

104TH CONGRESS
2D SESSION

S. 1541

To extend, reform, and improve agricultural commodity, trade, conservation, and other programs, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JANUARY 26, 1996

Mr. LUGAR (for himself, Mr. DOLE, Mr. HELMS, Mr. COCHRAN, Mr. CRAIG, Mr. GRASSLEY, Mr. PRESSLER, and Mr. COVERDELL) introduced the following bill; which was read for the first time

A BILL

To extend, reform, and improve agricultural commodity, trade, conservation, and other programs, 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 Market Transition Act of 1996”.

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

Sec. 1. Short title; table of contents.

Subtitle A—Agricultural Market Transition Program

Sec. 12. Definitions.

- Sec. 13. Production flexibility contracts.
 Sec. 14. Nonrecourse marketing assistance loans and loan deficiency payments.
 Sec. 15. Payment limitations.
 Sec. 16. Peanut program.
 Sec. 17. Sugar program.
 Sec. 18. Administration.
 Sec. 19. Elimination of permanent price support authority.
 Sec. 20. Effect of amendments.

Subtitle B—Conservation

- Sec. 31. Conservation.

Subtitle C—Agricultural Promotion and Export Programs

- Sec. 41. Market promotion program.
 Sec. 42. Export enhancement program.

Subtitle D—Miscellaneous

- Sec. 51. Crop insurance.
 Sec. 52. Collection and use of agricultural quarantine and inspection fees.
 Sec. 53. Commodity Credit Corporation interest rate.

1 **Subtitle A—Agricultural Market**
 2 **Transition Program**

3 **SEC. 12. DEFINITIONS.**

4 In this subtitle:

5 (1) **CONSIDERED PLANTED.**—The term “con-
 6 sidered planted” means acreage that is considered
 7 planted under title V of the Agricultural Act of 1949
 8 (7 U.S.C. 1461 et seq.) (as in effect prior to the
 9 amendment made by section 19(b)(2)).

10 (2) **CONTRACT.**—The term “contract” means a
 11 production flexibility contract entered into under
 12 section 13.

13 (3) **CONTRACT ACREAGE.**—The term “contract
 14 acreage” means 1 or more crop acreage bases estab-
 15 lished for contract commodities under title V of the

1 Agricultural Act of 1949 (as in effect prior to the
2 amendment made by section 19(b)(2)) that would
3 have been in effect for the 1996 crop (but for the
4 amendment made by section 19(b)(2)).

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

8 (5) CONTRACT PAYMENT.—The term “contract
9 payment” means a payment made under section 13
10 pursuant to a contract.

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

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

14 (8) FARM PROGRAM PAYMENT YIELD.—The
15 term “farm program payment yield” means the farm
16 program payment yield established for the 1995 crop
17 of a contract commodity under title V of the Agri-
18 cultural Act of 1949 (as in effect prior to the
19 amendment made by section 19(b)(2)).

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

23 (10) OILSEED.—The term “oilseed” means a
24 crop of soybeans, sunflower seed, rapeseed, canola,

1 safflower, flaxseed, mustard seed, or, if designated
2 by the Secretary, other oilseeds.

3 (11) PERSON.—The term “person” means an
4 individual, partnership, firm, joint-stock company,
5 corporation, association, trust, estate, or State
6 agency.

7 (12) PRODUCER.—

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

14 (B) HYBRID SEED.—The term “producer”
15 includes a person growing hybrid seed under
16 contract. In determining the interest of a grow-
17 er of hybrid seed in a crop, the Secretary shall
18 not take into consideration the existence of a
19 hybrid seed contract.

20 (13) PROGRAM.—The term “program” means
21 the agricultural market transition program estab-
22 lished under this subtitle.

23 (14) SECRETARY.—The term “Secretary”
24 means the Secretary of Agriculture.

1 (15) STATE.—The term “State” means each of
2 the several States of the United States, the District
3 of Columbia, the Commonwealth of Puerto Rico, and
4 any other territory or possession of the United
5 States.

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

9 **SEC. 13. PRODUCTION FLEXIBILITY CONTRACTS.**

10 (a) CONTRACTS AUTHORIZED.—

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

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

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

1 (C) the planting flexibility requirements of
2 subsection (j).

3 (2) ELIGIBLE OWNERS AND OPERATORS DE-
4 SCRIBED.—The following persons shall be considered
5 to be an owner or operator eligible to enter into a
6 contract:

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

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

11 (C) An operator of eligible farmland with
12 a share-rent lease of the eligible farmland, re-
13 gardless of the length of the lease, if the owner
14 enters into the same contract.

15 (D) An operator of eligible farmland who
16 cash rents the eligible farmland under a lease
17 expiring on or after September 30, 2002, in
18 which case the consent of the owner is not re-
19 quired.

20 (E) An operator of eligible farmland who
21 cash rents the eligible farmland under a lease
22 expiring before September 30, 2002, if the
23 owner consents to the contract.

24 (F) An owner of eligible farmland who
25 cash rents the eligible farmland and the lease

1 term expires before September 30, 2002, but
2 only if the actual operator of the farm declines
3 to enter into a contract. In the case of an
4 owner covered by this subparagraph, contract
5 payments shall not begin under a contract until
6 the fiscal year following the fiscal year in which
7 the lease held by the nonparticipating operator
8 expires.

9 (G) An owner or operator described in a
10 preceding subparagraph regardless of whether
11 the owner or operator purchased catastrophic
12 risk protection for a fall-planted 1996 crop
13 under section 508(b) of the Federal Crop Insur-
14 ance Act (7 U.S.C. 1508(b)).

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

19 (b) ELEMENTS.—

20 (1) TIME FOR CONTRACTING.—

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

24 (B) CONSERVATION RESERVE LANDS.—

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

13 (ii) AMOUNT.—Contract payments
14 made for contract acreage under this sub-
15 paragraph shall be made at the rate and
16 amount applicable to the annual contract
17 payment level for the applicable crop.

18 (2) DURATION OF CONTRACT.—

19 (A) BEGINNING DATE.—A contract shall
20 begin with—

21 (i) the 1996 crop of a contract com-
22 modity; or

23 (ii) in the case of acreage that was
24 subject to a conservation reserve contract
25 described in paragraph (1)(B), the date

1 the production flexibility contract was en-
2 tered into or expanded to cover the acre-
3 age.

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

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

12 (c) ELIGIBLE FARMLAND DESCRIBED.—Land shall
13 be considered to be farmland eligible for coverage under
14 a contract only if the land has contract acreage attrib-
15 utable to the land and—

16 (1) for at least 1 of the 1991 through 1995
17 crops, at least a portion of the land was enrolled in
18 the acreage reduction program authorized for a crop
19 of a contract commodity under section 101B, 103B,
20 105B, or 107B of the Agricultural Act of 1949 (as
21 in effect prior to the amendment made by section
22 19(b)(2)) or was considered planted;

23 (2) was subject to a conservation reserve con-
24 tract under section 1231 of the Food Security Act
25 of 1985 (16 U.S.C. 3831) whose term expired, or

1 was voluntarily terminated, on or after January 1,
2 1995; or

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

7 (d) TIME FOR PAYMENT.—

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

11 (2) ADVANCE PAYMENTS.—

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

16 (B) SUBSEQUENT FISCAL YEARS.—At the
17 option of the owner or operator for fiscal year
18 1997 and each subsequent fiscal year, 50 per-
19 cent of the annual contract payment shall be
20 made on December 15.

