104TH CONGRESS
2d Session

HOUSE OF REPRESENTATIVES

REPT. 104–462
Part 1

AGRICULTURAL MARKET TRANSITION ACT

FEBRUARY 9, 1996.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. ROBERTS, from the Committee on Agriculture, submitted the following

R E P O R T

together with

MINORITY, DISSENTING, ADDITIONAL, AND SUPPLEMENTAL VIEWS

[To accompany H.R. 2854]

[Including cost estimate of the Congressional Budget Office]

The Committee on Agriculture, to whom was referred the bill (H.R. 2854) to modify the operation of certain agricultural programs, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Agricultural Market Transition Act".

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

Sec. 1. Short title; table of contents.

TITLE I—AGRICULTURAL MARKET TRANSITION PROGRAM

Sec. 101. Purpose.
Sec. 102. Definitions.
Sec. 103. Production flexibility contracts.
Sec. 104. Nonrecourse marketing assistance loans and loan deficiency payments.
Sec. 105. Payment limitations.
Sec. 106. Peanut program.
Sec. 107. Sugar program.
Sec. 108. Administration.
Sec. 109. Elimination of permanent price support authority.
Sec. 110. Effect of amendments.

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TITLE II—DAIRY

Subtitle A—Milk Price Support and Other Activities

Sec. 201. Milk price support program.
Sec. 202. Recourse loans for commercial processors of dairy products.
Sec. 203. Dairy export incentive program.
Sec. 204. Dairy promotion program.
Sec. 205. Fluid milk standards under milk marketing orders.
Sec. 206. Manufacturing allowance.
Sec. 207. Establishment of temporary Class I price and temporary Class I equalization pools.
Sec. 208. Establishment of temporary Class IV price and temporary Class IV equalization pool.
Sec. 209. Authority for establishment of standby pools.

Subtitle B—Reform of Federal Milk Marketing Orders

Sec. 221. Issuance or amendment of Federal milk marketing orders to implement certain reforms.
Sec. 222. Reform process.
Sec. 223. Effect of failure to comply with reform process requirements.

TITLE III—CONSERVATION

Sec. 301. Conservation.

TITLE IV—AGRICULTURAL PROMOTION AND EXPORT PROGRAMS

Sec. 401. Market promotion program.
Sec. 402. Export enhancement program.

TITLE V—MISCELLANEOUS

Sec. 501. Crop insurance.
Sec. 502. Collection and use of agricultural quarantine and inspection fees.
Sec. 503. Commodity Credit Corporation interest rate.
Sec. 504. Establishment of Office of Risk Management.
Sec. 505. Business Interruption Insurance Program.
Sec. 506. Continuation of options pilot program.

TITLE VI—COMMISSION ON 21ST CENTURY PRODUCTION AGRICULTURE

Sec. 601. Establishment.
Sec. 602. Composition.
Sec. 603. Comprehensive review of past and future of production agriculture.
Sec. 604. Reports.
Sec. 605. Powers.
Sec. 606. Commission procedures.
Sec. 607. Personnel matters.
Sec. 608. Termination of Commission.

TITLE VII—EXTENSION OF CERTAIN AUTHORITIES

Sec. 701. Extension of authority under Public Law 480.
Sec. 702. Extension of food for progress program.

TITLE I—AGRICULTURAL MARKET TRANSITION PROGRAM

SEC. 101. PURPOSE.

It is the purpose of this title—

(1) to authorize the use of binding production flexibility contracts between the United States and agricultural producers to support farming certainty and flexibility while ensuring continued compliance with farm conservation compliance plans and wetland protection requirements;

(2) to make nonrecourse marketing assistance loans and loan deficiency available for certain crops;

(3) to improve the operation of farm programs for peanuts and sugar; and

(4) to terminate price support authority under the Agricultural Act of 1949.

SEC. 102. DEFINITIONS.

In this title:

(1) CONSIDERED PLANTED.—The term "considered planted" means acreage that is considered planted under title V of the Agricultural Act of 1949 (7 U.S.C. 1461 et seq.) (as in effect prior to the amendment made by section 109(b)(2)).

(2) CONTRACT.—The term "contract" means a production flexibility contract entered into under section 103.

(3) CONTRACT ACREAGE.—The term "contract acreage" means 1 or more crop acreage bases established for contract commodities under title V of the Agricultural Act of 1949 (as in effect prior to the amendment made by section 109(b)(2)) that would have been in effect for the 1996 crop (but for the amendment made by section 109(b)(2)).

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

(5) CONTRACT PAYMENT.—The term "contract payment" means a payment made under section 103 pursuant to a contract.

(6) CORN.—The term "corn" means field corn.

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

(8) FARM PROGRAM PAYMENT YIELD.—The term "farm program payment yield" means the farm program payment yield established for the 1995 crop of a contract commodity under title V of the Agricultural Act of 1949 (as in effect prior to the amendment made by section 109(b)(2)).

(9) LOAN COMMODITY.—The term "loan commodity" means each contract commodity, extra long staple cotton, and oilseeds.

(10) OILSEED.—The term "oilseed" means a crop of soybeans, sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, or, if designated by the Secretary, other oilseeds.

(11) PERSON.—The term "person" means an individual, partnership, firm, joint-stock company, corporation, association, trust, estate, or State agency.

(12) PRODUCER.—

(A) IN GENERAL.—The term "producer" means a person who, as owner, landlord, tenant, or sharecropper, shares in the risk of producing a crop, and 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.—The term "producer" includes a person growing hybrid seed under contract. In determining the interest of a grower of hybrid seed in a crop, the Secretary shall not take into consideration the existence of a hybrid seed contract.

(13) PROGRAM.—The term "program" means the agricultural market transition program established under this title.

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

(15) STATE.—The term "State" means each of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and any other territory or possession of the United States.

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

SEC. 103. PRODUCTION FLEXIBILITY CONTRACTS.

(a) CONTRACTS AUTHORIZED.—

(1) OFFER AND TERMS.—Beginning as soon as practicable after the date of the enactment of this title, the Secretary shall offer to enter into a contract with an eligible owner or operator described in paragraph (2) on a farm containing eligible farmland. Under the terms of a contract, the owner or operator shall agree, in exchange for annual contract payments, to comply with—

(A) the conservation plan for the farm prepared in accordance with section 1212 of the Food Security Act of 1985 (16 U.S.C. 3812);

(B) wetland protection requirements applicable to the farm under subtitle C of title XII of the Act (16 U.S.C. 3821 et seq.); and

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

(2) ELIGIBLE OWNERS AND OPERATORS DESCRIBED.—The following persons shall be considered to be an owner or operator eligible to enter into a contract:

(A) An owner of eligible farmland who assumes all of the risk of producing a crop.

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

(C) An operator of eligible farmland with a share-rent lease of the eligible farmland, regardless of the length of the lease, if the owner enters into the same contract.

(D) An operator of eligible farmland who cash rents the eligible farmland under a lease expiring on or after September 30, 2002, in which case the consent of the owner is not required.

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

(F) An owner of eligible farmland who cash rents the eligible farmland and the lease term expires before September 30, 2002, but only if the actual operator of the farm declines to enter into a contract. In the case of an owner covered by this subparagraph, contract payments shall not begin under a contract until the fiscal year following the fiscal year in which the lease held by the nonparticipating operator expires.

(G) An owner or operator described in any preceding subparagraph of this paragraph regardless of whether the owner or operator purchased catastrophic risk protection for a fall-planted 1996 crop under section 508(b) of the Federal Crop Insurance Act (7 U.S.C. 1508(b)).

(3) TENANTS AND SHARECROPPERS.—In carrying out this section, the Secretary shall provide adequate safeguards to protect the interests of operators who are tenants and sharecroppers.

(b) ELEMENTS.—

(1) TIME FOR CONTRACTING.—

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

(B) CONSERVATION RESERVE LANDS.—

(i) IN GENERAL.—At the beginning of each fiscal year, the Secretary shall allow an eligible owner or operator 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 terminates after the date specified in subparagraph (A) to enter into or expand a production flexibility contract to cover the contract acreage of the farm that was subject to the former conservation reserve contract.

(ii) AMOUNT.—Contract payments made for contract acreage under this subparagraph shall be made at the rate and amount applicable to the annual contract payment level for the applicable crop.

(2) DURATION OF CONTRACT.—

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

(i) the 1996 crop of a contract commodity; or

(ii) in the case of acreage that was subject to a conservation reserve contract described in paragraph (1)(B), the date the production flexibility contract was entered into or expanded to cover the acreage.

(B) ENDING DATE.—A contract shall extend through the 2002 crop.

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

(c) ELIGIBLE FARMLAND DESCRIBED.—Land shall be considered to be farmland eligible for coverage under a contract only if the land has contract acreage attributable to the land and—

(1) for at least 1 of the 1991 through 1995 crops, at least a portion of the land was enrolled in the acreage reduction program authorized for a crop of a contract commodity under section 101B, 103B, 105B, or 107B of the Agricultural Act of 1949 (as in effect prior to the amendment made by section 109(b)(2)) or was considered planted;

(2) was subject to a conservation reserve contract under section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831) whose term expired, or was voluntarily terminated, on or after January 1, 1995; or

(3) is released from coverage under a conservation reserve contract by the Secretary during the period beginning on January 1, 1995, and ending on the date specified in subsection (b)(1)(A).

(d) TIME FOR PAYMENT.—

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

(2) ADVANCE PAYMENTS.—

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

(B) SUBSEQUENT FISCAL YEARS.—At the option of the owner or operator for fiscal year 1997 and each subsequent fiscal year, 50 percent of the annual contract payment shall be made on December 15.

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

(1) IN GENERAL.—The Secretary shall, to the maximum extent practicable, expend on a fiscal year basis the following amounts to satisfy the obligations of the Secretary under all contracts:

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

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

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

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

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

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

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

(2) ALLOCATION.—The amount made available for a fiscal year under paragraph (1) shall be allocated as follows:

(A) For wheat, 26.26 percent.

(B) For corn, 46.22 percent.

(C) For grain sorghum, 5.11 percent.

(D) For barley, 2.16 percent.

(E) For oats, 0.15 percent.

(F) For upland cotton, 11.63 percent.

(G) For rice, 8.47 percent.

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

(A) adding an amount equal to the sum of all repayments of deficiency payments received under section 114(a)(2) of the Agricultural Act of 1949 (as in effect prior to the amendment made by section 109(b)(2)) for the commodity;

(B) to the maximum extent practicable, adding an amount equal to the sum of all contract payments withheld by the Secretary, at the request of an owner or operator subject to a contract, as an offset against repayments of deficiency payments otherwise required under section 114(a)(2) of the Act (as so in effect) for the commodity;

(C) adding an amount equal to the sum of all refunds of contract payments received during the preceding fiscal year under subsection (h) of this section for the commodity; and

(D) subtracting an amount equal to the amount, if any, necessary during that fiscal year to satisfy payment requirements for the commodity under sections 103B, 105B, or 107B of the Agricultural Act of 1949 (as in effect prior to the amendment made by section 109(b)(2)) for the 1994 and 1995 crop years.

(4) SPECIAL ADJUSTMENT TO COVER EXISTING RICE PAYMENT REQUIREMENTS.—As soon as possible after the date of the enactment of this Act, the Secretary shall determine the amount, if any, necessary to satisfy remaining payment requirements under section 101B of the Agricultural Act of 1949 (as in effect prior to the amendment made by section 109(b)(2)) for the 1994 and 1995 crops of rice. The total amount determined under this paragraph shall be deducted, in equal amounts each fiscal year, from the amount allocated for rice under paragraph (2)(G) for fiscal years after the fiscal year in which the final remaining payments are made for rice.

(f) DETERMINATION OF CONTRACT PAYMENTS.—

(1) INDIVIDUAL PAYMENT QUANTITY OF CONTRACT COMMODITIES.—For each contract, the payment quantity of a contract commodity for each fiscal year shall be equal to the product of—

(A) 85 percent of the contract acreage; and

(B) the farm program payment yield.

(2) ANNUAL PAYMENT QUANTITY OF CONTRACT COMMODITIES.—The payment quantity of each contract commodity covered by all contracts for each fiscal year shall equal the sum of the amounts calculated under paragraph (1) for each individual contract.

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

(A) the amount made available under subsection (e) for the contract commodity for the fiscal year; divided by

(B) the amount determined under paragraph (2) for the fiscal year.

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

(A) the payment quantity determined under paragraph (1) with respect to the contract; and

(B) the payment rate in effect under paragraph (3).

(5) ASSIGNMENT OF CONTRACT PAYMENTS.—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 contract payments under this subsection. The owner or operator making the assignment, or the assignee, shall provide the Secretary with notice, in such manner as the Secretary may require in the contract, of any assignment made under this paragraph.

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

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

(h) EFFECT OF VIOLATION.—

(1) TERMINATION OF CONTRACT.—Except as provided in paragraph (2), if an owner or operator subject to a contract violates the conservation plan for the farm containing eligible farmland under the contract, wetland protection requirements applicable to the farm, or the planting flexibility requirements of subsection (j), the Secretary shall terminate the contract with respect to the owner or operator on each farm in which the owner or operator has an interest. On the termination, the owner or operator shall forfeit all rights to receive future contract payments on each farm in which the owner or operator has an interest and shall refund to the Secretary all contract payments received by the owner or operator during the period of the violation, together with interest on the contract payments as determined by the Secretary.

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

(A) to refund to the Secretary that part of the contract payments received by the owner or operator during the period of the violation, together with interest on the contract payments as determined by the Secretary; or

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

(3) FORECLOSURE.—An owner or operator subject to a contract may not be required to make repayments to the Secretary of amounts received under the contract if the contract acreage has been foreclosed on and the Secretary determines that forgiving the repayments is appropriate in order to provide fair and equitable treatment. This paragraph shall not void the responsibilities of such an owner or operator under the contract if the owner or operator continues or resumes operation, or control, of the contract acreage. On the resumption of operation or control over the contract acreage by the owner or operator, the provisions of the contract in effect on the date of the foreclosure shall apply.

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

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

(1) EFFECT OF TRANSFER.—Except as provided in paragraph (2), the transfer by an owner or operator subject to a contract of the right and interest of the owner or operator in the contract acreage shall result in the termination of the contract with respect to the acreage, effective on the date of the transfer, unless the transferee of the acreage agrees with the Secretary to assume all obligations of the contract. At the request of the transferee, the Secretary may modify the contract if the modifications are consistent with the objectives of this section as determined by the Secretary.

(2) EXCEPTION.—If an owner or operator who is entitled to a contract payment dies, becomes incompetent, or is otherwise unable to receive the contract payment, the Secretary shall make the payment, in accordance with regulations prescribed by the Secretary.

(j) PLANTING FLEXIBILITY.—

(1) PERMITTED CROPS.—Subject to paragraph (2), any commodity or crop may be planted on contract acreage on a farm.

(2) LIMITATIONS.—

(A) HAYING AND GRAZING.—

(i) TIME LIMITATIONS.—Haying and grazing on land exceeding 15 percent of the contract acreage on a farm as provided in clause (iii) shall be permitted, except during any consecutive 5-month period between April 1 and October 31 that is determined by the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (6 U.S.C. 590h(b)) for a State. In the case of a natural disaster, the Secretary may permit unlimited haying and grazing on the contract acreage of a farm.

(ii) CONTRACT COMMODITIES.—Contract acreage planted to a contract commodity for harvest may be hayed or grazed at any time without limitation.

(iii) HAYING AND GRAZING LIMITATION ON PORTION OR CONTRACT ACREAGE.—Unlimited haying and grazing shall be permitted on not more than 15 percent of the contract acreage on a farm.

(B) ALFALFA.—Alfalfa may be grown on contract acreage in excess of the acreage limitation in subparagraph (A)(iii) and without regard to the time limitation in subparagraph (A)(i), except that each contract acre on a farm that is planted for harvest to alfalfa in excess of 15 percent of the total contract acreage on the farm shall be ineligible for contract payments.

(C) FRUITS AND VEGETABLES.—

(i) IN GENERAL.—The planting for harvest of fruits and vegetables shall be prohibited on contract acreage, except in any region in which there is a history of double-cropping, as determined by the Secretary.

(ii) UNRESTRICTED VEGETABLES.—Notwithstanding clause (i), lentils, mung beans, and dry peas may be planted for harvest without limitation on contract acreage.

SEC. 104. NONRECOURSE MARKETING ASSISTANCE LOANS AND LOAN DEFICIENCY PAYMENTS.

(a) AVAILABILITY OF MARKETING ASSISTANCE LOANS.—

(1) NONRECOURSE LOANS AVAILABLE.—For each of the 1996 through 2002 crops of each loan commodity, the Secretary shall make available to producers on a farm nonrecourse marketing assistance loans for loan commodities produced on the farm. The loans shall be made under terms and conditions that are prescribed by the Secretary and at the loan rate established under subsection (b) for the loan commodity.

(2) ELIGIBLE PRODUCTION.—The following production shall be eligible for a marketing assistance loan under paragraph (1):

(A) In the case of a marketing assistance loan for a contract commodity, any production by a producer who has entered into a production flexibility contract.

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

(3) RECOURSE LOANS FOR HIGH MOISTURE FEED GRAINS.—

(A) RECOURSE LOANS AVAILABLE.—For each of the 1996 through 2002 crops of corn and grain sorghum, the Secretary shall make available recourse loans, as determined by the Secretary, to producers on a farm who—

(i) normally harvest all or a portion of their crop of corn or grain sorghum in a high moisture state;

(ii) present—

(I) certified scale tickets from an inspected, certified commercial scale, including licensed warehouses, feedlots, feed mills, distilleries, or other similar entities approved by the Secretary, pursuant to regulations issued by the Secretary; or

(II) present field or other physical measurements of the standing or stored crop in regions of the country, as determined by the Secretary, that do not have certified commercial scales from which certified scale tickets may be obtained within reasonable proximity of harvest operation;

(iii) certify that they were the owners of the feed grain at the time of delivery to, and that the quantity to be placed under loan under this paragraph was in fact harvested on the farm and delivered to, a feedlot, feed mill, or commercial or on-farm high-moisture storage facility, or to such facilities maintained by the users of corn and grain sorghum in a high moisture state; and

(iv) comply with deadlines established by the Secretary for harvesting the corn or grain sorghum and submit applications for loans under this paragraph within deadlines established by the Secretary.

(B) ELIGIBILITY OF ACQUIRED FEED GRAINS.—Loans under this paragraph shall be made on a quantity of corn or grain sorghum of the same crop acquired by the producer equivalent to a quantity determined by multiplying—

(i) the acreage of the corn or grain sorghum in a high moisture state harvested on the producer's farm; by

(ii) the lower of the farm program payment yield or the actual yield on a field, as determined by the Secretary, that is similar to the field from which the corn or grain sorghum was obtained.

(C) HIGH MOISTURE STATE DEFINED.—In this paragraph, the term "high moisture state" means corn or grain sorghum having a moisture content in

excess of Commodity Credit Corporation standards for marketing assistance loans made by the Secretary under paragraph (1).

(b) LOAN RATES.—

(1) WHEAT.—

(A) LOAN RATE.—Subject to subparagraph (B), the loan rate for a marketing assistance loan under subsection (a)(1) for wheat shall be—

(i) not less than 85 percent of the simple average price received by producers of wheat, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of wheat, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; but

(ii) not more than $2.58 per bushel.

(B) STOCKS TO USE RATIO ADJUSTMENT.—If the Secretary estimates for any marketing year that the ratio of ending stocks of wheat to total use for the marketing year will be—

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

(ii) less than 30 percent but not less than 15 percent, the Secretary may reduce the loan rate for wheat for the corresponding crop by an amount not to exceed 5 percent in any year; or

(iii) less than 15 percent, the Secretary may not reduce the loan rate for wheat for the corresponding crop.

(C) NO EFFECT ON FUTURE YEARS.—Any reduction in the loan rate for wheat under subparagraph (B) shall not be considered in determining the loan rate for wheat for subsequent years.

(2) FEED GRAINS.—

(A) LOAN RATE FOR CORN.—Subject to subparagraph (B), the loan rate for a marketing assistance loan under subsection (a)(1) for corn shall be—

(i) not less than 85 percent of the simple average price received by producers of corn, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of corn, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; but

(ii) not more than $1.89 per bushel.

(B) STOCKS TO USE RATIO ADJUSTMENT.—If the Secretary estimates for any marketing year that the ratio of ending stocks of corn to total use for the marketing year will be—

(i) equal to or greater than 25 percent, the Secretary may reduce the loan rate for corn for the corresponding crop by an amount not to exceed 10 percent in any year;

(ii) less than 25 percent but not less than 12.5 percent, the Secretary may reduce the loan rate for corn for the corresponding crop by an amount not to exceed 5 percent in any year; or

(iii) less than 12.5 percent the Secretary may not reduce the loan rate for corn for the corresponding crop.

(C) NO EFFECT ON FUTURE YEARS.—Any reduction in the loan rate for corn under subparagraph (B) shall not be considered in determining the loan rate for corn for subsequent years.

(D) OTHER FEED GRAINS.—The loan rate for a marketing assistance loan under subsection (a)(1) for grain sorghum, barley, and oats, respectively, shall be established at such level as the Secretary determines is fair and reasonable in relation to the rate that loans are made available for corn, taking into consideration the feeding value of the commodity in relation to corn.

(3) UPLAND COTTON.—

(A) LOAN RATE.—Subject to subparagraph (B), the loan rate for a marketing assistance loan under subsection (a)(1) for upland cotton shall be established by the Secretary at such loan rate, per pound, as will reflect for the base quality of upland cotton, as determined by the Secretary, at average locations in the United States a rate that is not less than the smaller of—

(i) 85 percent of the average price (weighted by market and month) of the base quality of cotton as quoted in the designated United States spot markets during 3 years of the 5-year period ending July 31 in the year in which the loan rate is announced, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; or

(ii) 90 percent of the average, for the 15-week period beginning July 1 of the year in which the loan rate is announced, of the 5 lowest-priced growths of the growths quoted for Middling 1 3/32-inch cotton C.I.F. Northern Europe (adjusted downward by the average difference during the period April 15 through October 15 of the year in which the loan is announced between the average Northern European price quotation of such quality of cotton and the market quotations in the designated United States spot markets for the base quality of upland cotton), as determined by the Secretary.

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

(4) EXTRA LONG STAPLE COTTON.—The loan rate for a marketing assistance loan under subsection (a)(1) for extra long staple cotton shall be—

(A) not less than 85 percent of the simple average price received by producers of extra long staple cotton, as determined by the Secretary, during 3 years of the 5 previous marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; but

(B) not more than $0.7965 per pound.

(5) RICE.—The loan rate for a marketing assistance loan under subsection (a)(1) for rice shall be $6.50 per hundredweight.

(6) OILSEEDS.—

(A) SOYBEANS.—The loan rate for a marketing assistance loan under subsection (a)(1) for soybeans shall be $4.92 per bushel.

(B) SUNFLOWER SEED, CANOLA, RAPESEED, SAFFLOWER, MUSTARD SEED, AND FLAXSEED.—The loan rates for a marketing assistance loan under subsection (a)(1) for sunflower seed, canola, rapeseed, safflower, mustard seed, and flaxseed, individually, shall be $0.087 per pound.

(C) OTHER OILSEEDS.—The loan rates for a marketing assistance loan under subsection (a)(1) for other oilseeds shall be established at such level as the Secretary determines is fair and reasonable in relation to the loan rate available for soybeans, except in no event shall the rate for the oilseeds (other than cottonseed) be less than the rate established for soybeans on a per-pound basis for the same crop.

(c) TERM OF LOAN.—In the case of each loan commodity (other than upland cotton or extra long staple cotton), a marketing assistance loan under subsection (a)(1) 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. A marketing assistance loan for upland cotton or extra long staple cotton shall have a term of 10 months beginning on the first day of the first month after the month in which the loan is made. The Secretary may not extend the term of a marketing assistance loan for any loan commodity.

(d) REPAYMENT.—

(1) REPAYMENT RATES GENERALLY.—The Secretary shall permit producers to repay a marketing assistance loan under subsection (a)(1) for a loan commodity (other than extra long staple cotton) at a level that is the lesser of—

(A) the loan rate established for the commodity under subsection (b); or

(B) the prevailing world market price for the commodity (adjusted to United States quality and location), as determined by the Secretary.

(2) ADDITIONAL REPAYMENT RATES FOR WHEAT, FEED GRAINS, AND OILSEEDS.—In the case of a marketing assistance loan under subsection (a)(1) for wheat, corn, grain sorghum, barley, oats, or oilseeds, the Secretary shall also permit a producer to repay the loan at such level as the Secretary determines will—

(A) minimize potential loan forfeitures;

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

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

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

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

(4) PREVAILING WORLD MARKET PRICE.—For purposes of paragraph (1) and subsection (f), the Secretary shall prescribe by regulation—

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

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

(5) ADJUSTMENT OF PREVAILING WORLD MARKET PRICE FOR UPLAND COTTON.—

(A) IN GENERAL.—During the period ending July 31, 2003, the prevailing world market price for upland cotton (adjusted to United States quality and location) established under paragraph (4) shall be further adjusted if—

(i) the adjusted prevailing world market price is less than 115 percent of the loan rate for upland cotton established under subsection (b), as determined by the Secretary; and

(ii) the Friday through Thursday average price quotation for the lowest-priced United States growth as quoted for Middling (M) 1 3/32-inch cotton delivered C.I.F. Northern Europe is greater than the Friday through Thursday average price of the 5 lowest-priced growths of upland cotton, as quoted for Middling (M) 1 3/32-inch cotton, delivered C.I.F. Northern Europe (referred to in this subsection as the "Northern Europe price").

(B) FURTHER ADJUSTMENT.—Except as provided in subparagraph (C), the adjusted prevailing world market price for upland cotton shall be further adjusted on the basis of some or all of the following data, as available:

(i) The United States share of world exports.

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

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

(C) LIMITATION ON FURTHER ADJUSTMENT.—The adjustment under subparagraph (B) may not exceed the difference between—

(i) the Friday through Thursday average price for the lowest-priced United States growth as quoted for Middling 1 3/32-inch cotton delivered C.I.F. Northern Europe; and

(ii) the Northern Europe price.

(e) LOAN DEFICIENCY PAYMENTS.—

(1) AVAILABILITY.—Except as provided in paragraph (4), the Secretary may make loan deficiency payments available to producers who, although eligible to obtain a marketing assistance loan under subsection (a)(1) with respect to a loan commodity, agree to forgo obtaining the loan for the commodity in return for payments under this subsection.

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

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

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

(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) for the loan commodity; exceeds

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

(4) EXCEPTION FOR EXTRA LONG STAPLE COTTON.—This subsection shall not apply with respect to extra long staple cotton.

(f) SPECIAL MARKETING LOAN PROVISIONS FOR UPLAND COTTON.—

(1) COTTON USER MARKETING CERTIFICATES.—

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

(i) the Friday through Thursday average price quotation for the lowest-priced United States growth, as quoted for Middling (M) 1 3/32-inch cotton, delivered C.I.F. Northern Europe exceeds the Northern Europe price by more than 1.25 cents per pound; and

(ii) the prevailing world market price for upland cotton (adjusted to United States quality and location) does not exceed 130 percent of the loan rate for upland cotton established under subsection (b).

(B) VALUE OF CERTIFICATES OR PAYMENTS.—The value of the marketing certificates or cash payments shall be based on the amount of the difference

(reduced by 1.25 cents per pound) in the prices during the 4th week of the consecutive 4-week period multiplied by the quantity of upland cotton included in the documented sales.

(C) REDEMPTION, MARKETING, OR EXCHANGE.—The Secretary shall establish procedures to assist persons receiving marketing certificates under this paragraph in the redemption of certificates for cash, or in the marketing or exchange of certificates for agricultural commodities owned by the Commodity Credit Corporation, in such manner and at such price levels as the Secretary determines will best effectuate the purposes of the marketing certificates. Any price restrictions that may otherwise apply to the disposition of agricultural commodities by the Commodity Credit Corporation shall not apply to the redemption of certificates under this paragraph.

(D) EXCEPTION.—The Secretary shall not issue marketing certificates or cash payments under subparagraph (A) if, for the immediately preceding consecutive 10-week period, the Friday through Thursday average price quotation for the lowest priced United States growth, as quoted for Middling (M) 1 3/32-inch cotton, delivered C.I.F. Northern Europe, adjusted for the value of any certificate issued under this paragraph, exceeds the Northern Europe price by more than 1.25 cents per pound.

(E) LIMITATION ON EXPENDITURES.—Total expenditures under this paragraph shall not exceed $701,000,000 during fiscal years 1996 through 2002.

(2) SPECIAL IMPORT QUOTA.—

(A) ESTABLISHMENT.—The President shall carry out an import quota program that provides that, during the period ending July 31, 2003, whenever the Secretary determines and announces that for any consecutive 10-week period, the Friday through Thursday average price quotation for the lowest-priced United States growth, as quoted for Middling (M) 1 3/32-inch cotton, delivered C.I.F. Northern Europe, adjusted for the value of any certificates issued under paragraph (1), exceeds the Northern Europe price by more than 1.25 cents per pound, there shall immediately be in effect a special import quota.

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

(C) APPLICATION.—The quota shall apply to upland cotton purchased not later than 90 days after the date of the Secretary's announcement under subparagraph (A) and entered into the United States not later than 180 days after the date.

(D) OVERLAP.—A special quota period may be established that overlaps any existing quota period if required by subparagraph (A), except that a special quota period may not be established under this paragraph if a quota period has been established under subsection (g).

(E) PREFERENTIAL TARIFF TREATMENT.—The quantity under a special import quota shall be considered to be an in-quota quantity for purposes of—

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

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

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

(iv) General Note 3(a)(iv) to the Harmonized Tariff Schedule.

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

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

(1) IN GENERAL.—The President shall carry out an import quota program that provides that whenever the Secretary determines and announces that the average price of the base quality of upland cotton, as determined by the Secretary, in the designated spot markets for a month exceeded 130 percent of the average price of such quality of cotton in the markets for the preceding 36 months, notwithstanding any other provision of law, there shall immediately be in effect a limited global import quota subject to the following conditions:

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

(B) QUANTITY IF PRIOR QUOTA.—If a quota has been established under this subsection during the preceding 12 months, the quantity of the quota next established under this subsection shall be the smaller of 21 days of domestic mill consumption calculated under subparagraph (A) or the quantity required to increase the supply to 130 percent of the demand.

(C) PREFERENTIAL TARIFF TREATMENT.—The quantity under a limited global import quota shall be considered to be an in-quota quantity for purposes of—

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

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

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

(iv) General Note 3(a)(iv) to the Harmonized Tariff Schedule.

(D) DEFINITIONS.—In this subsection:

(i) SUPPLY.—The term "supply" means, using the latest official data of the Bureau of the Census, the Department of Agriculture, and the Department of the Treasury—

(I) the carry-over of upland cotton at the beginning of the marketing year (adjusted to 480-pound bales) in which the quota is established;

(II) production of the current crop; and

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

(ii) DEMAND.—The term "demand" means—

(I) the average seasonally adjusted annual rate of domestic mill consumption in the most recent 3 months for which data are available; and

(II) the larger of—

(aa) average exports of upland cotton during the preceding 6 marketing years; or

(bb) cumulative exports of upland cotton plus outstanding export sales for the marketing year in which the quota is established.

(iii) LIMITED GLOBAL IMPORT QUOTA.—The term "limited global import quota" means a quantity of imports that is not subject to the over-quota tariff rate of a tariff-rate quota.

(E) QUOTA ENTRY PERIOD.—When a quota is established under this subsection, cotton may be entered under the quota during the 90-day period beginning on the date the quota is established by the Secretary.

(2) NO OVERLAP.—Notwithstanding paragraph (1), a quota period may not be established that overlaps an existing quota period or a special quota period established under subsection (f)(2).

(h) SOURCE OF LOANS.—

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

(2) PROCESSORS.—Whenever any loan or surplus removal operation for any agricultural commodity is carried out through purchases from or loans or payments to processors, the Secretary shall, to the extent practicable, obtain from the processors such assurances as the Secretary considers adequate that the producers of the commodity have received or will receive maximum benefits from the loan or surplus removal operation.

(i) ADJUSTMENTS OF LOANS.—

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

(2) LOAN LEVEL.—The adjustments shall, to the maximum extent practicable, be made in such manner that the average loan level for the commodity will, on the basis of the anticipated incidence of the factors, be equal to the level of support determined as provided in this section or the Agricultural Adjustment Act of 1938 (7 U.S.C. 1281 et seq.).

(j) PERSONAL LIABILITY OF PRODUCERS FOR DEFICIENCIES.—

(1) IN GENERAL.—Except as provided in paragraph (2), no producer shall be personally liable for any deficiency arising from the sale of the collateral securing any nonrecourse loan made under this section or the Agricultural Adjustment Act of 1938 (7 U.S.C. 1281 et seq.) unless the loan was obtained through a fraudulent representation by the producer.

(2) LIMITATIONS.—Paragraph (1) shall not prevent the Commodity Credit Corporation or the Secretary from requiring a producer to assume liability for—

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

(B) a failure to properly care for and preserve a commodity; or

(C) a failure or refusal to deliver a commodity in accordance with a program established under this section or the Agricultural Adjustment Act of 1938.

(3) ACQUISITION OF COLLATERAL.—The Secretary may include in a contract for a nonrecourse loan made under this section or the Agricultural Adjustment Act of 1938 a provision that permits the Commodity Credit Corporation, on and after the maturity of the loan, to acquire title to the unredeemed collateral without obligation to pay for any market value that the collateral may have in excess of the loan indebtedness.

(4) SUGARCANE AND SUGAR BEETS.—A security interest obtained by the Commodity Credit Corporation as a result of the execution of a security agreement by the processor of sugarcane or sugar beets shall be superior to all statutory and common law liens on raw cane sugar and refined beet sugar in favor of the producers of sugarcane and sugar beets and all prior recorded and unrecorded liens on the crops of sugarcane and sugar beets from which the sugar was derived.

(k) COMMODITY CREDIT CORPORATION SALES PRICE RESTRICTIONS.—

(1) IN GENERAL.—The Commodity Credit Corporation may sell any commodity owned or controlled by the Corporation at any price that the Secretary determines will maximize returns to the Corporation.

(2) NONAPPLICATION OF SALES PRICE RESTRICTIONS.—Paragraph (1) shall not apply to—

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

(B) a sale of peanuts or oilseeds for the extraction of oil;

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

(D) a sale of a commodity that has substantially deteriorated in quality or as to which there is a danger of loss or waste through deterioration or spoilage;

(E) a sale for the purpose of establishing a claim arising out of a contract or against a person who has committed fraud, misrepresentation, or other wrongful act with respect to the commodity;

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

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

(3) PRESIDENTIAL DISASTER AREAS.—

(A) IN GENERAL.—Notwithstanding paragraph (1), on such terms and conditions as the Secretary may consider in the public interest, the Corporation may make available any commodity or product owned or controlled by the Corporation for use in relieving distress—

(i) in any area in the United States (including the Virgin Islands) declared by the President to be an acute distress area because of unemployment or other economic cause, if the President finds that the use will not displace or interfere with normal marketing of agricultural commodities; and

(ii) in connection with any major disaster determined by the President to warrant assistance by the Federal Government under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.).

(B) COSTS.—Except on a reimbursable basis, the Corporation shall not bear any costs in connection with making a commodity available under subparagraph (A) beyond the cost of the commodity to the Corporation incurred in—

(i) the storage of the commodity; and

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

(4) EFFICIENT OPERATIONS.—Paragraph (1) shall not apply to the sale of a commodity the disposition of which is desirable in the interest of the effective and efficient conduct of the operations of the Corporation because of the small quantity of the commodity involved, or because of the age, location, or questionable continued storability of the commodity.

SEC. 105. PAYMENT LIMITATIONS.

(a) IN GENERAL.—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 PAYMENTS UNDER PRODUCTION FLEXIBILITY CONTRACTS.—The total amount of contract payments made under section 103 of the Agricultural Market Transition Act to a person under 1 or more production flexibility

contracts entered into under the section during any fiscal year may not exceed $40,000.

"(2) LIMITATION ON MARKETING LOAN GAINS AND LOAN DEFICIENCY PAYMENTS.—For each of the 1996 through 2002 crops of loan commodities, the total amount of payments specified in paragraph (3) that a person shall be entitled to receive under section 104 of the Agricultural Market Transition Act for one or more loan commodities may not exceed $75,000.

"(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 for a crop of any loan commodity at a lower level than the original loan rate established for the loan commodity under section 104(b) of the Agricultural Market Transition Act.

"(B) Any loan deficiency payment received for a loan commodity under section 104(e) of the Act.

"(4) DEFINITIONS.—In this title, the terms 'contract payment' and 'loan commodity' have the meaning given those terms in section 102 of the Agricultural Market Transition Act.".

(b) CONFORMING AMENDMENTS.—

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

(A) in subsection (a)(1), by striking "under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.)"; and

(B) in subsection (b)(1), by striking "under the Agricultural Act of 1949".

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

(A) by striking "For each of the 1991 through 1997 crops, any" and inserting "Any";

(B) by striking "production adjustment payments, price support program loans, payments, or benefits made available under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.)," and inserting "loans or payments made available under title I of the Agricultural Market Transition Act,"; and

(C) by striking "during the 1989 through 1997 crop years".

SEC. 106. PEANUT PROGRAM.

(a) QUOTA PEANUTS.—

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

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

(3) INSPECTION, HANDLING, OR STORAGE.—The loan amount may not be reduced by the Secretary by any deductions for inspection, handling, or storage.

(4) LOCATION AND OTHER FACTORS.—The Secretary may make adjustments in the loan rate for quota peanuts for location of peanuts and such other factors as are authorized by section 411 of the Agricultural Adjustment Act of 1938.

(5) OFFERS FROM HANDLERS.—In the case of any producer who had an offer available from a handler to purchase quota peanuts, for delivery within the same county or a contiguous county, at a price equal to or greater than the applicable quota support rate, the Secretary shall reduce the support rate by 5 percent for the peanuts that were subject to the offer.

(b) ADDITIONAL PEANUTS.—

(1) IN GENERAL.—The Secretary shall make nonrecourse loans available to producers of additional peanuts at such rates as the Secretary finds appropriate, taking into consideration the demand for peanut oil and peanut meal, expected prices of other vegetable oils and protein meals, and the demand for peanuts in foreign markets.

(2) ANNOUNCEMENT.—The Secretary shall announce the loan rate for additional peanuts of each crop not later than February 15 preceding the marketing year for the crop for which the loan rate is being determined.

(c) AREA MARKETING ASSOCIATIONS.—

(1) WAREHOUSE STORAGE LOANS.—

(A) IN GENERAL.—In carrying out subsections (a) and (b), the Secretary shall make warehouse storage loans available in each of the producing areas (described in section 1446.95 of title 7 of the Code of Federal Regulations (January 1, 1989)) to a designated area marketing association of peanut producers that is selected and approved by the Secretary and that is operated primarily for the purpose of conducting the loan activities. The Secretary may not make warehouse storage loans available to any cooperative that is engaged in operations or activities concerning peanuts other

than those operations and activities specified in this section and section 358e of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359a).

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

(C) ASSOCIATION COSTS.—Loans made to the association under this paragraph shall include such costs as the area marketing association reasonably may incur in carrying out the responsibilities, operations, and activities of the association under this section and section 358e of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359a).

(2) POOLS FOR QUOTA AND ADDITIONAL PEANUTS.—

(A) IN GENERAL.—The Secretary shall require that each area marketing association establish pools and maintain complete and accurate records by area and segregation for quota peanuts handled under loan and for additional peanuts placed under loan, except that separate pools shall be established for Valencia peanuts produced in New Mexico. Bright hull and dark hull Valencia peanuts shall be considered as separate types for the purpose of establishing the pools.

(B) NET GAINS.—Net gains on peanuts in each pool, unless otherwise approved by the Secretary, shall be distributed only to producers who placed peanuts in the pool and shall be distributed in proportion to the value of the peanuts placed in the pool by each producer. Net gains for peanuts in each pool shall consist of the following:

(i) QUOTA PEANUTS.—For quota peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in the pool.

(ii) ADDITIONAL PEANUTS.—For additional peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in the pool for additional peanuts.

(d) LOSSES.—Losses in quota area pools shall be covered using the following sources in the following order of priority:

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

(2) OTHER PRODUCERS IN SAME POOL.—Further losses in an area quota pool shall be offset by reducing the gain of any producer in the pool by the amount of pool gains attributed to the same producer from the sale of additional peanuts for domestic and export edible use.

(3) BUY-BACK GAINS WITHIN AREA.—Further losses in an area quota pool shall be offset by gains or profits attributable to sales of additional peanuts in that area pursuant to the provisions of section 358e(g)(1)(A) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359a(g)(1)(A)).

(4) USE OF MARKETING ASSESSMENTS.—The Secretary shall use funds collected under subsection (g) (except funds attributable to handlers) to offset further losses in area quota pools. The Secretary shall transfer to the Treasury those funds collected under subsection (g) and available for use under this subsection that the Secretary determines are not required to cover losses in area quota pools.

(5) CROSS COMPLIANCE.—Further losses in area quota pools, other than losses incurred as a result of transfers from additional loan pools to quota loan pools under section 358–1(b)(8) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358–1(b)(8)), shall be offset by any gains or profits from quota pools in other production areas (other than separate type pools established under subsection (c)(2)(A) for Valencia peanuts produced in New Mexico) in such manner as the Secretary shall by regulation prescribe. If losses in area quota pools have not been entirely offset through use of the preceding sentence, then further losses shall be offset by gains or profits attributable to sales of additional peanuts in other areas pursuant to section 358e(g)(1)(A) of such Act (7 U.S.C. 1359a(g)(1)(A)).

(6) INCREASED ASSESSMENTS.—If use of the authorities provided in the preceding paragraphs is not sufficient to cover losses in an area quota pool, the Secretary shall increase the marketing assessment established under subsection (g) by such an amount as the Secretary considers necessary to cover the losses. The increased assessment shall apply only to quota peanuts covered by that pool.

Amounts collected under subsection (g) as a result of the increased assessment shall be retained by the Secretary to cover losses in that pool.

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

(f) QUALITY IMPROVEMENT.—

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

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

(B) ensure that all Commodity Credit Corporation inventories of peanuts sold for domestic edible use must be shown to have been officially inspected by licensed Department inspectors both as farmer stock and shelled or cleaned in-shell peanuts;

(C) continue to endeavor to operate the peanut program so as to improve the quality of domestic peanuts and ensure the coordination of activities under the Peanut Administrative Committee established under Marketing Agreement No. 146, regulating 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); and

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

(2) EXPORTS AND OTHER PEANUTS.—The Secretary shall require that all peanuts in the domestic and export markets fully comply with all quality standards under Marketing Agreement No. 146.

(g) MARKETING ASSESSMENT.—

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

(2) FIRST PURCHASERS.—

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

(i) collect from the producer a marketing assessment equal to the quantity of peanuts acquired multiplied by—

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

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

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

(ii) pay, in addition to the amount collected under clause (i), a marketing assessment in an amount equal to the quantity of peanuts acquired multiplied by .55 percent of the applicable national average loan rate; and

(iii) remit the amounts required under clauses (i) and (ii) to the Commodity Credit Corporation in a manner specified by the Secretary.

(B) DEFINITION OF FIRST PURCHASER.—In this subsection, the term "first purchaser" means a person acquiring peanuts from a producer except that in the case of peanuts forfeited by a producer to the Commodity Credit Corporation, the term means the person acquiring the peanuts from the Commodity Credit Corporation.

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

(4) LOAN PEANUTS.—In the case of peanuts that are pledged as collateral for a loan made under this section, ½ of the assessment shall be deducted from the proceeds of the loan. The remainder of the assessment shall be paid by the first purchaser of the peanuts. For purposes of computing net gains on peanuts under this section, the reduction in loan proceeds shall be treated as having been paid to the producer.

(5) PENALTIES.—If any person fails to collect or remit the reduction required by this subsection or fails to comply with the requirements for recordkeeping or otherwise as are required by the Secretary to carry out this subsection, the person shall be liable to the Secretary for a civil penalty up to an amount determined by multiplying—

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

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

(6) ENFORCEMENT.—The Secretary may enforce this subsection in the courts of the United States.

(h) CROPS.—Subsections (a) through (f) shall be effective only for the 1996 through 2002 crops of peanuts.

(i) MARKETING QUOTAS.—

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

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

(i) in the section heading, by striking ''1991 through 1997 crops of'';

(ii) in subsections (a)(1), (b)(1)(B), (b)(2)(A), (b)(2)(C), and (b)(3)(A), by striking ''of the 1991 through 1997 marketing years'' each place it appears and inserting ''marketing year'';

(iii) in subsection (a)(3), by striking ''1990'' and inserting ''1990, for the 1991 through 1995 marketing years, and 1995, for the 1996 through 2002 marketing years'';

(iv) in subsection (b)(1)(A)—

(I) by striking ''each of the 1991 through 1997 marketing years'' and inserting ''each marketing year''; and

(II) in clause (i), by inserting before the semicolon the following: '', in the case of the 1991 through 1995 marketing years, and the 1995 marketing year, in the case of the 1996 through 2002 marketing years''; and

(v) in subsection (f), by striking ''1997'' and inserting ''2002'';

(B) in section 358b (7 U.S.C. 1358b)—

(i) in the section heading, by striking ''1991 through 1995 crops of''; and

(ii) in subsection (c), by striking ''1995'' and inserting ''2002'';

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

(D) in section 358e (7 U.S.C. 1359a)—

(i) in the section heading, by striking ''for 1991 through 1997 crops of peanuts''; and

(ii) in subsection (i), by striking ''1997'' and inserting ''2002''.

(2) ELIGIBILITY FOR FARM POUNDAGE QUOTA.—

(A) CERTAIN FARMS INELIGIBLE.—Section 358–1(b)(1) of the Act (7 U.S.C. 1358–1(b)(1)) is amended by adding at the end the following:

''(D) CERTAIN FARMS INELIGIBLE TO HOLD QUOTA.—Effective beginning with the 1997 marketing year, the Secretary shall no longer establish farm poundage quotas under subparagraph (A) for farms—

''(i) owned or controlled by municipalities, airport authorities, schools, colleges, refuges, and other public entities (not including universities for research purposes); or

''(ii) owned or controlled by a person who is not a producer and resides in another State.''.

(B) ALLOCATION OF QUOTA TO OTHER FARMS.—Section 358–1(b)(2) of the Act (7 U.S.C. 1358–1(b)(2)) is amended by adding at the end the following:

''(E) TRANSFER OF QUOTA FROM INELIGIBLE FARMS.—Any farm poundage quota held at the end of the 1996 marketing year by a farm described in paragraph (1)(D) shall be allocated to other farms in the same State on such basis as the Secretary may by regulation prescribe.''.

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

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

(A) in subsection (a)(1), by striking ''domestic edible, seed,'' and inserting ''domestic edible use'';

(B) in subsection (b)(2)—

(i) in subparagraph (A), by striking ''subparagraph (B) and subject to''; and

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

''(B) TEMPORARY QUOTA ALLOCATION.—

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

"(ii) QUANTITY.—The temporary quota allocation shall be equal to the pounds of seed peanuts planted on the farm, as may be adjusted under regulations prescribed by the Secretary.

"(iii) ADDITIONAL QUOTA.—The temporary allocation of quota pounds under this paragraph shall be in addition to the farm poundage quota otherwise established under this subsection and shall be credited, for the applicable marketing year only, in total to the producer of the peanuts on the farm in a manner prescribed by the Secretary.

"(iv) EFFECT OF OTHER REQUIREMENTS.—Nothing in this section alters or changes the requirements regarding the use of quota and additional peanuts established by section 358e(b).''; and

(C) in subsection (e)(3), strike "and seed and use on a farm".

(5) SPRING AND FALL TRANSFERS WITHIN A STATE.—Section 358b(a)(1) of the Act (7 U.S.C. 1358b(a)(1)) is amended—

(A) by striking ", conditions, or limitations" in the matter preceding the subparagraphs and inserting "and conditions";

(B) by striking "any such lease" in the matter preceding the subparagraphs and inserting "any such sale or lease"; and

(C) by striking "in the fall or after the normal planting season—" and subparagraphs (A) and (B) and inserting the following: "in the spring (or before the normal planting season) or in the fall (or after the normal planting season) with the owner or operator of a farm located within any county in the same State. In the case of a fall transfer or a transfer after the normal planting season, the transfer may be made only if not less than 90 percent of the basic quota (the farm quota exclusive of temporary quota transfers), plus any poundage quota transferred to the farm under this subsection, has been planted or considered planted on the farm from which the quota is to be leased.".

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

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

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

(ii) in paragraph (3)(B), by striking "include—" and clauses (i) and (ii) and inserting "include any increase resulting from the allocation of quotas voluntarily released for 1 year under paragraph (7).''; and

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

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

(i) in paragraph (1), by striking "(including any applicable under marketings)" both places it appears;

(ii) in paragraph (2), by striking "(including any applicable under marketings)''; and

(iii) in paragraph (3), by striking "(including any applicable undermarketings)".

(7) DISASTER TRANSFERS.—Section 358–1(b) of the Act (7 U.S.C. 1358–1(b)), as amended by paragraph (6)(A)(iii), is further amended by adding at the end the following:

"(8) DISASTER TRANSFERS.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), additional peanuts produced on a farm from which the quota poundage was not harvested and marketed because of drought, flood, or any other natural disaster, or any other condition beyond the control of the producer, may be transferred to the quota loan pool for pricing purposes on such basis as the Secretary shall by regulation provide.

"(B) LIMITATION.—The poundage of peanuts transferred under subparagraph (A) shall not exceed the difference between—

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

"(ii) the total farm poundage quota, excluding quota pounds transferred to the farm in the fall.

"(C) SUPPORT RATE.—Peanuts transferred under this paragraph shall be supported at 70 percent of the quota support rate for the marketing years

in which the transfers occur. The transfers for a farm shall not exceed 25 percent of the total farm quota pounds, excluding pounds transferred in the fall.".

SEC. 107. SUGAR PROGRAM.

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

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

(c) REDUCTION IN LOAN RATES.—

(1) REDUCTION REQUIRED.—The Secretary shall reduce the loan rate specified in subsection (a) for domestically grown sugarcane and subsection (b) for domestically grown sugar beets if the Secretary determines that negotiated reductions in export subsidies and domestic subsidies provided for sugar of the European Union and other major sugar growing, producing, and exporting countries in the aggregate exceed the commitments made as part of the Agreement on Agriculture.

(2) EXTENT OF REDUCTION.—The Secretary shall not reduce the loan rate under subsection (a) or (b) below a rate that provides an equal measure of support to that provided by the European Union and other major sugar growing, producing, and exporting countries, based on an examination of both domestic and export subsidies subject to reduction in the Agreement on Agriculture.

(3) ANNOUNCEMENT OF REDUCTION.—The Secretary shall announce any loan rate reduction to be made under this subsection as far in advance as is practicable.

(4) MAJOR SUGAR COUNTRIES DEFINED.—For purposes of this subsection, the term "major sugar growing, producing, and exporting countries" means—

(A) the countries of the European Union; and

(B) the ten foreign countries not covered by subparagraph (A) that the Secretary determines produce the greatest amount of sugar.

(5) AGREEMENT ON AGRICULTURE DEFINED.—For purposes of this subsection, the term "Agreement on Agriculture" means the Agreement on Agriculture referred to in section 101(d)(2) of the Uruguay Round Agreements Act (19 U.S.C. 3511(d)(2)).

(d) TERM OF LOANS.—

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

(A) the end of 9 months; or

(B) the end of the fiscal year.

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

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

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

(e) LOAN TYPE; PROCESSOR ASSURANCES.—

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

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

(3) PROCESSOR ASSURANCES.—If the Secretary is required under paragraph (2) to make nonrecourse loans available during a fiscal year or to change recourse loans into nonrecourse loans, 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 sugar beets and sugarcane delivered by producers served by the processor. The Secretary may establish appropriate minimum payments for purposes of this paragraph.

(f) MARKETING ASSESSMENT.—

(1) SUGARCANE.—Effective for marketings of raw cane sugar during the 1996 through 2003 fiscal years, the first processor of sugarcane shall remit to the Commodity Credit Corporation a nonrefundable marketing assessment in an amount equal to—

(A) in the case of marketings during fiscal year 1996, 1.1 percent of the loan rate established under subsection (a) per pound of raw cane sugar, processed by the processor from domestically produced sugarcane or sugarcane molasses, that has been marketed (including the transfer or delivery of the sugar to a refinery for further processing or marketing); and

(B) in the case of marketings during each of fiscal years 1997 through 2003, 1.375 percent of the loan rate established under subsection (a) per pound of raw cane sugar, processed by the processor from domestically produced sugarcane or sugarcane molasses, that has been marketed (including the transfer or delivery of the sugar to a refinery for further processing or marketing).

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

(A) in the case of marketings during fiscal year 1996, 1.1794 percent of the loan rate established under subsection (a) per pound of beet sugar, processed by the processor from domestically produced sugar beets or sugar beet molasses, that has been marketed; and

(B) in the case of marketings during each of fiscal years 1997 through 2003, 1.47425 percent of the loan rate established under subsection (a) per pound of beet sugar, processed by the processor from domestically produced sugar beets or sugar beet molasses, that has been marketed.

(3) COLLECTION.—

(A) TIMING.—A marketing assessment required under this subsection shall be collected on a monthly basis and shall be remitted to the Commodity Credit Corporation not later than 30 days after the end of each month. Any cane sugar or beet sugar processed during a fiscal year that has not been marketed by September 30 of the year shall be subject to assessment on that date. The sugar shall not be subject to a second assessment at the time that it is marketed.

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

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

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

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

(5) ENFORCEMENT.—The Secretary may enforce this subsection in a court of the United States.

(g) FORFEITURE PENALTY.—

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

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

(3) BEET SUGAR.—The penalty for beet sugar shall bear the same relation to the penalty for cane sugar as the marketing assessment for sugar beets bears to the marketing assessment for sugarcane.

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

(h) INFORMATION REPORTING.—

(1) DUTY OF PROCESSORS AND REFINERS TO REPORT.—A sugarcane processor, cane sugar refiner, and sugar beet processor shall furnish the Secretary, on a monthly basis, such information as the Secretary may require to administer sugar programs, including the quantity of purchases of sugarcane, sugar beets, and sugar, and production, importation, distribution, and stock levels of sugar.

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

(3) MONTHLY REPORTS.—Taking into consideration the information received under paragraph (1), the Secretary shall publish on a monthly basis composite data on production, imports, distribution, and stock levels of sugar.

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

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

SEC. 108. ADMINISTRATION.

(a) COMMODITY CREDIT CORPORATION.—

(1) USE OF CORPORATION.—The Secretary shall carry out this title through the Commodity Credit Corporation.

(2) PROHIBITION ON SALARIES AND EXPENSES.—Notwithstanding any other provision of law, no funds of the Corporation shall be used for any salary or expense of any officer or employee of the Department of Agriculture.

(b) DETERMINATIONS BY SECRETARY.—A determination made by the Secretary under this title or the Agricultural Adjustment Act of 1938 (7 U.S.C. 1281 et seq.) shall be final and conclusive.

(c) REGULATIONS.—The Secretary may issue such regulations as the Secretary determines necessary to carry out this title.

SEC. 109. ELIMINATION OF PERMANENT PRICE SUPPORT AUTHORITY.

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

(1) in title III—

(A) in subtitle B—

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

(ii) in part VI—

(I) by moving subsection (c) of section 358d (7 U.S.C. 1358d(c)) to appear after section 301(b)(17) (7 U.S.C. 1301(b)(17)), redesignating the subsection as paragraph (18), and moving the margin of the paragraph 2 ems to the right; and

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

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

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

(b) AGRICULTURAL ACT OF 1949.—

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

(A) by transferring sections 106, 106A, and 106B (7 U.S.C. 1445, 1445–1, 1445–2) to appear after section 314A of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1314–1) and redesignating the transferred sections as sections 315, 315A, and 315B, respectively;

(B) by transferring section 111 (7 U.S.C. 1445f) to appear after section 304 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1304) and redesignating the transferred section as section 305; and

(C) by transferring sections 404 and 416 (7 U.S.C. 1424 and 1431) to appear after section 390 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1390) and redesignating the transferred sections as sections 390A and 390B, respectively.

