

109TH CONGRESS
1ST SESSION

H. R. 3562

To amend the Specialty Crops Competitiveness Act of 2004 to increase the authorization of appropriations for grants to support the competitiveness of specialty crops, to amend the Agricultural Risk Protection Act of 2000 to improve the program of value-added agricultural product market development grants by routing funds through State departments of agriculture, to amend the Federal Crop Insurance Act to require a nationwide expansion of the adjusted gross revenue insurance program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 28, 2005

Ms. HOOLEY introduced the following bill; which was referred to the Committee on Agriculture, and in addition to the Committees on Ways and Means and Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Specialty Crops Competitiveness Act of 2004 to increase the authorization of appropriations for grants to support the competitiveness of specialty crops, to amend the Agricultural Risk Protection Act of 2000 to improve the program of value-added agricultural product market development grants by routing funds through State departments of agriculture, to amend the Federal Crop Insurance Act to require a nationwide expansion of the adjusted gross revenue insurance program, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Specialty Crop and
5 Value-Added Agriculture Promotion Act”.

6 **SEC. 2. DEFINITION OF SPECIALTY CROP.**

7 Section 3(1) of the Specialty Crops Competitiveness
8 Act of 2004 (Public 108–465; 7 U.S.C. 1621 note) is
9 amended—

10 (1) by inserting “fish and shellfish whether
11 farm-raised or harvested in the wild,” after “dried
12 fruits,”; and

13 (2) by adding at the end the following new sen-
14 tence: “The term includes specialty crops that are
15 organically produced (as defined in section 2103 of
16 the Organic Foods Production Act of 1990 (7
17 U.S.C. 6502).”.

18 **SEC. 3. PERMANENT AUTHORIZATION OF APPROPRIATIONS**

19 **FOR STATE SPECIALTY CROP BLOCK GRANTS.**

20 Subsection (i) of section 101 of the Specialty Crops
21 Competitiveness Act of 2004 (Public 108–465; 7 U.S.C.
22 1621 note) is amended to read as follows:

23 “(i) **AUTHORIZATION OF APPROPRIATIONS.**—For fis-
24 cal year 2006 and every fiscal year thereafter, there is au-

1 thORIZED to be appropriated to the Secretary of Agriculture
2 \$500,000,000 to make grants under this section.”.

3 **SEC. 4. BLOCK GRANTS TO STATES FOR VALUE-ADDED AG-**
4 **RICULTURAL PRODUCT MARKET DEVELOP-**
5 **MENT.**

6 (a) IN GENERAL.—Subsection (b) of section 231 of
7 the Agricultural Risk Protection Act of 2000 (Public Law
8 106–224; 7 U.S.C. 1621 note) is amended to read as fol-
9 lows:

10 “(b) GRANT PROGRAM.—

11 “(1) BLOCK GRANTS TO STATES.—

12 “(A) AMOUNT OF GRANT TO STATE.—

13 From the amount made available under para-
14 graph (6) for a fiscal year, the Secretary shall
15 provide to each State, subject to subparagraph
16 (B), a grant in an amount equal to the product
17 obtained by multiplying the amount made avail-
18 able for that fiscal year by the result obtained
19 by dividing—

20 “(i) the total value of the agricultural
21 commodities and products made in the
22 State during the preceding fiscal year; by

23 “(ii) the total value of the agricultural
24 commodities and products made in all of
25 the States during the preceding fiscal year.

1 “(B) LIMITATION.—The total grant pro-
2 vided to a State for a fiscal year under sub-
3 paragraph (A) shall not exceed \$3,000,000.

4 “(2) USE OF GRANT FUNDS BY STATES.—A
5 State shall use the grant funds to award competitive
6 grants—

7 “(A) to an eligible independent producer
8 (as determined by the State) of a value-added
9 agricultural product to assist the producer—

10 “(i) in developing a business plan for
11 viable marketing opportunities for the
12 value-added agricultural product; or

13 “(ii) in developing strategies that are
14 intended to create marketing opportunities
15 for the producer; and

16 “(B) to an eligible agricultural producer
17 group, farmer or rancher cooperative, or major-
18 ity-controlled producer-based business venture
19 (as determined by the State) to assist the enti-
20 ty—

21 “(i) in developing a business plan for
22 viable marketing opportunities in emerging
23 markets for a value-added agricultural
24 product; or

1 “(ii) in developing strategies that are
2 intended to create marketing opportunities
3 in emerging markets for the value-added
4 agricultural product.