21 (e) AMOUNTS AVAILABLE FOR CONTRACT PAYMENTS
22 FOR EACH FISCAL YEAR.—

23 (1) IN GENERAL.—The Secretary shall, to the
24 maximum extent practicable, expend on a fiscal year

1 basis the following amounts to satisfy the obligations
2 of the Secretary under all contracts:

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

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

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

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

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

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

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

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

13 (A) For wheat, 26.26 percent.

14 (B) For corn, 46.22 percent.

15 (C) For grain sorghum, 5.11 percent.

16 (D) For barley, 2.16 percent.

17 (E) For oats, 0.15 percent.

18 (F) For upland cotton, 11.63 percent.

19 (G) For rice, 8.47 percent.

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

23 (A) subtracting an amount equal to the
24 amount, if any, necessary to satisfy payment re-
25 quirements under sections 101B, 103B, 105B,

1 and 107B of the Agricultural Act of 1949 (as
2 in effect prior to the amendment made by sec-
3 tion 19(b)(2)) for the 1994 and 1995 crops of
4 the commodity;

5 (B) adding an amount equal to the sum of
6 all repayments of deficiency payments received
7 under section 114(a)(2) of the Act (as so in ef-
8 fect) for the commodity;

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

17 (D) adding an amount equal to the sum of
18 all refunds of contract payments received dur-
19 ing the preceding fiscal year under subsection
20 (h) for the commodity.

21 (f) DETERMINATION OF CONTRACT PAYMENTS.—

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

1 (A) 85 percent of the contract acreage;
2 and

3 (B) the farm program payment yield.

4 (2) ANNUAL PAYMENT QUANTITY OF CONTRACT
5 COMMODITIES.—The payment quantity of each con-
6 tract commodity covered by all contracts for each
7 fiscal year shall equal the sum of the amounts cal-
8 culated under paragraph (1) for each individual con-
9 tract.

10 (3) ANNUAL PAYMENT RATE.—The payment
11 rate for a contract commodity for each fiscal year
12 shall be equal to—

13 (A) the amount made available under sub-
14 section (e) for the contract commodity for the
15 fiscal year; divided by

16 (B) the amount determined under para-
17 graph (2) for the fiscal year.

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

22 (A) the payment quantity determined
23 under paragraph (1) with respect to the con-
24 tract; and

1 (B) the payment rate in effect under para-
2 graph (3).

3 (5) ASSIGNMENT OF CONTRACT PAYMENTS.—

4 The provisions of section 8(g) of the Soil Conserva-
5 tion and Domestic Allotment Act (16 U.S.C.
6 590h(g)) (relating to assignment of payments) shall
7 apply to contract payments under this subsection.
8 The owner or operator making the assignment, or
9 the assignee, shall provide the Secretary with notice,
10 in such manner as the Secretary may require in the
11 contract, of any assignment made under this para-
12 graph.

13 (6) SHARING OF CONTRACT PAYMENTS.—The
14 Secretary shall provide for the sharing of contract
15 payments among the owners and operators subject
16 to the contract on a fair and equitable basis.

17 (g) PAYMENT LIMITATION.—The total amount of
18 contract payments made to a person under a contract dur-
19 ing any fiscal year may not exceed the payment limitations
20 established under sections 1001 through 1001C of the
21 Food Security Act of 1985 (7 U.S.C. 1308 through 1308–
22 3).

23 (h) EFFECT OF VIOLATION.—

24 (1) TERMINATION OF CONTRACT.—Except as
25 provided in paragraph (2), if an owner or operator

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

16 (2) REFUND OR ADJUSTMENT.—If the Sec-
17 retary determines that a violation does not warrant
18 termination of the contract under paragraph (1), the
19 Secretary may require the owner or operator subject
20 to the contract—

21 (A) to refund to the Secretary that part of
22 the contract payments received by the owner or
23 operator during the period of the violation, to-
24 gether with interest on the contract payments
25 as determined by the Secretary; or

1 (B) to accept a reduction in the amount of
2 future contract payments that is proportionate
3 to the severity of the violation, as determined
4 by the Secretary.

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

19 (4) REVIEW.—A determination of the Secretary
20 under this subsection shall be considered to be an
21 adverse decision for purposes of the availability of
22 administrative review of the determination.

23 (i) TRANSFER OF INTEREST IN LANDS SUBJECT TO
24 CONTRACT.—

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

13 (2) EXCEPTION.—If an owner or operator who
14 is entitled to a contract payment dies, becomes in-
15 competent, or is otherwise unable to receive the con-
16 tract payment, the Secretary shall make the pay-
17 ment, in accordance with regulations prescribed by
18 the Secretary.

19 (j) PLANTING FLEXIBILITY.—

20 (1) PERMITTED CROPS.—Subject to paragraph
21 (2), any commodity or crop may be planted on con-
22 tract acreage on a farm.

23 (2) LIMITATIONS.—

24 (A) HAYING AND GRAZING.—

1 (i) TIME LIMITATIONS.—Haying and
2 grazing on land exceeding 15 percent of
3 the contract acreage on a farm as provided
4 in clause (iii) shall be permitted, except
5 during any consecutive 5-month period be-
6 tween April 1 and October 31 that is de-
7 termined by the State committee estab-
8 lished under section 8(b) of the Soil Con-
9 servation and Domestic Allotment Act (16
10 U.S.C. 590h(b)) for a State. In the case of
11 a natural disaster, the Secretary may per-
12 mit unlimited haying and grazing on the
13 contract acreage of a farm.

14 (ii) CONTRACT COMMODITIES.—A con-
15 tract commodity may be hayed or grazed
16 on contract acreage on a farm without lim-
17 itation.

18 (iii) HAYING AND GRAZING LIMITA-
19 TION ON PORTION OF CONTRACT ACRE-
20 AGE.—Unlimited haying and grazing shall
21 be permitted on not more than 15 percent
22 of the contract acreage on a farm.

23 (B) ALFALFA.—Alfalfa may be planted for
24 harvest without limitation on the contract acre-
25 age on a farm, except that each contract acre

1 that is planted for harvest to alfalfa in excess
 2 of 15 percent of the total contract acreage on
 3 a farm shall be ineligible for contract payments.

4 (C) FRUITS AND VEGETABLES.—

5 (i) IN GENERAL.—The planting for
 6 harvest of fruits and vegetables shall be
 7 prohibited on contract acreage.

8 (ii) UNRESTRICTED VEGETABLES.—
 9 Lentils, mung beans, and dry peas may be
 10 planted without limitation on contract
 11 acreage.

