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107TH CONGRESS
1ST SESSION

S. 1731

To strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes.

IN THE SENATE OF THE UNITED STATES

NOVEMBER 27, 2001

Mr. HARKIN, from the Committee on Agriculture, Nutrition, and Forestry, reported the following original bill; which was read twice and placed on the calendar

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A BILL

To strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, 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,*

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Agriculture, Conservation, and Rural Enhancement Act of 2001".

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

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TITLE I—COMMODITY PROGRAMS

SEC. 101. DEFINITIONS.

Section 102 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7202) is amended to read as follows:

"SEC. 102. DEFINITIONS.

"In this title:

"(1) AGRICULTURAL ACT OF 1949.—Except in section 171, the term 'Agricultural Act of 1949' means the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.), as in effect prior to the suspensions under section 171(b)(1).

"(2) CONSIDERED PLANTED.—The term 'considered planted' means any acreage on the farm that—

"(A) producers on a farm were prevented from planting to a crop because of drought, flood, or other natural disaster, or other condition beyond the control of the eligible owners and producers on the farm, as determined by the Secretary; and

"(B) was not planted to another contract commodity (other than a contract commodity produced under an established practice of double cropping).

"(3) CONTRACT.—The term 'contract' means a contract entered into under subtitle B.

"(4) CONTRACT ACREAGE.—The term 'contract acreage' means the contract acreage determined under section 111(f).

"(5) CONTRACT COMMODITY.—The term 'contract commodity' means wheat, corn, grain sorghum, barley, oats, upland cotton, rice, and oilseeds.

"(6) CONTRACT PAYMENT.—The term 'contract payment' means a payment made under subtitle B pursuant to a contract.

"(7) DEPARTMENT.—The term 'Department' means the Department of Agriculture.

"(8) EXTRA LONG STAPLE COTTON.—The term 'extra long staple cotton' means cotton that—

"(A) is produced from pure strain varieties of the Barbadense species or any hybrid thereof, or other similar types of extra long staple cotton, designated by the Secretary, having characteristics needed for various end uses for which United States upland cotton is not suitable and grown in irrigated cotton-growing regions of the United States designated by the Secretary or other areas designated by the Secretary as suitable for the production of the varieties or types; and

"(B) is ginned on a roller-type gin or, if authorized by the Secretary, ginned on another type gin for experimental purposes.

"(9) LOAN COMMODITY.—The term 'loan commodity' means wheat, corn, grain sorghum, barley, oats, upland cotton, extra long staple cotton, rice, oilseeds, wool, mohair, honey, dry peas, lentils, and chickpeas.

"(10) OILSEED.—The term 'oilseed' means a crop of soybeans, sunflower seed, rapeseed, canola,

safflower, flaxseed, mustard seed, and, if designated by the Secretary, other oilseeds.

"(11) PAYMENT YIELD.—The term 'payment yield' means a payment yield determined under section 111(g).

"(12) PRODUCER.—

"(A) IN GENERAL.—The term 'producer' means an owner, operator, landlord, tenant, or sharecropper that—

"(i) shares in the risk of producing a crop; and

"(ii) is entitled to share in the crop available for marketing from the farm, or would have shared had the crop been produced.

"(B) HYBRID SEED.—In determining whether a grower of hybrid seed is a producer, the Secretary shall not take into consideration the existence of a hybrid seed contract.

"(13) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture.

"(14) STATE.—The term 'State' means—

"(A) a State;

"(B) the District of Columbia;

"(C) the Commonwealth of Puerto Rico; and

"(D) any other territory or possession of the United States.

"(15) UNITED STATES.—The term 'United States', when used in a geographical sense, means all of the States.".

Subtitle A—Direct and Counter-Cyclical Payments

SEC. 111. DIRECT AND COUNTER-CYCLICAL PAYMENTS.

Sections 111 through 114 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7211 through 7214) are amended to read as follows:

"SEC. 111. AUTHORIZATION FOR CONTRACTS.

"(a) IN GENERAL.—The Secretary shall offer to enter into a contract with an eligible owner or producer described in subsection (b) on a farm containing eligible cropland under which the eligible owner or producer will receive direct payments and counter-cyclical payments under sections 113 and 114, respectively.

"(b) ELIGIBLE OWNERS AND PRODUCERS.—

"(1) IN GENERAL.—Subject to paragraphs (2) and (3), an owner or producer on a farm shall be eligible to enter into a contract.

"(2) TENANTS.—

"(A) SHARE-RENT TENANTS.—A producer on eligible cropland that is a tenant with a share-rent lease of the eligible cropland, regardless of the length of the lease, shall be eligible to enter into a contract, if the owner of the eligible cropland enters into the same contract.

"(B) CASH-RENT TENANTS.—

"(i) CONTRACTS WITH LONG-TERM LEASES.—A producer on eligible cropland that cash rents the eligible cropland under a lease expiring on or after the termination of the contract shall be eligible to enter into a contract.

"(ii) CONTRACTS WITH SHORT-TERM LEASES.—

"(I) IN GENERAL.—A producer that cash rents the eligible cropland under a lease expiring before the termination of the contract shall be eligible to enter into a contract.

"(II) OWNER'S CONTRACT INTEREST.—The owner of the eligible cropland may also enter into the same contract.

"(III) CONSENT OF OWNER.—If the producer elects to enroll less than 100 percent of the eligible cropland in the contract, the consent of the owner shall be required for a valid contract.

"(3) CASH-RENT OWNERS.—

"(A) IN GENERAL.—An owner of eligible cropland that cash rents the eligible cropland under a lease term that expires before the end of 2006 crop year shall be eligible to enter into a contract if the tenant declines to enter into the contract.

"(B) CONTRACT PAYMENTS.—In the case of an owner covered by subparagraph (A), the Secretary shall not make contract payments to the owner under the contract until the lease held by the tenant terminates.

"(c) COMPLIANCE WITH CERTAIN REQUIREMENTS.—Under the terms of a contract, the owner or producer shall agree, in exchange for annual contract payments—

"(1) to comply with applicable highly erodible land conservation requirements under subtitle B of title XII of the Food Security Act of 1985 (16 U.S.C. 3811 et seq.);

"(2) to comply with applicable wetland conservation requirements under subtitle C of title XII of that Act (16 U.S.C. 3821 et seq.);

"(3) to comply with the planting flexibility requirements of section 118; and

"(4) to use a quantity of land on the farm equal to the contract acreage, for an agricultural or conserving use or related activity, and not for a nonagricultural commercial or industrial use, as determined by the Secretary.

"(d) PROTECTION OF INTERESTS OF CERTAIN PRODUCERS.—

"(1) TENANTS AND SHARECROPPERS.—In carrying out this subtitle, the Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

"(2) SHARING OF PAYMENTS.—The Secretary shall provide for the sharing of contract payments among the eligible producers on a farm on a fair and equitable basis.

"(e) ELIGIBLE CROPLAND.—

"(1) IN GENERAL.—Land shall be considered to be cropland eligible for coverage under a contract only if the land—

"(A) has with respect to a contract commodity—

"(i) contract acreage attributable to the land; and

"(ii) a payment yield; or

"(B) was subject to a conservation reserve contract under section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831) with a term that expired, or was voluntarily terminated, on or after the date of enactment of this paragraph.

"(2) QUANTITY OF ELIGIBLE CROPLAND COVERED BY CONTRACT.—An eligible owner or producer may enroll as contract acreage under this subtitle all or a portion of the eligible cropland on the farm.

"(3) VOLUNTARY REDUCTION IN CONTRACT ACREAGE.—An eligible owner or producer that enters into a contract may subsequently reduce the quantity of contract acreage covered by the contract.

"(f) CONTRACT ACREAGE.—

"(1) IN GENERAL.—Subject to subsection (h), for the purpose of making direct payments and counter-cyclical payments to eligible owners and producers on a farm, the Secretary shall provide the eligible owners and producers on the farm with an op-

portunity to elect 1 of the following methods as the method by which the contract acreages for the 2002 through 2006 crops of all contract commodities for a farm are determined:

"(A) The 4-year average of acreage planted or considered planted to a contract commodity for harvest, grazing, haying, silage, or other similar purposes during each of the 1998 through 2001 crop years.

"(B) The total of—

"(i) the contract acreage (as defined in section 102 (as in effect before the amendment made by section 101 of the Agriculture, Conservation, and Rural Enhancement Act of 2001)) that would have been used by the Secretary to calculate the payment for fiscal year 2002 under such section 102 for the contract commodity on the farm; and

"(ii) the 4-year average determined under subparagraph (A) for each oilseed produced on the farm.

"(C) In the case of land described in section 112(a)(3), land with eligible base, as determined by the Secretary.

"(2) PREVENTION OF EXCESS CONTRACT ACREAGES.—

"(A) REQUIRED REDUCTION.—If the total of the contract acreages for a farm, together with the acreage described in subparagraph (C), exceeds the actual cropland acreage of the farm, the Secretary shall reduce the quantity of contract acreages for 1 or more contract commodities for the farm or peanut acres as necessary so that the total of the contract acreages and acreage described in subparagraph (C) does not exceed the actual cropland acreage of the farm.

"(B) SELECTION OF ACRES.—The Secretary shall give the eligible owners and producers on the farm the opportunity to select the contract acreages or peanut acres against which the reduction will be made.

"(C) OTHER ACREAGE.—For purposes of subparagraph (A), the Secretary shall include—

"(i) any peanut acres for the farm under chapter 3 of subtitle D;

"(ii) any acreage on the farm enrolled in the conservation reserve program or wetlands reserve program under chapter 1

of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3830 et seq.); and

"(iii) any other acreage on the farm enrolled in a voluntary Federal conservation program under which production of any agricultural commodity is prohibited.

"(D) DOUBLE-CROPPED ACREAGE.—In applying subparagraph (A), the Secretary shall take into account additional acreage as a result of an established double-cropping history on a farm, as determined by the Secretary.

"(g) PAYMENT YIELDS.—

"(1) IN GENERAL.—Subject to paragraph (2) and subsection (h), an eligible owner or producer that has entered into a contract under this subtitle may make a 1-time election to have the payment yield for a payment for each of the 2002 through 2006 crops of all contract commodities for a farm be equal to—

"(A) an amount that is the greater of—

"(i) the average of the yield per harvested acre for the crop of the contract commodity for the farm for the 1998 through 2001 crop years, excluding—

"(I) any crop year for which the producers on the farm did not plant the contract commodity; and

"(II) at the option of the producers on the farm, 1 additional crop year; or

"(ii) the farm program payment yield described in subparagraph (B); or

"(B) the farm program payment yield established for the 1995 crop of a contract commodity under section 505 of the Agricultural Act of 1949 (7 U.S.C. 1465), as adjusted by the Secretary to account for any additional yield payments made with respect to that crop under section 505(b)(2) of that Act.

"(2) ASSIGNED YIELDS.—In the case of a farm for which yield records are unavailable for a contract commodity (including land of a farm that is devoted to an oilseed under a former conservation reserve contract described in section 112(a)(3)), the Secretary shall establish an appropriate payment yield for the contract commodity on the farm taking in consideration the payment yields applicable to the contract commodity under paragraph (1) for similar

farms in the area, taking into consideration the yield election for the farm under subsection (h).

"(h) ELIGIBLE OWNER AND PRODUCER ELECTION OPTIONS.—

"(1) IN GENERAL.—In making elections under subsections (f) and (g), eligible owners and producers on a farm shall elect to have—

"(A)(i) contract acreage for the farm determined under subsection (f)(1)(A); and

"(ii) payment yields determined under subsection (g)(1)(A); or

"(B)(i) contract acreage for the farm determined under subsection (f)(1)(B); and

"(ii) payment yields determined under—

"(I) in the case of contract commodities other than oilseeds, subsection (g)(1)(B); and

"(II) in the case of oilseeds, subsection (g)(1)(A).

"(2) SINGLE ELECTION; TIME FOR ELECTION.—

"(A) SINGLE ELECTION.—The eligible owners and producers on a farm shall have 1 opportunity to make the election described in paragraph (1).

"(B) TIME FOR ELECTION.—Subject to section 112(a)(3), not later than 180 days after the date of enactment of this subsection, the eligible owners and producers on a farm shall notify the Secretary of the election made by the eligible owners and producers on the farm under paragraph (1).

"(3) EFFECT OF FAILURE TO MAKE ELECTION.—If the producers on a farm fail to make the election under paragraph (1), or fail to timely notify the Secretary of the selected option as required by paragraph (2), the eligible owners and producers on the farm shall be deemed to have made the election described in paragraph (1)(B) for the purpose of determining the contract acreages for all contract commodities on the farm.

"(4) APPLICATION OF ELECTION TO ALL CONTRACT COMMODITIES.—The election made under paragraph (1) or deemed to be made under paragraph (3) with respect to a farm shall apply to all of the contract commodities produced on the farm.

"SEC. 112. ELEMENTS OF CONTRACTS.

"(a) TIME FOR CONTRACTING.—

"(1) COMMENCEMENT.—To the extent practicable, the Secretary shall commence entering into

contracts not later than 45 days after the date of enactment of the Agriculture, Conservation, and Rural Enhancement Act of 2001.

"(2) DEADLINE.—Except as provided in paragraph (3), the Secretary may not enter into a contract after the date that is 180 days after the date of enactment of that Act.

"(3) CONSERVATION RESERVE LAND.—

"(A) IN GENERAL.—At the beginning of each fiscal year, the Secretary shall allow an eligible owner or producer on a farm covered by a conservation reserve contract entered into under section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831) that terminated after the date specified in paragraph (2) to enter into or expand a contract to cover the eligible cropland of the farm that was subject to the former conservation reserve contract.

"(B) ELECTION.—For the fiscal year and crop year for which a contract acreage adjustment under subparagraph (A) is first made, the eligible owners and producers on the farm shall elect to receive—

"(i) direct payments and counter-cyclical payments under sections 113 and

114, respectively, with respect to the acreage added to the farm under this paragraph; or

"(ii) a prorated payment under the conservation reserve contract.

"(b) DURATION OF CONTRACT.—

"(1) BEGINNING DATE.—The term of a contract shall begin with—

"(A) the 2002 crop of a contract commodity; or

"(B) in the case of acreage that was subject to a conservation reserve contract described in subsection (a)(3), the date the contract was entered into or expanded to cover the acreage.

"(2) ENDING DATE.—Subject to sections 116 and 117, the term of a contract shall extend through the 2006 crop, unless earlier terminated by the eligible owners or producers on a farm.

"SEC. 113. DIRECT PAYMENTS.

"(a) IN GENERAL.—For each of the 2002 through 2006 fiscal years, the Secretary shall make direct payments available to eligible owners and producers on a farm that have entered into a contract to receive payments under this section.

"(b) PAYMENT AMOUNT.—The amount of a direct payment to be paid to the eligible owners and producers on a farm for a contract commodity for a fiscal year under this section shall be obtained by multiplying—

"(1) the payment rate for the contract commodity specified in subsection (c);

"(2) the contract acreage attributable to the contract commodity for the farm; and

"(3) the payment yield for the contract commodity for the farm.

"(c) PAYMENT RATE.—The payment rates used to make direct payments with respect to contract commodities for a fiscal year under this section are as follows:

"(1) WHEAT.—In the case of wheat:

"(A) For each of fiscal years 2002 and 2003, $0.450 per bushel.

"(B) For each of fiscal years 2004 and 2005, $0.225 per bushel.

"(C) For fiscal year 2006, $0.113 per bushel.

"(2) CORN.—In the case of corn:

"(A) For each of fiscal years 2002 and 2003, $0.270 per bushel.

"(B) For each of fiscal years 2004 and 2005, $0.135 per bushel.

"(C) For fiscal year 2006, $0.068 per bushel.

"(3) GRAIN SORGHUM.—In the case of grain sorghum:

"(A) For the 2002 fiscal year, $0.310 per bushel.

"(B) For the 2003 fiscal year, $0.270 per bushel.

"(C) For each of fiscal years 2004 and 2005, $0.135 per bushel.

"(D) For fiscal year 2006, $0.068 per bushel.

"(4) BARLEY.—In the case of barley:

"(A) For each of fiscal years 2002 and 2003, $0.200 per bushel.

"(B) For each of fiscal years 2004 and 2005, $0.100 per bushel.

"(C) For fiscal year 2006, $0.050 per bushel.

"(5) OATS.—In the case of oats:

"(A) For each of fiscal years 2002 and 2003, $0.050 per bushel.

"(B) For each of fiscal years 2004 and 2005, $0.025 per bushel.

"(C) For fiscal year 2006, $0.013 per bushel.

"(6) UPLAND COTTON.—In the case of upland cotton:

"(A) For each of fiscal years 2002 and 2003, $0.130 per pound.

"(B) For each of fiscal years 2004 and 2005, $0.065 per pound.

"(C) For fiscal year 2006, $0.0325 per pound.

"(7) RICE.—In the case of rice:

"(A) For each of fiscal years 2002 and 2003, $2.450 per hundredweight.

"(B) For each of fiscal years 2004 and 2005, $1.225 per hundredweight.

"(C) For fiscal year 2006, $0.6125 per hundredweight.

"(8) SOYBEANS.—In the case of soybeans:

"(A) For each of fiscal years 2002 and 2003, $0.550 per bushel.

"(B) For each of fiscal years 2004 and 2005, $0.275 per bushel.

"(C) For fiscal year 2006, $0.138 per bushel.

"(9) OILSEEDS (OTHER THAN SOYBEANS).—In the case of oilseeds (other than soybeans):

"(A) For each of fiscal years 2002 and 2003, $0.010 per pound.

"(B) For each of fiscal years 2004 and 2005, $0.005 per pound.

"(C) For fiscal year 2006, $0.0025 per pound.

"(d) TIME FOR PAYMENTS.—

"(1) INITIAL PAYMENT.—At the option of the eligible owners and producers on a farm, the Secretary shall pay 50 percent of the direct payment for a crop of a contract commodity for the eligible owners and producers on the farm on or after December 1 of the fiscal year, as determined by the Secretary.

"(2) FINAL PAYMENT.—The Secretary shall pay the final amount of the direct payment that is payable to the eligible owners and producers on a farm for a contract commodity under subsection (a) (less the amount of any initial payment made to the producers on the farm of the contract commodity under paragraph (1)) not later than September 30 of the fiscal year, as determined by the Secretary.

"SEC. 114. COUNTER-CYCLICAL PAYMENTS.

"(a) IN GENERAL.—For each of the 2002 through 2006 crop years, the Secretary shall make counter-cyclical payments to eligible owners and producers on a farm of each contract commodity that have entered into a contract to receive payments under this section.

"(b) PAYMENT AMOUNT.—The amount of the payments made to eligible owners and producers on a farm for a crop of a contract commodity under this section shall equal the amount obtained by multiplying—

"(1) the payment rate for the contract commodity specified in subsection (c);

"(2) the contract acreage attributable to the contract commodity for the farm; and

"(3) the payment yield for the contract commodity for the farm.

"(c) PAYMENT RATES.—

"(1) IN GENERAL.—The payment rate for a crop of a contract commodity under subsection (b)(1) shall equal the difference between—

"(A) the income protection price for the contract commodity established under paragraph (2); and

"(B) the total of—

"(i) the higher of—

"(I) the average price of the contract commodity during the first 5 months of the marketing year of the contract commodity, as determined by the Secretary; and

"(II) the loan rate for the crop of the contract commodity under section 132; and

"(ii) the direct payment for the contract commodity under section 113 for the fiscal year that precedes the date of a payment under this section.

"(2) INCOME PROTECTION PRICES.—The income protection prices for contract commodities under paragraph (1)(A) are as follows:

"(A) Wheat, $3.45 per bushel.

"(B) Corn, $2.35 per bushel.

"(C) Grain sorghum, $2.35 per bushel.

"(D) Barley, $2.20 per bushel.

"(E) Oats, $1.55 per bushel.

"(F) Upland cotton, $0.680 per pound.

"(G) Rice, $9.30 per hundredweight.

"(H) Soybeans, $5.75 per bushel.

"(I) Oilseeds (other than soybeans), $0.105 per pound.

"(d) TIME FOR PAYMENT.—The Secretary shall make counter-cyclical payments for each of the 2002 through 2006 crop years not later than 190 days after the beginning of marketing year for the crop of the contract commodity.".

SEC. 112. VIOLATIONS OF CONTRACTS.

Section 116 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7216) is amended—

(1) in the first sentence of subsection (a)—

(A) by striking "subsection (b)" and inserting "subsections (b) and (e)"; and

(B) by striking "section 111(a)" and inserting "this subtitle";

(2) in subsection (b), by striking "If" and inserting "Except as provided in subsection (e), if"; and

(3) by adding at the end the following:

"(e) PLANTING FLEXIBILITY.—In the case of a first violation of section 118(b) by an eligible owner or producer that has entered into a contract and that acted in good faith, in lieu of terminating the contract under subsection (a), the Secretary shall require a refund or reduce a future contract payment under subsection (b) in an amount that does not exceed twice the amount otherwise payable under

the contract on the number of acres involved in the violation.''.

SEC. 113. PLANTING FLEXIBILITY.

Section 118(b) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7218(b)) is amended—

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

''(1) LIMITATIONS.—The planting of the following agricultural commodities shall be prohibited on contract acreage:

''(A) Fruits.

''(B) Vegetables (other than lentils, mung beans, dry peas, and chickpeas).

''(C) In the case of the 2003 and subsequent crops of an agricultural commodity, wild rice.''; and

(2) in paragraph (2)(C), by striking ''1991 through 1995'' and inserting ''1996 through 2001''.

Subtitle B—Nonrecourse Marketing Assistance Loans and Loan Deficiency Payments

SEC. 121. NONRECOURSE MARKETING ASSISTANCE LOANS AND LOAN DEFICIENCY PAYMENTS.

(a) IN GENERAL.—Sections 131(a) and 137 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7231(a), 7237) are amended by striking ''2002'' each place it appears and inserting ''2006''.

(b) UPLAND COTTON.—Sections 134(e)(1), 136, and 136A(a) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7234(e)(1), 7236, 7236a(a)) are amended by striking ''2003'' each place it appears and inserting ''2007''.

SEC. 122. ELIGIBLE PRODUCTION.

Section 131 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7231) is amended by striking subsection (b) and inserting the following:

''(b) ELIGIBLE PRODUCTION.—The producers on a farm shall be eligible for a marketing loan under subsection (a) for any quantity of a loan commodity produced on the farm.''.

SEC. 123. LOAN RATES.

(a) IN GENERAL.—Section 132 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7232) is amended to read as follows:

"SEC. 132. LOAN RATES.

''(a) IN GENERAL.—Subject to subsection (b), the loan rate for a marketing assistance loan under section 131 for a loan commodity shall be—

''(1) in the case of wheat, $3.00 per bushel;

''(2) in the case of corn, $2.08 per bushel;

''(3) in the case of grain sorghum, $2.08 per bushel;

''(4) in the case of barley, $2.00 per bushel;

''(5) in the case of oats, $1.50 per bushel;

''(6) in the case of upland cotton, $0.55 per pound;

''(7) in the case of extra long staple cotton, $0.7965 per pound;

''(8) in the case of rice, $6.85 per hundredweight;

''(9) in the case of soybeans, $5.20 per bushel;

''(10) in the case of oilseeds (other than soybeans), $0.095 per pound;

''(11) in the case of graded wool, $1.00 per pound;

"(12) in the case of nongraded wool, $.40 per pound;

"(13) in the case of mohair, $2.00 per pound;

"(14) in the case of honey, $.60 per pound;

"(15) in the case of dry peas, $6.78 per hundredweight;

"(16) in the case of lentils, $12.79 per hundredweight;

"(17) in the case of large chickpeas, $17.44 per hundredweight; and

"(18) in the case of small chickpeas, $8.10 per hundredweight.

"(b) ADJUSTMENTS.—

"(1) IN GENERAL.—The Secretary may make appropriate adjustments in the loan rates for any loan commodity for differences in grade, type, quality, location, and other factors.

"(2) MANNER.—The adjustments under this subsection shall, to the maximum extent practicable, be made in such manner that the average loan rate for the loan commodity will, on the basis of the anticipated incidence of the factors described in paragraph (1), be equal to the loan rate provided under this section.".

(b) CONFORMING AMENDMENT.—Section 162 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7282) is repealed.

SEC. 124. TERM OF LOANS.

Section 133 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7233) is amended to read as follows:

"SEC. 133. TERM OF LOANS.

''In the case of each loan commodity, a marketing loan under section 131 shall have a term of 9 months beginning on the first day of the first month after the month in which the loan is made.''.

SEC. 125. REPAYMENT OF LOANS.

Section 134(a) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7234(a)) is amended—

(1) by striking ''wheat, corn, grain sorghum, barley, oats, and oilseeds'' and inserting ''a loan commodity (other than upland cotton, rice, and extra long staple cotton)''; and

(2) in paragraph (2)—

(A) in subparagraph (C), by striking ''and'' at the end;

(B) in subparagraph (D), by striking the period and inserting ''; and''; and

(C) by adding at the end the following:

''(E) minimize discrepancies in marketing loan benefits across State boundaries and across county boundaries.''.

SEC. 126. LOAN DEFICIENCY PAYMENTS.

Section 135 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7235) is amended—

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

''(a) IN GENERAL.—The Secretary may make loan deficiency payments available to producers on a farm that, although eligible to obtain a marketing assistance loan under section 131 with respect to a loan commodity, agree to forgo obtaining the loan for the loan commodity in return for payments under this section.''; and

(2) by striking subsections (e) and (f) and inserting the following:

''(e) BENEFICIAL INTEREST.—

''(1) IN GENERAL.—A producer shall be eligible for a payment for a loan commodity under this section only if the producer has a beneficial interest in the loan commodity, as determined by the Secretary.

''(2) APPLICATION.—The Secretary shall make a payment under this section to the producers on a

farm with respect to a quantity of a loan commodity as of the earlier of—

"(A) the date on which the producers on the farm marketed or otherwise lost beneficial interest in the loan commodity, as determined by the Secretary; or

"(B) the date the producers on the farm request the payment.".

Subtitle C—Other Commodities

CHAPTER 1—DAIRY

SEC. 131. MILK PRICE SUPPORT PROGRAM.

(a) IN GENERAL.—Section 141 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7251) is amended—

(1) in subsections (b)(4) and (h), by striking "2001" each place it appears and inserting "2006"; and

(2) in the first sentence of subsection (d)(1), by striking "may" and inserting "shall".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) take effect on January 1, 2002.

SEC. 132. NATIONAL DAIRY PROGRAM.

Section 142 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7252) is amended to read as follows:

"SEC. 142. NATIONAL DAIRY PROGRAM.

"(a) PURPOSE.—The purpose of this section is to establish a program that will stabilize the production, price, and marketing of milk and other dairy products in the United States which is critical to the welfare of the United States.

"(b) DEFINITIONS.—In this section:

"(1) CLASS I, II, III, AND IV MILK.—The terms 'Class I milk', 'Class II milk', 'Class III milk', and 'Class IV milk' mean milk (including milk components) classified as Class I, II, III, or IV milk, respectively, under a Federal milk marketing order.

"(2) ELIGIBLE PRODUCTION.—The term 'eligible production' means, with respect to each producer that operates a dairy farming operation, the lesser of—

"(A) the quantity of milk sold by the dairy farming operation under any Federal milk marketing order during the applicable month; or

"(B) 500,000 pounds of milk per month.

"(3) FEDERAL MILK MARKETING ORDER.—The term 'Federal milk marketing order' means an order issued under section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937.

"(4) MARKETING AREA.—The term 'marketing area' means a marketing area defined under a Federal milk marketing order.

"(5) PRODUCER.—The term 'producer' means an individual or entity that directly or indirectly (as determined by the Secretary)—

"(A) shares in the risk of producing milk; and

"(B) makes contributions (including land, labor, management, equipment, or capital) to the dairy farming operation of the individual or entity that are at least commensurate with the individual or entity's share of the proceeds of the operation.

"(6) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture.

"(c) MINIMUM PRICE.—Effective beginning January 1, 2002, the Secretary shall amend Federal milk marketing orders to establish a minimum price per hundredweight for Class I milk that is not less than the sum of—

"(1) the adjusted Class I milk differential specified in section 1000.52 of title 7, Code of Federal Regulations (or a successor regulation); and

"(2) the greater of—

"(A) the advanced Class III milk price (as determined under section 1000.50(q)(4)(i) of title 7, Code of Federal Regulations (or a successor regulation));

"(B) the advanced Class IV milk price (as determined under section 1000.50(q)(4)(ii) of title 7, Code of Federal Regulations (or a successor regulation)); or

"(C) $14.25.

"(d) NATIONAL POOLING.—Notwithstanding any other provision of law, the Secretary—

"(1) shall provide for the uniform national pooling among producers of milk under all Federal milk marketing orders of all funds that are equal to the difference between—

"(A) the price of Class I milk as determined under this section; and

"(B) the price of Class I milk that would be determined if this section were not in effect;

"(2) subject to subsection (e), shall provide for the distribution of amounts described in paragraph (1) to all producers covered by Federal milk marketing orders, based on eligible production under Federal milk marketing orders, at a uniform rate per hundredweight; and

"(3) may make such modifications in the operation of Federal milk marketing orders as are necessary to carry out this section.

"(e) ADMINISTRATIVE AND FOOD ASSISTANCE COSTS.—The Secretary shall use amounts described in subsection (d)(1) to provide compensation to—

"(1) the Secretary for—

"(A) administrative costs incurred by the Secretary in carrying out subsections (c) and (d); and

"(B) the increased costs incurred by the Secretary of any milk and milk products provided under any food assistance program administered by the Secretary that results from carrying out subsections (c) and (d);

"(2) each State for the increased costs incurred by the State of any milk and milk products provided under the special supplemental nutrition program for women, infants, and children established by section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786) that results from carrying out subsections (c) and (d); and

"(3) the Commodity Credit Corporation for any additional costs for a fiscal year to carry out section 141 as a result of increased production of milk in

a marketing area that results from carrying out subsections (c) and (d).

"(f) COUNTER-CYCLICAL PAYMENTS FROM SECRETARY TO PRODUCERS.—

"(1) IN GENERAL.—Subject to paragraph (3), if the average price for Class III milk during a month is less than $14.25 per hundredweight, the Secretary shall use the funds of the Commodity Credit Corporation in such amounts as may be necessary to make a payment to each producer for eligible production of milk in an amount determined by multiplying—

"(A) the payment rate determined under paragraph (2); by

"(B) the quantity of Class II, Class III, and Class IV milk produced by the producer during the month, as determined by the Secretary.

"(2) PAYMENT RATE.—The payment rate for a payment made to a producer for a month under paragraph (1)(A) shall equal 25 percent of the difference between—

"(A) $14.25 per hundredweight; and

"(B) the average price for Class III milk during the month, as determined by the Secretary.

"(3) MAXIMUM AMOUNT OF PAYMENTS.—The total amount of payments made to producers for a fiscal year under this subsection shall not exceed $300,000,000.".

SEC. 133. DAIRY EXPORT INCENTIVE AND DAIRY INDEMNITY PROGRAMS.

(a) DAIRY EXPORT INCENTIVE PROGRAM.—Section 153(a) of the Food Security Act of 1985 (15 U.S.C. 713a–14(a)) is amended by striking "2002" and inserting "2006".

(b) DAIRY INDEMNITY PROGRAM.—Section 3 of Public Law 90–484 (7 U.S.C. 450*l*) is amended by striking "1995" and inserting "2006".

SEC. 134. FLUID MILK PROMOTION.

(a) DEFINITION OF FLUID MILK PRODUCT.—Section 1999C of the Fluid Milk Promotion Act of 1990 (7 U.S.C. 6402) is amended by striking paragraph (3) and inserting the following:

"(3) FLUID MILK PRODUCT.—The term 'fluid milk product' has the meaning given the term in—

"(A) section 1000.15 of title 7, Code of Federal Regulations, subject to such amendments as may be made by the Secretary; or

"(B) any successor regulation.".

(b) DEFINITION OF FLUID MILK PROCESSOR.—Section 1999C(4) of the Fluid Milk Promotion Act of 1990 (7 U.S.C. 6402(4)) is amended by striking "500,000" and inserting "3,000,000".

(c) ELIMINATION OF ORDER TERMINATION DATE.—Section 1999O of the Fluid Milk Promotion Act of 1990 (7 U.S.C. 6414) is amended—

(1) by striking subsection (a); and

(2) by redesignating subsections (b) and (c) as subsections (a) and (b), respectively.

SEC. 135. DAIRY PRODUCT MANDATORY REPORTING.

Section 272(1) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1637a(1)) is amended—

(1) by striking "means manufactured dairy products" and inserting "means—

"(A) manufactured dairy products";

(2) by striking the period at the end and inserting "; and"; and

(3) by adding at the end the following:

"(B) substantially identical products designated by the Secretary.".

SEC. 136. FUNDING OF DAIRY PROMOTION AND RESEARCH PROGRAM.

(a) DEFINITIONS.—Section 111 of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4502) is amended—

(1) in subsection (k), by striking ''and'' at the end;

(2) in subsection (l), by striking the period at the end and inserting a semicolon; and

(3) by adding at the end the following:

''(m) the term 'imported dairy product' means any dairy product that is imported into the United States, including a dairy product imported into the United States in the form of—

''(1) milk, cream, and fresh and dried dairy products;

''(2) butter and butterfat mixtures;

''(3) cheese; and

''(4) casein and mixtures;

''(n) the term 'importer' means a person that imports an imported dairy product into the United States; and

''(o) the term 'Customs' means the United States Customs Service.''.

(b) REPRESENTATION OF IMPORTERS ON BOARD.—Section 113(b) of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4504(b)) is amended—

(1) by inserting ''NATIONAL DAIRY PROMOTION AND RESEARCH BOARD.—'' after ''(b)'';

(2) by designating the first through ninth sentences as paragraphs (1) through (5) and paragraphs (7) through (10), respectively, and indenting the paragraphs appropriately;

(3) in paragraph (2) (as so designated), by striking ''Members'' and inserting ''Except as provided in paragraph (6), the members''; and

(4) by inserting after paragraph (5) (as so designated) the following:

''(6) IMPORTERS.—

''(A) REPRESENTATION.—The Secretary shall appoint not more than 2 members who represent importers of dairy products and are subject to assessments under the order, to reflect the proportion of domestic production and imports supplying the United States market, as determined by the Secretary on the basis of the average volume of domestic production of dairy products in proportion to the average volume of

imports of dairy products in the United States during the immediately preceding 3 years.

"(B) ADDITIONAL MEMBERS; NOMINATIONS.—The members appointed under this paragraph—

"(i) shall be in addition to the total number of members appointed under paragraph (2); and

"(ii) shall be appointed from nominations submitted by importers under such procedures as the Secretary determines to be appropriate.".

(c) IMPORTER ASSESSMENT.—Section 113(g) of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4504(g)) is amended—

(1) by inserting "ASSESSMENTS.—" after "(g)";

(2) by designating the first through fifth sentences as paragraphs (1) through (5), respectively, and indenting appropriately; and

(3) by adding at the end the following:

"(6) IMPORTERS.—

"(A) IN GENERAL.—The order shall provide that each importer of imported dairy prod-

ucts shall pay an assessment to the Board in the manner prescribed by the order.

"(B) TIME FOR PAYMENT.—

"(i) IN GENERAL.—The assessment on imported dairy products shall be—

"(I) paid by the importer to Customs at the time of the entry of the products into the United States; and

"(II) remitted by Customs to the Board.

"(ii) TIME OF ENTRY.—For purposes of this subparagraph, entry of the products into the United States shall be considered to have occurred when a dairy product is released from custody of Customs and introduced into the stream of commerce within the United States.

"(iii) IMPORTERS.—For purposes of this subparagraph, an importer includes—

"(I) a person that holds title to a dairy product produced outside the United States immediately on release by Customs; and

"(II) a person that acts on behalf of other persons, as an agent, broker,

or consignee, to secure the release of a dairy product from Customs and introduce the released dairy product into the stream of commerce.

"(C) RATE.—The rate of assessment on imported dairy products shall be determined in the same manner as the rate of assessment per hundredweight or the equivalent of milk.

"(D) VALUE OF PRODUCTS.—For the purpose of determining the assessment on imported dairy products under subparagraph (C), the value to be placed on imported dairy products shall be established by the Secretary in a fair and equitable manner.

"(E) USE OF ASSESSMENTS ON IMPORTED DAIRY PRODUCTS.—Assessments collected on imported dairy products shall not be used for foreign market promotion of United States dairy products.".

(d) RECORDS.—Section 113(k) of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4504(k)) is amended in the first sentence by striking "person receiving" and inserting "importer of imported dairy products, each person receiving".

(e) IMPORTER ELIGIBILITY TO VOTE IN REFERENDUM.—Section 116(b) of the Dairy Promotion Stabilization Act of 1983 (7 U.S.C. 4507(b)) is amended—

(1) in the first sentence, by inserting ''and importers'' after ''producers'' each place it appears; and

(2) in the second sentence, by inserting after ''commercial use'' the following: ''and importers voting in the referendum (that have been engaged in the importation of dairy products into the United States during the applicable period, as determined by the Secretary)''.

(f) CONFORMING AMENDMENTS.—Section 110(b) of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4501(b)) is amended—

(1) in the first sentence—

(A) by inserting after ''commercial use'' the following: ''and on imported dairy products''; and

(B) by striking ''products produced in the United States.'' and inserting ''products.''; and

(2) in the second sentence, by inserting after ''produce milk'' the following: ''or the right of any person to import dairy products''.

CHAPTER 2—SUGAR

SEC. 141. SUGAR PROGRAM.

(a) LOAN RATE ADJUSTMENTS.—Section 156(c) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7272(c)) is amended—

(1) by striking ''REDUCTION IN LOAN RATES'' and inserting ''LOAN RATE ADJUSTMENTS''; and

(2) in paragraph (1)—

(A) by striking ''REDUCTION REQUIRED'' and inserting ''IN GENERAL''; and

(B) by striking ''shall'' and inserting ''may''.

(b) LOAN TYPE; PROCESSOR ASSURANCES.—Section 156(e) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7272(e)) is amended—

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

''(2) PROCESSOR ASSURANCES.—

''(A) IN GENERAL.—The Secretary shall obtain from each processor that receives a loan under this section such assurances as the Secretary considers adequate to ensure that the processor will provide payments to producers that are proportional to the value of the loan received by the processor for the sugar beets

and sugarcane delivered by producers to the processor.

"(B) MINIMUM PAYMENTS.—

"(i) IN GENERAL.—Subject to clause (ii), the Secretary may establish appropriate minimum payments for purposes of this paragraph.

"(ii) LIMITATION.—In the case of sugar beets, the minimum payment established under clause (i) shall not exceed the rate of payment provided for under the applicable contract between a sugar beet producer and a sugar beet processor.

"(C) BANKRUPTCY OR INSOLVENCY OF PROCESSORS.—

"(i) IN GENERAL.—The Secretary shall use funds of the Commodity Credit Corporation to pay a producer of sugar beets or sugarcane loan benefits described in clause (ii) if—

"(I) a processor that has entered into a contract with the producer has filed for bankruptcy protection or is otherwise insolvent;

"(II) the assurances under subparagraph (A) are not adequate to ensure compliance with subparagraph (A), as determined by the Secretary;

"(III) the producer demands payments of loan benefits required under this section from the processor; and

"(IV) the Secretary determines that the processor is unable to provide the loan benefits required under this section.

"(ii) AMOUNT.—The amount of loan benefits provided to a producer under clause (i) shall be equal to—

"(I) the maximum amount of loan benefits the producer would have been entitled to receive under this section during the 30-day period beginning on the final settlement date provided for in the contract between the producer and processor; less

"(II) any such benefits received by the producer from the processor.

"(iii) ADMINISTRATION.—On payment to a producer under clause (i), the Secretary shall—

"(I) be subrogated to all claims of the producer against the processor and other persons responsible for nonpayment; and

"(II) have authority to pursue such claims as are necessary to recover the benefits not paid to the producer by the processor."; and

(2) by adding at the end the following:

"(3) ADMINISTRATION.—The Secretary may not impose or enforce any prenotification or similar administrative requirement that has the effect of preventing a processor from electing to forfeit the loan collateral on the maturity of the loan.".

(c) TERMINATION OF MARKETING ASSESSMENT.—Effective October 1, 2001, section 156 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7272) is amended by striking subsection (f).

(d) TERMINATION OF FORFEITURE PENALTY.—Section 156 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7272) is amended by striking subsection (g).

(e) IN-PROCESS SUGAR.—Section 156 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7272) (as amended by subsections (c) and (d)) is amended by inserting after subsection (e) the following:

"(f) LOANS FOR IN-PROCESS SUGAR.—

"(1) DEFINITION OF IN-PROCESS SUGARS AND SYRUPS.—In this subsection, the term 'in-process sugars and syrups' does not include raw sugar, liquid sugar, invert sugar, invert syrup, or other finished product that is otherwise eligible for a loan under subsection (a) or (b).

"(2) AVAILABILITY.—The Secretary shall make nonrecourse loans available to processors of a crop of domestically grown sugarcane and sugar beets for in-process sugars and syrups derived from the crop.

"(3) LOAN RATE.—The loan rate shall be equal to 80 percent of the loan rate applicable to raw cane sugar or refined beet sugar, as determined by the Secretary on the basis of the source material for the in-process sugars and syrups.

"(4) FURTHER PROCESSING ON FORFEITURE.—

"(A) IN GENERAL.—As a condition of the forfeiture of in-process sugars and syrups serving as collateral for a loan under paragraph (2), the processor shall, within such reasonable time

period as the Secretary may prescribe and at no cost to the Commodity Credit Corporation, convert the in-process sugars and syrups into raw cane sugar or refined beet sugar of acceptable grade and quality for sugars eligible for loans under subsection (a) or (b).

"(B) TRANSFER TO CORPORATION.—Once the in-process sugars and syrups are fully processed into raw cane sugar or refined beet sugar, the processor shall transfer the sugar to the Commodity Credit Corporation.

"(C) PAYMENT TO PROCESSOR.—On transfer of the sugar, the Secretary shall make a payment to the processor in an amount equal to the amount obtained by multiplying—

"(i) the difference between—

"(I) the loan rate for raw cane sugar or refined beet sugar, as appropriate; and

"(II) the loan rate the processor received under paragraph (3); by

"(ii) the quantity of sugar transferred to the Secretary.

"(5) LOAN CONVERSION.—If the processor does not forfeit the collateral as described in paragraph

(4), but instead further processes the in-process sugars and syrups into raw cane sugar or refined beet sugar and repays the loan on the in-process sugars and syrups, the processor may obtain a loan under subsection (a) or (b) for the raw cane sugar or refined beet sugar, as appropriate.''.

(f) ADMINISTRATION OF PROGRAM.—Section 156 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7272) (as amended by subsection (e)) is amended by inserting after subsection (f) the following:

''(g) AVOIDING FORFEITURES; CORPORATION INVENTORY DISPOSITION.—

''(1) IN GENERAL.—Subject to subsection (e)(3), to the maximum extent practicable, the Secretary shall operate the program established under this section at no cost to the Federal Government by avoiding the forfeiture of sugar to the Commodity Credit Corporation.

''(2) INVENTORY DISPOSITION.—

''(A) IN GENERAL.—To carry out paragraph (1), the Commodity Credit Corporation may accept bids to obtain raw cane sugar or refined beet sugar in the inventory of the Commodity Credit Corporation from (or otherwise make available such commodities, on appro-

priate terms and conditions, to) processors of sugarcane and processors of sugar beets (acting in conjunction with the producers of the sugarcane or sugar beets processed by the processors) in return for the reduction of production of raw cane sugar or refined beet sugar, as appropriate.

"(B) ADDITIONAL AUTHORITY.—The authority provided under this paragraph is in addition to any authority of the Commodity Credit Corporation under any other law.".

(g) INFORMATION REPORTING.—Section 156(h) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7272(h)) is amended—

(1) by redesignating paragraphs (2) and (3) as paragraphs (4) and (5), respectively;

(2) by inserting after paragraph (1) the following:

"(2) DUTY OF PRODUCERS TO REPORT.—

"(A) PROPORTIONATE SHARE STATES.—As a condition of a loan made to a processor for the benefit of a producer, the Secretary shall require each producer of sugarcane located in a State (other than the Commonwealth of Puerto Rico) in which there are in excess of 250 pro-

ducers of sugarcane to report, in the manner prescribed by the Secretary, the sugarcane yields and acres planted to sugarcane of the producer.

"(B) OTHER STATES.—The Secretary may require each producer of sugarcane or sugar beets not covered by paragraph (1) to report, in a manner prescribed by the Secretary, the yields of, and acres planted to, sugarcane or sugar beets, respectively, of the producer.

"(3) DUTY OF IMPORTERS TO REPORT.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the Secretary shall require an importer of sugars, syrups, or molasses to be used for human consumption or to be used for the extraction of sugar for human consumption to report, in the manner prescribed by the Secretary, the quantities of the products imported by the importer and the sugar content or equivalent of the products.

"(B) TARIFF-RATE QUOTAS.—Subparagraph (A) shall not apply to sugars, syrups, or molasses that are within the quantities of tariff-rate quotas that are subject to the lower rate of duties."; and

(3) in paragraph (5) (as redesignated by paragraph (1)), by striking ''paragraph (1)'' and inserting ''this subsection''.

(h) CROPS.—Section 156(i) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7251(i)) is amended—

(1) by striking ''(other than subsection (f))''; and

(2) by striking ''2002'' and inserting ''2006''.

(i) INTEREST RATE.—Section 163 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7283) is amended—

(1) by inserting ''(a) IN GENERAL.—'' before ''Notwithstanding''; and

(2) by adding at the end the following:

''(b) SUGAR.—For purposes of this section, raw cane sugar, refined beet sugar, and in-process sugar eligible for a loan under section 156 shall not be considered an agricultural commodity.''.

SEC. 142. STORAGE FACILITY LOANS.

Chapter 2 of subtitle D of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7271 et seq.) is amended by adding at the end the following:

"SEC. 157. STORAGE FACILITY LOANS.

"(a) IN GENERAL.—Notwithstanding any other provision of law and as soon as practicable after the date of enactment of this section, the Commodity Credit Corporation shall amend part 1436 of title 7, Code of Federal Regulations, to establish a sugar storage facility loan program to provide financing for processors of domestically-produced sugarcane and sugar beets to construct or upgrade storage and handling facilities for raw sugars and refined sugars.

"(b) ELIGIBLE PROCESSORS.—A storage facility loan shall be made available to any processor of domestically produced sugarcane or sugar beets that (as determined by the Secretary)—

"(1) has a satisfactory credit history;

"(2) has a need for increased storage capacity, taking into account the effects of marketing allotments; and

"(3) demonstrates an ability to repay the loan.

"(c) TERM OF LOANS.—A storage facility loan shall—

"(1) have a minimum term of 7 years; and

"(2) be in such amounts and on such terms and conditions (including terms and conditions relating to downpayments, collateral, and eligible facilities)

as are normal, customary, and appropriate for the size and commercial nature of the borrower.''.

SEC. 143. FLEXIBLE MARKETING ALLOTMENTS FOR SUGAR.

(a) INFORMATION REPORTING.—Section 359a of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359aa) is repealed.

(b) ESTIMATES.—Section 359b of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359bb) is amended—

(1) in the section heading—

(A) by inserting ''**FLEXIBLE**'' before ''**MARKETING**''; and

(B) by striking ''**AND CRYSTALLINE FRUCTOSE**'';

(2) in subsection (a)—

(A) in paragraph (1)—

(i) by striking ''Before'' and inserting ''Not later than August 1 before'';

(ii) by striking ''1992 through 1998'' and inserting ''2002 through 2006'';

(iii) in subparagraph (A), by striking ''(other than sugar'' and all that follows through ''stocks'';

(iv) by redesignating subparagraphs (B) and (C) as subparagraphs (C) and (E), respectively;

(v) by inserting after subparagraph (A) the following:

''(B) the quantity of sugar that would provide for reasonable carryover stocks;'';

(vi) in subparagraph (C) (as so redesignated)—

(I) by striking ''or'' and all that follows through ''beets''; and

(II) by striking ''and'' following the semicolon;

(vii) by inserting after subparagraph (C) (as so redesignated) the following:

''(D) the quantity of sugar that will be available from the domestic processing of sugarcane and sugar beets; and''; and

(viii) in subparagraph (E) (as so redesignated)—

(I) by striking ''quantity of sugar'' and inserting ''quantity of sugars, syrups, and molasses'';

(II) by inserting ''human'' after ''imported for'' the first place it appears;

(III) by inserting after ''consumption'' the first place it appears

the following: ''or to be used for the extraction of sugar for human consumption'';

(IV) by striking ''year'' and inserting ''year, whether such articles are under a tariff-rate quota or are in excess or outside of a tariff-rate quota''; and

(V) by striking ''(other than sugar'' and all that follows through ''carry-in stocks'';

(B) by redesignating paragraph (2) as paragraph (3);

(C) by inserting after paragraph (1) the following:

''(2) EXCLUSION.—The estimates under this subsection shall not apply to sugar imported for the production of polyhydric alcohol or to any sugar refined and reexported in refined form or in products containing sugar.''; and

(D) in paragraph (3) (as so redesignated)—

(i) in the paragraph heading, by striking ''QUARTERLY REESTIMATES'' and inserting ''REESTIMATES''; and

(ii) by inserting ''as necessary, but'' after ''a fiscal year'';

(3) in subsection (b)—

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

''(1) IN GENERAL.—By the beginning of each fiscal year, the Secretary shall establish for that fiscal year appropriate allotments under section 359c for the marketing by processors of sugar processed from sugar beets and from domestically-produced sugarcane at a level that the Secretary estimates will result in no forfeitures of sugar to the Commodity Credit Corporation under the loan program for sugar established under section 156 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7251).''; and

(B) in paragraph (2), by striking ''or crystalline fructose'';

(4) by striking subsection (c);

(5) by redesignating subsection (d) as subsection (c); and

(6) in subsection (c) (as so redesignated)—

(A) by striking paragraph (2);

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

(C) in paragraph (2) (as so redesignated)—

(i) by striking ''or manufacturer'' and all that follows through ''(2)''; and

(ii) by striking ''or crystalline fructose''.

(c) ESTABLISHMENT.—Section 359c of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359cc) is amended—

(1) in the section heading, by inserting ''**FLEXIBLE**'' after ''**OF**'';

(2) in subsection (a), by inserting ''flexible'' after ''establish'';

(3) in subsection (b)—

(A) in paragraph (1)(A), by striking ''1,250,000'' and inserting ''1,532,000''; and

(B) in paragraph (2), by striking ''to the maximum extent practicable'';

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

''(c) MARKETING ALLOTMENT FOR SUGAR DERIVED FROM SUGAR BEETS AND SUGAR DERIVED FROM SUGARCANE.—The overall allotment quantity for the fiscal year shall be allotted between—

"(1) sugar derived from sugar beets by establishing a marketing allotment for a fiscal year at a quantity equal to the product of multiplying the overall allotment quantity for the fiscal year by 54.35 percent; and

"(2) sugar derived from sugarcane by establishing a marketing allotment for a fiscal year at a quantity equal to the product of multiplying the overall allotment quantity for the fiscal year by 45.65 percent.";

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

"(d) FILLING CANE SUGAR AND BEET SUGAR ALLOTMENTS.—

"(1) CANE SUGAR.—Each marketing allotment for cane sugar established under this section may only be filled with sugar processed from domestically grown sugarcane.

"(2) BEET SUGAR.—Each marketing allotment for beet sugar established under this section may only be filled with sugar domestically processed from sugar beets.";

(6) by striking subsection (e);

(7) by redesignating subsection (f) as subsection (e);

(8) in subsection (e) (as so redesignated)—

(A) by striking ''The allotment'' and inserting the following:

''(1) IN GENERAL.—The allotment'';

(B) in paragraph (1) (as so redesignated)—

(i) by striking ''the 5'' and inserting ''the'';

(ii) by inserting after ''sugarcane is produced,'' the following: ''after a hearing (if requested by the affected sugarcane processors and growers) and on such notice as the Secretary by regulation may prescribe,''; and

(iii) by striking ''on the basis of past marketings'' and all that follows through ''allotments'' and inserting ''as provided in this subsection and section 359d(a)(2)(A)(iv)''; and

(C) by inserting after paragraph (1) (as so designated) the following:

''(2) OFFSHORE ALLOTMENT.—

''(A) COLLECTIVELY.—Prior to the allotment of sugar derived from sugarcane to any

other State, 325,000 short tons, raw value shall be allotted to the offshore States.

"(B) INDIVIDUALLY.—The collective offshore State allotment provided for under subparagraph (A) shall be further allotted among the offshore States in which sugarcane is produced, after a hearing (if requested by the affected sugarcane processors and growers) and on such notice as the Secretary by regulation may prescribe, in a fair and equitable manner on the basis of—

"(i) past marketings of sugar, based on the average of the 2 highest years of production of raw cane sugar from the 1996 through 2000 crops;

"(ii) the ability of processors to market the sugar covered under the allotments for the crop year; and

"(iii) past processings of sugar from sugarcane based on the 3-year average of the 1998 through 2000 crop years.

"(3) MAINLAND ALLOTMENT.—The allotment for sugar derived from sugarcane, less the amount provided for under paragraph (2), shall be allotted among the mainland States in the United States in

which sugarcane is produced, after a hearing (if requested by the affected sugarcane processors and growers) and on such notice as the Secretary by regulation may prescribe, in a fair and equitable manner on the basis of—

"(A) past marketings of sugar, based on the average of the 2 highest years of production of raw cane sugar from the 1996 through 2000 crops;

"(B) the ability of processors to market the sugar covered under the allotments for the crop year; and

"(C) past processings of sugar from sugarcane, based on the 3 crop years with the greatest processings (in the mainland States collectively) during the 1991 through 2000 crop years.";

(9) by inserting after subsection (e) (as so redesignated) the following:

"(f) FILLING CANE SUGAR ALLOTMENTS.—Except as provided in section 359e, a State cane sugar allotment established under subsection (e) for a fiscal year may be filled only with sugar processed from sugarcane grown in the State covered by the allotment.";

(10) in subsection (g)—

(A) in paragraph (1), by striking "359b(a)(2)—" and all that follows through the comma at the end of subparagraph (C) and inserting "359b(a)(3), adjust upward or downward marketing allotments in a fair and equitable manner";

(B) in paragraph (2), by striking "359f(b)" and inserting "359f(c)"; and

(C) in paragraph (3)—

(i) in the paragraph heading, by striking "REDUCTIONS" and inserting "CARRYOVER OF REDUCTIONS";

(ii) by inserting after "this subsection, if" the following: "at the time of the reduction";

(iii) by striking "price support" and inserting "nonrecourse";

(iv) by striking "206" and all that follows through "the allotment" and inserting "156 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7251),"; and

(v) by striking ", if any,"; and

(11) by striking subsection (h) and inserting the following:

"(h) SUSPENSION OF ALLOTMENTS.—Whenever the Secretary estimates or reestimates under section 359b(a), or has reason to believe, that imports of sugars, syrups or molasses for human consumption or to be used for the extraction of sugar for human consumption, whether under a tariff-rate quota or in excess or outside of a tariff-rate quota, will exceed 1,532,000 short tons (raw value equivalent), and that the imports would lead to a reduction of the overall allotment quantity, the Secretary shall suspend the marketing allotments established under this section until such time as the imports have been restricted, eliminated, or reduced to or below the level of 1,532,000 short tons (raw value equivalent).".

(d) ALLOCATION.—Section 359d(a)(2) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359dd(a)(2)) is amended—

(1) in subparagraph (A)—

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

"(i) IN GENERAL.—The Secretary";

(B) in the first sentence of clause (i) (as so designated)—

(i) by striking "interested parties" and inserting "the affected sugarcane processors and growers"; and

(ii) by striking ''by taking'' and all that follows through ''allotment allocated.'' and inserting ''under this subparagraph.''; and

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

''(ii) MULTIPLE PROCESSOR STATES.—Except as provided in clauses (iii) and (iv), the Secretary shall allocate the allotment for cane sugar among multiple cane sugar processors in a single State based on—

''(I) past marketings of sugar, based on the average of the 2 highest years of production of raw cane sugar from among the 1996 through 2000 crops;

''(II) the ability of processors to market sugar covered by that portion of the allotment allocated for the crop year; and

''(III) past processings of sugar from sugarcane, based on the average of the 3 highest years of production

during the 1996 through 2000 crop years.

"(iii) TALISMAN PROCESSING FACILITY.—In the case of allotments under clause (ii) attributable to the operations of the Talisman processing facility before the date of enactment of this clause, the Secretary shall allocate the allotment among processors in the State under clause (i) in accordance with the agreements of March 25 and 26, 1999, between the affected processors and the Secretary of the Interior.

"(iv) PROPORTIONATE SHARE STATES.—In the case of States subject to section 359f(c), the Secretary shall allocate the allotment for cane sugar among multiple cane sugar processors in a single state based on—

"(I) past marketings of sugar, based on the average of the 2 highest years of production of raw cane sugar from among the 1997 through 2001 crop years;

"(II) the ability of processors to market sugar covered by that portion of the allotments allocated for the crop year; and

"(III) past processings of sugar from sugarcane, based on the average of the 2 highest crop years of crop production during the 1997 through 2001 crop years.

"(v) NEW ENTRANTS.—

"(I) IN GENERAL.—Notwithstanding clauses (ii) and (iv), the Secretary, on application of any processor that begins processing sugarcane on or after the date of enactment of this clause, and after a hearing (if requested by the affected sugarcane processors and growers) and on such notice as the Secretary by regulation may prescribe, may provide the processor with an allocation that provides a fair, efficient and equitable distribution of the allocations from the allotment for the State in which the processor is located.

"(II) PROPORTIONATE SHARE STATES.—In the case of proportionate share States, the Secretary shall establish proportionate shares in a quantity sufficient to produce the sugarcane required to satisfy the allocations.

"(III) LIMITATION.—The allotment for a new processor under this clause shall not exceed 50,000 short tons (raw value).

"(vi) TRANSFER OF OWNERSHIP.—Except as otherwise provided in section 359f(c)(8), if a sugarcane processor is sold or otherwise transferred to another owner or closed as part of an affiliated corporate group processing consolidation, the Secretary shall transfer the allotment allocation for the processor to the purchaser, new owner, or successor in interest, as applicable, of the processor."; and

(2) in subparagraph (B)—

(A) in the first sentence, by striking "The Secretary" and inserting the following:

"(i) IN GENERAL.—The Secretary";

(B) in clause (i) (as so designated)—

(i) by striking ''interested parties'' and inserting ''the affected sugar beet processors and growers''; and

(ii) by striking ''processing capacity'' and all that follows through ''allotment allocated.'' and inserting the following: ''the marketings of sugar processed from sugar beets of any or all of the 1996 through 2000 crops, and such other factors as the Secretary may consider appropriate after consultation with the affected sugar beet processors and growers.''; and

(C) by adding at the end the following:

''(ii) NEW PROCESSORS.—In the case of any processor that has started processing sugar beets after January 1, 1996, the Secretary shall provide the processor with an allocation that provides a fair, efficient and equitable distribution of the allocations.''.

(e) REASSIGNMENT.—Section 359e(b) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359ee(b)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (B), by striking the ''and'' after the semicolon;

(B) by redesignating subparagraph (C) as subparagraph (D);

(C) by inserting after subparagraph (B) the following:

''(C) if after the reassignments, the deficit cannot be completely eliminated, the Secretary shall reassign the estimated quantity of the deficit to the sale of any inventories of sugar held by the Commodity Credit Corporation; and''; and

(D) in subparagraph (D) (as so redesignated), by inserting ''and sales'' after ''reassignments''; and

(2) in paragraph (2)—

(A) in subparagraph (A), by striking the ''and'' after the semicolon;

(B) in subparagraph (B), by striking ''reassign the remainder to imports.'' and inserting ''use the estimated quantity of the deficit for the sale of any inventories of sugar held by the Commodity Credit Corporation; and''; and

(C) by inserting after subparagraph (B) the following:

"(C) if after the reassignments and sales, the deficit cannot be completely eliminated, the Secretary shall reassign the remainder to imports.".

(f) PRODUCER PROVISIONS.—Section 359f of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359ff) is amended—

(1) in subsection (a)—

(A) by striking "Whenever" and inserting the following:

"(1) IN GENERAL.—If";

(B) in the second sentence, by striking "processor's allocation" and inserting "allocation to the processor";

(C) by striking "Any dispute" and inserting the following:

"(2) ARBITRATION.—

"(A) IN GENERAL.—Any dispute"; and

(D) by adding at the end the following:

"(B) PERIOD.—The arbitration shall, to the maximum extent practicable, be—

"(i) commenced not more than 45 days after the request; and

"(ii) completed not more than 60 days after the request.";

(2) by redesignating subsection (b) as subsection (c);

(3) by inserting after subsection (a) the following:

"(b) SUGAR BEET PROCESSING FACILITY CLOSURES.—

"(1) IN GENERAL.—If a sugar beet processing facility is closed and the sugar beet growers that previously delivered beets to the facility elect to deliver their beets to another processing company, the growers may petition the Secretary to modify allocations under this part to allow the delivery.

"(2) INCREASED ALLOCATION FOR PROCESSING COMPANY.—The Secretary may increase the allocation to the processing company to which the growers elect to deliver their sugar beets, with the approval of the processing company, to a level that does not exceed the processing capacity of the processing company, to accommodate the change in deliveries.

"(3) DECREASED ALLOCATION FOR CLOSED COMPANY.—The increased allocation shall be deducted from the allocation to the company that owned the processing facility that has been closed and the remaining allocation shall be unaffected.

"(4) TIMING.—The determinations of the Secretary on the issues raised by the petition shall be made within 60 days after the filing of the petition."; and

(4) in subsection (c) (as so redesignated)—

(A) in paragraph (3)(A), by striking "the preceding 5 years" and inserting "the 2 highest years from among the 1999, 2000, and 2001 crop years";

(B) in paragraph (4)(A), by striking "each" and all that follows through "in effect" and inserting "the 2 highest of the 1999, 2000, and 2001 crop years"; and

(C) by inserting after paragraph (7) the following:

"(8) PROCESSING FACILITY CLOSURES.—

"(A) IN GENERAL.—If a sugarcane processing facility subject to this subsection is closed and the sugarcane growers that delivered sugarcane to the facility prior to closure elect to deliver their sugarcane to another processing company, the growers may petition the Secretary to modify allocations under this part to allow the delivery.

"(B) INCREASED ALLOCATION FOR PROCESSING COMPANY.—The Secretary may increase the allocation to the processing company to which the growers elect to deliver the sugarcane, with the approval of the processing company, to a level that does not exceed the processing capacity of the processing company, to accommodate the change in deliveries.

"(C) DECREASED ALLOCATION FOR CLOSED COMPANY.—The increased allocation shall be deducted from the allocation to the company that owned the processing facility that has been closed and the remaining allocation shall be unaffected.

"(D) TIMING.—The determinations of the Secretary on the issues raised by the petition shall be made within 60 days after the filing of the petition.".

(g) CONFORMING AMENDMENTS.—

(1) Part VII of subtitle B of title III of the Agricultural Adjustment Act of 1938 (7 U.S.C. 359aa et seq.) is amended by striking the part heading and inserting the following:

"PART VII—FLEXIBLE MARKETING ALLOTMENTS FOR SUGAR".

(2) Part VII of subtitle B of title III of the Agricultural Adjustment Act of 1938 is amended by inserting before section 359a (7 U.S.C. 1359aa) the following:

"SEC. 359. DEFINITIONS.

''In this part:

''(1) MAINLAND STATE.—The term 'mainland State' means a State other than an offshore State.

''(2) OFFSHORE STATE.—The term 'offshore State' means a sugarcane producing State located outside of the continental United States.

''(3) STATE.—Notwithstanding section 301, the term 'State' means—

''(A) a State;

''(B) the District of Columbia; and

''(C) the Commonwealth of Puerto Rico.

''(4) UNITED STATES.—The term 'United States', when used in a geographical sense, means all of the States.''.

(3) Section 359g of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359gg) is amended—

(A) by striking ''359f'' each place it appears and inserting ''359f(c)'';

(B) in the first sentence of subsection (b), by striking ''3 consecutive'' and inserting ''5 consecutive''; and

(C) in subsection (c), by inserting ''or adjusted'' after ''share established''.

(4) Section 359j of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359jj) is amended by striking subsection (c).

CHAPTER 3—PEANUTS

SEC. 151. PEANUT PROGRAM.

(a) IN GENERAL.—Subtitle D of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7251 et seq.) is amended by adding at the end the following:

''CHAPTER 3—PEANUTS

''SEC. 158A. DEFINITIONS.

''In this chapter:

''(1) COUNTER-CYCLICAL PAYMENT.—The term 'counter-cyclical payment' means a payment made to peanut producers on a farm under section 158D.

''(2) DIRECT PAYMENT.—The term 'direct payment' means a payment made to peanut producers on a farm under section 158C.

''(3) EFFECTIVE PRICE.—The term 'effective price' means the price calculated by the Secretary

under section 158D for peanuts to determine whether counter-cyclical payments are required to be made under section 158D for a crop year.

"(4) HISTORICAL PEANUT PRODUCERS ON A FARM.—The term 'historical peanut producers on a farm' means the peanut producers on a farm in the United States that produced or were prevented from planting peanuts during any of the 1998 through 2001 crop years.

"(5) INCOME PROTECTION PRICE.—The term 'income protection price' means the price per ton of peanuts used to determine the payment rate for counter-cyclical payments.

"(6) PAYMENT ACRES.—The term 'payment acres' means 85 percent of the peanut acres on a farm, as established under section 158B, on which direct payments and counter-cyclical payments are made.

"(7) PEANUT ACRES.—The term 'peanut acres' means the number of acres assigned to a particular farm for historical peanut producers on a farm pursuant to section 158B(b).

"(8) PAYMENT YIELD.—The term 'payment yield' means the yield assigned to a farm by histor-

ical peanut producers on the farm pursuant to section 158B(b).

"(9) PEANUT PRODUCER.—The term 'peanut producer' means an owner, operator, landlord, tenant, or sharecropper that—

"(A) shares in the risk of producing a crop of peanuts in the United States; and

"(B) is entitled to share in the crop available for marketing from the farm or would have shared in the crop had the crop been produced.

"SEC. 158B. PAYMENT YIELDS, PEANUT ACRES, AND PAYMENT ACRES FOR FARMS.

"(a) PAYMENT YIELDS AND PAYMENT ACRES.—

"(1) AVERAGE YIELD.—

"(A) IN GENERAL.—The Secretary shall determine, for each historical peanut producer, the average yield for peanuts on all farms of the historical peanut producer for the 1998 through 2001 crop years, excluding any crop year during which the producers did not produce peanuts.

"(B) ASSIGNED YIELDS.—If, for any of the crop years referred to in subparagraph (A) in which peanuts were planted on a farm by the historical peanut producer, the historical peanut

producer has satisfied the eligibility criteria established to carry out section 1102 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1999 (7 U.S.C. 1421 note; Public Law 105–277), the Secretary shall assign to the historical peanut producer a yield for the farm for the crop year equal to 65 percent of the average yield for peanuts for the previous 5 crop years.

''(2) ACREAGE AVERAGE.—Except as provided in paragraph (3), the Secretary shall determine, for the historical peanut producer, the 4-year average of—

''(A) acreage planted to peanuts on all farms for harvest during the 1998 through 2001 crop years; and

''(B) any acreage that was prevented from being planting to peanuts during the crop years because of drought, flood, or other natural disaster, or other condition beyond the control of the historical peanut producer, as determined by the Secretary.

''(3) SELECTION BY PRODUCER.—If a county in which a historical peanut producer described in

paragraph (2) is located is declared a disaster area during 1 or more of the 4 crop years described in paragraph (2), for purposes of determining the 4-year average acreage for the historical peanut producer, the historical peanut producer may elect to substitute, for not more than 1 of the crop years during which a disaster is declared—

"(A) the State average of acreage actually planted to peanuts; or

"(B) the average of acreage for the historical peanut producer determined by the Secretary under paragraph (2).

"(4) TIME FOR DETERMINATIONS; FACTORS.—

"(A) TIMING.—The Secretary shall make the determinations required by this subsection not later than 90 days after the date of enactment of this section.

"(B) FACTORS.—In making the determinations, the Secretary shall take into account changes in the number and identity of historical peanut producers sharing in the risk of producing a peanut crop since the 1998 crop year, including providing a method for the assignment of average acres and average yield to a farm when a historical peanut producer is no

longer living or an entity composed of historical peanut producers has been dissolved.

"(b) ASSIGNMENT OF YIELD AND ACRES TO FARMS.—

"(1) ASSIGNMENT BY HISTORICAL PEANUT PRODUCERS.—The Secretary shall provide each historical peanut producer with an opportunity to assign the average peanut yield and average acreage determined under subsection (a) for the historical peanut producer to cropland on a farm.

"(2) PAYMENT YIELD.—The average of all of the yields assigned by historical peanut producers to a farm shall be considered to be the payment yield for the farm for the purpose of making direct payments and counter-cyclical payments under this chapter.

"(3) PEANUT ACRES.—Subject to subsection (e), the total number of acres assigned by historical peanut producers to a farm shall be considered to be the peanut acres for the farm for the purpose of making direct payments and counter-cyclical payments under this chapter.

"(c) ELECTION.—Not later than 180 days after the date of enactment of this section, a historical peanut pro-

ducer shall notify the Secretary of the assignments described in subsection (b).

"(d) PAYMENT ACRES.—The payment acres for peanuts on a farm shall be equal to 85 percent of the peanut acres assigned to the farm.

"(e) PREVENTION OF EXCESS PEANUT ACRES.—

"(1) REQUIRED REDUCTION.—If the total of the peanut acres for a farm, together with the acreage described in paragraph (3), exceeds the actual cropland acreage of the farm, the Secretary shall reduce the quantity of peanut acres for the farm or contract acreage for 1 or more covered commodities for the farm as necessary so that the total of the peanut acres and acreage described in paragraph (3) does not exceed the actual cropland acreage of the farm.

"(2) SELECTION OF ACRES.—The Secretary shall give the peanut producers on the farm the opportunity to select the peanut acres or contract acreage against which the reduction will be made.

"(3) OTHER ACREAGE.—For purposes of paragraph (1), the Secretary shall include—

"(A) any contract acreage for the farm under subtitle B;

"(B) any acreage on the farm enrolled in the conservation reserve program or wetlands reserve program under chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3830 et seq.); and

"(C) any other acreage on the farm enrolled in a conservation program for which payments are made in exchange for not producing an agricultural commodity on the acreage.

"(3) DOUBLE-CROPPED ACREAGE.—In applying paragraph (1), the Secretary shall take into account additional acreage as a result of an established double-cropping history on a farm, as determined by the Secretary.

"SEC. 158C. DIRECT PAYMENTS FOR PEANUTS.

"(a) IN GENERAL.—For each of the 2002 through 2006 fiscal years, the Secretary shall make direct payments to peanut producers on a farm with peanut acres under section 158B and a payment yield for peanuts under section 158B.

"(b) PAYMENT RATE.—The payment rate used to make direct payments with respect to peanuts for a fiscal year shall be equal to $0.018 per pound.

"(c) PAYMENT AMOUNT.—The amount of the direct payment to be paid to the peanut producers on a farm

for peanuts for a fiscal year shall be equal to the product obtained by multiplying—

"(1) the payment rate specified in subsection (b);

"(2) the payment acres on the farm; by

"(3) the payment yield for the farm.

"(d) TIME FOR PAYMENT.—

"(1) IN GENERAL.—The Secretary shall make direct payments—

"(A) in the case of the 2002 fiscal year, during the period beginning December 1, 2001, and ending September 30, 2002; and

"(B) in the case of each of the 2003 through 2006 fiscal years, not later than September 30 of the fiscal year.

"(2) ADVANCE PAYMENTS.—

"(A) IN GENERAL.—At the option of the peanut producers on a farm, the Secretary shall pay 50 percent of the direct payment for a fiscal year for the producers on the farm on a date selected by the peanut producers on the farm.

"(B) SELECTED DATE.—The selected date for a fiscal year shall be on or after December 1 of the fiscal year.

"(C) SUBSEQUENT FISCAL YEARS.—The peanut producers on a farm may change the selected date for a subsequent fiscal year by providing advance notice to the Secretary.

"(3) REPAYMENT OF ADVANCE PAYMENTS.—If any peanut producer on a farm that receives an advance direct payment for a fiscal year ceases to be eligible for a direct payment before the date the direct payment would have been made by the Secretary under paragraph (1), the peanut producer shall be responsible for repaying the Secretary the full amount of the advance payment.

"SEC. 158D. COUNTER-CYCLICAL PAYMENTS FOR PEANUTS.

"(a) IN GENERAL.—For each of the 2002 through 2006 crops of peanuts, the Secretary shall make counter-cyclical payments with respect to peanuts if the Secretary determines that the effective price for peanuts is less than the income protection price for peanuts.

"(b) EFFECTIVE PRICE.—For purposes of subsection (a), the effective price for peanuts is equal to the total of—

"(1) the greater of—

"(A) the national average market price received by peanut producers during the 12-

month marketing year for peanuts, as determined by the Secretary; or

"(B) the national average loan rate for a marketing assistance loan for peanuts under section 158G in effect for the 12-month marketing year for peanuts under this chapter; and

"(2) the payment rate in effect for peanuts under section 158C for the purpose of making direct payments with respect to peanuts.

"(c) INCOME PROTECTION PRICE.—For purposes of subsection (a), the income protection price for peanuts shall be equal to $520 per ton.

"(d) PAYMENT AMOUNT.—The amount of the counter-cyclical payment to be paid to the peanut producers on a farm for a crop year shall be equal to the product obtained by multiplying—

"(1) the payment rate specified in subsection (e);

"(2) the payment acres on the farm; by

"(3) the payment yield for the farm.

"(e) PAYMENT RATE.—The payment rate used to make counter-cyclical payments with respect to peanuts for a crop year shall be equal to the difference between—

"(1) the income protection price for peanuts; and

"(2) the effective price determined under subsection (b) for peanuts.

"(f) TIME FOR PAYMENTS.—

"(1) IN GENERAL.—The Secretary shall make counter-cyclical payments to peanut producers on a farm under this section for a crop of peanuts as soon as practicable after determining under subsection (a) that the payments are required for the crop year.

"(2) PARTIAL PAYMENT.—

"(A) IN GENERAL.—At the option of the Secretary, the peanut producers on a farm may elect to receive up to 40 percent of the projected counter-cyclical payment to be made under this section for a crop of peanuts on completion of the first 6 months of the marketing year for the crop, as determined by the Secretary.

"(B) REPAYMENT.—The peanut producers on a farm shall repay to the Secretary the amount, if any, by which the payment received by producers on the farm (including any partial payments) exceeds the counter-cyclical payment the producers on the farm are eligible for under this section.

"SEC. 158E. PRODUCER AGREEMENTS.

"(a) COMPLIANCE WITH CERTAIN REQUIREMENTS.—

"(1) REQUIREMENTS.—Before the peanut producers on a farm may receive direct payments or counter-cyclical payments with respect to the farm, the peanut producers on the farm shall agree during the fiscal year or crop year, respectively, for which the payments are received, in exchange for the payments—

"(A) to comply with applicable highly erodible land conservation requirements under subtitle B of title XII of the Food Security Act of 1985 (16 U.S.C. 3811 et seq.);

"(B) to comply with applicable wetland conservation requirements under subtitle C of title XII of that Act (16 U.S.C. 3821 et seq.);

"(C) to comply with the planting flexibility requirements of section 158F; and

"(D) to use a quantity of the land on the farm equal to the peanut acres, for an agricultural or conserving use, and not for a non-agricultural commercial or industrial use, as determined by the Secretary.

"(2) COMPLIANCE.—The Secretary may promulgate such regulations as the Secretary considers

necessary to ensure peanut producer compliance with paragraph (1).

"(b) FORECLOSURE.—

"(1) IN GENERAL.—The Secretary shall not require the peanut producers on a farm to repay a direct payment or counter-cyclical payment if a foreclosure has occurred with respect to the farm and the Secretary determines that forgiving the repayment is appropriate to provide fair and equitable treatment.

"(2) COMPLIANCE WITH REQUIREMENTS.—

"(A) IN GENERAL.—This subsection shall not void the responsibilities of the peanut producers on a farm under subsection (a) if the peanut producers on the farm continue or resume operation, or control, of the farm.

"(B) APPLICABLE REQUIREMENTS.—On the resumption of operation or control over the farm by the peanut producers on the farm, the requirements of subsection (a) in effect on the date of the foreclosure shall apply.

"(c) TRANSFER OR CHANGE OF INTEREST IN FARM.—

"(1) TERMINATION.—Except as provided in paragraph (5), a transfer of (or change in) the inter-

est of the peanut producers on a farm in peanut acres for which direct payments or counter-cyclical payments are made shall result in the termination of the payments with respect to the peanut acres, unless the transferee or owner of the acreage agrees to assume all obligations under subsection (a).

"(2) EFFECTIVE DATE.—The termination takes effect on the date of the transfer or change.

"(3) TRANSFER OF PAYMENT BASE AND YIELD.—The Secretary shall not impose any restriction on the transfer of the peanut acres or payment yield of a farm as part of a transfer or change described in paragraph (1).

"(4) MODIFICATION.—At the request of the transferee or owner, the Secretary may modify the requirements of subsection (a) if the modifications are consistent with the purposes of subsection (a), as determined by the Secretary.

"(5) EXCEPTION.—If a peanut producer entitled to a direct payment or counter-cyclical payment dies, becomes incompetent, or is otherwise unable to receive the payment, the Secretary shall make the payment, in accordance with regulations promulgated by the Secretary.

"(d) ACREAGE REPORTS.—As a condition on the receipt of any benefits under this chapter, the Secretary shall require the peanut producers on a farm to submit to the Secretary acreage reports for the farm.

"(e) TENANTS AND SHARECROPPERS.—In carrying out this chapter, the Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

"(f) SHARING OF PAYMENTS.—The Secretary shall provide for the sharing of direct payments and countercyclical payments among the peanut producers on a farm on a fair and equitable basis.

"SEC. 158F. PLANTING FLEXIBILITY.

"(a) PERMITTED CROPS.—Subject to subsection (b), any commodity or crop may be planted on peanut acres on a farm.

"(b) LIMITATIONS AND EXCEPTIONS REGARDING CERTAIN COMMODITIES.—

"(1) LIMITATIONS.—The planting of the following agricultural commodities shall be prohibited on peanut acres:

"(A) Fruits.

"(B) Vegetables (other than lentils, mung beans, and dry peas).

"(C) In the case of the 2003 and subsequent crops of an agricultural commodity, wild rice.

"(2) EXCEPTIONS.—Paragraph (1) shall not limit the planting of an agricultural commodity specified in paragraph (1)—

"(A) in any region in which there is a history of double-cropping of peanuts with agricultural commodities specified in paragraph (1), as determined by the Secretary, in which case the double-cropping shall be permitted;

"(B) on a farm that the Secretary determines has a history of planting agricultural commodities specified in paragraph (1) on peanut acres, except that direct payments and counter-cyclical payments shall be reduced by an acre for each acre planted to the agricultural commodity; or

"(C) by the peanut producers on a farm that the Secretary determines has an established planting history of a specific agricultural commodity specified in paragraph (1), except that—

"(i) the quantity planted may not exceed the average annual planting history of

the agricultural commodity by the peanut producers on the farm during the 1996 through 2001 crop years (excluding any crop year in which no plantings were made), as determined by the Secretary; and

"(ii) direct payments and counter-cyclical payments shall be reduced by an acre for each acre planted to the agricultural commodity.

"SEC. 158G. MARKETING ASSISTANCE LOANS AND LOAN DEFICIENCY PAYMENTS FOR PEANUTS.

"(a) NONRECOURSE LOANS AVAILABLE.—

"(1) AVAILABILITY.—For each of the 2002 through 2006 crops of peanuts, the Secretary shall make available to peanut producers on a farm nonrecourse marketing assistance loans for peanuts produced on the farm.

"(2) TERMS AND CONDITIONS.—The loans shall be made under terms and conditions that are prescribed by the Secretary and at the loan rate established under subsection (b).

"(3) ELIGIBLE PRODUCTION.—The producers on a farm shall be eligible for a marketing assistance

loan under this section for any quantity of peanuts produced on the farm.

"(4) TREATMENT OF CERTAIN COMMINGLED COMMODITIES.—In carrying out this section, the Secretary shall make loans to peanut producers on a farm that would be eligible to obtain a marketing assistance loan but for the fact the peanuts owned by the peanut producers on the farm are commingled with other peanuts of other producers in facilities unlicensed for the storage of agricultural commodities by the Secretary or a State licensing authority, if the peanut producers on a farm obtaining the loan agree to immediately redeem the loan collateral in accordance with section 158E.

"(5) OPTIONS FOR OBTAINING LOAN.—A marketing assistance loan under this subsection, and loan deficiency payments under subsection (e), may be obtained at the option of the peanut producers on a farm through—

"(A) a designated marketing association of peanut producers that is approved by the Secretary;

"(B) the Farm Service Agency; or

"(C) a loan servicing agent approved by the Secretary.

"(b) LOAN RATE.—The loan rate for a marketing assistance loan for peanuts under subsection (a) shall be equal to $400 per ton.

"(c) TERM OF LOAN.—

"(1) IN GENERAL.—A marketing assistance loan for peanuts under subsection (a) shall have a term of 9 months beginning on the first day of the first month after the month in which the loan is made.

"(2) EXTENSIONS PROHIBITED.—The Secretary may not extend the term of a marketing assistance loan for peanuts under subsection (a).

"(d) REPAYMENT RATE.—The Secretary shall permit peanut producers on a farm to repay a marketing assistance loan for peanuts under subsection (a) at a rate that is the lesser of—

"(1) the loan rate established for peanuts under subsection (b), plus interest (as determined by the Secretary); or

"(2) a rate that the Secretary determines will—

"(A) minimize potential loan forfeitures;

"(B) minimize the accumulation of stocks of peanuts by the Federal Government;

"(C) minimize the cost incurred by the Federal Government in storing peanuts; and

"(D) allow peanuts produced in the United States to be marketed freely and competitively, both domestically and internationally.

"(e) LOAN DEFICIENCY PAYMENTS.—

"(1) AVAILABILITY.—The Secretary may make loan deficiency payments available to the peanut producers on a farm that, although eligible to obtain a marketing assistance loan for peanuts under subsection (a), agree to forgo obtaining the loan for the peanuts in return for payments under this subsection.

"(2) AMOUNT.—A loan deficiency payment under this subsection shall be obtained by multiplying—

"(A) the loan payment rate determined under paragraph (3) for peanuts; by

"(B) the quantity of the peanuts produced by the peanut producers on the farm, excluding any quantity for which the producers on the farm obtain a loan under subsection (a).

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

"(A) the loan rate established under subsection (b); exceeds

"(B) the rate at which a loan may be repaid under subsection (d).

"(4) TIME FOR PAYMENT.—The Secretary shall make a payment under this subsection to the peanut producers on a farm with respect to a quantity of peanuts as of the earlier of—

"(A) the date on which the peanut producers on the farm marketed or otherwise lost beneficial interest in the peanuts, as determined by the Secretary; or

"(B) the date the peanut producers on the farm request the payment.

"(f) COMPLIANCE WITH CONSERVATION REQUIREMENTS.—As a condition of the receipt of a marketing assistance loan under subsection (a), the peanut producers on a farm shall comply during the term of the loan with—

"(1) applicable highly erodible land conservation requirements under subtitle B of title XII of the Food Security Act of 1985 (16 U.S.C. 3811 et seq.); and

"(2) applicable wetland conservation requirements under subtitle C of title XII of that Act (16 U.S.C. 3821 et seq.).

"(g) REIMBURSABLE AGREEMENTS AND PAYMENT OF EXPENSES.—To the maximum extent practicable, the

Secretary shall implement any reimbursable agreements or provide for the payment of expenses under this chapter in a manner that is consistent with the implementation of the agreements or payment of the expenses for other commodities.

"SEC. 158H. QUALITY IMPROVEMENT.

"(a) OFFICIAL INSPECTION.—

"(1) MANDATORY INSPECTION.—All peanuts placed under a marketing assistance loan under section 158G shall be officially inspected and graded by a Federal or State inspector.

"(2) OPTIONAL INSPECTION.—Peanuts not placed under a marketing assistance loan may be graded at the option of the peanut producers on a farm.

"(b) TERMINATION OF PEANUT ADMINISTRATIVE COMMITTEE.—The Peanut Administrative Committee established under Marketing Agreement No. 1436, which regulates the quality of domestically produced peanuts under the Agricultural Adjustment Act (7 U.S.C. 601 et seq.), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is terminated.

"(c) ESTABLISHMENT OF PEANUT STANDARDS BOARD.—

"(1) IN GENERAL.—The Secretary shall establish a Peanut Standards Board for the purpose of assisting in the establishment of quality standards with respect to peanuts.

"(2) COMPOSITION.—The Secretary shall appoint members to the Board that, to the maximum extent practicable, reflect all regions and segments of the peanut industry.

"(3) DUTIES.—The Board shall assist the Secretary in establishing quality standards for peanuts.

"(d) CROPS.—This section shall apply beginning with the 2002 crop of peanuts.".

(b) CONFORMING AMENDMENTS.—

(1) The chapter heading of chapter 2 of subtitle D of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. prec. 7271) is amended by striking "**PEANUTS AND**".

(2) Section 155 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7271) is repealed.

SEC. 152. TERMINATION OF MARKETING QUOTAS FOR PEANUTS AND COMPENSATION TO PEANUT QUOTA HOLDERS.

(a) REPEAL OF MARKETING QUOTAS FOR PEANUTS.—Effective beginning with the 2002 crop of pea-

nuts, part VI of subtitle B of title III of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1357 et seq.) is repealed.

(b) COMPENSATION OF QUOTA HOLDERS.—

(1) DEFINITIONS.—In this subsection:

(A) PEANUT QUOTA HOLDER.—

(i) IN GENERAL.—The term ''peanut quota holder'' means a person or entity that owns a farm that—

(I) held a peanut quota established for the farm for the 2001 crop of peanuts under part VI of subtitle B of title III of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1357 et seq.) (as in effect before the amendment made by subsection (a));

(II) if there was not such a quota established for the farm for the 2001 crop of peanuts, would be eligible to have such a quota established for the farm for the 2002 crop of peanuts, in the absence of the amendment made by subsection (a); or

(III) is otherwise a farm that was eligible for such a quota as of the

effective date of the amendments made by this section.

(ii) SEED OR EXPERIMENTAL PURPOSES.—The Secretary shall apply the definition of ''peanut quota holder'' without regard to temporary leases, transfers, or quotas for seed or experimental purposes.

(B) SECRETARY.—The term ''Secretary'' means the Secretary of Agriculture.

(2) CONTRACTS.—The Secretary shall offer to enter into a contract with peanut quota holders for the purpose of providing compensation for the lost value of quota as a result of the repeal of the marketing quota program for peanuts under the amendment made by subsection (a).

(3) PAYMENT PERIOD.—Under a contract, the Secretary shall make payments to an eligible peanut quota holder for each of fiscal years 2002 through 2006.

(4) TIME FOR PAYMENT.—The payments required under the contracts shall be provided in 5 equal installments not later than September 30 of each of fiscal years 2002 through 2006.

(5) PAYMENT AMOUNT.—The amount of the payment for a fiscal year to a peanut quota holder

under a contract shall be equal to the product obtained by multiplying—

(A) $0.10 per pound; by

(B) the actual farm poundage quota (excluding any quantity for seed and experimental peanuts) established for the farm of a peanut quota holder under section 358–1(b) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358–1(b)) (as in effect prior to the amendment made by subsection (a)) for the 2001 marketing year.

(6) ASSIGNMENT OF PAYMENTS.—

(A) IN GENERAL.—The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)), relating to assignment of payments, shall apply to the payments made to peanut quota holders under the contracts.

(B) NOTICE.—The peanut quota holder making the assignment, or the assignee, shall provide the Secretary with notice, in such manner as the Secretary may require, of any assignment made under this subsection.

(c) CONFORMING AMENDMENTS.—

(1) ADMINISTRATIVE PROVISIONS.—Section 361 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1361) is amended by striking ''peanuts,''.

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

(A) in the first sentence of subsection (a), by striking ''peanuts,''; and

(B) in the first sentence of subsection (b), by striking ''peanuts''.

(3) REPORTS AND RECORDS.—Section 373 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1373) is amended—

(A) in the first sentence of subsection (a)—

(i) by striking ''peanuts,'' each place it appears;

(ii) by inserting ''and'' after ''from producers,''; and

(iii) by striking ''for producers, all'' and all that follows through the period at the end of the sentence and inserting ''for producers.''; and

(B) in subsection (b), by striking ''peanuts,''.

(4) EMINENT DOMAIN.—Section 378(c) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1378(c)) is amended in the first sentence—

(A) by striking ''cotton,'' and inserting ''cotton and''; and

(B) by striking ''and peanuts,''.

(d) CROPS.—This section and the amendments made by this section apply beginning with the 2002 crop of peanuts.

Subtitle D—Administration

SEC. 161. ADJUSTMENT AUTHORITY RELATED TO URUGUAY ROUND COMPLIANCE.

Section 161 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7281) is amended by adding at the end the following:

''(e) ADJUSTMENT AUTHORITY RELATED TO URUGUAY ROUND COMPLIANCE.—If the Secretary determines that expenditures under subtitles A through D that are subject to the total allowable domestic support levels under the Uruguay Round Agreements (as defined in section 2 of the Uruguay Round Agreements Act (19 U.S.C. 3501)), as in effect on the date of enactment of this subsection, will exceed the allowable levels for any applicable reporting period, the Secretary may make adjustments in the amount of the expenditures to ensure that the expendi-

tures do not exceed, but are not less than, the allowable levels.''.

SEC. 162. SUSPENSION OF PERMANENT PRICE SUPPORT AUTHORITY.

Section 171 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7301) is amended—

(1) by striking ''2002'' each place it appears and inserting ''2006''; and

(2) in subsection (a)(1)—

(A) by striking subparagraph (E); and

(B) by redesignating subparagraphs (F) through (I) as subparagraphs (E) through (H), respectively.

SEC. 163. COMMODITY PURCHASES.

Section 191 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7331 et seq.) is amended to read as follows:

''SEC. 191. COMMODITY PURCHASES.

''(a) IN GENERAL.—To purchase agricultural commodities under this section, the Secretary shall use funds of the Commodity Credit Corporation in an amount equal to—

''(1) for each of fiscal years 2002 and 2003, $130,000,000, of which not less than $100,000,000 shall be used for the purchase of specialty crops;

"(2) for fiscal year 2004, $150,000,000, of which not less than $120,000,000 shall be used for the purchase of specialty crops;

"(3) for fiscal year 2005, $170,000,000, of which not less than $140,000,000 shall be used for the purchase of specialty crops;

"(4) for fiscal year 2006, $200,000,000, of which not less than $170,000,000 shall be used for the purchase of specialty crops; and

"(5) for fiscal year 2007, $0.

"(b) OTHER PURCHASES.—The Secretary shall ensure that purchases of agricultural commodities under this section are in addition to purchases by the Secretary under any other law.

"(c) PURCHASES BY DEPARTMENT OF DEFENSE FOR SCHOOL LUNCH PROGRAM.—The Secretary shall provide not less than $50,000,000 for each fiscal year of the funds made available under subsection (a) to the Secretary of Defense to purchase fresh fruits and vegetables for distribution to schools and service institutions in accordance with section 6(a) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1755(a)) in a manner prescribed by the Secretary of Agriculture.

"(d) PURCHASES FOR EMERGENCY FOOD ASSISTANCE PROGRAM.—The Secretary shall use not less than

$40,000,000 for each fiscal year of the funds made available under subsection (a) to purchase agricultural commodities for distribution under the Emergency Food Assistance Act of 1983 (7 U.S.C. 7501 et seq.).''.

SEC. 164. HARD WHITE WHEAT INCENTIVE PAYMENTS.

Section 193 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 1508) is amended to read as follows:

''SEC. 193. HARD WHITE WHEAT INCENTIVE PAYMENTS.

''(a) IN GENERAL.—For the period of crop years 2003 through 2005, the Secretary shall use $40,000,000 of funds of the Commodity Credit Corporation to provide incentive payments to producers of hard white wheat to ensure that hard white wheat, produced on a total of not more than 2,000,000 acres, meets minimum quality standards established by the Secretary.

''(b) APPLICATION.—The amounts payable to producers in the form of payments under this section shall be determined through the submission of bids by producers in such manner as the Secretary may prescribe.

''(c) DEMAND FOR WHEAT.—To be eligible to obtain a payment under this section, a producer shall demonstrate to the Secretary the availability of buyers and end-users for the wheat that is the covered by the payment.''.

SEC. 165. PAYMENT LIMITATIONS.

Section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308) is amended by striking paragraphs (1) through (4) and inserting the following:

"(1) LIMITATION ON DIRECT AND COUNTER-CYCLICAL PAYMENTS.—The total amount of direct payments and counter-cyclical payments to a person during any fiscal year may not exceed $100,000, with a separate limitation for—

"(A) all contract commodities; and

"(B) peanuts.

