.

11 “(n) CROPS.—Notwithstanding any other provision  
 12 of law, this section shall be effective only for the 1996  
 13 through 2002 crops of rice.”.

## 14 **TITLE V—OILSEEDS**

### 15 **SEC. 501. LOANS AND PAYMENTS FOR OILSEEDS FOR 1996** 16 **THROUGH 2002 MARKETING YEARS.**

17 Section 205 of the Agricultural Act of 1949 (7 U.S.C.  
 18 1446f) is amended to read as follows:

### 19 **“SEC. 205. LOANS AND PAYMENTS FOR OILSEEDS FOR 1996** 20 **THROUGH 2002 MARKETING YEARS.**

21 “(a) DEFINITION OF OILSEEDS.—In this section, the  
 22 term ‘oilseeds’ means soybeans, sunflower seed, canola,  
 23 rapeseed, safflower, flaxseed, mustard seed, and such  
 24 other oilseeds as the Secretary may determine.

1       “(b) LOANS AND PURCHASES.—The Secretary shall  
2 make available to producers on a farm loans and pur-  
3 chases for each of the 1996 through 2002 crops of oilseeds  
4 produced on the farm at such level as the Secretary deter-  
5 mines will maintain the competitiveness of oilseeds with  
6 other crops and will not result in excessive total stocks  
7 of oilseeds, taking into consideration the cost of producing  
8 oilseeds, supply and demand conditions, and world prices  
9 for oilseeds.

10       “(c) LOAN AND PURCHASE LEVEL.—

11           “(1) SOYBEANS.—Except as provided in para-  
12 graph (4), the loan and purchase level for each of  
13 the 1996 through 2002 crops of soybeans shall be  
14 not less than the greater of—

15           “(A) 85 percent of the simple average  
16 price received by producers, as determined by  
17 the Secretary, during the marketing years for  
18 the immediately preceding 5 crops of soybeans,  
19 excluding the year in which the average price  
20 was the highest and the year in which the aver-  
21 age price was the lowest in the period; or

22           “(B) \$5.50 per bushel.

23           “(2) SUNFLOWER SEED, CANOLA, RAPESEED,  
24 AND FLAXSEED.—Except as provided in paragraph  
25 (4), the loan and purchase level for each of the 1996

1 through 2002 crops of sunflower seed, canola,  
2 rapeseed, and flaxseed shall be not less than the  
3 greater of—

4 “(A) 85 percent of the simple average  
5 price received by producers, as determined by  
6 the Secretary, during the marketing years for  
7 the immediately preceding 5 crops of sunflower  
8 seed, canola, rapeseed, and flaxseed, respec-  
9 tively, excluding the year in which the average  
10 price was the highest and the year in which the  
11 average price was the lowest in the period; or

12 “(B) \$9.75 per hundredweight.

13 “(3) OTHER OILSEEDS.—Except as provided in  
14 paragraph (4), the loan and purchase level for each  
15 of the 1996 through 2002 crops of oilseeds not cov-  
16 ered by paragraph (1) or (2) shall be established at  
17 such level as the Secretary determines is fair and  
18 reasonable in relation to the loan and purchase level  
19 available for soybeans, except that the loan and pur-  
20 chase level for cottonseed may not be established at  
21 a level that is less than the level established for soy-  
22 beans on a per-pound basis for the same crop year.

23 “(4) ADJUSTMENT.—If the Secretary deter-  
24 mines for any marketing year that the loan and pur-  
25 chase level established under this subsection will re-

1 sult in outlays in the form of loan deficiency pay-  
2 ments to producers of an oilseed, the Secretary shall  
3 reduce the loan and purchase level for a crop of the  
4 oilseed for the marketing year to a level at which,  
5 as determined by the Secretary, payments will not  
6 be made, except that the level may not be less  
7 than—

8 “(A) in the case of soybeans, \$5.00 per  
9 bushel; and

10 “(B) in the case of sunflower seed, canola,  
11 rapeseed, and flaxseed, \$8.90 per hundred-  
12 weight.

13 “(5) REPORT.—If the Secretary adjusts the  
14 level of loans and purchases for an oilseed under  
15 paragraph (4), the Secretary shall submit to the  
16 Committee on Agriculture of the House of Rep-  
17 resentatives and the Committee on Agriculture, Nu-  
18 trition, and Forestry of the Senate a report—

19 “(A) certifying that the adjustment is nec-  
20 essary to reduce outlays in the form of loan de-  
21 ficiency payments; and

22 “(B) containing a description of the pro-  
23 duction, stocks, and price circumstances under  
24 which the adjustment is needed.

1           “(6) FUTURE CROP YEARS.—Any reduction in  
2 the loan and purchase level for a crop of an oilseed  
3 under paragraph (4) shall not be considered in de-  
4 termining the loan and purchase level for a future  
5 crop of the oilseed.

6           “(d) MARKETING LOANS.—

7           “(1) IN GENERAL.—The Secretary shall permit  
8 a producer to repay a loan made under this section  
9 for a crop—

10           “(A) at a level that is the lesser of—

11           “(i) the loan and purchase level deter-  
12 mined for the crop; and

13           “(ii) the prevailing world market price  
14 for the applicable oilseed (adjusted to  
15 United States quality and location), as de-  
16 termined by the Secretary; or

17           “(B) such other level (not in excess of the  
18 loan and purchase level determined for the  
19 crop) that the Secretary determines will—

20           “(i) minimize potential loan forfeit-  
21 ures;

22           “(ii) minimize the accumulation of oil-  
23 seed stocks by the Federal Government;

1           “(iii) minimize the cost incurred by  
2           the Federal Government in storing oil-  
3           seeds; and

4           “(iv) allow oilseeds produced in the  
5           United States to be marketed freely and  
6           competitively, both domestically and inter-  
7           nationally.

8           “(2) PREVAILING WORLD MARKET PRICE.—The  
9           Secretary shall prescribe by regulation—

10           “(A) a formula for determining the prevail-  
11           ing world market price for oilseeds (adjusted to  
12           United States quality and location); and

13           “(B) a mechanism by which the Secretary  
14           shall announce periodically the prevailing world  
15           market price for oilseeds (adjusted to United  
16           States quality and location).

17           “(e) LOAN DEFICIENCY PAYMENT.—

18           “(1) IN GENERAL.—For each of the 1996  
19           through 2002 crops of oilseeds, the Secretary shall  
20           make payments available to producers who, although  
21           eligible to obtain a loan or purchase under sub-  
22           section (b), agree to forgo obtaining the loan and  
23           purchase in return for payments under this sub-  
24           section.

1           “(2) COMPUTATION.—A payment under this  
2 subsection shall be computed by multiplying—

3           “(A) the loan and purchase payment rate;

4           by

5           “(B) the quantity of oilseeds the producer  
6 is eligible to place under loan but for which the  
7 producer forgoes obtaining the loan and pur-  
8 chase in return for payments under this sub-  
9 section.

10          “(3) LOAN AND PURCHASE PAYMENT RATE.—  
11 For purposes of this subsection, the loan and pur-  
12 chase payment rate shall be the amount by which—

13          “(A) the loan and purchase level deter-  
14 mined for the crop under subsection (c); ex-  
15 ceeds

16          “(B) the level at which a loan may be re-  
17 paid under subsection (d).

18          “(4) MARKETING CERTIFICATES.—

19          “(A) IN GENERAL.—The Secretary may  
20 make payments under this section available in  
21 the form of certificates redeemable for any agri-  
22 cultural commodity owned by the Commodity  
23 Credit Corporation.

24          “(B) MINIMAL OILSEED STOCKS.—The  
25 Secretary shall make certificates available under

1           subparagraph (A) in such a manner as to mini-  
2           mize the accumulation of oilseed stocks.

3           “(f) **MARKETING YEAR.**—For purposes of this sec-  
4           tion, the marketing year for—

5           “(1) soybeans shall be the 1-year period begin-  
6           ning on September 1 and ending on August 31; and

7           “(2) other oilseeds shall be prescribed by the  
8           Secretary by regulation.

9           “(g) **ANNOUNCEMENTS.**—The Secretary shall make  
10          an announcement of the loan and purchase level for the  
11          crop not later than 15 days prior to the beginning of the  
12          marketing year for the crop.

13          “(h) **LOAN MATURITY.**—A loan made for a crop of  
14          oilseeds under this section shall mature on the last day  
15          of the 9th month following the month in which the applica-  
16          tion for the loan is made, except that the loan may not  
17          mature later than the last day of the fiscal year in which  
18          the application is made.

19          “(i) **OTHER TERMS AND CONDITIONS.**—Notwith-  
20          standing any other provision of law—

21                 “(1) the Secretary shall not require participa-  
22                 tion in any production adjustment program for oil-  
23                 seeds or any other commodity as a condition of eligi-  
24                 bility for price support for oilseeds;

1           “(2) the Secretary may not authorize payments  
2           to producers to cover the cost of storing oilseeds;  
3           and

4           “(3) oilseeds may not be considered an eligible  
5           commodity for any reserve program.

6           “(j) REGULATIONS.—The Secretary may issue such  
7           regulations as the Secretary determines necessary to carry  
8           out this section.

9           “(k) COMMODITY CREDIT CORPORATION.—The Sec-  
10          retary shall carry out the program authorized by this sec-  
11          tion through the Commodity Credit Corporation.

12          “(l) ASSIGNMENT OF PAYMENTS.—Section 8(g) of  
13          the Soil Conservation and Domestic Allotment Act (16  
14          U.S.C. 590h(g)) shall apply to payments under this sec-  
15          tion.

16          “(m) CROPS.—Notwithstanding any other provision  
17          of law, this section shall be effective only for the 1996  
18          through 2002 crops of oilseeds.”.

## 19                                   **TITLE VI—PEANUTS**

### 20          **SEC. 601. SUSPENSION OF MARKETING QUOTAS AND ACRE-** 21                                   **AGE ALLOTMENTS.**

22          The following provisions of the Agricultural Adjust-  
23          ment Act of 1938 shall not be applicable to the 1996  
24          through 2002 crops of peanuts:

1           (1) Subsections (a) through (j) of section 358  
2           (7 U.S.C. 1358).

3           (2) Subsections (a) through (h) of section 358a  
4           (7 U.S.C. 1358a).

5           (3) Subsections (a), (b), (d), and (e) of section  
6           358d (7 U.S.C. 1359).

7           (4) Part I of subtitle C of title III (7 U.S.C.  
8           1361 et seq.).

9           (5) Section 371 (7 U.S.C. 1371).

10 **SEC. 602. NATIONAL POUNDAGE QUOTAS AND ACREAGE AL-**  
11 **LOTMENTS.**

12           Section 358–1 of the Agricultural Adjustment Act of  
13 1938 (7 U.S.C. 1358–1) is amended to read as follows:

14 **“SEC. 358-1. NATIONAL POUNDAGE QUOTAS AND ACREAGE**  
15 **ALLOTMENTS FOR 1996 THROUGH 2002 CROPS**  
16 **OF PEANUTS.**

17           “(a) NATIONAL POUNDAGE QUOTAS.—

18           “(1) ESTABLISHMENT.—The national poundage  
19 quota for peanuts for each of the 1996 through  
20 2002 marketing years shall be established by the  
21 Secretary at a level that is equal to the quantity of  
22 peanuts (in tons) that the Secretary estimates will  
23 be devoted in each such marketing year to domestic  
24 edible and related uses, excluding seed. The Sec-  
25 retary shall include in the annual estimate of domes-

1       tic edible and related uses, the estimated quantity of  
2       peanuts and peanut products to be imported into the  
3       United States for the marketing year for which the  
4       quota is being established.

5           “(2) ANNOUNCEMENT.—The national poundage  
6       quota for a marketing year shall be announced by  
7       the Secretary not later than the December 15 pre-  
8       ceding the marketing year.

9           “(3) APPORTIONMENT AMONG STATES.—The  
10      national poundage quota established under para-  
11      graph (1) shall be apportioned among the States so  
12      that the poundage quota allocated to each State is  
13      equal to the percentage of the national poundage  
14      quota allocated to farms in the State for 1995.

15      “(b) FARM POUNDAGE QUOTAS.—

16           “(1) IN GENERAL.—

17           “(A) ESTABLISHMENT.—A farm poundage  
18      quota for each of the 1996 through 2002 mar-  
19      keting years shall be established—

20           “(i) for each farm that had a farm  
21      poundage quota for peanuts for the 1995  
22      marketing year;

23           “(ii) if the poundage quota appor-  
24      tioned to a State under subsection (a)(3)  
25      for any such marketing year is larger than

1 the quota for the immediately preceding  
2 marketing year, for each other farm on  
3 which peanuts were produced for market-  
4 ing in at least 2 of the 3 immediately pre-  
5 ceding crop years, as determined by the  
6 Secretary; and

7 “(iii) as approved and determined by  
8 the Secretary under section 358c, for each  
9 farm on which peanuts are produced in  
10 connection with experimental and research  
11 programs.

12 “(B) QUANTITY.—

13 “(i) IN GENERAL.—The farm pound-  
14 age quota for each of the 1996 through  
15 2002 marketing years for each farm de-  
16 scribed in subparagraph (A)(i) shall be the  
17 same as the farm poundage quota for the  
18 farm for the immediately preceding mar-  
19 keting year, as adjusted under paragraph  
20 (2), but not including any increases result-  
21 ing from the allocation of quotas volun-  
22 tarily released for 1 year under paragraph  
23 (7).

24 “(ii) INCREASED QUOTA.—The farm  
25 poundage quota, if any, for each of the

1           1996 through 2002 marketing years for  
2           each farm described in subparagraph  
3           (A)(ii) shall be equal to the quantity of  
4           peanuts allocated to the farm for the year  
5           under paragraph (2).

6           “(C) TRANSFERS.—For purposes of this  
7           subsection, if the farm poundage quota, or any  
8           part of the quota, is permanently transferred in  
9           accordance with section 358a or 358b, the re-  
10          ceiving farm shall be considered as possessing  
11          the farm poundage quota (or portion of the  
12          quota) of the transferring farm for all subse-  
13          quent marketing years.

14          “(2) ADJUSTMENTS.—

15                 “(A) ALLOCATION OF INCREASED QUOTA  
16                 GENERALLY.—Subject to subparagraphs (B)  
17                 and (D), if the poundage quota apportioned to  
18                 a State under subsection (a)(3) for any of the  
19                 1996 through 2002 marketing years is in-  
20                 creased over the poundage quota apportioned to  
21                 farms in the State for the immediately preced-  
22                 ing marketing year, the increase shall be allo-  
23                 cated proportionately, based on farm production  
24                 history for peanuts for the 3 immediately pre-  
25                 ceding years, among—

1           “(i) all farms in the State for which  
2 a farm poundage quota was established for  
3 the marketing year immediately preceding  
4 the marketing year for which the allocation  
5 is being made; and

6           “(ii) all other farms in the State on  
7 which peanuts were produced in at least 2  
8 of the 3 immediately preceding crop years,  
9 as determined by the Secretary.

10       “(B) TEMPORARY QUOTA ALLOCATION.—

11           “(i) IN GENERAL.—Subject to clause  
12 (iv), temporary allocation of a poundage  
13 quota for the marketing year in which a  
14 crop of peanuts is planted shall be made to  
15 producers for each of the 1996 through  
16 2002 marketing years in accordance with  
17 this subparagraph.

18           “(ii) QUANTITY.—The temporary  
19 quota allocation shall be equal to the quan-  
20 tity of seed peanuts (in pounds) planted on  
21 a farm, as determined in accordance with  
22 regulations issued by the Secretary.

23           “(iii) ALLOCATION.—The allocation of  
24 quota pounds to producers under this sub-  
25 paragraph shall be performed in such a

1 manner as will not result in a net decrease  
2 in quota pounds on a farm in excess of 3  
3 percent, after the temporary seed quota is  
4 added, from the basic farm quota for the  
5 1995 marketing year. A decrease shall  
6 occur only once, shall be applicable only to  
7 the 1996 marketing year.