12 **SEC. 14. NONRECOURSE MARKETING ASSISTANCE LOANS**
 13 **AND LOAN DEFICIENCY PAYMENTS.**

14 (a) AVAILABILITY OF NONRECOURSE LOANS.—

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

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

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

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

11 (b) LOAN RATES.—

12 (1) WHEAT.—

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

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

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

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

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

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

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

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

24 (2) FEED GRAINS.—

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

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

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

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

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

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

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

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

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

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

19 (3) UPLAND COTTON.—

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

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

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

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

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

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

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

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

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

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

22 (6) OILSEEDS.—

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

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

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

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

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

3 (d) REPAYMENT.—

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

9 (A) minimize potential loan forfeitures;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

16 (ii) the Northern Europe price.

17 (e) LOAN DEFICIENCY PAYMENTS.—

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

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

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

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

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

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

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

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

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

23 (1) COTTON USER MARKETING CERTIFI-
24 CATES.—

1 (A) ISSUANCE.—Subject to subparagraph
2 (D), during the period ending July 31, 2003,
3 the Secretary shall issue marketing certificates
4 or cash payments to domestic users and export-
5 ers for documented purchases by domestic users
6 and sales for export by exporters made in the
7 week following a consecutive 4-week period in
8 which—

9 (i) the Friday through Thursday aver-
10 age price quotation for the lowest-priced
11 United States growth, as quoted for Mid-
12 dling (M) 1³/₃₂-inch cotton, delivered
13 C.I.F. Northern Europe exceeds the
14 Northern Europe price by more than 1.25
15 cents per pound; and

16 (ii) the prevailing world market price
17 for upland cotton (adjusted to United
18 States quality and location) does not ex-
19 ceed 130 percent of the loan rate for up-
20 land cotton established under subsection
21 (b).

22 (B) VALUE OF CERTIFICATES OR PAY-
23 MENTS.—The value of the marketing certifi-
24 cates or cash payments shall be based on the
25 amount of the difference (reduced by 1.25 cents

1 per pound) in the prices during the 4th week of
2 the consecutive 4-week period multiplied by the
3 quantity of upland cotton included in the docu-
4 mented sales.

5 (C) ADMINISTRATION OF MARKETING CER-
6 TIFICATES.—

7 (i) REDEMPTION, MARKETING, OR EX-
8 CHANGE.—The Secretary shall establish
9 procedures for redeeming marketing cer-
10 tificates for cash or marketing or exchange
11 of the certificates for agricultural commod-
12 ities owned by the Commodity Credit Cor-
13 poration in such manner, and at such price
14 levels, as the Secretary determines will best
15 effectuate the purposes of cotton user mar-
16 keting certificates. Any price restrictions
17 that would otherwise apply to the disposi-
18 tion of agricultural commodities by the
19 Commodity Credit Corporation shall not
20 apply to the redemption of certificates
21 under this paragraph.

22 (ii) DESIGNATION OF COMMODITIES
23 AND PRODUCTS.—To the extent prac-
24 ticable, the Secretary shall permit owners
25 of certificates to designate the commodities

1 and products, including storage sites, the
2 owners would prefer to receive in exchange
3 for certificates. If any certificate is not
4 presented for redemption, marketing, or
5 exchange within a reasonable number of
6 days after the issuance of the certificate
7 (as determined by the Secretary), reason-
8 able costs of storage and other carrying
9 charges, as determined by the Secretary,
10 shall be deducted from the value of the
11 certificate for the period beginning after
12 the reasonable number of days and ending
13 with the date of the presentation of the
14 certificate to the Commodity Credit Cor-
15 poration.

16 (iii) TRANSFERS.—Marketing certifi-
17 cates issued to domestic users and export-
18 ers of upland cotton may be transferred to
19 other persons in accordance with regula-
20 tions issued by the Secretary.

21 (D) EXCEPTION.—The Secretary shall not
22 issue marketing certificates or cash payments
23 under subparagraph (A) if, for the immediately
24 preceding consecutive 10-week period, the Fri-
25 day through Thursday average price quotation

1 for the lowest priced United States growth, as
2 quoted for Middling (M) 1³/₃₂-inch cotton, deliv-
3 ered C.I.F. Northern Europe, adjusted for the
4 value of any certificate issued under this para-
5 graph, exceeds the Northern Europe price by
6 more than 1.25 cents per pound.

7 (E) LIMITATION ON EXPENDITURES.—

8 Total expenditures under this paragraph shall
9 not exceed \$701,000,000 during fiscal years
10 1996 through 2002.

11 (2) SPECIAL IMPORT QUOTA.—

12 (A) ESTABLISHMENT.—The President
13 shall carry out an import quota program that
14 provides that, during the period ending July 31,
15 2003, whenever the Secretary determines and
16 announces that for any consecutive 10-week pe-
17 riod, the Friday through Thursday average
18 price quotation for the lowest-priced United
19 States growth, as quoted for Middling (M)
20 1³/₃₂-inch cotton, delivered C.I.F. Northern Eu-
21 rope, adjusted for the value of any certificates
22 issued under paragraph (1), exceeds the North-
23 ern Europe price by more than 1.25 cents per
24 pound, there shall immediately be in effect a
25 special import quota.

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

6 (C) APPLICATION.—The quota shall apply
7 to upland cotton purchased not later than 90
8 days after the date of the Secretary’s announce-
9 ment under subparagraph (A) and entered into
10 the United States not later than 180 days after
11 the date.

12 (D) OVERLAP.—A special quota period
13 may be established that overlaps any existing
14 quota period if required by subparagraph (A),
15 except that a special quota period may not be
16 established under this paragraph if a quota pe-
17 riod has been established under subsection (g).

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

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

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

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

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

7 (F) DEFINITION.—In this paragraph, the
8 term “special import quota” means a quantity
9 of imports that is not subject to the over-quota
10 tariff rate of a tariff-rate quota.

11 (g) LIMITED GLOBAL IMPORT QUOTA FOR UPLAND
12 COTTON.—

13 (1) IN GENERAL.—The President shall carry
14 out an import quota program that provides that
15 whenever the Secretary determines and announces
16 that the average price of the base quality of upland
17 cotton, as determined by the Secretary, in the des-
18 ignated spot markets for a month exceeded 130 per-
19 cent of the average price of such quality of cotton
20 in the markets for the preceding 36 months, not-
21 withstanding any other provision of law, there shall
22 immediately be in effect a limited global import
23 quota subject to the following conditions:

24 (A) QUANTITY.—The quantity of the quota
25 shall be equal to 21 days of domestic mill con-

1 sumption of upland cotton at the seasonally ad-
2 justed average rate of the most recent 3 months
3 for which data are available.

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

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

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

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

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

24 (iv) General Note 3(a)(iv) to the Har-
25 monized Tariff Schedule.

1 (D) DEFINITIONS.—In this subsection:

2 (i) SUPPLY.—The term “supply”
3 means, using the latest official data of the
4 Bureau of the Census, the Department of
5 Agriculture, and the Department of the
6 Treasury—

7 (I) the carry-over of upland cot-
8 ton at the beginning of the marketing
9 year (adjusted to 480-pound bales) in
10 which the quota is established;

11 (II) production of the current
12 crop; and

13 (III) imports to the latest date
14 available during the marketing year.