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

(c) CONFORMING AMENDMENTS.—

(1) Section 361 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1361) is amended by striking ", corn, wheat, cotton, peanuts, and rice, established".

(2) 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 "cotton, rice, peanuts, or"; and

(B) in the first sentence of subsection (b), by striking "cotton, rice, peanuts or".

SEC. 110. EFFECT OF AMENDMENTS.

(a) EFFECT ON PRIOR CROPS.—Except as otherwise specifically provided and notwithstanding any other provision of law, this title and the amendments made by this title shall not affect the authority of the Secretary to carry out a price support or production adjustment program for any of the 1991 through 1995 crops of an agricultural commodity established under a provision of law in effect immediately before the date of the enactment of this Act.

(b) LIABILITY.—A provision of this title or an amendment made by this title shall not affect the liability of any person under any provision of law as in effect before the date of the enactment of this Act.

TITLE II—DAIRY

Subtitle A—Milk Price Support and Other Activities

SEC. 201. MILK PRICE SUPPORT PROGRAM.

(a) SUPPORT ACTIVITIES.—To replace the milk price support program established under section 204 of the Agricultural Act of 1949 (7 U.S.C. 1446e), which is repealed by section 109(b)(2)), the Secretary of Agriculture shall use the authority provided in this section to support the price of milk produced in the 48 contiguous States through the purchase of cheddar cheese produced from such milk. Until the first day of the first month beginning not less than 30 days after the date of the enactment of this Act, the Secretary also may support the price of milk under this section through the purchase of butter and nonfat dry milk produced from milk produced in the 48 contiguous States.

(b) RATE.—The price of milk shall be supported at the following rates per hundredweight for milk containing 3.67 percent butterfat:

(1) During calendar year 1996, not less than $10.35.
(2) During calendar year 1997, not less than $10.25.
(3) During calendar year 1998, not less than $10.15.
(4) During calendar year 1999, not less than $10.05.
(5) During calendar year 2000, not less than $9.95.
(6) During calendar years 2001 and 2002, not less than $9.85.

(c) BID PRICES.—The Commodity Credit Corporation support purchase prices under this section for cheddar cheese (and for butter and nonfat dry milk subject to subsection (a)) announced by the Corporation shall be the same for all of that milk product sold by persons offering to sell the product to the Corporation. The purchase prices shall be sufficient to enable plants of average efficiency to pay producers, on average, a price not less than the rate of price support for milk in effect during a 12-month period under this section.

(d) USE OF COMMODITY CREDIT CORPORATION.—The Secretary shall use the funds, facilities, and authorities of the Commodity Credit Corporation to carry out this section.

(e) RESIDUAL AUTHORITY FOR REFUND OF BUDGET DEFICIT ASSESSMENTS.—

(1) APPLICATION OF SUBSECTION.—This subsection shall apply with respect to the reductions made under subsection (h)(2) of section 204 of the Agricultural Act of 1949, as in effect on the day before the date of the enactment of this Act, in the price of milk received by producers during calendar years 1995 and 1996.

(2) REFUND REQUIRED.—The Secretary shall provide a refund of the entire reduction made under such subsection (h)(2) in the price of milk received by a producer during a calendar year referred to in paragraph (1) if the producer provides evidence that the producer did not increase marketings in that calendar year when compared to the preceding calendar year.

(3) TREATMENT OF REFUNDS.—A refund under this subsection shall not be considered as any type of price support or payment for purposes of sections 1211 and 1221 of the Food Security Act of 1985 (16 U.S.C. 3811, 3821).

(g) TRANSFER OF MILK PRODUCTS TO MILITARY AND VETERANS HOSPITALS.—

(1) TRANSFER AUTHORIZED.—As a means of increasing the utilization of milk and milk products, upon the certification by the Secretary of Veterans Affairs or by the Secretary of the Army, acting for the military departments under the Single Service Purchase Assignment for Subsistence of the Department of Defense, that the usual quantities of milk products have been purchased in the normal channels of trade, the Commodity Credit Corporation shall make available—

(A) to the Secretary of Veterans Affairs at warehouses where milk products are stored, such milk products acquired under this section as the Secretary of Veterans Affairs certifies are required in order to provide milk products as a part of the ration in hospitals under the jurisdiction of the Secretary of Veterans Affairs; and

(B) to the Secretary of the Army, at warehouses where milk products are stored, such milk products acquired under this section as the Secretary of

the Army certifies can be utilized in order to provide additional milk products as a part of the ration—

(i) of the Army, Navy, Air Force, or Coast Guard;

(ii) in hospitals under the jurisdiction of the Department of Defense; and

(iii) of cadets and midshipmen at, and other personnel assigned to, the United States Merchant Marine Academy.

(2) REPORTS.—The Secretary of Veterans Affairs and the Secretary of the Army shall report every six months to the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Agriculture of the House of Representatives and the Secretary of Agriculture the amount of milk products used under this subsection.

(3) PROCESS.—The Secretary of Veterans Affairs and the Secretary of the Army shall reimburse the Commodity Credit Corporation for all costs associated in making milk products available under this subsection.

(4) LIMITATION.—The obligation of the Commodity Credit Corporation to make milk products available pursuant to this subsection shall be limited to milk products acquired by the Corporation under this section and not disposed of under provisions (1) and (2) of section 390B(a) of the Agricultural Adjustment Act of 1938.

(h) PERIOD OF EFFECTIVENESS.—Notwithstanding any other provision of law, this section shall be effective only during the period

(1) beginning on the date of the enactment of this Act; and

(2) ending on December 31, 2002.

SEC. 202. RECOURSE LOANS FOR COMMERCIAL PROCESSORS OF DAIRY PRODUCTS.

(a) RECOURSE LOANS AVAILABLE.—The Secretary of Agriculture shall make recourse loans available to commercial processors of eligible dairy products to assist such processors to manage inventories of eligible dairy products to assure a greater degree of price stability for the dairy industry during the year. Recourse loans may be made available under such reasonable terms and conditions as the Secretary may prescribe. The Secretary shall use the funds, facilities, and authorities of the Commodity Credit Corporation to carry out this section.

(b) AMOUNT OF LOAN.—The Secretary shall establish the amount of a loan for eligible dairy products, which shall reflect 90 percent of the reference price for that product. The rate of interest charged participants in this program shall not be less than the rate of interest charged the Commodity Credit Corporation by the United States Treasury.

(c) PERIOD OF LOANS.—A recourse loan made under this section may not extend beyond the end of the fiscal year during which the loan is made, except that the Secretary may extend the loan for an additional period not to exceed the end of the next fiscal year.

(d) DEFINITIONS.—In this section:

(1) The term "eligible dairy products" means cheddar cheese, butter, and nonfat dry milk.

(2) The term "reference price" means—

(A) for cheddar cheese, the average National (Green Bay) Cheese Exchange price for 40 pound blocks of cheddar cheese for the previous three months;

(B) for butter, the average Chicago Mercantile Exchange price for Grade AA butter for the previous three months; and

(C) for nonfat dry milk, the average Western States Extra Grade and Grade A price for nonfat dry milk for the previous three months.

SEC. 203. DAIRY EXPORT INCENTIVE PROGRAM.

(a) DURATION.—Subsection (a) of section 153 of the Food Security Act of 1985 (15 U.S.C. 713a–14) is amended by striking "2001" and inserting "2002".

(b) ELEMENTS OF PROGRAM.—Subsection (c) of such section is amended—

(1) by striking "and" at the end of paragraph (1);

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

(3) by adding at the end the following new paragraphs:

"(3) the maximum volume of dairy product exports allowable consistent with the obligations of the United States as a member of the World Trade Organization are exported under the program each year (minus the volume sold under section 1163 of this Act (7 U.S.C. 1731 note) during that year), except to the extent that the export of such a volume under the program would, in the judgment of the Secretary, exceed the limitations on the value set forth in subsection (f); and

"(4) payments may be made under the program for exports to any destination in the world for the purpose of market development, except a destination in a country with respect to which shipments from the United States are otherwise restricted by law.".

(c) SOLE DISCRETION.—Subsection (b) of such section is amended by inserting "sole" before "discretion".

(d) MARKET DEVELOPMENT.—Subsection (e)(1) of such section is amended—

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

(2) by inserting before the period the following: ", and any additional amount that may be required to assist in the development of world markets for United States dairy products".

(e) MAXIMUM ALLOWABLE AMOUNTS.—Such section is further amended by adding at the end the following:

"(f) REQUIRED FUNDING.—The Commodity Credit Corporation shall in each year use money and commodities for the program under this section in the maximum amount consistent with the obligations of the United States as a member of the World Trade Organization, minus the amount expended under section 1163 of this Act (7 U.S.C. 1731 note) during that year. However, the Commodity Credit Corporation may not exceed the limitations specified in subsection (c)(3) on the volume of allowable dairy product exports.".

SEC. 204. DAIRY PROMOTION PROGRAM.

(a) EXPANSION TO COVER DAIRY PRODUCTS IMPORTED INTO THE UNITED STATES.—Section 110(b) of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4501(b)) is amended by inserting after "commercial use" the following: "and dairy products imported into the United States".

(b) DEFINITIONS.—

(1) MILK.—Subsection (d) of section 111 of such Act (7 U.S.C. 4502) is amended by inserting before the semicolon the following: "or cow's milk imported into the United States in the form of dairy products intended for consumption in the United States".

(2) DAIRY PRODUCTS.—Subsection (e) of such section is amended by inserting before the semicolon the following: "and casein (except casein imported under sections 3501.90.20 (casein glue) and 3501.90.50 (other) of the Harmonized Tariff Schedule)".

(3) RESEARCH.—Subsection (j) of such section is amended by inserting before the semicolon the following: "or to reduce the costs associated with processing or marketing those products".

(4) UNITED STATES.—Subsection (l) of such section is amended to read as follows:

"(l) the term 'United States' means the several States and the District of Columbia;".

(5) IMPORTERS AND EXPORTERS.—Such section is further amended—

(A) in subsection (k), by striking "and" at the end of such subsection; and

(B) by adding at the end the following new subsections:

"(m) the term 'importer' means the first person to take title to dairy products imported into the United States for domestic consumption; and

"(n) the term 'exporter' means any person who exports dairy products from the United States.".

(c) MEMBERSHIP OF BOARD.—Section 113(b) of such Act (7 U.S.C. 4504(b)) is amended—

(1) in the first sentence, by striking "thirty-six members" and inserting "38 members, including one representative of importers and one representative of exporters to be appointed by the Secretary";

(2) in the second sentence, by striking "Members" and inserting "The remaining members"; and

(3) in the third sentence, by striking "United States" and inserting "United States, including Alaska and Hawaii".

(d) ASSESSMENT.—Section 113(g) of such Act (7 U.S.C. 4504(g)) is amended—

(1) by inserting "(1)" after "(g)"; and

(2) by adding at the end the following new paragraph:

"(2) The order shall provide that each importer of dairy products intended for consumption in the United States shall remit to the Board, in the manner prescribed by the order, an assessment equal to 1.2 cents per pound of total milk solids contained in the imported dairy products, or 15 cents per hundredweight of milk contained in the imported dairy products, whichever is less. If an importer can establish that it is participating in active, ongoing qualified State or regional dairy product promotion or nutrition programs intended to increase the consumption of milk

and dairy products, the importer shall receive credit in determining the assessment due from that importer for contributions to such programs of up to .8 cents per pound of total milk solids contained in the imported dairy products, or 10 cents per hundredweight of milk contained in the imported dairy products, whichever is less. The assessment collected under this paragraph shall be used for the purpose specified in paragraph (1).".

(e) RECORDS.—Section 113(k) of such Act (7 U.S.C. 4504(k)) is amended in the first sentence by inserting after "commercial use," the following: "each importer of dairy products,".

(f) TERMINATION OR SUSPENSION OF ORDER.—Section 116(b) of such Act (7 U.S.C. 4507(b)) is amended—

(1) by inserting "and importers" after "producers" each place it appears;

(2) by striking "who, during a representative period (as determined by the Secretary), have been engaged in the production of milk for commercial use"; and

(3) by adding at the end the following new sentences: "A producer shall be eligible to vote in the referendum if the producer, during a representative period (as determined by the Secretary), has been engaged in the production of milk for commercial use. An importer shall be eligible to vote in the referendum if the importer, during a representative period (as determined by the Secretary), has been engaged in the importation of dairy products into the United States intended for consumption in the United States.".

(g) PROMOTION IN INTERNATIONAL MARKETS.—Section 113(e) of such Act (7 U.S.C. 4504(e)) is amended by adding at the end the following new sentence: "For each of the fiscal years 1996 through 2000, the Board's budget shall provide for the expenditure of not less than 10 percent of the anticipated revenues available to the Board to develop international markets for, and to promote within such markets, the consumption of dairy products produced in the United States from milk produced in the United States.".

(h) IMPLEMENTATION OF AMENDMENTS.—

(1) IMPLEMENTATION PROCESS.—To implement the amendments made by this section, the Secretary of Agriculture shall issue an amended dairy products promotion and research order under section 112 of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4503) reflecting such amendments, and no other changes, in the order in existence on the date of the enactment of this Act.

(2) PROPOSAL OF AMENDED ORDER.—Not later than 60 days after the date of the enactment of this Act, the Secretary shall publish a proposed dairy products promotion and research order reflecting the amendments made by this section. The Secretary shall provide notice and an opportunity for public comment on the proposed order.

(3) ISSUANCE OF AMENDED ORDER.—After notice and opportunity for public comment are provided in accordance with paragraph (2), the Secretary shall issue a final dairy products promotion and research order, taking into consideration the comments received and including in the order such provisions as are necessary to ensure that the order is in conformity with the amendments made by this section.

(3) ISSUANCE OF AMENDED ORDER.—After notice and opportunity for public comment are provided in accordance with paragraph (2), the Secretary shall issue a final dairy products promotion and research order, taking into consideration the comments received and including in the order such provisions as are necessary to ensure that the order is in conformity with the amendments made by this section.

(4) EFFECTIVE DATE.—The final dairy products promotion and research order shall be issued and become effective not later than 120 days after publication of the proposed order.

(i) REFERENDUM ON AMENDMENTS.—Not later than 36 months after the issuance of the dairy products promotion and research order reflecting the amendments made by this section, the Secretary of Agriculture shall conduct a referendum under section 115 of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4506) for the sole purpose of determining whether the requirements of such amendments shall be continued. The Secretary shall conduct the referendum among persons who have been producers or importers (as defined in section 111 of such Act (7 U.S.C. 4502)) during a representative period as determined by the Secretary. The requirements of such amendments shall be continued only if the Secretary determines that such requirements have been approved by not less than a majority of the persons voting in the referendum. If continuation of the amendments is not approved, the Secretary shall issue a new order, within six months after the announcement of the results of the referendum, that is identical to the order in effect on the date of the enact-

ment of this Act. The new order shall become effective upon issuance and shall not be subject to referendum for approval.

SEC. 205. FLUID MILK STANDARDS UNDER MILK MARKETING ORDERS.

(a) NATURE OF STANDARDS.—Each marketing order issued with respect to milk and its products under section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, shall contain terms and conditions to provide that all dispositions of fluid milk products containing milk of the highest use classification covered by such orders shall comply with the following requirements:

(1) In the case of milk marketed as whole milk, not less than 12.05 percent total milk solids consisting of not less than 8.8 percent milk solids not fat and not less than 3.25 percent milk fat.

(2) In the case of milk marketed as 2 percent (or lowfat) milk, not less than 12 percent total milk solids consisting of not less than 10 percent milk solids not fat and not less than 2 percent milk fat.

(3) In the case of milk marketed as 1 percent (or light) milk, not less than 12 percent total milk solids consisting of not less than 11 percent milk solids not fat and not less than 1 percent milk fat.

(4) In the case of milk marketed as skim (or nonfat) milk, not less than 9 percent total milk solids consisting of not less than 9 percent milk solids not fat and not more than .25 percent milk fat.

(b) VIOLATIONS.—A violation of the requirements specified in subsection (a) shall be subject to the penalties provided in section 8c(14) of the Agricultural Adjustment Act (7 U.S.C. 608c(14)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937.

(c) EFFECTIVE DATE.—The requirements imposed by this section shall apply to fluid milk marketed on and after the first day of the first month beginning not less than 30 days after the date of the enactment of this Act.

SEC. 206. MANUFACTURING ALLOWANCE.

(a) MAXIMUM ALLOWANCES ESTABLISHED.—No State shall provide for a manufacturing allowance for the processing of milk in excess of—

(1) in the case of milk manufactured into butter, butter oil, nonfat dry milk, or whole dry milk—

(A) $1.65 per hundredweight of milk, for milk marketed during the 2-year period beginning on the effective date of this section; and

(B) such allowance per hundredweight of milk as the Secretary of Agriculture may establish under section 221(b)(3), for milk marketed after the end of such period; and

(2) in the case of milk manufactured into cheese and whey—

(A) $1.80 per hundredweight of milk, for milk marketed during the 2-year period beginning on the effective date of this section; and

(B) such allowance per hundredweight of milk as the Secretary may establish under section 221(b)(3), for milk marketed after the end of such period.

(b) YIELDS.—In converting the weight of milk to dairy products during the two-year period beginning on the effective date of this section, the Secretary shall use the following yields with respect to a hundred pounds of milk:

(1) Butter: 4.2 pounds.

(2) Nonfat dry milk: 8.613 pounds.

(3) 40 pound block cheddar cheese: 10.169 pounds.

(4) Whey cream butter: .27 pounds.

(c) SOURCES OF PRODUCT PRICE VALUES.—In determining the manufacturing allowance applicable in a State during the 2-year period beginning on the effective date of this section, the Secretary shall use the following sources for product price values:

(1) For butter, Chicago Mercantile Exchange Grade AA butter.

(2) For nonfat dry milk, California Manufacturing Plants Extra Grade and Grade A nonfat dry milk.

(3) For cheese, National (Green Bay) Cheese Exchange 40 pound block cheddar cheese.

(4) For whey cream butter, Chicago Mercantile Exchange Grade B butter.

(d) MANUFACTURING ALLOWANCE DEFINED.—In this section, the term "manufacturing allowance" means—

(1) the amount by which the product price value of butter and nonfat dry milk manufactured from a hundred pounds of milk containing 3.5 pounds of milk fat and 8.7 pounds of milk solids not fat exceeds the class price for the milk used to produce those products; or

(2) an amount by which the product price value of cheese and whey manufactured from a hundred pounds of milk containing 3.6 pounds of milk fat and 8.7 pounds of milk solids not fat exceeds the class price for the milk used to produce those products.

(e) EFFECT OF VIOLATION.—If the Secretary determines that a State has in effect a manufacturing allowance that exceeds the manufacturing allowance authorized in subsection (a), the Secretary shall suspend, until such time as the State complies with such subsection—

(1) purchases under section 201 of cheddar cheese produced in that State; and

(2) disbursements from the Class IV equalization pool under section 208 to milk marketing orders operating in that State with respect to milk produced in that State.

(f) CONFORMING SUSPENSION AND REPEAL.—

(1) SUSPENSION AND REPEAL.—During the 2-year period beginning on the effective date of this section, the requirements of section 102 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 1446e–1) shall not apply. Effective on the first day after the end of such period, such section is repealed.

(2) EXCEPTION.—Notwithstanding paragraph (1), in the event that an injunction or other order of a court prohibits or impairs the implementation of this section or the activities of the Secretary under this section, the Secretary shall use the authorities provided by section 102 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 1446e–1) until such time as the injunction or other court order is lifted.

(g) EFFECTIVE DATE; IMPLEMENTATION.—This section shall take effect on the first day of the first month beginning not less than 30 days after the date of the enactment of this Act. After such effective date, the Secretary may exercise the authority provided to the Secretary under this section without regard to the issuance of regulations intended to carry out this section.

SEC. 207. ESTABLISHMENT OF TEMPORARY CLASS I PRICE AND TEMPORARY CLASS I EQUALIZATION POOLS.

(a) TEMPORARY PRICING FOR MILK OF THE HIGHEST USE CLASSIFICATION (CLASS I MILK).—

(1) ESTABLISHMENT OF MINIMUM PRICE.—During the 2-year period beginning on the effective date of this section, the minimum price for milk of the highest use classification marketed under a marketing 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, shall not be less than the sum of—

(A) $12.87 per hundredweight; and

(B) the aggregate adjustment in effect under clauses (1) and (2) of the second sentence of paragraph (5)(A) of such section on December 31, 1995, for milk of the highest use classification in that order.

(2) ADDITION TO MINIMUM PRICE.—If the basic formula price for milk exceeds $12.87 per hundredweight in any month during the 2-year period beginning on the effective date of this section, the positive difference between the basic formula price and $12.87 shall be added to the price for milk of the highest use classification marketed under a marketing order issued under such section 8c in the second month following the month in which the difference occurred.

(3) EFFECT ON OTHER USE CLASSIFICATIONS.—This subsection shall not affect the calculation of the basic formula price used to determine the price for milk of use classifications other than the highest use classification.

(b) CLASS I EQUALIZATION POOLS.—

(1) COLLECTIONS.—During the 2-year period beginning on the effective date of this section, the Secretary of Agriculture shall collect, on a monthly basis, from each marketing order issued with respect to milk and its products under section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, and from the comparable milk marketing order issued by the State of California, an amount equal to the product of—

(A) $0.80 per hundredweight; and

(B) the total hundredweights of all milk of the highest use classification marketed under the order for the month.

(2) DISBURSEMENTS.—The Secretary shall pay, on a monthly basis, to each marketing order referred to in paragraph (1) an amount equal to the product of—

(A) the total collection under paragraph (1) for the month; and

(B) the ratio of the total hundredweights of all milk marketed for the month under that order to all milk marketed for the month under all such orders.

(3) EFFECT ON BLEND PRICES.—Producer blend prices under a milk marketing order shall be adjusted to account for collections made under paragraph (1) and disbursements made under paragraph (2).

(c) ENFORCEMENT.—

(1) IN GENERAL.—Amounts for which a milk marketing order are responsible under subsection (b) shall be determined on a monthly basis and shall be collected and remitted to the Secretary in the manner prescribed by the Secretary.

(2) PENALTIES.—If any person fails to remit the amount required in subsection (b) or fails to comply with such requirements for recordkeeping or otherwise as are required by the Secretary to carry out this section, the person shall be liable to the Secretary for a civil penalty up to an amount determined by multiplying—

(A) the quantity of milk involved in the violation; by

(B) the support rate for milk in effect at the time of the violation under section 201.

(3) ENFORCEMENT.—The Secretary may enforce this section in the courts of the United States.

(d) CONFORMING REPEAL.—Section 8c(5)(A) of the Agricultural Adjustment Act (7 U.S.C. 608c(5)(A)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended by striking out the sentence beginning "Throughout the 2-year period" and all that follows through the end of the subparagraph.

(e) EFFECTIVE DATE.—Except as provided in subsection (f), this section shall take effect on the first day of the first month beginning not less than 30 days after the date of the enactment of this Act.

(f) IMPLEMENTATION.—Not later than the effective date of this section, the Secretary shall amend Federal milk marketing orders 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, to effectuate the requirements of this section. The amendments shall not be—

(1) subject to a referendum under subsection (17) or (19) of such section among milk producers to determine whether issuance of such order is approved or favored by milk producers;

(2) preconditioned on the existence of a marketing agreement among handlers under subsection (8) of such section and section 8b of such Act (7 U.S.C. 608b);

(3) subject to rulemaking under title 5, United States Code; or

(4) subject to review or approval by other executive agencies.

SEC. 208. ESTABLISHMENT OF TEMPORARY CLASS IV PRICE AND TEMPORARY CLASS IV EQUALIZATION POOL.

(a) TEMPORARY CLASSIFICATION OF CLASS IV MILK.—

(1) CLASSIFICATION.—For purposes of classifying milk in accordance with the form in which or the purpose for which it is used, the Secretary of Agriculture shall designate all milk marketed in the 48 contiguous States of the United States and used to produce butter, butter oil, nonfat dry milk, or dry whole milk as Class IV milk. The Secretary may include other products of milk, except cheese, within the Class IV classification if the Secretary determines that inclusion of the product would be fair and equitable.

(2) USE OF CLASSIFICATION.—Each marketing order issued with respect to milk and its products under section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, and each comparable State milk marketing order, shall use the classification required by paragraph (1) in lieu of any other classification, such as Class III–A milk, to properly classify milk used to produce butter, butter oil, nonfat dry milk, or dry whole milk.

(b) ESTABLISHMENT OF CLASS IV POOL.—The Secretary shall establish a Class IV pool for the purpose of making collections and disbursements related to milk classified as Class IV milk under subsection (a). The Class IV pool shall apply to milk covered by a milk marketing order referred to in subsection (a) and unregulated milk.

(c) ESTABLISHMENT OF MONTHLY CLASS IV PRICE.—For the purpose of determining whether the Secretary will make collections and disbursements under the Class IV equalization pool, the Secretary shall establish, on a monthly basis, a price for dairy products manufactured from Class IV milk on a 3.5 percent butterfat basis. In determining that price, the Secretary shall calculate the amount equal to—

(1) the sum of—

(A) the product of the Western States Extra Grade and Grade A price per pound for nonfat dry milk and 8.613; and

(B) the product of the Chicago Mercantile Exchange Grade AA price per pound for butter and 4.2; less

(2) a manufacturing allowance equal to $1.65 per hundredweight of milk.

(d) OPERATION OF CLASS IV EQUALIZATION POOL.—

(1) APPLICATION OF SUBSECTION.—This subsection shall apply in any month in which the support price for milk under section 201, adjusted to 3.5 percent butterfat, exceeds the Class IV price established under subsection (c).

(2) COLLECTION.—In any month in which the Class IV equalization pool is in operation under paragraph (1), each milk marketing order referred to in subsection (a) and each handler of unregulated milk shall pay into the Class IV equalization pool an amount equal to the product of—

(A) the total hundredweights of Class IV milk used to manufacture dairy products during that month under all such orders and by all such handlers;

(B) 50 percent of the amount by which the support price for milk under section 201, adjusted to 3.5 percent butterfat, exceeded the Class IV price determined under subsection (c) for that month; and

(C) the ratio of the total hundredweights of all milk marketed during that month under that order or by that handler to the total hundredweights of all milk marketed for that month under all such orders and by all such handlers.

(3) DISBURSEMENTS.—In any month in which the Class IV equalization pool is in operation under paragraph (1), each milk marketing order referred to in subsection (a) in which products were manufactured from Class IV milk during that month and each handler of unregulated milk that manufactured products from Class IV milk during that month shall receive from the Class IV equalization pool an amount equal to the product of—

(A) the total collection under paragraph (2) for the month; and

(B) the ratio of the total hundredweights of Class IV milk manufactured into dairy products during that month under that order or by that handler to the total hundredweights of Class IV milk manufactured into dairy products during that month under all such orders and by all such handlers.

(4) EFFECT ON BLEND PRICES.—Producer blend prices under a milk marketing order referred to in subsection (a) shall be adjusted to account for collections under paragraph (2) and disbursements under paragraph (3).

(e) ENFORCEMENT.—

(1) IN GENERAL.—Amounts for which a milk marketing order or handler are responsible under subsection (b) shall be determined on a monthly basis and shall be collected and remitted to the Secretary in the manner prescribed by the Secretary.

(2) PENALTIES.—If any person fails to remit the amount required in subsection (c) or fails to comply with such requirements for recordkeeping or otherwise as are required by the Secretary to carry out this section, the person shall be liable to the Secretary for a civil penalty up to an amount determined by multiplying—

(A) the quantity of milk involved in the violation; by

(B) the support rate for milk in effect at the time of the violation under section 201.

(3) ENFORCEMENT.—The Secretary may enforce this section in the courts of the United States.

(f) EFFECTIVE DATE.—Except as provided in subsection (g), this section shall—

(1) take effect on the first day of the first month beginning not less than 30 days after the date of the enactment of this Act; and

(2) apply during the 2-year period beginning on such effective date.

(g) IMPLEMENTATION.—Not later than the start of the effective date of this section, the Secretary shall amend Federal milk marketing orders 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, to effectuate the requirements of this section. The amendments shall not be—

(1) subject a referendum under subsection (17) or (19) of such section among milk producers to determine whether issuance of such order is approved or favored by milk producers;

(2) preconditioned on the existence of a marketing agreement among handlers under subsection (8) of such section and section 8b of such Act (7 U.S.C. 608b);

(3) subject to rulemaking under title 5, United States Code; or

(4) subject to review or approval by other executive agencies.

SEC. 209. AUTHORITY FOR ESTABLISHMENT OF STANDBY POOLS.

(a) AUTHORITY TO ESTABLISH.—As soon as possible after the effective date of this section, the Secretary of Agriculture shall publish in the Federal Register an invitation for interested persons to submit proposals for the establishment within Federal milk marketing orders 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, of standby pools to facilitate the movement of milk over long distances during periods of shortage through the sharing of proceeds from sales of milk of the highest use classification due to producers under the order with producers shipping to plants regulated by another order to provide a reserve supply of milk in the other market.

(b) APPROVAL OR TERMINATION OF PARTICIPATION IN STANDBY POOL.—Order provisions under this section shall not become effective in any marketing order unless such provisions are approved by producers in the manner provided for the approval of marketing orders under section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, but separately from other order provisions. Standby pool provisions approved under this section in an order may be disapproved separately by producers or terminated separately by the Secretary under section 8c(16)(B) of such Act. Such disapproval or termination shall not be considered to be a disapproval or termination of the other terms of that order.

(c) EFFECTIVE DATE.—This section shall take effect on the first day of the first month beginning not less than 30 days after the date of the enactment of this Act.

Subtitle B—Reform of Federal Milk Marketing Orders

SEC. 221. ISSUANCE OR AMENDMENT OF FEDERAL MILK MARKETING ORDERS TO IMPLEMENT CERTAIN REFORMS.

(a) ISSUANCE OF AMENDED ORDERS.—Subject to the time limits specified in section 222, the Secretary of Agriculture shall issue new or amended marketing orders with respect to milk and its products under section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, to effectuate the requirements of subsection (b). The orders shall take effect on the date the orders are issued and shall supersede all other marketing orders and any other statutes, rules, and regulations that are applicable to the pricing and marketing of milk and its products in effect immediately before that date, whether under the authority of section 8c of such Act or a State or local law.

(b) REFORM REQUIREMENTS.—The Secretary shall reform the Federal milk marketing order system under subsection (a) to accomplish the following purposes:

(1) Consolidation of Federal milk marketing orders into not less than 8 nor more than 13 orders, which shall also include those areas of the 48 contiguous States not covered by a Federal milk marketing order on the date of the enactment of this Act. One of the new Federal milk marketing orders shall only cover the State of California. A new or amended order shall have the right to blend order receipts to address unique issues to that order such as a preexisting State quota system.

(2) Implementation of uniform multiple component pricing for milk used in manufactured dairy products.

(3) Establishment of class prices for milk used to produce cheese, nonfat dry milk, and butter based on national product prices, less a manufacturing allowance. The resulting prices shall not vary regionally, except to reflect variances in transportation and reasonable operating costs, if any, of efficient processing plants in different geographical areas.

(c) STATUS OF PRODUCER HANDLERS.—In amending Federal milk marketing orders under this section, the Secretary shall ensure that the legal status of producer handlers of milk under the Agricultural Adjustment Act (7 U.S.C. 601 et seq.), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, shall be the same after the amendments made by this section take effect as it was before the effective date of the amendments.

SEC. 222. REFORM PROCESS.

(a) PROCESS.—In preparation for the issuance of the new or amended Federal milk marketing orders required under section 221, the Secretary of Agriculture shall comply with the following expedited procedural requirements:

(1) Not later than 165 days after the date of the enactment of this Act, the Secretary shall issue proposed amendments or new milk marketing orders to effectuate the reform requirements specified in such section.

(2) The Secretary shall provide for a 75-day comment period on the proposed amendments or orders issued under paragraph (1).

(3) Not later than 120 days after the end of the comment period provided under paragraph (2), the Secretary shall publish in the Federal Register a final administrative decision regarding the issuance or amendment of Federal milk marketing orders to effectuate the reform requirements specified in such section.

(b) REFERENDUM AND MARKETING AGREEMENT.—After the issuance of the new or amended Federal milk marketing orders under section 221, the Secretary may conduct a referendum in the manner provided in section 8c(16)(B) of the Agricultural Adjustment Act (7 U.S.C. 608c(16)(B)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, with respect to each order to determine whether milk producers subject to the order favor the termination of the order.

(c) APPLICATION OF ADMINISTRATIVE PROCEDURES ACT.—The issuance of the new or amended Federal milk marketing orders required under section 221 shall not be subject to rulemaking under title 5, United States Code.

(d) REVIEW AND APPROVAL.—The action of the Secretary under section 221 shall not be subject to review or approval by any other executive agency.

SEC. 223. EFFECT OF FAILURE TO COMPLY WITH REFORM PROCESS REQUIREMENTS.

(a) FAILURE TO TIMELY ISSUE OR AMEND ORDERS.—If, before the end of the 1-year period beginning on the date of the enactment of this Act, the Secretary of Agriculture does not issue new or amended Federal milk marketing orders under section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, to effectuate the requirements of section 221(b), then the Secretary may not assess or collect assessments from milk producers or handlers under such section 8c for marketing order administration and services provided under such section after the end of that period. The Secretary may not reduce the level of services provided under such section on account of the prohibition against assessments, but shall rather cover the cost of marketing order administration and services through funds available for the Agricultural Marketing Service of the Department of Agriculture.

(b) FAILURE TO TIMELY IMPLEMENT ORDERS.—Unless the Secretary certifies to Congress before the end of the 2-year period beginning on the date of the enactment of this Act that all of the Federal marketing order reforms required by section 221(b) have been fully implemented, then, effective at the end of that period—

(1) the Secretary shall immediately cease all price support activities under section 201;

(2) the Secretary shall immediately terminate all Federal milk marketing orders under section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, and may not issue any further order under such Act with respect to milk;

(3) the Commodity Credit Corporation shall immediately cease to operate the dairy export incentive program under section 153 of the Food Security Act of 1985 (15 U.S.C. 713a–14);

(4) the Secretary and the National Processor Advertising and Promotion Board shall immediately cease all activities under the Fluid Milk Promotion Act of 1990 (7 U.S.C. 6401 et seq.); and

(5) the Secretary and the National Dairy Promotion and Research Board shall immediately cease all activities under the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4501 et seq.).

(c) EFFECT OF COURT ORDER.—The actions authorized by this section are intended to ensure the timely publication and implementation of new and amended Federal milk marketing orders under section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937. In the event that the Secretary is enjoined or otherwise restrained by a court order from publishing or implementing the reform requirements specified by section 221, the length of time for which that injunction or other restraining order is effective shall be added to the time limitations specified in subsections (a) and (b) thereby extending those time limitations by a period of time equal to the period of time for which the injunction or other restraining order is effective.

TITLE III—CONSERVATION

SEC. 301. CONSERVATION.

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

"Subtitle E—Funding

"SEC. 1241. FUNDING.

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

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

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

"(3) chapter 4 of subtitle D.

"(b) LIVESTOCK ENVIRONMENTAL ASSISTANCE PROGRAM.—For each of fiscal years 1996 through 2002, $100,000,000 of the funds of the Commodity Credit Corporation shall be available for providing technical assistance, cost-sharing payments, and incentive payments for practices relating to livestock production under the livestock environmental assistance program under chapter 4 of subtitle D.".

(b) LIVESTOCK ENVIRONMENTAL ASSISTANCE PROGRAM.—Subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3830 et seq.) is amended by adding at the end the following:

"CHAPTER 4—LIVESTOCK ENVIRONMENTAL ASSISTANCE PROGRAM

"SEC. 1240. DEFINITIONS.

"In this chapter:

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

"(2) LARGE CONFINED LIVESTOCK OPERATION.—The term 'large confined livestock operation' means an operation that—

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

"(B) has more than—

"(i) 55 mature dairy cattle;

"(ii) 10,000 beef cattle;

"(iii) 30,000 laying hens or broilers (if the facility has continuous overflow watering);

"(iv) 100,000 laying hens or broilers (if the facility has a liquid manure system);

"(v) 55,000 turkeys;

"(vi) 15,000 swine; or

"(vii) 10,000 sheep or lambs.

"(3) LIVESTOCK.—The term 'livestock' means dairy cows, beef cattle, laying hens, broilers, turkeys, swine, sheep, lambs, and such other animals as determined by the Secretary.

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

"(5) STRUCTURAL PRACTICE.—The term 'structural practice' means the establishment of an animal waste management facility, terrace, grassed waterway, contour grass strip, filterstrip, 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 due to livestock production.

"SEC. 1240A. ESTABLISHMENT AND ADMINISTRATION OF LIVESTOCK ENVIRONMENTAL ASSISTANCE PROGRAM.

"(a) ESTABLISHMENT.—

"(1) IN GENERAL.—During the 1996 through 2002 fiscal years, the Secretary shall provide technical assistance, cost-sharing payments, and incentive pay-

ments to operators who enter into contracts with the Secretary, through a livestock environmental assistance program.

"(2) ELIGIBLE PRACTICES.—

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

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

"(3) ELIGIBLE LAND.—Assistance under this chapter may be provided with respect to land that is used for livestock production and on which a serious threat to water, soil, or related resources exists, as determined by the Secretary, by reason of the soil types, terrain, climatic, soil, topographic, flood, or saline characteristics, or other factors or natural hazards.

"(4) SELECTION CRITERIA.—In providing technical assistance, cost-sharing payments, and incentive payments to operators in a region, watershed, or conservation priority area in which an agricultural operation is located, the Secretary shall consider—

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

"(B) the maximization of environmental benefits per dollar expended.

"(b) APPLICATION AND TERM.—

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

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

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

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

"(c) STRUCTURAL PRACTICES.—

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

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

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

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

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

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

"(1) COST-SHARING PAYMENTS.—

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

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

"(C) OTHER PAYMENTS.—An operator shall not be eligible for cost-sharing payments for structural practices on eligible land under this chapter if the operator receives cost-sharing payments or other benefits for the same land under chapter 1, 2, or 3.

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

"(3) TECHNICAL ASSISTANCE.—

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

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

"(f) LIMITATION ON PAYMENTS.—

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

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

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

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

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

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

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

(c) CONFORMING PROGRAM CHANGES.—

(1) WETLANDS RESERVE PROGRAM.—

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

(i) in subsection (b)(2)—

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

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

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

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

"(2) shall be for 15 years, but in no case shall be a permanent easement.".

(2) CONSERVATION RESERVE PROGRAM.—Section 1231(d) of the Food Security Act of 1985 (16 U.S.C. 3831(d)) is amended by striking "total of" and all that follows through the period at the end of the subsection and inserting "total of 36,400,000 acres.". Section 725 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1996 (Public Law 104–37; 109 Stat. 332), is amended by striking the proviso relating to enrollment of new acres in 1997.

TITLE IV—AGRICULTURAL PROMOTION AND EXPORT PROGRAMS

SEC. 401. MARKET PROMOTION PROGRAM.

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

(1) by striking "and" after "1991 through 1993,"; and

(2) by striking "through 1997," and inserting "through 1995, and not more than $100,000,000 for each of fiscal years 1996 through 2002,".

SEC. 402. EXPORT ENHANCEMENT PROGRAM.

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

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

"(A) $350,000,000 for fiscal year 1996;

"(B) $350,000,000 for fiscal year 1997;

"(C) $500,000,000 for fiscal year 1998;

"(D) $550,000,000 for fiscal year 1999;

"(E) $579,000,000 for fiscal year 2000;

"(F) $478,000,000 for fiscal year 2001; and

"(G) $478,000,000 for fiscal year 2002.".

TITLE V—MISCELLANEOUS

SEC. 501. CROP INSURANCE.

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

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

"(C) DELIVERY OF COVERAGE.—

"(i) IN GENERAL.—In full consultation with approved insurance providers, the Secretary may continue to offer catastrophic risk protection in a State (or a portion of a State) through local offices of the Department if the Secretary determines that there is an insufficient number of approved insurance providers operating in the State or portion to adequately provide catastrophic risk protection coverage to producers.

"(ii) COVERAGE BY APPROVED INSURANCE PROVIDERS.—To the extent that catastrophic risk protection coverage by approved insurance providers is sufficiently available in a State as determined by the Secretary, only approved insurance providers may provide the coverage in the State.

"(iii) CURRENT POLICIES.—Subject to clause (ii), all catastrophic risk protection policies written by local offices of the Department shall be transferred (including all fees collected for the crop year in which the approved insurance provider will assume the policies) to the approved insurance provider for performance of all sales, service, and loss adjustment functions."; and

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

"(A) IN GENERAL.—Effective for the spring-planted 1996 and subsequent crops, to be eligible for any payment or loan under title I of the Agricultural Market Transition Act or the Agricultural Adjustment Act of 1938 (7 U.S.C. 1281 et seq.), for the conservation reserve program, or for any benefit described in section 371 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008f), a person shall—

"(i) obtain at least the catastrophic level of insurance for each crop of economic significance in which the person has an interest; or

"(ii) provide a written waiver to the Secretary that waives any eligibility for emergency crop loss assistance in connection with the crop.".

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

SEC. 502. COLLECTION AND USE OF AGRICULTURAL QUARANTINE AND INSPECTION FEES.

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

"(a) QUARANTINE AND INSPECTION FEES.—

"(1) FEES AUTHORIZED.—The Secretary of Agriculture may prescribe and collect fees sufficient—

"(A) to cover the cost of providing agricultural quarantine and inspection services in connection with the arrival at a port in the customs territory of the United States, or the preclearance or preinspection at a site outside the customs territory of the United States, of an international passenger, commercial vessel, commercial aircraft, commercial truck, or railroad car;

"(B) to cover the cost of administering this subsection; and

"(C) through fiscal year 2002, to maintain a reasonable balance in the Agricultural Quarantine Inspection User Fee Account established under paragraph (5).

"(2) LIMITATION.—In setting the fees under paragraph (1), the Secretary shall ensure that the amount of the fees are commensurate with the costs of agricultural quarantine and inspection services with respect to the class of persons or entities paying the fees. The costs of the services with respect to passengers as a class includes the costs of related inspections of the aircraft or other vehicle.

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

"(4) LATE PAYMENT PENALTIES.—If a person subject to a fee under this subsection fails to pay the fee when due, the Secretary shall assess a late payment

penalty, and the overdue fees shall accrue interest, as required by section 3717 of title 31, United States Code.

"(5) AGRICULTURAL QUARANTINE INSPECTION USER FEE ACCOUNT.—

"(A) ESTABLISHMENT.—There is established in the Treasury of the United States a no-year fund, to be known as the 'Agricultural Quarantine Inspection User Fee Account', which shall contain all of the fees collected under this subsection and late payment penalties and interest charges collected under paragraph (4) through fiscal year 2002.

"(B) USE OF ACCOUNT.—For each of the fiscal years 1996 through 2002, funds in the Agricultural Quarantine Inspection User Fee Account shall be available, in such amounts as are provided in advance in appropriations Acts, to cover the costs associated with the provision of agricultural quarantine and inspection services and the administration of this subsection. Amounts made available under this subparagraph shall be available until expended.

"(C) EXCESS FEES.—Fees and other amounts collected under this subsection in any of the fiscal years 1996 through 2002 in excess of $100,000,000 shall be available for the purposes specified in subparagraph (B) until expended, without further appropriation.

"(6) USE OF AMOUNTS COLLECTED AFTER FISCAL YEAR 2002.—After September 30, 2002, the unobligated balance in the Agricultural Quarantine Inspection User Fee Account and fees and other amounts collected under this subsection shall be credited to the Department of Agriculture accounts that incur the costs associated with the provision of agricultural quarantine and inspection services and the administration of this subsection. The fees and other amounts shall remain available to the Secretary until expended without fiscal year limitation.

"(7) STAFF YEARS.—The number of full-time equivalent positions in the Department of Agriculture attributable to the provision of agricultural quarantine and inspection services and the administration of this subsection shall not be counted toward the limitation on the total number of full-time equivalent positions in all agencies specified in section 5(b) of the Federal Workforce Restructuring Act of 1994 (Public Law 103–226; 5 U.S.C. 3101 note) or other limitation on the total number of full-time equivalent positions.".

SEC. 503. COMMODITY CREDIT CORPORATION INTEREST RATE.

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

SEC. 504. ESTABLISHMENT OF OFFICE OF RISK MANAGEMENT.

(a) ESTABLISHMENT.—The Department of Agriculture Reorganization Act of 1994 is amended by inserting after section 226 (7 U.S.C. 6932) the following new section:

"SEC. 226A. OFFICE OF RISK MANAGEMENT.

"(a) ESTABLISHMENT.—Subject to subsection (e), the Secretary shall establish and maintain in the Department an independent Office of Risk Management.

"(b) FUNCTIONS OF THE OFFICE OF RISK MANAGEMENT.—The Office of Risk Management shall have jurisdiction over the following functions:

"(1) Supervision of the Federal Crop Insurance Corporation.

"(2) Administration and oversight of all aspects, including delivery through local offices of the Department, of all programs authorized under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.).

"(3) Any pilot or other programs involving revenue insurance, risk management savings accounts, or the use of the futures market to manage risk and support farm income that may be established under the Federal Crop Insurance Act or other law.

"(4) Such other functions as the Secretary considers appropriate.

"(c) ADMINISTRATOR.—

"(1) The Office of Risk Management shall be headed by an Administrator who shall be appointed by the Secretary.

"(2) The Administrator of the Office of Risk Management shall also serve as Manager of the Federal Crop Insurance Corporation.

"(d) RESOURCES.—

"(1) FUNCTIONAL COORDINATION.—Certain functions of the Office of Risk Management, such as human resources, public affairs, and legislative affairs, may be provided by a consolidation of such functions under the Under Secretary of Agriculture for Farm and Foreign Agricultural Services.

"(2) MINIMUM PROVISIONS.—Notwithstanding paragraph (1) or any other provision of law or order of the Secretary, the Secretary shall provide the Office of Risk Management with human and capital resources sufficient for the Office to carry out its functions in a timely and efficient manner.".

(b) FISCAL YEAR 1996 FUNDING.—Not less than $88,500,000 of the appropriation provided for the salaries and expenses of the Consolidated Farm Services Agency in the Agricultural, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1996 shall be available for the salaries and expenses of the Office of Risk Management established under subsection (a).

(c) CONFORMING AMENDMENT.—Section 226(b) of the Act (7 U.S.C. 6932(b)) is amended by striking paragraph (2).

SEC. 505. BUSINESS INTERRUPTION INSURANCE PROGRAM.

(a) ESTABLISHMENT OF PROGRAM.—Not later than December 31, 1996, the Secretary of Agriculture shall implement a program (to be known as the "Business Interruption Insurance Program"), under which the producer of a contract commodity could elect to obtain revenue insurance coverage to ensure that the producer receives an indemnity payment if the producer suffers a loss of revenue. The nature and extent of the program and the manner of determining the amount of an indemnity payment shall be established by the Secretary.

(b) REPORT ON PROGRESS AND PROPOSED EXPANSION.—Not later than January 1, 1998, the Secretary shall submit to the Commission on 21st Century Production Agriculture the data and results of the program through October 1, 1997. In addition, the Secretary shall submit information and recommendations to the Commission with respect to the program that will serve as the basis for the Secretary to offer revenue insurance to agricultural producers, at one or more levels of coverage, that—

(1) is in addition to, or in lieu of, catastrophic and higher levels of crop insurance;

(2) is offered through reinsurance arrangements with private insurance companies;

(3) is actuarially sound; and

(4) requires the payment of premiums and administrative fees by participating producers.

(c) CONTRACT COMMODITY DEFINED.—In this section, the term "contract commodity" means a crop of wheat, corn, grain sorghum, oats, barley, upland cotton, or rice.

SEC. 506. CONTINUATION OF OPTIONS PILOT PROGRAM.

During the 1996 through 2002 crop years, the Secretary of Agriculture may continue to conduct the options pilot program authorized by the Options Pilot Program Act of 1990 (subtitle E of title XI of Public Law 101–624; 104 Stat. 3518; 7 U.S.C. 1421 note). To the extent that the Secretary decides to continue the options pilot program, the Secretary shall modify the terms and conditions of the pilot program to reflect the changes to law made by this Act.

TITLE VI—COMMISSION ON 21ST CENTURY PRODUCTION AGRICULTURE

SEC. 601. ESTABLISHMENT.

There is hereby established a commission to be known as the "Commission on 21st Century Production Agriculture" (in this title referred to as the "Commission").

SEC. 602. COMPOSITION.

(a) MEMBERSHIP AND APPOINTMENT.—The Commission shall be composed of 11 members, appointed as follows:

(1) Three members shall be appointed by the President.

(2) Four members shall be appointed by the Chairman of the Committee on Agriculture of the House of Representatives in consultation with the ranking minority member of the Committee.

(3) Four members shall be appointed by the Chairman of the Committee on Agriculture, Nutrition, and Forestry of the Senate in consultation with the ranking minority member of the Committee.

(b) QUALIFICATIONS.—At least one of the members appointed under each of the paragraphs (1), (2), and (3) of subsection (a) shall be an individual who is primarily involved in production agriculture. All other members of the Commission shall be appointed from among individuals having knowledge and experience in agricultural production, marketing, finance, or trade.

(c) TERM OF MEMBERS; VACANCIES.—Members of the Commission shall be appointed for the life of the Commission. A vacancy on the Commission shall not affect its powers, but shall be filled in the same manner as the original appointment was made.

(d) TIME FOR APPOINTMENT; FIRST MEETING.—The members of the Commission shall be appointed not later than October 1, 1997. The Commission shall convene its first meeting to carry out its duties under this Act 30 days after six members of the Commission have been appointed.

(e) CHAIRMAN.—The chairman of the Commission shall be designated jointly by the Chairman of the Committee on Agriculture of the House of Representatives and the Chairman of the Committee on Agriculture, Nutrition, and Forestry of the Senate from among the members of the Commission.

SEC. 603. COMPREHENSIVE REVIEW OF PAST AND FUTURE OF PRODUCTION AGRICULTURE.

(a) INITIAL REVIEW.—The Commission shall conduct a comprehensive review of changes in the condition of production agriculture in the United States since the date of the enactment of this Act and the extent to which such changes are the result of the amendments made by this Act. The review shall include the following:

(1) An assessment of the initial success of production flexibility contracts under section 103 in supporting the economic viability of farming in the United States.

(2) An assessment of the food security situation in the United States in the areas of trade, consumer prices, international competitiveness of United States production agriculture, food supplies, and humanitarian relief.

(3) An assessment of the changes in farmland values and agricultural producer incomes since the date of the enactment of this Act.

(4) An assessment of the extent to which regulatory relief for agricultural producers has been enacted and implemented, including the application of cost/benefit principles in the issuance of agricultural regulations.

(5) An assessment of the extent to which tax relief for agricultural producers has been enacted in the form of capital gains tax reductions, estate tax exemptions, and mechanisms to average tax loads over high and low income years.

(6) An assessment of the effect of any Government interference in agricultural export markets, such as the imposition of trade embargoes, and the degree of implementation and success of international trade agreements.

(7) An assessment of the likely affect of the sale, lease, or transfer of farm poundage quota for peanuts across State lines.

(b) SUBSEQUENT REVIEW.—The Commission shall conduct a comprehensive review of the future of production agriculture in the United States and the appropriate role of the Federal Government in support of production agriculture. The review shall include the following:

(1) An assessment of changes in the condition of production agriculture in the United States since the initial review conducted under subsection (a).

(2) Identification of the appropriate future relationship of the Federal Government with production agriculture after 2002.

(3) An assessment of the personnel and infrastructure requirements of the Department of Agriculture necessary to support the future relationship of the Federal Government with production agriculture.

(c) RECOMMENDATIONS.—In carrying out the subsequent review under subsection (b), the Commission shall develop specific recommendations for legislation to achieve the appropriate future relationship of the Federal Government with production agriculture identified under subsection (a)(2).

SEC. 604. REPORTS.

(a) REPORT ON INITIAL REVIEW.—Not later than June 1, 1998, the Commission shall submit to the President, the Committee on Agriculture of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report containing the results of the initial review conducted under section 603(a).

(b) REPORT ON SUBSEQUENT REVIEW.—Not later than January 1, 2001, the Commission shall submit to the President and the congressional committees specified in subsection (a) a report containing the results of the subsequent review conducted under section 603(b).

SEC. 605. POWERS.

(a) HEARINGS.—The Commission may, for the purpose of carrying out this Act, conduct such hearings, sit and act at such times, take such testimony, and receive such evidence, as the Commission considers appropriate.

(b) ASSISTANCE FROM OTHER AGENCIES.—The Commission may secure directly from any department or agency of the Federal Government such information as may be necessary for the Commission to carry out its duties under this Act. Upon request of the chairman of the Commission, the head of the department or agency shall, to the extent permitted by law, furnish such information to the Commission.

(c) MAIL.—The Commission may use the United States mails in the same manner and under the same conditions as the departments and agencies of the Federal Government.

(d) ASSISTANCE FROM SECRETARY.—The Secretary of Agriculture shall provide to the Commission appropriate office space and such reasonable administrative and support services as the Commission may request.

SEC. 606. COMMISSION PROCEDURES.

(a) MEETINGS.—The Commission shall meet on a regular basis (as determined by the chairman) and at the call of the chairman or a majority of its members.

(b) QUORUM.—A majority of the members of the Commission shall constitute a quorum for the transaction of business.

SEC. 607. PERSONNEL MATTERS.

(a) COMPENSATION.—Each member of the Commission shall serve without compensation, but shall be allowed travel expenses including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, when engaged in the performance of Commission duties.

(b) STAFF.—The Commission shall appoint a staff director, who shall be paid at a rate not to exceed the maximum rate of basic pay under section 5376 of title 5, United States Code, and such professional and clerical personnel as may be reasonable and necessary to enable the Commission to carry out its duties under this Act without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title, or any other provision of law, relating to the number, classification, and General Schedule rates. No employee appointed under this subsection (other than the staff director) may be compensated at a rate to exceed the maximum rate applicable to level GS–15 of the General Schedule.

(c) DETAILED PERSONNEL.—Upon request of the chairman of the Commission, the head of any department or agency of the Federal Government is authorized to detail, without reimbursement, any personnel of such department or agency to the Commission to assist the Commission in carrying out its duties under this section. The detail of any such personnel may not result in the interruption or loss of civil service status or privilege of such personnel.

SEC. 608. TERMINATION OF COMMISSION.

The Commission shall terminate upon submission of the final report required by section 604.

TITLE VII—EXTENSION OF CERTAIN AUTHORITIES

SEC. 701. EXTENSION OF AUTHORITY UNDER PUBLIC LAW 480.

Section 408 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736b) is amended by striking "1995" and inserting "1996".

SEC. 702. EXTENSION OF FOOD FOR PROGRESS PROGRAM.

Section 1110 of the Food Security Act of 1985 (7 U.S.C. 1736o), also known as the Food for Progress Act of 1985, is amended—

(1) in subsection (k), by striking "1995" and inserting "1996"; and

(2) in subsection (l), by striking "1995" and inserting "1996".

BRIEF EXPLANATION

H.R. 2854, the "Agricultural Market Transition Act", as amended in Committee, will substantially reduce projected agriculture spending for farm commodity programs over the period, fiscal years 1996 through 2002.

It is substantially similar to title I of H.R. 2491, that was cited as the "Agricultural Reconciliation Act of 1995". This bill is de-

signed to reform U.S. agricultural policy to perhaps the greatest extent since the 1930's. The bill also substantially conforms to the reconciliation instructions as they relate to farm programs as directed to the Committee on Agriculture in House Concurrent Resolution 67, the Current Resolution on the Budget—Fiscal Year 1996. The provisions in the bill recognize the realities of a post-GATT and NAFTA world trade environment within which U.S. farmers and producers must compete as we approach the 21st Century.