8 “(iv) NO INCREASED COSTS.—The  
9 Secretary may carry out this subparagraph  
10 only if this subparagraph does not result  
11 in—

12 “(I) an increased cost to the  
13 Commodity Credit Corporation  
14 through displacement of quota pea-  
15 nuts by additional peanuts in the do-  
16 mestic market;

17 “(II) an increased loss in a loan  
18 pool of an area marketing association  
19 designated pursuant to section  
20 108B(c)(1) of the Agricultural Act of  
21 1949 (7 U.S.C. 1445c-3(c)(1)); or

22 “(III) other increased costs.

23 “(v) USE OF QUOTA AND ADDITIONAL  
24 PEANUTS.—Nothing in this subparagraph

1 affects the requirements of section  
2 358b(b).

3 “(vi) ADDITIONAL ALLOCATION.—The  
4 temporary allocation of quota pounds  
5 under this subparagraph shall be in addi-  
6 tion to the farm poundage quota estab-  
7 lished under this subsection and shall be  
8 credited to the producers of the peanuts on  
9 the farm in accordance with regulations is-  
10 sued by the Secretary.

11 “(C) DECREASE.—If the poundage quota  
12 apportioned to a State under subsection (a)(3)  
13 for any of the 1996 through 2002 marketing  
14 years is decreased from the poundage quota ap-  
15 portioned to farms in the State under sub-  
16 section (a)(3) for the immediately preceding  
17 marketing year, the decrease shall be allocated  
18 among all the farms in the State for which a  
19 farm poundage quota was established for the  
20 marketing year immediately preceding the mar-  
21 keting year for which the allocation is being  
22 made.

23 “(D) SPECIAL RULE ON TENANT’S SHARE  
24 OF INCREASED QUOTA.—Subject to terms and  
25 conditions prescribed by the Secretary, on

1 farms that were leased to a tenant for peanut  
2 production, the tenant shall share equally with  
3 the owner of the farm in the percentage of the  
4 quota made available under subparagraph (A)  
5 and otherwise allocated to the farm as the re-  
6 sult of the production of the tenant on the farm  
7 of additional peanuts. Not later than April 1 of  
8 each year or as soon as practicable during the  
9 year, the share of the tenant of any such quota  
10 shall be allocated to a farm within the county  
11 owned by the tenant or sold by the tenant to  
12 the owner of any farm within the county and  
13 permanently transferred to the farm. Any quota  
14 not so disposed of as provided in this subpara-  
15 graph shall be allocated to other quota farms in  
16 the State under paragraph (6) as part of the  
17 quota reduced from farms in the State due to  
18 the failure to produce the quota.

19 “(3) QUOTA NOT PRODUCED.—

20 “(A) IN GENERAL.—Insofar as practicable  
21 and on such fair and equitable basis as the Sec-  
22 retary may by regulation prescribe, the farm  
23 poundage quota established for a farm for any  
24 of the 1996 through 2002 marketing years shall  
25 be reduced to the extent that the Secretary de-

1           termines that the farm poundage quota estab-  
2           lished for the farm for any 2 of the 3 marketing  
3           years preceding the marketing year for which  
4           the determination is being made was not pro-  
5           duced, or considered produced, on the farm.

6           “(B) EXCLUSIONS.—For the purposes of  
7           this paragraph, the farm poundage quota for  
8           any such preceding marketing year shall not in-  
9           clude any increase resulting from the allocation  
10          of quotas voluntarily released for 1 year under  
11          paragraph (7).

12          “(4) QUOTA CONSIDERED PRODUCED.—

13          “(A) IN GENERAL.—For purposes of this  
14          subsection, subject to subparagraph (B), the  
15          farm poundage quota shall be considered pro-  
16          duced on a farm if—

17                  “(i) the farm poundage quota was not  
18                  produced on the farm because of drought,  
19                  flood, or any other natural disaster, or any  
20                  other condition beyond the control of the  
21                  producer, as determined by the Secretary;

22                  “(ii) the farm poundage quota for the  
23                  farm was released voluntarily under para-  
24                  graph (7) for only 1 of the 3 marketing  
25                  years immediately preceding the marketing

1 year for which the determination is being  
2 made; or

3 “(iii) the farm poundage quota was  
4 leased to another owner or operator of a  
5 farm within the same county for transfer  
6 to the farm for only 1 of the 3 marketing  
7 years immediately preceding the marketing  
8 year for which the determination is being  
9 made.

10 “(B) **MARKETING YEARS.**—For purposes  
11 of clauses (ii) and (iii) of subparagraph (A)—

12 “(i) the farm poundage quota leased  
13 or transferred shall be considered produced  
14 for only 1 of the 3 marketing years imme-  
15 diately preceding the marketing year for  
16 which the determination is being made;  
17 and

18 “(ii) the farm shall not be considered  
19 to have produced for more than 1 market-  
20 ing year out of the 3 immediately preced-  
21 ing marketing years.

22 “(5) **QUOTA PERMANENTLY RELEASED.**—Not-  
23 withstanding any other provision of law—

24 “(A) the farm poundage quota established  
25 for a farm under this subsection, or any part of

1 the quota, may be permanently released by the  
2 owner of the farm, or the operator with the per-  
3 mission of the owner; and

4 “(B) the poundage quota for the farm for  
5 which the quota is released shall be adjusted  
6 downward to reflect the quota that is released.

7 “(6) ALLOCATION OF QUOTAS REDUCED OR RE-  
8 LEASED.—

9 “(A) IN GENERAL.—Except as provided in  
10 subparagraph (B), the total quantity of the  
11 farm poundage quotas reduced or voluntarily  
12 released from farms in a State for any market-  
13 ing year under paragraphs (3) and (5) shall be  
14 allocated, as the Secretary may by regulation  
15 prescribe, to other farms in the State on which  
16 peanuts were produced in at least 2 of the 3  
17 crop years immediately preceding the year for  
18 which the allocation is being made.

19 “(B) SET-ASIDE FOR FARMS WITH NO  
20 QUOTA.—The total amount of farm poundage  
21 quota to be allocated in the State under sub-  
22 paragraph (A) shall be allocated to farms in the  
23 State for which no farm poundage quota was  
24 established for the crop of the immediately pre-  
25 ceding year. The allocation to any such farm

1 shall not exceed the average farm production of  
2 peanuts for the 3 immediately preceding years  
3 during which peanuts were produced on the  
4 farm. Any farm poundage quota remaining  
5 after allocation to farms under this subpara-  
6 graph shall be allocated to farms in the State  
7 on which poundage quotas were established for  
8 the crop of the immediately preceding year.

9 “(7) QUOTA TEMPORARILY RELEASED.—

10 “(A) IN GENERAL.—The farm poundage  
11 quota, or any portion of the quota, established  
12 for a farm for a marketing year may be volun-  
13 tarily released to the Secretary to the extent  
14 that the quota, or any part of the quota, will  
15 not be produced on the farm for the marketing  
16 year. Any farm poundage quota so released in  
17 a State shall be allocated to other farms in the  
18 State on such basis as the Secretary may by  
19 regulation prescribe.

20 “(B) EFFECTIVE PERIOD.—Except as oth-  
21 erwise provided in this section, any adjustment  
22 in the farm poundage quota for a farm under  
23 subparagraph (A) shall be effective only for the  
24 marketing year for which the adjustment is  
25 made and shall not be taken into consideration

1           in establishing a farm poundage quota for the  
2           farm from which the quota was released for any  
3           subsequent marketing year.

4           “(c) FARM YIELDS.—

5           “(1) IN GENERAL.—For each farm for which a  
6           farm poundage quota is established under subsection  
7           (b), and when necessary for purposes of this Act, a  
8           farm yield of peanuts shall be determined for each  
9           such farm.

10           “(2) QUANTITY.—The yield shall be equal to  
11           the average of the actual yield per acre on the farm  
12           for each of the 3 crop years in which yields were  
13           highest on the farm during the 5-year period con-  
14           sisting of the 1973 through 1977 crop years.

15           “(3) APPRAISED YIELDS.—If peanuts were not  
16           produced on the farm in at least 3 years during the  
17           5-year period or there was a substantial change in  
18           the operation of the farm during the period (includ-  
19           ing a change in operator, lessee who is an operator,  
20           or irrigation practices), the Secretary shall have a  
21           yield appraised for the farm. The appraised yield  
22           shall be that quantity determined to be fair and rea-  
23           sonable on the basis of yields established for similar  
24           farms that are located in the area of the farm and  
25           on which peanuts were produced, taking into consid-

1       eration land, labor, and equipment available for the  
2       production of peanuts, crop rotation practices, soil  
3       and water, and other relevant factors.

4       “(d) REFERENDUM RESPECTING POUNDAGE  
5 QUOTAS.—

6           “(1) IN GENERAL.—Not later than December  
7       15 of each calendar year, the Secretary shall con-  
8       duct a referendum of producers engaged in the pro-  
9       duction of quota peanuts in the calendar year in  
10      which the referendum is held to determine whether  
11      the producers are in favor of or opposed to poundage  
12      quotas with respect to the crops of peanuts produced  
13      in the 5 calendar years immediately following the  
14      year in which the referendum is held, except that, if  
15      at least  $\frac{2}{3}$  of the producers voting in any referen-  
16      dum vote in favor of poundage quotas, no referen-  
17      dum shall be held with respect to quotas for the re-  
18      maining years of the 5-calendar year period.

19           “(2) PROCLAMATION.—The Secretary shall pro-  
20      claim the result of the referendum within 30 days  
21      after the date on which the referendum is held.

22           “(3) VOTE AGAINST QUOTAS.—If more than  $\frac{1}{3}$   
23      of the producers voting in the referendum vote  
24      against poundage quotas, the Secretary shall pro-  
25      claim that poundage quotas will not be in effect with

1       respect to the crop of peanuts produced in the cal-  
2       endar year immediately following the calendar year  
3       in which the referendum is held.

4       “(e) DEFINITIONS.—In this part and title I of the  
5       Agricultural Act of 1949 (7 U.S.C. 1441 et seq.):

6               “(1) ADDITIONAL PEANUTS.—The term ‘addi-  
7       tional peanuts’ means, for any marketing year—

8                       “(A) any peanuts that are marketed from  
9       a farm for which a farm poundage quota has  
10      been established and that are in excess of the  
11      marketings of quota peanuts from the farm for  
12      the year; and

13                      “(B) all peanuts marketed from a farm for  
14      which no farm poundage quota has been estab-  
15      lished in accordance with subsection (b).

16               “(2) CRUSH.—The term ‘crush’ means the  
17      processing of peanuts to extract oil for food uses and  
18      meal for feed uses, or the processing of peanuts by  
19      crushing or otherwise when authorized by the Sec-  
20      retary.

21               “(3) DOMESTIC EDIBLE USE.—The term ‘do-  
22      mestic edible use’ means use for milling to produce  
23      domestic food peanuts (other than a use described in  
24      paragraph (2)) and seed and use on a farm, except  
25      that the Secretary may exempt from this paragraph

1 seeds of peanuts that are used to produce peanuts  
 2 excluded under section 358d(c), are unique strains,  
 3 and are not commercially available.

4 “(4) QUOTA PEANUTS.—The term ‘quota pea-  
 5 nuts’ means, for any marketing year, any peanuts  
 6 produced on a farm having a farm poundage quota,  
 7 as determined under subsection (b), that—

8 “(A) are eligible for domestic edible use as  
 9 determined by the Secretary;

10 “(B) are marketed or considered marketed  
 11 from a farm; and

12 “(C) do not exceed the farm poundage  
 13 quota of the farm for the year.

14 “(f) CROPS.—Notwithstanding any other provision of  
 15 law, this section shall be effective only for the 1996  
 16 through 2002 crops of peanuts.”.

17 **SEC. 603. SALE, LEASE, OR TRANSFER OF FARM POUNDAGE**  
 18 **QUOTA.**

19 Section 358b of the Agricultural Adjustment Act of  
 20 1938 (7 U.S.C. 1358b) is amended to read as follows:

21 **“SEC. 358b. SALE, LEASE, OR TRANSFER OF FARM POUND-**  
 22 **AGE QUOTA FOR 1996 THROUGH 2000 CROPS**  
 23 **OF PEANUTS.**

24 “(a) IN GENERAL.—

25 “(1) AUTHORITY.—

1           “(A) IN GENERAL.—Subject to such terms,  
2 conditions, or limitations as the Secretary may  
3 prescribe, the owner, or operator with the per-  
4 mission of the owner, of any farm for which a  
5 farm poundage quota has been established  
6 under this Act may sell or lease all or any part  
7 of the poundage quota to any other owner or  
8 operator of a farm within the same county for  
9 transfer to the farm, except that any such lease  
10 of poundage quota may be entered into in the  
11 fall or after the normal planting season—

12           “(i) if not less than 90 percent of the  
13 basic quota (consisting of the farm quota  
14 and temporary quota transfers), plus any  
15 poundage quota transferred to the farm  
16 under this subsection, has been planted or  
17 considered planted on the farm from which  
18 the quota is to be leased; and

19           “(ii) under such terms and conditions  
20 as the Secretary may by regulation pre-  
21 scribe.

22           “(B) FALL TRANSFERS.—

23           “(i) NO TRANSFER AUTHORIZA-  
24 TION.—In the case of a fall transfer or a  
25 transfer after the normal planting season

1 by a cash lessee, the landowner shall not  
2 be required to sign the transfer authoriza-  
3 tion.

4 “(ii) TIME LIMITATION.—A fall trans-  
5 fer or a transfer after the normal planting  
6 season may be made not later than 72  
7 hours after the peanuts that are the sub-  
8 ject of the transfer are inspected and  
9 graded.

10 “(iii) LESSEES.—In the case of a fall  
11 transfer, poundage quota from a farm may  
12 be leased to an owner or operator of an-  
13 other farm within the same county or to an  
14 owner or operator of another farm in any  
15 other county within the State.

16 “(iv) EFFECT OF TRANSFER.—A fall  
17 transfer of poundage quota shall not affect  
18 the farm quota history for the transferring  
19 or receiving farm and shall not result in  
20 the reduction of the farm poundage quota  
21 on the transferring farm.

22 “(2) TRANSFERS TO OTHER SELF-OWNED  
23 FARMS.—The owner or operator of a farm may  
24 transfer all or any part of the farm poundage quota  
25 for the farm to any other farm owned or controlled

1 by the owner or operator that is in the same State  
2 and that had a farm poundage quota for the crop  
3 of the preceding year, if both the transferring and  
4 receiving farms were under the control of the owner  
5 or operator for at least 3 crop years prior to the  
6 crop year in which the farm poundage quota is to be  
7 transferred. Any farm poundage quota transferred  
8 under this paragraph shall not result in any reduc-  
9 tion in the farm poundage quota for the transferring  
10 farm if sufficient acreage is planted on the receiving  
11 farm to produce the quota pounds transferred.

12 “(3) TRANSFERS IN STATES WITH SMALL  
13 QUOTAS.—In the case of any State for which the  
14 poundage quota allocated to the State was less than  
15 10,000 tons for the crop of the preceding year, all  
16 or any part of a farm poundage quota may be trans-  
17 ferred by sale or lease or otherwise from a farm in  
18 1 county to a farm in another county in the same  
19 State.

20 “(4) TRANSFERS BY SALE IN STATES HAVING  
21 QUOTAS OF 10,000 TONS OR MORE.—

22 “(A) IN GENERAL.—Subject to the other  
23 provisions of this paragraph and such terms  
24 and conditions as the Secretary may prescribe,  
25 the owner, or operator with the permission of

1 the owner, of any farm for which a farm quota  
2 has been established under this Act in a State  
3 having a poundage quota of 10,000 tons or  
4 more may sell poundage quota to any other eli-  
5 gible owner or operator of a farm within the  
6 same State.

7 “(B) LIMITATIONS BASED ON TOTAL  
8 POUNDAGE QUOTA.—

9 “(i) 1996 MARKETING YEAR.—Not  
10 more than 15 percent of the total pound-  
11 age quota within a county as of January 1,  
12 1996, may be sold and transferred under  
13 this paragraph during the 1996 marketing  
14 year.