"(2) LIMITATION ON MARKETING LOAN GAINS AND LOAN DEFICIENCY PAYMENTS.—The total amount of the payments specified in paragraph (3) that a person shall be entitled to receive under title I of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7201 et seq.) for 1 or more loan commodities during any crop year may not exceed $150,000, with a separate limitation for—

"(A) all contract commodities;

"(B) wool and mohair;

"(C) honey; and

"(D) peanuts.

"(3) DESCRIPTION OF PAYMENTS SUBJECT TO LIMITATION.—The payments referred to in paragraph (2) are the following:

"(A) Any gain realized by a producer from repaying a marketing assistance loan under section 131 or 158G(a) of the Federal Agriculture Improvement and Reform Act of 1996 for a crop of any loan commodity or peanuts, respectively, at a lower level than the original loan rate established for the loan commodity or peanuts under section 132 or 158G(d) of that Act, respectively.

"(B) Any loan deficiency payment received for a loan commodity or peanuts under section 135 or 158G(e) of that Act, respectively.

"(4) DEFINITIONS.—In paragraphs (1) through (3):

"(A) CONTRACT COMMODITY.—The term 'contract commodity' has the meaning given the term in section 102 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7202).

"(B) COUNTER-CYCLICAL PAYMENT.—The term 'counter-cyclical payment'' means a pay-

ment made under section 114 or 158D of that Act.

"(C) DIRECT PAYMENT.—The term 'direct payment' means a payment made under section 113 or 158C of that Act.

"(D) LOAN COMMODITY.—The term 'loan commodity' has the meaning given the term in section 102 of that Act.".

TITLE II—CONSERVATION

Subtitle A—Conservation Security

SEC. 201. CONSERVATION SECURITY PROGRAM.

Subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3830 et seq.) is amended by inserting after chapter 1 the following:

"CHAPTER 2—CONSERVATION SECURITY AND FARMLAND PROTECTION

"Subchapter A—Conservation Security Program

"SEC. 1238. DEFINITIONS.

"In this subchapter:

"(1) BASE PAYMENT.—The term 'base payment' means the amount paid to an producer under a conservation security contract that is equal to the total of the amounts described in clauses (i) and (ii)

of subparagraphs (C), (D), or (E) of section 1238C(b)(1), as appropriate.

"(2) BEGINNING FARMER OR RANCHER.—The term 'beginning farmer or rancher' has the meaning provided under section 343(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1999(a)).

"(3) BONUS AMOUNT.—The term 'bonus amount' means the amount paid to a producer under a conservation security contract that is equal to the total of the amounts described in clauses (iii) and (iv) of subparagraph (C), and of clause (iii) of subparagraph (D) or (E), of section 1238C(b)(1), as appropriate.

"(4) CONSERVATION PRACTICE.—The term 'conservation practice' means a land-based farming technique that—

"(A) requires planning, implementation, management, and maintenance; and

"(B) promotes 1 or more of the purposes described in section 1238A(a).

"(5) CONSERVATION SECURITY CONTRACT.—The term 'conservation security contract' means a contract described in section 1238A(e).

"(6) CONSERVATION SECURITY PLAN.—The term 'conservation security plan' means a plan described in section 1238A(c).

"(7) CONSERVATION SECURITY PROGRAM.—The term 'conservation security program' means the program established under section 1238A(a).

"(8) CONTINUOUS SIGNUP.—The term 'continuous signup', with respect to land, means land enrolled in a program described in section 1231(b)(6)(A) on which conservation practices are carried out.

"(9) INDIAN TRIBE.—The term 'Indian tribe' has the meaning given the term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

"(10) NUTRIENT MANAGEMENT.—The term 'nutrient management' means management of the quantity, source, placement, form, and timing of the land application of nutrients and other additions to soil on land enrolled in the conservation security program—

"(A) to achieve or maintain adequate soil fertility for agricultural production;

"(B) to minimize the potential for loss of environmental quality, including soil, water, fish

and wildlife habitat, and air and water quality; or

"(C) to reduce energy consumption.

"(11) PRODUCER.—The term 'producer' has the meaning given the term in section 102 of the Agricultural Market Transition Act (7 U.S.C. 7202).

"(12) RESOURCE OF CONCERN.—The term 'resource of concern' means a conservation priority of a State and locality under section 1238A(c)(3).

"(13) RESOURCE-CONSERVING CROP.—The term 'resource-conserving crop' means—

"(A) a perennial grass;

"(B) a legume grown for use as—

"(i) forage;

"(ii) seed for planting; or

"(iii) green manure;

"(C) a legume-grass mixture;

"(D) a small grain grown in combination with a grass or legume, whether interseeded or planted in succession; and

"(E) such other plantings, including trees and annual grasses, as the Secretary considers appropriate for a particular area.

"(14) RESOURCE-CONSERVING CROP ROTATION.—The term 'resource-conserving crop rotation' means a crop rotation that—

"(A) includes at least 1 resource-conserving crop;

"(B) reduces erosion;

"(C) improves soil fertility and tilth; and

"(D) interrupts pest cycles.

"(15) RESOURCE MANAGEMENT SYSTEM.—The term 'resource management system' means a system of conservation practices and management relating to land or water use that is designed to prevent resource degradation and permit sustained use of land and water, as defined in accordance with the technical guide of the Natural Resources Conservation Service.

"(16) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture, acting through the Natural Resources Conservation Service.

"(17) TIER I CONSERVATION PRACTICE.—The term 'Tier I conservation practice' means a conservation practice described in section 1238A(d)(4)(A)(ii).

"(18) TIER I CONSERVATION SECURITY CONTRACT.—The term 'Tier I conservation security con-

tract' means a contract described in section 1238A(d)(4)(A).

"(19) TIER II CONSERVATION PRACTICE.—The term 'Tier II conservation practice' means a conservation practice described in section 1238A(d)(4)(B)(ii).

"(20) TIER II CONSERVATION SECURITY CONTRACT.—The term 'Tier II conservation security contract' means a contract described in section 1238A(d)(4)(B).

"(21) TIER III CONSERVATION PRACTICE.—The term 'Tier III conservation practice' means a conservation practice described in section 1238A(d)(4)(C)(ii).

"(22) TIER III CONSERVATION SECURITY CONTRACT.—The term 'Tier III conservation security contract' means a contract described in section 1238A(d)(4)(C).

"SEC. 1238A. CONSERVATION SECURITY PROGRAM.

"(a) IN GENERAL.—For each of fiscal years 2003 through 2006, the Secretary shall establish a conservation security program to assist owners and operators of agricultural operations to promote, as is applicable for each operation—

"(1) conservation of soil, water, energy, and other related resources;

"(2) soil quality protection and improvement;

"(3) water quality protection and improvement;

"(4) air quality protection and improvement;

"(5) soil, plant, or animal health and well-being;

"(6) diversity of flora and fauna;

"(7) on-farm conservation and regeneration of biological resources, including plant and animal germplasm;

"(8) wetland restoration, conservation, and enhancement;

"(9) wildlife habitat management, with special emphasis on species identified by any natural heritage program of the applicable State;

"(10) reduction of greenhouse gas emissions and enhancement of carbon sequestration;

"(11) environmentally sound management of invasive species;

"(12) enhancement of conservation technology and resource management practices approved by the Secretary; or

"(13) any similar conservation purpose (as determined by the Secretary).

"(b) ELIGIBILITY.—

"(1) ELIGIBLE OWNERS AND OPERATORS.—To be eligible to participate in the conservation security program (other than to receive technical assistance under section 1238C(g) for the development of conservation security contracts), a producer shall—

"(A) develop and submit to the Secretary, and obtain the approval of the Secretary of, a conservation security plan that meets the requirements of subsection (c)(1); and

"(B) enter into a conservation security contract with the Secretary to carry out the conservation security plan.

"(2) ELIGIBLE LAND.—

"(A) IN GENERAL.—Except as provided in subparagraph (C)(iii), private agricultural land (including cropland, grassland, prairie land, pasture land, and rangeland) and land under the jurisdiction of an Indian tribe shall be eligible for enrollment in the conservation security program.

"(B) FORESTED LAND.—Private forested land shall be eligible for enrollment in the conservation security program if the forested land is part of the agricultural land described in sub-

paragraph (A), including land that is used for—

"(i) alley cropping;

"(ii) forest farming;

"(iii) forest buffers;

"(iv) windbreaks;

"(v) silvopasture systems; and

"(vi) such other integrated agroforestry uses as the Secretary may determine to be appropriate.

"(C) EXCLUSIONS.—

"(i) CONSERVATION RESERVE PROGRAM.—Land enrolled in the conservation reserve program under subchapter B of chapter 1 shall not be eligible for enrollment in the conservation security program except for land described in section 1231(b)(6).

"(ii) WETLANDS RESERVE PROGRAM.—Land enrolled in the wetlands reserve program established under subchapter C of chapter 1 shall not be eligible for enrollment in the conservation security program.

"(iii) CONVERSION TO CROPLAND.—Land that is used for crop production after the date of enactment of this subchapter that had not been in crop production for at least 3 of the 10 years preceding that date (except for land enrolled in the conservation reserve program under subchapter B of chapter 1) shall not be eligible for enrollment in the conservation security program.

"(3) SUSTAINABLE ECONOMIC USES.—The Secretary shall permit a producer to implement, with respect to eligible land covered by a conservation security plan, sustainable economic uses (including Tier II conservation practices) that—

"(A) maintain the agricultural nature of the land; and

"(B) are consistent with the natural resource and environmental benefits of the conservation security plan.

"(c) CONSERVATION SECURITY PLANS.—

"(1) IN GENERAL.—A conservation security plan shall—

"(A) identify the resources and designated land to be conserved under the conservation security plan;

"(B) describe—

"(i) the tier of conservation security contracts, and the particular conservation practices, to be implemented, maintained, or improved, in accordance with subsection (d) on the land covered by the conservation security contract for the specified term; and

"(ii) as appropriate for the land covered by the conservation security contract, at least, the minimum number and scope of conservation practices described in clause (i) that are required to be carried out on the land before the producer is eligible to receive—

"(I) a base payment; and

"(II) a bonus amount;

"(C) contain a schedule for the implementation, maintenance, or improvement of the conservation practices described in the conservation security plan during the term of the conservation security contract;

"(D) meet the highly erodible land and wetland conservation requirements of subtitles B and C; and

"(E) identify, and authorize the implementation of, sustainable economic uses described in subsection (b)(3).

"(2) COMPREHENSIVE PLANNING.—The Secretary shall encourage owners and operators that enter into conservation security contracts—

"(A) to undertake a comprehensive examination of the opportunities for conserving natural resources and improving the profitability, environmental health, and quality of life in relation to their entire agricultural operation;

"(B) to develop a long-term strategy for implementing, monitoring, and evaluating conservation practices and environmental results in the entire agricultural operation;

"(C) to participate in other Federal, State, local, or private conservation programs;

"(D) to maintain the agricultural integrity of the land; and

"(E) to adopt innovative conservation technologies and management practices.

"(3) STATE AND LOCAL CONSERVATION PRIORITIES.—

"(A) IN GENERAL.—To the maximum extent practicable and in a manner consistent with the conservation security program, each conservation security plan shall address, at least, the conservation priorities of the State and locality in which the agricultural operation is located.

"(B) ADMINISTRATION.—The conservation priorities of the State and locality in which the agricultural operation is located shall be—

"(i) determined by the State conservationist, in consultation with the State technical committee established under subtitle G and the local subcommittee of the State technical committee; and

"(ii) approved by the Secretary.

"(4) SUBMISSION OF PLAN.—

"(A) IN GENERAL.—During the development of a conservation security plan by a producer, at the request of the producer, the Secretary shall supply to the producer a statement of the minimum number, type, and scope of

conservation practices described in paragraph (1)(B)(ii).

"(B) APPROVAL FOR BASE PAYMENTS.—If a conservation security plan submitted to the Secretary contains, at least, the conservation practices referred to in paragraph (1)(B)(ii)—

"(i) the Secretary shall approve the conservation security plan; and

"(ii) the producer of the conservation security plan, on approval of and compliance with the plan, as determined by the Secretary, shall be eligible to receive a base payment.

"(C) APPROVAL FOR BONUS AMOUNTS.—If a conservation security plan submitted to the Secretary contains a proposal for the implementation, maintenance, or improvement of a conservation practice that qualifies for a bonus amount under section 1238C(b)(1)(C)(iii), the Secretary may increase the base payment of the producer by such bonus amount as the Secretary determines is appropriate.

"(d) CONSERVATION CONTRACTS AND PRACTICES.—

"(1) IN GENERAL.—

"(A) ESTABLISHMENT OF TIERS.—The Secretary shall establish 3 tiers of conservation contracts under which a payment under this subchapter may be received.

"(B) ELIGIBLE CONSERVATION PRACTICES.—

"(i) IN GENERAL.—The Secretary shall make eligible for payment under a conservation security contract land management, vegetative, and structural practices that—

"(I) are necessary to achieve the purposes of the conservation security plan; and

"(II) primarily provide for, and have as a primary purpose, resource protection and environmental improvement.

"(ii) DETERMINATION.—

"(I) IN GENERAL.—Subject to subclause (II), in determining the eligibility of a practice described in clause (i), the Secretary shall require, to the maximum extent practicable, the lowest cost alternatives be used to

fulfill the purposes of the conservation security plan, as determined by the Secretary.

"(II) INNOVATIVE TECHNOLOGIES.—Subclause (I) shall not apply, to the maximum extent practicable, to the adoption of innovative technologies.

"(2) ON-FARM RESEARCH AND DEMONSTRATION.—With respect to land enrolled in the conservation security program that will be maintained using a Tier II conservation practice or a Tier III conservation practice, the Secretary may approve a conservation security plan that includes on-farm conservation research and demonstration activities, including—

"(A) total farm planning;

"(B) total resource management;

"(C) integrated farming systems;

"(D) germplasm conservation and regeneration;

"(E) greenhouse gas reduction and carbon sequestration;

"(F) agroecological restoration and wildlife habitat restoration;

"(G) agroforestry;

"(H) invasive species control;

"(I) energy conservation and management;

"(J) farm and environmental results monitoring and evaluation; or

"(K) participation in research projects relating to water conservation and management through—

"(i) recycling or reuse of water; or

"(ii) more efficient irrigation of farmland.

"(3) USE OF HANDBOOK AND GUIDES.—

"(A) IN GENERAL.—In determining eligible conservation practices under the conservation security program, the Secretary shall use the National Handbook of Conservation Practices of the Natural Resources Conservation Service.

"(B) CONSERVATION PRACTICE STANDARDS.—To the maximum extent practicable, the Secretary shall establish guidance standards for implementation of eligible conservation practices that shall include measurable goals for enhancing and preventing degradation of resources.

"(C) ADJUSTMENTS.—

"(i) IN GENERAL.—After providing notice and an opportunity for public participation, the Secretary shall make such adjustments to the National Handbook of Conservation Practices, and the field office technical guides, of the Natural Resources Conservation Service as are necessary to carry out this chapter.

"(ii) EFFECT ON PLAN.—If the Secretary makes an adjustment to a practice under clause (i), the Secretary may require an adjustment to a conservation security plan in effect as of the date of the adjustment if the Secretary determines that the plan, without the adjustment, would significantly interfere with achieving the purposes of the conservation security program.

"(D) PILOT TESTING.—

"(i) IN GENERAL.—Under any of the 3 tiers of conservation practices established under paragraph (4), the Secretary may approve requests by a producer for pilot testing of new technologies and innovative conservation practices and systems.

"(ii) INCORPORATION INTO STANDARDS.—

"(I) IN GENERAL.—After evaluation by the Secretary and provision of notice and an opportunity for public participation, the Secretary may, as expeditiously as practicable, approve new technologies and innovative conservation practices and systems.

"(II) INCORPORATION.—If the Secretary approves a new technology or innovative conservation practice under subclause (I), the Secretary shall, as expeditiously as practicable, incorporate the technology or practice into the standards for implementation of conservation practices established under paragraph (3).

"(4) TIERS.—Subject to paragraph (5), to carry out this subsection, the Secretary shall establish the following 3 tiers of conservation contracts:

"(A) TIER I CONSERVATION CONTRACTS.—

"(i) IN GENERAL.—A conservation security plan for land enrolled in the conservation security program under a Tier I

conservation security contract shall be maintained using Tier I conservation practices and shall, at a minimum—

"(I) if applicable, address at least 1 resource of concern to the particular agricultural operation;

"(II) apply to the total agricultural operation or to a particular unit of the agricultural operation;

"(III) cover—

"(aa) conservation practices that are being implemented as of the date on which the conservation security contract is entered into; and

"(bb) conservation practices that are implemented after the date on which the conservation security contract is entered into; and

"(IV) meet applicable standards for implementation of conservation practices established under paragraph (3).

"(ii) CONSERVATION PRACTICES.—Tier I conservation practices shall consist of, as appropriate for the agricultural operation of a producer, 1 or more of the following basic conservation activities:

"(I) Soil conservation, quality, and residue management.

"(II) Invasive species management.

"(III) Fish and wildlife habitat management, with special emphasis on species identified by any natural heritage program of the applicable State or the appropriate State agency.

"(IV) Fish and wildlife conservation and enhancement.

"(V) Air quality management.

"(VI) Energy conservation measures.

"(VII) Biological resource conservation and regeneration.

"(VIII) Animal health management.

"(IX) Plant and animal germplasm conservation, evaluation, and development.

"(X) Contour farming.

"(XI) Strip cropping.

"(XII) Cover cropping.

"(XIII) Sediment dams.

"(XIV) Nutrient management.

"(XV) Integrated pest management.

"(XVI) Irrigation, water conservation, and water quality management.

"(XVII) Grazing pasture and rangeland management.

"(XVIII) Any other conservation practice that the Secretary determines to be appropriate and comparable to other conservation practices described in this clause.

"(iii) TIER II CONSERVATION CONTRACTS.—A conservation security plan for land enrolled in the conservation security program that will be maintained using Tier

I conservation contracts may include Tier II conservation practices.

"(B) TIER II CONSERVATION PRACTICES.—

"(i) IN GENERAL.—A conservation security plan for land enrolled in the conservation security program under a Tier II conservation security contract shall be maintained using Tier II conservation practices and shall, at a minimum—

"(I) address at least 1 resource of concern, as specified in the conservation security plan covering the total agricultural operation;

"(II) cover—

"(aa) conservation practices that are being implemented as of the date on which the conservation security contract is entered into; and

"(bb) conservation practices that are implemented after the date on which the conservation security contract is entered into; and

"(III) meet applicable resource management system criteria for 1 or more resources of concern of the agricultural operation, as specified in the conservation security contract.

"(ii) CONSERVATION PRACTICES.—Tier II conservation practices shall consist of, as appropriate for the agricultural operation of a producer, any of the Tier I conservation practices and 1 or more of the following land use adjustment or protection practices:

"(I) Resource-conserving crop rotations.

"(II) Controlled, rotational grazing.

"(III) Conversion of portions of cropland from a soil-depleting use to a soil-conserving use, including production of cover crops.

"(IV) Partial field conservation practices (including windbreaks, grass waterways, shelter belts, filter strips, riparian buffers, wetland buffers, contour buffer strips, living snow fences,

crosswind trap strips, field borders, grass terraces, wildlife corridors, and critical area planting appropriate to the agricultural operation).

"(V) Fish and wildlife habitat conservation and restoration.

"(VI) Native grassland and prairie protection and restoration.

"(VII) Wetland protection and restoration.

"(VIII) Agroforestry practices and systems.

"(IX) Any other conservation practice involving modification of the use of land that the Secretary determines to be appropriate and comparable to other conservation practices described in this clause.

"(C) TIER III CONSERVATION CONTRACTS.—

"(i) IN GENERAL.—A conservation security plan for land enrolled in the conservation security program under a Tier III conservation security contract shall be

maintained using Tier III conservation contracts and shall, at a minimum—

"(I) address all applicable resources of concern in the total agricultural operation;

"(II) cover—

"(aa) conservation practices that are being implemented as of the date on which the conservation security contract is entered into; and

"(bb) conservation practices that are implemented after the date on which the conservation security contract is entered into; and

"(III) meet applicable resource management system criteria for 1 or more resources of concern of the agricultural operation, as specified in the conservation security contract.

"(ii) CONSERVATION PRACTICES.—Tier III conservation practices shall consist of, as appropriate for the agricultural operation of a producer (in addition to appro-

priate Tier I conservation practices and Tier II conservation practices), development, implementation, and maintenance of a conservation security plan that, over the term of the conservation security contract—

"(I) integrates all necessary conservation practices to foster environmental enhancement and the long-term sustainability of the natural resource base of an agricultural operation; and

"(II) improves profitability and sustainability associated with the agricultural operation.

"(5) MINIMUM REQUIREMENTS.—The minimum requirements for each tier of conservation practices described in paragraph (4) shall be—

"(i) determined by the State conservationist, in consultation with the State technical committee established under subtitle G and the local subcommittee of the State technical committee; and

"(ii) approved by the Secretary.

"(e) CONSERVATION SECURITY CONTRACTS.—

"(1) CONTRACTS.—

"(A) IN GENERAL.—On approval of a conservation security plan of a producer, the Secretary shall enter into a conservation security contract with the producer to enroll the land covered by the conservation security plan in the conservation security program.

"(B) REQUIRED COMPONENTS.—A conservation security contract shall specifically describe the practices that are required under subsection (c)(1)(B).

"(2) TERM.—Subject to paragraphs (3) and (4)—

"(A) a conservation security contract for land enrolled in the conservation security program of a producer that will be maintained using 1 or more Tier I conservation contracts shall have a term of 5 years; and

"(B) a conservation security contract for land enrolled in the conservation security program that will be maintained using a Tier II conservation contract or Tier III conservation contract shall have a 5-year to 10-year term, as determined by the producer.

"(3) MODIFICATIONS.—

"(A) OPTIONAL MODIFICATIONS.—

"(i) IN GENERAL.—An owner or operator may apply to the Secretary to modify the conservation security plan to effectuate the purposes of the conservation security program.

"(ii) APPROVAL BY THE SECRETARY.—To be effective, any modification under clause (i)—

"(I) shall be approved by the Secretary; and

"(II) shall authorize the Secretary to redetermine, if necessary, the amount and timing of the payments under the conservation security contract and subsections (a) and (b) of section 1238C.

"(B) OTHER MODIFICATIONS.—

"(i) IN GENERAL.—The Secretary may, in writing, require a producer to modify a conservation security contract before the expiration of the conservation security contract if—

"(I) the Secretary determines that a change made to the type, size,

management, or other aspect of the agricultural operation of the producer would, without the modification of the contract, significantly interfere with achieving the purposes of the conservation security program; or

"(II) the Secretary makes a change to the National Handbook of Conservation Practices of the Natural Resource Conservation Service under subsection (d)(3)(C).

"(ii) PAYMENTS.—The Secretary may adjust the amount and timing of the payment schedule under the conservation security contract to reflect any modifications made under this subparagraph.

"(iii) DEADLINE.—The Secretary may terminate a conservation security contract if a modification required under this subparagraph is not submitted to the Secretary in the form of an amended conservation security contract by the date that is 90 days after the date on which the Secretary issues a written request for the modification.

"(iv) TERMINATION.—a producer that is required to modify a conservation security contract under this subparagraph may, in lieu of modifying the contract—

"(I) terminate the conservation security contract; and

"(II) retain payments received under the conservation security contract, if the producer fully complied with the terms and conditions of the conservation security contract before termination of the contract.

"(4) RENEWAL.—

"(A) IN GENERAL.—At the option of a producer, the conservation security contract of the producer may be renewed, for a term described in subparagraph (B), if—

"(i) the producer agrees to any modification of the applicable conservation security contract that the Secretary determines to be necessary to achieve the purposes of the conservation security program;

"(ii) the Secretary determines that the producer has complied with the terms and conditions of the conservation security

contract, including the conservation security plan; and

"(iii) in the case of a Tier I conservation security contract, the producer agrees to increase the conservation practices on land enrolled in the conservation security program by—

"(I) adopting new conservation practices; or

"(II) expanding existing practices to meet the resource management systems criteria.

"(B) TERMS OF RENEWAL.—Under subparagraph (A)—

"(i) a conservation security contract for land enrolled in the conservation security program that will be maintained using Tier I conservation contracts may be renewed for 5-year terms;

"(ii) in the case of a Tier II conservation security contract or a Tier III conservation security contract, the contract shall be renewed for 5-year to 10-year terms, at the option of the producer; and

"(iii) participation in the conservation security program prior to the renewal of the conservation security contract shall not bar renewal more than once.

"(f) NONCOMPLIANCE DUE TO CIRCUMSTANCES BEYOND THE CONTROL OF PRODUCERS.—The Secretary shall include in the conservation security contract a provision, and may modify a conservation security contract under subsection (e)(3)(B), to ensure that a producer shall not be considered in violation of a conservation security contract for failure to comply with the conservation security contract due to circumstances beyond the control of the producer, including a disaster or related condition, as determined by the Secretary.

"SEC. 1238B. DUTIES OF PRODUCERS.

"Under a conservation security contract, a producer shall agree, during the term of the conservation security contract—

"(1) to implement the applicable conservation security plan approved by the Secretary;

"(2) to maintain, and make available to the Secretary at such times as the Secretary may request, appropriate records showing the effective and timely implementation of the conservation security plan;

"(3) not to engage in any activity that would interfere with the purposes of the conservation security plan; and

"(4) on the violation of a term or condition of the conservation security contract—

"(A) if the Secretary determines that the violation warrants termination of the conservation security contract—

"(i) to forfeit all rights to receive payments under the conservation security contract; and

"(ii) to refund to the Secretary all or a portion of the payments received by the producer under the conservation security contract, including any advance payment and interest on the payments, as determined by the Secretary; or

"(B) if the Secretary determines that the violation does not warrant termination of the conservation security contract, to refund to the Secretary, or accept adjustments to, the payments provided to the producer, as the Secretary determines to be appropriate.

"SEC. 1238C. DUTIES OF THE SECRETARY.

"(a) ADVANCE PAYMENT.—At the time at which a producer enters into a conservation security contract, the Secretary shall, at the option of the producer, make an advance payment to the producer in an amount not to exceed—

"(1) in the case of a Tier I conservation security contract, the greater of—

"(A) $1,000; or

"(B) 20 percent of the value of the annual payment under the contract, as determined by the Secretary;

"(2) in the case of a Tier II conservation security contract, the greater of—

"(A) $2,000; or

"(B) 20 percent of the value of the annual payment under the contract, as determined by the Secretary; and

"(3) in the case of a Tier III conservation security contract, the greater of—

"(A) $3,000; or

"(B) 20 percent of the value of the annual payment under the contract, as determined by the Secretary.

"(b) ANNUAL PAYMENTS.—

"(1) CRITERIA FOR DETERMINING AMOUNT OF PAYMENTS.—

"(A) BASE RATE.—In this paragraph, the term 'base rate' means the average county rental rate for the specific land use during the 2001 crop year, or another appropriate average county rate for the 2001 crop year, that ensures regional equity, as determined by the Secretary.

"(B) PAYMENTS.—A payment for a conservation practice under this paragraph shall be determined in accordance with subparagraphs (C) through (F).

"(C) TIER I CONSERVATION CONTRACTS.—The payment for a Tier I conservation security contract shall be comprised of the total of the following amounts:

"(i) An amount equal to 6 percent of the base rate for land covered by the contract.

"(ii) An amount equal to the following costs of practices covered by the conservation security contract, based on the average county costs for such practices for the 2001 crop year, as determined by the Secretary:

"(I) 100 percent of the cost of—

"(aa) the adoption of new management practices; and

"(bb) the maintenance of new and existing management practices.

"(II) 100 percent of the cost of maintenance of existing land-based structural practices approved by the Secretary.

"(III)(aa) 75 percent (or, in the case of a limited resource producer (as determined by the Secretary) or a beginning farmer or rancher, 90 percent) of the cost of adoption of new land-based structural practices; or

"(bb) 75 percent (or, in the case of a limited resource producer (as determined by the Secretary) or a beginning farmer or rancher, 90 percent) of the cost of the adoption of a structural practice for which a similar structural practice under the environmental quality incentives program established under chapter 4 would re-

quire maintenance, if the producer agrees to provide, without reimbursement, substantially equivalent maintenance.

"(iii) A bonus amount determined by the Secretary for implementing or adopting 1 or more of the following practices:

"(I) A practice adopted or maintained that maximizes the purposes of the conservation security program beyond the minimum requirements of the practices adopted or maintained.

"(II) A practice adopted or maintained to address eligible resource and conservation concerns beyond those identified as State or local conservation priorities.

"(III) A practice adopted or maintained to address national priority concerns, as determined by the Secretary.

"(IV) Participation by the producer in a conservation research, demonstration, or pilot project.

"(V) Participation by the producer in a watershed or regional resource conservation plan that involves at least 75 percent of producers in a targeted area.

"(VI) Recordkeeping, monitoring, and evaluation carried out by the producer that furthers the purposes of the conservation security program.

"(iv) A bonus amount determined by the Secretary that reflects the status of a producer as a beginning farmer or rancher.

"(D) TIER II CONSERVATION CONTRACTS.—The payment for a Tier II conservation security contract shall be comprised of the total of the following amounts:

"(i) An amount equal to 11 percent of the base rate for land covered by the conservation security contract.

"(ii) An amount equal to the cost of practices covered by the conservation security contract, based on the average county costs for practices for the 2001 crop year, described in subparagraph (C)(ii).

"(iii) A bonus amount determined by the Secretary in accordance with clauses (iii) and (iv) of subparagraph (C), except that the bonus amount under this clause may include any amount for the adoption or maintenance by the producer of any practice that exceeds resource management system standards.

"(E) TIER III CONSERVATION CONTRACTS.—The payment for a Tier III conservation security contract shall be comprised of the total of the following amounts:

"(i) An amount equal to 20 percent of the base rate for land covered by the conservation security contract.

"(ii) An amount equal to the cost of practices covered by the conservation security contract, based on the average county costs for practices for the 2001 crop year, described in subparagraph (C)(ii).

"(iii) A bonus amount determined by the Secretary in accordance with subparagraph (D)(iii).

"(F) EXCLUSION OF COSTS FOR PURCHASE OR MAINTENANCE OF EQUIPMENT OR

NON-LAND BASED STRUCTURES.—A payment under this subchapter shall not include any amount for the purchase or maintenance of equipment or a non-land based structure.

"(2) TIME OF PAYMENT.—The Secretary shall provide payments under a conservation security contract as soon as practicable after October 1 of each fiscal year.

"(3) LIMITATION ON PAYMENTS.—

"(A) IN GENERAL.—Subject to paragraphs (1), (2), (4), and (5), the Secretary shall, in amounts and for a term specified in a conservation security contract and taking into account any advance payments, make an annual payment, directly or indirectly, to the individual or entity covered by the conservation security contract in an amount not to exceed—

"(i) in the case of a Tier I conservation security contract, $20,000;

"(ii) in the case of a Tier II conservation security contract, $35,000; or

"(iii) in the case of a Tier III conservation security contract, $50,000.

"(B) LIMITATION ON NONBONUS PAYMENTS.—In applying the payment limitation

under each of clauses (i), (ii), and (iii) of subparagraph (A), an individual or entity may not receive, directly or indirectly, payments described in clauses (i) and (ii) of paragraph (1)(C), (1)(D), or (1)(E), as appropriate, in an amount that exceeds 75 percent of the applicable payment limitation.

"(C) OTHER USDA PAYMENTS.—If a producer has the same practices on the same land enrolled in the conservation security program and 1 or more other conservation programs administered by the Secretary, the Secretary shall include all payments from the conservation security program and the other conservation programs, other than payments for conservation easements, in applying the annual payment limitations under this paragraph.

"(D) NON-USDA PAYMENTS.—

"(i) IN GENERAL.—A payment described in clause (ii) shall not be considered an annual payment for purposes of the annual payment limitations under this paragraph.

"(ii) PAYMENT.—A payment referred to in clause (i) is a payment that—

"(I) is for the same practice on the same land enrolled in the conservation security program; and

"(II) is received from a Federal program that is not administered by the Secretary, or that is administered by any State, local, or private agricultural agency or organization.

"(E) COMMENSURATE SHARE.—To be eligible to receive a payment under this chapter, an individual or entity shall make contributions (including contributions of land, labor, management, equipment, or capital) to the operation of the farm that are at least commensurate with the share of the proceeds of the operation of the individual or entity.

"(4) LAND ENROLLED IN OTHER CONSERVATION PROGRAMS.—Notwithstanding any other provision of law, if a producer has land enrolled in another conservation program administered by the Secretary and has applied to enroll the same land in the conservation security program, the producer may elect to—

"(A) convert the contract under the other conservation program to a conservation security

contract, without penalty, except that this subparagraph shall not apply to a contract entered into under—

"(i) the conservation reserve program under subchapter B of chapter 1; or

"(ii) the wetlands reserve program under subchapter C of chapter 1; or

"(B) have each annual payment to the producer under this subsection reduced to reflect payment for practices the producer receives under the other conservation program, except that the annual payment under this subsection shall not be reduced by the amount of any incentive received under a program referred to in section 1231(b)(6) for qualified practices that enhance or extend the conservation benefit achieved under the other conservation program.

"(5) WASTE STORAGE OR TREATMENT FACILITIES.—A payment to a producer under this subchapter shall not be provided for the purpose of construction or maintenance of animal waste storage or treatment facilities or associated waste transport or transfer devices for animal feeding operations.

"(c) MINIMUM PRACTICE REQUIREMENT.—In determining a payment under subsection (a) or (b) for an

owner, operator, or producer that receives a payment under another program administered by the Secretary that is contingent on complying with requirements under subtitle B or C of title XII of the Food Security Act of 1985 (16 U.S.C. 3811 et seq.) relating to the use of highly erodible land or wetland, a payment under this chapter for 1 or more practices on land subject to those requirements shall be for practices that exceed minimum requirements for the owner, operator, or producer under those subtitles, as determined by the Secretary.

"(d) REGULATIONS.—

"(1) IN GENERAL.—The Secretary shall promulgate regulations that—

"(A) provide for adequate safeguards to protect the interests of tenants and sharecroppers, including provision for sharing payments, on a fair and equitable basis; and

"(B) prescribe such other rules as the Secretary determines to be necessary to ensure a fair and reasonable application of the limitations established under subsections (a) and (b).

"(2) PENALTIES FOR SCHEMES OR DEVICES.—

"(A) IN GENERAL.—If the Secretary determines that an individual or entity has adopted a scheme or device to evade, or that has the

purpose of evading, the regulations promulgated under paragraph (1), the individual or entity shall be ineligible to participate in the conservation security program for—

"(i) the year for which the scheme or device was adopted; and

"(ii) each of the following 5 years.

"(B) FRAUD.—If the Secretary determines that fraud was committed in connection with the scheme or device, the individual or entity shall be ineligible to participate in the conservation security program for—

"(i) the year for which the scheme or device was adopted; and

"(ii) each of the following 10 years.

"(e) TERMINATION.—

"(1) IN GENERAL.—Subject to section 1238B, the Secretary shall allow a producer to terminate the conservation security contract.

"(2) PAYMENTS.—the producer may retain any or all payments received under a terminated conservation security contract if—

"(A) the producer is in full compliance with the terms and conditions (including any maintenance requirements) of the conservation

security contract as of the date of the termination; and

"(B) the Secretary determines that termination of the contract will not defeat the purposes of the conservation security plan of the producer.

"(f) TRANSFER OR CHANGE OF INTEREST IN LAND SUBJECT TO CONSERVATION SECURITY CONTRACT.—

"(1) IN GENERAL.—Except as provided in paragraph (2), the transfer, or change in the interest, of a producer in land subject to a conservation security contract shall result in the termination of the conservation security contract.

"(2) TRANSFER OF DUTIES AND RIGHTS.—Paragraph (1) shall not apply if, not later than 60 days after the date of the transfer or change in the interest in land, the transferee of the land provides written notice to the Secretary that all duties and rights under the conservation security contract have been transferred to the transferee.

"(g) TECHNICAL ASSISTANCE.—

"(1) IN GENERAL.—For each of fiscal years 2003 through 2006, the Secretary shall provide technical assistance to producers for the development and implementation of conservation security

contracts, in an amount not to exceed 20 percent of amounts expended for the fiscal year.

"(2) COORDINATION BY THE SECRETARY.—The Secretary shall provide overall technical coordination and leadership for the conservation security program, including final approval of all conservation security plans.

"(h) CONSERVATION SECURITY PILOT PROGRAM.—

"(1) IN GENERAL.—Effective October 1, 2004, the Secretary, in cooperation with appropriate State agencies, may establish a pilot program to demonstrate and evaluate the implementation of a conservation security program by a State described in paragraph (2).

"(2) ELIGIBLE STATE.—The State referred to in paragraph (1) shall be a State selected by the Secretary—

"(A) in consultation with—

"(i) the Committee on Agriculture of the House of Representatives; and

"(ii) the Committee on Agriculture, Nutrition, and Forestry of the Senate; and

"(B) after taking into consideration—

"(i) the percentage of private land in agricultural production in the State; and

"(ii) infrastructure in the State that is available to implement the pilot program under paragraph (1).".

SEC. 202. FUNDING.

Section 1241 of the Food Security Act of 1985 (16 U.S.C. 3841) is amended by adding at the end the following:

"(c) CONSERVATION SECURITY PROGRAM.—Of the funds of the Commodity Credit Corporation, the Corporation shall make available for each of fiscal years 2002 through 2006 such sums as are necessary to carry out subchapter A of chapter 2 (including the provision of technical assistance).".

SEC. 203. PARTNERSHIPS AND COOPERATION.

Section 1243 of the Food Security Act of 1985 (16 U.S.C. 3843) is amended by adding at the end the following:

"(f) PARTNERSHIPS AND COOPERATION.—

"(1) IN GENERAL.—In carrying out any program under subtitle D, the Secretary may designate special projects, as recommended by the State Conservationist, after consultation with the State technical committee, to enhance technical and financial assistance provided to owners, operators, and pro-

ducers to address environmental issues affected by agricultural production with respect to—

"(A) meeting the purposes of—

"(i) the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.) or comparable State laws in impaired or threatened watersheds;

"(ii) the Safe Drinking Water Act (42 U.S.C. 300f et seq.) or comparable State laws in watersheds providing water for drinking water supplies; or

"(iii) the Clean Air Act (42 U.S.C. 7401 et seq.) or comparable State laws; or

"(B) watersheds of special significance or other geographic areas of environmental sensitivity, such as wetland, including State or multi-State projects—

"(i) to facilitate surface and ground water conservation;

"(ii) to protect water quality;

"(iii) to protect endangered or threatened species or habitat, such as conservation corridors;

"(iv) to improve methods of irrigation;

"(v) to convert acreage from irrigated production; or

"(vi) to reduce nutrient loads of watersheds.".

"(2) INCENTIVES.—To realize the purposes of the special projects under paragraph (1), the Secretary may provide incentives to owners, operators, and producers participating in the special projects to encourage partnerships and sharing of technical and financial resources among owners, operators, and producers and among owners, operators, and producers and governmental and nongovernmental organizations.

"(3) FLEXIBILITY.—

"(A) IN GENERAL.—The Secretary may enter into agreements with States (including State agencies and units of local government) and nongovernmental organizations to allow greater flexibility to adjust the application of eligibility criteria, approved practices, innovative conservation practices, and other elements of the programs under this title to better reflect unique local circumstances and purposes in a manner that is consistent with—

"(i) environmental enhancement and long-term sustainability of the natural resource base; and

"(ii) the purposes of this title.

"(B) PLAN.—Each party to an agreement under subparagraph (A) shall submit to the Secretary, for approval by the Secretary, a special project area or priority area program plan for each program to be carried out by the party that includes—

"(i) a description of the proposed adjustments to program implementation (including a description of how those adjustments will accelerate the achievement of environmental benefits);

"(ii) an analysis of the contribution those adjustments will make to the effectiveness of programs in achieving the purposes of the special project or priority area program;

"(iii) a timetable for reevaluating the need for or performance of the proposed adjustments;

"(iv) a description of non-Federal programs and resources that will contribute to

achieving the purposes of the special project or priority area program; and

"(v) a plan for regular monitoring, evaluation, and reporting of progress toward the purposes of the special project or priority area program.

"(4) FUNDING FOR SPECIAL PROJECTS.—The Secretary may carry out special projects, the purposes of which are to encourage—

"(A) producers to cooperate in the installation and maintenance of conservation systems that affect multiple agricultural operations;

"(B) the sharing of information and technical and financial resources;

"(C) cumulative environmental benefits across operations of producers; and

"(D) the development and demonstration of innovative conservation methods.

"(5) FUNDING.—

"(A) IN GENERAL.—Subject to subparagraph (B), the Secretary shall use 5 percent of the funds made available for each fiscal year under section 1241(b) to carry out activities that are authorized under the environmental

quality incentives program established under chapter 4 of subtitle D.

"(B) UNUSED FUNDING.—Any funds made available for a fiscal year under subparagraph (A) that are not obligated by June 1 of the fiscal year may be used to carry out other activities under the environmental quality incentives program during the fiscal year in which the funding becomes available.".

SEC. 204. ADMINISTRATIVE REQUIREMENTS FOR CONSERVATION PROGRAMS.

Subtitle E of title XII of the Food Security Act of 1985 (16 U.S.C. 3841 et seq.) is amended by adding at the end the following:

"SEC. 1244. ADMINISTRATIVE REQUIREMENTS FOR CONSERVATION PROGRAMS.

"(a) GOOD FAITH RELIANCE.—

"(1) IN GENERAL.—Notwithstanding any other provision of law, except as provided in paragraph (4), the Secretary shall provide equitable relief to an owner, operator, or producer that has entered into a contract under a conservation program administered by the Secretary, and that is subsequently determined to be in violation of the contract, if the owner, operator, or producer, in attempting to comply with

the terms of the contract and enrollment requirements—

"(A) took actions in good faith reliance on the action or advice of an employee of the Secretary; and

"(B) had no knowledge that the actions taken were in violation of the contract.

"(2) TYPES OF RELIEF.—The Secretary shall—

"(A) to the extent the Secretary determines that an owner, operator, or producer has been injured by good faith reliance described in paragraph (1), allow the owner, operator, or producer—

"(i) to retain payments received under the contract;

"(ii) to continue to receive payments under the contract;

"(iii) to keep all or part of the land covered by the contract enrolled in the applicable program;

"(iv) to reenroll all or part of the land covered by the contract in the applicable program; or

"(v) to receive any other equitable relief the Secretary considers appropriate; and

"(B) require the owner, operator, or producer to take such actions as are necessary to remedy any failure to comply with the contract.

"(3) RELATIONSHIP TO OTHER LAW.—The authority to provide relief under this subsection shall be in addition to any other authority provided in this or any other Act.

"(4) EXCEPTIONS.—This section shall not apply to—

"(A) any pattern of conduct in which an employee of the Secretary takes actions or provides advice with respect to an owner, operator, or producer that the employee and the owner, operator, or producer know are inconsistent with applicable law (including regulations); or

"(B) an owner, operator, or producer takes any action, independent of any advice or authorization provided by an employee of the Secretary, that the owner, operator, or producer knows or should have known to be inconsistent with applicable law (including regulations).

"(5) APPLICABILITY OF RELIEF.—Relief under this section shall be available for contracts in effect on or after the date of enactment of this section.

"(b) EDUCATION, OUTREACH, MONITORING, AND EVALUATION.—In carrying out any conservation program administered by the Secretary, the Secretary—

"(1) shall provide education, outreach, training, monitoring, evaluation, technical assistance, and related services to agricultural producers (socially disadvantaged agricultural producers, beginning farmers and ranchers, Indian tribes (as those terms are defined in section 1238), and limited resource agricultural producers);

"(2) may enter into contracts with States (including State agencies and units of local government), private nonprofit, community-based organizations, and educational institutions with demonstrated experience in providing the services described in paragraph (1), to provide those services; and

"(3) shall use such sums as are necessary from funds of the Commodity Credit Corporation to carry out activities described in paragraphs (1) and (2).

"(c) BEGINNING FARMERS AND RANCHERS AND INDIAN TRIBES.—In carrying out any conservation program

administered by the Secretary, the Secretary may provide to beginning farmers and ranchers and Indian tribes (as those terms are defined in section 1238) and limited resource agricultural producers incentives to participate in the conservation program to—

"(1) foster new farming opportunities; and

"(2) enhance environmental stewardship over the long term.

"(d) PROGRAM EVALUATION.—The Secretary shall maintain data concerning conservation security plans, conservation practices planned or implemented, environmental outcomes, economic costs, and related matters under conservation programs administered by the Secretary.

"(e) MEDIATION AND INFORMAL HEARINGS.—If the Secretary makes a decision under a conservation program administered by the Secretary that is adverse to an owner, operator, or producer, at the request of the owner, operator, or producer, the Secretary shall provide the owner, operator, or producer with mediation services or an informal hearing on the decision.

"(f) TECHNICAL ASSISTANCE.—

"(1) IN GENERAL.—Under any conservation program administered by the Secretary, subject to paragraph (2), technical assistance provided by per-

sons certified under paragraph (3) (including farmers and ranchers) may include—

"(A) conservation planning;

"(B) design, installation, and certification of conservation practices;

"(C) conservation training for producers; and

"(D) such other conservation activities as the Secretary determines to be appropriate.

"(2) OUTSIDE ASSISTANCE.—

"(A) IN GENERAL.—The Secretary may contract directly with qualified persons not employed by the Department to provide conservation technical assistance.

"(B) PAYMENT BY SECRETARY.—Subject to subparagraph (C), the Secretary may provide a payment to an owner, operator, or producer enrolled in a conservation program administered by the Secretary if the owner, operator, or producer elects to obtain technical assistance from a person certified to provide technical assistance under this subsection.

"(C) NONPRIVATE PROVIDERS.—In determining whether to provide a payment under subparagraph (B) to a nonprivate provider, the

Secretary shall provide a payment if the provision of the payment would result in an increase in the total amount of technical assistance available to producers, as determined by the Secretary.

"(3) CERTIFICATION OF PROVIDERS OF TECHNICAL ASSISTANCE.—

"(A) PROCEDURES.—

"(i) IN GENERAL.—The Secretary shall establish procedures for certifying persons not employed by the Department to provide technical assistance in planning, designing, or certifying activities to participate in any conservation program administered by the Secretary to agricultural producers and landowners participating, or seeking to participate, in conservation programs administered by the Secretary.

"(ii) NON-FEDERAL ASSISTANCE.—The Secretary may request the services of, and enter into a cooperative agreement with, a State water quality agency, State fish and wildlife agency, State forestry agency, or any other governmental or nongovernmental organization or person con-

sidered appropriate to assist in providing the technical assistance necessary to develop and implement conservation plans under this title.

"(B) STANDARDS.—The Secretary shall establish standards for the conduct of—

"(i) the certification process conducted by the Secretary; and

"(ii) periodic recertification by the Secretary of providers.

"(C) CERTIFICATION REQUIRED.—

"(i) IN GENERAL.—A provider may not provide to any producer technical assistance described in paragraph (3)(A)(i) unless the provider is certified by the Secretary.

"(ii) WAIVER.—The Secretary may exempt a provider from any requirement of this subparagraph if the Secretary determines that the provider has been certified or recertified to provide technical assistance through a program the standards of which meet or exceed standards established by the Secretary under subparagraph (B).

"(D) FEE.—

"(i) IN GENERAL.—In exchange for certification or recertification, a provider shall pay a fee to the Secretary in an amount determined by the Secretary.

"(ii) ACCOUNT.—A fee paid to the Secretary under clause (i) shall be—

"(I) credited to the account in the Treasury that incurs costs relating to implementing this subsection; and

"(II) made available to the Secretary for use for conservation programs administered by the Secretary, without further appropriation, until expended.

"(iii) WAIVER.—The Secretary may waive any requirement of any provider to pay a fee under this subparagraph if the provider qualifies for a waiver under subparagraph (C)(ii).

"(E) OTHER REQUIREMENTS.—The Secretary may establish such other requirements as the Secretary determines are necessary to carry out this subsection.

"(g) PRIVACY OF PERSONAL INFORMATION RELATING TO NATURAL RESOURCES CONSERVATION PROGRAMS.—

"(1) INFORMATION RECEIVED FOR TECHNICAL AND FINANCIAL ASSISTANCE.—

"(A) IN GENERAL.—In accordance with section 1770 and section 552(b)(3) of title 5, United States Code, except as provided in subparagraph (C) and paragraph (3), information described in subparagraph (B)—

"(i) shall not be considered to be public information; and

"(ii) shall not be released to any person or Federal, State, local agency or Indian tribe (as defined in section 1238) outside the Department of Agriculture.

"(B) INFORMATION.—The information referred to in subparagraph (A) is information—

"(i) provided to, or developed by, the Secretary (including a contractor of the Secretary) for the purpose of providing technical or financial assistance to an owner, operator, or producer with respect to any natural resources conservation program administered by the Natural Re-

sources Conservation Service or the Farm Service Agency; and

"(ii) that is proprietary to the agricultural operation or land that is a part of an agricultural operation of the owner, operator, or producer.

"(C) EXCEPTION.—Information compiled by the Secretary, such as a list of owners, operators, or producers that have received payments from the Secretary and the amounts received, shall be—

"(i) considered to be public information; and

"(ii) may be released to any—

"(I) person;

"(II) Indian tribe (as defined in section 1238); or

"(III) Federal, State, local agency outside the Department of Agriculture.

"(2) INVENTORY, MONITORING, AND SITE SPECIFIC INFORMATION.—Except as provided in paragraph (3) and notwithstanding any other provision of law, in order to maintain the personal privacy, confidentiality, and cooperation of owners, operators,

and producers, and to maintain the integrity of sample sites, the specific geographic locations of data gathering sites of the National Resources Inventory of the Department of Agriculture, and the information generated by those sites—

"(A) shall not be considered to be public information; and

"(B) shall not be released to any person or Federal, State, local, or tribal agency outside the Department.

"(3) EXCEPTIONS.—

"(A) RELEASE AND DISCLOSURE FOR ENFORCEMENT.—The Secretary may release or disclose to the Attorney General information covered by paragraph (1) or (2) to the extent necessary to enforce the natural resources conservation programs referred to in paragraph (1).

"(B) DISCLOSURE TO COOPERATING PERSONS AND AGENCIES.—

"(i) IN GENERAL.—The Secretary may release or disclose information covered by paragraph (1) or (2) to a person or Federal, State, local, or tribal agency working in cooperation with the Secretary

in providing technical and financial assistance described in paragraph (1) or collecting information from National Resources Inventory data gathering sites.

"(ii) USE OF INFORMATION.—The person or Federal, State, local, or tribal agency that receives information described in clause (i) may release the information only for the purpose of assisting the Secretary—

"(I) in providing the requested technical or financial assistance; or

"(II) in collecting information from National Resources Inventory data gathering sites.

"(C) STATISTICAL AND AGGREGATE INFORMATION.—Information covered by paragraph (1) or (2) may be disclosed to the public if the information has been transformed into a statistical or aggregate form that does not allow the identification of any—

"(i) individual owner, operator, or producer; or

"(ii) specific data gathering site.

"(D) CONSENT OF OWNER, OPERATOR, OR PRODUCER.—

"(i) IN GENERAL.—An owner, operator, or producer may consent to the disclosure of information described in paragraph (1) or (2).

"(ii) CONDITION OF OTHER PROGRAMS.—The participation of the owner, operator, or producer in, and the receipt of any benefit by the owner, operator, or producer under, this title or any other program administered by the Secretary may not be conditioned on the owner, operator, or producer providing consent under this paragraph.

"(4) VIOLATIONS; PENALTIES.—Section 1770(c) shall apply with respect to the release of information collected in any manner or for any purpose prohibited by this subsection.

"(h) INDIAN TRIBES.—In carrying out any conservation program administered by the Secretary on land under the jurisdiction of an Indian tribe (as defined in section 1238), the Secretary shall cooperate with the tribal government of the Indian tribe to ensure, to the maximum

extent practicable, that the program is administered in a fair and equitable manner.''.

SEC. 205. REFORM AND ASSESSMENT OF CONSERVATION PROGRAMS.

(a) IN GENERAL.—The Secretary of Agriculture shall develop a plan for—

(1) coordinating conservation programs administered by the Secretary that are targeted at agricultural land to—

(A) eliminate redundancy; and

(B) improve delivery;

(2) to the maximum extent practicable—

(A) designing forms that are applicable to all conservation programs administered by the Secretary;

(B) reducing and consolidating paperwork requirements for the programs;

(C) developing universal classification systems for all information obtained on the forms that can be used by other agencies of the Department of Agriculture;

(D) ensuring that the information and classification systems developed under this paragraph can be shared with other agencies of

the Department through computer technologies used by agencies; and

(E) developing 1 format for a conservation plan that can be applied to all conservation programs targeted at agricultural land; and

(3) to the maximum extent practicable, improving the delivery of conservation programs to Indian tribes (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)), including programs for the delivery of conservation programs to Indian tribes under plans carried out in conjunction with the Secretary of the Interior.

(b) REPORT.—Not later than 180 days after the date of enactment of this Act, the Secretary of Agriculture shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes the plan developed under subsection (a), including any recommendations for implementation of the plan.

(c) NATIONAL CONSERVATION PLAN.—

(1) IN GENERAL.—Not later than 180 days after the date of enactment of this Act, the Secretary of Agriculture shall submit to the Committee on Agriculture of the House of Representatives and

the Committee on Agriculture, Nutrition, and Forestry of the Senate a plan and estimated budget for implementing the appraisal of the soil, water, and related resources of the United States contained in the national conservation program under sections 5 and 6 of the Soil and Water Resources Conservation Act of 1977 (16 U.S.C. 2004, 2005) as the primary vehicle for managing conservation on agricultural land in the United States.

(2) REPORT ON IMPLEMENTATION.—Not later than April 30, 2005, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and Committee on Agriculture, Nutrition, and Forestry of the Senate a report that—

(A) describes the status of the implementation of the plan described in paragraph (1);

(B) contains an evaluation of the scope, quality, and outcomes of the conservation practices carried out under the plan; and

(C) makes recommendations for achieving specific and quantifiable improvements for the purposes of programs covered by the plan.

SEC. 206. CONSERVATION SECURITY PROGRAM REGULATIONS.

Beginning on the date of enactment of this Act, the Secretary of Agriculture may promulgate regulations and carry out other actions relating to the implementation of the conservation security program under subchapter A of chapter 2 of subtitle D of title XII of the Food Security Act of 1985 (as added by section 201).

SEC. 207. CONFORMING AMENDMENTS.

(a) Chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3830 et seq.) is amended in the chapter heading by striking ''**ENVIRONMENTAL CONSERVATION ACREAGE RESERVE PROGRAM**'' and inserting ''**COMPREHENSIVE CONSERVATION ENHANCEMENT PROGRAM**''.

(b) Section 1230 of the Food Security Act of 1985 (16 U.S.C. 3830) is amended—

(1) in the section heading, by striking ''**ENVIRONMENTAL CONSERVATION ACREAGE RESERVE PROGRAM**'' and inserting ''**COMPREHENSIVE CONSERVATION ENHANCEMENT PROGRAM**'';

(2) in subsection (a)(1), by striking ''an environmental conservation acreage reserve program''

and inserting "a comprehensive conservation enhancement program"; and

(3) by striking "ECARP" each place it appears and inserting "CCEP".

(c) Section 1230A of the Food Security Act of 1985 (16 U.S.C. 3830a) is repealed.

(d) Section 1243 of the Food Security Act of 1985 (16 U.S.C. 3843) is amended by striking the section heading and inserting the following:

"SEC. 1243. ADMINISTRATION OF CCEP.".

Subtitle B—Program Extensions

SEC. 211. COMPREHENSIVE CONSERVATION ENHANCEMENT PROGRAM.

(a) IN GENERAL.—Section 1230(a)(1) of the Food Security Act of 1985 (16 U.S.C. 3830(a)(1)) is amended by striking "2002" and inserting "2006".

(b) PRIORITY.—Section 1230(c) of the Food Security Act of 1985 (16 U.S.C. 3830(c)) is amended by adding at the end the following:

"(4) PRIORITY.—In designating conservation priority areas under paragraph (1), the Secretary shall give priority to areas in which designated land would facilitate the most rapid completion of projects that—

"(A) are ongoing as of the date of the application; and

"(B) meet the purposes of a program established under this title.".

(c) FUNDING.—Section 1241(a) of the Food Security Act of 1985 (16 U.S.C. 3841(a)) is amended—

(1) by striking "2002" and inserting "2006";

(2) by inserting "(including the provision of technical assistance)" after "the programs"; and

(3) in paragraph (2), by striking "subchapter C" and inserting "subchapters C and D".

SEC. 212. CONSERVATION RESERVE PROGRAM.

(a) REAUTHORIZATION.—

(1) IN GENERAL.—Section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831) is amended in subsections (a), (b)(3), and (d), by striking "2002" each place it appears and inserting "2006'.

(2) DUTIES OF OWNERS AND OPERATORS.—Section 1232(c) of the Food Security Act of 1985 (16 U.S.C. 3832(c)) is amended by striking "2002" and inserting "2006".

(b) CONSERVATION PRIORITY AREAS.—

(1) ELIGIBILITY.—Section 1231(b) of the Food Security Act of 1985 (16 U.S.C. 3831(b)) is amended—

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

''(1) highly erodible cropland that—

''(A)(i) if permitted to remain untreated could substantially reduce the production capability for future generations; or

''(ii) cannot be farmed in accordance with a conservation plan that complies with the requirements of subtitle B; and

''(B) the Secretary determines had a cropping history or was considered to be planted for 3 of the 6 years preceding the date of enactment of the Agriculture, Conservation, and Rural Enhancement Act of 2001 (except for land enrolled in the conservation reserve program as of that date);''; and

(B) by adding at the end the following:

''(5) the portion of land in a field not enrolled in the conservation reserve in a case in which more than 50 percent of the land in the field is enrolled as a buffer under a program described in section 1234(i)(1), if the land is enrolled as part of the buffer; and

''(6) land (including land that is not cropland) enrolled through continuous signup—

"(A) to establish conservation buffers as part of the program described in a notice issued on March 24, 1998 (63 Fed. Reg. 14109) or a successor program; or

"(B) into the conservation reserve enhancement program described in a notice issued on May 27, 1998 (63 Fed. Reg. 28965) or a successor program.".

(2) CRP PRIORITY AREAS.—Section 1231(f) of the Food Security Act of 1985 (16 U.S.C. 3831(f)) is amended by adding at the end the following:

"(5) PRIORITY.—In designating conservation priority areas under paragraph (1), the Secretary shall give priority to areas in which designated land would facilitate the most rapid completion of projects that—

"(A) are ongoing as of the date of the application; and

"(B) meet the purposes of the program established under this subchapter.".

(c) MAXIMUM ENROLLMENT.—Section 1231(d) of the Food Security Act of 1985 (16 U.S.C. 3831(d)) is amended by striking "36,400,000" and inserting "40,000,000".

(d) DURATION OF CONTRACTS; HARDWOOD TREES.—Section 1231(e)(2) of the Food Security Act of 1985 (16 U.S.C. 3831(e)(2)) is amended—

(1) by striking ''In the'' and inserting the following:

''(A) IN GENERAL.—In the'';

(2) by striking ''The Secretary'' and inserting the following:

''(B) EXISTING HARDWOOD TREE CONTRACTS.—The Secretary''; and

''(3) by adding at the end the following:

''(C) EXTENSION OF HARDWOOD TREE CONTRACTS.—

''(i) IN GENERAL.—In the case of land devoted to hardwood trees under a contract entered into under this subchapter before the date of enactment of this subparagraph, the Secretary may extend the contract for a term of not more than 15 years.

''(ii) RENTAL PAYMENTS.—The amount of a rental payment for a contract extended under clause (i)—

''(I) shall be determined by the Secretary; but

"(II) shall not exceed 50 percent of the rental payment that was applicable to the contract before the contract was extended.".

(e) PILOT PROGRAM FOR ENROLLMENT OF WETLAND AND BUFFER ACREAGE IN CONSERVATION RESERVE.—Section 1231(h) of the Food Security Act of 1985 (16 U.S.C. 3831(h)) is amended—

(1) in the subsection heading, by striking "PILOT";

(2) in paragraph (1), by striking "During the 2001 and 2002 calendar years, the Secretary shall carry out a pilot program" and inserting "During the 2002 through 2006 calendar years, the Secretary shall carry out a program";

(3) in paragraph (2), by striking "pilot"; and

(4) in paragraph (3)(D)(i), by striking "5 contiguous acres." and inserting "10 contiguous acres, of which—

"(I) not more than 5 acres shall be eligible for payment; and

"(II) all acres (including acres that are ineligible for payment) shall be covered by the conservation contract.".

(f) VEGETATIVE COVER; HAYING AND GRAZING; WIND TURBINES.—Section 1232(a) of the Food Security Act of 1985 (16 U.S.C. 3832(a)) is amended—

(1) in paragraph (4)—

(A) in subparagraph (A), by striking ''and'' at the end;

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

(C) by adding at the end the following:

''(C) in the case of marginal pasture land, an owner or operator shall not be required to plant trees if native prairie grass may be retained or restored;'';

(2) in paragraph (7)—

(A) by striking ''except that the Secretary—'' and inserting ''except that—'';

(B) in subparagraph (A)—

(i) by striking ''(A) may'' and inserting ''(A) the Secretary may''; and

(ii) by striking ''and'' at the end;

(C) in subparagraph (B)—

(i) by striking ''(B) shall'' and inserting ''(B) the Secretary shall''; and

(ii) by striking the period at the end and inserting a semicolon;

(D) in subparagraph (C), by striking the period at the end and inserting "; and"; and

(E) by adding at the end the following:

"(D) for maintenance purposes, the Secretary shall permit harvesting or grazing or other commercial uses of forage, in a manner that is consistent with the purposes of this subchapter and a conservation plan approved by the Secretary, on acres enrolled—

"(i) to establish conservation buffers as part of the program described in a notice issued on March 24, 1998 (63 Fed. Reg. 14109) or a successor program; and

"(ii) into the conservation reserve enhancement program described in a notice issued on May 27, 1998 (63 Fed. Reg. 28965) or a successor program.";

(3) in paragraph (9), by striking "and" at the end;

(4) by redesignating paragraph (10) as paragraph (11); and

(5) by inserting after paragraph (9) the following:

"(10) with respect to any contract entered into after the date of enactment of the Agriculture, Conservation, and Rural Enhancement Act of 2001—

"(A) not to produce a crop for the duration of the contract on any other highly erodible land that the owner or operator owns unless the highly erodible land—

"(i) has a history of being used to produce a crop other than a forage crop, as determined by the Secretary; or

"(ii) is being used as a homestead or building site at the time of purchase; and

"(B) on a violation of a contract described in subparagraph (A), to be subject to the requirements of paragraph (5); and".

(g) WIND TURBINES.—Section 1232 of the Food Security Act of 1985 (8906 U.S.C. 3832) is amended by adding at the end the following:

"(f) WIND TURBINES.—

"(1) IN GENERAL.—Subject to paragraph (2), the Secretary may permit an owner or operator of land that is enrolled in the conservation reserve program, but that is not enrolled under continuous signup (as described in section 1231(b)(6)), to install wind turbines on the land.

"(2) NUMBER; LOCATION.—The Secretary shall determine the number and location of wind turbines that may be installed on a tract of land under paragraph (1), taking into account—

"(A) the location, size, and other physical characteristics of the land;

"(B) the extent to which the land contains wildlife and wildlife habitat; and

"(C) the purposes of the conservation reserve program.

"(3) PAYMENT LIMITATION.—Notwithstanding the amount of a rental payment limited by section 1234(c)(2) and specified in a contract entered into under this chapter, the Secretary shall reduce the amount of the rental payment paid to an owner or operator of land on which 1 or more wind turbines are installed under this subsection by an amount determined by the Secretary to be commensurate with the value of the reduction of benefit gained by enrollment of the land in the conservation reserve program.".

(h) ADDITIONAL ELIGIBLE PRACTICES.—Section 1234 of the Food Security Act of 1985 (16 U.S.C. 3834) is amended by adding at the end the following:

"(i) PAYMENTS.—

"(1) IN GENERAL.—Subject to paragraph (2), the Secretary shall provide signing and practice incentive payments under the conservation reserve program to owners and operators that implement a practice under—

"(A) the program to establish conservation buffers described in a notice issued on March 24, 1998 (63 Fed. Reg. 14109) or a successor program; or

"(B) the conservation reserve enhancement program described in a notice issued on May 27, 1998 (63 Fed. Reg. 28965) or a successor program.

"(2) OTHER PRACTICES.—The Secretary shall administer paragraph (1) in a manner that does not reduce the amount of payments made by the Secretary for other practices under the conservation reserve program.".

(i) COUNTY PARTICIPATION.—Section 1243(b)(1) of the Food Security Act of 1985 (16 U.S.C. 3843(b)(1)) is amended by striking "The Secretary" and inserting "Except for land enrolled under continuous signup (as described in section 1231(b)(6)), the Secretary".

(j) STUDY ON ECONOMIC EFFECTS.—Not later than 270 days after the date of enactment of this Act, the Sec-

retary of Agriculture shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes the economic effects on rural communities resulting from the conservation reserve program established under subchapter B of chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3831 et seq.).

SEC. 213. WETLANDS RESERVE PROGRAM.

(a) TECHNICAL ASSISTANCE.—Section 1237(a) of the Food Security Act of 1985 (16 U.S.C. 3837(a)) is amended by inserting ''(including the provision of technical assistance)'' before the period at the end.

(b) MAXIMUM ENROLLMENT.—Section 1237(b) of the Food Security Act of 1985 (16 U.S.C. 3837(b)) is amended by striking paragraph (1) and inserting the following:

''(1) MAXIMUM ENROLLMENT.—

''(A) IN GENERAL.—The total number of acres enrolled in the wetlands reserve program shall not exceed 2,225,000 acres, of which, to the maximum extent practicable subject to subparagraph (B), the Secretary shall enroll 250,000 acres in each calendar year.

"(B) WETLANDS RESERVE ENHANCEMENT ACREAGE.—Of the acreage enrolled under subparagraph (A) for a calendar year, not more than 25,000 acres may be enrolled in the wetlands reserve enhancement program described in subsection (h).".

(c) REAUTHORIZATION.—Section 1237(c) of the Food Security Act of 1985 (16 U.S.C. 3837(c)) is amended by striking "2002" and inserting "2006".

(d) WETLANDS RESERVE ENHANCEMENT PROGRAM.—Section 1237 of the Food Security Act of 1985 (16 U.S.C. 3837) is amended by adding at the end the following:

"(h) WETLANDS RESERVE ENHANCEMENT PROGRAM.—

"(1) IN GENERAL.—The Secretary may enter into cooperative agreements with State or local governments, and with private organizations, to develop, on land that is enrolled, or is eligible to be enrolled, in the wetland reserve established under this subchapter, wetland restoration activities in watershed areas.

"(2) PURPOSE.—The purpose of the agreements shall be to address critical environmental issues.".

(e) MONITORING AND MAINTENANCE.—Section 1237C(a)(2) of the Food Security Act of 1985 (16 U.S.C. 3837c(a)(2)) is amended by striking ''assistance'' and inserting ''assistance (including monitoring and maintenance)''.

SEC. 214. ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.

(a) IN GENERAL.—Chapter 4 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3839aa et seq.) is amended to read as follows:

''SEC. 1240. PURPOSES.

''The purposes of the environmental quality incentives program established by this chapter are to promote agricultural production and environmental quality as compatible national goals, and to maximize environmental benefits per dollar expended, by—

''(1) assisting producers in complying with—

''(A) this title;

''(B) the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.);

''(C) the Safe Drinking Water Act (42 U.S.C. 300f et seq.);

''(D) the Clean Air Act (42 U.S.C. 7401 et seq.); and

"(E) other Federal, State, and local environmental laws (including regulations);

"(2) avoiding, to the maximum extent practicable, the need for resource and regulatory programs by assisting producers in protecting soil, water, air, and related natural resources and meeting environmental quality criteria established by Federal, State, and local agencies;

"(3) providing flexible technical and financial assistance to producers to install and maintain conservation systems that enhance soil, water, related natural resources (including grazing land and wetland), and wildlife while sustaining production of food and fiber;

"(4) assisting producers to make beneficial, cost effective changes to cropping systems, grazing management, nutrient management associated with livestock, pest or irrigation management, or other practices on agricultural land;

"(5) facilitating partnerships and joint efforts among producers and governmental and nongovernmental organizations; and

"(6) consolidating and streamlining conservation planning and regulatory compliance processes to

reduce administrative burdens on producers and the cost of achieving environmental goals.

"SEC. 1240A. DEFINITIONS.

"In this chapter:

"(1) BEGINNING FARMER OR RANCHER.—The term 'beginning farmer or rancher' has the meaning provided under section 343(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1999(a)).

"(2) COMPREHENSIVE NUTRIENT MANAGEMENT.—

"(A) IN GENERAL.—The term 'comprehensive nutrient management' means any combination of structural practices, land management practices, and management activities associated with crop or livestock production described in subparagraph (B) that collectively ensure that the purposes of crop or livestock production and preservation of natural resources (especially the preservation and enhancement of water quality) are compatible.

"(B) ELEMENTS.—For the purpose of subparagraph (A), structural practices, land management practices, and management activities associated with livestock production are—

"(i) manure and wastewater handling and storage;

"(ii) manure processing, composting, or digestion for purposes of capturing emissions, concentrating nutrients for transport, destroying pathogens or otherwise improving the environmental safety and beneficial uses of manure;

"(iii) land treatment practices;

"(iv) nutrient management;

"(v) recordkeeping;

"(vi) feed management; and

"(vii) other waste utilization options.

"(C) PRACTICE.—

"(i) PLANNING.—The development of a comprehensive nutrient management plan shall be a practice that is eligible for incentive payments and technical assistance under this chapter.

"(ii) IMPLEMENTATION.—The implementation of a comprehensive nutrient plan shall be accomplished through structural and land management practices identified in the plan.

"(3) ELIGIBLE LAND.—The term 'eligible land' means agricultural land (including cropland, grassland, rangeland, pasture, private nonindustrial forest land, and other land on which crops or livestock are produced), including agricultural land that the Secretary determines poses a serious threat to soil, water, or related resources by reason of the soil types, terrain, climatic, soil, topographic, flood, or saline characteristics, or other factors or natural hazards.

"(4) INNOVATIVE TECHNOLOGY.—The term 'innovative technology' means a new conservation technology that, as determined by the Secretary—

"(A) maximizes environmental benefits;

"(B) complements agricultural production; and

"(C) may be adopted in a practical manner.

"(5) LAND MANAGEMENT PRACTICE.—The term 'land management practice' means a site-specific nutrient or manure management, integrated pest management, irrigation management, tillage or residue management, grazing management, air quality management, or other land management practice carried out on eligible land that the Secretary deter-

mines is needed to protect from degradation, in the most cost-effective manner, water, soil, or related resources.

"(6) LIVESTOCK.—The term 'livestock' means dairy cattle, beef cattle, laying hens, broilers, turkeys, swine, sheep, and such other animals as are determined by the Secretary.

"(7) MAXIMIZE ENVIRONMENTAL BENEFITS PER DOLLAR EXPENDED.—

"(A) IN GENERAL.—The term 'maximize environmental benefits per dollar expended' means to maximize environmental benefits to the extent the Secretary determines is practicable and appropriate, taking into account the amount of funding made available to carry out this chapter.

"(B) LIMITATION.—The term 'maximize environmental benefits per dollar expended' does not require the Secretary—

"(i) to require the adoption of the least cost practice or technical assistance; or

"(ii) to require the development of a plan under section 1240E as part of an

application for payments or technical assistance.

"(8) PRACTICE.—The term 'practice' means 1 or more structural practices, land management practices, and comprehensive nutrient management planning practices.

"(9) PRODUCER.—The term 'producer' has the meaning given the term in section 102 of the Agricultural Market Transition Act (7 U.S.C. 7202).

"(10) STRUCTURAL PRACTICE.—The term 'structural practice' means—

"(A) the establishment on eligible land of a site-specific animal waste management facility, terrace, grassed waterway, contour grass strip, filterstrip, tailwater pit, permanent wildlife habitat, constructed wetland, or other structural practice that the Secretary determines is needed to protect, in the most cost-effective manner, water, soil, or related resources from degradation; and

"(B) the capping of abandoned wells on eligible land.

"SEC. 1240B. ESTABLISHMENT AND ADMINISTRATION OF ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.

"(a) ESTABLISHMENT.—

"(1) IN GENERAL.—During each of the 2002 through 2006 fiscal years, the Secretary shall provide technical assistance, cost-share payments, and incentive payments to producers, that enter into contracts with the Secretary, through an environmental quality incentives program in accordance with this chapter.

"(2) ELIGIBLE PRACTICES.—

"(A) STRUCTURAL PRACTICES.—A producer that implements a structural practice shall be eligible for any combination of technical assistance, cost-share payments, and education.

"(B) LAND MANAGEMENT PRACTICES.—A producer that performs a land management practice shall be eligible for any combination of technical assistance, incentive payments, and education.

"(C) COMPREHENSIVE NUTRIENT MANAGEMENT PLANNING.—A producer that develops a comprehensive nutrient management plan shall be eligible for any combination of technical assistance, incentive payments, and education.

"(3) EDUCATION.—The Secretary may provide conservation education at national, State, and local levels consistent with the purposes of the environmental quality incentives program to—

"(A) any producer that is eligible for assistance under this chapter; or

"(B) any producer that is engaged in the production of an agricultural commodity.

"(b) APPLICATION AND TERM.—With respect to practices implemented under this chapter—

"(1) a contract between a producer and the Secretary may—

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

"(B) have a term of not less than 3, nor more than 10, years, as determined appropriate by the Secretary, depending on the practice or practices that are the basis of the contract; and

"(2) a producer may not enter into more than 1 contract for structural practices involving livestock nutrient management during the period of fiscal years 2002 through 2006.

"(c) APPLICATION AND EVALUATION.—

"(1) IN GENERAL.—The Secretary shall establish an application and evaluation process for awarding technical assistance, cost-share payments, and incentive payments to a producer in exchange for the performance of 1 or more practices that maximizes environmental benefits per dollar expended.

"(2) COMPARABLE ENVIRONMENTAL VALUE.—

"(A) IN GENERAL.—The Secretary shall establish a process for selecting applications for technical assistance, cost-share payments, and incentive payments when there are numerous applications for assistance for practices that would provide substantially the same level of environmental benefits.

"(B) CRITERIA.—The process under subparagraph (A) shall be based on—

"(i) a reasonable estimate of the projected cost of the proposals described in the applications; and

"(ii) the priorities established under this chapter and other factors that maximize environmental benefits per dollar expended.

"(3) CONSENT OF OWNER.—If the producer making an offer to implement a structural practice

is a tenant of the land involved in agricultural production, for the offer to be acceptable, the producer shall obtain the consent of the owner of the land with respect to the offer.

"(4) BIDDING DOWN.—If the Secretary determines that the environmental values of 2 or more applications for technical assistance, cost-share payments, or incentive payments are comparable, the Secretary shall not assign a higher priority to the application only because it would present the least cost to the program established under this chapter.

"(d) COST-SHARE PAYMENTS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), the cost-share payments provided to a producer proposing to implement 1 or more practices under the program shall be not more than 75 percent of the cost of the practice, as determined by the Secretary.

"(2) EXCEPTIONS.—

"(A) LIMITED RESOURCE AND BEGINNING FARMERS.—The Secretary may increase the amount provided to a producer under paragraph (1) to not more than 90 percent if the producer is a limited resource or beginning

farmer or rancher, as determined by the Secretary.

"(B) COST-SHARE ASSISTANCE FROM OTHER SOURCES.—Any cost-share payments received by a producer from a State or private organization or person for the implementation of 1 or more practices shall be in addition to the payments provided to the producer under paragraph (1).

"(3) OTHER PAYMENTS.—A producer shall not be eligible for cost-share payments for practices on eligible land under this chapter if the producer receives cost-share payments or other benefits for the same practice on the same land under chapter 1 and this chapter.

"(e) INCENTIVE PAYMENTS.—The Secretary shall make incentive payments in an amount and at a rate determined by the Secretary to be necessary to encourage a producer to perform 1 or more practices.

"(f) TECHNICAL ASSISTANCE.—

"(1) IN GENERAL.—The Secretary shall allocate funding under this chapter for the provision of technical assistance according to the purpose and projected cost for which the technical assistance is provided for a fiscal year.

"(2) AMOUNT.—The allocated amount may vary according to—

"(A) the type of expertise required;

"(B) the quantity of time involved; and

"(C) other factors as determined appropriate by the Secretary.

"(3) LIMITATION.—Funding for technical assistance under this chapter shall not exceed the projected cost to the Secretary of the technical assistance provided for a fiscal year.

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

"(5) INCENTIVE PAYMENTS FOR TECHNICAL ASSISTANCE.—

"(A) IN GENERAL.—A producer that is eligible to receive technical assistance for a practice involving the development of a comprehensive nutrient management plan may obtain an incentive payment that can be used to obtain technical assistance associated with the development of any component of the comprehensive nutrient management plan.

"(B) PURPOSE.—The purpose of the payment shall be to provide a producer the option of obtaining technical assistance for developing any component of a comprehensive nutrient management plan from a private person.

"(C) PAYMENT.—The incentive payment shall be—

"(i) in addition to cost-share or incentive payments that a producer would otherwise receive for structural practices and land management practices;

"(ii) used only to procure technical assistance from a private person that is necessary to develop any component of a comprehensive nutrient management plan; and

"(iii) in an amount determined appropriate by the Secretary, taking into account—

"(I) the extent and complexity of the technical assistance provided;

"(II) the costs that the Secretary would have incurred in providing the technical assistance; and

"(III) the costs incurred by the private provider in providing the technical assistance.

"(D) ELIGIBLE PRACTICES.—The Secretary may determine, on a case by case basis, whether the development of a comprehensive nutrient management plan is eligible for an incentive payment under this paragraph.

"(E) CERTIFICATION BY SECRETARY.—

"(i) IN GENERAL.—Only private persons that have been certified by the Secretary under section 1244(f)(3) shall be eligible to provide technical assistance under this subsection.

"(ii) QUALITY ASSURANCE.—The Secretary shall ensure that certified private providers are capable of providing technical assistance regarding comprehensive nutrient management in a manner that meets the specifications and guidelines of the Secretary and that meets the needs of producers under the environmental quality incentives program.

"(F) ADVANCE PAYMENT.—On the determination of the Secretary that the proposed

comprehensive nutrient management of a producer is eligible for an incentive payment, the producer may receive a partial advance of the incentive payment in order to procure the services of a certified private provider.

"(G) FINAL PAYMENT.—The final installment of the incentive payment shall be payable to a producer on presentation to the Secretary of documentation that is satisfactory to the Secretary and that demonstrates—

"(i) completion of the technical assistance; and

"(ii) the actual cost of the technical assistance.

"(g) MODIFICATION OR TERMINATION OF CONTRACTS.—

"(1) VOLUNTARY MODIFICATION OR TERMINATION.—The Secretary may modify or terminate a contract entered into with a producer under this chapter if—

"(A) the producer agrees to the modification or termination; and

"(B) the Secretary determines that the modification or termination is in the public interest.

"(2) INVOLUNTARY TERMINATION.—The Secretary may terminate a contract under this chapter if the Secretary determines that the producer violated the contract.

"SEC. 1240C. EVALUATION OF OFFERS AND PAYMENTS.

"(a) IN GENERAL.—In evaluating applications for technical assistance, cost-share payments, and incentive payments, the Secretary shall accord a higher priority to assistance and payments that—

"(1) maximize environmental benefits per dollar expended; and

"(2)(A) address national conservation priorities, including—

"(i) meeting Federal, State, and local environmental purposes focused on protecting air and water quality;

"(ii) comprehensive nutrient management;

"(iii) water quality, particularly in impaired watersheds;

"(iv) soil erosion; or

"(v) air quality;

"(B) are provided in conservation priority areas established under section 1230(c);

"(C) are provided in special projects under section 1243(f)(4) with respect to which State or local

governments have provided, or will provide, financial or technical assistance to producers for the same conservation or environmental purposes; or

''(D) an innovative technology in connection with a structural practice or land management practice.

"SEC. 1240D. DUTIES OF PRODUCERS.

''To receive technical assistance, cost-share payments, or incentive payments under this chapter, a producer shall agree—

''(1) to implement an environmental quality incentives program plan that describes conservation and environmental purposes to be achieved through 1 or more practices that are approved by the Secretary;

''(2) not to conduct any practices on the farm or ranch that would tend to defeat the purposes of this chapter;

''(3) on the violation of a term or condition of the contract at any time the producer has control of the land—

''(A) if the Secretary determines that the violation warrants termination of the contract—

''(i) to forfeit all rights to receive payments under the contract; and

"(ii) to refund to the Secretary all or a portion of the payments received by the owner or operator under the contract, including any interest on the payments, as determined by the Secretary; or

"(B) if the Secretary determines that the violation does not warrant termination of the contract, to refund to the Secretary, or accept adjustments to, the payments provided to the owner or operator, as the Secretary determines to be appropriate;

"(4) on the transfer of the right and interest of the producer in land subject to the contract, unless the transferee of the right and interest agrees with the Secretary to assume all obligations of the contract, to refund all cost-share payments and incentive payments received under this chapter, as determined by the Secretary;

"(5) to supply information as required by the Secretary to determine compliance with the environmental quality incentives program plan and requirements of the program; and

"(6) to comply with such additional provisions as the Secretary determines are necessary to carry

out the environmental quality incentives program plan.

"SEC. 1240E. ENVIRONMENTAL QUALITY INCENTIVES PROGRAM PLAN.

''(a) IN GENERAL.—To be eligible to receive technical assistance, cost-share payments, or incentive payments under the environmental quality incentives program, a producer of a livestock or agricultural operation shall submit to the Secretary for approval a plan of operations that specifies practices covered under this chapter, and is based on such terms and conditions, as the Secretary considers necessary to carry out the program, including a description of the practices to be implemented and the purposes to be met by the implementation of the plan.

''(b) AVOIDANCE OF DUPLICATION.—The Secretary shall, to the maximum extent practicable, eliminate duplication of planning activities under the environmental quality incentives program and comparable conservation programs.

"SEC. 1240F. DUTIES OF THE SECRETARY.

''To the extent appropriate, the Secretary shall assist a producer in achieving the conservation and environmental goals of an environmental quality incentives program plan by—

"(1) providing technical assistance in developing and implementing the plan;

"(2) providing technical assistance, cost-share payments, or incentive payments for developing and implementing 1 or more practices, as appropriate;

"(3) providing the producer with information, education, and training to aid in implementation of the plan; and

"(4) encouraging the producer to obtain technical assistance, cost-share payments, or grants from other Federal, State, local, or private sources.

"SEC. 1240G. LIMITATION ON PAYMENTS.

"(a) IN GENERAL.—An individual or entity may not receive, directly or indirectly, payments under this chapter that exceed—

"(1) $50,000 for any fiscal year; or

"(2) $150,000 for any multiyear contract.

"(b) VERIFICATION.—The Secretary shall identify individuals and entities that are eligible for a payment under this chapter using social security numbers and taxpayer identification numbers, respectively.

"SEC. 1240H. CONSERVATION INNOVATION GRANTS.

"(a) IN GENERAL.—From funds made available to carry out this chapter, for each of the 2003 through 2006 fiscal years, the Secretary shall use not more than

$100,000,000 for each fiscal year to pay the cost of competitive grants that are intended to stimulate innovative approaches to leveraging Federal investment in environmental enhancement and protection, in conjunction with agricultural production, through the environmental quality incentives program.

''(b) USE.—The Secretary may award grants under this section to governmental and nongovernmental organizations and persons, on a competitive basis, to carry out projects that—

''(1) involve producers that are eligible for payments or technical assistance under this chapter;

''(2) implement innovative projects, such as—

''(A) market systems for pollution reduction;

''(B) promoting agricultural best management practices, including the storing of carbon in the soil; and

''(C) protection of source water for human consumption; and

''(3) leverage funds made available to carry out this chapter with matching funds provided by State and local governments and private organizations to promote environmental enhancement and protection in conjunction with agricultural production.

"(c) COST SHARE.—The amount of a grant made under this section to carry out a project shall not exceed 50 percent of the cost of the project.

"(d) UNUSED FUNDING.—Any funds made available for a fiscal year under this section that are not obligated by June 1 of the fiscal year may be used to carry out other activities under this chapter during the fiscal year in which the funding becomes available.".

(b) FUNDING.—Section 1241 of the Food Security Act of 1985 (16 U.S.C. 3841) is amended by striking subsection (b) and inserting the following:

"(b) ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.—

"(1) IN GENERAL.—Of the funds of the Commodity Credit Corporation, the Secretary shall make available to provide technical assistance, cost-share payments, incentive payments, bonus payments, grants, and education under the environmental quality incentives program under chapter 4 of subtitle D—

"(A) $500,000,000 for fiscal year 2002;

"(B) $1,050,000,000 for fiscal year 2003;

"(C) $1,200,000,000 for fiscal year 2004;

"(D) $1,200,000,000 for fiscal year 2005; and

"(E) $1,250,000,000 for fiscal year 2006.

"(2) OBLIGATION OF FUNDS.—

"(A) IN GENERAL.—If a contract under the environmental quality incentives program under chapter 4 of subtitle D is terminated, or work under the contract is completed, prior to the end of the term of the contract and funds obligated for the contract have not been expended, the unexpended funds may be used to carry out any other contract under the program during the same fiscal year in which the original contract was terminated.

"(B) ADDITIONAL USES OF FUNDS.—Funding for contracts that terminate under the program administered under subchapter B of chapter 1 may be transferred to, and used to carry out, the program under chapter 4 of subtitle D.".

(c) REIMBURSEMENTS.—Section 11 of the Commodity Credit Corporation Charter Act (15 U.S.C. 714i) is amended in the last sentence by inserting "but excluding transfers and allotments for conservation technical assistance" after "activities".

SEC. 215. RESOURCE CONSERVATION AND DEVELOPMENT PROGRAM.

Subtitle H of title XV of the Agriculture and Food Act of 1981 (16 U.S.C. 3451 et seq.) is amended to read as follows:

"Subtitle H—Resource Conservation and Development Program

"SEC. 1528. DEFINITIONS.

''In this subtitle:

''(1) AREA PLAN.—The term 'area plan' means a resource conservation and use plan that is developed by a council for a designated area of a State or States through a planning process and that includes 1 or more of the following elements:

''(A) A land conservation element, the purpose of which is to control erosion and sedimentation.

''(B) A water management element that provides 1 or more clear environmental or conservation benefits, the purpose of which is to provide for—

''(i) the conservation, use, and quality of water, including irrigation and rural water supplies;

''(ii) the mitigation of floods and high water tables;

"(iii) the repair and improvement of reservoirs;

"(iv) the improvement of agricultural water management; and

"(v) the improvement of water quality.

"(C) A community development element, the purpose of which is to improve—

"(i) the development of resources-based industries;

"(ii) the protection of rural industries from natural resource hazards;

"(iii) the development of adequate rural water and waste disposal systems;

"(iv) the improvement of recreation facilities;

"(v) the improvement in the quality of rural housing;

"(vi) the provision of adequate health and education facilities;

"(vii) the satisfaction of essential transportation and communication needs; and

"(viii) the promotion of food security, economic development, and education.

"(D) A land management element, the purpose of which is—

"(i) energy conservation;

"(ii) the protection of agricultural land, as appropriate, from conversion to other uses;

"(iii) farmland protection; and

"(iv) the protection of fish and wildlife habitats.

"(2) BOARD.—The term 'Board' means the Resource Conservation and Development Policy Advisory Board established under section 1533(a).

"(3) COUNCIL.—The term 'council' means a nonprofit entity (including an affiliate of the entity) operating in a State that is—

"(A) established by volunteers or representatives of States, local units of government, Indian tribes, or local nonprofit organizations to carry out an area plan in a designated area; and

"(B) designated by the chief executive officer or legislature of the State to receive technical assistance and financial assistance under this subtitle.

"(4) DESIGNATED AREA.—The term 'designated area' means a geographic area designated by the Secretary to receive technical assistance and financial assistance under this subtitle.

"(5) FINANCIAL ASSISTANCE.—The term 'financial assistance' means a grant or loan provided by the Secretary (or the Secretary and other Federal agencies) to, or a cooperative agreement entered into by the Secretary (or the Secretary and other Federal agencies) with, a council, or association of councils, to carry out an area plan in a designated area, including assistance provided for planning, analysis, feasibility studies, training, education, and other activities necessary to carry out the area plan.

"(6) INDIAN TRIBE.—The term 'Indian tribe' has the meaning given the term by section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

"(7) LOCAL UNIT OF GOVERNMENT.—The term 'local unit of government' means—

"(A) any county, city, town, township, parish, village, or other general-purpose subdivision of a State; and

"(B) any local or regional special district or other limited political subdivision of a State,

including any soil conservation district, school district, park authority, and water or sanitary district.

''(8) NONPROFIT ORGANIZATION.—The term 'nonprofit organization' means any organization that is—

''(A) described in section 501(c) of the Internal Revenue Code of 1986; and

''(B) exempt from taxation under section 501(a) of the Internal Revenue Code of 1986.

''(9) PLANNING PROCESS.—The term 'planning process' means actions taken by a council to develop and carry out an effective area plan in a designated area, including development of the area plan, goals, purposes, policies, implementation activities, evaluations and reviews, and the opportunity for public participation in the actions.

''(10) PROJECT.—The term 'project' means a project that is carried out by a council to achieve any of the elements of an area plan.

''(11) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture.

''(12) STATE.—The term 'State' means—

''(A) any State;

''(B) the District of Columbia; or

"(C) any territory or possession of the United States.

"(13) TECHNICAL ASSISTANCE.—The term 'technical assistance' means any service provided by the Secretary or agent of the Secretary, including—

"(A) inventorying, evaluating, planning, designing, supervising, laying out, and inspecting projects;

"(B) providing maps, reports, and other documents associated with the services provided;

"(C) providing assistance for the long-term implementation of area plans; and

"(D) providing services of an agency of the Department of Agriculture to assist councils in developing and carrying out area plans.

"SEC. 1529. RESOURCE CONSERVATION AND DEVELOPMENT PROGRAM.

"The Secretary shall establish a resource conservation and development program under which the Secretary shall provide technical assistance and financial assistance to councils to develop and carry out area plans and projects in designated areas—

"(1) to conserve and improve the use of land, develop natural resources, and improve and enhance

the social, economic, and environmental conditions in primarily rural areas of the United States; and

''(2) to encourage and improve the capability of State, units of government, Indian tribes, nonprofit organizations, and councils to carry out the purposes described in paragraph (1).

"SEC. 1530. SELECTION OF DESIGNATED AREAS.

''The Secretary shall select designated areas for assistance under this subtitle on the basis of the elements of area plans.

"SEC. 1531. POWERS OF THE SECRETARY.

''In carrying out this subtitle, the Secretary may—

''(1) provide technical assistance to any council to assist in developing and implementing an area plan for a designated area;

''(2) cooperate with other departments and agencies of the Federal Government, States, local units of government, local Indian tribes, and local nonprofit organizations in conducting surveys and inventories, disseminating information, and developing area plans;

''(3) assist in carrying out an area plan approved by the Secretary for any designated area by providing technical assistance and financial assistance to any council; and

"(4) enter into agreements with councils in accordance with section 1532.

"SEC. 1532. ELIGIBILITY; TERMS AND CONDITIONS.

"(a) ELIGIBILITY.—Technical assistance and financial assistance may be provided by the Secretary under this subtitle to any council to assist in carrying out a project specified in an area plan approved by the Secretary only if—

"(1) the council agrees in writing—

"(A) to carry out the project; and

"(B) to finance or arrange for financing of any portion of the cost of carrying out the project for which financial assistance is not provided by the Secretary under this subtitle;

"(2) the project is included in an area plan and is approved by the council;

"(3) the Secretary determines that assistance is necessary to carry out the area plan;

"(4) the project provided for in the area plan is consistent with any comprehensive plan for the area;

"(5) the cost of the land or an interest in the land acquired or to be acquired under the plan by any State, local unit of government, Indian tribe, or local nonprofit organization is borne by the State,

local unit of government, Indian tribe, or local nonprofit organization, respectively; and

"(6) the State, local unit of government, Indian tribe, or local nonprofit organization participating in the area plan agrees to maintain and operate the project.

"(b) LOANS.—

"(1) IN GENERAL.—Subject to paragraphs (2) and (3), a loan made under this subtitle shall be made on such terms and conditions as the Secretary may prescribe.

"(2) TERM.—A loan for a project made under this subtitle shall have a term of not more than 30 years after the date of completion of the project.

"(3) INTEREST RATE.—A loan made under this subtitle shall bear interest at the average rate of interest paid by the United States on obligations of a comparable term, as determined by the Secretary of the Treasury.

"(c) APPROVAL BY SECRETARY.—Technical assistance and financial assistance under this subtitle may not be made available to a council to carry out an area plan unless the area plan has been submitted to and approved by the Secretary.

"(d) WITHDRAWAL.—The Secretary may withdraw technical assistance and financial assistance with respect to any area plan if the Secretary determines that the assistance is no longer necessary or that sufficient progress has not been made toward developing or implementing the elements of the area plan.

"(e) USE OF OTHER ENTITIES AND PERSONS.—A council may use another person or entity to assist in developing and implementing an area plan and otherwise carrying out this subtitle.