PURPOSE AND NEED

TITLE I—AGRICULTURAL MARKET TRANSITION PROGRAM

Summary

The reforms accomplished by H.R. 2854 will help transition U.S. agricultural producers into a new era of a market-oriented Federal farm policy while simultaneously providing fixed, declining payments over seven years in order to minimize the economic distortions resulting from the change away from the New Deal Era Federal farm programs. These reforms in Federal farm program policy in this title also have substantial savings. It is understood that the December 1995 baseline was used by the Congressional Budget Office in preparing the estimates for this bill, including the savings that could be achieved from Federal farm programs over the fiscal years 1996 through 2002; however, that estimate was not available at the time this report was being prepared and the estimate itself, while substantial, appears elsewhere in this report as noted in the table of contents.

Background

Since the last time Federal commodity programs were addressed in a farm bill (1990) or in a reconciliation bill (1993), major changes in world trade policy, domestic budget policy, and commodity producer opinion require a reconsideration of Federal commodity policy.

For the last ten years, congressional farm policy actions have been driven by budget reductions. The 1995 debate over Federal farm programs has re-affirmed the Federal budget as the driving force for agricultural program policy. Modifications made to the original farm programs since their inception have revolved around two main goals: further restricting supply in order to alleviate the overproduction which the programs encourage; and decreasing Federal expenditures by limiting the amount of production which is covered by Federal subsidies. These two factors have combined in a way which has made current Federal commodity programs less effective, both as a means of increasing farm income and as a means to manage production, with each successive modification. There have been several recent situations where producers, who received an advance deficiency payment based on U.S.D.A. estimated low prices, have had a poor harvest and were required to repay the advance because the nation-wide effect of the poor harvest was to drive up the market price of the commodity beyond the point at which current programs make a payment. This has placed many producers in a difficult position. Even though prices were high, their income is down because they have no crop to market and the

government assistance they had previously received must be paid back.

Government outlays under current programs are the highest when prices are lowest (and hence when harvests are the best). This has had the effect of encouraging production based on potential government benefits, not on market prices. This incentive, when combined with the government's authority to idle acreage (which is the only means that current programs contain for limiting budget outlays) results in a situation in which producers have an incentive to produce the maximum amount of commodities while the government restricts the acres that can be planted, thereby encouraging the over-use of fertilizers and pesticides in order to get the most production from the acres the government is allowing the farmer to plant that year. This environmentally-questionable incentives created by current programs have also resulted in Congress authorizing greater and greater bureaucratic controls on producers over the last ten years in order to minimize environmental damage by requiring conservation compliance plans, compliance with wetlands protection provisions, and compliance with many other land-use statutes. It would be hard to imagine a program which creates more inconsistent incentives than the existing commodity programs.

The new majority in the 104th Congress is committed to balancing the budget. With the passage of the first Budget Resolution in June, the House Committee on Agriculture, despite having cut over $50 billion in budget authority in recent years, was directed in H. Con. Res. 67, the FY 1996 Budget Resolution to achieve $13.4 billion in savings from Federal farm programs over the next seven fiscal years. Admittedly, reducing Federal spending by that amount will impact farmers. However, some economists predict that a balanced budget will lead to a 1.5 percent reduction in interest rates. Agriculture is a major user of credit, with over $140 billion borrowed in short and long term debt, and would benefit from such a result. If interest rates decline by 1.5 percent, a balanced budget could lead to an interest rate savings for U.S. agricultural producers exceeding $15 billion over the next 7 years.

Following 19 hearings on Federal farm program policy by the Subcommittee on General Farm Commodities and the full Committee on Agriculture, the call from throughout the United States was clear: agricultural producers wanted more planting flexibility, more certainty with respect to Federal assistance, and less Federal regulatory burden. The combination of these factors led to the following conclusions: (1) the U.S. production agriculture industry needed to become more market-oriented, both domestically and internationally; (2) the industry could not become more market-oriented with a continued Federal involvement that simply extended the current supply-management policies of the past; and (3) the required budget cuts would not provide adequate funding levels to allow the existing Federal programs to function properly in a post-GATT and NAFTA world-oriented market.

Rationale

Analyzing the above-mentioned conclusions in conjunction with a review of the current Federal commodity price support and produc-

tion adjustment programs resulted in several observations about agricultural policy.

First, current Federal farm programs are based on the 60 year old New Deal principle of utilizing supply management in order to raise commodity prices and farm income. When the Federal farm programs were first created, the government relied on a system of quotas and allotments to control supply. However, over the last 20 years the primary justification for the programs has been that producers receive Federal assistance in return for setting aside (idling). That assistance was largely in the form of deficiency payments to compensate producers for market prices or loan levels that fell below a Congressionally mandated target price for their production. Additionally, when Federal commodity programs were set up, world markets were not a major factor in determining agricultural policy. This approach, while perhaps appropriate in the 1930's, ignores the realities of a post-GATT and NAFTA world.

Second, current programs no longer achieve their original goals and have collapsed as an effective way to deliver assistance to producers. Worldwide agricultural competition usurps foreign markets when the United States reduces production. With respect to wheat, for example, world demand, when combined with the United States' supply control approach of idling acreage (including acreage idled under the Conservation Reserve Program), has tightened U.S. supplies so much that there have been no set-asides for five years and there are not expected to be any in the foreseeable future, which eliminates the supply management policy justification for the present policy.

Third, preserving the current Federal farm program structure with Budget Committee instructions that require substantial spending cuts will leave producers with an ineffective and counterproductive agricultural policy. The resulting system would be an emasculated remnant of an out-of-date 1930's-era program which no longer serves the people it was originally intended to benefit. While further modifications of current Federal commodity programs may accomplish required budget savings, ten years of budget cuts has changed the fundamental nature of farm programs to the extent they have inhibited farm production and producer earning potential.

Good policy for the future

Retaining the present policy would be a mistake when other methods can achieve the goals of providing U.S. producers with increased planting flexibility and less regulatory burden while at the same time allowing for greater earnings from the marketplace and reducing the budgetary exposure to the Federal Government.

The changes in Federal agricultural policy reflected in H.R. 2854 are good policy for the future of production agriculture in the United States. The most severe critics of current farm programs, including the New York Times, the Washington Post, the Economist, and a host of regional newspapers, have hailed the concept incorporated in this bill as the most significant reform in agricultural policy since the New Deal in the 1930's. Congressional critics that have urged reform of the farm programs have also indicated that the approach in this bill embodies the type of reform necessary to transi-

tion agriculture into a market-oriented industry. Nearly every agricultural economist who has commented on the substance of what this bill does has supported its concept of structure, its probable effect on producers, and the agricultural sector.

Commodity program reforms

Title I of this bill replaces the commodity price support and production adjustment programs of the 1970's through 1990's with a seven-year production flexibility contract payment for eligible owners and operators and a nonrecourse marketing assistance loan program for eligible producers. Contract participants will receive seven annual market transition payments in exchange for maintaining compliance with their respective conservation plans and applicable wetlands protection provisions. Producers utilizing the marketing assistance loan will get the benefit of a nonrecourse loan at harvest time so that they will not have to sell commodities at a time when market prices are historically low in order to maintain a positive cash flow. Additionally, contract payments are limited to $40,000 limitation under the three-entity rule as contained in amended provisions of section 1001 through 1001C of the Food Security Act of 1985. In addition a $75,000 limitation is provided for marketing loan gains and loan deficiency payments using the standards of the three entity rule. The Secretary is also directed to implement adequate safeguards to protect the interests of operators who are tenants and sharecroppers.

From a GATT perspective, the termination of the commodity price support programs will make U.S. commodities immediately more competitive on the world market by removing the distorting effect that current programs have maintained. This is significant because, at the current time, world commodity supplies are relatively tight and estimates indicate that, at best, this situation will remain for quite some time.

With respect to domestic farm policy, H.R. 2854 accomplishes several goals. First, it accomplishes a large amount of deregulation by freeing farmers up to farm for the market and not the government program. By removing government production controls on land use, the bill effectively eliminates the number one complaint of producers about the programs: bureaucratic red tape and government interference. Complaints about endless waits at the county office should end. Hassles over field sizes and whether the right crop was planted to the correct amount of acres should be a thing of the past. People concerned about the environment will be pleased that the government no longer forces the planting of surplus crops and monoculture agriculture. Producers who want to introduce a rotation on their farm for agronomic reasons should be free to do so within the restrictions in current programs.

Secondly, H.R. 2854 provides U.S. producers with a guaranteed payment for the next seven years, because it establishes a contract between the Federal government and the producer. When compared to the alternative of further modifying existing programs, it results in the optimum producer net income over the next seven years and protects the producer from further budget cuts should there be further budget reconciliation bills in the future. The guarantee of a fixed (albeit declining) payment for seven years will pro-

vide the predictability that producers have wanted and will provide certainty to lenders as a basis for extending credit to production agriculture. The current situation in which prices are above the target price as a result of poor crops (producers do not get a payment or are forced to repay advanced payments), and therefore have less income should be corrected under H.R. 2854. Without a crop to market, producers cannot benefit from the higher prices, and instead of getting help when they need it most, the current system cuts off their deficiency payments and demands that they repay advance deficiency payments.

This bill insures that whatever government financial assistance is available will be delivered, regardless of the circumstances, because the producer signs a contract with the Federal Government for the next seven years. Just as producers will need to look to the market for planting and marketing signals, H.R. 2854 will require producers to manage their finances to compensate for price swings. It may be true that when prices are high, producers will receive a full market transition payment under this legislation, but it is equally true that if prices decline, farmers will receive no more than the fixed market transition payment. That means the individual producer must manage all income, both market and government, to account for weather and price fluctuations.

Third, this measure also encourages market orientation. Producers can plant or idle *all* their acres at their discretion, with a significant reduction in the restrictions on what can be planted. Producers will have to make commodity planting decisions in response to commodity markets instead of decisions based on deficiency payment rates and crop acreage bases. Decoupling Federal payments from production (a process which began in 1985 when payment yields were frozen) would end any pressure from the government in choosing crops to plant. Under H.R. 2854, all production incentives should come from the marketplace and not government programs. Additionally, as long as producers maintain compliance with their applicable conservation plans, they are free to choose to plant no crop at all, which will benefit soil and water quality in marginal areas, as well as benefiting wildlife.

Fourth, H.R. 2854 recognizes that the benefits from current programs have, to some extent, been incorporated into the value of agricultural land. By abolishing the link between production and benefits, but doing so in a manner which provides a seven-year transition period, the economic distortions caused by existing programs can be removed in a manner that causes the least amount of disruption and harm to rural America. For that reason the production flexibility contract payment has been aptly named as a market transition payment.

Peanuts and sugar

The Committee also commenced hearings and received testimony from over 100 witnesses in the areas of the United States where peanuts and sugar beets, sugar cane, and corn are grown, as well as in Washington, D.C., to discuss reform of the peanut and sugar programs. The outcomes of these hearings led the Committee to outline reform criteria with the goal of revising the current peanut and sugar programs to make them more market-oriented and oper-

ate at no cost to the Federal Government, while still providing a safety net for producers. These reforms are contained in sections 106 and 107 of Title I.

Peanuts

According to the United States Department of Agriculture (USDA), net peanut government program expenditures for fiscal year 1995 are estimated to be $85.6 million. USDA projects an annual cost of $76 million per year for fiscal years 1996–2000 if current program provisions were retained. The changes in section 106 would eliminate the costs of the program through the elimination of the national poundage quota and undermarketing provisions which would allow additional peanuts to receive the quota price support rate. This will allow the Secretary to set the national poundage quota at a level that satisfies the estimated domestic consumption and prevent additional peanuts from entering quota pools at the higher quota support rate. Additional provisions allow the Secretary of Agriculture to increase the marketing assessment as needed to assure that the peanut program is not costly to the government.

With respect to price support, section 106 would freeze the support loan rate for quota peanuts at $610 per ton for the 1996 through 2002 crops. This is a reduction from the current loan rate of $678 per ton, and is approximately commensurate to a price support level based on current cost of production. Current law provides that the price support level may only increase based on cost of production, up to 5% over the support rate for the preceding year. If the previous years' quota price support rates were allowed to increase or decrease 5% per year, today's price support level would be approximately $608.64.

Among other changes, section 106 would also instruct the Secretary to decrease the quota support rate by 5 percent to any producer who receives an offer at quota price or higher from a commercial buyer and the government but opts to sell to the government. This provision is intended to provide an incentive to producers to sell peanuts to the market rather than to the government.

Section 106 would also prioritize the method of covering losses in area quota pools. Losses would first be covered by offsetting proceeds due any producer with losses incurred by the transfer of additional peanuts to a quota loan pool under section 358–1(b)(8) of the Agricultural Adjustment Act of 1938, then by offsetting individual producer gains and losses, then by buy-back gains within an area, then by use of the marketing assessment attributable to the producer, then with area cross compliance provisions (including buy-back gains in other areas). The Secretary of Agriculture would also be given the authority to increase the marketing assessment on growers in a pool to cover any further losses, with a provision directing any unused assessment funds to be returned to the Treasury.

With respect to the sale, lease, and transfer of quota, several changes are made. Currently, quota can only be sold or leased to another owner or operator in the fall or after the normal planting season within the same county. Section 106 would allow full sale, lease or transfer of quota to any county within a State either in the

spring or fall, while maintaining the fall transfer required of at least 90 percent of a farm's quota having been planted during the previous growing season. A temporary quota allocation, equal to a producer's seed use, is also provided, while seed use is no longer part of the Secretary's national poundage quota estimate. Disaster transfer provisions are modified to limit disaster transfers to no more than 25% of a farm's quota, at 70% of the quota support rate. The Committee also proposes a review of the feasibility of quota transfer of across state lines under the purview of the Commission on 21st Century Production Agriculture.

In addition, the Committee's recommendation would tighten the eligibility of those who own quota by mandating that, beginning with the 1997 marketing year, public entities and non-resident quota holders who are not producers are no longer eligible to own quota. Any quota held by such entities at the end of the 1996 marketing year would be reallocated within each State.

Sugar

Modifications to the sugar program in section 107 would increase revenue to the Treasury through an increased marketing assessment from 1.1% in 1996 to 1.375% in 1997 through 2003 of the loan rate for raw cane sugar and from 1.1794% to 1.47425% of the loan rate for beet sugar. Provisions in current law mandating that the program operate at no net cost to the Treasury would be maintained, and a forfeiture penalty of 1¢/lb would be imposed on any processor who forfeits sugar to the government.

Sugar beet and sugar cane loan rates are frozen at 18¢/lb for raw cane sugar and 22.9¢/lb for refined beet sugar. However, loan rates are required to be reduced if the Secretary determines that negotiated reductions in export subsidies and domestic subsidies provided for sugar of the European Union and other major sugar growing countries in the aggregate exceed the commitments made as part of the Uruguay Round Agreement.

With respect to marketing allotments, the Committee's recommendation would allow full and unrestrained production of sugar in the United States through elimination of marketing allotments.

The Committee also proposes a consistent increase of imports through the establishment of a loan modification threshold which is triggered when tariff rate quota imports exceed 1,500,000 short tons raw value. Under this provision, recourse loans to processors are made available up to the threshold level and would be converted into nonrecourse loans if imports rise above the threshold level.

TITLE II—DAIRY

Summary

Subtitle II reforms Federal dairy policy in three stages.

First, there are legislative reforms which are implemented immediately: (1) the dairy price support program is altered by removing butter and nonfat dry milk from support; (2) the budget assessment on producers is eliminated, (3) a recourse loan program for processors of cheddar cheese, butter, and nonfat dry milk is estab-

lished; (4) the Dairy Export Incentive Program (DEIP) is reauthorized through September 30, 2002, and fully funded to the limits permitted by the Uruguay Round of the GATT; and (5) the producer assessment for promotion under the Dairy Production Stabilization Act of 1983 is extended to imported products.

Secondly, administrative reform of the Federal milk marketing order program will occur at the end of two years. In the upcoming two years, the Secretary will: (1) consolidate Federal orders and other milk producing areas in the continental 48 states into not less than 8 nor more than 13 orders; (2) implement uniform multiple component pricing for milk used to produce manufactured dairy products; and (3) establish class prices for milk used to produce cheese nonfat dry milk, and butter based on national product prices less a make allowance (which shall not vary regionally except to reflect variances in transportation and reasonable operating costs, if any, of efficient processing plants in different geographic areas).

Thirdly, there are temporary changes in Federal dairy programs that will occur during the two-year transition period between the date of enactment of the Act and the implementation date of the administrative reforms: (1) a maximum manufacturing allowance which a state may provide for milk used to manufacture certain dairy products during that two-year period is set; (2) a floor is placed on the minimum price for Class I (fluid) milk and a Class I equalization pool is set up to more equitably share Class I revenues nationally during the two-year transition period; and (3) a Class IV price is created for milk used to produce butter, butter oil, nonfat dry milk, and whole milk, and a Class IV equalization pool is created to equitably share among all producers 50 percent of any negative difference between the support price for milk used to produce cheese and the Class IV price.

The combined impact of these changes saves $454 million, or approximately 21%, of spending on Federal dairy programs projected by CBO over the next seven fiscal years.

Background

Since the last time Federal dairy programs were addressed in a farm bill (1990) or in reconciliation (1993), major changes in world trade policy, domestic budget policy, and dairy producer opinion require us to reconsider Federal dairy policy.

Every Federal dairy program was created subsequent to Section 22 and premised upon the ability of Section 22 to stop foreign dairy products at our border. As of July 1, 1995, Section 22 was limited in its applicability by the implementation legislation for the Uruguay Round of the GATT.

With the passage of the First Budget Resolution in June, the House Agriculture Committee was required to achieve $13.4 billion in savings on Federal farm programs over the next seven fiscal years. As a commodity, dairy needed to come up with between $400 and $500 million of that amount.

Following ten hearings on dairy issues by the Subcommittee on Livestock, Dairy and Poultry, including field hearings in California, Florida, Minnesota, New York, and Wisconsin, the mandate from dairy farmers to end budget reconciliation assessments imme-

diately became overwhelming. The elimination of assessments would decrease funding available for Federal dairy programs by approximately $250 million annually.

The combination of these events led to the following conclusions: (1) the U.S. dairy industry needed to become more market-oriented, domestically and internationally; (2) the industry could not become more market-oriented without a level playing field at home; (3) the industry needed tools to become, and remain, competitive in the world market; and (4) there was inadequate funding to retain and maintain existing Federal dairy programs.

A review of Federal dairy programs (i.e., dairy price supports, Federal milk marketing orders, and the Dairy Export Incentive Program (DEIP)) produce the following conclusions.

First, since the support price was decreased to $10.10/cwt in the 1990 Farm Bill, the dairy price support program has been largely inactive. For example, in the last 12 months, the Commodity Credit Corporation (CCC) has not purchased any cheese and only purchased 26 million pounds of butter and 27 million pounds of nonfat dry milk. By contrast, a decade ago the CCC purchased 293 million pounds of butter, 591 million pounds of cheese, and 827 million pounds of nonfat dry milk during the same 12 months period. At the end of 1995, we had no butter, no cheese, and only 14 million pounds of nonfat dry milk in government storage.

Secondly, existing Federal milk marketing orders act as an impediment to a level playing field domestically. The U.S. dairy industry cannot hope to be competitive in the world market if our domestic marketing system produces competitive advantages and disadvantages at home unrelated to market indicators and other economic conditions. The Congressional Budget Office projects that Class I differentials, fixed by statute in 1985, will add an average of $134 million annually to the cost of the dairy price support program in the next five fiscal years by creating artificial incentives to produce milk in regions with sufficient Class I supplies of milk. Studies of Federal milk marketing orders by the General Accounting Office in 1988 and 1995 have produced similar conclusions.

Thirdly, the inactivity of the dairy price support program and the low levels of government-stored dairy products are directly related to the success of the DEIP program. Dairy economists across the nation uniformly agree that the DEIP program has added between $.50/cwt to $1.00/cwt to producer prices in each of the last five years.

Rationale

With these conclusions in mind, the following changes in Federal dairy policy are accomplished in this legislation which have a cumulative reconciliation savings of $454 million estimated by the Congressional Budget Office.

Subtitle A of Title II extends the price support program of milk by authorizing the Secretary to continue removing excess cheddar cheese from the commercial market through December 31, 2002 in section 201. However, the authority of the Secretary to support the price of milk through purchases of excess butter and nonfat dry milk is eliminated.

From a GATT perspective, removing butter and nonfat dry milk from support will make those commodities immediately competitive on the world market. This is significant because, by the end of the decade, 17 percent of the world market for nonfat dry milk and 31 percent of the world market for butter will have opened up due to reductions in subsidized exports under the Uruguay Round.

Removing butter and nonfat dry milk from support and reducing the support price for milk used to produce cheese from its current level of $10.35/hundredweight of $9.85/hundredweight in the year 2001 permits the immediate elimination of the budget assessment on producers (currently at 10 cents/hundredweight).

The recourse loan program created under section 202 will allow processors of cheddar cheese, butter and nonfat dry milk to place their product under a recourse loan with the CCC at 90 percent of the average market value for that product during the previous three months. Loans will be at CCC interest rates and will come due at the end of the fiscal year (September 30), but can be extended into the upcoming fiscal year.

Section 203 further enables the United States to become, and remain, a player in the world dairy market of the 21st Century. The DEIP program is reauthorized through September 30, 2002 and fully funded to the limits permitted under the Uruguay Round in each fiscal year.

Section 204 also assists the industry in becoming more market-oriented by requiring that at least 10 percent of the budget of the National Dairy Promotion and Research Board be allocated to international market development annually, and by extending the producer promotion assessment under the Dairy Production Stabilization Act of 1983 to imported dairy products, thereby enhancing available funding for the Board's promotion activities.

Subtitle B of Title II requires the Secretary of Agriculture to implement significant reforms in Federal milk marketing orders within two years including the consolidation of existing Federal orders and areas currently outside of Federal orders into not less than 8 nor more than 13 orders (with California as a separate order within that system and with each order authorized to blend order proceeds as necessary to address issues unique to that order such as pre-existing state quota programs), uniform component pricing for milk used to produce manufactured dairy products, and class prices for milk used to produce cheese, nonfat dry milk, and butter based on national product prices less a make allowance (which shall not vary regionally except to reflect variances in transportation and reasonable operating costs, if any, of efficient processing plants in difference geographic areas).

Expedited comprehensive administrative reform under sections 221 and 222 will assure a level playing field domestically among producers at the end of two years and will further insure that the dairy industry will respond to market signals rather than decade-old fixed differentials which provide artificial incentives to produce milk in some areas of the country.

In the interim two years, sections 206, 207 and 208 will also provide greater equity between producers and processors in different regions of the country by setting a reasonable maximum state manufacturing allowance, creating a minimum price floor for Class I

milk and sharing $.80/hundredweight of Class I proceeds nationally, and establishing a Class IV price for butter, butter oil, nonfat dry milk, and whole dry milk and sharing among all producers 50 percent of any negative difference between the support price for milk used to produce cheese and that Class IV price.

During this time, net income to producers in all regions of the country is projected to increase as a result of the foregoing changes in Federal dairy policy, thereby accomplishing all three goals of a modern Federal dairy policy—international competitiveness, a level domestic playing field, and enhanced producer income.

TITLE III—CONSERVATION

The changes in title III are designed to improve and add to the existing conservation programs that have been successful in the past, while addressing pressing problems facing agricultural producers today.

Title III creates a new program, the Livestock Environmental Assistance Program (LEAP). LEAP has been added to title XII of the Food Security Act of 1985, to assist farmers, ranchers, dairy and livestock producers in dealing with the many environmental challenges with respect to soil and water quality that they face, largely because of other Federal mandates such as the Clean Water Act. The program is established to help eligible producers improve environmental problems such as water quality by providing technical and cost-share assistance in implementing structural and management practices to protect water, soil and related resources from the degradation associated with livestock production. The program is authorized at $100 million annually through 2002.

Title III modifies the Wetlands Reserve Program (WRP) by replacing permanent easement authority with 15-year easement authority. This change saves $384 million by lowering the costs of acquiring easements, yet it will not affect the future success of this program because of the overall changes in both the Federal involvement in agriculture and the public attitude toward wetlands today. The previous incentive to get drain or fill of wetlands, both by the Army Corps of Engineers and the U.S. Department of Agriculture, is simply not present today. Also, the entire country now realizes that wetlands serve a vital purpose in supporting wildlife and improving water quality. The WRP will continue to allow USDA to provide incentives to help people return acreage into wetlands.

Title III also modifies the Conservation Reserve Program (CRP) by permanently capping overall enrollment at 36.4 million acres. As of the date of enactment, the Committee will ratify four years of Appropriations Committee policy by capping the CRP at the current acreage of 36.4 million acres.

The Committee strongly supports maintaining a strong and viable CRP that maximizes, to the extent practicable, the ability of producers to utilize the program to protect environmentally sensitive lands, conserve natural resources, and make rational farm or land management decisions.

TITLE IV—AGRICULTURAL PROMOTION AND EXPORT PROGRAMS

Marketing Promotion Programs

The Agricultural Trade Act of 1978 provides that a minimum of $200 million for fiscal years 1991 through 1993 and $110 million for fiscal years 1994 through 1997 of CCC funds or commodities be made available to carry out the Marketing Promotion Programs. Section 401 of this bill provides that not more than $100 million of CCC funds or commodities could be made available to carry out the Marketing Promotion Programs for fiscal years 1996 through 2002.

Export Enhancement Program

Section 301 of the Agricultural Trade Act of 1978 provides that a minimum of $500 million in Commodity Credit Corporation funds or commodities be made available each of fiscal years 1991 through 2001 to carry out the Export Enhancement Program. Section 402 of this bill provides that the Commodity Credit Corporation shall provide not more than $350 million in fiscal years 1996 and 1997, $500 million in fiscal year 1998, $550 million in fiscal year 1999, $579 million in fiscal year 2000, and $478 million in fiscal years 2001 and 2002 to carry out the Export Enhancement Program.

TITLE V—MISCELLANEOUS

The Federal Crop Insurance reform Act of 1994 (Reform Act), contained in Title I of P.L. 103–354, made significant changes in the multi-peril crop insurance (MPCI) program as well as ending, for all practical purposes, ad hoc Federal assistance to farmers for crop failures. Two controversial and complex provisions of the new law have caused consternation and irritation among agricultural producers, and that, in turn, has made MPCI a less attractive product for many farmers.

A principal provisions of the Reform Act required any agricultural producer who is a farm commodity program or Conservation Reserve Program participant or who is receiving a loan or loan guarantee through the U.S. Department of Agriculture (USDA) to purchase a MPCI policy to insure against at least a catastrophic crop loss (CAT), i.e., for a crop loss of 50 percent loss in yield, on an individual or area yield basis. To obtain CAT coverage, producers pay an administrative fee for each crop produced in a county. Because of USDA's implementation of the Reform Act, each landlord who receives a program payment (shared tenancy) is required to pay the $50 fee. This link between farm program participation and crop insurance caused a great deal of confusion and irritation among producers because of the inequities in USDA implementation. For example, an owner-operator growing only wheat on a section of land in a single county could purchase CAT coverage for a single $50 fee, while multiple owners with a tenant farming in more than one county were required to pay multiple fees.

One particularly egregious case that came to light involved nine different landlords and their tenants who farmed three different crops in three counties. Each of the owners was required to pay three fees for each crop in each of the three counties, resulting a

substantial amount of dollars in fees for insurance on a minimal number of acres.

A second provision that caused undue confusion involved the delivery system implemented by the Consolidated Farm Service Agency (CFSA) within USDA. Because each agricultural producer could be required to purchase at least the CAT insurance policy, Congress allowed CFSA local offices to sell CAT coverage in those areas of the country where private insurance agents were not available or not readily available. As implemented, however, CFSA became an instant competitor with insurance agents around the country. Because the new MPCI program was late in clearing Congress and even later in getting into the field, local CFSA personnel obviously were confused during the initial start-up of the new program. This confusion was spread throughout farm country during this past spring and harmed a program that already was disliked and unused by a majority of producers in almost every part of the country.

It also has come to the Committee's attention that the assistant administrator for risk management who is the FCIC manager and responsible for its day-to-day operations also has become totally absorbed by CFSA administrators to the extent that risk management and crop insurance are being run as if they were just another farm program, in other words, not in an actuarially-sound manner. Under any policy scenario, Federal farm price and income support programs are in transition, making it vitally important that our agricultural producers have sound risk management programs they can use the price and yield protection and marketing assistance without undue USDA intervention. Creating an independent agency and then subsuming the congressional policy objective of providing new risk management techniques, including MPCI offered generally through a private delivery system, within the scope of traditional, 50-year old New Deal policies does not make sense. Congress clearly set new policy and structural changes at the new CFSA, and thus far, CFSA has ignored many of those policy objectives.

Amendments included in title V of H.R. 2854 change both the mandatory link of MPCI and USDA farm and credit programs so that producers not wanting to purchase CAT coverage could do so by waiving the right to any possible crop disaster assistance for the crop year in which CAT coverage had been offered by the FCIC but not purchased by the producer. This saves $180 million over the seven-year period.

Additional amendments provide for a totally private delivery system in areas determined by the secretary to be adequately served by private insurance providers.

Other amendments included in the budgetary provisions establish a fully independent Office of Risk Management with an administrator who will manage the FCIC as well as assume other risk management responsibilities enumerated by the amendments. The Secretary of Agriculture is directed to (shall) appoint the Administrator of the Office of Risk Management.

Within the next year, the Secretary is directed to establish a business interruption insurance program that will allow producers

to utilize a revenue-insurance based approach to risk management in lieu of, or in addition to, crop insurance.

Title V would also give the Secretary discretion to continue to operate the Options Pilot Program, which was established by the Food, Agriculture, Conservation, and Trade Act of 1990 (the 1990 Act). By giving the Secretary authority to modify the program in order to reflect changes to the commodity programs made by this bill, USDA will continue to have the ability to offer farmers, on a pilot basis, the use of futures markets an another tool in managing risk.

Finally, Title V amends section 2509 of the 1900 Act to fix a problem with the Agricultural Quarantine Inspection (AQI) user fee account. The 1990 Act authorized user fees for AQI inspection activities, including inspections of aircraft, vessels, trucks, railcars, and airline passenger baggage arriving in the U.S. from foreign countries. When this authority was originally proposed by USDA's Animal and Plant Health Inspection Service (APHIS), the method of collection, which was specified in the draft legislation, would have allowed airlines to collect the fees through the passenger ticketing process, with the fees being deposited into a dedicated U.S. Treasury account from which USDA would be reimbursed on a quarterly basis. This method would have been consistent with the collection processes of the U.S. Customs Service and the Immigration and Naturalization Service and would not have subjected the fees to the appropriation process. However, as passed, expenditure of the fees is subject to the appropriation process. This was done apparently because the Congressional Budget Office would not credit budget savings that are achieved through the assessment of user fees are subject to appropriation, so that the Agriculture Committee could ensure that the savings would be reflected in their budget process.

Unfortunately, this method of collection and disbursement has created some problems. The process of requesting quarterly disbursements from the treasury is cumbersome, and the request for disbursement does not guarantee that the funds will be provided. An additional problem is the fact that the AQI program remains subject to staff-year limitations, even though passengers and airlines are now paying for the service. Staff year ceilings are set by the Office of Management and Budget, and because this process is separate from the budget process, the staff ceilings are not always consistent with the budget. This means that, in any given year, there may be adequate funding but inadequate staff levels, or adequate staff levels but inadequate funding.

The amendment to the AQI program in title V would correct these problems. First through fiscal year 2002, APHIS would be able to access fees collected beyond the appropriated amount after the yearly appropriation bills are passed. Second, beginning in fiscal year 2003, the AQI user fee account truly becomes a user fee account, not subject to any appropriation. Finally, the staff-year limitation problem would also be remedied by exempting APHIS staff years used for AQI activities from the Federal Workforce Restructuring Act of 1994. These changes will ensure that the AQI program will function as a user fee program is supposed to func-

tion, and that APHIS will have the ability to have the necessary number of employees engaged in AQI activities.

TITLE VI—COMMISSION ON 21ST CENTURY PRODUCTION AGRICULTURE

The changes in Federal farm policy made in the preceding subtitles are a dramatic departure from current farm commodity programs. Many of those involved in production agriculture from the farmer to the economist, to rural lenders, and especially to those with an economic interest in current programs, are concerned that a change of the magnitude described in the preceding titles coupled with less Federal subsidy dollars will adversely affect not only the U.S. agricultural industry, but also rural America. While the dramatic changes proposed for the Federal Government's involvement in agriculture as prescribed by H.R. 2854, are in fact a recognition of the changing rural and urban landscape of America, an examination of the changes wrought by these policy changes and what farm policies are needed for the 21st Century farm sector is in order.

When the present Federal programs for agriculture were adopted, the nation was in the darkest depths of the Great Depression of the 1930's. Not everyone believed the Federal Government should get involved in agriculture. Indeed, the original Agricultural Adjustment Act of 1933 was declared unconstitutional by the Supreme Court. But a consensus was reached and the United States Government embarked upon a course of substantial involvement in agriculture. The present programs were claimed to be created out of political and economic necessity, because the nation was largely rural and the majority of the population lived on farms or rural areas.

In the intervening 60 years, the United States has been transformed into a largely urban society with less than 2 million citizens on farms. There is evidence that Federal farm programs may have eased the transition from a rural society to an urban society. While the U.S. is now largely an urban population, nearly 20 percent of the Gross National Product can be attributed to agriculture if the entire sector is considered, i.e., from the farm to the manufacturing, distribution, and input infrastructure involved in modern agriculture's miracle of productivity.

The United States is blessed with a very valuable asset: fertile land, with adequate moisture, growing season, and dedicated users of such land that make it the envy of the world. The challenge for the United States as we enter the 21st Century is how do we wisely use our very valuable natural resource: agriculture. The present system of agricultural price supports and supply control programs have come under increasing attack by economists, environmentalists, and farmers as being inadequate for modern agriculture. The Agricultural Market Transition Act is meant to be a transition policy for U.S. agriculture. but a transition to what?

Over the 7 years of the transition contract, the Congress hopes a national debate can take place as to what should be the Federal involvement in production agriculture in the 21st Century. Should it be a system of direct price supports found in the present system? Should it be some type of income support mechanism that provides some means of income or revenue protection given the nature of production agriculture, which is subject to the vagaries of weather,

pestilence, and geo-political market disruptions. Should the Federal involvement in production agriculture be limited to only foreign market development and research that enhances U.S. agriculture's relative competitive position? Or can many of the goals necessary to have a healthy food and fiber sector be accomplished through Federal tax policy?

To stimulate substantial debate and provide answers to these questions, title VI establishes a Commission on 21st Century Production Agriculture, which is designed to give future Congresses and Presidents and others information and feedback to gauge the effectiveness of the changes made by this legislation, and also to recommend further appropriate Federal policy and involvement in production agriculture. The Commission is to conduct a "look-back" (how successful is Agricultural Market Transition Act) and a "look-to-the-future" that recommends new or different policies for 21st Century agriculture.

This commission, comprised of 11 members to be appointed by the President and the Chairmen of the House and Senate Agriculture Committees in consultation with their Ranking Minority Members, will conduct a comprehensive review of changes in the condition of the agricultural sector, taking into account land values, regulatory and taxation burdens, export markets, and progress under international trade agreements. The Commission will also make an assessment of changes in production agriculture, identify the appropriate future relationship between the Federal Government and production agriculture after 2002, and assess the future personnel and administrative needs of USDA. Not later than June 1, 1998, the Commission is to report its interim findings with respect to its comprehensive review of the condition of the agricultural sector. Not later than January 1, 2001, the commission shall submit its final report concerning its assessments and determinations regarding the future role of the Federal Government in farm policy.

TITLE VII—EXTENSION OF CERTAIN AUTHORITIES

Provisions of the Agricultural Trade Development and Assistance Act of 1954, incorporating the Food for Peace program, and the Food for Progress Act of 1985, that authorize the U.S. Department of Agriculture (USDA) and the Agency for International Development (AID) to enter into new agreements with other governments, private voluntary organizations, and international organizations to finance and provide food assistance expired in 1995. Title VII of the bill extends this authority through 1996.

Both USDA and AID will have the authority through 1996 to enter into agreements under the Food for Peace and Food for Progress programs to provide assistance under Title I of the Food for Peace program, Title II (non-emergency) of the Food for Peace program, operational support for private voluntary organizations and cooperatives, Title III of the Food for Peace program, the Farmer-to-Farmer program, and the Food for Progress program. Authority to enter into agreements under Title II (emergency) of the Food for Peace program was not affected, since the Act includes adequate authority to provide emergency assistance through the Food for Peace program.

SECTION-BY-SECTION ANALYSIS

Section 1—Short title; table of contents

The "AGRICULTURAL MARKET TRANSITION ACT"

TITLE 1—AGRICULTURAL MARKET TRANSITION PROGRAM

Section 101. Purpose

The main purpose of this title is to authorize the use or binding production flexibility contracts between the United States and agricultural producers to support farming certainty and flexibility while ensuring continued compliance with farm conservation compliance plans and wetland protection requirements.

Section 102. Definitions

This section contains definitions of terms used throughout Title I. "Contract commodity" includes wheat, corn, grain sorghum, barley, oats, upland cotton, and rice; "contract acreage" means one or more crop acreage bases established under title V of the Agricultural Act of 1949 that would have been in effect for the 1996 crop; and "loan commodity" means each contract commodity plus extra long staple cotton and oilseeds.

Section 103. Production flexibility contracts

Section 103(a), in paragraph (1), authorizes the Secretary to enter into 7-year production flexibility contracts between 1996 and 2002 with eligible owners and operators on a farm containing eligible farmland. In exchange for annual payments under the contract, the owner or operator must agree to comply with the applicable conservation plan for the farm, the wetland protection requirements of title XII of the Food Security Act of 1985, and the planting flexibility requirements of subsection (j).

Section 103(a), in paragraph (2), describes eligible owners and operators, that include:

(A) an owner who assumes all risk of producing a crop;

(B) an owner who shares in the risk of producing a crop;

(C) an operator with a share-rent lease regardless of the length of such lease if the owner also enters into the contract;

(D) an operator with a cash rent lease that expires on or after September 30, 2002, in which case the consent of the owner is not required;

(E) an operator with a cash rent lease that expires before September 30, 2002, and the owner consents to the contract;

(F) an owner with a cash rent lease, but only if the operator declines to enter into a contract, in which case payments under the contract will not begin until the fiscal year following the year in which the lease expires; and

(G) an owner or operator described in (A) through (F) regardless of whether the owner or operator purchased catastrophic risk protection for a fall-planted 1996 crop under section 508(b) of the Federal Crop Insurance Act.

Section 103(a), in paragraph (3), instructs the Secretary to provide adequate safeguards to protect the interests of operators who are tenants and sharecroppers.

Section 103(b), in paragraph (1), provides that the deadline for entering into a contract is April 15, 1996, except that owners and operators on farms which contain acreage enrolled in the Conservation Reserve Program ("CRP") may enter into a contract upon the expiration of the CRP contract.

Section 103(b), in paragraph (2), provides that the contracts shall begin with the 1996 crop year and extend through the 2002 crop year.

Section 103(b), in paragraph (3), provides that, at the time a contract is signed, the Secretary shall estimate the anticipated payments that will be made under the contract for at least the first fiscal year.

Section 103(c) describes eligible farmland, which is land that contains a crop acreage base, at least of portion of which was enrolled in the acreage reduction programs authorized for a crop of rice, upland cotton, feed grains, or wheat and which has served as the basis for deficiency payments in at least one of the 1991 through 1995 crop years. With respect to contracts for acreage enrolled in the CRP, such contract acreage must have crop acreage base attributable to it.

Section 103(d) establishes the payment dates under the contracts as September 30 of each of the fiscal years 1996 through 2002, and provides that an owner or operator may opt to receive half of each annual payment on December 15 of each fiscal year 1997–2002. For the 1996 fiscal year, an owner or operator may elect to receive half of the payment not later than June 15.

Section 103(e), in paragraph (1), establishes spending limits of:

(A) $5,570,000,000 for FY 1996;
(B) $5,385,000,000 for FY 1997;
(C) $5,800,000,000 for FY 1998;
(D) $5,603,000,000 for FY 1999;
(E) $5,130,000,000 for FY 2000;
(F) $4,130,000,000 for FY 2001; and
(G) $4,008,000,000 for FY 2002.

Section 103(e), in paragraph (2), allocates the fiscal year amounts among the contract commodities as follows:

(A) Wheat, 26.26 percent;
(B) corn, 46.22 percent;
(C) grain sorghum, 5.11 percent;
(D) barley, 2.16 percent;
(E) oats, 0.15 percent;
(F) upland cotton, 11.63 percent; and
(G) rice, 8.47 percent.

Section 103(e), in paragraph (3), directs the Secretary to adjust the amounts allocated in paragraph (2) for a particular fiscal year by:

(A) adding producer repayments of deficiency payments received during that fiscal year under section 114(a)(2) of the Agricultural Act of 1949 (as then in effect);

(B) adding contract payments withheld at the request of producers, during the preceding fiscal year as an offset against repayments of deficiency payments otherwise required under section 114(a)(2) of the Agricultural Act of 1949 (as then in effect);

(C) adding contract payments which are refunded during the preceding fiscal year under section 103(h) (of this Act) for the commodity; and

(D) subtract an amount equal to the amount, if any, necessary during that fiscal year to satisfy payment requirements for the commodity under section 103B, 105B, or 107B of the Agricultural Act of 1949 (as then in effect prior to the amendment made by section 109(b)(2)) for the 1994 and 1995 crop years.

Section 103(e), in paragraph (4), provides for an additional adjustment to the amounts allocated for each contract commodity in order to cover any final payments required under sections 101B of the Agricultural Act of 1949 (as then in effect) for the 1994 and 1995 crop years. As soon as the Secretary determines these amounts, it will be deducted evenly from the amounts allocated for each contract commodity over the remaining fiscal year allocations.

Section 103(f) provides the method for determining payments under a particular contract:

Paragraph (1) establishes the process for determining the payment quantity of a contract commodity, which is the product of 85 percent of the contract acreage and the farm program payment yield for the commodity.

Paragraph (2) provides that the payment quantity of each contract commodity covered by all contracts for each fiscal year shall equal the sum of all the payment quantities under paragraph (1).

Paragraph (3) provides that the annual payment rate for a contract commodity shall be the amount made available under 103(e) for the commodity divided by the total payment quantity under paragraph (2).

Paragraph (4) provides that the payment amount to be paid under a contract on a commodity shall be equal to the product of the payment quantity determined under paragraph (1) and the payment rate determined under paragraph (3).

Paragraph (5) provides that the provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act relating to assignment of payments shall apply to contract payments under the subsection, and requires that the owner, operator, or assignee notify the Secretary of such assignment.

Paragraph (6) directs the Secretary to allow for the sharing of payments among owners and operators in a fair and equitable manner.

Section 103(g) provides that the total amount of payments under a contract during any fiscal year may not exceed the payment limitation established under sections 1001 through 1001C of the Food Security Act of 1985.

Section 103(h), in paragraph (1), authorizes the Secretary to terminate a contract if an owner or operator violates the farm's conservation compliance plan, wetland protection requirements, or planting flexibility provisions. Upon termination, the owner or operator forfeits future payments and must refund payment with interest as determined by the Secretary received on each farm in which the owner or operator contracted for payments during the period of the violation.

Section 103(h), in paragraph (2), provides that, if the Secretary determines that the nature of the violation does not warrant termination of the contract as provided in paragraph (1), the Secretary may—

(A) require a partial refund with interest for the period of the violation; or

(B) adjust future contract payments proportionate to the severity of the violation.

Section 103(h), in paragraph (3), prohibits the Secretary from requiring repayments from an owner or operator if farmland which is subject to the contract is foreclosed upon and the Secretary determines that forgiving such repayment is appropriate in order to provide fair and equitable treatment. This authority does not void the responsibilities of such owner or operator if the owner or operator continues or resumes control or operation of the property subject to the contract, and in effect resumes contract over the contract.

Section 103(h), in paragraph (4), provides that a determination by the Secretary under this subsection shall be considered as an adverse decision for purposes of administrative review.

Section 103(i), in paragraph (1), provides for rules for transfers of land subject to a contract. Upon a transfer, a contract is automatically terminated unless the transferee agrees to assume all obligations under the contract. A transferee may request modifications to a contract before assuming it, if the Secretary approves and the modifications are consistent with the objectives of this section as determined by the Secretary.

Section 103(i), in paragraph (2), authorizes the Secretary to issue regulations regarding contract payments in instances in which an owner or operator dies, becomes incompetent, or is otherwise unable to receive a contract payment.

Section 103(j) establishes planting flexibility provisions on land subject to a contract.

Paragraph (1) provides that, subject to the limitations in paragraph (2), any commodity or crop may be planted on contract acreage.

Paragraph (2), in subparagraph (A), provides that, with respect to contract acreage beyond 15 percent, haying and grazing shall be permitted except during any consecutive 5-month period designated by the State Committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act between April 1 and October 31st of each year, unless waived by the Secretary because of a natural disaster. Contract acreage on which contract commodities are planted for harvest may be hayed or grazed at any time without limitation.

Paragraph (2), in subparagraph (B), provides that alfalfa may be grown on contract acreage beyond 15 percent without any restriction, except that the quantity of acreage eligible for a contract payment shall be reduced proportionately for each acre beyond 15 percent.

Paragraph (2), in subparagraph (C), provides that the planting of fruits and vegetables shall be prohibited on contract acreage, except in any region in which there is a history of double-cropping,

as determined by the Secretary. This prohibition does not apply to lentils, mung beans, and dry peas.

Section 104. Nonrecourse marketing assistance loans and loan deficiency payments

Section 104(a), in paragraph (1), directs the Secretary to make nonrecourse marketing assistance loans available to eligible producers on a farm for loan commodities for each of the 1996 through 2002 crops of such commodities under terms and conditions prescribed by the Secretary at rates established under section 104(b).

Section 104(a), in paragraph (2), provides that the amount of production eligible for a marketing assistance loan includes all production of a loan commodity produced by a producer who has entered into a contract, and any production of extra long staple cotton and oilseeds.

Section 104(a), in paragraph (3), provides for recourse loans for high moisture corn and grain sorghum for the 1996 through 2002 crops, available to producers who normally harvest all or a portion of their corn or grain sorghum in a high moisture state, provided that they present adequate documentation to the Secretary regarding the amount harvested.

Section 104(b), in paragraph (1), provides that the loan rate for wheat is not less than 85 percent of the 5-year Olympic average, with a maximum of $2.58 per bushel, and the Secretary has authority to further decrease the loan rate in a particular year based on supply-use ratios.

Section 104(b), in paragraph (2), provides that the loan rate for corn shall be not less than 85 percent of the 5-year Olympic average, with a maximum of $1.89 per bushel, and the Secretary has authority to further reduce the loan rate in a particular year based on supply-use ratios. Loan rates for other feed grains are to be set at rates which are fair and reasonable in relation to the rate for corn based on feeding value.

Section 104(b), in paragraph (3), provides that the loan for upland cotton shall be not less than the lower of either:

(i) 85 percent of the average U.S. spot market price during the preceding 5 marketing years, excluding the highest and lowest-price years, or

(ii) 90 percent of the average price of the 5 lowest priced growths quoted for Northern Europe during a specified period, adjusted downward to account for differences between the Northern Europe and U.S. spot market prices.

However, in any case, the loan rate shall not be less than $0.50 per pound nor more than $0.5192 per pound.

Section 104(b), in paragraph (4), provides that the loan rate for extra long staple cotton shall be not less than 85 percent of the 5-year Olympic average, with a maximum of $0.7965 per pound.

Section 104(b), in paragraph (5), provides that the loan rate for rice shall be $6.50 per hundredweight.

Section 104(b), in paragraph (6), provides that the loan rate for oilseeds: soybeans are $4.92 per bushel, sunflower seed, canola, rapeseed, safflower, mustard seed, and flaxseed are $0.087 per pound; and other oilseeds are set at a level that is fair and reasonable in relation to the loan rate available for soybeans other than

cottonseed (not to be less the rate for soybeans on a per pound basis).

Section 104(c) provides that the term of a loan shall be nine months, except that a loan for upland or extra long staple cotton be ten months, starting on the first day of the first month after the month in which the loan is made. The Secretary may not extend loans.

Section 104(d) establishes repayment provisions for loan commodities.

Paragraph (1) provides that, in general, the repayment rate for marketing assistance loan (other than extra long staple cotton) is the lesser of:

(A) the loan rate; or

(B) the prevailing world market price (adjusted to U.S. quality and location), as determined by the Secretary.

Paragraph (2) provides that, with respect to wheat, feed grains, and oilseeds, the repayment rate shall be set by the Secretary at such level as will:

(A) minimize potential loan forfeitures;

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

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

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

Paragraph (3) sets the repayment rate for extra long staple cotton at the loan rate plus interest.

Paragraph (4) instructs the Secretary to prescribe by regulation a formula to determine the prevailing world market price and a mechanism to periodically announce the prevailing world market price.

Paragraph (5) provides upland cotton prevailing world market price adjustment authority based on the Northern Europe price differential, with further adjustment authority based on the U.S. export share, current cotton exports and sales, and other data determined by the Secretary to be relevant. Such adjustments may not exceed the difference between the average U.S. price and the northern Europe price.

Section 104(e) directs the Secretary to make loan deficiency payments to producers who forego obtaining a loan under subsection (a) in an amount equal to the difference between the loan rate for a commodity and the level at which it may be repaid. However, there is no authority for loan deficiency payments for extra long staple cotton.

Section 104(f) provides special marketing loan provisions for upland cotton.

Paragraph (1) provides authority for cotton user marketing certificates (commonly referred to as "Step 2"), under which certificates (which may be redeemed for CCC-owned commodities) or cash payments must be made available to first handlers of cotton whenever the prevailing market price (adjusted for U.S. quality and location) is below the current loan repayment rate. The values of the certificates (or the amount of the payment) is based on the dif-

ference between the adjusted world price and the loan repayment level. The Secretary is required to make payments, either in cash or marketing certificates, to domestic users and exporters for documented purchases whenever (i) the weekly U.S. Northern Europe price exceeds the Northern Europe price by more than 1.25 cents per pound for a consecutive four-week period; and (ii) the adjusted world market price does not exceed 130 percent of the loan rate. However, no payments will be issued if, for the preceding consecutive 10-week period, the weekly U.S. Northern Europe price, adjusted for the value of any certificates or payments issued, exceeds the Northern Europe price be more than 1.25 cents per pound. The value of the certificates (or the amount of the payments) is the difference between the two prices, minus 1.25 cents, per pound. Total expenditures for Step 2 payments are limited to $701,000,000 during fiscal years 1996 through 2002.

Paragraph (2) extends special import quota provisions (commonly known as "Step 3") which requires that a special import quota be opened if, for a consecutive 10-week period, the U.S. Northern Europe price, adjusted for the value of any payments issued under Step 2, exceeds the Northern Europe Price by more than 1.25 cents per pound. The amount of the quota is equal to 1 week's domestic mill consumption. Importers have 90 days to purchase and 180 days to enter the cotton into the U.S. after the quota is announced, and quota periods can overlap.

Section 104(g) extends the limited global quota provisions, which direct the President to carry out an upland cotton import quota program whenever the Secretary determines and announces that the average price in designated U.S. spot markets for a month, as determined by the Secretary, exceeded 130 percent of such average price for the last 36 months. The quantity of this import quota is equal to 21 days of domestic mill consumption, but this quota cannot overlap with any quota announced under section 104(f).

Section 104(h) provides general authority for the Secretary to use the Commodity Credit Corporation ("CCC") and other means available to carry out the loans authorized by this section, and directs the Secretary to get adequate processor assurances that producers will get loan program benefits whenever a loan program includes payments to processors.

Section 104(i) gives the Secretary general authority to make appropriate adjustments in loan levels based on grade, type, quality, location, and other factors.

Section 104(j) provides that, in general, a producer is not personally liable for any deficiency rising from the sale of collateral securing a nonrecourse loan. However, exceptions are provided for quality or quantity deficiencies, failure to properly care or maintain collateral, or a failure to deliver a commodity. This section also provides that any security interest obtained by CCC in sugarcane or sugarbeets as a result of a security agreement by a processor shall be superior to all common law and statutory liens in favor of producers.

Section 104(k) provides authority for CCC to sell any inventory commodities at any price that the Secretary determines will maximize returns to CCC, except that this authority does not apply to sales:

(A) for new or byproduct uses;

(B) of peanuts or oilseeds (if used for oil);

(C) for seed if the sale will not impair a loan program;

(D) of deteriorated-quality commodities that are in danger of spoiling;

(E) for the purpose of establishing a claim arising out of a fraudulent or other wrongful act pursuant to a contract;

(F) for export; or

(G) for other than a primary use.

The Secretary is also authorized to make CCC-owned commodities available in any Presidential disaster area.

Section 105. Payment limitation

Section 105(a) amends section 1001 of the Food Security Act of 1985 to provide that the total amount of contract payments to a person under section 103 of this Act may not exceed $40,000 during any fiscal year, and that the total annual amount of marketing loan gains or loan deficiency payments to a person for loan commodities under section 104 of this Act may not exceed $75,000.

Section 105(b) makes necessary conforming changes to the Food Security Act of 1985.

Section 106. Peanut program

Section 106(a) provides nonrecourse loans to quota peanut producers at $610 per ton, and directs the Secretary to reduce the loan rate by 5 percent to any producer who had an offer from a handler to purchase quota peanuts, for delivery within the same county or a contiguous county, at a price equal to or greater than the applicable quota support rate, for the peanuts that were subject to the offer.

Section 106(b) provides nonrecourse loans to producers of additional peanuts at such rates as the Secretary finds appropriate.

Section 106(c) directs the Secretary to make price support loans available through area marketing associations via warehouse storage loans, where appropriate, and provides that administrative costs by an area marketing association shall be included in such loans. The Secretary is directed to require area marketing associations to establish and maintain pools for quota peanuts, with separate pools for New Mexico Valencia peanuts, and that net gains from each pool shall be distributed only to producers in the pool.

Section 106(d) provides that losses in quota pools shall be covered using the following sources in the following order or priority:

(1) gains on transfers of peanuts from additional loan pools;

(2) gains from domestic and export edible use sales of additional peanuts from additional pools;

(3) buy-back gains within the area;

(4) marketing assessment funds collected from growers under subsection (g) (except funds attributable to handlers) with any unused assessment funds being transferred to the Treasury;

(5) gains or profits from quota pools in other production areas (not including separate type pools established for Valencia peanuts produced in New Mexico) and then buy-back gains in other areas; and

(6) an increase in the marketing assessment for such quota pool.

Section 106(e) provides that the Secretary may not make loans available for quota peanuts for any crop of quota peanuts for which producers have disapproved the poundage quota.

Section 106(f) directs the Secretary to continue to promote quality improvement of peanuts.

Section 106(g) provides that first handlers (initial purchasers of peanuts) and producers pay a marketing assessment to CCC on all peanuts sold equal to 1.2 percent of the national average loan rate, with first handlers paying .60 percent in 1996 and .65 percent in 1997 through 2002.

Section 106(h) provides that subsections (a) through (f) are applicable to the 1996 through 2002 crops of peanuts.

Section 106(i), in paragraph (1), amends the peanut quota provisions contained in part VI of subtitle B of title III of the Agricultural Adjustment Act of 1938 (the "1938 Act") by extending such provisions through the 2002 marketing year.

Section 106(i), in paragraph (2), amends section 358–1(b)(1) and 358–1(b)(2) of the 1983 Act to provide eligibility provisions for farm poundage quota. Beginning with the 1997 marketing year, farms: (i) owned or controlled by municipalities, airport authorities, schools, colleges, refuges, and other public entities; or (2) owned or controlled by a person who is not a producer and resides in another State; will no longer be allocated any farm poundage quota by the Secretary, and any farm poundage quota held by such entities at the end of the 1996 marketing year shall be allocated to other farms in a State.

Section 106(i), in paragraph (3), amends section 358–1(a)(1) of the 1938 Act by eliminating the 1,350,000 ton minimum national poundage quota.