15 “(ii) 1997–2002 MARKETING  
16 YEARS.—

17 “(I) IN GENERAL.—Except as  
18 provided in subclause (II), not more  
19 than 5 percent of the quota pounds  
20 remaining in a county as of January  
21 1, 1997, and each January 1 there-  
22 after through January 1, 2002, may  
23 be sold and transferred under this  
24 paragraph during the applicable mar-  
25 keting year.

1                   “(II) CARRYOVER.—Any eligible  
2                   quota that is not sold or transferred  
3                   under clause (i) shall be eligible for  
4                   sale or transfer under subclause (I).

5                   “(C) COUNTY LIMITATION.—Not more  
6                   than 40 percent of the total poundage quota  
7                   within a county may be sold and transferred  
8                   under this paragraph.

9                   “(D) SUBSEQUENT LEASES OR SALES.—  
10                  Quota pounds sold and transferred to a farm  
11                  under this paragraph may not be leased or sold  
12                  by the farm to another owner or operator of a  
13                  farm within the same State for a period of 5  
14                  years following the date of the original transfer  
15                  to the farm.

16                  “(E) APPLICATION.—This paragraph shall  
17                  not apply to a sale within the same county or  
18                  to any sale, lease, or transfer described in para-  
19                  graph (1).

20                  “(b) CONDITIONS.—Transfers (including transfer by  
21                  sale or lease) of farm poundage quotas under this section  
22                  shall be subject to all of the following conditions:

23                         “(1) LIENHOLDERS.—No transfer of the farm  
24                         poundage quota from a farm subject to a mortgage

1 or other lien shall be permitted unless the transfer  
2 is agreed to by the lienholders.

3 “(2) TILLABLE CROPLAND.—No transfer of the  
4 farm poundage quota shall be permitted if the coun-  
5 ty committee established under section 8(b) of the  
6 Soil Conservation and Domestic Allotment Act (16  
7 U.S.C. 590h(b)) determines that the receiving farm  
8 does not have adequate tillable cropland to produce  
9 the farm poundage quota.

10 “(3) RECORD.—No transfer of the farm pound-  
11 age quota shall be effective until a record of the  
12 transfer is filed with the county committee of each  
13 county to, and from, which the transfer is made and  
14 each committee determines that the transfer com-  
15 plies with this section.

16 “(4) OTHER TERMS.—The Secretary may es-  
17 tablish by regulation other terms and conditions.

18 “(c) CROPS.—Notwithstanding any other provision of  
19 law, this section shall be effective only for the 1996  
20 through 2000 crops of peanuts.”.

21 **SEC. 604. MARKETING PENALTIES; DISPOSITION OF ADDI-**  
22 **TIONAL PEANUTS.**

23 Section 358e of the Agricultural Adjustment Act of  
24 1938 (7 U.S.C. 1359a) is amended to read as follows:

1 **“SEC. 358e. MARKETING PENALTIES AND DISPOSITION OF**  
2 **ADDITIONAL PEANUTS FOR 1996 THROUGH**  
3 **2002 CROPS OF PEANUTS.**

4 “(a) **MARKETING PENALTIES.**—

5 “(1) **IN GENERAL.**—

6 “(A) **MARKETING PEANUTS IN EXCESS OF**  
7 **QUOTA.**—The marketing of any peanuts for do-  
8 mestic edible use in excess of the farm pound-  
9 age quota for the farm on which the peanuts  
10 are produced shall be subject to a penalty at a  
11 rate equal to 140 percent of the support price  
12 for quota peanuts for the marketing year in  
13 which the marketing occurs. The penalty shall  
14 not apply to the marketing of breeder or Foun-  
15 dation seed peanuts grown and marketed by a  
16 publicly owned agricultural experiment station  
17 (including a State operated seed organization)  
18 under such regulations as the Secretary may  
19 prescribe.

20 “(B) **MARKETING YEAR.**—For purposes of  
21 this section, the marketing year for peanuts  
22 shall be the 12-month period beginning August  
23 1 and ending July 31.

24 “(C) **MARKETING ADDITIONAL PEA-**  
25 **NUTS.**—The marketing of any additional pea-  
26 nuts from a farm shall be subject to the same

1 penalty as the penalty prescribed in subpara-  
2 graph (A) unless the peanuts, in accordance  
3 with regulations established by the Secretary,  
4 are—

5 “(i) placed under loan at the addi-  
6 tional loan rate in effect for the peanuts  
7 under section 108B of the Agricultural Act  
8 of 1949 (7 U.S.C. 1445c-3) and not re-  
9 deemed by the producers;

10 “(ii) marketed through an area mar-  
11 keting association designated pursuant to  
12 section 108B(c)(1) of the Agricultural Act  
13 of 1949; or

14 “(iii) marketed under contracts be-  
15 tween handlers and producers pursuant to  
16 subsection (f).

17 “(2) PAYER.—The penalty shall be paid by the  
18 person who buys or otherwise acquires the peanuts  
19 from the producer or, if the peanuts are marketed  
20 by the producer through an agent, the penalty shall  
21 be paid by the agent. The person or agent may de-  
22 duct an amount equivalent to the penalty from the  
23 price paid to the producer.

24 “(3) FAILURE TO COLLECT.—If the person re-  
25 quired to collect the penalty fails to collect the pen-

1 alty, the person and all persons entitled to share in  
2 the peanuts marketed from the farm or the proceeds  
3 of the marketing shall be jointly and severally liable  
4 with the persons who failed to collect the penalty for  
5 the amount of the penalty.

6 “(4) APPLICATION OF QUOTA.—Peanuts pro-  
7 duced in a calendar year in which farm poundage  
8 quotas are in effect for the marketing year begin-  
9 ning in the calendar year shall be subject to the  
10 quotas even though the peanuts are marketed prior  
11 to the date on which the marketing year begins.

12 “(5) FALSE INFORMATION.—If any producer  
13 falsely identifies, fails to accurately certify planted  
14 acres, or fails to account for the disposition of any  
15 peanuts produced on the planted acres, a quantity of  
16 peanuts equal to the greater of the average or actual  
17 yield of the farm, as determined by the Secretary,  
18 multiplied by the number of planted acres, shall be  
19 deemed to have been marketed in violation of per-  
20 missible uses of quota and additional peanuts. Any  
21 penalty payable under this paragraph shall be paid  
22 and remitted by the producer.

23 “(6) UNINTENTIONAL VIOLATIONS.—The Sec-  
24 retary shall authorize, under such regulations as the  
25 Secretary shall issue, the county committees estab-

1 lished under section 8(b) of the Soil Conservation  
2 and Domestic Allotment Act (16 U.S.C. 590h(b)) to  
3 waive or reduce marketing penalties provided for  
4 under this subsection in cases with respect to which  
5 the committees determine that the violations that  
6 were the basis of the penalties were unintentional or  
7 without knowledge on the part of the parties con-  
8 cerned.

9 “(7) DE MINIMIS VIOLATIONS.—An error in  
10 weight that does not exceed  $\frac{1}{10}$  of 1 percent in the  
11 case of any 1 marketing document shall not be con-  
12 sidered to be a marketing violation except in a case  
13 of fraud or conspiracy.

14 “(b) USE OF QUOTA AND ADDITIONAL PEANUTS.—

15 “(1) QUOTA PEANUTS.—Only quota peanuts  
16 may be retained for use as seed or for other uses on  
17 a farm. When peanuts are so retained, the retention  
18 shall be considered as marketings of quota peanuts,  
19 except that the Secretary may exempt from consider-  
20 ation as marketings of quota peanuts seeds of pea-  
21 nuts for the quantity involved that are used to  
22 produce peanuts excluded under section 358d(c), are  
23 unique strains, and are not commercially available.

24 “(2) ADDITIONAL PEANUTS.—Additional pea-  
25 nuts shall not be retained for use on a farm and

1 shall not be marketed for domestic edible use, except  
2 as provided in subsection (g).

3 “(3) SEED.—Except as provided in paragraph  
4 (1), seed for planting of any peanut acreage in the  
5 United States shall be obtained solely from quota  
6 peanuts marketed or considered marketed for do-  
7 mestic edible use.

8 “(c) MARKETING PEANUTS WITH EXCESS QUAN-  
9 TITY, GRADE, OR QUALITY.—On a finding by the Sec-  
10 retary that the peanuts marketed from any crop for do-  
11 mestic edible use by a handler are larger in quantity or  
12 higher in grade or quality than the peanuts that could rea-  
13 sonably be produced from the quantity of peanuts having  
14 the grade, kernel content, and quality of the quota peanuts  
15 acquired by the handler from the crop for the marketing  
16 year, the handler shall be subject to a penalty equal to  
17 140 percent of the loan level for quota peanuts on the  
18 quantity of peanuts that the Secretary determines are in  
19 excess of the quantity, grade, or quality of the peanuts  
20 that could reasonably have been produced from the pea-  
21 nuts so acquired.

22 “(d) HANDLING AND DISPOSAL OF ADDITIONAL  
23 PEANUTS.—

24 “(1) IN GENERAL.—Except as provided in para-  
25 graph (2), the Secretary shall require that the han-

1 dling and disposal of additional peanuts be super-  
2 vised by agents of the Secretary or by area market-  
3 ing associations designated pursuant to section  
4 108B(c)(1) of the Agricultural Act of 1949 (7  
5 U.S.C. 1445c-3(c)(1)).

6 “(2) NONSUPERVISION OF HANDLERS.—

7 “(A) IN GENERAL.—Supervision of the  
8 handling and disposal of additional peanuts by  
9 a handler shall not be required under para-  
10 graph (1) if the handler agrees in writing, prior  
11 to any handling or disposal of the peanuts, to  
12 comply with regulations that the Secretary shall  
13 issue.

14 “(B) REGULATIONS.—The regulations is-  
15 sued by the Secretary under subparagraph (A)  
16 shall include the following provisions:

17 “(i) TYPES OF EXPORTED OR  
18 CRUSHED PEANUTS.—Handlers of shelled  
19 or milled peanuts may export or crush pea-  
20 nuts classified by type in each of the fol-  
21 lowing quantities:

22 “(I) SOUND SPLIT KERNEL PEA-  
23 NUTS.—Sound split kernel peanuts  
24 purchased by the handler as addi-  
25 tional peanuts to which, under price

1 support loan schedules, a mandated  
2 deduction with respect to the price  
3 paid to the producer of the peanuts  
4 would be applied due to the percent-  
5 age of the sound splits.

6 “(II) SOUND MATURE KERNEL  
7 PEANUTS.—Sound mature kernel pea-  
8 nuts (which term includes sound split  
9 kernel peanuts and sound whole ker-  
10 nel peanuts) in an amount equal to  
11 the poundage of the peanuts pur-  
12 chased by the handler as additional  
13 peanuts, less the total poundage of  
14 sound split kernel peanuts described  
15 in subclause (I).

16 “(III) REMAINDER.—The re-  
17 maining quantity of total kernel con-  
18 tent of peanuts purchased by the han-  
19 dler as additional peanuts.

20 “(ii) DOCUMENTATION.—Handlers  
21 shall ensure that any additional peanuts  
22 exported or crushed are evidenced by on-  
23 board bills of lading or other appropriate  
24 documentation as may be required by the  
25 Secretary, or both.

1           “(iii) LOSS OF PEANUTS.—If a han-  
2 dler suffers a loss of peanuts as a result of  
3 fire, flood, or any other condition beyond  
4 the control of the handler, the portion of  
5 the loss allocated to contracted additional  
6 peanuts shall not be greater than the por-  
7 tion of the total peanut purchases of the  
8 handler for the year attributable to con-  
9 tracted additional peanuts purchased for  
10 export or crushing by the handler during  
11 the year.

12           “(iv) SHRINKAGE ALLOWANCE.—

13           “(I) IN GENERAL.—The obliga-  
14 tion of a handler to export or crush  
15 peanuts in quantities described in this  
16 subparagraph shall be reduced by a  
17 shrinkage allowance, to be determined  
18 by the Secretary, to reflect actual dol-  
19 lar value shrinkage experienced by  
20 handlers in commercial operations, ex-  
21 cept that the allowance shall not be  
22 less than 4 percent, except as pro-  
23 vided in subclause (II).

24           “(II) COMMON INDUSTRY PRAC-  
25 TICES.—The Secretary may provide a

1 lower shrinkage allowance for a han-  
2 dler who fails to comply with restric-  
3 tions on the use of peanuts, as may be  
4 specified by the Commodity Credit  
5 Corporation, to take into account  
6 common industry practices.

7 “(3) ADEQUATE FINANCES AND FACILITIES.—A  
8 handler shall submit to the Secretary adequate fi-  
9 nancial guarantees, as well as evidence of adequate  
10 facilities and assets, with respect to the facilities  
11 under the control and operation of the handler, to  
12 ensure the compliance of the handler with the obli-  
13 gation to export peanuts.

14 “(4) COMMINGLING OF LIKE PEANUTS.—Quota  
15 and additional peanuts of like type and segregation  
16 or quality may, under regulations issued by the Sec-  
17 retary, be commingled and exchanged on a dollar  
18 value basis to facilitate warehousing, handling, and  
19 marketing.

20 “(5) PENALTY.—

21 “(A) IN GENERAL.—Except as provided in  
22 subparagraph (B), the failure by a handler to  
23 comply with regulations issued by the Secretary  
24 governing the disposition and handling of addi-  
25 tional peanuts shall subject the handler to a

1 penalty at a rate equal to 140 percent of the  
2 loan level for quota peanuts on the quantity of  
3 peanuts involved in the violation.

4 “(B) NONDELIVERY.—A handler shall not  
5 be subject to a penalty for failure to export ad-  
6 ditional peanuts if the peanuts were not deliv-  
7 ered to the handler.

8 “(6) REENTRY OF EXPORTED PEANUTS.—

9 “(A) PENALTY.—If any additional peanuts  
10 or peanut products exported by a handler are  
11 reentered into the United States in commercial  
12 quantities as determined by the Secretary, the  
13 importer of the peanuts and peanut products  
14 shall be subject to a penalty at a rate equal to  
15 140 percent of the loan level for quota peanuts  
16 on the quantity of peanuts reentered.

17 “(B) RECORDS.—Each person, firm, or  
18 handler who imports peanuts into the United  
19 States shall maintain such records and docu-  
20 ments as are required by the Secretary to en-  
21 sure compliance with this subsection.

22 “(e) SPECIAL EXPORT CREDITS.—

23 “(1) IN GENERAL.—The Secretary shall, with  
24 due regard for the integrity of the peanut program,  
25 promulgate regulations that will permit any handler

1 of peanuts who manufactures peanut products from  
2 domestic edible peanuts to export the products and  
3 receive credit for the fulfillment of export obligations  
4 for the peanut content of the products against which  
5 export credit the handler may subsequently apply,  
6 up to the amount of the credit, equivalent quantities  
7 of additional peanuts of the same type acquired by  
8 the handler and used in the domestic edible market.  
9 The peanuts so acquired for the domestic edible  
10 market as provided in this subsection shall be of the  
11 same crop year as the peanuts used in the manufac-  
12 ture of the products so exported.

13 “(2) CERTIFICATION.—Under the regulations,  
14 the Secretary shall require all handlers who are pea-  
15 nut product manufacturers to submit annual certifi-  
16 cations of peanut product content on a product-by-  
17 product basis. Any changes in peanut product for-  
18 mulas as affecting peanut content shall be recorded  
19 within 90 days after the changes. The Secretary  
20 shall conduct an annual review of the certifications.  
21 The Secretary shall pursue all available remedies  
22 with respect to persons who fail to comply with this  
23 paragraph.

24 “(3) RECORDS.—The Secretary shall require  
25 handlers who are peanut product manufacturers to

1 maintain and provide such documents as are nec-  
2 essary to ensure compliance with this subsection and  
3 to maintain the integrity of the peanut program.