"SEC. 1533. RESOURCE CONSERVATION AND DEVELOPMENT POLICY ADVISORY BOARD.

"(a) ESTABLISHMENT.—The Secretary shall establish within the Department of Agriculture a Resource Conservation and Development Policy Advisory Board.

"(b) COMPOSITION.—

"(1) IN GENERAL.—The Board shall be composed of at least 7 employees of the Department of Agriculture selected by the Secretary.

"(2) CHAIRPERSON.—A member of the Board shall be designated by the Secretary to serve as chairperson of the Board.

"(c) DUTIES.—The Board shall advise the Secretary regarding the administration of this subtitle, including the formulation of policies for carrying out this subtitle.

"SEC. 1534. EVALUATION OF PROGRAM.

"(a) IN GENERAL.—The Secretary, in consultation with councils, shall evaluate the program established under this subtitle to determine whether the program is effectively meeting the needs of, and the purposes identified by, States, units of government, Indian tribes, nonprofit organizations, and councils participating in, or served by, the program.

"(b) REPORT.—Not later than June 30, 2005, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report describing the results of the evaluation, together with any recommendations of the Secretary for continuing, terminating, or modifying the program.

"SEC. 1535. LIMITATION ON ASSISTANCE.

"In carrying out this subtitle, the Secretary shall provide technical assistance and financial assistance with respect to not more than 450 active designated areas.

"SEC. 1536. SUPPLEMENTAL AUTHORITY OF THE SECRETARY.

"The authority of the Secretary under this subtitle to assist councils in the development and implementation of area plans shall be supplemental to, and not in lieu of, any authority of the Secretary under any other provision of law.

"SEC. 1537. AUTHORIZATION OF APPROPRIATIONS.

"(a) IN GENERAL.—There are authorized to be such sums as are necessary to carry out this subtitle.

"(b) LOANS.—The Secretary shall not use more than $15,000,000 of any funds made available for a fiscal year to make loans under this subtitle.

"(c) AVAILABILITY.—Funds appropriated to carry out this subtitle shall remain available until expended.".

SEC. 216. WILDLIFE HABITAT INCENTIVE PROGRAM.

(a) IN GENERAL.—Chapter 5 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3839bb et seq.) is amended to read as follows:

"CHAPTER 5—OTHER CONSERVATION PROGRAMS

"SEC. 1240M. WILDLIFE HABITAT INCENTIVE PROGRAM.

"(a) DEFINITIONS.—In this section:

"(1) ENDANGERED SPECIES.—The term 'endangered species' has the meaning given the term in section 3 of the Endangered Species Act of 1973 (16 U.S.C. 1532).

"(2) PROGRAM.—The term 'program' means the wildlife habitat incentive program established under subsection (b).

"(3) THREATENED SPECIES.—The term 'threatened species' has the meaning given the term

in section 3 of the Endangered Species Act of 1973 (16 U.S.C. 1532).

"(b) ESTABLISHMENT.—In consultation with the State technical committees established under section 1261 of the Food Security Act of 1985 (16 U.S.C. 3861), the Secretary shall establish the wildlife habitat incentive program.

"(c) COST-SHARE PAYMENTS.—

"(1) IN GENERAL.—Under the program, the Secretary shall make cost-share payments to owners of eligible land to develop wildlife habitat approved by the Secretary.

"(2) ENDANGERED AND THREATENED SPECIES.—Of the funds made available to carry out this subsection, the Secretary shall use at least 15 percent to make cost-share payments to carry out projects and activities relating to endangered species and threatened species.

"(d) PILOT PROGRAM FOR ESSENTIAL PLANT AND ANIMAL HABITAT.—Under the program, the Secretary may establish procedures to use not more than 15 percent of funds made available to acquire and enroll eligible land for periods of at least 15 years to protect essential (as determined by the Secretary) plant and animal habitat.

"(e) FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out this section (including the provision of technical assistance)—

"(1) $50,000,000 for fiscal year 2002;

"(2) $100,000,000 for each of fiscal years 2003 and 2004; and

"(3) $125,000,000 for each of fiscal years 2005 and 2006.

"SEC. 1240N. WATERSHED RISK REDUCTION.

"(a) IN GENERAL.—The Secretary, acting through the Natural Resources Conservation Service (referred to in this section as the 'Secretary'), in cooperation with landowners and land users, may carry out such projects and activities (including the purchase of floodplain easements for runoff retardation and soil erosion prevention) as the Secretary determines to be necessary to safeguard lives and property from floods, drought, and the products of erosion on any watershed in any case in which fire, flood, or any other natural occurrence has caused, is causing, or may cause a sudden impairment of that watershed.

"(b) PRIORITY.—In carrying out this section, the Secretary shall give priority to any project or activity described in subsection (a) that is carried out on a floodplain adjacent to a major river, as determined by the Secretary.

"(c) PROHIBITION ON DUPLICATIVE FUNDS.—No project or activity under subsection (a) that is carried out using funds made available under this section may be carried out using funds made available under any Federal disaster relief program administered by the Secretary relating to floods.

"(d) FUNDING.—There is authorized to be appropriated to carry out this section $15,000,000 for each of fiscal years 2002 through 2006.

"SEC. 1240O. GREAT LAKES BASIN PROGRAM FOR SOIL EROSION AND SEDIMENT CONTROL.

"(a) IN GENERAL.—The Secretary, in consultation with the Great Lakes Commission created by Article IV of the Great Lakes Basin Compact (82 Stat. 415) and in cooperation with the Administrator of the Environmental Protection Agency and the Secretary of the Army, may carry out the Great Lakes basin program for soil erosion and sediment control (referred to in this section as the 'program').

"(b) ASSISTANCE.—In carrying out the program, the Secretary may—

"(1) provide project demonstration grants, provide technical assistance, and carry out information and education programs to improve water quality in

the Great Lakes basin by reducing soil erosion and improving sediment control; and

''(2) provide a priority for projects and activities that directly reduce soil erosion or improve sediment control.

''(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $5,000,000 for each of fiscal years 2002 through 2006.

''SEC. 1240P. CONSERVATION OF PRIVATE GRAZING LAND.

''(a) FINDINGS.—Congress finds that—

''(1) private grazing land constitutes nearly ½ of the non-Federal land of the United States and is basic to the environmental, social, and economic stability of rural communities;

''(2) private grazing land contains a complex set of interactions among soil, water, air, plants, and animals;

''(3) grazing land constitutes the single largest watershed cover type in the United States and contributes significantly to the quality and quantity of water available for all of the many uses of the land;

''(4) private grazing land constitutes the most extensive wildlife habitat in the United States;

''(5) private grazing land can provide opportunities for improved nutrient management from land

application of animal manures and other by-product nutrient resources;

''(6) owners and managers of private grazing land need to continue to recognize conservation problems when the problems arise and receive sound technical assistance to improve or conserve grazing land resources to meet ecological and economic demands;

''(7) new science and technology must continually be made available in a practical manner so owners and managers of private grazing land may make informed decisions concerning vital grazing land resources;

''(8) agencies of the Department with private grazing land responsibilities are the agencies that have the expertise and experience to provide technical assistance, education, and research to owners and managers of private grazing land for the long-term productivity and ecological health of grazing land;

''(9) although competing demands on private grazing land resources are greater than ever before, assistance to private owners and managers of private grazing land is limited and does not meet the de-

mand and basic need for adequately sustaining or enhancing the private grazing land resources; and

''(10) private grazing land can be enhanced to provide many benefits to all citizens of the United States through voluntary cooperation among owners and managers of the land, local conservation districts, and the agencies of the Department responsible for providing assistance to owners and managers of land and to conservation districts.

''(b) PURPOSE.—The purpose of this section is to authorize the Secretary to provide a coordinated technical, educational, and related assistance program to conserve and enhance private grazing land resources and provide related benefits to all citizens of the United States by—

''(1) establishing a coordinated and cooperative Federal, State, and local grazing conservation program for management of private grazing land;

''(2) strengthening technical, educational, and related assistance programs that provide assistance to owners and managers of private grazing land;

''(3) conserving and improving wildlife habitat on private grazing land;

''(4) conserving and improving fish habitat and aquatic systems through grazing land conservation treatment;

"(5) protecting and improving water quality;

"(6) improving the dependability and consistency of water supplies;

"(7) identifying and managing weed, noxious weed, and brush encroachment problems on private grazing land; and

"(8) integrating conservation planning and management decisions by owners and managers of private grazing land, on a voluntary basis.

"(c) DEFINITION OF PRIVATE GRAZING LAND.—In this section, the term 'private grazing land land' means rangeland, pastureland, grazed forest land, hay land, and any other non-federally owned land that is—

"(1) private;

"(2) owned by a State; or

"(3) under the jurisdiction of an Indian tribe .

"(d) PRIVATE GRAZING LAND CONSERVATION ASSISTANCE.—

"(1) IN GENERAL.—Subject to the availability of appropriations for this section, the Secretary shall establish a voluntary program to provide technical, educational, and related assistance to owners and managers of private grazing land and public agencies, through local conservation districts, to enable the landowners, managers, and public agencies to

voluntarily carry out activities that are consistent with this section, including—

"(A) maintaining and improving private grazing land and the multiple values and uses that depend on private grazing land;

"(B) implementing grazing land management technologies;

"(C) managing resources on private grazing land, including—

"(i) planning, managing, and treating private grazing land resources;

"(ii) ensuring the long-term sustainability of private grazing land resources;

"(iii) harvesting, processing, and marketing private grazing land resources; and

"(iv) identifying and managing weed, noxious weed, and brush encroachment problems;

"(D) protecting and improving the quality and quantity of water yields from private grazing land;

"(E) maintaining and improving wildlife and fish habitat on private grazing land;

"(F) enhancing recreational opportunities on private grazing land;

"(G) maintaining and improving the aesthetic character of private grazing land; and

"(H) identifying the opportunities and encouraging the diversification of private grazing land enterprises.

"(2) PROGRAM ELEMENTS.—

"(A) FUNDING.—Funds may be used to carry out this section only if the funds are provided through a specific line-item in the annual appropriations for the Natural Resources Conservation Service.

"(B) TECHNICAL ASSISTANCE AND EDUCATION.—Personnel of the Department of Agriculture trained in pasture and range management shall be made available under the program to deliver and coordinate technical assistance and education to owners and managers of private grazing land, at the request of the owners and managers.

"(e) GRAZING TECHNICAL ASSISTANCE SELF-HELP.—

"(1) FINDINGS.—Congress finds that—

"(A) there is a severe lack of technical assistance for farmers and ranchers that graze livestock;

"(B) Federal budgetary constraints preclude any significant expansion, and may force a reduction of, levels of technical support; and

"(C) farmers and ranchers have a history of cooperatively working together to address common needs in the promotion of their products and in the drainage of wet areas through drainage districts.

"(2) ESTABLISHMENT OF GRAZING DEMONSTRATION DISTRICTS.—In accordance with paragraph (2), the Secretary may establish 2 grazing management demonstration districts on the recommendation of the grazing land conservation initiative steering committee.

"(3) PROCEDURE.—

"(A) PROPOSAL.—Within a reasonable time after the submission of a proposal of an organization of farmers or ranchers engaged in grazing in a district, subject to subparagraphs (B) through (F), the Secretary establish a grazing management district in accordance with the proposal.

"(B) FUNDING.—The terms and conditions of the funding and operation of the grazing management district shall be proposed by

the farmers and ranchers engaged in grazing in the district.

"(C) APPROVAL.—The Secretary shall approve the proposal if the Secretary determines that the proposal—

"(i) is reasonable;

"(ii) will promote sound grazing practices; and

"(iii) contains provisions similar to the provisions contained in the beef promotion and research order issued under section 4 of the Beef Research and Information Act (7 U.S.C. 2903) in effect on April 4, 1996.

"(D) AREA INCLUDED.—The area proposed to be included in a grazing management district shall be determined by the Secretary on the basis of the proposal submitted by farmers or ranchers under subparagraph (A).

"(E) AUTHORIZATION.—The Secretary may use authority under the Agricultural Adjustment Act (7 U.S.C. 601 et seq.), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, to operate, on

a demonstration basis, a grazing management district.

"(F) ACTIVITIES.—The activities of a grazing management district shall be scientifically sound activities, as determined by the Secretary in consultation with a technical advisory committee composed of farmers, ranchers, and technical experts.

"(f) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $60,000,000 for each of fiscal years 2002 through 2006.".

(b) CONFORMING AMENDMENT.—Section 386 of the Federal Agriculture Improvement and Reform Act of 1996 (16 U.S.C. 2005b) is repealed.

SEC. 217. FARMLAND PROTECTION PROGRAM.

(a) IN GENERAL.—Chapter 2 of the Food Security Act of 1985 (as added by section 201) is amended by adding at the end the following:

"Subchapter B—Farmland Protection Program

"SEC. 1238H. DEFINITIONS.

"In this subchapter:

"(1) ELIGIBLE LAND.—

"(A) IN GENERAL.—The term 'eligible land' means land on a farm or ranch that—

"(i)(I) has prime, unique, or other productive soil; or

"(II) contains historical or archaeological resources; and

"(ii) is subject to a pending offer for purchase from—

"(I) any agency of any State or local government or an Indian tribe (including a farmland protection board or land resource council established under State law); or

"(II) any organization that—

"(aa) is organized for, and at all times since the formation of the organization, has been operated principally for, 1 or more of the conservation purposes specified in clause (i), (ii), or (iii) of section 170(h)(4)(A) of the Internal Revenue Code of 1986;

"(bb) is an organization described in section 501(c)(3) of that Code that is exempt from taxation under section 501(a) of that Code; or

"(cc) is described in section 509(a)(3), and is controlled by an organization described in section 509(a)(2), of that Code.

"(B) INCLUSIONS.—The term 'eligible land' includes—

"(i) cropland;

"(ii) rangeland;

"(iii) grassland;

"(iv) pasture land; and

"(iii) forest land that is part of an agricultural operation, as determined by the Secretary.

"(2) INDIAN TRIBE.—The term 'Indian tribe' has the meaning given the term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

"(3) PROGRAM.—The term 'program' means the farmland protection program established under section 1238I(a).

"SEC. 1238I. FARMLAND PROTECTION.

"(a) IN GENERAL.—The Secretary shall establish and carry out a farmland protection program under which the Secretary shall purchase conservation easements or

other interests in eligible land for the purpose of protecting topsoil by limiting nonagricultural uses of the land.

"(b) CONSERVATION PLAN.—Any highly erodible cropland for which a conservation easement or other interest is purchased under this subchapter shall be subject to the requirements of a conservation plan that requires, at the option of the Secretary, the conversion of the cropland to less intensive uses.

"SEC. 1238J. MARKET VIABILITY PROGRAM.

"For each year for which funds are made available to carry out this subchapter, the Secretary may use not more than $10,000,000 to provide matching market viability grants and technical assistance to farm and ranch operators that participate in the program.".

(b) FUNDING.—Section 1241 of the Food Security Act of 1985 (16 U.S.C. 3841) (as amended by section 202) is amended by adding at the end the following:

"(d) FARMLAND PROTECTION PROGRAM.—

"(1) IN GENERAL.—Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out subchapter B of chapter 2 (including the provision of technical assistance)—

"(A) $150,000,000 for fiscal year 2002;

"(B) $200,000,000 for each of fiscal years 2003 and 2004;

"(C) $225,000,000 for fiscal year 2005; and

"(D) $250,000,000 for fiscal year 2006.

"(2) COST SHARING.—

"(A) FARMLAND PROTECTION.—

"(i) IN GENERAL.—The share of the cost of purchasing a conservation easement or other interest described in section 1238I(a) provided under this subsection shall not exceed 50 percent.

"(ii) STATE AND LOCAL CONTRIBUTIONS.—In a case in which a State or local government purchases an easement under section 1238I(a), not more than 25 percent of the share of the cost of the easement contributed by the State or local government may be provided—

"(I) by a private landowner; or

"(II) in the form of in-kind goods or services.

"(B) MARKET VIABILITY CONTRIBUTIONS.—As a condition of receiving a grant under section 1238J(a), a grantee shall provide funds in an amount equal to the amount of the grant.".

(c) CONFORMING AMENDMENT.—

(1) IN GENERAL.—Section 388 of the Federal Agriculture Improvement and Reform Act of 1996 (16 U.S.C. 3830 note) is repealed.

(2) EFFECT ON CONTRACTS.—The amendment made by paragraph (1) shall have no effect on any contract entered into under section 388 of the Federal Agriculture Improvement and Reform Act of 1996 (16 U.S.C. 3830 note) that is in effect as of the date of enactment of this Act.

SEC. 218. GRASSLAND RESERVE PROGRAM.

Chapter 2 of the Food Security Act of 1985 (as amended by section 218) is amended by adding at the end the following:

"Subchapter D—Grassland Reserve Program

"SEC. 1238N. GRASSLAND RESERVE PROGRAM.

''(a) ESTABLISHMENT.—The Secretary, acting through the Natural Resource Conservation Service, shall establish a grassland reserve program (referred to in this subchapter as the 'program') to assist owners in restoring and protecting eligible land described in subsection (c).

''(b) ENROLLMENT CONDITIONS.—

''(1) IN GENERAL.—The Secretary shall enroll in the program, from willing owners, not less than—

"(A) 100 contiguous acres of land west of the 98th meridian; or

"(B) 40 contiguous acres of land east of the 98th meridian.

"(2) MAXIMUM ENROLLMENT.—The total number of acres enrolled in the program shall not exceed 2,000,000 acres, of which not more than 500,000 acres shall be reserved for enrollment of tracts of native grassland of 40 acres or less.

"(3) METHODS OF ENROLLMENT.—The Secretary shall enroll land in the program through—

"(A) permanent easements or 30-year easements;

"(B) in a State that imposes a maximum duration for such an easement, an easement for the maximum duration allowed under State law; or

"(C) a 30-year rental agreement.

"(c) ELIGIBLE LAND.—Land shall be eligible to be enrolled in the program if the Secretary determines that the land is private land that is—

"(1) natural grassland (including prairie and land that contains shrubs or forb) that is indigenous to the locality;

"(2) land that—

"(A) is located in an area that has been historically dominated by natural grassland; and

"(B) has potential to serve as habitat for animal or plant populations of significant ecological value if the land is restored to a natural condition; or

"(3) land that is incidental to land described in paragraph (1) or (2), if the incidental land is determined by the Secretary to be necessary for the efficient administration of an easement.

"SEC. 1238O. EASEMENTS AND AGREEMENTS.

"(a) IN GENERAL.—To be eligible to enroll land in the program, the owner of the land shall enter into an agreement with the Secretary—

"(1) to grant an easement that applies to the land to the Secretary;

"(2) to create and record an appropriate deed restriction in accordance with applicable State law to reflect the easement;

"(3) to provide a written statement of consent to the easement signed by persons holding a security interest or any vested interest in the land;

"(4) to provide proof of unencumbered title to the underlying fee interest in the land that is the subject of the easement; and

"(5) to comply with the terms of the easement and restoration agreement.

"(b) TERMS OF EASEMENT.—An easement under subsection (a) shall—

"(1) permit—

"(A) grazing on the land in a manner that is consistent with maintaining the viability of natural grass, shrub, forb, and wildlife species indigenous to that locality;

"(B) haying (including haying for seed production) or mowing, except during the nesting and brood-rearing seasons for birds in the area that are in significant decline, as determined by the Natural Resources Conservation Service State conservationist, or are protected Federal or State law; and

"(C) fire rehabilitation, construction of fire breaks, and fences (including placement of the posts necessary for fences);

"(2) prohibit—

"(A) the production of row crops, fruit trees, vineyards, or any other agricultural com-

modity that requires breaking the soil surface; and

"(B) except as permitted under paragraph (1)(C), the conduct of any other activities that would disturb the surface of the land covered by the easement, including—

"(i) plowing; and

"(ii) disking; and

"(3) include such additional provisions as the Secretary determines are appropriate to carry out this subchapter or to facilitate the administration of this subchapter.

"(c) EVALUATION AND RANKING OF EASEMENT APPLICATIONS.—

"(1) IN GENERAL.—The Secretary, in conjunction with State technical committees, shall establish criteria to evaluate and rank applications for easements under this subchapter.

"(2) CRITERIA.—In establishing the criteria, the Secretary shall emphasize support for grazing operations, plant and animal biodiversity, and grassland and land containing shrubs or forb under the greatest threat of conversion.

"(d) RESTORATION AGREEMENTS.—

"(1) IN GENERAL.—The Secretary shall prescribe the terms by which grassland and shrubland subject to an easement under an agreement entered into under the program shall be restored.

"(2) REQUIREMENTS.—The restoration agreement shall describe the respective duties of the owner and the Secretary (including paying the share of the cost of restoration provided by the Secretary and the provision of technical assistance).

"(e) VIOLATIONS.—

"(1) IN GENERAL.—On the violation of the terms or conditions of an easement or restoration agreement entered into under this section—

"(A) the easement shall remain in force; and

"(B) the Secretary may require the owner to refund all or part of any payments received by the owner under this subchapter, with interest on the payments as determined appropriate by the Secretary.

"(2) PERIODIC INSPECTIONS.—

"(A) IN GENERAL.—After providing notice to the owner, the Secretary shall conduct periodic inspections of land subject to easements under this subchapter to ensure compliance

with the terms of the easement and restoration agreement.

"(B) LIMITATION.—The Secretary may not prohibit the owner, or a representative of the owner, from being present during a periodic inspection.

"SEC. 1238P. DUTIES OF SECRETARY.

"(a) IN GENERAL.—In return for the granting of an easement by an owner under this subchapter, the Secretary shall, in accordance with this section—

"(1) make easement payments;

"(2) pay a share of the cost of restoration; and

"(3) provide technical assistance to the owner.

"(b) PAYMENT SCHEDULE.—

"(1) EASEMENT PAYMENTS.—

"(A) AMOUNT.—In return for the granting of an easement by an owner under this subchapter, the Secretary shall make easement payments to the owner in an amount equal to—

"(i) in the case of a permanent easement, the fair market value of the land less the grazing value of the land encumbered by the easement; and

"(ii) in the case of a 30-year easement or an easement for the maximum duration

allowed under applicable State law, 30 percent of the fair market value of the land less the grazing value of the land for the period during which the land is encumbered by the easement.

"(B) SCHEDULE.—Easement payments may be provided in not less than 1 payment nor more than 10 annual payments of equal or unequal amount, as agreed to by the Secretary and the owner.

"(2) RENTAL AGREEMENT PAYMENTS.—

"(A) AMOUNT.—If an owner enters into a 30-year rental agreement authorized under section 1238N(b)(3)(C), the Secretary shall make 30 annual rental payments to the owner in an amount that equals, to the maximum extent practicable, the 30-year easement payment amount under paragraph (1)(A)(ii).

"(B) ASSESSMENT.—Not less than once every 5 years throughout the 30-year rental period, the Secretary shall assess whether the value of the rental payments under subparagraph (A) equals, to the maximum extent practicable, the total amount of 30-year easement payments as of the date of the assessment.

"(C) ADJUSTMENT.—If on completion of the assessment under subparagraph (B), the Secretary determines that the rental payments do not equal, to the maximum extent practicable, the value of payments under a 30-year easement, the Secretary shall adjust the amount of the remaining payments to equal, to the maximum extent practicable, the value of a 30-year easement over the entire 30-year rental period.

"(c) COST OF RESTORATION.—The Secretary shall make payments to the owner of not more than 75 percent of the cost of carrying out measures and practices necessary to restore grassland and shrubland functions and values.

"(d) TECHNICAL ASSISTANCE.—The Secretary shall provide owners with technical assistance to execute easement documents and restore the grassland and shrubland.

"(e) PAYMENTS TO OTHERS.—If an owner that is entitled to a payment under this subchapter dies, becomes incompetent, is otherwise unable to receive the payment, or is succeeded by another person who renders or completes the required performance, the Secretary shall make the payment, in accordance with regulations promulgated by the Secretary and without regard to any other provision

of law, in such manner as the Secretary determines is fair and reasonable in light of all the circumstances.

"(f) OTHER PAYMENTS.—Easement payments received by an owner under this subchapter shall be in addition to, and not affect, the total amount of payments that the owner is otherwise eligible to receive under other Federal laws.

"(g) REGULATIONS.—Not later than 180 days after the date of enactment of this subchapter, the Secretary shall promulgate such regulations as are necessary to carry out this subchapter.".

(b) FUNDING.—Section 1241 of the Food Security Act of 1985 (16 U.S.C. 3841) (as amended by section 217(b)) is amended by adding at the end the following:

"(e) GRASSLAND RESERVE PROGRAM.—The Secretary shall use such sums of the Commodity Credit Corporation as are necessary to carry out subchapter D of chapter 2 (including the provision of technical assistance).".

SEC. 219. STATE TECHNICAL COMMITTEES.

Subtitle G of title XII of the Food Security Act of 1985 (16 U.S.C. 3861 et seq.) is amended to read as follows:

"Subtitle G—State Technical Committees

"SEC. 1261. ESTABLISHMENT.

''(a) IN GENERAL.—The Secretary shall establish in each State a technical committee to assist the Secretary in the technical considerations relating to implementation of any private land conservation program administered by the Secretary.

''(b) STANDARDS.—Not later than 180 days after the date of enactment of the Agriculture, Conservation, and Rural Enhancement Act of 2001, the Secretary shall develop standards to be used by each State technical committee in the development of technical guidelines under section 1262(b) for the implementation of the conservation programs under this title.

''(c) COMPOSITION.—Each State technical committee established under subsection (a) shall be composed of professional resource managers that represent a variety of disciplines in the soil, water, wetland, forest, and wildlife sciences, including representatives from among—

''(1) the Natural Resources Conservation Service (a representative of which shall serve as Chair of the Committee);

''(2) the Farm Service Agency;

''(3) the Forest Service;

"(4) the Extension Service;

"(5) the Fish and Wildlife Service;

"(6) such State departments and agencies as the Secretary determines to be appropriate, including—

"(A) a State fish and wildlife agency;

"(B) a State forester or equivalent State official;

"(C) a State water resources agency;

"(D) a State department of agriculture;

"(E) a State soil conservation agency;

"(F) a State association of soil and water conservation districts; and

"(G) land grant colleges and universities;

"(7) other individuals or agency personnel with expertise in soil, water, wetland, and wildlife or forest management as the Secretary determines to be appropriate;

"(8) agricultural producers with demonstrable conservation expertise;

"(9) nonprofit organizations with demonstrable conservation or forestry expertise;

"(10) persons knowledgeable about conservation or forestry techniques; and

"(11) agribusinesses.

"SEC. 1262. RESPONSIBILITIES.

"(a) INFORMATION.—

"(1) PROVISION.—

"(A) IN GENERAL.—Each State technical committee established under section 1261 shall meet regularly to provide information, analyses, and recommendations to the Secretary.

"(B) MANNER; FORM.—Information, analyses, and recommendations described in subparagraph (A) shall—

"(i) be provided in writing, in a manner that assists the Secretary in determining matters of fact, technical merit, or scientific question; and

"(ii) reflect the best professional information and judgment of the committee.

"(2) COORDINATION.—The Secretary shall coordinate activities conducted under this section with activities conducted under section 1628 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5831).

"(3) PUBLIC PARTICIPATION.—Each State technical committee shall—

"(A) provide public notice of, and permit public attendance at, meetings considering

issues of concern related to any program under this title; and

"(B) distribute meeting minutes to each person attending a meeting described in subparagraph (A).

"(4) COMMUNICATION.—Each State conservationist shall communicate regularly with members of the State technical committee concerning status of action on recommendations of the committee.

"(b) OTHER DUTIES.—Each State technical committee shall provide assistance and offer recommendations with respect to the technical aspects of—

"(1) wetland protection, restoration, and mitigation requirements;

"(2) criteria to be used in evaluating bids for enrollment of environmentally-sensitive land in the conservation reserve program established under subchapter B of chapter 1;

"(3) guidelines for haying or grazing and the control of weeds to protect nesting wildlife on designated acreage relating to—

"(A) highly erodible land conservation under subtitle B;

"(B) wetland conservation under subtitle C; or

"(C) other conservation requirements

"(4) addressing common weed and pest problems and programs to control weeds and pests found on acreage enrolled in the conservation reserve program;

"(5) guidelines for planting perennial cover for water quality and wildlife habitat improvement on designated land;

"(6) establishing criteria and priorities for State initiatives under the environmental quality incentives program under chapter 4 of subtitle D;

"(7) establishing State and local conservation priorities under the conservation security program under subchapter A of chapter 2 of subtitle D;

"(8) establishing and maintaining natural resource indicators and conservation program monitoring and evaluation systems;

"(9) developing conservation program education and outreach activities;

"(10) evaluating innovative practices and systems under consideration for inclusion in the field office technical guides; and

"(11) other matters, as determined to be appropriate by the Secretary.

"(c) AUTHORITY.—

"(1) IN GENERAL.—Each State technical committee established under section 1261 shall—

"(A) serve in an advisory capacity; and

"(B) have no implementation or enforcement authority.

"(2) CONSIDERATION BY SECRETARY.—In carrying out any program under this title, the Secretary shall give strong consideration to the recommendations of a State technical committee (including factual, technical, or scientific findings and recommendations relating to areas in which the State technical committee bears responsibility).

"(d) FACA REQUIREMENTS.—A State technical committee established under section 1261 shall be exempt from the Federal Advisory Committee Act (5 U.S.C. App.).

"(e) ADVISORY SUBCOMMITTEES.—

"(1) IN GENERAL.—Any State or local work group, task force, or other advisory body authorized by any Federal law (including a regulation) to advise the Secretary on issues that are within the areas of responsibility of a State technical committee established under section 1261 shall be considered to be a subcommittee of the State technical committee.

"(2) COMPOSITION.—A person eligible to serve on a State technical committee under section 1261(c) shall also be eligible to serve on 1 or more subcommittees of a State technical committee.

"(3) LOCAL WORKING GROUPS.—A local working group shall be considered to be a subcommittee of a State technical committee established under section 1261.".

SEC. 220. USE OF SYMBOLS, SLOGANS, AND LOGOS.

Section 356 of the Federal Agriculture Improvement Act of 1996 (16 U.S.C. 5801 et seq.) is amended—

(1) in subsection (c)—

(A) by redesignating paragraphs (4) through (7) as paragraphs (5) through (8), respectively; and

(B) by inserting after paragraph (3) the following:

"(4) on the written approval of the Secretary, to use, license, or transfer symbols, slogans, and logos of the Department;"; and

(2) in subsection (d), by adding at the end the following:

"(3) USE OF SYMBOLS, SLOGANS, AND LOGOS.—

"(A) IN GENERAL.—The Secretary may authorize the Foundation to use, license, or transfer symbols, slogans, and logos of the Department.

"(B) INCOME.—

"(i) IN GENERAL.—All revenue received by the Foundation from the use, licensing, or transfer of symbols, slogans, and logos of the Department shall be transferred to the Secretary.

"(ii) CONSERVATION OPERATIONS.—The Secretary shall transfer all revenue received under clause (i) to the account within the Natural Resources Conservation Service that is used to carry out conservation operations.".

TITLE III—TRADE

Subtitle A—Agricultural Trade Development and Assistance Act of 1954 and Related Statutes

SEC. 301. UNITED STATES POLICY.

Section 2(2) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691(2)) is amended by inserting before the semicolon at the end the following: "and conflict prevention".

SEC. 302. PROVISION OF AGRICULTURAL COMMODITIES.

Section 202 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1722) is amended—

(1) in subsection (b), by adding at the end the following:

"(3) PROGRAM DIVERSITY.—The Administrator shall—

"(A) encourage eligible organizations to propose and implement program plans to address 1 or more aspects of the program under section 201; and

"(B) consider proposals that incorporate a variety of program objectives and strategic plans based on the identification by eligible organizations of appropriate activities to assist development in foreign countries.";

(2) in subsection (e)(1), by striking "not less than $10,000,000, and not more than $28,000,000," and inserting "not less than 5 percent nor more than 10 percent of the funds"; and

(3) by adding at the end the following:

"(h) CERTIFIED INSTITUTIONAL PARTNERS.—

"(1) IN GENERAL.—The Administrator or the Secretary, as applicable, shall promulgate regulations and issue guidelines to permit private vol-

untary organizations and cooperatives to be certified as institutional partners.

"(2) REQUIREMENTS.—To become a certified institutional partner, a private voluntary organization or cooperative shall submit to the Administrator a certification of organizational capacity that describes—

"(A) the financial, programmatic, commodity management, and auditing abilities and practices of the organization or cooperative; and

"(B) the capacity of the organization or cooperative to carry out projects in particular countries.

"(3) MULTI-COUNTRY PROPOSALS.—A certified institutional partner shall be eligible to—

"(A) submit a single proposal for 1 or more countries that are the same as, or similar to, those countries in which the certified institutional partner has already demonstrated organizational capacity;

"(B) receive expedited review and approval of the proposal; and

"(C) receive commodities and assistance under this section for use in 1 or more countries.".

SEC. 303. GENERATION AND USE OF CURRENCIES BY PRIVATE VOLUNTARY ORGANIZATIONS AND COOPERATIVES.

Section 203 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1723) is amended—

(1) in the section heading, by striking ''**FOREIGN**'';

(2) in subsection (a), by striking ''the recipient country, or in a country'' and inserting ''1 or more recipient countries, or 1 or more countries'';

(3) in subsection (b)—

(A) by striking ''in recipient countries, or in countries'' and inserting ''1 or more recipient countries, or in 1 or more countries''; and

(B) by striking ''foreign currency'';

(4) in subsection (c)—

(A) by striking ''foreign currency''; and

(B) by striking ''the recipient country, or in a country'' and inserting ''1 or more recipient countries, or in 1 or more countries''; and

(5) in subsection (d)—

(A) by striking ''Foreign currencies'' and inserting ''Proceeds'';

(B) in paragraph (2)—

(i) by striking ''income generating'' and inserting ''income-generating''; and

(ii) by striking ''the recipient country or within a country'' and inserting ''1 or more recipient countries or within 1 or more countries''; and

(C) in paragraph (3)—

(i) by inserting a comma after ''invested''; and

(ii) by inserting a comma after ''used''.

SEC. 304. LEVELS OF ASSISTANCE.

Section 204 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1724) is amended—

(1) in subsection (a)—

(A) in paragraph (1), by striking ''that for each of fiscal years 1996 through 2002 is not less than 2,025,000 metric tons.'' and inserting ''that is not less than—

''(A) 2,100,000 metric tons for fiscal year 2002;

''(B) 2,200,000 metric tons for fiscal year 2003;

''(C) 2,300,000 metric tons for fiscal year 2004;

''(D) 2,400,000 metric tons for fiscal year 2005; and

"(E) 2,500,000 metric tons for fiscal year 2006."; and

(B) in paragraph (2), by striking "1996 through 2002" and inserting "2002 through 2006"; and

(2) in subsection (b)(1), by inserting "(including crude degummed soybean oil)" after "bagged commodities".

SEC. 305. FOOD AID CONSULTATIVE GROUP.

Section 205 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1725) is amended—

(1) in subsection (a), by inserting ", policies, guidelines," after "regulations";

(2) in subsection (d), by inserting "policies," after "regulations," each place it appears; and

(3) in subsection (f), by striking "2002" and inserting "2006".

SEC. 306. MAXIMUM LEVEL OF EXPENDITURES.

Section 206(a) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1726(a)) is amended by striking "$1,000,000,000" and inserting "$2,000,000,000".

SEC. 307. ADMINISTRATION.

Section 207 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1726a) is amended—

(1) in subsection (a)—

(A) by redesignating paragraph (2) as paragraph (3); and

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

''(1) RECIPIENT COUNTRIES.—A proposal to enter into a nonemergency food assistance agreement under this title shall identify the recipient country or countries that are the subject of the agreement.

''(2) TIMING.—Not later than 120 days after the date of submission to the Administrator of a proposal submitted by an eligible organization under this title, the Administrator shall determine whether to accept the proposal.'';

(2) in subsection (b), by striking ''guideline'' each place it appears and inserting ''guideline or policy determination'';

(3) in subsection (d), by striking ''a United States field mission'' and inserting ''an eligible organization with an approved program under this title''; and

(4) by adding at the end the following:

"(e) TIMELY APPROVAL.—

"(1) IN GENERAL.—The Administrator shall finalize program agreements and resource requests for programs under this section before the beginning of each fiscal year.

"(2) REPORT.—Not later than December 1 of each year, the Administrator shall submit to the Committee on Agriculture and the Committee on International Relations of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that contains—

"(A) a list of programs, countries, and commodities approved to date for assistance under this section; and

"(B) a statement of the total amount of funds approved to date for transportation and administrative costs under this section.

"(f) DIRECT DELIVERY.—In addition to practices in effect on the date of enactment of this subsection, the Secretary may approve an agreement that provides for direct delivery of agricultural commodities to milling or processing facilities more than 50 percent of the interest in which is owned by United States citizens in foreign countries, with the proceeds of transactions transferred in cash

to eligible organizations described in section 202(d) to carry out approved projects.''.

SEC. 308. ASSISTANCE FOR STOCKPILING AND RAPID TRANSPORTATION, DELIVERY, AND DISTRIBUTION OF SHELF-STABLE PREPACKAGED FOODS.

Section 208(f) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1726b(f)) is amended by striking ''and 2002'' and inserting ''through 2006''.

SEC. 309. SALE PROCEDURE.

Section 403 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1733) is amended by adding at the end the following:

''(l) SALE PROCEDURE.—

''(1) IN GENERAL.—Subsection (b) shall apply to sales of commodities in recipient countries to generate proceeds to carry out projects under—

''(A) section 416(b) of the Agricultural Act of 1949 (7 U.S.C. 1431(b)); and

''(B) title VIII of the Agricultural Trade Act of 1978.

''(2) CURRENCIES.—Sales of commodities described in paragraph (1) may be in United States dollars or in a different currency.

"(3) SALE PRICE.—Sales of commodities described in paragraph (1) shall be made at a reasonable market price in the economy where the commodity is to be sold, as determined by the Secretary or the Administrator, as appropriate.".

SEC. 310. PREPOSITIONING.

Section 407(c)(4) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736a(c)(4)) is amended by striking "and 2002" and inserting "through 2006".

SEC. 311. EXPIRATION DATE.

Section 408 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736b) is amended by striking "2002" and inserting "2006".

SEC. 312. MICRONUTRIENT FORTIFICATION PROGRAM.

Section 415 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736g–2) is amended—

(1) in subsection (a)—

(A) in the first sentence, by striking "a micronutrient fortification pilot program" and inserting "micronutrient fortification programs"; and

(B) in the second sentence—

(i) by striking ''the program'' and inserting ''a program'';

(ii) in paragraph (1), by striking ''and'' at the end;

(iii) in paragraph (2)—

(I) by striking ''whole''; and

(II) by striking the period at the end and inserting ''; and''; and

(iv) by adding at the end the following:

''(3) encourage technologies and systems for the improved quality and safety of fortified grains and other commodities that are readily transferable to developing countries.'';

(2) in the first sentence of subsection (c)—

(A) by striking ''the pilot program, whole'' and inserting ''a program,'';

(B) by striking ''the pilot program may'' and inserting ''a program may''; and

(C) by striking ''including'' and inserting ''such as''; and

(3) in subsection (d), by striking ''2002'' and inserting ''2006''.

SEC. 313. FARMER-TO-FARMER PROGRAM.

Section 501(c) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1737(c)) is amended—

(1) by striking ''0.4'' and inserting ''0.5,''; and

(2) by striking ''2002'' and inserting ''2006''.

Subtitle B—Agricultural Trade Act of 1978

SEC. 321. EXPORT CREDIT GUARANTEE PROGRAM.

(a) TERM OF SUPPLIER CREDIT PROGRAM.—Section 202(a)(2) of the Agricultural Trade Act of 1978 (7 U.S.C. 5622(a)(2)) is amended by striking ''180'' and inserting ''360''.

(b) PROCESSED AND HIGH-VALUE PRODUCTS.—Section 202(k)(1) of the Agricultural Trade Act of 1978 (7 U.S.C. 5622(k)(1)) is amended by striking '', 2001, and 2002'' and inserting ''through 2006''.

(c) REPORT.—Section 202 of the Agricultural Trade Act of 1978 (7 U.S.C. 5622) is amended by adding at the end the following:

''(l) REPORT ON AGRICULTURAL EXPORT CREDIT PROGRAMS.—

''(1) IN GENERAL.—Not later than 1 year after the date of enactment of this subsection, and annually thereafter, the Secretary shall submit to the Committee on Agriculture and the Committee on

International Relations of the House of Representatives and the Committee on Agriculture, Nutrition and Forestry of the Senate a report on the status of multilateral negotiations regarding agricultural export credit programs at the World Trade Organization and the Organization of Economic Cooperation and Development in fulfillment of Article 10.2 of the Agreement on Agriculture (as described in section 101(d)(2) of the Uruguay Round Agreements Act (19 U.S.C. 3511(d)(2))).

''(2) CLASSIFIED INFORMATION.—The report under paragraph (1) shall be submitted in unclassified form, but may contain a classified annex.''.

(d) REAUTHORIZATION.—Section 211(b)(1) of the Agricultural Trade Act of 1978 (7 U.S.C. 5641(b)(1)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 322. MARKET ACCESS PROGRAM.

(a) IN GENERAL.—Section 211(c) of the Agricultural Trade Act of 1978 (7 U.S.C. 5641(c)) is amended—

(1) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively, and indenting appropriately;

(2) by striking ''The Commodity'' and inserting the following:

''(1) IN GENERAL.—The Commodity'';

(3) by striking subparagraph (A) (as so redesignated) and inserting the following:

"(A) in addition to any funds that may be specifically appropriated to implement a market access program, not more than $100,000,000 for fiscal year 2002, $120,000,000 for fiscal year 2003, $140,000,000 for fiscal year 2004, $160,000,000 for fiscal year 2005, and $190,000,000 for fiscal year 2006, of the funds of, or an equal value of commodities owned by, the Commodity Credit Corporation, except that this paragraph shall not apply to section 203(h); and"; and

(4) by adding at the end the following:

"(2) PROGRAM PRIORITIES.—Of funds made available under paragraph (1)(A) in excess of $90,000,000 for any fiscal year, priority shall be given to proposals—

"(A) made by eligible trade organizations that have never participated in the market access program under this title; or

"(B) for market access programs in emerging markets.".

(b) UNITED STATES QUALITY EXPORT INITIATIVE.—

(1) FINDINGS.—Congress finds that—

(A) the market access program established under section 203 of the Agricultural Trade Act of 1978 (7 U.S.C. 5623) and foreign market development cooperator program established under title VII of that Act (7 U.S.C. 7251 et seq.) target generic and value-added agricultural products, with little emphasis on the high quality of United States agricultural products; and

(B) new promotional tools are needed to enable United States agricultural products to compete in higher margin, international markets on the basis of quality.

(2) INITIATIVE.—Section 203 of the Agricultural Trade Act of 1978 (7 U.S.C. 5623) is amended by adding at the end the following:

"(h) UNITED STATES QUALITY EXPORT INITIATIVE.—

"(1) IN GENERAL.—Subject to the availability of appropriations, using the authorities under this section, the Secretary shall establish a program under which, on a competitive basis, using practical and objective criteria, several agricultural products are selected to carry the 'U.S. Quality' seal.

"(2) PROMOTIONAL ACTIVITIES.—Agricultural products selected under paragraph (1) shall be promoted using the 'U.S. Quality' seal at trade fairs in key markets through electronic and print media.

"(3) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this subsection.".

SEC. 323. EXPORT ENHANCEMENT PROGRAM.

(a) IN GENERAL.—Section 301(e)(1)(G) of the Agricultural Trade Act of 1978 (7 U.S.C. 5651(e)(1)(G)) is amended by striking "fiscal year 2002" and inserting "each of fiscal years 2002 through 2006".

(b) UNFAIR TRADE PRACTICES.—Section 102(5)(A) of the Agricultural Trade Act of 1978 (7 U.S.C. 5602(5)(A)) is amended—

(1) in clause (i), by striking "or" at the end;

(2) in clause (ii), by striking the period at the end and inserting ", including, in the case of a state trading enterprise engaged in the export of an agricultural commodity, pricing practices that are not consistent with sound commercial practices conducted in the ordinary course of trade; or"; and

(3) by adding at the end the following:

"(iii) changes United States export terms of trade through a deliberate change

in the dollar exchange rate of a competing exporter.''.

SEC. 324. FOREIGN MARKET DEVELOPMENT COOPERATOR PROGRAM.

Section 703 of the Agricultural Trade Act of 1978 (7 U.S.C. 5723) is amended to read as follows:

''SEC. 703. FUNDING.

''(a) IN GENERAL.—To carry out this title, the Secretary shall use funds of the Commodity Credit Corporation, or commodities of the Commodity Credit Corporation of a comparable value, in the following amounts:

''(1) For fiscal year 2002, $37,500,000.

''(2) For fiscal year 2003, $40,000,000.

''(3) For fiscal year 2004 and each subsequent fiscal year, $42,500,000.

''(b) PROGRAM PRIORITIES.—Of funds or commodities provided under subsection (a) in excess of $35,000,000 for any fiscal year, priority shall be given to proposals—

''(1) made by eligible trade organizations that have never participated in the program established under this title; or

''(2) for programs established under this title in emerging markets.''.

SEC. 325. FOOD FOR PROGRESS AND EDUCATION PROGRAMS.

(a) IN GENERAL.—The Agricultural Trade Act of 1978 (7 U.S.C. 5601 et seq.) is amended by adding at the end the following:

"TITLE VIII—FOOD FOR PROGRESS AND EDUCATION PROGRAMS

"SEC. 801. DEFINITIONS.

''In this title:

''(1) COOPERATIVE.—The term 'cooperative' means a private sector organization the members of which—

''(A) own and control the organization;

''(B) share in the profits of the organization; and

''(C) are provided services (such as business services and outreach in cooperative development) by the organization.

''(2) CORPORATION.—The term 'Corporation' means the Commodity Credit Corporation.

''(3) DEVELOPING COUNTRY.—The term 'developing country' means a foreign country that has—

''(A) a shortage of foreign exchange earnings; and

"(B) difficulty meeting all of the food needs of the country through commercial channels and domestic production.

"(4) ELIGIBLE COMMODITY.—The term 'eligible commodity' means an agricultural commodity (including vitamins and minerals) acquired by the Secretary or the Corporation for disposition in a program authorized under this title through—

"(A) commercial purchases; or

"(B) inventories of the Corporation.

"(5) ELIGIBLE ORGANIZATION.—The term 'eligible organization' means a private voluntary organization, cooperative, nongovernmental organization, or foreign country, as determined by the Secretary.

"(6) EMERGING AGRICULTURAL COUNTRY.—The term 'emerging agricultural country' means a foreign country that—

"(A) is an emerging democracy; and

"(B) has made a commitment to introduce or expand free enterprise elements in the agricultural economy of the country.

"(7) FOOD SECURITY.—The term 'food security' means access by all people at all times to sufficient food and nutrition for a healthy and productive life.

"(8) NONGOVERNMENTAL ORGANIZATION.—

"(A) IN GENERAL.—The term 'nongovernmental organization' means an organization that operates on a local level to solve development problems in a foreign country in which the organization is located.

"(B) EXCLUSION.—The term 'nongovernmental organization' does not include an organization that is primarily an agency or instrumentality of the government of a foreign country.

"(9) PRIVATE VOLUNTARY ORGANIZATION.—The term 'private voluntary organization' means a nonprofit, nongovernmental organization that—

"(A) receives—

"(i) funds from private sources; and

"(ii) voluntary contributions of funds, staff time, or in-kind support from the public;

"(B) is engaged in or is planning to engage in nonreligious voluntary, charitable, or development assistance activities; and

"(C) in the case of an organization that is organized under the laws of the United States or a State, is an organization described in sec-

tion 501(c)(3) of the Internal Revenue Code of 1986 that is exempt from taxation under section 501(a) of that Code.

''(10) PROGRAM.—The term 'program' means a food or nutrition assistance or development initiative proposed by an eligible organization and approved by the Secretary under this title.

''(11) RECIPIENT COUNTRY.—The term 'recipient country' means an emerging agricultural country that receives assistance under a program.

"SEC. 802. FOOD FOR PROGRESS AND EDUCATION PROGRAMS.

''(a) IN GENERAL.—To provide agricultural commodities to support the introduction or expansion of free trade enterprises in national economies in recipient countries, and to provide food or nutrition assistance in recipient countries, the Secretary shall establish food for progress and education programs under which the Secretary may enter into agreements (including multiyear agreements and for programs in more than 1 country) with—

''(1) the governments of emerging agricultural countries;

''(2) private voluntary organizations;

''(3) nonprofit agricultural organizations and cooperatives;

"(4) nongovernmental organizations; and

"(5) other private entities.

"(b) CONSIDERATIONS.—In determining whether to enter into an agreement to establish a program under subsection (a), the Secretary shall take into consideration whether an emerging agricultural country is committed to carrying out, or is carrying out, policies that promote—

"(1) economic freedom;

"(2) private production of food commodities for domestic consumption; and

"(3) the creation and expansion of efficient domestic markets for the purchase and sale of those commodities.

"(c) INTERNATIONAL FOOD FOR EDUCATION AND NUTRITION PROGRAM.—

"(1) IN GENERAL.—In cooperation with other countries, the Secretary shall establish an initiative within the food for progress and education programs under this title to be known as the 'International Food for Education and Nutrition Program', through which the Secretary may provide to eligible organizations agricultural commodities and technical and nutritional assistance in connection with education programs to improve food security and enhance educational opportunities for preschool age

and primary school age children in recipient countries.

"(2) AGREEMENTS.—In carrying out this subsection, the Secretary—

"(A) shall administer the programs under this subsection in manner that is consistent with this title; and

"(B) may enter into agreements with eligible organizations—

"(i) to purchase, acquire, and donate eligible commodities to eligible organizations to carry out agreements in recipient countries; and

"(ii) to provide technical and nutritional assistance to carry out agreements in recipient countries.

"(3) OTHER DONOR COUNTRIES.—The Secretary shall encourage other donor countries, directly or through eligible organizations—

"(A) to donate goods and funds to recipient countries; and

"(B) to provide technical and nutritional assistance to recipient countries.

"(4) PRIVATE SECTOR.—The President and the Secretary are urged to encourage the support and

active involvement of the private sector, foundations, and other individuals and organizations in programs and activities assisted under this subsection.

"(5) GRADUATION.—An agreement with an eligible organization under this subsection shall include provisions—

"(A)(i) to sustain the benefits to the education, enrollment, and attendance of children in schools in the targeted communities when the provision of commodities and assistance to a recipient country under the program under this subsection terminates; and

"(ii) to estimate the period of time required until the recipient country or eligible organization is able to provide sufficient assistance without additional assistance under this subsection; or

"(B) to provide other long-term benefits to targeted populations of the recipient country.

"(6) ANNUAL REPORT.—The Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate an annual report that describes—

"(A) the results of the implementation of this subsection during the year covered by the report, including the impact on the enrollment, attendance, and performance of children in preschools and primary schools targeted under the program under this subsection; and

"(B) the level of commitments by, and the potential for obtaining additional goods and assistance from, other countries for subsequent years.

"(d) TERMS.—

"(1) IN GENERAL.—The Secretary may provide agricultural commodities under this title on—

"(A) a grant basis; or

"(B) subject to paragraph (2), credit terms.

"(2) CREDIT TERMS.—Payment for agricultural commodities made available under this title that are purchased on credit terms shall be made on the same basis as payments made under section 103 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1703).

"(3) NO EFFECT ON DOMESTIC PROGRAMS.—The Secretary shall not make an agricultural commodity available for disposition under this section in

any amount that will reduce the amount of the commodity that is traditionally made available through donations to domestic feeding programs or agencies, as determined by the Secretary.

''(e) REPORTS.—Each eligible organization that enters into an agreement under this title shall submit to the Secretary, at such time as the Secretary may request, a report containing such information as the Secretary may request relating to the use of agricultural commodities and funds provided to the eligible organization under this title.

''(f) COORDINATION.—To ensure that the provision of commodities under this section is coordinated with and complements other foreign assistance provided by the United States, assistance under this section shall be coordinated through the mechanism designated by the President to coordinate assistance under the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.).

''(g) QUALITY ASSURANCE.—

''(1) IN GENERAL.—The Secretary shall ensure, to the maximum extent practicable, that each eligible organization participating in 1 or more programs under this section—

''(A) uses eligible commodities made available under this title—

"(i) in an effective manner;

"(ii) in the areas of greatest need; and

"(iii) in a manner that promotes the purposes of this title;

"(B) in using eligible commodities, assesses and takes into account the needs of recipient countries and the target populations of the recipient countries;

"(C) works with recipient countries, and indigenous institutions or groups in recipient countries, to design and carry out mutually acceptable programs authorized in subsection (h)(2)(C)(i);

"(D) monitors and reports on the distribution or sale of eligible commodities provided under this title using methods that, as determined by the Secretary, facilitate accurate and timely reporting;

"(E) periodically evaluates the effectiveness of the program of the eligible organization, including, as applicable, an evaluation of whether the development or food and nutrition purposes of the program can be sustained in a recipient country if the assistance provided to the

recipient country is reduced and eventually terminated; and

"(F) considers means of improving the operation of the program of the eligible organization.

"(2) CERTIFIED INSTITUTIONAL PARTNERS.—

"(A) IN GENERAL.—The Secretary shall promulgate regulations and guidelines to permit private voluntary organizations and cooperatives to be certified as institutional partners.

"(B) REQUIREMENTS.—To become a certified institutional partner, a private voluntary organization or cooperative shall submit to the Secretary a certification of organizational capacity that describes—

"(i) the financial, programmatic, commodity management, and auditing abilities and practices of the organization or cooperative; and

"(ii) the capacity of the organization or cooperative to carry out projects in particular countries.

"(C) MULTICOUNTRY PROPOSALS.—A certified institutional partner shall be eligible to—

"(i) submit a single proposal for 1 or more countries that are the same as, or similar to, those countries in which the certified institutional partner has already demonstrated organizational capacity;

"(ii) receive expedited review and approval of the proposal; and

"(iii) request commodities and assistance under this section for use in 1 or more countries.

"(D) MULTIYEAR AGREEMENTS.—In carrying out this title, on request and subject to the availability of commodities, the Secretary is encouraged to approve agreements that provide for commodities to be made available for distribution on a multiyear basis, if the agreements otherwise meet the requirements of this title.

"(h) TRANSSHIPMENT AND RESALE.—

"(1) IN GENERAL.—The transshipment or resale of an eligible commodity to a country other than a recipient country shall be prohibited unless the transshipment or resale is approved by the Secretary.

"(2) MONETIZATION.—

"(A) IN GENERAL.—Subject to subparagraphs (B) through (D), an eligible commodity provided under this section may be sold for foreign currency or United States dollars or bartered, with the approval of the Secretary.

"(B) SALE OR BARTER OF FOOD ASSISTANCE.—The sale or barter of eligible commodities under this title may be conducted only within (as determined by the Secretary)—

"(i) a recipient country or country nearby to the recipient country; or

"(ii) another country, if—

"(I) the sale or barter within the recipient country or nearby country is not practicable; and

"(II) the sale or barter within countries other than the recipient country or nearby country will not disrupt commercial markets for the agricultural commodity involved.

"(C) HUMANITARIAN OR DEVELOPMENT PURPOSES.—The Secretary may authorize the use of proceeds or exchanges to reimburse, within a recipient country or other country in

the same region, the costs incurred by an eligible organization for—

"(i)(I) programs targeted at hunger and malnutrition; or

"(II) development programs involving food security or education;

"(ii) transportation, storage, and distribution of eligible commodities provided under this title; and

"(iii) administration, sales, monitoring, and technical assistance.

"(D) EXCEPTION.—The Secretary shall not approve the use of proceeds described in subparagraph (C) to fund any administrative expenses of a foreign government.

"(E) PRIVATE SECTOR ENHANCEMENT.—As appropriate, the Secretary may provide eligible commodities under this title in a manner that uses commodity transactions as a means of developing in the recipient countries a competitive private sector that can provide for the importation, transportation, storage, marketing, and distribution of commodities.

"(i) DISPLACEMENT OF COMMERCIAL SALES.—In carrying out this title, the Secretary shall, to the max-

imum extent practicable consistent with the purposes of this title, avoid—

"(1) displacing any commercial export sale of United States agricultural commodities that would otherwise be made;

"(2) disrupting world prices of agricultural commodities; or

"(3) disrupting normal patterns of commercial trade of agricultural commodities with foreign countries.

"(j) DEADLINE FOR PROGRAM ANNOUNCEMENTS.—

"(1) IN GENERAL.—Before the beginning of the applicable fiscal year, the Secretary shall, to the maximum extent practicable—

"(A) make all determinations concerning program agreements and resource requests for programs under this title; and

"(B) announce those determinations.

"(2) REPORT.—Not later than November 1 of the applicable fiscal year, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a list of programs, countries, and commodities, and the total

amount of funds for transportation and administrative costs, approved to date under this title.

"(k) MILITARY DISTRIBUTION OF ASSISTANCE.—

"(1) IN GENERAL.—The Secretary shall ensure, to the maximum extent practicable, that agricultural commodities made available under this title are provided without regard to—

"(A) the political affiliation, geographic location, ethnic, tribal, or religious identity of the recipient; or

"(B) any other extraneous factors, as determined by the Secretary.

"(2) PROHIBITION ON HANDLING OF COMMODITIES BY THE MILITARY.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the Secretary shall not enter into an agreement under this title to provide agricultural commodities if the agreement requires or permits the distribution, handling, or allocation of agricultural commodities by the military forces of any foreign government or insurgent group.

"(B) EXCEPTION.—The Secretary may authorize the distribution, handling, or allocation

of commodities by the military forces of a country in exceptional circumstances in which—

"(i) nonmilitary channels are not available for distribution, handling, or allocation;

"(ii) the distribution, handling, or allocation is consistent with paragraph (1); and

"(iii) the Secretary determines that the distribution, handling, or allocation is necessary to meet the emergency health, safety, or nutritional requirements of the population of a recipient country.

"(3) ENCOURAGEMENT OF SAFE PASSAGE.—In entering into an agreement under this title that involves 1 or more areas within a recipient country that is experiencing protracted warfare or civil unrest, the Secretary shall, to the maximum extent practicable, encourage all parties to the conflict to—

"(A) permit safe passage of the commodities and other relief supplies; and

"(B) establish safe zones for—

"(i) medical and humanitarian treatment; and

"(ii) evacuation of injured persons.

"(l) LEVEL OF ASSISTANCE.—The cost of commodities made available under this title, and the expenses incurred in connection with the provision of those commodities shall be in addition to the level of assistance provided under the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.).

"(m) COMMODITY CREDIT CORPORATION.—

"(1) IN GENERAL.—Subject to paragraphs (6) through (8), the Secretary may use the funds, facilities, and authorities of the Corporation to carry out this title.

"(2) MINIMUM TONNAGE.—Subject to paragraphs (5) and (7)(B), not less than 400,000 metric tons of commodities may be provided under this title for each of fiscal years 2002 through 2006.

"(3) AUTHORIZATION OF APPROPRIATIONS.—In addition to tonnage authorized under paragraph (2), there are authorized to be appropriated such sums as are necessary to carry out this title.

"(4) TITLE I FUNDS.—In addition to tonnage and funds authorized under paragraphs (2), (3), and (7)(B), the Corporation may use funds appropriated to carry out title I of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1701

et seq.)) in carrying out this section with respect to commodities made available under this title.

"(5) INTERNATIONAL FOOD FOR EDUCATION AND NUTRITION PROGRAM.—

"(A) IN GENERAL.—Of the funds that would be available to carry out paragraph (2), the Secretary may use not more than $200,000,000 for each fiscal year to carry out the initiative established under subsection (c).

"(B) REALLOCATION.—Tons not allocated under subsection (c) by June 30 of each fiscal year shall be made available for proposals submitted under the food for progress and education programs under subsection (a).

"(6) LIMITATION ON PURCHASES OF COMMODITIES.—The Corporation may purchase agricultural commodities for disposition under this title only if Corporation inventories are insufficient to satisfy commitments made in agreements entered into under this title.

"(7) ELIGIBLE COSTS AND EXPENSES.—

"(A) IN GENERAL.—Subject to subparagraph (B), with respect to an eligible commodity made available under this title, the Corporation may pay—

"(i) the costs of acquiring the eligible commodity;

"(ii) the costs associated with packaging, enriching, preserving, and fortifying of the eligible commodity;

"(iii) the processing, transportation, handling, and other incidental costs incurred before the date on which the commodity is delivered free on board vessels in United States ports;

"(iv) the vessel freight charges from United States ports or designated Canadian transshipment ports, as determined by the Secretary, to designated ports of entry abroad;

"(v) the costs associated with transporting the eligible commodity from United States ports to designated points of entry abroad in a case in which—

"(I) a recipient country is landlocked;

"(II) ports of a recipient country cannot be used effectively because of natural or other disturbances;

"(III) carriers to a specific country are unavailable; or

"(IV) substantial savings in costs or time may be gained by the use of points of entry other than ports;

"(vi) the transportation and associated distribution costs incurred in moving the commodity (including repositioned commodities) from designated points of entry or ports of entry abroad to storage and distribution sites;

"(vii) in the case of an activity under subsection (c), the internal transportation, storage, and handling costs incurred in moving the eligible commodity, if the Secretary determines that payment of the costs is appropriate and that the recipient country is a low income, net food-importing country that—

"(I) meets the poverty criteria established by the International Bank for Reconstruction and Development for Civil Works Preference; and

"(II) has a national government that is committed to or is working to-

ward, through a national action plan, the World Declaration on Education for All convened in 1990 in Jomtien, Thailand, and the followup Dakar Framework for Action of the World Education Forum in 2000;

''(viii) the charges for general average contributions arising out of the ocean transport of commodities transferred; and

''(ix) the costs, in addition to costs authorized by clauses (i) through (viii), of providing—

''(I) assistance in the administration, sale, and monitoring of food assistance activities under this title; and

''(II) technical assistance for monetization programs.

''(B) FUNDING.—Except for costs described in subparagraph (A)(i), not more than $80,000,000 of funds that would be made available to carry out paragraph (2) may be used to cover costs under this paragraph unless authorized in advance in an appropriation Act.

''(8) PAYMENT OF ADMINISTRATIVE COSTS.—An eligible organization that receives payment for

administrative costs through monetization of the eligible commodity under subsection (h)(2) shall not be eligible to receive payment for the same administrative costs through direct payments under paragraph (7)(A)(ix)(I).''.

(b) CONFORMING AMENDMENTS.—

(1) Section 416(b)(7)(D)(iii) of the Agricultural Act of 1949 (7 U.S.C. 1431(b)(7)(D)(iii)) is amended by striking ''the Food for Progress Act of 1985'' and inserting ''title VIII of the Agricultural Trade Act of 1978''.

(2) The Act of August 19, 1958 (7 U.S.C. 1431 note; Public Law 85–683) is amended by striking ''the Food for Progress Act of 1985'' and inserting ''title VIII of the Agricultural Trade Act of 1978''.

(3) Section 1110 of the Food Security Act of 1985 (7 U.S.C. 1736o) is repealed.

SEC. 326. EXPORTER ASSISTANCE INITIATIVE.

(a) FINDINGS.—Congress find that—

(1) information in the possession of Federal agencies other than the Department of Agriculture that is necessary for the export of agricultural commodities and products is available only from multiple disparate sources; and

(2) because exporters often need access to information quickly, exporters lack the time to search multiple sources to access necessary information, and exporters often are unaware of where the necessary information can be located.

(b) INITIATIVE.—Title I of the Agricultural Trade Act of 1978 (7 U.S.C. 5601 et seq.) is amended by adding at the end the following:

"SEC. 107. EXPORTER ASSISTANCE INITIATIVE.

"(a) IN GENERAL.—In order to create a single source of information for exports of United States agricultural commodities, the Secretary shall develop a website on the Internet that collates onto a single website all information from all agencies of the Federal Government that is relevant to the export of United States agricultural commodities.

"(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out subsection (a)—

"(1) $1,000,000 for each of fiscal years 2002 through 2004; and

"(2) $500,000 for each of fiscal years 2005 and 2006.".

Subtitle C—Miscellaneous Agricultural Trade Provisions

SEC. 331. BILL EMERSON HUMANITARIAN TRUST.

Section 302 of the Bill Emerson Humanitarian Trust Act (7 U.S.C. 1736f–1) is amended by striking ''2002'' each place it appears in subsection (b)(2)(B)(i) and paragraphs (1) and (2) of subsection (h) and inserting ''2006''.

SEC. 332. EMERGING MARKETS.

Section 1542 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5622 note; Public Law 101–624) is amended by striking ''2002'' each place it appears in subsections (a) and (d)(1)(A)(i) and inserting ''2006''.

SEC. 333. BIOTECHNOLOGY AND AGRICULTURAL TRADE PROGRAM.

Section 1542 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5622 note; Public Law 101–624) is amended by adding at the end the following:

''(g) BIOTECHNOLOGY AND AGRICULTURAL TRADE PROGRAM.—

''(1) IN GENERAL.—The Secretary of Agriculture shall establish a program to enhance foreign acceptance of agricultural biotechnology and United States agricultural products developed through biotechnology.

"(2) FOCUS.—The program shall address the continuing and increasing market access, regulatory, and marketing issues relating to export commerce of United States agricultural biotechnology products.

"(3) EDUCATION AND OUTREACH.—

"(A) FOREIGN MARKETS.—Support for United States agricultural market development organizations to carry out education and other outreach efforts concerning biotechnology shall target such educational initiatives directed toward—

"(i) producers, buyers, consumers, and media in foreign markets through initiatives in foreign markets; and

"(ii) government officials, scientists, and trade officials from foreign countries through exchange programs.

"(B) FUNDING FOR EDUCATION AND OUTREACH.—Funding for activities under subparagraph (A) may be—

"(i) used through—

"(I) the emerging markets program under this section; or

"(II) the Cochran Fellowship Program under section 1543; or

"(ii) applied directly to foreign market development cooperators through the foreign market development cooperator program established under section 702.

"(4) RAPID RESPONSE.—

"(A) IN GENERAL.—The Secretary shall assist exporters of United States agricultural commodities in cases in which the exporters are harmed by unwarranted and arbitrary barriers to trade due to—

"(i) marketing of biotechnology products;

"(ii) food safety;

"(iii) disease; or

"(iv) other sanitary or phytosanitary concerns.

"(B) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this paragraph $1,000,000 for each of fiscal years 2002 through 2006.

"(5) FUNDING.—

"(A) COMMODITY CREDIT CORPORATION.—The Secretary shall use the funds, facilities, and authorities of the Commodity Credit Cor-

poration to carry out this subsection (other than paragraph (4)).

"(B) FUNDING AMOUNT.—Of the funds of the Commodity Credit Corporation, the Secretary shall make available to carry out this subsection (other than paragraph (4)) $15,000,000 for each of fiscal years 2002 through 2006.".

SEC. 334. SURPLUS COMMODITIES FOR DEVELOPING OR FRIENDLY COUNTRIES.

(a) USE OF CURRENCIES.—Section 416(b)(7)(D) of the Agricultural Act of 1949 (7 U.S.C. 1431(b)(7)(D)) is amended—

(1) in clauses (i) and (iii), by striking "foreign currency" each place it appears;

(2) in clause (ii)—

(A) in the first sentence, by striking "Foreign currencies" and inserting "Proceeds"; and

(B) in the second sentence, by striking "foreign currency"; and

(3) in clause (iv)—

(A) by striking "Foreign currency proceeds" and inserting "Proceeds"; and

(B) by striking "; or" and all that follows and inserting a period.

(b) IMPLEMENTATION OF AGREEMENTS.—Section 416(b)(8) of the Agricultural Act of 1949 (7 U.S.C. 1431(b)(8)) is amended by striking ''(8)(A)'' and all that follows through ''(B) The Secretary'' and inserting the following:

''(8) ADMINISTRATIVE PROVISIONS.—

''(A) DIRECT DELIVERY.—In addition to practices in effect on the date of enactment of this subparagraph, the Secretary may approve an agreement that provides for direct delivery of eligible commodities to milling or processing facilities more than 50 percent of the interest in which is owned by United States citizens in recipient countries, with the proceeds of transactions transferred in cash to eligible organizations to carry out approved projects.

''(B) REGULATIONS.—The Secretary''.

(c) CERTIFIED INSTITUTIONAL PARTNERS.—Section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431) is amended by adding at the end the following:

''(c) CERTIFIED INSTITUTIONAL PARTNERS.—

''(1) IN GENERAL.—The Secretary shall promulgate regulations and guidelines to permit private voluntary organizations and cooperatives to be certified as institutional partners.

"(2) REQUIREMENTS.—To become a certified institutional partner, a private voluntary organization or cooperative shall submit to the Secretary a certification of organizational capacity that describes—

"(A) the financial, programmatic, commodity management, and auditing abilities and practices of the organization or cooperative; and

"(B) the capacity of the organization or cooperative to carry out projects in particular countries.

"(3) MULTI-COUNTRY PROPOSALS.—A certified institutional partner shall be eligible to—

"(A) submit a single proposal for 1 or more countries that are the same as, or similar to, those countries in which the certified institutional partner has already demonstrated organizational capacity;

"(B) receive expedited review and approval of the proposal; and

"(C) request commodities and assistance under this section for use in 1 or more countries.".

SEC. 335. AGRICULTURAL TRADE WITH CUBA.

(a) IN GENERAL.—Section 908 of the Agriculture, Rural Development, Food and Drug Administration and Related Agencies Appropriations Act, 2001 (22 U.S.C. 7207), is amended by striking subsection (b).

(b) CONFORMING AMENDMENTS.—Section 908(a) of the Agriculture, Rural Development, Food and Drug Administration and Related Agencies Appropriations Act, 2001 (22 U.S.C. 7207(a)) (as amended by subsection (a)), is amended—

(1) by striking ''(a)'' and all that follows through ''Notwithstanding'' and inserting the following:

''(a) IN GENERAL.—Notwithstanding'';

(2) by striking ''(2) RULE OF CONSTRUCTION.—Nothing in paragraph (1)'' and inserting the following:

''(b) RULE OF CONSTRUCTION.—Nothing in subsection (a)''; and

(3) by striking ''(3) WAIVER.—The President may waive the application of paragraph (1)'' and inserting the following:

''(c) WAIVER.—The President may waive the application of subsection (a)''.

SEC. 336. SENSE OF CONGRESS CONCERNING AGRICULTURAL TRADE.

(a) AGRICULTURE TRADE NEGOTIATING OBJECTIVES.—It is the sense of Congress that the principal negotiating objective of the United States with respect to agricultural trade in all multilateral, regional, and bilateral negotiations is to obtain competitive opportunities for the export of United States agricultural commodities in foreign markets substantially equivalent to the competitive opportunities afforded foreign exports in United States markets and to achieve fairer and more open conditions of agricultural trade in bulk and value-added commodities by—

(1) reducing or eliminating, by a date certain, tariffs or other charges that decrease market opportunities for the export of United States agricultural commodities, giving priority to United States agricultural commodities that are subject to significantly higher tariffs or subsidy regimes of major producing countries;

(2) immediately eliminating all export subsidies on agricultural commodities worldwide while maintaining bona fide food aid and preserving United States agricultural market development and export credit programs that allow the United States to compete with other foreign export promotion efforts;

(3) leveling the playing field for United States agricultural producers by disciplining domestic supports such that no other country can provide greater support, measured as a percentage of total agricultural production value, than the United States does while preserving existing green box category to support conservation activities, family farms, and rural communities;

(4) developing, strengthening, and clarifying rules and effective dispute settlement mechanisms to eliminate practices that unfairly decrease United States market access opportunities for United States agricultural commodities or distort agricultural markets to the detriment of the United States, including—

(A) unfair or trade-distorting activities of state trading enterprises and other administrative mechanisms, with emphasis on—

(i) requiring price transparency in the operation of state trading enterprises and such other mechanisms; and

(ii) ending discriminatory pricing practices for agricultural commodities that amount to de facto export subsidies so that the enterprises or other mechanisms do not

(except in cases of bona fide food aid) sell agricultural commodities in foreign markets at prices below domestic market prices or prices below the full costs of acquiring and delivering agricultural commodities to the foreign markets;

(B) unjustified trade restrictions or commercial requirements affecting new agricultural technologies, including biotechnology;

(C) unjustified sanitary or phytosanitary restrictions, including restrictions that are not based on scientific principles, in contravention of the Agreement on the Application of Sanitary and Phytosanitary Measures (as described in section 101(d)(3) of the Uruguay Round Agreements Act (19 U.S.C. 3511(d)(3)));

(D) other unjustified technical barriers to agricultural trade; and

(E) restrictive and nontransparent rules in the administration of tariff rate quotas;

(5) improving import relief mechanisms to recognize the unique characteristics of perishable agricultural commodities;

(6) taking into account whether a party to negotiations with respect to trading in an agricultural commodity has—

(A) failed to adhere to the provisions of an existing bilateral trade agreement with the United States;

(B) circumvented obligations under a multilateral trade agreement to which the United States is a signatory; or

(C) manipulated its currency value to the detriment of United States agricultural producers or exporters; and

(7) otherwise ensuring that countries that accede to the World Trade Organization—

(A) have made meaningful market liberalization commitments in agriculture; and

(B) make progress in fulfilling those commitments over time.

(b) PRIORITY FOR AGRICULTURE TRADE.—It is the sense of Congress that—

(1) reaching a successful agreement on agriculture should be the top priority of United States negotiators in World Trade Organization talks; and

(2) if the primary export competitors of the United States fail to reduce their trade distorting

domestic supports and eliminate export subsidies in accordance with the negotiating objectives expressed in this section, the United States should take steps to increase the leverage of United States negotiators and level the playing field for United States producers, within existing World Trade Organization commitments.

(c) CONSULTATION WITH CONGRESSIONAL COMMITTEES.—It is the sense of Congress that—

(1) before the United States Trade Representative negotiates a trade agreement that would reduce tariffs on agricultural commodities or require a change in United States agricultural law, the United States Trade Representative should consult with the Committee on Agriculture and the Committee on Ways and Means of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry and the Committee on Finance of the Senate;

(2) not less than 48 hours before initialing an agreement relating to agricultural trade negotiated under the auspices of the World Trade Organization, the United States Trade Representative should consult closely with the committees referred to in paragraph (1) regarding—

(A) the details of the agreement;

(B) the potential impact of the agreement on United States agricultural producers; and

(C) any changes in United States law necessary to implement the agreement; and

(3) any agreement or other understanding (whether verbal or in writing) that relates to agricultural trade that is not disclosed to Congress before legislation implementing a trade agreement is introduced in either the Senate or the House of Representatives should not be considered to be part of the agreement approved by Congress and should have no force and effect under Unites States law or in any dispute settlement body.

TITLE IV—NUTRITION PROGRAMS

SEC. 401. SHORT TITLE.

This title may be cited as the ''Food Stamp Reauthorization Act of 2001''.

Subtitle A—Food Stamp Program

SEC. 411. ENCOURAGEMENT OF PAYMENT OF CHILD SUPPORT.

(a) EXCLUSION.—Section 5(d)(6) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)(6)) is amended by adding at the end the following: ''and child support payments

made by a household member to or for an individual who is not a member of the household if the household member is legally obligated to make the payments,''.

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

(1) in subsection (e), by striking paragraph (4) and inserting the following:

''(4) DEDUCTION FOR CHILD SUPPORT PAYMENTS.—

''(A) IN GENERAL.—In lieu of providing an exclusion for legally obligated child support payments made by a household member under subsection (d)(6), a State agency may elect to provide a deduction for the amount of the payments.

''(B) ORDER OF DETERMINING DEDUCTIONS.—A deduction under this paragraph shall be determined before the computation of the excess shelter expense deduction under paragraph (6).''; and

(2) by adding at the end the following:

''(n) STATE OPTIONS TO SIMPLIFY DETERMINATION OF CHILD SUPPORT PAYMENTS MADE BY HOUSEHOLD MEMBERS.—

"(1) IN GENERAL.—Regardless of whether a State agency elects to provide a deduction under subsection (e)(4), the Secretary shall establish simplified procedures to allow State agencies, at the option of the State agencies, to determine the amount of the legally obligated child support payments made, including procedures to allow the State agency to rely on information from the agency responsible for implementing the program under part D of title IV of the Social Security Act (42 U.S.C. 661 et seq.) concerning payments made in prior months in lieu of obtaining current information from the household.

"(2) DURATION OF DETERMINATION OF AMOUNT OF SUPPORT PAYMENTS.—If a State agency makes a determination of the amount of support payments of a household under paragraph (1), the State agency may provide that the amount of the exclusion or deduction for the household shall not change until the eligibility of the household is next redetermined under section 11(e)(4).".

SEC. 412. SIMPLIFIED DEFINITION OF INCOME.

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

(1) by striking ''and (15)'' and inserting ''(15)''; and

(2) by inserting before the period at the end the following: '', (16) at the option of the State agency, any educational loans on which payment is deferred, grants, scholarships, fellowships, veterans' educational benefits, and the like (other than loans, grants, scholarships, fellowships, veterans' educational benefits, and the like excluded under paragraph (3)), to the extent that they are required to be excluded under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.), (17) at the option of the State agency, any State complementary assistance program payments that are excluded for the purpose of determining eligibility for medical assistance under section 1931 of the Social Security Act (42 U.S.C. 1396u–1), and (18) at the option of the State agency, any types of income that the State agency does not consider when determining eligibility for (A) cash assistance under a program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) or the amount of such assistance, or (B) medical assistance under section 1931 of the Social Security Act (42 U.S.C. 1396u–1), except that this paragraph does not authorize a

State agency to exclude wages or salaries, benefits under title I, II, IV, X, XIV, or XVI of the Social Security Act (42 U.S.C. 1381 et seq.), regular payments from a government source (such as unemployment benefits and general assistance), worker's compensation, child support payments made to a household member by an individual who is legally obligated to make the payments, or such other types of income the consideration of which the Secretary determines by regulation to be essential to equitable determinations of eligibility and benefit levels''.

SEC. 413. INCREASE IN BENEFITS TO HOUSEHOLDS WITH CHILDREN.

Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended by striking paragraph (1) and inserting the following:

''(1) STANDARD DEDUCTION.—

''(A) IN GENERAL.—Subject to the other provisions of this paragraph, the Secretary shall allow for each household a standard deduction that is equal to the greater of—

''(i) the applicable percentage specified in subparagraph (D) of the applicable income standard of eligibility established under subsection (c)(1); or

"(ii) the minimum deduction specified in subparagraph (E).

"(B) GUAM.—The Secretary shall allow for each household in Guam a standard deduction that is—

"(i) equal to the applicable percentage specified in subparagraph (D) of twice the income standard of eligibility established under subsection (c)(1) for the 48 contiguous States and the District of Columbia; but

"(ii) not less than the minimum deduction for Guam specified in subparagraph (E).

"(C) HOUSEHOLDS OF 6 OR MORE MEMBERS.—The income standard of eligibility established under subsection (c)(1) for a household of 6 members shall be used to calculate the standard deduction for each household of 6 or more members.

"(D) APPLICABLE PERCENTAGE.—For the purpose of subparagraph (A), the applicable percentage shall be—

"(i) 8 percent for each of fiscal years 2002 through 2007;

"(ii) 8.25 percent for fiscal year 2008;

"(iii) 8.5 percent for each of fiscal years 2009 and 2010; and

"(iv) 9 percent for fiscal year 2011 and each fiscal year thereafter.

"(E) MINIMUM DEDUCTION.—The minimum deduction shall be $134, $229, $189, $269, and $118 for the 48 contiguous States and the District of Columbia, Alaska, Hawaii, Guam, and the Virgin Islands of the United States, respectively.".

SEC. 414. SIMPLIFIED DETERMINATION OF HOUSING COSTS.

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

(1) in subparagraph (A)—

(A) by striking "A household" and inserting the following:

"(i) IN GENERAL.—A household"; and

(B) by adding at the end the following:

"(ii) INCLUSION OF CERTAIN PAYMENTS.—In determining the shelter expenses of a household under this paragraph, the State agency shall include any required payment to the landlord of the

household without regard to whether the required payment is designated to pay specific charges.''; and

(2) by adding at the end the following:

''(D) HOMELESS HOUSEHOLDS.—

''(i) ALTERNATIVE DEDUCTION.—In lieu of the deduction provided under subparagraph (A), a State agency may elect to allow a household in which all members are homeless individuals, but that is not receiving free shelter throughout the month, to receive a deduction of $143 per month.

''(ii) INELIGIBILITY.—The State agency may make a household with extremely low shelter costs ineligible for the alternative deduction under clause (i).''.

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

(1) in subsection (e)—

(A) by striking paragraph (5); and

(B) by redesignating paragraphs (6) and (7) as paragraphs (5) and (6), respectively; and

(2) in subsection (k)(4)(B), by striking ''subsection (e)(7)'' and inserting ''subsection (e)(6)''.

SEC. 415. SIMPLIFIED UTILITY ALLOWANCE.

Section 5(e)(6)(C)(iii) of the Food Stamp Act of 1977 (as amended by section 414(b)(1)(B)) is amended—

(1) in subclause (I)(bb), by inserting ''(without regard to subclause (III))'' after ''Secretary finds''; and

(2) by adding at the end the following:

''(III) INAPPLICABILITY OF CERTAIN RESTRICTIONS.—Clauses (ii)(II) and (ii)(III) shall not apply in the case of a State agency that has made the use of a standard utility allowance mandatory under subclause (I).''.

SEC. 416. SIMPLIFIED PROCEDURE FOR DETERMINATION OF EARNED INCOME.

Section 5(f)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2014(f)(1)) is amended by adding at the end the following:

''(C) SIMPLIFIED DETERMINATION OF EARNED INCOME.—

''(i) IN GENERAL.—A State agency may elect to determine monthly earned income by multiplying weekly income by 4 and biweekly income by 2.

''(ii) ADJUSTMENT OF EARNED INCOME DEDUCTION.—A State agency that

makes an election described in clause (i) shall adjust the earned income deduction under subsection (e)(2)(B) to the extent necessary to prevent the election from resulting in increased costs to the food stamp program, as determined consistent with standards promulgated by the Secretary.''.

SEC. 417. SIMPLIFIED DETERMINATION OF DEDUCTIONS.

Section 5(f)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2014(f)(1)) (as amended by section 416) is amended by adding at the end the following:

''(D) SIMPLIFIED DETERMINATION OF DEDUCTIONS.—

''(i) IN GENERAL.—Except as provided in clause (ii), for the purposes of subsection (e), a State agency may elect to disregard until the next redetermination of eligibility under section 11(e)(4) 1 or more types of changes in the circumstances of a household that affect the amount of deductions the household may claim under subsection (e).

"(ii) CHANGES THAT MAY NOT BE DISREGARDED.—Under clause (i), a State agency may not disregard—

"(I) any reported change of residence; or

"(II) under standards prescribed by the Secretary, any change in earned income.".

SEC. 418. SIMPLIFIED DEFINITION OF RESOURCES.

Section 5(g) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)) is amended by adding at the end the following:

"(6) EXCLUSION OF TYPES OF FINANCIAL RESOURCES NOT CONSIDERED UNDER CERTAIN OTHER FEDERAL PROGRAMS.—

"(A) IN GENERAL.—Subject to subparagraph (B), the Secretary shall promulgate regulations under which a State agency may, at the option of the State agency, exclude from financial resources under this subsection any types of financial resources that the State agency does not consider when determining eligibility for—

"(i) cash assistance under a program funded under part A of title IV of the So-

cial Security Act (42 U.S.C. 601 et seq.); or

"(ii) medical assistance under section 1931 of the Social Security Act (42 U.S.C. 1396u–1).

"(B) LIMITATIONS.—Subparagraph (A) does not authorize a State agency to exclude—

"(i) cash;

"(ii) licensed vehicles;

"(iii) amounts in any account in a financial institution that are readily available to the household; or

"(iv) any other similar type of resource the inclusion in financial resources of which the Secretary determines by regulation to be essential to equitable determinations of eligibility under the food stamp program, except to the extent that any of those types of resources are excluded under another paragraph of this subsection.".

SEC. 419. ALTERNATIVE ISSUANCE SYSTEMS IN DISASTERS.

Section 5(h)(3)(B) of the Food Stamp Act of 1977 (7 U.S.C. 2014(h)(3)(B)) is amended—

(1) in the first sentence, by inserting ''issuance methods and'' after ''shall adjust''; and

(2) in the second sentence, by inserting '', any conditions that make reliance on electronic benefit transfer systems described in section 7(i) impracticable,'' after ''personnel''.

SEC. 420. STATE OPTION TO REDUCE REPORTING REQUIREMENTS.

Section 6(c)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2015(c)(1)) is amended—

(1) in subparagraph (B), by striking ''on a monthly basis''; and

(2) by adding at the end the following:

''(D) FREQUENCY OF REPORTING.—

''(i) IN GENERAL.—Except as provided in subparagraphs (A) and (C), a State agency may require households that report on a periodic basis to submit reports—

''(I) not less often than once each 6 months; but

''(II) not more often than once each month.

''(ii) REPORTING BY HOUSEHOLDS WITH EXCESS INCOME.—A household re-

quired to report less often than once each 3 months shall, notwithstanding subparagraph (B), report in a manner prescribed by the Secretary if the income of the household for any month exceeds the standard established under section 5(c)(2).''.

SEC. 421. BENEFITS FOR ADULTS WITHOUT DEPENDENTS.

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

(1) in paragraph (1)—

(A) in subparagraph (B), by striking ''and'' at the end;

(B) in subparagraph (C)—

(i) by striking ''subsection (d)(4),'' and inserting ''subsection (d)(4)''; and

(ii) by striking the period at the end and inserting ''; and''; and

(C) by adding at the end the following:

''(D) a job search program or job search training program if—

''(i) the program meets standards established by the Secretary to ensure that the participant is continuously and actively

seeking employment in the private sector; and

"(ii) no position is currently available for the participant in an employment or training program that meets the requirements of subparagraph (C).";

(2) in paragraph (2)—

(A) by striking "36-month" and inserting "24-month"; and

(B) by striking "3" and inserting "6";

(3) by striking paragraph (5) and inserting the following:

"(5) ELIGIBILITY OF INDIVIDUALS WHILE MEETING WORK REQUIREMENT.—Notwithstanding paragraph (2), an individual who would otherwise be ineligible under that paragraph shall be eligible to participate in the food stamp program during any period in which the individual meets the work requirement of subparagraph (A), (B), or (C) of that paragraph."; and

(4) in paragraph (6)(A)(ii)—

(A) in subclause (III), by adding "and" at the end;

(B) in subclause (IV)—

(i) by striking ''3'' and inserting ''6''; and

(ii) by striking ''; and'' and inserting a period; and

(C) by striking subclause (V).

(b) IMPLEMENTATION OF AMENDMENTS.—For the purpose of implementing the amendments made by subsection (a), a State agency shall disregard any period during which an individual received food stamp benefits before the effective date of this title.

SEC. 422. PRESERVATION OF ACCESS TO ELECTRONIC BENEFITS.

(a) IN GENERAL.—Section 7(i)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2016(i)(1)) is amended by adding at the end the following:

''(E) ACCESS TO EBT SYSTEMS.—

''(i) IN GENERAL.—No benefits shall be taken off-line or otherwise made inaccessible because of inactivity until at least 180 days have elapsed since a household last accessed the account of the household.

''(ii) NOTICE TO HOUSEHOLD.—In a case in which benefits are taken off-line or otherwise made inaccessible, the household shall be sent a notice that—

"(I) explains how to reactivate the benefits; and

"(II) offers assistance if the household is having difficulty accessing the benefits of the household.".

(b) APPLICABILITY.—The amendment made by subsection (a) shall apply with respect to each State agency beginning on the date on which the State agency, after the date of enactment of this Act, enters into a contract to operate an electronic benefit transfer system.

SEC. 423. COST NEUTRALITY FOR ELECTRONIC BENEFIT TRANSFER SYSTEMS.

Section 7(i)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2016(i)(2)) is amended—

(1) by striking subparagraph (A); and

(2) by redesignating subparagraphs (B) through (I) as subparagraphs (A) through (H), respectively.

SEC. 424. ALTERNATIVE PROCEDURES FOR RESIDENTS OF CERTAIN GROUP FACILITIES.

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

"(f) SIMPLIFIED PROCEDURES FOR RESIDENTS OF CERTAIN GROUP FACILITIES.—

"(1) IN GENERAL.—At the option of the State agency, allotments for residents of facilities described in subparagraph (B), (C), (D), or (E) of section 3(i)(5) may be determined and issued under this subsection in lieu of subsection (a).

"(2) AMOUNT OF ALLOTMENT.—The allotment for each eligible resident described in paragraph (1) shall be calculated in accordance with standardized procedures established by the Secretary that take into account the allotments typically received by residents of facilities described in paragraph (1).

"(3) ISSUANCE OF ALLOTMENT.—

"(A) IN GENERAL.—The State agency shall issue an allotment determined under this subsection to the administration of a facility described in paragraph (1) as the authorized representative of the residents of the facility.

"(B) ADJUSTMENT.—The Secretary shall establish procedures to ensure that a facility described in paragraph (1) does not receive a greater proportion of a resident's monthly allotment than the proportion of the month during which the resident lived in the facility.

"(4) DEPARTURES OF COVERED RESIDENTS.—

"(A) NOTIFICATION.—Any facility described in paragraph (1) that receives an allotment for a resident under this subsection shall—

"(i) notify the State agency promptly on the departure of the resident; and

"(ii) notify the resident, before the departure of the resident, that the resident—

"(I) is eligible for continued benefits under the food stamp program; and

"(II) should contact the State agency concerning continuation of the benefits.

"(B) ISSUANCE TO DEPARTED RESIDENTS.—On receiving a notification under subparagraph (A)(i) concerning the departure of a resident, the State agency—

"(i) shall promptly issue the departed resident an allotment for the days of the month after the departure of the resident (calculated in a manner prescribed by the Secretary) unless the departed resident reapplies to participate in the food stamp program; and

"(ii) may issue an allotment for the month following the month of the departure (but not any subsequent month) based on this subsection unless the departed resident reapplies to participate in the food stamp program.

"(C) STATE OPTION.—The State agency may elect not to issue an allotment under subparagraph (B)(i) if the State agency lacks sufficient information on the location of the departed resident to provide the allotment.

"(D) EFFECT OF REAPPLICATION.—If the departed resident reapplies to participate in the food stamp program, the allotment of the departed resident shall be determined without regard to this subsection.".

(b) CONFORMING AMENDMENTS.—

(1) Section 3(i) of the Food Stamp Act of 1977 (7 U.S.C. 2012(i)) is amended—

(A) by striking "(i) 'Household' means (1) an" and inserting the following:

"(i)(1) 'Household' means—

"(A) an";

(B) in the first sentence, by striking ''others, or (2) a group'' and inserting the following: ''others; or

''(B) a group'';

(C) in the second sentence, by striking ''Spouses'' and inserting the following:

''(2) Spouses'';

(D) in the third sentence, by striking ''Notwithstanding'' and inserting the following: ''(3) Notwithstanding'';

(E) in paragraph (3) (as designated by subparagraph (D)), by striking ''the preceding sentences'' and inserting ''paragraphs (1) and (2)'';

(F) in the fourth sentence, by striking ''In no event'' and inserting the following:

''(4) In no event'';

(G) in the fifth sentence, by striking ''For the purposes of this subsection, residents'' and inserting the following:

''(5) For the purposes of this subsection, the following persons shall not be considered to be residents of institutions and shall be considered to be individual households:

''(A) Residents''; and

(H) in paragraph (5) (as designated by subparagraph (G))—

(i) by striking ''Act, or are individuals'' and inserting the following: ''Act.

''(B) Individuals'';

(ii) by striking ''such section, temporary'' and inserting the following: ''that section.

''(C) Temporary'';

(iii) by striking ''children, residents'' and inserting the following: ''children.

''(D) Residents'';

(iv) by striking ''coupons, and narcotics'' and inserting the following: ''coupons.

''(E) Narcotics''; and

(v) by striking ''shall not'' and all that follows and inserting a period.

(2) Section 5(a) of the Food Stamp Act of 1977 (7 U.S.C. 2014(a)) is amended by striking ''the third sentence of section 3(i)'' each place it appears and inserting ''section 3(i)(4)''.

(3) Section 8(e)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2017(e)(1)) is amended by striking

"the last sentence of section 3(i)" and inserting "section 3(i)(5)".

(4) Section 17(b)(1)(B)(iv)(III)(aa) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)(B)(iv)(III)(aa)) is amended by striking "the last 2 sentences of section 3(i)" and inserting "paragraphs (4) and (5) of section 3(i)".

SEC. 425. AVAILABILITY OF FOOD STAMP PROGRAM APPLICATIONS ON THE INTERNET.

Section 11(e)(2)(B)(ii) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(2)(B)(ii)) is amended—

(1) by inserting "(I)" after "(ii)";

(2) in subclause (I) (as designated by paragraph (1)), by adding "and" at the end; and

(3) by adding at the end the following:

"(II) if the State agency maintains a website for the State agency, shall make the application available on the website in each language in which the State agency makes a printed application available;".

SEC. 426. SIMPLIFIED DETERMINATIONS OF CONTINUING ELIGIBILITY.