5 “(3) AMOUNT OF COMPETITIVE GRANT.—

6 “(A) IN GENERAL.—The total amount pro-
7 vided under paragraph (2) to a grant recipient
8 shall not exceed \$500,000.

9 “(B) MAJORITY-CONTROLLED PRODUCER-
10 BASED BUSINESS VENTURES.—The amount of
11 grants provided by a State to majority-con-
12 trolled producer-based business ventures under
13 paragraph (2)(B) for a fiscal year may not ex-
14 ceed 10 percent of the amount of funds that are
15 used by the State to make grants for the fiscal
16 year under paragraph (2).

17 “(4) GRANTEE STRATEGIES.—A recipient of a
18 grant under paragraph (2) shall use the grant
19 funds—

20 “(A) to develop a business plan or perform
21 a feasibility study to establish a viable mar-
22 keting opportunity for a value-added agricul-
23 tural product; or

24 “(B) to provide capital to establish alli-
25 ances or business ventures that allow the pro-

1 ducer of the value-added agricultural product to
2 better compete in domestic or international
3 markets.

4 “(5) REPORTS.—Within 90 days after the end
5 of a fiscal year for which funds are provided to a
6 State under paragraph (1), the State shall submit to
7 the Committee on Agriculture of the House of Rep-
8 resentatives and the Committee on Agriculture, Nu-
9 trition, and Forestry of the Senate a report describ-
10 ing how the funds were used.

11 “(6) FUNDING.—On October 1 of each fiscal
12 year, of the funds of the Commodity Credit Corpora-
13 tion, the Secretary shall make available to carry out
14 this subsection \$100,000,000, to remain available
15 until expended.

16 “(7) STATE DEFINED.—In this subsection, the
17 term ‘State’ means each of the 50 States, the Dis-
18 trict of Columbia, the Commonwealth of Puerto
19 Rico, the United States Virgin Islands, Guam,
20 American Samoa, and the Commonwealth of the
21 Northern Mariana Islands.”.

22 (b) EFFECTIVE DATE.—The amendment made by
23 subsection (a) shall take effect on October 1, 2005.

1 **SEC. 5. REIMBURSEMENT OF CERTIFICATION COSTS.**

2 (a) INCENTIVE PROGRAM.—The Secretary of Agri-
3 culture shall establish an incentive program to encourage
4 the independent third-party certification of agricultural
5 producers and processors for product qualities, production
6 practices, or other product or process attributes that in-
7 crease marketability or value of an agricultural com-
8 modity. The Secretary shall include independent third-
9 party certification systems, including programs such as
10 Good Agricultural Practices, Good Handling Practices,
11 and Good Manufacturing Practices programs, that the
12 Secretary finds will provide one or more measurable social,
13 environmental, or marketing advantages.

14 (b) STANDARDS.—The Secretary shall set standards
15 regarding the types of certifications, and the types of cer-
16 tification-related expenses, that will qualify for reimburse-
17 ment under the program.

18 (c) LIMITATION ON AMOUNT OF REIMBURSEMENT.—
19 An agricultural producer or processor may not receive re-
20 imbursement for more than 50 percent of the qualified ex-
21 penses incurred by the producer or processor related to
22 accepted certifications.

1 **SEC. 6. NATIONWIDE EXPANSION OF RISK MANAGEMENT**
2 **AGENCY ADJUSTED GROSS REVENUE INSUR-**
3 **ANCE PROGRAM.**

4 (a) **EXPANSION.**—Section 523(e) of the Federal Crop
5 Insurance Act (7 U.S.C. 1523(e)) is amended by adding
6 at the end the following new paragraph:

7 “(3) **PERMANENT NATIONWIDE OPERATION.**—
8 Effective beginning with the 2006 reinsurance year,
9 the Corporation shall carry out the adjusted gross
10 revenue insurance pilot program as a permanent
11 program under this title and may expand the pro-
12 gram to cover any county in which crops are pro-
13 duced. To facilitate the expansion of the program
14 nationwide, the Corporation may grant temporary
15 premium subsidies for the purchase of a policy
16 under the program to producers whose farm oper-
17 ations are located in a county that has a high level
18 of specialty crop production and has not had a high-
19 level of participation in the purchase of crop insur-
20 ance coverage.”.

21 (b) **COMPTROLLER GENERAL STUDY.**—The Comp-
22 troller General shall conduct a study of the Federal crop
23 insurance program to determine how well the program
24 serves specialty crop producers and to recommend such
25 changes as the Comptroller General considers appropriate
26 to improve the program for specialty crop producers.