4 “(f) CONTRACTS FOR PURCHASE OF ADDITIONAL  
5 PEANUTS.—

6 “(1) IN GENERAL.—A handler may, under such  
7 regulations as the Secretary may issue, contract with  
8 a producer for the purchase of additional peanuts  
9 for crushing or export, or both.

10 “(2) SUBMISSION TO SECRETARY.—

11 “(A) CONTRACT DEADLINE.—Any such  
12 contract shall be completed and submitted to  
13 the Secretary (or if designated by the Sec-  
14 retary, the area marketing association) for ap-  
15 proval not later than September 15 of the year  
16 in which the crop is produced.

17 “(B) EXTENSION OF DEADLINE.—The  
18 Secretary may extend the deadline under sub-  
19 paragraph (A) by up to 15 days in response to  
20 damaging weather or related condition (as de-  
21 fined in section 112 of the Disaster Assistance  
22 Act of 1989 (Public Law 101–82; 7 U.S.C.  
23 1421 note)). The Secretary shall announce the  
24 extension not later than September 5 of the  
25 year in which the crop is produced.

1           “(3) FORM.—The contract shall be executed on  
2 a form prescribed by the Secretary. The form shall  
3 require such information as the Secretary deter-  
4 mines appropriate to ensure the proper handling of  
5 the additional peanuts, including the identity of the  
6 contracting parties, poundage and category of the  
7 peanuts, the disclosure of any liens, and the in-  
8 tended disposition of the peanuts.

9           “(4) INFORMATION FOR HANDLING AND PROC-  
10 ESSING ADDITIONAL PEANUTS.—Notwithstanding  
11 any other provision of this section, any person wish-  
12 ing to handle and process additional peanuts as a  
13 handler shall submit to the Secretary (or if des-  
14 ignated by the Secretary, the area marketing asso-  
15 ciation), such information as may be required under  
16 subsection (d) by such date as is prescribed by the  
17 Secretary so as to permit final action to be taken on  
18 the application by July 1 of each marketing year.

19           “(5) TERMS.—Each such contract shall contain  
20 the final price to be paid by the handler for the pea-  
21 nuts involved and a specific prohibition against the  
22 disposition of the peanuts for domestic edible or seed  
23 use.

24           “(6) SUSPENSION OF RESTRICTIONS ON IM-  
25 PORTED PEANUTS.—Notwithstanding any other pro-

1 vision of this Act, if the President issues a proclama-  
2 tion under section 404(b) of the Uruguay Round  
3 Agreements Act (19 U.S.C. 3601(b)) expanding the  
4 quantity of peanuts subject to the in-quota rate of  
5 duty under a tariff-rate quota, or under section 22  
6 of the Agricultural Adjustment Act (7 U.S.C. 624),  
7 reenacted with amendments by the Agricultural  
8 Marketing Agreement Act of 1937, temporarily sus-  
9 pending restrictions on the importation of peanuts,  
10 the Secretary shall, subject to such terms and condi-  
11 tions as the Secretary may prescribe, permit a han-  
12 dler, with the written consent of the producer, to  
13 purchase additional peanuts from any producer who  
14 contracted with the handler and to offer the peanuts  
15 for sale for domestic edible use.

16 “(g) MARKETING OF PEANUTS OWNED OR CON-  
17 TROLLED BY THE COMMODITY CREDIT CORPORATION.—

18 “(1) IN GENERAL.—Subject to section 407 of  
19 the Agricultural Act of 1949 (7 U.S.C. 1427), any  
20 peanuts owned or controlled by the Commodity  
21 Credit Corporation may be made available for do-  
22 mestic edible use, in accordance with regulations is-  
23 sued by the Secretary, so long as doing so does not  
24 result in substantially increased cost to the Com-  
25 modity Credit Corporation. Additional peanuts re-

1       ceived under loan shall be offered for sale for domes-  
2       tic edible use at prices that are not less than the  
3       prices that are required to cover all costs incurred  
4       with respect to the peanuts for such items as inspec-  
5       tion, warehousing, shrinkage, and other expenses,  
6       plus—

7               “(A) not less than 100 percent of the loan  
8       value of quota peanuts if the additional peanuts  
9       are sold and paid for during the harvest season  
10      on delivery by and with the written consent of  
11      the producer;

12              “(B) not less than 105 percent of the loan  
13      value of quota peanuts if the additional peanuts  
14      are sold after delivery by the producer but not  
15      later than December 31 of the marketing year;  
16      or

17              “(C) not less than 107 percent of the loan  
18      value of quota peanuts if the additional peanuts  
19      are sold later than December 31 of the market-  
20      ing year.

21              “(2) ACCEPTANCE OF BIDS BY AREA MARKET-  
22      ING ASSOCIATIONS.—

23              “(A) IN GENERAL.—Except as provided in  
24      subparagraph (B), for the period from the date  
25      additional peanuts are delivered for loan to

1           March 1 of the calendar year following the year  
2           in which the additional peanuts were harvested,  
3           the area marketing association designated pur-  
4           suant to section 108B(c)(1) of the Agricultural  
5           Act of 1949 (7 U.S.C. 1445c-3(c)(1)) shall  
6           have sole authority to accept or reject lot list  
7           bids when the sales price, as determined under  
8           this subsection, equals or exceeds the minimum  
9           price at which the Commodity Credit Corpora-  
10          tion may sell the stocks of additional peanuts of  
11          the Corporation.

12           “(B) MODIFICATION.—The area marketing  
13          association and the Commodity Credit Corpora-  
14          tion may agree to modify the authority granted  
15          by subparagraph (A) to facilitate the orderly  
16          marketing of additional peanuts.

17           “(3) PRODUCER MARKETING AND EXPENSES.—  
18          Notwithstanding any other provision of this Act, the  
19          Secretary shall, in any determination required under  
20          subsections (a)(2) and (b)(1) of section 108B of the  
21          Agricultural Act of 1949 (7 U.S.C. 1445c-3), in-  
22          clude any additional marketing expenses required by  
23          law, excluding the amount of any assessment re-  
24          quired under section 108B(g) of the Agricultural Act  
25          of 1949 (7 U.S.C. 1445c-3(g)).

1 “(h) ADMINISTRATION.—

2 “(1) INTEREST.—The person liable for payment  
3 or collection of any penalty provided for in this sec-  
4 tion shall be liable also for interest on the penalty  
5 at a rate per annum equal to the rate per annum  
6 of interest that was charged the Commodity Credit  
7 Corporation by the Treasury of the United States on  
8 the date the penalty became due.

9 “(2) DE MINIMIS QUANTITY.—This section shall  
10 not apply to peanuts produced on any farm on which  
11 the acreage harvested for peanuts is 1 acre or less  
12 if the producers who share in the peanuts produced  
13 on the farm do not share in the peanuts produced  
14 on any other farm.

15 “(3) LIENS.—Until the amount of the penalty  
16 provided by this section is paid, a lien on the crop  
17 of peanuts with respect to which the penalty is in-  
18 curred, and on any subsequent crop of peanuts sub-  
19 ject to farm poundage quotas in which the person  
20 liable for payment of the penalty has an interest,  
21 shall be in effect in favor of the United States.

22 “(4) PENALTIES.—

23 “(A) PROCEDURES.—Notwithstanding any  
24 other provision of law, the liability for and the  
25 amount of any penalty assessed under this sec-

1           tion shall be determined in accordance with  
2           such procedures as the Secretary may by regu-  
3           lation prescribe. The facts constituting the basis  
4           for determining the liability for or amount of  
5           any penalty assessed under this section, when  
6           officially determined in conformity with the ap-  
7           plicable regulations prescribed by the Secretary,  
8           shall be final and conclusive and shall not be  
9           reviewable by any other officer or agency of the  
10          Federal Government.

11           “(B) JUDICIAL REVIEW.—Nothing in this  
12          section prohibits any court of competent juris-  
13          diction from reviewing any determination made  
14          by the Secretary with respect to whether the de-  
15          termination was made in conformity with appli-  
16          cable law.

17           “(C) CIVIL PENALTIES.—All penalties im-  
18          posed under this section shall for all purposes  
19          be considered civil penalties.

20          “(5) REDUCTION OF PENALTIES.—

21           “(A) IN GENERAL.—Except as provided in  
22          subparagraph (B) and notwithstanding any  
23          other provision of law, the Secretary may re-  
24          duce the amount of any penalty assessed  
25          against handlers under this section by any ap-

1           appropriate amount, including, in an appropriate  
2           case, eliminating the penalty entirely, if the  
3           Secretary finds that the violation on which the  
4           penalty is based was minor or inadvertent, and  
5           that the reduction of the penalty will not impair  
6           the operation of the peanut program.

7           “(B) FAILURE TO EXPORT CONTRACTED  
8           ADDITIONAL PEANUTS.—The amount of any  
9           penalty imposed on a handler under this section  
10          that resulted from the failure to export or crush  
11          contracted additional peanuts shall not be re-  
12          duced by the Secretary.

13          “(i) CROPS.—Notwithstanding any other provision of  
14          law, this section shall be effective only for the 1996  
15          through 2002 crops of peanuts.”.

16   **SEC. 605. EXPERIMENTAL AND RESEARCH PROGRAMS FOR**  
17                           **PEANUTS.**

18          Section 358c of the Agricultural Adjustment Act of  
19          1938 (7 U.S.C. 1358c) is amended to read as follows:

20   **“SEC. 358c. EXPERIMENTAL AND RESEARCH PROGRAMS**  
21                           **FOR PEANUTS.**

22          “(a) IN GENERAL.—Notwithstanding any other pro-  
23          vision of this Act, the Secretary may permit a portion of  
24          the poundage quota for peanuts apportioned to any State  
25          to be allocated from the quota reserve of the State to land-

1 grant institutions identified in the Act of May 8, 1914  
2 (38 Stat. 372, chapter 79; 7 U.S.C. 341 et seq.), and col-  
3 leges eligible to receive funds under the Act of August 30,  
4 1890 (26 Stat. 419, chapter 841; 7 U.S.C. 321 et seq.),  
5 including Tuskegee Institute and, as appropriate, the Ag-  
6 ricultural Research Service of the Department of Agri-  
7 culture to be used for experimental and research purposes.

8       “(b) QUANTITY.—The quantity of the quota allocated  
9 to an institution under this section shall not exceed the  
10 quantity of the quota held by each such institution during  
11 the 1985 crop year, except that the total quantity allo-  
12 cated to all institutions in a State shall not exceed  $\frac{1}{10}$   
13 of 1 percent of the basic quota of the State.

14       “(c) LIMITATION.—The director of the agricultural  
15 experiment station for a State shall be required to ensure,  
16 to the extent practicable, that farm operators in the State  
17 do not produce quota peanuts under subsection (a) in ex-  
18 cess of the quantity needed for experimental and research  
19 purposes.

20       “(d) CROPS.—Notwithstanding any other provision of  
21 law, this section shall be effective only for the 1996  
22 through 2002 crops of peanuts.”.

23 **SEC. 606. PRICE SUPPORT PROGRAM.**

24       Section 108B of the Agricultural Act of 1949 (7  
25 U.S.C. 1445c-3) is amended to read as follows:

1 **“SEC. 108B. PRICE SUPPORT PROGRAM FOR 1996 THROUGH**  
2 **2002 CROPS OF PEANUTS.**

3 “(a) QUOTA PEANUTS.—

4 “(1) IN GENERAL.—The Secretary shall make  
5 price support available to producers through loans,  
6 purchases, and other operations on quota peanuts  
7 for each of the 1996 through 2002 crops.

8 “(2) SUPPORT RATES.—

9 “(A) IN GENERAL.—Subject to subpara-  
10 graph (B), the national average quota support  
11 rate for each of the 1996 through 2002 crops  
12 of quota peanuts shall be the national average  
13 quota support rate for the immediately preced-  
14 ing crop, adjusted to reflect any increase or de-  
15 crease, during the calendar year immediately  
16 preceding the marketing year for the crop for  
17 which a level of support is being determined, in  
18 the national average cost of peanut production,  
19 excluding any change in the cost of land and  
20 the cost of any assessments required under sub-  
21 section (g).

22 “(B) MAXIMUM RATE.—In no event shall  
23 the national average quota support rate for any  
24 such crop be increased or decreased by more  
25 than 5 percent of the national average quota  
26 support rate for the preceding crop.

1           “(3) INSPECTION, HANDLING, OR STORAGE.—  
2           The level of support determined under paragraph (2)  
3           shall not be reduced by any deduction for inspection,  
4           handling, or storage.

5           “(4) LOCATION AND OTHER FACTORS.—The  
6           Secretary may make adjustments for location of pea-  
7           nuts and such other factors as are authorized by  
8           section 403.

9           “(5) ANNOUNCEMENT.—The Secretary shall  
10          announce the level of support for quota peanuts of  
11          each crop not later than the February 15 preceding  
12          the marketing year for the crop for which the level  
13          of support is being determined.

14          “(b) ADDITIONAL PEANUTS.—

15          “(1) IN GENERAL.—The Secretary shall make  
16          price support available to producers through loans,  
17          purchases, or other operations on additional peanuts  
18          for each of the 1996 through 2002 crops at such lev-  
19          els as the Secretary considers appropriate, taking  
20          into consideration the demand for peanut oil and  
21          peanut meal, expected prices of other vegetable oils  
22          and protein meals, and the demand for peanuts in  
23          foreign markets, except that the Secretary shall set  
24          the support rate on additional peanuts at a level es-  
25          timated by the Secretary to ensure that there are no

1 losses to the Commodity Credit Corporation on the  
2 sale or disposal of the peanuts.

3 “(2) ANNOUNCEMENT.—The Secretary shall  
4 announce the level of support for additional peanuts  
5 of each crop not later than the February 15 preced-  
6 ing the marketing year for the crop for which the  
7 level of support is being determined.

8 “(c) AREA MARKETING ASSOCIATIONS.—

9 “(1) WAREHOUSE STORAGE LOANS.—

10 “(A) IN GENERAL.—In carrying out sub-  
11 sections (a) and (b), the Secretary shall make  
12 warehouse storage loans available in each of the  
13 3 producing areas described in section 1446.95  
14 of title 7, Code of Federal Regulations (as of  
15 January 1, 1989), to a designated area market-  
16 ing association of peanut producers that is se-  
17 lected and approved by the Secretary and that  
18 is operated primarily for the purpose of con-  
19 ducting the loan activities. The Secretary may  
20 not make warehouse storage loans available to  
21 any cooperative that is engaged in operations or  
22 activities concerning peanuts other than those  
23 operations and activities specified in this section  
24 and sections 358d and 358e of the Agricultural

1 Adjustment Act of 1938 (7 U.S.C. 1359 and  
2 1359a).

3 “(B) ADMINISTRATIVE AND SUPERVISORY  
4 ACTIVITIES.—The area marketing associations  
5 shall be used in administrative and supervisory  
6 activities relating to price support and market-  
7 ing activities under this section and sections  
8 358d and 358e of the Agricultural Adjustment  
9 Act of 1938.

10 “(C) ASSOCIATION COSTS.—Loans made to  
11 an area marketing association under this para-  
12 graph shall include, in addition to the price  
13 support value of the peanuts, such costs as the  
14 association reasonably may incur in carrying  
15 out the responsibilities, operations, and activi-  
16 ties of the association under this section and  
17 sections 358d and 358e of the Agricultural Ad-  
18 justment Act of 1938.

19 “(2) POOLS FOR QUOTA AND ADDITIONAL PEA-  
20 NUTS.—

21 “(A) IN GENERAL.—The Secretary shall  
22 require that each area marketing association es-  
23 tablish pools and maintain complete and accu-  
24 rate records by area and segregation for quota  
25 peanuts handled under loan and for additional

1           peanuts placed under loan, except that separate  
2           pools shall be established for Valencia peanuts  
3           produced in New Mexico. Peanuts produced  
4           outside New Mexico shall not be eligible for  
5           entry into or participation in the separate pools  
6           established for Valencia peanuts produced in  
7           New Mexico. Bright hull and dark hull Valencia  
8           peanuts shall be considered as separate types  
9           for the purpose of establishing the pools.