(a) IN GENERAL.—Section 11(e) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)) is amended—

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

''(4)(A) that the State agency shall periodically require each household to cooperate in a redetermination of the eligibility of the household.

''(B) A redetermination under subparagraph (A) shall—

''(i) be based on information supplied by the household; and

''(ii) conform to standards established by the Secretary.

''(C) The interval between redeterminations of eligibility under subparagraph (A) shall not exceed the eligibility review period;'' and

(2) in paragraph (10)—

(A) by striking ''within the household's certification period''; and

(B) by striking ''or until'' and all that follows through ''occurs earlier''.

(b) CONFORMING AMENDMENTS.—

(1) Section 3(c) of the Food Stamp Act of 1977 (7 U.S.C. 2012(c)) is amended—

(A) by striking ''Certification period'' and inserting ''Eligibility review period''; and

(B) by striking ''certification period'' each place it appears and inserting ''eligibility review period''.

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

(A) in subsection (d)(2), by striking ''in the certification period which'' and inserting ''that''; and

(B) in subsection (e) (as amended by section 414(b)(1)(B))—

(i) in paragraph (5)(B)(ii)—

(I) in subclause (II), by striking ''certification period'' and inserting ''eligibility review period''; and

(II) in subclause (III), by striking ''has been anticipated for the certification period'' and inserting ''was anticipated when the household applied or at the most recent redetermination of eligibility for the household''; and

(ii) in paragraph (6)(C)(iii)(II), by striking ''the end of a certification period'' and inserting ''each redetermination of the eligibility of the household''.

(3) Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) is amended—

(A) in subsection (c)(1)(C)(iv), by striking ''certification period'' each place it appears and inserting ''interval between required redeterminations of eligibility''; and

(B) in subsection (d)(1)(D)(v)(II), by striking ''a certification period'' and inserting ''an eligibility review period''.

(4) Section 8(c) of the Food Stamp Act of 1977 (7 U.S.C. 2017(c)) is amended—

(A) in the second sentence of paragraph (1), by striking ''within a certification period''; and

(B) in paragraph (2)(B), by striking ''expiration of'' and all that follows through ''during a certification period,'' and inserting ''termination of benefits to the household,''.

(5) Section 11(e)(16) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(16)) is amended by striking ''the certification or recertification'' and inserting ''determining the eligibility''.

SEC. 427. CLEARINGHOUSE FOR SUCCESSFUL NUTRITION EDUCATION EFFORTS.

Section 11(f) of the Food Stamp Act of 1977 (7 U.S.C. 2020(f)) is amended by striking paragraph (2) and inserting the following:

"(2) NUTRITION EDUCATION CLEARINGHOUSE.—The Secretary shall—

"(A) request State agencies to submit to the Secretary descriptions of successful nutrition education programs designed for use in the food stamp program and other nutrition assistance programs;

"(B) make the descriptions submitted under subparagraph (A) available on the website of the Department of Agriculture; and

"(C) inform State agencies of the availability of the descriptions on the website.".

SEC. 428. TRANSITIONAL FOOD STAMPS FOR FAMILIES MOVING FROM WELFARE.

(a) IN GENERAL.—Section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2020) is amended by adding at the end the following:

"(s) TRANSITIONAL BENEFITS OPTION.—

"(1) IN GENERAL.—A State agency may provide transitional food stamp benefits to a household that ceases to receive cash assistance under a State

program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

"(2) TRANSITIONAL BENEFITS PERIOD.—Under paragraph (1), a household may continue to receive food stamp benefits for a period of not more than 6 months after the date on which cash assistance is terminated.

"(3) AMOUNT OF BENEFITS.—During the transitional benefits period under paragraph (2), a household shall receive an amount of food stamp benefits equal to the allotment received in the month immediately preceding the date on which cash assistance was terminated, adjusted for—

"(A) the change in household income as a result of the termination of cash assistance; and

"(B) any changes in circumstances that may result in an increase in the food stamp allotment of the household and that the household elects to report.

"(4) DETERMINATION OF FUTURE ELIGIBILITY.—In the final month of the transitional benefits period under paragraph (2), the State agency may—

"(A) require the household to cooperate in a redetermination of eligibility; and

"(B) initiate a new eligibility review period for the household without regard to whether the preceding eligibility review period has expired.

"(5) LIMITATION.—A household shall not be eligible for transitional benefits under this subsection if the household—

"(A) loses eligibility under section 6;

"(B) is sanctioned for a failure to perform an action required by Federal, State, or local law relating to a cash assistance program described in paragraph (1); or

"(C) is a member of any other category of households designated by the State agency as ineligible for transitional benefits.".

(b) CONFORMING AMENDMENTS.—

(1) Section 3(c) of the Food Stamp Act of 1977 (7 U.S.C. 2012(c)) is amended by adding at the end the following: "The limits specified in this section may be extended until the end of any transitional benefit period established under section 11(s).".

(2) Section 6(c) of the Food Stamp Act of 1977 (7 U.S.C. 2015(c)) is amended by striking "No household" and inserting "Except in a case in which a household is receiving transitional benefits during

the transitional benefits period under section 11(s), no household''.

SEC. 429. DELIVERY TO RETAILERS OF NOTICES OF ADVERSE ACTION.

Section 14(a) of the Food Stamp Act of 1977 (7 U.S.C. 2023(a)) is amended by striking paragraph (2) and inserting the following:

''(2) DELIVERY OF NOTICES.—A notice under paragraph (1) shall be delivered by any form of delivery that the Secretary determines will provide evidence of the delivery.''.

SEC. 430. REFORM OF QUALITY CONTROL SYSTEM.

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

(1) in paragraph (1)—

(A) by striking ''enhances payment accuracy'' and all that follows through ''(A) the Secretary'' and inserting the following: ''enhances payment accuracy and that has the following elements:

''(A) ENHANCED ADMINISTRATIVE FUNDING.—With respect to fiscal year 2001, the Secretary'';

(B) in subparagraph (A)—

(i) by striking ''one percentage point to a maximum of 60'' and inserting ''½ of 1 percentage point to a maximum of 55''; and

(ii) by striking the semicolon at the end and inserting a period; and

(C) by striking subparagraph (B) and all that follows and inserting the following:

''(B) INVESTIGATION AND INITIAL SANCTIONS.—

''(i) INVESTIGATION.—Except as provided under subparagraph (C), for any fiscal year in which the Secretary determines that a 95 percent statistical probability exists that the payment error rate of a State agency exceeds the national performance measure for payment error rates announced under paragraph (6) by more than 1 percentage point, other than for good cause shown, the Secretary shall investigate the administration by the State agency of the food stamp program unless the Secretary determines that sufficient information is already available to review the administration by the State agency.

"(ii) INITIAL SANCTIONS.—If an investigation under clause (i) results in a determination that the State agency has been seriously negligent (as determined under standards promulgated by the Secretary), the State agency shall pay the Secretary an amount that reflects the extent of such negligence (as determined under standards promulgated by the Secretary), not to exceed 5 percent of the amount provided to the State agency under subsection (a) for the fiscal year.

"(C) ADDITIONAL SANCTIONS.—If, for any fiscal year, the Secretary determines that a 95 percent statistical probability exists that the payment error rate of a State agency exceeds the national performance measure for payment error rates announced under paragraph (6) by more than 1 percentage point, other than for good cause shown, and that the State agency was sanctioned under this paragraph or was the subject of an investigation or review under subparagraph (B)(i) for each of the 2 immediately preceding fiscal years, the State agency shall

pay to the Secretary an amount equal to the product obtained by multiplying—

"(i) the value of all allotments issued by the State agency in the fiscal year;

"(ii) the lesser of—

"(I) the ratio that—

"(aa) the amount by which the payment error rate of the State agency for the fiscal year exceeds by more than 1 percentage point the national performance measure for the fiscal year; bears to

"(bb) 10 percent; or

"(II) 1; and

"(iii) the amount by which the payment error rate of the State agency for the fiscal year exceeds by more than 1 percentage point the national performance measure for the fiscal year.

"(D) CORRECTIVE ACTION PLANS.—The Secretary shall foster management improvements by the States by requiring State agencies to develop and implement corrective action plans to reduce payment errors.";

(2) in paragraph (2)(A), by inserting before the semicolon the following: ", as adjusted downward as appropriate under paragraph (10)";

(3) in paragraph (4), by striking "(4)" and all that follows through the end of the first sentence and inserting the following:

"(4) REPORTING REQUIREMENTS.—The Secretary may require a State agency to report any factors that the Secretary considers necessary to determine a State agency's payment error rate, enhanced administrative funding, claim for payment error under paragraph (1), or performance under the performance measures under paragraph (11).";

(4) in paragraph (5), by striking "(5)" and all that follows through the end of the second sentence and inserting the following:

"(5) PROCEDURES.—To facilitate the implementation of this subsection, each State agency shall expeditiously submit to the Secretary data concerning the operations of the State agency in each fiscal year sufficient for the Secretary to establish the payment error rate for the State agency for the fiscal year, to comply with paragraph (10), and to determine the amount of enhanced administrative funding under paragraph (1)(A), high performance

bonus payments under paragraph (11), or claims under subparagraph (B) or (C) of paragraph (1).'';

(5) in paragraph (6)—

(A) in the first and third sentences, by striking ''paragraph (5)'' each place it appears and inserting ''paragraph (8)''; and

(B) in the first sentence, by inserting ''(but determined without regard to paragraph (10))'' before ''times that''; and

(6) by adding at the end the following:

''(10) ADJUSTMENTS OF PAYMENT ERROR RATE.—

''(A) FISCAL YEAR 2002.—

''(i) ADJUSTMENT FOR HIGHER PERCENTAGE OF HOUSEHOLDS WITH EARNED INCOME.—Subject to subparagraph (B), with respect to fiscal year 2002, in applying paragraph (1), the Secretary shall adjust the payment error rate determined under paragraph (2)(A) as necessary to take into account any increases in errors that result from the State agency's serving a higher percentage of households with earned income than the lesser of—

"(I) the percentage of households with earned income that receive food stamps in all States; or

"(II) the percentage of households with earned income that received food stamps in the State in fiscal year 1992.

"(ii) ADJUSTMENT FOR HIGHER PERCENTAGE OF HOUSEHOLDS WITH NONCITIZEN MEMBERS.—Subject to subparagraph (B), with respect to fiscal year 2002, in applying paragraph (1), the Secretary shall adjust the payment error rate determined under paragraph (2)(A) as necessary to take into account any increases in errors that result from the State agency's serving a higher percentage of households with 1 or more members who are not United States citizens than the lesser of—

"(I) the percentage of households with 1 or more members who are not United States citizens that receive food stamps in all States; or

"(II) the percentage of households with 1 or more members who

are not United States citizens that received food stamps in the State in fiscal year 1998.

"(B) EXPANDED APPLICABILITY TO STATE AGENCIES SUBJECT TO SANCTIONS.—In the case of a State agency subject to sanctions for fiscal year 2001 or any fiscal year thereafter under paragraph (1), the adjustments described in subparagraph (A) shall apply to the State agency for the fiscal year.

"(C) ADDITIONAL ADJUSTMENTS.—For fiscal year 2003 and each fiscal year thereafter, the Secretary may make such additional adjustments to the payment error rate determined under paragraph (2)(A) as the Secretary determines to be consistent with achieving the purposes of this Act.".

(b) APPLICABILITY.—Except as otherwise provided in the amendments made by subsection (a), the amendments made by subsection (a) shall apply to fiscal year 2001 and each fiscal year thereafter.

SEC. 431. IMPROVEMENT OF CALCULATION OF STATE PERFORMANCE MEASURES.

(a) IN GENERAL.—Section 16(c)(8) of the Food Stamp Act of 1977 (7 U.S.C. 2025(c)(8)) is amended—

(1) in subparagraph (B), by striking ''180 days after the end of the fiscal year'' and inserting ''the first May 31 after the end of the fiscal year referred to in subparagraph (A)''; and

(2) in subparagraph (C), by striking ''30 days thereafter'' and inserting ''the first June 30 after the end of the fiscal year referred to in subparagraph (A)''.

(b) EFFECTIVE DATE.—The amendments made by this section take effect on the date of enactment of this Act.

SEC. 432. BONUSES FOR STATES THAT DEMONSTRATE HIGH PERFORMANCE.

(a) IN GENERAL.—Section 16(c) of the Food Stamp Act of 1977 (7 U.S.C. 2025(c)) (as amended by section 430(a)(6)) is amended by adding at the end the following:

''(11) HIGH PERFORMANCE BONUS PAYMENTS.—

''(A) IN GENERAL.—The Secretary shall—

''(i) with respect to fiscal year 2002 and each fiscal year thereafter, measure the performance of each State agency with respect to each of the performance measures specified in subparagraph (B); and

"(ii) in fiscal year 2003 and each fiscal year thereafter, subject to subparagraphs (C) and (D), make high performance bonus payments to the State agencies with the highest or most improved performance with respect to those performance measures.

"(B) PERFORMANCE MEASURES.—The performance measures specified in this subparagraph are—

"(i) the ratio, expressed as a percentage, that—

"(I) the number of households in the State that—

"(aa) receive food stamps;

"(bb) have incomes less than 130 percent of the poverty line (as defined in section 673 of the Community Services Block Grant Act (42 U.S.C. 9902));

"(cc) have annual earnings equal to at least 1000 times the Federal minimum hourly rate under the Fair Labor Standards

Act of 1938 (29 U.S.C. 201 et seq.); and

"(dd) have children under age 18; bears to

"(II) the number of households in the State that meet the criteria specified in items (bb) through (dd) of subclause (I); and

"(ii) 4 additional performance measures, established by the Secretary in consultation with the National Governors Association, the American Public Human Services Association, and the National Conference of State Legislatures not later than 180 days after the date of enactment of this paragraph, of which not less than 1 performance measure shall relate to provision of timely and appropriate services to applicants for and recipients of food stamp benefits.

"(C) HIGH PERFORMANCE BONUS PAYMENTS.—

"(i) DEFINITION OF CASELOAD.—In this subparagraph, the term 'caseload' has

the meaning given the term in section 6(o)(6)(A).

"(ii) AMOUNT OF PAYMENTS.—

"(I) IN GENERAL.—In fiscal year 2003 and each fiscal year thereafter, the Secretary shall—

"(aa) make 1 high performance bonus payment of $6,000,000 for each of the 5 performance measures under subparagraph (B); and

"(bb) allocate the high performance bonus payment with respect to each performance measure in accordance with subclauses (II) and (III).

"(II) PAYMENTS FOR PERFORMANCE MEASURES.—In fiscal year 2003 and each fiscal year thereafter, the Secretary shall allocate, in accordance with subclause (III), the high performance bonus payment made for each performance measure under subparagraph (B) among the 6 State

agencies with, as determined by the Secretary by regulation—

"(aa) the greatest improvement in the level of performance with respect to the performance measure between the 2 most recent years for which the Secretary determines that reliable data are available;

"(bb) the highest performance in the performance measure for the most recent year for which the Secretary determines that reliable data are available; or

"(cc) a combination of the greatest improvement described in item (aa) and the highest performance described in item (bb).

"(III) ALLOCATION AMONG STATE AGENCIES ELIGIBLE FOR PAYMENTS.—A high performance bonus payment under subclause (II) made for a performance measure shall be allocated among the 6 State agencies el-

igible for the payment in the ratio that—

"(aa) the caseload of each of the 6 State agencies eligible for the payment; bears to

"(bb) the caseloads of the 6 State agencies eligible for the payment.

"(D) PROHIBITION ON RECEIPT OF HIGH PERFORMANCE BONUS PAYMENTS BY STATE AGENCIES SUBJECT TO SANCTIONS.—If, for any fiscal year, a State agency is subject to a sanction under paragraph (1), the State agency shall not be eligible for a high performance bonus payment for the fiscal year.

"(E) PAYMENTS NOT SUBJECT TO JUDICIAL REVIEW.—A determination by the Secretary whether, and in what amount, to make a high performance bonus payment under this paragraph shall not be subject to judicial review.".

(b) APPLICABILITY.—The amendment made by subsection (a) takes effect on the date of enactment of this Act.

SEC. 433. EMPLOYMENT AND TRAINING PROGRAM.

(a) LEVELS OF FUNDING.—Section 16(h)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)(1)) is amended—

(1) in subparagraph (A)—

(A) by striking ", to remain available until expended,"; and

(B) by striking clause (vii) and inserting the following:

"(vii) for each of fiscal years 2002 through 2006, $90,000,000, to remain available until expended.";

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

"(B) ALLOCATION.—Funds made available under subparagraph (A) shall be made available to and reallocated among State agencies under a reasonable formula that—

"(i) is determined and adjusted by the Secretary; and

"(ii) takes into account the number of individuals who are not exempt from the work requirement under section 6(o).";

and

(3) by striking subparagraphs (E) through (G) and inserting the following:

"(E) ADDITIONAL ALLOCATIONS FOR STATES THAT ENSURE AVAILABILITY OF WORK OPPORTUNITIES.—

"(i) IN GENERAL.—In addition to the allocations under subparagraph (A), from funds made available under section 18(a)(1), the Secretary shall allocate not more than $25,000,000 for each of fiscal years 2002 through 2006 to reimburse a State agency that is eligible under clause (ii) for the costs incurred in serving food stamp recipients who—

"(I) are not eligible for an exception under section 6(o)(3); and

"(II) are placed in and comply with a program described in subparagraph (B) or (C) of section 6(o)(2).

"(ii) ELIGIBILITY.—To be eligible for an additional allocation under clause (i), a State agency shall—

"(I) exhaust the allocation to the State agency under subparagraph (A) (including any reallocation that has been made available under subparagraph (C)); and

"(II) make and comply with a commitment to offer a position in a program described in subparagraph (B) or (C) of section 6(o)(2) to each applicant or recipient who—

"(aa) is in the last month of the 6-month period described in section 6(o)(2);

"(bb) is not eligible for an exception under section 6(o)(3);

"(cc) is not eligible for a waiver under section 6(o)(4); and

"(dd) is not eligible for an exemption under section 6(o)(6).".

(b) RESCISSION OF CARRYOVER FUNDS.—Notwithstanding any other provision of law, funds provided under section 16(h)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)(1)(A)) for any fiscal year before fiscal year 2002 shall cease to be available on the date of enactment of this Act, unless obligated by a State agency before that date.

(c) PARTICIPANT EXPENSES.—Section 6(d)(4)(I)(i)(I) of the Food Stamp Act of 1977 (7 U.S.C.

2015(d)(4)(I)(i)(I)) is amended by striking ''$25 per month'' and inserting ''$50 per month''.

(d) FEDERAL REIMBURSEMENT.—Section 16(h)(3) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)(3)) is amended by striking ''$25'' and inserting ''$50''.

(e) EFFECTIVE DATE.—The amendments made by this section take effect on the date of enactment of this Act.

SEC. 434. REAUTHORIZATION OF FOOD STAMP PROGRAM AND FOOD DISTRIBUTION PROGRAM ON INDIAN RESERVATIONS.

(a) REDUCTIONS IN PAYMENTS FOR ADMINISTRATIVE COSTS.—Section 16(k)(3) of the Food Stamp Act of 1977 (7 U.S.C. 2025(k)(3)) is amended—

(1) in the first sentence of subparagraph (A), by striking ''2002'' and inserting ''2006''; and

(2) in subparagraph (B)(ii), by striking ''2002'' and inserting ''2006''.

(b) CASH PAYMENT PILOT PROJECTS.—Section 17(b)(1)(B)(vi) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)(B)(vi)) is amended by striking ''2002'' and inserting ''2006''.

(c) GRANTS TO IMPROVE FOOD STAMP PARTICIPATION.—Section 17(i)(1)(A) of the Food Stamp Act of

1977 (7 U.S.C. 2026(i)(1)(A)) is amended in the first sentence by striking ''2002'' and inserting ''2006''.

(d) AUTHORIZATION OF APPROPRIATIONS.—Section 18(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2027(a)(1)) is amended in the first sentence by striking ''2002'' and inserting ''2006''.

SEC. 435. COORDINATION OF PROGRAM INFORMATION EFFORTS.

Section 16(k)(5) of the Food Stamp Act of 1977 (7 U.S.C. 2025(k)(5)) is amended—

(1) in subparagraph (A), by striking ''No funds'' and inserting ''Except as provided in subparagraph (C), no funds''; and

(2) by adding at the end the following:

''(C) FOOD STAMP INFORMATIONAL ACTIVITIES.—Subparagraph (A) shall not apply to any funds or expenditures described in clause (i) or (ii) of subparagraph (B) used to pay the costs of any activity that is eligible for reimbursement under subsection (a)(4).''.

SEC. 436. EXPANDED GRANT AUTHORITY.

Section 17(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2026(a)(1)) is amended—

(1) by striking '', by way of making contracts with or grants to public or private organizations or

agencies,'' and inserting ''enter into contracts with or make grants to public or private organizations or agencies under this section to''; and

(2) by adding at the end the following: ''The waiver authority of the Secretary under subsection (b) shall extend to all contracts and grants under this section.''.

SEC. 437. ACCESS AND OUTREACH PILOT PROJECTS.

Section 17 of the Food Stamp Act of 1977 (7 U.S.C. 2026) is amended by striking subsection (h) and inserting the following:

''(h) ACCESS AND OUTREACH PILOT PROJECTS.—

''(1) IN GENERAL.—The Secretary shall make grants to State agencies and other entities to pay the Federal share of the eligible costs of projects to improve—

''(A) access by eligible individuals to benefits under the food stamp program; or

''(B) outreach to individuals eligible for those benefits.

''(2) FEDERAL SHARE.—The Federal share shall be 75 percent.

''(3) TYPES OF PROJECTS.—To be eligible for a grant under this subsection, a project may consist of—

"(A) establishing a single site at which individuals may apply for—

"(i) benefits under the food stamp program; and

"(ii)(I) supplemental security income benefits under title XVI of the Social Security Act (42 U.S.C. 1381 et seq.);

"(II) benefits under the medicaid program under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.);

"(III) benefits under the State children's health insurance program under title XXI of the Social Security Act (42 U.S.C. 1397aa et seq.);

"(IV) benefits under the special supplemental nutrition program for women, infants, and children under section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786); or

"(V) benefits under such other programs as the Secretary determines to be appropriate;

"(B) developing forms that allow an individual to apply for more than 1 of the programs referred to in subparagraph (A);

"(C) dispatching State agency personnel to conduct outreach and enroll individuals in the food stamp program and other programs in nontraditional venues (such as shopping malls, schools, community centers, county fairs, clinics, food banks, and job training centers);

"(D) developing systems to enable increased participation in the provision of benefits under the food stamp program through farmers' markets, roadside stands, and other community-supported agriculture programs, including wireless electronic benefit transfer systems and other systems appropriate to open-air settings where farmers and other vendors sell directly to consumers;

"(E) allowing individuals to submit applications for the food stamp program by means of the telephone or the Internet, in particular individuals who live in rural areas, elderly individuals, and individuals with disabilities;

"(F) encouraging consumption of fruit and vegetables by developing a cost-effective system for providing discounts for purchases of fruit and vegetables made through use of electronic benefit transfer cards;

"(G) reducing barriers to participation by individuals, with emphasis on working families, eligible immigrants, elderly individuals, and individuals with disabilities;

"(H) developing training materials, guidebooks, and other resources to improve access and outreach;

"(I) conforming verification practices under the food stamp program with verification practices under other assistance programs; and

"(J) such other activities as the Secretary determines to be appropriate.

"(4) SELECTION.—

"(A) IN GENERAL.—The Secretary shall develop criteria for selecting recipients of grants under this subsection that include the consideration of—

"(i) the demonstrated record of a State agency or other entity in serving low-income individuals;

"(ii) the ability of a State agency or other entity to reach hard-to-serve populations;

"(iii) the level of innovative proposals in the application of a State agency or other entity for a grant; and

"(iv) the development of partnerships between public and private sector entities and linkages with the community.

"(B) PREFERENCE.—In selecting recipients of grants under paragraph (1), the Secretary shall provide a preference to any applicant that consists of a partnership between a State and a private entity, such as—

"(i) a food bank;

"(ii) a community-based organization;

"(iii) a public school;

"(iv) a publicly-funded health clinic;

"(v) a publicly-funded day care center; and

"(vi) a nonprofit health or welfare agency.

"(C) GEOGRAPHICAL DISTRIBUTION OF RECIPIENTS.—

"(i) IN GENERAL.—Subject to clause (ii), the Secretary shall select, from all eligible applications received, at least 1 re-

cipient to receive a grant under this subsection from—

"(I) each region of the Department of Agriculture administering the food stamp program; and

"(II) each additional rural or urban area that the Secretary determines to be appropriate.

"(ii) EXCEPTION.—The Secretary shall not be required to select grant recipients under clause (i) to the extent that the Secretary determines that an insufficient number of eligible grant applications has been received.

"(5) PROJECT EVALUATIONS.—

"(A) IN GENERAL.—The Secretary shall conduct evaluations of projects funded by grants under this subsection.

"(B) LIMITATION.—Not more than 10 percent of funds made available to carry out this subsection shall be used for project evaluations described in subparagraph (A).

"(6) MAINTENANCE OF EFFORT.—A State agency or other entity shall provide assurances to the Secretary that funds provided to the State agen-

cy or other entity under this subsection will be used only to supplement, not to supplant, the amount of Federal, State, and local funds otherwise expended to carry out access and outreach activities in the State under this Act.

"(7) FUNDING.—There is authorized to be appropriated to carry out this subsection $3,000,000 for the period of fiscal years 2003 through 2005.".

SEC. 438. CONSOLIDATED BLOCK GRANTS AND ADMINISTRATIVE FUNDS.

(a) CONSOLIDATED FUNDING.—Section 19(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2028(a)(1)) is amended—

(1) in subparagraph (A)—

(A) by striking "the Commonwealth of Puerto Rico" and inserting "governmental entities specified in subparagraph (D)";

(B) in clause (ii), by striking "and" at the end; and

(C) by striking clause (iii) and all that follows and inserting the following:

"(iii) for fiscal year 2002, $1,356,000,000; and

"(iv) for each of fiscal years 2003 through 2006, the amount provided in clause (iii), as adjusted by the percentage by which the thrifty food

plan has been adjusted under section 3(o)(4) between June 30, 2001, and June 30 of the immediately preceding fiscal year;

to pay the expenditures for nutrition assistance programs for needy persons as described in subparagraphs (B) and (C).'';

(2) in subparagraph (B)—

(A) by striking ''(B) The'' and inserting the following:

''(B) MAXIMUM PAYMENTS TO COMMONWEALTH OF PUERTO RICO.—

''(i) IN GENERAL.—The'';

(B) by inserting ''of Puerto Rico'' after ''Commonwealth'' each place it appears; and

(C) by adding at the end the following:

''(ii) EXCEPTION FOR EXPENDITURES FOR CERTAIN SYSTEMS.—Notwithstanding subparagraph (A) and clause (i), the Commonwealth of Puerto Rico may spend not more than $6,000,000 of the amount required to be paid to the Commonwealth for fiscal year 2002 under subparagraph (A) to pay 100 percent of the costs of—

''(I) upgrading and modernizing the electronic data processing system

used to carry out nutrition assistance programs for needy persons;

"(II) implementing systems to simplify the determination of eligibility to receive that nutrition assistance; and

"(III) operating systems to deliver benefits through electronic benefit transfers."; and

(3) by adding at the end the following:

"(C) AMERICAN SAMOA.—For each fiscal year, the Secretary shall reserve 0.4 percent of the funds made available under subparagraph (A) for payment to American Samoa to pay 100 percent of the expenditures for a nutrition assistance program extended under section 601(c) of Public Law 96–597 (48 U.S.C. 1469d(c)).

"(D) GOVERNMENTAL ENTITY.—A governmental entity specified in this subparagraph is—

"(i) the Commonwealth of Puerto Rico; and

"(ii) for fiscal year 2003 and each fiscal year thereafter, American Samoa.".

(b) CONFORMING AMENDMENT.—Section 24 of the Food Stamp Act of 1977 (7 U.S.C. 2033) is repealed.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section take effect on October 1, 2002.

(2) EXCEPTION FOR EXPENDITURES FOR CERTAIN SYSTEMS.—The amendments made by subsection (a)(2) take effect on the date of enactment of this Act.

SEC. 439. ASSISTANCE FOR COMMUNITY FOOD PROJECTS.

Section 25 of the Food Stamp Act of 1977 (7 U.S.C. 2034) is amended—

(1) in subsection (b)(2)(B), by striking ''2002'' and inserting ''2006'';

(2) in subsection (d)—

(A) in paragraph (3), by striking ''or'' at the end; and

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

''(4) encourage long-term planning activities, and multisystem, interagency approaches with multistakeholder collaborations, that build the long-term capacity of communities to address the food and ag-

riculture problems of the communities, such as food policy councils and food planning associations; or

"(5) meet, as soon as practicable, specific neighborhood, local, or State food and agriculture needs, including needs for—

"(A) infrastructure improvement and development;

"(B) planning for long-term solutions; or

"(C) the creation of innovative marketing activities that mutually benefit farmers and low-income consumers."; and

(3) in subsection (e)(1), by striking "50" and inserting "75".

SEC. 440. AVAILABILITY OF COMMODITIES FOR THE EMERGENCY FOOD ASSISTANCE PROGRAM.

(a) IN GENERAL.—Section 27 of the Food Stamp Act of 1977 (7 U.S.C. 2036) is amended—

(1) in subsection (a)—

(A) by striking "1997 through 2002" and inserting "2002 through 2006"; and

(B) by striking "$100,000,000" and inserting "$110,000,000"; and

(2) by adding at the end the following:

"(c) USE OF FUNDS FOR RELATED COSTS.—

"(1) IN GENERAL.—For each of fiscal years 2002 through 2006, the Secretary shall use $10,000,000 of the funds made available under subsection (a) to pay the direct and indirect costs of States relating to the processing, storing, transporting, and distributing to eligible recipient agencies of—

"(A) commodities purchased by the Secretary under subsection (a); and

"(B) commodities acquired from other sources, including commodities acquired by gleaning (as defined in section 111(a) of the Hunger Prevention Act of 1988 (7 U.S.C. 612c note; Public Law 100–435)).

"(2) ALLOCATION OF FUNDS.—The amount required to be used in accordance with paragraph (1) shall be allocated in accordance with section 204(a) of the Emergency Food Assistance Act of 1983 (7 U.S.C. 7508(a)).".

(b) EFFECTIVE DATE.—The amendments made by this section take effect on the date of enactment of this Act.

SEC. 441. INNOVATIVE PROGRAMS FOR ADDRESSING COMMON COMMUNITY PROBLEMS.

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

"SEC. 28. INNOVATIVE PROGRAMS FOR ADDRESSING COMMON COMMUNITY PROBLEMS.

''(a) IN GENERAL.—The Secretary shall offer to enter into a contract with a nongovernmental organization described in subsection (b) to coordinate with Federal agencies, States, political subdivisions, and nongovernmental organizations (referred to in this section as 'targeted entities') to develop, and recommend to the targeted entities, innovative programs for addressing common community problems, including loss of farms, rural poverty, welfare dependency, hunger, the need for job training, juvenile crime prevention, and the need for self-sufficiency by individuals and communities.

''(b) NONGOVERNMENTAL ORGANIZATION.—The nongovernmental organization referred to in subsection (a)—

''(1) shall be selected on a competitive basis; and

''(2) as a condition of entering into the contract—

"(A) shall be experienced in working with targeted entities, and in organizing workshops that demonstrate programs to targeted entities;

"(B) shall be experienced in identifying programs that effectively address problems described in subsection (a) that can be implemented by other targeted entities;

"(C) shall agree—

"(i) to contribute in-kind resources toward the establishment and maintenance of programs described in subsection (a); and

"(ii) to provide to targeted entities, free of charge, information on the programs;

"(D) shall be experienced in, and capable of, receiving information from, and communicating with, targeted entities throughout the United States; and

"(E) shall be experienced in operating a national information clearinghouse that addresses 1 or more of the problems described in subsection (a).

"(c) AUDITS.—The Secretary shall establish auditing procedures and otherwise ensure the effective use of funds made available under this section.

"(d) FUNDING.—

"(1) IN GENERAL.—Not later than 30 days after the date of enactment of this section, and on October 1, 2002, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture to carry out this section $200,000, to remain available until expended.

"(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under paragraph (1), without further appropriation.".

SEC. 442. REPORT ON USE OF ELECTRONIC BENEFIT TRANSFER SYSTEMS.

Not later than 1 year after the date of enactment of this Act, the Secretary of Agriculture shall submit to Congress a report on—

(1) difficulties relating to use of electronic benefit transfer systems in issuance of food stamp benefits under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.);

(2) the extent to which there exists fraud, and the types of fraud that exist, in use of the electronic benefit transfer systems; and

(3) the efforts being made by the Secretary of Agriculture, retailers, electronic benefit transfer system contractors, and States to address the problems described in paragraphs (1) and (2).

SEC. 443. VITAMIN AND MINERAL SUPPLEMENTS.

(a) IN GENERAL.—Section 3(g)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2012(g)(1)) is amended by striking ''or food product'' and inserting '', food product, or dietary supplement that provides exclusively 1 or more vitamins or minerals''.

(b) IMPACT STUDY.—

(1) IN GENERAL.—Not later than April 1, 2003, the Secretary of Agriculture shall enter into a contract with a scientific research organization to study and develop a report on the technical issues, economic impacts, and health effects associated with allowing individuals to use benefits under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) to purchase dietary supplements that provide exclusively 1 or more vitamins or minerals (referred to in this subsection as ''vitamin-mineral supplements'').

(2) REQUIRED ELEMENTS.—At a minimum, the study shall examine—

(A) the extent to which problems arise in the purchase of vitamin-mineral supplements with electronic benefit transfer cards;

(B) the extent of any difficulties in distinguishing vitamin-mineral supplements from herbal and botanical supplements for which food stamp benefits may not be used;

(C) whether participants in the food stamp program spend more on vitamin-mineral supplements than nonparticipants;

(D) to what extent vitamin-mineral supplements are substituted for other foods purchased with use of food stamp benefits;

(E) the proportion of the average food stamp allotment that is being used to purchase vitamin-mineral supplements; and

(F) the extent to which the quality of the diets of participants in the food stamp program has changed as a result of allowing participants to use food stamp benefits to purchase vitamin-mineral supplements.

(3) REPORT.—The report required under paragraph (1) shall be submitted to the Secretary of Ag-

riculture not later than 2 years after the date on which the contract referred to in that paragraph is entered into.

(4) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated $3,000,000 to carry out this subsection.

Subtitle B—Miscellaneous Provisions

SEC. 451. REAUTHORIZATION OF COMMODITY PROGRAMS.

(a) COMMODITY DISTRIBUTION PROGRAM.—Section 4(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note; Public Law 93–86) is amended in the first sentence by striking ''2002'' and inserting ''2006''.

(b) COMMODITY SUPPLEMENTAL FOOD PROGRAM.—Section 5 of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note; Public Law 93–86) is amended—

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

''(a) GRANTS PER ASSIGNED CASELOAD SLOT.—

''(1) IN GENERAL.—In carrying out the program under section 4 (referred to in this section as the 'commodity supplemental food program'), for each of fiscal years 2003 through 2006, the Sec-

retary shall provide to each State agency from funds made available to carry out that section (including any such funds remaining available from the preceding fiscal year), a grant per assigned caseload slot for administrative costs incurred by the State agency and local agencies in the State in operating the commodity supplemental food program.

"(2) AMOUNT OF GRANTS.—For each of fiscal years 2003 through 2006, the amount of each grant per caseload slot shall be equal to $50, adjusted by the percentage change between—

"(A) the value of the State and local government price index, as published by the Bureau of Economic Analysis of the Department of Commerce, for the 12-month period ending June 30 of the second preceding fiscal year; and

"(B) the value of that index for the 12-month period ending June 30 of the preceding fiscal year."; and

(2) in subsection (d)(2), by striking "2002" each place it appears and inserting "2006".

(c) DISTRIBUTION OF SURPLUS COMMODITIES TO SPECIAL NUTRITION PROJECTS.—Section 1114(a)(2)(A) of the Agriculture and Food Act of 1981 (7 U.S.C.

1431e(2)(A)) is amended in the first sentence by striking "2002" and inserting "2006".

(d) EMERGENCY FOOD ASSISTANCE.—Section 204(a)(1) of the Emergency Food Assistance Act of 1983 (7 U.S.C. 7508(a)(1)) is amended in the first sentence—

(1) by striking "2002" and inserting "2006";

(2) by striking "administrative"; and

(3) by inserting "storage," after "processing,".

SEC. 452. PARTIAL RESTORATION OF BENEFITS TO LEGAL IMMIGRANTS.

(a) RESTORATION OF BENEFITS TO ALL QUALIFIED ALIEN CHILDREN.—

(1) IN GENERAL.—Section 402(a)(2)(J) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)(J)) is amended by striking "who" and all that follows through "is under" and inserting "who is under".

(2) CONFORMING AMENDMENTS.—

(A) Section 403(c)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1613(c)(2)) is amended by adding at the end the following:

"(L) Assistance or benefits under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.).".

(B) Section 421(d) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1631(d)) is amended by adding at the end the following:

''(3) This section shall not apply to assistance or benefits under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) to the extent that a qualified alien is eligible under section 402(a)(2)(J).''.

(C) Section 5(i)(2)(E) of the Food Stamp Act of 1977 (7 U.S.C. 2014(i)(2)(E)) is amended by inserting before the period at the end the following: '', or to any alien who is under 18 years of age''.

(3) APPLICABILITY.—The amendments made by this subsection shall apply to fiscal year 2004 and each fiscal year thereafter.

(b) WORK REQUIREMENT FOR LEGAL IMMIGRANTS.—

(1) WORKING IMMIGRANT FAMILIES.—Section 402(a)(2)(B)(ii)(I) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)(B)(ii)(I)) is amended by striking ''40'' and inserting ''40 (or 16, in the case of the specified Federal program described in paragraph (3)(B))''.

(2) CONFORMING AMENDMENTS.—

(A) Section 213A(a)(3)(A) of the Immigration and Nationality Act (8 U.S.C. 1183a(a)(3)(A)) is amended by striking ''40'' and inserting ''40 (or 16, in the case of the specified Federal program described in section 402(a)(3)(B) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(3)(B)))''.

(B) Section 421(b)(2)(A) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1631(b)(2)(A)) is amended by striking ''40'' and inserting ''40 (or 16, in the case of the specified Federal program described in section 402(a)(3)(B))''.

(c) RESTORATION OF BENEFITS TO REFUGEES AND ASYLEES.—Section 402(a)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)) is amended—

(1) in subparagraph (A), by striking ''programs described in paragraph (3)'' and inserting ''program described in paragraph (3)(A)''; and

(2) by adding at the end the following:

''(L) FOOD STAMP EXCEPTION FOR REFUGEES AND ASYLEES.—With respect to eligibility

for benefits for the specified Federal program described in paragraph (3)(B), paragraph (1) shall not apply to an alien with respect to which an action described in subparagraph (A) was taken and was not revoked.''.

(d) RESTORATION OF BENEFITS TO DISABLED ALIENS.—Section 402(a)(2)(F) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)(F)) is amended by striking ''(i) was'' and all that follows through ''(II) in the case'' and inserting the following:

''(i) in the case of the specified Federal program described in paragraph (3)(A)—

''(I) was lawfully residing in the United States on August 22, 1996; and

''(II) is blind or disabled, as defined in paragraph (2) or (3) of section 1614(a) of the Social Security Act (42 U.S.C. 1382c(a)); and

''(ii) in the case''.

SEC. 453. COMMODITIES FOR SCHOOL LUNCH PROGRAMS.

(a) IN GENERAL.—Section 6(e)(1)(B) of the Richard B. Russell National School Lunch Act (42 U.S.C.

1755(e)(1)(B)) is amended by striking ''2001'' and inserting ''2003''.

(b) EFFECTIVE DATE.—The amendment made by this section takes effect on the date of enactment of this Act.

SEC. 454. ELIGIBILITY FOR FREE AND REDUCED PRICE MEALS.

(a) IN GENERAL.—Section 9(b) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1758(b)) is amended by adding at the end the following:

''(7) EXCLUSION OF CERTAIN MILITARY HOUSING ALLOWANCES.—For each of fiscal years 2002 and 2003, the amount of a basic allowance provided under section 403 of title 37, United States Code, on behalf of a member of a uniformed service for housing that is acquired or constructed under subchapter IV of chapter 169 of title 10, United States Code, or any related provision of law, shall not be considered to be income for the purpose of determining the eligibility of a child who is a member of the household of the member of a uniformed service for free or reduced price lunches under this Act.''.

(b) EFFECTIVE DATE.—The amendment made by this section takes effect on the date of enactment of this Act.

SEC. 455. ELIGIBILITY FOR ASSISTANCE UNDER THE SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN.

(a) IN GENERAL.—Section 17(d)(2)(B)(i) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(d)(2)(B)(i)) is amended—

(1) by striking ''basic allowance for housing'' and inserting the following: ''basic allowance—

''(I) for housing'';

(2) by striking ''and'' at the end and inserting ''or''; and

(3) by adding at the end the following:

''(II) provided under section 403 of title 37, United States Code, for housing that is acquired or constructed under subchapter IV of chapter 169 of title 10, United States Code, or any related provision of law; and''.

(b) EFFECTIVE DATE.—The amendments made by this section take effect on the date of enactment of this Act.

SEC. 456. SENIORS FARMERS' MARKET NUTRITION PROGRAM.

(a) ESTABLISHMENT.—The Secretary of Agriculture shall carry out and expand a seniors farmers' market nutrition program.

(b) PROGRAM PURPOSES.—The purposes of the seniors farmers' market nutrition program are—

(1) to provide to low-income seniors resources in the form of fresh, nutritious, unprepared, locally grown fruits, vegetables, and herbs from farmers' markets, roadside stands, and community-supported agriculture programs;

(2) to increase domestic consumption of agricultural commodities by expanding or assisting in the expansion of domestic farmers' markets, roadside stands, and community-supported agriculture programs; and

(3) to develop or aid in the development of new farmers' markets, roadside stands, and community-supported agriculture programs.

(c) REGULATIONS.—The Secretary of Agriculture may promulgate such regulations as the Secretary considers necessary to carry out the seniors farmers' market nutrition program under this section.

(d) FUNDING.—

(1) IN GENERAL.—Not later than 30 days after the date of enactment of this Act, and on October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture to carry out this section $15,000,000.

(2) RECEIPT AND ACCEPTANCE.—The Secretary of Agriculture shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under paragraph (1), without further appropriation.

SEC. 457. FRUIT AND VEGETABLE PILOT PROGRAM.

(a) IN GENERAL.—In the school year beginning July 2002, the Secretary of Agriculture shall use funds made available under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c), to conduct a pilot program to make available to students, in 25 elementary or secondary schools in each of 4 States, and in elementary or secondary schools on 1 Indian reservation, free fruits and vegetables throughout the school day in—

(1) a cafeteria;

(2) a student lounge; or

(3) another designated room of the school.

(b) PUBLICITY.—A school that participates in the pilot program shall widely publicize within the school the availability of free fruits and vegetables under the pilot program.

(c) EVALUATION OF PILOT PROGRAM.—

(1) IN GENERAL.—The Secretary of Agriculture shall conduct an evaluation of the results of the pilot program to determine—

(A) whether students took advantage of the pilot program;

(B) whether interest in the pilot program increased or lessened over time; and

(C) what effect, if any, the pilot program had on vending machine sales.

(2) FUNDING.—The Secretary shall use $200,000 of the funds described in subsection (a) to carry out the evaluation under this subsection.

SEC. 458. CONGRESSIONAL HUNGER FELLOWS PROGRAM.

(a) SHORT TITLE.—This section may be cited as the ''Congressional Hunger Fellows Act of 2001''.

(b) FINDINGS.—Congress finds that—

(1) there are—

(A) a critical need for compassionate individuals who are committed to assisting people who suffer from hunger; and

(B) a need for those individuals to initiate and administer solutions to the hunger problem;

(2) Bill Emerson, the distinguished late Representative from the 8th District of Missouri, demonstrated—

(A) his commitment to solving the problem of hunger in a bipartisan manner;

(B) his commitment to public service; and

(C) his great affection for the institution and the ideals of Congress;

(3) George T. (Mickey) Leland, the distinguished late Representative from the 18th District of Texas, demonstrated—

(A) his compassion for individuals in need;

(B) his high regard for public service; and

(C) his lively exercise of political talents;

(4) the special concern that Mr. Emerson and Mr. Leland demonstrated during their lives for the hungry and poor was an inspiration for others to work toward the goals of equality and justice for all; and

(5) since those 2 outstanding leaders maintained a special bond of friendship regardless of political affiliation and worked together to encourage future leaders to recognize and provide service to

others, it is especially appropriate to honor the memory of Mr. Emerson and Mr. Leland by establishing a fellowship program to develop and train the future leaders of the United States to pursue careers in humanitarian service.

(c) DEFINITIONS.—In this section:

(1) APPROPRIATE CONGRESSIONAL COMMITTEES.—The term ''appropriate congressional committees'' means—

(A) the Committee on Agriculture and the Committee on International Relations of the House of Representatives; and

(B) the Committee on Agriculture, Nutrition, and Forestry and the Committee on Foreign Relations of the Senate.

(2) BOARD.—The term ''Board'' means the Board of Trustees of the Program.

(3) FUND.—The term ''Fund'' means the Congressional Hunger Fellows Trust Fund established by subsection (g).

(4) PROGRAM.—The term ''Program'' means the Congressional Hunger Fellows Program established by subsection (d).

(d) ESTABLISHMENT.—There is established as an independent entity of the legislative branch of the United

States Government an entity to be known as the ''Congressional Hunger Fellows Program''.

(e) BOARD OF TRUSTEES.—

(1) IN GENERAL.—The Program shall be subject to the supervision and direction of a Board of Trustees.

(2) MEMBERS OF THE BOARD.—

(A) APPOINTMENT.—

(i) IN GENERAL.—The Board shall be composed of 6 voting members appointed under clause (ii) and 1 nonvoting ex-officio member designated by clause (iii).

(ii) VOTING MEMBERS.—The voting members of the Board shall be the following:

(I) 2 members appointed by the Speaker of the House of Representatives.

(II) 1 member appointed by the minority leader of the House of Representatives.

(III) 2 members appointed by the majority leader of the Senate.

(IV) 1 member appointed by the minority leader of the Senate.

(iii) NONVOTING MEMBER.—The Executive Director of the Program shall serve as a nonvoting ex-officio member of the Board.

(B) TERMS.—

(i) IN GENERAL.—Each member of the Board shall serve for a term of 4 years.

(ii) INCOMPLETE TERM.—If a member of the Board does not serve the full term of the member, the individual appointed to fill the resulting vacancy shall be appointed for the remainder of the term of the predecessor of the individual.

(C) VACANCY.—A vacancy on the Board—

(i) shall not affect the powers of the Board; and

(ii) shall be filled in the same manner as the original appointment was made.

(D) CHAIRPERSON.—As the first order of business of the first meeting of the Board, the members shall elect a Chairperson.

(E) COMPENSATION.—

(i) IN GENERAL.—Subject to clause (ii), a member of the Board shall not re-

ceive compensation for service on the Board.

(ii) TRAVEL.—A member of the Board shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for an employee of an agency under subchapter I of chapter 57 of title 5, United States Code, while away from the home or regular place of business of the member in the performance of the duties of the Board.

(3) DUTIES.—

(A) BYLAWS.—

(i) ESTABLISHMENT.—The Board shall establish such bylaws and other regulations as are appropriate to enable the Board to carry out this section, including the duties described in this paragraph.

(ii) CONTENTS.—Bylaws and other regulations established under clause (i) shall include provisions—

(I) for appropriate fiscal control, accountability for funds, and operating principles;

(II) to prevent any conflict of interest, or the appearance of any conflict of interest, in—

(aa) the procurement and employment actions taken by the Board or by any officer or employee of the Board; and

(bb) the selection and placement of individuals in the fellowships developed under the Program;

(III) for the resolution of a tie vote of the members of the Board; and

(IV) for authorization of travel for members of the Board.

(iii) SUBMISSION TO CONGRESS.—Not later than 90 days after the date of the first meeting of the Board, the Chairperson of the Board shall submit to the appropriate congressional committees a copy of the bylaws established by the Board.

(B) BUDGET.—For each fiscal year in which the Program is in operation—

(i) the Board shall determine a budget for the Program for the fiscal year; and

(ii) all spending by the Program shall be in accordance with the budget unless a change is approved by the Board.

(C) PROCESS FOR SELECTION AND PLACEMENT OF FELLOWS.—The Board shall review and approve the process established by the Executive Director for the selection and placement of individuals in the fellowships developed under the Program.

(D) ALLOCATION OF FUNDS TO FELLOWSHIPS.—The Board shall determine—

(i) the priority of the programs to be carried out under this section; and

(ii) the amount of funds to be allocated for the fellowships established under subsection (f)(3)(A).

(f) PURPOSES; AUTHORITY OF PROGRAM.—

(1) PURPOSES.—The purposes of the Program are—

(A) to encourage future leaders of the United States to pursue careers in humanitarian service;

(B) to recognize the needs of people who are hungry and poor;

(C) to provide assistance and compassion for people in need;

(D) to increase awareness of the importance of public service; and

(E) to provide training and development opportunities for the leaders through placement in programs operated by appropriate entities.

(2) AUTHORITY.—The Program may develop fellowships to carry out the purposes of the Program, including the fellowships described in paragraph (3).

(3) FELLOWSHIPS.—

(A) IN GENERAL.—The Program shall establish and carry out the Bill Emerson Hunger Fellowship and the Mickey Leland Hunger Fellowship.

(B) CURRICULUM.—

(i) IN GENERAL.—The fellowships established under subparagraph (A) shall provide experience and training to develop the skills and understanding necessary to improve the humanitarian conditions and

the lives of individuals who suffer from hunger, including—

(I) training in direct service to the hungry in conjunction with community-based organizations through a program of field placement; and

(II) experience in policy development through placement in a governmental entity or nonprofit organization.

(ii) FOCUS.—

(I) BILL EMERSON HUNGER FELLOWSHIP.—The Bill Emerson Hunger Fellowship shall address hunger and other humanitarian needs in the United States.

(II) MICKEY LELAND HUNGER FELLOWSHIP.—The Mickey Leland Hunger Fellowship shall address international hunger and other humanitarian needs.

(iii) WORK PLAN.—To carry out clause (i) and to assist in the evaluation of the fellowships under paragraph (4), the Program shall, for each fellow, approve a

work plan that identifies the target objectives for the fellow in the fellowship, including the specific duties and responsibilities relating to the objectives.

(C) PERIOD OF FELLOWSHIP.—

(i) EMERSON FELLOWSHIP.—A Bill Emerson Hunger Fellowship awarded under this paragraph shall be for a period of not more than 1 year.

(ii) LELAND FELLOWSHIP.—A Mickey Leland Hunger Fellowship awarded under this paragraph shall be for a period of not more than 2 years, of which not less than 1 year shall be dedicated to fulfilling the requirement of subparagraph (B)(i)(I).

(D) SELECTION OF FELLOWS.—

(i) IN GENERAL.—A fellowship shall be awarded through a nationwide competition established by the Program.

(ii) QUALIFICATION.—A successful applicant shall be an individual who has demonstrated—

(I) an intent to pursue a career in humanitarian service and outstanding potential for such a career;

(II) leadership potential or leadership experience;

(III) diverse life experience;

(IV) proficient writing and speaking skills;

(V) an ability to live in poor or diverse communities; and

(VI) such other attributes as the Board determines to be appropriate.

(iii) AMOUNT OF AWARD.—

(I) IN GENERAL.—Each individual awarded a fellowship under this paragraph shall receive a living allowance and, subject to subclause (II), an end-of-service award as determined by the Program.

(II) REQUIREMENT FOR SUCCESSFUL COMPLETION OF FELLOWSHIP.—Each individual awarded a fellowship under this paragraph shall be entitled to receive an end-of-service award at an appropriate rate for each month of satisfactory service as determined by the Executive Director.

(iv) RECOGNITION OF FELLOWSHIP AWARD.—

(I) EMERSON FELLOW.—An individual awarded a Bill Emerson Hunger Fellowship shall be known as an ''Emerson Fellow''.

(II) LELAND FELLOW.—An individual awarded a Mickey Leland Hunger Fellowship shall be known as a ''Leland Fellow''.

(4) EVALUATIONS.—

(A) IN GENERAL.—The Program shall conduct periodic evaluations of the Bill Emerson and Mickey Leland Hunger Fellowships.

(B) REQUIRED ELEMENTS.—Each evaluation shall include—

(i) an assessment of the successful completion of the work plan of each fellow;

(ii) an assessment of the impact of the fellowship on the fellows;

(iii) an assessment of the accomplishment of the purposes of the Program; and

(iv) an assessment of the impact of each fellow on the community.

(g) TRUST FUND.—

(1) ESTABLISHMENT.—There is established in the Treasury of the United States a fund to be known as the ''Congressional Hunger Fellows Trust Fund'', consisting of—

(A) amounts appropriated to the Fund under subsection (k);

(B) any amounts earned on investment of amounts in the Fund under paragraph (2); and

(C) amounts received under subsection (i)(3)(A).

(2) INVESTMENT OF AMOUNTS.—

(A) IN GENERAL.—

(i) AUTHORITY TO INVEST.—The Secretary of the Treasury shall invest such portion of the Fund as is not, in the judgment of the Secretary of the Treasury, required to meet current withdrawals.

(ii) TYPES OF INVESTMENTS.—Each investment may be made only in an interest-bearing obligation of the United States or an obligation guaranteed as to principal and interest by the United States that, as determined by the Secretary of the Treasury in consultation with the Board, has a maturity suitable for the Fund.

(B) ACQUISITION OF OBLIGATIONS.—For the purpose of investments under subparagraph (A), obligations may be acquired—

(i) on original issue at the issue price; or

(ii) by purchase of outstanding obligations at the market price.

(C) SALE OF OBLIGATIONS.—Any obligation acquired by the Fund may be sold by the Secretary of the Treasury at the market price.

(D) CREDITS TO FUND.—The interest on, and the proceeds from the sale or redemption of, any obligations held in the Fund shall be credited to and form a part of the Fund.

(3) TRANSFERS OF AMOUNTS.—

(A) IN GENERAL.—The amounts required to be transferred to the Fund under this subsection shall be transferred at least monthly from the general fund of the Treasury to the Fund on the basis of estimates made by the Secretary of the Treasury.

(B) ADJUSTMENTS.—Proper adjustment shall be made in amounts subsequently transferred to the extent prior estimates were in ex-

cess of or less than the amounts required to be transferred.

(h) EXPENDITURES; AUDITS.—

(1) IN GENERAL.—The Secretary of the Treasury shall transfer to the Program from the amounts described in subsections (g)(2)(D) and (i)(3)(A) such sums as the Board determines to be necessary to enable the Program to carry out this section.

(2) LIMITATION.—The Secretary may not transfer to the Program the amounts appropriated to the Fund under subsection (k).

(3) USE OF FUNDS.—Funds transferred to the Program under paragraph (1) shall be used—

(A) to provide a living allowance for the fellows;

(B) to defray the costs of transportation of the fellows to the fellowship placement sites;

(C) to defray the costs of appropriate insurance of the fellows, the Program, and the Board;

(D) to defray the costs of preservice and midservice education and training of fellows;

(E) to pay staff described in subsection (i);

(F) to make end-of-service awards under subsection (f)(3)(D)(iii)(II); and

(G) for such other purposes as the Board determines to be appropriate to carry out the Program.

(4) AUDIT BY COMPTROLLER GENERAL.—

(A) IN GENERAL.—The Comptroller General of the United States shall conduct an annual audit of the accounts of the Program.

(B) BOOKS.—The Program shall make available to the Comptroller General all books, accounts, financial records, reports, files, and other papers, things, or property belonging to or in use by the Program and necessary to facilitate the audit.

(C) REPORT TO CONGRESS.—The Comptroller General shall submit to the appropriate congressional committees a copy of the results of each audit under subparagraph (A).

(i) STAFF; POWERS OF PROGRAM.—

(1) EXECUTIVE DIRECTOR.—

(A) IN GENERAL.—The Board shall appoint an Executive Director of the Program who shall—

(i) administer the Program; and

(ii) carry out such other functions consistent with this section as the Board shall prescribe.

(B) RESTRICTION.—The Executive Director may not serve as Chairperson of the Board.

(C) COMPENSATION.—The Executive Director shall be paid at a rate not to exceed the rate payable for level V of the Executive Schedule under section 5316 of title 5, United States Code.

(2) STAFF.—

(A) IN GENERAL.—With the approval of a majority of the Board, the Executive Director may appoint and fix the pay of such additional personnel as the Executive Director considers necessary to carry out this section.

(B) COMPENSATION.—An individual appointed under subparagraph (A) shall be paid at a rate not to exceed the rate payable for level GS–15 of the General Schedule.

(3) POWERS.—

(A) GIFTS.—

(i) IN GENERAL.—The Program may solicit, accept, use, and dispose of gifts, bequests, or devises of services or property,

both real and personal, for the purpose of aiding or facilitating the work of the Program.

(ii) USE OF GIFTS.—Gifts, bequests, or devises of money and proceeds from sales of other property received as gifts, bequests, or devises shall—

(I) be deposited in the Fund; and

(II) be available for disbursement on order of the Board.

(B) PROCUREMENT OF TEMPORARY AND INTERMITTENT SERVICES.—To carry out this section, the Program may procure temporary and intermittent services in accordance with section 3109(b) of title 5, United States Code, at rates for individuals that do not exceed the daily equivalent of the annual rate of basic pay payable for level GS–15 of the General Schedule.

(C) CONTRACT AUTHORITY.—To carry out this section, the Program may, with the approval of a majority of the members of the Board, contract with and compensate Government and private agencies or persons without

regard to section 3709 of the Revised Statutes (41 U.S.C. 5).

(D) OTHER NECESSARY EXPENDITURES.—

(i) IN GENERAL.—Subject to clause (ii), the Program may make such other expenditures as the Program considers necessary to carry out this section.

(ii) PROHIBITION.—The Program may not expend funds to develop new or expanded projects at which fellows may be placed.

(j) REPORT.—Not later than December 31 of each year, the Board shall submit to the appropriate congressional committees a report on the activities of the Program carried out during the preceding fiscal year that includes—

(1) an analysis of the evaluations conducted under subsection (f)(4) during the fiscal year; and

(2) a statement of—

(A) the total amount of funds attributable to gifts received by the Program in the fiscal year under subsection (i)(3)(A); and

(B) the total amount of funds described in subparagraph (A) that were expended to carry out the Program in the fiscal year.

(k) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $18,000,000.

(l) EFFECTIVE DATE.—This section takes effect on October 1, 2002.

SEC. 459. NUTRITION INFORMATION AND AWARENESS PILOT PROGRAM.

(a) ESTABLISHMENT.—The Secretary of Agriculture may establish, in not more than 15 States, a pilot program to increase the domestic consumption of fresh fruits and vegetables.

(b) PURPOSE.—The purpose of the program shall be to provide funds to States to assist eligible public and private sector entities with cost-share assistance to carry out demonstration projects—

(1) to increase fruit and vegetable consumption; and

(2) to convey related health promotion messages.

(c) PRIORITY.—To the maximum extent practicable, the Secretary shall—

(1) establish the program in States in which the production of fruits or vegetables is a significant industry, as determined by the Secretary; and

(2) base the program on strategic initiatives, including—

(A) health promotion and education interventions;

(B) public service and paid advertising or marketing activities;

(C) health promotion campaigns relating to locally grown fruits and vegetables; and

(D) social marketing campaigns.

(d) PARTICIPANT ELIGIBILITY.—In selecting States to participate in the program, the Secretary shall take into consideration, with respect to projects and activities proposed to be carried out by the State under the program—

(1) experience in carrying out similar projects or activities;

(2) innovation; and

(3) the ability of the State—

(A) to conduct marketing campaigns for, promote, and track increases in levels of, produce consumption; and

(B) to optimize the availability of produce through distribution of produce.

(e) FEDERAL SHARE.—The Federal share of the cost of any project or activity carried out using funds provided under this section shall be 50 percent.

(f) USE OF FUNDS.—Funds made available to carry out this section shall not be made available to any foreign for-profit corporation.

(g) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $25,000,000 for each of fiscal years 2002 through 2006.

SEC. 460. EFFECTIVE DATE.

Except as otherwise provided in this title, the amendments made by this title take effect on September 1, 2002, except that a State agency may, at the option of the State agency, elect not to implement any or all of the amendments until October 1, 2002.

TITLE V—CREDIT

Subtitle A—Farm Ownership Loans

SEC. 501. DIRECT LOANS.

Section 302(b)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922(b)(1)) is amended by striking ''operated'' and inserting ''participated in the business operations of''.

SEC. 502. FINANCING OF BRIDGE LOANS.

Section 303(a)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1923(a)(1)) is amended—

(1) in subparagraph (C), by striking ''or'' at the end;

(2) in subparagraph (D), by striking the period at the end and inserting "; or"; and

(3) by adding at the end the following:

"(E) refinancing, during a fiscal year, a short-term, temporary bridge loan made by a commercial or cooperative lender to a beginning farmer or rancher for the acquisition of land for a farm or ranch, if—

"(i) the Secretary approved an application for a direct farm ownership loan to the beginning farmer or rancher for acquisition of the land; and

"(ii) funds for direct farm ownership loans under section 346(b) were not available at the time at which the application was approved.".

SEC. 503. LIMITATIONS ON AMOUNT OF FARM OWNERSHIP LOANS.

Section 305 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1925) is amended by striking subsection (a) and inserting the following:

"(a) IN GENERAL.—The Secretary shall not make or insure a loan under section 302, 303, 304, 310D, or 310E that would cause the unpaid indebtedness under those sections of any 1 borrower to exceed the lesser of—

"(1) the value of the farm or other security; or

"(2)(A) in the case of a loan made by the Secretary—

"(i) to a beginning farmer or rancher, $250,000, as adjusted (beginning with fiscal year 2003) by the inflation percentage applicable to the fiscal year in which the loan is made; or

"(ii) to a borrower other than a beginning farmer or rancher, $200,000; or

"(B) in the case of a loan guaranteed by the Secretary, $700,000, as—

"(i) adjusted (beginning with fiscal year 2000) by the inflation percentage applicable to the fiscal year in which the loan is guaranteed; and

"(ii) reduced by the amount of any unpaid indebtedness of the borrower on loans under subtitle B that are guaranteed by the Secretary.".

SEC. 504. JOINT FINANCING ARRANGEMENTS.

Section 307(a)(3)(D) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1927(a)(3)(D)) is amended—

(1) by striking "If" and inserting the following:

"(i) IN GENERAL.—Subject to clause (ii), if"; and

(2) by adding at the end the following:

"(ii) BEGINNING FARMERS AND RANCHERS.—The interest rate charged a beginning farmer or rancher for a loan described in clause (i) shall be 50 basis points less than the rate charged farmers and ranchers that are not beginning farmers or ranchers.".

SEC. 505. GUARANTEE PERCENTAGE FOR BEGINNING FARMERS AND RANCHERS.

Section 309(h)(6) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1929(h)(6)) is amended by striking "GUARANTEED UP" and all that follows through "more than" and inserting "GUARANTEED AT 95 PERCENT.—The Secretary shall guarantee".

SEC. 506. GUARANTEE OF LOANS MADE UNDER STATE BEGINNING FARMER OR RANCHER PROGRAMS.

Section 309 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1929) is amended by adding at the end the following:

"(j) GUARANTEE OF LOANS MADE UNDER STATE BEGINNING FARMER OR RANCHER PROGRAMS.—The Secretary may guarantee under this title a loan made under

a State beginning farmer or rancher program, including a loan financed by the net proceeds of a qualified small issue agricultural bond for land or property described in section 144(a)(12)(B)(ii) of the Internal Revenue Code of 1986.''.

SEC. 507. DOWN PAYMENT LOAN PROGRAM.

Section 310E of the Consolidated Farm and Rural Development Act (7 U.S.C. 1935) is amended—

(1) in subsection (b)—

(A) in paragraph (1), by striking ''30 percent'' and inserting ''40 percent''; and

(B) in paragraph (3), by striking ''10 years'' and inserting ''20 years''; and

(2) in subsection (c)(3)(B), by striking ''10-year'' and inserting ''20-year''.

SEC. 508. BEGINNING FARMER AND RANCHER CONTRACT LAND SALES PROGRAM.

Subtitle A of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922 et seq.) is amended by adding at the end the following:

''SEC. 310F. BEGINNING FARMER AND RANCHER CONTRACT LAND SALES PROGRAM.

''(a) IN GENERAL.—Not later than October 1, 2002, the Secretary shall carry out a pilot program in not fewer than 10 geographically dispersed States, as determined by

the Secretary, to guarantee up to 5 loans per State in each of fiscal years 2003 through 2006 made by a private seller of a farm or ranch to a qualified beginning farmer or rancher on a contract land sale basis, if the loan meets applicable underwriting criteria and a commercial lending institution agrees to serve as escrow agent.

''(b) DATE OF COMMENCEMENT OF PROGRAM.—The Secretary shall commence the pilot program on making a determination that guarantees of contract land sales present a risk that is comparable with the risk presented in the case of guarantees to commercial lenders.''.

Subtitle B—Operating Loans

SEC. 511. DIRECT LOANS.

Section 311(c)(1)(A) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1941(c)(1)(A)) is amended by striking ''who has not'' and all that follows through ''5 years''.

SEC. 512. AMOUNT OF GUARANTEE OF LOANS FOR TRIBAL FARM OPERATIONS; WAIVER OF LIMITATIONS FOR TRIBAL OPERATIONS AND OTHER OPERATIONS.

(a) AMOUNT OF GUARANTEE OF LOANS FOR TRIBAL OPERATIONS.—Section 309(h) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1929(h)) is amended—

(1) in paragraph (4), by striking ''paragraphs (5) and (6)'' and inserting ''paragraphs (5), (6), and (7)''; and

(2) by adding at the end the following:

''(7) AMOUNT OF GUARANTEE OF LOANS FOR TRIBAL OPERATIONS.—In the case of an operating loan made to a farmer or rancher who is a member of an Indian tribe and whose farm or ranch is within an Indian reservation (as defined in section 335(e)(1)(A)(ii)), the Secretary shall guarantee 95 percent of the loan.''.

(b) WAIVER OF LIMITATIONS.—Section 311(c) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1941(c)) is amended—

(1) in paragraph (1), by striking ''paragraph (3)'' and inserting ''paragraphs (3) and (4)''; and

(2) by adding at the end the following:

''(4) WAIVERS.—

''(A) TRIBAL FARM AND RANCH OPERATIONS.—The Secretary shall waive the limitation under paragraph (1)(C) or (3) for a direct loan made under this subtitle to a farmer or rancher who is a member of an Indian tribe and whose farm or ranch is within an Indian reservation (as defined in section 335(e)(1)(A)(ii))

if the Secretary determines that commercial credit is not generally available for such farm or ranch operations.

"(B) OTHER FARM AND RANCH OPERATIONS.—On a case-by-case determination not subject to administrative appeal, the Secretary may grant a borrower a waiver, 1 time only for a period of 2 years, of the limitation under paragraph (1)(C) or (3) for a direct operating loan if the borrower demonstrates to the satisfaction of the Secretary that—

"(i) the borrower has a viable farm or ranch operation;

"(ii) the borrower applied for commercial credit from at least 2 commercial lenders;

"(iii) the borrower was unable to obtain a commercial loan (including a loan guaranteed by the Secretary); and

"(iv) the borrower successfully has completed, or will complete within 1 year, borrower training under section 359 (from which requirement the Secretary shall not grant a waiver under section 359(f)).".

Subtitle C—Administrative Provisions

SEC. 521. ELIGIBILITY OF LIMITED LIABILITY COMPANIES FOR FARM OWNERSHIP LOANS, FARM OPERATING LOANS, AND EMERGENCY LOANS.

(a) IN GENERAL.—Sections 302(a), 311(a), and 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922(a), 1941(a), 1961(a)) are amended by striking ''and joint operations'' each place it appears and inserting ''joint operations, and limited liability companies''.

(b) CONFORMING AMENDMENT.—Section 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(a)) is amended by striking ''or joint operations'' each place it appears and inserting ''joint operations, or limited liability companies''.

SEC. 522. DEBT SETTLEMENT.

Section 331(b)(4) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981(b)(4)) is amended by striking ''carried out—'' and all that follows through ''(B) after'' and inserting ''carried out after''.

SEC. 523. TEMPORARY AUTHORITY TO ENTER INTO CONTRACTS; PRIVATE COLLECTION AGENCIES.

(a) IN GENERAL.—Section 331 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981) is amended by striking subsections (d) and (e).

(b) APPLICATION.—The amendment made by subsection (a) shall not apply to a contract entered into before the effective date of this Act.

SEC. 524. INTEREST RATE OPTIONS FOR LOANS IN SERVICING.

Section 331B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981b) is amended—

(1) by striking ''lower of (1) the'' and inserting the following: ''lowest of—

''(1) the''; and

(2) by striking ''original loan or (2) the'' and inserting the following: ''original loan;

''(2) the rate being charged by the Secretary for loans, other than guaranteed loans, of the same type at the time at which the borrower applies for a deferral, consolidation, rescheduling, or reamortization; or

''(3) the''.

SEC. 525. ANNUAL REVIEW OF BORROWERS.

Section 333 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1983) is amended by striking paragraph (2) and inserting the following:

"(2) except with respect to a loan under section 306, 310B, or 314—

"(A) an annual review of the credit history and business operation of the borrower; and

"(B) an annual review of the continued eligibility of the borrower for the loan;".

SEC. 526. SIMPLIFIED LOAN APPLICATIONS.

Section 333A(g)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1983a(g)(1)) is amended by striking "of loans the principal amount of which is $50,000 or less" and inserting "of farmer program loans the principal amount of which is $100,000 or less".

SEC. 527. INVENTORY PROPERTY.

Section 335(c) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985(c)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (B)—

(i) in clause (i), by striking "75 days" and inserting "135 days"; and

(ii) by adding at the end the following:

"(iv) COMBINING AND DIVIDING OF PROPERTY.—To the maximum extent practicable, the Secretary shall maximize the opportunity for beginning farmers and ranchers to purchase real property acquired by the Secretary under this title by combining or dividing inventory parcels of the property in such manner as the Secretary determines to be appropriate."; and

(B) in subparagraph (C)—

(i) by striking "75 days" and inserting "135 days"; and

(ii) by striking "75-day period" and inserting "135-day period";

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

"(2) PREVIOUS LEASE.—In the case of real property acquired before April 4, 1996, that the Secretary leased before April 4, 1996, not later than 60 days after the lease expires, the Secretary shall offer to sell the property in accordance with paragraph (1)."; and

(3) in paragraph (3)—

(A) in subparagraph (A), by striking ''subparagraph (B)'' and inserting ''subparagraphs (B) and (C)''; and

(B) by adding at the end the following:

''(C) OFFER TO SELL OR GRANT FOR FARMLAND PRESERVATION.—For the purpose of farmland preservation, the Secretary shall—

''(i) in consultation with the State Conservationist of each State in which inventory property is located, identify each parcel of inventory property in the State that should be preserved for agricultural use; and

''(ii) offer to sell or grant an easement, restriction, development right, or similar legal right to each parcel identified under clause (i) to a State, a political subdivision of a State, or a private nonprofit organization separately from the underlying fee or other rights to the property owned by the United States.''.

SEC. 528. DEFINITIONS.

(a) QUALIFIED BEGINNING FARMER OR RANCHER.—Section 343(a)(11)(F) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)(11)(F)) is

amended by striking ''25 percent'' and inserting ''30 percent''.

(b) DEBT FORGIVENESS.—Section 343(a)(12) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)(12)) is amended by striking subparagraph (B) and inserting the following:

''(B) EXCEPTIONS.—The term 'debt forgiveness' does not include—

''(i) consolidation, rescheduling, reamortization, or deferral of a loan; or

''(ii) any write-down provided as part of a resolution of a discrimination complaint against the Secretary.''.

SEC. 529. LOAN AUTHORIZATION LEVELS.

Section 346 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1994) is amended—

(1) in subsection (b)—

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

''(1) IN GENERAL.—The Secretary may make or guarantee loans under subtitles A and B from the Agricultural Credit Insurance Fund provided for in section 309 for not more than $3,750,000,000 for each of fiscal years 2002 through 2006, of which, for each fiscal year—

"(A) $750,000,000 shall be for direct loans, of which—

"(i) $200,000,000 shall be for farm ownership loans under subtitle A; and

"(ii) $550,000,000 shall be for operating loans under subtitle B; and

"(B) $3,000,000,000 shall be for guaranteed loans, of which—

"(i) $1,000,000,000 shall be for guarantees of farm ownership loans under subtitle A; and

"(ii) $2,000,000,000 shall be for guarantees of operating loans under subtitle B."; and

(B) in paragraph (2)(A)(ii), by striking "farmers and ranchers" and all that follows and inserting "farmers and ranchers 35 percent for each of fiscal years 2002 through 2006."; and

(2) in subsection (c), by striking the last sentence.

SEC. 530. INTEREST RATE REDUCTION PROGRAM.

Section 351 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1999) is amended—

(1) in subsection (a)—

(A) by striking ''PROGRAM.—'' and all that follows through ''The Secretary'' and inserting ''PROGRAM.—The Secretary''; and

(B) by striking paragraph (2);

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

''(c) AMOUNT OF INTEREST RATE REDUCTION.—

''(1) IN GENERAL.—In return for a contract entered into by a lender under subsection (b) for the reduction of the interest rate paid on a loan, the Secretary shall make payments to the lender in an amount equal to not more than 100 percent of the cost of reducing the annual rate of interest payable on the loan, except that such payments shall not exceed the cost of reducing the rate by more than—

''(A) in the case of a borrower other than a beginning farmer or rancher, 3 percent; and

''(B) in the case of a beginning farmer or rancher, 4 percent.

''(2) BEGINNING FARMERS AND RANCHERS.—The percentage reduction of the interest rate for which payments are authorized to be made for a beginning farmer or rancher under paragraph (1) shall be 1 percent more than the percentage reduction for

farmers and ranchers that are not beginning farmers or ranchers.''; and

(3) in subsection (e), by striking paragraph (2) and inserting the following:

''(2) MAXIMUM AMOUNT OF FUNDS.—

''(A) IN GENERAL.—The total amount of funds used by the Secretary to carry out this section for a fiscal year shall not exceed $750,000,000.

''(B) BEGINNING FARMERS AND RANCHERS.—

''(i) IN GENERAL.—The Secretary shall reserve not less than 25 percent of the funds used by the Secretary under subparagraph (A) to make payments for guaranteed loans made to beginning farmers and ranchers.

''(ii) DURATION OF RESERVATION OF FUNDS.—Funds reserved for beginning farmers or ranchers under clause (i) for a fiscal year shall be reserved only until April 1 of the fiscal year.''.

SEC. 531. OPTIONS FOR SATISFACTION OF OBLIGATION TO PAY RECAPTURE AMOUNT FOR SHARED APPRECIATION AGREEMENTS.

(a) IN GENERAL.—Section 353(e)(7) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2001(e)(7)) is amended—

(1) in subparagraph (C), by redesignating clauses (i) and (ii) as subclauses (I) and (II), respectively, and adjusting the margins appropriately;

(2) by redesignating subparagraphs (A) through (C) as clauses (i) through (iii), respectively, and adjusting the margins appropriately;

(3) by striking the paragraph heading and inserting the following:

"(7) OPTIONS FOR SATISFACTION OF OBLIGATION TO PAY RECAPTURE AMOUNT.—

"(A) IN GENERAL.—As an alternative to repaying the full recapture amount at the end of the term of the shared appreciation agreement (as determined by the Secretary in accordance with this subsection), a borrower may satisfy the obligation to pay the amount of recapture by—

"(i) financing the recapture payment in accordance with subparagraph (B); or

"(ii) granting the Secretary an agricultural use protection and conservation easement on the property subject to the shared appreciation agreement in accordance with subparagraph (C).

"(B) FINANCING OF RECAPTURE PAYMENT.—"; and

(4) by adding at the end the following:

"(C) AGRICULTURAL USE PROTECTION AND CONSERVATION EASEMENT.—

"(i) IN GENERAL.—Subject to clause (iii), the Secretary shall accept an agricultural use protection and conservation easement from the borrower for all of the real security property subject to the shared appreciation agreement in lieu of payment of the recapture amount.

"(ii) TERM.—The term of an easement accepted by the Secretary under this subparagraph shall be 25 years.

"(iii) CONDITIONS.—The easement shall require that the property subject to the easement shall continue to be used or conserved for agricultural and conservation uses in accordance with sound farming and

conservation practices, as determined by the Secretary.

"(iv) REPLACEMENT OF METHOD OF SATISFYING OBLIGATION.—A borrower that has begun financing of a recapture payment under subparagraph (B) may replace that financing with an agricultural use protection and conservation easement under this subparagraph.".

(b) APPLICABILITY.—The amendments made by subsection (a) shall apply to a shared appreciation agreement entered into under section 353(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2001(e)) that—

(1) matures on or after the date of enactment of this Act; or

(2) matured before the date of enactment of this Act, if—

(A) the recapture amount was reamortized under section 353(e)(7) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2001(e)(7)) (as in effect on the day before the date of enactment of this Act); or

(B)(i) the recapture amount had not been paid before the date of enactment of this Act

because of circumstances beyond the control of the borrower; and

(ii) the borrower acted in good faith (as determined by the Secretary) in attempting to repay the recapture amount.

SEC. 532. WAIVER OF BORROWER TRAINING CERTIFICATION REQUIREMENT.

Section 359 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2006a) is amended by striking subsection (f) and inserting the following:

''(f) WAIVERS.—

''(1) IN GENERAL.—The Secretary may waive the requirements of this section for an individual borrower if the Secretary determines that the borrower demonstrates adequate knowledge in areas described in this section.

''(2) CRITERIA.—The Secretary shall establish criteria providing for the application of paragraph (1) consistently in all counties nationwide.''.

SEC. 533. ANNUAL REVIEW OF BORROWERS.

Section 360(d)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2006b(d)(1)) is amended by striking ''biannual'' and inserting ''annual''.

Subtitle D—Farm Credit

SEC. 541. REPEAL OF BURDENSOME APPROVAL REQUIREMENTS.

(a) BANKS FOR COOPERATIVES.—Section 3.1(11)(B) of the Farm Credit Act of 1971 (12 U.S.C. 2122(11)(B)) is amended—

(1) by striking clause (iii); and

(2) by redesignating clause (iv) as clause (iii).

(b) OTHER SYSTEM BANKS; ASSOCIATIONS.—Section 4.18A of the Farm Credit Act of 1971 (12 U.S.C. 2206a) is amended—

(1) in subsection (a)(1), by striking ''3.1(11)(B)(iv)'' and inserting ''3.1(11)(B)(iii)''; and

(2) by striking subsection (c).

SEC. 542. BANKS FOR COOPERATIVES.

Section 3.7(b) of the Farm Credit Act of 1971 (12 U.S.C. 2128(b)) is amended—

(1) in paragraphs (1) and (2)(A)(i), by striking ''farm supplies'' each place it appears and inserting ''agricultural supplies''; and

(2) by adding at the end the following:

''(4) DEFINITION OF AGRICULTURAL SUPPLY.—In this subsection, the term 'agricultural supply' includes—

"(A) a farm supply; and

"(B)(i) agriculture-related processing equipment;

"(ii) agriculture-related machinery; and

"(iii) other capital goods related to the storage or handling of agricultural commodities or products.".

SEC. 543. INSURANCE CORPORATION PREMIUMS.

(a) REDUCTION IN PREMIUMS FOR GSE-GUARANTEED LOANS.—

(1) IN GENERAL.—Section 5.55 of the Farm Credit Act of 1971 (12 U.S.C. 2277a–4) is amended—

(A) in subsection (a)—

(i) in paragraph (1)—

(I) in subparagraph (A), by striking "government-guaranteed loans provided for in subparagraph (C)" and inserting "loans provided for in subparagraphs (C) and (D)";

(II) in subparagraph (B), by striking "and" at the end;

(III) in subparagraph (C), by striking the period at the end and inserting "; and"; and

(IV) by adding at the end the following:

"(D) the annual average principal outstanding for such year on the guaranteed portions of Government Sponsored Enterprise-guaranteed loans made by the bank that are in accrual status, multiplied by a factor, not to exceed 0.0015, determined by the Corporation at the sole discretion of the Corporation."; and

(ii) by adding at the end the following:

"(4) DEFINITION OF GOVERNMENT SPONSORED ENTERPRISE-GUARANTEED LOAN.—In this section and sections 1.12(b) and 5.56(a), the term 'Government Sponsored Enterprise-guaranteed loan' means a loan or credit, or portion of a loan or credit, that is guaranteed by an entity that is chartered by Congress to serve a public purpose and the debt obligations of which are not explicitly guaranteed by the United States, including the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank System, and the Federal Agricultural Mortgage Corporation, but not including any other institution of the Farm Credit System."; and

(B) in subsection (e)(4)(B), by striking "government-guaranteed loans described in subsection (a)(1)(C)" and inserting "loans described in subparagraph (C) or (D) of subsection (a)(1)".

(2) CONFORMING AMENDMENTS.—

(A) Section 1.12(b) of the Farm Credit Act of 1971 (12 U.S.C. 2020(b)) is amended—

(i) in paragraph (1), by inserting "and Government Sponsored Enterprise-guaranteed loans (as defined in section 5.55(a)(4)) provided for in paragraph (4)" after "government-guaranteed loans (as defined in section 5.55(a)(3)) provided for in paragraph (3)";

(ii) in paragraph (2), by striking "and" at the end;

(iii) in paragraph (3), by striking the period at the end and inserting "; and"; and

(iv) by adding at the end the following:

"(4) the annual average principal outstanding for such year on the guaranteed portions of Government Sponsored Enterprise-guaranteed loans (as so

defined) made by the association, or by the other financing institution and funded by or discounted with the Farm Credit Bank, that are in accrual status, multiplied by a factor, not to exceed 0.0015, determined by the Corporation for the purpose of setting the premium for such guaranteed portions of loans under section 5.55(a)(1)(D).''.

(B) Section 5.56(a) of the Farm Credit Act of 1971 (12 U.S.C. 2277a–5(a)) is amended—

(i) in paragraph (1), by inserting ''and Government Sponsored Enterprise-guaranteed loans (as defined in section 5.55(a)(4))'' after ''government-guaranteed loans'';

(ii) by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively; and

(iii) by inserting after paragraph (3) the following:

''(4) the annual average principal outstanding on the guaranteed portions of Government Sponsored Enterprise-guaranteed loans (as defined in section 5.55(a)(4)) that are in accrual status;''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) take effect on the date on which Farm Credit System Insurance Corporation premiums are due from insured Farm Credit System banks under section 5.55 of the Farm Credit Act of 1971 (12 U.S.C. 2277a–4) for calendar year 2001.

SEC. 544. BOARD OF DIRECTORS OF THE FEDERAL AGRICULTURAL MORTGAGE CORPORATION.

Section 8.2(b) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–2(b)) is amended—

(1) in paragraph (2)—

(A) by striking ''15'' and inserting ''17'';

(B) in subparagraph (A), by striking ''common stock'' and all that follows and inserting ''Class A voting common stock;'';

(C) in subparagraph (B), by striking ''common stock'' and all that follows and inserting ''Class B voting common stock;'';

(D) by redesignating subparagraph (C) as subparagraph (D); and

(E) by inserting after subparagraph (B) the following:

''(C) 2 members shall be elected by holders of Class A voting common stock and Class B voting common stock, 1 of whom shall be the

chief executive officer of the Corporation and 1 of whom shall be another executive officer of the Corporation; and''; (2) in paragraph (3), by striking ''(2)(C)'' and inserting ''(2)(D)''; (3) in paragraph (4)—

(A) in subparagraph (A), by striking ''(A) or (B)'' and inserting ''(A), (B), or (C)''; and

(B) in subparagraph (B), by striking ''(2)(C)'' and inserting ''(2)(D)''; (4) in paragraph (5)(A)—

(A) by inserting ''executive officers of the Corporation or'' after ''from among persons who are''; and

(B) by striking ''such a representative'' and inserting ''such an executive officer or representative''; (5) in paragraph (6)(B), by striking ''(A) and (B)'' and inserting ''(A), (B), and (C)''; (6) in paragraph (7), by striking ''8 members'' and inserting ''Nine members''; (7) in paragraph (8)—

(A) in the paragraph heading, by inserting ''OR EXECUTIVE OFFICERS OF THE CORPORATION'' after ''EMPLOYEES''; and

(B) by inserting ''or executive officers of the Corporation'' after ''United States''; and

(8) by striking paragraph (9) and inserting the following:

''(9) CHAIRPERSON.—

''(A) ELECTION.—The permanent board shall annually elect a chairperson from among the members of the permanent board.

''(B) TERM.—The term of the chairperson shall coincide with the term served by elected members of the permanent board under paragraph (6)(B).''.

Subtitle E—General Provisions

SEC. 551. INAPPLICABILITY OF FINALITY RULE.

Section 281(a)(1) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 7001(a)(1)) is amended—

(1) by striking ''This subsection'' and inserting the following:

''(A) IN GENERAL.—Except as provided in subparagraph (B), this subsection''; and

(2) by adding at the end the following:

''(B) AGRICULTURAL CREDIT DECISIONS.—This subsection shall not apply with respect to an agricultural credit decision made

by such a State, county, or area committee, or employee of such a committee, under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.).''.

SEC. 552. TECHNICAL AMENDMENTS.

(a) Section 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(a)) is amended by striking ''Disaster Relief and Emergency Assistance Act'' each place it appears and inserting ''Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.)''.

(b) Section 336(b) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1986(b)) is amended in the second sentence by striking ''provided for in section 332 of this title''.

(c) Section 359(c)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2006a(c)(1)) is amended by striking ''established pursuant to section 332,''.

(d) Section 360(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2006b(a)) is amended by striking ''established pursuant to section 332''.

SEC. 553. EFFECTIVE DATE.

(a) IN GENERAL.—Except as provided in subsection (b) and section 543(b), this title and the amendments made by this title take effect on October 1, 2001.

(b) BOARD OF DIRECTORS OF THE FEDERAL AGRICULTURAL MORTGAGE CORPORATION.—The amendments made by section 544 take effect on the date of enactment of this Act.

TITLE VI—RURAL DEVELOPMENT

Subtitle A—Empowerment of Rural America

SEC. 601. NATIONAL RURAL COOPERATIVE AND BUSINESS EQUITY FUND.

The Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) is amended by adding at the end the following:

"Subtitle G—National Rural Cooperative and Business Equity Fund

"SEC. 383A. SHORT TITLE.

''This subtitle may be cited as the 'National Rural Cooperative and Business Equity Fund Act'.

"SEC. 383B. PURPOSE.

''The purpose of this subtitle is to revitalize rural communities and enhance farm income through sustainable rural business development by providing Federal funds and credit enhancements to a private equity fund

in order to encourage investments by institutional and noninstitutional investors for the benefit of rural America.

"SEC. 383C. DEFINITIONS.

"In this subtitle:

"(1) AUTHORIZED PRIVATE INVESTOR.—The term 'authorized private investor' means an individual, legal entity, or affiliate or subsidiary of an individual or legal entity that—

"(A) is eligible to receive a loan guarantee under this title;

"(B) is eligible to receive a loan guarantee under the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.);

"(C) is created under the National Consumer Cooperative Bank Act (12 U.S.C. 3011 et seq.);

"(D) is an insured depository institution subject to section 383E(b)(2);

"(E) is a Farm Credit System institution described in section 1.2(a) of the Farm Credit Act of 1971 (12 U.S.C. 2002(a)); or

"(F) is determined by the Board to be an appropriate investor in the Fund.

"(2) BOARD.—The term 'Board' means the board of directors of the Fund established under section 383G.

"(3) FUND.—The term 'Fund' means the National Rural Cooperative and Business Equity Fund established under section 383D.

"(4) GROUP OF SIMILAR AUTHORIZED PRIVATE INVESTORS.—The term 'group of similar investors' means any 1 of the following:

"(A) Insured depository institutions with total assets of more than $250,000,000.

"(B) Insured depository institutions with total assets equal to or less than $250,000,000.

"(C) Farm Credit System institutions described in section 1.2(a) of the Farm Credit Act of 1971 (12 U.S.C. 2002(a)).

"(D) Cooperative financial institutions (other than Farm Credit System institutions).

"(E) Private investors, other than those described in subparagraphs (A) through (D), authorized by the Secretary.

"(F) Other nonprofit organizations, including credit unions.

"(5) INSURED DEPOSITORY INSTITUTION.—The term 'insured depository institution' means any bank

or savings association the deposits of which are insured under the Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.).

"(6) RURAL BUSINESS.—The term 'rural business' means a rural cooperative, a value-added agricultural enterprise, or any other business located or locating in a rural area.

"SEC. 383D. ESTABLISHMENT.

"(a) AUTHORITY.—

"(1) IN GENERAL.—On certification by the Secretary that, to the maximum extent practicable, the parties proposing to establish a fund provide a broad representation of all of the groups of similar authorized private investors described in subparagraphs (A) through (F) of section 383C(4), the parties may establish a non-Federal entity under State law to purchase shares of, and manage a fund to be known as the 'National Rural Cooperative and Business Equity Fund', to generate and provide equity capital to rural businesses.

"(2) OWNERSHIP.—

"(A) IN GENERAL.—To the maximum extent practicable, equity ownership of the Fund shall be distributed among authorized private investors representing all of the groups of simi-

lar authorized private investors described in subparagraphs (A) through (F) of section 383C(4).

"(B) EXCLUSION OF GROUPS.—No group of authorized private investors shall be excluded from equity ownership of the Fund during any period during which the Fund is in existence if an authorized private investor representative of the group is able and willing to invest in the Fund.

"(b) PURPOSES.—The purposes of the Fund shall be—

"(1) to strengthen the economy of rural areas;

"(2) to further sustainable rural business development;

"(3) to encourage—

"(A) start-up rural businesses;

"(B) increased opportunities for small and minority-owned rural businesses; and

"(C) the formation of new rural businesses;

"(4) to enhance rural employment opportunities;

"(5) to provide equity capital to rural businesses, many of which have difficulty obtaining equity capital; and

"(6) to leverage non-Federal funds for rural businesses.

"(c) ARTICLES OF INCORPORATION AND BYLAWS.—The articles of incorporation and bylaws of the Fund shall set forth purposes of the Fund that are consistent with the purposes described in subsection (b).

"SEC. 383E. INVESTMENT IN THE FUND.

"(a) IN GENERAL.—Of the funds made available under section 383H, the Secretary shall—

"(1) subject to subsection (b)(1), make available to the Fund $150,000,000;

"(2) subject to subsection (c), guarantee 50 percent of each investment made by an authorized private investor in the Fund; and

"(3) subject to subsection (d), guarantee the repayment of principal of, and accrued interest on, debentures issued by the Fund to authorized private investors.

"(b) PRIVATE INVESTMENT.—

"(1) MATCHING REQUIREMENT.—Under subsection (a)(1), the Secretary shall make an amount available to the Fund only after an equal amount

has been invested in the Fund by authorized private investors in accordance with this subtitle and the terms and conditions set forth in the bylaws of the Fund.

"(2) INSURED DEPOSITORY INSTITUTIONS.—

"(A) IN GENERAL.—Subject to subparagraphs (B) and (C)—

"(i) an insured depository institution may be an authorized private investor in the Fund; and

"(ii) an investment in the Fund may be considered to be part of the record of an institution in meeting the credit needs of the community in which the institution is located under any applicable Federal law.

"(B) INVESTMENT LIMIT.—The total investment in the Fund of an insured depository institution shall not exceed 5 percent of the capital and surplus of the institution.

"(C) REGULATORY AUTHORITY.—An appropriate Federal banking agency may, by regulation or order, impose on any insured depository institution investing in the Fund, any safeguard, limitation, or condition (including an in-

vestment limit that is lower than the investment limit under subparagraph (B)) that the Federal banking agency considers to be appropriate to ensure that the institution operates—

"(i) in a financially sound manner; and

"(ii) in compliance with all applicable law.

"(c) GUARANTEE OF PRIVATE INVESTMENTS.—

"(1) IN GENERAL.—The Secretary shall guarantee, under terms and conditions determined by the Secretary, 50 percent of any loss of the principal of an investment made in the Fund by an authorized private investor.

"(2) MAXIMUM TOTAL GUARANTEE.—The aggregate potential liability of the Secretary with respect to all guarantees under paragraph (1) shall not apply to more than $300,000,000 in private investments in the Fund.

"(3) REDEMPTION OF GUARANTEE.—

"(A) DATE.—An authorized private investor in the Fund may redeem a guarantee under paragraph (1), with respect to the total investments in the Fund and the total losses of the

authorized private investor as of the date of redemption—

"(i) on the date that is 5 years after the date of the initial investment by the authorized private investor; or

"(ii) annually thereafter.

"(B) EFFECT OF REDEMPTION.—On redemption of a guarantee under subparagraph (A)—

"(i) the shares in the Fund of the authorized private investor shall be redeemed; and

"(ii) the authorized private investor shall be prohibited from making any future investment in the Fund.