1 **SEC. 7. EXPANSION OF FRUIT AND VEGETABLE PROGRAM**
2 **IN SCHOOL LUNCH PROGRAMS.**

3 The Richard B. Russell National School Lunch Act
4 is amended—

5 (1) in section 18 (42 U.S.C. 1769), by striking
6 subsection (g); and

7 (2) by inserting after section 18 the following
8 new section:

9 **“SEC. 19. FRUIT AND VEGETABLE PROGRAM.**

10 “(a) IN GENERAL.—The Secretary shall make avail-
11 able in not more than 100 schools in each State, and in
12 elementary and secondary schools on 1 Indian reservation,
13 free fresh and dried fruits and vegetables and frozen ber-
14 ries to be served to school children throughout the school
15 day in 1 or more areas designated by the school.

16 “(b) PRIORITY IN ALLOCATION.—In selecting States
17 to participate in the program, the Secretary shall give pri-
18 ority to States that produce large quantities of specialty
19 crops.

20 “(c) PUBLICITY.—A school participating in the pro-
21 gram authorized by this section shall publicize within the
22 school the availability of free fruits and vegetables under
23 the program.

24 “(d) AUTHORIZATION OF APPROPRIATIONS.—There
25 is authorized to be appropriated for fiscal years 2006 and
26 2007, \$20,000,000 to carry out this section.”.

1 **SEC. 8. INCREASE IN LIMIT ON DIRECT OPERATING LOANS;**
2 **INDEXATION TO INFLATION.**

3 Section 313 of the Consolidated Farm and Rural De-
4 velopment Act (7 U.S.C. 1943) is amended—

5 (1) in subsection (a)(1), by striking “\$200,000”
6 and inserting “\$500,000 (increased, beginning with
7 fiscal year 2007, by the inflation percentage applica-
8 ble to the fiscal year in which the loan is made)”;
9 and

10 (2) in subsection (b), by striking paragraph (2)
11 and inserting the following new paragraph:

12 “(2) the average of such index (as so defined)
13 for the 12-month period ending on—

14 “(A) in the case of a loan other than a
15 loan guaranteed by the Secretary, August 31,
16 2005; or

17 “(B) in the case of a loan guaranteed by
18 the Secretary, August 31, 1996.”.

19 **SEC. 9. TRADE OF SPECIALTY CROPS.**

20 (a) ASSISTANT USTR FOR SPECIALTY CROPS.—Sec-
21 tion 141(c) of the Trade Act of 1974 (19 U.S.C. 2171(c))
22 is amended by adding at the end the following new para-
23 graph:

24 “(6)(A) There is established in the Office the
25 position of Assistant United States Trade Rep-
26 resentative for Specialty Crops. The Assistant

1 United States Trade Representative for Specialty
2 Crops shall be appointed by the United States Trade
3 Representative.

4 “(B) The primary function of the Assistant
5 United States Trade Representative for Specialty
6 Crops shall be to promote the trade interests of spe-
7 cialty crop businesses, to remove foreign trade bar-
8 riers that impede specialty crop businesses, and to
9 enforce existing trade agreements beneficial to spe-
10 cialty crop businesses.

11 “(C) The Assistant United States Trade Rep-
12 resentative for Specialty Crops shall be paid at the
13 level of a member of the Senior Executive Service
14 with equivalent time and service.”.

15 (b) STUDY OF URUGUAY ROUND TABLE AGREEMENT
16 BENEFITS.—

17 (1) STUDY.—The Comptroller General of the
18 United States shall conduct a study on the benefits
19 of the agreements approved by Congress under sec-
20 tion 101(a)(1) of the Uruguay Round Agreements
21 Act (Public Law 103–465) to specialty crop busi-
22 nesses.

23 (2) REPORT.—Not later than one year after the
24 date of the enactment of this Act, the Comptroller
25 General shall submit to Congress a report describing

1 the results of the study conducted under paragraph
2 (1).

3 (c) FOREIGN MARKET ACCESS STRATEGY.—Not
4 later than one year after the date of the enactment of this
5 Act, the Secretary of Agriculture shall develop and imple-
6 ment a foreign market access strategy to increase exports
7 of specialty crops to foreign markets.

8 **SEC. 10. INCREASED AUTHORIZATION FOR TECHNICAL AS-**
9 **SISTANCE FOR SPECIALTY CROPS.**

10 Section 3205(d) of the Farm Security and Rural In-
11 vestment Act of 2002 (7 U.S.C. 5680(d)) is amended by
12 striking “\$2,000,000” and inserting “\$10,000,000”.

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