10           “(B) NET GAINS.—Net gains on peanuts  
11           in each pool, unless otherwise approved by the  
12           Secretary, shall be distributed only to producers  
13           who placed peanuts in the pool and shall be dis-  
14           tributed in proportion to the value of the pea-  
15           nuts placed in the pool by each producer. Net  
16           gains for peanuts in each pool shall consist of  
17           the following:

18           “(i) QUOTA PEANUTS.—For quota  
19           peanuts, the net gains over and above the  
20           loan indebtedness and other costs or losses  
21           incurred on peanuts placed in the pool plus  
22           an amount from all additional pool gains  
23           equal to any loss on disposition of all pea-  
24           nuts in the pool for quota peanuts.

1           “(ii) ADDITIONAL PEANUTS.—For ad-  
2           ditional peanuts, the net gains over and  
3           above the loan indebtedness and other  
4           costs or losses incurred on peanuts placed  
5           in the pool for additional peanuts less any  
6           amount allocated to offset any loss on the  
7           pool for quota peanuts as provided in  
8           clause (i).

9           “(d) LOSSES.—Notwithstanding any other provision  
10 of this section:

11           “(1) QUOTA PEANUTS PLACED UNDER LOAN.—  
12           Any distribution of net gains on additional peanuts  
13           (other than net gains on additional peanuts in sepa-  
14           rate type pools established under subsection  
15           (c)(2)(A) for Valencia peanuts produced in New  
16           Mexico) shall be first reduced to the extent of any  
17           loss by the Commodity Credit Corporation on quota  
18           peanuts placed under loan.

19           “(2) QUOTA LOAN POOLS.—

20           “(A) TRANSFERS FROM ADDITIONAL LOAN  
21           POOLS.—The proceeds due any producer from  
22           any pool shall be reduced by the amount of any  
23           loss that is incurred with respect to peanuts  
24           transferred from an additional loan pool to a  
25           quota loan pool by the producer under section

1           358–1(b)(8) of the Agricultural Adjustment Act  
2           of 1938 (7 U.S.C. 1358–1(b)(8)).

3           “(B) OTHER LOSSES.—Losses in area  
4           quota pools shall be offset by reducing the gain  
5           of any producer in the pool by the amount of  
6           pool gains attributed to the producer from the  
7           sale of additional peanuts for domestic and ex-  
8           port edible use.

9           “(e) DISAPPROVAL OF QUOTAS.—Notwithstanding  
10          any other provision of law, no price support may be made  
11          available by the Secretary for any crop of peanuts with  
12          respect to which poundage quotas have been disapproved  
13          by producers, as provided for in section 358–1(d) of the  
14          Agricultural Adjustment Act of 1938.

15          “(f) QUALITY IMPROVEMENT.—

16                 “(1) PRICE SUPPORT PEANUTS.—With respect  
17                 to peanuts under price support loan, the Secretary  
18                 shall—

19                         “(A) promote the crushing of peanuts at a  
20                         greater risk of deterioration before peanuts at  
21                         a lesser risk of deterioration;

22                         “(B) ensure that all Commodity Credit  
23                         Corporation loan stocks of peanuts sold for do-  
24                         mestic edible use are shown to have been offi-  
25                         cially inspected by licensed Department of Agri-

1 culture inspectors both as farmer stock and  
2 shelled or cleaned in-shell peanuts;

3 “(C) continue to endeavor to operate the  
4 peanut price support program so as to improve  
5 the quality of domestic peanuts and ensure the  
6 coordination of activities under the Peanut Ad-  
7 ministrative Committee established under Mar-  
8 keting Agreement No. 146, regulating the qual-  
9 ity of domestically produced peanuts (under the  
10 Agricultural Adjustment Act (7 U.S.C. 601 et  
11 seq.), reenacted with amendments by the Agri-  
12 cultural Marketing Agreement Act of 1937);  
13 and

14 “(D) ensure that any changes made in the  
15 price support program as a result of this sub-  
16 section requiring additional production or han-  
17 dling at the farm level are reflected as an up-  
18 ward adjustment in the Department of Agri-  
19 culture loan schedule.

20 “(2) EXPORTS AND OTHER PEANUTS.—The  
21 Secretary shall require that all peanuts, including  
22 peanuts imported into the United States, meet all  
23 United States quality standards under Marketing  
24 Agreement No. 146 and that importers of the pea-  
25 nuts fully comply with inspection, handling, storage,

1 and processing requirements implemented under  
2 Marketing Agreement No. 146. The Secretary shall  
3 ensure that peanuts produced for the export market  
4 meet quality, inspection, handling, storage, and  
5 processing requirements under Marketing Agreement  
6 No. 146.

7 “(g) MARKETING ASSESSMENT.—

8 “(1) IN GENERAL.—The Secretary shall pro-  
9 vide, by regulation, for a nonrefundable marketing  
10 assessment applicable to each of the 1996 through  
11 2002 crops of peanuts. The assessment shall be  
12 made in accordance with this subsection and shall be  
13 on a per pound basis in an amount equal to 1.2 per-  
14 cent of the national average quota or additional pea-  
15 nut support rate per pound, as applicable, for the  
16 applicable crop. No peanuts shall be assessed more  
17 than 1.2 percent of the applicable support rate  
18 under this subsection.

19 “(2) FIRST PURCHASERS.—

20 “(A) IN GENERAL.—Except as provided  
21 under paragraphs (3) and (4), the first pur-  
22 chaser of peanuts shall—

23 “(i) collect from the producer a mar-  
24 keting assessment equal to the quantity of  
25 peanuts acquired multiplied by .65 percent

1 of the applicable national average support  
2 rate;

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

9 “(iii) remit the amounts required  
10 under clauses (i) and (ii) to the Commod-  
11 ity Credit Corporation in a manner speci-  
12 fied by the Secretary.

13 “(B) DEFINITION.—In this subsection, the  
14 term ‘first purchaser’ means a person acquiring  
15 peanuts from a producer, except that in the  
16 case of peanuts forfeited by a producer to the  
17 Commodity Credit Corporation, the term means  
18 the person acquiring the peanuts from the Com-  
19 modity Credit Corporation.

20 “(3) OTHER PRIVATE MARKETINGS.—In the  
21 case of a private marketing by a producer directly  
22 to a consumer through a retail or wholesale outlet  
23 or in the case of a marketing by the producer out-  
24 side of the continental United States, the producer  
25 shall be responsible for the full amount of the as-

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

3            “(4) LOAN PEANUTS.—In the case of peanuts  
4        that are pledged as collateral for a price support  
5        loan made under this section,  $\frac{1}{2}$  of the assessment  
6        shall be deducted from the proceeds of the loan. The  
7        remainder of the assessment shall be paid by the  
8        first purchaser of the peanuts. For the purposes of  
9        computing net gains on peanuts under this section,  
10       the reduction in loan proceeds shall be treated as  
11       having been paid to the producer.

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

19                    “(A) the quantity of peanuts involved in  
20                    the violation; by

21                    “(B) the national average quota peanut  
22                    price support level for the applicable crop year.

23            “(6) ENFORCEMENT.—The Secretary may en-  
24       force this subsection in the courts of the United  
25       States.

1       “(h) CROPS.—Notwithstanding any other provision  
2 of law, this section shall be effective only for the 1996  
3 through 2002 crops of peanuts.”.

4 **SEC. 607. REPORTS AND RECORDS.**

5       Effective only for the 1996 through 2002 crops of  
6 peanuts, the first sentence of section 373(a) of the Agri-  
7 cultural Adjustment Act of 1938 (7 U.S.C. 1373(a)) is  
8 amended by inserting before “all brokers and dealers in  
9 peanuts” the following: “all producers engaged in the pro-  
10 duction of peanuts,”.

11 **SEC. 608. SUSPENSION OF CERTAIN PRICE SUPPORT PRO-**  
12 **VISIONS.**

13       Section 101 of the Agricultural Act of 1949 (7 U.S.C.  
14 1441) shall not be applicable to the 1996 through 2002  
15 crops of peanuts.

16 **SEC. 609. REGULATIONS.**

17       The Secretary of Agriculture shall issue such regula-  
18 tions as are necessary to carry out this title and the  
19 amendments made by this title. In issuing the regulations,  
20 the Secretary shall—

- 21           (1) comply with subchapter II of chapter 5 of  
22           title 5, United States Code;
- 23           (2) provide public notice through the Federal  
24           Register of any such proposed regulations; and

1           (3) allow adequate time for written public com-  
2           ment prior to the formulation and issuance of any  
3           final regulations.

## 4                           **TITLE VII—SUGAR**

### 5   **SEC. 701. SUGAR PRICE SUPPORT.**

6           Section 206 of the Agricultural Act of 1949 (7 U.S.C.  
7   1446g) is amended to read as follows:

### 8   **“SEC. 206. SUGAR PRICE SUPPORT FOR 1996 THROUGH 2002** 9                           **CROPS.**

10          “(a) IN GENERAL.—The price of each of the 1996  
11 through 2002 crops of sugar beets and sugarcane, respec-  
12 tively, shall be supported in accordance with this section.

13          “(b) SUGARCANE.—The Secretary shall support the  
14 price of domestically grown sugarcane through  
15 nonrecourse loans at 18 cents per pound for raw cane  
16 sugar.

17          “(c) SUGAR BEETS.—The Secretary shall support the  
18 price of domestically grown sugar beets through  
19 nonrecourse loans at the basic loan rate level established  
20 by the Secretary for the 1994 crop of sugar beets.

21          “(d) ADJUSTMENT IN SUPPORT PRICE.—The Sec-  
22 retary may increase the support price for each of the 1997  
23 through 2002 crops of domestically grown sugarcane and  
24 sugar beets from the price determined for the preceding  
25 crop based on such factors as the Secretary determines

1 appropriate, including changes (during the 2 crop years  
2 immediately preceding the crop year for which the deter-  
3 mination is made) in the cost of sugar products, the cost  
4 of domestic sugar production, and other circumstances  
5 that may adversely affect domestic sugar production.

6 “(e) ANNOUNCEMENTS.—The Secretary shall an-  
7 nounce the basic loan rates for cane sugar and beet sugar  
8 to be applicable during any fiscal year under this section  
9 as far in advance of the beginning of the fiscal year as  
10 is practicable consistent with this section.

11 “(f) TERM.—

12 “(1) IN GENERAL.—Except as provided in para-  
13 graph (2) and subsection (g), loans under this sec-  
14 tion during any fiscal year shall be made available  
15 not earlier than the beginning of the fiscal year and  
16 shall mature at the end of 3 months.

17 “(2) EXTENSION.—At the option of the bor-  
18 rower, on furnishing written notice to the Commod-  
19 ity Credit Corporation, the maturity of a loan may  
20 be extended for 2 additional 3-month periods, except  
21 that the maturity may not be extended beyond the  
22 end of the fiscal year subsequent to the fiscal year  
23 in which the loan is made.

24 “(g) SUPPLEMENTARY NONRECOURSE LOANS.—

1           “(1) IN GENERAL.—The Secretary shall make  
2 available to eligible processors price support loans  
3 with respect to sugar processed from sugarcane and  
4 sugar beets harvested in the last 3 months of a fis-  
5 cal year.

6           “(2) TERM.—Except as provided in paragraph  
7 (4), a loan made under paragraph (1) shall mature  
8 at the end of the fiscal year.

9           “(3) REPLEDGING SUGAR.—The processor may  
10 repledge the sugar as collateral for a price support  
11 loan in the subsequent fiscal year, except that the  
12 second loan shall—

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

15                   “(B) mature in 3 months.

16           “(4) EXTENSION.—At the option of the bor-  
17 rower, on furnishing written notice to the Commod-  
18 ity Credit Corporation, the maturity of a loan may  
19 be extended for 2 additional 3-month periods, except  
20 that the total term of the loan may not be greater  
21 than 9 months.

22           “(h) USE OF COMMODITY CREDIT CORPORATION.—  
23 The Secretary shall use the funds, facilities, and authori-  
24 ties of the Commodity Credit Corporation to carry out this  
25 section.

1       “(i) MARKETING ASSESSMENT.—

2               “(1) TIER 1 ASSESSMENT.—

3                       “(A) SUGARCANE.—Effective only for mar-  
4                       ketings of raw cane sugar during fiscal years  
5                       1997 through 2003, the first processor of sug-  
6                       arcane shall remit to the Commodity Credit  
7                       Corporation a nonrefundable marketing assess-  
8                       ment in an amount equal to 1.1 percent of the  
9                       loan level established under subsection (b) per  
10                      pound of raw cane sugar (but not more than  
11                      .198 cents per pound of raw cane sugar) proc-  
12                      essed by the processor from domestically pro-  
13                      duced sugarcane or sugarcane molasses that  
14                      has been marketed (including the transfer or  
15                      delivery of the sugar to a refinery for further  
16                      processing or marketing). The assessment shall  
17                      be payable on marketings within the base of the  
18                      processor, as established by the Secretary under  
19                      section 359b of the Agricultural Adjustment  
20                      Act of 1938 (7 U.S.C. 1359bb).

21                      “(B) SUGAR BEETS.—

22                               “(i) IN GENERAL.—Effective only for  
23                               marketings of beet sugar during fiscal  
24                               years 1997 through 2003, the first proc-  
25                               essor of sugar beets shall remit to the

1 Commodity Credit Corporation a non-  
2 refundable marketing assessment in an  
3 amount equal to 1.1794 percent of the  
4 loan level established under subsection (b)  
5 per pound of beet sugar (but not more  
6 than .2123 cents per pound of beet sugar),  
7 processed by the processor from domesti-  
8 cally produced sugar beets or sugar beet  
9 molasses, that has been marketed.

10 “(ii) BASE.—The assessment shall be  
11 payable on marketings within the base of  
12 the processor, as established by the Sec-  
13 retary under section 359b of the Agricul-  
14 tural Adjustment Act of 1938 (7 U.S.C.  
15 1359bb).

16 “(C) IMPORTED SUGAR.—Effective only for  
17 fiscal years 1997 through 2003—

18 “(i) each holder of a certificate of  
19 quota eligibility for raw cane sugar im-  
20 ported into the United States shall remit  
21 to the Commodity Credit Corporation a  
22 nonrefundable marketing assessment in the  
23 amount specified in subparagraph (A) per  
24 pound of raw cane sugar; and

1           “(ii) each holder of a certificate of  
2           quota eligibility for refined sugar (beet or  
3           cane) imported into the United States shall  
4           remit to the Commodity Credit Corpora-  
5           tion a nonrefundable marketing assessment  
6           in the amount specified in subparagraph  
7           (B) per pound of refined sugar.

8           “(D) EXEMPT MARKETINGS.—No market-  
9           ing assessment shall be required to be paid  
10          under this paragraph with respect to market-  
11          ings of sugar to enable another processor or re-  
12          finer to fill the marketing assessment base of  
13          the processor or refiner or to facilitate the ex-  
14          portation of the sugar.

15          “(2) TIER 2 ASSESSMENT.—

16               “(A) IN GENERAL.—Effective for market-  
17               ings of raw cane sugar or beet sugar during fis-  
18               cal year 1997, the first processor of sugarcane  
19               or sugar beets, or the refiner of cane sugar,  
20               shall remit to the Commodity Credit Corpora-  
21               tion a nonrefundable marketing assessment in  
22               an amount equal to 100 percent of the loan  
23               level established under subsection (b) or (c) per  
24               pound of raw cane sugar or beet sugar, respec-  
25               tively, marketed in excess of the base of the

1 processor or refiner, as established by the Sec-  
2 retary under section 359b of the Agricultural  
3 Adjustment Act of 1938 (7 U.S.C. 1359bb).

4 “(B) REDUCTION.—The assessment rate  
5 shall be reduced to 97 percent of the loan level  
6 for marketings for fiscal year 1998, 94 percent  
7 for fiscal year 1999, 91 percent for fiscal year  
8 2000, and 88 percent for each of fiscal years  
9 2001, 2002, and 2003.