"(d) DEBT SECURITIES.—

"(1) IN GENERAL.—The Fund may, at the discretion of the Board, generate additional capital through—

"(A) the issuance of debt securities; and

"(B) other means determined to be appropriate by the Board.

"(2) GUARANTEE OF DEBT BY SECRETARY.—

"(A) IN GENERAL.—The Secretary shall guarantee 100 percent of the principal of, and

accrued interest on, debentures issued by the Fund that are approved by the Secretary.

"(B) MAXIMUM DEBT GUARANTEED BY SECRETARY.—The outstanding value of debentures issued by the Fund and guaranteed by the Secretary shall not exceed the lesser of—

"(i) the amount equal to twice the value of the assets held by the Fund; or

"(ii) $500,000,000.

"(C) RECAPTURE OF GUARANTEE PAYMENTS.—If the Secretary makes a payment on a debt security issued by the Fund as a result of a guarantee of the Secretary under this paragraph, the Secretary shall have priority over other creditors for repayment of the debt security.

"(3) AUTHORIZED PRIVATE INVESTORS.—An authorized private investor may purchase debt securities issued by the Fund.

"SEC. 383F. INVESTMENTS AND OTHER ACTIVITIES OF THE FUND.

"(a) INVESTMENTS.—

"(1) IN GENERAL.—

"(A) TYPES.—Subject to subparagraphs (B) and (C), the Fund may—

"(i) make equity investments in a rural business that meets—

"(I) the requirements of paragraph (6); and

"(II) such other requirements as the Board may establish; and

"(ii) extend credit to the rural business in—

"(I) the form of mezzanine debt or subordinated debt; or

"(II) any other form of quasi-equity.

"(B) LIMITATIONS ON INVESTMENTS.—

"(i) TOTAL INVESTMENTS BY A SINGLE RURAL BUSINESS.—Subject to clause (ii), investment by the Fund in a single rural business shall not exceed the greater of—

"(I) an amount equal to 7 percent of the capital of the Fund; or

"(II) $2,000,000.

"(ii) WAIVER.—The Secretary may waive the limitation in clause (i) in any case in which an investment exceeding the limits specified in clause (i) is necessary to

preserve prior investments in the rural business.

"(iii) TOTAL NONEQUITY INVESTMENTS.—Except in the case of a project to assist a rural cooperative, the total amount of nonequity investments described in subparagraph (A)(ii) that may be provided by the Fund shall not exceed 20 percent of the total investments of the Fund in the project.

"(C) LIMITATION.—Notwithstanding subparagraph (B), the amount of any investment by the Fund in a rural business shall not exceed the aggregate amount invested in like securities by other private entities in that rural business.

"(2) PROCEDURES.—The Fund shall implement procedures to ensure that—

"(A) the financing arrangements of the Fund meet the Fund's primary focus of providing equity capital; and

"(B) the Fund does not compete with conventional sources of credit.

"(3) DIVERSITY OF PROJECTS.—The Fund—

"(A) shall seek to make equity investments in a variety of viable projects, with a significant share of investments—

"(i) in smaller enterprises (as defined in section 384A) in rural communities of diverse sizes; and

"(ii) in cooperative and noncooperative enterprises; and

"(B) shall be managed in a manner that diversifies the risks to the Fund among a variety of projects.

"(4) LIMITATION ON RURAL BUSINESSES ASSISTED.—The Fund shall not invest in any rural business that is primarily retail in nature (as determined by the Board), other than a purchasing cooperative.

"(5) INTEREST RATE LIMITATIONS.—Returns on investments in and by the Fund and returns on the extension of credit by participants in projects assisted by the Fund, shall not be subject to any State or Federal law establishing a maximum allowable interest rate.

"(6) REQUIREMENTS FOR RECIPIENTS.—

"(A) OTHER INVESTMENTS.—Any recipient of amounts from the Fund shall make or

obtain a significant investment from a source of capital other than the Fund.

"(B) SPONSORSHIP.—To be considered for an equity investment from the Fund, a rural business investment project shall be sponsored by a regional, State, or local sponsoring or endorsing organization such as—

"(i) a financial institution;

"(ii) a development organization; or

"(iii) any other established entity engaging or assisting in rural business development, including a rural cooperative.

"(b) TECHNICAL ASSISTANCE.—The Fund, under terms and conditions established by the Board, shall use not less than 2 percent of capital provided by the Federal Government to provide technical assistance to rural businesses seeking an equity investment from the Fund.

"(c) ANNUAL AUDIT.—

"(1) IN GENERAL.—The Board shall authorize an annual audit of the financial statements of the Fund by a nationally recognized auditing firm using generally accepted accounting principles.

"(2) AVAILABILITY OF AUDIT RESULTS.—The results of the audit required by paragraph (1) shall be made available to investors in the Fund.

"(d) ANNUAL REPORT.—The Board shall prepare and make available to the public an annual report that—

"(1) describes the projects funded with amounts from the Fund;

"(2) specifies the recipients of amounts from the Fund;

"(3) specifies the coinvestors in all projects that receive amounts from the Fund; and

"(4) meets the reporting requirements, if any, of the State under the law of which the Fund is established.

"(e) OTHER AUTHORITIES.—

"(1) IN GENERAL.—The Board may exercise such other authorities as are necessary to carry out this subtitle.

"(2) OVERSIGHT.—The Secretary shall enter in to a contract with the Administrator of the Small Business Administration under which the Administrator of the Small Business Administration shall be responsible for the routine duties of the Secretary in regard to the Fund.

"SEC. 383G. GOVERNANCE OF THE FUND.

"(a) IN GENERAL.—The Fund shall be governed by a board of directors that represents all of the authorized

private investors in the Fund and the Federal Government and that consists of—

"(1) a designee of the Secretary;

"(2) 2 members who are appointed by the Secretary and are not Federal employees, including—

"(A) 1 member with expertise in venture capital investment; and

"(B) 1 member with expertise in cooperative development;

"(3) 8 members who are elected by the authorized private investors with investments in the Fund; and

"(4) 1 member who is appointed by the Board and who is a community banker from an insured depository institution that has—

"(A) total assets equal to or less than $250,000,000; and

"(B) an investment in the Fund.

"(b) LIMITATION ON VOTING CONTROL.—No individual investor or group of authorized investors may control more than 25 percent of the votes on the Board.

"SEC. 383H. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated such sums as are necessary to carry out this subtitle.".

SEC. 602. RURAL BUSINESS INVESTMENT PROGRAM.

The Consolidated Farm and Rural Development Act (as amended by section 601) is amended by adding at the end the following:

"Subtitle H—Rural Business Investment Program

"SEC. 384A. DEFINITIONS.

''In this subtitle:

''(1) ARTICLES.—The term 'articles' means articles of incorporation for an incorporated body or the functional equivalent or other similar documents specified by the Secretary for other business entities.

''(2) DEVELOPMENTAL VENTURE CAPITAL.—The term 'developmental venture capital' means capital in the form of equity capital investments in Rural Business Investment Companies with an objective of fostering economic development in rural areas.

''(3) EMPLOYEE WELFARE BENEFIT PLAN; PENSION PLAN.—

''(A) IN GENERAL.—The terms 'employee welfare benefit plan' and 'pension plan' have the meanings given the terms in section 3 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002).

"(B) INCLUSIONS.—The terms 'employee welfare benefit plan' and 'pension plan' include—

"(i) public and private pension or retirement plans subject to this subtitle; and

"(ii) similar plans not covered by this subtitle that have been established and that are maintained by the Federal Government or any State (including by a political subdivision, agency, or instrumentality of the Federal Government or a State) for the benefit of employees.

"(4) EQUITY CAPITAL.—The term 'equity capital' means common or preferred stock or a similar instrument, including subordinated debt with equity features.

"(5) LEVERAGE.—The term 'leverage' includes—

"(A) debentures purchased or guaranteed by the Secretary;

"(B) participating securities purchased or guaranteed by the Secretary; and

"(C) preferred securities outstanding as of the date of enactment of this subtitle.

"(6) LICENSE.—The term 'license' means a license issued by the Secretary as provided in section 384D(c).

"(7) LIMITED LIABILITY COMPANY.—The term 'limited liability company' means a business entity that is organized and operating in accordance with a State limited liability company law approved by the Secretary.

"(8) MEMBER.—The term 'member' means, with respect to a Rural Business Investment Company that is a limited liability company, a holder of an ownership interest or a person otherwise admitted to membership in the limited liability company.

"(9) OPERATIONAL ASSISTANCE.—The term 'operational assistance' means management, marketing, and other technical assistance that assists a rural business concern with business development.

"(10) PARTICIPATION AGREEMENT.—The term 'participation agreement' means an agreement, between the Secretary and a Rural Business Investment Company granted final approval under section 384D(d), that requires the Rural Business Investment Company to make investments in smaller enterprises in rural areas.

"(11) PRIVATE CAPITAL.—

"(A) IN GENERAL.—The term 'private capital' means the total of—

"(i) the paid-in capital and paid-in surplus of a corporate Rural Business Investment Company, the contributed capital of the partners of a partnership Rural Business Investment Company, or the equity investment of the members of a limited liability company Rural Business Investment Company; and

"(ii) unfunded binding commitments, from investors that meet criteria established by the Secretary to contribute capital to the Rural Business Investment Company, except that unfunded commitments may be counted as private capital for purposes of approval by the Secretary of any request for leverage, but leverage shall not be funded based on the commitments.

"(B) EXCLUSIONS.—The term 'private capital' does not include—

"(i) any funds borrowed by a Rural Business Investment Company from any source;

"(ii) any funds obtained through the issuance of leverage; or

"(iii) any funds obtained directly or indirectly from the Federal Government or any State (including by a political subdivision, agency, or instrumentality of the Federal Government or a State), except for—

"(I) 50 percent of funds from the National Rural Cooperative and Business Equity Fund;

"(II) funds obtained from the business revenues (excluding any governmental appropriation) of any federally chartered or government-sponsored enterprise established prior to the date of enactment of this subtitle;

"(III) funds invested by an employee welfare benefit plan or pension plan; and

"(IV) any qualified nonprivate funds (if the investors of the qualified nonprivate funds do not control, directly or indirectly, the management, board of directors, general partners,

or members of the Rural Business Investment Company).

"(12) QUALIFIED NONPRIVATE FUNDS.—The term 'qualified nonprivate funds' means any—

"(A) funds directly or indirectly invested in any applicant or Rural Business Investment Company on or before the date of enactment of this subtitle, by any Federal agency, other than the Department of Agriculture, under a provision of law explicitly mandating the inclusion of those funds in the definition of the term 'private capital'; and

"(B) funds invested in any applicant or Rural Business Investment Company by 1 or more entities of any State (including by a political subdivision, agency, or instrumentality of the State and including any guarantee extended by those entities) in an aggregate amount that does not exceed 33 percent of the private capital of the applicant or Rural Business Investment Company.

"(13) RURAL BUSINESS CONCERN.—The term 'rural business concern' means—

"(A) a public, private, or cooperative for-profit or nonprofit organization;

"(B) a for-profit or nonprofit business controlled by an Indian tribe on a Federal or State reservation or other federally recognized Indian tribal group; or

"(C) any other person or entity;

that primarily operates in a rural area, as determined by the Secretary.

"(14) RURAL BUSINESS INVESTMENT COMPANY.—The term 'Rural Business Investment Company' means a company that—

"(A) has been granted final approval by the Secretary under section 384D(d); and

"(B) has entered into a participation agreement with the Secretary.

"(15) SMALLER ENTERPRISE.—The term 'smaller enterprise' means any rural business concern that, together with its affiliates—

"(A) has—

"(i) a net financial worth of not more than $6,000,000, as of the date on which assistance is provided under this subtitle to the rural business concern; and

"(ii) an average net income for the 2-year period preceding the date on which assistance is provided under this subtitle to

the rural business concern, of not more than $2,000,000, after Federal income taxes (excluding any carryover losses) except that, for purposes of this clause, if the rural business concern is not required by law to pay Federal income taxes at the enterprise level, but is required to pass income through to the shareholders, partners, beneficiaries, or other equitable owners of the business concern, the net income of the business concern shall be determined by allowing a deduction in an amount equal to the total of—

"(I) if the rural business concern is not required by law to pay State (and local, if any) income taxes at the enterprise level, the net income (determined without regard to this clause), multiplied by the marginal State income tax rate (or by the combined State and local income tax rates, as applicable) that would have applied if the business concern were a corporation; and

"(II) the net income (so determined) less any deduction for State (and local) income taxes calculated under subclause (I), multiplied by the marginal Federal income tax rate that would have applied if the rural business concern were a corporation; or

"(B) satisfies the standard industrial classification size standards established by the Administrator of the Small Business Administration for the industry in which the rural business concern is primarily engaged.

"SEC. 384B. PURPOSES.

"The purposes of the Rural Business Investment Program established under this subtitle are—

"(1) to promote economic development and the creation of wealth and job opportunities in rural areas and among individuals living in those areas by encouraging developmental venture capital investments in smaller enterprises primarily located in rural areas; and

"(2) to establish a developmental venture capital program, with the mission of addressing the unmet equity investment needs of small enterprises

located in rural areas, by authorizing the Secretary—

"(A) to enter into participation agreements with Rural Business Investment Companies;

"(B) to guarantee debentures of Rural Business Investment Companies to enable each Rural Business Investment Company to make developmental venture capital investments in smaller enterprises in rural areas; and

"(C) to make grants to Rural Business Investment Companies, and to other entities, for the purpose of providing operational assistance to smaller enterprises financed, or expected to be financed, by Rural Business Investment Companies.

"SEC. 384C. ESTABLISHMENT.

"In accordance with this subtitle, the Secretary shall establish a Rural Business Investment Program, under which the Secretary may—

"(1) enter into participation agreements with companies granted final approval under section 384D(d) for the purposes set forth in section 384B;

"(2) guarantee the debentures issued by Rural Business Investment Companies as provided in section 384E; and

"(3) make grants to Rural Business Investment Companies, and to other entities, under section 384H.

"SEC. 384D. SELECTION OF RURAL BUSINESS INVESTMENT COMPANIES.

"(a) ELIGIBILITY.—A company shall be eligible to apply to participate, as a Rural Business Investment Company, in the program established under this subtitle if—

"(1) the company is a newly formed for-profit entity or a newly formed for-profit subsidiary of such an entity;

"(2) the company has a management team with experience in community development financing or relevant venture capital financing; and

"(3) the company will invest in enterprises that will create wealth and job opportunities in rural areas, with an emphasis on smaller businesses.

"(b) APPLICATION.—To participate, as a Rural Business Investment Company, in the program established under this subtitle, a company meeting the eligibility requirements of subsection (a) shall submit an application to the Secretary that includes—

"(1) a business plan describing how the company intends to make successful developmental venture capital investments in identified rural areas;

"(2) information regarding the community development finance or relevant venture capital qualifications and general reputation of the management of the company;

"(3) a description of how the company intends to work with community organizations and to seek to address the unmet capital needs of the communities served;

"(4) a proposal describing how the company intends to use the grant funds provided under this subtitle to provide operational assistance to smaller enterprises financed by the company, including information regarding whether the company intends to use licensed professionals, when necessary, on the staff of the company or from an outside entity;

"(5) with respect to binding commitments to be made to the company under this subtitle, an estimate of the ratio of cash to in-kind contributions;

"(6) a description of the criteria to be used to evaluate whether and to what extent the company meets the purposes of the program established under this subtitle;

"(7) information regarding the management and financial strength of any parent firm, affiliated

firm, or any other firm essential to the success of the business plan of the company; and

"(8) such other information as the Secretary may require.

"(c) ISSUANCE OF LICENSE.—

"(1) SUBMISSION OF APPLICATION.—Each applicant for a license to operate as a Rural Business Investment Company under this subtitle shall submit to the Secretary an application, in a form and including such documentation as may be prescribed by the Secretary.

"(2) PROCEDURES.—

"(A) STATUS.—Not later than 90 days after the initial receipt by the Secretary of an application under this subsection, the Secretary shall provide the applicant with a written report describing the status of the application and any requirements remaining for completion of the application.

"(B) APPROVAL OR DISAPPROVAL.—Within a reasonable time after receiving a completed application submitted in accordance with this subsection and in accordance with such requirements as the Secretary may prescribe by regulation, the Secretary shall—

"(i) approve the application and issue a license for the operation to the applicant, if the requirements of this section are satisfied; or

"(ii) disapprove the application and notify the applicant in writing of the disapproval.

"(3) MATTERS CONSIDERED.—In reviewing and processing any application under this subsection, the Secretary—

"(A) shall determine whether—

"(i) the applicant meets the requirements of subsection (d); and

"(ii) the management of the applicant is qualified and has the knowledge, experience, and capability necessary to comply with this subtitle;

"(B) shall take into consideration—

"(i) the need for and availability of financing for rural business concerns in the geographic area in which the applicant is to commence business;

"(ii) the general business reputation of the owners and management of the applicant; and

"(iii) the probability of successful operations of the applicant, including adequate profitability and financial soundness; and

"(C) shall not take into consideration any projected shortage or unavailability of grant funds or leverage.

"(d) APPROVAL; DESIGNATION.—The Secretary may approve an applicant to operate as a Rural Business Investment Company under this subtitle and designate the applicant as a Rural Business Investment Company, if—

"(1) the Secretary determines that the application satisfies the requirements of subsection (b);

"(2) the area in which the Rural Business Investment Company is to conduct its operations, and establishment of branch offices or agencies (if authorized by the articles), are approved by the Secretary; and

"(3) the applicant enters into a participation agreement with the Secretary.

"SEC. 384E. DEBENTURES.

"(a) IN GENERAL.—The Secretary may guarantee the timely payment of principal and interest, as scheduled, on debentures issued by any Rural Business Investment Company.

"(b) TERMS AND CONDITIONS.—The Secretary may make guarantees under this section on such terms and conditions as the Secretary considers appropriate, except that the term of any debenture guaranteed under this section shall not exceed 15 years.

"(c) FULL FAITH AND CREDIT OF THE UNITED STATES.—Section 381H(i) shall apply to any guarantee under this section.

"(d) MAXIMUM GUARANTEE.—Under this section, the Secretary may—

"(1) guarantee the debentures issued by a Rural Business Investment Company only to the extent that the total face amount of outstanding guaranteed debentures of the Rural Business Investment Company does not exceed 300 percent of the private capital of the Rural Business Investment Company, as determined by the Secretary; and

"(2) provide for the use of discounted debentures.

"SEC. 384F. ISSUANCE AND GUARANTEE OF TRUST CERTIFICATES.

"(a) ISSUANCE.—The Secretary may issue trust certificates representing ownership of all or a fractional part of debentures issued by a Rural Business Investment Company and guaranteed by the Secretary under this sub-

title, if the certificates are based on and backed by a trust or pool approved by the Secretary and composed solely of guaranteed debentures.

"(b) GUARANTEE.—

"(1) IN GENERAL.—The Secretary may, under such terms and conditions as the Secretary considers appropriate, guarantee the timely payment of the principal of and interest on trust certificates issued by the Secretary or agents of the Secretary for purposes of this section.

"(2) LIMITATION.—Each guarantee under this subsection shall be limited to the extent of principal and interest on the guaranteed debentures that compose the trust or pool.

"(3) PREPAYMENT OR DEFAULT.—

"(A) IN GENERAL.—In the event a debenture in a trust or pool is prepaid, or in the event of default of such a debenture, the guarantee of timely payment of principal and interest on the trust certificates shall be reduced in proportion to the amount of principal and interest the prepaid debenture represents in the trust or pool.

"(B) INTEREST.—Interest on prepaid or defaulted debentures shall accrue and be guar-

anteed by the Secretary only through the date of payment of the guarantee.

"(C) REDEMPTION.—At any time during its term, a trust certificate may be called for redemption due to prepayment or default of all debentures.

"(c) FULL FAITH AND CREDIT OF THE UNITED STATES.—Section 381H(i) shall apply to any guarantee of a trust certificate issued by the Secretary under this section.

"(d) SUBROGATION AND OWNERSHIP RIGHTS.—

"(1) SUBROGATION.—If the Secretary pays a claim under a guarantee issued under this section, the claim shall be subrogated fully to the rights satisfied by the payment.

"(2) OWNERSHIP RIGHTS.—No Federal, State, or local law shall preclude or limit the exercise by the Secretary of the ownership rights of the Secretary in a debenture residing in a trust or pool against which 1 or more trust certificates are issued under this section.

"(e) MANAGEMENT AND ADMINISTRATION.—

"(1) REGISTRATION.—The Secretary shall provide for a central registration of all trust certificates issued under this section.

"(2) CREATION OF POOLS.—The Secretary may—

"(A) maintain such commercial bank accounts or investments in obligations of the United States as may be necessary to facilitate the creation of trusts or pools backed by debentures guaranteed under this subtitle; and

"(B) issue trust certificates to facilitate the creation of those trusts or pools.

"(3) FIDELITY BOND OR INSURANCE REQUIREMENT.—Any agent performing functions on behalf of the Secretary under this paragraph shall provide a fidelity bond or insurance in such amount as the Secretary considers to be necessary to fully protect the interests of the United States.

"(4) REGULATION OF BROKERS AND DEALERS.—The Secretary may regulate brokers and dealers in trust certificates issued under this section.

"(5) ELECTRONIC REGISTRATION.—Nothing in this subsection prohibits the use of a book-entry or other electronic form of registration for trust certificates issued under this section.

"SEC. 384G. FEES.

"(a) IN GENERAL.—The Secretary may charge such fees as the Secretary considers appropriate with respect to any guarantee or grant issued under this subtitle.

"(b) TRUST CERTIFICATE.—Notwithstanding subsection (a), the Secretary shall not collect a fee for any guarantee of a trust certificate under section 384F, except that any agent of the Secretary may collect a fee approved by the Secretary for the functions described in section 384F(e)(2).

"(c) LICENSE.—

"(1) IN GENERAL.—The Secretary may prescribe fees to be paid by each applicant for a license to operate as a Rural Business Investment Company under this subtitle.

"(2) USE OF AMOUNTS.—Fees collected under this subsection—

"(A) shall be deposited in the account for salaries and expenses of the Secretary; and

"(B) are authorized to be appropriated solely to cover the costs of licensing examinations.

"SEC. 384H. OPERATIONAL ASSISTANCE GRANTS.

"(a) IN GENERAL.—

"(1) AUTHORITY.—In accordance with this section, the Secretary may make grants to Rural Busi-

ness Investment Companies and to other entities, as authorized by this subtitle, to provide operational assistance to smaller enterprises financed, or expected to be financed, by the entities.

"(2) TERMS.—Grants made under this subsection shall be made over a multiyear period (not to exceed 10 years) under such other terms as the Secretary may require.

"(3) USE OF FUNDS.—The proceeds of a grant made under this paragraph may be used by the Rural Business Investment Company receiving the grant only to—

"(A) provide operational assistance in connection with an equity investment (made with capital raised after the effective date of this subtitle) in a business located in a rural area; or

"(B) pay operational expenses of the Rural Business Investment Company.

"(4) SUBMISSION OF PLANS.—A Rural Business Investment Company shall be eligible for a grant under this section only if the Rural Business Investment Company submits to the Secretary, in such form and manner as the Secretary may require, a plan for use of the grant.

"(5) GRANT AMOUNT.—

"(A) RURAL BUSINESS INVESTMENT COMPANIES.—The amount of a grant made under this subsection to a Rural Business Investment Company shall be equal to the lesser of—

"(i) 50 percent of the amount of resources (in cash or in kind) raised by the Rural Business Investment Company; or

"(ii) $1,000,000.

"(B) OTHER ENTITIES.—The amount of a grant made under this subsection to any entity other than a Rural Business Investment Company shall be equal to the resources (in cash or in kind) raised by the entity in accordance with the requirements applicable to Rural Business Investment Companies under this subtitle.

"(b) SUPPLEMENTAL GRANTS.—

"(1) IN GENERAL.—The Secretary may make supplemental grants to Rural Business Investment Companies and to other entities, as authorized by this subtitle under such terms as the Secretary may require, to provide additional operational assistance to smaller enterprises financed, or expected to be financed, by the Rural Business Investment Companies and other entities.

"(2) MATCHING REQUIREMENT.—The Secretary may require, as a condition of any supplemental grant made under this subsection, that the Rural Business Investment Company or entity receiving the grant provide from resources (in cash or in kind), other than resources provided by the Secretary, a matching contribution equal to the amount of the supplemental grant.

"SEC. 384I. RURAL BUSINESS INVESTMENT COMPANIES.

"(a) ORGANIZATION.—For the purpose of this subtitle, a Rural Business Investment Company shall—

"(1) be an incorporated body, a limited liability company, or a limited partnership organized and chartered or otherwise existing under State law solely for the purpose of performing the functions and conducting the activities authorized by this subtitle;

"(2)(A) if incorporated, have succession for a period of not less than 30 years unless earlier dissolved by the shareholders of the Rural Business Investment Company; and

"(B) if a limited partnership or a limited liability company, have succession for a period of not less than 10 years; and

"(3) possess the powers reasonably necessary to perform the functions and conduct the activities.

"(b) ARTICLES.—The articles of any Rural Business Investment Company—

"(1) shall specify in general terms—

"(A) the purposes for which the Rural Business Investment Company is formed;

"(B) the name of the Rural Business Investment Company;

"(C) the area or areas in which the operations of the Rural Business Investment Company are to be carried out;

"(D) the place where the principal office of the Rural Business Investment Company is to be located; and

"(E) the amount and classes of the shares of capital stock of the Rural Business Investment Company;

"(2) may contain any other provisions consistent with this subtitle that the Rural Business Investment Company may determine appropriate to adopt for the regulation of the business of the Rural Business Investment Company and the conduct of the affairs of the Rural Business Investment Company; and

"(3) shall be subject to the approval of the Secretary.

"(c) CAPITAL REQUIREMENTS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), the private capital of each Rural Business Investment Company shall be not less than—

"(A) $5,000,000; or

"(B) $10,000,000, with respect to each Rural Business Investment Company authorized or seeking authority to issue participating securities to be purchased or guaranteed by the Secretary under this subtitle.

"(2) EXCEPTION.—The Secretary may, in the discretion of the Secretary and based on a showing of special circumstances and good cause, permit the private capital of a Rural Business Investment Company described in paragraph (1)(B) to be less than $10,000,000, but not less than $5,000,000, if the Secretary determines that the action would not create or otherwise contribute to an unreasonable risk of default or loss to the Federal Government.

"(3) ADEQUACY.—In addition to the requirements of paragraph (1), the Secretary shall—

"(A) determine whether the private capital of each Rural Business Investment Company is adequate to ensure a reasonable prospect that the Rural Business Investment Company will be

operated soundly and profitably, and managed actively and prudently in accordance with the articles of the Rural Business Investment Company;

"(B) determine that the Rural Business Investment Company will be able to comply with the requirements of this subtitle; and

"(C) require that at least 75 percent of the capital of each Rural Business Investment Company is invested in rural business concerns.

"(d) DIVERSIFICATION OF OWNERSHIP.—The Secretary shall ensure that the management of each Rural Business Investment Company licensed after the date of enactment of this subtitle is sufficiently diversified from and unaffiliated with the ownership of the Rural Business Investment Company so as to ensure independence and objectivity in the financial management and oversight of the investments and operations of the Rural Business Investment Company.

"SEC. 384J. FINANCIAL INSTITUTION INVESTMENTS.

"(a) IN GENERAL.—Except as otherwise provided in this section and notwithstanding any other provision of law, the following banks, associations, and institutions may invest in any Rural Business Investment Company

or in any entity established to invest solely in Rural Business Investment Companies:

"(1) Any national bank.

"(2) Any member bank of the Federal Reserve System.

"(3) Any Federal savings association.

"(4) Any Farm Credit System institution described in section 1.2(a) of the Farm Credit Act of 1971 (12 U.S.C. 2002(a)).

"(5) Any insured bank that is not a member of the Federal Reserve System, to the extent permitted under applicable State law.

"(b) LIMITATION.—No bank, association, or institution described in subsection (a) may make investments described in subsection (a) that are greater than 5 percent of the capital and surplus of the bank, association, or institution.

"(c) LIMITATION ON RURAL BUSINESS INVESTMENT COMPANIES CONTROLLED BY FARM CREDIT SYSTEM INSTITUTIONS.—If a Farm Credit System institution described in section 1.2(a) of the Farm Credit Act of 1971 (12 U.S.C. 2002(a)) holds more than 30 percent of the voting shares of a Rural Business Investment Company, either alone or in conjunction with other System institutions (or affiliates), the Rural Business Investment Com-

pany shall not provide equity investments in, or provide other financial assistance to, entities that are not otherwise eligible to receive financing from the Farm Credit System under that Act (12 U.S.C. 2001 et seq.).

"SEC. 384K. REPORTING REQUIREMENT.

"Each Rural Business Investment Company that participates in the program established under this subtitle shall provide to the Secretary such information as the Secretary may require, including—

"(1) information relating to the measurement criteria that the Rural Business Investment Company proposed in the program application of the Rural Business Investment Company; and

"(2) in each case in which the Rural Business Investment Company under this subtitle makes an investment in, or a loan or grant to, a business that is not located in a rural area, a report on the number and percentage of employees of the business who reside in those areas.

"SEC. 384L. EXAMINATIONS.

"(a) IN GENERAL.—Each Rural Business Investment Company that participates in the program established under this subtitle shall be subject to examinations made at the direction of the Secretary in accordance with this section.

"(b) ASSISTANCE OF PRIVATE SECTOR ENTITIES.—An examination under this section may be conducted with the assistance of a private sector entity that has the qualifications and the expertise necessary to conduct such an examination.

"(c) COSTS.—

"(1) IN GENERAL.—The Secretary may assess the cost of an examination under this section, including compensation of the examiners, against the Rural Business Investment Company examined.

"(2) PAYMENT.—Any Rural Business Investment Company against which the Secretary assesses costs under this paragraph shall pay the costs.

"(d) DEPOSIT OF FUNDS.—Funds collected under this section shall—

"(1) be deposited in the account that incurred the costs for carrying out this section;

"(2) be made available to the Secretary to carry out this section, without further appropriation; and

"(3) remain available until expended.

"SEC. 384M. INJUNCTIONS AND OTHER ORDERS.

"(a) IN GENERAL.—

"(1) APPLICATION BY SECRETARY.—Whenever, in the judgment of the Secretary, a Rural Business Investment Company or any other person has en-

gaged or is about to engage in any act or practice that constitutes or will constitute a violation of a provision of this subtitle (including any rule, regulation, order, or participation agreement under this subtitle), the Secretary may apply to the appropriate district court of the United States for an order enjoining the act or practice, or for an order enforcing compliance with the provision, rule, regulation, order, or participation agreement.

"(2) JURISDICTION; RELIEF.—The court shall have jurisdiction over the action and, on a showing by the Secretary that the Rural Business Investment Company or other person has engaged or is about to engage in an act or practice described in paragraph (1), a permanent or temporary injunction, restraining order, or other order, shall be granted without bond.

"(b) JURISDICTION.—

"(1) IN GENERAL.—In any proceeding under subsection (a), the court as a court of equity may, to such extent as the court considers necessary, take exclusive jurisdiction over the Rural Business Investment Company and the assets of the Rural Business Investment Company, wherever located.

"(2) TRUSTEE OR RECEIVER.—The court shall have jurisdiction in any proceeding described in paragraph (1) to appoint a trustee or receiver to hold or administer the assets.

"(c) SECRETARY AS TRUSTEE OR RECEIVER.—

"(1) AUTHORITY.—The Secretary may act as trustee or receiver of a Rural Business Investment Company.

"(2) APPOINTMENT.—On the request of the Secretary, the court shall appoint the Secretary to act as a trustee or receiver of a Rural Business Investment Company unless the court considers the appointment inequitable or otherwise inappropriate by reason of any special circumstances involved.

"SEC. 384N. ADDITIONAL PENALTIES FOR NONCOMPLIANCE.

"(a) IN GENERAL.—With respect to any Rural Business Investment Company that violates or fails to comply with this subtitle (including any rule, regulation, order, or participation agreement under this subtitle), the Secretary may, in accordance with this section—

"(1) void the participation agreement between the Secretary and the Rural Business Investment Company; and

"(2) cause the Rural Business Investment Company to forfeit all of the rights and privileges derived by the Rural Business Investment Company under this subtitle.

"(b) ADJUDICATION OF NONCOMPLIANCE.—

"(1) IN GENERAL.—Before the Secretary may cause a Rural Business Investment Company to forfeit rights or privileges under subsection (a), a court of the United States of competent jurisdiction must find that the Rural Business Investment Company committed a violation, or failed to comply, in a cause of action brought for that purpose in the district, territory, or other place subject to the jurisdiction of the United States, in which the principal office of the Rural Business Investment Company is located.

"(2) PARTIES AUTHORIZED TO FILE CAUSES OF ACTION.—Each cause of action brought by the United States under this subsection shall be brought by the Secretary or by the Attorney General.

"SEC. 384O. UNLAWFUL ACTS AND OMISSIONS; BREACH OF FIDUCIARY DUTY.

"(a) PARTIES DEEMED TO COMMIT A VIOLATION.—Whenever any Rural Business Investment Company violates this subtitle (including any rule, regulation, order, or participation agreement under this subtitle), by reason

of the failure of the Rural Business Investment Company to comply with this subtitle or by reason of its engaging in any act or practice that constitutes or will constitute a violation of this subtitle, the violation shall also be deemed to be a violation and an unlawful act committed by any person that, directly or indirectly, authorizes, orders, participates in, causes, brings about, counsels, aids, or abets in the commission of any acts, practices, or transactions that constitute or will constitute, in whole or in part, the violation.

''(b) FIDUCIARY DUTIES.—It shall be unlawful for any officer, director, employee, agent, or other participant in the management or conduct of the affairs of a Rural Business Investment Company to engage in any act or practice, or to omit any act or practice, in breach of the fiduciary duty of the officer, director, employee, agent, or participant if, as a result of the act or practice, the Rural Business Investment Company suffers or is in imminent danger of suffering financial loss or other damage.

''(c) UNLAWFUL ACTS.—Except with the written consent of the Secretary, it shall be unlawful—

''(1) for any person to take office as an officer, director, or employee of any Rural Business Investment Company, or to become an agent or participant in the conduct of the affairs or management of

a Rural Business Investment Company, if the person—

"(A) has been convicted of a felony, or any other criminal offense involving dishonesty or breach of trust; or

"(B) has been found civilly liable in damages, or has been permanently or temporarily enjoined by an order, judgment, or decree of a court of competent jurisdiction, by reason of any act or practice involving fraud, or breach of trust; and

"(2) for any person to continue to serve in any of the capacities described in paragraph (1), if—

"(A) the person is convicted of a felony, or any other criminal offense involving dishonesty or breach of trust; or

"(B) the person is found civilly liable in damages, or is permanently or temporarily enjoined by an order, judgment, or decree of a court of competent jurisdiction, by reason of any act or practice involving fraud or breach of trust.

"SEC. 384P. REMOVAL OR SUSPENSION OF DIRECTORS OR OFFICERS.

"Using the procedures established by the Secretary for removing or suspending a director or an officer of a Rural Business Investment Company, the Secretary may remove or suspend any director or officer of any Rural Business Investment Company.

"SEC. 384Q. CONTRACTING OF FUNCTIONS.

"Notwithstanding any other provision of law, the Secretary shall enter into an interagency agreement with the Administrator of the Small Business Administration to carry out, on behalf of the Secretary, the day-to-day management and operation of the program authorized by this subtitle.

"SEC. 384R. REGULATIONS.

"The Secretary may promulgate such regulations as the Secretary considers necessary to carry out this subtitle.

"SEC. 384S. FUNDING.

"(a) IN GENERAL.—Not later than 30 days after the date of enactment of this Act, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture—

"(1) such sums as may be necessary for the cost of guaranteeing $350,000,000 of debentures under this subtitle; and

"(2) $50,000,000 to make grants under this subtitle.

"(b) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under subsection (a), without further appropriation.

"(c) AVAILABILITY OF FUNDS.—Funds transferred under subsection (a) shall remain available until expended.".

SEC. 603. FULL FUNDING OF PENDING RURAL DEVELOPMENT LOAN AND GRANT APPLICATIONS.

(a) DEFINITION OF APPLICATION.—In this section, the term "application" does not include an application for a loan, loan guarantee, or grant that, as of the date of enactment of this Act, is in the preapplication phase of consideration under regulations of the Secretary of Agriculture in effect on the date of enactment of this Act.

(b) ACCOUNT.—There is established in the Treasury of the United States an account to be known as the "Rural America Infrastructure Development Account" (referred to in this section as the "Account") to fund rural development loans, loan guarantees, and grants described in subsection (d) that are pending on the date of enactment of this Act.

(c) FUNDING.—

(1) IN GENERAL.—Not later than 30 days after the date of enactment of this Act, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture such sums as are necessary to carry out this section, to remain available until expended.

(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under paragraph (1), without further appropriation.

(d) USE OF FUNDS.—

(1) ELIGIBLE PROGRAMS.—Subject to paragraph (2), the Secretary shall use the funds in the Account to provide funds for applications that are pending on the date of enactment of this Act for—

(A) community facility direct loans under section 306(a)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(1));

(B) community facility grants under paragraph (19), (20), or (21) of section 306(a) of that Act (7 U.S.C. 1926(a));

(C) water or waste disposal grants or direct loans under paragraph (1) or (2) of section 306(a) of that Act (7 U.S.C. 1926(a));

(D) rural water or wastewater technical assistance and training grants under section 306(a)(14) of that Act (7 U.S.C. 1926(a)(14));

(E) emergency community water assistance grants under section 306A of that Act (7 U.S.C. 1926a);

(F) business and industry guaranteed loans authorized under section 310B(a)(1)(A) of that Act (7 U.S.C. 1932(a)(1)(A)); and

(G) solid waste management grants under section 310B(b) of that Act (7 U.S.C. 1932(b)).

(2) LIMITATIONS.—

(A) APPROPRIATED AMOUNTS.—Funds in the Account shall be available to the Secretary to provide funds for pending applications for loans, loan guarantees, and grants described in paragraph (1) only to the extent that funds for the loans, loan guarantees, and grants appropriated in the annual appropriations Act for fiscal year 2002 have been exhausted.

(B) PROGRAM REQUIREMENTS.—The Secretary may use the Account to provide funds

for a pending application for a loan, loan guarantee, or grant described in paragraph (1) only if the Secretary processes, reviews, and approves the application in accordance with regulations in effect on the date of enactment of this Act.

SEC. 604. RURAL ENDOWMENT PROGRAM.

(a) IN GENERAL.—The Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) (as amended by section 602) is amended by adding at the end the following:

"Subtitle I—Rural Endowment Program

"SEC. 385A. PURPOSE.

''The purpose of this subtitle is to provide rural communities with technical and financial assistance to implement comprehensive community development strategies to reduce the economic and social distress resulting from poverty, high unemployment, outmigration, plant closings, agricultural downturn, declines in the natural resource-based economy, or environmental degradation.

"SEC. 385B. DEFINITIONS.

''In this subtitle:

''(1) COMPREHENSIVE COMMUNITY DEVELOPMENT STRATEGY.—The term 'comprehensive com-

munity development strategy' means a community development strategy described in section 385C(e).

"(2) ELIGIBLE RURAL AREA.—

"(A) IN GENERAL.—The term 'eligible rural area' means an area with a population of 25,000 inhabitants or less, as determined by the Secretary using the most recent decennial census.

"(B) EXCLUSIONS.—The term 'eligible rural area' does not include—

"(i) any area designated by the Secretary as a rural empowerment zone or rural enterprise community; or

"(ii) an urbanized area immediately adjacent to an incorporated city or town with a population of more than 25,000 inhabitants.

"(3) ENDOWMENT FUND.—The term 'endowment fund' means a long-term fund that an approved program entity is required to establish under section 385C(f)(3).

"(4) PERFORMANCE-BASED BENCHMARKS.—The term 'performance-based benchmarks' means a set of annualized goals and tasks established by a recipient of a grant under the Program, in collabora-

tion with the Secretary, for the purpose of measuring performance in meeting the comprehensive community development strategy of the recipient.

"(5) PROGRAM.—The term 'Program' means the Rural Endowment Program established under section 385C(a).

"(6) PROGRAM ENTITY.—The term 'program entity' means—

"(A) a private nonprofit community-based development organization;

"(B) a unit of local government (including a multijurisdictional unit of local government);

"(C) an Indian tribe (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b));

"(D) a consortium comprised of an organization described in subparagraph (A) and a unit of local government; or

"(E) a consortium of entities specified in subparagraphs (A) through (D);

that serves an eligible rural area.

"(7) PROGRAM-RELATED INVESTMENT.—The term 'program-related investment' means—

"(A) a loan, loan guarantee, grant, payment of a technical fee, or other expenditure

provided for an affordable housing, community facility, small business, environmental improvement, or other community development project that is part of a comprehensive community development strategy; and

"(B) support services relating to a project described in subparagraph (A).

"SEC. 385C. RURAL ENDOWMENT PROGRAM.

"(a) ESTABLISHMENT.—

"(1) IN GENERAL.—The Secretary may establish a program, to be known as the 'Rural Endowment Program', to provide approved program entities with assistance in developing and implementing comprehensive community development strategies for eligible rural areas.

"(2) PURPOSES.—The purposes of the Program are—

"(A) to enhance the ability of an eligible rural area to engage in comprehensive community development;

"(B) to leverage private and public resources for the benefit of community development efforts in eligible rural areas;

"(C) to make available staff of Federal agencies to directly assist the community devel-

opment efforts of an approved program entity or eligible rural area; and

"(D) to strengthen the asset base of an eligible rural area to further long-term, ongoing community development.

"(b) APPLICATIONS.—

"(1) IN GENERAL.—To receive an endowment grant under the Program, the eligible entity shall submit an application at such time, in such form, and containing such information as the Secretary may require.

"(2) REGIONAL APPLICATIONS.—

"(A) IN GENERAL.—Where appropriate, the Secretary shall encourage regional applications from program entities serving more than 1 eligible rural area.

"(B) CRITERIA FOR APPLICATIONS.—To be eligible for an endowment grant for a regional application, the program entities that submit the application shall demonstrate that—

"(i) a comprehensive community development strategy for the eligible rural areas is best accomplished through a regional approach; and

"(ii) the combined population of the eligible rural areas covered by the comprehensive community development strategy is 75,000 inhabitants or less.

"(C) AMOUNT OF ENDOWMENT GRANTS.—For the purpose of subsection (f)(2), 2 or more program entities that submit a regional application shall be considered to be a single program entity.

"(3) PREFERENCE.—The Secretary shall give preference to a joint application submitted by a private, nonprofit community development corporation and a unit of local government.

"(e) ENTITY APPROVAL.—The Secretary shall approve a program entity to receive grants under the Program, if the program entity meets criteria established by the Secretary, including the following:

"(1) DISTRESSED RURAL AREA.—The program entity shall serve a rural area that suffers from economic or social distress resulting from poverty, high unemployment, outmigration, plant closings, agricultural downturn, declines in the natural resource-based economy, or environmental degradation.

"(2) CAPACITY TO IMPLEMENT STRATEGY.—The program entity shall demonstrate the capacity

to implement a comprehensive community development strategy.

"(3) GOALS.—The goals described in the application submitted under subsection (b) shall be consistent with this section.

"(4) PARTICIPATION PROCESS.—The program entity shall demonstrate the ability to convene and maintain a multi-stakeholder, community-based participation process.

"(d) PLANNING GRANTS TO CONDITIONALLY APPROVED PROGRAM ENTITIES.—

"(1) IN GENERAL.—The Secretary may award supplemental grants to approved program entities to assist the approved program entities in the development of a comprehensive community development strategy under subsection (e).

"(2) ELIGIBILITY FOR SUPPLEMENTAL GRANTS.—In determining whether to award a supplemental grant to an approved program entity, the Secretary shall consider the economic need of the approved program entity.

"(3) LIMITATIONS ON AMOUNT OF GRANTS.—Under this subsection, an approved program entity may receive a supplemental grant in an amount of not more than $100,000.

"(e) ENDOWMENT GRANT AWARD.—

"(1) IN GENERAL.—To be eligible for an endowment grant under the Program, an approved program entity shall develop, and obtain the approval of the Secretary for, a comprehensive community development strategy that—

"(A) is designed to reduce economic or social distress resulting from poverty, high unemployment, outmigration, plant closings, agricultural downturn, declines in the natural resource-based economy, or environmental degradation;

"(B) addresses a broad range of the development needs of a community, including economic, social, and environmental needs, for a period of not less than 10 years;

"(C) is developed with input from a broad array of local governments and business, civic, and community organizations;

"(D) specifies measurable performance-based outcomes for all activities; and

"(E) includes a financial plan for achieving the outcomes and activities of the comprehensive community development strategy that identifies sources for, or a plan to meet, the re-

quirement for a non-Federal share under subsection (f)(4)(B).

"(2) FINAL APPROVAL.—

"(A) IN GENERAL.—An approved program entity shall receive final approval if the Secretary determines that—

"(i) the comprehensive community development strategy of the approved program entity meets the requirements of this section;

"(ii) the management and organizational structure of the approved program entity is sufficient to oversee fund and development activities;

"(iii) the approved program entity has established an endowment fund; and

"(iv) the approved program entity will be able to provide the non-Federal share required under subsection (f)(4)(B).

"(B) CONDITIONS.—As part of the final approval, the approved program entity shall agree to—

"(i) achieve, to the maximum extent practicable, performance-based benchmarks; and

"(ii) comply with the terms of the comprehensive community development strategy for a period of not less than 10 years.

"(f) ENDOWMENT GRANTS.—

"(1) IN GENERAL.—Under the Program, the Secretary may make endowment grants to approved program entities with final approval to implement an approved comprehensive community development strategy.

"(2) AMOUNT OF GRANTS.—An endowment grant to an approved program entity shall be in an amount of not more than $6,000,000, as determined by the Secretary based on—

"(A) the size of the population of the eligible rural area for which the endowment grant is to be used;

"(B) the size of the eligible rural area for which the endowment grant is to be used;

"(C) the extent of the comprehensive community development strategy to be implemented using the endowment grant award; and

"(D) the extent to which the community suffers from economic or social distress resulting from—

"(i) poverty;

"(ii) high unemployment;

"(iii) outmigration;

"(iv) plant closings;

"(v) agricultural downturn;

"(vi) declines in the natural resource-based economy; or

"(vii) environmental degradation.

"(3) ENDOWMENT FUNDS.—

"(A) ESTABLISHMENT.—On notification from the Secretary that the program entity has been approved under subsection (c), the approved program entity shall establish an endowment fund.

"(B) FUNDING OF ENDOWMENT.—Federal funds provided in the form of an endowment grant under the Program shall—

"(i) be deposited in the endowment fund;

"(ii) be the sole property of the approved program entity;

"(iii) be used in a manner consistent with this subtitle; and

"(iv) be subject to oversight by the Secretary for a period of not more than 10 years.

"(C) INTEREST.—Interest earned on Federal funds in the endowment fund shall be—

"(i) retained by the grantee; and

"(ii) treated as Federal funds are treated under subparagraph (B).

"(D) LIMITATION.—The Secretary shall promulgate regulations on matching funds and returns on program-related investments only to the extent that such funds or proceeds are used in a manner consistent with this subtitle.

"(4) CONDITIONS.—

"(A) DISBURSEMENT.—

"(i) IN GENERAL.—Each endowment grant award shall be disbursed during a period not to exceed 5 years beginning during the fiscal year containing the date of final approval of the approved program entity under subsection (e)(3).

"(ii) MANNER OF DISBURSEMENT.—Subject to subparagraph (B), the Secretary may disburse a grant award in 1

lump sum or in incremental disbursements made each fiscal year.

"(iii) INCREMENTAL DISBURSEMENTS.—If the Secretary elects to make incremental disbursements, for each fiscal year after the initial disbursement, the Secretary shall make a disbursement under clause (i) only if the approved program entity—

"(I) has met the performance-based benchmarks of the approved program entity for the preceding fiscal year; and

"(II) has provided the non-Federal share required for the preceding fiscal year under subparagraph (B).

"(iv) ADVANCE DISBURSEMENTS.—The Secretary may make disbursements under this paragraph notwithstanding any provision of law limiting grant disbursements to amounts necessary to cover expected expenses on a term basis.

"(B) NON-FEDERAL SHARE.—

"(i) IN GENERAL.—Except as provided in clause (ii), for each disbursement

under subparagraph (A), the Secretary shall require the approved program entity to provide a non-Federal share in an amount equal to 50 percent of the amount of funds received by the approved program entity under the disbursement.

"(ii) LOWER NON-FEDERAL SHARE.—In the case of an approved program entity that serves a small, poor rural area (as determined by the Secretary), the Secretary may—

"(I) reduce the non-Federal share to not less than 20 percent; and

"(II) allow the non-Federal share to be provided in the form of in-kind contributions.

"(iii) BINDING COMMITMENTS; PLAN.—For the purpose of meeting the non-Federal share requirement with respect to the first disbursement of an endowment grant award to the approved program entity under the Program, an approved program entity shall—

"(I) have, at a minimum, binding commitments to provide the non-Fed-

eral share required with respect to the first disbursement of the endowment grant award; and

"(II) if the Secretary is making incremental disbursements of a grant, develop a viable plan for providing the remaining amount of the required non-Federal share.

"(C) LIMITATIONS.—

"(i) IN GENERAL.—Subject to clause (ii), of each disbursement, an approved program entity shall use—

"(I) not more than 10 percent for administrative costs of carrying out program-related investments;

"(II) not more than 20 percent for the purpose of maintaining a loss reserve account; and

"(III) the remainder for program-related investments contained in the comprehensive community development strategy.

"(ii) LOSS RESERVE ACCOUNT.—If all disbursed funds available under a grant are expended in accordance with clause (i)

and the grant recipient has no expected losses to cover for a fiscal year, the recipient may use funds in the loss reserve account described in clause (i)(II) for program-related investments described in clause (i)(III) for which no reserve for losses is required.

''(g) FEDERAL AGENCY ASSISTANCE.—Under the Program, the Secretary shall provide and coordinate technical assistance for grant recipients by designated field staff of Federal agencies.

''(h) PRIVATE TECHNICAL ASSISTANCE.—

''(1) IN GENERAL.—Under the Program, the Secretary may make grants to qualified intermediaries to provide technical assistance and capacity building to approved program entities under the Program.

''(2) DUTIES.—A qualified intermediary that receives a grant under this subsection shall—

''(A) provide assistance to approved program entities in developing, coordinating, and overseeing investment strategy;

''(B) provide technical assistance in all aspects of planning, developing, and managing the Program; and

"(C) facilitate Federal and private sector involvement in rural community development.

"(3) ELIGIBILITY.—To be considered a qualified intermediary under this subsection, an intermediary shall—

"(A) be a private, nonprofit community development organization;

"(B) have expertise in Federal or private rural community development policy or programs; and

"(C) have experience in providing technical assistance, planning, and capacity building assistance to rural communities and nonprofit entities in eligible rural areas.

"(4) MAXIMUM AMOUNT OF GRANTS.—A qualified intermediary may receive a grant under this subsection of not more than $100,000.

"(5) FUNDING.—Of the amounts made available under section 385D, the Secretary may use to carry out this subsection not more than $2,000,000 for each of not more than 2 fiscal years.

"SEC. 385D. FUNDING.

"(a) FISCAL YEARS 2002 AND 2003.—

"(1) IN GENERAL.—Not later than 30 days after the date of enactment of this subtitle, out of

any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture to carry out this subtitle $82,000,000 for the period of fiscal years 2002 and 2003, to remain available until expended.

"(2) SCHEDULE FOR OBLIGATIONS.—Of the amounts made available under paragraph (1)—

"(A) not more than $5,000,000 shall be obligated to carry out section 385C(d);

"(B) not less than $75,000,000 shall be obligated to carry out section 385C(f); and

"(C) not less than $2,000,000 shall be obligated to carry out section 385C(h).

"(3) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this subtitle the funds transferred under paragraph (1), without further appropriation.

"(b) FISCAL YEARS 2004 THROUGH 2006.—There are authorized to be appropriated such sums as are necessary to carry out this subtitle for each of fiscal years 2004 through 2006.".

SEC. 605. ENHANCEMENT OF ACCESS TO BROADBAND SERVICE IN RURAL AREAS.

The Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.) is amended by adding at the end the following:

"TITLE VI—RURAL BROADBAND ACCESS

"SEC. 601. ACCESS TO BROADBAND TELECOMMUNICATIONS SERVICES IN RURAL AREAS.

"(a) PURPOSE.—The purpose of this section is to provide grants, loans, and loan guarantees to provide funds for the costs of the construction, improvement, and acquisition of facilities and equipment for broadband service in eligible rural communities.

"(b) DEFINITIONS.—In this section:

"(1) BROADBAND SERVICE.—The term 'broadband service' means any technology identified by the Secretary as having the capacity to transmit data to enable a subscriber to the service to originate and receive high-quality voice, data, graphics, or video.

"(2) ELIGIBLE RURAL COMMUNITY.—The term 'eligible rural community' means any incorporated or unincorporated place that—

"(A) has not more than 20,000 inhabitants, based on the most recent available popu-

lation statistics of the Bureau of the Census; and

"(B) is not located in an area designated as a standard metropolitan statistical area.

"(c) GRANTS.—The Secretary shall make grants to eligible entities described in subsection (e) to provide funds for the construction, improvement, or acquisition of facilities and equipment for the provision of broadband service in eligible rural communities.

"(d) LOANS AND LOAN GUARANTEES.—The Secretary shall make or guarantee loans to eligible entities described in subsection (e) to provide funds for the construction, improvement, or acquisition of facilities and equipment for the provision of broadband service in eligible rural communities.

"(e) ELIGIBLE ENTITIES.—To be eligible to obtain a grant under this section, an entity must—

"(1) be eligible to obtain a loan or loan guarantee to furnish, improve, or extend a rural telecommunications service under this Act; and

"(2) submit to the Secretary a proposal for a project that meets the requirements of this section.

"(f) BROADBAND SERVICE.—The Secretary shall, from time to time as advances in technology warrant, review and recommend modifications of rate-of-data trans-

mission criteria for purposes of the identification of broadband service technologies under subsection (b)(1).

"(g) TECHNOLOGICAL NEUTRALITY.—For purposes of determining whether or not to make a grant, loan, or loan guarantee for a project under this section, the Secretary shall not take into consideration the type of technology proposed to be used under the project.

"(h) TERMS AND CONDITIONS FOR LOANS AND LOAN GUARANTEES.—A loan or loan guarantee under subsection (d) shall—

"(1) be made available in accordance with the requirements of the Federal Credit Reform Act of 1990 (2 U.S.C. 661 et seq.);

"(2) bear interest at an annual rate of, as determined by the Secretary—

"(A) 4 percent per annum; or

"(B) the current applicable market rate; and

"(3) have a term not to exceed the useful life of the assets constructed, improved, or acquired with the proceeds of the loan or extension of credit.

"(i) USE OF LOAN PROCEEDS TO REFINANCE LOANS FOR DEPLOYMENT OF BROADBAND SERVICE.—Notwithstanding any other provision of this Act, the proceeds of any loan made by the Secretary under this Act may be

used by the recipient of the loan for the purpose of refinancing an outstanding obligation of the recipient on another telecommunications loan made under this Act if the use of the proceeds for that purpose will further the construction, improvement, or acquisition of facilities and equipment for the provision of broadband service in eligible rural communities.

"(j) FUNDING.—

"(1) IN GENERAL.—Not later than 30 days after the date of enactment of this Act, and on October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture to carry out this section $100,000,000, to remain available until expended.

"(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under paragraph (1), without further appropriation.

"(3) ALLOCATION OF FUNDS.—

"(A) IN GENERAL.—From amounts made available for each fiscal year under paragraph (1), the Secretary shall—

"(i) establish a national reserve for grants, loans, and loan guarantees to eligible entities in States under this section; and

"(ii) allocate amounts in the reserve to each State for each fiscal year for grants, loans, and loan guarantees to eligible entities in the State.

"(B) AMOUNT.—The amount of an allocation made to a State for a fiscal year under subparagraph (A) shall bear the same ratio to the amount of allocations made for all States for the fiscal year as the number of communities with a population of 2,500 inhabitants or less in the State bears to the number of communities with a population of 2,500 inhabitants or less in all States, as determined on the basis of the last available census.

"(C) UNOBLIGATED AMOUNTS.—Any amounts in the reserve established for a State for a fiscal year under subparagraph (B) that are not obligated by April 1 of the fiscal year shall be available to the Secretary to make grants, loans, and loan guarantees under this

section to eligible entities in any State, as determined by the Secretary.

''(k) TERMINATION OF AUTHORITY.—

''(1) IN GENERAL.—No grant, loan, or loan guarantee may be made under this section after September 30, 2006.

''(2) EFFECT ON VALIDITY OF GRANT, LOAN, OR LOAN GUARANTEE.—Notwithstanding paragraph (1), any grant, loan, or loan guarantee made under this section before the date specified in paragraph (1) shall be valid.''.

SEC. 606. VALUE-ADDED AGRICULTURAL PRODUCT MARKET DEVELOPMENT GRANTS.

Section 231 of the Agricultural Risk Protection Act of 2000 (7 U.S.C. 1621 note; Public Law 106–224) is amended—

(1) by redesignating subsections (b) through (d) as subsections (c) through (e), respectively;

(2) by striking subsection (a) and inserting the following:

''(a) DEFINITION OF VALUE-ADDED AGRICULTURAL PRODUCT.—The term 'value-added agricultural product' means any agricultural commodity or product that—

''(1)(A) has undergone a change in physical state; or

"(B) was produced in a manner that enhances the value of the agricultural commodity or product, as demonstrated through a business plan that shows the enhanced value, as determined by the Secretary; and

"(2) as a result of the change in physical state or the manner in which the agricultural commodity or product was produced—

"(A) the customer base for the agricultural commodity or product has been expanded; and

"(B) a greater portion of the revenue derived from the processing of the agricultural commodity or product is available to the producer of the commodity or product.

"(b) GRANT PROGRAM.—

"(1) PURPOSES.—The purposes of this subsection are—

"(A) to increase the share of the food and agricultural system profit received by agricultural producers;

"(B) to increase the number and quality of rural self-employment opportunities in agriculture and agriculturally-related businesses and the number and quality of jobs in agriculturally-related businesses;

"(C) to help maintain a diversity of size in farms and ranches by stabilizing the number of small and mid-sized farms;

"(D) to increase the diversity of food and other agricultural products available to consumers, including nontraditional crops and products and products grown or raised in a manner that enhances the value of the products to the public; and

"(E) to conserve and enhance the quality of land, water, and energy resources, wildlife habitat, and other landscape values and amenities in rural areas.

"(2) GRANTS.—From amounts made available under paragraph (6), the Secretary shall make award competitive grants—

"(A) to an eligible independent producer (as determined by the Secretary) of a value-added agricultural product to assist the producer—

"(i) to develop a business plan for viable marketing opportunities for the value-added agricultural product; or

"(ii) to develop strategies that are intended to create marketing opportunities for the producer; and

"(B) to an eligible nonprofit entity (as determined by the Secretary) to assist the entity—

"(i) to develop a business plan for viable marketing opportunities in emerging markets for a value-added agricultural product; or

"(ii) to develop strategies that are intended to create marketing opportunities in emerging markets for the value-added agricultural product.

"(3) AMOUNT OF GRANT.—

"(A) IN GENERAL.—The total amount provided under this subsection to a grant recipient may not exceed $500,000.

"(B) PRIORITY.—The Secretary shall give priority to grant proposals for less than $200,000 submitted under this subsection.

"(4) GRANTEE STRATEGIES.—A grantee under paragraph (2) shall use the grant—

"(A) to develop a business plan or perform a feasibility study to establish a viable mar-

keting opportunity for a value-added agricultural product; or

"(B) to provide capital to establish alliances or business ventures that allow the producer of the value-added agricultural product to better compete in domestic or international markets.

"(5) GRANTS FOR MARKETING OR PROCESSING CERTIFIED ORGANIC AGRICULTURAL PRODUCTS.—

"(A) IN GENERAL.—Out of any amount that is made available to the Secretary for a fiscal year under paragraph (2), the Secretary shall use not less than 5 percent of the amount for grants to assist producers of certified organic agricultural products in post-farm marketing or processing of the products through a business or cooperative ventures that—

"(i) expand the customer base of the certified organic agricultural products; and

"(ii) increase the portion of product revenue available to the producers.

"(B) CERTIFIED ORGANIC AGRICULTURAL PRODUCT.—For the purposes of this paragraph, a certified organic agricultural product does not have to meet the requirements of the definition

of 'value-added agricultural product' under subsection (a).

"(C) INSUFFICIENT APPLICATIONS.—If, for any fiscal year, the Secretary receives an insufficient quantity of applications for grants described in subparagraph (A) to use the funds reserved under subparagraph (A), the Secretary may use the excess reserved funds to make grants for any other purpose authorized under this subsection.

"(6) FUNDING.—

"(A) IN GENERAL.—Not later than 30 days after the date of enactment of this paragraph, and on October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture to carry out this subsection $75,000,000, to remain available until expended.

"(B) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this subsection the funds transferred under subparagraph (A), without further appropriation.";

(3) in subsection (c)(1) (as redesignated)—

(A) by striking ''subsection (a)(2)'' and inserting ''subsection (b)(2)'';

(B) by striking ''$5,000,000'' and inserting ''7.5 percent''; and

(C) by striking ''subsection (a)'' and inserting ''subsection (b)''; and

(4) in subsection (d) (as redesignated), by striking ''subsections (a) and (b)'' and inserting ''subsections (b) and (c)''.

SEC. 607. NATIONAL RURAL DEVELOPMENT INFORMATION CLEARINGHOUSE.

Section 2381 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 3125b) is amended to read as follows:

''SEC. 2381. NATIONAL RURAL DEVELOPMENT INFORMATION CLEARINGHOUSE.

''(a) ESTABLISHMENT.—The Secretary shall establish and maintain, within the rural development mission area of the Department of Agriculture, a National Rural Development Information Clearinghouse (referred to in this section as the 'Clearinghouse') to perform the functions specified in subsection (b).

''(b) FUNCTIONS.—The Clearinghouse shall collect information and data from, and disseminate information

and data to, any person or public or private entity about programs and services provided by Federal, State, local, and tribal agencies, institutions of higher education, and private, for-profit, and nonprofit organizations and institutions under which a person or public or private entity residing or operating in a rural area may be eligible for any kind of financial, technical, or other assistance, including business, venture capital, economic, credit and community development assistance, health care, job training, education, and emotional and financial counseling.

"(c) MODES OF COLLECTION AND DISSEMINATION OF INFORMATION.—In addition to other modes for the collection and dissemination of the types of information and data specified under subsection (b), the Secretary shall ensure that the Clearinghouse maintains an Internet website that provides for dissemination and collection, through voluntary submission or posting, of the information and data.

"(d) FEDERAL AGENCIES.—On request of the Secretary and to the extent permitted by law, the head of a Federal agency shall provide to the Clearinghouse such information as the Secretary may request to enable the Clearinghouse to carry out this section.

"(e) STATE, LOCAL, AND TRIBAL AGENCIES, INSTITUTIONS OF HIGHER EDUCATION, AND NONPROFIT AND

FOR-PROFIT ORGANIZATIONS.—The Secretary shall request State, local, and tribal agencies, institutions of higher education, and private, for-profit, and nonprofit organizations and institutions to provide to the Clearinghouse information concerning applicable programs or services described in subsection (b).

''(f) PROMOTION OF CLEARINGHOUSE.—The Secretary prominently shall promote the existence and availability of the Clearinghouse in all activities of the Department of Agriculture relating to rural areas of the United States.

''(g) FUNDING.—

''(1) IN GENERAL.—Subject to paragraph (2), the Secretary shall use to operate and maintain the Clearinghouse not more than $600,000 of the funds available to the Rural Housing Service, the Rural Utilities Service, and the Rural Business-Cooperative Service for each fiscal year.

''(2) LIMITATION.—Funds available to the Rural Housing Service, the Rural Utilities Service, and the Rural Business-Cooperative Service for the payment of loan costs (as defined in section 502 of Federal Credit Reform Act of 1990 (2 U.S.C. 661a)) shall not be used to operate and maintain the Clearinghouse.''.

Subtitle B—National Rural Development Partnership

SEC. 611. SHORT TITLE.

This subtitle may be cited as the ''National Rural Development Partnership Act of 2001''.

SEC. 612. NATIONAL RURAL DEVELOPMENT PARTNERSHIP.

Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981 et seq.) is amended by adding at the end the following:

''SEC. 377. NATIONAL RURAL DEVELOPMENT PARTNERSHIP.

''(a) DEFINITIONS.—In this section:

''(1) AGENCY WITH RURAL RESPONSIBILITIES.—The term 'agency with rural responsibilities' means any executive agency (as defined in section 105 of title 5, United States Code) that—

''(A) implements Federal law targeted at rural areas, including—

''(i) the Act of April 24, 1950 (commonly known as the 'Granger-Thye Act') (64 Stat. 82, chapter 9);

''(ii) the Intergovernmental Cooperation Act of 1968 (82 Stat. 1098);

''(iii) section 41742 of title 49, United States Code;

"(iv) the Rural Development Act of 1972 (86 Stat. 657);

"(v) the Rural Development Policy Act of 1980 (94 Stat. 1171);

"(vi) the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.);

"(vii) amendments made to section 334 of the Public Health Service Act (42 U.S.C. 254g) by the Rural Health Clinics Act of 1983 (97 Stat. 1345); and

"(viii) the Rural Housing Amendments of 1983 (97 Stat. 1240) and the amendments made by the Rural Housing Amendments of 1983 to title V of the Housing Act of 1949 (42 U.S.C. 1471 et seq.); or

"(B) administers a program that has a significant impact on rural areas, including—

"(i) the Appalachian Regional Commission;

"(ii) the Department of Agriculture;

"(iii) the Department of Commerce;

"(iv) the Department of Defense;

"(v) the Department of Education;

"(vi) the Department of Energy;

"(vii) the Department of Health and Human Services;

"(viii) the Department of Housing and Urban Development;

"(ix) the Department of the Interior;

"(x) the Department of Justice;

"(xi) the Department of Labor;

"(xii) the Department of Transportation;

"(xiii) the Department of the Treasury;

"(xiv) the Department of Veterans Affairs;

"(xv) the Environmental Protection Agency;

"(xvi) the Federal Emergency Management Administration;

"(xvii) the Small Business Administration;

"(xviii) the Social Security Administration;

"(xix) the Federal Reserve System;

"(xx) the United States Postal Service;

"(xxi) the Corporation for National Service;

"(xxii) the National Endowment for the Arts and the National Endowment for the Humanities; and

"(xxiii) other agencies, commissions, and corporations.

"(2) COORDINATING COMMITTEE.—The term 'Coordinating Committee' means the National Rural Development Coordinating Committee established by subsection (c).

"(3) PARTNERSHIP.—The term 'Partnership' means the National Rural Development Partnership continued by subsection (b).

"(4) STATE RURAL DEVELOPMENT COUNCIL.—The term 'State rural development council' means a State rural development council that meets the requirements of subsection (d).

"(b) PARTNERSHIP.—

"(1) IN GENERAL.—The Secretary shall continue the National Rural Development Partnership composed of—

"(A) the Coordinating Committee; and

"(B) State rural development councils.

"(2) PURPOSES.—The purposes of the Partnership are—

"(A) to empower and build the capacity of States and rural communities within States to design unique responses to their own special rural development needs, with local determinations of progress and selection of projects and activities;

"(B) to encourage participants to be flexible and innovative in establishing new partnerships and trying fresh, new approaches to rural development issues, with responses to rural development that use different approaches to fit different situations; and

"(C) to encourage all partners in the Partnership (Federal, State, local, and tribal governments, the private sector, and nonprofit organizations) to be fully engaged and share equally in decisions.

"(3) GOVERNING PANEL.—

"(A) IN GENERAL.—A panel consisting of representatives of the Coordinating Committee and State rural development councils shall be established to lead and coordinate the strategic

operation, policies, and practices of the Partnership.

"(B) ANNUAL REPORTS.—In conjunction with the Coordinating Committee and State rural development councils, the panel shall prepare and submit to Congress an annual report on the activities of the Partnership.

"(4) ROLE OF FEDERAL GOVERNMENT.—The role of the Federal Government in the Partnership shall be that of a partner and facilitator, with Federal agencies authorized—

"(A) to cooperate with States to implement the Partnership;

"(B) to provide States with the technical and administrative support necessary to plan and implement tailored rural development strategies to meet local needs;

"(C) to ensure that the head of each agency referred to in subsection (a)(1)(B) designates a senior-level agency official to represent the agency on the Coordinating Committee and directs appropriate field staff to participate fully with the State rural development council within the jurisdiction of the field staff; and

"(D) to enter into cooperative agreements with, and to provide grants and other assistance to, State rural development councils.

"(5) ROLE OF PRIVATE AND NONPROFIT SECTOR ORGANIZATIONS.—Private and nonprofit sector organizations are encouraged—

"(A) to act as full partners in the Partnership and State rural development councils; and

"(B) to cooperate with participating government organizations in developing innovative approaches to the solution of rural development problems.

"(c) NATIONAL RURAL DEVELOPMENT COORDINATING COMMITTEE.—

"(1) ESTABLISHMENT.—The Secretary shall establish a National Rural Development Coordinating Committee.

"(2) COMPOSITION.—The Coordinating Committee shall be composed of—

"(A) 1 representative of each agency with rural responsibilities that elects to participate in the Coordinating Committee; and

"(B) representatives, approved by the Secretary, of—

"(i) national associations of State, regional, local, and tribal governments and intergovernmental and multijurisdictional agencies and organizations;

"(ii) national public interest groups;

"(iii) other national nonprofit organizations that elect to participate in the activities of the Coordinating Committee; and

"(iv) the private sector.

"(3) DUTIES.—The Coordinating Committee shall—

"(A) provide support for the work of the State rural development councils;

"(B) facilitate coordination among Federal programs and activities, and with State, local, tribal, and private programs and activities, affecting rural development;

"(C) enhance the effectiveness, responsiveness, and delivery of Federal programs in rural areas;

"(D) gather and provide to Federal authorities information and input for the development and implementation of Federal programs impacting rural economic and community development;

"(E) notwithstanding any other provision of law, review and comment on policies, regulations, and proposed legislation that affect or would affect rural areas;

"(F) provide technical assistance to State rural development councils for the implementation of Federal programs;

"(G) notwithstanding any other provision of law, develop and facilitate strategies to reduce or eliminate administrative and regulatory impediments; and

"(H) require each State receiving funds under this section to submit an annual report on the use of the funds by the State, including a description of strategic plans, goals, performance measures, and outcomes for the State rural development council of the State.

"(4) ELECTION NOT TO PARTICIPATE.—An agency with rural responsibilities that elects not to participate in the Partnership and the Coordinating Committee shall submit to Congress a report that describes—

"(A) how the programmatic responsibilities of the Federal agency that target or have an impact on rural areas are better achieved with-

out participation by the agency in the Partnership; and

"(B) a more effective means of partnership-building and collaboration to achieve the programmatic responsibilities of the agency.

"(d) STATE RURAL DEVELOPMENT COUNCILS.—

"(1) ESTABLISHMENT.—Notwithstanding chapter 63 of title 31, United States Code, each State may elect to participate in the Partnership by entering into an agreement with the Secretary to establish a State rural development council.

"(2) STATE DIVERSITY.—Each State rural development council shall—

"(A) have a nonpartisan membership that is broad and representative of the economic, social, and political diversity of the State; and

"(B) carry out programs and activities in a manner that reflects the diversity of the State.

"(3) DUTIES.—A State rural development council shall—

"(A) facilitate collaboration among Federal, State, local, and tribal governments and the private and nonprofit sectors in the planning and implementation of programs and poli-

cies that target or have an impact on rural areas of the State;

"(B) enhance the effectiveness, responsiveness, and delivery of Federal and State programs in rural areas of the State;

"(C) gather and provide to the Coordinating Committee and other appropriate organizations information on the condition of rural areas in the State;

"(D) monitor and report on policies and programs that address, or fail to address, the needs of the rural areas of the State;

"(E) provide comments to the Coordinating Committee and other appropriate organizations on policies, regulations, and proposed legislation that affect or would affect the rural areas of the State;

"(F) notwithstanding any other provision of law, in conjunction with the Coordinating Committee, facilitate the development of strategies to reduce or eliminate conflicting or duplicative administrative or regulatory requirements of Federal, State, local, and tribal governments;

"(G) use grant or cooperative agreement funds provided by the Partnership under an

agreement entered into under paragraph (1) to—

"(i) retain an Executive Director and such support staff as are necessary to facilitate and implement the directives of the State rural development council; and

"(ii) pay expenses associated with carrying out subparagraphs (A) through (F); and

"(H)(i) provide to the Coordinating Committee an annual plan with goals and performance measures; and

"(ii) submit to the Coordinating Committee an annual report on the progress of the State rural development council in meeting the goals and measures.

"(4) AUTHORITIES.—A State rural development council may—

"(A) solicit funds to supplement and match funds provided under paragraph (3)(G); and

"(B) engage in activities, in addition to those specified in paragraph (3), appropriate to accomplish the purposes for which the State rural development council is established.

"(5) COMMENTS OR RECOMMENDATIONS.—A State rural development council may provide comments and recommendations to an agency with rural responsibilities related to the activities of the State rural development council within the State.

"(6) ACTIONS OF STATE RURAL DEVELOPMENT COUNCIL MEMBERS.—When carrying out a program or activity authorized by a State rural development council or this subtitle, a member of the council shall be regarded as a full-time employee of the Federal Government for purposes of chapter 171 of title 28, United States Code, and the Federal Advisory Committee Act (5 U.S.C. App.).

"(7) FEDERAL PARTICIPATION IN STATE RURAL DEVELOPMENT COUNCILS.—

"(A) IN GENERAL.—The State Director for Rural Development of a State, other employees of the Department of Agriculture, and employees of other Federal agencies that elect to participate in the Partnership shall fully participate in the governance and operations of State rural development councils on an equal basis with other members of the State rural development councils.

"(B) CONFLICTS.—A Federal employee who participates in a State rural development council shall not participate in the making of any council decision if the agency represented by the Federal employee has any financial or other interest in the outcome of the decision.

"(C) FEDERAL GUIDANCE.—The Office of Government Ethics, in consultation with the Attorney General, shall issue guidance to all Federal employees that participate in State rural development councils that describes specific decisions that—

"(i) would constitute a conflict of interest for the Federal employee; and

"(ii) from which the Federal employee must recuse himself or herself.

"(e) ADMINISTRATIVE SUPPORT OF THE PARTNERSHIP.—

"(1) DETAIL OF EMPLOYEES.—

"(A) IN GENERAL.—In order to provide experience in intergovernmental collaboration, the head of an agency with rural responsibilities that elects to participate in the Partnership may, and is encouraged to, detail an employee of the agency with rural responsibilities to the

Partnership without reimbursement for a period of up to 12 months.

"(B) CIVIL SERVICE STATUS.—The detail shall be without interruption or loss of civil service status or privilege.

"(2) ADDITIONAL SUPPORT.—The Secretary shall provide for any additional support staff to the Partnership as the Secretary determines to be necessary to carry out the duties of the Partnership.

"(f) FUNDING.—

"(1) AUTHORIZATION OF APPROPRIATIONS.—

"(A) IN GENERAL.—There are authorized to be appropriated such sums as are necessary to carry out this section.

"(B) AMOUNT OF FINANCIAL ASSISTANCE.—In providing financial assistance to State rural development councils, the Secretary and heads of other Federal agencies shall provide assistance that, to the maximum extent practicable, is—

"(i) uniform in amount; and

"(ii) targeted to newly created State rural development councils.

"(C) FEDERAL SHARE.—The Secretary shall develop a plan to decrease, over time, the

Federal share of the cost of the core operations of State rural development councils.

"(2) FEDERAL AGENCIES.—

"(A) IN GENERAL.—Notwithstanding any other provision of law limiting the ability of an agency to provide funds to the Partnership with other agencies, in order to carry out the purposes described in subsection (b)(2), the Partnership shall be eligible to receive grants, gifts, contributions, or technical assistance from, or enter into contracts with, any Federal agency.

"(B) ASSISTANCE.—Federal agencies are encouraged to use funds made available for programs that target or have an impact on rural areas to provide assistance to, and enter into contracts with, the Partnership, as described in subparagraph (A).

"(3) CONTRIBUTIONS.—The Partnership may accept private contributions.

"(4) FEDERAL FINANCIAL SUPPORT FOR STATE RURAL DEVELOPMENT COUNCILS.—Notwithstanding any other provision of law, a Federal agency may use funds made available under paragraph (1) or (2) to enter into a cooperative agreement, contract, or other agreement with a State rural development

council to support the core operations of the State rural development council, regardless of the legal form of organization of the State rural development council.

"(g) MATCHING REQUIREMENTS FOR STATE RURAL DEVELOPMENT COUNCILS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), a State rural development council shall provide matching funds, or in-kind goods or services, to support the activities of the State rural development council in an amount that is not less than 33 percent of the amount of Federal funds received under an agreement under subsection (d)(1).

"(2) EXCEPTIONS TO MATCHING REQUIREMENT FOR CERTAIN FEDERAL FUNDS.—Paragraph (1) shall not apply to funds, grants, funds provided under contracts or cooperative agreements, gifts, contributions, or technical assistance received by a State rural development council from a Federal agency that are used—

"(A) to support 1 or more specific program or project activities; or

"(B) to reimburse the State rural development council for services provided to the Federal agency providing the funds, grants, funds

provided under contracts or cooperative agreements, gifts, contributions, or technical assistance.

''(h) TERMINATION.—The authority provided under this section shall terminate on the date that is 5 years after the date of enactment of this section.''.

Subtitle C—Consolidated Farm and Rural Development Act

SEC. 621. WATER OR WASTE DISPOSAL GRANTS.

Section 306(a)(2) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(2)) is amended—

(1) by striking ''(2) The'' and inserting the following:

''(2) WATER, WASTE DISPOSAL, AND WASTEWATER FACILITY GRANTS.—

''(A) AUTHORITY.—

''(i) IN GENERAL.—The'';

(2) by striking ''$590,000,000'' and inserting ''$1,500,000,000'';

(3) by striking ''The amount'' and inserting the following:

''(ii) AMOUNT.—The amount'';

(4) by striking ''paragraph'' and inserting ''subparagraph'';

(5) by striking ''The Secretary shall'' and inserting the following:

''(iii) GRANT RATE.—The Secretary shall''; and

(6) by adding at the end the following:

''(B) REVOLVING FUNDS FOR FINANCING WATER AND WASTEWATER PROJECTS.—

''(i) IN GENERAL.—The Secretary may make grants to qualified private, nonprofit entities to capitalize revolving funds for the purpose of providing loans to eligible borrowers for—

''(I) predevelopment costs associated with proposed water and wastewater projects or with existing water and wastewater systems; and

''(II) short-term costs incurred for replacement equipment, small-scale extension services, or other small capital projects that are not part of the regular operations and maintenance activities of existing water and wastewater systems.

"(ii) ELIGIBLE BORROWERS.—To be eligible to obtain a loan from a revolving fund under clause (i), a borrower shall be eligible to obtain a loan, loan guarantee, or grant under paragraph (1) or this paragraph.

"(iii) MAXIMUM AMOUNT OF LOANS.—The amount of a loan made to an eligible borrower under this subparagraph shall not exceed—

"(I) $100,000 for costs described in clause (i)(I); and

"(II) $100,000 for costs described in clause (i)(II).

"(iv) TERM.—The term of a loan made to an eligible borrower under this subparagraph shall not exceed 10 years.

"(v) ADMINISTRATION.—The Secretary shall limit the amount of grant funds that may be used by a grant recipient for administrative costs incurred under this subparagraph.

"(vi) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subparagraph

$30,000,000 for each of fiscal years 2002 through 2006.''.

SEC. 622. RURAL BUSINESS OPPORTUNITY GRANTS.

Section 306(a)(11)(D) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(11)(D)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 623. RURAL WATER AND WASTEWATER CIRCUIT RIDER PROGRAM.

Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) is amended by added at the end the following:

''(22) RURAL WATER AND WASTEWATER CIRCUIT RIDER PROGRAM.—

''(A) IN GENERAL.—The Secretary shall establish a national rural water and wastewater circuit rider program that is based on the rural water circuit rider program of the National Rural Water Association that (as of the date of enactment of this paragraph) receives funding from the Secretary, acting through the Rural Utilities Service.

''(B) RELATIONSHIP TO EXISTING PROGRAM.—The program established under subparagraph (A) shall not affect the authority of the Secretary to carry out the circuit rider pro-

gram for which funds are made available under the heading ''RURAL COMMUNITY ADVANCEMENT PROGRAM'' of title III of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2002.

''(C) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this paragraph $15,000,000 for each of fiscal years 2003 through 2006.''.

SEC. 624. MULTIJURISDICTIONAL REGIONAL PLANNING ORGANIZATIONS.

Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) (as amended by section 623) is amended by added at the end the following:

''(23) MULTIJURISDICTIONAL REGIONAL PLANNING ORGANIZATIONS.—

''(A) GRANTS.—The Secretary shall provide grants to multijurisdictional regional planning and development organizations to pay the Federal share of the cost of providing assistance to local governments to improve the infrastructure, services, and business development capabilities of local governments and local economic development organizations.

"(B) PRIORITY.—In determining which organizations will receive a grant under this paragraph, the Secretary shall provide a priority to an organization that—

"(i) serves a rural area that, during the most recent 5-year period—

"(I) had a net out-migration of inhabitants, or other population loss, from the rural area that equals or exceeds 5 percent of the population of the rural area; or

"(II) had a median household income that is less than the nonmetropolitan median household income of the applicable State; and

"(ii) has a history of providing substantive assistance to local governments and economic development organizations.

"(C) FEDERAL SHARE.—A grant provided under this paragraph shall be for not more than 75 percent of the cost of providing assistance described in subparagraph (A).

"(D) MAXIMUM AMOUNT OF GRANTS.—The amount of a grant provided to an organiza-

tion under this paragraph shall not exceed $100,000.

"(E) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this paragraph $30,000,000 for each of fiscal years 2003 through 2006.".

SEC. 625. CERTIFIED NONPROFIT ORGANIZATIONS SHARING EXPERTISE.

Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) (as amended by section 624) is amended by added at the end the following:

"(24) CERTIFIED NONPROFIT ORGANIZATIONS SHARING EXPERTISE.—

"(A) CERTIFIED ORGANIZATIONS.—

"(i) IN GENERAL.—To be certified by the Secretary to provide technical assistance in 1 or more rural development fields, an organization shall—

"(I) be a nonprofit organization (which may include an institution of higher education) with experience in providing technical assistance in the applicable rural development field;

"(II) develop a plan, approved by the Secretary, describing the manner

in which grant funds will be used and the source of non-Federal funds; and

"(III) meet such other criteria as the Secretary may establish, based on the needs of eligible entities for the technical assistance.

"(iii) LIST.—The Secretary shall make available to the public a list of certified organizations in each area that the Secretary determines have substantial experience in providing the assistance described in subparagraph (B).

"(B) GRANTS.—The Secretary may provide grants to certified organizations to pay for costs of providing technical assistance to local governments and nonprofit entities to improve the infrastructure, services, and business development capabilities of local governments and local economic development organizations.

"(C) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this paragraph $20,000,000 for each of fiscal years 2003 through 2006.".

SEC. 626. LOAN GUARANTEES FOR CERTAIN RURAL DEVELOPMENT LOANS.

(a) LOAN GUARANTEES FOR WATER, WASTEWATER, AND ESSENTIAL COMMUNITY FACILITIES LOANS.—Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1925(a)) (as amended by section 625) is amended by adding at the end the following:

"(25) LOAN GUARANTEES FOR WATER, WASTEWATER, AND ESSENTIAL COMMUNITY FACILITIES LOANS.—

"(A) IN GENERAL.—The Secretary may guarantee under this title a loan made to finance a community facility or water or waste facility project, including a loan financed by the net proceeds of a bond described in section 144(a)(12)(B)(ii) of the Internal Revenue Code of 1986.

"(B) REQUIREMENTS.—To be eligible for a loan guarantee under subparagraph (A), an individual or entity offering to purchase the loan must demonstrate to the Secretary that the person has—

"(i) the capabilities and resources necessary to service the loan in a manner that ensures the continued performance of the loan, as determined by the Secretary; and

"(ii) the ability to generate capital to provide borrowers of the loan with the additional credit necessary to properly service the loan.".

(b) LOAN GUARANTEES FOR CERTAIN LOANS.—Section 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932) is amended by adding at the end the following:

"(h) LOAN GUARANTEE FOR CERTAIN LOANS.—The Secretary may guarantee loans made in subsection (a) to finance the issuance of bonds for the projects described in section 306(a)(25).".

SEC. 627. RURAL FIREFIGHTERS AND EMERGENCY PERSONNEL GRANT PROGRAM.

Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) (as amended by section 626(a)) is amended by adding at the end the following:

"(26) RURAL FIREFIGHTERS AND EMERGENCY MEDICAL PERSONNEL GRANT PROGRAM.—

"(A) IN GENERAL.—The Secretary may make grants to units of general local government and Indian tribes (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)) to pay the

cost of training firefighters and emergency medical personnel in firefighting, emergency medical practices, and responding to hazardous materials and bioagents in rural areas.

"(B) USE OF FUNDS.—

"(i) SCHOLARSHIPS.—

"(I) IN GENERAL.—Not less than 60 percent of the amounts made available for competitively awarded grants under this paragraph shall be used to provide grants to fund partial scholarships for training of individuals at training centers approved by the Secretary.

"(II) PRIORITY.—In awarding grants under this clause, the Secretary shall give priority to grant applicants with relatively low transportation costs considering the location of the grant applicant and the proposed location of the training.

"(ii) GRANTS FOR TRAINING CENTERS.—

"(I) EXISTING CENTERS.—

"(aa) IN GENERAL.—A grant under subparagraph (A) may be used to provide financial assistance to State and regional centers that provide training for firefighters and emergency medical personnel for improvements to the training facility, equipment, curricula, and personnel.

"(bb) LIMITATION.—Not more than $2,000,000 shall be provided to any single training center for any fiscal year under this subclause.

"(II) ESTABLISHMENT OF NEW CENTERS.—

"(aa) IN GENERAL.—A grant under subparagraph (A) may be used to provide the Federal share of the costs of establishing a regional training center for firefighters and emergency medical personnel.

"(bb) FEDERAL SHARE.—The amount of a grant under

this subclause for a training center shall not exceed 50 percent of the cost of establishing the training center.

"(C) FUNDING.—

"(i) IN GENERAL.—Out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture to carry out this paragraph—

"(I) not later than 30 days after the date of enactment of this Act, $10,000,000; and

"(II) on October 1, 2002, and each October 1 thereafter through October 1, 2005, $30,000,000.

"(ii) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under clause (i), without further appropriation.

"(iii) AVAILABILITY OF FUNDS.—Funds transferred under clause (i) shall remain available until expended.".

SEC. 628. EMERGENCY COMMUNITY WATER ASSISTANCE GRANT PROGRAM.

Section 306A(i) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926a(i)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 629. WATER AND WASTE FACILITY GRANTS FOR NATIVE AMERICAN TRIBES.

Section 306C of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926c(e)) is amended by striking subsection (e) and inserting the following:

''(e) AUTHORIZATION OF APPROPRIATIONS.—

''(1) IN GENERAL.—Subject to paragraph (2), there is authorized to be appropriated—

''(A) for grants under this section, $30,000,000 for each fiscal year;

''(B) for loans under this section, $30,000,000 for each fiscal year; and

''(C) for grants under this section to benefit Indian tribes (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)), $20,000,000 for each fiscal year.

''(2) EXCEPTION.—An entity eligible to receive funding through a grant made under section 306D shall not be eligible for a grant from funds made available under subparagraph (1)(C).''.

SEC. 630. WATER SYSTEMS FOR RURAL AND NATIVE VILLAGES IN ALASKA.

Section 306D(d)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926d(d)(1)) is amended by striking ''and 2002'' and inserting ''through 2006''.

SEC. 631. RURAL COOPERATIVE DEVELOPMENT GRANTS.

Section 310B(e)(9) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(e)(9)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 632. GRANTS TO BROADCASTING SYSTEMS.

Section 310B(f) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(f)) is amended by adding at the end the following:

''(3) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection $5,000,000 for each of fiscal years 2002 through 2006.''.

SEC. 633. BUSINESS AND INDUSTRY LOAN MODIFICATIONS.

Section 3l0B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932) is amended by striking subsection (g) and inserting the following:

''(g) BUSINESS AND INDUSTRY DIRECT AND GUARANTEED LOANS.—

''(1) LOAN GUARANTEES FOR THE PURCHASE OF COOPERATIVE STOCK.—

"(A) NEW AND EXPANDING COOPERATIVES.—

"(i) IN GENERAL.—The Secretary may guarantee a loan under subsection (a) to farmers, ranchers, or cooperatives for the purpose of purchasing start-up capital stock for the expansion or creation of a cooperative venture that will process agricultural commodities or otherwise process value-added agricultural products.

"(ii) FINANCIAL CONDITION.—In determining the appropriateness of a loan guarantee under this subparagraph, the Secretary—

"(I) shall fully review the feasibility and other relevant aspects of the cooperative venture to be established;

"(II) may not require a review of the financial condition or statements of any individual farmer or rancher involved in the cooperative, other than the applicant for a guarantee under this subparagraph; and

"(III) shall base any guarantee, to the maximum extent practicable, on

the merits of the cooperative venture to be established.

"(iii) COLLATERAL.—As a condition of making a loan guarantee under this subparagraph, the Secretary may not require additional collateral by a farmer or rancher, other than stock purchased or issued pursuant to the loan and guarantee of the loan.

"(iv) ELIGIBILITY.—To be eligible for a loan guarantee under this subparagraph, a farmer or rancher must produce the agricultural commodity that will be processed by the cooperative.

"(v) PROCESSING CONTRACTS DURING INITIAL PERIOD.—The cooperative, for which a farmer or rancher receives a guarantee to purchase stock under this subparagraph, may contract for services to process agricultural commodities, or otherwise process value-added agricultural products, during the 5-year period beginning on the date of the startup of the cooperative in order to provide adequate time for the

planning and construction of the processing facility of the cooperative.

"(B) EXISTING COOPERATIVES.—The Secretary may guarantee a loan under subsection (a) to a farmer or rancher to join a cooperative in order to sell the agricultural commodities or products produced by the farmer or rancher.

"(C) FINANCIAL INFORMATION.—Financial information required by the Secretary from a farmer or rancher as a condition of making a loan guarantee under this paragraph shall be provided in the manner generally required by commercial agricultural lenders in the area.

"(2) LOANS TO COOPERATIVES.—

"(A) IN GENERAL.—The Secretary may make or guarantee a loan under subsection (a) to a cooperative that is headquartered in a metropolitan area if the loan is used for a project or venture described in subsection (a) that is located in a rural area.

"(B) REFINANCING.—A cooperative organization owned by farmers or ranchers that is eligible for a business and industry loan under made or guaranteed under subsection (a) shall

be eligible to refinance an existing loan with a lender if—

"(i) the cooperative organization—

"(I) is current and performing with respect to the existing loan; and

"(II) is not, and has not been, in default with respect to the existing loan; and

"(ii) there is adequate security or full collateral for the refinanced loan.

"(3) BUSINESS AND INDUSTRY LOAN APPRAISALS.—The Secretary may require that any appraisal made in connection with a business and industry loan made or guaranteed under subsection (a) be conducted by a specialized appraiser that uses standards that are similar to standards used for similar purposes in the private sector, as determined by the Secretary.

"(4) FEES.—The Secretary may assess a 1-time fee for any loan guaranteed under subsection (a) in an amount that does not exceed 2 percent of the guaranteed principal portion of the loan.".

SEC. 634. VALUE-ADDED INTERMEDIARY RELENDING PROGRAM.

Section 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932) (as amended by section 626(b)) is amended by adding at the end the following:

"(i) VALUE-ADDED INTERMEDIARY RELENDING PROGRAM.—

"(1) IN GENERAL.—In accordance with this subsection, the Secretary shall make loans under the terms and conditions of the intermediary relending program established under section 1323(b)(2)(C) of the Food Security Act of 1985 (7 U.S.C. 1932 note; Public Law 99–198).

"(2) LOANS.—Using funds made available to carry out this subsection, the Secretary shall make loans to eligible intermediaries to make loans to ultimate recipients, under the terms and conditions of the intermediary relending program, for projects to establish, enlarge, and operate enterprises that add value to agricultural commodities and products of agricultural commodities.

"(3) ELIGIBLE INTERMEDIARIES.—Intermediaries that are eligible to receive loans under paragraph (2) shall include State agencies.

"(4) PREFERENCE FOR BIOENERGY PROJECTS.—In making loans using loan funds made

available under paragraph (2), an eligible intermediary shall give preference to bioenergy projects in accordance with regulations promulgated by the Secretary.

"(5) COMPOSITION OF CAPITAL.—The capital for a project carried out by an ultimate recipient and assisted with loan funds made available under paragraph (2) shall be comprised of—

"(A) not more than 15 percent of the total cost of a project; and

"(B) not less than 50 percent of the equity funds provided by agricultural producers.

"(6) LOAN CONDITIONS.—

"(A) TERMS OF LOANS.—A loan made to an intermediary using loan funds made available under paragraph (2) shall have a term of not to exceed 30 years.