Section 106(i), in paragraph (4), amends section 358–1(b)(2) of the 1938 Act by deleting the current subparagraph (B) relating to allocation of increased quota in Texas and inserting a new subparagraph (B) authorizing temporary increases in quota based on seed use. Amended section 358–1(b)(2), in subparagraph (B), provides that, for the 1996 through 2002 marketing years, a temporary quota allocation for the marketing year only in which the crop is planted, equal to the number of pounds of seed peanuts planted for the farm that shall be made to the producers for the 1996 through 2002 marketing years, in addition to the normal farm poundage quota established under section 358–1. Subparagraph (B) also provides that there is no change in the requirement regarding the use of quota and additional peanuts established by section 359a(b) of the 1938 Act. Also, subsection (a)(1) of such section no longer includes "seed" in the estimate of domestic edible use by the Secretary.

Section 106(i), in paragraph (5), amends section 358b(a)(1) of the 1938 Act relating to farm poundage quota transfer. Amended section 358b(a)(1) allows farm poundage quota to be sold or leased, either before or after the normal planting season, to any other owner or operator of a farm in the same State. Current provisions requiring 90 percent of a farm's basic quota to be planted or considered

planted before a fall (or after the normal planting season) transfer is allowed are maintained.

Section 106(i), in paragraph (6), eliminated undermarketings by deleting paragraphs (8) and (9) of section 358–1(b) of the 1938 Act, with necessary conforming changes to other sections.

Section 106(i), in paragraph (7), adds a new paragraph (8) to amended section 358–1(b) of the 1938 Act which authorizes the transfer of additional peanuts from a farm to a quota loan pool in cases in which quota poundage was not harvested and marketed because of drought, flood, or any other natural disaster, except that the such peanuts shall be supported at 70 percent of the quota support rate, and such transfer shall not exceed 25 percent of the total farm quota pounds.

Section 107. Sugar program

Section 107(a) sets the loan rate for domestically grown sugarcane at 18 cents per pound for raw cane sugar.

Section 107(b) sets the loan rate for domestically grown sugar beets at 22.9 cents per pound for refined beet sugar.

Section 107(c) requires the Secretary to reduce the loan rate specified in subsections (a) and (b) if the Secretary determines that negotiated reductions in export subsidies provided for sugar of the European Union and other major sugar exporting countries in the aggregate exceed the commitments made as part of the Agreement on Agriculture. It also provides that the Secretary shall not reduce the loan rate under subsections (a) and (b) below a rate that provides domestic sugar an equal measure of support to that provided by the European, Union and other sugar exporting countries based on the provisions of Agreement on Agriculture, section 101(d)(2) of the Uruguay Round Agreements Act.

Section 107(d) provides that loan terms are the earlier of 9 months, or the end of a fiscal year, with supplemental loan authority (up to a total on nine months) for loans maturing at the end of a fiscal year.

Section 107(e) provides for the Secretary to carry out the section through the use of recourse loans for sugar. However, it also provides that during any fiscal year in which the tariff rate quota (TRQ) for imports of sugar into the U.S. is set, or increased to, a level that exceeds 1,500,000 short tons raw value, the Secretary is directed to carry out this section by marking nonrecourse loans (previously made recourse loans are to be modified by the Secretary into nonrecourse loans). If the Secretary is required to make nonrecourse loans (or modify recourse loans) under this subsection during a fiscal year, the Secretary is to obtain from processors adequate assurances that such processors will provide appropriate minimum payments to producers as set by the Secretary.

Section 107(f) requires first processors of raw cane sugar to remit to CCC nonrefundable marketing assessment for each pound of raw cane sugar equal to 1.1 percent of the loan rate for fiscal year 1996 (1.375 percent for 1997 through 2003) while first processors of sugar beets are to remit to CCC a marketing assessment of 1.1794 percent for fiscal year 1996 (1.47425 percent for 1997 through 2003), on all marketings. Assessments are to be collected on a monthly basis, except that any inventory which has not been mar-

keted by September 30 of a fiscal year shall be assessed at that point, except that the latter sugar shall not be assessed later when it is marketed. Any person who fails to remit the assessment is liable for a penalty based on the quantity of the sugar involved in the violation times the applicable loan rate at the time of violation.

Section 107(g) provides for an additional penalty (1 cent per pound on cane sugar, pro rata on beet sugar) to be assessed on the forfeiture of any sugar pledged as collateral for a loan.

Section 107(h) requires processors and refiners to report such information to the Secretary as is required in order to administer the program. A penalty applies for failure to report and the Secretary is required to make monthly reports on pertinent sugar production, imports, distribution, and stock levels.

Section 107(i) repeals marketing allotments for sugar, contained in Part VII of subtitle B of title III of the 1938 Act.

Section 107(j) provides that this section is applicable to the 1996 through 2002 crops of sugar beets and sugarcane.

Section 108. Administration

Section 108 directs the Secretary to use CCC to carry out this title, and prohibits the Secretary from using any CCC funds for the salaries or expenses of any officer or employee of USDA. It also provides authority to issue necessary regulations, and provides that determinations made by the Secretary under this title are final.

Section 109. Elimination of permanent price support authority

Section 109 repeals the Agricultural Act of 1949 (certain necessary sections are transferred to the 1938 Act), and makes required conforming amendments.

Section 110.—Effect of amendments

Section 110 provides that the amendments made by this Act shall not affect the authority of the Secretary to carry out the 1991 through 1995 production adjustment programs in effect before this Act.

TITLE II—DAIRY

Section 201.—Milk Price Support Program

Section 201 continues the current authority of the Secretary of Agriculture to support the price of milk produced in the 48 contiguous states through the purchase of excess cheddar cheese from the commercial market through December 31, 2002. However, beginning on the first day of the first month not less than 30 days after the enactment of this Act, the Secretary will no longer be authorized to support the price of milk through the price of milk through the purchase of excess butter and nonfat dry milk from the commercial market.

It also establishes the support price for a hundredweight (cwt) of milk containing 3.67 percent butterfat at not less than $10.35 during calendar year 1996, not less than $10.25 during calendar year 1997, not less than $10.15 during calendar year 1998, not less than $10.05 during calendar year 1999, not less than $9.95 during cal-

endar year 2000, and not less than $9.85 during calendar year 2001 and thereafter.

Section 201 does not provide authority for the Secretary to assess producers to pay for any portion of the support program for milk (the current budget assessment is repealed with the rest of Section 204 of the Agricultural Act of 1949 by section 109(b)(2)). However, the Secretary is authorized to refund the budget assessments collected from a dairy producer in calendar year 1995 or calendar year 1996 if that producer can establish that he or she did not increase marketings of milk in that calendar year when compared to the preceding calendar year.

The authority of the Secretary to transfer milk products purchased under the support program to the military and veterans hospitals is continued. However, the CCC is to be reimbursed for all costs associated in making those products available to the military and veterans hospitals.

Section 202.—Recourse loans for commercial processors of dairy products.

Section 202 authorizes the Secretary to make recourse loans available to commercial processors of cheddar cheese, butter and nonfat dry milk dairy products to assist those processors in assuring price stability for the dairy industry. Loans are to be made available at 90% of the market price and at established CCC interest rates. Loans may not extend beyond the end of the fiscal year in which they are made, except that the Secretary may extend a loan for an additional period not to exceed the next fiscal year.

Section 203.—Dairy export incentive program

Section 203 extends the Dairy Export Incentive Program (DEIP) through December 31, 2002. The Secretary is directed to use DEIP at the maximum volume and funding levels permitted by the Uruguay Round. The Secretary is given sole discretion over DEIP and authorized to take market development into consideration, in addition to the difference between domestic and world prices, in establishing payment rates under DEIP.

In making these changes, it is the intent of the Committee that the DEIP program be run in the most efficient and cost-effective manner possible. USDA should, therefore, take all appropriate steps to implement these amendments by issuing or revising its DEIP regulations as soon as practicable. The Committee would further note that the recent "start and stop" approach to operating DEIP has undermined its effectiveness and, as a result, the Committee strongly encourages USDA to have any other program revisions along with the amendments made by this Act fully implemented by July 1, 1996.

Section 204.—Dairy promotion program

Section 204 extends the research and promotion assessment (15 cents/hundredweight) under the Dairy Production Stabilization Act of 1983 to dairy components, derivatives, and products imported into the United States, including casein (except casein imported under sections 3501.90.20 [casein glue] and 3501.90.50 [other] of the harmonized Tariff Schedule, at the rate of 1.2 cents per pound

of total milk solids in those products. The National Dairy Promotion and Research Board is expanded from 36 to 38 members to include an importer of dairy products into and an exporter of dairy products from the United States.

The Dairy Production Stabilization Act of 1983 is amended to require that the budget of the National Dairy Promotion and Research Board during each of the fiscal years from 1996 and 2000 shall provide for the expenditure of not less than 10 percent of anticipated revenues available to the Board on the development of international markets for, and the promotion within such markets of, U.S. dairy products.

The Secretary shall publish a proposed order reflecting these amendments to the Dairy Production Stabilization Act within 60 days of enactment and provide notice and an opportunity for comment. After consideration of any comments received on the proposed order, a final order shall be issued and become effective not later than 120 days after publication of the proposed order. Within 36 months after the issuance of a final order, the Secretary shall conduct a referendum for the sole purpose of determining whether the requirement of the amendments will be continued. The amendments will be continued if approved by a majority of those persons voting in the referendum. If the amendments are not approved, the old order shall be reinstated.

Section 205.—Fluid milk standards under milk marketing orders

Section 205 establishes minimum standards for fluid milk within Federal milk marketing orders as follows: for whole milk—not less than 8.8 percent milk solids not fat and not less than 3.25 percent milk fat; for 2 percent (lowfat) milk—not less than 10 percent solids not fat and not less than 2 percent milk fat; for 1 percent (light) milk—not less than 11 percent milk solids not fat and not less than 1 percent milk fat; and for skim (nonfat) milk—not less than 9 percent milk solids and not more than .25 percent milk fat.

The quality standards established by Section 205 for Federal milk marketing orders are equivalent to those currently in existence in California. By adopting these standards in all Federal milk marketing orders, the committee expects that the California state standards will remain in effect as well during the two-year period following the enactment of this Act.

Section 206.—Manufacturing allowance

Section 206 sets the maximum manufacturing allowance ("make allowance") which a state may provide for milk manufactured into butter, butter oil, nonfat dry milk, and whole dry milk at $1.65/hundredweight of milk, and for milk manufactured into cheese and whey of $1.80/hundredweight of milk during the two-year period beginning on the effective date of this section. Subsequent to that two-year period, the manufacturing allowance will be that amount determined by the Secretary under authority granted to the Secretary in section 221(b)(3).

Any state which provides for a higher make allowance for cheese than that provided by this section may not sell surplus cheese to the Commodity Credit Corporation (CCC) under the price support program. Any state which provides for a higher make allowance for

butter and nonfat dry milk than that provided by this section may not receive disbursements from the Class IV equalization pool under section 208.

Section 206 also suspends Section 102 of the 1990 Farm bill during the two-year transition period unless an injunction or other court order prohibits or impairs the implementation of this section of the Act. Section 102 is then repealed at the end of the two-year transition period.

The Secretary is authorized to implement and enforce this section without the issuance of regulations. Section 206 is effective on the first day of the first month beginning not less than 30 days after the date of the enactment of this Act.

In adopting section 206, the Committee intends only to establish a yardstick which the Secretary can use in determining whether a state may participate in the Class IV equalization pool or sell cheese to the CCC. It is not the Committee's intent to dictate changes in a state's pricing formula, but rather to bring about some measure of uniformity in the effective make allowances of processors under Federal orders and those subject to state orders using the yields and prices specified in section 206.

Therefore, in the case of the State of California, it is the intent of the Committee that the $1.80/hundredweight and the $1.65/hundredweight make allowances set during the two-year transition period by section 206 have the effect of lowering California's manufacturing allowances for cheese, butter, and nonfat dry milk by $.15/hundredweight, notwithstanding other adjustments made by the pricing formulas in the California order from their current levels. However, nothing in this section prevents the State of California from altering its own formulas in a way that would decrease its state make allowances for cheese, butter, and nonfat dry milk by more than $.15/hundredweight.

Section 207. Establishment of temporary Class I price and temporary Class I equalization pool

Section 207 makes temporary changes in the pricing and pooling of milk of the highest use classification (i.e., Class I or "fluid" milk) for a period of two years beginning on the first day of the first month not less than 30 days after enactment of the Act.

During this two-year "transition" period, this section creates a price floor for milk of the highest use classification (Class I milk) in a Federal milk marketing order of not less than $12.87/hundredweight plus the Class I differential in effect for that order on December 31, 1995. In the event that the Basic Formula Price exceeds $12.87/hundredweight in any month during that two-year period of time, the difference between the Basic Formula Price and $12.87 shall be added to the Class I price in every Federal milk marketing order in the second month following the month in which that difference occurred.

The section also creates a Class I equalization pool during this two-year period to more equitably share fluid milk revenues nationwide. Every month during the two-year period, each Federal milk marketing order and the California state order must pay into the pool an amount equal to $.80/hundredweight times the number of hundredweight of Class I milk marketing in that order during the

month. Similarly, every month during the two-year period, each of these orders will receive back from the Class I equalization pool an amount equal to the total monthly receipts in the pool times the ratio of the total milk marketed in that order during the month to the total milk marketed in all of those orders during the month.

The amendments required by Section 207 are not subject to a producer referendum, to the rulemaking requirements of title 5 of the U.S. Code, or to the review or approval of other executive agencies.

Section 208. Establishment of a temporary Class IV price and a temporary Class IV equalization pool

Section 208 makes temporary changes in the pricing and pooling of milk used to produce butter, butter oil, nonfat dry milk, and whole dry milk for a period of two years beginning on the first day of the first month not less than 30 days after enactment of the Act.

During this two-year "transition" period, this section establishes a "Class IV" price for milk used to manufacture these products. The section also creates a Class IV equalization pool the two-year "transition" period that is activated any month in which the Class IV price determined by the Secretary is less than the support price for milk used to manufacture cheese under section 201 (adjusted to 3.5 percent butterfat).

The Class IV pool is intended to create a more equitable sharing of any difference between the support price for milk used in cheese and the Class IV price for milk among all producers. In any month where the support price (adjusted to 3.5 percent butterfat) exceeds the Class IV price determined by the Secretary, the Class IV equalization pool will collect from each milk marketing order (Federal and state) or handler (in the case of unregulated milk) its proportionate share (the ratio of the total milk marketed under that order or by handler to the total milk marketed under all orders and by all handlers during that month) of 50 percent of that difference times the total Class IV milk marketed during that month. The Class IV pool will, then, disburse to an order or handler which marketed Class IV milk during that month its proportionate share of total collections (the ratio of Class IV milk marketed under that order or by that handler to the total Class IV milk marketed under all orders and by all handlers during that month).

The amendments required by Section 208 are not subject to a producer referendum, to the rulemaking requirements of title 5 of the U.S. Code, or to the review or approval of other executive agencies.

Section 209. Authority for establishment of standby pools

Section 209 authorizes the Secretary to invite proposals for the establishment of standby pools to facilitate the movement of milk over long distances. Participation in standby pools must be approved order-by-order as a separate order item.

Section 221. Issuance or amendment of Federal milk marketing orders to implement certain reforms

Section 221 requires the Secretary to issue new or amended milk marketing orders, which shall supersede any other statutes, rules

or regulations applicable to the pricing and marketing of milk and its products. The new or amended orders will accomplish the following reforms: (1) consolidation of existing Federal orders and other areas within the 48 contiguous states not covered by Federal orders into not more than 8 to 13 orders, with the State of California as one of those orders and with each order authorized to blend order proceeds as necessary to address issues unique to that order such as pre-existing state quota programs; (2) implementation of uniform multiple component pricing for milk used in manufactured dairy products; and (3) establishing class prices for milk used to produce cheese, nonfat dry milk, and butter based on national product prices less a manufacturing allowance (which shall not vary regionally except to reflect variances in transportation and reasonable operating costs, if any, of efficient processing plants in different geographical areas). The section further provides that these changes are not to affect the current status of producer handlers.

When the Secretary utilizes the authority granted under this section to reform and consolidate Federal milk marketing orders, the Committee expects that the Secretary will accomplish that task with a goal of maximizing dairy producer net income.

With respect to the blending of pool proceeds in a new or amended order which encompasses the entire geographic area of a single state and no other area, it is the intent of the Committee that the Secretary may use a milk pooling system within that State in lieu of Federal authorities to blend pool proceeds and manage any quota payment differential plan in operation in that State.

In implementing a program of multiple component pricing, the Secretary should apportion the total value of milk paid to producers based upon the milk's composition of butterfat, protein, and other solids.

The Committee also notes that the Secretary already has the authority to implement multiple component pricing on any class of milk in any Federal milk marketing order pursuant to section 112 of the Food, Agriculture, Conservation, and Trade Act of 1990. Section 221(b) simply requires that the new or amended orders created by this section will include uniform multiple component pricing for milk used in manufactured dairy products. The Committee expects the Secretary to similarly include multiple component pricing for milk used in fluid milk products when requested to do so, and following approval, by producers in any Federal milk marketing order.

Section 221(b) also requires the Secretary to establish class prices for milk based on national product prices less a manufacturing allowance. When establishing whether reasonable operating costs vary between efficient processing plants in different geographic regions, it is expected that the Secretary will audit, using uniform procedures, a significant representative sample of such plants in each region.

Section 222. Reform process

Section 222 provides an expedited process for the issuance of new or amended orders under section 221: (1) the Secretary has a limit of not more than 165 days after enactment to propose amendments

or new orders; (2) a comment period of not more than 75 days is established for the proposed amendments or new orders; and (3) the Secretary has not more than 120 days after the close of the comment period to publish a final administrative decision.

The section provides for a referendum in each new or amended order as soon as the Secretary's decision is implemented to determine whether the producers wish to terminate the order. Actions taken by the Secretary under sections 221 and 222 are not subject to the rulemaking requirements of title 5 of the U.S. Code and are not subject to review or approval by any other executive agency.

Section 223. Effect of failure to comply with reform process requirements

Section 223 provides that, in the event that the Secretary does not publish a final administrative decision reforming Federal milk marketing orders within one year of the date of enactment of the Act, the Secretary's authority to assess producers and handlers for order administration and services is terminated. However, those services must continue and be financed out of funds available to the Agricultural Marketing Service.

The section further provides that, unless the Secretary certifies to Congress within two years of the date of enactment of the Act that all of the Federal milk marketing order reforms required by section 221 are fully implemented, all Federal price support activity, milk marketing orders, Dairy Export Incentive Program activities, and promotion activities under both the producer and fluid processor promotion programs will cease immediately.

In the event that the Secretary is enjoined or otherwise restrained by a court order from publishing or implementing the reform requirements specified by section 221, the length of time for which that injunction or other restraining order is effective shall be added to the time limitations specified in subsections (a) and (b) thereby extending those time limitations by a period of time equal to the period of time for which the injunction or other restraining order is effective.

TITLE III—CONSERVATION

Section 301. Conservation

Section 301(a) amends Subtitle E of title XII of the Food Security Act of 1985 to provide mandatory funding for the fiscal years 1996 through 2002 for the Conservation Reserve Program, the Wetlands Reserve Program, and $100,000,000 per year for the Livestock Environmental Assistance Program created by this title.

Section 301(b) amends Subtitle D of title XII of the Food Security Act of 1985 by adding a new Chapter 4, which creates the Livestock Environmental Assistance Program.

Authorized through 2002, LEAP is authorized to provide technical assistance and cost-share and incentive payments to livestock producers who undertake land management or structural practices, funded through direct spending of $100,000,000 each fiscal year, with directions to the Secretary in how to develop priority areas with respect to spending. The Secretary is authorized to enter into contracts (up to ten years) to carry out this program. Operators of

large confined livestock operations are ineligible to receive cost-share assistance for animal waste management facilities.

Section 301(c), in paragraph (1), replaces permanent easement authority in the Wetlands Reserve Program with 15-year easement authority by amending section 1237 of the Food Security Act of 1985.

Section 301(c), in paragraph (2), modifies the Conservation Reserve Program (section 1235 of the Food Security Act of 1985) by limiting total acreage enrollment to 36,400,000 acres.

TITLE IV—AGRICULTURAL PROMOTION AND EXPORT PROGRAMS

Section 401.—Market Promotion Program

Section 401 authorizes $100,000,000 annually for fiscal years 1996 through 2002 for the Market Promotion Program authorized by the Agricultural Trade Act of 1978.

Section 402. Export Enhancement Program

Section 402 amends the section 301(e)(1) of the Agricultural Trade Act of 1978 to limit the amount of the CCC funds available for the Export Enhancement Program as follows: $350,000,000 for fiscal years 1996 and 1997; $500,000,000 for fiscal year 1998; $550,000,000 for fiscal year 1999; $579,000,000 for fiscal year 2000; and $478,000,000 for fiscal years 2001 and 2002.

TITLE V—MISCELLANEOUS

Section 501. Crop insurance

Section 501(a) amends section 508(b)(4) of the Federal Crop Insurance Act to provide that the Secretary may only continue to offer catastrophic risk protection through local USDA offices if the Secretary determines that the number of approved insurance providers operating in a State is insufficient to adequately provide catastrophic risk protection coverage to producers. If coverage availability in a State is adequate, only approved insurance providers may provide coverage. This section also provides that, effective with spring-planted 1996 and subsequent crops, catastrophic coverage is not required for federal farm program benefits of producers sign a written waiver with the Secretary that waives any eligibility for emergency crop loss assistance.

Section 501(b) amends section 519(a)(2)(B) of the Federal Crop Insurance Act to specify that seed crops are eligible for coverage.

Section 502. Collection and use of agricultural quarantine and inspection fees

Section 502 amends the agricultural quarantine and inspection fees provisions in section 2509 of the Food, Agriculture, Conservation, and Trade Act of 1990 to provide that, for the fiscal years 1996 through 2002, funds in the user fee account in excess of appropriated amounts shall be available until expended. Beginning with fiscal year 2003, funds in the user fee account shall be available without fiscal year limitation.

Section 503. Commodity Credit Corporation interest rate

Section 503 provides that the interest rate charged by CCC on loans for agricultural commodities shall be 100 basis points greater than rate established by the formula in effect on October 1, 1995.

Section 504. Establishment of the Office of Risk Management

Section 504 amends the Department of Agriculture Reorganization Act of 1994 by inserting after section 226 a new section 226A.

New section 226A(a) directs the Secretary to establish and maintain an independent Office of Risk Management within the Department.

New section 226A(b) provides that such office shall have jurisdiction over:

(1) the supervision of FCIC;

(2) administration and oversight of all programs authorized by the Federal Crop Insurance Act;

(3) any pilot or other programs involving revenue insurance, risk management, or the use of the futures market to manage risk and support farm income; and

(4) such other functions as the Secretary considers appropriate.

New section 226A(c) provides that the office shall be headed by an Administrator who shall be appointed by the Secretary, and that the Administrator shall also serve as the Manager of FCIC.

New section 226A(d), in paragraph (1), authorizes the Under Secretary of Agriculture for Farm and Foreign Agricultural Services to consolidate the human resources, public affairs, and legislative affairs functions of the Office of Risk Management.

New section 226A(d), in paragraph (2), directs the Secretary to provide resources to the Office of Risk Management sufficient to enable the Office to carry out its functions in a timely and efficient manner.

New section 226A(d), in paragraph (3), provides that fiscal year 1996 funding is established at not less than $88,500,000, to be taken from the appropriation for the salaries and expenses of the Consolidated Farm Services Agency.

Section 505. Business Interruption Insurance Program

Subsection (a). Establishment of program

Subsection (a) directs the Secretary to establish a business interruption insurance program that allows a producer of a program crop to obtain revenue insurance coverage in case of loss of revenue. The Secretary is authorized to determine the nature and extent of such a program.

Subsection (b). Report on progress and proposed expansion

Subsection (b) provides that the Secretary must submit data to the Commission on 21st Century Production Agriculture established under Subtitle E by January 1, 1998, regarding the results of the program and make recommendations about how to best offer a revenue insurance program in the future.

Subsection (c). Contract commodity defined

Subsection (c) defines program crop to mean wheat, corn, grain sorghums, oats, barley, upland cotton, or rice.

Section 506. Continuation of Options Pilot Program

Section 506 provides that, during the 1996 through 2002 crop years, the Secretary may continue to conduct the options pilot program authorized by the Options Pilot Program Act of 1990 (Subtitle E of title XI of Public Law 101—624), with the Secretary having authority to make such modifications to the terms and conditions of the program as are necessary to reflect the changes to law made by this Act.

TITLE VI—COMMISSION ON 21ST CENTURY PRODUCTION AGRICULTURE

Section 601. Establishment

This section establishes a commission to be known as the "Commission on 21st Century Production Agriculture."

Section 602. Composition

Subsection (a). Membership and appointment

Subsection (a) of this section requires that the Commission be composed of eleven members: three members appointed by the President; four members appointed by the Chairman of the Committee on Agriculture of the House of Representatives (in consultation with the ranking minority member); and four members appointed by the Chairman of the Committee on Agriculture, Nutrition, and Forestry of the Senate (in consultation with the ranking minority member).

Subsection (b). Qualifications

Subsection (b) establishes the qualifications required of the persons appointed to the Commission. At least one member appointed by each the President, the Chairman of the Committee on Agriculture of the House of Representatives, and the Chairman of the Committee on Agriculture, Nutrition, and Forestry of the Senate shall be an individual who is primarily involved in production agriculture. All other members appointed to the Commission must have knowledge and experience in agriculture production, marketing, finance, or trade.

Subsection (c). Term of members; vacancies

Subsection (c) requires that the appointment to the Commission be for the life of the Commission. It also directs that a vacancy on the Commission shall not affect the Commission's power and shall be filled in the same manner as the original appointment.

Subsection (d). Time for appointment; first meeting

Subsection (d) requires that the members of the Commission be appointed no later than October 1, 1997 and that the Commission convene its first meeting 30 days after six members of the Commission have been appointed.

Subsection (e). Chairman

Subsection (e) requires that the chairman of the Commission be designated jointly by the Chairman of the Committee on Agriculture of the House of Representatives and the Chairman of the Committee on Agriculture, Nutrition, and Forestry of the Senate from among the members of the Commission.

Section 603. Comprehensive review of past and future of production agriculture

Subsection (a). Initial review

Subsection (a) of this section requires the Commission to conduct a comprehensive review of changes in the condition of production agriculture in the United States subsequent to the date of enactment of this Act and the extent to which such changes are the result of the changes made by this Act. This review shall include: (1) the assessment of the initial success of market transition contracts in supporting the economic viability of farming in the United States: (2) the assessment of the food security situation in the United States in the areas of trade, consumer prices, international competitiveness of United States production agriculture, food supplies, and humanitarian relief; (3) an assessment of the changes in farm land values and agricultural producer incomes; (4) an assessment of the regulatory relief for agricultural producers that has been enacted and implemented, including the application of cost/benefit principles in the issuance of agricultural regulations; (5) an assessment of the tax relief for agricultural producers that has been enacted in the form of capital gains tax reductions, estate tax exemptions, and mechanisms to average tax loads over high and low-income years; (6) an assessment of the effect of any Government interference in agricultural export markets, such as the imposition of trade embargoes, and the degree of implementation and success of international trade agreements; and (7) the assessment of the likely effect of the sale, lease, or transfer of farm poundage quota for peanuts across State lines.

Subsection (b). Subsequent review

Subsection (b) requires the Commission to conduct a comprehensive review of the future of production agriculture in the United States and the appropriate role of the Federal Government in support of production agriculture. This review shall include: (1) an assessment of changes in the condition of production agriculture in the United States since the initial review under subsection (a); (2) an identification of the appropriate future relationship of the Federal Government with production agriculture after 2002; and (3) an assessment of the manpower and infrastructure requirements of the Department of Agriculture necessary to support the future relationship of the Federal Government with production agriculture.

Subsection (c). Recommendations

Subsection (c) requires that the Commission develop specific recommendations for legislation to achieve the appropriate future relationship of the Federal Government with production agriculture identified under subsection (a)(2).

Section 604. Reports

Subsection (a). Report on initial review

Subsection (a) of this section requires that by June 1, 1998, the Commission submit a report containing the results of the initial review to the President, the Committee on Agriculture of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

Subsection (b). Report on subsequent review

Subsection (b) requires that not later than January 1, 2001, the Commission submit a report containing the results of the subsequent review conducted under section 1503(b) to the President, the Committee on Agriculture of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

Seciton 605. Powers

Subsection (a). Hearings

Subsection (a) of this section authorizes the Commission to conduct hearings, take testimony, receive evidence, and act in a manner the Commission considers appropriate to carry out the purposes of this Act.

Subsection (b). Assistance from other agencies

Subsection (b) authorizes the Commission to secure directly from any department or agency of the Federal Government any information necessary to carry out its duties under this title. The head of such department or agency shall furnish information requested by the chairman of the Commission, to the extent permitted by law.

Subsection (c). Mail

Subsection (c) authorizes the Commission to use the United States mails in the same manner and under the same conditions as the departments and agencies of the Federal Government.

Subsection (d). Assistance from Secretary

Subsection (d) requires that the Secretary of Agriculture shall provide appropriate office space and reasonable administrative and support services available to the Commission.

Section 606. Commission procedures

Subsection (a). Meetings

Subsection (a) of this section requires that the Commission meet on a regular basis. The frequency of such meeting shall be determined by the chairman or a majority of its members. Additionally, the Commission must meet upon the call of the chairman or a majority of the members.

Subsection (b). Quorum

Subsection (b) provides that a majority of the members of the Commission must be present to produce a quorum for transacting the business of the Commission.

Section 607. Personnel matters

Subsection (a). Compensation

Subsection (a) of this section provides that members of the Commission serve without compensation, but are allowed travel expenses when engaged in the performance of Commission duties, including a per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code.

Subsection (b). Staff

Subsection (b) provides that the Commission shall appoint a staff director. The staff director's basic rate of pay shall not exceed that rate provided for under section 5376 of title 5, United States Code. The Commission may appoint such professional and clerical personnel as may be reasonable and necessary to enable the Commission to carry out its duties without regard to the provisions governing appointments in the competitive service, title 5, United States Code, and provisions relating to the number, classification, and General Schedule rates in chapter 51 and subchapter III of chapter 53 of title 5 or any other provision of law. No employee appointed by the Commission (other than the staff director) may be compensated at a rate exceeding the maximum rate applicable to level 15 of the General Schedule.

Subsection (c). Detailed personnel

Subsection (c) authorizes the head of any department or agency of the Federal Government to detail, without reimbursement, any personnel of such department or agency to the Commission to assist the Commission in carrying out its duties. The detail of any such personnel may not result in the interruption or loss of civil service status or privilege of such personnel.

Section 608. Termination of Commission

This section provides that the Commission shall terminate upon the issuance of its final report required by section 1504.

TITLE VII—EXTENSION OF CERTAIN AUTHORITIES

Section 701. Extension of authority under Public Law 480

This section amends section 408 of the Agricultural Trade and Development Assistance Act of 1954 to extend the authority to enter into agreements through calendar year 1996.

Section 702. Extension of Food for Progress

This section amends section 1110 of the Food Security Act of 1985 to extend the Food For Progress Program through calendar year 1996 and to extend additional assistance in the administration of food assistance programs through fiscal year 1996.

COMMITTEE CONSIDERATION

The Committee on Agriculture met, pursuant to notice, on January 30, 1996, a quorum being present, to consider the bill H.R. 2854, the "Agricultural Market Transition Act".

The Chairman called the meeting to order at 2:20 p.m. and stated that a copy of an Amendment in the Nature of a Substitute and section-by-section analysis to H.R. 2854 was available to each Member at his place on the rostrum.

Thereafter, the Chairman stressed the need to enact a farm program as expeditiously as possible as the delay in reaching balanced budget package had created problems in agriculture which would require special action to resolve. The Chairman acknowledged that the permanent law of the Agriculture Act of 1949 is now in place and if it takes effect, it would be very costly and highly disruptive for farmers. The Chairman noted that some Members had discussed a two-year extension of the 1990 Farm Bill, but that agriculture had already lost $7.8 billion in available funding in the December baseline update and that, if current law were to be extended for two years, the next farm bill debate would occur after further baseline updates had lost another $5 to $6 billion for agriculture. The Chairman further stated that a simple extension would prevent the deregulation and reform of agriculture policy that was achieved in the Balanced Budget Act in H.R. 2854.

All Members were given permission to insert their statements for the record as the Chairman wished to expedite consideration of the bill.

The Chairman made a presentation to Chairman Emeritus de la Garza for his past contributions to the Committee and noted that he had announced his retirement after this term.

Without objection, the Chairman laid before the Committee the Amendment in the Nature of a Substitute to H.R. 2854 and stated that the Amendment would be considered as original text for purposes of amendment by title.

Mr. Dooley was then recognized on behalf of himself, Mr. Pomeroy, and Mr. Johnson of South Dakota, to offer a Pomeroy-Dooley-Johnson En Bloc Amendment to the Substitute that provides:

forgiveness of unearned advance deficiency payments for those producers who had a 35% or greater loss in crop yields in 1995;

a payment to producers equal to 50% of the payments that would be made under the production flexibility contracts;

a marketing assistance loan set at 90% of the 5 year olympic average for wheat, feed grains, cotton, rice and oilseeds that would continue as permanent law beyond crop year 2002, with no Findley loan rate adjustment authority for wheat and feed grains;

retaining the Farmer Owned Reserve;

$2.5 billion to be allocated to the Crop Insurance Fund;

deleting the caps on the Export Enhancement Program and the Market Promotion Program funding levels;

$2.5 billion for research, education, and extension activities;

$2.5 billion for conservation and rural development activities;

an additional $150 million per year to the amount available for the Livestock Environmental Assistance Program over the next seven years; and

authority to make new enrollments in the Conservation Reserve Program.

Discussion occurred and by a recorded vote 18 yeas to 27 nays, the En Bloc Amendment was not adopted. See Roll Call Vote #1.

Mr. Johnson then offered and explained an amendment regarding loan rates for marketing assistance loans for soybeans and other oilseeds that would have provided that such loans be set at not less than 90% of the average price received during the 5 previous marketing years, excluding the highest and lowest. Discussion occurred and by a recorded vote of 20 yeas to 26 nays, the amendment was not adopted. See Roll Call Vote #2.

Mr. Minge was then recognized to offer and explain an amendment to strike all of Title I except for the sugar and peanut sections and to replace it with marketing loans for certain commodities with a loan rate of 100% of the average price with a cap of $175,000 for such loans. Discussion occurred and by a recorded vote of 8 yeas to 36 nays, the amendment was not adopted. See Roll Call Vote #3.

Mr. Stenholm was then recognized to offer and explain an amendment relating to production flexibility contracts exemption from provisions of Budget Act sequestration actions. Discussion occurred and without objection the amendment was withdrawn.

Mrs. Clayton offered and explained an amendment regarding investment for agriculture and rural America which would create a new title VII that provided for $3.5 of funds out of the Commodity Credit Corporation for a variety of rural development activities, conservation, and research. Discussion occurred and by a recorded vote of 20 yeas to 27 nays, the amendment was not adopted. See Roll Call Vote #4.

Mr. Stenholm was recognized to offer and explain an amendment regarding the peanut title. The amendment would—

increase the quota support rate to $640;

delete the provision that requires a 5 percent reduction in loans to producers who reject offers from handlers.

change the priority method for covering losses in area pools;

change the ineligibility provisions for owning quota to include an actively engaged standard instead of out-of-state residency; and

change the quota transfer provisions to limit transfers to States with more than 10,000 tons of quota, with an overall 30 percent limit.

Mr. Stenholm requested that his amendment be divided into a series of amendments. Discussion occurred on the first amendment which would delete the provision that requires a 5 percent reduction in loans to producers who reject offers from handlers. By a recorded vote of 17 yeas to 30 nays, the amendment was not adopted. See Roll Call Vote #5. Further discussion occurred, and Mr. Stenholm withdrew the remainder of his amendments without objection.

Mr. Minge was then recognized to offer and explained an amendment which would eliminate the Secretary's authority to reduce loan rates for wheat and feed grains based on stocks to use ratios (also known as the Findley adjustment provision). Discussion occurred and by a voice vote, the amendment was not adopted.

At this point, Mr. Minge then offered and explain an amendment that provided a person with "adjusted gross income" in excess of $100,000 or more from off-farm sources would not be eligible for production flexibility contract payments. Discussion occurred and by a voice vote, the amendment was not adopted.

Mr. Volkmer was recognized to offer and explain an amendment that would amend the payment limitation provisions in section 1001, 1001A, 1001B, and 1001C of the Food Security Act of 1985 by: striking the "three-entity rule"; requiring that payments to corporations or other entities be directly attributed to individual owners in proportion to their interest in the entity; and using Social Security numbers to track payments. Discussion occurred and by a voice vote, the amendment was not adopted.

Mr. Peterson was then recognized to offer and explain an amendment which would eliminate the optional contract terminations under the Conservation Reserve Program. Discussion occurred and by a voice the vote, the amendment was adopted.

Mr. Farr then offered and explained an amendment concerning farmland protection and federal cost sharing for acquisition of farmland protection easements. Discussion occurred, and the Chairman requested that Mr. Farr withdraw his amendment, but that his rights would be protected to offer the amendment with the Committee when it considered further farm bill legislation this Spring. Without objection, Mr. Farr withdrew his amendment.

Mr. Minge was recognized to offer and explain an amendment concerning eligible lands for enrollment in the Conservation Reserve Program. Discussion occurred and the Chairman expressed his desire for this type of amendment to be taken up later this Spring in further farm bill consideration. Without objection, Mr. Minge withdrew his amendment.

Mr. Canady was then recognized to offer and explain an amendment on behalf of himself, Mrs. Thurman, and Mr. Foley which would subject imported tomatoes to the same packing requirements as those imposed on the domestic industry. Discussion occurred with the Chairman noting that the Committee on Agriculture and the Committee on Ways and Means share jurisdiction over this issue. Mr. Canady, without objection, withdrew the amendment.

Mr. Johnson was recognized to offer and explain an amendment which would establish a Commission on Concentration in the Livestock Industry. The Chairman noted that this issue was also one which shared jurisdiction by both the Agriculture Committee and the Judiciary Committee. Discussion occurred and without objection, the amendment was withdrawn.

Mr. Emerson was then recognized to offer and explain an amendment on behalf of himself, Mr. Roberts, and Mr. Condit to extend the authority of the Secretary of Agriculture and the Administrator of the Agency for International Development to enter into agreements and provide assistance under the Food for Peace Program and the Food for Progress programs through year 1996. Discussion occurred and by a voice vote the amendment was adopted.

Mr. Emerson then moved that the Amendment in the Nature of a Substitute to H.R. 2854, as amended, be adopted and favorably reported to the House. By a recorded vote of 29 yeas to 17 nays,

and in the presence of a quorum, H.R. 2854, as amended, was ordered favorably reported to the House. See Roll Call Vote #6.

Mr. Volkmer indicated that there would be Minority Views and objected to a waiver of the three-day rule, but did indicate to make every effort to have the views as quickly as possible.

Without objection, Mr. Barrett asked unanimous consent to be recorded as a yea vote of favorably reporting the bill to the House.

Mr. Emerson then made a motion to authorize the Chairman to offer such motions as may be necessary in the House to go to conference with the Senate on H.R. 2854 or a similar Senate bill. Without objection the motion was agreed to.

The Chairman then thanked the Members and adjourned the meeting subject to the call of the Chair.

ROLLCALL VOTES

In compliance with clause 2(l)(2)(B) of rule XI of the House of Representatives, the Committee sets forth the record of the following rollcall votes taken with respect to H.R. 2854:

Rollcall No. 1

Summary: Pomeroy-Dooley-Johnson En Bloc Amendment.

Offered By: Mr. Dooley.

Results: Failed by rollcall vote: 18 yeas/27 nays/4 not voting.

Yeas: Cong. de la Garza, Cong. Brown, Cong. Rose, Cong. Stenholm, Cong. Volkmer, Cong. Johnson, Cong. Dooley, Cong. Clayton, Cong. Minge, Cong. Hilliard, Cong. Pomeroy, Cong. Holden, Cong. Baesler, Cong. Thurman, Cong. Bishop, Cong. Farr, Cong. Pastor, and Cong. Baldacci.

Nays: Cong. Emerson, Cong. Gunderson, Cong. Combest, Cong. Allard, Cong. Barrett, Cong. Ewing, Cong. Doolittle, Cong. Goodlatte, Cong. Pombo, Cong. Canady, Cong. Smith, Cong. Everett, Cong. Lucas, Cong. Lewis, Cong. Baker, Cong. Crapo, Cong. Calvert, Cong. Chenoweth, Cong. Hostettler, Cong. Bryant, Cong. Latham, Cong. Cooley, Cong. Foley, Cong. Chambliss, Cong. LaHood, Cong. Peterson, and Cong. Roberts, Chairman.

Not voting: Cong. Boehner, Cong. Condit, and Cong. McKinney, Cong. Thompson.

Rollcall No. 2

Summary: Amendment concerning loan rates for marketing assistance loans for soybeans and other oilseeds.

Offered By: Mr. Johnson.

Results: Failed by a rollcall vote: 20 yeas/26 nays/3 not voting.

Yeas: Cong. de la Garza, Cong. Brown, Cong. Rose, Cong. Stenholm, Cong. Volkmer, Cong. Johnson, Cong. Condit, Cong. Peterson, Cong. Dooley, Cong. Clayton, Cong. Minge, Cong. Hilliard, Cong. Pomeroy, Cong. Holden, Cong. Baesler, Cong. Thurman, Cong. Bishop, Cong. Farr, Cong. Pastor, and Cong. Baldacci.

Nays: Cong. Emerson, Cong. Gunderson, Cong. Combest, Cong. Allard, Cong. Barrett, Cong. Ewing, Cong. Doolittle, Cong. Goodlatte, Cong. Pombo, Cong. Canady, Cong. Smith, Cong. Everett, Cong. Lucas, Cong. Lewis, Cong. Baker, Cong. Crapo, Cong. Calvert, Cong. Chenoweth, Cong. Hostettler, Cong. Bryant, Cong.

Latham, Cong. Cooley, Cong. Foley, Cong. Chambliss, Cong. LaHood, and Cong. Roberts, Chairman.

Not voting: Cong. Boehner, Cong. McKinney, and Cong. Thompson.

Rollcall No. 3

Summary: Amendment to strike all of title I, Agricultural Market Transition Programs, except for those provisions concerning sugar and peanuts and to replace with marketing loans for certain commodities.

Offered By: Mr. Minge.

Results: Failed by a rollcall vote: 8 yeas/36 nays/5 not voting.

Yeas: Cong. Volkmer, Cong. Johnson, Cong. Peterson, Cong. Clayton, Cong. Minge, Cong. Hilliard, Cong. Pomeroy, and Cong. Holden.

Nays: Cong. Emerson, Cong. Gunderson, Cong. Combest, Cong. Allard, Cong. Barrett, Cong. Ewing, Cong. Doolittle, Cong. Goodlatte, Cong. Pombo, Cong. Canady, Cong. Smith, Cong. Everett, Cong. Lucas, Cong. Lewis, Cong. Baker, Cong. Crapo, Cong. Calvert, Cong. Chenoweth, Cong. Hostettler, Cong. Bryant, Cong. Latham, Cong. Cooley, Cong. Foley, Cong. Chambliss, Cong. LaHood, Cong. de la Garza, Cong. Rose, Cong. Stenholm, Cong. Dooley, Cong. Baesler, Cong. Thurman, Cong. Bishop, Cong. Farr, Cong. Pastor, Cong. Baldacci, and Cong. Roberts, Chairman.

Not voting: Cong. Boehner, Cong. Brown, Cong. Condit, Cong. McKinney, and Cong. Thompson.

Rollcall No. 4

Summary: Amendment to create a new title VII that provided for $3.5 billion of funds out of the CCC for a variety of rural development type activities.

Offered By: Mrs. Clayton.

Results: Failed by a rollcall vote: 20 yeas/27 nays/2 not voting.

Yeas: Cong. de la Garza, Cong. Brown, Cong. Rose, Cong. Stenholm, Cong. Volkmer, Cong. Johnson, Cong. Peterson, Cong. Dooley, Cong. Clayton, Cong. Minge, Cong. Hilliard, Cong. Pomeroy, Cong. Holden, Cong. Baesler, Cong. Thurman, Cong. Bishop, Cong. Thompson, Cong. Farr, Cong. Pastor, and Cong. Baldacci.

Nays: Cong. Emerson, Cong. Gunderson, Cong. Combest, Cong. Allard, Cong. Barrett, Cong. Boehner, Cong. Ewing, Cong. Doolittle, Cong. Goodlatte, Cong. Pombo, Cong. Canady, Cong. Smith, Cong. Everett, Cong. Lucas, Cong. Lewis, Cong. Baker, Cong. Crapo, Cong. Calvert, Cong. Chenoweth, Cong. Hostettler, Cong. Bryant, Cong. Latham, Cong. Cooley, Cong. Foley, Cong. Chambliss, Cong. LaHood, and Cong. Roberts, Chairman.

Not voting: Cong. Condit and Cong. McKinney.

Rollcall No. 5

Summary: Amendment to the Peanut Title.

Offered By: Mr. Stenholm.

Results: Failed by a rollcall vote: 17 yeas/30 nays/2 not voting.

Yeas: Cong. de la Garza, Cong. Brown, Cong. Rose, Cong. Stenholm, Cong. Volkmer, Cong. Johnson, Cong. Peterson, Cong. Clay-

ton, Cong. Hilliard, Cong. Pomeroy, Cong. Baesler, Cong. Thurman, Cong. Thompson, Cong. Farr, Cong. Pastor, and Cong. Baldacci.

Nays: Cong. Emerson, Cong. Gunderson, Cong. Combest, Cong. Allard, Cong. Barrett, Cong. Boehner, Cong. Ewing, Cong. Doolittle, Cong. Goodlatte, Cong. Pombo, Cong. Canady, Cong. Smith, Cong. Everett, Cong. Lucas, Cong. Lewis, Cong. Baker, Cong. Crapo, Cong. Calvert, Cong. Chenoweth, Cong. Hostettler, Cong. Bryant, Cong. Latham, Cong. Cooley, Cong. Foley, Cong. Chambliss, Cong. LaHood, Cong. Dooley, Cong. Holden, Cong. Bishop, and Cong. Roberts, Chairman.

Not voting: Cong. Condit and Cong. McKinney.

Rollcall No. 6

Summary: Final Passage on the Amendment in the Nature of a Substitute to H.R. 2854, as amended.

Offered By: Mr. Roberts.

Results: Adopted by a rollcall vote: 29 yeas/17 nays/3 not voting.

Yeas: Cong. Emerson, Cong. Gunderson, Cong. Combest, Cong. Allard, Cong. Barrett, Cong. Boehner, Cong. Ewing, Cong. Goodlatte, Cong. Pombo, Cong. Canady, Cong. Smith, Cong. Everett, Cong. Lucas, Cong. Lewis, Cong. Baker, Cong. Crapo, Cong. Calvert, Cong. Chenoweth, Cong. Hostettler, Cong. Bryant, Cong. Latham, Cong. Cooley, Cong. Foley, Cong. Chambliss, Cong. LaHood, Cong. Condit, Cong. Peterson, Cong. Bishop, and Cong. Roberts, Chairman.

Nays: Cong. de la Garza, Cong. Brown, Cong. Stenholm, Cong. Volkmer, Cong. Johnson, Cong. Dooley, Cong. Clayton, Cong. Minge, Cong. Hilliard, Cong. Pomeroy, Cong. Holden, Cong. Baesler, Cong. Thurman, Cong. Thompson, Cong. Farr, Cong. Pastor, and Cong. Baldacci.

Not voting: Cong. Doolittle, Cong. Rose, and Cong. McKinney.

ADMINISTRATION POSITION

The views of the Administration on H.R. 2854, as amended, to modify the operation of certain agricultural programs, was not received prior to the filing of this report.

However, the views of the Administration on H.R. 2854 prior to Committee consideration are set forth in the following letter to the Chairman of the Committee on Agriculture:

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, DC, January 30, 1996.

Hon. PAT ROBERTS,
Chairman, Committee on Agriculture,
House of Representatives, Longworth House Office Building, Washington, DC.

DEAR MR. CHAIRMAN: This is in response to your request for the Department of Agriculture's comments on H.R. 2854, a bill "To modify the operation of certain agricultural programs."

The Administration recognizes the need for legislation to reauthorize the farm programs, either through an extension of existing legislation or a new bill acceptable to the Administration. However,

the Department does not support enactment of this legislation in its present form.

H.R. 2854, the "Agricultural Market Transition Act," provides some positive features. The Clinton Administration has long supported the concept of increased planting flexibility so farmers can plant for the market, not for the Government. This bill also ensures a set level of funding to rural America.

This Administration is committed to developing agricultural policy legislation that fulfills three basic principles in order to enhance the economic opportunities and environment for farmers and other residents of rural America: (1) preservation of a responsible safety net for farmers; (2) promotion of exports and maintenance of a vibrant rural economy; and (3) protection and enhancement of the rural environment. We continue to have serious concerns regarding H.R. 2854's ability to satisfy these principles.

H.R. 2854 contains essentially the same provisions, with minor revisions, as the Agricultural Reconciliation Act of 1995, which I recommended that President Clinton veto. We recommend supplementing farm income through a countercyclical program of income support payments, so that help is provided where there is the most need. We do not believe that producers should be provided a windfall when prices are strong, as H.R. 2854 does.

We do understand that some farmers may not benefit from high market prices because of low yields and little production. That is why we continue to support maintaining the linkage between crop insurance and program participation, with necessary modifications to reduce paperwork requirements. H.R. 2854 undoes the crop insurance reforms that Congress enacted, just one year ago, with widespread bipartisan support.

H.R. 2854 caps the level of marketing loans for wheat and feed grains. Enhancing these loan rates, and removing the caps, would help strengthen the safety net for farmers.

We are in general agreement with the elimination of authority for commodity acreage reduction programs. However, given the unpredictability of agricultural production, we believe that there should be standby authority to implement supply controls as a last resort when supply and demand are critically out of balance.

One essential component of a safety net for American agriculture is the existence of permanent authority to carry out commodity programs beyond the year 2002. H.R. 2854 repeals current permanent authority. We would recommend permanent authority for programs after the expiration of the provisions of H.R. 2854.

We believe that, instead of providing producers windfall gains, resources must be directed to those needs that will make agriculture strong and ensure a vibrant rural economy. We strongly support providing adequate support for priorities in conservation, research, rural development, export opportunities, and innovative partnerships with farmers to share agriculture's risks. The Administration's "Fund for Rural America" proposal would accomplish this goal.

There are a number of other provisions affecting conservation programs which the Department believes should be modified. We generally agree with capping Conservation Reserve Program (CRP) enrollment at 36.4 million acres, and providing authority for early

termination of CRP contracts. However, we strongly recommend also providing authority for the Department to enroll new acres in the CRP so that additional environmentally valuable or fragile cropland can be retired from production. We do not support the 60-day notice of early release without restrictions. The Secretary of Agriculture should be given authority to establish reasonable limits on what land now enrolled in CRP contracts should be subject to early release, including the authority to deny requests from producers for termination of their CRP contracts.

We support the concept of the Livestock Environmental Assistance Program (LEAP). However, this program could be enhanced considerably if eligibility were expanded to include the Environmental Quality Incentives Program (EQIP). Such expansion in eligibility should also be accompanied by an increase in funding authority. We also recommend that the size limitations be eliminated so that the Secretary of Agriculture would have more administrative flexibility in determining eligibility for assistance.

We also support the change in use of Commodity Credit Corporation (CCC) funds for conservation programs. It is important that adequate funding for CRP be assured, which H.R. 2854 accomplishes. We note, however, that subsections (a) and (c) of section 201 of the bill would amend section 1241 of the Food Security Act of 1985 in a conflicting manner. Subsection (a) would allow the use of CCC funds for CRP, the Wetland Reserve Program (WRP), and LEAP without the need for annual appropriations. Subsection (c), however, would require annual appropriations to CCC for WRP and LEAP.

The Department does not support the elimination of authority for permanent easements for WRP. In some cases, restoring lands, like bottomland hardwoods, to full wetland functions and values may require longer time periods. We believe landowners should have the option of obtaining permanent and 30-year easements.

The funding levels for the Export Enhancement Program (EEP) under H.R. 2854 are $1.58 billion below the U.S. subsidy value commitments under the Uruguay Round Agreement. The adoption of H.R. 2854 would greatly limit the ability of the Department to assist U.S. agricultural exports in years with high levels of accumulated stocks, within the allowable limits of the Uruguay Round Agreement. The funding reductions for EEP from allowable limits occur for fiscal years 1996 through 1999, whereas the authorized levels for EEP in fiscal years 2000 through 2002 are the same as the U.S. Uruguay Round Agreement commitments.

Likewise, H.R. 2854 establishes a ceiling on funding for the Market Promotion Program (MPP) from the current level of $110 million to $100 million. The MPP is the Department's major export assistance program for processed and high value agricultural products. The Department opposes the establishment of a spending ceiling in H.R. 2854 for both the EEP and the MPP.

The Department supports section 402 of the bill, which positively affects the Agricultural Quarantine and Inspection program by ensuring it provides industry with the level of service it is paying for. We understand that the Committee has addressed the Pay-As-You-Go issue through its internal budget process.

The Department also supports elimination of the honey program.

H.R. 2854 also contains other provisions with which the Department has concerns. We do not support elimination of the Emergency Livestock Assistance Program. Instead, we recommend maintaining the program, but denying eligibility when qualifying losses are covered by crop insurance. The Department also recommends that the Farmer-owned Reserve be maintained, but with additional reforms designed to maintain stable grain markets. Also, we believe that the prohibition of using CCC funds for salaries and expenses, if not combined with an increase in USDA's discretionary funding, could adversely affect the Department's ability to efficiently administer agricultural programs in a timely manner.

H.R. 2854 still fails to address some important areas. In particular, there are no provisions to reauthorize dairy legislation. Many reforms in conservation programs, such as more farmer-friendly procedures for conservation compliance violations, are also not addressed. And, research funding and policies are absent from the bill.

Because of the fundamental change in program structure, implementation of this bill would pose many significant hurdles. The requirement to have producers sign a 7-year Market Transition Contract by April 15, 1996, is becoming more impractical with the passage of time without a farm bill. Many producers who lease land are very concerned about the ability to obtain agreement with their landlords for a 7-year contract.

The Office of Management and Budget advises that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

DAN GLICKMAN, *Secretary.*

BUDGET ACT COMPLIANCE (SECTION 308 AND SECTION 403)

The provisions of clause 2(l)(3)(B) of rule XI of the Rules of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974 (relating to estimates of new budget authority, new spending authority, or new credit authority, or increased or decreased revenues or tax expenditures) are not considered applicable. The estimate and comparison required to be prepared by the Director of the Congressional Budget Office under clause 2(l)(C)(3) of rule XI of the Rules of the House of Representatives and section 403 of the Congressional Budget Act of 1974 submitted to the Committee prior to the filing of this report are as follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, January 31, 1996.

Hon. PAT ROBERTS,
Chairman, Committee on Agriculture,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office (CBO) has reviewed H.R. 2854, a bill to modify the operation of certain agricultural programs, as ordered reported by the House Committee on Agriculture on January 30, 1996. This estimate is based on language provided by committee staff on January 31, 1996.

We estimate that enacting H.R. 2824 would reduce federal outlays over the 1996–2002 period by changing selected commodity, conservation, and export programs. Relative to the baseline underlying the Fiscal Year 1996 Budget Resolution, we estimate cumulative savings in federal agriculture spending of $12.8 billion over the 1996–2002 period. Under the assumptions of the updated CBO baseline completed in December 1995, reflecting more current conditions in agricultural markets, we estimate cumulative savings of $5.4 billion over the same period. These amounts would be reductions in direct spending; therefore, pay-as-you-go procedures would apply to the bill.

In preparing this estimate, we assumed that the bill will be enacted by April 1, 1996; the estimate could change if the bill is enacted later.