10 “(3) COLLECTION.—

11 “(A) TIMING.—Marketing assessments re-  
12 quired under this subsection shall be collected  
13 on a monthly basis and shall be remitted to the  
14 Commodity Credit Corporation not later than  
15 30 days after the end of the month in which the  
16 sugar is marketed or imported.

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

21 “(4) PENALTIES.—If any person fails to remit  
22 the assessment required by this subsection or fails to  
23 comply with such requirements for recordkeeping or  
24 such other requirements as are specified by the Sec-  
25 retary to carry out this subsection, the person shall

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

3 “(A) the quantity of cane sugar or beet  
4 sugar involved in the violation; by

5 “(B) the support level for the applicable  
6 crop of sugarcane or sugar beets.

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

10 “(j) ASSURANCE OF SUPPLY OF RAW CANE  
11 SUGAR.—

12 “(1) IN GENERAL.—Subject to paragraphs (2)  
13 and (3), if, during a period of 7 consecutive market  
14 days, the price for raw cane sugar for the nearest  
15 future contract month, as reported by the New York  
16 Coffee, Sugar, and Cocoa Exchange, the No. 14  
17 price, averages more than 128 percent of the loan  
18 rate established under subsection (b) for raw cane  
19 sugar, within 3 market days, the Secretary shall  
20 take all actions authorized by law to increase the  
21 supply of raw cane sugar, in increments of not less  
22 than 50,000 tons, to a level that is sufficient to re-  
23 duce the average price for raw cane sugar to not  
24 more than 128 percent of the loan rate.

25 “(2) ACTIONS.—

1           “(A) MARKETING ASSESSMENT BASES.—In  
2 carrying out paragraph (1), before taking any  
3 other action, the Secretary shall increase the  
4 marketing assessment bases for processors of  
5 raw cane sugar established under sections 359c  
6 and 359d of the Agricultural Adjustment Act of  
7 1938 (7 U.S.C. 1359cc and 1359dd) to the ex-  
8 tent necessary to increase the supply of domes-  
9 tically-produced raw cane sugar to the maxi-  
10 mum extent available.

11           “(B) OTHER ACTIONS.—If the Secretary  
12 determines that further action is necessary to  
13 increase the supply of raw cane sugar under  
14 this subsection, the Secretary shall take the ac-  
15 tion.

16           “(3) BEET SUGAR.—The Secretary shall not  
17 take an action under this subsection if, during the  
18 7-day period referred to in paragraph (1), the aver-  
19 age bulk, FOB factory net price for refined beet  
20 sugar reported by all sellers is more than 128 per-  
21 cent of the average price for raw cane sugar for the  
22 nearest future contract month.

23           “(4) REFINER BASE.—Any action taken under  
24 this subsection shall not affect the base for any re-  
25 finer established by the Secretary under sections

1 359c and 359d of the Agricultural Adjustment Act  
2 of 1938 (7 U.S.C. 1359cc and 1359dd).

3 “(k) CROPS.—Except as provided in subsection (i),  
4 this section shall be effective only for the 1996 through  
5 2002 crops of sugar beets and sugarcane.”.

6 **SEC. 702. MARKETING ASSESSMENT BASES FOR PROC-**  
7 **ESSORS AND REFINERS.**

8 Effective October 1, 1996, part VII of subtitle B of  
9 title III of the Agricultural Adjustment Act of 1938 (7  
10 U.S.C. 1359aa et seq.) is amended to read as follows:

11 **“PART VII—MARKETING ASSESSMENT BASES FOR**  
12 **PROCESSORS AND REFINERS**

13 **“SEC. 359a. INFORMATION REPORTING.**

14 “(a) DUTY OF PROCESSORS, REFINERS, AND MANU-  
15 FACTURERS TO REPORT.—

16 “(1) PROCESSORS AND REFINERS.—All sugar-  
17 cane processors, cane sugar refiners, and sugar beet  
18 processors shall provide the Secretary such informa-  
19 tion as the Secretary may require to administer  
20 sugar programs, including the quantity of purchases  
21 of sugarcane, sugar beets, and sugar and produc-  
22 tion, importation, distribution, and stock levels of  
23 sugar.

24 “(2) MANUFACTURERS OF CRYSTALLINE FRUC-  
25 TOSE.—All manufacturers of crystalline fructose

1 from corn (referred to in this part as ‘crystalline  
2 fructose’) shall provide the Secretary such informa-  
3 tion as the Secretary may require with respect to the  
4 distribution of crystalline fructose by the manufac-  
5 turer.

6 “(b) DUTY OF PRODUCERS TO REPORT.—The Sec-  
7 retary may require a producer of sugarcane or sugar beets  
8 to report, in the manner prescribed by the Secretary, the  
9 sugarcane or sugar beet yields of the producer and acres  
10 planted to sugarcane or sugar beets, respectively.

11 “(c) PENALTY.—Any person willfully failing or refus-  
12 ing to provide the information required under this section,  
13 or providing willfully any false information, shall be sub-  
14 ject to a civil penalty of not more than \$10,000 for each  
15 such violation.

16 “(d) MONTHLY REPORTS.—Taking into consider-  
17 ation the information received under subsection (a), the  
18 Secretary shall publish on a monthly basis composite data  
19 on production, imports, distribution, and stock levels of  
20 sugar and composite data on distributions of crystalline  
21 fructose.

22 **“SEC. 359b. ESTABLISHMENT OF MARKETING ASSESSMENT**  
23 **BASES.**

24 “(a) IN GENERAL.—Before the beginning of each of  
25 fiscal years 1997 through 2003, the Secretary shall estab-

1 lish, for the fiscal year, marketing assessment bases for  
2 processors of sugar processed from domestically produced  
3 sugarcane and sugar beets and for cane sugar refiners,  
4 based on the estimate of the Secretary of sugar consump-  
5 tion in the United States for the fiscal year.

6 “(b) PRODUCTS.—The Secretary may include in the  
7 marketing assessment bases established under subsection  
8 (a) only sugar products that contain at least 50 percent  
9 sucrose or crystalline fructose for human consumption, de-  
10 rived from sugarcane, sugar beets, molasses, or sugar.

11 **“SEC. 359c. CALCULATION OF MARKETING ASSESSMENT**  
12 **BASES.**

13 “(a) IN GENERAL.—The Secretary shall establish  
14 marketing assessment bases for sugar for each of fiscal  
15 years 1997 through 2003 in accordance with this section.

16 “(b) OVERALL BASE.—

17 “(1) IN GENERAL.—The Secretary shall estab-  
18 lish the overall base to be distributed for a fiscal  
19 year (referred to in this part as the ‘overall base’)  
20 on the basis of the estimate of the Secretary of  
21 sugar consumption for the fiscal year.

22 “(2) ADJUSTMENT.—The Secretary shall adjust  
23 the overall base, to the maximum extent practicable,  
24 to prevent the accumulation of sugar acquired by the  
25 Commodity Credit Corporation.

1       “(c) ESTABLISHMENT OF BASE.—The overall base  
2 for each fiscal year shall be distributed among sugar de-  
3 rived from sugar beets and sugar derived from sugarcane  
4 in the following proportions:

5           “(1) Sugar derived from sugar beets—47 per-  
6 cent.

7           “(2) Sugar derived from sugarcane, including  
8 raw cane sugar imported from foreign countries for  
9 consumption in the United States—53 percent.

10       “(d) DISTRIBUTION OF BASE.—

11           “(1) SUGAR BEETS.—The base for sugar de-  
12 rived from sugar beets for a fiscal year shall be a  
13 quantity equal to the product obtained by multiply-  
14 ing—

15           “(A) the overall base quantity for the fiscal  
16 year; by

17           “(B) the percentage referred to in sub-  
18 section (c)(1).

19           “(2) SUGARCANE.—The base for raw sugar de-  
20 rived from sugarcane for a fiscal year shall be the  
21 quantity obtained by subtracting—

22           “(A) 1,257,000 short tons, raw value; from

23           “(B) the quantity equal to the product ob-  
24 tained by multiplying—

1                   “(i) the overall base quantity for the  
2                   fiscal year; by

3                   “(ii) the percentage referred to in  
4                   subsection (c)(2).

5                   “(3) REFINED CANE SUGAR.—The base for re-  
6                   fined cane sugar shall be a quantity equal to the  
7                   product obtained by multiplying—

8                   “(A) the overall base quantity for the fiscal  
9                   year; by

10                   “(B) the percentage referred to in sub-  
11                   section (c)(2).

12                   “(e) STATE SUGARCANE BASE.—The base for sugar  
13                   derived from sugarcane shall be further distributed,  
14                   among the 5 States in the United States in which sugar-  
15                   cane is produced, in a fair and equitable manner on the  
16                   basis of past marketings of sugar (considering the average  
17                   marketings of sugar processed from sugarcane in the 2  
18                   highest years of production from each State from the 1990  
19                   through 1994 crops), processing capacity, and the ability  
20                   of processors to market the sugar covered under the bases.

21                   “(f) ADJUSTMENT OF MARKETING ASSESSMENT  
22                   BASES.—

23                   “(1) IN GENERAL.—The Secretary shall adjust  
24                   marketing assessment bases established under sub-

1 sections (a) through (d) in accordance with this sub-  
2 section.

3 “(2) ADJUSTMENT BASED ON PRICE.—If the  
4 weighted average bulk, FOB factory or refinery net  
5 price (including the price of representative consumer  
6 and industrial products, adjusted to a bulk basis) re-  
7 ported by all sellers of refined sugar for any week  
8 is—

9 “(A) more than 111 percent of the average  
10 bulk, FOB factory price for refined beet sugar  
11 during fiscal years 1990 through 1994 (as re-  
12 ported in Appendix Table 11 of Agricultural  
13 Economic Report No. 711 of the Economic Re-  
14 search Service), the Secretary may increase the  
15 marketing assessment bases of cane sugar re-  
16 finers and sugar beet processors established  
17 under subsections (a) through (d); or

18 “(B) less than 104 percent of the price re-  
19 ferred to in subparagraph (A), the Secretary  
20 shall decrease—

21 “(i) the marketing assessment bases  
22 of cane sugar refiners and sugar beet proc-  
23 essors established under subsections (a)  
24 through (d); and

1           “(ii) the marketing assessment bases  
2           of cane sugar processors established under  
3           this section;

4           to the extent necessary to maintain the mini-  
5           mum access level for imports of sugar set forth  
6           in Additional Note 5 to Chapter 17 of the Har-  
7           monized Tariff Schedule of the United States.

8           “(3) DISTRIBUTION TO PROCESSORS.—In the  
9           case of any increase or decrease in assessment bases,  
10          the share of each processor of an assessment base  
11          under section 359d, and each proportionate share  
12          established under section 359f(b), shall be increased  
13          or decreased by the same percentage that the assess-  
14          ment base is increased or decreased.

15          “(4) REDUCTIONS.—If an assessment base for  
16          a fiscal year is required to be reduced during the fis-  
17          cal year under this subsection and the quantity of  
18          sugar marketed, including sugar pledged as collat-  
19          eral for a price support loan under section 206 of  
20          the Agricultural Act of 1949 (7 U.S.C. 1446g) and  
21          acquired by the Commodity Credit Corporation, for  
22          the fiscal year at the time of the reduction by any  
23          individual processor covered by the assessment base  
24          exceeds the reduced assessment base of the proc-  
25          essor, the assessment base next established for the

1 processor shall be reduced by the quantity of the ex-  
2 cess sugar marketed.

3 “(g) FILLING SUGARCANE AND SUGAR BEET AS-  
4 SESSMENT BASES.—

5 “(1) CANE SUGAR.—Each marketing assess-  
6 ment base for cane sugar established under this sec-  
7 tion may be filled only with sugar processed from  
8 domestically grown sugarcane or imported raw cane  
9 sugar.

10 “(2) BEET SUGAR.—Each marketing assess-  
11 ment base for beet sugar established under this sec-  
12 tion may be filled only with sugar processed from  
13 domestically grown sugar beets.

14 **“SEC. 359d. DISTRIBUTION OF MARKETING ASSESSMENT**  
15 **BASES.**

16 “(a) DISTRIBUTION TO PROCESSORS AND REFIN-  
17 ERS.—

18 “(1) IN GENERAL.—Subject to the other provi-  
19 sions of this subsection, during each of fiscal years  
20 1997 through 2003, the Secretary shall distribute  
21 each assessment base among the processors or cane  
22 sugar refiners covered by the base in a fair, efficient,  
23 and equitable manner, as determined by the Sec-  
24 retary.

1           “(2) AFTER FISCAL YEAR 1997.—Except as nec-  
2           essary to provide for new beet sugar processors or  
3           refiners of cane sugar under paragraph (5), the Sec-  
4           retary shall distribute any increase or decrease in  
5           the assessment bases for processors of beet sugar or  
6           refiners of cane sugar for fiscal years after fiscal  
7           year 1997 in proportion to the shares of the beet  
8           sugar processors or refiners of cane sugar for fiscal  
9           year 1997.

10           “(3) CANE SUGAR ASSESSMENT BASE.—In dis-  
11           tributing the cane sugar assessment base among  
12           processors, the Secretary shall take into consider-  
13           ation processing capacity, past marketings of sugar,  
14           and the ability of each processor to market sugar  
15           covered by the portion of the base distributed.

16           “(4) SUGAR BEET ASSESSMENT BASE.—In dis-  
17           tributing the sugar beet assessment base among  
18           processors of sugar beets, the Secretary shall assign  
19           processor bases in accordance with the highest quan-  
20           tity of each processor of sugar produced in any year  
21           from sugar beets produced from the 1990 through  
22           1994 crops.

23           “(5) NEW PROCESSORS AND REFINERS.—In  
24           making distributions under this subsection, the Sec-

1       retary shall make reasonable provision for new proc-  
2       essors and refiners.

3       “(b) FILLING CANE SUGAR ASSESSMENT BASES.—

4       Except as otherwise provided in section 359e, a State cane  
5       sugar assessment base established under section 359c(e)  
6       for a fiscal year may be filled only with sugar processed  
7       from sugarcane grown in the State covered by the assess-  
8       ment base.

9       “**SEC. 359e. REASSIGNMENT OF DEFICITS.**

10       “(a) ESTIMATES OF DEFICITS.—The Secretary shall,  
11       in a timely manner, determine whether, in view of then  
12       current inventories of sugar, the estimated production of  
13       sugar and expected marketings, and other pertinent fac-  
14       tors—

15               “(1) any processor of sugarcane will be unable  
16       to market the sugar covered by the portion of the  
17       State cane sugar assessment base distributed to the  
18       processor;

19               “(2) any processor of sugar beets will be unable  
20       to market sugar covered by the portion of the beet  
21       sugar assessment base distributed to the processor;  
22       and

23               “(3) any cane sugar refiner will be unable to  
24       market sugar covered by the portion of the refined

1 cane sugar assessment base distributed to the re-  
2 finer.

3 “(b) REASSIGNMENT OF DEFICITS.—

4 “(1) CANE SUGAR.—If the Secretary deter-  
5 mines that any sugarcane processor who has re-  
6 ceived a share of a State cane sugar base will be un-  
7 able to market the share of the processor of the al-  
8 lotment of the State for the fiscal year—

9 “(A) the Secretary first shall reassign the  
10 estimated quantity of the deficit to the bases of  
11 other processors within the State, depending on  
12 the capacity of each other processor to fill the  
13 portion of the deficit to be assigned to the  
14 processor and taking into account the interests  
15 of producers served by the processors;

16 “(B) if after the reassignments the deficit  
17 cannot be completely eliminated, the Secretary  
18 shall reassign the estimated quantity of the def-  
19 icit proportionately to the bases for other cane  
20 sugar States, depending on the capacity of each  
21 other State to fill the portion of the deficit to  
22 be assigned to the State, with the reassigned  
23 quantity to each State to be distributed among  
24 processors in the State in proportion to the  
25 bases of the processors; and

1           “(C) if after the reassignments, the deficit  
2           cannot be completely eliminated, the Secretary  
3           shall reassign the remainder to imports.