15 (ii) DEMAND.—The term “demand”
16 means—

17 (I) the average seasonally ad-
18 justed annual rate of domestic mill
19 consumption in the most recent 3
20 months for which data are available;
21 and

22 (II) the larger of—

23 (aa) average exports of up-
24 land cotton during the preceding
25 6 marketing years; or

1 (bb) cumulative exports of
 2 upland cotton plus outstanding
 3 export sales for the marketing
 4 year in which the quota is estab-
 5 lished.

6 (iii) LIMITED GLOBAL IMPORT
 7 QUOTA.—The term “limited global import
 8 quota” means a quantity of imports that is
 9 not subject to the over-quota tariff rate of
 10 a tariff-rate quota.

11 (E) QUOTA ENTRY PERIOD.—When a
 12 quota is established under this subsection, cot-
 13 ton may be entered under the quota during the
 14 90-day period beginning on the date the quota
 15 is established by the Secretary.

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

20 (h) SOURCE OF LOANS.—

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

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

10 (i) ADJUSTMENTS OF LOANS.—

11 (1) IN GENERAL.—The Secretary may make
12 appropriate adjustments in the loan levels for any
13 commodity for differences in grade, type, quality, lo-
14 cation, and other factors.

15 (2) LOAN LEVEL.—The adjustments shall, to
16 the maximum extent practicable, be made in such
17 manner that the average loan level for the commod-
18 ity will, on the basis of the anticipated incidence of
19 the factors, be equal to the level of support deter-
20 mined as provided in this section or the Agricultural
21 Adjustment Act of 1938 (7 U.S.C. 1281 et seq.).

22 (j) PERSONAL LIABILITY OF PRODUCERS FOR DEFICI-
23 CIENCIES.—

24 (1) IN GENERAL.—Except as provided in para-
25 graph (2), no producer shall be personally liable for

1 any deficiency arising from the sale of the collateral
2 securing any nonrecourse loan made under this sec-
3 tion or the Agricultural Adjustment Act of 1938 (7
4 U.S.C. 1281 et seq.) unless the loan was obtained
5 through a fraudulent representation by the producer.

6 (2) LIMITATIONS.—Paragraph (1) shall not
7 prevent the Commodity Credit Corporation or the
8 Secretary from requiring a producer to assume li-
9 ability for—

10 (A) a deficiency in the grade, quality, or
11 quantity of a commodity stored on a farm or
12 delivered by the producer;

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

15 (C) a failure or refusal to deliver a com-
16 modity in accordance with a program estab-
17 lished under this section or the Agricultural Ad-
18 justment Act of 1938.

19 (3) ACQUISITION OF COLLATERAL.—The Sec-
20 retary may include in a contract for a nonrecourse
21 loan made under this section or the Agricultural Ad-
22 justment Act of 1938 a provision that permits the
23 Commodity Credit Corporation, on and after the ma-
24 turity of the loan or any extension of the loan, to ac-
25 quire title to the unredeemed collateral without obli-

1 gation to pay for any market value that the collat-
2 eral may have in excess of the loan indebtedness.

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

13 (k) COMMODITY CREDIT CORPORATION SALES PRICE
14 RESTRICTIONS.—

15 (1) IN GENERAL.—The Commodity Credit Cor-
16 poration may sell any commodity owned or con-
17 trolled by the Corporation at any price that the Sec-
18 retary determines will maximize returns to the Cor-
19 poration.

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

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

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

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

3 (D) a sale of a commodity that has sub-
4 stantially deteriorated in quality or as to which
5 there is a danger of loss or waste through dete-
6 rioration or spoilage;

7 (E) a sale for the purpose of establishing
8 a claim arising out of a contract or against a
9 person who has committed fraud, misrepresen-
10 tation, or other wrongful act with respect to the
11 commodity;

12 (F) a sale for export, as determined by the
13 Corporation; and

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

15 (3) PRESIDENTIAL DISASTER AREAS.—

16 (A) IN GENERAL.—Notwithstanding para-
17 graph (1), on such terms and conditions as the
18 Secretary may consider in the public interest,
19 the Corporation may make available any com-
20 modity or product owned or controlled by the
21 Corporation for use in relieving distress—

22 (i) in any area in the United States
23 (including the Virgin Islands) declared by
24 the President to be an acute distress area
25 because of unemployment or other eco-

1 nomic cause, if the President finds that the
2 use will not displace or interfere with nor-
3 mal marketing of agricultural commodities;
4 and

5 (ii) in connection with any major dis-
6 aster determined by the President to war-
7 rant assistance by the Federal Government
8 under the Robert T. Stafford Disaster Re-
9 lief and Emergency Assistance Act (42
10 U.S.C. 5121 et seq.).

11 (B) COSTS.—Except on a reimbursable
12 basis, the Corporation shall not bear any costs
13 in connection with making a commodity avail-
14 able under subparagraph (A) beyond the cost of
15 the commodity to the Corporation incurred in—

16 (i) the storage of the commodity; and

17 (ii) the handling and transportation
18 costs in making delivery of the commodity
19 to designated agencies at 1 or more central
20 locations in each State or other area.

21 (4) EFFICIENT OPERATIONS.—Paragraph (1)
22 shall not apply to the sale of a commodity the dis-
23 position of which is desirable in the interest of the
24 effective and efficient conduct of the operations of
25 the Corporation because of the small quantity of the

1 commodity involved, or because of the age, location,
2 or questionable continued storability of the commod-
3 ity.

4 **SEC. 15. PAYMENT LIMITATIONS.**

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

8 “(1) LIMITATION ON PAYMENTS UNDER PRO-
9 Duction FLEXIBILITY CONTRACTS.—The total
10 amount of contract payments made under section 13
11 of the Agricultural Market Transition Act to a per-
12 son under 1 or more production flexibility contracts
13 during any fiscal year may not exceed \$40,000.

14 “(2) LIMITATION ON MARKETING LOAN GAINS
15 AND LOAN DEFICIENCY PAYMENTS.—

16 “(A) LIMITATION.—The total amount of
17 payments specified in subparagraph (B) that a
18 person shall be entitled to receive under section
19 14 of the Agricultural Market Transition Act
20 for contract commodities and oilseeds during
21 any crop year may not exceed \$75,000.

22 “(B) DESCRIPTION OF PAYMENTS.—The
23 payments referred to in subparagraph (A) are
24 the following:

1 “(i) Any gain realized by a producer
2 from repaying a marketing assistance loan
3 for a crop of any loan commodity at a
4 lower level than the original loan rate es-
5 tablished for the commodity under section
6 14(b) of the Act.

7 “(ii) Any loan deficiency payment re-
8 ceived for a loan commodity under section
9 14(e) of the Act.”.

10 (b) CONFORMING AMENDMENTS.—

11 (1) Section 1001 of the Food Security Act of
12 1985 (7 U.S.C. 1308) (as amended by subsection
13 (a)) is amended—

14 (A) by redesignating paragraphs (5), (6),
15 and (7) as paragraphs (3), (4), and (5), respec-
16 tively; and

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

21 (2) Section 1305(d) of the Agricultural Rec-
22 onciliation Act of 1987 (Public Law 100–203; 7
23 U.S.C. 1308 note) is amended by striking “para-
24 graphs (5) through (7) of section 1001, as amended

1 by this subtitle,” and inserting “paragraphs (3)
2 through (5) of section 1001,”.