Attachment 1 provides our estimate of the bill's impact on the federal budget. Table 1 is a summary of the estimated effects on spending by the Commodity Credit Corporation (CCC) under the two different sets of assumptions. Under budget resolution assumptions, baseline spending by the CCC totals $56.6 billion over the seven-year period. The bill would reduce those outlays by an estimated $11.8 billion. Under December baseline assumptions, CCC spending totals $48.7 billion over seven years, and estimated savings from enacting the bill would be $4.4 billion.

Table 2 details the estimated effects of major provisions relative to the budget resolution baseline, while Table 3 shows the estimated effects relative to CBO's December 1995 baseline.

CBO has determined that enacting H.R. 2854 would impose private sector mandates as defined in Public Law 104–4, and Attachment 2 provides our analysis of those mandates.

H.R. 2854 contains no intergovernmental mandates, as defined in Public Law 104–4, that impose any significant costs on state, local, or tribal governments. The bill would, however, result in reduced federal payments to state, local, and tribal governments that own farm land and receive subsidy payments. Public entities would no longer receive any price support payments under the peanut program as a result of this bill. Further, they would bear a small share of the cuts in other farm programs. CBO has not completed an estimate of the impact of these changes on state, local, and tribal governments.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are David Hull, Craig Jagger, and Victoria Heid, Roger Hitchner, and, for intergovernmental impacts, Marjorie Miller.

Sincerely,

JAMES L. BLUM
(For June E. O'Neill, Director).

Attachments.

REPLACEMENT FOR TABLE 1, INCORPORATING AMENDMENTS PROVIDED ON FEBRUARY 2, 1996—ESTIMATED EFFECTS OF H.R. 2854 ON THE COMMODITY CREDIT CORPORATION (CCC)

[In millions of dollars, by fiscal year]

	1996	1997	1998	1999	2000	2001	2002	1996–2002 total
ESTIMATES RELATIVE TO THE BUDGET RESOLUTION BASELINE								
Spending Under Current Law:								
Estimated budget authority	8,891	8,736	8,614	8,402	8,193	7,830	7,737	58,403
Estimated outlays	8,612	8,515	8,372	8,157	7,928	7,561	7,468	56,612
Proposed Changes:								
Estimated budget authority	−682	−1,646	−1,280	−1,392	−1,570	−2,495	−2,589	−11,654
Estimated outlays	−759	−1,664	−1,294	−1,401	−1,576	−2,498	−2,590	−11,782
Spending Under H.R. 2854:								
Estimated budget authority	8,209	7,090	7,334	7,010	6,623	5,335	5,148	46,749
Estimated outlays	7,853	6,851	7,078	6,756	6,352	5,063	4,878	44,830
ESTIMATES RELATIVE TO THE CBO DECEMBER 1995 BASELINE								
Spending Under Current Law:								
Estimated budget authority	4,069	5,852	8,216	8,445	8,085	7,911	7,882	50,459
Estimated outlays	3,790	5,631	7,073	8,200	7,820	7,642	7,613	18,668
Proposed Changes:								
Estimated budget authority	3,219	1,128	−831	−1,368	−1,414	−2,388	−2,648	−4,302
Estimated outlays	3,142	1,110	−845	−1,377	−1,420	−2,391	−2,649	−4,430
Spending Under H.R. 2854:								
Estimated budget authority	7,288	6,980	7,385	7,077	6,671	5,523	5,234	46,157
Estimated outlays	6,932	6,741	7,128	6,823	6,400	5,251	4,964	44,238

Note.—Includes spending for programs covered by the CCC Fund account, plus the export guarantee liquidating and subsidy accounts. Program changes in the bill that have an estimated budgetary impact but are excluded from this table are those dealing with crop insurance, seed disaster, Agricultural Quarantine Inspection Fund, the Wetlands Reserve Program (WRP) and the Conservation Reserve Program (CRP). Provisions in the bill make it unclear whether the CRP and WRP should continue outside of, or be moved into, the CCC.

REPLACEMENT FOR TABLE 2, INCORPORATING AMENDMENTS PROVIDED ON FEBRUARY 2, 1996—ESTIMATED BUDGETARY EFFECTS OF H.R. 2854, RELATIVE TO THE FISCAL YEAR 1996 BUDGET RESOLUTION BASELINE

[In millions of dollars, by fiscal year]

	1996	1997	1998	1999	2000	2001	2002	1996–2002 total
CHANGES IN DIRECT SPENDING								
Freedom to Farm contracts in lieu of deficiency payments:								
Estimated budget authority	−595	−848	−851	−984	−1,241	−2,045	−2,036	−8,600
Estimated outlays	−595	−848	−851	−984	−1,241	−2,045	−2,036	−8,600
Cap crop price-support loan rates:								
Estimated budget authority	−16	85	35	−70	−49	−55	−38	−108
Estimated outlays	−16	85	35	−70	−49	−55	−38	−108
Cap seven-year cotton Step-2 payments at $701 million:								
Estimated budget authority	.....	1	2	2	2	−69	−116	−178
Estimated outlays	.....	1	2	2	2	−69	−116	−178
End cotton 8-month loan extension:								
Estimated budget authority	.....	−55	−5	−5	−5	−2	0	−72
Estimated outlays	.....	−55	−5	−5	−5	−2	0	−72

REPLACEMENT FOR TABLE 2, INCORPORATING AMENDMENTS PROVIDED ON FEBRUARY 2, 1996—ESTIMATED BUDGETARY EFFECTS OF H.R. 2854, RELATIVE TO THE FISCAL YEAR 1996 BUDGET RESOLUTION BASELINE—Continued

[In millions of dollars, by fiscal year]

	1996	1997	1998	1999	2000	2001	2002	1996–2002 total
Prohibit use of CCC funds for administrative expenses:								
Estimated budget authority	−27	−177	−42	−40	−41	−41	−41	−409
Estimated outlays	−27	−177	−42	−40	−41	−41	−41	−409
Reform peanut program:								
Estimated budget authority	.....	−95	−69	−69	−67	−68	−66	−434
Estimated outlays	.....	−95	−69	−69	−67	−68	−66	−434
Reform sugar program (increased assessments):								
Estimated budget authority	.....	−8	−8	−8	−9	−9	−9	−51
Estimated outlays	.....	−8	−8	−8	−9	−9	−9	−51
End emergency feed assistance programs:								
Estimated budget authority	−40	−80	−80	−80	−80	−80	−80	−520
Estimated outlays	−40	−80	−80	−80	−80	−80	−80	−520
End honey program:								
Estimated budget authority	.....	.....	.....	−1	−2	.....	.....	−3
Estimated outlays	.....	.....	.....	−1	−2	.....	.....	−3
End Farmer-Owned Reserve:								
Estimated budget authority	.....	−18	−18	−18	−18	−18	−18	−108
Estimated outlays	.....	−18	−18	−18	−18	−18	−18	−108
Livestock Environmental Assistance Program:								
Estimated budget authority	100	100	100	100	100	100	100	700
Estimated outlays	23	82	86	91	94	97	99	572
Dairy Program changes:								
Estimated budget authority	72	29	−13	−39	−110	−158	−235	−454
Estimated outlays	72	29	−13	−39	−110	−158	−235	−454
Limit CRP to 36.4 million acres:								
Estimated budget authority	.....	−41	−118	−109	−102	−100	−99	−569
Estimated outlays	.....	−41	−118	−109	−102	−100	−99	−569
Cap WRP acreage and limit easements:								
Estimated budget authority	−24	−66	−66	−66	−66	54	54	−180
Estimated outlays	−3	−47	−90	−94	−92	−74	13	−387
Reduce Market Promotion Program spending:								
Estimated budget authority	−1	−8	−10	−10	−10	−10	−10	−59
Estimated outlays	−1	−8	−10	−10	−10	−10	−10	−59
Cap Export Enhancement Program spending:								
Estimated budget authority	−165	−532	−281	−130	0	0	0	−1,108
Estimated outlays	−165	−532	−281	−130	0	0	0	−1,108
End mandatory crop insurance catastrophic coverage:								
Estimated budget authority	−5	−27	−28	−28	−29	−29	−29	−175

REPLACEMENT FOR TABLE 2, INCORPORATING AMENDMENTS PROVIDED ON FEBRUARY 2, 1996—ESTIMATED BUDGETARY EFFECTS OF H.R. 2854, RELATIVE TO THE FISCAL YEAR 1996 BUDGET RESOLUTION BASELINE—Continued

[In millions of dollars, by fiscal year]

	1996	1997	1998	1999	2000	2001	2002	1996–2002 total
Estimated outlays	−2	−13	−28	−28	−29	−29	−29	−158
Provide disaster assistance for seed crops:								
Estimated budget authority	7	7	7	7	7	7	7	49
Estimated outlays	3	7	7	7	7	7	7	45
Direct access to Agricultural Quarantine Inspection Fund:								
Estimated budget authority	8	9	10	10	13	17	21	88
Estimated outlays	8	9	10	10	13	17	21	88
Increase CCC commodity loan interest rate:								
Estimated budget authority	−10	−40	−40	−40	−40	−40	−40	−250
Estimated outlays	−10	−40	−40	−40	−40	−40	−40	−250
Total Changes in Direct Spending:								
Estimated budget authority	−696	−1,764	−1,475	−1,578	−1,747	−2,546	−2,635	−12,441
Estimated outlays	−753	−1,749	−1,513	−1,615	−1,779	−2,677	−2,677	−12,763

Notes.—1. H.R. 2854 was ordered reported on January 30, 1996, by the House Committee on Agriculture. CBO based initial estimates on the bill as introduced, with information from committee staff on amendments adopted. This replacement table was based on additional technical staff amendments received on February 2, 1996.

2. This bill would also affect sending subject to appropriations but CBO has not completed an estimate of potential changes in discretionary spending that might result from enacting the bill.

REPLACEMENT FOR TABLE 3, INCORPORATING AMENDMENTS PROVIDED ON FEBRUARY 2, 1996—ESTIMATED BUDGETARY EFFECTS OF H.R. 2854, RELATIVE TO THE CBO DECEMBER 1995 BASELINE

[In millions of dollars, by fiscal year]

	1996	1997	1998	1999	2000	2001	2002	1996–2002 total
CHANGES IN DIRECT SPENDING								
Freedom to Farm contracts in lieu of deficiency payments:								
Estimated budget authority	3,149	1,907	−165	−779	−1,098	−1,955	−2,072	−1,013
Estimated outlays	3,149	1,907	−165	−779	−1,098	−1,955	−2,072	−1,013
Marketing loan cost effects of planting provisions:								
Estimated budget authority	−6	13	1	208	269	229	128	842
Estimated outlays	−6	13	1	208	269	229	128	842
Cap crop price-support loan rates:								
Estimated budget authority	−5	−177	−192	−422	−250	−249	−149	−1,444
Estimated outlays	−5	−177	−192	−422	−250	−249	−149	−1,444
Cap seven-year cotton Step-2 payments at $701 million:								
Estimated budget authority	.....	.....	1	1	1	1	−88	−84
Estimated outlays	.....	.....	1	1	1	1	−88	−84
End cotton 8-month loan extension:								
Estimated budget authority	.....	−55	−5	−5	−5	−5	−2	−77
Estimated outlays	.....	−55	−5	−5	−5	−5	−2	−77

REPLACEMENT FOR TABLE 3, INCORPORATING AMENDMENTS PROVIDED ON FEBRUARY 2, 1996—ESTIMATED BUDGETARY EFFECTS OF H.R. 2854, RELATIVE TO THE CBO DECEMBER 1995 BASELINE—Continued

[In millions of dollars, by fiscal year]

	1996	1997	1998	1999	2000	2001	2002	1996–2002 total
Prohibit use of CCC funds for administrative expenses:								
Estimated budget authority	−27	−177	−42	−40	−41	−41	−41	−409
Estimated outlays	−27	−177	−42	−40	−41	−41	−41	−409
Reform peanut program:								
Estimated budget authority	.....	−85	−67	−61	−66	−62	−71	−412
Estimated outlays	.....	−85	−67	−61	−66	−62	−71	−412
Reform sugar program (increased assessments):								
Estimated budget authority	.....	−8	−8	−8	−9	−9	−9	−51
Estimated outlays	.....	−8	−8	−8	−9	−9	−9	−51
End emergency feed assistance programs:								
Estimated budget authority	−40	−80	−80	−80	−80	−80	−80	−520
Estimated outlays	−40	−80	−80	−80	−80	−80	−80	−520
End honey program:								
Estimated budget authority	.....	−1	.....	−1	−1	−1	−1	−5
Estimated outlays	.....	−1	.....	−1	−1	−1	−1	−5
End Farmer-Owned Reserve:								
Estimated budget authority	.....	.....	−9	−18	−18	−18	−18	−81
Estimated outlays	.....	.....	−9	−18	−18	−18	−18	−81
Dairy Program changes:								
Estimated budget authority	59	0	−34	−83	−166	−248	−295	−767
Estimated outlays	59	0	−34	−83	−166	−248	−295	−767
Livestock Environmental Assistance Program:								
Estimated budget authority	100	100	100	100	100	100	100	700
Estimated outlays	23	82	86	91	94	97	99	572
Limit CRP to 36.4 million acres:								
Estimated budget authority	.....	−41	−119	−111	−103	−102	−101	−577
Estimated outlays	.....	−41	−119	−111	−103	−102	−101	−577
Cap WRP acreage and limit easements:								
Estimated budget authority	−24	−66	−66	−66	−66	54	54	−180
Estimated outlays	−3	−47	−90	−94	−92	−74	13	−387
Reduce Market Promotion Program spending:								
Estimated budget authority	−1	−8	−10	−10	−10	−10	−10	−59
Estimated outlays	−1	−8	−10	−10	−10	−10	−10	−59
Cap Export Enhancement Program spending:								
Estimated budget authority	.....	−261	−281	−130	0	0	0	−672
Estimated outlays	.....	−261	−281	−130	0	0	0	−672
End mandatory crop insurance catastrophic coverage:								
Estimated budget authority	−5	−27	−28	−28	−29	−29	−29	−175
Estimated outlays	−2	−13	−28	−28	−29	−29	−29	−158

REPLACEMENT FOR TABLE 3, INCORPORATING AMENDMENTS PROVIDED ON FEBRUARY 2, 1996—ESTIMATED BUDGETARY EFFECTS OF H.R. 2854, RELATIVE TO THE CBO DECEMBER 1995 BASELINE—Continued

[In millions of dollars, by fiscal year]

	1996	1997	1998	1999	2000	2001	2002	1996–2002 total
Provide disaster assistance for seed crops:								
Estimated budget authority	7	7	7	7	7	7	7	49
Estimated outlays	3	7	7	7	7	7	7	45
Direct access to Agricultural Quarantine Inspection Fund:								
Estimated budget authority	14	15	16	16	19	23	27	130
Estimated outlays	14	15	16	16	19	23	27	130
Increase CCC commodity loan interest rate:								
Estimated budget authority	−10	−40	−40	−40	−40	−40	−40	−250
Estimated outlays	−10	−40	−40	−40	−40	−40	−40	−250
Total Changes in Direct Spending:								
Estimated budget authority	3,211	1,016	−1,021	−1,550	−1,586	−2,435	−2,690	−5,055
Estimated outlays	3,154	1,031	−1,059	−1,587	−1,618	−2,566	−2,732	−5,377

Notes.—1. H.R. 2854 was ordered reported on January 30, 1996, by the House Committee on Agriculture. CBO based initial estimates on the bill as introduced, with information from committee staff on amendments adopted. This replacement table was based on additional technical staff amendments received on February 2, 1996.

2. This bill would also affect spending subject to appropriations but CBO has not completed an estimate of potential changes in discretionary spending that might result from enacting the bill.

CONGRESSIONAL BUDGET OFFICE ESTIMATE OF COSTS OF PRIVATE SECTOR MANDATES

1. Bill number: H.R. 2854.

2. Bill title: Agricultural Market Transition Act.

3. Bill status: As ordered reported by the House Committee on Agriculture on January 30, 1996.

4. Bill purpose: This bill would reauthorize and reform federal programs supporting prices and incomes of producers of certain grains, peanuts, sugar, cotton, and dairy products. The bill would also affect conservation, export promotion, and agricultural insurance programs.

5. Private sector mandates contained in bill: This bill would impose new fees on sugar producers and importers of dairy products. It also contains requirements that would increase the costs of processing and handling milk and reduce the net returns of some producers of milk.

6. Estimated direct cost to the private sector: CBO estimates the direct costs of the private sector mandates identified in this bill would exceed $800 million annually for the next two years and $400 million annually thereafter. The most costly mandate would require that milk sold for fluid uses contain greater amounts of nonfat solids than currently required. Private sector mandates identified by CBO are described below. Estimated costs of mandates to the private sector are included when possible. The bill would affect businesses and consumers in many ways other than through the mandates it contains. Estimates described below are of the direct costs of mandates only, not of the more general effects on the private sector.

Title I—Agricultural Market Transition Program

Section 107 would increase marketing assessments on the processors of sugar cane and sugar beets. The marketing assessment on sugar cane would increase from 1.1 percent of the nonrecourse loan rate to 1.375 percent beginning in 1997. The marketing assessment on sugar beets would increase from 1.1794 percent of the nonrecourse loan rate to 1.47425, also beginning in 1997. CBO estimates that processors of sugar cane and sugar beets would pay an additional $8 million annually during the 1997–1999 period and an additional $9 million each year thereafter. Some of this increase would be passed on to users of sugar and sugar-containing products in the United States.

Title II—Dairy

Section 204 would extend a dairy promotion assessment to imports of dairy products. Importers would be required to pay 1.2 cents per pound of total milk solids contained in the imported product (or 15 cent per hundredweight of milk contained in the product, whichever is less) to a fund administered by the Dairy Promotion Board. These funds are used mainly to promote consumption of milk and milk products. The annual cost of importers is estimated to be less than $5 million.

Section 205 would increase the minimum level of nonfat solids required in fluid milk products. The current federal standard for nonfat solids in milk is 8.25 percent by weight. This section would increase this standard to 8.8 percent for whole milk, 10 percent for low-fat (or "2 percent") milk, 11 percent for light (or "1 percent") milk, and 9 percent for nonfat or skim milk. The standards now in force are typically exceeded, but average levels of nonfat solids fall short of the proposed standards in all areas of the country except California. The state of California imposes standards similar to those in this bill. Increasing the amount of nonfat solids in fluid milk products raises costs for handlers and processors of fluid milk because they must buy additional solids and pay higher processing costs. CBO estimates that the annual cost of the new standards would be between $400 million and $600 million. Most analysts believe that the bulk of such costs would be passed on to consumers in higher prices for fluid milk.

Section 207 would establish a minimum price that handlers and processors of milk must pay producers for milk used in fluid products (Class I milk). The minimum price would be in effect for two years. Under current law, the minimum price paid for Class I milk varies monthly, and is determined as a fixed differential from the price paid for milk used primarily for cheese (the Basic Formula Price). The Basic Formula Price and, thus the Class I price, moves up and down with changes in market conditions. The new minimum price would not affect milk prices now, but would prevent downward movements that would very likely occur during the two-year period that the provision would be in effect. CBO estimates that this provision would increase costs for handlers and processors over the next two years. Annual additional costs could range between $400 million and $500 million during this period. Most such costs would be passed on to consumers in higher prices for fluid milk.

Section 207 also creates a temporary national Class I pool that would redistribute money from dairy producers in areas where there is a relatively high Class I use of milk to areas where there is a relatively low Class I use. Class I includes fluid uses of milk, Class II includes soft products (ice cream and yogurt), and Class III/III–A includes hard products (cheese, butter, and dry milk). An example of an area with high Class I use is the Southeast, where Class I use may exceed 75 percent of milk produced in the region. This contrasts with the Upper Midwest where less than 20 percent of milk is used for fluid purposes.

This section would require that $0.80 per hundredweight of milk used for Class I uses be collected each month (through the system of federal marketing orders that regulate milk prices). This amount of money, which could total $400 million annually, would then be redistributed to dairy producers (again through their marketing orders) according to their share of total production. This mandate would have no net cost to dairy producers as a group. It would have a net cost to producers in areas with relatively high Class I use of milk and a net benefit to producers in areas with relatively low Class I use.

Section 208 would define a new class of milk (Class IV—milk used in butter, butter oil, and dry milk). It would also create a temporary national pool that would redistribute money from dairy producers in areas with low Class IV use to areas with high Class IV use. The amount collected and redistributed would depend on market prices of nonfat dry milk and butter. CBO has not estimated the amount of funds involved. Like the Class I pool discussed above, however, there is no net cost of this provision to dairy producers as a whole, though producers in some areas would pay and producers in other areas would benefit.

7. Previous CBO estimate: None

8. Estimate prepared by: Roger Hitchner and Jean Wooster.

9. Estimate approved by: Jan Acton, Assistant Director for Natural Resources and Commerce.

INFLATIONARY IMPACT STATEMENT

Pursuant to class (2)(l)(4) of rule XI of the Rules of the House of Representatives, the Committee estimates that enactment of H.R. 2854, as amended, will have no inflationary impact on the national economy.

OVERSIGHT STATEMENT

No summary of oversight findings and recommendations made by the Committee on Government Reform and Oversight under clause 2(l)(3)(D) of rule XI of the Rules of the House of Representatives was available to the Committee with reference to the subject matter specifically addressed by H.R. 2854, as amended.

No specific oversight activities other than the hearings detailed in this report were conducted by the Committee within the definition of clause 2(b)(1) of rule X of the Rules of the House of Representatives.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

FOOD SECURITY ACT OF 1985

* * * * * * *

TITLE I—DAIRY

* * * * * * *

SUBTITLE E—MISCELLANEOUS

* * * * * * *

DAIRY EXPORT INCENTIVE PROGRAM

SEC. 153. (a) During the period beginning 60 days after the date of enactment of this Act and ending on December 31, [2001] *2002*, the Commodity Credit Corporation shall establish and operate an export incentive program as described in this section for dairy products under section 5 of the Commodity Credit Corporation Charter Act.

(b) The program established under subsection (a) shall provide for the Corporation to make payments, on a bid basis, to an entity that sells for export United States dairy products. The Secretary shall have *sole* discretion to accept or reject bids under such criteria as the Secretary deems appropriate.

(c) The program shall be operated under such rules and regulations issued by the Secretary as the Secretary deems necessary to ensure, among other things, that—

(1) payments may be made under the program only on the quantity of dairy products sold by an entity for export in any year that is in addition to, and not in place of, any export sales of dairy products that the entity would otherwise make in the absence of the program; [and]

(2) to the extent practicable, dairy products sold for export under the program will not displace commercial export sales of United States dairy products by other exporters[.]*; and*

(3) the maximum volume of dairy product exports allowable consistent with the obligations of the United States as a member of the World Trade Organization are exported under the program each year (minus the volume sold under section 1163 of this Act (7 U.S.C. 1731 note) during that year), except to the extent that the export of such a volume under the program would, in the judgment of the Secretary, exceed the limitations on the value set forth in subsection (f); and

(4) payments may be made under the program for exports to any destination in the world for the purpose of market development, except a destination in a country with respect to which

shipments from the United States are otherwise restricted by law.

* * * * * * *

(e)(1) The payments made under the program shall be made at a rate or rates established or approved by the Secretary, taking into consideration, among other things the type of product to be exported, the domestic price of dairy products, [and] *the* world price of the dairy products, *and any additional amount that may be required to assist in the development of world markets for United States dairy products.*

(2) Any such rate established or approved by the Secretary shall be published in the Federal Register or publicly announced through other appropriate means, and shall be at a level or levels as will encourage the exportation of United States dairy products by entities.

(f) REQUIRED FUNDING.—The Commodity Credit Corporation shall in each year use money and commodities for the program under this section in the maximum amount consistent with the obligations of the United States as a member of the World Trade Organization, minus the amount expended under section 1163 of this Act (7 U.S.C. 1731 note) during that year. However, the Commodity Credit Corporation may not exceed the limitations specified in subsection (c)(3) on the volume of allowable dairy product exports.

* * * * * * *

TITLE X—GENERAL COMMODITY PROVISIONS

* * * * * * *

SUBTITLE A—MISCELLANEOUS COMMODITY PROVISIONS

* * * * * * *

PAYMENT LIMITATIONS

SEC. 1001. Notwithstanding any other provision of law:

[(1)(A) Subject to sections 1001A through 1001C for each of the 1987 through 1997 crops, the total amount of deficiency payments (excluding any deficiency payments described in paragraph (2)(B)(iv) of this section) and land diversion payments that a person shall be entitled to receive under one or more of the annual programs established under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.) for wheat, feed grains, upland cotton, extra long staple cotton, and rice may not exceed $50,000.

[(B) Subject to sections 1001A through 1001C for each of the 1991 through 1997 crops, the total amount of payments specified in clauses (iii), (iv), and (v) of paragraph (2)(B) that a person shall be entitled to receive under one or more of the annual programs established under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.) for wheat, feed grains, upland cotton, rice, and oilseeds (as defined in section 205(a) of the Agricultural Act of 1949) may not exceed $75,000.

[(2)(A) Subject to sections 1001A through 1001C for each of the 1991 through 1997 crops, the total amount of payments set forth in subparagraph (B) that a person shall be entitled to receive under

one or more of the annual programs established under the Agricultural Act of 1949 for wheat, feed grains, upland cotton, extra long staple cotton, rice, and other commodities, when combined with payments for such crop described in paragraph (1), shall not exceed $250,000.

[(B) As used in subparagraph (A), the term "payments" means—

[(i) any part of any payment that is determined by the Secretary of Agriculture to represent compensation for resource adjustment (excluding land diversion payments) or public access for recreation;

[(ii) any disaster payment under one or more of the annual programs for a commodity established under the Agricultural Act of 1949;

[(iii) any gain realized by a producer from repaying a loan for a crop of any commodity (other than honey) at a lower level than the original loan level established under the Agricultural Act of 1949;

[(iv) any deficiency payment received for a crop of wheat or feed grains under section 107B(c)(1) or 105B(c)(1), respectively, of the Agricultural Act of 1949 as the result of a reduction of the loan level for such crop under section 107B(a)(3) or 105B(a)(3) of such Act;

[(v) any loan deficiency payment received for a crop of wheat, feed grains, upland cotton, rice, or oilseeds under section 107B(b), 105B(b), 103B(b), 101B(b), or 205(e), respectively, of the Agricultural Act of 1949; and

[(vi) any inventory reduction payment received for a crop of wheat, feed grains, upland cotton, or rice under section 107B(f), 105B(f), 103B(f), or 101B(f), respectively, of the Agricultural Act of 1949.

Such term shall not include loans or purchases, except as specifically provided for in this paragraph.

[(C) No certificate redeemable for stocks of a commodity held by the Commodity Credit Corporation may be redeemed for honey held by the Corporation.

[(3) Notwithstanding the foregoing provisions of this section, if the Secretary of Agriculture determines that any of the limitations provided for in paragraph (2) will result in a substantial increase in the number or dollar amount of loan forfeitures for a crop of a commodity, will substantially reduce the acreage taken out of production under an acreage reduction program for a crop of a commodity, or will cause the market prices for a crop of a commodity to fall substantially below the effective loan rate for the crop, the Secretary shall adjust upward such limitation, under such terms and conditions as the Secretary determines appropriate, as necessary to eliminate such adverse effect on the program involved.

[(4) If the Secretary determines that the total amount of payments that will be earned by any person under the program in effect for any crop will be reduced under this section, any acreage requirement established under a set-aside or acreage limitation program for the farm or farms on which such person will be sharing in payments earned under such program shall be adjusted to such extent and in such manner as the Secretary determines will be fair

and reasonable in relation to the amount of the payment reduction.]

(1) LIMITATION ON PAYMENTS UNDER PRODUCTION FLEXIBILITY CONTRACTS.—The total amount of contract payments made under section 103 of the Agricultural Market Transition Act to a person under 1 or more production flexibility contracts entered into under the section during any fiscal year may not exceed $40,000.

(2) LIMITATION ON MARKETING LOAN GAINS AND LOAN DEFICIENCY PAYMENTS.—For each of the 1996 through 2002 crops of loan commodities, the total amount of payments specified in paragraph (3) that a person shall be entitled to receive under section 104 of the Agricultural Market Transition Act for one or more loan commodities may not exceed $75,000.

(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 for a crop of any loan commodity at a lower level than the original loan rate established for the loan commodity under section 104(b) of the Agricultural Market Transition Act.

(B) Any loan deficiency payment received for a loan commodity under section 104(e) of the Act.

(4) DEFINITIONS.—In this title, the terms "contract payment" and "loan commodity" have the meaning given those terms in section 102 of the Agricultural Market Transition Act.

* * * * * * *

SEC. 1001A. PREVENTION OF CREATION OF ENTITIES TO QUALIFY AS SEPARATE PERSONS; PAYMENTS LIMITED TO ACTIVE FARMERS.

(a) PREVENTION OF CREATION OF ENTITIES TO QUALIFY AS SEPARATE PERSONS.—For the purposes of preventing the use of multiple legal entities to avoid the effective application of the payment limitations under section 1001:

(1) IN GENERAL.—A person (as defined in section 1001(5)(B)(i)) that receives farm program payments (as described in paragraphs (1) and (2) of this section as being subject to limitation) for a crop year [under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.)] may not also hold, directly or indirectly, substantial beneficial interests in more than two entities (as defined in section 1001(5)(B)(i)(II)) engaged in farm operations that also receive such payments as separate persons, for the purposes of the application of the limitations under section 1001. A person that does not receive such payments for a crop year may not hold, directly or indirectly, substantial beneficial interests in more than three entities that receive such payments as separate persons, for the purposes of the application of the limitations under section 1001.

* * * * * * *

(b) PAYMENTS LIMITED TO ACTIVE FARMERS.—

(1) IN GENERAL.—To be separately eligible for farm program payments (as described in paragraphs (1) and (2) of section 1001 as being subject to limitation) [under the Agricultural

Act of 1949] with respect to a particular farming operation (whether in the person's own right or as a partner in a general partnership, a grantor of a revocable trust, a participant in a joint venture, or a participant in a similar entity (as determined by the Secretary) that is the producer of the crops involved), a person must be an individual or entity described in section 1001(5)(B)(i) and actively engaged in farming with respect to such operation, as provided under paragraphs (2), (3), and (4).

* * * * * * *

SEC. 1001C. FOREIGN PERSONS MADE INELIGIBLE FOR PROGRAM BENEFITS.

Notwithstanding any other provision of law:

(a) IN GENERAL.—[For each of the 1991 through 1997 crops, any] *Any* person who is not a citizen of the United States or an alien lawfully admitted into the United States for permanent residence under the Immigration and Nationality Act (8 U.S.C. 1101 et seq.) shall be ineligible to receive any type of [production adjustment payments, price support program loans, payments, or benefits made available under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.),] *loans or payments made available under title I of the Agricultural Market Transition Act,* the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), or subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3831 et seq.), or under any contract entered into under title XII [during the 1989 through 1997 crop years], with respect to any commodity produced, or land set aside from production, on a farm that is owned or operated by such person, unless such person is an individual who is providing land, capital, and a substantial amount of personal labor in the production of crops on such farm.

* * * * * * *

TITLE XI—TRADE

SUBTITLE A—PUBLIC LAW 480 AND USE OF SURPLUS COMMODITIES IN INTERNATIONAL PROGRAMS

* * * * * * *

SEC. 1110. (a) * * *

* * * * * * *

(k) This section shall be effective during the period beginning October 1, 1985, and ending December 31, [1995] *1996*.

(l)(1) To enhance the development of private sector agriculture in countries receiving assistance under this section the President may, in each of the fiscal years 1991 through [1995] *1996*, use in addition to any amounts or commodities otherwise made available under this section for such activities, not to exceed $10,000,000 of Commodity Credit Corporation funds (or commodities of an equal value owned by the Corporation), to provide assistance in the administration, sale, and monitoring of food assistance programs to strengthen private sector agriculture in recipient countries.

* * * * * * *

TITLE XII—CONSERVATION

* * * * * * *

Subtitle D—Agricultural Resources Conservation Program

CHAPTER 1—ENVIRONMENTAL CONSERVATION ACREAGE RESERVE PROGRAM

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Subchapter B—Conservation Reserve

SEC. 1231. CONSERVATION RESERVE.

(a) * * *

* * * * * * *

(d) MAXIMUM ENROLLMENT.—The Secretary shall enter into contracts under this section to place in the conservation reserve a [total of 38,000,000 acres during the 1986 through 1995 calendar years. In enrolling such acres, the Secretary shall reserve 1 million acres for enrollment under this section in the 1995 calendar year.] *total of 36,400,000 acres.*

* * * * * * *

Subchapter C—Wetlands Reserve Program

SEC. 1237. WETLANDS RESERVE PROGRAM.

(a) * * *

(b) MINIMUM ENROLLMENT.—The Secretary shall enroll into the wetlands reserve program—

(1) * * *

(2) a total of [not less] *not more* than 975,000 acres during the 1991 through [2000] *2002* calendar years.

(c) ELIGIBILITY.—For purposes of enrolling land in the wetland reserve established under this subchapter during the 1991 through [2000] *2002* calendar years, land shall be eligible to be placed into such reserve if the Secretary, in consultation with the Secretary of the Interior at the local level, determines that—

(1) * * *

* * * * * * *

SEC. 1237A. EASEMENTS.

(a) * * *

* * * * * * *

(e) TYPE AND LENGTH OF EASEMENT.—A conservation easement granted under this section—

(1) shall be in a recordable form; and

[(2) shall be for 30 years, permanent, or the maximum duration allowed under applicable State laws.]

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

* * * * * * *

CHAPTER 4—LIVESTOCK ENVIRONMENTAL ASSISTANCE PROGRAM

SEC. 1240. DEFINITIONS.

In this chapter:

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

(2) LARGE CONFINED LIVESTOCK OPERATION.—The term "large confined livestock operation" means an operation that—

(A) is a confined animal feeding operation; and

(B) has more than—

(i) 55 mature dairy cattle;

(ii) 10,000 beef cattle;

(iii) 30,000 laying hens or broilers (if the facility has continuous overflow watering);

(iv) 100,000 laying hens or broilers (if the facility has a liquid manure system);

(v) 55,000 turkeys;

(vi) 15,000 swine; or

(vii) 10,000 sheep or lambs.

(3) LIVESTOCK.—The term "livestock" means dairy cows, beef cattle, laying hens, broilers, turkeys, swine, sheep, lambs, and such other animals as determined by the Secretary.

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

(5) STRUCTURAL PRACTICE.—The term "structural practice" means the establishment of an animal waste management facility, terrace, grassed waterway, contour grass strip, filterstrip, 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 due to livestock production.

SEC. 1240A. ESTABLISHMENT AND ADMINISTRATION OF LIVESTOCK ENVIRONMENTAL ASSISTANCE PROGRAM.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—During the 1996 through 2002 fiscal years, the Secretary shall provide technical assistance, cost-sharing payments, and incentive payments to operators who enter into contracts with the Secretary, through a livestock environmental assistance program.

(2) ELIGIBLE PRACTICES.—

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

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

(3) ELIGIBLE LAND.—Assistance under this chapter may be provided with respect to land that is used for livestock production and on which a serious threat to water, soil, or related re-

sources exists, as determined by the Secretary, by reason of the soil types, terrain, climatic, soil, topographic, flood, or saline characteristics, or other factors or natural hazards.

(4) SELECTION CRITERIA.—In providing technical assistance, cost-sharing payments, and incentive payments to operators in a region, watershed, or conservation priority area in which an agricultural operation is located, the Secretary shall consider—

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

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

(b) APPLICATION AND TERM.—

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

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

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

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

(c) STRUCTURAL PRACTICES.—

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

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

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

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

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

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

(1) COST-SHARING PAYMENTS.—

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

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

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

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

(3) TECHNICAL ASSISTANCE.—

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

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

(f) LIMITATION ON PAYMENTS.—

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

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

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

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

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

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

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

[Subtitle E—Administration

[USE OF COMMODITY CREDIT CORPORATION

[SEC. 1241. (a)(1) During each of the fiscal years ending September 30, 1986, and September 30, 1987, the Secretary shall use the facilities, services, authorities, and funds of the Commodity Credit Corporation to carry out subtitle D.

[(2) During the fiscal year ending September 30, 1988, and each fiscal year thereafter, the Secretary may use the facilities, services, authorities, and funds of the Commodity Credit Corporation to

carry out subtitle D, except that the Secretary may not use funds of the Corporation for such purpose unless the Corporation has received funds to cover such expenditures from appropriations made to carry out this subtitle.

[(b) The authority provided by subtitles (A) through (E) shall be in addition to, and not in place of, other authority granted to the Secretary and the Commodity Credit Corporation.

[USE OF OTHER AGENCIES

[SEC. 1242. (a) In carrying out subtitles B, C, and D, the Secretary shall use the services of local, county, and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)).

[(b)(1) In carrying out subtitle D, the Secretary may utilize the services of the Soil Conservation Service and the Forest Service, the Fish and Wildlife Service, State forestry agencies, State fish and game agencies, land-grant colleges, local, county, and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h), soil and water conservation districts, and other appropriate agencies.

[(2) In carrying out subtitle D at the State and county levels, the Secretary shall consult with, to the extent practicable, the Fish and Wildlife Service, State forestry agencies, State fish and game agencies, land-grant colleges, soil-conservation districts, and other appropriate agencies.

[ADMINISTRATION

[SEC. 1243. (a) The Secretary shall establish, by regulation, an appeal procedure under which a person who is adversely affected by any determination made under subtitles A through E may seek review of such determination.

[(b) Ineligibility under section 1211 or 1212 of a tenant or sharecropper for benefits shall not cause a landlord to be ineligible for benefits for which the landlord would otherwise be eligible with respect to commodities produced on lands other than those operated by the tenant or sharecropper.

[(c) In carrying out subtitles B through E, the Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers, including provision for sharing, on a fair and equitable basis, in payments under the program established by subtitle D.

[(d) In making determinations under this title and in conducting appeals from any determination made under this title, the Secretary shall act as expeditiously as possible but shall provide adequate safeguards to protect the interests of the persons involved in such determination.

[(e) The Secretary shall maintain data concerning the number and status of appeals pending in excess of 120 days or resolved under this title.

[(f)(1) The Secretary shall not enroll more than a total of 25 percent of the cropland in any county into the Environmental Conservation Acreage Reserve Program under chapter 1 and the Environmental Easement Program under chapter 3, and not more than 10 percent of such cropland may be subject to an easement ac-

quired under those chapters. The Secretary may exceed these limitations in a county to the extent that the Secretary determines that—

[(A) such action would not adversely affect the local economy of such county; and

[(B) producers in such county are having difficulties complying with conservation plans or other environmental requirements.

[(2) The limitations established under this subsection shall not apply to cropland that is subject to an easement under chapter 1 or chapter 3 that is used for the establishment of shelterbelts and windbreaks.

[(3) In making a determination under this subsection, the Secretary shall not require the written consent of a member of Congress.

[REGULATIONS

[SEC. 1244. Not later than 180 days after the date of enactment of this Act, the Secretary shall issue such regulations as the Secretary determines are necessary to carry out subtitles A through E, including regulations that—

[(1) define the term "person";

[(2) govern the determination of persons who shall be ineligible for program benefits under subtitles B and C, so as to ensure a fair and reasonable determination of ineligibility; and

[(3) protect the interests of landlords, tenants, and sharecroppers.

[SEC. 1245. AUTHORIZATION OF APPROPRIATIONS.

[(a) ENVIRONMENTAL CONSERVATION ACREAGE RESERVE PROGRAM AND WATER QUALITY INCENTIVE PROGRAM.—There is authorized to be appropriated without fiscal year limitation such sums as may be necessary to carry out chapters 1 and 2 of subtitle D. Amounts available to carry out subtitle D before the date of enactment of this section shall remain available to carry out such chapters.

[(b) OTHER CONSERVATION MATTERS.—In addition to subsection (a), there is authorized to be appropriated without fiscal year limitation such sums as may be necessary to carry out subtitles A through G, other than chapters 1 and 2 of subtitle D.

[SEC. 1246. MONITORING AND EVALUATION.

[(a) IN GENERAL.—Not later than June 30, 1993, the Secretary shall prepare and submit, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, a comprehensive report that evaluates, in accordance with subsection (b), the programs and policies established and operated under this title.

[(b) REQUIREMENTS.—In conducting the evaluations required under subsection (a), the Secretary shall—

[(1) assess the progress made toward the national objective of nondegradation of the soil resources through the implementation of the relevant provisions of this title, identify obstacles to the attainment of such goal, and recommend ways in which to overcome such obstacles;

[(2) perform on-site evaluations of 5 percent, or such reasonable amount as necessary to produce a statistically valid survey, of all affected acreage of—

[(A) conservation practices on highly erodible lands;

[(B) estimates of erosion reductions that may result from the implementation of conservation plans; and

[(C) the technical adequacy and feasibility of such plans;

[(3) collect data concerning the social and economic impacts, violations, appeals, and such other matters under this title as the Secretary determines to be necessary to assess the overall impact of this title, which data collection shall not impose an additional recordkeeping or reporting requirement on the producer; and

[(4) assess the contribution toward the national objectives of wetlands preservation, wildlife and waterfowl habitat improvement, and water quality improvement through the implementation of the relevant provisions of this title, identify obstacles to furthering progress toward such objectives, and recommend ways in which to overcome such obstacles.

[SEC. 1247. ASSISTANCE FOR CONTROL OF THE SPREAD OF WEEDS AND PESTS.

[(a) IN GENERAL.—The Secretary, in consultation with State experiment stations, the Administrator of the Extension Service, the Chief of the Soil Conservation Service, and State pest and weed control boards, shall make available to owners and operators of land that is subject to a contract under subtitle D, weed and pest control technical information and materials that—

[(1) address common weed and pest problems and programs to control weeds and pests found on acreage enrolled in the conservation reserve; and

[(2) are otherwise consistent with maintaining the conservation and environmental objectives of the conservation reserve.

[(b) CONSERVATION MEASURE.—At the Secretary's discretion, the control of insect pests on conservation reserve acreage that is most likely to incur a crop pest infestation that adversely affects surrounding commercial land may be considered a conservation measure or practice for the purposes of section 1234(b).]

Subtitle E—Funding

SEC. 1241. FUNDING.

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

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

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

(3) chapter 4 of subtitle D.

(b) LIVESTOCK ENVIRONMENTAL ASSISTANCE PROGRAM.—For each of fiscal years 1996 through 2002, $100,000,000 of the funds of the Commodity Credit Corporation shall be available for providing

technical assistance, cost-sharing payments, and incentive payments for practices relating to livestock production under the livestock environmental assistance program under chapter 4 of subtitle D.

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AGRICULTURAL ADJUSTMENT ACT OF 1938

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TITLE III—LOANS, PARITY PAYMENTS, CONSUMER SAFEGUARDS, MARKETING QUOTAS, AND MARKETING CERTIFICATES

SUBTITLE A—DEFINITIONS, PARITY PAYMENTS, AND CONSUMER SAFEGUARDS

DEFINITIONS

SEC. 301. (a) * * *

(b) DEFINITIONS APPLICABLE TO ONE OR MORE COMMODITIES.—For the purposes of this title—

(1) * * *

* * * * * * *

(18) The word "peanuts" for the purposes of this Act shall mean all peanuts produced, excluding any peanuts which it is established by the producer or otherwise, in accordance with regulations of the Secretary, were not picked or threshed either before or after marketing from the farm, or were marketed by the producer before drying or removal of moisture from such peanuts either by natural or artificial means for consumption exclusively as boiled peanuts.

* * * * * * *

INTERNATIONAL EMERGENCY FOOD RESERVE

SEC. 305. The President is encouraged to enter into negotiations with other nations to develop an international system of food reserves to provide for humanitarian food relief needs and to establish and maintain a food reserve, as a contribution of the United States toward the development of such a system, to be made available in the event of food emergencies in foreign countries. The reserves shall be known as the International Emergency Food Reserve.

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SUBTITLE B—MARKETING QUOTAS

PART I—MARKETING QUOTAS—TOBACCO

* * * * * * *

SEC. 315. Notwithstanding any of the provisions of section 101 of this Act: (a) For the 1960 crop of any kind of tobacco for which marketing quotas are in effect, or for which marketing quotas are not disapproved by producers, the support level in cents per pound shall be the level at which the 1959 crop of such kind of tobacco was supported, or if marketing quotas were disapproved for the 1959 crop

of such kind of tobacco, the level at which the 1959 crop of such kind of tobacco would have been supported if marketing quotas had been in effect. (b) For the 1961 crop and each subsequent crop of any kind of tobacco for which marketing quotas are in effect, or for which marketing quotas are not disapproved by producers, the support level in cents per pound shall be determined by adjusting the support level for the 1959 crop of such kind of tobacco, or if marketing quotas were disapproved for the 1959 crop of such kind of tobacco, the level at which the 1959 crop of such kind of tobacco would have been supported if marketing quotas had been in effect, by multiplying such support level for the 1959 crop by the ratio of (i) the average of the index of prices paid by farmers, including wage rates, interest, and taxes, as defined in section 301(a)(1)(C) of the Agricultural Adjustment Act of 1938, as amended, for the three calendar years immediately preceding the calendar year in which the marketing year begins for the crop for which the support level is being determined to (ii) the average index of such prices paid by farmers, including wage rates, interest, and taxes for the calendar year 1959.

(c) If acreage poundage or poundage farm marketing quotas are in effect under section 317 or 319 of the Agricultural Adjustment Act of 1938, as amended, (1) price support shall not be made available on tobacco marketed in excess of 103 per centum of the marketing quota (after adjustments) for the farm on which such tobacco was produced, and (2) for the purpose of price-support eligibility, tobacco carried over from one marketing year to another shall, when marketed, be considered tobacco of the then current crop.

(d) Notwithstanding the provisions of section 403, if the Secretary determines that the supply of any grade of any kind of tobacco of a crop for which marketing quotas are in effect or are not disapproved by producers will likely be excessive, the Secretary, after prior consultation with the association through which price support for the grade and kind of tobacco is made available to producers, may reduce the support rate which would otherwise be established for such grade of tobacco after taking into consideration the effect such reduction may have on the supply and price of other grades of other kinds of quota tobacco: Provided, That the weighted average of the support rates for all eligible grades of such kind of tobacco shall, after such reduction, reflect not less than (1) 65 per centum of the increase in the support level for such kind of tobacco which would otherwise be established under this section, if the support level therefor is higher than the support level for the preceding crop, or (2) the support level for such kind of tobacco established under this section, if the support level therefor is not higher than the support level for the preceding crop. In determining whether the supply of any grade of any kind of tobacco of a crop will be excessive, the Secretary shall take into consideration the domestic supply, including domestic inventories, the amount of such tobacco pledged as security for price support loans, and anticipated domestic and export demand, based on the maturity, uniformity and stalk position of such tobacco.

(f) Notwithstanding the foregoing provisions of this section—

(1) For the 1984 crop of Flue-cured tobacco, the support level shall be the level in cents per pound at which the 1982 crop was supported.

(2) For the 1985 crop of Flue-cured tobacco, the support level shall be the level in cents per pound at which the 1982 crop was supported, plus or minus, respectively, the amount by which (A) the support level for the 1985 crop, as determined under subsection (b), is greater or less than (B) the support level for the 1984 crop, as determined under subsection (b), as that difference may be adjusted by the Secretary under subsection (d) if the support level under clause (A) is greater than the support level under clause (B), except that the support level for the 1985 crop shall be the level in cents per pound at which the 1982 crop was supported if the support level as determined under subsection (b) for the 1985 crop would not be more than 5 per centum greater than the support level as determined under subsection (b) for the 1984 crop.

(3) For the 1984 crop of any kind of tobacco (other than Flue-cured tobacco) for which marketing quotas are in effect or are not disapproved by producers and for the 1985 crop of any kind of tobacco (other than Flue-cured and Burley tobacco) for which marketing quotas are in effect or are not disapproved by producers, the Secretary shall establish the support level at such level as will not narrow the normal price support differential between Flue-cured tobacco and such other kind of tobacco. Before establishing the support level under this paragraph for any such kind of tobacco the Secretary shall publish in the Federal Register a notice of the level the Secretary proposes to establish and give an opportunity for the public to comment on the proposal. In determining the level to be established under this paragraph for a particular kind of tobacco, the Secretary shall take into consideration the cost of producing such kind of tobacco, the supply and demand conditions for such kind of tobacco, the comments received in response to the public notice of the proposal, and such other relevant factors as the Secretary determines appropriate.

(4) For the 1985 and 1986 crops of Burley tobacco, the support level shall be $1.488 per pound.

(5) For the 1986 crop of Flue-cured tobacco, the support level shall be $1.438 per pound.

(6)(A) Except as provided in subparagraph (B), for the 1986 and each subsequent crop of any kind of tobacco (other than Flue-cured and Burley tobacco) for which marketing quotas are in effect or are not disapproved by producers, the support level shall be the level in cents per pound at which the immediately preceding crop was supported, plus or minus, respectively, the amount by which—

(i) the support level for the crop for which the determination is being made, as determined under subsection (b); is greater or less than

(ii) the support level for the immediately preceding crop, as determined under subsection (b),

as that difference may be adjusted by the Secretary under subsection (d) if the support level under clause (i) is greater than the support level under clause (ii).

(B) Notwithstanding subparagraph (A) and subsection (d), if requested by the board of directors of an association through which price support for the respective kind of tobacco specified in subparagraph (A) is made available to producers, the Secretary may reduce the support level for such kind of tobacco to the extent requested by the association to more accurately reflect the market value and improve the marketability of such tobacco.

(7)(A) For the 1987 and each subsequent crop of Flue-cured and Burley tobacco for which marketing quotas are in effect or are not disapproved by producers, the support level shall be the level in cents per pound at which the immediately preceding crop was supported, plus or minus, respectively, an adjustment of not less than 65 percent nor more than 100 percent of the total, as determined by the Secretary after taking into consideration the supply of the kind of tobacco involved in relation to demand, of—

(i) 66.7 percent of the amount by which—

(I) the average price received by producers for Flue-cured and Burley tobacco, respectively, on the United States auction markets, as determined by the Secretary, during the 5 marketing years immediately preceding the marketing year for which the determination is being made, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period, is greater or less than

(II) the average price received by producers for Flue-cured and Burley tobacco, respectively, on the United States auction markets, as determined by the Secretary, during the 5 marketing years immediately preceding the marketing year prior to the marketing year for which the determination is being made, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period; and

(ii) 33.3 percent of the change, expressed as a cost per pound of tobacco, in the index of prices paid by tobacco producers from January 1 to December 31 of the calendar year immediately preceding the year in which the determination is made.

(B) For purposes of subparagraph (A)—

(i) the average market price for Burley tobacco for the 1985 marketing year shall be reduced by $0.039 per pound;

(ii) the average market price for Burley tobacco for the 1984 and each prior applicable marketing year shall be reduced by $0.30 per pound;

(iii) the average market price for Flue-cured tobacco for the 1985 marketing year shall be reduced by $0.25 per pound;

(iv) the average market price for Flue-cured tobacco for the 1984 and each prior applicable marketing year shall be reduced by $0.30 per pound; and

(v) the index of prices paid by tobacco producers shall include items representing general, variable costs of producing tobacco, as determined by the Secretary, but shall not include the cost of land, risk, overhead, management, purchase or leasing of quotas, marketing contributions or assessments, and other costs not directly related to the production of tobacco.

(8)(A) Notwithstanding any other provision of this subsection, in the case of each of the 1988 and 1989 crops of any kind of tobacco, the Secretary shall reduce the support level for such crop by an amount equal to 1.4 percent of the level otherwise established under this subsection. Any such reduction shall not be taken into consideration in determining the support level for a subsequent crop of tobacco.

(B) In lieu of making any such reduction, the Secretary may impose assessments on the producers and purchasers in an amount sufficient to realize a reduction in outlays equal to the amount that would have been achieved as a result of the reduction required under subparagraph (A). Such assessments shall not apply to purchasers if it is judicially determined that the imposition of the purchaser assessment will adversely affect the contracts entered into under section 1109 of the Consolidated Omnibus Budget Reconciliation Act of 1986 (7 U.S.C. 1445–3).

(g)(1) Effective only for each of the 1994 through 1998 crops of tobacco for which price support is made available under this Act, each producer and purchaser of such tobacco, and each importer of the same kind of tobacco, shall remit to the Commodity Credit Corporation a nonrefundable marketing assessment in an amount equal to—

(A) in the case of a producer or purchaser of domestic tobacco, .5 percent of the national price support level for each such crop; and

(B) in the case of an importer of tobacco, 1 percent of the national support price for the same kind of tobacco;

as provided for in this section.

(2) Such producer, purchaser, and importer assessments shall be—

(A) collected in the same manner as provided for in section 106A(d)(2) or 106B(d)(3), as applicable; and

(B) enforced in the same manner as provided in section 106A(h) or 106B(j), as applicable.

(3) The Secretary may enforce this subsection in the courts of the United States.

PRODUCER CONTRIBUTIONS AND PURCHASER ASSESSMENTS FOR NO NET COST TOBACCO FUND

SEC. 315A. (a) As used in the section—

(1) the term "association" means a producer-owned cooperative marketing association which has entered into a loan agreement with the Corporation to make price support available to producers;

(2) the term "Corporation" means the Commodity Credit Corporation, an agency and instrumentality of the United States within the Department of Agriculture through which the Secretary makes price support available to producers;

(3) the term "Fund" means the capital account to be established within each association, which account shall be known as the "No Net Cost Tobacco Fund";

(4) the term "to market" means to dispose of quota tobacco by voluntary or involuntary sale, barter, exchange, gift inter vivos, or consigning the tobacco to an association for a price support advance;

(5) the term "net gains" means the amount by which total proceeds obtained from the sale by an association of a crop of quota tobacco pledged to the Corporation for price support loan exceeds the principal amount of the price support loan made by the Corporation to the association on such crop, plus interest and charges;

(6) the term "purchaser" means any person who purchases in the United States, either directly or indirectly for the account of such person or another person, Flue-cured or Burley quota tobacco; and

(7) the term "quota tobacco" means any kind of tobacco for which marketing quotas are in effect or for which marketing quotas are not disapproved by producers.

(b) The Secretary may carry out the tobacco price support program through the Corporation and shall, except as otherwise provided by this section, continue to make price support available to producers through loans to associations that, under agreements with the Corporation, agree to make loan advances to producers.

(c) Each association shall establish within the association a Fund. The Fund shall be comprised of amounts contributed by producer-members or paid by or on behalf of purchasers and importers as provided in subsection (d).

(d) The Secretary shall—

(1) require—

(A) that—

(i) as a condition of eligibility for price support, each producer of each kind of quota tobacco shall agree, with respect to all such kind of quota tobacco marketed by the producer from a farm, to contribute to the appropriate association, for deposit in the association's Fund, an amount determined from time to time by the association with the approval of the Secretary;

(ii) each purchaser of Flue-cured and Burley quota tobacco shall pay to the appropriate association, for deposit in the Fund of the association, an assessment, in an amount determined from time to time by the association with the approval of the Secretary, with respect to purchases of all such kind of tobacco marketed by a producer from a farm (including purchases of such tobacco from the 1986 and subsequent crops from the association); and

(iii) each importer of Flue-cured or Burley tobacco shall pay to the appropriate association, for deposit in

the Fund of the association, an assessment, in an amount that is equal to the product obtained by multiplying—

(I) the number of pounds of tobacco that is imported by the importer; by

(II) the sum of the amount of per pound producer contributions and purchaser assessments that are payable by domestic producers and purchasers of Flue-cured and Burley tobacco under clauses (i) and (ii); and

(B) that, upon making a contribution under subparagraph (A)—

(i) in the case of quota tobacco marketed other than by consignment to an association for a price support advance, the producer shall receive from the association capital stock or, if the association does not issue such stock, a capital certificate having a par value or face amount, respectively, equal to the contribution; and

(ii) in the case of quota tobacco consigned by the producer to an association for a price support advance, the producer shall receive from the association a qualified per unit retain certificate, as defined in section 1388(h) of the Internal Revenue Code, having a face amount equal to the amount of the contribution and representing an interest in the association's Fund.