4           “(2) BEET SUGAR.—If the Secretary deter-  
5           mines that a sugar beet processor who has received  
6           a share of the beet sugar assessment base will be  
7           unable to market the share—

8           “(A) the Secretary first shall reassign the  
9           estimated quantity of the deficit to the bases  
10          for other sugar beet processors, depending on  
11          the capacity of each other processor to fill the  
12          portion of the deficit to be assigned to the proc-  
13          essor and taking into account the interests of  
14          producers served by the processors; and

15          “(B) if after the reassignments, the deficit  
16          cannot be completely eliminated, the Secretary  
17          shall reassign the remainder to imports.

18          “(3) REFINED CANE SUGAR.—If the Secretary  
19          determines that a cane sugar refiner who has re-  
20          ceived a share of the refined cane sugar assessment  
21          base will be unable to market the share, the Sec-  
22          retary shall promptly reassign the estimated quan-  
23          tity of the deficit to the bases of other refiners, as  
24          the Secretary considers appropriate.

1           “(4) CORRESPONDING INCREASE.—The base of  
2           each processor or refiner receiving a reassigned  
3           quantity of an assessment base under this subsection  
4           for a fiscal year shall be increased to reflect the re-  
5           assignment. The Secretary shall, subject to condi-  
6           tions specified by regulation, provide that market-  
7           ings in the next fiscal year of deficits reassigned in  
8           the last quarter of any fiscal year shall not count  
9           against the base of the processor or refiner for the  
10          next fiscal year.

11       **“SEC. 359f. PROVISIONS APPLICABLE TO PRODUCERS.**

12          “(a) PROCESSOR ASSURANCES.—During each of fis-  
13       cal years 1997 through 2003, the Secretary shall obtain  
14       from the processors such assurances as the Secretary con-  
15       siders adequate that the assessment base will be shared  
16       among producers served by the processor in a fair and  
17       equitable manner that adequately reflects the production  
18       histories of producers. Any dispute between a processor  
19       and a producer, or group of producers, with respect to  
20       the sharing of the base of the processor shall be resolved  
21       through arbitration by the Secretary on the request of ei-  
22       ther party.

23          “(b) PROPORTIONATE SHARES OF CERTAIN STATE  
24       BASES.—

25               “(1) IN GENERAL.—

1           “(A) STATES AFFECTED.—In any case in  
2           which a State share of an assessment base is  
3           established under section 359c(e) and there are  
4           in excess of 250 producers in the State (other  
5           than Puerto Rico), the Secretary shall make a  
6           determination under subparagraph (B).

7           “(B) DETERMINATION.—The Secretary  
8           shall determine, for each State base described  
9           in subparagraph (A), whether the production of  
10          sugarcane, in the absence of proportionate  
11          shares, will be greater than the quantity needed  
12          to enable processors to fill the assessment base  
13          and provide a normal carryover inventory.

14          “(2) ESTABLISHMENT OF PROPORTIONATE  
15          SHARES.—If the Secretary determines under para-  
16          graph (1) that the quantity of sugar processed from  
17          all crops by all processors covered by a State base  
18          for a fiscal year will be in excess of the quantity  
19          needed to enable processors to fill the base for the  
20          fiscal year and provide a normal carryover inventory  
21          of sugar, the Secretary shall establish a propor-  
22          tionate share for each sugarcane producing farm  
23          that limits the acreage of sugarcane that may be  
24          harvested on the farm for sugar or seed during the  
25          fiscal year the base is in effect as provided in this

1 subsection. Each such proportionate share shall be  
2 subject to adjustment under paragraph (7) and sec-  
3 tion 359g(c).

4 “(3) METHOD OF DETERMINING PROPOR-  
5 TIONATE SHARES.—For purposes of determining  
6 proportionate shares for any crop of sugarcane:

7 “(A) ESTABLISHMENT OF STATE’S PER-  
8 ACRE YIELD.—The Secretary shall establish the  
9 State’s per-acre yield goal for a crop at a level  
10 (not less than the average per-acre yield in the  
11 State for the preceding 5 years, as determined  
12 by the Secretary) that will ensure an adequate  
13 net return per pound to sugarcane produced in  
14 the State, taking into consideration any avail-  
15 able production research data that the Sec-  
16 retary considers relevant.

17 “(B) ADJUSTMENT OF PER-ACRE YIELD  
18 GOAL.—The Secretary shall adjust the per-acre  
19 yield goal by the average recovery rate of sugar  
20 produced from sugarcane by processors in the  
21 State.

22 “(C) STATE ACREAGE BASE.—The Sec-  
23 retary shall convert the State base for the fiscal  
24 year involved into a State acreage base for the  
25 crop by dividing the State base by the per-acre

1 yield goal for the State, as established under  
2 subparagraph (A) and as further adjusted  
3 under subparagraph (B).

4 “(D) UNIFORM REDUCTION PERCENT-  
5 AGE.—The Secretary shall establish a uniform  
6 reduction percentage for the crop by dividing  
7 the State acreage base, as determined for the  
8 crop under subparagraph (C), by the sum of all  
9 adjusted acreage bases in the State, as deter-  
10 mined by the Secretary.

11 “(E) PROPORTIONATE SHARE OF FARM OF  
12 SUGARCANE ACREAGE.—The uniform reduction  
13 percentage for the crop, as determined under  
14 subparagraph (D), shall be applied to the acre-  
15 age base for each sugarcane-producing farm in  
16 the State to determine the proportionate share  
17 of the farm of sugarcane acreage that may be  
18 harvested for sugar or seed.

19 “(4) ACREAGE BASE.—For purposes of this  
20 subsection, the acreage base for each sugarcane-pro-  
21 ducing farm shall be determined by the Secretary, as  
22 follows:

23 “(A) IN GENERAL.—The acreage base for  
24 any farm shall be the number of acres that is  
25 equal to the average of the acreage planted and

1 considered planted for harvest for sugar or seed  
2 on the farm in each of the 5 crop years preced-  
3 ing the fiscal year the proportionate share will  
4 be in effect.

5 “(B) DISASTERS.—Acreage planted to sug-  
6 arcane that producers on a farm were unable to  
7 harvest to sugarcane for sugar or seed because  
8 of drought, flood, other natural disaster, or  
9 other condition beyond the control of the pro-  
10 ducers may be considered as harvested for the  
11 production of sugar or seed for purposes of this  
12 paragraph.

13 “(5) VIOLATION.—

14 “(A) IN GENERAL.—If proportionate  
15 shares are in effect in a State for a crop of sug-  
16 arcane, producers on a farm shall not know-  
17 ingly harvest, or allow to be harvested, for  
18 sugar or seed an acreage of sugarcane in excess  
19 of the proportionate share of the farm for the  
20 fiscal year, or otherwise violate proportionate  
21 share regulations issued by the Secretary under  
22 section 359h(a).

23 “(B) DETERMINATION OF VIOLATION.—No  
24 producer shall be considered to have violated  
25 subparagraph (A) unless the processor of the

1 sugarcane harvested by the producer from acre-  
2 age in excess of the proportionate share of the  
3 farm markets a quantity of sugar that exceeds  
4 the allocation of the processor for a fiscal year.

5 “(C) CIVIL PENALTY.—Any producer on a  
6 farm who violates subparagraph (A) by know-  
7 ingly harvesting, or allowing to be harvested, an  
8 acreage of sugarcane in excess of the propor-  
9 tionate share of the farm shall be liable to the  
10 Commodity Credit Corporation for a civil pen-  
11 alty equal to 1½ times the United States mar-  
12 ket value of the quantity of sugar that is mar-  
13 keted by the processor of the sugarcane in ex-  
14 cess of the allocation of the processor for the  
15 fiscal year. The Secretary shall prorate pen-  
16 alties imposed under this subparagraph in a  
17 fair and equitable manner among all the pro-  
18 ducers of sugarcane harvested from excess acre-  
19 age that is acquired by the processor.

20 “(6) WAIVER.—Notwithstanding paragraph (5),  
21 the Secretary may authorize the county and State  
22 committees established under section 8(b) of the Soil  
23 Conservation and Domestic Allotment Act (16  
24 U.S.C. 590h(b)) to waive or modify deadlines and  
25 other proportionate share requirements in cases in

1       which lateness or failure to meet the other require-  
2       ments does not affect adversely the operation of pro-  
3       portionate shares.

4           “(7) ADJUSTMENTS.—If the Secretary deter-  
5       mines that, because of a natural disaster or other  
6       condition beyond the control of producers that ad-  
7       versely affects a crop of sugarcane subject to propor-  
8       tionate shares, the quantity of sugarcane produced  
9       by producers subject to the proportionate shares will  
10      not be sufficient to enable processors in the State to  
11      meet the cane sugar base of the State and provide  
12      a normal carryover inventory of sugar, the Secretary  
13      may uniformly allow producers to harvest a quantity  
14      of sugarcane in excess of the proportionate share of  
15      the producers, or suspend proportionate shares en-  
16      tirely, as necessary to enable processors to meet the  
17      State base and provide a normal carryover inventory  
18      of sugar.

19   **“SEC. 359g. SPECIAL RULES.**

20           “(a) TRANSFER OF ACREAGE BASE HISTORY.—For  
21      the purpose of establishing proportionate shares for sugar-  
22      cane farms under section 359f, the Secretary, on applica-  
23      tion of any producer, with the written consent of all own-  
24      ers of a farm, may transfer the acreage base history of  
25      the farm to any other parcels of land of the applicant.

1       “(b) PRESERVATION OF ACREAGE BASE HISTORY.—  
2 If for reasons beyond the control of a producer on a farm,  
3 the producer is unable to harvest an acreage of sugarcane  
4 for sugar or seed with respect to all or a portion of the  
5 proportionate share established for the farm under section  
6 359f, the Secretary, on the application of the producer and  
7 with the written consent of all owners of the farm, may  
8 preserve for a period of not more than 3 consecutive years  
9 the acreage base history of the farm to the extent of the  
10 proportionate share involved. The Secretary may permit  
11 the proportionate share to be redistributed to other farms,  
12 except that no acreage base history for purposes of estab-  
13 lishing acreage bases shall accrue to the other farms by  
14 virtue of the redistribution of the proportionate share.

15       “(c) REVISIONS OF DISTRIBUTIONS AND PROPOR-  
16 TIONATE SHARES.—The Secretary, after such notice as  
17 the Secretary by regulation may prescribe, may revise or  
18 amend any distribution of a marketing assessment base  
19 under section 359d, or any proportionate share established  
20 for a farm under section 359f, on the same basis as the  
21 initial distribution or proportionate share was required to  
22 be established.

1 **“SEC. 359h. REGULATIONS; VIOLATIONS; PUBLICATION OF**  
2 **SECRETARY’S DETERMINATIONS; JURISDIC-**  
3 **TION OF THE COURTS; UNITED STATES AT-**  
4 **TORNEYS.**

5 “(a) REGULATIONS.—The Secretary or the Commod-  
6 ity Credit Corporation, as appropriate, shall issue such  
7 regulations as are necessary to carry out this part.

8 “(b) PUBLICATION IN FEDERAL REGISTER.—Each  
9 determination issued by the Secretary to establish or ad-  
10 just a marketing assessment base under this part shall  
11 be promptly published in the Federal Register and shall  
12 be accompanied by a statement of the reasons for the de-  
13 termination.

14 “(c) VIOLATION.—Any person knowingly violating  
15 any regulation of the Secretary issued under subsection  
16 (a) shall be subject to a civil penalty of not more than  
17 \$5,000 for each violation.

18 “(d) JURISDICTION OF COURTS; UNITED STATES AT-  
19 TORNEYS.—

20 “(1) JURISDICTION OF COURTS.—A district  
21 court of the United States shall have jurisdiction  
22 specifically to enforce, and to prevent and restrain  
23 any person from violating, this part or any regula-  
24 tion issued under this part.

25 “(2) UNITED STATES ATTORNEYS.—On request  
26 of the Secretary, a United States attorney, in the

1 district of the attorney, shall institute a proceeding  
2 to enforce the remedies and to collect the penalties  
3 provided for in this part. The Secretary may elect  
4 not to refer to a United States attorney any viola-  
5 tion of this part or a regulation if the Secretary de-  
6 termines that the administration and enforcement of  
7 this part would be adequately served by written no-  
8 tice or warning to any person committing the viola-  
9 tion.

10 “(e) NONEXCLUSIVITY OF REMEDIES.—The remedies  
11 and penalties provided for in this part shall be in addition  
12 to, and not exclusive of, any remedies or penalties existing  
13 at law or in equity.

14 **“SEC 359i. APPEALS.**

15 “(a) IN GENERAL.—An appeal may be taken to the  
16 Secretary from any decision under section 359d establish-  
17 ing allocations of marketing assessment bases, or under  
18 section 359f, by any person adversely affected by reason  
19 of any such decision.

20 “(b) PROCEDURE.—

21 “(1) NOTICE OF APPEAL.—Any appeal from  
22 such a decision shall be taken by filing with the Sec-  
23 retary, not later than 20 days after the decision is  
24 effective, notice in writing of the appeal and a state-  
25 ment of the reasons for the appeal. Unless a later

1 date is specified by the Secretary as part of the deci-  
2 sion of the Secretary, the decision shall be consid-  
3 ered to be effective as of the date on which an-  
4 nouncement of the decision is made. The Secretary  
5 shall deliver a copy of any notice of appeal to each  
6 person shown by the records of the Secretary to be  
7 adversely affected by reason of the decision ap-  
8 pealed. After delivery of notice, the Secretary shall  
9 at all times permit any such person to inspect and  
10 make copies of the statement of the reasons of the  
11 appellant for the appeal and shall on application per-  
12 mit the person to intervene in the appeal.

13 “(2) HEARING.—The Secretary shall provide  
14 each appellant an opportunity for a hearing before  
15 an administrative law judge in accordance with sec-  
16 tions 554 and 556 of title 5, United States Code.  
17 The expenses for conducting the hearing shall be re-  
18 imbursed by the Commodity Credit Corporation.

19 **“SEC. 359j. ADMINISTRATION.**

20 “(a) USE OF CERTAIN AGENCIES.—In carrying out  
21 this part, the Secretary may use the services of local com-  
22 mittees of sugarcane or sugar beet producers or sugarcane  
23 or sugar beet processors, State and county committees es-  
24 tablished under section 8(b) of the Soil Conservation and

1 Domestic Allotment Act (16 U.S.C. 590h(b)), and depart-  
 2 ments and agencies of the United States Government.

3 “(b) USE OF COMMODITY CREDIT CORPORATION.—  
 4 The Secretary shall use the services, facilities, funds, and  
 5 authorities of the Commodity Credit Corporation to carry  
 6 out sections 359a through 359i.

7 “(c) DEFINITIONS OF UNITED STATES AND  
 8 STATE.—Notwithstanding section 301, for purposes of  
 9 this part, the terms ‘United States’ and ‘State’ mean the  
 10 50 States, the District of Columbia, and the Common-  
 11 wealth of Puerto Rico.”.

12 **SEC. 703. PREVENTION OF SUGAR LOAN FORFEITURES.**

13 Section 902(c)(2)(A) of the Food Security Act of  
 14 1985 (Public Law 99-198; 7 U.S.C. 1446g note) is  
 15 amended by striking “1995” and inserting “2002”.

16 **TITLE VIII—GENERAL**  
 17 **COMMODITY PROVISIONS**  
 18 **Subtitle A—Amendments to**  
 19 **Agricultural Act of 1949**

20 **SEC. 801. DEFICIENCY AND LAND DIVERSION PAYMENTS.**

21 Section 114 of the Agricultural Act of 1949 (7 U.S.C.  
 22 1445j) is amended—

23 (1) in subsection (a)—

24 (A) in paragraph (1), by striking “1997”  
 25 and inserting “2002”; and

1 (B) in paragraph (2)(F), by striking clause  
2 (iii) and inserting the following:

3 “(iii) 50 percent of the projected pay-  
4 ment rate;”;

5 (2) in subsection (b), by striking “1995” and  
6 inserting “2002”; and

7 (3) in subsection (c), by striking “1997” and  
8 inserting “2002”.