"(B) INTEREST.—The interest rate on such a loan shall be—

"(i) in the case of each of the first 2 years of the loan period, 0 percent; and

"(ii) in the case of each of the remaining years of the loan period, 2 percent.

"(7) LIMITATIONS ON AMOUNT OF LOAN FUNDS PROVIDED.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), an intermediary or ultimate recipient shall be eligible to receive not more than $2,000,000 of the loan funds made available under paragraph (2).

"(B) STATE AGENCIES.—Subparagraph (A) shall not apply in the case of a State agency with respect to loan funds provided to the State agency as an intermediary.

"(8) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection $15,000,000 for each of fiscal years 2003 through 2006.".

SEC. 635. USE OF RURAL DEVELOPMENT LOANS AND GRANTS FOR OTHER PURPOSES.

Subtitle A of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) (as amended by section 508) is amended by adding at the end the following:

"SEC. 310G. USE OF RURAL DEVELOPMENT LOANS AND GRANTS FOR OTHER PURPOSES.

"If, after making a loan or a grant described in section 381E(d), the Secretary determines that the cir-

cumstances under which the loan or grant was made have sufficiently changed to make the project or activity for which the loan or grant was made available no longer appropriate, the Secretary may allow the loan borrower or grant recipient to use property (real and personal) purchased or improved with the loan or grant funds, or proceeds from the sale of property (real and personal) purchased with such funds, for another project or activity that (as determined by the Secretary)—

"(1) will be carried out in the same area as the original project or activity;

"(2) meets the criteria for a loan or a grant described in section 381E(d); and

"(3) satisfies such additional requirements as are established by the Secretary.".

SEC. 636. SIMPLIFIED APPLICATION FORMS FOR LOAN GUARANTEES.

Section 333A of the Consolidated Farm and Rural Development Act (7 U.S.C. 1983a) (as amended by section 526) is amended by striking subsection (g) and inserting the following:

"(g) SIMPLIFIED APPLICATION FORMS FOR LOAN GUARANTEES.—

"(1) IN GENERAL.—The Secretary shall provide to lenders a short, simplified application form for guarantees under this title of—

"(A) farmer program loans the principal amount of which is $100,000 or less; and

"(B) business and industry guaranteed loans under section 310B(a)(1) the principal amount of which is—

"(i) in the case of a loan guarantee made during fiscal year 2002 or 2003, $400,000 or less; and

"(ii) in the case of a loan guarantee made during any subsequent fiscal year—

"(I) $400,000 or less; or

"(II) if the Secretary determines that there is not a significant increased risk of a default on the loan, $600,000 or less.

"(2) WATER AND WASTE DISPOSAL GRANTS AND LOANS.—The Secretary shall develop an application process that accelerates, to the maximum extent practicable, the processing of applications for water and waste disposal grants or direct or guaranteed loans under paragraph (1) or (2) of section

306(a) the grant award amount or principal loan amount, respectively, of which is $300,000 or less.

"(3) ADMINISTRATION.—In developing an application under this subsection, the Secretary shall—

"(A) consult with commercial and cooperative lenders; and

"(B) ensure that—

"(i) the form can be completed manually or electronically, at the option of the lender;

"(ii) the form minimizes the documentation required to accompany the form;

"(iii) the cost of completing and processing the form is minimal; and

"(iv) the form can be completed and processed in an expeditious manner.".

SEC. 637. DEFINITION OF RURAL AND RURAL AREA.

(a) IN GENERAL.—Section 343(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)) is amended by adding at the end the following:

"(13) RURAL AND RURAL AREA.—

"(A) IN GENERAL.—Except as otherwise provided in this paragraph, the terms 'rural' and 'rural area' mean a city, town, or unincorporated area that has a population of 50,000

inhabitants or less, other than an urbanized area immediately adjacent to a city, town, or unincorporated area that has a population in excess of 50,000 inhabitants.

"(B) WATER AND WASTE DISPOSAL GRANTS AND DIRECT AND GUARANTEED LOANS.—For the purpose of water and waste disposal grants and direct and guaranteed loans provided under paragraphs (1) and (2) of section 306(a), the terms 'rural' and 'rural area' mean a city, town, or unincorporated area that has a population of no more than 10,000 inhabitants.

"(C) COMMUNITY FACILITY LOANS AND GRANTS.—For the purpose of community facility direct and guaranteed loans and grants under paragraphs (1), (19), (20), and (21) of section 306(a), the terms 'rural' and 'rural area' mean a city, town, or unincorporated area that has a population of no more than 50,000 inhabitants.

"(D) BUSINESS AND INDUSTRY DIRECT AND GUARANTEED LOANS.—For the purpose of business and industry direct and guaranteed loans under section 310B(a)(1), the terms

'rural' and 'rural area' mean any area other than a city or town that has a population of greater than 50,000 inhabitants and the immediately adjacent urbanized area of such city or town.

"(E) MULTIJURISDICTIONAL REGIONAL PLANNING ORGANIZATIONS; NATIONAL RURAL DEVELOPMENT PARTNERSHIP.—In sections 306(a)(23) and 377, the term 'rural area' means—

"(i) all the territory of a State that is not within the boundary of any standard metropolitan statistical area; and

"(ii) all territory within any standard metropolitan statistical area within a census tract having a population density of less than 20 persons per square mile, as determined by the Secretary according to the most recent census of the United States as of any date.

"(F) RURAL ENTREPRENEURS AND MICROENTERPRISE ASSISTANCE PROGRAM; NATIONAL RURAL COOPERATIVE AND BUSINESS EQUITY FUND.—In section 378 and subtitle G, the term 'rural area' means an area that is located—

"(i) outside a standard metropolitan statistical area; or

"(ii) within a community that has a population of 50,000 inhabitants or less.".

(b) CONFORMING AMENDMENTS.—

(1) Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) is amended by striking paragraph (7).

(2) Section 381A of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009) is amended—

(A) by striking paragraph (1); and

(B) by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively.

SEC. 638. RURAL ENTREPRENEURS AND MICROENTERPRISE ASSISTANCE PROGRAM.

Subtitle D of the Consolidated Farm and Rural Development Act (as amended by section 612) is amended by adding at the end the following:

"SEC. 378. RURAL ENTREPRENEURS AND MICROENTERPRISE ASSISTANCE PROGRAM.

"(a) DEFINITIONS.—In this section:

"(1) ECONOMICALLY DISADVANTAGED MICROENTREPRENEUR.—The term 'economically disadvantaged microentrepreneur' means an owner, majority

owner, or developer of a microenterprise that has the ability to compete in the private sector but has been impaired due to diminished capital and credit opportunities, as compared to other microentrepreneurs in the industry.

"(2) INDIAN TRIBE.—The term 'Indian tribe' has the meaning given the term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

"(3) INTERMEDIARY.—The term 'intermediary' means a private, nonprofit entity that provides assistance—

"(A) to a microenterprise development organization; or

"(B) for a microenterprise development program.

"(4) LOW-INCOME INDIVIDUAL.—The term 'low-income individual' means an individual with an income (adjusted for family size) of not more than the greater of—

"(A) 80 percent of median income of an area; or

"(B) 80 percent of the statewide nonmetropolitan area median income.

"(5) MICROCREDIT.—The term 'microcredit' means a business loan or loan guarantee of not more than $35,000 provided to a rural entrepreneur.

"(6) MICROENTERPISE.—The term 'microenterprise' means a sole proprietorship, joint enterprise, limited liability company, partnership, corporation, or cooperative that—

"(A) has 5 or fewer employees; and

"(B) is unable to obtain sufficient credit, equity, or banking services elsewhere, as determined by the Secretary.

"(7) MICROENTERPRISE DEVELOPMENT ORGANIZATION.—

"(A) IN GENERAL.—The term 'microenterprise development organization' means a nonprofit entity that provides training and technical assistance to rural entrepreneurs and access to capital or another service described in subsection (c) to rural entrepreneurs.

"(B) INCLUSIONS.—The term 'microenterprise development organization' includes an organization described in subparagraph (A) with a demonstrated record of delivering services to economically disadvantaged microentrepreneurs.

"(8) MICROENTERPRISE DEVELOPMENT PROGRAM.—The term 'microenterprise development organization' means a program administered by a organization serving a rural area.

"(9) MICROENTREPRENEUR.—The term 'microentrepreneur' means the owner, operator, or developer of a microenterprise.

"(10) PROGRAM.—The term 'program' means the rural entrepreneur and microenterprise program established under subsection (b)(1).

"(11) QUALIFIED ORGANIZATION.—The term 'qualified organization' means—

"(A) a microenterprise development organization or microenterprise development program that has a demonstrated record of delivering microenterprise services to rural entrepreneurs, as demonstrated by the development of an effective plan of action and the possession of necessary resources to deliver microenterprise services to rural entrepreneurs effectively, as determined by the Secretary;

"(B) an intermediary that has a demonstrated record of delivery assistance to microenterprise development organizations or microenterprise development programs;

"(C) a microenterprise development organization or microenterprise development program that—

"(i) serves rural entrepreneurs; and

"(ii) enters into an agreement with a local community, in conjunction with a State or local government or Indian tribe, to provide assistance described in subsection (c);

"(D) an Indian tribe, the tribal government of which certifies to the Secretary that no microenterprise development organization or microenterprise development program exists under the jurisdiction of the Indian tribe; or

"(E) a group of 2 or more organizations or Indian tribes described in subparagraph (A), (B), (C), or (D) that agree to act jointly as a qualified organization under this section.

"(12) RURAL CAPACITY BUILDING SERVICE.—The term 'rural capacity building service' means a service provided to an organization that—

"(A) is, or is in the process of becoming, a microenterprise development organization or microenterprise development program; and

"(B) serves rural areas for the purpose of enhancing the ability of the organization to provide training, technical assistance, and other related services to rural entrepreneurs.

"(13) RURAL ENTREPRENEUR.—The term 'rural entrepreneur' means a microentrepreneur, or prospective microentrepreneur—

"(A) the principal place of business of which is in a rural area; and

"(B) that is unable to obtain sufficient training, technical assistance, or microcredit elsewhere, as determined by the Secretary.

"(14) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture, acting through the Rural Business-Cooperative Service.

"(15) TRAINING AND TECHNICAL ASSISTANCE.—

"(A) IN GENERAL.—The term 'training and technical assistance' means assistance provided to rural entrepreneurs to develop the skills the rural entrepreneurs need to plan, market, and manage their own business.

"(B) INCLUSIONS.—The term 'training and technical assistance' includes assistance provided for the purpose of—

"(i) enhancing business planning, marketing, management, or financial management skills; and

"(ii) obtaining microcredit.

"(16) TRIBAL GOVERNMENT.—The term 'tribal government' means the governing body of an Indian tribe.

"(b) ESTABLISHMENT.—

"(1) IN GENERAL.—From amounts made available under subsection (h), the Secretary shall establish a rural entrepreneur and microenterprise program.

"(2) PURPOSE.—The purpose of the program shall be to provide low- and moderate-income individuals with—

"(A) the skills necessary to establish new small businesses in rural areas; and

"(B) continuing technical assistance as the individuals begin operating the small businesses.

"(c) ASSISTANCE.—

"(1) IN GENERAL.—The Secretary may make a grant under this section to a qualified organization to—

"(A) provide training, technical assistance, or microcredit to a rural entrepreneur;

"(B) provide training, operational support, or a rural capacity building service to a qualified organization to assist the qualified organization in developing microenterprise training, technical assistance, and other related services;

"(C) assist in researching and developing the best practices in delivering training, technical assistance, and microcredit to rural entrepreneurs; and

"(D) to carry out such other projects and activities as the Secretary determines are consistent with the purposes of this section.

"(2) ALLOCATION.—

"(A) IN GENERAL.—Subject to subparagraphs (B) and (C), of the amount of funds made available for a fiscal year to make grants under this section, the Secretary shall ensure that—

"(i) not less than 75 percent of funds are used to carry out activities described in paragraph (1)(A); and

"(ii) not more than 25 percent of the funds are used to carry out activities de-

scribed in subparagraphs (B) through (D) of paragraph (1).

"(B) LIMITATION ON GRANT AMOUNT.—No single qualified organization may receive more than 10 percent of the total funds that are made available for a fiscal year to carry out this section.

"(C) ADMINISTRATIVE EXPENSES.—Not more than 15 percent of assistance received by a qualified organization for a fiscal year under this section may be used for administrative expenses.

"(d) SUBGRANTS.—Subject to such regulations as the Secretary may promulgate, a qualified organization that receives a grant under this section may use the grant to provide assistance to other qualified organizations, such as small or emerging qualified organizations.

"(e) LOW-INCOME INDIVIDUALS.—The Secretary shall ensure that not less than 50 percent of the grants made under this section is used to benefit low-income individuals identified by the Secretary, including individuals residing on Indian reservations.

"(f) DIVERSITY.—In making grants under this section, the Secretary shall ensure, to the maximum extent

practicable, that grant recipients include qualified organizations—

"(1) of varying sizes; and

"(2) that serve racially and ethnically diverse populations.

"(g) COST SHARING.—

"(1) FEDERAL SHARE.—The Federal share of the cost of a project carried out using funds from a grant under this section shall be 75 percent.

"(2) FORM OF NON-FEDERAL SHARE.—The non-Federal share of the cost of a project described in paragraph (1) may be provided—

"(A) in cash (including through fees, grants (including community development block grants), and gifts); or

"(B) in kind.

"(h) FUNDING.—

"(1) IN GENERAL.—Not later than 30 days after the date of enactment of this Act, and on October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture to carry out this section $10,000,000, to remain available until expended.

"(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under paragraph (1), without further appropriation.".

SEC. 639. RURAL SENIORS.

(a) INTERAGENCY COORDINATING COMMITTEE FOR RURAL SENIORS.—Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981 et seq.) (as amended by section 638) is amended by adding at the end the following:

"SEC. 379. INTERAGENCY COORDINATING COMMITTEE FOR RURAL SENIORS.

"(a) IN GENERAL.—The Secretary shall establish an interagency coordinating committee (referred to in this section as the 'Committee') to examine the special problems of rural seniors.

"(b) MEMBERSHIP.—The Committee shall be comprised of—

"(1) the Undersecretary of Agriculture for Rural Development, who shall serve as chairperson of the Committee;

"(2) 2 representatives of the Secretary of Health and Human Services, of whom—

"(A) 1 shall have expertise in the field of health care; and

"(B) 1 shall have expertise in the field of programs under the Older Americans Act of 1965 (42 U.S.C. 3001 et seq.);

"(3) 1 representative of the Secretary of Housing and Urban Development;

"(4) 1 representative of the Secretary of Transportation; and

"(5) representatives of such other Federal agencies as the Secretary may designate.

"(c) DUTIES.—The Committee shall—

"(1) study health care, transportation, technology, housing, accessibility, and other areas of need of rural seniors;

"(2) identify successful examples of senior care programs in rural communities that could serve as models for other rural communities; and

"(3) not later than 1 year after the date of enactment of this section, submit to the Secretary, the Committee on Agriculture of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry of the Senate recommendations for legislative and administrative action.

"(d) FUNDING.—Funds available to any Federal agency may be used to carry out interagency activities under this section.".

(b) GRANTS FOR PROGRAMS FOR RURAL SENIORS.—Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981 et seq.) (as amended by subsection (a)) is amended by adding at the end the following:

"SEC. 379A. GRANTS FOR PROGRAMS FOR RURAL SENIORS.

"(a) IN GENERAL.—The Secretary shall make grants to nonprofit organizations (including cooperatives) to pay the Federal share of the cost of programs that—

"(1) provide facilities, equipment, and technology for seniors in a rural area; and

"(2) may be replicated in other rural areas.

"(b) FEDERAL SHARE.—The Federal share of a grant under this section shall be not more than 20 percent of the cost of a program described in subsection (a).

"(c) LEVERAGING.—In selecting programs to receive grants under section, the Secretary shall give priority to proposals that leverage resources to meet multiple rural community goals.

"(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $25,000,000 for each of fiscal years 2003 through 2006.".

(c) RESERVATION OF COMMUNITY FACILITIES PROGRAM FUNDS FOR SENIOR FACILITIES.—Section 306(a)(19) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(19)) is amended by adding at the end the following:

"(C) RESERVATION OF FUNDS FOR SENIOR FACILITIES.—

"(i) IN GENERAL.—For each fiscal year, not less than 12.5 percent of the funds made available to carry out this paragraph shall be reserved for grants to pay the Federal share of the cost of developing and constructing senior facilities, or carrying out other projects that mainly benefit seniors, in rural areas.

"(ii) RELEASE.—Funds reserved under clause (i) for a fiscal year shall be reserved only until April 1 of the fiscal year.".

SEC. 640. CHILDREN'S DAY CARE FACILITIES.

Section 306(a)(19) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(19)) (as amended by section 639(c)) is amended by adding at the end the following:

"(D) RESERVATION OF FUNDS FOR CHILDREN'S DAY CARE FACILITIES.—

"(i) IN GENERAL.—For each fiscal year, not less than 10 percent of the funds made available to carry out this paragraph shall be reserved for grants to pay the Federal share of the cost of developing and constructing day care facilities for children in rural areas.

"(ii) RELEASE.—Funds reserved under clause (i) for a fiscal year shall be reserved only until April 1 of the fiscal year.".

SEC. 641. RURAL TELEWORK.

Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981 et seq.) (as amended by section 639(b)) is amended by adding at the end the following:

"SEC. 379B. RURAL TELEWORK.

"(a) DEFINITIONS.—In this section:

"(1) ELIGIBLE ORGANIZATION.—The term 'eligible organization' means a nonprofit entity, an educational institution, an Indian tribe (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)), or any

other organization that meets the requirements of this section and such other requirements as are established by the Secretary.

"(2) INSTITUTE.—The term 'institute' means a regional rural telework institute established using a grant under subsection (b).

"(3) TELEWORK.—The term 'telework' means the use of telecommunications to perform work functions at a rural work center located outside the place of business of an employer.

"(b) RURAL TELEWORK INSTITUTE.—

"(1) IN GENERAL.—The Secretary shall make a grant to an eligible organization to pay the Federal share of the cost of establishing and operating a national rural telework institute to carry out projects described in paragraph (4).

"(2) ELIGIBLE ORGANIZATIONS.—The Secretary shall establish criteria that an organization shall meet to be eligible to receive a grant under this subsection.

"(3) DEADLINE FOR INITIAL GRANT.—Not later than 1 year after the date on which funds are first made available to carry out this subsection, the Secretary shall make the initial grant under this subsection.

"(4) PROJECTS.—The institute shall use grant funds obtained under this subsection to carry out a 5-year project—

"(A) to serve as a clearinghouse for telework research and development;

"(B) to conduct outreach to rural communities and rural workers;

"(C) to develop and share best practices in rural telework throughout the United States;

"(D) to develop innovative, market-driven telework projects and joint ventures with the private sector that employ workers in rural areas in jobs that promote economic self-sufficiency;

"(E) to share information about the design and implementation of telework arrangements;

"(F) to support private sector businesses that are transitioning to telework;

"(G) to support and assist telework projects and individuals at the State and local level; and

"(H) to perform such other functions as the Secretary considers appropriate.

"(5) NON-FEDERAL SHARE.—

"(A) IN GENERAL.—As a condition of receiving a grant under this subsection, an eligible organization shall agree to obtain, after the application of the eligible organization has been approved and notice of award has been issued, contributions from non-Federal sources that are equal to—

"(i) during each of the first, second, and third years of a project, 50 percent of the amount of the grant; and

"(ii) during each of the fourth and fifth years of the project, 100 percent of the amount of the grant.

"(B) INDIAN TRIBES.—Notwithstanding subparagraph (A), an Indian tribe may use Federal funds made available to the tribe for self-governance to pay the non-Federal contributions required under subparagraph (A).

"(C) FORM.—The non-Federal contributions required under subparagraph (A) may be in the form of in-kind contributions, including office equipment, office space, and services.

"(c) TELEWORK GRANTS.—

"(1) IN GENERAL.—Subject to paragraphs (2) through (5), the Secretary shall make grants to eli-

gible entities to pay the Federal share of the cost of—

"(A) obtaining equipment and facilities to establish or expand telework locations in rural areas; and

"(B) operating telework locations in rural areas.

"(2) ELIGIBLE ORGANIZATIONS.—To be eligible to receive a grant under this subsection, an eligible entity shall—

"(A) be a nonprofit organization or educational institution in a rural area; and

"(B) submit to, and receive the approval of, the Secretary of an application for the grant that demonstrates that the eligible entity has adequate resources and capabilities to establish or expand a telework location in a rural area.

"(3) NON-FEDERAL SHARE.—

"(A) IN GENERAL.—As a condition of receiving a grant under this subsection, an eligible organization shall agree to obtain, after the application of the eligible organization has been approved and notice of award has been issued, contributions from non-Federal sources that are equal to 50 percent of the amount of the grant.

"(B) INDIAN TRIBES.—Notwithstanding subparagraph (A), an Indian tribe may use Federal funds made available to the tribe for self-governance to pay the non-Federal contributions required under subparagraph (A).

"(C) SOURCES.—The non-Federal contributions required under subparagraph (A)—

"(i) may be in the form of in-kind contributions, including office equipment, office space, and services; and

"(ii) may not be made from funds made available for community development block grants under title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.).

"(4) DURATION.—The Secretary may not provide a grant under this subsection to establish, expand, or operate a telework location in a rural area after the date that is 2 years after the establishment of the telework location.

"(5) MAXIMUM AMOUNT OF GRANT.—The amount of a grant provided to an eligible entity under this subsection shall not exceed $500,000.

"(d) APPLICABILITY OF CERTAIN FEDERAL LAW.—An entity that receives funds under this section shall be

subject to the provisions of Federal law (including regulations), administered by the Secretary of Labor or the Equal Employment Opportunity Commission, that govern the responsibilities of employers to employees.

''(e) REGULATIONS.—Not later than 180 days after the date of enactment of this section, the Secretary shall promulgate regulations to carry out this section.

''(f) AUTHORIZATION OF APPROPRIATION.—There is authorized to be appropriated to carry out this section $30,000,000 for each of fiscal years 2002 through 2006, of which $5,000,000 shall be provided to establish an institute under subsection (b).''.

SEC. 642. HISTORIC BARN PRESERVATION.

Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981 et seq.) (as amended by section 641) is amended by adding at the end the following:

''SEC. 379C. HISTORIC BARN PRESERVATION.

''(a) DEFINITIONS.—In this section:

''(1) BARN.—The term 'barn' means a building (other than a dwelling) on a farm, ranch, or other agricultural operation for—

''(A) housing animals;

''(B) storing or processing crops;

"(C) storing and maintaining agricultural equipment; or

"(D) serving an essential or useful purpose related to agriculture on the adjacent land.

"(2) ELIGIBLE APPLICANT.—The term 'eligible applicant' means—

"(A) a State department of agriculture (or a designee);

"(B) a national or State nonprofit organization that—

"(i) is exempt from tax under section 501(c)(3) of the Internal Revenue Code of 1986; and

"(ii) has experience or expertise, as determined by the Secretary, in the identification, evaluation, rehabilitation, preservation, or protection of historic barns; and

"(C) a State historic preservation office.

"(3) HISTORIC BARN.—The term 'historic barn' means a barn that—

"(A) is at least 50 years old;

"(B) retains sufficient integrity of design, materials, and construction to clearly identify the barn as an agricultural building; and

"(C) meets the criteria for listing on National, State, or local registers or inventories of historic structures.

"(4) SECRETARY.—The term 'Secretary' means the Secretary, acting through the Undersecretary of Rural Development.

"(b) PROGRAM.—The Secretary shall establish a historic barn preservation program—

"(1) to assist States in developing a listing of historic barns;

"(2) to collect and disseminate information on historic barns;

"(3) to foster educational programs relating to the history, construction techniques, rehabilitation, and contribution to society of historic barns; and

"(4) to sponsor and conduct research on—

"(A) the history of barns; and

"(B) best practices to protect and rehabilitate historic barns from the effects of decay, fire, arson, and natural disasters.

"(c) GRANTS.—

"(1) IN GENERAL.—The Secretary may make grants to, or enter into contracts or cooperative agreements with, eligible applicants to carry out an eligible project under paragraph (2).

"(2) ELIGIBLE PROJECTS.—A grant under this subsection may be made to an eligible entity for a project—

"(A) to rehabilitate or repair a historic barn;

"(B) to preserve a historic barn through—

"(i) the installation of a fire protection system, including fireproofing or fire detection system and sprinklers; and

"(ii) the installation of a system to prevent vandalism; and

"(C) to identify, document, and conduct research on a historic barn to develop and evaluate appropriate techniques or best practices for protecting historic barns.

"(3) REQUIREMENTS.—An eligible applicant that receives a grant for a project under this subsection shall comply with any standards established by the Secretary of the Interior for historic preservation projects.

"(d) FUNDING.—There is authorized to be appropriated to carry out this section, $25,000,000 for the period of fiscal years 2002 through 2006, to remain available until expended.".

SEC. 643. GRANTS FOR EMERGENCY WEATHER RADIO TRANSMITTERS.

Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981 et seq.) (as amended by section 642)) is amended by adding at the end the following:

"SEC. 379D. GRANTS FOR EMERGENCY WEATHER RADIO TRANSMITTERS.

"(a) IN GENERAL.—The Secretary, acting through the Administrator of the Rural Utilities Service, may make grants to public and nonprofit entities for the Federal share of the cost of acquiring radio transmitters to increase coverage of rural areas by the emergency weather radio broadcast system of the National Oceanic and Atmospheric Administration.

"(b) ELIGIBILITY.—To be eligible for a grant under this section, an applicant shall provide to the Secretary—

"(1) a binding commitment from a tower owner to place the transmitter on a tower; and

"(2) a description of how the tower placement will increase coverage of a rural area by the emergency weather radio broadcast system of the National Oceanic and Atmospheric Administration.

"(c) FEDERAL SHARE.—A grant provided under this section shall be not more than 75 percent of the cost of acquiring a radio transmitter described in subsection (a).

"(d) AUTHORIZATION.—There is authorized to be appropriated to carry out this section $2,000,000 for each of fiscal years 2002 through 2006.".

SEC. 644. BIOENERGY AND BIOCHEMICAL PROJECTS.

Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981 et seq.) (as amended by section 643) is amended by adding at the end the following:

"SEC. 379E. BIOENERGY AND BIOCHEMICAL PROJECTS.

"In carrying out rural development loan, loan guarantee, and grant programs under this title, the Secretary shall provide a priority for bioenergy and biochemical projects.".

SEC. 645. DELTA REGIONAL AUTHORITY.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 382M(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009aa–12(a)) is amended by striking "2002" and inserting "2006".

(b) TERMINATION OF AUTHORITY.—Section 382N of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009aa–13) is amended by striking "2002" and inserting "2006".

SEC. 646. SEARCH GRANTS FOR SMALL COMMUNITIES.

The Consolidated Farm and Rural Development Act (as amended by section 604) is amended by adding at the end the following:

"Subtitle J—SEARCH Grants for Small Communities

"SEC. 386A. DEFINITIONS.

''In this subtitle:

''(1) COUNCIL.—The term 'council' means an independent citizens' council established by section 386B(d).

''(2) ENVIRONMENTAL PROJECT.—

''(A) IN GENERAL.—The term 'environmental project' means a project that—

''(i) improves environmental quality; and

''(ii) is necessary to comply with an environmental law (including a regulation).

''(B) INCLUSION.—The term 'environmental project' includes an initial feasibility study of a project.

''(3) REGION.—The term 'region' means a geographic area of a State, as determined by the Governor of the State.

''(4) SEARCH GRANT.—The term 'SEARCH grant' means a grant for special environmental as-

sistance for the regulation of communities and habitat awarded under section 386B(e)(3).

"(5) SMALL COMMUNITY.—The term 'small community' means an incorporated or unincorporated rural community with a population of 2,500 inhabitants or less.

"(6) STATE.—The term 'State' has the meaning given the term in section 381A(1).

"SEC. 386B. SEARCH GRANT PROGRAM.

"(a) IN GENERAL.—There is established the SEARCH Grant Program.

"(b) APPLICATION.—

"(1) IN GENERAL.—Not later than October 1 of each fiscal year, a State may submit to the Secretary an application to receive a grant under subsection (c) for the fiscal year.

"(2) REQUIREMENTS.—An application under paragraph (1) shall contain—

"(A) a certification by the State that the State has appointed members to the council of the State under subsection (c)(2)(C); and

"(B) such information as the Secretary may reasonably require.

"(c) GRANTS TO STATES.—

"(1) IN GENERAL.—Not later than 60 days after the date on which the Office of Management and Budget apportions any amounts made available under this subtitle, for each fiscal year after the date of enactment of this subtitle, the Secretary shall, on request by a State—

"(A) determine whether any application submitted by the State under subsection (b) meets the requirements of subsection (b)(2); and

"(B) subject to paragraph (2), subsection (e)(4)(B)(ii), and section 386D(b), if the Secretary determines that the application meets the requirements of subsection (b)(2), award a grant of not to exceed $1,000,000 to the State, to be used by the council of the State to award SEARCH grants under subsection (e).

"(2) GRANTS TO CERTAIN STATES.—The aggregate amount of grants awarded to States other than Alaska, Hawaii, or 1 of the 48 contiguous States, under this subsection shall not exceed $1,000,000 for any fiscal year.

"(d) INDEPENDENT CITIZENS' COUNCIL.—

"(1) ESTABLISHMENT.—There is established in each State an independent citizens' council to carry out the duties described in this section.

"(2) COMPOSITION.—

"(A) IN GENERAL.—Each council shall be composed of 9 members, appointed by the Governor of the State.

"(B) REPRESENTATION; RESIDENCE.—Each member of a council shall—

"(i) represent an individual region of the State, as determined by the Governor of the State in which the council is established;

"(ii) reside in a small community of the State; and

"(iii) be representative of the populations of the State.

"(C) APPOINTMENT.—Before a State receives funds under this subtitle, the State shall appoint members to the council for the fiscal year, except that not more than 1 member shall be an agent, employee, or official of the State government.

"(D) CHAIRPERSON.—Each council shall select a chairperson from among the members

of the council, except that a member who is an agent, employee, or official of the State government shall not serve as chairperson.

"(E) FEDERAL REPRESENTATION.—

"(i) IN GENERAL.—An officer, employee, or agent of the Federal Government may participate in the activities of the council—

"(I) in an advisory capacity; and

"(II) at the invitation of the council.

"(ii) RURAL DEVELOPMENT STATE DIRECTORS.—On the request of the council of a State, the State Director for Rural Development of the State shall provide advice and consultation to the council.

"(3) SEARCH GRANTS.—

"(A) IN GENERAL.—Each council shall review applications for, and recommend awards of, SEARCH grants to small communities that meet the eligibility criteria under subsection (c).

"(B) RECOMMENDATIONS.—In awarding a SEARCH grant, a State—

"(i) shall follow the recommendations of the council of the State;

"(ii) shall award the funds for any recommended environmental project in a timely and expeditious manner; and

"(iii) shall not award a SEARCH grant to a grantee or project in violation of any law of the State (including a regulation).

"(C) NO MATCHING REQUIREMENT.—A small community that receives a SEARCH grant under this section shall not be required to provide matching funds.

"(e) SEARCH GRANTS FOR SMALL COMMUNITIES.—

"(1) ELIGIBILITY.—A SEARCH grant shall be awarded under this section only to a small community for 1 or more environmental projects for which the small community—

"(A) needs funds to carry out initial feasibility or environmental studies before applying to traditional funding sources; or

"(B) demonstrates, to the satisfaction of the council, that the small community has been unable to obtain sufficient funding from traditional funding sources.

"(2) APPLICATION.—

"(A) DATE.—The council shall establish such deadline by which small communities shall submit applications for grants under this section as will permit the council adequate time to review and make recommendations relating to the applications.

"(B) LOCATION OF APPLICATION.—A small community shall submit an application described in subparagraph (A) to the council in the State in which the small community is located.

"(C) CONTENT OF APPLICATION.—An application described in subparagraph (A) shall include—

"(i) a description of the proposed environmental project (including an explanation of how the project would assist the small community in complying with an environmental law (including a regulation));

"(ii) an explanation of why the project is important to the small community;

"(iii) a description of all actions taken with respect to the project, including a description of any attempt to secure funding and a description of demonstrated need for

funding for the project, as of the date of the application; and

"(iv) a SEARCH grant application form provided by the council, completed and with all required supporting documentation.

"(3) REVIEW AND RECOMMENDATION.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), not later than March 5 of each fiscal year, each council shall—

"(i) review all applications received under paragraph (2); and

"(ii) recommend for award SEARCH grants to small communities based on—

"(I) an evaluation of the eligibility criteria under paragraph (1); and

"(II) the content of the application.

"(B) EXTENSION OF DEADLINE.—The State may extend the deadline described in subparagraph (A) by not more than 10 days in a case in which the receipt of recommendations from a council under subparagraph (A)(ii) is delayed because of circumstances beyond the

control of the council, as determined by the State.

''(4) UNEXPENDED FUNDS.—

''(A) IN GENERAL.—If, for any fiscal year, any unexpended funds remain after SEARCH grants are awarded under subsection (d)(3)(B), the council may repeat the application and review process so that any remaining funds may be recommended for award, and awarded, not later than July 30 of the fiscal year.

''(B) RETENTION OF FUNDS.—

''(i) IN GENERAL.—Any unexpended funds that are not awarded under subsection (d)(3)(B) or subparagraph (A) shall be retained by the State for award during the following fiscal year.

''(ii) LIMITATION.—A State that accumulates a balance of unexpended funds described in clause (i) of more than $3,000,000 shall be ineligible to apply for additional funds for SEARCH grants until such time as the State expends the portion of the balance that exceeds $3,000,000.

"SEC. 386C. REPORT.

"Not later than September 1 of the first fiscal year for which a SEARCH grant is awarded by a council, and annually thereafter, the council shall submit to the Secretary a report that—

"(1) describes the number of SEARCH grants awarded during the fiscal year;

"(2) identifies each small community that received a SEARCH grant during the fiscal year;

"(3) describes the project or purpose for which each SEARCH grant was awarded, including a statement of the benefit to public health or the environment of the environmental project receiving the grant funds; and

"(4) describes the status of each project or portion of a project for which a SEARCH grant was awarded, including a project or portion of a project for which a SEARCH grant was awarded for any fiscal year before the fiscal year in which the report is submitted.

"SEC. 386D. FUNDING.

"(a) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out section 386B(c) $51,000,000, of which not to exceed $1,000,000 shall be used to make grants under section 386B(c)(2).

"(b) ACTUAL APPROPRIATION.—If funds to carry out section 386B(c) are made available for a fiscal year in an amount that is less than the amount authorized under subsection (a) for the fiscal year, the appropriated funds shall be divided equally among the 50 States.

"(c) UNUSED FUNDS.—If, for any fiscal year, a State does not apply, or does not qualify, to receive funds under section 386B(b), the funds that would have been made available to the State under section 386B(c) on submission by the State of a successful application under section 386B(b) shall be redistributed for award under this subtitle among States, the councils of which awarded 1 or more SEARCH grants during the preceding fiscal year.

"(d) OTHER EXPENSES.—There are authorized to be appropriated such sums as are necessary to carry out the provisions of this subtitle (other than section 386B(c)).".

SEC. 647. NORTHERN GREAT PLAINS REGIONAL AUTHORITY.

The Consolidated Farm and Rural Development Act (as amended by section 646) is amended by adding at the end the following:

"Subtitle K—Northern Great Plains Regional Authority

"SEC. 387A. DEFINITIONS.

"In this subtitle:

"(1) AUTHORITY.—The term 'Authority' means the Northern Great Plains Regional Authority established by section 387B.

"(2) FEDERAL GRANT PROGRAM.—The term 'Federal grant program' means a Federal grant program to provide assistance in—

"(A) acquiring or developing land;

"(B) constructing or equipping a highway, road, bridge, or facility; or

"(C) carrying out other economic development activities.

"(3) REGION.—The term 'region' means the States of Iowa, Minnesota, Nebraska, North Dakota, and South Dakota.

"SEC. 387B. NORTHERN GREAT PLAINS REGIONAL AUTHORITY.

"(a) ESTABLISHMENT.—

"(1) IN GENERAL.—There is established the Northern Great Plains Regional Authority.

"(2) COMPOSITION.—The Authority shall be composed of—

"(A) a Federal member, to be appointed by the President, with the advice and consent of the Senate; and

"(B) the Governor (or a designee of the Governor) of each State in the region that elects to participate in the Authority.

"(3) COCHAIRPERSONS.—The Authority shall be headed by—

"(A) the Federal member, who shall serve—

"(i) as the Federal cochairperson; and

"(ii) as a liaison between the Federal Government and the Authority; and

"(B) a State cochairperson, who—

"(i) shall be a Governor of a participating State in the region; and

"(ii) shall be elected by the State members for a term of not less than 1 year.

"(b) ALTERNATE MEMBERS.—

"(1) STATE ALTERNATES.—The State member of a participating State may have a single alternate, who shall be—

"(A) a resident of that State; and

"(B) appointed by the Governor of the State.

"(2) ALTERNATE FEDERAL COCHAIRPERSON.—The President shall appoint an alternate Federal co-chairperson.

"(3) QUORUM.—A State alternate shall not be counted toward the establishment of a quorum of the Authority in any instance in which a quorum of the State members is required to be present.

"(4) DELEGATION OF POWER.—No power or responsibility of the Authority specified in paragraphs (2) and (3) of subsection (c), and no voting right of any Authority member, shall be delegated to any person—

"(A) who is not an Authority member; or

"(B) who is not entitled to vote in Authority meetings.

"(c) VOTING.—

"(1) IN GENERAL.—A decision by the Authority shall require a majority vote of the Authority (not including any member representing a State that is delinquent under subsection (g)(2)(C)) to be effective.

"(2) QUORUM.—A quorum of State members shall be required to be present for the Authority to make any policy decision, including—

"(A) a modification or revision of an Authority policy decision;

"(B) approval of a State or regional development plan; and

"(C) any allocation of funds among the States.

"(3) PROJECT AND GRANT PROPOSALS.—The approval of project and grant proposals shall be—

"(A) a responsibility of the Authority; and

"(B) conducted in accordance with section 387I.

"(4) VOTING BY ALTERNATE MEMBERS.—An alternate member shall vote in the case of the absence, death, disability, removal, or resignation of the Federal or State representative for which the alternate member is an alternate.

"(d) DUTIES.—The Authority shall—

"(1) develop, on a continuing basis, comprehensive and coordinated plans and programs to establish priorities and approve grants for the economic development of the region, giving due consideration to other Federal, State, and local planning and development activities in the region;

"(2) not later than 220 days after the date of enactment of this subtitle, establish priorities in a

development plan for the region (including 5-year regional outcome targets);

''(3) assess the needs and assets of the region based on available research, demonstrations, investigations, assessments, and evaluations of the region prepared by Federal, State, and local agencies, universities, local development districts, and other nonprofit groups;

''(4) formulate and recommend to the Governors and legislatures of States that participate in the Authority forms of interstate cooperation;

''(5) work with State and local agencies in developing appropriate model legislation;

''(6)(A) enhance the capacity of, and provide support for, local development districts in the region; or

''(B) if no local development district exists in an area in a participating State in the region, foster the creation of a local development district;

''(7) encourage private investment in industrial, commercial, and other economic development projects in the region; and

''(8) cooperate with and assist State governments with economic development programs of participating States.

"(e) ADMINISTRATION.—In carrying out subsection (d), the Authority may—

"(1) hold such hearings, sit and act at such times and places, take such testimony, receive such evidence, and print or otherwise reproduce and distribute a description of the proceedings and reports on actions by the Authority as the Authority considers appropriate;

"(2) authorize, through the Federal or State co-chairperson or any other member of the Authority designated by the Authority, the administration of oaths if the Authority determines that testimony should be taken or evidence received under oath;

"(3) request from any Federal, State, or local department or agency such information as may be available to or procurable by the department or agency that may be of use to the Authority in carrying out duties of the Authority;

"(4) adopt, amend, and repeal bylaws and rules governing the conduct of Authority business and the performance of Authority duties;

"(5) request the head of any Federal department or agency to detail to the Authority such personnel as the Authority requires to carry out duties

of the Authority, each such detail to be without loss of seniority, pay, or other employee status;

''(6) request the head of any State department or agency or local government to detail to the Authority such personnel as the Authority requires to carry out duties of the Authority, each such detail to be without loss of seniority, pay, or other employee status;

''(7) provide for coverage of Authority employees in a suitable retirement and employee benefit system by—

''(A) making arrangements or entering into contracts with any participating State government; or

''(B) otherwise providing retirement and other employee benefit coverage;

''(8) accept, use, and dispose of gifts or donations of services or real, personal, tangible, or intangible property;

''(9) enter into and perform such contracts, leases, cooperative agreements, or other transactions as are necessary to carry out Authority duties, including any contracts, leases, or cooperative agreements with—

"(A) any department, agency, or instrumentality of the United States;

"(B) any State (including a political subdivision, agency, or instrumentality of the State); or

"(C) any person, firm, association, or corporation; and

"(10) establish and maintain a central office and field offices at such locations as the Authority may select.

"(f) FEDERAL AGENCY COOPERATION.—A Federal agency shall—

"(1) cooperate with the Authority; and

"(2) provide, on request of the Federal cochairperson, appropriate assistance in carrying out this subtitle, in accordance with applicable Federal laws (including regulations).

"(g) ADMINISTRATIVE EXPENSES.—

"(1) IN GENERAL.—Administrative expenses of the Authority (except for the expenses of the Federal cochairperson, including expenses of the alternate and staff of the Federal cochairperson, which shall be paid solely by the Federal Government) shall be paid—

"(A) by the Federal Government, in an amount equal to 50 percent of the administrative expenses; and

"(B) by the States in the region participating in the Authority, in an amount equal to 50 percent of the administrative expenses.

"(2) STATE SHARE.—

"(A) IN GENERAL.—The share of administrative expenses of the Authority to be paid by each State shall be determined by the Authority.

"(B) NO FEDERAL PARTICIPATION.—The Federal cochairperson shall not participate or vote in any decision under subparagraph (A).

"(C) DELINQUENT STATES.—If a State is delinquent in payment of the State's share of administrative expenses of the Authority under this subsection—

"(i) no assistance under this subtitle shall be furnished to the State (including assistance to a political subdivision or a resident of the State); and

"(ii) no member of the Authority from the State shall participate or vote in any action by the Authority.

"(h) COMPENSATION.—

"(1) FEDERAL COCHAIRPERSON.—The Federal cochairperson shall be compensated by the Federal Government at level III of the Executive Schedule in subchapter II of chapter 53 of title 5, United States Code.

"(2) ALTERNATE FEDERAL COCHAIRPERSON.—The alternate Federal cochairperson—

"(A) shall be compensated by the Federal Government at level V of the Executive Schedule described in paragraph (1); and

"(B) when not actively serving as an alternate for the Federal cochairperson, shall perform such functions and duties as are delegated by the Federal cochairperson.

"(3) STATE MEMBERS AND ALTERNATES.—

"(A) IN GENERAL.—A State shall compensate each member and alternate representing the State on the Authority at the rate established by law of the State.

"(B) NO ADDITIONAL COMPENSATION.—No State member or alternate member shall receive any salary, or any contribution to or supplementation of salary from any source other

than the State for services provided by the member or alternate to the Authority.

''(4) DETAILED EMPLOYEES.—

''(A) IN GENERAL.—No person detailed to serve the Authority under subsection (e)(6) shall receive any salary or any contribution to or supplementation of salary for services provided to the Authority from—

''(i) any source other than the State, local, or intergovernmental department or agency from which the person was detailed; or

''(ii) the Authority.

''(B) VIOLATION.—Any person that violates this paragraph shall be fined not more than $5,000, imprisoned not more than 1 year, or both.

''(C) APPLICABLE LAW.—The Federal cochairperson, the alternate Federal cochairperson, and any Federal officer or employee detailed to duty on the Authority under subsection (e)(5) shall not be subject to subparagraph (A), but shall remain subject to sections 202 through 209 of title 18, United States Code.

"(5) ADDITIONAL PERSONNEL.—

"(A) COMPENSATION.—

"(i) IN GENERAL.—The Authority may appoint and fix the compensation of an executive director and such other personnel as are necessary to enable the Authority to carry out the duties of the Authority.

"(ii) EXCEPTION.—Compensation under clause (i) shall not exceed the maximum rate for the Senior Executive Service under section 5382 of title 5, United States Code, including any applicable locality-based comparability payment that may be authorized under section 5304(h)(2)(C) of that title.

"(B) EXECUTIVE DIRECTOR.—The executive director shall be responsible for—

"(i) the carrying out of the administrative duties of the Authority;

"(ii) direction of the Authority staff; and

"(iii) such other duties as the Authority may assign.

"(C) NO FEDERAL EMPLOYEE STATUS.—No member, alternate, officer, or employee of the Authority (except the Federal cochairperson of the Authority, the alternate and staff for the Federal cochairperson, and any Federal employee detailed to the Authority under subsection (e)(5)) shall be considered to be a Federal employee for any purpose.

"(i) CONFLICTS OF INTEREST.—

"(1) IN GENERAL.—Except as provided under paragraph (2), no State member, alternate, officer, or employee of the Authority shall participate personally and substantially as a member, alternate, officer, or employee of the Authority, through decision, approval, disapproval, recommendation, the rendering of advice, investigation, or otherwise, in any proceeding, application, request for a ruling or other determination, contract, claim, controversy, or other matter in which, to knowledge of the member, alternate, officer, or employee—

"(A) the member, alternate, officer, or employee;

"(B) the spouse, minor child, partner, or organization (other than a State or political subdivision of the State) of the member, alter-

nate, officer, or employee, in which the member, alternate, officer, or employee is serving as officer, director, trustee, partner, or employee; or

"(C) any person or organization with whom the member, alternate, officer, or employee is negotiating or has any arrangement concerning prospective employment;

has a financial interest.

"(2) DISCLOSURE.—Paragraph (1) shall not apply if the State member, alternate, officer, or employee—

"(A) immediately advises the Authority of the nature and circumstances of the proceeding, application, request for a ruling or other determination, contract, claim, controversy, or other particular matter presenting a potential conflict of interest;

"(B) makes full disclosure of the financial interest; and

"(C) before the proceeding concerning the matter presenting the conflict of interest, receives a written determination by the Authority that the interest is not so substantial as to be likely to affect the integrity of the services that

the Authority may expect from the State member, alternate, officer, or employee.

"(3) VIOLATION.—Any person that violates this subsection shall be fined not more than $10,000, imprisoned not more than 2 years, or both.

"(j) VALIDITY OF CONTRACTS, LOANS, AND GRANTS.—The Authority may declare void any contract, loan, or grant of or by the Authority in relation to which the Authority determines that there has been a violation of any provision under subsection (h)(4), subsection (i), or sections 202 through 209 of title 18, United States Code.

"SEC. 387C. ECONOMIC AND COMMUNITY DEVELOPMENT GRANTS.

"(a) IN GENERAL.—The Authority may approve grants to States, local governments, and public and nonprofit organizations for projects, approved in accordance with section 387I—

"(1) to develop the transportation and telecommunication infrastructure of the region for the purpose of facilitating economic development in the region (except that grants for this purpose may only be made to States, local governments, and nonprofit organizations);

"(2) to assist the region in obtaining the job training, employment-related education, and business development (with an emphasis on entrepreneurship) that are needed to build and maintain strong local economies;

"(3) to provide assistance to severely distressed and underdeveloped areas that lack financial resources for improving basic public services;

"(4) to provide assistance to severely distressed and underdeveloped areas that lack financial resources for equipping industrial parks and related facilities; and

"(5) to otherwise achieve the purposes of this subtitle.

"(b) FUNDING.—

"(1) IN GENERAL.—Funds for grants under subsection (a) may be provided—

"(A) entirely from appropriations to carry out this section;

"(B) in combination with funds available under another Federal or Federal grant program; or

"(C) from any other source.

"(2) PRIORITY OF FUNDING.—To best build the foundations for long-term economic development and

to complement other Federal and State resources in the region, Federal funds available under this subtitle shall be focused on the activities in the following order or priority:

"(A) Basic public infrastructure in distressed counties and isolated areas of distress.

"(B) Transportation and telecommunication infrastructure for the purpose of facilitating economic development in the region.

"(C) Business development, with emphasis on entrepreneurship.

"(D) Job training or employment-related education, with emphasis on use of existing public educational institutions located in the region.

"(3) FEDERAL SHARE IN GRANT PROGRAMS.—Notwithstanding any provision of law limiting the Federal share in any grant program, funds appropriated to carry out this section may be used to increase a Federal share in a grant program, as the Authority determines appropriate.

"SEC. 387D. SUPPLEMENTS TO FEDERAL GRANT PROGRAMS.

"(a) FINDING.—Congress finds that certain States and local communities of the region, including local devel-

opment districts, may be unable to take maximum advantage of Federal grant programs for which the States and communities are eligible because—

"(1) they lack the economic resources to meet the required matching share; or

"(2) there are insufficient funds available under the applicable Federal grant law authorizing the program to meet pressing needs of the region.

"(b) FEDERAL GRANT PROGRAM FUNDING.—In accordance with subsection (c), the Federal cochairperson may use amounts made available to carry out this subtitle, without regard to any limitations on areas eligible for assistance or authorizations for appropriation under any other Act, to fund all or any portion of the basic Federal contribution to a project or activity under a Federal grant program in the region in an amount that is above the fixed maximum portion of the cost of the project otherwise authorized by applicable law, but not to exceed 90 percent of the costs of the project (except as provided in section 387F(b)).

"(c) CERTIFICATION.—

"(1) IN GENERAL.—In the case of any program or project for which all or any portion of the basic Federal contribution to the project under a Federal grant program is proposed to be made under this

section, no Federal contribution shall be made until the Federal official administering the Federal law authorizing the contribution certifies that the program or project—

"(A) meets the applicable requirements of the applicable Federal grant law; and

"(B) could be approved for Federal contribution under the law if funds were available under the law for the program or project.

"(2) CERTIFICATION BY AUTHORITY.—

"(A) IN GENERAL.—The certifications and determinations required to be made by the Authority for approval of projects under this subtitle in accordance with section 387I—

"(i) shall be controlling; and

"(ii) shall be accepted by the Federal agencies.

"(B) ACCEPTANCE BY FEDERAL COCHAIRPERSON.—Any finding, report, certification, or documentation required to be submitted to the head of the department, agency, or instrumentality of the Federal Government responsible for the administration of any Federal grant program shall be accepted by the Federal cochair-

person with respect to a supplemental grant for any project under the program.

"SEC. 387E. LOCAL DEVELOPMENT DISTRICTS; CERTIFICATION AND ADMINISTRATIVE EXPENSES.

"(a) DEFINITION OF LOCAL DEVELOPMENT DISTRICT.—In this section, the term 'local development district' means an entity that—

"(1) is—

"(A) a planning district in existence on the date of enactment of this subtitle that is recognized by the Economic Development Administration of the Department of Commerce; or

"(B) where an entity described in subparagraph (A) does not exist—

"(i) organized and operated in a manner that ensures broad-based community participation and an effective opportunity for other nonprofit groups to contribute to the development and implementation of programs in the region;

"(ii) governed by a policy board with at least a simple majority of members consisting of elected officials or employees of a general purpose unit of local government

who have been appointed to represent the government;

"(iii) certified to the Authority as having a charter or authority that includes the economic development of counties or parts of counties or other political subdivisions within the region—

"(I) by the Governor of each State in which the entity is located; or

"(II) by the State officer designated by the appropriate State law to make the certification; and

"(iv)(I) a nonprofit incorporated body organized or chartered under the law of the State in which the entity is located;

"(II) a nonprofit agency or instrumentality of a State or local government;

"(III) a public organization established before the date of enactment of this subtitle under State law for creation of multi-jurisdictional, area-wide planning organizations; or

"(IV) a nonprofit association or combination of bodies, agencies, and instru-

mentalities described in subclauses (I) through (III); and

"(2) has not, as certified by the Federal cochairperson—

"(A) inappropriately used Federal grant funds from any Federal source; or

"(B) appointed an officer who, during the period in which another entity inappropriately used Federal grant funds from any Federal source, was an officer of the other entity.

"(b) GRANTS TO LOCAL DEVELOPMENT DISTRICTS.—

"(1) IN GENERAL.—The Authority may make grants for administrative expenses under this section.

"(2) CONDITIONS FOR GRANTS.—

"(A) MAXIMUM AMOUNT.—The amount of any grant awarded under paragraph (1) shall not exceed 80 percent of the administrative expenses of the local development district receiving the grant.

"(B) MAXIMUM PERIOD.—No grant described in paragraph (1) shall be awarded to a State agency certified as a local development district for a period greater than 3 years.

"(C) LOCAL SHARE.—The contributions of a local development district for administrative expenses may be in cash or in kind, fairly evaluated, including space, equipment, and services.

"(c) DUTIES OF LOCAL DEVELOPMENT DISTRICTS.—A local development district shall—

"(1) operate as a lead organization serving multicounty areas in the region at the local level; and

"(2) serve as a liaison between State and local governments, nonprofit organizations (including community-based groups and educational institutions), the business community, and citizens that—

"(A) are involved in multijurisdictional planning;

"(B) provide technical assistance to local jurisdictions and potential grantees; and

"(C) provide leadership and civic development assistance.

"SEC. 387F. DISTRESSED COUNTIES AND AREAS AND NON-DISTRESSED COUNTIES.

"(a) DESIGNATIONS.—Not later than 90 days after the date of enactment of this subtitle, and annually thereafter, the Authority, in accordance with such criteria as the Authority may establish, shall designate—

"(1) as distressed counties, counties in the region that are the most severely and persistently distressed and underdeveloped and have high rates of poverty, unemployment, or outmigration;

"(2) as nondistressed counties, counties in the region that are not designated as distressed counties under paragraph (1); and

"(3) as isolated areas of distress, areas located in nondistressed counties (as designated under paragraph (2)) that have high rates of poverty, unemployment, or outmigration.

"(b) DISTRESSED COUNTIES.—

"(1) IN GENERAL.—The Authority shall allocate at least 75 percent of the appropriations made available under section 387M for programs and projects designed to serve the needs of distressed counties and isolated areas of distress in the region.

"(2) FUNDING LIMITATIONS.—The funding limitations under section 387D(b) shall not apply to a project providing transportation or telecommunication or basic public services to residents of 1 or more distressed counties or isolated areas of distress in the region.

"(c) NONDISTRESSED COUNTIES.—

"(1) IN GENERAL.—Except as provided in this subsection, no funds shall be provided under this subtitle for a project located in a county designated as a nondistressed county under subsection (a)(2).

"(2) EXCEPTIONS.—

"(A) IN GENERAL.—The funding prohibition under paragraph (1) shall not apply to grants to fund the administrative expenses of local development districts under section 387E(b).

"(B) MULTICOUNTY PROJECTS.—The Authority may waive the application of the funding prohibition under paragraph (1) to—

"(i) a multicounty project that includes participation by a nondistressed county; or

"(ii) any other type of project;

if the Authority determines that the project could bring significant benefits to areas of the region outside a nondistressed county.

"(C) ISOLATED AREAS OF DISTRESS.—For a designation of an isolated area of distress for assistance to be effective, the designation shall be supported—

"(i) by the most recent Federal data available; or

"(ii) if no recent Federal data are available, by the most recent data available through the government of the State in which the isolated area of distress is located.

"(d) TRANSPORTATION, TELECOMMUNICATION, AND BASIC PUBLIC INFRASTRUCTURE.—The Authority shall allocate at least 50 percent of any funds made available under section 387M for transportation, telecommunication, and basic public infrastructure projects authorized under paragraphs (1) and (3) of section 387C(a).

"SEC. 387G. DEVELOPMENT PLANNING PROCESS.

"(a) STATE DEVELOPMENT PLAN.—In accordance with policies established by the Authority, each State member shall submit a development plan for the area of the region represented by the State member.

"(b) CONTENT OF PLAN.—A State development plan submitted under subsection (a) shall reflect the goals, objectives, and priorities identified in the regional development plan developed under section 387B(d)(2).

"(c) CONSULTATION WITH INTERESTED LOCAL PARTIES.—In carrying out the development planning process

(including the selection of programs and projects for assistance), a State may—

"(1) consult with—

"(A) local development districts; and

"(B) local units of government; and

"(2) take into consideration the goals, objectives, priorities, and recommendations of the entities described in paragraph (1).

"(d) PUBLIC PARTICIPATION.—

"(1) IN GENERAL.—The Authority and applicable State and local development districts shall encourage and assist, to the maximum extent practicable, public participation in the development, revision, and implementation of all plans and programs under this subtitle.

"(2) REGULATIONS.—The Authority shall develop guidelines for providing public participation described in paragraph (1), including public hearings.

"SEC. 387H. PROGRAM DEVELOPMENT CRITERIA.

"(a) IN GENERAL.—In considering programs and projects to be provided assistance under this subtitle, and in establishing a priority ranking of the requests for assistance provided by the Authority, the Authority shall fol-

low procedures that ensure, to the maximum extent practicable, consideration of—

"(1) the relationship of the project or class of projects to overall regional development;

"(2) the per capita income and poverty and unemployment and outmigration rates in an area;

"(3) the financial resources available to the applicants for assistance seeking to carry out the project, with emphasis on ensuring that projects are adequately financed to maximize the probability of successful economic development;

"(4) the importance of the project or class of projects in relation to other projects or classes of projects that may be in competition for the same funds;

"(5) the prospects that the project for which assistance is sought will improve, on a continuing rather than a temporary basis, the opportunities for employment, the average level of income, or the economic development of the area served by the project; and

"(6) the extent to which the project design provides for detailed outcome measurements by which grant expenditures and the results of the expenditures may be evaluated.

"(b) NO RELOCATION ASSISTANCE.—No financial assistance authorized by this subtitle shall be used to assist a person or entity in relocating from one area to another, except that financial assistance may be used as otherwise authorized by this title to attract businesses from outside the region to the region.

"(c) REDUCTION OF FUNDS.—Funds may be provided for a program or project in a State under this subtitle only if the Authority determines that the level of Federal or State financial assistance provided under a law other than this subtitle, for the same type of program or project in the same area of the State within the region, will not be reduced as a result of funds made available by this subtitle.

"SEC. 387I. APPROVAL OF DEVELOPMENT PLANS AND PROJECTS.

"(a) IN GENERAL.—A State or regional development plan or any multistate subregional plan that is proposed for development under this subtitle shall be reviewed by the Authority.

"(b) EVALUATION BY STATE MEMBER.—An application for a grant or any other assistance for a project under this subtitle shall be made through and evaluated for approval by the State member of the Authority representing the applicant.

"(c) CERTIFICATION.—An application for a grant or other assistance for a project shall be approved only on certification by the State member that the application for the project—

"(1) describes ways in which the project complies with any applicable State development plan;

"(2) meets applicable criteria under section 387H;

"(3) provides adequate assurance that the proposed project will be properly administered, operated, and maintained; and

"(4) otherwise meets the requirements of this subtitle.

"(d) VOTES FOR DECISIONS.—On certification by a State member of the Authority of an application for a grant or other assistance for a specific project under this section, an affirmative vote of the Authority under section 387B(c) shall be required for approval of the application.

"SEC. 387J. CONSENT OF STATES.

"Nothing in this subtitle requires any State to engage in or accept any program under this subtitle without the consent of the State.

"SEC. 387K. RECORDS.

"(a) RECORDS OF THE AUTHORITY.—

"(1) IN GENERAL.—The Authority shall maintain accurate and complete records of all transactions and activities of the Authority.

"(2) AVAILABILITY.—All records of the Authority shall be available for audit and examination by the Comptroller General of the United States and the Inspector General of the Department of Agriculture (including authorized representatives of the Comptroller General and the Inspector General of the Department of Agriculture).

"(b) RECORDS OF RECIPIENTS OF FEDERAL ASSISTANCE.—

"(1) IN GENERAL.—A recipient of Federal funds under this subtitle shall, as required by the Authority, maintain accurate and complete records of transactions and activities financed with Federal funds and report on the transactions and activities to the Authority.

"(2) AVAILABILITY.—All records required under paragraph (1) shall be available for audit by the Comptroller General of the United States, the Inspector General of the Department of Agriculture, and the Authority (including authorized representatives of the Comptroller General, the Inspector Gen-

eral of the Department of Agriculture, and the Authority).

"(c) ANNUAL AUDIT.—The Inspector General of the Department of Agriculture shall audit the activities, transactions, and records of the Authority on an annual basis.

"SEC. 387L. ANNUAL REPORT.

"Not later than 180 days after the end of each fiscal year, the Authority shall submit to the President and to Congress a report describing the activities carried out under this subtitle.

"SEC. 387M. AUTHORIZATION OF APPROPRIATIONS.

"(a) IN GENERAL.—There is authorized to be appropriated to the Authority to carry out this subtitle $30,000,000 for each of fiscal years 2002 through 2006, to remain available until expended.

"(b) ADMINISTRATIVE EXPENSES.—Not more than 5 percent of the amount appropriated under subsection (a) for a fiscal year shall be used for administrative expenses of the Authority.

"(c) MINIMUM STATE SHARE OF GRANTS.—Notwithstanding any other provision of this subtitle, for any fiscal year, the aggregate amount of grants received by a State and all persons or entities in the State under this subtitle shall be not less than ⅓ of the product obtained by multiplying—

"(1) the aggregate amount of grants under this subtitle for the fiscal year; and

"(2) the ratio that—

"(A) the population of the State (as determined by the Secretary of Commerce based on the most recent decennial census for which data are available); bears to

"(B) the population of the region (as so determined).

"SEC. 387N. TERMINATION OF AUTHORITY.

"This subtitle and the authority provided under this subtitle expire on October 1, 2006.".

Subtitle D—Food, Agriculture, Conservation, and Trade Act of 1990

SEC. 651. ALTERNATIVE AGRICULTURAL RESEARCH AND COMMERCIALIZATION CORPORATION.

(a) REPEAL OF CORPORATION AUTHORIZATION.—Subtitle G of title XVI of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5901 et seq.) is repealed.

(b) DISPOSITION OF ASSETS.—On the date of enactment of this Act—

(1) the assets, both tangible and intangible, of the Alternative Agricultural Research and Commercialization Corporation (referred to in this section as

the "Corporation"), including the funds in the Alternative Agricultural Research and Commercialization Revolving Fund as of the date of enactment of this Act, are transferred to the Secretary of Agriculture; and

(2) notwithstanding the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.), the Secretary shall have authority to manage and dispose of the assets transferred under paragraph (1) in a manner that, to the maximum extent practicable, provides the greatest return on investment.

(c) USE OF ASSETS.—

(1) IN GENERAL.—Funds transferred under subsection (b), and any income from assets or proceeds from the sale of assets transferred under subsection (b), shall be deposited into an account in the Treasury, and shall remain available to the Secretary until expended, without further appropriation, to pay—

(A) any outstanding claims or obligations of the Corporation; and

(B) the costs incurred by the Secretary in carrying out this section.

(2) FINAL DISPOSITION.—On final disposition of all assets transferred under subsection (b), any funds remaining in the account described in paragraph (1) shall be transferred into miscellaneous receipts in the Treasury.

(d) CONFORMING AMENDMENTS.—

(1) The following provisions are repealed:

(A) Section 730 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 5902 note; Public Law 104–127).

(B) Section 9101(3)(Q) of title 31, United States Code.

(2) Section 401(c) of the Agricultural Research, Education, and Extension Reform Act of 1998 (7 U.S.C. 7621(c)) is amended by striking paragraph (1) and inserting the following:

''(1) CRITICAL EMERGING ISSUES.—Subject to paragraph (2), the Secretary shall use the funds in the Account for research, extension, and education grants (referred to in this section as 'grants') to address critical emerging agricultural issues related to—

''(A) future food production;

''(B) environmental quality and natural resource management; or

"(C) farm income.".

(3) Section 793(c)(1)(A)(ii)(II) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 2204f(c)(1)(A)(ii)(II)) is amended by striking "subtitle G of title XVI and".

SEC. 652. TELEMEDICINE AND DISTANCE LEARNING SERVICES IN RURAL AREAS.

(a) IN GENERAL.—Section 2335A of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 950aaa–5) is amended by striking "2002" and inserting "2006".

(b) CONFORMING AMENDMENT.—Section 1(b) of Public Law 102–551 (7 U.S.C. 950aaa note) is amended by striking "1997" and inserting "2006".

Subtitle E—Rural Electrification Act of 1936

SEC. 661. BIOENERGY AND BIOCHEMICAL PROJECTS.

Title I of the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.) is amended by adding at the end the following:

"SEC. 20. BIOENERGY AND BIOCHEMICAL PROJECTS.

"In carrying out rural electric loan, loan guarantee, and grant programs under this Act, the Secretary shall provide a priority for bioenergy and biochemical projects.".

SEC. 662. GUARANTEES FOR BONDS AND NOTES ISSUED FOR ELECTRIFICATION OR TELEPHONE PURPOSES.

(a) IN GENERAL.—The Rural Electrification Act of 1936 is amended by inserting after section 313 (7 U.S.C. 940c) the following:

"SEC. 313A. GUARANTEES FOR BONDS AND NOTES ISSUED FOR ELECTRIFICATION OR TELEPHONE PURPOSES.

"(a) IN GENERAL.—Subject to subsection (b), the Secretary shall guarantee payments on bonds or notes issued by cooperative or other lenders organized on a not-for-profit basis if the proceeds of the bonds or notes are used for electrification or telephone projects eligible for assistance under this Act, including the refinancing of bonds or notes issued for such projects.

"(b) LIMITATIONS.—

"(1) OUTSTANDING LOANS.—A lender shall not receive a guarantee under this section for a bond or note if, at the time of the guarantee, the total principal amount of such guaranteed bonds or notes outstanding of the lender would exceed the principal amount of outstanding loans of the lender for electrification or telephone purposes that have been made concurrently with loans approved for such purposes under this Act.

"(2) GENERATION OF ELECTRICITY.—The Secretary shall not guarantee payment on a bond or note issued by a lender, the proceeds of which are used for the generation of electricity.

"(3) QUALIFICATIONS.—The Secretary may deny the request of a lender for the guarantee of a bond or note under this section if the Secretary determines that—

"(A) the lender does not have appropriate expertise or experience or is otherwise not qualified to make loans for electrification or telephone purposes;

"(B) the bond or note issued by the lender is not of reasonable and sufficient quality; or

"(C) the lender has not provided sufficient evidence that the proceeds of the bond or note are used for eligible projects described in subsection (a).

"(4) INTEREST RATE REDUCTION.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), a lender may not use any amount obtained from the reduction in funding costs as a result of the guarantee of a bond or note under this section to reduce the interest rate on a new or outstanding loan.

"(B) CONCURRENT LOANS.—A lender may use any amount described in subparagraph (A) to reduce the interest rate on a loan if the loan is—

"(i) made by the lender for electrification or telephone projects that are eligible for assistance under this Act; and

"(ii) made concurrently with a loan approved by the Secretary under this Act for such a project, as provided in section 307.

"(c) FEES.—

"(1) IN GENERAL.—A lender that receives a guarantee issued under this section on a bond or note shall pay a fee to the Secretary.

"(2) AMOUNT.—The amount of an annual fee paid for the guarantee of a bond or note under this section shall be equal to 30 basis points of the amount of the unpaid principal of the bond or note guaranteed under this section.

"(3) PAYMENT.—A lender shall pay the fees required under this subsection on a semiannual basis.

"(4) RURAL ECONOMIC DEVELOPMENT SUBACCOUNT.—Subject to subsection (e)(2), fees collected under this subsection shall be—

"(A) deposited into the rural economic development subaccount maintained under section 313(b)(2)(A), to remain available until expended; and

"(B) used for the purposes described in section 313(b)(2)(B).

"(d) GUARANTEES.—

"(1) IN GENERAL.—A guarantee issued under this section shall—

"(A) be for the full amount of a bond or note, including the amount of principal, interest, and call premiums;

"(B) be fully assignable and transferable; and

"(C) represent the full faith and credit of the United States.

"(2) LIMITATION.—To ensure that the Secretary has the resources necessary to properly examine the proposed guarantees, the Secretary may limit the number of guarantees issued under this section if the number of such guarantees exceeds 5 per year.

"(3) DEPARTMENT OPINION.—On the timely request of an eligible lender, the General Counsel of the Department of Agriculture shall provide the Secretary with an opinion regarding the validity and au-

thority of a guarantee issued to the lender under this section.

''(e) AUTHORIZATION OF APPROPRIATIONS.—

''(1) IN GENERAL.—There are authorized to be appropriated such sums as are necessary to carry out this section.

''(2) FEES.—To the extent that the amount of funds appropriated for a fiscal year under paragraph (1) are not sufficient to carry out this section, the Secretary may use up to ⅓ of the fees collected under subsection (c) for the cost of providing guarantees of bonds and notes under this section before depositing the remainder of the fees into the rural economic development subaccount maintained under section 313(b)(2)(A).

''(f) TERMINATION.—The authority provided under this section shall terminate on September 30, 2006.''.

(b) ADMINISTRATION OF CUSHION OF CREDIT PAYMENTS PROGRAM.—Section 313(b)(2)(B) of the Rural Electrification Act of 1936 (7 U.S.C. 940c)(b)(2)(B)) is amended by inserting '', acting through the Rural Utilities Service,'' after ''Secretary''.

(c) ADMINISTRATION.—

(1) REGULATIONS.—Not later than 180 days after the date of enactment of this Act, the Sec-

retary of Agriculture shall promulgate regulations to carry out the amendments made by this section.

(2) IMPLEMENTATION.—Not later than 240 days after the date of enactment of this Act, the Secretary shall implement the amendment made by this section.

SEC. 663. EXPANSION OF 911 ACCESS.

Title III of the Rural Electrification Act of 1936 (7 U.S.C. 931 et seq.) is amended by adding the following:

"SEC. 315. EXPANSION OF 911 ACCESS.

"(a) IN GENERAL.—Subject to such terms and conditions as the Secretary may prescribe, the Secretary may make telephone loans under this title to State or local governments, Indian tribes (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)), or other public entities for facilities and equipment to expand 911 access in underserved rural areas.

"(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section.".

TITLE VII—AGRICULTURAL RESEARCH, EDUCATION, AND EXTENSION AND RELATED MATTERS

Subtitle A—National Agricultural Research, Extension, and Teaching Policy Act of 1977

SEC. 701. DEFINITIONS.

(a) IN GENERAL.—Section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103) is amended—

(1) by redesignating paragraphs (10) through (17) as paragraphs (11) through (18), respectively;

(2) by inserting after paragraph (9) the following:

"(10) INSULAR AREA.—The term 'insular area' means—

"(A) the Commonwealth of Puerto Rico;

"(B) Guam;

"(C) American Samoa;

"(D) the Commonwealth of the Northern Mariana Islands;

"(E) the Federated States of Micronesia;

"(F) the Republic of the Marshall Islands;

"(G) the Republic of Palau; and

"(H) the Virgin Islands of the United States."; and

(3) by striking paragraph (13) (as so redesignated) and inserting the following:

"(13) STATE.—The term 'State' means—

"(A) a State;

"(B) the District of Columbia; and

"(C) any insular area.".

(b) EFFECT OF AMENDMENTS.—The amendments made by subsection (a) shall not affect any basis for distribution of funds by formula (in effect on the date of enactment of this Act) to—

(1) the Federated States of Micronesia;

(2) the Republic of the Marshall Islands; or

(3) the Republic of Palau.

SEC. 702. NATIONAL AGRICULTURAL RESEARCH, EXTENSION, EDUCATION, AND ECONOMICS ADVISORY BOARD.

Section 1408(h) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123(h)) is amended by striking "2002" and inserting "2006".

SEC. 703. GRANTS AND FELLOWSHIPS FOR FOOD AND AGRICULTURAL SCIENCES EDUCATION.

Section 1417 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152) is amended—

(1) in subsection (a)—

(A) by striking ''and'' after ''economics,''; and

(B) by inserting '', and rural economic, community, and business development'' before the period;

(2) in subsection (b)—

(A) in paragraph (1), by inserting '', or in rural economic, community, and business development'' before the semicolon;

(B) in paragraph (2), by inserting '', or in rural economic, community, and business development'' before the semicolon;

(C) in paragraph (3), by inserting '', or teaching programs emphasizing rural economic, community, and business development'' before the semicolon;

(D) in paragraph (4), by inserting '', or programs emphasizing rural economic, community, and business development,'' after ''programs''; and

(E) in paragraph (5), by inserting ", or professionals in rural economic, community, and business development" before the semicolon;

(3) in subsection (d)—

(A) in paragraph (1), by inserting ", or in rural economic, community, and business development," after "sciences"; and

(B) in paragraph (2), by inserting ", or in the rural economic, community, and business development workforce," after "workforce"; and

(4) in subsection (l), by striking "2002" and inserting "2006".

SEC. 704. COMPETITIVE RESEARCH FACILITIES GRANT PROGRAM.

The National Agricultural Research, Extension, and Teaching Policy Act of 1977 is amended by inserting after section 1417 (7 U.S.C. 3152) the following:

"SEC. 1417A. COMPETITIVE RESEARCH FACILITIES GRANT PROGRAM.

"(a) AUTHORITY.—The Secretary may award grants to eligible institutions on a competitive basis for the construction, acquisition, modernization, renovation, alteration, and remodeling of food and agricultural research facilities such as buildings, laboratories, and other capital

facilities (including acquisition of fixtures and equipment) in accordance with this section.

"(b) ELIGIBLE INSTITUTIONS.—The following institutions are eligible to compete for grants under subsection (a):

"(1) A State cooperative institution.

"(2) A Hispanic-serving institution.

"(c) CRITERIA FOR AWARD.—The Secretary shall award grants to support the national research purposes specified in section 1402 in a manner determined by the Secretary.

"(d) MATCHING.—

"(1) IN GENERAL.—The Secretary may establish such matching requirements for grants under subsection (a) as the Secretary considers appropriate.

"(2) FORM OF MATCH.—Matching requirements established by the Secretary may be met with unreimbursed indirect costs and in-kind contributions.

"(3) EVALUATION PREFERENCE.—The Secretary may include an evaluation preference for projects for which the applicant proposes funds for the direct costs of a project to meet the required match.

"(e) TARGETED INSTITUTIONS.—The Secretary may determine that a portion of funds made available to carry out this section shall be targeted to particular eligible institutions to enhance the capacity of the eligible institutions to carry out research.

"(f) ADMINISTRATION.—

"(1) REGULATIONS.—The Secretary shall promulgate such regulations as are necessary to carry out this section.

"(2) STATES WITH MORE THAN 1 ELIGIBLE INSTITUTION.—In a State having more than 1 eligible institution, the Secretary shall establish procedures in accordance with the purposes specified in section 1402 to ensure that the facility proposals of the eligible institutions in the State provide for a coordinated food and agricultural research program among eligible institutions in the State.

"(g) APPLICABILITY OF THE FEDERAL ADVISORY COMMITTEE ACT.—The Federal Advisory Committee Act (5 U.S.C. App.) and title XVIII of the Food and Agriculture Act of 1977 (7 U.S.C. 2281 et seq.) shall not apply to a panel or board created solely for the purpose of reviewing applications or proposals submitted under this section.

"(h) ADVISORY BOARD.—In carrying out this section, the Secretary shall consult with the Advisory Board.

"(i) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section for each of fiscal years 2002 through 2006.".

SEC. 705. GRANTS FOR RESEARCH ON THE PRODUCTION AND MARKETING OF ALCOHOLS AND INDUSTRIAL HYDROCARBONS FROM AGRICULTURAL COMMODITIES AND FOREST PRODUCTS.

Section 1419(d) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3154(d)) is amended by striking "2002" and inserting "2006".

SEC. 706. POLICY RESEARCH CENTERS.

Section 1419A of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3155) is amended—

(1) in subsection (c)(3), by striking "collect and analyze" and inserting "collect, analyze, and disseminate"; and

(2) in subsection (d), by striking "2002" and inserting "2006".

SEC. 707. HUMAN NUTRITION INTERVENTION AND HEALTH PROMOTION RESEARCH PROGRAM.

Section 1424(d) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3174(d)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 708. PILOT RESEARCH PROGRAM TO COMBINE MEDICAL AND AGRICULTURAL RESEARCH.

Section 1424A(d) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3174a(d)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 709. NUTRITION EDUCATION PROGRAM.

Section 1425(c)(3) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3175(c)(3)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 710. ANIMAL HEALTH AND DISEASE RESEARCH PROGRAMS.

Section 1433(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3195(a)) is amended in the first sentence by striking ''2002'' and inserting ''2006''.

SEC. 711. RESEARCH ON NATIONAL OR REGIONAL PROBLEMS.

Section 1434(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3196(a)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 712. EDUCATION GRANTS PROGRAMS FOR HISPANIC-SERVING INSTITUTIONS.

Section 1455(c) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3241(c)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 713. COMPETITIVE GRANTS FOR INTERNATIONAL AGRICULTURAL SCIENCE AND EDUCATION PROGRAMS.

Section 1459A(c) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3292b(c)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 714. INDIRECT COSTS.

Section 1462 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3310) is amended—

(1) by inserting ''(a) IN GENERAL.—'' before ''Except'';

(2) by striking ''19 percent'' and all that follows and inserting ''the negotiated indirect cost rate established for an institution by the cognizant Federal audit agency for the institution.''; and

(3) by adding at the end the following:

''(b) EXCEPTION.—Subsection (a) shall not apply to a grant awarded competitively under section 9 of the Small Business Act (15 U.S.C. 638).''.

SEC. 715. RESEARCH EQUIPMENT GRANTS.

The National Agricultural Research, Extension, and Teaching Policy Act of 1977 is amended by inserting after section 1462 (7 U.S.C. 3310) the following:

''SEC. 1462A. RESEARCH EQUIPMENT GRANTS.

''(a) IN GENERAL.—The Secretary may make competitive grants for the acquisition of special purpose scientific research equipment for use in the food and agricultural sciences programs of eligible institutions described in subsection (b).

''(b) ELIGIBLE INSTITUTIONS.—The Secretary may make a grant under this section to—

''(1) a college or university; or

''(2) a State cooperative institution.

''(c) MAXIMUM AMOUNT.—The amount of a grant made to an eligible institution under this section may not exceed $500,000.

"(d) PROHIBITION ON CHARGE OF EQUIPMENT AS INDIRECT COSTS.—The cost of acquisition or depreciation of equipment purchased with a grant under this section shall not be—

"(1) charged as an indirect cost against another Federal grant; or

"(2) included as part of the indirect cost pool for purposes of calculating the indirect cost rate of an eligible institution.

"(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $50,000,000 for each of fiscal years 2002 through 2006.".

SEC. 716. AGRICULTURAL RESEARCH PROGRAMS.

Section 1463 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3311) is amended—

(1) in subsection (a), by striking "$850,000,000 for each of the fiscal years 1991 through 2002" and inserting "$1,500,000,000 for each of fiscal years 2002 through 2006"; and

(2) in subsection (b), by striking "2002" and inserting "2006".

SEC. 717. EXTENSION EDUCATION.

Section 1464 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C.

3312) is amended by striking ''$420,000,000'' and all that follows and inserting the following: ''$500,000,000 for each of fiscal years 2002 through 2006.''.

SEC. 718. AVAILABILITY OF COMPETITIVE GRANT FUNDS.

The National Agricultural Research, Extension, and Teaching Policy Act of 1977 is amended by inserting after section 1469 (7 U.S.C. 3315) the following:

''SEC. 1469A. AVAILABILITY OF COMPETITIVE GRANT FUNDS.

''Except as otherwise provided by law, funds made available to the Secretary to carry out a competitive agricultural research, education, or extension grant program under this or any other Act shall be available for obligation for a 2-year period beginning on October 1 of the fiscal year for which the funds are made available.''.

SEC. 719. JOINT REQUESTS FOR PROPOSALS.

(a) PURPOSES.—The purposes of this section are—

(1) to reduce the duplication of administrative functions relating to grant awards and administration among Federal agencies conducting similar types of research, education, and extension programs;

(2) to maximize the use of peer review resources in research, education, and extension programs; and

(3) to reduce the burden on potential recipients that may offer similar proposals to receive competitive grants under different Federal programs in overlapping subject areas.

(b) AUTHORITY.—The National Agricultural Research, Extension, and Teaching Policy Act of 1977 is amended by inserting after section 1473A (7 U.S.C. 3319a) the following:

"SEC. 1473B. JOINT REQUESTS FOR PROPOSALS.

"(a) IN GENERAL.—In carrying out any competitive agricultural research, education, or extension grant program authorized under this or any other Act, the Secretary may cooperate with 1 or more other Federal agencies (including the National Science Foundation) in issuing joint requests for proposals, awarding grants, and administering grants, for similar or related research, education, or extension projects or activities.

"(b) TRANSFER OF FUNDS.—

"(1) SECRETARY.—The Secretary may transfer funds to, or receive funds from, a cooperating Federal agency for the purpose of carrying out the joint request for proposals, making awards, or administering grants.

"(2) COOPERATING AGENCY.—The cooperating Federal agency may transfer funds to, or receive

funds from, the Secretary for the purpose of carrying out the joint request for proposals, making awards, or administering grants.

"(3) LIMITATIONS.—Funds transferred or received under this subsection shall be—

"(A) used only in accordance with the laws authorizing the appropriation of the funds; and

"(B) made available by grant only to recipients that are eligible to receive the grant under the laws.

"(c) ADMINISTRATION.—

"(1) SECRETARY.—The Secretary may delegate authority to issue requests for proposals, make grant awards, or administer grants, in whole or in part, to a cooperating Federal agency.

"(2) COOPERATING FEDERAL AGENCY.—The cooperating Federal agency may delegate to the Secretary authority to issue requests for proposals, make grant awards, or administer grants, in whole or in part.

"(d) REGULATIONS; RATES.—The Secretary and a cooperating Federal agency may agree to make applicable to recipients of grants—

"(1) the post-award grant administration regulations and indirect cost rates applicable to recipients of grants from the Secretary; or

"(2) the post-award grant administration regulations and indirect cost rates applicable to recipients of grants from the cooperating Federal agency.

"(e) JOINT PEER REVIEW PANELS.—Subject to section 1413B, the Secretary and a cooperating Federal agency may establish joint peer review panels for the purpose of evaluating grant proposals.".

SEC. 720. SUPPLEMENTAL AND ALTERNATIVE CROPS.

Section 1473D(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3319d(a)) is amended by striking "2002" and inserting "2006".

SEC. 721. AQUACULTURE.

Section 1477 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3324) is amended in the first sentence by striking "2002" and inserting "2006".

SEC. 722. RANGELAND RESEARCH.

Section 1483(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3336(a)) is amended by striking "2002" and inserting "2006".

SEC. 723. BIOSECURITY PLANNING AND RESPONSE PROGRAMS.

(a) IN GENERAL.—The National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101 et seq.) is amended by adding at the end the following:

"Subtitle N—Biosecurity

"CHAPTER 1—AGRICULTURE INFRASTRUCTURE SECURITY

"SEC. 1484. DEFINITIONS.

''In this chapter:

''(1) AGRICULTURAL RESEARCH FACILITY.—The term 'agricultural research facility' means a facility—

''(A) at which agricultural research is regularly carried out or proposed to be carried out; and

''(B) that is—

''(i)(I) an Agricultural Research Service facility;

''(II) a Forest Service facility; or

''(III) an Animal and Plant Health Inspection Service facility;

''(ii) a Federal agricultural facility in the process of being planned or being constructed; or

"(iii) any other facility under the full control of the Secretary.

"(2) COMMISSION.—The term 'Commission' means the Agriculture Infrastructure Security Commission established under section 1486.

"(2) FUND.—The term 'Fund' means the Agriculture Infrastructure Security Fund Account established by section 1485.

"SEC. 1485. AGRICULTURE INFRASTRUCTURE SECURITY FUND.

"(a) ESTABLISHMENT.—There is established in the Treasury of the United States an account, to be known as the 'Agriculture Infrastructure Security Fund Account', consisting of funds appropriated to, or deposited into, the Fund under subsection (c).

"(b) PURPOSES.—The purposes of the Fund are to provide funding to protect and strengthen the Federal food safety and agricultural infrastructure that—

"(1) safeguards against animal and plant diseases and pests;

"(2) ensures the safety of the food supply; and

"(3) ensures sound science in support of food and agricultural policy.

"(c) DEPOSITS INTO FUND.—

"(1) IN GENERAL.—There are authorized to be appropriated to the Fund such sums as are necessary for each of fiscal years 2002 through 2006.

"(2) CONTRIBUTIONS AND OTHER PROCEEDS.—The Secretary shall deposit into the Fund any funds received—

"(A) as proceeds from the sale of assets under subsection (e); or

"(B) as gifts under subsection (f).

"(3) AVAILABILITY OF FUNDS.—Amounts in the Fund shall remain available until expended without further Act of appropriation.

"(4) ADDITIONAL FUNDS.—Funds made available under paragraph (1) shall be in addition to funds otherwise available to the Secretary to receive gifts and bequests or dispose of property (real, personal, or intangible).

"(d) EXPENDITURES FROM FUND.—

"(1) IN GENERAL.—Subject to paragraph (2), on request by the Secretary, the Secretary of the Treasury shall transfer from the Fund to the Secretary, and the Secretary shall accept and use without further appropriation, such amounts as the Secretary determines to be necessary to pay—

"(A) the costs of planning, design, development, construction, acquisition, modernization, leasing, and disposal of facilities, equipment, and technology used by the Department in carrying out programs relating to the purposes specified in subsection (b), notwithstanding the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.) or any other law that prescribes procedures for the procurement, use, or disposal of property or services by a Federal agency;

"(B) the costs of specialized services relating to the purposes specified in subsection (b);

"(C) the costs of cooperative arrangements authorized to be entered into (notwithstanding chapter 63 of title 31, United States Code) with State, local and tribal governments, and other public and private entities, to carry out programs relating to the purposes specified in subsection (b); and

"(D) administrative costs incurred in carrying out subparagraphs (A) through (C).

"(2) LIMITATIONS.—

"(A) FEDERAL EMPLOYEES.—Amounts in the Fund shall not be used to create any new

full or part-time permanent Federal employee position.

"(B) ADMINISTRATIVE EXPENSES.—Beginning in fiscal year 2003, not more than 1 percent of the amounts in the Fund on October 1 of a fiscal year may be used in the fiscal year for administrative expenses of the Secretary in carrying out the activities described in paragraph (1).

"(e) SALE OF ASSETS.—

"(1) DISPOSAL AUTHORITY.—Notwithstanding the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.), the Secretary by sale may dispose of all or any part of any right or title in land (excluding National Forest System land), facilities, or equipment in the full control of the Department (including land and facilities at the Beltsville Agricultural Research Center) used for the purposes specified in subsection (b).

"(2) DISPOSITION OF PROCEEDS.—Proceeds from any sale conducted by the Secretary under paragraph (1) shall be deposited into the Fund in accordance with subsection (c)(2)(A).

"(f) GIFTS.—

"(1) IN GENERAL.—To carry out the purposes specified in subsection (b), the Secretary may accept gifts and bequests of funds, property (real, personal, and intangible), equipment, services, and other in-kind contributions from State, local, and tribal governments, colleges and universities, individuals, and other public and private entities.

"(2) PROHIBITED SOURCE.—

"(A) IN GENERAL.—For the purposes of this subsection, the Secretary shall not consider a State or local government, Indian tribe (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)), other public entity, or college or university, to be a prohibited source under any Department rule or policy that prohibits the acceptance of gifts from individuals and entities that do business with the Department.

"(B) EXCEPTION.—Notwithstanding any Department rule or policy that prohibits the acceptance of gifts by the Department from individuals or private entities that do business with the Department or that, for any other reason, are considered to be prohibited sources, the Secretary may accept gifts under this sub-

section if the Secretary determines that it is in the public interest to accept the gift.

"(3) DISPOSITION OF GIFTS.—The Secretary shall deposit any gift of funds under this subsection into the Fund in accordance with subsection (c)(2)(B).

"SEC. 1486. AGRICULTURE INFRASTRUCTURE SECURITY COMMISSION.

"(a) ESTABLISHMENT.—The Secretary shall establish a commission to be known as the 'Agriculture Infrastructure Security Commission' to carry out the duties described in subsection (f).

"(b) MEMBERSHIP.—

"(1) APPOINTMENT.—

"(A) VOTING MEMBERS.—

"(i) IN GENERAL.—The Commission shall be composed of 15 voting members, appointed by the Secretary in accordance with clause (ii), based on nominations solicited from the public.

"(ii) QUALIFICATIONS.—The Secretary shall appoint members that—

"(I) represent a balance of the public and private sectors; and

"(II) have combined expertise in—

"(aa) facilities development, modernization, construction, security, consolidation, and closure;

"(bb) plant diseases and pests;

"(cc) animal diseases and pests;

"(dd) food safety;

"(ee) biosecurity;

"(ff) the needs of farmers and ranchers;

"(gg) public health;

"(hh) State, local, and tribal government; and

"(ii) any other area related to agriculture infrastructure security, as determined by the Secretary.

"(B) NONVOTING MEMBERS.—The Commission shall be composed of the following nonvoting members:

"(i) The Secretary.

"(ii) 4 representatives appointed by the Secretary of Health and Human Services, 1 each from—

"(I) the Public Health Service;

"(II) the National Institutes of Health;

"(III) the Centers for Disease Control and Prevention; and

"(IV) the Food and Drug Administration.

"(iii) 1 representative appointed by the Attorney General.

"(iv) 1 representative appointed by the Director of Homeland Security.

"(v) Not more than 4 representatives of the Department appointed by the Secretary.

"(2) DATE OF APPOINTMENT.—The appointment of each member of the Commission shall be made not later than 90 days after the date of enactment of this subtitle.

"(c) TERM; VACANCIES.—

"(1) TERM.—The term of office of a member of the Commission shall be 4 years, except that the members initially appointed shall be appointed to

serve staggered terms (as determined by the Secretary).

"(2) VACANCIES.—A vacancy on the Commission shall be filled in the same manner as the original appointment was made.

"(d) MEETINGS.—

"(1) IN GENERAL.—The Commission shall meet at the call of—

"(A) the Chairperson;

"(B) a majority of the voting members of the Commission; or

"(C) the Secretary.

"(2) FEDERAL ADVISORY COMMITTEE ACT.—

"(A) IN GENERAL.—The Federal Advisory Committee Act (5 U.S.C. App.) and title XVIII of the Food and Agriculture Act of 1977 (7 U.S.C. 2281 et seq.) shall not apply to the Commission.

"(B) OPEN MEETINGS; RECORDS.—Subject to subparagraph (C)—

"(i) a meeting of the Commission shall be—

"(I) publicly announced in advance; and

"(II) open to the public; and

"(ii) the Commission shall—

"(I) keep detailed minutes of each meeting and other appropriate records of the activities of the Commission; and

"(II) make the minutes and records available to the public on request.

"(C) EXCEPTION.—When required in the interest of national security—

"(i) the Chairperson may choose not to give public notice of a meeting;

"(ii) the Chairperson may close all or a portion of any meeting to the public, and the minutes of the meeting, or portion of a meeting, shall not be made available to the public; and

"(iii) by majority vote, the Commission may redact the minutes of a meeting that was open to the public.

"(e) CHAIRPERSON.—The Secretary shall select a Chairperson from among the voting members of the Commission.

"(f) DUTIES.—

"(1) IN GENERAL.—The Commission shall—

"(A) advise the Secretary on the uses of the Fund;

"(B) review all agricultural research facilities for—

"(i) research importance; and

"(ii) importance to agriculture infrastructure security;

"(C) identify any agricultural research facility that should be closed, realigned, consolidated, or modernized to carry out the research agenda of the Secretary and protect agriculture infrastructure security;

"(D) develop recommendations concerning agricultural research facilities; and

"(E)(i) evaluate the agricultural research facilities acquisition and modernization system (including acquisitions by gift, grant, or any other form of agreement) used by the Department; and

"(ii) based on the evaluation, recommend improvements to the system.

"(2) STRATEGIC PLAN.—To assist the Commission in carrying out the duties described in paragraph (1), the Commission shall use the 10-year strategic plan prepared by the Strategic Planning

Task Force established under section 4 of the Research Facilities Act (7 U.S.C. 390b).

"(3) REPORT.—

"(A) IN GENERAL.—Not later than 240 days after the date of enactment of this subtitle, and each June 1 thereafter, the Commission shall prepare and submit to the Secretary, the Committee on Agriculture and the Committee on Appropriations of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry and the Committee on Appropriations of the Senate, a report on the findings and recommendations under paragraph (1).

"(B) WRITTEN RESPONSE.—Not later than 90 days after the date of receipt of a report from the Commission under subparagraph (A), the Secretary shall provide to the Commission a written response concerning the manner and extent to which the Secretary will implement the recommendations in the report.

"(C) PUBLIC AVAILABILITY.—

"(i) IN GENERAL.—Subject to clause (ii), the report submitted by the Commission, and any response made by the Sec-

retary, under this subsection shall be available to the public.

"(ii) EXCEPTION.—

"(I) NATIONAL SECURITY.—The Commission or the Secretary may determine that any report or response, or any portion of a report or response, shall not be publicly released in the interest of national security.

"(II) FREEDOM OF INFORMATION ACT.—On such a determination, the report or response, a portion of the report or response, or any records relating to the report or response, shall not be released under section 552 of title 5, United States Code.