3 (3) Section 1001A of the Food Security Act of
4 1985 (7 U.S.C. 1308–1(a)(1)) is amended—

5 (A) in the first sentence of subsection
6 (a)(1)—

7 (i) by striking “section 1001(5)(B)(i)”
8 and inserting “section 1001(3)(B)(i)”;

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

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

15 (B) in subsection (b)—

16 (i) in paragraph (1)—

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

19 (II) by striking “section
20 1001(5)(B)(i)” and inserting “section
21 1001(3)(B)(i)”;

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

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

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

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

11 (C) by striking “during the 1989 through
12 1997 crop years”.

13 **SEC. 16. PEANUT PROGRAM.**

14 (a) QUOTA PEANUTS.—

15 (1) AVAILABILITY OF LOANS.—The Secretary
16 shall make nonrecourse loans available to producers
17 of quota peanuts.

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

20 (3) INSPECTION, HANDLING, OR STORAGE.—
21 The loan amount may not be reduced by the Sec-
22 retary by any deductions for inspection, handling, or
23 storage.

24 (4) LOCATION AND OTHER FACTORS.—The Sec-
25 retary may make adjustments in the loan rate for

1 quota peanuts for location of peanuts and such other
2 factors as are authorized by section 411 of the Agri-
3 cultural Adjustment Act of 1938.

4 (b) ADDITIONAL PEANUTS.—

5 (1) IN GENERAL.—The Secretary shall make
6 nonrecourse loans available to producers of addi-
7 tional peanuts at such rates as the Secretary finds
8 appropriate, taking into consideration the demand
9 for peanut oil and peanut meal, expected prices of
10 other vegetable oils and protein meals, and the de-
11 mand for peanuts in foreign markets.

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

17 (c) AREA MARKETING ASSOCIATIONS.—

18 (1) WAREHOUSE STORAGE LOANS.—

19 (A) IN GENERAL.—In carrying out sub-
20 sections (a) and (b), the Secretary shall make
21 warehouse storage loans available in each of the
22 producing areas (described in section 1446.95
23 of title 7 of the Code of Federal Regulations
24 (January 1, 1989)) to a designated area mar-
25 keting association of peanut producers that is

1 selected and approved by the Secretary and
2 that is operated primarily for the purpose of
3 conducting the loan activities. The Secretary
4 may not make warehouse storage loans avail-
5 able to any cooperative that is engaged in oper-
6 ations or activities concerning peanuts other
7 than those operations and activities specified in
8 this section and section 358e of the Agricultural
9 Adjustment Act of 1938 (7 U.S.C. 1359a).

10 (B) ADMINISTRATIVE AND SUPERVISORY
11 ACTIVITIES.—An area marketing association
12 shall be used in administrative and supervisory
13 activities relating to loans and marketing activi-
14 ties under this section and section 358e of the
15 Agricultural Adjustment Act of 1938 (7 U.S.C.
16 1359a).

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

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

3 (A) IN GENERAL.—The Secretary shall re-
4 quire that each area marketing association es-
5 tablish pools and maintain complete and accu-
6 rate records by area and segregation for quota
7 peanuts handled under loan and for additional
8 peanuts placed under loan, except that separate
9 pools shall be established for Valencia peanuts
10 produced in New Mexico. Bright hull and dark
11 hull Valencia peanuts shall be considered as
12 separate types for the purpose of establishing
13 the pools.

14 (B) NET GAINS.—Net gains on peanuts in
15 each pool, unless otherwise approved by the
16 Secretary, shall be distributed only to producers
17 who placed peanuts in the pool and shall be dis-
18 tributed in proportion to the value of the pea-
19 nuts placed in the pool by each producer. Net
20 gains for peanuts in each pool shall consist of
21 the following:

22 (i) QUOTA PEANUTS.—For quota pea-
23 nuts, the net gains over and above the loan
24 indebtedness and other costs or losses in-
25 curred on peanuts placed in the pool.

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.

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

9 (1) TRANSFERS FROM ADDITIONAL LOAN
10 POOLS.—The proceeds due any producer from any
11 pool shall be reduced by the amount of any loss that
12 is incurred with respect to peanuts transferred from
13 an additional loan pool to a quota loan pool by the
14 producer under section 358–1(b)(8) of the Agricul-
15 tural Adjustment Act of 1938 (7 U.S.C. 1358–
16 1(b)(8)).

17 (2) OTHER PRODUCERS IN SAME POOL.—Fur-
18 ther losses in an area quota pool shall be offset by
19 reducing the gain of any producer in the pool by the
20 amount of pool gains attributed to the same pro-
21 ducer from the sale of additional peanuts for domes-
22 tic and export edible use.

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

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

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

17 (5) INCREASED ASSESSMENTS.—If use of the
18 authorities provided in the preceding paragraphs is
19 not sufficient to cover losses in an area quota pool,
20 the Secretary shall increase the marketing assess-
21 ment established under subsection (g) by such an
22 amount as the Secretary considers necessary to
23 cover the losses. The increased assessment shall
24 apply only to quota peanuts in the production area
25 covered by the pool. Amounts collected under sub-

1 section (g) as a result of the increased assessment
2 shall be retained by the Secretary to cover losses in
3 that pool.

4 (e) DISAPPROVAL OF QUOTAS.—Notwithstanding
5 any other provision of law, no loan for quota peanuts may
6 be made available by the Secretary for any crop of peanuts
7 with respect to which poundage quotas have been dis-
8 approved by producers, as provided for in section 358–
9 1(d) of the Agricultural Adjustment Act of 1938 (7 U.S.C.
10 1358–1(d)).

11 (f) QUALITY IMPROVEMENT.—

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

14 (A) promote the crushing of peanuts at a
15 greater risk of deterioration before peanuts of a
16 lesser risk of deterioration;

17 (B) ensure that all Commodity Credit Cor-
18 poration inventories of peanuts sold for domes-
19 tic edible use must be shown to have been offi-
20 cially inspected by licensed Department inspec-
21 tors both as farmer stock and shelled or cleaned
22 in-shell peanuts;

23 (C) continue to endeavor to operate the
24 peanut program so as to improve the quality of
25 domestic peanuts and ensure the coordination

1 of activities under the Peanut Administrative
2 Committee established under Marketing Agree-
3 ment No. 146, regulating the quality of domes-
4 tically produced peanuts (under the Agricul-
5 tural Adjustment Act (7 U.S.C. 601 et seq.),
6 reenacted with amendments by the Agricultural
7 Marketing Agreement Act of 1937); and

8 (D) ensure that any changes made in the
9 peanut program as a result of this subsection
10 requiring additional production or handling at
11 the farm level shall be reflected as an upward
12 adjustment in the Department loan schedule.

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

17 (g) MARKETING ASSESSMENT.—

18 (1) IN GENERAL.—The Secretary shall provide
19 for a nonrefundable marketing assessment. The as-
20 sessment shall be made on a per pound basis in an
21 amount equal to 1.1 percent for each of the 1994
22 and 1995 crops, 1.15 percent for the 1996 crop, and
23 1.2 percent for each of the 1997 through 2002
24 crops, of the national average quota or additional
25 peanut loan rate for the applicable crop.