The amount of producer contributions and purchaser assessments shall be determined in such a manner that producers and purchasers share equally, to the maximum extent practicable, in maintaining the Fund of an association. In making such determination with respect to the assessment of a purchaser, only 1985 and subsequent crops of Flue-cured and Burley quota tobacco shall be taken into account. The Secretary shall approve the amount of the contributions and assessments determined by an association from time to time under this paragraph only if the Secretary determines that such amount will result in accumulation of a Fund adequate to reimburse the Corporation for any net losses which the Corporation may sustain under its loan agreements with the association, based on reasonable estimates of the amounts which the Corporation will lend to the association under such agreements and the proceeds which will be realized from the sales of tobacco which are pledged to the Corporation by the association as security for loans;

(2) require that any producer contribution or purchaser or importer assessment due under paragraph (1) shall be collected—

(A) from the person who acquired the tobacco involved from the producer, except that if the tobacco is marketed by sale, an amount equal to the producer contribution may be deducted by the purchaser from the price paid to such producer;

(B) if the tobacco involved is marketed by a producer through a warehouseman or agent, from such warehouseman or agent, who may—

(i) deduct an amount equal to the producer contribution from the price paid to the producer; and

(ii) add an amount equal to the purchaser assessment to the price paid by the purchaser;

(C) if the tobacco involved is marketed by a producer directly to any person outside the United States, from the producer, who may add an amount equal to the purchaser assessment to the price paid by the purchaser; and

(D) if the tobacco involved is imported by an importer, from the importer.

(3) require that the Fund established by each association shall be kept and maintained separate from all other accounts of the association and shall be used exclusively, as prescribed by the Secretary, for the purpose of ensuring, insofar as practicable, that the Corporation, under its loan agreements with the association with respect to 1982 and subsequent crops of quota tobacco, will suffer no net losses (including, but not limited to, recovery of the amount of loans extended to cover the overhead costs of the association), after any net gains are applied to net losses of the corporation under paragraph (5): Provided, That, notwithstanding any other provision of law, use by the association of moneys in the Fund, including interest and other earnings, for the purposes of reducing the association's outstanding indebtedness to the Corporation associated with 1982 and subsequent crops of quota tobacco and making loan advances to producers is authorized, and use of such moneys for any other purposes that will be mutually beneficial to producers and purchasers who contribute or pay to the Fund and to the Corporation, shall, if approved by the Secretary, be considered an appropriate use of the Fund;

(4) permit an association to invest the monies in the Fund in such manner as the Secretary may approve, and require that the interest or other earnings on such investment shall become a part of the Fund;

(5) require that loan agreements between the Corporation and the association provide that the Corporation shall retain the net gains from each of the 1982 and subsequent crops of tobacco pledged by the association as security for price support loans, and that such net gains will be used for the purpose of (A) offsetting any losses sustained by the Corporation under its loan agreements with the association for any of the 1982 and subsequent crops of loan tobacco, or (B) reducing the outstanding balance of any price support loan made by the Corporation to the association under such agreements for 1982 and subsequent crops of tobacco, or for both such purposes;

(6); and

(7) effective for the 1986 and subsequent crops of quota tobacco, provide, in loan agreements between the Corporation and an association, that if the Secretary determines that the amount in the Fund or the net gains referred to in paragraph (5) exceeds the amounts necessary for the purposes specified in this section, the association, with the approval of the Secretary, may suspend the payment and collection of contributions and assess-

ments under this section on terms and conditions established by the association, with the approval of the Secretary.

(e) If any association which has entered into a loan agreement with the Corporation with respect to 1982 or subsequent crops of quota tobacco fails or refuses to comply with the provisions of this section, the regulations issued by the Secretary thereunder, or the terms of such agreement, the Secretary may terminate such agreement or provide that no additional loan funds may be made available thereunder to the association. In such event, the Secretary shall make price support available to producers of the kind or kinds of tobacco, the price of which had been supported through loans to such association, through such other means as are authorized by this Act or the Commodity Credit Corporation Charter Act.

(f) If, under subsection (e), a loan agreement with an association is terminated, or if an association having a loan agreement with the Corporation is dissolved, merges with another association, or otherwise ceases to operate, the Fund or the net gains referred to in subsection (d)(5) shall be applied or disposed of in such manner as the Secretary may approve or prescribe, except that they shall, to the extent necessary, first be applied or used for the purposes therefor prescribed in this section.

(g) The Secretary shall issue regulations necessary to carry out the provisions of this section.

(h)(1)(A) Each person who fails to collect any contribution or assessment as required by subsection (d)(2) and remit such contribution or assessment to the association, at such time and in such manner as may be prescribed by the Secretary, shall be liable, in addition to any amount due, to a marketing penalty at a rate equal to 75 percent of the average market price (calculated to the nearest whole cent) for the kind of tobacco involved for the immediately preceding year on the quantity of tobacco as to which the failure occurs.

(B) Each importer who fails to pay to the association an assessment as required by subsection (d)(2) at such time and in such manner as may be prescribed by the Secretary, shall be liable, in addition to any amount due, for a marketing penalty at a rate equal to 75 percent of the average market price (calculated to the nearest whole cent) for the respective kind of tobacco for the immediately preceding year on the quantity of tobacco as to which the failure occurs.

(C) The Secretary may reduce any such marketing penalty in such amount as the Secretary determines equitable in any case in which the Secretary determines that the failure was unintentional or without knowledge on the part of the person concerned.st

(D) Any penalty provided for under this paragraph shall be assessed by the Secretary after notice and opportunity for a hearing.

(2)(A) Any person against whom a penalty is assessed under this subsection may obtain review of such penalty in an appropriate district court of the United States by filing a civil action in such court not later than 30 days after such penalty is imposed.

(B) The Secretary shall promptly file in such court a certified copy of the record on which the penalty is based.

(3) The district courts of the United States shall have jurisdiction to review and enforce any penalty imposed under this subsection.

(4) An amount equivalent to any penalty collected by the Secretary under this subsection shall be transmitted by the Secretary to the appropriate association, for deposit in the Fund of such association.

(5) The remedies provided in this subsection shall be in addition to, and not exclusive of, other remedies that may be available.

MARKETING ASSESSMENTS TO NO NET COST TOBACCO ACCOUNT

SEC. 315B. (a) As used in this section—

(1) the term "association" means a producer-owned cooperative marketing association which has entered into a loan agreement with the Corporation to make price support available to producers of a kind of tobacco;

(2) the term "Account" means an account established by and in the Corporation for an association, which account shall be known as the "No Net Cost Tobacco Account";

(3) the term "to market" means to dispose of tobacco by voluntary or involuntary sale, barter, exchange, gift inter vivos, or consigning the tobacco to an association for a price support advance;

(4) the term "net gains" means the amount by which total proceeds obtained from the sale by an association of a crop of a kind of tobacco pledged to the Corporation for price support loan exceeds the principal amount of the price support loan made by the Corporation to the association on such crop, plus interest and charges;

(5) the term "tobacco" means any kind of tobacco as defined in section 301(b)(15) of the Agricultural Adjustment Act of 1938, for which marketing quotas are in effect or for which marketing quotas are not disapproved by producers;

(6) the term "area", when used in connection with an association, means the general geographical area in which farms of the producer-members of such association are located, as determined by the Secretary;

(7) the term "Corporation" shall have the meaning given to it in section 106A(a)(2); and

(8) the term "purchaser" means any person who purchases in the United States, either directly or indirectly for the account of such person or another person, Flue-cured or Burley quota tobacco.

(b) Notwithstanding section 106A, the Secretary shall, upon the request of any association, and may, if the Secretary determines, after consultation with such association, that the accumulation of the No Net Cost Tobacco Fund for such association under section 106A is, and is likely to remain, inadequate to reimburse the Corporation for net losses which the Corporation sustains under its loan agreement with such association—

(1) continue to make price support available to producers through such association in accordance with loan agreements entered into between the Corporation and such association; and

(2) establish and maintain in accordance with this section a No Net Cost Tobacco Account for such association in lieu of the No Net Cost Tobacco Fund established within such association under section 106A.

(c)(1) Any Account established for an association under subsection (b)(2) shall be established within the Corporation and shall be comprised of amounts paid by producers, purchasers, and importers under subsection (d).

(2) Upon the establishment of an Account for an association, any amount in the No Net Cost Tobacco Fund established within such association under section 106A shall be applied or disposed of in such manner as the Secretary may approve or prescribe, except that such amount shall, to the extent necessary, first be applied or used for the purposes therefor prescribed in such section.

(d)(1)(A) If an Account is established for an association under subsection (b)(2), then the Secretary shall require (in lieu of any requirement under section 106A(d)(1)) that each producer of the kind of tobacco involved whose farm is within such association's area shall, as a condition of eligibility for price support, agree, with respect to all of such kind of tobacco marketed by the producer from the farm, to pay to the Corporation, for deposit in such association's Account, marketing assessments as determined under paragraph (2) and collected under paragraph (3).

(B) The Secretary shall also require (in lieu of any requirement under section 106A(d)(1)) that each purchaser of Flue-cured and Burley quota tobacco shall pay to the Corporation, for deposit in the Account of such association, an assessment, as determined under paragraph (2) and collected under paragraph (3), with respect to purchases of all such kind of tobacco marketed by a producer from a farm (including purchases of such tobacco from the 1986 and subsequent crops from the association).

(C) The Secretary shall also require (in lieu of any requirement under section 106A(d)(1)) that each importer of Flue-cured and Burley tobacco shall pay to the Corporation, for deposit in the Account of the association, an assessment, as determined under paragraph (2) and collected under paragraph (3), with respect to purchases of all such kinds of tobacco imported by the importer.

(2)(A) For purposes of paragraph (1), the Secretary shall determine and adjust from time to time, in consultation with such association, the amount of the marketing assessment which shall be imposed, as a condition of eligibility for price support, on each pound of the kind of tobacco involved marketed by a producer from a farm within such association's area and the amount of the assessment to be paid by purchasers of tobacco. The amount of the assessment to be paid by producers and purchasers shall be determined in such a manner that producers and purchasers share equally, to the maximum extent practicable, in maintaining the Account of an association. In making such determination with respect to the assessment of a purchaser, only 1985 and subsequent crops of Flue-cured and Burley quota tobacco shall be taken into account. The amount of the assessment shall be equal to an amount which, when collected, will result in an accumulation of an Account for such association adequate to reimburse the Corporation for any net losses which the Corporation may sustain under its loan agreements with such association, based on reasonable estimates of the amounts which the Corporation will lend to such association under such agreements and the proceeds which will be realized from the sales of the kind of tobacco involved which are pledged to the Corporation by such asso-

ciation as security for loans. Notwithstanding the foregoing provisions of this paragraph, the amount of any assessment that is determined by the Secretary for the 1986 and subsequent crops of Burley quota tobacco shall be determined without regard to any net losses that the Corporation may sustain under the loan agreements of the Corporation with such association with respect to the 1983 crop of such tobacco.

(B) With respect to the 1985 crop of Burley tobacco, for the purposes of paragraph (1), the marketing assesment shall not be more than 4 cents per pound.

(C) The amount of the assessment to be paid by importers shall be an amount that is equal to the product obtained by multiplying—

(i) the number of pounds of tobacco that is imported by the importer; by

(ii) the sum of the amount of per pound producer and purchaser assessments that are payable by domestic producers and purchasers of the respective kind of tobacco under this paragraph.

(3)(A) Except as provided in subparagraphs (B) and (C), any assessment to be paid by a producer or a purchaser under paragraph (1) shall be collected from the person who acquired the tobacco involved from such producer, except that if the tobacco is marketed by sale, an amount equal to the producer assessment may be deducted by the purchaser from the price paid to such producer.

(B) If tobacco of the kind for which an Account is established is marketed by a producer through a warehouseman or agent, both the producer and the purchaser assessment shall be collected from such warehouseman or agent, who may—

(i) deduct an amount equal to the producer assessment from the price paid to the producer; and

(ii) add an amount equal to the purchaser assessment to the price paid by the purchaser.

(C) If tobacco of the kind for which an Account is established is marketed by a producer directly to any person outside the United States, both the producer and the purchaser assessment shall be collected from the producer, who may add an amount equal to the purchaser assessment to the price paid by the purchaser.

(D) If Flue-cured or Burley tobacco is imported by an importer, any importer assessment required by subsection (d) shall be collected from the importer.

(e) Amounts deposited in an Account established for an association shall be used by the Secretary for the purpose of ensuring, insofar as practicable, that the Corporation under its loan agreements with such association will suffer, with respect to the crop involved, no net losses (including, but not limited to, recovery of the amount of loans extended to cover the overhead costs of the association), after any net gains are applied to net losses of the Corporation pursuant to subsection (h).

(f) The Secretary shall provide, in any loan agreement between the Corporation and an association for which an Account has been established under subsection (b)(2), that if the Secretary determines that the amount in such Account or the net gains referred to in subsection (h) exceed the amounts necessary for the purposes of this section, then the Secretary, in consultation with such association, may

suspend the payment and collection of marketing assessments under this section upon terms and conditions established by the Secretary.

(g) With respect to any association for which an Account is established under subsection (b)(2), if a loan agreement between the Corporation and such association is terminated, if such association is dissolved or merges with another association that has entered into a loan agreement with the Corporation to make price support available to producers of the kind of tobacco involved, or if such Account terminates by operation of law, then amounts in such Account and the net gains referred to in subsection (h) shall be applied to or disposed of in such manner as the Secretary may prescribe, except that they shall, to the extent necessary, first be applied to or used for the purposes therefor prescribed in this section.

(h) The provisions of section 106A(d)(5) relating to net gains shall apply to any loan agreement between an association and the Corporation entered into upon or after the establishment of an Account for such association under subsection (b)(2).

(i) The Secretary shall issue regulations necessary to carry out the provisions of this section.

(j)(1)(A) Each person who fails to collect any assessment as required by subsection (d)(3) and remit such assessment to the Corporation, at such time and in such manner as may be prescribed by the Secretary, shall be liable, in addition to any amount due, to a marketing penalty at a rate equal to 75 percent of the average market price (calculated to the nearest whole cent) for the kind of tobacco involved for the immediately preceding year on the quantity of tobacco as to which the failure occurs.

(B) Each importer who fails to pay to the Corporation an assessment as required by subsection (d) at such time and in such manner as may be prescribed by the Secretary, shall be liable, in addition to any amount due, to a marketing penalty at a rate equal to 75 percent of the average market price (calculated to the nearest whole cent) for the respective kind of tobacco for the immediately preceding year on the quantity of tobacco as to which the failure occurs.

(C) The Secretary may reduce any such marketing penalty in such amount as the Secretary determines equitable in any case in which the Secretary determines that the failure was unintentional or without knowledge on the part of the person concerned.

(D) Any penalty provided for under this paragraph shall be assessed by the Secretary after notice and opportunity for a hearing.

(2)(A) Any person against whom a penalty is assessed under this subsection may obtain review of such penalty in an appropriate district court of the United States by filing a civil action in such court not later than 30 days after such penalty is imposed.

(B) The Secretary shall promptly file in such court a certified copy of the record on which the penalty is based.

(3) The district courts of the United States shall have jurisdiction to review and enforce any penalty imposed under this subsection.

(4) An amount equivalent to any penalty collected by the Secretary under this subsection shall be transmitted by the Secretary to the Corporation, for deposit in the Account of the appropriate association.

(5) The remedies provided in this subsection shall be in addition to, and not exclusive of, other remedies that may be available.

[PART II—ACREAGE ALLOTMENTS—CORN

[ADJUSTMENT OF FARM MARKETING QUOTAS

[SEC. 326. (a) Whenever in any county or other area the Secretary finds that the actual production of corn plus the amount of corn stored under seal in such county or other area is less than the normal production of the marketing percentage of the farm acreage allotment in such county or other area, the Secretary shall terminate farm marketing quotas for corn in such county or other area.

[(b) Whenever, upon any farm, the actual production of the acreage of corn is less than the normal production of the marketing percentage of the farm acreage allotment, there may be marketed, without penalty, from such farm an amount of corn from the corn stored under seal pursuant to section 324 which, together with the actual production of the then current crop, will equal the normal production of the marketing percentage of the farm acreage allotment.

[(c) Whenever, in any marketing year, marketing quotas are not in effect with respect to the crop of corn produced in the calendar year in which such marketing year begins, all marketing quotas applicable to previous crops of corn shall be terminated.

[NONESTABLISHMENT OF ACREAGE ALLOTMENTS

[SEC. 330. Notwithstanding any other provision of law, acreage allotments and a commercial corn-producing area shall not be established for the 1959 and subsequent crops of corn.

[PART III—MARKETING QUOTAS—WHEAT

[LEGISLATIVE FINDINGS

[SEC. 331. Wheat is a basic source of food for the Nation, is produced throughout the United States by more than a million farmers, is sold on the country-wide market and, as wheat or flour, flows almost entirely through instrumentalities of interstate and foreign commerce from producers to consumers.

[Abnormally excessive and abnormally deficient supplies of wheat on the country-wide market acutely and directly affect, burden, and obstruct interstate and foreign commerce. Abnormally excessive supplies overtax the facilities of interstate and foreign transportation, congest terminal markets and milling centers in the flow of wheat from producers to consumers, depress the price of wheat in interstate and foreign commerce and otherwise disrupt the orderly marketing of such commodity in such commerce. Abnormally deficient supplies result in an inadequate flow of wheat and its products in interstate and foreign commerce with consequent injurious effects to the instrumentalities of such commerce and with excessive increases in the prices of wheat and its products in interstate and foreign commerce.

[It is in the interest of the general welfare that interstate and foreign commerce in wheat and its products be protected from such burdensome surpluses and distressing shortages, and that a supply of wheat be maintained which is adequate to meet domestic consumption and export requirements in years of drought, flood, and other adverse conditions as well as in years of plenty, and that the

soil resources of the Nation be not wasted in the production of such burdensome surpluses. Such surpluses result in disastrously low prices of wheat and other grains to wheat producers, destroy the purchasing power of grain producers for industrial products, and reduce the value of the agricultural assets supporting the national credit structure. Such shortages of wheat result in unreasonably high prices of flour and bread to consumers and loss of market outlets by wheat producers.

[The conditions affecting the production and marketing of wheat are such that, without Federal assistance, farmers, individually or in cooperation, cannot effectively prevent the recurrence of such surpluses and shortages and the burdens on interstate and foreign commerce resulting therefrom, maintain normal supplies of wheat, or provide for the orderly marketing thereof in interstate and foreign commerce.

[Wheat which is planted and not disposed of prior to the date prescribed by the Secretary for the disposal of excess acres of wheat is an addition to the total supply of wheat and has a direct effect on the price of wheat in interstate and foreign commerce and may also affect the supply and price of livestock and livestock products. In the circumstances, wheat not disposed of prior to such date must be considered in the same manner as mechanically harvested wheat in order to achieve the policy of the Act.

[The diversion of substantial acreages from wheat to the production of commodities which are in surplus supply or which will be in surplus supply if they are permitted to be grown on the diverted acreage would burden, obstruct, and adversely affect interstate and foreign commerce in such commodities, and would adversely affect the prices of such commodities in interstate and foreign commerce. Small changes in the supply of a commodity could create a sufficient surplus to affect seriously the price of such commodity in interstate and foreign commerce. Large changes in the supply of such commodity could have a more acute effect on the price of the commodity in interstate and foreign commerce and, also, could overtax the handling, processing, and transportation facilities through which the flow of interstate and foreign commerce in such commodity is directed. Such adverse effects caused by overproduction in one year could further result in a deficient supply of the commodity in the succeeding year, causing excessive increases in the price of the commodity in interstate and foreign commerce in such year. It is, therefore, necessary to prevent acreage diverted from the production of wheat to be used to produce commodities which are in surplus supply or which will be in surplus supply if they are permitted to be grown on the diverted acreage.

[The provisions of this part affording a cooperative plan to wheat producers are necessary in order to minimize recurring surpluses and shortages of wheat in interstate and foreign commerce, to provide for the maintenance of adequate reserve supplies thereof, to provide for an adequate and orderly flow of wheat and its products in interstate and foreign commerce at prices which are fair and reasonable to farmers and consumers, and to prevent acreage diverted from the production of wheat from adversely affecting other commodities in interstate and foreign commerce.

[PROCLAMATIONS OF SUPPLIES AND ALLOTMENTS

[SEC. 332. (a) Whenever prior to April 15 in any calendar year the Secretary determines that the total supply of wheat in the marketing year beginning in the next succeeding calendar year will, in the absence of a marketing quota program, likely be excessive, the Secretary shall proclaim that a national marketing quota for wheat shall be in effect for such marketing year and for either the following marketing year or the following two marketing years, if the Secretary determines and declares in such proclamation that a two- or three-year marketing quota program is necessary to effectuate the policy of the Act.

[(b) If a national marketing quota for wheat has been proclaimed for any marketing year, the Secretary shall determine and proclaim the amount of the national marketing quota for such marketing year not earlier than January 1 or later than April 15 of the calendar year preceding the year in which such marketing year begins. The amount of the national marketing quota for wheat for any marketing year shall be an amount of wheat which the Secretary estimates (i) will be utilized during such marketing year for human consumption in the United States as food, food products, and beverages, composed wholly or partly of wheat, (ii) will be utilized during such marketing year in the United States for seed, (iii) will be exported either in the form of wheat or products thereof and (iv) will be utilized during such marketing year in the United States as livestock (including poultry) feed, excluding the estimated quantity of wheat which will be utilized for such purpose as a result of the substitution of wheat for feed grains under section 328 of the Food and Agriculture Act of 1962; less (A) an amount of wheat equal to the estimated imports of wheat into the United States during such marketing year and, (B) if the stocks of wheat owned by the Commodity Credit Corporation are determined by the Secretary to be excessive, an amount of wheat determined by the Secretary to be a desirable reduction in such marketing year in such stocks to achieve the policy of the Act: *Provided*, That if the Secretary determines that the total stocks of wheat in the Nation are insufficient to assure an adequate carryover for the next succeeding marketing year, the national marketing quota otherwise determined shall be increased by the amount the Secretary determines to be necessary to assure an adequate carryover: *And provided further*, That the national marketing quota for wheat for any marketing year shall be not less than one billion bushels.

[(c) If after the proclamation of a national marketing quota for wheat for any marketing year, the Secretary has reason to believe that, because of a national emergency or because of a material increase in the demand for wheat, the national marketing quota should be terminated or the amount thereof increased, he shall cause an immediate investigation to be made to determine whether such action is necessary in order to meet such emergency or increase in the demand for wheat. If on the basis of such investigation, the Secretary finds that such action is necessary, he shall immediately proclaim such finding and the amount of any such increase found by him to be necessary and thereupon such national marketing quota shall be so increased or terminated. In case any

national marketing quota is increased under this subsection, the Secretary shall provide for such increase by increasing acreage allotments established under this part by a uniform percentage.

[(d) Notwithstanding any other provision of this Act, the Secretary shall not proclaim a national marketing quota for the crops of wheat planted for harvest in the calendar years 1966 through 1970, and farm marketing quotas shall not be in effect for such crops of wheat.

[NATIONAL ACREAGE ALLOTMENT

[SEC. 333. The Secretary shall proclaim a national acreage allotment for each crop of wheat. The amount of the national acreage allotment for any crop of wheat shall be the number of acres which the Secretary determines on the basis of the projected national yield and expected underplantings (acreage other than that not harvested because of program incentives) of farm acreage allotments will produce an amount of wheat equal to the national marketing quota for wheat for the marketing year for such crop, or if a national marketing quota was not proclaimed, the quota which would have been determined if one had been proclaimed.

[APPORTIONMENT OF NATIONAL ACREAGE ALLOTMENT

[SEC. 334. (a) The national allotment for wheat, less a reserve of not to exceed 1 per centum thereof for apportionment as provided in this subsection and less the special acreage reserve provided for in this subsection, shall be apportioned by the Secretary among the States on the basis of the preceding year's allotment for each such State, including all amounts allotted to the State and including for 1967 the increased acreage in the State allotted for 1966 under section 335, adjusted to the extent deemed necessary by the Secretary to establish a fair and equitable apportionment base for each State, taking into consideration established crop rotation practices, estimated decrease in farm allotments because of loss of history, and other relevant factors. The reserve acreage set aside herein for apportionment by the Secretary shall be used (1) to make allotments to counties in addition to the county allotments made under subsection (b) of this section, on the basis of the relative needs of counties for additional allotments because of reclamation and other new areas coming into production of wheat, or (2) to increase the allotment for any county, in which wheat is the principal crop produced, on the basis of its relative need for such increase if the average ratio of wheat acreage allotment to cropland on old wheat farms in such county is less by at least 20 per centum than such average ratio on old wheat farms in an adjoining county or counties in which wheat is the principal grain crop produced or if there is a definable contiguous area consisting of at least 10 per centum of the cropland acreage in such county in which the average ratio of wheat acreage allotment to cropland on old wheat farms is less by at least 20 per centum than such average ratio on the remaining old wheat farms in such county, provided that such low ratio of wheat acreage allotment to cropland is due to the shift prior to 1951 from wheat to one or more alternative income-producing crops which, because of plant disease or sustained loss of markets, may no longer be produced at a fair profit and there is no

other alternative income-producing crop suitable for production in the area or county. The increase in the county allotment under clause (2) of the preceding sentence shall be used to increase allotments for old wheat farms in the affected area to make such allotments comparable with those on similar farms in the adjoining areas or counties but the average ratio of increased allotments to cropland on such farms shall not exceed the average ratio of wheat acreage allotment to cropland on old wheat farms in the adjoining areas or counties. There also shall be made available a special acreage reserve of not in excess of one million acres as determined by the Secretary to be desirable for the purposes hereof which shall be in addition to the national acreage reserve provided for in this subsection. Such special acreage reserve shall be made available to the States to make additional allotments to counties on the basis of the relative needs of counties, as determined by the Secretary, for additional allotments to make adjustments in the allotments on old wheat farms (that is, farms on which wheat has been seeded or regarded as seeded to one or more of the, three crops immediately preceding the crop for which the allotment is established) on which the ratio of wheat acreage allotment to cropland on the farm is less than one-half the average ratio of wheat acreage allotment to cropland on old wheat farms in the county. Such adjustments shall not provide an allotment for any farm which would result in an allotment-cropland ratio for the farm in excess of one-half of such county average ratio and the total of such adjustments in any county shall not exceed the acreage made available therefor in the county. Such apportionment from the special acreage reserve shall be made only to counties where wheat is a major income-producing crop, only to farms on which there is limited opportunity for production of an alternative income-producing crop, and only if an efficient farming operation on the farm requires the allotment of additional acreage from the special acreage reserve. For the purposes of making adjustments hereunder the cropland on the farm shall not include any land developed as cropland subsequent to the 1963 crop year.

[(b) The State acreage allotment for wheat, less a reserve of not to exceed 3 per centum thereof for apportionment as provided in subsection (c) of this section, shall be apportioned by the Secretary among the counties in the State, on the basis of the preceding year's wheat allotment in each such county, including for 1967, the increased acreage in the county allotted for 1966 pursuant to section 335, adjusted to the extent deemed necessary by the Secretary in order to establish a fair and equitable apportionment base for each county, taking into consideration established crop rotation practices, estimated decrease in farm allotments because of loss of history, and other relevant factors.

[(c)(1) The allotment to the county shall be apportioned by the Secretary, through the local committees, among the farms within the county on the basis of past acreage of wheat, tillable acres, crop rotation practices, type of soil, and topography: Not more than 3 per centum of the State allotment shall be apportioned to farms on which wheat has not been planted during any of the three marketing years immediately preceding the marketing year in which the allotment is made. For the purpose of establishing farm acreage al-

lotments—(i) the past acreage of wheat on any farm for 1958 or 1965 shall be the base acreage determined for the farm under the regulations issued by the Secretary for determining 1958 or 1965 farm wheat acreage allotments; (ii) if subsequent to the determination of such base acreage the 1958 or 1965 wheat acreage allotment for the farm is increased through administrative, review, or court proceedings, the 1958 or 1965 farm base acreage shall be increased in the same proportion; and (iii) the past acreage of wheat for 1959 and any subsequent year except 1965 shall be the wheat acreage on the farm which is not in excess of the farm wheat acreage allotment, plus, in the case of any farm which is in compliance with its farm wheat acreage allotment, the acreage diverted under such wheat allotment programs: *Provided,* That for 1959 and subsequent years in the case of any farm on which the entire amount of the farm marketing excess is delivered to the Secretary or stored in accordance with applicable regulations to avoid or postpone payment of the penalty, the past acreage of wheat for the year in which such farm marketing excess is so delivered or stored shall be the farm base acreage of wheat determined for the farm under the regulations issued by the Secretary for determining farm wheat acreage allotments for such year, but if any part of the amount of wheat so stored is later depleted and penalty becomes due by reason of such depletion for the purpose of establishing farm wheat acreage allotments subsequent to such depletion the past acreage of wheat or the farm for the year in which the excess was produced shall be reduced to the farm wheat acreage allotment for such year.

[(2) Notwithstanding any other provision of law, each old or new farm acreage allotment for the 1962 crop of wheat as determined on the basis of a minimum national acreage allotment of fifty million acres shall be reduced by 10 per centum. In the event notices of farm acreage allotments for the 1962 crop of wheat have been mailed to farm operators prior to the effective date of this subparagraph (2), new notices showing the required reduction shall be mailed to farm operators as soon as practicable.

[(3) Notwithstanding the provisions of paragraph (1) of this subsection, the past acreage of wheat for 1967 and any subsequent year shall be the acreage of wheat planted, plus the acreage regarded as planted, for harvest as grain on the farm which is not in excess of the farm acreage allotment.

[(4) Notwithstanding any other provision of this subsection (c), the farm acreage allotment for the 1967 and any subsequent crop of wheat shall be established for each old farm by apportioning the county wheat acreage allotment among farms in the county on which wheat has been planted, or is considered to have been planted, for harvest as grain in any one of the three years immediately preceding the year for which allotments are determined on the past acreage of wheat and the farm acreage allotment for the year immediately preceding the year for which the allotment is being established, adjusted as hereinafter provided. For purposes of this paragraph, the acreage allotment for the immediately preceding year may be adjusted to reflect established crop rotation practices, may be adjusted downward to reflect a reduction in the tillable acreage on the farm, and may be adjusted upward to reflect such other factors as the Secretary determines should be considered for

the purpose of establishing a fair and equitable allotment: *Provided,* That (i) for the purposes of computing the allotment for any year, the acreage allotment for the farm for the immediately preceding year shall be decreased by 7 per centum if for the year immediately preceding the year for which such reduction is made neither a voluntary diversion program nor a voluntary certificate program was in effect and there was noncompliance with the farm acreage allotment for such year; (ii) for purposes of clause (i) any farm on which the entire amount of farm marketing excess is delivered to the Secretary, stored, or adjusted to zero in accordance with applicable regulations to avoid or postpone payment of the penalty when farm marketing quotas are in effect, shall be considered in compliance with the allotment, but if any part of the amount of wheat so stored is later depleted and penalty becomes due by reason of such depletion, the allotment for such farm next computed after determination of such depletion shall be reduced by reducing the allotment for the immediately preceding year by 7 per centum and (iii) for purposes of clause (i) if the Secretary determines that the reduction in the allotment does not provide fair and equitable treatment to producers on farms following special crop rotation practices, he may modify such reduction in the allotment as he determines to be necessary' to provide fair and equitable treatment to such producers.

[(g) Notwithstanding any other provision of law, no acreage in the commercial wheat producing area seeded to wheat for harvest as grain in 1958 or thereafter except 1965 in excess of acreage allotments shall be considered in establishing future State and county acreage allotments. The planting on a farm in the commercial wheat producing area of wheat of the 1958 or any subsequent crop for which no farm wheat acreage allotment was established shall not make the farm eligible for an allotment as an old farm pursuant to the first sentence of subsection (c) of this section nor shall such farm by reason of such planting be considered ineligible for an allotment as a new farm under the second sentence of such subsection.

[(i) If with respect to any crop of wheat, the Secretary finds that the acreage allotments of farms producing any type of wheat are inadequate to provide for the production of a sufficient quantity of such type of wheat to satisfy the demand therefor, the wheat acreage allotment for such crop for each farm located in a county designated by the Secretary as a county which (1) is capable of producing such type of wheat, and (2) has produced such type of wheat for commercial food products during one or more of the five years immediately preceding the year in which such crop is harvested, shall be increased by such uniform percentage as he deems necessary to provide for such quantity. No increase shall be made under this subsection in the wheat acreage allotment of any farm for any crop if any wheat other than such type of wheat is planted on such farm for such crop. Any increases in wheat acreage allotments authorized by this subsection shall be in addition to the National, State, and county wheat acreage allotments, and such increases shall not be considered in establishing future State, county, and farm allotments. The provisions of paragraph (6) of Public Law 74, Seventy-seventh Congress (7 U.S.C. 1340(6)), and section 326(b)

of this Act, relating to the reduction of the storage amount of wheat shall apply to the allotment for the farm established without regard to this subsection and not to the increased allotment under this subsection. The land use provisions of section 339 shall not be applicable to any farm receiving an increased allotment under this subsection and the producers on such farms shall not be required to comply with such provisions as a condition of eligibility for price support.

[(j) Notwithstanding any other provision of this Act, the Secretary shall increase the acreage allotments for the 1970 and subsequent crops of wheat for privately owned farms in the irrigable portion of the area known as the Tulelake division of the Klamath project of California located in Modoc and Siskiyou Counties, California, as defined by the United States Department of the Interior, Bureau of Reclamation, and hereinafter referred to as the area. The increase for the area for each such crop shall be determined by adding, to the extent applications are made therefor, to the total allotments established for privately owned farms in the area for the particular crop without regard to this subsection (hereinafter referred to as the original allotments) an acreage sufficient to make available for each such crop a total allotment of twelve thousand acres for the area. The additional allotments made available by this subsection shall be in addition to the National, State, and county allotments otherwise established under this section, and the acreage planted to wheat pursuant to such increases in allotments shall not be taken into account in establishing future State, county, and farm acreage allotments except as may be desirable in providing increases in allotments for subsequent years under this subsection for the production of Durum wheat. The Secretary shall apportion the additional allotment acreage made available under this subsection between Modoc and Siskiyou Counties on the basis of the relative needs for additional allotments for the portion of the area in each county. The Secretary shall allot such additional acreage to individual farms in the area for which applications for increased acreages are made on the basis of tillable acres, crop rotation practices, type of soil and topography, and the original allotment for the farm, if any. The increase in the wheat acreage allotment for any farm under this subsection (1) shall not be taken into account in computing the farm wheat marketing allocation under section 379b, and (2) shall be conditioned upon the production of Durum wheat on the original allotment and on the increased acreage. The producers on a farm receiving an increased allotment under this subsection shall not be eligible for diversion payments under section 339.

[(k) Notwithstanding any other provision of this Act, if the Secretary determines that because of a natural disaster a portion of the farm wheat acreage allotments in a county cannot be timely planted or replanted, he may authorize the transfer of all or a part of the wheat acreage allotment for any farm in the county so affected to another farm in the county or in an adjoining county on which one or more of the producers on the farm from which the transfer is to be made will be engaged in the production of wheat and will share in the proceeds thereof in accordance with such regulations as the Secretary may prescribe. Any farm allotment trans-

ferred under this subsection shall be deemed to be planted on the farm which it was transferred for the purposes of acreage history credits under this Act.

[COMMERCIAL AREA

[SEC. 334a. If the acreage allotment for any State for any crop of wheat is twenty five thousand acres or less, the Secretary, in order to promote efficient administration of this Act and the Agricultural Act of 1949, may designate such State as outside the commercial wheat producing area for the marketing year for such crop. If such State is so designated, acreage allotments for such crop and marketing quotas for the marketing year therefor shall not be applicable to any farm in such State. Acreage allotments in any State shall not be increased by reason of such designation.

[REFERENDUM

[SEC. 336. If a national marketing quota for wheat for one, two or three marketing years is proclaimed, the Secretary shall, not later than August 1 of the calendar year in which such national marketing quota is proclaimed, conduct a referendum, by secret ballot, of farmers to determine whether they favor or oppose marketing quotas for the marketing year or years for which proclaimed. Any producer who has a farm acreage allotment shall be eligible to vote in any referendum held pursuant to this section, except that a producer who has a farm acreage allotment of less than fifteen acres shall not be eligible to vote unless the farm operator elected pursuant to section 335 to be subject to the farm marketing quota. The Secretary shall proclaim the results of any referendum held hereunder within thirty days after the date of such referendum and if the Secretary determines that more than one-third of the farmers voting in the referendum voted against marketing quotas, the Secretary shall proclaim that marketing quotas will not be in effect with respect to the crop of wheat produced for harvest in the calendar year following the calendar year in which the referendum is held. If the Secretary determines that two-thirds or more of the farmers voting in a referendum approve marketing quotas for a period of two or three marketing years, no referendum shall be held for the subsequent year or years of such period. Notwithstanding any other provision hereof the referendum with respect to the national marketing quota for wheat for the marketing year beginning June 1, 1986, may be conducted not later than thirty-one days after adjournment sine die of the first session of the Ninety-ninth Congress.

[TRANSFER OF QUOTAS

[SEC. 338. Farm marketing quotas for wheat shall not be transferable, but, in accordance with regulations prescribed by the Secretary for such purpose, any farm marketing quota in excess of the supply of wheat for such farm for any marketing year may be allocated to other farms on which the acreage allotment has not been exceeded.

[LAND USE

[SEC. 339. (a)(1) During any year in which marketing quotas for wheat are in effect, the producers on any farm (except a new farm receiving an allotment from the reserve for new farms) on which any crop is produced on acreage required to be diverted from the production of wheat shall be subject to a penalty on such crop, in addition to any marketing quota penalty applicable to such crops, as provided in this subsection unless (1) the crop is designated by the Secretary as one which is not in surplus supply and will not be in surplus supply if it is permitted to be grown on the diverted acreage, or as one the production of which will not substantially impair the purpose of the requirements of this section, or (2) no wheat is produced on the farm, and the producers have not filed an agreement or a statement of intention to participate in the payment program formulated pursuant to subsection (b) of this section. The acreage required to be diverted from the production of wheat on the farm shall be an acreage of cropland equal to the number of acres determined by multiplying the farm acreage allotment by the diversion factor determined by dividing the number of acres by which the national acreage allotment (less an acreage equal to the increased acreage allotment for 1966 pursuant to section 335) is reduced below fifty-five million acres by the number of acres in the national acreage allotment (less an acreage equal to the increased acreage allotted for 1966 pursuant to section 335). The actual production of any crop subject to penalty under this subsection shall be regarded as available for marketing and the penalty on such crop shall be computed on the actual acreage of such crop at the rate of 65 per centum of the parity price per bushel of wheat as of May 1 of the calendar year in which such crop is harvested, multiplied by the normal yield of wheat per acre established for the farm. Until the producers on any farm pay the penalty on such crop, the entire crop of wheat produced on the farm and any subsequent crop of wheat subject to marketing quotas in which the producer has an interest shall be subject to a lien in favor of the United States for the amount of the penalty. Each producer having an interest in the crop or crops on acreage diverted or required to be diverted from the production of wheat shall be jointly and severally liable for the entire amount of the penalty. The persons liable for the payment or collection of the penalty under this section shall be liable also for interest thereon at the rate of 6 per centum per annum from the date the penalty becomes due until the date of payment of such penalty.

[(2) The Secretary may require that the acreage on any farm diverted from the production of wheat be land which was diverted from the production of wheat in the previous year, to the extent he determines that such requirement is necessary to effectuate the purposes of this subtitle.

[(3) The Secretary may permit the diverted acreage to be grazed in accordance with regulations prescribed by the Secretary.

[(g) The Secretary is authorized to promulgate such regulations as may be desirable to carry out the provisions of this section.

[PART IV—MARKETING QUOTAS—COTTON

[LEGISLATIVE FINDINGS

[SEC. 341. American cotton is a basic source of clothing and industrial products used by every person in the United States and by substantial numbers of people in foreign countries. American cotton is sold on a world-wide market and moves from the places of production almost entirely in interstate and foreign commerce to processing establishments located throughout the world at places outside the State where the cotton is produced.

[Fluctuations in supplies of cotton and the marketing of excessive supplies of cotton in interstate and foreign commerce disrupt the orderly marketing of cotton in such commerce with consequent injury to and destruction of such commerce. Excessive supplies of cotton directly and materially affect the volume of cotton moving in interstate and foreign commerce and cause disparity in prices of cotton and industrial products moving in interstate and foreign commerce with consequent diminution of the volume of such commerce in industrial products.

[The conditions affecting the production and marketing of cotton are such that, without Federal assistance, farmers, individually or in cooperation, cannot effectively prevent the recurrence of excessive supplies of cotton and fluctuations in supplies, cannot prevent indiscriminate dumping of excessive supplies on the Nationwide and foreign markets, cannot maintain normal carryovers of cotton, and cannot provide for the orderly marketing of cotton in interstate and foreign commerce.

[It is in the interest of the general welfare that interstate and foreign commerce in cotton be protected from the burdens caused by the marketing of excessive supplies of cotton in such commerce, that a supply of cotton be maintained which is adequate to meet domestic consumption and export requirements in years of drought, flood, and other adverse conditions as well as in years of plenty, and that the soil resources of the Nation be not wasted in the production of excessive supplies of cotton.

[The provisions of this part affording a cooperative plan to cotton producers are necessary and appropriate to prevent the burdens on interstate and foreign commerce caused by the marketing in such commerce of excessive supplies, and to promote, foster, and maintain an orderly flow of an adequate supply of cotton in such commerce.

[NATIONAL MARKETING QUOTA

[SEC. 342. Whenever during any calendar year the Secretary determines that the total supply of cotton for the marketing year beginning in such calendar year will exceed the normal supply for such marketing year, the Secretary shall proclaim such fact and a national marketing quota shall be in effect for the crop of cotton produced in the next calendar year. The Secretary shall also determine and specify in such proclamation the amount of the national marketing quota in terms of the number of bales of cotton (standard bales of five hundred pounds gross weight) adequate, together with (1) the estimated carryover at the beginning of the marketing year which begins in the next calendar year and (2) the estimated

imports during such marketing year, to make available a normal supply of cotton: *Provided,* That beginning with the 1961 crop, the national marketing quota shall be not less than a number of bales equal to the estimated domestic consumption and estimated exports (less estimated imports) for the marketing year for which the quota is proclaimed, except that the Secretary shall make such adjustments in the amount of such quota as he determines necessary after taking into consideration the estimated stocks of cotton in the United States (including the qualities of such stocks) and stocks in foreign countries which would be available for the marketing year for which the quota is being proclaimed if no adjustment of such quota is made hereunder, to assure the maintenance of adequate but not excessive stocks in the United States to provide a continuous and stable supply of the different qualities of cotton needed in the United States and in foreign cotton consuming countries, and for purposes of national security but the Secretary, in making such adjustments, may not reduce the national marketing quota or any year below (i) one million bales less than the estimated domestic consumption and estimated exports for the marketing year for which such quota is being proclaimed, or (ii) ten million bales, whichever is larger. Such proclamation shall be made not later than October 15 of the calendar year in which such determination is made. Notwithstanding any other provision of this Act, the national marketing quota for upland cotton for 1959 and subsequent years shall be not less than the number of bales required to provide a national acreage allotment for each such year of sixteen million acres.

[SEC. 342a. The Secretary shall, not later than November 15, of the calendar years 1970 through 1976, proclaim a national cotton production goal for the 1971 and subsequent crops of upland cotton. The national cotton production goal for any year shall be the number of bales of upland cotton (standard bales of four hundred and eighty pounds net weight) equal to the estimated domestic consumption and estimated exports for the marketing year beginning in the calendar year for which such national cotton production goal is proclaimed, plus an allowance of not less than 5 per centum of such estimated consumption and estimated exports for market expansion except that the Secretary shall make such adjustments in the amount of such production goal as he determines necessary after taking into consideration the estimated stocks of upland cotton in the United States (including the qualities of such stocks) and stocks in foreign countries, which would be available for the marketing year, to assure the maintenance of adequate but not excessive carryover stocks in the United States (not less than 50 per centum of the average offtake for the three preceding marketing years) to provide a continuous and stable supply of the different qualities of upland cotton needed in the United States and in foreign cotton consuming countries and, in addition, to provide an adequate reserve for purposes of national security.

[REFERENDUM

[SEC. 343. Not later than December 15 following the issuance of the marketing quota proclamation provided for in section 342, the Secretary shall conduct a referendum, by secret ballot, of farmers

engaged in the production of cotton in the calendar year in which the referendum is held, to determine whether such farmers are in favor of or opposed to the quota so proclaimed: *Provided*, That If more than one third of the farmers voting in the referendum oppose the national marketing quota, such quota shall become ineffective upon proclamation of the results of the referendum. The Secretary shall proclaim the results of any referendum held hereunder within thirty days after the date of such referendum. Notwithstanding any other provision hereof the referendum with respect to the national marketing quota for cotton for the marketing year beginning August 1, 1986, may be conducted not later than thirty-one days after adjournment sine die of the first session of the Ninety-ninth Congress.

[ACREAGE ALLOTMENTS

[SEC. 344. (a) Whenever a national marketing quota is proclaimed under section 342, the Secretary shall determine and proclaim a national acreage allotment for the crop of cotton to be produced in the next calendar year. The national acreage allotment for cotton shall be that acreage, based upon the national average yield per acre of cotton for the four years immediately preceding the calendar year in which the national marketing quota is proclaimed, required to make available from such crop an amount of cotton equal to the national marketing quota.

[(b) The national acreage allotment for cotton for 1953 and subsequent years shall be apportioned to the States on the basis of the acreage planted to cotton (including the acreages regarded as having been planted to cotton under the provisions of Public Law 12, Seventy-ninth Congress) during the five calendar years immediately preceding the calendar year in which the national marketing quota is proclaimed, with adjustments for abnormal weather conditions during such period: *Provided*, That there is hereby established a national acreage reserve consisting of three hundred and ten thousand acres which shall be in addition to the national acreage allotment; and such reserve shall be apportioned to the States on the basis of their needs for additional acreage for establishing minimum farm allotments under subsection (f)(1), as determined by the Secretary without regard to State and count acreage reserves (except that the amount apportioned to Nevada sell be one thousand acres). For the 1960 and succeeding crops of cotton, the needs of States (other than Nevada) for such additional acreage for such purpose may be estimated by the Secretary, after taking into consideration such needs as determined or estimated for the preceding crop of cotton and the size of the national acreage allotment for such crop. The additional acreage so apportioned to the State shall be apportioned to the counties on the basis of the needs of the counties for such additional acreage for such purpose, and added to the county acreage allotment for apportionment to farms pursuant to subsection (f) of this section (except that no part of such additional acreage shall be used to increase the county reserve above 15 per centum of the county allotment determined without regard to such additional acreage). Additional acreage apportioned to a State for any year under the foregoing proviso shall not be taken into account in establishing future State acreage allotments. Needs

for additional acreage under the foregoing provisions and under the last provision in subsection (e) shall be determined or estimated as though allotments were first computed without regard to subsection (f)(1).

[(e) The State acreage allotment for cotton shall be apportioned to counties on the same basis as to years and conditions as is applicable to the State under subsections (b), (c), and (d) of this section: *Provided*, That the State committee may reserve not to exceed 10 per centum of its State acreage allotment (15 per centum if the State's 1948 planted acreage was in excess of one million acres and less than half its 1943 allotment) which shall be used to make adjustments in county allotments for trends in acreage, for counties adversely affected by abnormal conditions affecting plantings, or for small or new farms, or to correct inequities in farm allotments and to prevent hardship: *Provided further*, That if the additional acreage allocated to a State under the proviso in subsection (b) is less than the requirements as determined or estimated by the Secretary for establishing minimum farm allotments for the State under subsection (f)(1), the acreage reserved under this subsection shall not be less than the smaller of (1) the remaining acreage so determined or estimated to be required for establishing minimum farm allotments or (2) 3 per centum of the State acreage allotment; and the acreage which is required to be reserved under this proviso shall be allocated to counties on the basis of their needs for additional acreage for establishing minimum farm allotments under subsection (f)(1), and added to the county acreage allotment for apportionment to farms pursuant to subsection (f) of this section (except that no part of such additional acreage shall be used to increase the county reserve above 15 per centum of the county allotment determined without regard to such additional acreages).

[(f) The county acreage allotment, less not to exceed the percentage provided for in paragraph (3) of this subsection shall be apportioned to farms on which cotton has been planted (or regarded as having been planted under the provisions of Public Law 12, Seventy-ninth Congress) in any one of the three years immediately preceding the year for which such allotment is determined on the following basis:

[(1) Insofar as such acreage is available, there shall be allotted the smaller of the following: (A) ten acres; or (B) the acreage allotment established for the farm for the 1958 crop.

[(2) The remainder shall be allotted to farms other than farms to which an allotment has been made under paragraph (1)(B) so that the allotment to each farm under this paragraph together with the amount of the allotment to such farm under paragraph (1)(A) shall be a prescribed percentage (which percentage shall be the same for all such farms in the county or administrative areas) of the acreage, during the preceding year, on the farm which is tilled annually or in regular rotation, excluding from such acreages the acres devoted to the production of sugar cane for sugar, sugar beets for sugar, wheat, tobacco, or rice for market; peanuts picked and threshed; wheat or rice or feeding to livestock for market; or lands determined to be voted primarily to orchards or vineyards, and nonirrigated lands in irrigated area: *Provided, how-*

ever, That if a farm would be allotted under this paragraph an acreage together with the amount of the allotment to such farm under paragraph (1)(A) in excess of the largest acreage planted (and regarded as planted under Public Law 12, Seventy-ninth Congress) to cotton during any of the preceding three years, the acreage allotment for such farm shall not exceed such largest acreage so planted (and regarded as planted under Public Law 12, Seventy-ninth Congress) in any such year.

[(3) The county committee may reserve not in excess of 15 per centum of the county allotment which, in addition to the acreage made available under the proviso in subsection (e), shall be used for (A) establishing allotments for farms on which cotton was not planted (or regarded as planted under Public Law 12, Seventy-ninth Congress) during any of the three calendar years immediately preceding the year for which the allotment is made, on the basis of land, labor, and equipment available for the production of cotton, crop rotation practices, and the soil and other physical facilities affecting the production of cotton; and (B) making adjustments of the farm acreage allotments established under paragraphs (1) and (2) of this subsection so as to establish allotments which are fair and reasonable in relation to the factors set forth in this paragraph and abnormal conditions of production on such farms, or in making adjustments in farm acreage allotments to correct inequities and to prevent hardship: *Provided,* That not less than 20 percent of the acreage reserved under this subsection shall, to the extent required, be allotted upon such basis as the Secretary deems fair and reasonable to farms (other than farms to which an allotment has been made under subsection (f)(1)(B), if any, to which an allotment of not exceeding fifteen acres may be made under other provisions of this subsection.

[(6) Notwithstanding the provisions of paragraph (2) of this subsection, if the county committee recommends such action and the Secretary determines that such action will result in a more equitable distribution of the county allotment among farms in the county, the remainder of the county acreage allotment (after making allotments as provided in paragraph (1) of this subsection) shall be allotted to farms other than farms to which an allotment has been made under paragraph (1)(B) of this subsection so that the allotment to each farm under this paragraph together with the amount of the allotment of such farm under paragraph (1)(A) of this subsection shall be a prescribed percentage (which percentage shall be the same for all such farms in the county) of the average acreage planted to cotton on the farm during the three years immediately preceding the year for which such allotment is determined, adjusted as may be necessary for abnormal conditions affecting plantings during such three year period: *Provided,* That the county committee may in its discretion limit any farm acreage allotment established under the provisions of this paragraph for any year to an acreage not in excess of 50 per centum of the cropland on the farm, as determined pursuant to the provisions of paragraph (2) of this subsection: *Provided further,* That any

part of the county acreage allotment not apportioned under this paragraph by reason of the initial application of such 50 per centum limitation shall be added to the county acreage reserve under paragraph (3) of this subsection and shall be available for the purposes specified therein. If the county acreage allotment is apportioned among the farms of the county in accordance with the provisions of this paragraph, the acreage reserved under paragraph (3) of this subsection may be used to make adjustments so as to establish allotments which are fair and reasonable to farms receiving allotments under this paragraph in relation to the factors set forth in paragraph (3).

[(7)(A) In the event that any farm acreage allotment is less than that prescribed by paragraph (1), such acreage allotment shall be increased to the acreage prescribed by paragraph (1). The additional acreage required to be allotted to farms under this paragraph shall be in addition to the county, State, and national acreage allotments and the production from such acreage shall be in addition to the national marketing quota.

[(B) Notwithstanding any other provision of law—

[(i) the acreage by which any farm acreage allotment for 1959 or any subsequent crop established under paragraph (1) exceeds the acreage which would have been allotted to such farm if its allotment had been computed on the basis of the same percentage factor applied to other farms in the county under paragraph (2), (6), or (8) shall not be taken into account in establishing the acreage allotment for such farm for any crop for which acreage is allotted to such farm under paragraph (2), (6), or (8); and acreage shall be allotted under paragraph (2), (6), or (8) to farms which did not receive 1958 crop allotments in excess of ten acres if and only if the Secretary determines (after considering the allotments to other farms in the county for such crop compared with their 1958 allotments and other relevant factors) that equity and justice require the allotment of additional acreage to such farm under paragraph (2), (6), or (8),

[(ii) the acreage by which any county acreage allotment for 1959 or any subsequent crop is increased from the national or State reserve on the basis of its needs for additional acreage for establishing minimum farm allotments shall not be taken into account in establishing future county acreage allotments, and

[(iii) the additional acreage allotted pursuant to subparagraph (A) of this paragraph (7) shall not be taken into account in establishing future State, county, or farm acreage allotments.

[(8) Notwithstanding the foregoing provisions of paragraphs (2) and (6) of this subsection, the Secretary shall, if allotments were in effect the preceding year, provide for the county acreage allotment for the 1959 and succeeding crops of cotton, less the acreage reserved under paragraph (3) of this subsection, to be apportioned to farms on which cotton has been planted in any one of the three years immediately preceding the year for which such allotment is determined, on the basis of the farm acreage allotment for the year immediately preceding the year

for which such apportionment is made, adjusted as may be necessary (i) for any change in the acreage of cropland available for the production of cotton, or (ii) to meet the requirements of any provision (other than those contained in paragraphs (2) and (6)) with respect to the counting of acreage for history purposes: *Provided,* That, beginning with allotments established for the 1961 crop of cotton, if the acreage actually planted (or regarded as planted under the Soil Bank Act, the Great Plains program, and the release and reapportionment provisions of subsection (m)(2) of this section) to cotton on the farm in the preceding year was less than 75 per centum of the farm allotment for such year or, in the case of a farm which qualified for price support on the crop produced in such year under section 103(b) of the Agricultural Act of 1949, as amended, 75 per centum of the farm domestic allotment established under section 350 for such year, whichever is smaller, in lieu of using such allotment as the farm base as provided in this paragraph, the base shall be the average of (1) the cotton acreage for the farm for the preceding year as determined for purposes of this proviso and (2) the allotment established for the farm pursuant to the provisions of this subsection (f) for such preceding year; and the 1958 allotment used for establishing the minimum farm allotment under paragraph (1) of this subsection (f) shall be adjusted to the average acreage so determined. The base for a farm shall not be adjusted as provided in this paragraph if the county committee determines that failure to plant at least 75 per centum of the farm allotment was due to conditions beyond the control of producers on the farm. The Secretary shall establish limitations to prevent allocations of allotment to farms not affected by the foregoing proviso, which would be excessive on the basis of the cropland, past cotton acreage, allotments for other commodities, and good soil conservation practices on such farms.

[(g) Notwithstanding the foregoing provisions of this section—

[(1) State, county, and farm acreage allotments and yields for cotton shall be established in conformity with Public Law 28, Eighty-first Congress.

[(2) In apportioning the county allotment among the farms within the county, the Secretary, through the local committees, shall take into consideration different conditions within separate administrative areas within a county if any exist, including types, kinds, and productivity of the soil so as to prevent discrimination among the administrative areas of the county.