"(g) COMMISSION PERSONNEL MATTERS.—

"(1) COMPENSATION OF MEMBERS.—

"(A) NON-FEDERAL EMPLOYEES.—A voting member of the Commission who is not a regular full-time employee of the Federal Government shall, while attending meetings of the Commission or otherwise engaged in the business of the Commission (including travel time), be entitled to receive compensation at a rate

fixed by the Secretary, but not exceeding the daily equivalent of the annual rate specified at the time of such service under GS–15 of the General Schedule established under section 5332 of title 5, United States Code.

"(B) TRAVEL EXPENSES.—A voting member of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for an employee of an agency under subchapter I of chapter 57 of title 5, United States Code, while away from the home or regular place of business of the member in the performance of the duties of the Commission.

"(2) STAFF.—The Secretary shall provide the Commission with any personnel and other resources as the Secretary determines appropriate.

"(h) FUNDING.—

"(1) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as are necessary for each of fiscal years 2002 through 2006.

"(2) AGRICULTURE INFRASTRUCTURE SECURITY FUND.—For the purpose of establishing the Commission, the Secretary shall use such sums from

the Fund as the Secretary determines to be appropriate.

"CHAPTER 2—OTHER BIOSECURITY PROGRAMS

"SEC. 1487. SPECIAL AUTHORIZATION FOR BIOSECURITY PLANNING AND RESPONSE.

''(a) AUTHORIZATION OF APPROPRIATIONS.—In addition to amounts for agricultural research, extension, and education under this Act, there are authorized to be appropriated for agricultural research, education, and extension activities for biosecurity planning and response such sums as are necessary for each of fiscal years 2002 through 2006.

''(b) USE OF FUNDS.—Using any authority available to the Secretary, the Secretary shall use funds made available under this section to carry out agricultural research, education, and extension activities (including through competitive grants) necessary—

''(1) to reduce the vulnerability of the United States food and agricultural system to chemical or biological attack;

''(2) to continue joint research initiatives between the Agricultural Research Service, universities, and industry on counterbioterrorism efforts (including continued funding of a consortium in ex-

istence on the date of enactment of this subtitle of which the Agricultural Research Service and universities are members);

"(3) to make competitive grants to universities and qualified research institutions for research on counterbioterrorism; and

"(4) to counter or otherwise respond to chemical or biological attack.

"SEC. 1488. AGRICULTURE BIOTERRORISM RESEARCH FACILITIES.

"(a) DEFINITIONS.—In this section:

"(1) CONSTRUCTION.—The term 'construction' includes—

"(A) the construction of new buildings; and

"(B) the expansion, renovation, remodeling, and alteration of existing buildings.

"(2) COST.—

"(A) IN GENERAL.—The term 'cost' means any construction cost, including architects' fees.

"(B) EXCLUSIONS.—The term 'cost' does not include the cost of—

"(i) acquiring land or an interest in land; or

"(ii) constructing any offsite improvement.

"(3) ELIGIBLE ENTITY.—The term 'eligible entity' means a college or university that—

"(A) is a land grant college or university (as defined in section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103)); and

"(B) as determined by the Secretary, has—

"(i) demonstrated expertise in the area of animal and plant diseases;

"(ii) substantial animal and plant diagnostic laboratories; and

"(iii) well-established working relationships with—

"(I) the agricultural industry; and

"(II) farm and commodity organizations.

"(b) MODERNIZATION AND CONSTRUCTION OF FACILITIES.—

"(1) IN GENERAL.—To enhance the security of agriculture in the United States against threats posed by bioterrorism, the Secretary shall make con-

struction grants, on a competitive basis, to eligible entities.

"(2) LIMITATION ON GRANTS.—An eligible entity shall not receive grant funds under this section that, in any fiscal year, exceed $10,000,000.

"(c) REQUIREMENTS FOR GRANTS.—

"(1) IN GENERAL.—The Secretary shall make a grant to an eligible entity under this section only if, with respect to any facility constructed using grant funds, the eligible entity—

"(A) submits to the Secretary, in such form, in such manner, and containing such agreements, assurances, and information as the Secretary may require, an application for the grant;

"(B) is determined by the Secretary to be competent to engage in the type of research for which the facility is proposed to be constructed;

"(C) provides such assurances as the Secretary determines to be satisfactory that—

"(i) for not less than 20 years after the date of completion of the facility, the facility shall be used for the purposes of the research for which the facility was con-

structed, as described in the grant application;

"(ii) sufficient funds are available to pay the non-Federal share of the cost of constructing the facility;

"(iii) sufficient funds will be available, as of the date of completion of the construction, for the effective use of the facility for the purposes of the research for which the facility was constructed; and

"(iv) the proposed construction—

"(I) will increase the capability of the eligible entity to conduct research for which the facility was constructed; or

"(II) is necessary to improve or maintain the quality of the research of the eligible entity;

"(D) meets such reasonable qualifications as may be established by the Secretary with respect to—

"(i) the relative scientific and technical merit of the applications, and the relative effectiveness of facilities proposed to be constructed, in expanding the quality of,

and the capacity of eligible entities to carry out, biosecurity research;

"(ii) the quality of the research to be carried out in each facility constructed;

"(iii) the need for the research activities to be carried out within the facility as those activities relate to research needs of the United States in securing, and ensuring the safety of, the food supply of the United States;

"(iv) the age and condition of existing research facilities of the eligible entity; and

"(v) biosafety and biosecurity requirements necessary to protect facility staff, members of the public, and the food supply; and

"(E) has demonstrated a commitment to enhancing and expanding the research productivity of the eligible entity.

"(2) PRIORITY.—In providing grants under this section, the Secretary shall give priority to an eligible entity that, as determined by the Secretary, has demonstrated expertise in—

"(A) animal and plant disease prevention;

"(B) pathogen and toxin mitigation;

"(C) cereal disease resistance;

"(D) grain milling and processing;

"(E) livestock production practices;

"(F) vaccine development;

"(G) meat processing;

"(H) pathogen detection and control; or

"(I) food safety.

"(d) AMOUNT OF GRANT.—The amount of a grant awarded under this section shall be determined by the Secretary.

"(e) FEDERAL SHARE.—The Federal share of the cost of any construction carried out using funds from a grant provided under this section shall not exceed 50 percent.

"(f) GUIDELINES.—Not later than 180 days after the date of enactment of this subtitle, the Secretary shall issue guidelines with respect to the provision of grants under this section.

"(g) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $100,000,000 for each of fiscal years 2003 through 2005.".

(b) SENSE OF CONGRESS ON INCREASING CAPACITY FOR RESEARCH ON BIOSECURITY AND ANIMAL AND PLANT HEALTH DISEASES.—It is the sense of Congress

that funding for the Agricultural Research Service, the Animal and Plant Health Inspection Service, and other agencies of the Department of Agriculture with responsibilities for biosecurity should be increased as necessary to improve the capacity of the agencies to conduct research and analysis of, and respond to, bioterrorism and animal and plant diseases.

Subtitle B—Food, Agriculture, Conservation, and Trade Act of 1990

SEC. 731. NATIONAL GENETIC RESOURCES PROGRAM.

Section 1635(b) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5844(b)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 732. BIOTECHNOLOGY RISK ASSESSMENT RESEARCH.

Section 1668 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5921) is amended—

(1) by redesignating subsections (e) through (g) as subsections (f) through (h), respectively; and

(2) by inserting after subsection (d) the following:

''(e) GRANT PRIORITY.—In selecting projects for which grants shall be made under this section, the Secretary shall give priority to public and private research or educational institutions and organizations the goals of which include—

"(1) formation of interdisciplinary teams to review or conduct research on the environmental effects of the release of new genetically modified agricultural products;

"(2) conduct of studies relating to biosafety of genetically modified agricultural products;

"(3) evaluation of the cost and benefit for development of an identity preservation system for genetically modified agricultural products;

"(4) establishment of international partnerships for research and education on biosafety issues; or

"(5) formation of interdisciplinary teams to renew and conduct research on the nutritional enhancement and environmental benefits of genetically modified agricultural products.".

SEC. 733. HIGH-PRIORITY RESEARCH AND EXTENSION INITIATIVES.

Section 1672 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925) is amended

(1) in subsection (e), by adding at the end the following:

"(25) ANIMAL INFECTIOUS DISEASES RESEARCH AND EXTENSION.—

"(A) IN GENERAL.—Research and extension grants may be made under this section for the purpose of developing—

"(i) prevention and control methodologies for animal infectious diseases that impact trade, including vesicular stomatitis, bovine tuberculosis, transmissible spongiform encephalopathy, brucellosis, and E. coli 0157:H7 infection;

"(ii) laboratory tests for quicker detection of infected animals and presence of diseases among herds;

"(iii) prevention strategies, including vaccination programs; and

"(iv) rapid diagnostic techniques for, and evaluation of, animal disease agents considered to be risks for agricultural bioterrorism attack.

"(B) COLLABORATION.—Research under subparagraph (A) may be conducted in collaboration with scientists from the Department, other Federal agencies, universities, and industry.

"(C) EVALUATION OF DIAGNOSTIC TECHNIQUES AND VACCINES.—Any research on or

evaluation of diagnostic techniques and vaccines under subparagraph (A) shall include evaluation of diagnostic techniques and vaccines under field conditions in countries in which the animal disease occurs.

"(26) PROGRAM TO COMBAT CHILDHOOD OBESITY.—Research and extension grants may be made under this section to consortia of institutions of higher education that specialize in obesity and nutrition research to develop and implement effective strategies to reduce the incidence of childhood obesity.

"(27) INTEGRATED PEST MANAGEMENT.—Research and extension grants may be made under this section to land grant colleges and universities, other Federal agencies, and other interested persons to coordinate and improve research, education, and outreach on, and implementation on farms of, integrated pest management.

"(28) BEEF CATTLE GENETICS.—

"(A) IN GENERAL.—Research and extension grants for beef cattle genetics evaluation research may be made under this section to institutions of higher education, or consortia of institutions of higher education, that—

"(i) have expertise in beef cattle genetic evaluation research and technology; and

"(ii) have been actively involved, for at least 20 years, in the estimation and prediction of progeny differences for publication and use by seed stock producer breed associations.

"(B) PRIORITY.—In making grants under subparagraph (A), the Secretary shall give priority to proposals to—

"(i) establish and coordinate priorities for genetic evaluation of domestic beef cattle;

"(ii) consolidate research efforts to reduce duplication of effort and maximize the return to beef industry;

"(iii) streamline the process between the development and adoption of new genetic evaluation methodologies by the industry;

"(iv) identify new traits and technologies for inclusion in genetic programs in order to—

"(I) reduce the costs of beef production; and

"(II) provide consumers with a high nutritional value, healthy, and affordable protein source; or

"(v) create decisionmaking tools that incorporate the increasing number of traits being evaluated and the increasing amount of information from DNA technology into genetic improvement programs, with the goal of optimizing the overall efficiency, product quality and safety, and health of the domestic beef cattle herd resource."; and

(2) in subsection (h), by striking "2002" and inserting "2006".

SEC. 734. NUTRIENT MANAGEMENT RESEARCH AND EXTENSION INITIATIVE.

Section 1672A(g) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925a(g)) is amended by striking "2002" and inserting "2006".

SEC. 735. ORGANIC AGRICULTURE RESEARCH AND EXTENSION INITIATIVE.

Section 1672B of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925b) is amended—

(1) in subsection (a)—

(A) by inserting after ''Board,'' the following: ''and the National Organic Standards Board,'';

(B) in paragraph (2), by striking ''and'' at the end;

(C) in paragraph (3), by striking the period at the end and inserting a semicolon; and

(D) by adding at the end the following:

''(4) determining desirable traits for organic commodities using advanced genomics;

''(5) pursuing classical and marker-assisted breeding for publicly held varieties of crops and animals optimized for organic systems;

''(6) identifying marketing and policy constraints on the expansion of organic agriculture; and

''(7) conducting advanced on-farm research and development that emphasizes observation of, experimentation with, and innovation for working organic farms, including research relating to production and to socioeconomic conditions.''; and

(2) in subsection (e), by striking ''2002'' and inserting ''2006''.

SEC. 736. AGRICULTURAL TELECOMMUNICATIONS PROGRAM.

Section 1673(h) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5926(h)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 737. ASSISTIVE TECHNOLOGY PROGRAM FOR FARMERS WITH DISABILITIES.

Section 1680(c)(1) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5933(c)(1)) is amended by striking ''2002'' and inserting ''2006''.

Subtitle C—Agricultural Research, Extension, and Education Reform Act of 1998

SEC. 741. INITIATIVE FOR FUTURE AGRICULTURE AND FOOD SYSTEMS.

Section 401 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7621) is amended—

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

''(b) FUNDING.—

''(1) IN GENERAL.—Out of any funds in the Treasury not otherwise appropriated, the Secretary

of the Treasury shall transfer to the Account to carry out this section—

"(A) on October 1, 1998 and each October 1 thereafter through October 1, 2001, $120,000,000; and

"(B) on October 1, 2002, and each October 1 thereafter through October 1, 2005, $145,000,000.

"(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under paragraph (1), without further appropriation."; and

(2) in subsection (e), by adding at the end the following:

"(3) MINORITY-SERVING INSTITUTIONS.—The Secretary shall consider reserving, to the maximum extent practicable, 10 percent of the funds made available to carry out this section for a fiscal year for grants to minority-serving institutions.".

SEC. 742. PARTNERSHIPS FOR HIGH-VALUE AGRICULTURAL PRODUCT QUALITY RESEARCH.

Section 402(g) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C.

7622(g)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 743. PRECISION AGRICULTURE.

Section 403(i)(1) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7623(i)(1)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 744. BIOBASED PRODUCTS.

Section 404 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7624) is amended—

(1) in subsection (e)(2), by striking ''2001'' and inserting ''2006''; and

(2) in subsection (h), by striking ''2002'' and inserting ''2006''.

SEC. 745. THOMAS JEFFERSON INITIATIVE FOR CROP DIVERSIFICATION.

Section 405(h) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7625(h)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 746. INTEGRATED RESEARCH, EDUCATION, AND EXTENSION COMPETITIVE GRANTS PROGRAM.

Section 406 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7626) is amended—

(1) by redesignating subsection (e) as subsection (f);

(2) by inserting after subsection (d) the following:

''(e) TERM OF GRANT.—A grant under this section shall have a term of not more than 5 years.''; and

(3) in subsection (f) (as so redesignated), by striking ''2002'' and inserting ''2006''.

SEC. 747. SUPPORT FOR RESEARCH REGARDING DISEASES OF WHEAT AND BARLEY CAUSED BY FUSARIUM GRAMINEARUM.

Section 408(e) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7628(e)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 748. OFFICE OF PEST MANAGEMENT POLICY.

Section 614(f) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7653(f)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 749. SENIOR SCIENTIFIC RESEARCH SERVICE.

Subtitle B of title VI of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7651 et seq.) is amended by adding at the end the following:

"SEC. 620. SENIOR SCIENTIFIC RESEARCH SERVICE.

"(a) IN GENERAL.—There is established in the Department of Agriculture the Senior Scientific Research Service (referred to in this section as the 'Service').

"(b) MEMBERS.—

"(1) IN GENERAL.—Subject to paragraphs (2) through (4), the Secretary shall appoint the members of the Service.

"(2) QUALIFICATIONS.—To be eligible for appointment to the Service, an individual shall—

"(A) have conducted outstanding research in the field of agriculture or forestry;

"(B) have earned a doctoral level degree at an institution of higher education (as defined in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001)); and

"(C) meet qualification standards prescribed by the Director of the Office of Personnel Management for appointment to a position at level GS–15 of the General Schedule.

"(3) NUMBER.—Not more than 100 individuals may serve as members of the Service at any 1 time.

"(4) OTHER REQUIREMENTS.—

"(A) IN GENERAL.—Subject to subparagraph (B) and subsection (d)(2), the Secretary may appoint and employ a member of the Service without regard to—

"(i) the provisions of title 5, United States Code, governing appointments in the competitive service;

"(ii) the provisions of subchapter I of chapter 35 of title 5, United States Code, relating to retention preference;

"(iii) the provisions of chapter 43 of title 5, United States Code, relating to performance appraisal and performance actions;

"(iv) the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification and General Schedule pay rates; and

"(v) the provisions of chapter 75 of title 5, United States Code, relating to adverse actions.

"(B) EXCEPTION.—A member of the Service appointed and employed by the Secretary under subparagraph (A) shall have the same right of appeal to the Merit Systems Protection Board and the same right to file a complaint with the Office of Special Counsel as an employee appointed to a position at level GS–15 of the General Schedule.

"(c) PERFORMANCE APPRAISAL SYSTEM.—The Secretary shall develop a performance appraisal system for members of the Service that is designed to—

"(1) provide for the systematic appraisal of the employment performance of the members; and

"(2) encourage excellence in employment performance by the members.

"(d) COMPENSATION.—

"(1) IN GENERAL.—Subject to paragraph (2), the Secretary shall determine the compensation of members of the Service.

"(2) LIMITATIONS.—The rate of pay for a member of the Service shall—

"(A) not be less than the minimum rate payable for a position at level GS–15 of the General Schedule; and

"(B) not be more than the rate payable for a position at level I of the Executive Schedule, unless the rate is approved by the President under section 5377(d)(2) of title 5, United States Code.

"(e) RETIREMENT CONTRIBUTIONS.—

"(1) IN GENERAL.—On the request of a member of the Service who was an employee of an institution of higher education (as defined in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001)) immediately prior to appointment as a member of the Service and who retains the right to continue to make contributions to the retirement system of the institution, the Secretary may contribute an amount not to exceed 10 percent of the basic pay of the member to the retirement system of the institution on behalf of the member.

"(2) FEDERAL RETIREMENT SYSTEM.—

"(A) IN GENERAL.—Subject to subparagraph (B), a member for whom a contribution is made under paragraph (1) shall not, as a result of serving as a member of the Service, be covered by, or earn service credit under, chapter 83 or 84 of title 5, United States Code.

"(B) ANNUAL LEAVE.—Service of a member of the Service described in subparagraph (A) shall be creditable for determining years of service under section 6303(a) of title 5, United States Code.

"(f) INVOLUNTARY SEPARATION.—

"(1) IN GENERAL.—Subject to paragraph (2) and notwithstanding the provisions of title 5, United States Code, governing appointment in the competitive service, in the case of an individual who is separated from the Service involuntarily and without cause—

"(A) the Secretary may appoint the individual to a position in the competitive civil service at level GS–15 of the General Schedule; and

"(B) the appointment shall be a career appointment.

"(2) EXCEPTED CIVIL SERVICE.—In the case of an individual described in paragraph (1) who immediately prior to appointment as a member of the Service was not a career appointee in the civil service or the Senior Executive Service, the appointment of the individual under paragraph (1)—

"(A) shall be to the excepted civil service; and

"(B) may not exceed a period of 2 years.".

Subtitle D—Land-Grant Funding

CHAPTER 1—1862 INSTITUTIONS

SEC. 751. CARRYOVER.

Section 7 of the Hatch Act of 1887 (7 U.S.C. 361g) is amended by striking subsection (c) and inserting the following:

"(c) CARRYOVER.—

"(1) IN GENERAL.—The balance of any annual funds provided under this Act to a State agricultural experiment station for a fiscal year that remains unexpended at the end of the fiscal year may be carried over for use during the following fiscal year.

"(2) FAILURE TO EXPEND FULL ALLOTMENT.—If any unexpended balance carried over by a State is not expended by the end of the second fiscal year, an amount equal to the unexpended balance shall be deducted from the next succeeding annual allotment to the State.".

SEC. 752. REPORTING OF TECHNOLOGY TRANSFER ACTIVITIES.

Section 7(e) of the Hatch Act of 1887 (7 U.S.C. 361g(e)) is amended by adding at the end the following:

"(5) The technology transfer activities conducted with respect to federally-funded agricultural research.".

SEC. 753. COMPLIANCE WITH MULTISTATE AND INTEGRATION REQUIREMENTS.

(a) MULTISTATE COOPERATIVE EXTENSION ACTIVITIES.—Section 3 of the Smith-Lever Act (7 U.S.C. 343) is amended by striking subsection (h) and inserting the following:

"(h) MULTISTATE COOPERATIVE EXTENSION ACTIVITIES.—

"(1) DEFINITION OF MULTISTATE ACTIVITY.—In this subsection, the term 'multistate activity' means a cooperative extension activity in which 2 or more States cooperate to resolve problems that concern more than 1 State.

"(2) REQUIREMENT.—

"(A) IN GENERAL.—To receive funding under subsections (b) and (c) for a fiscal year, a State must have expended on multistate activities, in the preceding fiscal year, an amount equivalent to not less than 25 percent of the funds paid to the State under subsections (b) and (c) for the preceding fiscal year.

"(B) DETERMINATION OF AMOUNT.—In determining compliance with subparagraph (A), the Secretary shall include all cooperative extension funds expended by the State in the preceding fiscal year, including Federal, State, and local funds.

"(3) REDUCTION OF PERCENTAGE.—The Secretary may reduce the minimum percentage required to be expended for multistate activities under paragraph (2) by a State in a case of hardship, unfeasibility, or other similar circumstances beyond the control of the State, as determined by the Secretary.

"(4) PLAN OF WORK.—The State shall include in the plan of work of the State required under section 4 a description of the manner in which the State will meet the requirements of this subsection.

"(5) APPLICABILITY.—This subsection does not apply to funds provided—

"(A) to a 1994 Institution (as defined in section 532 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382)); or

"(B) to the Commonwealth of Puerto Rico, the Virgin Islands, or Guam.".

(b) INTEGRATED RESEARCH AND EXTENSION ACTIVITIES.—Section 3 of the Hatch Act of 1887 (7 U.S.C. 361c) is amended by striking subsection (i) and inserting the following:

"(i) INTEGRATED RESEARCH AND EXTENSION ACTIVITIES.—

"(1) IN GENERAL.—

"(A) REQUIREMENT.—To receive funding under this Act and subsections (b) and (c) of section 3 of the Smith-Lever Act (7 U.S.C. 343) for a fiscal year, a State must have expended on activities that integrate cooperative research and extension (referred to in this section as 'integrated activities'), in the preceding fiscal year, an amount equivalent to not less than 25 percent of the funds paid to the State under this section and subsections (b) and (c) of section 3 of the Smith-Lever Act (7 U.S.C. 343) for the preceding fiscal year.

"(B) DETERMINATION OF AMOUNT.—In determining compliance with subparagraph (A), the Secretary shall include all cooperative research and extension funds expended by the State in the prior fiscal year, including Federal, State, and local funds.

"(2) REDUCTION OF PERCENTAGE.—The Secretary may reduce the minimum percentage required to be expended for integrated activities under paragraph (1) by a State in a case of hardship, unfeasibility, or other similar circumstances beyond the control of the State, as determined by the Secretary.

"(3) PLAN OF WORK.—The State shall include in the plan of work of the State required under section 7 of this Act and under section 4 of the Smith-Lever Act (7 U.S.C. 344), as applicable, a description of the manner in which the State will meet the requirements of this subsection.

"(4) APPLICABILITY.—This subsection does not apply to funds provided—

"(A) to a 1994 Institution (as defined in section 532 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382)); or

"(B) to the Commonwealth of Puerto Rico, the Virgin Islands, or Guam.

"(5) RELATIONSHIP TO OTHER REQUIREMENTS.—Funds described in paragraph (1)(B) that a State uses to calculate the required amount of expenditures for integrated activities under paragraph

(1)(A) may also be used in the same fiscal year to calculate the amount of expenditures for multistate activities required under subsection (c)(3) of this section and section 3(h) of the Smith-Lever Act (7 U.S.C. 343(h)).''.

(c) EFFECTIVE DATE.—The amendments made by this section take effect on October 1, 2002.

CHAPTER 2—1994 INSTITUTIONS

SEC. 754. EXTENSION AT 1994 INSTITUTIONS.

Section 3(b) of the Smith-Lever Act (7 U.S.C. 343(b)) is amended by striking paragraph (3) and inserting the following:

''(3) EXTENSION AT 1994 INSTITUTIONS.—

''(A) IN GENERAL.—There are authorized to be appropriated for fiscal year 2002 and each subsequent fiscal year, for payment to 1994 Institutions (as defined in section 532 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382)), such sums as are necessary for the purposes set forth in section 2, to remain available until expended.

''(B) DISTRIBUTION.—Amounts made available under subparagraph (A)—

"(i) shall be distributed on the basis of a formula to be developed and implemented by the Secretary, in consultation with the 1994 Institutions; and

"(ii) may include payments for extension activities carried out during 1 or more fiscal years.

"(C) COOPERATIVE AGREEMENT.—In accordance with such regulations as the Secretary may promulgate, a 1994 Institution may administer funds received under this paragraph through a cooperative agreement with an 1862 Institution or an 1890 Institution (as those terms are defined in section 2 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7601)).".

SEC. 755. EQUITY IN EDUCATIONAL LAND-GRANT STATUS ACT OF 1994.

(a) TECHNICAL AMENDMENT TO REFLECT NAME CHANGES.—Section 532 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended by striking paragraphs (1) through (30) and inserting the following:

"(1) Bay Mills Community College.

"(2) Blackfeet Community College.

"(3) Cankdeska Cikana Community College.

"(4) College of Menominee Nation.

"(5) Crownpoint Institute of Technology.

"(6) D-Q University.

"(7) Diné College.

"(8) Dull Knife Memorial College.

"(9) Fond du Lac Tribal and Community College.

"(10) Fort Belknap College.

"(11) Fort Berthold Community College.

"(12) Fort Peck Community College.

"(13) Haskell Indian Nations University.

"(14) Institute of American Indian and Alaska Native Culture and Arts Development.

"(15) Lac Courte Oreilles Ojibwa Community College.

"(16) Leech Lake Tribal College.

"(17) Little Big Horn College.

"(18) Little Priest Tribal College.

"(19) Nebraska Indian Community College.

"(20) Northwest Indian College.

"(21) Oglala Lakota College.

"(22) Salish Kootenai College.

"(23) Sinte Gleska University.

"(24) Sisseton Wahpeton Community College.

"(25) Si Tanka/Huron University.

"(26) Sitting Bull College.

"(27) Southwestern Indian Polytechnic Institute.

"(28) Stone Child College.

"(29) Turtle Mountain Community College.

"(30) United Tribes Technical College.

"(31) White Earth Tribal and Community College.".

(b) ACCREDITATION REQUIREMENT FOR RESEARCH GRANTS.—Section 533(a)(3) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended by striking "sections 534 and 535" and inserting "sections 534, 535, and 536".

(c) LAND-GRANT STATUS FOR 1994 INSTITUTIONS.—Section 533(b) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended by striking "$4,600,000 for each of fiscal years 1996 through 2002" and inserting "such sums as are necessary for each of fiscal years 2002 through 2006".

(d) CHANGE OF INDIAN STUDENT COUNT FORMULA.—Section 533(c)(4)(A) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended by striking "(as defined in section 390(3) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2397h(3)) for each 1994 Institution for the fiscal year"

and inserting ''(as defined in section 2(a) of the Tribally Controlled College or University Assistance Act of 1978 (25 U.S.C. 1801(a)))''.

(e) INCREASE IN INSTITUTIONAL PAYMENTS.—Section 534(a)(1)(A) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended by striking ''$50,000'' and inserting ''$100,000''.

(f) INSTITUTIONAL CAPACITY BUILDING GRANTS.—Section 535 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended—

(1) in subsection (b)(1), by striking ''2002'' and inserting ''2006''; and

(2) in subsection (c), by striking ''$1,700,000 for each of fiscal years 1996 through 2002'' and inserting ''such sums as are necessary for each of fiscal years 2002 through 2006''.

(g) RESEARCH GRANTS.—Section 536(c) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended by striking ''2002'' and inserting ''2006''.

SEC. 756. ELIGIBILITY FOR INTEGRATED GRANTS PROGRAM.

Section 406(b) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7626(b)) is amended by inserting ''and 1994 Institutions'' before ''on a competitive basis''.

CHAPTER 3—1890 INSTITUTIONS

SEC. 757. AUTHORIZATION PERCENTAGES FOR RESEARCH AND EXTENSION FORMULA FUNDS.

(a) EXTENSION.—Section 1444(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3221(a)) is amended—

(1) by striking ''(a) There'' and inserting the following:

''(a) AUTHORIZATION OF APPROPRIATIONS.—

''(1) IN GENERAL.—There'';

(2) by striking the second sentence; and

(3) in the third sentence, by striking ''Beginning'' through ''6 per centum'' and inserting the following:

''(2) MINIMUM AMOUNT.—Beginning with fiscal year 2002, there shall be appropriated under this section for each fiscal year an amount that is not less than 15 percent'';

(3) by striking ''Funds appropriated'' and inserting the following:

"(3) USES.—Funds appropriated"; and

(4) by striking "No more" and inserting the following:

"(4) CARRYOVER.—No more".

(b) RESEARCH.—Section 1445(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222(a)) is amended—

(1) by striking "(a) There" and inserting the following:

"(a) AUTHORIZATION OF APPROPRIATIONS.—

"(1) IN GENERAL.—There";

(2) by striking the second sentence and inserting the following:

"(2) MINIMUM AMOUNT.—Beginning with fiscal year 2002, there shall be appropriated under this section for each fiscal year an amount that is not less than 25 percent of the total appropriations for the fiscal year under section 3 of the Hatch Act of 1887 (7 U.S.C. 361c).";

(3) by striking "Funds appropriated" and inserting the following:

"(3) USES.—Funds appropriated";

(4) by striking "The eligible" and inserting the following:

"(4) COORDINATION.—The eligible"; and

(5) by striking ''No more'' and inserting the following:

''(5) CARRYOVER.—No more''.

SEC. 758. CARRYOVER.

Section 1445(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222(a) (as amended by section 757(b)) is amended by striking paragraph (5) and inserting the following:

''(5) CARRYOVER.—

''(A) IN GENERAL.—The balance of any annual funds provided to an eligible institution for a fiscal year under this section that remains unexpended at the end of the fiscal year may be carried over for use during the following fiscal year.

''(B) FAILURE TO EXPEND FULL AMOUNT.—If any unexpended balance carried over by an eligible institution is not expended by the end of the second fiscal year, an amount equal to the unexpended balance shall be deducted from the next succeeding annual allotment to the eligible institution.''.

SEC. 759. REPORTING OF TECHNOLOGY TRANSFER ACTIVITIES.

Section 1445(c)(3) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222(c)(3)) is amended by adding at the end the following:

"(F) The technology transfer activities conducted with respect to federally-funded agricultural research.".

SEC. 760. GRANTS TO UPGRADE AGRICULTURAL AND FOOD SCIENCES FACILITIES AT 1890 LAND-GRANT COLLEGES, INCLUDING TUSKEGEE UNIVERSITY.

Section 1447(b) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222b(b)) is amended by striking "$15,000,000 for each of fiscal years 1996 through 2002" and inserting "$25,000,000 for each of fiscal years 2002 through 2006".

SEC. 761. NATIONAL RESEARCH AND TRAINING CENTENNIAL CENTERS.

Section 1448 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222c) is amended by striking "2002" each place it appears in subsections (a)(1) and (f) and inserting "2006".

SEC. 762. MATCHING FUNDS REQUIREMENT FOR RESEARCH AND EXTENSION ACTIVITIES.

Section 1449 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222d) is amended by striking subsections (c) and (d) and inserting the following:

''(c) MATCHING FORMULA.—

''(1) IN GENERAL.—For each of fiscal years 2003 through 2006, the State shall provide matching funds from non-Federal sources.

''(2) AMOUNT.—The amount of the matching funds shall be equal to not less than—

''(A) for fiscal year 2003, 60 percent of the formula funds to be distributed to the eligible institution; and

''(B) for each of fiscal years 2004 through 2006, 110 percent of the amount required under this paragraph for the preceding fiscal year.

''(d) WAIVERS.—Notwithstanding subsection (f), for any of fiscal years 2003 through 2006, the Secretary may waive the matching funds requirement under subsection (c) for any amount above the level of 50 percent for an eligible institution of a State if the Secretary determines that the State will be unlikely to meet the matching requirement.''.

CHAPTER 4—LAND-GRANT INSTITUTIONS

Subchapter A—General

SEC. 771. PRIORITY-SETTING PROCESS.

Section 102(c)(1) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7612(c)(1)) is amended—

(1) by striking ''establish and implement a process for obtaining'' and inserting ''obtain public''; and

(2) by striking the period at the end and inserting the following: ''through a process that reflects transparency and opportunity for input from producers of diverse agricultural crops and diverse geographic and cultural communities.''.

SEC. 772. TERMINATION OF CERTAIN SCHEDULE A APPOINTMENTS.

(a) TERMINATION.—Not later than 60 days after the date of enactment of this Act, the Secretary of Agriculture shall terminate each appointment listed as an excepted position under schedule A of the General Schedule made by the Secretary to the Federal civil service of an individual who holds dual government appointments, and who carries out agricultural extension work in a program at a college or university eligible to receive funds, under—

(1) the Smith-Lever Act (7 U.S.C. 341 et seq.);

(2) section 1444 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3221); or

(3) section 208(e) of the District of Columbia Public Postsecondary Education Reorganization Act (88 Stat. 1428).

(b) CONTINUATION OF CERTAIN FEDERAL BENEFITS.—

(1) IN GENERAL.—Notwithstanding title 5, United States Code, and subject to paragraph (2), an individual described in subsection (a), during the period the individual is employed in an agricultural extension program described in subsection (a) without a break in service, shall continue to—

(A) be eligible to participate, to the same extent that the individual was eligible to participate (on the day before the date of enactment of this Act), in—

(i) the Federal Employee Health Benefits Program;

(ii) the Federal Employee Group Life Insurance Program;

(iii) the Civil Service Retirement System;

(iv) the Federal Employee Retirement System; and

(v) the Thrift Savings Plan; and

(B) receive Federal Civil Service employment credit to the same extent that the individual was receiving such credit on the day before the date of enactment of this Act.

(2) LIMITATIONS.—An individual may continue to be eligible for the benefits described in paragraph (1) if—

(A) in the case of an individual who remains employed in the agricultural extension program described in subsection (a) on the date of the enactment of this Act, the employing college or university continues to fulfill the administrative and financial responsibilities (including making agency contributions) associated with providing those benefits, as determined by the Secretary of Agriculture; and

(B) in the case of an individual who changes employment to a second college or university described in subsection (a)—

(i) the individual continues to work in an agricultural extension program de-

scribed in subsection (a), as determined by the Secretary of Agriculture;

(ii) the second college or university—

(I) fulfills the administrative and financial responsibilities (including making agency contributions) associated with providing those benefits, as determined by the Secretary of Agriculture; and

(II) within 120 days before the date of the employment of the individual, had employed a different individual described in subsection (a) who had performed the same duties of employment; and

(iii) the individual was eligible for those benefits on the day before the date of enactment of this Act.

Subchapter B—Land-Grant Institutions in Insular Areas

SEC. 775. DISTANCE EDUCATION GRANTS PROGRAM FOR INSULAR AREA LAND-GRANT INSTITUTIONS.

The National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101 et seq.) (as

amended by section 723) is amended by adding at the end the following:

"Subtitle 0—Land Grant Institutions in Insular Areas

"SEC. 1489. DISTANCE EDUCATION GRANTS FOR INSULAR AREAS.

''(a) IN GENERAL.—The Secretary may make competitive or noncompetitive grants to State cooperative institutions in insular areas to strengthen the capacity of State cooperative institutions to carry out distance food and agricultural education programs using digital network technologies.

''(b) USE.—Grants made under this section shall be used—

''(1) to acquire the equipment, instrumentation, networking capability, hardware and software, digital network technology, and infrastructure necessary to teach students and teachers about technology in the classroom;

''(2) to develop and provide educational services (including faculty development) to prepare students or faculty seeking a degree or certificate that is approved by the State or a regional accrediting body recognized by the Secretary of Education;

"(3) to provide teacher education, library and media specialist training, and preschool and teacher aid certification to individuals who seek to acquire or enhance technology skills in order to use technology in the classroom or instructional process;

"(4) to implement a joint project to provide education regarding technology in the classroom with a local educational agency, community-based organization, national nonprofit organization, or business, including a minority business or a business located in a HUBZone established under section 31 of the Small Business Act (15 U.S.C. 657a); or

"(5) to provide leadership development to administrators, board members, and faculty of eligible institutions with institutional responsibility for technology education.

"(c) LIMITATION ON USE OF GRANT FUNDS.—Funds provided under this section shall not be used for the planning, acquisition, construction, rehabilitation, or repair of a building or facility.

"(d) ADMINISTRATION OF PROGRAM.—The Secretary may carry out this section in a manner that recognizes the different needs and opportunities for State cooperative institutions in the Atlantic and Pacific Oceans.

"(e) MATCHING REQUIREMENT.—

"(1) IN GENERAL.—The Secretary may establishment a requirement that a State cooperative institution receiving a grant under this section shall provide matching funds from non-Federal sources in an amount equal to not less than 50 percent of the grant.

"(2) WAIVERS.—If the Secretary establishes a matching requirement under paragraph (1), the requirement shall include an option for the Secretary to waive the requirement for an insular area State cooperative institution for any fiscal year if the Secretary determines that the institution will be unlikely to meet the matching requirement for the fiscal year.

"(f) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $4,000,000 for each of fiscal years 2002 through 2006.".

SEC. 776. MATCHING REQUIREMENTS FOR RESEARCH AND EXTENSION FORMULA FUNDS FOR INSULAR AREA LAND-GRANT INSTITUTIONS.

(a) EXPERIMENT STATIONS.—Section 3(d) of the Hatch Act of 1887 (7 U.S.C. 361c(d)) is amended by striking paragraph (4) and inserting the following:

"(4) EXCEPTION FOR INSULAR AREAS.—

"(A) IN GENERAL.—Effective beginning for fiscal year 2003, in lieu of the matching funds requirement of paragraph (1), the insular areas of the Commonwealth of Puerto Rico, Guam, and the Virgin Islands of the United States shall provide matching funds from non-Federal sources in an amount equal to not less than 50 percent of the formula funds distributed by the Secretary to each of the insular areas, respectively, under this section.

"(B) WAIVERS.—The Secretary may waive the matching fund requirement of subparagraph (A) for any fiscal year if the Secretary determines that the government of the insular area will be unlikely to meet the matching requirement for the fiscal year.".

(b) COOPERATIVE AGRICULTURAL EXTENSION.—Section 3(e) of the Smith-Lever Act (7 U.S.C. 343(e)) is amended by striking paragraph (4) and inserting the following:

"(4) EXCEPTION FOR INSULAR AREAS.—

"(A) IN GENERAL.—Effective beginning for fiscal year 2003, in lieu of the matching funds requirement of paragraph (1), the insular areas of the Commonwealth of Puerto Rico,

Guam, and the Virgin Islands of the United States shall provide matching funds from non-Federal sources in an amount equal to not less than 50 percent of the formula funds distributed by the Secretary to each of the insular areas, respectively, under this section.

''(B) WAIVERS.—The Secretary may waive the matching fund requirement of subparagraph (A) for any fiscal year if the Secretary determines that the government of the insular area will be unlikely to meet the matching requirement for the fiscal year.''.

Subtitle E—Other Laws

SEC. 781. CRITICAL AGRICULTURAL MATERIALS.

Section 16(a) of the Critical Agricultural Materials Act (7 U.S.C. 178n(a)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 782. RESEARCH FACILITIES.

Section 6(a) of the Research Facilities Act (7 U.S.C. 390d(a)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 783. FEDERAL AGRICULTURAL RESEARCH FACILITIES.

Section 1431 of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1985

(Public Law 99–198; 99 Stat. 1556) is amended by striking ''2002'' and inserting ''2006''.

SEC. 784. COMPETITIVE, SPECIAL, AND FACILITIES RESEARCH GRANTS.

The Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 450i) is amended in subsection (b)—

(1) in paragraph (2), by striking ''in—'' and all that follows and inserting '', as those needs are determined by the Secretary, in consultation with the National Agricultural Research, Extension, Education, and Economics Advisory Board, not later than July 1 of each fiscal year for the purposes of the following fiscal year.''; and

(2) in paragraph (10), by striking ''2002'' and inserting ''2006''.

SEC. 785. RISK MANAGEMENT EDUCATION FOR BEGINNING FARMERS AND RANCHERS.

(a) IN GENERAL.—Section 524(a)(3) of the Federal Crop Insurance Act (7 U.S.C. 1524(a)(3)) is amended by striking subparagraph (A) and inserting the following:

''(A) AUTHORITY.—The Secretary, acting through the Cooperative State Research, Education, and Extension Service, shall establish a program under which competitive grants are made to qualified public and private entities

(including land-grant colleges and universities, cooperative extension services, colleges or universities, and community colleges), as determined by the Secretary, for the purpose of—

"(i) educating producers generally about the full range of risk management activities, including futures, options, agricultural trade options, crop insurance, cash forward contracting, debt reduction, production diversification, farm resources risk reduction, and other risk management strategies; or

"(ii) educating beginning farmers and ranchers—

"(I) in the areas described in clause (i); and

"(II) in risk management strategies, as part of programs that are specifically targeted at beginning farmers and ranchers.".

(b) TECHNICAL CORRECTION.—Section 524(b) of the Federal Crop Insurance Act (7 U.S.C. 1524(b)) is amended by redesignating the second paragraph (2) and paragraph (3) as paragraphs (3) and (4), respectively.

SEC. 786. AQUACULTURE.

Section 10 of the National Aquaculture Act of 1980 (16 U.S.C. 2809) is amended by striking ''2002'' each place it appears and inserting ''2006''.

Subtitle F—New Authorities

SEC. 791. DEFINITIONS.

In this subtitle:

(1) DEPARTMENT.—The term ''Department'' means the Department of Agriculture.

(2) SECRETARY.—The term ''Secretary'' means the Secretary of Agriculture.

SEC. 792. REGULATORY AND INSPECTION RESEARCH.

(a) DEFINITIONS.—In this section:

(1) INSPECTION OR REGULATORY AGENCY OF THE DEPARTMENT.—The term ''inspection or regulatory agency of the Department'' includes—

(A) the Animal and Plant Health Inspection Service;

(B) the Food Safety and Inspection Service;

(C) the Grain Inspection, Packers, and Stockyards Administration; and

(D) the Agricultural Marketing Service.

(2) URGENT APPLIED RESEARCH NEEDS.—The term ''urgent applied research needs'' includes research necessary to carry out—

(A) agricultural marketing programs;

(B) programs to protect the animal and plant resources of the United States; and

(C) educational programs or special studies to improve the safety of the food supply of the United States.

(b) TIMELY, COST-EFFECTIVE RESEARCH.—To meet the urgent applied research needs of inspection or regulatory agencies of the Department, the Secretary—

(1) may use a public or private source; and

(2) shall use the most practicable source to provide timely, cost-effective means of providing the research.

(c) CONFLICTS OF INTEREST.—The Secretary shall establish guidelines to prevent any conflict of interest that may arise if an inspection or regulatory agency of the Department obtains research from any Federal agency the work or technology transfer efforts of which are funded in part by an industry subject to the jurisdiction of the inspection or regulatory agency of the Department.

(d) REGULATIONS.—The Secretary may promulgate such regulations as are necessary to carry out this section.

SEC. 793. EMERGENCY RESEARCH TRANSFER AUTHORITY.

(a) IN GENERAL.—Subject to subsection (b), in addition to any other authority that the Secretary may have

to transfer appropriated funds, the Secretary may transfer up to 2 percent of any appropriation made available to an office or agency of the Department for a fiscal year for agricultural research, extension, marketing, animal and plant health, nutrition, food safety, nutrition education, or forestry programs to any other appropriation for an office or agency of the Department for emergency research, extension, or education activities needed to address imminent threats to animal and plant health, food safety, or human nutrition, including bioterrorism.

(b) LIMITATIONS.—The Secretary may transfer funds under subsection (a) only—

(1) on a determination by the Secretary that the need is so imminent that the need will not be timely met by annual, supplemental, or emergency appropriations;

(2) in an aggregate amount that does not exceed $5,000,000 for any fiscal year; and

(3) with the approval of the Director of the Office of Management and Budget.

SEC. 794. REVIEW OF AGRICULTURAL RESEARCH SERVICE.

(a) IN GENERAL.—The Secretary shall conduct a review of the purpose, efficiency, effectiveness, and impact on agricultural research of the Agricultural Research Service.

(b) ADMINISTRATION.—In conducting the review, the Secretary shall use persons outside the Department, including—

(1) Federal scientists;

(2) college and university faculty;

(3) private and nonprofit scientists; or

(4) other persons familiar with the role of the Agricultural Research Service in conducting agricultural research in the United States.

(c) REPORT.—Not later than September 30, 2004, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the results of the review.

(d) FUNDING.—The Secretary shall use to carry out this section not more than 0.1 percent of the amount of appropriations made available to the Agricultural Research Service for each of fiscal years 2002 through 2004.

SEC. 795. TECHNOLOGY TRANSFER FOR RURAL DEVELOPMENT.

(a) IN GENERAL.—The Secretary, acting through the Rural Business-Cooperative Service and the Agricultural Research Service, shall establish a program to promote the availability of technology transfer opportunities of the Department to rural businesses and residents.

(b) COMPONENTS OF PROGRAM.—The program shall, to the maximum extent practicable, include—

(1) a website featuring information about the program and technology transfer opportunities of the Department;

(2) an annual joint program for State economic development directors and Department rural development directors regarding technology transfer opportunities of the Agricultural Research Service and other offices and agencies of the Department; and

(3) technology transfer opportunity programs at each Agricultural Research Service laboratory, conducted at least biennially, which may include participation by other local Federal laboratories, as appropriate.

(c) FUNDING.—The Secretary shall use to carry out this section—

(1) amounts made available to the Agricultural Research Service; and

(2) amounts made available to the Rural Business-Cooperative Service for salaries and expenses.

SEC. 796. BEGINNING FARMER AND RANCHER DEVELOPMENT PROGRAM.

(a) DEFINITION OF BEGINNING FARMER OR RANCHER.—In this section, the term ''beginning farmer or rancher'' means a person that—

(1)(A) has not operated a farm or ranch; or

(B) has operated a farm or ranch for not more than 10 years; and

(2) meets such other criteria as the Secretary may establish.

(b) PROGRAM.—The Secretary shall establish a beginning farmer and rancher development program to provide training, education, outreach, and technical assistance initiatives for beginning farmers or ranchers.

(c) GRANTS.—

(1) IN GENERAL.—In carrying out this section, the Secretary shall make competitive grants to support new and established local and regional training, education, outreach, and technical assistance initiatives for beginning farmers or ranchers, including programs and services (as appropriate) relating to—

(A) mentoring, apprenticeships, and internships;

(B) resources and referral;

(C) assisting beginning farmers or ranchers in acquiring land from retiring farmers and ranchers;

(D) innovative farm and ranch transfer strategies;

(E) entrepreneurship and business training;

(F) model land leasing contracts;

(G) financial management training;

(H) whole farm planning;

(I) conservation assistance;

(J) risk management education;

(K) diversification and marketing strategies;

(L) curriculum development;

(M) understanding the impact of concentration and globalization;

(N) basic livestock and crop farming practices;

(O) the acquisition and management of agricultural credit;

(P) environmental compliance;

(Q) information processing; and

(R) other similar subject areas of use to beginning farmers or ranchers.

(2) ELIGIBILITY.—To be eligible to receive a grant under this subsection, the recipient shall be a collaborative State, local, or regionally-based network or partnership of public or private entities, which may include—

(A) a State cooperative extension service;

(B) a Federal or State agency;

(C) a community-based and nongovernmental organization;

(D) a college or university (including an institution awarding an associate's degree) or foundation maintained by a college or university; or

(E) any other appropriate partner, as determined by the Secretary.

(3) TERM OF GRANT.—The term of a grant under this subsection shall not exceed 3 years.

(4) MATCHING REQUIREMENT.—To be eligible to receive a grant under this subsection, a recipient shall provide a match in the form of cash or in-kind contributions in an amount equal to 25 percent of the funds provided by the grant.

(5) SET-ASIDE.—Not less than 25 percent of funds used to carry out this subsection for a fiscal

year shall be used to support programs and services that address the needs of—

(A) limited resource beginning farmers or ranchers (as defined by the Secretary);

(B) socially disadvantaged beginning farmers or ranchers (as defined in section 355(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2003(e)); and

(C) farmworkers desiring to become farmers or ranchers.

(6) PROHIBITION.—A grant made under this subsection may not be used for the planning, repair, rehabilitation, acquisition, or construction of a building or facility.

(7) ADMINISTRATIVE COSTS.—The Secretary shall use not more than 4 percent of the funds made available to carry out this section for administrative costs incurred by the Secretary in carrying out this section.

(d) EDUCATION TEAMS.—

(1) IN GENERAL.—In carrying out this section, the Secretary shall establish beginning farmer and rancher education teams to develop curricula and conduct educational programs and workshops for be-

ginning farmers or ranchers in diverse geographical areas of the United States.

(2) CURRICULUM.—In promoting the development of curricula, the Secretary shall, to the maximum extent practicable, include modules tailored to specific audiences of beginning farmers or ranchers, based on crop or regional diversity.

(3) COMPOSITION.—In establishing an education team for a specific program or workshop, the Secretary shall, to the maximum extent practicable—

(A) obtain the short-term services of specialists with knowledge and expertise in programs serving beginning farmers or ranchers; and

(B) use officers and employees of the Department with direct experience in programs of the Department that may be taught as part of the curriculum for the program or workshop.

(4) COOPERATION.—

(A) IN GENERAL.—In carrying out this subsection, the Secretary shall cooperate, to the maximum extent practicable, with—

(i) State cooperative extension services;

(ii) Federal and State agencies;

(iii) community-based and nongovernmental organizations;

(iv) colleges and universities (including an institution awarding an associate's degree) or foundations maintained by a college or university; and

(v) other appropriate partners, as determined by the Secretary.

(B) COOPERATIVE AGREEMENT.—Notwithstanding chapter 63 of title 31, United States Code, the Secretary may enter into a cooperative agreement to reflect the terms of any cooperation under subparagraph (A).

(e) CURRICULUM AND TRAINING CLEARINGHOUSE.—The Secretary shall establish an online clearinghouse that makes available to beginning farmers or ranchers education curricula and training materials and programs, which may include online courses for direct use by beginning farmers or ranchers.

(f) STAKEHOLDER INPUT.—In carrying out this section, the Secretary shall seek stakeholder input from—

(1) beginning farmers and ranchers;

(2) national, State, and local organizations and other persons with expertise in operating beginning farmer and rancher programs; and

(3) the Advisory Committee on Beginning Farmers and Ranchers established under section 5 of the Agricultural Credit Improvement Act of 1992 (7 U.S.C. 1929 note; Public Law 102–554).

(g) PARTICIPATION BY OTHER FARMERS AND RANCHERS.—Nothing in this section prohibits the Secretary from allowing farmers and ranchers who are not beginning farmers or ranchers from participating in programs authorized under this section to the extent that the Secretary determines that such participation is appropriate and will not detract from the primary purpose of educating beginning farmers and ranchers.

(h) FUNDING.—

(1) FEES AND CONTRIBUTIONS.—

(A) IN GENERAL.—The Secretary may—

(i) charge a fee to cover all or part of the costs of curriculum development and the delivery of programs or workshops provided by—

(I) a beginning farmer and rancher education team established under subsection (d); or

(II) the online clearinghouse established under subsection (e); and

(ii) accept contributions from cooperating entities under a cooperative agreement entered into under subsection (d)(4)(B) to cover all or part of the costs for the delivery of programs or workshops by the beginning farmer and rancher education teams.

(B) AVAILABILITY.—Fees and contributions received by the Secretary under subparagraph (A) shall—

(i) be deposited in the account that incurred the costs to carry out this section;

(ii) be available to the Secretary to carry out the purposes of the account, without further appropriation;

(iii) remain available until expended; and

(iv) be in addition to any funds made available under paragraph (2).

(2) TRANSFERS.—

(A) IN GENERAL.—Not later than 30 days after the date of enactment of this Act, and on October 1, 2002, and each October 1 thereafter

through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary to carry out this section $15,000,000, to remain available for 2 fiscal years.

(B) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under subparagraph (A), without further appropriation.

SEC. 797. SENSE OF CONGRESS REGARDING DOUBLING OF FUNDING FOR AGRICULTURAL RESEARCH.

It is the sense of Congress that—

(1) Federal funding for food and agricultural research has been essentially constant for 2 decades, putting at risk the scientific base on which food and agricultural advances have been made;

(2) the resulting increase in the relative proportion of private sector, industry investments in food and agricultural research has led to questions about the independence and objectivity of research and outreach conducted by the Federal and university research sectors; and

(3) funding for food and agricultural research should be at least doubled over the next 5 fiscal years—

(A) to restore the balance between public and private sector funding for food and agricultural research; and

(B) to maintain the scientific base on which food and agricultural advances are made.

SEC. 798. RURAL POLICY RESEARCH.

(a) IN GENERAL.—There is established in the Treasury of the United States an account to be known as the ''Rural Research Fund Account'' (referred to in this section as the ''Account'') to provide funds for activities described in subsection (c).

(b) FUNDING.—

(1) IN GENERAL.—Not later than 30 days after the date of enactment of this Act, and on October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Account to carry out this section $15,000,000, to remain available for 2 fiscal years.

(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and

shall use to carry out this section the funds transferred under paragraph (1), without further appropriation.

(c) PURPOSES.—The Secretary shall use the funds in the Account to make competitive research grants for applied and outcome oriented research and policy research and analysis of rural issues relating to—

(1) rural sociology;

(2) effects of demographic change, including aging population, outmigration, and labor resources;

(3) needs of groups of rural citizens, including senior citizens, families, youth, children, and socially disadvantaged individuals;

(4) rural community development;

(5) rural infrastructure, including water and waste, community facilities, telecommunications, electricity, and high-speed broadband services;

(6) rural business development, including credit, venture capital, cooperatives, value-added enterprises, new and alternative markets, farm and rural enterprise formation, and entrepreneurship;

(7) farm management, including strategic planning, business and marketing opportunities, risk management, natural resources and environmental

management, organic and sustainable farming systems, and intergenerational transfer strategies;

(8) rural education and extension programs, including methods of delivery, availability of resources, and use of distance learning; and

(9) rural health, including mental health, on-farm safety, and food safety.

(d) REQUIREMENTS.—In making grants under this section, the Secretary shall—

(1) solicit and consider public input from persons who conduct or use agricultural research, extension, education, or rural development programs; and

(2) ensure that funded proposals will provide high-quality research that may be of use to public policymakers and private entities in making decisions that affect development in rural areas.

(e) ELIGIBLE GRANTEES.—The Secretary may make a grant under this section to—

(1) an individual;

(2) a college or university or a foundation maintained by a college or university;

(3) a State cooperative institution;

(4) a community college;

(5) a nonprofit organization, institution, or association;

(6) a business association;

(7) an agency of a State, local, or tribal government; or

(8) a regional partnership of public and private agencies.

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

(g) MATCHING FUNDS.—

(1) IN GENERAL.—Subject to paragraph (2), the Secretary may require as a condition of the grant that the grant funding be matched, in whole or in part, with matching funds from a non-Federal source.

(2) BUSINESS ASSOCIATIONS.—The Secretary shall require that a grant to a business association be matched with equal matching funds from a non-Federal source.

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

SEC. 798A. PRIORITY FOR FARMERS AND RANCHERS PARTICIPATING IN CONSERVATION PROGRAMS.

In carrying out new on-farm research or extension programs or projects authorized by this Act, an amendment made by this Act, or any Act enacted after the date of enactment of this Act, the Secretary shall give priority in carrying out the programs or projects to using farms or ranches of farmers or ranchers that participate in Federal agricultural conservation programs.

SEC. 798B. ORGANIC PRODUCTION AND MARKET DATA INITIATIVES.

The Secretary shall ensure that segregated data on the production and marketing of organic agricultural products is included in the ongoing baseline of data collection regarding agricultural production and marketing.

SEC. 798C. ORGANICALLY PRODUCED PRODUCT RESEARCH AND EDUCATION.

Not later than July 1, 2002, the Secretary, shall prepare, in consultation with the Advisory Committee on Small Farms, and submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, a report on—

(1) the implementation of the organic rule promulgated under the Organic Foods Production Act of 1990 (7 U.S.C. 6501 et seq.); and

(2) the impact of the organic rule program on small farms (as defined by the Advisory Committee on Small Farms).

SEC. 798D. INTERNATIONAL ORGANIC RESEARCH COLLABORATION.

The Secretary, acting through the Agricultural Research Service (including the National Agriculture Library), shall facilitate access by research and extension professionals in the United States to, and the use by those professionals of, organic research conducted outside the United States.

TITLE VIII—FORESTRY

SEC. 801. OFFICE OF INTERNATIONAL FORESTRY.

Section 2405(d) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 6704(d)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 802. MCINTIRE-STENNIS COOPERATIVE FORESTRY RESEARCH PROGRAM.

It is the sense of Congress to reaffirm the importance of Public Law 87–88 (16 U.S.C. 582a et seq.), commonly known as the ''McIntire-Stennis Cooperative Forestry Act''.

SEC. 803. SUSTAINABLE FORESTRY OUTREACH INITIATIVE; RENEWABLE RESOURCES EXTENSION ACTIVITIES.

(a) SUSTAINABLE FORESTRY OUTREACH INITIATIVE.—The Renewable Resources Extension Act of 1978 is amended by inserting after section 5A (16 U.S.C. 1674a) the following:

"SEC. 5B. SUSTAINABLE FORESTRY OUTREACH INITIATIVE.

''The Secretary shall establish a program, to be known as the 'Sustainable Forestry Outreach Initiative', to educate landowners concerning—

''(1) the value and benefits of practicing sustainable forestry;

''(2) the importance of professional forestry advice in achieving sustainable forestry objectives; and

''(3) the variety of public and private sector resources available to assist the landowners in planning for and practicing sustainable forestry.''.

(b) RENEWABLE RESOURCES EXTENSION ACTIVITIES.—

(1) AUTHORIZATION OF APPROPRIATIONS.—Section 6 of the Renewable Resources Extension Act of 1978 (16 U.S.C. 1675) is amended by striking the first sentence and inserting the following: ''There is authorized to be appropriated to carry out

this Act $30,000,000 for each of fiscal years 2002 through 2006.''.

(2) TERMINATION DATE.—Section 8 of the Renewable Resources Extension Act of 1978 (16 U.S.C. 1671 note; Public Law 95–306) is amended by striking ''2000'' and inserting ''2006''.

SEC. 804. FORESTRY INCENTIVES PROGRAM.

Section 4(j) of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2103(j)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 805. SUSTAINABLE FORESTRY COOPERATIVE PROGRAM.

The Cooperative Forestry Assistance Act of 1978 is amended by inserting after section 5 (16 U.S.C. 2103a) the following:

''SEC. 5A. SUSTAINABLE FORESTRY COOPERATIVE PROGRAM.

''(a) DEFINITIONS.—In this section:

''(1) FARMER OR RANCHER.—The term 'farmer or rancher' means a person engaged in the production of an agricultural commodity (including livestock).

''(2) FORESTRY COOPERATIVE.—The term 'forestry cooperative' means an association that is—

"(A) owned and operated by nonindustrial private forest landowners; and

"(B) comprised of members—

"(i) of which at least 51 percent are farmers or ranchers; and

"(ii) that use sustainable forestry practices on nonindustrial private forest land to create a long-term, sustainable income stream.

"(3) NONINDUSTRIAL PRIVATE FOREST LAND.—The term 'nonindustrial private forest land' has the meaning given the term 'nonindustrial private forest lands' in section 5(c).

"(b) ESTABLISHMENT.—The Secretary shall establish a program, to be known as the 'sustainable forestry cooperative program', under which the Secretary shall provide, to nonprofit organizations on a competitive basis, grants to establish, and develop and support, sustainable forestry practices carried out by members of, forestry cooperatives.

"(c) USE OF FUNDS.—

"(1) IN GENERAL.—Subject to paragraph (2), funds from a grant provided under this section shall be used for—

"(A) predevelopment, development, start-up, capital acquisition, and marketing costs associated with a forestry cooperative; or

"(B) the development or support of a sustainable forestry practice of a member of a forestry cooperative.

"(2) CONDITIONS.—

"(A) DEVELOPMENT.—The Secretary shall provide funds under paragraph (1)(A) only to a nonprofit organization with demonstrated expertise in cooperative development, as determined by the Secretary.

"(B) COMPLIANCE WITH PLAN.—A sustainable forestry practice developed or supported through the use of funds from a grant under this section shall comply with any applicable standards for sustainable forestry contained in a management plan that—

"(i) meets the requirements of section 6A(g); and

"(ii) is approved by the State forester (or equivalent State official).

"(d) FUNDING.—

"(1) IN GENERAL.—Not later than 30 days after the date of enactment of this section, and on

October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture to carry out this section $2,000,000, to remain available until expended.

"(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under paragraph (1), without further appropriation.".

SEC. 806. SUSTAINABLE FOREST MANAGEMENT PROGRAM.

(a) FINDINGS AND PURPOSES.—

(1) FINDINGS.—Congress finds that—

(A) the United States is becoming increasingly dependent on nonindustrial private forest land to supply necessary market commodities and nonmarket conservation values;

(B) there is a strong demand for expanded assistance programs for owners of nonindustrial private forest land because the majority of the wood supply of the United States comes from nonindustrial private forest land;

(C) soil, water, and air quality, fish and wildlife habitat, aesthetic values, and opportuni-

ties for outdoor recreation in the United States would be maintained and improved through good stewardship of nonindustrial private forest land;

(D) the products and services resulting from stewardship of nonindustrial private forest land contribute to the economic, social, and ecological health and diversity of rural communities;

(E) catastrophic wildfires threaten human lives, property, forests, and other resources;

(F) Federal and State cooperation in forest fire prevention and control has proven effective and valuable because properly managed forest stands are less susceptible to catastrophic fire, as demonstrated by the catastrophic fire seasons of 1998 and 2000;

(G) owners of nonindustrial private forest land face increased pressure to make that land available for development and other uses, resulting in forest land loss and fragmentation that reduces the ability of private forest land to provide a full range of societal benefits;

(H) complex investments in the management of long-rotation forest stands, including

sustainable hardwood management, are often the most difficult commitments for owners of nonindustrial private forest land;

(I) the investment of a single Federal dollar in State and private forestry programs is estimated to leverage, on the average, $9 from State, local, and private sources; and

(J) comprehensive, multiresource planning assistance made available to each landowner before the provision of technical assistance would provide an opportunity to ensure that the landowner is aware of the many projects and activities eligible for cost-share assistance.

(2) PURPOSES.—The purposes of this section are—

(A) to strengthen the commitment of the Secretary to sustainable forest management to enhance the productivity of timber, fish and wildlife habitat, soil and water quality, wetland, recreational resources, and aesthetic values of forest land; and

(B) to establish a coordinated and cooperative Federal, State, and local sustainable forestry program for the establishment, management, maintenance, enhancement, and restora-

tion of forests on nonindustrial private forest land.

(b) PROGRAM.—The Cooperative Forestry Assistance Act of 1978 is amended by inserting after section 6 (16 U.S.C. 2103b) the following:

"SEC. 6A. SUSTAINABLE FOREST MANAGEMENT PROGRAM.

"(a) DEFINITIONS.—In this section:

"(1) COMMITTEE.—The term 'Committee' means a State Forest Stewardship Coordinating Committee established under section 19(b).

"(2) INDIAN TRIBE.—The term 'Indian tribe' has the meaning given the term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

"(3) PROGRAM.—The term 'program' means the sustainable forest management program established under subsection (b)(1).

"(4) NONINDUSTRIAL PRIVATE FOREST LAND.—The term 'nonindustrial private forest land' has the meaning given the term 'nonindustrial private forest lands' in section 5(c).

"(5) OWNER.—The term 'owner' means an owner of nonindustrial private forest land.

"(6) STATE FORESTER.—The term 'State forester' means the director or other head of a State forestry agency (or an equivalent State official).

"(b) ESTABLISHMENT.—

"(1) IN GENERAL.—The Secretary shall establish a sustainable forest management program to—

"(A) provide financial assistance to State foresters; and

"(B) encourage the long-term sustainability of nonindustrial private forest land in the United States by assisting the owners of nonindustrial private forest land, through State foresters, in more actively managing the nonindustrial private forest land and related resources of those owners through the use of State, Federal, and private sector resource management expertise, financial assistance, and educational programs.

"(2) COORDINATION.—The Secretary, acting through State foresters, shall implement the program—

"(A) in coordination with the Committees; and

"(B) in consultation with—

"(i) other Federal, State, and local natural resource management agencies;

"(ii) institutions of higher education; and

"(iii) a broad range of private sector interests.

"(c) STATE PRIORITY PLAN.—

"(1) IN GENERAL.—Subject to paragraph (3), as a condition of receipt of funding under the program, a State Forester and the Committee of the State shall jointly develop and submit to the Secretary a 5-year plan that describes the funding priorities of the State in meeting the purposes of the program.

"(2) PUBLIC PARTICIPATION.—The plan submitted to the Secretary under paragraph (1) shall include documentation of the efforts of the State to provide for public participation in the development of the plan.

"(3) STATE PRIORITIES.—The Secretary shall ensure, to the maximum extent practicable, that the need for expanded technical assistance programs for owners is met in the annual funding priorities of each State described in paragraph (1).

"(d) PURPOSES.—The Secretary shall allocate resources of the Secretary among States in accordance with subsection (j) to encourage, in accordance with the plan of each State described in subsection (c)—

"(1) the investment in practices to establish, restore, protect, manage, maintain, and enhance the health and productivity of the nonindustrial private forest land in the United States;

"(2) the occurrence of afforestation, reforestation, improvement of poorly stocked stands, timber stand improvement, practices necessary to improve seedling growth and survival, and growth enhancement practices as needed to enhance and sustain the long-term productivity of timber and nontimber forest resources to—

"(A) meet projected public demand for forest resources; and

"(B) provide environmental benefits;

"(3) the protection of riparian buffers and forest wetland;

"(4) the maintenance and enhancement of fish and wildlife habitat;

"(5) the enhancement of soil, air, and water quality;

"(6) through the use of agroforestry practices, the reduction of soil erosion and maintenance of soil quality;

"(7) the maintenance and enhancement of the forest landbase;

"(8) the reduction of the threat of catastrophic wildfires; and

"(9) the preservation of aesthetic quality and opportunities for outdoor recreation.

"(e) ELIGIBILITY.—

"(1) COST-SHARE ASSISTANCE.—

"(A) IN GENERAL.—Except as provided in paragraph (2), an owner shall be eligible to receive cost-share assistance from a State forester under the program if the owner—

"(i) develops a management plan in accordance with subsection (f) that—

"(I) addresses site-specific activities and practices; and

"(II) is approved by the State forester;

"(ii) agrees to implement approved activities in accordance with the management plan for a period of not less than 10 years,

unless the State forester approves a modification to the management plan; and

"(iii) except as provided in subparagraph (B), owns not more than 1,000 acres of nonindustrial private forest land.

"(B) EXCEPTION FOR SIGNIFICANT PUBLIC BENEFITS.—The Secretary may approve the provision of cost-share assistance to an owner that owns more than 1,000 but less than 5,000 acres of nonindustrial private forest land if the Secretary, in consultation with the State forester, determines that significant public benefits will accrue as a result of the approval.

"(2) PAYMENT FOR PLAN DEVELOPMENT.—The Secretary, acting through a State forester, may provide cost-share assistance to an owner to develop a management plan.

"(3) LIMITATIONS.—An owner shall receive no cost-share assistance for management of nonindustrial private forest land under this section if the owner receives cost-share assistance for that land under—

"(A) the forestry incentives program under section 4;

"(B) the stewardship incentives program under section 6; or

"(C) any conservation program administered by the Secretary.

"(4) RATE; SCHEDULE.—Subject to paragraph (5), the Secretary, in consultation with the State forester, shall determine the rate and timing of cost-share payments.

"(5) AMOUNT.—

"(A) PERCENTAGE OF COST.—Subject to subparagraph (B), a cost-share payment shall not exceed the lesser of an amount equal to—

"(i) 75 percent of the total cost of implementing the project or activity; or

"(ii) such lesser percentage of the total cost of implementing the project or activity as is determined by the appropriate State forester.

"(B) AGGREGATE PAYMENT LIMIT.—The Secretary shall determine the maximum aggregate amount of cost-share payments that an owner may receive under this section.

"(f) MANAGEMENT PLAN.—An owner that seeks to participate in the program shall—

"(1) submit to the State forester a management plan that—

"(A) meets the requirements of this section; and

"(B)(i) is prepared by, or in consultation with, a professional resource manager;

"(ii) identifies and describes projects and activities to be carried out by the owner to protect soil, water, air, range, and aesthetic quality, recreation, timber, water, wetland, and fish and wildlife resources on the land in a manner that is compatible with the objectives of the owner;

"(iii) addresses any criteria established by the applicable State and the applicable Committee; and

"(iv)(I) at a minimum, applies to the portion of the land on which any project or activity funded under the program will be carried out; or

"(II) in a case in which a project or activity described in subclause (I) may affect acreage outside the portion of the land on which the project or activity is carried out, applies to all land of the owner that is in forest cover and

that may be affected by the project or activity; and

''(2) agree that all projects and activities conducted on the land shall be consistent with the management plan.

''(g) APPROVED ACTIVITIES.—

''(1) IN GENERAL.—The Secretary, in consultation with the State forester and the appropriate Committee, shall develop for each State a list of approved forest activities and practices eligible for cost-share assistance that meets the purposes of the program described in subsection (d).

''(2) TYPES OF ACTIVITIES.—Approved activities and practices under paragraph (1) may consist of activities and practices for—

''(A) the establishment, management, maintenance, and restoration of forests for shelterbelts, windbreaks, aesthetic quality, and other conservation purposes;

''(B) the sustainable growth and management of forests for timber production;

''(C) the restoration, use, and enhancement of forest wetland and riparian areas;

''(D) the protection of water quality and watersheds through—

"(i) the planting of trees in riparian areas; and

"(ii) the enhanced management and maintenance of native vegetation on land vital to water quality;

"(E) the preservation, restoration, or development of habitat for plants, fish, and wildlife;

"(F)(i) the control, detection, monitoring, and prevention of the spread of invasive species and pests on nonindustrial private forest land; and

"(ii) the restoration of nonindustrial private forest land affected by invasive species and pests;

"(G) the conduct of other management activities, such as the reduction of hazardous fuel use, that reduce the risks to forests posed by, and that restore, recover, and mitigate the damage to forests caused by, fire or any other catastrophic event, as determined by the Secretary;

"(H) the development of management plans;

"(I) the acquisition by the State of permanent easements to maintain forest cover and protect important forest values; and

"(J) the conduct of other activities approved by the Secretary, in consultation with the State forester and the appropriate Committees.

"(h) FAILURE TO COMPLY.—

"(1) IN GENERAL.—The Secretary shall establish a procedure to recover cost-share payments made under this section in any case in which the recipient of the payment fails—

"(A) to implement a project or activity in accordance with the management plan; or

"(B) comply with any requirement of this section.

"(2) ADDITIONAL AUTHORITY.—The authority under paragraph (1) shall be in addition to, and not in lieu of, any other authority available to the Secretary.

"(i) REPORTS.—

"(1) INTERIM REPORT.—Not later than 2½ years after the date on which funds are made available to implement a State priority plan under subsection (c), the State implementing the plan shall

submit to the Secretary an interim report describing the status of projects and activities funded under the plan as of that date.

"(2) FINAL REPORT.—Not later than 5 years after the date on which funds are made available to implement a State priority plan under subsection (c), the State implementing the plan shall submit to the Secretary a final report describing the status of all projects and activities funded under the plan as of that date.

"(j) DISTRIBUTION.—

"(1) IN GENERAL.—The Secretary, acting through State foresters, shall distribute funds available for cost sharing under the program based on a nationwide funding formula developed under paragraph (2).

"(2) FORMULA.—In developing the formula referred to in paragraph (1), the Secretary shall—

"(A) assess public benefits that would result from the distribution; and

"(B) consider—

"(i) the total acreage of nonindustrial private forest land in each State;

"(ii) the potential productivity of that land, as determined by the Secretary;

"(iii) the number of owners eligible for cost sharing in each State;

"(iv) the opportunities to enhance nontimber resources on that land, including—

"(I) the protection of riparian buffers and forest wetland;

"(II) the preservation of fish and wildlife habitat;

"(III) the enhancement of soil, air, and water quality; and

"(IV) the preservation of aesthetic quality and opportunities for outdoor recreation;

"(v) the anticipated demand for timber and nontimber resources in each State;

"(vi) the need to improve forest health to minimize the damaging effects of catastrophic fire, insects, disease, or weather;

"(vii) the need and demand for agroforestry practices in each State;

"(viii) the need to maintain and enhance the forest landbase; and

"(ix) the need for afforestation, reforestation, and timber stand improvement.

"(k) FUNDING.—

"(1) IN GENERAL.—Not later than 30 days after the date of enactment of this section, and on October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture to carry out this section $48,000,000, to remain available until expended.

"(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under paragraph (1), without further appropriation.".

SEC. 807. FOREST FIRE RESEARCH CENTERS.

(a) FINDINGS.—Congress finds that—

(1) there is an increasing threat of fire to millions of acres of forest land and rangeland throughout the United States;

(2) this threat is especially great in the interior States of the western United States, where the Forest Service estimates that 39,000,000 acres of National Forest System land are at high risk of catastrophic wildfire;

(3)(A) the degraded condition of forest land and rangeland is often the consequence of land management practices that emphasize the control and prevention of fires; and

(B) the land management practices disrupted the occurrence of frequent low-intensity fires that periodically remove flammable undergrowth;

(4) as a result of the land management practices—

(A) some forest land and rangeland in the United States no longer function naturally as ecosystems; and

(B) drought cycles and the invasion of insects and disease have resulted in vast areas of dead or dying trees, overstocked stands, and the invasion of undesirable species;

(5)(A) population movement into wildland-urban interface areas exacerbate the fire danger;

(B) the increasing number of larger, more intense fires pose grave hazards to human health, safety, property, and infrastructure in the areas; and

(C) smoke from wildfires, which contain fine particulate matter and other hazardous pollutants, pose substantial health risks to people living in the areas;

(6)(A) the budgets and resources of Federal, State, and local entities supporting firefighting efforts have been stretched to their limits;

(B) according to the Comptroller General, the average cost of attempting to put out fires in the interior West grew by 150 percent, from $134,000,000 in fiscal year 1986 to $335,000,000 in fiscal year 1994; and

(C) the costs of preparedness, including the costs of maintaining a readiness force to fight fires, rose about 70 percent, from $189,000,000 in fiscal year 1992 to $326,000,000 in fiscal year 1997;

(7) diminishing Federal resources (including the availability of personnel) have limited the ability of Federal fire researchers—

(A) to respond to management needs; and

(B) to use technological advancements for analyzing fire management costs;

(8) the Federal fire research program is funded at approximately ⅓ of the amount that is required to address emerging fire problems, resulting in the lack of a cohesive strategy to address the threat of catastrophic wildfires; and

(9) there is a critical need for cost-effective investments in improved fire management technologies.

(b) FOREST FIRE RESEARCH CENTERS.—The Forest and Rangeland Renewable Resources Research Act of 1978 (16 U.S.C. 1641 et seq.) is amended by adding at the end the following:

"SEC. 11. FOREST FIRE RESEARCH CENTERS.

"(a) IN GENERAL.—Subject to the availability of appropriations, the Secretary of Agriculture, acting through the Chief of the Forest Service (referred to in this section as the 'Secretary') shall establish at least 2 forest fire research centers at institutions of higher education (which may include research centers in existence on the date of enactment of this section) that—

"(1) have expertise in natural resource development; and

"(2) are located in close proximity to other Federal natural resource, forest management, and land management agencies.

"(b) LOCATIONS.—Of the forest fire research centers established under subsection (a)—

"(1) at least 1 center shall be located in Arizona, California, New Mexico, Oregon, or Washington; and

"(2) at least 1 center shall be located in Colorado, Idaho, Montana, Nevada, or Wyoming.

"(c) DUTIES.—At each of the forest fire research centers established under subsection (a), the Secretary shall provide for—

"(1) the conduct of integrative, interdisciplinary research into the ecological, socioeconomic, and environmental impact of fire control and the use of management of ecosystems and landscapes to facilitate fire control; and

"(2) the development of mechanisms to rapidly transfer new fire control and management technologies to fire and land managers.

"(d) ADVISORY COMMITTEE.—

"(1) IN GENERAL.—The Secretary, in consultation with the Secretary of the Interior, shall establish a committee composed of fire and land managers and fire researchers to determine the areas of emphasis and establish priorities for research projects conducted at forest fire research centers established under subsection (a).

"(2) ADMINISTRATION.—The Federal Advisory Committee Act (5 U.S.C. App.) and section 102 of the Agricultural Research, Extension, and Education

Reform Act of 1998 (7 U.S.C. 7612) shall not apply to the committee established under paragraph (1).

"(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section.".

SEC. 808. WILDFIRE PREVENTION AND HAZARDOUS FUEL PURCHASE PROGRAM.

(a) FINDINGS.—Congress finds that—

(1) the damage caused by wildfire disasters has been equivalent in magnitude to the damage resulting from the Northridge earthquake, Hurricane Andrew, and the recent flooding of the Mississippi River and the Red River;

(2) more than 20,000 communities in the United States are at risk from wildfire and approximately 11,000 of those communities are located near Federal land;

(3) the accumulation of heavy forest fuel loads continues to increase as a result of disease, insect infestations, and drought, further increasing the risk of fire each year;

(4) modification of forest fuel load conditions through the removal of hazardous fuels would—

(A) minimize catastrophic damage from wildfires;

(B) reduce the need for emergency funding to respond to wildfires; and

(C) protect lives, communities, watersheds, and wildlife habitat;

(5) the hazardous fuels removed from forest land represent an abundant renewable resource, as well as a significant supply of biomass for biomass-to-energy facilities;

(6) the United States should invest in technologies that promote economic and entrepreneurial opportunities in processing forest products removed through hazardous fuel reduction activities; and

(7) the United States should—

(A) develop and expand markets for traditionally underused wood and other biomass as an outlet for value-added excessive forest fuels; and

(B) commit resources to support planning, assessments, and project reviews to ensure that hazardous fuels management is accomplished expeditiously and in an environmentally sound manner.

(b) WILDFIRE PREVENTION AND HAZARDOUS FUEL PURCHASE PROGRAM.—The Cooperative Forestry Assist-

ance Act of 1978 is amended by inserting after section 6A (as added by section 806(b)) the following:

"SEC. 6B. WILDFIRE PREVENTION AND HAZARDOUS FUEL PURCHASE PROGRAM.

"(a) DEFINITIONS.—In this section:

"(1) BIOMASS-TO-ENERGY FACILITY.—The term 'biomass-to-energy facility' means a facility that uses forest biomass or other biomass as a raw material to produce electric energy, useful heat, or a transportation fuel.

"(2) ELIGIBLE COMMUNITY.—The term 'eligible community' means—

"(A) any town, township, municipality, or other similar unit of local government (as determined by the Secretary), or any area represented by a nonprofit corporation or institution organized under Federal or State law to promote broad-based economic development, that—

"(i) has a population of not more than 10,000 individuals;

"(ii) is located within a county in which at least 15 percent of the total primary and secondary labor and proprietor income is derived from forestry, wood

products, and forest-related industries, such as recreation, forage production, and tourism; and

"(iii) is located adjacent to public or private forest land, the condition of which land the Secretary determines poses a substantial present or potential hazard to the safety of—

"(I) a forest ecosystem;

"(II) wildlife; or

"(III) in the case of a wildfire, human, community, or firefighter safety, in a year in which drought conditions are present; and

"(B) any county that is not contained within a metropolitan statistical area that meets the conditions described in clauses (ii) and (iii) of subparagraph (A).

"(3) FOREST BIOMASS.—The term 'forest biomass' means fuel and biomass accumulation from precommercial thinnings, slash, and brush on public or private forest land.

"(4) HAZARDOUS FUEL.—The term 'hazardous fuel' means any excessive accumulation of forest biomass on public or private forest land (especially land

in an urban-wildland interface area or in an area that is located near an eligible community and designated as condition class 2 or 3 under the report of the Forest Service entitled 'Protecting People and Sustainable Resources in Fire-Adapted Ecosystems', dated October 13, 2000) that the Secretary determines poses a substantial present or potential hazard—

"(A) to the safety of a forest ecosystem;

"(B) to the safety of wildlife; or

"(C) in the case of wildfire in a year in which drought conditions are present, to human, community, or firefighter safety.

"(5) INDIAN TRIBE.—The term 'Indian tribe' has the meaning given the term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

"(6) SECRETARY.—The term 'Secretary' means—

"(A) the Secretary of Agriculture (or a designee), with respect to National Forest System land and private land in the United States; and

"(B) the Secretary of the Interior (or a designee) with respect to Federal land under

the jurisdiction of the Secretary of the Interior or an Indian tribe.

"(b) HAZARDOUS FUEL GRANT PROGRAM.—

"(1) GRANTS.—

"(A) IN GENERAL.—Subject to the availability of appropriations, the Secretary may make grants to persons that operate biomass-to-energy facilities to offset the costs incurred by those persons in purchasing hazardous fuels derived from public and private forest land adjacent to eligible communities.

"(B) SELECTION CRITERIA.—The Secretary shall select recipients for grants under subparagraph (A) based on—

"(i) planned purchases by the recipients of hazardous fuels, as demonstrated by the recipient through the submission to the Secretary of such assurances as the Secretary may require; and

"(ii) the level of anticipated benefits of those purchases in reducing the risk of wildfires.

"(2) GRANT AMOUNTS.—

"(A) IN GENERAL.—A grant under this subsection shall—

"(i) be based on—

"(I) the distance required to transport hazardous fuels to a biomass-to-energy facility; and

"(II) the cost of removal of hazardous fuels; and

"(ii) be in an amount that is at least equal to the product obtained by multiplying—

"(I) the number of tons of hazardous fuels delivered to a grant recipient; by

"(II) an amount that is at least $5 but not more than $10 per ton of hazardous fuels, as determined by the Secretary taking into consideration the factors described in clause (i).

"(B) LIMITATION ON INDIVIDUAL GRANTS.—

"(i) IN GENERAL.—Except as provided in clause (ii), a grant under subparagraph (A) shall not exceed $1,500,000 for any biomass-to-energy facility for any fiscal year.

"(ii) SMALL BIOMASS-TO-ENERGY FACILITIES.—A biomass-to-energy facility that has an annual production of 5 megawatts or less shall not be subject to the limitation under clause (i).

"(3) MONITORING OF GRANT RECIPIENT ACTIVITIES.—

"(A) IN GENERAL.—As a condition of receipt of a grant under this subsection, a grant recipient shall keep such records as the Secretary may require, including records that—

"(i) completely and accurately disclose the use of grant funds; and

"(ii) describe all transactions involved in the purchase of hazardous fuels.

"(B) ACCESS.—On notice by the Secretary, the operator of a biomass-to-energy facility that purchases and uses hazardous fuels with funds from a grant under this subsection shall provide the Secretary with—

"(i) reasonable access to the biomass-to-energy facility; and

"(ii) an opportunity to examine the inventory and records of the biomass-to-energy facility.

"(4) MONITORING OF EFFECT OF TREATMENTS.—The Secretary shall monitor Federal land from which hazardous fuels are removed and sold to a biomass-to-energy facility under this subsection to determine and document the reduction in fire hazards on that land.

"(5) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection $50,000,000 for each of fiscal years 2002 through 2006.

"(c) LONG-TERM FOREST STEWARDSHIP CONTRACTS FOR HAZARDOUS FUELS REMOVAL.—

"(1) ANNUAL ASSESSMENT OF TREATMENT ACREAGE.—

"(A) IN GENERAL.—Subject to the availability of appropriations, not later than March 1 of each of fiscal years 2002 through 2006, the Secretary of Agriculture and the Secretary of Energy shall jointly submit to Congress an assessment of the number of acres of Federal forest land recommended to be treated during the subsequent fiscal year using stewardship end result contracts authorized by paragraph (3).

"(B) COMPONENTS.—The assessment shall—

"(i) be based on the treatment schedules contained in the report entitled 'Protecting People and Sustaining Resources in Fire-Adapted Ecosystems', dated October 13, 2000, and incorporated into the National Fire Plan (as identified by the Secretary);

"(ii) identify the acreage by condition class, type of treatment, and treatment year to achieve the restoration goals outlined in the report within 10-, 15-, and 20-year time periods;

"(iii) give priority to condition class 3 areas (as described in subsection (a)(4)(A)), including modifications in the restoration goals based on the effects of—

"(I) fire;

"(II) hazardous fuel treatments under the National Fire Plan (as identified by the Secretary); or

"(III) updates in data;

"(iv) provide information relating to the type of material and estimated quan-

tities and range of sizes of material that shall be included in the treatments;

"(v) describe the management area prescriptions in the applicable land and resource management plan for the land on which the treatment is recommended; and

"(vi) give priority to areas described in subsection (a)(4)(A).

"(2) FUNDING RECOMMENDATION.—The Secretary shall include in the annual assessment under paragraph (1) a request for funds sufficient to implement the recommendations contained in the assessment using stewardship end result contracts described in paragraph (3) in any case in which the Secretary determines that the objectives of the National Fire Plan (as identified by the Secretary) would best be accomplished through forest stewardship end result contracting.

"(3) STEWARDSHIP END RESULT CONTRACTING.—

"(A) IN GENERAL.—Subject to the availability of appropriations, the Secretary may enter into stewardship end result contracts to implement the National Fire Plan (as identified by the Secretary) on National Forest System

land based on the treatment schedules provided in the annual assessments conducted under paragraph (1)(B)(i).

"(B) PERIOD OF CONTRACTS.—The contracting goals and authorities described in subsections (b) through (g) of section 347 of the Department of the Interior and Related Agencies Appropriations Act, 1999 (commonly known as the 'Stewardship End Result Contracting Demonstration Project') (16 U.S.C. 2104 note; Public Law 105–277), shall apply to contracts entered into under this paragraph, except that the period of each such contract shall not exceed 10 years.

"(C) STATUS REPORT.—Beginning with the assessment required under paragraph (1) for fiscal year 2003, the Secretary shall include in the annual assessment under paragraph (1) a status report of the stewardship end result contracts entered into under this paragraph.

"(4) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subsection such sums as are necessary for each of fiscal years 2002 through 2006.

"(d) TERMINATION OF AUTHORITY.—The authority provided under this section shall terminate on September 30, 2006.".

SEC. 809. ENHANCED COMMUNITY FIRE PROTECTION.

(a) FINDINGS.—Congress finds that—

(1) the severity and intensity of wildfires have increased dramatically over the past few decades as a result of past fire and land management policies;

(2) the record 2000 fire season is a prime example of what can be expected if action is not taken to reduce the risk of catastrophic wildfires;

(3) wildfires threaten not only the forested resources of the United States, but also the thousands of communities intermingled with wildland in the wildland-urban interface;

(4) wetland forests provide essential ecological services, such as filtering pollutants, buffering important rivers and estuaries, and minimizing flooding, that make the protection and restoration of those forests worthy of special focus;

(5) the National Fire Plan, if implemented to achieve appropriate priorities, is the proper, coordinated, and most effective means to address the issue of wildfires;

(6) while adequate authorities exist to address the problem of wildfires at the landscape level on Federal land, there is limited authority to take action on most private land where the largest threat to life and property lies; and

(7) there is a significant Federal interest in enhancing the protection of communities from wildfire.

(b) ENHANCED COMMUNITY FIRE PROTECTION.—The Cooperative Forestry Assistance Act of 1978 is amended by inserting after section 10 (16 U.S.C. 2106) the following:

"SEC. 10A. ENHANCED COMMUNITY FIRE PROTECTION.

''(a) COOPERATIVE MANAGEMENT RELATING TO WILDFIRE THREATS.—Notwithstanding section 7 of the Federal Fire Prevention and Control Act of 1974 (15 U.S.C. 2206), the Secretary may cooperate with State foresters and equivalent State officials to—

''(1) assist in the prevention, control, suppression, and prescribed use of fires (including through the provision of financial, technical, and related assistance);

''(2) protect communities from wildfire threats;

''(3) enhance the growth and maintenance of trees and forests in a manner that promotes overall forest health; and

"(4) ensure the continued production of all forest resources, including timber, outdoor recreation opportunities, wildlife habitat, and clean water, through conservation of forest cover on watersheds, shelterbelts, and windbreaks.

"(b) COMMUNITY AND PRIVATE LAND FIRE ASSISTANCE PROGRAM.—

"(1) IN GENERAL.—The Secretary shall establish a program to be known as the 'community and private land fire assistance program' (referred to in this section as the 'Program')—

"(A) to focus the Federal role in promoting optimal firefighting efficiency at the Federal, State, and local levels;

"(B) to provide increased assistance to Federal projects that establish landscape level protection from wildfires;

"(C) to expand outreach and education programs concerning fire prevention to homeowners and communities; and

"(D) to establish defensible space against wildfires around the homes and property of private landowners.

"(2) ADMINISTRATION AND IMPLEMENTATION.—The Program shall be administered by the

Secretary and, with respect to non-Federal land described in paragraph (3), carried out through the State forester or equivalent State official.

"(3) COMPONENTS.—The Secretary may carry out under the Program, on National Forest System land and non-Federal land determined by the Secretary in consultation with State foresters and Committees—

"(A) fuel hazard mitigation and prevention;

"(B) invasive species management;

"(C) multiresource wildfire and community protection planning;

"(D) community and landowner education enterprises, including the program known as 'FIREWISE';

"(E) market development and expansion;

"(F) improved use of wood products; and

"(G) restoration projects.

"(4) PRIORITY.—In entering into contracts to carry out projects under the Program, the Secretary shall give priority to contracts with local persons or entities.

"(c) AUTHORITY.—The authority provided under this section shall be in addition to any authority provided under section 10.

"(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary to carry out this section $35,000,000 for each of fiscal years 2002 through 2006.".

SEC. 810. WATERSHED FORESTRY ASSISTANCE PROGRAM.

(a) FINDINGS.—Congress finds that—

(1) there has been a dramatic shift in public attitudes and perceptions about forest management, particularly in the understanding and practice of sustainable forest management;

(2) it is commonly recognized that proper stewardship of forest land is essential to—

(A) sustain and restore watershed health;

(B) produce clean water; and

(C) maintain healthy aquatic systems;

(3) forests are increasingly important to the protection and sustainability of drinking water supplies for more than 1/2 of the population of the United States;

(4) forest loss and fragmentation in urbanizing areas are contributing to flooding, degradation of

urban stream habitat and water quality, and public health concerns;

(5) scientific evidence and public awareness with respect to the manner in which forest management can positively affect water quality and quantity, and the manner in which trees, forests, and forestry practices (such as forest buffers) can serve as solutions to water quality problems in rural and urban areas, are increasing;

(6) the application of forestry best management practices developed at the State level has been found to greatly facilitate the achievement of water quality goals;

(7) significant efforts are underway to revisit and make improvements on needed forestry best management practices;

(8) according to the report of the Forest Service numbered FS–660 and entitled ''Water and the Forest Service'', forests are a requirement for maintenance of clean water because—

(A) approximately 66 percent of the freshwater resources of the United States originate on forests; and

(B) forests cover approximately 1/3 of the land area of the United States;

(9) because almost 500,000,000 acres, or approximately 2/3, of the forest land of the United States is owned by non-Federal entities, a significant burden is placed on private forest landowners to provide or maintain the clean water needed by the public for drinking, swimming, fishing, and a number of other water uses;

(10) because the decisions made by individual landowners and communities will affect the ability to maintain the health of rural and urban watersheds in the future, there is a need to integrate forest management, conservation, restoration, and stewardship in watershed management;

(11) although water management is the primary responsibility of States, the Federal Government has a responsibility to promote and encourage the ability of States and private forest landowners to sustain the delivery of clean, abundant water from forest land;

(12) as of the date of enactment of this Act, the availability of Federal assistance to support forest landowners to achieve the water goals identified in many Federal laws (including regulations) is lacking; and

(13) increased research for, education for, and technical and financial assistance provided to, forest landowners and communities that relate to the protection of watersheds and improvement of water quality, are needed to realize the expectations of the general public for clean water and healthy aquatic systems.

(b) PURPOSES.—The purposes of this section are to—

(1) improve the understanding of landowners and the public with respect to the relationship between water quality and forest management;

(2) encourage landowners to maintain tree cover and use tree plantings and vegetative treatments as creative solutions to water quality and quantity problems associated with varying land uses;

(3) enhance and complement source water protection in watersheds that provide drinking water for municipalities;

(4) establish new partnerships and collaborative watershed approaches to forest management, stewardship, and protection; and

(5) provide technical and financial assistance to States to deliver a coordinated program that through

the provision of technical, financial, and educational assistance to qualified individuals and entities—

(A) enhances State forestry best management practices programs; and

(B) protects and improves water quality on forest land.

(c) PROGRAM.—The Cooperative Forestry Assistance Act of 1978 is amended by inserting after section 5A (as added by section 805) the following:

"SEC. 5B. WATERSHED FORESTRY ASSISTANCE PROGRAM.