1 (2) FIRST PURCHASERS.—

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

5 (i) collect from the producer a mar-
6 keting assessment equal to the quantity of
7 peanuts acquired multiplied by—

8 (I) in the case of each of the
9 1994 and 1995 crops, .55 percent of
10 the applicable national average loan
11 rate;

12 (II) in the case of the 1996 crop,
13 .6 percent of the applicable national
14 average loan rate; and

15 (III) in the case of each of the
16 1997 through 2002 crops, .65 percent
17 of the applicable national average loan
18 rate;

19 (ii) pay, in addition to the amount col-
20 lected under clause (i), a marketing assess-
21 ment in an amount equal to the quantity
22 of peanuts acquired multiplied by .55 per-
23 cent of the applicable national average loan
24 rate; and

1 (iii) remit the amounts required under
2 clauses (i) and (ii) to the Commodity Cred-
3 it Corporation in a manner specified by the
4 Secretary.

5 (B) DEFINITION OF FIRST PURCHASER.—

6 In this subsection, the term “first purchaser”
7 means a person acquiring peanuts from a pro-
8 ducer except that in the case of peanuts for-
9 feited by a producer to the Commodity Credit
10 Corporation, the term means the person acquir-
11 ing the peanuts from the Commodity Credit
12 Corporation.

13 (3) OTHER PRIVATE MARKETINGS.—In the case
14 of a private marketing by a producer directly to a
15 consumer through a retail or wholesale outlet or in
16 the case of a marketing by the producer outside of
17 the continental United States, the producer shall be
18 responsible for the full amount of the assessment
19 and shall remit the assessment by such time as is
20 specified by the Secretary.

21 (4) LOAN PEANUTS.—In the case of peanuts
22 that are pledged as collateral for a loan made under
23 this section, $\frac{1}{2}$ of the assessment shall be deducted
24 from the proceeds of the loan. The remainder of the
25 assessment shall be paid by the first purchaser of

1 the peanuts. For purposes of computing net gains on
2 peanuts under this section, the reduction in loan
3 proceeds shall be treated as having been paid to the
4 producer.

5 (5) PENALTIES.—If any person fails to collect
6 or remit the reduction required by this subsection or
7 fails to comply with the requirements for record-
8 keeping or otherwise as are required by the Sec-
9 retary to carry out this subsection, the person shall
10 be liable to the Secretary for a civil penalty up to
11 an amount determined by multiplying—

12 (A) the quantity of peanuts involved in the
13 violation; by

14 (B) the national average quota peanut rate
15 for the applicable crop year.

16 (6) ENFORCEMENT.—The Secretary may en-
17 force this subsection in the courts of the United
18 States.

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

21 (i) MARKETING QUOTAS.—

22 (1) IN GENERAL.—Part VI of subtitle B of title
23 III of the Agricultural Adjustment Act of 1938 is
24 amended—

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

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

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

8 (iii) in subsection (a)(3), by striking
9 “1990” and inserting “1990, for the 1991
10 through 1995 marketing years, and 1995,
11 for the 1996 through 2002 marketing
12 years”;

13 (iv) in subsection (b)(1)(A)—

14 (I) by striking “each of the 1991
15 through 1997 marketing years” and
16 inserting “each marketing year”; and

17 (II) in clause (i), by inserting be-
18 fore the semicolon the following: “, in
19 the case of the 1991 through 1995
20 marketing years, and the 1995 mar-
21 keting year, in the case of the 1996
22 through 2002 marketing years”; and

23 (v) in subsection (f), by striking
24 “1997” and inserting “2002”;

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

1 (i) in the section heading, by striking
2 **“1991 THROUGH 1995 CROPS OF”**; and

3 (ii) in subsection (c), by striking
4 “1995” and inserting “2002”;

5 (C) in section 358c(d) (7 U.S.C.
6 1358c(d)), by striking “1995” and inserting
7 “2002”; and

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

9 (i) in the section heading, by striking
10 **“FOR 1991 THROUGH 1997 CROPS OF**
11 **PEANUTS”**; and

12 (ii) in subsection (i), by striking
13 “1997” and inserting “2002”.

14 (2) ELIMINATION OF QUOTA FLOOR.—Section
15 358–1(a)(1) of the Act (7 U.S.C. 1358–1(a)(1)) is
16 amended by striking the second sentence.

17 (3) TEMPORARY QUOTA ALLOCATION.—Section
18 358–1 of the Act (7 U.S.C. 1358–1) is amended—

19 (A) in subsection (a)(1), by striking “do-
20 mestic edible, seed,” and inserting “domestic
21 edible use”;

22 (B) in subsection (b)(2)—

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

1 (ii) by striking subparagraph (B) and
2 inserting the following:

3 “(B) TEMPORARY QUOTA ALLOCATION.—

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

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

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

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

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

8 (4) UNDERMARKETINGS.—Part VI of subtitle B
9 of title III of the Act is amended—

10 (A) in section 358–1(b) (7 U.S.C. 1358–
11 1(b))—

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

17 (ii) in paragraph (3)(B), by striking
18 “include—” and clauses (i) and (ii) and in-
19 serting “include any increase resulting
20 from the allocation of quotas voluntarily
21 released for 1 year under paragraph (7).”;
22 and

23 (iii) by striking paragraphs (8) and
24 (9); and

1 (B) in section 358b(a) (7 U.S.C.
2 1358b(a))—

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

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

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

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

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

18 “(8) DISASTER TRANSFERS.—

19 “(A) IN GENERAL.—Except as provided in
20 subparagraph (B), additional peanuts produced
21 on a farm from which the quota poundage was
22 not harvested and marketed because of drought,
23 flood, or any other natural disaster, or any
24 other condition beyond the control of the pro-
25 ducer, may be transferred to the quota loan

1 pool for pricing purposes on such basis as the
2 Secretary shall by regulation provide.

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

6 “(i) the total quantity of peanuts
7 meeting quality requirements for domestic
8 edible use, as determined by the Secretary,
9 marketed from the farm; and

10 “(ii) the total farm poundage quota,
11 excluding quota pounds transferred to the
12 farm in the fall.

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

21 **SEC. 17. SUGAR PROGRAM.**

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

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

5 (c) TERM OF LOANS.—

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

10 (A) the end of 9 months; or

11 (B) the end of the fiscal year.

12 (2) SUPPLEMENTAL LOANS.—In the case of
13 loans made under this section in the last 3 months
14 of a fiscal year, the processor may repledge the
15 sugar as collateral for a second loan in the subse-
16 quent fiscal year, except that the second loan shall—

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

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

21 (d) LOAN TYPE; PROCESSOR ASSURANCES.—

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

1 (2) NONRECOURSE LOANS.—During any fiscal
2 year in which the tariff rate quota for imports of
3 sugar into the United States is established at, or is
4 increased to, a level in excess of 1,500,000 short
5 tons raw value, the Secretary shall carry out this
6 section by making available nonrecourse loans. Any
7 recourse loan previously made available by the Sec-
8 retary under this section during the fiscal year shall
9 be changed by the Secretary into a nonrecourse loan.