9 **SEC. 802. ADJUSTMENT OF ESTABLISHED PRICES.**

10 Section 402(b) of the Agricultural Act of 1949 (7  
11 U.S.C. 1422(b)) is amended by striking “1995” and in-  
12 serting “2002”.

13 **SEC. 803. ADJUSTMENT OF SUPPORT PRICES.**

14 Section 403(c) of the Agricultural Act of 1949 (7  
15 U.S.C. 1423(c)) is amended by striking “1995” and in-  
16 serting “2002”.

17 **SEC. 804. PROGRAM OPTION FOR 2003 AND SUBSEQUENT**  
18 **CROPS.**

19 Section 406 of the Agricultural Act of 1949 (7 U.S.C.  
20 1426) is amended by striking subsection (b) and inserting  
21 the following:

22 “(b) PROGRAM OPTION FOR 2003 AND SUBSEQUENT  
23 CROPS.—

24 “(1) IN GENERAL.—Notwithstanding any other  
25 provision of law, the Secretary may offer an option

1 to producers of each of the 2003 and subsequent  
2 crops of wheat, feed grains, upland cotton, extra  
3 long staple cotton, rice, sugar, peanuts, and oilseeds  
4 to participate in commodity price support, produc-  
5 tion adjustment, and payment programs as provided  
6 in this subsection.

7 “(2) TERMS AND CONDITIONS.—The Secretary  
8 may offer the programs based on such terms and  
9 conditions as are provided producers of the commod-  
10 ities for the 2002 crop year in accordance with this  
11 Act, as determined by the Secretary. Any established  
12 price or loan and purchase level made available in  
13 accordance with this subsection shall be established  
14 at the same level as the level established for the  
15 2002 crop year or using the same terms and condi-  
16 tions as are provided for the commodity for the  
17 2002 crop year.

18 “(3) FINAL ANNOUNCEMENTS.—The Secretary  
19 may offer each of the programs provided for by this  
20 subsection if the Secretary has not made final an-  
21 nouncement of the terms of the commodity price  
22 support, production adjustment, or payment pro-  
23 grams for the 2003 crops of the commodities re-  
24 ferred to in paragraph (1) on or before November 1,  
25 2002.

1           “(4) COMMODITY CREDIT CORPORATION.—The  
2           Secretary may use the funds, facilities and authori-  
3           ties of the Commodity Credit Corporation to carry  
4           out this subsection.”.

5   **SEC. 805. APPLICATION OF TERMS IN THE AGRICULTURAL**  
6                           **ACT OF 1949.**

7           Section 408(k)(3) of the Agricultural Act of 1949 (7  
8   U.S.C. 1428(k)(3)) is amended by striking “1995” and  
9   inserting “2002”.

10   **SEC. 806. DOUBLE CROPPING.**

11           Title IV of the Agricultural Act of 1949 (7 U.S.C.  
12   1421 et seq.) is amended by adding at the end the follow-  
13   ing:

14   **“SEC. 428. DOUBLE CROPPING.**

15           “(a) WAIVER OF CONSERVATION USE REQUIRE-  
16   MENTS.—Effective for each of the 1996 through 2002  
17   crops of wheat, feed grains, cotton, and rice, the require-  
18   ments of sections 107B(e), 105B(e), 103B(e), 103(h)(5),  
19   and 101B(e) concerning acreage that must be devoted to  
20   conservation uses and administration of the conserving use  
21   acres shall not be applicable to the producers of a program  
22   crop (as defined in section 502(3)) on a farm as of the  
23   normal harvest date for the program crop, as determined  
24   by the Secretary, if, under an established practice of dou-  
25   ble cropping, the producers of the program crop on the

1 farm plant for harvest in the same calendar year in which  
2 the program crop is harvested a crop that is not a program  
3 crop.

4 “(b) REGULATIONS.—The Secretary shall issue such  
5 regulations as are necessary to carry out this section.”.

6 **SEC. 807. ACREAGE BASE AND YIELD SYSTEM.**

7 (a) CROP ACREAGE BASES.—Section 503 of the Agri-  
8 cultural Act of 1949 (7 U.S.C. 1463) is amended—

9 (1) in subsection (a)—

10 (A) by striking paragraph (2) and insert-  
11 ing the following:

12 “(2) LIMITATION.—The sum of the crop acre-  
13 age bases and historical soybean acreage on the  
14 farm may not exceed the cropland on the farm, ex-  
15 cept to the extent there is an established practice of  
16 double cropping on the farm.”; and

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

18 “(4) HISTORICAL SOYBEAN ACREAGE.—

19 “(A) IN GENERAL.—The Secretary shall  
20 provide for the establishment and maintenance  
21 of a historical soybean acreage for each farm.

22 “(B) QUANTITY.—

23 “(i) IN GENERAL.—Except as pro-  
24 vided in clause (ii), the historical soybean  
25 acreage for a farm for a crop year shall be

1 equal to the average of the acreage planted  
2 to soybeans for harvest on the farm in  
3 each of the previous 5 crop years.

4 “(ii) EXCEPTION.—In determining the  
5 historical soybean acreage for a farm for a  
6 crop year, the Secretary shall exclude from  
7 the acreage any soybean plantings that  
8 were considered planted to a program crop  
9 or are planted for harvest on a crop acre-  
10 age base in accordance with section 504.”;

11 (2) in subsection (b), by striking paragraph (2)  
12 and inserting the following:

13 “(2) COTTON AND RICE.—In the case of upland  
14 cotton and rice, the crop acreage base for a crop for  
15 a crop year shall be equal to the average of the acre-  
16 age planted and considered planted to the crop for  
17 harvest on the farm in each of the 3 crop years pre-  
18 ceding the crop year.”;

19 (3) in subsection (c)—

20 (A) in paragraph (3), by striking “1997”  
21 and inserting “2002”;

22 (B) in paragraph (7), by striking “and” at  
23 the end;

24 (C) in paragraph (8), by striking the pe-  
25 riod at the end and inserting “; and”; and

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

2 “(9) any acreage on the farm that is planted in  
3 accordance with subsection (i).”; and

4 (4) by striking subsection (h) and inserting the  
5 following:

6 “(h) ADJUSTMENT OF BASES.—The county commit-  
7 tee, in accordance with regulations prescribed by the Sec-  
8 retary, may adjust any crop acreage base for any program  
9 crop for any farm if the crop acreage base for the crop  
10 on the farm would otherwise be adversely affected by a  
11 condition or occurrence beyond the control of the pro-  
12 ducer.

13 “(i) SPECIAL EXEMPTION FOR CROP MANAGEMENT  
14 PURPOSES.—

15 “(1) PLANTING NOT-FOR-HARVEST IN EXCESS  
16 OF PERMITTED ACREAGE.—Notwithstanding any  
17 other provision of this Act, the Secretary may pro-  
18 vide that producers of a program crop on a farm  
19 who are participating in the production adjustment  
20 program for the program crop under this Act may  
21 plant the program crop in a quantity that exceeds  
22 the permitted acreage for the crop without losing the  
23 eligibility of the producers for loans, purchases, or  
24 payments with respect to the crop under this Act if

1 the acreage planted to the program crop on the farm  
2 in excess of the permitted acreage—

3 “(A) is planted as part of a crop manage-  
4 ment plan that is designed to maintain the im-  
5 portant role of plant varieties that possess ge-  
6 netic qualities aimed at reducing the depend-  
7 ence of agriculture on crop protection materials  
8 to suppress weeds, diseases, and insects;

9 “(B) does not exceed 10 percent of the  
10 crop acreage base of the farm for the program  
11 crop;

12 “(C) is not planted to a crop that is har-  
13 vested; and

14 “(D) is not planted to a variety of the pro-  
15 gram crop that possesses transgenic character-  
16 istics.

17 “(2) OPTIONAL MINIMUM ACREAGE FOR GE-  
18 NETICALLY IMPROVED TRANSGENIC VARIETY.—The  
19 Secretary may require producers on a farm, to be el-  
20 ible to plant in excess of the permitted acreage of  
21 the producers under this subsection, to plant not less  
22 than 90 percent of the permitted acreage of the pro-  
23 ducers on the farm to a genetically improved  
24 transgenic variety of the program crop.

1           “(3) ADDITIONAL AUTHORITY.—Any authority  
2           to plant a program crop in excess of the permitted  
3           acreage for the crop under this subsection shall be  
4           in addition to the authority provided under sub-  
5           section (d), (e), and (f).”.

6           (b) PLANTING FLEXIBILITY.—Section 504 of the Act  
7 (7 U.S.C. 1464) is amended—

8           (1) by striking subsection (c) and inserting the  
9           following:

10          “(c) LIMITATION ON ACREAGE.—The quantity of the  
11 crop acreage base that may be planted to a commodity,  
12 other than the specific program crop, under this section  
13 may not exceed 100 percent of the crop acreage base.”;

14          (2) in subsection (d)—

15               (A) by striking “Notwithstanding” and in-  
16               serting “Except as provided in subsection (f)  
17               and notwithstanding”; and

18               (B) in paragraph (1), by striking “25 per-  
19               cent” and inserting “100 percent”;

20          (3) in subsection (e)(2)(A), by striking “25 per-  
21          cent” and inserting “100 percent”; and

22          (4) by adding at the end the following:

23          “(f) TWO-WAY FLEXIBILITY.—

24               “(1) PLANTING ON HISTORICAL SOYBEAN ACRE-  
25               AGE.—Notwithstanding any other provision of this

1 Act, producers of a program crop on a farm who are  
2 participating in the production adjustment program  
3 for the program crop under this Act shall be allowed  
4 to plant the program crop in a quantity that exceeds  
5 the permitted acreage for the crop without losing the  
6 eligibility of the producers for loans, purchases, or  
7 payments with respect to the crop under this Act if  
8 the acreage planted to the program crop on the farm  
9 in excess of the permitted acreage does not exceed  
10 25 percent of the historical soybean acreage on the  
11 farm for the crop.

12 “(2) ADDITIONAL FLEXIBILITY.—Any authority  
13 to plant a program crop in excess of the permitted  
14 acreage for the crop under this subsection shall be  
15 in addition to authority provided under subsection  
16 (d).

17 “(3) LIMITATION.—The Secretary may limit  
18 the application of this subsection with respect to a  
19 program crop if the Secretary determines the limita-  
20 tion to be necessary to prevent an increase in the  
21 acreage limitation program that would otherwise be  
22 implemented in accordance with sections 101B,  
23 103B, 105B, and 107B during a crop year for the  
24 crop.”.

1 (c) FARM PROGRAM PAYMENT YIELDS.—Section  
2 505(b) of the Act (7 U.S.C. 1465(b)) is amended—

3 (1) in subsection (b)—

4 (A) in paragraphs (1) and (2), by striking  
5 “1997” each place it appears and inserting  
6 “2002”; and

7 (B) in paragraph (3), by striking “1981  
8 through 1985 crop years (or, as appropriate,  
9 the 1986 through 1990 crop years)” and insert-  
10 ing “applicable crop years, as determined by the  
11 Secretary”; and

12 (2) in subsection (c)(2)—

13 (A) by inserting “(if applicable)” after the  
14 “1986 crop year”; and

15 (B) by inserting “(as applicable)” after  
16 “subsequent crop years”.

17 (d) CROPS.—Section 509 of the Act (7 U.S.C. 1469)  
18 is amended by striking “1997” and inserting “2002”.

19 **Subtitle B—Miscellaneous**  
20 **Commodity Provisions**

21 **SEC. 811. PAYMENT LIMITATIONS.**

22 Title X of the Food Security Act of 1985 (Public Law  
23 99–198; 99 Stat. 1444) is amended—

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

4 (2) in section 1001C(a) (7 U.S.C. 1308–3(a)),  
5 by striking “1997” each place it appears and insert-  
6 ing “2002”.

7 **SEC. 812. NORMALLY PLANTED ACREAGE.**

8 Section 1001 of the Food and Agriculture Act of  
9 1977 (7 U.S.C. 1309) is amended by striking “1995” each  
10 place it appears in subsections (a), (b)(1), and (c) and  
11 inserting “2002”.

12 **SEC. 813. NORMAL SUPPLY.**

13 Section 1019 of the Food Security Act of 1985 (7  
14 U.S.C. 1310a) is amended by striking “1995” and insert-  
15 ing “2002”.

16 **SEC. 814. DETERMINATIONS OF THE SECRETARY.**

17 Section 1017(b) of the Food Security Act of 1985  
18 (Public Law 99–198; 7 U.S.C. 1385 note) is amended by  
19 striking “1995” and inserting “2002”.

20 **SEC. 815. OPTIONS PILOT PROGRAM.**

21 The Options Pilot Program Act of 1990 (subtitle E  
22 of title XI of Public Law 101–624; 104 Stat. 3518; 7  
23 U.S.C. 1421 note) is amended—

1 (1) in subsections (a) and (b) of section 1153,  
2 by striking “1995” each place it appears and insert-  
3 ing “2002”; and

4 (2) in section 1154(b)(1)(A), by striking  
5 “1995” each place it appears and inserting “2002”.

6 **SEC. 816. NATIONAL AGRICULTURAL COST OF PRODUC-**  
7 **TION STANDARDS REVIEW BOARD.**

8 Section 1014 of the Agriculture and Food Act of  
9 1981 (7 U.S.C. 4110) is amended by striking “1995” and  
10 inserting “2002”.

11 **Subtitle C—Conforming**  
12 **Amendments**

13 **SEC. 821. CONFORMING AMENDMENTS.**

14 (a) Section 1001(2)(B) of the Food Security Act of  
15 1985 (7 U.S.C. 1308(2)(B)) is amended by striking clause  
16 (iv) and inserting the following:

17 “(iv) any deficiency payment received for a crop  
18 of feed grains under section 105B(c)(1) of the Agri-  
19 cultural Act of 1949 as the result of a reduction of  
20 the loan level for the crop under section 105B(a)(3)  
21 of the Act;”.

22 (b) Section 1001(c) of the Food and Agriculture Act  
23 of 1977 (7 U.S.C. 1309(c)) is amended by striking para-  
24 graph (2) and inserting the following:

1           “(2) the crop acreage base for the farm estab-  
2           lished under section 503 of the Agricultural Act of  
3           1949 (7 U.S.C. 1463).”.

4           (c) Section 114(c) of the Agricultural Act of 1949  
5           (7 U.S.C. 1445j(c)) is amended by striking “section  
6           107B(c)(1)(B)(ii), 107B(p), or 105B(c)(1)(B)(ii)” and in-  
7           serting “section 107B(c)(1)(B) or 105B(c)(1)(B)”.

## 8                           **Subtitle D—Application**

### 9           **SEC. 831. APPLICATION.**

10           (a) CROPS.—Except as otherwise specifically pro-  
11           vided this Act, this Act and the amendments made by this  
12           Act shall apply beginning with the 1996 crop of an agri-  
13           cultural commodity.

14           (b) PRIOR CROPS.—Except as otherwise specifically  
15           provided and notwithstanding any other provision of law,  
16           this Act and the amendments made by this Act shall not  
17           affect the authority of the Secretary of Agriculture to  
18           carry out a price support, production adjustment, or pay-  
19           ment program for—

20                       (1) any of the 1991 through 1995 crops of an  
21                       agricultural commodity established under a provision  
22                       of law as in effect immediately before the enactment  
23                       of this Act; or

24                       (2) the 1996 crop of an agricultural commodity  
25                       established under section 406(b) of the Agricultural

1 Act of 1949 (as in effect immediately before the ef-  
2 fective date of the amendment made by section 804).

○

S 1155 IS—2

S 1155 IS—3

S 1155 IS—4

S 1155 IS—5

S 1155 IS—6

S 1155 IS—7

S 1155 IS—8

S 1155 IS—9

S 1155 IS—10

S 1155 IS—11

S 1155 IS—12

S 1155 IS—13

S 1155 IS—14

S 1155 IS—15

S 1155 IS—16

S 1155 IS—17

S 1155 IS—18

S 1155 IS—19

S 1155 IS—20

S 1155 IS—21

S 1155 IS—22

S 1155 IS—23