"(a) ESTABLISHMENT.—Subject to the availability of appropriations, the Secretary shall establish a watershed forestry assistance program (referred to in this section as the 'program') to provide to States, through State foresters (as defined in section 6A), technical, financial, and related assistance to—

"(1) expand forest stewardship capacities and activities through State forestry best management practices and other means at the State level; and

"(2) prevent water quality degradation, and address watershed issues, on non-Federal forest land.

"(b) WATERSHED FORESTRY EDUCATION, TECHNICAL ASSISTANCE, AND PLANNING.—

"(1) PLAN.—

"(A) IN GENERAL.—In carrying out the program, the Secretary shall cooperate with State foresters to develop a plan, to be administered by the Secretary and implemented by State foresters, to provide technical assistance to assist States in preventing and mitigating water quality degradation.

"(B) PARTICIPATION.—In developing the plan under subparagraph (A), the Secretary shall encourage participation of interested members of the public (including nonprofit private organizations and local watershed councils).

"(2) COMPONENTS.—The plan described in paragraph (1) shall include provisions to—

"(A) build and strengthen watershed partnerships focusing on forest land at the national, State, regional, and local levels;

"(B) provide State forestry best management practices and water quality technical assistance directly to private landowners;

"(C) provide technical guidance relating to water quality management through forest management in degraded watersheds to land managers and policymakers;

"(D)(i) complement State nonpoint source assessment and management plans established under section 319 of the Federal Water Pollution Control Act (33 U.S.C. 1329); and

"(ii) provide enhanced opportunities for coordination and cooperation among Federal and State agencies having responsibility for water and watershed management under that Act; and

"(E) provide enhanced forest resource data and support for improved implementation of State forestry best management practices, including—

"(i) designing and conducting effectiveness and implementation studies; and

"(ii) meeting in-State water quality assessment needs, such as the development of water quality models that correlate the management of forest land to water quality measures and standards.

"(c) WATERSHED FORESTRY COST-SHARE PROGRAM.—

"(1) ESTABLISHMENT.—In carrying out the program, the Secretary shall establish a watershed forestry cost-share program, to be administered by

the Secretary and implemented by State foresters, to provide grants and other assistance for eligible programs and projects described in paragraph (2).

"(2) ELIGIBLE PROGRAMS AND PROJECTS.—A community, nonprofit group, or landowner may receive a grant or other assistance under this subsection to carry out a State forestry best management practices program or a watershed forestry project if the program or project, as determined by the Secretary—

"(A) is consistent with—

"(i) State nonpoint source assessment and management plan objectives established under section 319 of the Federal Water Pollution Control Act (33 U.S.C. 1329); and

"(ii) the cost-share requirements of this section; and

"(B) is designed to address critical forest stewardship, watershed protection, and restoration needs of a State through—

"(i) the use of trees and forests as solutions to water quality problems in urban and agricultural areas;

"(ii) community-based planning, involvement, and action through State, local and nonprofit partnerships;

"(iii) the application of and dissemination of information on forestry best management practices relating to water quality;

"(iv) watershed-scale forest management activities and conservation planning; and

"(v) the restoration of wetland and stream side forests and establishment of riparian vegetative buffers.

"(3) ALLOCATION.—

"(A) IN GENERAL.—After taking into consideration the criteria described in subparagraph (B), the Secretary shall allocate among States, for award by State foresters under paragraph (4), the amounts made available to carry out this subsection.

"(B) CRITERIA.—The criteria referred to in subparagraph (A) are—

"(i) the number of acres of forest land, and land that could be converted to forest land, in each State;

"(ii) the nonpoint source assessment and management plans of each State, as developed under section 319 of the Federal Water Pollution Control Act (33 U.S.C. 1329);

"(iii) the acres of wetland forests that have been lost or degraded or cases in which forests may play a role in restoring wetland resources;

"(iv) the number of non-Federal forest landowners in each State; and

"(v) the extent to which the priorities of States are designed to achieve a reasonable range of the purposes of the program and, as a result, contribute to the water-related goals of the United States.

"(4) AWARD OF GRANTS AND ASSISTANCE.—

"(A) IN GENERAL.—In implementing the program under this subsection, the State forester, in coordination with the State Coordinating Committee established under section 19(b), shall provide annual grants and cost-share assistance to communities, nonprofit groups, and landowners to carry out eligible

programs and projects described in paragraph (2).

"(B) APPLICATION.—A community, nonprofit group, or landowner that seeks to receive cost-share assistance under this subsection shall submit to the State forester an application, in such form and containing such information as the State forester may prescribe, for the assistance.

"(C) PRIORITIZATION.—In awarding cost-share assistance under this subsection, the Secretary shall give priority to eligible programs and projects that are identified by the State foresters and the State Stewardship Committees as having a greater need for assistance.

"(D) AWARD.—On approval by the Secretary of an application under subparagraph (B), the State forester shall award to the applicant, from funds allocated to the State under paragraph (3), such amount of cost-share assistance as is requested in the application.

"(5) COST SHARING.—

"(A) FEDERAL SHARE.—The Federal share of the cost of carrying out any eligible program or project under this subsection shall

not exceed 75 percent, of which not more than 50 percent may be in the form of assistance provided under this subsection.

"(B) NON-FEDERAL SHARE.—The non-Federal share of the cost of carrying out any eligible program or project under this subsection may be provided in the form of cash, services, or in-kind contributions.

"(d) WATERSHED FORESTER.—A State may use a portion of the funds made available to the State under subsection (e) to establish and fill a position of 'Watershed Forester' to lead State-wide programs and coordinate watershed-level projects.

"(e) FUNDING.—

"(1) IN GENERAL.—There are authorized to be appropriated to carry out this section $20,000,000 for each of fiscal years 2002 through 2006.

"(2) ALLOCATION.—Of the funds made available under paragraph (1)—

"(A) 75 percent shall be used to carry out subsection (c); and

"(B) 25 percent shall be used to carry out provisions of this section other than subsection (c).".

SEC. 811. GENERAL PROVISIONS.

Section 13 of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2109) is amended by striking subsection (f) and inserting the following:

"(f) GRANTS, CONTRACTS, AND OTHER AGREEMENTS.—

"(1) IN GENERAL.—In accordance with paragraph (2), the Secretary may make such grants and enter into such contracts, agreements, or other arrangements as the Secretary determines are necessary to carry out this Act.

"(2) ASSISTANCE.—Notwithstanding any other provision of this Act, the Secretary, with the concurrence of the applicable State forester or equivalent State official, may provide assistance under this Act directly to any public or private entity, organization, or individual—

"(A) through a grant; or

"(B) by entering into a contract or cooperative agreement.".

SEC. 812. STATE FOREST STEWARDSHIP COORDINATING COMMITTEES.

Section 19(b) of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2113(b)) is amended—

(1) in paragraph (1)(B)(i), by inserting ''United States Fish and Wildlife Service,'' before ''Forest Service''; and

(2) in paragraph (2)—

(A) in subparagraph (C), by striking ''and'' at the end;

(B) in subparagraph (D), by striking the period at the end and inserting ''; and''; and

(C) by adding at the end the following:

''(E) submit to the Secretary, the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, an annual report that provides—

''(i) the list of members on the Committee described in paragraph (1)(B); and

''(ii) for those members that may be included on the Committee, but are not included because a determination that it is not practicable to include the members has been made, an explanation of the reasons for that determination.''.

TITLE IX—ENERGY

SEC. 901. FINDINGS.

Congress finds that—

(1) there are many opportunities for the agricultural sector and rural areas to produce renewable energy and increase energy efficiency;

(2) investments in renewable energy and energy efficiency—

(A) enhance the energy security and independence of the United States;

(B) increase farmer and rancher income;

(C) promote rural economic development;

(D) provide environmental and public health benefits such as cleaner air and water; and

(E) improve electricity grid reliability, thereby reducing the likelihood of blackouts and brownouts, particularly during peak usage periods;

(3) the public strongly supports renewable energy generation and energy efficiency improvements as an important component of a national energy strategy;

(4)(A) the Federal Government is the country's largest consumer of a vast array of products, spending in excess of $200,000,000,000 per year;

(B) purchases and use of products by the Federal Government have a significant effect on the environment; and

(C) accordingly, the Federal Government should lead the way in purchasing biobased products so as to minimize environmental impacts while supporting domestic producers of biobased products;

(5) the agricultural sector is a leading producer of biobased products to meet domestic and international needs;

(6) agriculture can play a significant role in the development of fuel cell and hydrogen-based energy technologies, which are critical technologies for a clean energy future;

(7)(A) wind energy is 1 of the fastest growing clean energy technologies; and

(B) there are tremendous economic development and environmental quality benefits to be achieved by developing both large-scale and small-scale wind power projects on farms and in rural communities;

(8) farm-based renewable energy generation can become one of the major cash crops of the United States, improving the livelihoods of hundreds of thousands of family farmers, ranchers, and others and revitalizing rural communities;

(9)(A) evidence continues to mount that increases in atmospheric concentrations of greenhouse gases are contributing to global climate change; and

(B) agriculture can help in climate change mitigation by—

(i) storing carbon in soils, plants, and forests;

(ii) producing biofuels, chemicals, and power to replace fossil fuels and petroleum-based products; and

(iii) reducing emissions by capturing gases from animal feeding operations, changing agricultural land practices, and becoming more energy efficient;

(10) because agricultural production is energy-intensive, it is incumbent on the Federal Government to aid the agricultural sector in reducing energy consumption and energy costs;

(11)(A) one way to help farmers, ranchers, and others reduce energy use is through professional energy audits;

(B) energy audits provide recommendations for improved energy efficiency that, when acted on, offer an effective means of reducing overall energy use and saving money; and

(C) energy savings of 10 to 30 percent can typically be achieved, and greater savings are often realized;

(12) rural electric utilities are often geographically well situated to develop renewable and distributed energy supplies, enabling the utilities to diversify their energy portfolios and afford their members or customers alternative energy sources, which many such members and customers desire;

(13) fuel cells are a highly efficient, clean, and flexible technology for generating electricity from hydrogen that promises to improve the environment, electricity reliability, and energy security;

(14)(A) because fuel cells can be made in any size, fuel cells can be used for a wide variety of farm applications, including powering farm vehicles, equipment, houses, and other operations; and

(B) much of the initial use of fuel cells is likely to be in remote and off-grid applications in rural areas; and

(15) hydrogen is a clean and flexible fuel that can play a critical role in storing and transporting energy produced on farms from renewable sources (including biomass, wind, and solar energy).

SEC. 902. CONSOLIDATED FARM AND RURAL DEVELOPMENT ACT.

The Consolidated Farm and Rural Development Act (as amended by section 647) is amended by adding at the end the following:

"Subtitle L—Clean Energy

"SEC. 388A. DEFINITIONS.

"In this subtitle:

"(1) BIOMASS.—

"(A) IN GENERAL.—The term 'biomass' means any organic material that is available on a renewable or recurring basis.

"(B) INCLUSIONS.—The term 'biomass' includes—

"(i) dedicated energy crops;

"(ii) trees grown for energy production;

"(iii) wood waste and wood residues;

"(iv) plants (including aquatic plants, grasses, and agricultural crops);

"(v) residues;

"(vi) fibers;

"(vii) animal wastes and other waste materials; and

"(viii) fats and oils.

"(C) EXCLUSIONS.—The term 'biomass' does not include—

"(i) old-growth timber (as determined by the Secretary);

"(ii) paper that is commonly recycled; or

"(iii) unsegregated garbage.

"(2) RENEWABLE ENERGY.—The term 'renewable energy' means energy derived from a wind, solar, biomass, geothermal, or hydrogen source.

"(3) RURAL SMALL BUSINESS.—The term 'rural small business' has the meaning that the Secretary shall prescribe by regulation.

"CHAPTER 1—BIOBASED PRODUCT DEVELOPMENT

"SEC. 388B. BIOBASED PRODUCT PURCHASING REQUIREMENT.

"(a) DEFINITIONS.—In this section:

"(1) ADMINISTRATOR.—The term 'Administrator' means the Administrator of the Environmental Protection Agency.

"(2) BIOBASED PRODUCT.—The term 'biobased product' means a commercial or industrial product, as determined by the Secretary (other than food or feed), that uses biological products or renewable do-

mestic agricultural materials (including plant, animal, and marine materials) or forestry materials.

"(3) ENVIRONMENTALLY PREFERABLE.—The term 'environmentally preferable', with respect to a biobased product, refers to a biobased product that has a lesser or reduced effect on human health and the environment when compared with competing nonbiobased products that serve the same purpose.

"(b) BIOBASED PRODUCT PURCHASING.—

"(1) MANDATORY PURCHASING REQUIREMENT FOR LISTED BIOBASED PRODUCTS.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), not later than 180 days after the date of enactment of this subtitle, the head of each Federal agency shall ensure that, in purchasing any product, the Federal agency purchases a biobased product, rather than a comparable nonbiobased product, if the biobased product is listed on the list of biobased products published under subsection (c)(1).

"(B) BIOBASED PRODUCT NOT REASONABLY COMPARABLE.—A Federal agency shall not be required to purchase a biobased product under subparagraph (A) if the purchasing employee submits to the Secretary and the Admin-

istrator of the Office of Federal Procurement Policy a written determination that the biobased product is not reasonably comparable to nonbiobased products in price, performance, or availability.

"(C) CONFLICTING REQUIREMENTS.—The Secretary and the Administrator shall jointly promulgate regulations with which Federal agencies shall comply in cases of a conflict between the biobased product purchasing requirement under subparagraph (A) and a purchasing requirement under any other provision of law.

"(2) PURCHASING OF NONLISTED BIOBASED PRODUCTS.—The head of each Federal agency is encouraged to purchase, to the maximum extent practicable, available biobased products that are not listed on the list of biobased products published under subsection (c)(1) when the Federal agency is not required to purchase a biobased product that is on the list.

"(c) ADMINISTRATIVE ACTION.—

"(1) LIST OF BIOBASED PRODUCTS.—

"(A) IN GENERAL.—Not later than 180 days after the date of enactment of this subtitle, and annually thereafter, the Secretary, in

consultation with the Administrator and the Director of the National Institute of Standards and Technology, shall publish a list of biobased products.

"(B) ENVIRONMENTALLY PREFERABLE BIOBASED PRODUCTS.—The Secretary shall not include on the list under paragraph (1) biobased products that are not environmentally preferable, as determined by the Secretary.

"(C) GRANTS.—The Secretary may award grants to, or enter into contracts or cooperative agreements with, eligible persons, businesses, or institutions (as determined by the Secretary) to assist in collecting data concerning the evaluation of and lifecycle analyses of biobased products for use in making the determinations necessary to carry out this paragraph.

"(2) GUIDANCE.—Not later than 240 days after the date of enactment of this subtitle, the Office of Federal Procurement Policy and Federal Acquisition Regulation Council shall make the Federal Acquisition Regulation consistent with subsection (b).

"(d) EDUCATION AND OUTREACH PROGRAM.—The Secretary, in cooperation with the Defense Acquisition

University and the Federal Acquisition Institute, shall conduct education programs for all Federal procurement officers regarding biobased products and the requirements of subsection (b).

"(e) LABELING.—

"(1) IN GENERAL.—The Secretary shall develop a program, similar to the Energy Star program of the Department of Energy and the Environmental Protection Agency, under which the Secretary authorizes producers of environmentally preferable biobased products to use a label that identifies the products as environmentally preferable biobased products.

"(2) ENVIRONMENTALLY PREFERABLE BIOBASED PRODUCTS.—The Secretary shall monitor and take appropriate action regarding the use of labels under paragraph (1) to ensure that the biobased products using the labels do not include biobased products that are not environmentally preferable, as determined by the Secretary.

"(3) CONTRACTING.—In carrying out paragraph (1), the Secretary may contract with appropriate entities with expertise in product labeling and standard setting.

"(f) GOAL.—It shall be the goal of each Federal agency for each fiscal year to purchase biobased products of an aggregate value that is not less than 5 percent of the aggregate value of all products purchased by the Federal agency during the preceding fiscal year.

"(g) REPORTS.—As soon as practicable after the end of each fiscal year, the Secretary and the Office of Federal Procurement Policy shall jointly submit to Congress an annual report that, for the fiscal year, describes the extent of—

"(1) compliance by each Federal agency with subsection (b); and

"(2) the success of each Federal agency in achieving the goal established under subsection (f).

"(h) FUNDING.—

"(1) IN GENERAL.—Not later than 30 days after the date of enactment of this subtitle, and on October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary to carry out this section $2,000,000, to remain available until expended.

"(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and

shall use to carry out this section the funds transferred under paragraph (1), without further appropriation.

"SEC. 388C. BIOREFINERY DEVELOPMENT GRANTS.

''(a) PURPOSE.—The purpose of this section is to assist in the development of new and emerging technologies for the conversion of biomass into petroleum substitutes, so as to—

''(1) develop transportation and other fuels and chemicals from renewable sources;

''(2) reduce the dependence of the United States on imported oil;

''(3) reduce greenhouse gas emissions;

''(4) diversify markets for raw agricultural and forestry products; and

''(5) create jobs and enhance the economic development of the rural economy.

''(b) DEFINITIONS.—In this section:

''(1) ADVISORY COMMITTEE.—The term 'Advisory Committee' means the Biomass Research and Development Technical Advisory Committee established by section 306 of the Biomass Research and Development Act of 2000 (7 U.S.C. 7624 note; Public Law 106–224).

"(2) BIOREFINERY.—The term 'biorefinery' means equipment and processes that—

"(A) convert biomass into bioenergy fuels and chemicals; and

"(B) may produce electricity as a byproduct.

"(3) BOARD.—The term 'Board' means the Biomass Research and Development Board established by section 305 of the Biomass Research and Development Act of 2000 (7 U.S.C. 7624 note; Public Law 106–224).

"(4) INDIAN TRIBE.—The term 'Indian tribe' has the meaning given the term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

"(c) GRANTS.—The Secretary shall award grants to eligible entities to assist in paying the cost of development and construction of biorefineries to carry out projects to demonstrate the commercial viability of 1 or more processes for converting biomass to fuels or chemicals.

"(d) ELIGIBLE ENTITIES.—A corporation, farm cooperative, association of farmers, national laboratory, university, State energy agency or office, Indian tribe, or consortium comprised of any of those entities shall be eligible to receive a grant under subsection (c).

"(e) COMPETITIVE BASIS FOR AWARDS.—

"(1) IN GENERAL.—The Secretary shall award grants under subsection (c) on a competitive basis in consultation with the Board and Advisory Committee.

"(2) SELECTION CRITERIA.—

"(A) IN GENERAL.—The Secretary shall select projects to receive grants under subsection (c) based on—

"(i) the likelihood that the projects will demonstrate the commercial viability of a process for converting biomass to fuels or chemicals; and

"(ii) the likelihood that the projects will produce electricity.

"(B) FACTORS.—The factors to be considered under subparagraph (A) shall include—

"(i) the potential market for the product or products;

"(ii) the quantity of petroleum the product will displace;

"(iii) the level of financial participation by the applicants;

"(iv) the availability of adequate funding from other sources;

"(v) the beneficial impact on resource conservation and the environment;

"(vi) the participation of producer associations and cooperatives;

"(vii) the timeframe in which the project will be operational;

"(viii) the potential for rural economic development; and

"(ix) the participation of multiple eligible entities.

"(f) COST SHARING.—

"(1) IN GENERAL.—Except as provided in paragraph (2), the amount of a grant for a project awarded under subsection (c) shall not exceed 30 percent of the cost of the project.

"(2) INCREASED GRANT AMOUNT.—The Secretary may increase the amount of a grant for a project under subsection (c) to not more than 50 percent in the case of a project that the Secretary finds particularly meritorious.

"(3) FORM OF GRANTEE SHARE.—

"(A) IN GENERAL.—The grantee share of the cost of a project may be made in the form of cash or the provision of services, material, or other in-kind contributions.

"(B) LIMITATION.—The amount of the grantee share of the cost of a project that is made in the form of the provision of services, material, or other in-kind contributions shall not exceed 25 percent of the amount of the grantee share determined under paragraph (1).

"(g) FUNDING.—

"(1) IN GENERAL.—Not later than 30 days after the date of enactment of this subtitle, and on October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary to carry out this section $15,000,000, to remain available until expended.

"(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under paragraph (1), without further appropriation.

"SEC. 388D. BIODIESEL FUEL EDUCATION PROGRAM.

"(a) FINDINGS.—Congress finds that—

"(1) biodiesel fuel use can help reduce greenhouse gas emissions and public health risks associated with air pollution;

"(2) biodiesel fuel use enhances energy security by reducing petroleum consumption;

"(3) biodiesel fuel is nearing the transition from the research and development phase to commercialization;

"(4) biodiesel fuel is still relatively unknown to the public and even to diesel fuel users; and

"(5) education of, and provision of technical support to, current and future biodiesel fuel users will be critical to the widespread use of biodiesel fuel.

"(b) ESTABLISHMENT.—The Secretary shall, under such terms and conditions as are appropriate, offer 1 or more competitive grants to eligible entities to educate Federal, State, regional, and local government entities and private entities that operate vehicle fleets, other interested entities (as determined by the Secretary), and the public about the benefits of biodiesel fuel use.

"(c) ELIGIBLE ENTITIES.—To receive a grant under subsection (b), an entity—

"(1) shall be a nonprofit organization; and

"(2) shall have demonstrated expertise in biodiesel fuel production, use, and distribution.

"(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section

$5,000,000 for each of fiscal years 2002 through 2006, to remain available until expended.

"CHAPTER 2—RENEWABLE ENERGY DEVELOPMENT AND ENERGY EFFICIENCY

"SEC. 388E. RENEWABLE ENERGY DEVELOPMENT LOAN AND GRANT PROGRAM.

''(a) IN GENERAL.—The Secretary, acting through the Rural Business Cooperative Service, in addition to exercising authority to make loans and loan guarantees under other law, shall establish a program under which the Secretary shall make loans and loan guarantees and competitively award grants to assist farmers and ranchers in projects to establish new, or expand existing, farmer or rancher cooperatives, or other rural business ventures (as determined by the Secretary), to—

''(1) enable farmers and ranchers to become owners of sources of renewable electric energy and marketers of electric energy produced from renewable sources;

''(2) provide new income streams for farmers and ranchers;

''(3) increase the quantity of electricity available from renewable energy sources; and

"(4) provide environmental and public health benefits to rural communities and the United States as a whole.

"(b) OWNERSHIP REQUIREMENT.—At least 51 percent of the interest in a rural business venture assisted with a grant under subsection (a) shall be owned by farmers or ranchers.

"(c) MAXIMUM AMOUNT OF LOANS AND GRANTS.—

"(1) LOANS.—The amount of a loan made or guaranteed for a project under subsection (a) shall not exceed $10,000,000.

"(2) GRANTS.—The amount of a grant made for a project under subsection (a) shall not exceed $200,000 for a fiscal year.

"(d) COST SHARING.—

"(1) IN GENERAL.—The total amount of loans made or guaranteed or grants awarded under subsection (a) for a project shall not exceed 50 percent of the cost of the activity funded by the loan or grant.

"(2) FORM OF GRANTEE SHARE.—

"(A) IN GENERAL.—The grantee share of the cost of the activity may be made in the form of cash or the provision of services, material, or other in-kind contributions.

"(B) LIMITATION.—The amount of the grantee share of the cost of an activity that is made in the form of the provision of services, material, or other in-kind contributions shall not exceed 25 percent of the amount of the grantee share, as determined under paragraph (1).

"(e) INTEREST RATE.—A loan made or guaranteed under subsection (a) shall bear an interest rate that does not exceed 4 percent.

"(f) USE OF FUNDS.—

"(1) PERMITTED USES.—

"(A) GRANTS.—A recipient of a grant awarded under subsection (a) may use the grant funds to develop a business plan or perform a feasibility study to establish a viable marketing opportunity for renewable electric energy generation and sale.

"(B) LOANS.—A recipient of a loan or loan guarantee under subsection (a) may use the loan funds to provide capital for start-up costs associated with the rural business venture or the promotion of the aggregation of renewable electric energy sources.

"(2) PROHIBITED USES.—A recipient of a loan, loan guarantee, or grant under subsection (a) shall not use the loan or grant funds for planning, repair, rehabilitation, acquisition, or construction of a building.

"(g) FUNDING.—

"(1) IN GENERAL.—Not later than 30 days after the date of enactment of this subtitle, and on October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary to carry out this section $16,000,000, to remain available until expended.

"(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under paragraph (1), without further appropriation.

"(3) LOAN AND INTEREST SUBSIDIES.—In the case of a loan or loan guarantee under subsection (a), the Secretary shall use funds under paragraph (1) to pay the cost of loan and interest subsidies necessary to carry out this section.

"SEC. 388F. ENERGY AUDIT AND RENEWABLE ENERGY DEVELOPMENT PROGRAM.

"(a) IN GENERAL.—The Secretary, acting through the Rural Business Cooperative Service, shall make competitive grants to eligible entities to enable the eligible entities to carry out a program to assist farmers, and ranchers, and rural small businesses (as determined by the Secretary) in becoming more energy efficient and in using renewable energy technology.

"(b) ELIGIBLE ENTITIES.—Entities eligible to carry out a program under subsection (a) include—

"(1) a State energy or agricultural office;

"(2) a regional or State-based energy organization or energy organization of an Indian tribe (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b));

"(3) a land-grant college or university (as defined in section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103)) or other college or university;

"(4) a farm bureau or organization;

"(5) a rural electric cooperative or utility;

"(6) a nonprofit organization; and

"(7) any other entity, as determined by the Secretary.

"(c) MERIT REVIEW.—

"(1) MERIT REVIEW PANEL.—The Secretary shall establish a merit review panel to review applications for grants under subsection (a) that uses the expertise of other Federal agencies (including the Department of Energy and the Environmental Protection Agency), industry, and nongovernmental organizations.

"(2) SELECTION CRITERIA.—In reviewing applications of eligible entities to receive grants under subsection (a), the merit review panel shall consider—

"(A) the ability and expertise of the eligible entity in providing professional energy audits and renewable energy assessments;

"(B) the geographic scope of the program proposed by the eligible entity;

"(C) the number of farmers, ranchers, and rural small businesses to be assisted by the program;

"(D) the potential for energy savings and environmental and public health benefits resulting from the program; and

"(E) the plan of the eligible entity for educating farmers, ranchers, and rural small busi-

nesses on the benefits of energy efficiency and renewable energy development.

"(d) USE OF GRANT FUNDS.—A recipient of a grant under subsection (a) shall use the grant funds to—

"(1)(A) conduct energy audits for farmers, ranchers, and rural small businesses to provide farmers, ranchers, and rural small businesses recommendations for energy efficiency and renewable energy development opportunities; and

"(B) conduct workshops on that subject as appropriate;

"(2) make farmers, ranchers, and rural small businesses aware of, and ensure that they have access to—

"(A) financial assistance under section 388G; and

"(B) other Federal, State, and local financial assistance programs for which farmers, ranchers, and rural small businesses may be eligible; and

"(3) arrange private financial assistance to farmers, ranchers, and rural small businesses on favorable terms.

"(e) COST SHARING.—

"(1) IN GENERAL.—A recipient of a grant under subsection (a) that conducts an energy audit for a farmer, rancher, or rural small business under subsection (d)(1) shall require that, as a condition to the conduct of the energy audit, the farmer, rancher, or rural small business pay at least 25 percent of the cost of the audit.

"(2) IMPLEMENTATION OF RECOMMENDATIONS.—If a farmer, rancher, or rural small business substantially implements the recommendations made in connection with an energy audit, the Secretary may reimburse the farmer, rancher, or rural small business the amount that is equal to the share of the cost paid by the farmer, rancher, or rural small business under paragraph (1).

"(f) REPORTS.—The Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate an annual report on the implementation of this section.

"(g) FUNDING.—

"(1) IN GENERAL.—Not later than 30 days after the date of enactment of this subtitle, and on October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the

Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary to carry out this section $15,000,000, to remain available until expended.

"(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under paragraph (1), without further appropriation.

"SEC. 388G. LOANS, LOAN GUARANTEES, AND GRANTS TO FARMERS, RANCHERS, AND RURAL SMALL BUSINESSES FOR RENEWABLE ENERGY SYSTEMS AND ENERGY EFFICIENCY IMPROVEMENTS.

"(a) IN GENERAL.—In addition to exercising authority to make loans and loan guarantees under other law, the Secretary shall make loans, loan guarantees, and grants to farmers, ranchers, and rural small businesses to—

"(1) purchase renewable energy systems; and

"(2) make energy efficiency improvements.

"(b) ELIGIBILITY OF FARMERS AND RANCHERS.—To be eligible to receive a grant under subsection (a) for a fiscal year, a farmer or rancher shall have produced not more than $1,000,000 in market value of agricultural

products during the preceding fiscal year, as determined by the Secretary.

"(c) COST SHARING.—

"(1) RENEWABLE ENERGY SYSTEMS.—

"(A) IN GENERAL.—

"(i) GRANTS.—The amount of a grant made under subsection (a) for a renewable energy system shall not exceed 15 percent of the cost of the renewable energy system.

"(ii) LOANS.—The amount of a loan made or guaranteed under subsection (a) for a renewable energy system shall not exceed 35 percent of the cost of the renewable energy system.

"(B) FACTORS.—In determining the amount of a grant or loan under subparagraph (A), the Secretary shall take into consideration—

"(i) the type of renewable energy system to be purchased;

"(ii) the estimated quantity of energy to be generated or displaced by the renewable energy system;

"(iii) the expected environmental benefits of the renewable energy system;

"(iv) the extent to which the renewable energy system will be replicable; and

"(v) other factors as appropriate.

"(2) ENERGY EFFICIENCY IMPROVEMENTS.—

"(A) IN GENERAL.—

"(i) GRANTS.—The amount of a grant made under subsection (a) for an energy efficiency improvement shall not exceed 15 percent of the cost of the energy efficiency improvement.

"(ii) LOANS.—The amount of a loan made or guaranteed under subsection (a) for an energy efficiency project shall not exceed 35 percent of the cost of the energy efficiency improvement.

"(B) FACTORS.—In determining the amount of a grant or loan under subparagraph (A), the Secretary shall take into consideration—

"(i) the estimated length of time it would take for the energy savings generated by the improvement to equal the cost of the improvement;

"(ii) the amount of energy savings expected to be derived from the improvement; and

"(iii) other factors as appropriate.

"(d) INTEREST RATE.—A loan made or guaranteed under subsection (a) shall bear interest at a rate not exceeding 4 percent.

"(e) ENERGY AUDIT AND RENEWABLE ENERGY DEVELOPMENT PROGRAM.—

"(1) PREFERENCE.—In making loans, loan guarantees, and grants under subsection (a), the Secretary shall give preference to participants in the energy audit and renewable energy development program under section 388F.

"(2) RESERVATION OF FUNDING.—The Secretary shall reserve at least 25 percent of the funds made available to carry out this section for each of fiscal years 2002 through 2006 to participants in the energy audit and renewable energy development program under section 388F.

"(f) FUNDING.—

"(1) IN GENERAL.—Not later than 30 days after the date of enactment of this subtitle, and on October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the

Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary to carry out this section $33,000,000, to remain available until expended.

"(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under paragraph (1), without further appropriation.

"(3) LOAN AND INTEREST SUBSIDIES.—In the case of a loan or loan guarantee under subsection (a), the Secretary shall use funds under paragraph (1) to pay the cost of loan and interest subsidies necessary to carry out this section.

"SEC. 388H. HYDROGEN AND FUEL CELL TECHNOLOGIES PROGRAM.

"(a) IN GENERAL.—The Secretary of Agriculture, in consultation with the Secretary of Energy, shall establish a program under which the Secretary of Agriculture shall competitively award grants to, or enter into contracts or cooperative agreements with, eligible entities for—

"(1) projects to demonstrate the use of hydrogen technologies and fuel cell technologies in farm, ranch, and rural applications; and

"(2) as appropriate, studies of the technical, environmental, and economic viability, in farm, ranch, and rural applications, of innovative hydrogen and fuel cell technologies not ready for demonstration.

"(b) ELIGIBLE ENTITIES.—Under subsection (a), the Secretary may make a grant to or enter into a contract or cooperative agreement with—

"(1) a Federal research agency;

"(2) a national laboratory;

"(3) a college or university or a research foundation maintained by a college or university;

"(4) a private research organization with an established and demonstrated capacity to perform research or technology transfer;

"(5) a State agricultural experiment station; or

"(6) an individual.

"(c) SELECTION CRITERIA.—In selecting projects for grants, contracts, and cooperative agreements under subsection (a)(1), the Secretary shall give preference to projects that demonstrate technologies that—

"(1) are innovative;

"(2) use renewable energy sources;

"(3) produce multiple sources of energy;

"(4) provide significant environmental benefits;

"(5) are likely to be economically competitive; and

"(6) have potential for commercialization as mass-produced, farm- or ranch-sized systems.

"(d) COST SHARING.—The amount of financial assistance provided for a project under a grant, contract, or cooperative agreement under subsection (a) shall not exceed 50 percent of the cost of the project.

"(e) FUNDING.—

"(1) IN GENERAL.—Not later than 30 days after the date of enactment of this subtitle, and on October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary to carry out this section $5,000,000, to remain available until expended.

"(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under paragraph (1), without further appropriation.

"SEC. 388I. TECHNICAL ASSISTANCE FOR FARMERS AND RANCHERS TO DEVELOP RENEWABLE ENERGY RESOURCES.

"(a) IN GENERAL.—The Secretary, acting through the Cooperative State Research, Education, and Extension Service in consultation with the Natural Resources Conservation Service, regional biomass programs under the Department of Energy, and other entities as appropriate, may provide for education and technical assistance to farmers and ranchers for the development and marketing of renewable energy resources.

"(b) ADMINISTRATIVE EXPENSES.—The Secretary may retain up to 4 percent of the amounts made available for each fiscal year to carry out this section to pay administrative expenses incurred in carrying out this section.

"CHAPTER 3—CARBON SEQUESTRATION RESEARCH, DEVELOPMENT, AND DEMONSTRATION PROGRAM

"SEC. 388J. RESEARCH.

"(a) BASIC RESEARCH.—

"(1) IN GENERAL.—Subject to the availability of appropriations, the Secretary shall carry out research to promote understanding of—

"(A) the net sequestration of organic carbon in soils and plants (including trees); and

"(B) net emissions of other greenhouse gases from agriculture.

"(2) AGRICULTURAL RESEARCH SERVICE.—The Secretary, acting through the Agricultural Research Service, shall collaborate with other Federal agencies in developing data and carrying out research addressing carbon losses and gains in soils and plants (including trees) and net emissions of methane and nitrous oxide from cultivation and animal management activities.

"(3) COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE.—

"(A) IN GENERAL.—The Secretary, acting through the Cooperative State Research, Education, and Extension Service, shall establish a competitive grant program to carry out research on the matters described in paragraph (1) by eligible entities.

"(B) ELIGIBLE ENTITIES.—Under subparagraph (A), the Secretary may make a grant to—

"(i) a Federal research agency;

"(ii) a national laboratory;

"(iii) a college or university or a research foundation maintained by a college or university;

"(iv) a private research organization with an established and demonstrated capacity to perform research or technology transfer;

"(v) a State agricultural experiment station; or

"(vi) an individual.

"(C) CONSULTATION ON RESEARCH TOPICS.—Before issuing a request for proposals for basic research under paragraph (1), the Cooperative State Research, Education, and Extension Service shall consult with the Agricultural Research Service and the Forest Service to ensure that proposed research areas are complementary with and do not duplicate other research projects funded by the Department or other Federal agencies.

"(D) ADMINISTRATIVE EXPENSES.—The Secretary may retain up to 4 percent of the amounts made available for each fiscal year to carry out this subsection to pay administrative

expenses incurred in carrying out this subsection.

"(b) APPLIED RESEARCH.—

"(1) IN GENERAL.—The Secretary shall carry out applied research in the areas of soil science, agronomy, agricultural economics, forestry, and other agricultural sciences to—

"(A) promote understanding of—

"(i) how agricultural and forestry practices affect the sequestration of organic and inorganic carbon in soils and plants (including trees) and net emissions of other greenhouse gases;

"(ii) how changes in soil carbon pools in soils and plants (including trees) are cost-effectively measured, monitored, and verified; and

"(iii) how public programs and private market approaches can be devised to incorporate carbon sequestration in a broader societal greenhouse gas emission reduction effort;

"(B) develop methods for establishing baselines for measuring the quantities of carbon and other greenhouse gases sequestered; and

"(C) evaluate leakage and performance issues.

"(2) REQUIREMENTS.—To the maximum extent practicable, applied research under paragraph (1) shall—

"(A) use existing technologies and methods; and

"(B) provide methodologies that are accessible to a nontechnical audience.

"(3) MINIMIZATION OF ADVERSE ENVIRONMENTAL IMPACTS.—All applied research under paragraph (1) shall be conducted with an emphasis on minimizing adverse environmental impacts.

"(4) NATURAL RESOURCES AND THE ENVIRONMENT.—The Secretary, acting through the Natural Resources Conservation Service and the Forest Service, shall collaborate with other Federal agencies in developing new measuring techniques and equipment or adapting existing techniques and equipment to enable cost-effective and accurate monitoring and verification, for a wide range of agricultural and forestry practices, of—

"(A) changes in carbon content in soils and plants (including trees); and

"(B) net emissions of other greenhouse gases.

"(5) COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE.—

"(A) IN GENERAL.—The Secretary, acting through the Cooperative State Research, Education, and Extension Service and the Forest Service, shall establish a competitive grant program to encourage research on the matters described in paragraph (1) by eligible entities.

"(B) ELIGIBLE ENTITIES.—Under subparagraph (A), the Secretary may make a grant to—

"(i) a Federal research agency;

"(ii) a national laboratory;

"(iii) a college or university or a research foundation maintained by a college or university;

"(iv) a private research organization with an established and demonstrated capacity to perform research or technology transfer;

"(v) a State agricultural experiment station; or

"(vi) an individual.

"(C) CONSULTATION ON RESEARCH TOPICS.—Before issuing a request for proposals for applied research under paragraph (1), the Cooperative State Research, Education, and Extension Service and the Forest Service shall consult with the Natural Resources Conservation Service and the Agricultural Research Service to ensure that proposed research areas are complementary with and do not duplicate research projects funded by the Department of Agriculture or other Federal agencies.

"(D) ADMINISTRATIVE EXPENSES.—The Secretary, acting through the Cooperative State Research, Education, and Extension Service, may retain up to 4 percent of the amounts made available for each fiscal year to carry out this subsection to pay administrative expenses incurred in carrying out this subsection.

"(c) RESEARCH CONSORTIA.—

"(1) IN GENERAL.—The Secretary may designate not more than 2 research consortia to carry out research projects under this section, with the requirement that the consortia propose to conduct basic research under subsection (a) and applied research under subsection (b) .

"(2) SELECTION.—The consortia shall be selected on a competitive basis by the Cooperative State Research, Education, and Extension Service.

"(3) ELIGIBLE CONSORTIUM PARTICIPANTS.—Entities eligible to participate in a consortium include—

"(A) a land-grant college or university (as defined in section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103));

"(B) a private research institution;

"(C) a State agency;

"(D) an Indian tribe (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b));

"(E) an agency of the Department of Agriculture;

"(F) a research center of the National Aeronautics and Space Administration, the Department of Energy, or any other Federal agency;

"(G) an agricultural business or organization with demonstrated expertise in areas covered by this section; and

"(H) a representative of the private sector with demonstrated expertise in the areas.

"(4) RESERVATION OF FUNDING.—If the Secretary designates 1 or 2 consortia, the Secretary shall reserve for research projects carried out by the consortium or consortia not more than 25 percent of the amounts made available to carry out this section for a fiscal year.

"(d) STANDARDS FOR MEASURING CARBON AND OTHER GREENHOUSE GAS CONTENT.—

"(1) CONFERENCE.—Not later than 3 years after the date of enactment of this subtitle, the Secretary shall convene a conference of key scientific experts on carbon sequestration from various sectors (including the government, academic, and private sectors) to—

"(A) discuss and establish benchmark standards for measuring the carbon content of soils and plants (including trees) and net emissions of other greenhouse gases;

"(B) propose techniques and modeling approaches for measuring carbon content with a level of precision that is agreed on by the participants in the conference; and

"(C) evaluate results of analyses on baseline, permanence, and leakage issues.

"(2) REPORT.—Not later than 180 days after the conclusion of the conference under paragraph (1), the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the results of the conference.

"(e) AUTHORIZATION OF APPROPRIATIONS.—

"(1) IN GENERAL.—There is authorized to be appropriated to carry out this section $25,000,000 for each of fiscal years 2002 through 2006.

"(2) ALLOCATION.—

"(A) IN GENERAL.—Of the amounts made available to carry out this section for a fiscal year, at least 50 percent shall be allocated for competitive grants by the Cooperative State Research, Education, and Extension Service.

"(B) ADMINISTRATIVE EXPENSES.—The Secretary may retain up to 4 percent of the amounts made available for each fiscal year to carry out this section to pay administrative expenses incurred in carrying out this section.

"SEC. 388K. DEMONSTRATION PROJECTS AND OUTREACH.

"(a) DEMONSTRATION PROJECTS.—

"(1) DEVELOPMENT OF MONITORING PROGRAMS.—

"(A) IN GENERAL.—The Secretary, in cooperation with local extension agents, experts from land grant universities, and other local agricultural or conservation organizations, shall develop user-friendly programs that combine measurement tools and modeling techniques into integrated packages to monitor the carbon sequestering benefits of conservation practices and net changes in greenhouse gas emissions.

"(B) BENCHMARK LEVELS OF PRECISION.—The Secretary shall administer programs developed under subparagraph (A) in a manner that achieves, to the maximum extent practicable, benchmark levels of precision in the measurement, in a cost-effective manner, of benefits and changes described in subparagraph (A).

"(2) PROJECTS.—

"(A) IN GENERAL.—The Secretary shall establish a program under which the monitoring programs developed under paragraph (1) are used in projects to demonstrate the feasibility

of methods of measuring, verifying, and monitoring—

"(i) changes in organic carbon content and other carbon pools in soils and plants (including trees); and

"(ii) net changes in emissions of other greenhouse gases.

"(B) EVALUATION OF IMPLICATIONS.—The projects under subparagraph (A) shall include evaluation of the implications for reassessed baselines, carbon or other greenhouse gas leakage, and the permanence of sequestration.

"(C) SUBMISSION OF PROPOSALS.—Proposals for projects under subparagraph (A) shall be submitted by the appropriate agency of each State, in consultation with interested local jurisdictions and State agricultural and conservation organizations.

"(D) LIMITATION.—Not more than 10 projects under subparagraph (A) may be approved in conjunction with applied research projects under section 388J(b) until benchmark measurement and assessment standards are established under section 388J(d).

"(b) OUTREACH.—

"(1) IN GENERAL.—The Secretary, acting through the Cooperative State Research, Education, and Extension Service, shall widely disseminate information about the economic and environmental benefits that can be generated by adoption of conservation practices that increase sequestration of carbon and reduce emission of other greenhouse gases.

"(2) PROJECT RESULTS.—The Secretary, acting through the Cooperative State Research, Education, and Extension Service, shall provide for the dissemination to farmers, ranchers, private forest landowners, and appropriate State agencies in each State of information concerning—

"(A) the results of demonstration projects under subsection (a)(2); and

"(B) the manner in which the methods demonstrated in the projects might be applicable to the operations of the farmers and ranchers.

"(3) POLICY OUTREACH.—The Secretary, acting through the Cooperative State Research, Education, and Extension Service, shall disseminate information on the connection between global climate

change mitigation strategies and agriculture and forestry, so that farmers and ranchers may better understand the global implications of the activities of farmers and ranchers.

''(c) AUTHORIZATION OF APPROPRIATIONS.—

''(1) IN GENERAL.—There is authorized to be appropriated to carry out this section $10,000,000 for each of fiscal years 2002 through 2006.

''(2) ALLOCATION.—Of the amounts made available to carry out this section for a fiscal year, at least 50 percent shall be allocated for demonstration projects under subsection (a)(2).''.

SEC. 903. BIOMASS RESEARCH AND DEVELOPMENT ACT OF 2000.

(a) FUNDING.—The Biomass Research and Development Act of 2000 (7 U.S.C. 7624 note; Public Law 106–224) is amended—

(1) in section 307, by striking subsection (f);

(2) by redesignating section 310 as section 311; and

(3) by inserting after section 309 the following:

''SEC. 310. FUNDING.

''(a) IN GENERAL.—Not later than 30 days after the date of enactment of this subsection, and on October 1, 2002, and each October 1 thereafter through October 1,

2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary to carry out this title $15,000,000, to remain available until expended.

"(b) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this title the funds transferred under subsection (a), without further appropriation.".

(b) TERMINATION OF AUTHORITY.—Section 311 of the Biomass Research and Development Act of 2000 (7 U.S.C. 7624 note; Public Law 106–224) (as redesignated by subsection (a)) is amended by striking "December 31, 2005" and inserting "September 30, 2006".

SEC. 904. RURAL ELECTRIFICATION ACT OF 1936.

Title I of the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.) (as amended by section 661) is amended by adding at the end the following:

"SEC. 21. FINANCIAL AND TECHNICAL ASSISTANCE FOR RENEWABLE ENERGY PROJECTS.

"(a) DEFINITION OF RENEWABLE ENERGY.—In this section, the term 'renewable energy' means energy derived from a wind, solar, biomass, geothermal, or hydrogen source.

"(b) LOANS, LOAN GUARANTEES, AND GRANTS.—The Secretary shall make loans, loan guarantees, and

grants to rural electric cooperatives and other rural electric utilities to promote the development of economically and environmentally sustainable renewable energy projects to serve the needs of rural communities or for rural economic development.

"(c) INTEREST RATE.—A loan made or guaranteed under subsection (b) shall bear interest at a rate not exceeding 4 percent.

"(d) USE OF FUNDS.—

"(1) GRANTS.—A recipient of a grant under subsection (a) may use the grant funds to pay up to 75 percent of the cost of an economic feasibility study or technical assistance for a renewable energy project.

"(2) LOANS.—If a renewable energy project is determined to be economically feasible, a recipient of a loan or loan guarantee under subsection (a) may use the loan funds to pay a percentage of the cost of the project determined by the Secretary.

"(e) FUNDING.—

"(1) IN GENERAL.—Not later than 30 days after the date of enactment of this section, and on October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary

of the Treasury shall transfer to the Secretary to carry out this section $9,000,000, to remain available until expended.

"(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under paragraph (1), without further appropriation.

"(3) LOAN AND INTEREST SUBSIDIES.—In the case of a loan or loan guarantee under subsection (a), the Secretary shall use funds under paragraph (1) to pay the cost of loan and interest subsidies necessary to carry out this section.".

SEC. 905. CARBON SEQUESTRATION DEMONSTRATION PROGRAM.

(a) FINDINGS.—Congress finds that—

(1) greenhouse gas emissions resulting from human activity present potential risks and potential opportunities for agricultural and forestry production;

(2) there is a need to identify cost-effective methods that can be used in the agricultural and forestry sectors to reduce the threat of climate change;

(3) deforestation and other land use changes account for approximately 1,600,000,000 of the 7,900,000,000 metric tons of the average annual worldwide quantity of carbon emitted during the 1990s;

(4) ocean and terrestrial systems each sequestered approximately 2,300,000,000 metric tons of carbon annually, resulting in a sequestration of 60 percent of the annual human-induced emissions of carbon during the 1990s;

(5) there are opportunities for increasing the quantity of carbon that can be stored in terrestrial systems through improved, human-induced agricultural and forestry practices;

(6) increasing the carbon content of soil helps to reduce erosion, reduce flooding, minimize the effects of drought, prevent nutrients and pesticides from washing into water bodies, and contribute to water infiltration, air and water holding capacity, and good seed germination and plant growth;

(7) tree planting and wetland restoration could play a major role in sequestering carbon and reducing greenhouse gas concentrations in the atmosphere;

(8) nitrogen management is a cost-effective method of addressing nutrient overenrichment in the estuaries of the United States and of reducing emissions of nitrous oxide;

(9) animal feed and waste management can be cost-effective methods to address water quality issues and reduce emissions of methane; and

(10) there is a need to—

(A) demonstrate that carbon sequestration in soils, plants, and forests and reductions in greenhouse gas emissions through nitrogen and animal feed and waste management can be measured and verified; and

(B) develop and refine quantification, verification, and auditing methodologies for carbon sequestration and greenhouse gas emission reductions on a project by project basis.

(b) PROGRAM.—Title IV of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7621 et seq.) is amended by adding at the end the following:

"SEC. 409. CARBON SEQUESTRATION DEMONSTRATION PROGRAM.

''(a) DEFINITIONS.—In this section:

"(1) ELIGIBLE PROJECT.—The term 'eligible project' means a project that is likely to result in—

"(A) demonstrable reductions in net emissions of greenhouse gases; or

"(B) demonstrable net increases in the quantity of carbon sequestered in soils and forests.

"(2) ENVIRONMENTAL TRADE.—The term 'environmental trade' means a transaction between an emitter of a greenhouse gas and an agricultural producer under which the emitter pays to the agricultural producer a fee to sequester carbon or otherwise reduce emissions of greenhouse gases.

"(3) PANEL.—The term 'panel' means the panel of experts established under subsection (b)(4)(A).

"(4) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture, acting in consultation with—

"(A) the Under Secretary of Agriculture for Natural Resources and Environment;

"(B) the Under Secretary of Agriculture for Research, Education, and Economics;

"(C) the Chief Economist of the Department; and

"(D) the panel.

"(b) DEMONSTRATION PROGRAM.—

"(1) ESTABLISHMENT.—Subject to the availability of appropriations, the Secretary shall establish a program to provide grants, on a competitive, cost-shared basis, to agricultural producers to assist in paying the costs incurred in measuring, estimating, monitoring, verifying, auditing, and testing methodologies involved in environmental trades (including costs incurred in employing certified independent third persons to carry out those activities).

"(2) CONDITIONS FOR RECEIPT OF GRANT.—As a condition of the acceptance of a grant under paragraph (1), an agricultural producer shall—

"(A) establish a carbon and greenhouse gas monitoring, verification, and reporting system that meets such requirements as the Secretary shall prescribe; and

"(B) under the system and through the use of an independent third party for any necessary monitoring, verifying, reporting, and auditing, measure and report to the Secretary the quantity of carbon sequestered, or the quantity of greenhouse gas emissions reduced, as a result of the conduct of an eligible project.

"(3) CRITERIA FOR AWARD OF GRANT.—

"(A) IN GENERAL.—In awarding a grant for an eligible project under paragraph (1), the Secretary shall take into consideration—

"(i) the likelihood of the eligible project in succeeding in achieving greenhouse gas emissions reductions and net carbon sequestration increases; and

"(ii) the usefulness of the information to be obtained from the eligible project in determining how best to quantify, monitor, and verify sequestered carbon or reductions in greenhouse gas emissions.

"(B) PRIORITY CRITERIA.—The Secretary shall give priority in awarding a grant under paragraph (1) to an eligible project that—

"(i) involves multiple parties, a whole farm approach, or any other approach, such as the aggregation of land areas, that would—

"(I) increase the environmental benefits or reduce the transaction costs of the eligible project; and

"(II) reduce the costs of measuring, monitoring, and verifying any

net sequestration of carbon or net reduction in greenhouse gas emissions;

''(ii) is designed to achieve long-term sequestration of carbon or long-term reductions in greenhouse gas emissions;

''(iii) is designed to address concerns concerning leakage;

''(iv) provides certain other benefits, such as improvements in—

''(I) soil fertility;

''(II) wildlife habitat;

''(III) water quality;

''(IV) soil erosion management;

''(V) the use of renewable resources to produce energy;

''(VI) the avoidance of ecosystem fragmentation; and

''(VII) the promotion of ecosystem restoration with native species; or

''(v) does not involve—

''(I) the reforestation of land that has been deforested since 1990; or

''(II) the conversion of native grassland.

"(4) PANEL.—

"(A) IN GENERAL.—The Secretary shall establish a panel to provide advice and recommendations to the Secretary with respect to criteria for awarding grants under this subsection.

"(B) COMPOSITION.—The panel shall be composed of the following representatives, to be appointed by the Secretary:

"(i) Experts from each of—

"(I) the Department;

"(II) the Environmental Protection Agency; and

"(III) the Department of Energy.

"(ii) Experts from nongovernmental and academic entities.

"(5) PAYMENT OF GRANT FUNDS.—The Secretary shall provide a grant awarded under this section in such number of installments as is necessary to ensure proper implementation of an eligible project.

"(c) METHODOLOGY GRANT PROGRAM.—

"(1) ESTABLISHMENT.—The Secretary shall establish a program to provide grants to determine the

best methodologies for estimating and measuring increases or decreases in—

"(A) agricultural greenhouse gas emissions; and

"(B) the quantity of carbon sequestered in soils, forests, and trees.

"(2) ELIGIBLE RECIPIENTS.—The Secretary shall award a grant under paragraph (1), on a competitive basis, to a college or university, or other research institution, that seeks to demonstrate the viability of a methodology described in paragraph (1).

"(d) DISSEMINATION OF INFORMATION.—As soon as practicable after the date of enactment of this section, the Secretary shall establish an Internet site through which agricultural producers may obtain information concerning—

"(1) potential environmental trades; and

"(2) activities of the Secretary under this section.

"(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $20,000,000 for each of fiscal years 2002 through 2006.".

SEC. 906. SENSE OF CONGRESS CONCERNING NATIONAL RENEWABLE FUELS STANDARD.

It is the sense of Congress that—

(1) Congress supports and encourages adoption of a national renewable fuels program, under which the motor vehicle fuel placed into commerce by a refiner, blender, or importer shall be composed of renewable fuel measured according to a statutory formula for specified calendar years; and

(2) the Secretary of Agriculture should ensure that the policies and programs of the Department of Agriculture promote the production of fuels from renewable fuel sources.

SEC. 907. SENSE OF CONGRESS CONCERNING THE BIOENERGY PROGRAM OF THE DEPARTMENT OF AGRICULTURE.

It is the sense of Congress that—

(1) ethanol and biofuel production capacity will be needed to phase out the use of methyl tertiary butyl ether in gasoline and the dependence of the United States on foreign oil; and

(2) the bioenergy program of the Department of Agriculture under part 1424 of title 7, Code of Federal Regulations, should be continued and expanded.

TITLE X—MISCELLANEOUS

Subtitle A—Country of Origin and Quality Grade Labeling

SEC. 1001. COUNTRY OF ORIGIN LABELING.

The Agricultural Marketing Act of 1946 (7 U.S.C. 1621 et seq.) is amended by adding at the end the following:

"Subtitle C—Country of Origin Labeling

"SEC. 271. DEFINITIONS.

''In this subtitle:

''(1) BEEF.—The term 'beef' means meat produced from cattle (including veal).

''(2) COVERED COMMODITY.—

''(A) IN GENERAL.—The term 'covered commodity' means—

''(i) muscle cuts of beef, lamb, and pork;

''(ii) ground beef, ground lamb, and ground pork;

''(iii) farm-raised fish;

''(iv) a perishable agricultural commodity; and

''(v) peanuts.

"(B) EXCLUSIONS.—The term 'covered commodity' does not include—

"(i) processed beef, lamb, and pork food items; and

"(ii) frozen entrees containing beef, lamb, and pork.

"(3) FARM-RAISED FISH.—The term 'farm-raised fish' includes—

"(A) farm-raised shellfish; and

"(B) fillets, steaks, nuggets, and any other flesh from a farm-raised fish or shellfish.

"(4) FOOD SERVICE ESTABLISHMENT.—The term 'food service establishment' means a restaurant, cafeteria, lunch room, food stand, saloon, tavern, bar, lounge, or other similar facility operated as an enterprise engaged in the business of selling food to the public.

"(5) LAMB.—The term 'lamb' means meat, other than mutton, produced from sheep.

"(6) PERISHABLE AGRICULTURAL COMMODITY; RETAILER.—The terms 'perishable agricultural commodity' and 'retailer' have the meanings given the terms in section 1(b) of the Perishable Agricultural Commodities Act, 1930 (7 U.S.C. 499a(b)).

"(7) PORK.—The term 'pork' means meat produced from hogs.

"(8) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture, acting through the Agricultural Marketing Service.

"SEC. 272. NOTICE OF COUNTRY OF ORIGIN.

"(a) IN GENERAL.—

"(1) REQUIREMENT.—Except as provided in subsection (b), a retailer of a covered commodity shall inform consumers, at the final point of sale of the covered commodity to consumers, of the country of origin of the covered commodity.

"(2) UNITED STATES COUNTRY OF ORIGIN.—A retailer of a covered commodity may designate the covered commodity as having a United States country of origin only if the covered commodity—

"(A) in the case of beef, lamb, and pork, is exclusively from an animal that is exclusively born, raised, and slaughtered in the United States; and

"(B) in the case of farm-raised fish, is hatched, raised, harvested, and processed in the United States; and

"(C) in the case of a perishable agricultural commodities or peanut, is exclusively produced in the United States.

"(b) EXEMPTION FOR FOOD SERVICE ESTABLISHMENTS.—Subsection (a) shall not apply to a covered commodity if the covered commodity is—

"(1) prepared or served in a food service establishment; and

"(2)(A) offered for sale or sold at the food service establishment in normal retail quantities; or

"(B) served to consumers at the food service establishment.

"(c) METHOD OF NOTIFICATION.—

"(1) IN GENERAL.—The information required by subsection (a) may be provided to consumers by means of a label, stamp, mark, placard, or other clear and visible sign on the covered commodity or on the package, display, holding unit, or bin containing the commodity at the final point of sale to consumers.

"(2) LABELED COMMODITIES.—If the covered commodity is already individually labeled for retail sale regarding country of origin, the retailer shall not be required to provide any additional information to comply with this section.

"(d) AUDIT VERIFICATION SYSTEM.—The Secretary may require that any person that prepares, stores, handles, or distributes a covered commodity for retail sale maintain a verifiable recordkeeping audit trail that will permit the Secretary to ensure compliance with the regulations promulgated under section 274.

"(e) INFORMATION.—Any person engaged in the business of supplying a covered commodity to a retailer shall provide information to the retailer indicating the country of origin of the covered commodity.

"(f) CERTIFICATION OF ORIGIN.—

"(1) MANDATORY IDENTIFICATION.—The Secretary shall not use a mandatory identification system to verify the country of origin of a covered commodity.

"(2) EXISTING CERTIFICATION PROGRAMS.—To certify the country of origin of a covered commodity, the Secretary may use as a model certification programs in existence on the date of enactment of this Act, including—

"(A) the carcass grading and certification system carried out under this Act;

"(B) the voluntary country of origin beef labeling system carried out under this Act;

"(C) voluntary programs established to certify certain premium beef cuts;

"(D) the origin verification system established to carry out the child and adult care food program established under section 17 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1766); or

"(E) the origin verification system established to carry out the market access program under section 203 of the Agricultural Trade Act of 1978 (7 U.S.C. 5623).

"SEC. 273. ENFORCEMENT.

"(a) IN GENERAL.—Except as provided in subsection (b), section 253 shall apply to a violation of this subtitle.

"(b) WARNINGS.—If the Secretary determines that a retailer is in violation of section 272, the Secretary shall—

"(1) notify the retailer of the determination of the Secretary; and

"(2) provide the retailer a 30-day period, beginning on the date on which the retailer receives the notice under paragraph (1) from the Secretary, during which the retailer may take necessary steps to comply with section 272.

"(c) FINES.—If, on completion of the 30-day period described in subsection (c)(2), the Secretary determines

that the retailer has willfully violated section 272, after providing notice and an opportunity for a hearing before the Secretary with respect to the violation, the Secretary may fine the retailer in an amount determined by the Secretary.

"SEC. 274. REGULATIONS.

"(a) IN GENERAL.—The Secretary may promulgate such regulations as are necessary to carry out this subtitle.

"(b) PARTNERSHIPS WITH STATES.—In promulgating the regulations, the Secretary shall, to the maximum extent practicable, enter into partnerships with States with enforcement infrastructure to carry out this subtitle.

"SEC. 275. APPLICATION.

"This subtitle shall apply to the retail sale of a covered commodity beginning on the date that is 180 days after the date of the enactment of this subtitle.".

SEC. 1002. QUALITY GRADE LABELING OF IMPORTED MEAT AND MEAT FOOD PRODUCTS.

The Agricultural Marketing Act of 1946 (7 U.S.C. 1621 et seq.) (as amended by section 1001) is amended by adding at the end the following:

"Subtitle D—Commodity-Specific Grading Standards

"SEC. 281. DEFINITION OF SECRETARY.

''In this subtitle, the term 'Secretary' means the Secretary of Agriculture.

"SEC. 282. QUALITY GRADE LABELING OF IMPORTED MEAT AND MEAT FOOD PRODUCTS.

''An imported carcass, part thereof, meat, or meat food product (as defined by the Secretary) shall not bear a label that indicates a quality grade issued by the Secretary.

"SEC. 283. REGULATIONS.

''The Secretary shall promulgate such regulations as are necessary to ensure compliance with, and otherwise carry out, this subtitle.''.

Subtitle B—Crop Insurance

SEC. 1011. CONTINUOUS COVERAGE.

Section 508(e)(4) of the Federal Crop Insurance Act (7 U.S.C. 1508(e)(4)) is amended—

(1) in the paragraph heading, by striking ''TEMPORARY PROHIBITION'' and inserting ''PROHIBITION''; and

(2) by striking ''through 2005'' and inserting ''and subsequent''.

SEC. 1012. QUALITY LOSS ADJUSTMENT PROCEDURES.

Section 508(m)(3) of the Federal Crop Insurance Act (7 U.S.C. 1508(m)(3)) is amended—

(1) by striking ''The Corporation'' and inserting the following:

''(A) REVIEW.—The Corporation''; and

(2) by striking ''Based on'' and inserting the following:

''(B) PROCEDURES.—Effective beginning not later than the 2003 reinsurance year, based on''.

SEC. 1013. CONSERVATION REQUIREMENTS.

(a) HIGHLY ERODIBLE LAND CONSERVATION.—Section 1211(1) of the Food Security Act of 1985 (16 U.S.C. 3811(1)) is amended—

(1) in subparagraph (A), by striking ''production flexibility'';

(2) by redesignating subparagraphs (C) and (D) as subparagraphs (D) and (E), respectively; and

(3) by inserting after subparagraph (B) the following:

''(C) an indemnity payment under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.);''.

(b) WETLAND CONSERVATION.—Section 1221(b) of the Food Security Act of 1985 (16 U.S.C. 3821(b)) is amended—

(1) in paragraph (1), by striking ''production flexibility'';

(2) by redesignating paragraphs (2) and (3) as paragraphs (5) and (6), respectively; and

(3) by inserting after paragraph (1) the following:

''(2) A farm storage facility loan made under section 4(h) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b(h)).

''(3) A disaster payment.

''(4) An indemnity payment under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.).''.

(c) CONTROLLED SUBSTANCES PRODUCTION CONTROL.—Section 519(b) of the Controlled Substances Act (21 U.S.C. 889(b)) is amended—

(1) in paragraph (1)—

(A) by striking subparagraph (A) and inserting the following:

''(A) contract payments under a contract, marketing assistance loans, and any type of price support or payment made available under the Agricultural Market Transition Act (7

U.S.C. 7201 et seq.), the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), or any other Act;'';

(B) by striking subparagraphs (C) and (D) and inserting the following:

''(C) an indemnity payment under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.);

''(D) a disaster payment; or'';

(2) in paragraph (2), by striking the period at the end and inserting ''; or''; and

(3) by adding at the end the following:

''(3) during the crop year—

''(A) a payment made pursuant to a contract entered into under the environmental quality incentives program under chapter 4 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3839aa et seq.);

''(B) a payment under any other provision of subtitle D of title XII of that Act (16 U.S.C. 3830 et seq.);

''(C) a payment under section 401 or 402 of the Agricultural Credit Act of 1978 (16 U.S.C. 2201, 2202); or

"(D) a payment, loan, or other assistance under section 3 or 8 of the Watershed Protection and Flood Prevention Act (16 U.S.C. 1003 and 1006a).".

Subtitle C—General Provisions

SEC. 1021. UNLAWFUL STOCKYARD PRACTICES INVOLVING NONAMBULATORY LIVESTOCK.

(a) IN GENERAL.—Title III of the Packers and Stockyards Act, 1921, is amended by inserting after section 317 (7 U.S.C. 217a) the following:

"SEC. 318. UNLAWFUL STOCKYARD PRACTICES INVOLVING NONAMBULATORY LIVESTOCK.

"(a) DEFINITIONS.—In this section:

"(1) HUMANELY EUTHANIZED.—The term 'humanely euthanized' means to kill an animal by mechanical, chemical, or other means that immediately render the animal unconscious, with this state remaining until the animal's death.

"(2) NONAMBULATORY LIVESTOCK.—The term 'nonambulatory livestock' means any livestock that is unable to stand and walk unassisted.

"(b) UNLAWFUL PRACTICES.—

"(1) IN GENERAL.—It shall be unlawful under section 312 for any stockyard owner, market agency, or dealer to buy, sell, give, receive, transfer, market,

hold, or drag any nonambulatory livestock unless the nonambulatory livestock has been humanely euthanized.

"(2) EXCEPTIONS.—

"(A) NON-GIPSA FARMS.—Paragraph (1) shall not apply to any farm the animal care practices of which are not subject to the authority of the Grain Inspection, Packers, and Stockyards Administration.

"(B) VETERINARY CARE.—Paragraph (1) shall not apply in a case in which nonambulatory livestock receive veterinary care intended to render the livestock ambulatory.".

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by subsection (a) takes effect 1 year after the date of the enactment of this Act.

(2) REGULATIONS.—Not later than 1 year after the date of enactment of this Act, the Secretary of Agriculture shall promulgate regulations consistent with the amendment, relating to the handling, treatment, and disposition of nonambulatory livestock at livestock marketing facilities or by dealers.

SEC. 1022. COTTON CLASSIFICATION SERVICES.

The first sentence of section 3a of the Act of March 3, 1927 (commonly known as the ''Cotton Statistics and Estimates Act'') (7 U.S.C. 473), is amended by striking ''2002'' and inserting ''2006''.

SEC. 1023. PROTECTION FOR PURCHASERS OF FARM PRODUCTS.

Section 1324 of the Food Security Act of 1985 (7 U.S.C. 1631) is amended—

(1) in subsection (c)(4)—

(A) in subparagraph (B), by striking ''signed,'' and inserting ''signed, authorized, or otherwise authenticated by the debtor,'';

(B) by striking subparagraph (C);

(C) in subparagraph (D)—

(i) in clause (iii), by adding ''and'' after the semicolon at the end; and

(ii) in clause (iv), by striking ''applicable;'' and all that follows and inserting ''applicable, and the name of each county or parish in which the farm products are growing or located;''; and

(D) by redesignating subparagraphs (D) through (I) as subparagraphs (C) through (H), respectively;

(2) in subsection (e)—

(A) in paragraph (1)(A)—

(i) in clause (ii)—

(I) in subclause (III), by adding ''and'' after the semicolon at the end; and

(II) in subclause (IV), by striking ''crop year,'' and all that follows and inserting ''crop year, and the name of each county or parish in which the farm products are growing or located;''; and

(iii) in clause (v), by inserting ''contains'' before ''any payment''; and

(B) in paragraph (3)—

(i) in subparagraph (A), by striking ''subparagraph'' and inserting ''subsection''; and

(ii) in subparagraph (B), by striking ''; and'' and inserting a period; and

(3) subsection (g)(2)(A)—

(A) in clause (ii)—

(i) in subclause (III), by adding ''and'' after the semicolon at the end; and

(ii) in subclause (IV), by striking ''crop year,'' and all that follows and in-

serting ''crop year, and the name of each county or parish in which the farm products are growing or located;''; and

(B) in clause (v), by inserting ''contains'' before ''any payment''.

SEC. 1024. PENALTIES AND FOREIGN COMMERCE PROVISIONS OF THE ANIMAL WELFARE ACT.

(a) PENALTIES AND FOREIGN COMMERCE PROVISIONS OF THE ANIMAL WELFARE ACT.—Section 26 of the Animal Welfare Act (7 U.S.C. 2156) is amended—

(1) in subsection (e)—

(A) by inserting ''PENALTIES.—'' after ''(e)'';

(B) by striking ''$5,000'' and inserting ''$15,000''; and

(C) by striking ''1 year'' and inserting ''2 years''; and

(2) in subsection (g)(2)(B), by inserting at the end before the semicolon the following: ''or from any State into any foreign country''.

(b) EFFECTIVE DATE.—The amendments made by this section take effect 30 days after the date of the enactment of this Act.

SEC. 1025. PROHIBITION ON INTERSTATE MOVEMENT OF ANIMALS FOR ANIMAL FIGHTING.

(a) PROHIBITION ON INTERSTATE MOVEMENT OF ANIMALS FOR ANIMAL FIGHTING.—Section 26(d) of the Animal Welfare Act (7 U.S.C. 2156(d)) is amended to read as follows:

''(d) ACTIVITIES NOT SUBJECT TO PROHIBITION.—This section does not apply to the selling, buying, transporting, or delivery of an animal in interstate or foreign commerce for any purpose, so long as the purpose does not include participation of the animal in an animal fighting venture.''.

(b) EFFECTIVE DATE.—The amendment made by this section take effect 30 days after the date of the enactment of this Act.

SEC. 1026. OUTREACH AND ASSISTANCE FOR SOCIALLY DISADVANTAGED FARMERS AND RANCHERS.

Section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279) is amended by striking subsection (a) and inserting the following:

''(a) OUTREACH AND ASSISTANCE.—

''(1) DEFINITIONS.—In this subsection:

''(A) DEPARTMENT.—The term 'Department' means the Department of Agriculture.

''(B) ELIGIBLE ENTITY.—The term 'eligible entity' means—

"(i) any community-based organization, network, or coalition of community-based organizations that—

"(I) has demonstrated experience in providing agricultural education or other agriculturally related services to socially disadvantaged farmers and ranchers;

"(II) has provided to the Secretary documentary evidence of work with socially disadvantaged farmers and ranchers during the 2-year period preceding the submission of an application for assistance under this subsection; and

"(III) has not engaged in activities prohibited under section 501(c)(3) of the Internal Revenue Code of 1986;

"(ii)(I) an 1890 institution (as defined in section 2 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7601)), including West Virginia State College;

"(II) a 1994 institution (as defined in section 2 of that Act);

"(III) an Indian tribal community college;

"(IV) an Alaska Native cooperative college;

"(V) a Hispanic-serving institution (as defined in section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103)); and

"(VI) any other institution of higher education (as defined in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001)) that has demonstrated experience in providing agriculture education or other agriculturally related services to socially disadvantaged farmers and ranchers in a region; and

"(iii) an Indian tribe (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)) or a national tribal organization that has demonstrated experience in providing agriculture education or other agriculturally related serv-

ices to socially disadvantaged farmers and ranchers in a region.

"(C) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture.

"(2) PROGRAM.—The Secretary shall carry out an outreach and technical assistance program to encourage and assist socially disadvantaged farmers and ranchers—

"(A) in owning and operating farms and ranches; and

"(B) in participating equitably in the full range of agricultural programs offered by the Department.

"(3) REQUIREMENTS.—The outreach and technical assistance program under paragraph (2) shall—

"(A) enhance coordination of the outreach, technical assistance, and education efforts authorized under various agriculture programs; and

"(B) include information on, and assistance with—

"(i) commodity, conservation, credit, rural, and business development programs;

"(ii) application and bidding procedures;

"(iii) farm and risk management;

"(iv) marketing; and

"(v) other activities essential to participation in agricultural and other programs of the Department.

"(4) GRANTS AND CONTRACTS.—

"(A) IN GENERAL.—The Secretary may make grants to, and enter into contracts and other agreements with, an eligible entity to provide information and technical assistance under this subsection.

"(B) RELATIONSHIP TO OTHER LAW.—The authority to carry out this section shall be in addition to any other authority provided in this or any other Act.

"(5) FUNDING.—

"(A) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection $25,000,000 for each of fiscal years 2002 through 2006.

"(B) INTERAGENCY FUNDING.—In addition to funds authorized to be appropriated under subparagraph (A), any agency of the De-

partment may participate in any grant, contract, or agreement entered into under this section by contributing funds, if the agency determined that the objectives of the grant, contract, or agreement will further the authorized programs of the contributing agency.''.

SEC. 1027. PUBLIC DISCLOSURE REQUIREMENTS FOR COUNTY COMMITTEE ELECTIONS.

Section 8(b)(5) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)(5)) is amended by striking subparagraph (B) and inserting the following:

''(B) ESTABLISHMENT AND ELECTIONS FOR COUNTY, AREA, OR LOCAL COMMITTEES.—

''(i) ESTABLISHMENT.—

''(I) IN GENERAL.—In each county or area in which activities are carried out under this section, the Secretary shall establish a county or area committee.

''(II) LOCAL ADMINISTRATIVE AREAS.—The Secretary may designate local administrative areas within a county or a larger area under the jurisdiction of a committee established under subclause (I).

"(ii) COMPOSITION OF COUNTY, AREA, OR LOCAL COMMITTEES.—A committee established under clause (i) shall consist of not fewer than 3 nor more than 5 members that—

"(I) are fairly representative of the agricultural producers within the area covered by the county, area, or local committee; and

"(II) are elected by the agricultural producers that participate or cooperate in programs administered within the area under the jurisdiction of the county, area, or local committee.

"(iii) ELECTIONS.—

"(I) IN GENERAL.—Subject to subclauses (II) through (V), the Secretary shall establish procedures for nominations and elections to county, area, or local committees.

"(II) NONDISCRIMINATION STATEMENT.—Each solicitation of nominations for, and notice of elections of, a county, area, or local com-

mittee shall include the non-discrimination statement used by the Secretary.

"(III) NOMINATIONS.—

"(aa) ELIGIBILITY.—To be eligible for nomination and election to the applicable county, area, or local committee, as determined by the Secretary, an agricultural producer shall be located within the area under the jurisdiction of a county, area, or local committee, and participate or cooperate in programs administered within that area.

"(bb) OUTREACH.—In addition to such nominating procedures as the Secretary may prescribe, the Secretary shall solicit and accept nominations from organizations representing the interests of socially disadvantaged groups (as defined in section 355(e)(1) of the Consolidated

Farm and Rural Development Act (7 U.S.C. 2003(e)(1)).

"(IV) OPENING OF BALLOTS.—

"(aa) PUBLIC NOTICE.—At least 10 days before the date on which ballots are to be opened and counted, a county, area, or local committee shall announce the date, time, and place at which election ballots will be opened and counted.

"(bb) OPENING OF BALLOTS.—Election ballots shall not be opened until the date and time announced under item (aa).

"(cc) OBSERVATION.—Any person may observe the opening and counting of the election ballots.

"(V) REPORT OF ELECTION.—Not later than 20 days after the date on which an election is held, a county, area, or local committee shall file an election report with the Secretary and

the State office of the Farm Service Agency that includes—

"(aa) the number of eligible voters in the area covered by the county, area, or local committee;

"(bb) the number of ballots cast in the election by eligible voters (including the percentage of eligible voters that cast ballots);

"(cc) the number of ballots disqualified in the election;

"(dd) the percentage that the number of ballots disqualified is of the number of ballots received;

"(ee) the number of nominees for each seat up for election;

"(ff) the race, ethnicity, and gender of each nominee, as provided through the voluntary self-identification of each nominee; and

"(gg) the final election results (including the number of

ballots received by each nominee).

"(VI) NATIONAL REPORT.—Not later than 90 days after the date on which the first election of a county, area, or local committee that occurs after the date of enactment of the Agriculture, Conservation, and Rural Enhancement Act of 2001 is held, the Secretary shall complete a report that consolidates all the election data reported to the Secretary under subclause (V).

"(VII) ELECTION REFORM.—

"(aa) ANALYSIS.—If determined necessary by the Secretary after analyzing the data contained in the report under subclause (VI), the Secretary shall promulgate and publish in the Federal Register proposed uniform guidelines for conducting elections for members and alternate members of county, area, and local committees not later

than 1 year after the date of completion of the report.

"(bb) INCLUSION.—The procedures promulgated by the Secretary under item (aa) shall ensure fair representation of socially disadvantaged groups described in subclause (III)(bb) in an area covered by the county, area, or local committee, in cases in which those groups are underrepresented on the county, area, or local committee for that area.

"(cc) METHODS OF INCLUSION.—Notwithstanding clause (ii), the Secretary may ensure inclusion of socially disadvantaged farmers and ranchers through provisions allowing for appointment of additional voting members to a county, area, or local committee or through other methods.

"(iv) TERM OF OFFICE.—The term of office for a member of a county, area, or local committee shall not exceed 3 years.".

SEC. 1028. PSEUDORABIES ERADICATION PROGRAM.

Section 2506(d) of the Food, Agriculture, Conservation, and Trade Act of 1990 (21 U.S.C. 114i(d)) is amended by striking "2002" and inserting "2006".

SEC. 1029. TREE ASSISTANCE PROGRAM.

(a) IN GENERAL.—Section 194 of the Federal Agriculture Improvement and Reform Act of 1996 (Public Law 104–127; 110 Stat. 945) is amended to read as follows:

"SEC. 194. TREE ASSISTANCE PROGRAM.

"(a) DEFINITIONS.—In this section:

"(1) ELIGIBLE ORCHARDIST.—The term 'eligible orchardist' means a person that produces annual crops from trees for commercial purposes,

"(2) NATURAL DISASTER.—The term 'natural disaster' means plant disease, insect infestation, drought, fire, freeze, flood, earthquake, and other natural occurrences, as determined by the Secretary.

"(3) TREE.—The term 'tree' includes trees, bushes, and vines.

"(4) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture.

"(b) ELIGIBILITY.—

"(1) LOSS.—Subject to paragraph (2), the Secretary shall provide assistance in accordance with subsection (c) to eligible orchardists that, as determined by the Secretary—

"(A) planted trees for commercial purposes; and

"(B) lost those trees as a result of a natural disaster.

"(2) LIMITATION.—An eligible orchardist shall qualify for assistance under subsection (c) only if the tree mortality rate of the orchardist, as a result of the natural disaster, exceeds 15 percent (adjusted for normal mortality), as determined by the Secretary.

"(c) ASSISTANCE.—

"(1) IN GENERAL.—Assistance provided by the Secretary to eligible orchardists for losses described in subsection (b) shall consist of—

"(A) reimbursement of 75 percent of the cost of replanting trees lost due to a natural disaster, as determined by the Secretary, in excess of 15 percent mortality (adjusted for normal mortality); or

"(B) at the discretion of the Secretary, sufficient tree seedlings to reestablish the stand.

"(2) LIMITATION ON ASSISTANCE.—

"(A) LIMITATION.—The total amount of payments that a person may receive under this section shall not exceed—

"(i) $100,000; or

"(ii) an equivalent value in tree seedlings.

"(B) REGULATIONS.—The Secretary shall promulgate regulations that—

"(i) define the term 'person' for the purposes of this section (which definition shall conform, to the extent practicable, to the regulations defining the term 'person' promulgated under section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308); and

"(ii) prescribe such rules as the Secretary determines are necessary to ensure a fair and reasonable application of the limitation established under this section.

"(d) AUTHORIZATION OF APPROPRIATIONS.—Notwithstanding section 161, there is authorized to be appro-

priated such sums as are necessary to carry out this section for each of fiscal years 2002 through 2006.''.

(b) APPLICATION DATE.—The amendment made by subsection (a) shall apply to tree losses that are incurred as a result of a natural disaster after January 1, 2000.

SEC. 1030. NATIONAL ORGANIC CERTIFICATION COST-SHARE PROGRAM.

(a) IN GENERAL.—The Secretary of Agriculture (acting through the Agricultural Marketing Service) shall use $3,500,000 of funds of the Commodity Credit Corporation for fiscal year 2002 to establish a national organic certification cost-share program to assist producers and handlers of agricultural products in obtaining certification under the national organic production program established under the Organic Foods Production Act of 1990 (7 U.S.C. 6501 et seq.).

(b) FEDERAL SHARE.—

(1) IN GENERAL.—Subject to paragraph (2), the Secretary shall pay under this section not more than 75 percent of the costs incurred by a producer or handler in obtaining certification under the national organic production program, as certified to and approved by the Secretary.

(2) MAXIMUM AMOUNT.—The maximum amount of a payment made to a producer or handler under this section shall be $500.

SEC. 1031. FOOD SAFETY COMMISSION.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—There is established a commission to be known as the ''Food Safety Commission'' (referred to in this section as the ''Commission'').

(2) MEMBERSHIP.—

(A) COMPOSITION.—The Commission shall be composed of 15 members, of whom—

(i) 4 shall be appointed by the Majority Leader of the Senate;

(ii) 3 shall be appointed by the Minority Leader of the Senate;

(iii) 4 shall be appointed by the Speaker of the House of Representatives;

(iv) 3 shall be appointed by the Minority Leader of the House of Representatives; and

(v) 1 shall—

(I) be appointed jointly by the Speaker of the House of Representa-

tives and the Majority Leader of the Senate; and

(II) serve as chairperson.

(B) ELIGIBILITY.—Members of the Commission—

(i) shall be knowledgeable or have expertise or training in matters under the jurisdiction of the Commission;

(ii) shall represent, at a minimum—

(I) consumer groups;

(II) food processors, producers, and retailers;

(III) public health professionals;

(IV) food inspectors;

(V) former or current food safety regulators;

(VI) members of academia; or

(VII) any other interested individuals; and

(iii) shall not be Federal employees.

(C) DATE OF APPOINTMENTS.—The appointment of a member of the Commission shall be made not later than 60 days after the date of enactment of this Act.

(D) CONSULTATION.—The Speaker of the House of Representatives, the Minority Leader of the House of Representatives, the Majority Leader of the Senate, and the Minority Leader of the Senate shall consult among themselves prior to appointing the members of the Commission under subparagraph (A) to achieve, to the maximum extent practicable—

(i) consensus on the appointments; and

(ii) fair and equitable representation of various points of view with respect to matters reviewed by the Commission.

(E) VACANCIES.—A vacancy on the Commission—

(i) shall not affect the powers of the Commission; and

(ii) shall be filled—

(I) not later than 60 days after the date on which the vacancy occurs; and

(II) in the same manner as the original appointment was made.

(3) MEETINGS.—

(A) INITIAL MEETING.—The initial meeting of the Commission shall be conducted not later than 30 days after the later of—

(i) the date of appointment of the final member of the Commission; or

(ii) the date on which funds authorized to be appropriated under subsection (f)(1) are made available.

(B) OTHER MEETINGS.—The Commission shall meet at the call of the Chairperson.

(4) QUORUM; STANDING RULES.—

(A) QUORUM.—A majority of the members of the Commission shall constitute a quorum to conduct business.

(B) STANDING RULES.—At the first meeting of the Commission, the Commission shall adopt standing rules of the Commission to guide the conduct of business and decision-making of the Commission.

(C) CONSENSUS.—

(i) IN GENERAL.—To the maximum extent practicable, the Commission shall carry out the duties of the Commission by reaching consensus.

(ii) VOTING.—

(I) IN GENERAL.—If the Commission is unable to achieve consensus with respect to a particular decision, the Commission shall vote on the decision.

(II) AUTHORITY.—Each member of the Commission shall have 1 vote, which vote shall be accorded the same weight as a vote of each other voting member.

(b) DUTIES.—

(1) RECOMMENDATIONS.—

(A) IN GENERAL.—The Commission shall make specific recommendations that build on and implement, to the maximum extent practicable, the recommendations contained in the report of the National Academy of Sciences entitled ''Ensuring Safe Food from Production to Consumption'' and that shall serve as the basis for draft legislative language to—

(i) improve the food safety system;

(ii) improve public health;

(iii) create a harmonized, central framework for managing Federal food safety programs (including outbreak man-

agement, standard-setting, inspection, monitoring, surveillance, risk assessment, enforcement, research, and education);

(iv) enhance the effectiveness of Federal food safety resources; and

(v) eliminate, to the maximum extent practicable, gaps, conflicts, duplication, and failures in the food safety system.

(B) COMPONENTS.—Recommendations made by the Commission under subparagraph (A) shall, at a minimum, address—

(i) all food available commercially in the United States, including meat, poultry, eggs, seafood, and produce;

(ii) the application of all resources based on risk, including resources for inspection, research, enforcement, and education;

(iii) shortfalls, redundancy, and inconsistency in laws (including regulations); and

(iv) the use of science-based methods, performance standards, and preventative control systems to ensure the safety of the food supply of the United States.

(2) REPORT.—Not later than 1 year after the date on which the Commission first meets, the Commission shall submit to the President and Congress a comprehensive report that includes—

(A) the findings, conclusions, and recommendations of the Commission;

(B) a summary of any reports submitted to the Commission under subsection (e) by—

(i) the Advisory Commission on Intergovernmental Relations; and

(ii) the National Academy of Sciences;

(C) a summary of any other material used by the Commission in the preparation of the report under this paragraph; and

(D) if requested by 1 or more members of the Commission, a statement of the minority views of the Commission.

(c) POWERS OF THE COMMISSION.—

(1) HEARINGS.—The Commission or, at the direction of the Commission, any subcommittee or member of the Commission, may, for the purpose of carrying out this section hold such hearings, meet and act at such times and places, take such testimony, receive such evidence, and administer such

oaths, as the Commission or such subcommittee or member considers advisable.

(2) WITNESS ALLOWANCES AND FEES.—

(A) IN GENERAL.—Section 1821 of title 28, United States Code, shall apply to a witness requested to appear at a hearing of the Commission.

(B) EXPENSES.—The per diem and mileage allowances for a witness shall be paid from funds available to pay the expenses of the Commission.

(3) INFORMATION FROM FEDERAL AGENCIES.—

(A) IN GENERAL.—The Commission may secure directly, from any Federal Department or agency, such information as the Commission considers necessary to carry out the duties of the Commission under subsection (b).

(B) PROVISION OF INFORMATION.—

(i) IN GENERAL.—Subject to subparagraph (C), on the request of the Commission, the head of a department or agency described in subparagraph (A) shall furnish information requested by the Commission to the Commission.

(ii) ADMINISTRATION.—The furnishing of information by a department or agency to the Commission shall not be considered a waiver of any exemption available to the department or agency under section 552 of title 5, United States Code.

(C) INFORMATION TO BE KEPT CONFIDENTIAL.—

(i) IN GENERAL.—For purposes of section 1905 of title 18, United States Code—

(I) the Commission shall be considered an agency of the Federal Government; and

(II) any individual employed by an individual, entity, or organization that is a party to a contract with the Commission under subsection (e) shall be considered an employee of the Commission.

(ii) PROHIBITION ON DISCLOSURE.—Information obtained by the Commission, other than information that is available to the public, shall not be disclosed to any person in any manner except—

(I) to an employee of the Commission described in clause (i), for the purpose of receiving, reviewing, or processing the information;

(II) in compliance with a court order; or

(III) in any case in which the information is publicly released by the Commission in an aggregate or summary form that does not directly or indirectly disclose—

(aa) the identity of any person or business entity; or

(bb) any information the release of which is prohibited under section 1905 of title 18, United States Code.

(d) COMMISSION PERSONNEL MATTERS.—

(1) COMPENSATION OF MEMBERS.—A member of the Commission shall be compensated at a rate equal to the daily equivalent of the annual rate of basic pay prescribed for level IV of the Executive Schedule under section 5315 of title 5, United States Code, for each day (including travel time)

during which the member is engaged in the performance of the duties of the Commission.

(2) TRAVEL EXPENSES.—A member of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for an employee of an agency under subchapter I of chapter 57 of title 5, United States Code, while away from the home or regular place of business of the member in the performance of the duties of the Commission.

(3) STAFF.—

(A) IN GENERAL.—The Chairperson of the Commission may, without regard to the civil service laws (including regulations), appoint and terminate an executive director and such other additional personnel as are necessary to enable the Commission to perform the duties of the Commission.

(B) CONFIRMATION OF EXECUTIVE DIRECTOR.—The employment of an executive director shall be subject to confirmation by the Commission.

(C) COMPENSATION.—

(i) IN GENERAL.—Except as provided in clause (ii), the Chairperson of the Com-

mission may fix the compensation of the executive director and other personnel without regard to the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification of positions and General Schedule pay rates.

(ii) MAXIMUM RATE OF PAY.—The rate of pay for the executive director and other personnel shall not exceed the rate payable for level V of the Executive Schedule under section 5316 of title 5, United States Code.

(4) DETAIL OF FEDERAL GOVERNMENT EMPLOYEES.—

(A) IN GENERAL.—Notwithstanding any other provision of law (including an Act of appropriation), an employee of the Federal Government may be detailed to the Commission, without reimbursement, for such period of time as the Commission may require.

(B) CIVIL SERVICE STATUS.—The detail of the employee shall be without interruption or loss of civil service status or privilege.

(5) PROCUREMENT OF TEMPORARY AND INTERMITTENT SERVICES.—The Chairperson of the Commission may procure temporary and intermittent services in accordance with section 3109(b) of title 5, United States Code, at rates for individuals that do not exceed the daily equivalent of the annual rate of basic pay prescribed for level V of the Executive Schedule under section 5316 of that title.

(e) CONTRACTS FOR RESEARCH.—

(1) ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS.—

(A) IN GENERAL.—In carrying out the duties of the Commission under subsection (b), the Commission may enter into contracts with the Advisory Commission on Intergovernmental Relations under which the Advisory Commission on Intergovernmental Relations shall conduct a thorough review of, and shall catalogue, all applicable Federal, State, local, and tribal laws, regulations, and ordinances that pertain to food safety in the United States.

(B) REPORT.—A contract under subparagraph (A) shall require that, not later than 240 days after the date on which the Commission first meets, the Advisory Commission on Inter-

governmental Relations shall submit to the Commission a report that describes the results of the services rendered by the Advisory Commission on Intergovernmental Relations under the contract.

(2) NATIONAL ACADEMY OF SCIENCES.—

(A) IN GENERAL.—In carrying out the duties of the Commission under subsection (b), the Commission may enter in contracts with the National Academy of Sciences to obtain research or other assistance.

(B) REPORT.—A contract under subparagraph (A) shall require that, not later than 240 days after the date on which the Commission first meets, the National Academy of Sciences shall submit to the Commission a report that describes the results of the services to be rendered by the National Academy of Sciences under the contract.

(3) OTHER ORGANIZATIONS.—Nothing in this subsection limits or otherwise affects the ability of the Commission to enter into a contract with an entity or organization that is not described in paragraph (1) or (2) to obtain assistance in conducting

research necessary to carry out the duties of the Commission under subsection (b).

(f) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—There is authorized to be appropriated to carry out this section $3,000,000.

(2) LIMITATION.—No payment may be made under subsection (d) or (e) except to the extent provided for in advance in an appropriations Act.

(g) TERMINATION.—The Commission shall terminate on the date that is 60 days after the date on which the Commission submits the recommendations and report under subsection (b).

SEC. 1032. HUMANE METHODS OF ANIMAL SLAUGHTER.

It is the sense of Congress that—

(1) the Secretary of Agriculture should—

(A) resume tracking the number of violations of Public Law 85–765 (7 U.S.C. 1901 et seq.) and report the results and relevant trends annually to Congress; and

(B) fully enforce Public Law 85–765 by ensuring that humane methods in the slaughter of livestock—

(i) prevent needless suffering;

(ii) result in safer and better working conditions for persons engaged in the slaughtering of livestock;

(iii) bring about improvement of products and economies in slaughtering operations; and

(iv) produce other benefits for producers, processors, and consumers that tend to expedite an orderly flow of livestock and livestock products in interstate and foreign commerce; and

(2) it should be the policy of the United States that the slaughtering of livestock and the handling of livestock in connection with slaughter shall be carried out only by humane methods.

Subtitle D—Administration

SEC. 1041. REGULATIONS.

(a) IN GENERAL.—The Secretary of Agriculture may promulgate such regulations as are necessary to implement this Act and the amendments made by this Act.

(b) PROCEDURE.—The promulgation of the regulations and administration of title I and sections 456 and 508 and the amendments made by title I and sections 456 and 508 shall be made without regard to—

(1) the notice and comment provisions of section 553 of title 5, United States Code;

(2) the Statement of Policy of the Secretary of Agriculture effective July 24, 1971 (36 Fed. Reg. 13804), relating to notices of proposed rulemaking and public participation in rulemaking; and

(3) chapter 35 of title 44, United States Code (commonly known as the ''Paperwork Reduction Act'').

(c) CONGRESSIONAL REVIEW OF AGENCY RULEMAKING.—In carrying out subsection (b), the Secretary shall use the authority provided under section 808 of title 5, United States Code.

SEC. 1042. EFFECT OF AMENDMENTS.

(a) IN GENERAL.—Except as otherwise specifically provided in this Act and notwithstanding any other provision of law, this Act and the amendments made by this Act shall not affect the authority of the Secretary of Agriculture to carry out an agricultural market transition, price support, or production adjustment program for any of the 1996 through 2001 crop, fiscal, or calendar years under a provision of law in effect immediately before the date of enactment of this Act.

(b) LIABILITY.—A provision of this Act or an amendment made by this Act shall not affect the liability of any

1 person under any provision of law as in effect immediately
2 before the date of enactment of this Act.

Calendar No. 237

107TH CONGRESS
1ST SESSION

S. 1731

A BILL

To strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes.

NOVEMBER 27, 2001

Read twice and placed on the calendar