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

23 (e) MARKETING ASSESSMENT.—

24 (1) SUGARCANE.—Effective for marketings of
25 raw cane sugar during the 1996 through 2003 fiscal

1 years, the first processor of sugarcane shall remit to
2 the Commodity Credit Corporation a nonrefundable
3 marketing assessment in an amount equal to—

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

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

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

1 (A) in the case of marketings during fiscal
2 year 1996, 1.1794 percent of the loan rate es-
3 tablished under subsection (a) per pound of
4 beet sugar, processed by the processor from do-
5 mestically produced sugar beets or sugar beet
6 molasses, that has been marketed; and

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

14 (3) COLLECTION.—

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

1 (B) MANNER.—Subject to subparagraph
2 (A), marketing assessments shall be collected
3 under this subsection in the manner prescribed
4 by the Secretary and shall be nonrefundable.

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

12 (A) the quantity of cane sugar or beet
13 sugar involved in the violation; by

14 (B) the loan rate for the applicable crop of
15 sugarcane or sugar beets.

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

18 (f) FORFEITURE PENALTY.—

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

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

24 (3) BEET SUGAR.—The penalty for beet sugar
25 shall bear the same relation to the penalty for cane

1 sugar as the marketing assessment for sugar beets
2 bears to the marketing assessment for sugarcane.

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

8 (g) INFORMATION REPORTING.—

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

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

22 (3) MONTHLY REPORTS.—Taking into consider-
23 ation the information received under paragraph (1),
24 the Secretary shall publish on a monthly basis com-

1 posite data on production, imports, distribution, and
2 stock levels of sugar.

3 (h) **MARKETING ALLOTMENTS.**—Part VII of subtitle
4 B of title III of the Agricultural Adjustment Act of 1938
5 (7 U.S.C. 1359aa et seq.) is repealed.

6 (i) **CROPS.**—This section (other than subsection (h))
7 shall be effective only for the 1996 through 2002 crops
8 of sugar beets and sugarcane.

9 **SEC. 18. ADMINISTRATION.**

10 (a) **COMMODITY CREDIT CORPORATION.**—

11 (1) **USE OF CORPORATION.**—The Secretary
12 shall carry out this subtitle through the Commodity
13 Credit Corporation.

14 (2) **SALARIES AND EXPENSES.**—No funds of
15 the Corporation shall be used for any salary or ex-
16 pense of any officer or employee of the Department
17 of Agriculture.

18 (b) **DETERMINATIONS BY SECRETARY.**—A deter-
19 mination made by the Secretary under this subtitle or the
20 Agricultural Adjustment Act of 1938 (7 U.S.C. 1281 et
21 seq.) shall be final and conclusive.

22 (c) **REGULATIONS.**—The Secretary may issue such
23 regulations as the Secretary determines necessary to carry
24 out this subtitle.

1 **SEC. 19. ELIMINATION OF PERMANENT PRICE SUPPORT**

2 **AUTHORITY.**

3 (a) AGRICULTURAL ADJUSTMENT ACT OF 1938.—

4 The Agricultural Adjustment Act of 1938 is amended—

5 (1) in title III—

6 (A) in subtitle B—

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

9 (ii) in part VI—

10 (I) by moving subsection (c) of
11 section 358d (7 U.S.C. 1358d(c)) to
12 appear after section 301(b)(17) (7
13 U.S.C. 1301(b)(17)) and redesignat-
14 ing the subsection as paragraph (18);
15 and

16 (II) by striking sections 358,
17 358a, and 358d (7 U.S.C. 1358,
18 1358a, and 1359); and

19 (B) by striking subtitle D (7 U.S.C.
20 1379a–1379j); and

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

22 (b) AGRICULTURAL ACT OF 1949.—

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

25 (A) by transferring sections 106, 106A,
26 and 106B (7 U.S.C. 1445, 1445–1, 1445–2) to

1 appear after section 314A of the Agricultural
2 Adjustment Act of 1938 (7 U.S.C. 1314–1) and
3 redesignating the transferred sections as sec-
4 tions 315, 315A, and 315B, respectively;

5 (B) by transferring sections 111, 201(c),
6 and 204 (7 U.S.C. 1445f, 1446(c), 1446e) to
7 appear after section 304 of the Agricultural Ad-
8 justment Act of 1938 (7 U.S.C. 1304) and re-
9 designating the transferred sections as sections
10 305, 306, and 307, respectively; and

11 (C) by transferring sections 404 and 416
12 (7 U.S.C. 1424 and 1431) to appear after sec-
13 tion 390 of the Agricultural Adjustment Act of
14 1938 (7 U.S.C. 1390) and redesignating the
15 transferred sections as sections 390A and
16 390B, respectively.

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

20 (c) CONFORMING AMENDMENTS.—

21 (1) Section 306 of the Agricultural Adjustment
22 Act of 1938 (as transferred and redesignated by
23 subsection (b)(1)(B)) is amended by striking “204”
24 and inserting “307”.

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

5 **SEC. 20. EFFECT OF AMENDMENTS.**

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

15 (b) LIABILITY.—A provision of this subtitle or an
16 amendment made by this subtitle shall not affect the li-
17 ability of any person under any provision of law as in ef-
18 fect before the date of the enactment of this Act.

19 **Subtitle B—Conservation**

20 **SEC. 31. CONSERVATION.**

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

1 **“Subtitle E—Funding**

2 **“SEC. 1241. FUNDING.**

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

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

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

14 “(3) chapter 4 of subtitle D.

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

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

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

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

5 **“SEC. 1240. DEFINITIONS.**

6 “In this chapter:

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

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

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

21 “(B) has more than—

22 “(i) 700 mature dairy cattle;

23 “(ii) 10,000 beef cattle;

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

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

7 “(v) 55,000 turkeys;

8 “(vi) 15,000 swine; or

9 “(vii) 10,000 sheep or lambs.

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

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

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

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

4 “(a) ESTABLISHMENT.—

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

11 “(2) ELIGIBLE PRACTICES.—

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

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

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

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

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

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

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

12 “(b) APPLICATION AND TERM.—

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

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

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

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

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

3 “(c) STRUCTURAL PRACTICES.—

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

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

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

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

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

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

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

6 “(1) COST-SHARING PAYMENTS.—

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

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

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

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

6 “(3) TECHNICAL ASSISTANCE.—

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

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

23 “(f) LIMITATION ON PAYMENTS.—

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

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

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

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

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

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

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

19 (c) CONFORMING AMENDMENTS.—

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

24 “(g) Carry out conservation functions and pro-
25 grams.”.

1 (2) WETLANDS RESERVE PROGRAM.—

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

5 (i) in subsection (b)(2)—

6 (I) by striking “not less” and in-
7 serting “not more”; and

8 (II) by striking “2000” and in-
9 serting “2002”; and

10 (ii) in subsection (c), by striking
11 “2000” and inserting “2002”.

12 (B) LENGTH OF EASEMENT.—Section
13 1237A(e) of the Food Security Act of 1985 (16
14 U.S.C. 3837a(e)) is amended by striking para-
15 graph (2) and inserting the following:

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

18 (3) CONSERVATION RESERVE PROGRAM.—

19 (A) IN GENERAL.—Section 1231(d) of the
20 Food Security Act of 1985 (16 U.S.C. 3831(d))
21 is amended by striking “total of” and all that
22 follows through the period at the end of the
23 subsection and inserting “total of 36,400,000
24 acres.”.