[(i) Notwithstanding any other provision of this Act, any acreage planted to cotton in excess of the farm acreage allotment shall not be taken into account in establishing State, county, and farm acreage allotments. Notwithstanding any other provision of this Act, beginning with the 1960 crop the planting of cotton on a farm in any of the immediately preceding three years that allotments were in effect but no allotment was established for such farm for any year of such three year period shall not make the farm eligible for an allotment as an old farm under subsection (f) of this section: *Provided, however,* That by reason of such planting the farm need

not be considered as ineligible for a new farm allotment under subsection (f)(3) of this section.

[(j) Notwithstanding any other provision of this Act, State and county committees shall make available for inspection by owners or operators of farms receiving cotton acreage allotments all records pertaining to cotton acreage allotments and marketing quotas.

[(k) Notwithstanding any other provision of this section except subsection (g)(1), there shall be allotted to each State for which an allotment is made under this section not less than the smaller of (A) four thousand acres or (B) the highest acreage planted to cotton in any one of the three calendar years immediately preceding the year for which the allotment is made.

[(m) Notwithstanding any other provision of law—

[(1) (Applicable only to 1954 crop of cotton.)

[(2) Any part of any farm cotton acreage allotment on which cotton will not be planted and which is voluntarily surrendered to the county committee shall be deducted from the allotment to such farm and may be reapportioned by the county committee to other farms in the same county receiving allotments in amounts determined by the county committee to be fair and reasonable on the basis of past acreage of cotton, land, labor, equipment available for the production of cotton, crop rotation practices, and soil and other physical facilities affecting the production of cotton. If all of the allotted acreage voluntarily surrendered is not needed in the county, the county committee may surrender the excess acreage to the State committee to be used for the same purposes as the State acreage reserve under subsection (e) of this section. Any allotment released under this provision shall be regarded for the purposes of establishing future allotments as having been planted on the farm and in the county where the release was made rather than on the farm and in the county to which the allotment was transferred, except that this shall not operate to make the farm from which the allotment was transferred eligible for an allotment as having cotton planted thereon during the three-year base period: *Provided*, That notwithstanding any other provisions of law, any part of any farm acreage allotment may be permanently released in writing to the county committee by the owner and operator of the farm, and reapportioned as provided herein. Acreage released under this paragraph shall be credited to the State in determining future allotments. The provisions of this paragraph shall apply also to extra long staple cotton covered by section 341 of this Act.

[(n) Notwithstanding any other provision of this Act, if the Secretary determines for any year that because of a natural disaster a portion of the farm cotton acreage allotments in a county cannot be timely planted or replanted in such year, he may authorize for such year the transfer of all or part of the cotton acreage allotment for any farm in the county so affected to another farm in the county or in an adjoining county on which one or more of the producers on the farm from which the transfer is to be made will be engaged in the production of cotton and will share in the proceeds thereof, in accordance with such regulations as the Secretary may prescribe. Any farm allotment transferred under this paragraph shall

be deemed to be released acreage for the purpose of acreage history credits under section 344(f)(8), 344(m)(2), and 377 of this Act: *Provided,* That, notwithstanding the provisions of section 344(m)(2) of this Act, the transfer of any farm allotment under this subsection for any year shall operate to make the farm from which the allotment was transferred eligible for an allotment as having cotton planted thereon during the three-year base period.

[SALES, LEASE AND TRANSFER OF UPLAND COTTON ACREAGE ALLOTMENTS

[SEC. 344a. (a) Notwithstanding any other provision of law, the Secretary, if he determines that it will not impair the effective operation of the program involved, (1) may permit the owner and operator of any farm for which a cotton acreage allotment is established to sell or lease all or any part or the right to all or any part of such allotment (excluding that part of the allotment which the Secretary determines was apportioned to the farm from the national acreage reserve) to any other owner or operator of a farm for transfer to such farm; (2) may permit the owner of a farm to transfer all or any part of such allotment to any other farm owned or controlled by him: *Provided,* That the authority granted under this section may be exercised for the calendar years 1966 through 1970, but all transfers hereunder shall be for such period of years as the parties thereto may agree.

[(b) Transfers under this section shall be subject to the following conditions: (i) no allotment shall be transferred to a farm in another State or to a person for use in another State; (ii) no farm allotment may be sold or leased for transfer to a farm in another county unless the producers of cotton in the county from which transfer is being made have voted in a referendum within three years of the date of such transfer, by a two-thirds majority of the producers participating in such referendum, to permit the transfer of allotments to farms outside the county, which referendum, insofar as practicable, shall be held in conjunction with the marketing quota referendum for the commodity; (iii) no transfer of an allotment from a farm subject to a mortgage or other lien shall be permitted unless the transfer is agreed to by the lien-holder; (iv) no sale of a farm allotment shall be permitted if any sale of cotton allotment to the same farm has been made within the three immediately preceding crop years; (v) the total cotton allotment for any farm to which allotment is transferred by sale or lease shall not exceed the farm acreage allotment (excluding reapportioned acreage) established for such farm for 1965 by more than one hundred acres; (vi) the cotton in excess of the remaining acreage allotment on the farm shall be planted on any farm from which the allotment (or part of an allotment) is sold for a period of five years following such sale, nor shall any cotton in excess of the remaining acreage allotment on the farm be planted on any farm from which the allotment (or part of an allotment) is leased during the period of such lease, and the producer on such farm shall so agree as a condition precedent to the Secretary's approval of any such sale or lease; and (vii) no transfer of allotment shall be effective until a record thereof is filed with the county committee of the county to which such transfer is made and such committee determines that the transfer

complies with the provisions of this section. Such record may be filed with such committee only during the period beginning June 1 and ending December 31.

[(c) The transfer of an allotment shall have the effect of transferring also the acreage history, farm base, and marketing quota attributable to such allotment and if the transfer is made prior to the determination of the allotment for any year the transfer shall include the right of the owner or operator to have an allotment determined for the farm for such year: *Provided*, That in the case of a transfer by lease, the amount of the allotment shall be considered for purposes of determining allotments after the expiration of the lease to have been planted on the farm from which such allotment is transferred.

[(d) The land in the farm from which the entire cotton allotment and acreage history have been transferred shall not be eligible for a new farm cotton allotment during the five years following the year in which such transfer is made.

[(e) The transfer of a portion of a farm allotment which was established under minimum farm allotment provisions for cotton or which operates to bring the farm within the minimum farm allotment provision for cotton shall cause the minimum farm allotment or base to be reduced to an amount equal to the allotment remaining on the farm after such transfer.

[(f) The Secretary shall prescribe regulations for the administration of this section, which shall include provisions for adjusting the size of the allotment transferred if the farm to which the allotment is transferred has a substantially higher yield per acre and such other terms and conditions as he deems necessary.

[(g) If the sale or lease occurs during a period in which the farm is covered by a conservation reserve contract, cropland conversion agreement, cropland adjustment agreement, or other similar land utilization agreement, the rates of payment provided for in the contract or agreement of the farm from which the transfer is made shall be subject to an appropriate adjustment, but no adjustment shall be made in the contract or agreement of the farm to which the allotment is transferred.

[(h) The Secretary shall by regulations authorize the exchange between farms in the same county, or between farms in adjoining counties within a State, of cotton acreage allotment for rice acreage allotment. Any such exchange shall be made on the basis of application filed with the county committee by the owners and operators of the farms, and the transfer of allotment between the farms shall include transfer of the related acreage history for the commodity. The exchange shall be acre for acre or on such other basis as the Secretary determines is fair and reasonable, taking into consideration the comparative productivity of the soil for the farms involved and other relevant factors. No farm from which the entire cotton or rice allotment has been transferred shall be eligible for an allotment of cotton or rice as a new farm within a period of five crop years after the date of such exchange.

[(i) The provisions of this section relating to cotton shall apply only to upland cotton.

[FARM MARKETING QUOTAS

[SEC. 345. The farm marketing quota for any crop of cotton shall be the actual production of the acreage planted to cotton on the farm less the farm marketing excess. The farm marketing excess shall be the normal production of that acreage planted to cotton on the farm which is in excess of the farm acreage allotment: *Provided,* That such farm marketing excess shall not be larger than the amount by which the actual production of cotton on the farm exceeds the normal production of the farm acreage allotment, if the producer establishes such actual production to the satisfaction of the Secretary.

[PENALTIES; EXPORT MARKET ACREAGE

[SEC. 346. (a) Whenever farm marketing quotas are in effect with respect to any crop of cotton the producer shall be subject to a penalty on the farm marketing excess at a rate per pound equal to 50 per centum of the parity price per pound for cotton as of June 15 of the calendar year in which such crop is produced.

[(b) The farm marketing excess of cotton shall be regarded as available for marketing and the amount of penalty shall be computed upon the normal production of the acreage on the farm planted to cotton in excess of the farm acreage allotment. If a downward adjustment in the amount of the farm marketing excess is made pursuant to the proviso in section 345, the difference between the amount of the penalty computed upon the farm marketing excess before such adjustment and as computed upon the adjusted farm marketing excess shall be returned to or allowed the producer.

[(c) The person liable for payment or collection of the penalty shall be liable also for interest thereon at the rate of 6 per centum per annum from the date the penalty becomes due until the date of payment of such penalty.

[(d) Until the penalty on the farm marketing excess is paid, all cotton produced on the farm and marketed by the producers shall be subject to the penalty provided by this section and a lien on the entire crop of cotton produced on the farm shall be in effect in favor of the United States.

[PART V—MARKETING QUOTAS—RICE

[LEGISLATIVE FINDINGS

[SEC. 351. (a) The marketing of rice constitutes one of the great basic industries of the United States with ramifying activities which directly affect interstate and foreign commerce at every point, and stable conditions therein are necessary to the general welfare. Rice produced for market is sold on a Nation-wide market, and, with its products, moves almost wholly in interstate and foreign commerce from the producer to the ultimate consumer. The farmers producing such commodity are subject in their operations to uncontrollable natural causes, in many cases such farmers carry on their farming operations on borrowed money or leased lands, and are not so situated as to be able to organize effectively, as can labor and industry, through unions and corporations enjoying Gov-

ernment sanction and protection for joint economic action. For these reasons, among others, the farmers are unable without Federal assistance to control effectively the orderly marketing of such commodity with the result that abnormally excessive supplies thereof are produced and dumped indiscriminately on the Nationwide market.

[(b) The disorderly marketing of such abnormally excessive supplies affects, burdens, and obstructs interstate and foreign commerce by (1) materially affecting the volume of such commodity marketed therein, (2) disrupting the orderly marketing of such commodity therein, (3) reducing the prices for such commodity with consequent injury and destruction of such commerce in such commodity, and (4) causing a disparity between the prices for such commodity in interstate and foreign commerce and industrial products therein, with a consequent diminution of the volume of interstate and foreign commerce in industrial products.

[(c) Whenever an abnormally excessive supply of rice exists, the marketing of such commodity by the producers thereof directly and substantially affects interstate and foreign commerce in such commodity and its products, and the operation of the provisions of this part becomes necessary and appropriate in order to promote, foster, and maintain an orderly flow of such supply in interstate and foreign commerce.]

PART VI—MARKETING QUOTAS—PEANUTS

* * * * * * *

[MARKETING QUOTAS

[SEC. 358. (a) Between July 1 and December 1 of each calendar year the Secretary shall proclaim the amount of the national marketing quota for peanuts for the crop produced in the next succeeding calendar year in terms of the total quantity of peanuts which will make available for marketing a supply of peanuts from the crop with respect to which the quota is proclaimed equal to the average quantity of peanuts harvested for nuts during the five years immediately preceding the year in which such quota is proclaimed, adjusted for current trends and prospective demand conditions, and the quota so proclaimed shall be in effect with respect to such crop. The national marketing quota for peanuts for any year shall be converted to a national acreage allotment by dividing such quota by the normal yield per acre of peanuts for the United States determined by the Secretary on the basis of the average yield per acre of peanuts in the five years preceding the year in which the quota is proclaimed, with such adjustments as may be found necessary to correct for trends in yields and for abnormal conditions of production affecting yields in such five years: *Provided,* That the national marketing quota established for the crop produced in the calendar year 1941 shall be a quantity of peanuts sufficient to provide a national acreage allotment of not less than one million six hundred and ten thousand acres, and that the national marketing quota established for any subsequent year shall be a quantity of peanuts sufficient to provide a national acreage allotment of not less than that established for the crop produced in the calendar year 1941.

[(b) Not later than December 15 of each calendar year the Secretary shall conduct a referendum of farmers engaged in the production of peanuts in the calendar year in which the referendum is held to determine whether such farmers are in favor of or opposed to marketing quotas with respect to the crops of peanuts produced in the three calendar years immediately following the year in which the referendum is held, except that, if as many as two-thirds of the farmers voting in any referendum vote in favor of marketing quotas, no referendum shall be held with respect to quotas for the second and third years of the period. The Secretary shall proclaim the results of the referendum within thirty days after the date on which it is held, and, if more than one-third of the farmers voting in the referendum vote against marketing quotas, the Secretary also shall proclaim that marketing quotas will not be in effect with respect to the crop of peanuts produced in the calendar year immediately following the calendar year in which the referendum is held. Notwithstanding any other provision hereof, the referendum with respect to marketing quotas for the crops of peanuts produced in the 1986, 1987, and 1988 calendar years may be conducted not later than thirty-one days after adjournment sine die of the first session of the Ninety-ninth Congress.

[(c)(1) The national acreage allotment for 1951, less the acreage to be allotted to new farms under subsection (f) of this section, shall be apportioned among the States on the basis of the larger of the following for each State: (a) The acreage allotted to the State as its share of the 1950 national acreage allotment of two million one hundred thousand acres, or (b) the State's share of two million one hundred thousand acres apportioned, to States on the basis of the average acreage harvested for nuts in each State in the five years 1945–49: *Provided*, That any allotment so determined for any State which is less than the 1951 State allotment announced by the Secretary prior to the enactment of this Act shall be increased to such announced allotment and the acreage required for such increases shall be in addition to the 1951 national acreage allotment and shall be considered in determining State acreage allotments in future years. For any year subsequent to 1951, the national acreage allotment for that year, shall be apportioned among the States on the basis of their share of the national acreage allotment for the most recent year in which such apportionment was made:

[(2) Notwithstanding any other provision of law, if the Secretary of Agriculture determines, on the basis of the average yield per acre of peanuts by types during the preceding five years, adjusted for trends in yields and abnormal conditions of production affecting yields in such five years, that the supply of any type or types of peanuts for any marketing year, beginning with the 1951–52 marketing year, will be insufficient to meet the estimated demand for cleaning and shelling purposes at prices at which the Commodity Credit Corporation may sell for such purposes peanuts owned or controlled by it, the State allotments for those States producing such type or types of peanuts shall be increased to the extent determined by the Secretary to be required to meet such demand but the allotment for any State may not be increased under this provision above the 1947 harvested acreage of peanuts for such State.

The total increase so determined shall be apportioned among such States for distribution among farms producing peanuts of such type or types on the basis of the average acreage of peanuts of such type or types in the three years immediately preceding the year for which the allotments are being determined. The additional acreage so required shall be in addition to the national acreage allotment, the production from such acreage shall be in addition to the national marketing quota, and the increase in acreage allotted under this provision shall not be considered in establishing future State, county, or farm acreage allotments.

[(d) The Secretary shall provide for the apportionment of the State acreage allotment for any State, less the acreage to be allotted to new farms under subsection (f) of this section, through local committees among farms on which peanuts were grown in any of the three years immediately preceding the year for which such allotment is determined. The State acreage allotment for 1952 and any subsequent year shall be apportioned among farms on which peanuts were produced in any one of the 3 calendar years immediately preceding the year for which such apportionment is made, on the basis of the following: Past acreage of peanuts, taking into consideration the acreage allotments previously established for the farm; abnormal conditions affecting acreage; land, labor, and equipment available for the production of peanuts; crop-rotation practices; and soil and other physical factors affecting the production of peanuts. Any acreage of peanuts harvested in excess of the allotted acreage for any farm for any year shall not be considered in the establishment of the allotment for the farm in succeeding years. The amount of the marketing quota for each farm shall be the actual production of the farm-acreage allotment, and no peanuts shall be marketed under the quota for any farm other than peanuts actually produced on the farm.

[(e) Notwithstanding the foregoing provisions of this section, the Secretary may, if the State committee recommends such action and the Secretary determines that such action will facilitate the effective administration of the provisions of the Act, provide for the apportionment of the State acreage allotment for 1952 and any subsequent year among the counties in the State on the basis of the past acreage of peanuts harvested for nuts (excluding acreage in excess of farm allotments) in the county during the five years immediately preceding the year in which such apportionment is made, with such adjustments as are deemed necessary for abnormal conditions affecting acreage, for trends in acreage, and for additional allotments for types of peanuts in short supply under the provisions of subsection (c). The county acreage allotment shall be apportioned among farms on the basis of the factors set forth in subsection (d) of this section.

[(f) Not more than 1 per centum of the State acreage allotment shall be apportioned among farms in the State on which peanuts are to be produced during the calendar year for which the allotment is made but on which peanuts were not produced during any one of the past three years, on the basis of the following: Past peanut-producing experience by the producers; land, labor, and equipment available for the production of peanuts; crop-rotation prac-

tices; and soil and other physical factors affecting the production of peanuts.

[(g) Any part of the acreage allotted to individual farms under the provisions of this section on which peanuts will not be produced and which is voluntarily surrendered to the county committee shall be deducted from the allotments to such farms and may be reapportioned by the county committee to other farms in the same county receiving allotments, in amounts determined by the county committee to be fair and reasonable on the basis of land, labor, and equipment available for the production of peanuts, crop-rotation practices, and soil and other physical factors affecting the production of peanuts. Any transfer of allotments under this provision shall not operate to reduce the allotment for any subsequent year for the farm from which acreage is transferred, except as the farm becomes ineligible for an allotment by failure to produce peanuts during a three-year period, and any such transfer shall not operate to increase the allotment for any subsequent year for the farm to which the acreage is transferred: [Provided, That, notwithstanding any other provisions of this Act, any part of any farm acreage allotment may be permanently released in writing to the county committee by the owner and operator of the farm, and reapportioned as provided herein.

[(i) The production of peanuts on a farm in 1959 or any subsequent year for which no farm acreage allotment was established shall not make the farm eligible for an allotment as an old farm under subsection (d) of this section: *Provided, however,* That by reason of such production the farm need not be considered as ineligible for a new farm allotment under subsection (f) of this section, but such production shall not be deemed past experience in the production of peanuts for any producer on the farm.

[(j) Notwithstanding any other provision of this Act, if the Secretary determines for 1976 or a subsequent year that because of a natural disaster a portion of the farm peanut acreage allotments in a county cannot be timely planted or replanted in such year, he may authorize for such year the transfer of all or a part of the peanut acreage allotments for any farm in the county so affected to another farm in the county or in an adjoining county in the same or an adjoining State on which one or more of the producers on the farm from which the transfer is to be made will be engaged in the production of peanuts and will share in the proceeds thereof, in accordance with such regulations as the Secretary may prescribe. Any farm allotment transferred under this subsection shall be deemed to be released acreage for the purpose of acreage history credits under subsection (g) of this section and section 377 of this Act: *Provided,* That notwithstanding the provisions of subsection (g) of this section, the transfer of any farm allotment under this subsection shall operate to make the farm from which the allotment was transferred eligible for an allotment as having peanuts planted thereon during the three-year base period.]

SEC. 358–1. NATIONAL POUNDAGE QUOTAS AND ACREAGE ALLOTMENTS FOR [1991 THROUGH 1997 CROPS OF] PEANUTS.

(a) NATIONAL POUNDAGE QUOTAS.—

(1) ESTABLISHMENT.—The national poundage quota for peanuts for each [of the 1991 through 1997 marketing years]

marketing year shall be established by the Secretary at a level that is equal to the quantity of peanuts (in tons) that the Secretary estimates will be devoted in each such marketing year to [domestic edible, seed,] *domestic edible use* and related uses. [Notwithstanding any other provision of this paragraph, the national poundage quota for a marketing year shall not be less than 1,350,000 tons.]

(2) ANNOUNCEMENT.—The national poundage quota for a marketing year shall be announced by the Secretary not later than December 15 preceding the marketing year.

(3) APPORTIONMENT AMONG STATES.—The national poundage quota established under paragraph (1) shall be apportioned among the States so that the poundage quota allocated to each State shall be equal to the percentage of the national poundage quota allocated to farms in the State for [1990] *1990, for the 1991 through 1995 marketing years, and 1995, for the 1996 through 2002 marketing years*.

(b) FARM POUNDAGE QUOTAS.—

(1) IN GENERAL.—

(A) ESTABLISHMENT.—A farm poundage quota for [each of the 1991 through 1997 marketing years] *each marketing year* shall be established—

(i) for each farm that had a farm poundage quota for peanuts for the 1990 marketing year, *in the case of the 1991 through 1995 marketing years, and the 1995 marketing year, in the case of the 1996 through 2002 marketing years*;

* * * * * * *

(B) QUANTITY.—The farm poundage quota for each [of the 1991 through 1997 marketing years] *marketing year* for each farm described in subparagraph (A)(i) shall be the same as the farm poundage quota for the farm for the immediately preceding marketing year, as adjusted under paragraph (2), but not [including—

[(i) any increases for undermarketings from previous years; or

[(ii) any increases resulting from the allocation of quotas voluntarily released for 1 year under paragraph (7).] *including any increases resulting from the allocation of quotas voluntarily released for 1 year under paragraph (7).*

The farm poundage quota, if any, for each of the 1991 through 1997 marketing years for each farm described in subparagraph (A)(ii) shall be equal to the quantity of peanuts allocated to the farm for the year under paragraph (2).

(C) TRANSFERS.—For purposes of this subsection, if the farm poundage quota, or any part thereof, is permanently transferred in accordance with section 358a or 358b, the receiving farm shall be considered as possessing the farm poundage quota (or portion thereof) of the transferring farm for all subsequent marketing years.

(D) CERTAIN FARMS INELIGIBLE TO HOLD QUOTA.—Effective beginning with the 1997 marketing year, the Secretary

shall no longer establish farm poundage quotas under subparagraph (A) for farms—

(i) owned or controlled by municipalities, airport authorities, schools, colleges, refuges, and other public entities (not including universities for research purposes); or

(ii) owned or controlled by a person who is not a producer and resides in another State.

(2) ADJUSTMENTS.—

(A) ALLOCATION OF INCREASED QUOTA GENERALLY.—Except as provided in [subparagraph (B) and subject to] subparagraph (D), if the poundage quota apportioned to a State under subsection (a)(3) for any [of the 1991 through 1997 marketing years] *marketing year* is increased over the poundage quota apportioned to farms in the State for the immediately preceding marketing year, the increase shall be allocated proportionately, based on farm production history for peanuts for the 3 immediately preceding years, among—

(i) all farms in the State for each of which a farm poundage quota was established for the marketing year immediately preceding the marketing year for which the allocation is being made; and

(ii) all other farms in the State on each of which peanuts were produced in at least 2 of the 3 immediately preceding crop years, as determined by the Secretary.

[(B) ALLOCATION OF INCREASED QUOTA IN TEXAS.—

[(i) IN GENERAL.—In Texas, and subject to terms and conditions prescribed by the Secretary, beginning with the 1991 marketing year, 33 percent of the increased quota referred to in subparagraph (A) shall be allocated to farms having poundage quotas for the 1990 marketing year in any county in which the production of additional peanuts exceeded the total quota allocated to the county for the 1989 marketing year.

[(ii) BASIS FOR ALLOCATION TO COUNTIES.—The allocation of the quota to eligible counties shall be based on the total production of additional peanuts in the respective counties for the 1988 crop, except that the total quota allocated to any county under this subparagraph and paragraph (6)(C) shall not be increased by more than 100 percent of the basic quota assigned to the county for the 1989 marketing year if that county had more than 10,000 tons of quota for the 1989 marketing year.

[(iii) ALLOCATION TO OTHER COUNTIES.—If the total quota for any such county is so increased by 100 percent, all of the remaining quota percentage set aside under this subparagraph shall be allocated to farms in other counties otherwise meeting the requirements of this subparagraph.

[(iv) ALLOCATION TO ELIGIBLE FARMS.—The percentage of increased quota in any county shall be allocated

under this subparagraph only to quota farms from which additional peanuts were delivered under contract with handlers for the marketing year immediately preceding the marketing year for which the allocation is being made. The percentage of the increased quota in each county shall be allocated among the eligible farms in the county on the following basis:

[(I) FACTOR.—A factor shall be established for each such eligible farm by dividing the quantity of additional peanuts contracted and delivered to handlers from the farm by the total remaining peanuts produced on the farm for the marketing year immediately preceding the marketing year for which the allocation is being made.

[(II) ALLOCATION.—Each such eligible farm shall be allocated the percentage of the increased quota for the county as its factor bears to the total of the factors for all eligible farms in the county.

[(v) REMAINING PERCENTAGE.—In Texas, the remaining 67 percent of the increased quota referred to in subparagraph (A) shall be allocated to farms in the State in accordance with subparagraph (A).]

(B) TEMPORARY QUOTA ALLOCATION.—

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

(ii) QUANTITY.—The temporary quota allocation shall be equal to the pounds of seed peanuts planted on the farm, as may be adjusted under regulations prescribed by the Secretary.

(iii) ADDITIONAL QUOTA.—The temporary allocation of quota pounds under this paragraph shall be in addition to the farm poundage quota otherwise established under this subsection and shall be credited, for the applicable marketing year only, in total to the producer of the peanuts on the farm in a manner prescribed by the Secretary.

(iv) EFFECT OF OTHER REQUIREMENTS.—Nothing in this section alters or changes the requirements regarding the use of quota and additional peanuts established by section 358e(b).

(C) DECREASE.—If the poundage quota apportioned to a State under subsection (a)(3) for any [of the 1991 through 1997 marketing years] *marketing year* is decreased from the poundage quota apportioned to farms in the State under subsection (a)(3) for the immediately preceding marketing year, the decrease shall be allocated among all the farms in the State for each of which a farm poundage quota was established for the marketing year immediately preceding the marketing year for which the allocation is being made.

* * * * * * *

(E) TRANSFER OF QUOTA FROM INELIGIBLE FARMS.—Any farm poundage quota held at the end of the 1996 marketing year by a farm described in paragraph (1)(D) shall be allocated to other farms in the same State on such basis as the Secretary may by regulation prescribe.

(3) QUOTA NOT PRODUCED.—

(A) IN GENERAL.—Insofar as practicable and on such fair and equitable basis as the Secretary may by regulation prescribe, the farm poundage quota established for a farm for any [of the 1991 through 1997 marketing years] *marketing year* shall be reduced to the extent that the Secretary determines that the farm poundage quota established for the farm for any 2 of the 3 marketing years preceding the marketing year for which the determination is being made was not produced, or considered produced, on the farm.

(B) EXCLUSIONS.—For the purposes of this paragraph, the farm poundage quota for any such preceding marketing year shall not [include—

[(i) any increases for undermarketing of quota peanuts from previous years; or

[(ii) any increase resulting from the allocation of quotas voluntarily released for 1 year under paragraph (7).] *include any increase resulting from the allocation of quotas voluntarily released for 1 year under paragraph (7).*

* * * * * * *

[(8) INCREASE FOR UNDERMARKETINGS IN PREVIOUS MARKETING YEARS.—

[(A) IN GENERAL.—Except as provided in subparagraph (B), the farm poundage quota for a farm for any marketing year shall be increased by the number of pounds by which the total marketings of quota peanuts from the farm during previous marketing years (excluding any marketing year before the marketing year for the 1989 crop) were less than the total amount of applicable farm poundage quotas (disregarding adjustments for undermarketings from previous marketing years) for the marketing years.

[(B) QUOTA NOT PRODUCED.—For purposes of subparagraph (A), no increase for undermarketings in previous marketing years shall be made to the poundage quota for any farm to the extent that the poundage quota for the farm for the marketing year was reduced under paragraph (3) for failure to produce.

[(C) NATIONAL POUNDAGE QUOTA.—Any increases in farm poundage quotas under this paragraph shall not be counted against the national poundage quota for the marketing year involved.

[(D) TRANSFER OF ADDITIONAL PEANUTS.—Any increase in the farm poundage quota for a farm for a marketing year under this paragraph may be used during the marketing year by the transfer of additional peanuts produced on the farm to the quota loan pool for pricing purposes on such basis as the Secretary shall by regulation prescribe.

[(9) LIMIT ON INCREASES FOR UNDERMARKETINGS.—Notwithstanding the foregoing provisions of this subsection, if the total of all increases in individual farm poundage quotas under paragraph (8) exceeds 10 percent of the national poundage quota for the marketing year in which the increases shall be applicable, the Secretary shall adjust the increases so that the total of all the increases does not exceed 10 percent of the national poundage quota.]

(8) DISASTER TRANSFERS.—

(A) IN GENERAL.—Except as provided in subparagraph (B), additional peanuts produced on a farm from which the quota poundage was not harvested and marketed because of drought, flood, or any other natural disaster, or any other condition beyond the control of the producer, may be transferred to the quota loan pool for pricing purposes on such basis as the Secretary shall by regulation provide.

(B) LIMITATION.—The poundage of peanuts transferred under subparagraph (A) shall not exceed the difference between—

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

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

(C) SUPPORT RATE.—Peanuts transferred under this paragraph shall be supported at 70 percent of the quota support rate for the marketing years in which the transfers occur. The transfers for a farm shall not exceed 25 percent of the total farm quota pounds, excluding pounds transferred in the fall.

* * * * * * *

(e) DEFINITIONS.—For the purposes of this part and title I of the Agricultural Act of 1949 (7 U.S.C. 1441 et seq.):

(1) * * *

* * * * * * *

(3) DOMESTIC EDIBLE USE.—The term "domestic edible use" means use for milling to produce domestic food peanuts (other than those described in paragraph (2)) [and seed and use on a farm], except that the Secretary may exempt from this definition seeds of peanuts that are used to produce peanuts excluded under section 358d(c), are unique strains, and are not commercially available.

* * * * * * *

(f) CROPS.—Notwithstanding any other provision of law, this section shall be effective only for the 1991 through [1997] *2002* crops of peanuts.

[SALE, LEASE AND TRANSFER OF PEANUT ACREAGE ALLOTMENTS

[SEC. 358a. (a) Notwithstanding any other provision of law for the 1968 and succeeding crop years, the Secretary, if he determines that it will not impair the effective operation of the peanut marketing quota or price support program, (1) may permit the owner and

operator of any farm for which a peanut acreage allotment is established under this Act to sell or lease all or any part or the right to all or any part of such allotment to any other owner or operator of a farm in the same county for transfer to such farm; and (2) may permit the owner of a farm to transfer all or any part of such allotment to any other farm owned or controlled by him.

[(b) Transfers under this section shall be subject to the following conditions: (1) no allotment shall be transferred to a farm in another county; (2) no transfer of an allotment from a farm subject to a mortgage or other lien shall be permitted unless the transfer is agreed to by the lienholders; (3) no sale of a farm allotment from a farm shall be permitted if any sale of allotment to the same farm has been made within the three immediately preceding crop years; (4) no transfer of allotment shall be effective until a record thereof is filed with the county committee of the county in which such transfer is made and such committee determines that the transfer complies with the provisions of this section; and (5) if the normal yield established by the county committee for the farm to which the allotment is transferred does not exceed the normal yield established by the county committee for the farm from which the allotment is transferred by more than 10 per centum, the lease or sale and transfer shall be approved acre for acre, but if the normal yield for the farm to which the allotment is transferred exceeds the normal yield for the farm from which the allotment is transferred by more than 10 per centum, the county committee shall make a downward adjustment in the amount of the acreage allotment transferred by multiplying the normal yield established for the farm from which the allotment is transferred by the acreage being transferred and dividing the result by the normal yield established for the farm to which the allotment is transferred: *Provided,* That in the event an allotment is transferred to a farm which at the time of such transfer is not irrigated, but within five years subsequent to such transfer is placed under irrigation, the Secretary shall also make an annual downward adjustment in the allotment so transferred by multiplying the normal yield established for the farm from which the allotment is transferred by the acreage being transferred and dividing the result by the actual yield for the previous year, adjusted for abnormal weather conditions, on the farm to which the allotment is transferred: *Provided further,* That, notwithstanding any other provision of this Act, the adjustment made in any peanut allotment because of the transfer to a higher producing farm shall not reduce or increase the size of any future National or State allotment and an acreage equal to the total of all such adjustment shall not be allotted to any other farms.

[(c) The transfer of an allotment shall have the effect of transferring also the acreage history and marketing quota attributable to such allotment and if the transfer is made prior to the determination of the allotment for any year the transfer shall include the right of the owner or operator to have an allotment determined for the farm for such year: *Provided,* That in the case of a transfer by lease the amount of the allotment shall be considered, for the purpose of determining allotments after the expiration of the lease, to have been planted on the farm from which such allotment is transferred.

[(d) The land in the farm from which the entire peanut allotment has been transferred shall not be eligible for a new farm peanut allotment during the five years following the year in which such transfer is made.

[(e) Any lease may be made for such term of years not to exceed five as the parties thereto agree, and on such other terms and conditions except as otherwise provided in this section as the parties thereto agree.

[(f) The lease of any part of a peanut acreage allotment determined for a farm shall not affect the allotment for the farm from which such allotment is transferred or the farm to which it is transferred, except with respect to the crop year or years specified in the lease. The amount of the acreage allotment which is leased from a farm shall be considered for purposes of determining future allotments to have been planted to peanuts on the farm from which such allotment is leased and the production pursuant to the lease shall not be taken into account in establishing allotments for subsequent years for the farm to which such allotment is leased. The lessor shall be considered to have been engaged in the production of peanuts for purposes of eligibility to vote in the referendum.

[(g) The Secretary shall prescribe regulations for the administration of this section which may include reasonable limitation on the size of the resulting allotments on farms to which transfers are made and such other terms and conditions as he deems necessary, but the total peanut allotment transferred to any farm by sale or lease shall not exceed fifty acres.

[(h) If the sale or transfer occur during a period in which the farm is covered by a conservation reserve contract, cropland conversion agreement, or other similar land utilization agreement the rates of payment provided for in the contract or agreement of the farm from which the transfer is made shall be subject to an appropriate adjustment, but no adjustment shall be made in the contract or agreement of the farm to which the transfer is made.]

SEC. 358b. SALE, LEASE, OR TRANSFER OF FARM POUNDAGE QUOTA FOR [1991 THROUGH 1995 CROPS OF] PEANUTS.

(a) IN GENERAL.—

(1) AUTHORITY.—Subject to such terms[, conditions, or limitations] *and conditions* as the Secretary may prescribe, the owner, or operator with the permission of the owner, of any farm for which a farm poundage quota has been established under this Act may sell or lease all or any part of the poundage quota [(including any applicable under marketings)] to any other owner or operator of a farm within the same county for transfer to the farm, except that [any such lease] *any such sale or lease* of poundage quota [(including any applicable under marketings)] may be entered into [in the fall or after the normal planting season—

[(A) if not less than 90 percent of the basic quota (the farm quota exclusive of undermarketings and temporary quota transfers), plus any poundage quota transferred to the farm under this subsection, has been planted or considered planted on the farm from which the quota is to be leased; and

[(B) under such terms and conditions as the Secretary may by regulation prescribe.] *in the spring (or before the normal planting season) or in the fall (or after the normal planting season) with the owner or operator of a farm located within any county in the same State. In the case of a fall transfer or a transfer after the normal planting season, the transfer may be made only if not less than 90 percent of the basic quota (the farm quota exclusive of temporary quota transfers), plus any poundage quota transferred to the farm under this subsection, has been planted or considered planted on the farm from which the quota is to be leased.*

In the case of a fall transfer or a transfer after the normal planting season by a cash lessee, the landowner shall not be required to sign the transfer authorization. A fall transfer or a transfer after the normal planting season may be made not later than 72 hours after the peanuts that are the subject of the transfer are inspected and graded.

(2) TRANSFERS TO OTHER SELF-OWNED FARMS.—The owner or operator of a farm may transfer all or any part of the farm poundage quota [(including any applicable under marketings)] to any other farm owned or controlled by the owner or operator that is in the same county or in a county contiguous to the county in the same State and that had a farm poundage quota for the preceding year's crop. Any farm poundage quota transferred under this paragraph shall not result in any reduction in the farm poundage quota for the transferring farm if the transferred quota is produced or considered produced on the receiving farm.

(3) TRANSFERS IN STATES WITH SMALL QUOTAS.—Notwithstanding paragraphs (1) and (2), in the case of any State for which the poundage quota allocated to the State was less than 10,000 tons for the preceding year's crop, all or any part of a farm poundage quota [(including any applicable undermarketings)] may be transferred by sale or lease or otherwise from a farm in one county to a farm in another county in the same State.

(c) CROPS.—Notwithstanding any other provision of law, this section shall be effective only for the 1991 through [1995] *2002* crops of peanuts.

SEC. 358c. EXPERIMENTAL AND RESEARCH PROGRAMS FOR PEANUTS.

(a) * * *

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(d) CROPS.—Notwithstanding any other provision of law, this section shall be effective only for the 1991 through [1995] *2002* crops of peanuts.

[MARKETING PENALTIES

[SEC. 358d. (a) The marketing of any peanuts in excess of the marketing quota for the farm on which such peanuts are produced, or the marketing of peanuts from any farm for which no acreage allotment was determined, shall be subject to a penalty at a rate equal to 75 per centum of the price support for peanuts for the

marketing year (August 1–July 31). Such penalty shall be paid by the person who buys or otherwise acquires the peanuts from the producer, or if the peanuts are marketed by the producer through an agent, the penalty shall be paid by such agent, and such person or agent may deduct an amount equivalent to the penalty from the price paid to the producer. The Secretary may require collection of the penalty upon a portion of each lot of peanuts marketed from the farm equal to the proportion which the acreage of peanuts in excess of the farm-acreage allotment is of the total acreage of peanuts on the farm. If the person required to collect the penalty fails to collect such penalty, such person and all persons entitled to share in the peanuts marketed from the farm or the proceeds thereof shall be jointly and severally liable for the amount of the penalty. All funds collected pursuant to this section shall be deposited in a special deposit account with the Treasurer of the United States and such amounts as are determined, in accordance with regulations prescribed by the Secretary, to be penalties incurred shall be transferred to the general fund of the Treasury of the United States. Amounts collected in excess of determined penalties shall be paid to such producers as the Secretary determines, in accordance with regulations prescribed by him, bore the burden of the payment of the amount collected. Such special account shall be administered by the Secretary and the basis for, the amount of and the producer entitled to receive a payment from such account, when determined in accordance with regulations prescribed by the Secretary, shall be final and conclusive. Peanuts produced in a calendar year in which marketing quotas are in effect for the marketing year beginning therein shall be subject to such quotas even though the peanuts are marketed prior to the date on which such marketing year begins. If any producer falsely identifies or fails to account for the disposition of any peanuts, an amount of peanuts equal to the normal yield of the number of acres harvested in excess of the farm acreage allotment shall be deemed to have been marketed in excess of the marketing quota for the farm, and the penalty in respect thereof shall be paid and remitted by the producer. If any amount of peanuts produced on one farm is falsely identified by a representation that such peanuts were produced on another farm, the acreage allotments next established for both such farms shall be reduced by that percentage which such amount was of the respective farm marketing quotas, except that such reduction for any such farm shall not be made if the Secretary through the local committees finds that no person connected with such farm caused, aided, or acquiesced in such marketing; and if proof of the disposition of any amount of peanuts is not furnished as required by the Secretary, the acreage allotment next established for the farm on which such peanuts are produced shall be reduced by a percentage similarly computed. Notwithstanding any other provisions of this title, no refund of any penalty shall be made because of peanuts kept on the farm for seed or for home consumption.

[(b) The provisions of this part shall not apply, beginning with the 1959 crop, to peanuts produced on any farm on which the acreage harvested for nuts is one acre or less provided the producers who share in the peanuts produced on such farm do not share in the peanuts produced on any other farm. If the producers who

share in the peanuts produced on a farm on which the acreage harvested for nuts is one acre or less also share in the peanuts produced on other farm(s) the peanuts produced on such farm on acreage in excess of the allotment, if any, determined for the farm shall be considered as excess acreage and the marketing penalties provided by subsection (a) shall apply.

[(c) The word "peanuts" for the purposes of this Act shall mean all peanuts produced, excluding any peanuts which it is established by the producer or otherwise, in accordance with regulations of the Secretary, were not picked or threshed either before or after marketing from the farm, or were marketed by the producer before drying or removal of moisture from such peanuts either by natural or artificial means for consumption exclusively as boiled peanuts.

[(d) The person liable for payment or collection of the penalty provided by this section shall be liable also for interest thereon at the rate of 6 per centum per annum from the date the penalty becomes due until the date of payment of such penalty.

[(e) Until the amount of the penalty provided by this section is paid, a lien on the crop of peanuts with respect to which such penalty is incurred, and on any subsequent crop of peanuts subject to marketing quotas in which the person liable for payment of the penalty has an interest shall be in effect in favor of the United States.]

SEC. 358e. MARKETING PENALTIES AND DISPOSITION OF ADDITIONAL PEANUTS [FOR 1991 THROUGH 1997 CROPS OF PEANUTS].

(a) * * *

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(i) CROPS.—Notwithstanding any other provision of law, this section shall be effective only for the 1991 through [1997] *2002* crops of peanuts.

[PART VII—MARKETING QUOTAS—SUGAR AND CRYSTALLINE FRUCTOSE

[SEC. 359a. INFORMATION REPORTING.

[(a) DUTY OF PROCESSORS, REFINERS AND MANUFACTURERS TO REPORT.—

[(1) PROCESSORS AND REFINERS.—All sugarcane processors, cane sugar refiners, and sugar beet processors shall furnish the Secretary, on a monthly basis, such information as the Secretary may require to administer sugar programs, including the quantity of purchases of sugarcane, sugar beets, and sugar, and production, importation, distribution, and stock levels of sugar.

[(2) MANUFACTURERS OF CRYSTALLINE FRUCTOSE.—All manufacturers of crystalline fructose from corn (hereafter in this part referred to as "crystalline fructose") shall furnish the Secretary, on a monthly basis, such information as the Secretary may require with respect to the manufacturer's distribution of crystalline fructose.

[(b) DUTY OF PRODUCERS TO REPORT.—The Secretary may require a producer of sugarcane or sugar beets to report, in the manner prescribed by the Secretary, the producer's sugarcane or sugar

beet yields and acres planted to sugarcane or sugar beets, respectively.

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

[(d) MONTHLY REPORTS.—Taking into consideration the information received under subsection (a), the Secretary shall publish on a monthly basis composite data on production, imports, distribution, and stock levels of sugar and composite data on distributions of crystalline fructose.

[SEC. 359b. MARKETING ALLOTMENTS FOR SUGAR AND CRYSTALLINE FRUCTOSE.

[(a) SUGAR ESTIMATES.—

[(1) IN GENERAL.—Before the beginning of each of the fiscal years 1992 through 1998, the Secretary shall estimate—

[(A) the quantity of sugar that will be consumed in the United States during the fiscal year (other than sugar imported for the production of polyhydric alcohol or to be refined and reexported in refined form or in sugar containing products) and the quantity of sugar that would provide for reasonable carryover stocks;

[(B) the quantity of sugar that will be available from carry-in stocks or from domestically-produced sugarcane and sugar beets for consumption in the United States during the year; and

[(C) the quantity of sugar that will be imported for consumption in the United States during the year (other than sugar imported for the production of polyhydric alcohol or to be refined and reexported in a refined form or in sugar containing products), based on the difference between—

[(i) the sum of the quantity of estimated consumption and reasonable carryover stocks; and

[(ii) the quantity of sugar estimated to be available from domestically-produced sugarcane and sugar beets and from carry-in stocks.

[(2) QUARTERLY REESTIMATES.—The Secretary shall make quarterly reestimates of sugar consumption, stocks, production, and imports for a fiscal year no later than the beginning of each of the second through fourth quarters of the fiscal year.

[(b) SUGAR ALLOTMENTS.—

[(1) IN GENERAL.—For any fiscal year in which the Secretary estimates, under subsection (a)(1)(C), that imports of sugar for consumption in the United States (other than sugar imported for the production of polyhydric alcohol or to be refined and reexported in refined form or in sugar containing products) will be less than 1,250,000 short tons, raw value, the Secretary shall establish for that year appropriate allotments under section 359c for the marketing by processors of sugar processed from domestically-produced sugarcane and sugar beets, at a level that the Secretary estimates will result in imports of sugar of not less than 1,250,000 short tons, raw value, for that year.

[(2) PRODUCTS.—The Secretary may include sugar products, whose majority content is sucrose or crystalline fructose for human consumption, derived from sugarcane, sugar beets, molasses or sugar in the allotments under paragraph (1) if the Secretary determines it to be appropriate for purposes of this part.

[(c) CRYSTALLINE FRUCTOSE ALLOTMENTS.—For any fiscal year in which the Secretary establishes allotments for the marketing of sugar under section 359c, the Secretary shall establish for that year appropriate allotments for the marketing by manufacturers of crystalline fructose manufactured from corn, at a total level not to exceed the equivalent of 200,000 tons of sugar, raw value, during the fiscal year, in a manner that is fair, efficient, and equitable to manufacturers.

[(d) PROHIBITIONS.—

[(1) IN GENERAL.—During any fiscal year or portion thereof for which marketing allotments have been established, no processor of sugar beets or sugarcane shall market a quantity of sugar in excess of the allocation established for such processor, except to enable another processor to fulfill an allocation established for such other processor or to facilitate the exportation of such sugar.

[(2) CRYSTALLINE FRUCTOSE.—At any time crystalline fructose allotments are in effect for manufacturers under subsection (c), no manufacturer may market crystalline fructose in excess of the manufacturer's allotment. No restrictions or allotments shall be established on the marketings of any liquid fructose produced from corn.

[(3) CIVIL PENALTY.—Any processor who knowingly violates paragraph (1) or manufacturer who knowingly violates paragraph (2) shall be liable to the Commodity Credit Corporation for a civil penalty in an amount equal to 3 times the United States market value, at the time of the commission of the violation, of that quantity of sugar or crystalline fructose involved in the violation.

[(4) DEFINITION OF MARKET.—For purposes of this part, the term "market" shall mean to sell or otherwise dispose of in commerce in the United States (including, with respect to any integrated processor and refiner, the movement of raw cane sugar into the refining process).

[SEC. 359c. ESTABLISHMENT OF MARKETING ALLOTMENTS.

[(a) IN GENERAL.—The Secretary shall establish marketing allotments for sugar for any fiscal year in which the allotments are required under section 359b(b) in accordance with this section.

[(b) OVERALL ALLOTMENT QUANTITY.—

[(1) IN GENERAL.—The Secretary shall establish the overall quantity of sugar to be allotted for the fiscal year (hereafter in this part referred to as the "overall allotment quantity") by deducting from the sum of the estimated sugar consumption and reasonable carryover stocks (at the end of the fiscal year) for the fiscal year, as determined under section 359b(a)—

[(A) 1,250,000 short tons, raw value; and

[(B) carry-in stocks of sugar, including sugar in Commodity Credit Corporation inventory.

[(2) ADJUSTMENT.—The Secretary shall adjust the overall allotment quantity to the maximum extent practicable to avoid the forfeiture of sugar to the Commodity Credit Corporation.

[(c) ALLOTMENT.—The overall allotment quantity for the fiscal year shall be allotted among—

[(1) sugar derived from sugar beets; and

[(2) sugar derived from sugarcane.

[(d) PERCENTAGE FACTORS.—

[(1) IN GENERAL.—The Secretary shall establish percentage factors for the overall beet sugar and cane sugar allotments applicable for a fiscal year. The Secretary shall establish the percentage factors in a fair and equitable manner on the basis of past marketings of sugar (considering for such purposes the marketings of sugar processed from sugarcane and sugar beets of any or all of the 1985 through 1989 crops), processing and refining capacity, and the ability of processors to market the sugar covered under the allotments.

[(2) PUBLICATION.—The Secretary shall publish these percentage factors in the Federal Register, along with a description of the Secretary's reasons for establishing the factors, as provided in section 359h(c).

[(e) MARKETING ALLOTMENT.—The marketing allotment for sugar derived from sugarcane and the marketing allotment for sugar derived from sugar beets for a fiscal year, in each case, shall be a quantity equal to the product of multiplying the overall allotment quantity for the fiscal year by the percentage factor established by the Secretary under subsection (d)(1) for the allotment.

[(f) STATE CANE SUGAR ALLOTMENTS.—The allotment for sugar derived from sugarcane shall be further allotted, among the 5 States in the United States in which sugarcane is produced, in a fair and equitable manner on the basis of past marketings of sugar (considering for such purposes the average of marketings of sugar processed from sugarcane in the 2 highest years of production from each State from the 1985 through 1989 crops), processing capacity, and the ability of processors to market the sugar covered under the allotments.

[(g) ADJUSTMENT OF MARKETING ALLOTMENTS.—

[(1) IN GENERAL.—The Secretary shall, based on reestimates under section 359b(a)(2)—

[(A) adjust upward or downward marketing allotments established under subsections (a) through (f) in a fair and equitable manner;

[(B) establish marketing allotments for the fiscal year or any portion of such fiscal year; or

[(C) suspend the allotments,

as the Secretary determines appropriate, to reflect changes in estimated sugar consumption, stocks, production, or imports.

[(2) ALLOCATION TO PROCESSORS.—In the case of any increase or decrease in an allotment, each allocation to a processor of the allotment under section 359d, and each proportionate share established with respect to the allotment under section 359f(b), shall be increased or decreased by the same percentage that the allotment is increased or decreased.

[(3) REDUCTIONS.—Whenever a marketing allotment for a fiscal year is required to be reduced during the fiscal year under this subsection, if the quantity of sugar marketed, including sugar pledged as collateral for a price support loan under section 206 of the Agricultural Act of 1949 (7 U.S.C. 1446g), for the fiscal year at the time of the reduction by any individual processor covered by the allotment exceeds the processor's reduced allocation, the allocation of an allotment, if any, next established for the processor shall be reduced by the quantity of the excess sugar marketed.

[(h) FILLING CANE SUGAR AND BEET SUGAR ALLOTMENTS.—Each marketing allotment for cane sugar established under this section may only be filled with sugar processed from domestically grown sugarcane, and each marketing allotment for beet sugar established under this section may only be filled with sugar processed from domestically grown sugar beets.

[SEC. 359d. ALLOCATION OF MARKETING ALLOTMENTS.

[(a) IN GENERAL.—

[(1) ALLOCATION TO PROCESSORS.—Whenever marketing allotments are established for a fiscal year under section 359c, in order to afford all interested persons an equitable opportunity to market sugar under an allotment, the Secretary shall allocate each such allotment among the processors covered by the allotment.

[(2) HEARING AND NOTICE.—

[(A) CANE SUGAR.—The Secretary shall make allocations for cane sugar after a hearing, if requested by interested parties, and on such notice as the Secretary by regulation may prescribe, in such manner and in such quantities as to provide a fair, efficient, and equitable distribution of the allocations by taking into consideration processing capacity, past marketings of sugar, and the ability of each processor to market sugar covered by that portion of the allotment allocated. Each such allocation shall be subject to adjustment under section 359c(g).

[(B) BEET SUGAR.—The Secretary shall make allocations for beet sugar after a hearing, if requested by interested parties, and on such notice as the Secretary by regulation may prescribe, in such manner and in such quantities as to provide a fair, efficient, and equitable distribution of the allocations by taking into consideration processing capacity, past marketings of sugar (considering for the purposes the marketings of sugar processed from sugar beets of any or all of the 1985 through 1989 crops), and the ability of each processor to market sugar covered by that portion of the allotment allocated. Each such allocation shall be subject to adjustment under section 359c(g).

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

[SEC. 359e. REASSIGNMENT OF DEFICITS.

[(a) ESTIMATES OF DEFICITS.—At any time allotments are in effect under this part, the Secretary, from time to time, shall determine whether (in view of then-current inventories of sugar, the estimated production of sugar and expected marketings, and other pertinent factors) any processor of sugarcane will be unable to market the sugar covered by the portion of the State cane sugar allotment allocated to the processor and whether any processor of sugar beets will be unable to market sugar covered by the portion of the beet sugar allotment allocated to the processor.

[(b) REASSIGNMENT OF DEFICITS.—

[(1) CANE SUGAR.—If the Secretary determines that any sugarcane processor who has been allocated a share of a State cane sugar allotment will be unable to market the processor's allocation of the State's allotment for the fiscal year—

[(A) the Secretary first shall reassign the estimated quantity of the deficit to the allocations for other processors within that State, depending on the capacity of each other processor to fill the portion of the deficit to be assigned to it and taking into account the interests of producers served by the processors;

[(B) if after the reassignments the deficit cannot be completely eliminated, the Secretary shall reassign the estimated quantity of the deficit proportionately to the allotments for other cane sugar States, depending on the capacity of each other State to fill the portion of the deficit to be assigned to it, with the reassigned quantity to each State to be allocated among processors in that State in proportion to the allocations of the processors; and

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

[(2) BEET SUGAR.—If the Secretary determines that a sugar beet processor who has been allocated a share of the beet sugar allotment will be unable to market that allocation—

[(A) the Secretary first shall reassign the estimated quantity of the deficit to the allotments for other sugar beet processors, depending on the capacity of each other processor to fill the portion of the deficit to be assigned to it and taking into account the interests of producers served by the processors; and

[(B) if after the reassignments, the deficit cannot be completely eliminated, the Secretary shall reassign the remainder to imports.

[(3) CORRESPONDING INCREASE.—The allocation of each processor receiving a reassigned quantity of an allotment under this subsection for a fiscal year shall be increased to reflect the reassignment.

[SEC. 359f. PROVISIONS APPLICABLE TO PRODUCERS.

[(a) PROCESSOR ASSURANCES.—Whenever allotments for a fiscal year are allocated to processors under section 359d, the Secretary shall obtain from the processors such assurances as the Secretary considers adequate that the allocation will be shared among producers served by the processor in a fair and equitable manner that

adequately reflects producers' production histories. Any dispute between a processor and a producer, or group of producers, with respect to the sharing of the processor's allocation shall be resolved through arbitration by the Secretary on the request of either party.

[(b) PROPORTIONATE SHARES OF CERTAIN ALLOTMENTS.—

[(1) IN GENERAL.—

[(A) STATES AFFECTED.—In any case in which a State allotment is established under section 359c(f) and there are in excess of 250 sugarcane producers in the State (other than Puerto Rico), the Secretary shall make a determination under subparagraph (B).

[(B) DETERMINATION.—The Secretary shall determine, for each State allotment described in subparagraph (A), whether the production of sugarcane, in the absence of proportionate shares, will be greater than the quantity needed to enable processors to fill the allotment and provide a normal carryover inventory of sugar.

[(2) ESTABLISHMENT OF PROPORTIONATE SHARES.—If the Secretary determines under paragraph (1) that the quantity of sugarcane produced by producers in the area covered by a State allotment for a fiscal year will be in excess of the quantity needed to enable processors to fill the allotment for the fiscal year and provide a normal carryover inventory of sugar, the Secretary shall establish a proportionate share for each sugarcane-producing farm that limits the acreage of sugarcane that may be harvested on the farm for sugar or seed during the fiscal year the allotment is in effect as provided in this subsection. Each such proportionate share shall be subject to adjustment under paragraph (7) and section 359c(g).

[(3) METHOD OF DETERMINING.—For purposes of determining proportionate shares for any crop of sugarcane:

[(A) The Secretary shall establish the State's per-acre yield goal for a crop of sugarcane at a level (not less than the average per-acre yield in the State for the preceding 5 years, as determined by the Secretary) that will ensure an adequate net return per pound to producers in the State, taking into consideration any available production research data that the Secretary considers relevant.

[(B) The Secretary shall adjust the per-acre yield goal by the average recovery rate of sugar produced from sugarcane by processors in the State.

[(C) The Secretary shall convert the State allotment for the fiscal year involved into a State acreage allotment for the crop by dividing the State allotment by the per-acre yield goal for the State, as established under subparagraph (A) and as further adjusted under subparagraph (B).