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

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

6 “(1) NOTICE OF TERMINATION.—An owner or
7 operator of land subject to a contract entered into
8 under this subchapter may terminate the contract by
9 submitting to the Secretary written notice of the in-
10 tention of the owner or operator to terminate the
11 contract.

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

16 “(3) PRORATED RENTAL PAYMENT.—If a con-
17 tract entered into under this subchapter is termi-
18 nated under this subsection before the end of the fis-
19 cal year for which a rental payment is due, the Sec-
20 retary shall provide a prorated rental payment cover-
21 ing the portion of the fiscal year during which the
22 contract was in effect.

23 “(4) RENEWED ENROLLMENT.—The termi-
24 nation of a contract entered into under this sub-
25 chapter shall not affect the ability of the owner or

1 operator who requested the termination to submit a
2 subsequent bid to enroll the land that was subject to
3 the contract into the conservation reserve.

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

13 “(6) REPAYMENT OF COST SHARE.—A person
14 who terminates a contract entered into under this
15 subchapter within less than 3 years after entering
16 into the contract shall reimburse the Secretary for
17 any cost share assistance provided under the con-
18 tract.”.

19 (C) LIMITATION.—Notwithstanding any
20 other provision of law, no new acres shall be en-
21 rolled in the conservation reserve program es-
22 tablished under subchapter B of chapter 1 of
23 subtitle D of title XII of the Food Security Act
24 of 1985 (16 U.S.C. 3831 et seq.) in calendar
25 year 1997.

1 **Subtitle C—Agricultural Promotion**
2 **and Export Programs**

3 **SEC. 41. MARKET PROMOTION PROGRAM.**

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

7 (1) by striking “and” after “1991 through
8 1993,”; and

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

12 **SEC. 42. EXPORT ENHANCEMENT PROGRAM.**

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

16 “(1) IN GENERAL.—The Commodity Credit
17 Corporation shall make available to carry out the
18 program established under this section not more
19 than—

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

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

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

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

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

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

2 and

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

4 **Subtitle D—Miscellaneous**

5 **SEC. 51. CROP INSURANCE.**

6 (a) CATASTROPHIC RISK PROTECTION.—Section
7 508(b) of the Federal Crop Insurance Act (7 U.S.C.
8 1508(b)) is amended—

9 (1) in paragraph (4), by adding at the end the
10 following:

11 “(C) DELIVERY OF COVERAGE.—

12 “(i) IN GENERAL.—In full consulta-
13 tion with approved insurance providers, the
14 Secretary may continue to offer cata-
15 strophic risk protection in a State (or a
16 portion of a State) through local offices of
17 the Department if the Secretary deter-
18 mines that there is an insufficient number
19 of approved insurance providers operating
20 in the State or portion to adequately pro-
21 vide catastrophic risk protection coverage
22 to producers.

23 “(ii) COVERAGE BY APPROVED INSUR-
24 ANCE PROVIDERS.—To the extent that cat-
25 astrophic risk protection coverage by ap-

1 proved insurance providers is sufficiently
2 available in a State as determined by the
3 Secretary, only approved insurance provid-
4 ers may provide the coverage in the State.

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

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

17 “(A) IN GENERAL.—Effective for the
18 spring-planted 1996 and subsequent crops, to
19 be eligible for any payment or loan under the
20 Agricultural Market Transition Act, the con-
21 servation reserve program, or any benefit de-
22 scribed in section 371 of the Consolidated Farm
23 and Rural Development Act (7 U.S.C. 2008f),
24 a person shall—

1 “(i) obtain at least the catastrophic
2 level of insurance for each crop of eco-
3 nomic significance in which the person has
4 an interest; or

5 “(ii) provide a written waiver to the
6 Secretary that waives any eligibility for
7 emergency crop loss assistance in connec-
8 tion with the crop.”.

9 (b) COVERAGE OF SEED CROPS.—Section
10 519(a)(2)(B) of the Act (7 U.S.C. 1519(a)(2)(B)) is
11 amended by inserting “seed crops,” after “turfgrass sod,”.

12 **SEC. 52. COLLECTION AND USE OF AGRICULTURAL QUAR-**
13 **ANTINE AND INSPECTION FEES.**

14 Subsection (a) of section 2509 of the Food, Agri-
15 culture, Conservation, and Trade Act of 1990 (21 U.S.C.
16 136a) is amended to read as follows:

17 “(a) QUARANTINE AND INSPECTION FEES.—

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

20 “(A) to cover the cost of providing agricul-
21 tural quarantine and inspection services in con-
22 nection with the arrival at a port in the cus-
23 toms territory of the United States, or the
24 preclearance or preinspection at a site outside
25 the customs territory of the United States, of

1 an international passenger, commercial vessel,
2 commercial aircraft, commercial truck, or rail-
3 road car;

4 “(B) to cover the cost of administering this
5 subsection; and

6 “(C) through fiscal year 2002, to maintain
7 a reasonable balance in the Agricultural Quar-
8 antine Inspection User Fee Account established
9 under paragraph (5).

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

18 “(3) STATUS OF FEES.—Fees collected under
19 this subsection by any person on behalf of the Sec-
20 retary are held in trust for the United States and
21 shall be remitted to the Secretary in such manner
22 and at such times as the Secretary may prescribe.

23 “(4) LATE PAYMENT PENALTIES.—If a person
24 subject to a fee under this subsection fails to pay the
25 fee when due, the Secretary shall assess a late pay-

1 ment penalty, and the overdue fees shall accrue in-
2 terest, as required by section 3717 of title 31,
3 United States Code.

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

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

14 “(B) USE OF ACCOUNT.—For each of the
15 fiscal years 1996 through 2002, funds in the
16 Agricultural Quarantine Inspection User Fee
17 Account shall be available, in such amounts as
18 are provided in advance in appropriations Acts,
19 to cover the costs associated with the provision
20 of agricultural quarantine and inspection serv-
21 ices and the administration of this subsection.
22 Amounts made available under this subpara-
23 graph shall be available until expended.

24 “(C) EXCESS FEES.—Fees and other
25 amounts collected under this subsection in any

1 of the fiscal years 1996 through 2002 in excess
2 of \$100,000,000 shall be available for the pur-
3 poses specified in subparagraph (B) until ex-
4 pended, without further appropriation.

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

16 “(7) STAFF YEARS.—The number of full-time
17 equivalent positions in the Department of Agri-
18 culture attributable to the provision of agricultural
19 quarantine and inspection services and the adminis-
20 tration of this subsection shall not be counted to-
21 ward the limitation on the total number of full-time
22 equivalent positions in all agencies specified in sec-
23 tion 5(b) of the Federal Workforce Restructuring
24 Act of 1994 (Public Law 103–226; 5 U.S.C. 3101

1 note) or other limitation on the total number of full-
 2 time equivalent positions.”.

3 **SEC. 53. COMMODITY CREDIT CORPORATION INTEREST**
 4 **RATE.**

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

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