[(D) The Secretary shall establish a uniform reduction percentage for the crop by dividing the State acreage allotment, as determined for the crop under subparagraph (C), by the sum of all adjusted acreage bases in the State, as determined by the Secretary.

[(E) The uniform reduction percentage for the crop, as determined under subparagraph (D), shall be applied to the acreage base for each sugarcane-producing farm in the

State to determine the farm's proportionate share of sugarcane acreage that may be harvested for sugar or seed.

[(4) ACREAGE BASE.—For purposes of this subsection, the acreage base for each sugarcane-producing farm shall be determined by the Secretary, as follows:

[(A) The acreage base for any farm shall be the number of acres that is equal to the average of the acreage planted and considered planted for harvest for sugar or seed on the farm in each of the 5 crop years preceding the fiscal year the proportionate share will be in effect.

[(B) Acreage planted to sugarcane that producers on a farm were unable to harvest to sugarcane for sugar or seed because of drought, flood, other natural disaster, or other condition beyond the control of the producers may be considered as harvested for the production of sugar or seed for purposes of this paragraph.

[(5) VIOLATION.—

[(A) IN GENERAL.—Whenever proportionate shares are in effect in a State for a crop of sugarcane, producers on a farm shall not knowingly harvest, or allow to be harvested, for sugar or seed an acreage of sugarcane in excess of the farm's proportionate share for the fiscal year, or otherwise violate proportionate share regulations issued by the Secretary under section 359h(a).

[(B) DETERMINATION OF VIOLATION.—No producer shall be considered to have violated subparagraph (A) unless the processor of the sugarcane harvested by such producer from acreage in excess of the proportionate share of the farm markets an amount of sugar that exceeds the allocation of such processor for a fiscal year.

[(C) CIVIL PENALTY.—Any producer on a farm who violates subparagraph (A) by knowingly harvesting, or allowing to be harvested, an acreage of sugarcane in excess of the farm's proportionate share shall be liable to the Commodity Credit Corporation for a civil penalty equal to one and one-half times the United States market value of the quantity of sugar that is marketed by the processor of such sugarcane in excess of the allocation of such processor for the fiscal year. The Secretary shall prorate penalties imposed under this subparagraph in a fair and equitable manner among all the producers of sugarcane harvested from excess acreage that is acquired by such processor.

[(6) WAIVER.—Notwithstanding the preceding subparagraph, the Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other proportionate share requirements in cases in which lateness or failure to meet the other requirements does not affect adversely the operation of proportionate shares.

[(7) ADJUSTMENTS.—Whenever the Secretary determines that, because of a natural disaster or other condition beyond the control of producers that adversely affects a crop of sugarcane subject to proportionate shares, the amount of sugarcane produced by producers subject to the proportionate shares will

not be sufficient to enable processors in the State to meet the State's cane sugar allotment and provide a normal carryover inventory of sugar, the Secretary may uniformly allow producers to harvest an amount of sugarcane in excess of their proportionate share, or suspend proportionate shares entirely, as necessary to enable processors to meet the State allotment and provide a normal carryover inventory of sugar.

[SEC. 359g. SPECIAL RULES.

[(a) TRANSFER OF ACREAGE BASE HISTORY.—For the purpose of establishing proportionate shares for sugarcane farms under section 359f, the Secretary, on application of any producer, with the written consent of all owners of a farm, may transfer the acreage base history of the farm to any other parcels of land of the applicant.

[(b) PRESERVATION OF ACREAGE BASE HISTORY.—If for reasons beyond the control of a producer on a farm, the producer is unable to harvest an acreage of sugarcane for sugar or seed with respect to all or a portion of the proportionate share established for the farm under section 359f, the Secretary, on the application of the producer and with the written consent of all owners of the farm, may preserve for a period of not more than 3 consecutive years the acreage base history of the farm to the extent of the proportionate share involved. The Secretary may permit the proportionate share to be redistributed to other farms, but no acreage base history for purposes of establishing acreage bases shall accrue to the other farms by virtue of the redistribution of the proportionate share.

[(c) REVISIONS OF ALLOCATIONS AND PROPORTIONATE SHARES.—The Secretary, after such notice as the Secretary by regulation may prescribe, may revise or amend any allocation of a marketing allotment under section 359d, or any proportionate share established for a farm under section 359f, on the same basis as the initial allocation or proportionate share was required to be established.

[SEC. 359h. REGULATIONS; VIOLATIONS; PUBLICATION OF SECRETARY'S DETERMINATIONS; JURISDICTION OF THE COURTS; UNITED STATES ATTORNEYS.

[(a) REGULATIONS.—The Secretary or the Commodity Credit Corporation, as appropriate, shall issue such regulations as may be necessary to carry out the authority vested in the Secretary in administering this part.

[(b) VIOLATION.—Any person knowingly violating any regulation of the Secretary issued under subsection (a) shall be subject to a civil penalty of not more than $5,000 for each violation.

[(c) PUBLICATION IN FEDERAL REGISTER.—Each determination issued by the Secretary to establish, adjust, or suspend allotments under this part shall be promptly published in the Federal Register and shall be accompanied by a statement of the reasons for the determination.

[(d) JURISDICTION OF COURTS; UNITED STATES ATTORNEYS.—

[(1) JURISDICTION OF COURTS.—The several district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating, this part or any regulation issued thereunder.

[(2) UNITED STATES ATTORNEYS.—Whenever the Secretary shall so request, it shall be the duty of the several United

States attorneys, in their respective districts, to institute proceedings to enforce the remedies and to collect the penalties provided for in this part. The Secretary may elect not to refer to a United States attorney any violation of this part or regulation when the Secretary determines that the administration and enforcement of this part would be adequately served by written notice or warning to any person committing the violation.

[(e) NONEXCLUSIVITY OF REMEDIES.—The remedies and penalties provided for in this part shall be in addition to, and not exclusive of, any remedies or penalties existing at law or in equity.

[SEC. 359i. APPEALS.

[(a) IN GENERAL.—An appeal may be taken to the Secretary from any decision under section 359d establishing allocations of marketing allotments, or under section 359f, by any person adversely affected by reason of any such decision.

[(b) PROCEDURE.—

[(1) NOTICE OF APPEAL.—Any such appeal shall be taken by filing with the Secretary, within 20 days after the decision complained of is effective, notice in writing of the appeal and a statement of the reasons therefor. Unless a later date is specified by the Secretary as part of the Secretary's decision, the decision complained of shall be considered to be effective as of the date on which announcement of the decision is made. The Secretary shall deliver a copy of any notice of appeal to each person shown by the records of the Secretary to be adversely affected by reason of the decision appealed, and shall at all times thereafter permit any such person to inspect and make copies of appellant's reasons for the appeal and shall on application permit the person to intervene in the appeal.

[(2) HEARING.—The Secretary shall provide each appellant an opportunity for a hearing before an administrative law judge in accordance with sections 554 and 556 of title 5, United States Code. The expenses for conducting the hearing shall be reimbursed by the Commodity Credit Corporation.

[SEC. 359j. ADMINISTRATION.

[(a) USE OF CERTAIN AGENCIES.—In carrying out this part, the Secretary may use the services of local committees of sugar beet or sugarcane producers, sugarcane processors, or sugar beet processors, State and county committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)), and the departments and agencies of the United States Government.

[(b) USE OF COMMODITY CREDIT CORPORATION.—The Secretary shall use the services, facilities, funds, and authorities of the Commodity Credit Corporation to carry out sections 359a through 359i.

[(c) DEFINITION OF UNITED STATES AND STATE.—Notwithstanding section 301, for purposes of this part, the terms "United States" and "State" means the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico.]

SUBTITLE C—ADMINISTRATIVE PROVISIONS

PART I—PUBLICATION AND REVIEW OF QUOTAS

APPLICATION OF PART

SEC. 361. This part shall apply to the publication and review of farm marketing quotas established for tobacco[, corn, wheat, cotton, peanuts, and rice, established] under subtitle B.

PART II—ADJUSTMENT OF QUOTAS AND ENFORCEMENT

GENERAL ADJUSTMENTS OF QUOTAS

SEC. 371. (a) If at any time the Secretary has reason to believe that in the case of [cotton, rice, peanuts, or] tobacco the operation of farm marketing quotas in effect will cause the amount of such commodity which is free of marketing restrictions to be less than the normal supply for the marketing year for the commodity then current, he shall cause an immediate investigation to be made with respect thereto. In the course of such investigation due notice and opportunity for hearing shall be given to interested persons. If upon the basis of such investigation the Secretary finds the existence of such fact, he shall proclaim the same forthwith. He shall also in such proclamation specify such increase in, or termination of, existing quotas as he finds, on the basis of such investigation, is necessary to make the amount of such commodity which is free of marketing restrictions equal to the normal supply.

(b) If the Secretary has reason to believe that, because of a national emergency or because of a material increase in export demand, any national marketing quota or acreage allotment for [cotton, rice, peanuts or] tobacco should be increased or terminated, he shall cause an immediate investigation to be made to determine whether the increase or termination is necessary to meet such emergency or increase in export demand. If, on the basis of such investigation, the Secretary finds that such increase or termination is necessary, he shall immediately proclaim such finding (and if he finds an increase is necessary, the amount of the increase found by him to be necessary) and thereupon such quota or allotment shall be increased, or shall terminate, as the case may be.

[SUBTITLE D—WHEAT MARKETING ALLOCATION

[LEGISLATIVE FINDINGS

[SEC. 379a. Wheat, in addition to being a basic food, is one of the great export crops of American agriculture and its production for domestic consumption and for export is necessary to the maintenance of a sound national economy and to the general welfare. The movement of wheat from producer to consumer, in the form of the commodity or any of the products thereof, is preponderantly in interstate and foreign commerce. Unreasonably low prices of wheat to producers impair their purchasing power for nonagricultural products and place them in a position of serious disparity with other industrial groups. The conditions affecting the production of wheat are such that without Federal assistance, producers cannot effectively prevent disastrously low prices for wheat. It is nec-

essary, in order to assist wheat producers in obtaining fair prices, to regulate the price of wheat used for domestic food and for exports in the manner provided in this subtitle.

[WHEAT MARKETING ALLOCATION

[SEC. 379b. During any marketing year for which a marketing quota is in effect for wheat, beginning with the marketing year for the 1964 crop, a wheat marketing allocation program shall be in effect as provided in this subtitle. Whenever a wheat marketing allocation program is in effect for any marketing year the Secretary shall determine (1) the wheat marketing allocation for such year which shall be the amount of wheat which in determining the national marketing quota for such marketing year he estimated would be used during such year for food products for consumption in the United States, and that portion of the amount of wheat which in determining such quota he estimated would be exported in the form of wheat or products thereof during the marketing year on which the Secretary determines that marketing certificates shall be issued to producers in order to achieve, insofar as practicable, the price and income objectives of this subtitle, and (2) the national allocation percentage which shall be the percentage which the national marketing allocation is of the national marketing quota. Each farm shall receive a wheat marketing allocation for such marketing year equal to the number of bushels obtained by multiplying the number of acres in the farm acreage allotment for wheat by the projected farm yield, and multiplying the resulting number of bushels by the national allocation percentage. If a noncommercial wheat-production area is established for any marketing year, farms in such area shall be given wheat marketing allocations which are determined by the Secretary to be fair and reasonable in relation to the wheat marketing allocation given producers in the commercial wheat-producing area.

[MARKETING CERTIFICATES

[SEC. 379c. (a) The Secretary shall provide for the issuance of wheat marketing certificates for each marketing year for which a wheat marketing allocation program is in effect for the purpose of enabling producers on any farm with respect to which certificates are issued to receive, in addition to the other proceeds from the sale of wheat, an amount equal to the value of such certificates. The wheat marketing certificates issued with respect to any farm for any marketing year shall be in the amount of the farm wheat marketing allocation for such year, but not to exceed (i) the actual acreage of wheat planted on the farm for harvest in the calendar year in which the marketing year begins multiplied by the normal yield of wheat for the farm, plus (ii) the amount of wheat stored under section 379c(b) or to avoid or postpone a marketing quota penalty, which is released from storage during the marketing year on account of underplanting or underproduction, and if this limitation operates to reduce the amount of wheat marketing certificates which would otherwise be issued with respect to the farm, such reduction shall be made first from the amount of export certificates which would otherwise be issued. The Secretary shall provide for the sharing of wheat marketing certificates among producers on

the farm on the basis of their respective shares in the wheat crop produced on the farm, or the proceeds therefrom; except that in any case in which the Secretary determines that such basis would not be fair and equitable, the Secretary shall provide for such sharing on such other basis as he may determine to be fair and equitable. The Secretary shall, in accordance with such regulation as he may prescribe, provide for the issuance of domestic marketing certificates for the portion of the wheat marketing allocation representing wheat used for food products for consumption in the United States. The Secretary shall also provide for the issuance of export marketing certificates to eligible producers at the end of the marketing year on a pro rata basis. For such purposes, the value per bushel of export marketing certificates shall be an average of the total net proceeds from the sale of export marketing certificates during the marketing year after deducting the total amount of wheat export subsidies paid to exporters. An acreage on the farm which the Secretary finds was not planted to wheat for harvest in 1965 because of drought, flood, or other natural disaster shall be deemed by the Secretary to be an actual acreage of wheat planted for harvest for purposes of this subsection, provided such acreage is not subsequently planted to any other price supported crop for 1965. An acreage on the farm not planted to wheat because of drought, flood, or other natural disaster shall be deemed to be an actual acreage of wheat planted for harvest for purposes of this subsection provided such acreage is not subsequently planted to any crop for which there are marketing quotas or voluntary adjustment programs in effect. Producers on any farm who have planted not less than 90 per centum of the acreage of wheat required to be planted in order to earn the full amount of marketing certificates for which the farm is eligible shall be deemed to have planted the entire acreage required to be planted for that purpose.

[(b) No producer shall be eligible to receive wheat marketing certificates with respect to any farm for any marketing year in which a marketing quota penalty is assessed for any commodity on such farm or in which the farm has not complied with the land-use requirements of section 339 to the extent prescribed by the Secretary, or in which, except as the Secretary may by regulation prescribe, the producer exceeds the farm acreage allotment on any other farm for any commodity in which he has an interest as a producer. No producer shall be deemed to have exceeded a farm acreage allotment for wheat if the entire amount of the farm marketing excess is delivered to the Secretary or stored in accordance with applicable regulations to avoid or postpone payment of the penalty. No producer shall be deemed to have exceeded the farm acreage allotment for wheat on any other farm if such farm is exempt from the farm market quota for such crop under section 335. Any wheat delivered to the Secretary hereunder shall become the property of the United States and shall be disposed of by the Secretary for relief purposes in the United States or in foreign countries or in such other manner as he shall determine will divert it from the normal channels of trade and commerce. Notwithstanding any other provision of this Act, the Secretary may provide that a producer shall not be eligible to receive marketing certificates, or may adjust the amount of marketing certificates to be received by the producer, with respect to

any farm for any year in which a variety of wheat is planted on the farm which has been determined by the Secretary, after consultation with State Agricultural Experiment Stations, agronomists, cereal chemists and other qualified technicians, to have undesirable milling or baking qualities and has made public announcement thereof.

[(c) The Secretary shall determine and proclaim for each marketing year the face value per bushel of wheat marketing certificates. The face value per bushel of domestic certificates shall be the amount by which the level of price support for wheat accompanied by domestic certificates exceeds the level of price support for wheat not accompanied by certificates (noncertificate wheat).

[(d) Marketing certificates and transfers thereof shall be represented by such documents, marketing cards, records, accounts, certifications, or other statements or forms as the Secretary may prescribe.

[(e) In any case in which the failure of a producer to comply fully with the term and conditions of the programs formulated under this Act preclude the issuance of marketing certificates, the Secretary may, nevertheless, issue such certificates in such amounts as he determines to be equitable in relation to the seriousness of the default.

[MARKETING RESTRICTIONS

[SEC. 379d. (a) Marketing certificates shall be transferable only in accordance with regulations prescribed by the Secretary. Any unused certificates legally held by any person shall be purchased by Commodity Credit Corporation if tendered to the Corporation for purchase in accordance with regulations prescribed by the Secretary.

[(b) During any marketing year for which a wheat marketing allocation program is in effect, (i) all persons engaged in the processing of wheat into food products shall, prior to marketing any such food product or removing such food product for sale or consumption, acquire domestic marketing certificates equivalent to the number of bushels of wheat contained in such product and (ii) all persons exporting wheat shall, prior to such export, acquire export market certificates equivalent to the number of bushels so exported. The cost of the export marketing certificates per bushel to the exporter shall be that amount determined by the Secretary on a daily basis which would make United States wheat and wheat flour generally competitive in the world market, avoid disruption of world market prices, and fulfill the international obligations of the United States. The Secretary may exempt from the requirements of this subsection wheat exported for donation abroad and other noncommercial exports of wheat, wheat processed for use on the farm where grown, wheat produced by a State or agency thereof and processed for use by the State or agency thereof wheat processed for donation, and wheat processed for uses determined by the Secretary to be noncommercial. Such exemptions may be made applicable with respect to any wheat processed or exported beginning July 1, 1964. There shall be exempt from the requirements of this subsection beverage distilled from wheat prior to July 1, 1964. A beverage distilled from wheat after July 1, 1964, shall be deemed

to be removed for sale or consumption at the time it is placed in barrels for aging except that upon the giving of a bond as prescribed by the Secretary, the purchase of and payment for such marketing certificates as may be required may be deferred until such beverage is bottled for sale. Wheat shipped to a Canadian port for storage in bond, or storage under a similar arrangement, and subsequent exportation shall be deemed to have been exported for purposes of this subsection when it is exported from the Canadian port. Marketing certificates shall be valid to cover only sales or removals for sale or consumption or exportations made during the marketing year with respect to which they are issued, and after being once used to cover a sale or removal for sale or consumption or export of a food product or an export of wheat shall be void and shall be disposed of in accordance with regulations prescribed by the Secretary. Notwithstanding the foregoing provisions hereof the Secretary may require marketing certificates issued for any marketing year to be acquired to cover sales, removals or exportations made on or after the date during the calendar year in which wheat harvested in such calendar year begins to be marketed as determined by the Secretary even though such wheat is marketed prior to the beginning of the marketing year, and marketing certificates for such marketing year shall be valid to cover sales, removals, or exportations made on or after the date so determined by the Secretary. Whenever the face value per bushel of domestic marketing certificates for a marketing year is different from the face value of domestic marketing certificates for the preceding marketing year, the Secretary may require marketing certificates issued for the preceding marketing year to be acquired to cover all wheat processed into food products during such preceding marketing year even though the food product may be marketed or removed for sale or consumption after the end of the marketing year. Notwithstanding the foregoing, the Secretary is authorized, to temporarily suspend the requirement for export marketing certificates for the period beginning July 1, 1971, and ending June 30, 1974.

[(c) Upon the giving of a bond or other undertaking satisfactory to the Secretary to secure the purchase of and payment for such marketing certificates as may be required, and subject to such regulations as he may prescribe, any person required to have marketing certificates in order to market or export a commodity may be permitted to market any such commodity without having first acquired marketing certificates.

[(d) As used in this subtitle, the term "food products" means flour (excluding flour second clears not used for human consumption as determined by the Secretary), semolina, farina, bulgur, beverage, and any other product composed wholly or partly of wheat which the Secretary may determine to be a food product. The Secretary may at his election administer the exemption for wheat processed into flour second clears through refunds either to processors of such wheat or to the users of such clears. For the purpose of such refunds, the wheat equivalent of flour second clears may be determined on the basis of conversion factors authorized by section 379f of the Agricultural Adjustment Act of 1938, even though certificates had been surrendered on the basis of the weight of the wheat.

[ASSISTANCE IN PURCHASE AND SALE OF MARKETING CERTIFICATES

[SEC. 379e. For the purpose of facilitating the purchase and sale of marketing certificates, the Commodity Credit Corporation is authorized to issue, buy, and sell marketing certificates in accordance with regulations prescribed by the Secretary. Such regulations may authorize the Corporation to issue and sell certificates in excess of the quantity of certificates which it purchases. Such regulations may authorize the Corporation in the sale of marketing certificates to charge, in addition to the face value thereof an amount determined by the Secretary to be appropriate to cover estimated administrative costs in connection with the purchase and sale of the certificates and estimated interest incurred on funds of the Corporation invested in certificates purchased by it. Notwithstanding any other provision of this Act, Commodity Credit Corporation shall sell marketing certificates for the marketing years for the 1966 through the 1970 wheat crops to persons engaged in the processing of food products at the face value thereof less any amount which price support for wheat accompanied by domestic certificates exceeds $2 per bushel. Notwithstanding any other provision of this Act, Commodity Credit Corporation shall sell marketing certificates for the marketing years for the 1971, 1972, and 1973 crops of wheat to persons engaged in the processing of food products but in determining the cost to processors the face value shall be 75 cents per bushel.

[CONVERSION FACTORS

[SEC. 379f. The Secretary shall establish conversion factors which shall be used to determine the amount of wheat contained in any food product. The conversion factor for any such food product shall be determined upon the basis of the weight of wheat used in the manufacture of such product.

[AUTHORITY TO FACILITATE TRANSITION

[SEC. 379g. (a) The Secretary is authorized to take such action as he determines to be necessary to facilitate the transition from the program currently in effect to the program provided for in this subtitle. Notwithstanding any other provision of this subtitle, such authority shall include, but shall not be limited, to the authority to exempt all or a portion of the wheat or food products made therefrom in the channels of trade on the effective date of the program under this subtitle from the marketing restrictions in subsection (b) of section 379d, or to sell certificates to persons owning such wheat or food products at such prices as the Secretary may determine. Any such certificate shall be issued by Commodity Credit Corporation.

[(b) Whenever the face value per bushel of domestic marketing certificates for a marketing year is substantially different from the face value of domestic marketing certificates for the preceding marketing year, the Secretary is authorized to take such action as he determines necessary to facilitate the transition between marketing years. Notwithstanding any other provision of this subtitle, such authority shall include, but shall not be limited to, the authority to sell certificates to persons engaged in the processing of wheat into food products covering such quantities of wheat, at such prices,

and under such terms and conditions as the Secretary may by regulation provide. Any such certificate shall be issued by Commodity Credit Corporation.

[(c) The Secretary is authorized to take such action as he determines to be necessary to facilitate the transition from the certificate program provided for under section 379d to a program under which no certificates are required. Notwithstanding any other provision of law, such authority shall include, but shall not be limited to the authority to exempt all or a portion of wheat or food products made therefrom in the channels of trade on July 1, 1973, from the marketing restrictions in subsection (b) of section 379d, or to sell certificates to persons owning such wheat or food products made therefrom at such price and under such terms and conditions as the Secretary may determine. Any such certificate shall be issued by the Commodity Credit Corporation. Nothing herein shall authorize the Secretary to require certificates on wheat processed after June 30, 1973.

[REPORTS AND RECORDS

[SEC. 379h. This section shall apply to processors of wheat, warehousemen and exporters of wheat and food products, and all persons purchasing, selling, or otherwise dealing in wheat marketing certificates. Any such person shall, from time to time on request of the Secretary, report to the Secretary such information and keep such records as the Secretary finds to be necessary to enable him to carry out the provisions of this subtitle. Such information shall be reported and such records shall be kept in such manner as the Secretary shall prescribe. For the purpose of ascertaining the correctness of any report made or record kept, or of obtaining information required to be furnished in any report, but not so furnished, the Secretary is hereby authorized to examine such books, papers, records, accounts, correspondence, contracts, documents, and memorandums as he has reason to believe are relevant and are within the control of such person.

[PENALTIES

[SEC. 379i. (a) Any person who knowingly violates or attempts to violate or who knowingly participates or aids in the violation of any of the provisions of subsection (b) of section 379d of this Act shall forfeit to the United States a sum equal to two times the face value of the marketing certificates involved in such violation. Such forfeiture shall be recoverable in a civil action brought in the name of the United States.

[(b) Any person, except a producer in his capacity as a producer, who knowingly violates or attempts to violate or who knowingly participates or aids in the violation of any of the provision of this subtitle, or of any regulation, governing the acquisition, disposition, or handling of marketing certificates or who knowingly fails to make any report or keep any record as required by section 379h shall be deemed guilty of a misdemeanor and upon conviction thereof shall be subject to a fine of not more than $5,000 for each violation.

[(c) Any person who, in his capacity as a producer, knowingly violates or attempts to violate or participates or aids in the viola-

tion of any provision of this subtitle, or of any regulation governing the acquisition, disposition, or handling of marketing certificates or fails to make any report or keep any record as required by section 379h shall, (i) forfeit any right to receive marketing certificates, in whole or in part as the Secretary may determine, with respect to the farm or farms and for the marketing year with respect to which any such act or default is committed, or (ii), if such marketing certificates have already been issued, pay to the Secretary, upon demand, the amount of the face value of such certificates, or such part thereof as the Secretary may determine. Such determination by the Secretary with respect to the amount of such marketing certificates to be forfeited or the amount to be paid by such producer shall take into consideration the circumstances relating to the act or default committed and the seriousness of such act or default.

[(d) Any persons who falsely makes, issues, alters, forges, or counterfeits any marketing certificate, or with fraudulent intent possesses, transfers, or uses any such falsely made, issued, altered, forged, or counterfeited marketing certificate, shall be deemed guilty of a felony and upon conviction thereof shall be subject to a fine of not more than $10,000 or imprisonment of not more than ten years, or both.

[REGULATIONS

[SEC. 379j. The Secretary shall prescribe such regulations as may be necessary to carry out the provisions of this subtitle including but not limited to regulations governing the acquisition, disposition, or handling of marketing certificates.]

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SUBTITLE F—MISCELLANEOUS PROVISIONS AND APPROPRIATIONS

PART I—MISCELLANEOUS

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SEC. 390A. The Secretary, in carrying out programs under section 32 of Public Law Numbered 320, Seventy-fourth Congress, approved August 24, 1935, as amended, and section 6 of the National School Lunch Act may utilize the services and facilities of the Commodity Credit Corporation (including but not limited to procurement by contract), and make advance payments to it.

SEC. 390B. (a) In order to prevent the waste of commodities whether in private stocks or acquired through price-support operations by the Commodity Credit Corporation before they can be disposed of in normal domestic channels without impairment of the price-support program or sold abroad at competitive world prices, the Commodity Credit Corporation is authorized, on such terms and under such regulations as the Secretary may deem in the public interest: (1) upon application, to make such commodities available to any Federal agency for use in making payment for commodities not produced in the United States; (2) to barter or exchange such commodities for strategic or other materials as authorized by law; (3) in the case of food commodities to donate such commodities to the Bureau of Indian Affairs and to such State, Federal, or private agency or agencies as may be designated by the proper State or Fed-

eral authority and approved by the Secretary, for use in the United States in nonprofit school-lunch programs, in nonprofit summer camps for children, in the assistance of needy persons, and in charitable institutions, including hospitals and facilities, to the extent that they serve needy persons (including infants and children). In the case of (3) the Secretary shall obtain such assurance as he deems necessary that the recipients thereof will not diminish their normal expenditures for food by reason of such donation. In order to facilitate the appropriate disposal of such commodities, the Secretary may from time to time estimate and announce the quantity of such commodities which he anticipates will become available for distribution under (3). The Commodity Credit Corporation may pay, with respect to commodities disposed of under this subsection, reprocessing, packaging, transporting, handling, and other charges accruing up to the time of their delivery to a Federal agency or to the designated State or private agency. In addition, in the case of food commodities disposed of under this subsection, the Commodity Credit Corporation may pay the cost of processing such commodities into a form suitable for home or institutional use, such processing to be accomplished through private trade facilities to the greatest extent possible. For the purpose of this subsection the terms "State" and "United States" include the District of Columbia and any Territory or possession of the United States.

Dairy products acquired by the Commodity Credit Corporation through price support operations may, insofar as they can be used in the United States in nonprofit school lunch and other nonprofit child feeding programs, in the assistance of needy persons, and in charitable institutions, including hospitals, to the extent that needy persons are served, be donated for any such use prior to any other use or disposition. Notwithstanding any other provision of law, such dairy products may be donated for distribution to needy households in the United States and to meet the needs of persons receiving nutrition assistance under the Older Americans Act of 1965.

(b)(1) The Secretary, subject to the requirements of paragraph (10), may furnish eligible commodities for carrying out programs of assistance in developing countries and friendly countries under titles II and III of the Agricultural Trade Development and Assistance Act of 1954 and under the Food for Progress Act of 1985, as approved by the Secretary, and for such purposes as are approved by the Secretary. To ensure that the furnishing of commodities under this subsection is coordinated with and complements other United States foreign assistance, assistance under this subsection shall be coordinated through the mechanism designated by the President to coordinate assistance under the Agricultural Trade Development and Assistance Act of 1954.

(2) As used in this subsection, the term "eligible commodities" means—

(A) dairy products, wheat, rice, feed grains, and oilseeds acquired by the Commodity Credit Corporation through price support operations, and the products thereof, that the Secretary determines meet the criteria specified in subsection (a); and

(B) such other edible agricultural commodities as may be acquired by the Secretary or the Commodity Credit Corporation in the normal course of operations and that are available for

disposition under this subsection, except that no such commodities may be acquired for the purpose of their use under this subsection.

(3)(A) Commodities may not be made available for disposition under this subsection in amounts that (i) will, in any way, reduce the amounts of commodities that traditionally are made available through donations to domestic feeding programs or agencies, or (ii) will prevent the Secretary from fulfilling any agreement entered into by the Secretary under a payment-in-kind program under this Act or other Acts administered by the Secretary.

(B)(i) The requirements of section 403(a) of the Agricultural Trade Development and Assistance Act of 1954 shall apply with respect to commodities furnished under this subsection. Commodities may not be furnished for disposition to any country under this subsection except on determinations by the Secretary that—

(I) the receiving country has the absorptive capacity to use the commodities efficiently and effectively; and

(II) such disposition of the commodities will not interfere with usual marketings of the United States, nor disrupt world prices of agricultural commodities and normal patterns of commercial trade with developing countries.

(ii) The requirement for safeguarding usual marketings of the United States shall not be used to prevent the furnishing under this subsection of any eligible commodity for use in countries that—

(I) have not traditionally purchased the commodity from the United States; or

(II) do not have adequate financial resources to acquire the commodity from the United States through commercial sources or through concessional sales arrangements.

(C) The Secretary shall take reasonable precautions to ensure that—

(i) commodities furnished under this subsection will not displace or interfere with sales that otherwise might be made; and

(ii) sales or barter under paragraph (7) will not unduly disrupt world prices of agricultural commodities nor normal patterns of commercial trade with friendly countries.

(D) If eligible commodities are made available under this subsection to a friendly country, nonprofit and voluntary agencies and cooperatives shall also be eligible to receive commodities for food aid programs in the country.

(4) Agreements may be entered into under this subsection to provide eligible commodities in installments over an extended period of time. In agreements with recipients of eligible commodities under this subsection (including nonprofit and voluntary agencies or cooperatives), subject to the availability of commodities each fiscal year, the Secretary, on request, shall approve multiyear agreements to make agricultural commodities available for distribution or sale by the recipients if the agreements otherwise meet the requirements of this subsection.

(5)(A) Section 406 of the Agricultural Trade Development and Assistance Act of 1954 shall apply to the commodities furnished under this subsection.

(B) The Commodity Credit Corporation may pay the processing and domestic handling costs incurred, as authorized under this sub-

section, in the form of eligible commodities, as defined in paragraph (2)(A), if the Secretary determines that such in-kind payment will not disrupt domestic markets.

(6) The cost of commodities furnished under this subsection, and expenses incurred under section 406 of the Agricultural Trade Development and Assistance Act of 1954 in connection with those commodities, shall be in addition to the level of assistance programmed under that Act and shall not be considered expenditures for international affairs and finance.

(7) Eligible commodities furnished under this subsection may be sold or bartered only with the approval of the Secretary and solely as follows:

(A) Sales and barter that are incidental to the donation of the commodities or products.

(B) Sales and barter to finance the distribution, handling, and processing costs of the donated commodities or products in the importing country or in a country through which such commodities or products must be transshipped, or other activities in the importing country that are consistent with providing food assistance to needy people.

(C) Sales and barter of commodities and products furnished to intergovernmental agencies or organizations, insofar as they are consistent with normal programming procedures in the distribution of commodities by those agencies or organizations.

(D)(i) Sales of commodities and products furnished to nonprofit and voluntary agencies, or cooperatives, for food assistance under agreements that provide for the use, by the agency or cooperative, of foreign currency proceeds generated from such sale of commodities or products for the purposes established in clause (ii) of this subparagraph.

(ii) Foreign currencies generated from partial or full sales or barter of commodities by a nonprofit and voluntary agency or cooperative shall be used—

(I) to transport, store, distribute, and otherwise enhance the effectiveness of the use of commodities and the products thereof donated under this section; and

(II) to implement income generating, community development, health, nutrition, cooperative development, agricultural programs, and other developmental activities.

In addition, foreign currency proceeds generated in Poland may also be used by governmental and nongovernmental agencies or cooperatives for eligible activities approved by the joint commission established pursuant to section 2226 of the American Aid to Poland Act of 1988 and by the United States chief of diplomatic mission in Poland that would improve the quality of life of the Polish people and would strengthen and support the activities of governmental or private, nongovernmental independent institutions in Poland. Activities eligible under the preceding sentence include—

(I) any project undertaken in Poland under the auspices of the Charitable Commission of the Polish Catholic Episcopate for the benefit of handicapped or orphaned children;

(II) any project for the reconstruction, renovation, or maintenance of the Research Center on Jewish History and

Culture of the Jagiellonian University of Krakow, Poland, established for the study of events related to the Holocaust in Poland;

(III) any other project or activity which strengthens and supports private and independent sectors of the Polish economy, especially independent farming and agriculture; and

(IV) the Polish Catholic Episcopate's Rural Water Supply Foundation.

(iii) Except as otherwise provided in clause (v), such agreements, taken together for each fiscal year, shall provide for sales of commodities and products for foreign currency proceeds in amounts that are, in the aggregate, not less than 10 percent of the aggregate value of all commodities and products furnished, or the minimum tonnage required, whichever is greater, for carrying out programs of assistance under this subsection in such fiscal year. The minimum allocation requirements of this clause apply with respect to commodities and products made available under this subsection for carrying out programs of assistance under titles II and III of the Agricultural Trade Development and Assistance Act of 1954, and not with respect to commodities and products made available to carry out the Food for Progress Act of 1985.

(iv) Foreign currency proceeds generated from the sale of commodities or products under this subparagraph shall be expended within the country of origin within one year of acquisition of such currency, except that the Secretary may permit the use of such proceeds (I) in countries other than the country of origin as necessary to expedite the transportation of commodities and products furnished under this subsection, (II) after one year of acquisition as appropriate to achieve the purposes of clause (i), and (III) in a country other than the country of origin, if such proceeds are generated in a currency generally accepted in such other country.

(v) The provisions of clause (iii) of this subparagraph establishing minimum annual allocations for sales and use of proceeds shall not apply to the extent that there have not been sufficient requests for such sales and use of proceeds nor to the extent required under paragraph (3).

(E) Sales and barter to cover expenses incurred under paragraph (5)(a).

(F) The provisions of sections 403(i) and 407(c) of the Agricultural Trade Development and Assistance Act of 1954 shall apply to donations, sales and barters of eligible commodities under this subsection.

No portion of the proceeds or services realized from sales or barter under this paragraph may be used to meet operating and overhead expenses, except as otherwise provided in subparagraph (C) and except for personnel and administrative costs incurred by local cooperatives.

(8)(A) To the maximum extent practicable, expedited procedures shall be used in the implementation of this subsection.

(B) The Secretary shall be responsible for regulations governing sales and barter, and the use of foreign currency proceeds, under paragraph (7) of this subsection that will provide reasonable safe-

guards to prevent the occurrence of abuses in the conduct of activities provided for in paragraph (7).

(C)(i) If a proposal to make eligible commodities available under this subsection is submitted by a nonprofit and voluntary agency or cooperative with the concurrence of the appropriate United States Government field mission or if a proposal to make such commodities available to a nonprofit and voluntary agency or cooperative is submitted by the United States Government field mission, a decision on the proposal shall be provided within 45 days after receipt by the Agency for International Development office in Washington, D.C. The response shall detail the reasons for approval or denial of the proposal. If the proposal is denied, the response shall specify the conditions that would need to be met for the proposal to be approved.

(ii) Not later than 30 days before the issuance of a final guideline issued to carry out this subsection, the Secretary shall—

(I) provide notice of the proposed guideline to nonprofit and voluntary agencies and cooperatives that participate in programs under this subsection, and other interested persons, that the proposed guideline is available for review and comment;

(II) make the proposed guideline available, on request, to nonprofit and voluntary agencies, cooperatives, and others; and

(III) take any comments received into consideration before the issuance of the final guideline.

(iii) Not later than 15 days after receipt of a call forward from a field mission for commodities or products that meets the requirements of this subsection, the order for the purchase or the supply, from inventory, of such commodities or products shall be transmitted to the Commodity Credit Corporation.

(9)(A) Each recipient of commodities and products approved for sale or barter under paragraph (7) shall report to the Secretary information with respect to the items required to be included in the Secretary's report pursuant to clauses (i) through (iv) of subparagraph (B). Reports pursuant to this subparagraph shall be submitted in accordance with regulations of the Secretary. Such regulations shall require at least one report annually, to be submitted not later than December 31 following the end of the fiscal year in which the commodities and products are received; except that a report shall not be required with respect to fiscal year 1985.

(B) Not later than February 15, 1987, and annually thereafter, the Secretary shall report to the Congress on sales and barter, and use of foreign currency proceeds, under paragraph (7) during the preceding fiscal year. Such report shall include information on—

(i) the quantity of commodities furnished for such sale or barter;

(ii) the amount of funds (including dollar equivalents for foreign currencies) and value of services generated from such sales and barter in such fiscal year;

(iii) how such funds and services were used;

(iv) the amount of foreign currency proceeds that were used under agreements under subparagraph (D) of paragraph (7) in such fiscal year, and the percentage of the quantity of all commodities and products furnished under this subsection in such fiscal year such use represented;

(v) the Secretary's best estimate of the amount of foreign currency proceeds that will be used, under agreements under subparagraph (D) of paragraph (7), in the then current fiscal year and the next following fiscal year (if all requests for such use are agreed to), and the percentage that such estimated use represents of the quantity of all commodities and products that the Secretary estimates will be furnished under this subsection in each such fiscal year;

(vi) the effectiveness of such sales, barter, and use during such fiscal year in facilitating the distribution of commodities and products under this subsection;

(vii) the extent to which sales, barter, or uses—

(I) displace or interfere with commercial sales of United States agricultural commodities and products that otherwise would be made,

(II) affect usual marketings of the United States,

(III) disrupt world prices of agricultural commodities or normal patterns of trade with friendly countries, or

(IV) discourage local production and marketing of agricultural commodities in the countries in which commodities and products are distributed under this subsection; and

(viii) the Secretary's recommendations, if any, for changes to improve the conduct of sales, barter, or use activities under paragraph (7).

(10)(A) Subject to the limitations established under paragraph (3), the Secretary shall make available for disposition under this subsection in each of the fiscal years 1988 through 1990 not less than the minimum quantities of eligible commodities specified in subparagraph (B).

(B) The minimum quantity of eligible commodities that shall be made available for disposition under this subsection in each fiscal year shall be—

(i) 500,000 metric tons of wheat, rice, feed grains, and oilseeds from the Corporation's uncommitted stocks, or an amount equal to 10 percent of the Corporation's uncommitted stocks of wheat, rice, feed grains, and oilseeds as of the end of such fiscal year (as estimated by the Secretary), whichever is less; and

(ii) 10 percent of the Corporation's uncommitted stocks of dairy products, but not less than 150,000 metric tons of such products to the extent that uncommitted stocks are available.

The Secretary shall make such estimation of expected year-end levels of the Corporation's uncommitted stocks prior to the beginning of the fiscal year or, in the case of fiscal year 1986, prior to March 31, 1986. The Secretary's determination as to the amount of the Corporation's stocks that shall be made available for disposition under this subsection for such fiscal year shall be published in the Federal Register, along with a breakdown by kind of commodity and the quantity of each kind of commodity that shall be made available, before the beginning of such fiscal year or, in the case of fiscal year 1986, March 31, 1986.

(C) Of the aggregate amounts made available each fiscal year pursuant to both clauses (i) and (ii) of subparagraph (B), not less than 75,000 metric tons shall be made available to carry out the Food for Progress Act of 1985.

(D)(i) The Secretary—

(I) may waive the minimum quantity requirements of subparagraphs (A) and (B) for a fiscal year to the extent that the Secretary determines and reports to Congress that there are not sufficient requests for eligible commodities under this subsection for such fiscal year, except that the waiver authority of this subclause may not be used to waive the minimum quantity requirement of subparagraph (C);

(II) may waive the minimum quantity requirement of subparagraph (C) in accordance with subsection (f)(2) of the Food for Progress Act of 1985; and

(III) may waive the minimum quantity requirements of subparagraphs (A), (B), and (C) for a fiscal year, if the Secretary determines that the restrictions on the furnishing of commodities under paragraph (3) prevent the making available of commodities in such quantities.

(ii) For any fiscal year in which the minimum levels of uncommitted Commodity Credit Corporation stocks specified in subparagraph (B) are not made available and during which any requests for commodities under this subsection are rejected, the Secretary shall provide a detailed, written explanation to Congress, at the end of such fiscal year, of the reasons for the rejections of such requests.

(11)(A) The Secretary may furnish eligible commodities under this subsection in connection with (i) concessional sales agreements entered into under title I of the Agricultural Trade Development and Assistance Act of 1954 or other statutes, or (ii) agricultural export bonus or promotion programs carried out under the Commodity Credit Corporation Charter Act or other statutes.

(B) Eligible commodities may be furnished by the Secretary under this subsection in connection with agreements by recipient countries to acquire additional agricultural commodities from the United States through commercial arrangements.

(C) The amount of any commodity furnished under subparagraphs (A) and (B) of this paragraph in any fiscal year shall not be considered for the purpose of determining whether the requirements of paragraph (10)(A) of this subsection have been met during such fiscal year.

(12) There is authorized to be appropriated for fiscal year 1988, in addition to any other funds authorized to be appropriated, $1,000,000 for technical assistance for the sale or barter of commodities under paragraph (7) to strengthen nonprofit private organizations and cooperatives in the Philippines.

(c) To prevent the waste of dairy products acquired by the Commodity Credit Corporation through price support operations, the Corporation, on such terms and under such regulations as the Secretary may prescribe, shall carry out a two-year pilot program under which the Corporation shall barter or exchange such dairy products, to the extent they are available, for forty thousand metric tons (consisting of twenty thousand metric tons in each year of the pilot program) of ultra-high temperature processed fluid milk. Such barter or exchange shall be effected on the basis of competitive bids submitted by domestic processors. The processed milk acquired by the Corporation under this subsection shall be available for donation through foreign governments and public and nonprofit private

humanitarian organizations for the assistance of needy persons outside the United States, and the Corporation may pay, with respect to such processed milk donated under this subsection, transporting, handling, and other charges, including the cost of overseas delivery. Any donations under this subsection shall be coordinated through the mechanism designated by the President to coordinate assistance under the Agricultural Trade Development and Assistance Act of 1954 and shall be in addition to the level of assistance programmed under that Act. The pilot program shall be implemented by the Corporation as soon as practicable after the enactment of the Agricultural Programs Adjustment Act of 1984 and shall be operated for a period of two years after its implementation. Upon completion of the pilot program, the Secretary shall submit a report to Congress on its operation.

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[TITLE IV—COTTON POOL PARTICIPATION TRUST CERTIFICATES

[SEC. 401. There is hereby authorized to be appropriated, from any moneys in the Treasury of the United States not otherwise appropriated, the sum of $1,800,000, or so much thereof as may be required by the Secretary to accomplish the purposes hereinafter declared and authorized. The Secretary of the Treasury is hereby authorized and directed to pay to, or upon the order of, the Secretary, such a part or all of the sum hereby authorized to be appropriated at the request of the Secretary.

[SEC. 402. The Secretary is hereby authorized to draw from the Treasury of the United States any part or all of the sum hereby authorized to be appropriated, and to deposit same to his credit with the Treasurer of the United States, under special symbol number, to be available for disbursement for the purposes hereinafter stated.

[SEC. 403. The Secretary is hereby authorized to make available, from the sum hereby authorized to be appropriated, to the manager of the cotton pool, such sum or sums as may be necessary to enable the manager to purchase, take up, and cancel, subject to the restrictions hereinafter reserved, pool participation trust certificates, form C-5-I, where such certificates shall be tendered to the manager, cotton pool, by the person or persons shown by the records of the Department to have been the lawful holder and owner thereof on May 1, 1937, the purchase price to be paid for the certificates so purchased to be at the rate of $1 per five-hundred-pound bale for every bale or fractional part thereof represented by the certificates C-5-I. The Secretary is further authorized to pay directly, or to advance to, the manager of the cotton pool, to enable him to pay costs and expenses incident to the purchase of certificates as aforesaid and any balance remaining to the credit of the Secretary, or the manager, cotton pool, not required for the purchase of these certificates in accordance with provisions of this Act, shall, at the expiration of the purchase period, be covered into the Treasury of the United States as miscellaneous receipts.

[SEC. 404. The authority of the manager, cotton pool, to purchase and pay for certificates hereunder shall extend to and include the

31st day of July 1938: *Provided*, That after expiration of the said limit, the purchase may be consummated of any certificates tendered to the manager, cotton pool, on or before July 31, 1938, but where for any reason the purchase price shall not have been paid by the manager, cotton pool. The Secretary is authorized to promulgate such rules, regulations, and requirements as in his discretion are proper to effectuate the general purposes of this title, which purpose is here stated to be specifically to authorize the purchase of outstanding pool participation trust certificates, form C–5–I, for a purchase price to be determined at the rate of $1 per bale, or twenty one-hundredths cent per pound, for the cotton evidenced by the said certificates, provided such certificates be tendered by holders thereof in accordance with regulations prescribed by the Secretary not later than the 31st day of July 1938, and provided such certificates may not be purchased from persons other than those shown by the records of the Department to have been holders thereof on or before the 1st day of May 1937.

[SEC. 405. The Secretary is authorized to continue in existence the 1933 cotton producers pool so long as may be required to effectuate the purposes of this title. All expenses incident to the accomplishment of purposes of this title may be paid from funds hereby authorized to be appropriated, for which purpose the fund hereby authorized to be appropriated shall be deemed as supplemental to such funds as are now to the credit of the Secretary, reserved for the purpose of defraying operating expenses of the pool.

[SEC. 406. After expiration of the time limit herein established, the certificates then remaining outstanding and not theretofore tendered to the manager, cotton pool, for purchase, shall not be purchased and no obligation on account thereof shall exist.

[SEC. 407. Nothing in this title shall be construed to authorize the manager, cotton pool, to pay the assignee or any holder of such cotton pool participation trust certificates, form C–5–I, transferred on or before May 1, 1937, as shown by the records of the Department of Agriculture, more than the purchase price paid by the assignee or holder of such certificate with interest at the rate of 4 per centum per annum from the date of purchase, provided the amount paid such assignee shall not exceed $1 per bale. Before making payment to any assignee, whose certificates were transferred on or before May 1, 1937, such assignee shall file with the manager, cotton pool, an affidavit showing the amount paid by him for such certificate and the date of such payment, and the manager, cotton pool, is authorized to make payment to such assignee based upon the facts stated in said affidavit as aforesaid.]

AGRICULTURAL ACT OF 1949

AN ACT To provide assistance to the States in the establishment, maintenance, operation, and expansion of school-lunch programs, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, [That this Act may be cited as the "Agricultural Act of 1949".

[TITLE I—BASIC AGRICULTURAL COMMODITIES

[SEC. 101. The Secretary of Agriculture (hereinafter called the "Secretary") is authorized and directed to make available through loans, purchases, or other operations, price support to cooperators for any crop of any basic agricultural commodity, if producers have not disapproved marketing quotas for such crop, at a level not in excess of 90 per centum of the parity price of the commodity nor less than the level provided in subsections (a), (b), and (c) as follows:

[(a) For tobacco (except as otherwise provided herein), corn, and wheat, if the supply percentage as of the beginning of the marketing year is:	The level of support shall be not less than the following percentage of the parity price:
Not more than 102	90
More than 102 but not more than 104	89
More than 104 but not more than 106	88
More than 106 but not more than 108	87
More than 108 but not more than 110	86
More than 110 but not more than 112	85
More than 112 but not more than 114	84
More than 114 but not more than 116	83
More than 116 but not more than 118	82
More than 118 but not more than 120	81
More than 120 but not more than 122	80
More than 122 but not more than 124	79
More than 124 but not more than 126	78
More than 126 but not more than 128	77
More than 128 but not more than 130	76
More than 130	75

For rice of the 1959 and 1960 crops, the level of support shall be not less than 75 per centum of the parity price. For rice of the 1961 crop the level of support shall be not less than 70 per centum of the parity price. For the 1962 and subsequent crops of rice the level of support shall be not less than 65 per centum of the parity price.

[(b) For cotton and peanuts, if the supply percentage as of the beginning of the marketing year is:	The level of support shall be not less than the following percentage of the parity price:
More than 108	90
More than 108 but not more than 110	89
More than 110 but not more than 112	88
More than 112 but not more than 114	87
More than 114 but not more than 116	86
More than 116 but not more than 118	85
More than 118 but not more than 120	84
More than 120 but not more than 122	83
More than 122 but not more than 124	82
More than 124 but not more than 125	81
More than 125 but not more than 126	80
More than 126 but not more than 127	79
More than 127 but not more than 128	78
More than 128 but not more than 129	77
More than 129 but not more than 130	76
More than 130	75

[(c) For tobacco, if marketing quotas are in effect, the level of support shall be 90 per centum of the parity price.

[(d) Notwithstanding the foregoing provisions of this section—

[(3) the level of price support to cooperators for any crop of a basic agricultural commodity, except tobacco, for which marketing quotas have been disapproved by producers shall be 50 per centum of the parity price of such commodity; and no price support shall be made available for any crop of tobacco for which marketing quotas have been disapproved by producers;

[(5) price support may be made available to noncooperators at such levels, not in excess of the level of price support to cooperators, as the Secretary determines will facilitate the effective operation of the program.

[(7) Where a State is designated under section 335(e) of the Agricultural Adjustment Act of 1938, as amended, as outside the commercial wheat-producing area for any crop of wheat, the level of price support for wheat to cooperators in such State for such crop of wheat shall be 75 per centum of the level of price support to cooperators in the commercial wheat-producing area.

[SEC. 101B. LOANS, PAYMENTS, AND ACREAGE REDUCTION PROGRAMS FOR THE 1991 THROUGH 1995 CROPS OF RICE.

[(a) LOANS AND PURCHASES.—

[(1) IN GENERAL.—Except as otherwise provided in this subsection, the Secretary shall make available to producers on a farm nonrecourse loans and purchases for each of the 1991 through 1995 crops of rice produced on the farm at a level that is not less than the higher of—

[(A) 85 percent of the simple average price received by producers, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of rice, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; or

[(B) $6.50 per hundredweight.

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

[(3) ANNOUNCEMENT OF LOAN LEVEL AND ESTABLISHED PRICE.—The loan and purchase level and the established price for each of the 1991 through 1995 crops of rice shall be announced not later than January 31 of each calendar year for the crop harvested in the calendar year or, in the case of the 1991 crop, as soon as practicable after the date of enactment of this section.

[(4) TERM.—A loan made under this subsection shall have a term of not more than 9 months beginning after the month in which the application for the loan is made.

[(5) MARKETING LOAN PROVISIONS.—

[(A) IN GENERAL.—In order to ensure that a competitive market position is maintained for rice, the Secretary shall permit a producer to repay a loan made under paragraph (1) for a crop at a level that is the lesser of—

[(i) the loan level determined for the crop; or

[(ii) the higher of—

[(I) the loan level determined for the crop multiplied by 70 percent; or

[(II) the prevailing world market price for rice, as determined by the Secretary.

[(B) PREVAILING WORLD MARKET PRICE.—The Secretary shall prescribe by regulation—

[(i) a formula to define the prevailing world market price for rice; and

[(ii) a mechanism by which the Secretary shall announce periodically the prevailing world market price for rice.

[(C) PRODUCER PURCHASE OF MARKETING CERTIFICATES.—

[(i) IN GENERAL.—As a condition of permitting a producer to repay a loan as provided in subparagraph (A), the Secretary may require a producer to purchase marketing certificates equal in value to an amount that does not exceed one-half the difference, as determined by the Secretary, between the amount of the loan obtained by the producer and the amount of the loan repayment.

[(ii) REDEMPTION FOR RICE OR CASH.—The certificates shall be redeemable for agricultural commodities owned by the Commodity Credit Corporation valued at the prevailing market price, as determined by the Secretary or for cash, under such terms and conditions as the Secretary may prescribe.

[(iii) REDEMPTION, MARKETING, OR EXCHANGE.—The Commodity Credit Corporation, under regulations prescribed by the Secretary, shall assist any person receiving marketing certificates under this subparagraph in the redemption or marketing or exchange of the certificates at such times, in such manner, and at such price levels as the Secretary determines will best effectuate the purposes of the program established under this section.

[(iv) CHARGES.—If any such certificate is not presented for redemption or marketing within a reasonable number of days after issuance, as determined by the Secretary, reasonable costs of storage and other carrying charges, as determined by the Secretary, shall be deducted from the value of the certificate for the period beginning after the reasonable number of days and ending with the date of the presentation of the certificate to the Commodity Credit Corporation.

[(v) DESIGNATION OF COMMODITIES AND PRODUCTS.—Insofar as practicable, the Secretary shall permit owners of certificates to designate the commodities and the products thereof, including storage sites thereof, the owners would prefer to receive in exchange for certificates.

[(vi) SALES PRICE RESTRICTIONS.—Notwithstanding any other provision of law, any price restrictions that may otherwise apply to the disposition of agricultural

commodities by the Commodity Credit Corporation shall not apply to the redemption of certificates under this subparagraph.

[(vii) DISPLACEMENT.—The Secretary shall take such measures as may be necessary to prevent the marketing or exchange of agricultural commodities and the products thereof for certificates under this subparagraph from adversely affecting the income of producers of the commodities or products.

[(viii) TRANSFERS.—Under regulations prescribed by the Secretary, certificates issued under this subparagraph may be transferred to other persons approved by the Secretary.

[(D) CERTIFICATES TO MAINTAIN COMPETITIVENESS.—

[(i) IN GENERAL.—Notwithstanding any other provision of law, whenever, during the period beginning August 1, 1991, and ending July 31, 1996, the prevailing world market price for a class of rice (adjusted to United States quality and location), as determined by the Secretary, is below the current loan repayment rate for that class of rice, to make United States rice competitive in world markets and to maintain and expand exports of rice produced in the United States, the Commodity Credit Corporation shall make payments, through the issuance of marketing certificates, to persons who have entered into an agreement with the Commodity Credit Corporation to participate in the program established under this subparagraph. The payments shall be made in such monetary amounts and subject to such terms and conditions as the Secretary determines will make rice produced in the United States available at competitive prices consistent with the purposes of this subparagraph.

[(ii) VALUE.—The value of each certificate issued under this subparagraph shall be based on the difference between—

[(I) the loan repayment rate for the class of rice; and

[(II) the prevailing world market price for the class of rice, as determined by the Secretary.

[(iii) TERMS AND CONDITIONS OF CERTIFICATES.—Marketing certificates issued under this subparagraph shall be subject to the same terms and conditions as certificates issued under subparagraph (C).

[(6) SIMPLE AVERAGE PRICE.—For purposes of this section, the simple average price received by producers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

[(b) LOAN DEFICIENCY PAYMENTS.—

[(1) IN GENERAL.—The Secretary shall, for each of the 1991 through 1995 crops of rice, make payments (hereafter in this section referred to as "loan deficiency payments") available to producers who, although eligible to obtain a loan or purchase

agreement under subsection (a), agree to forgo obtaining the loan or agreement in return for payments under this subsection.

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

[(A) the loan payment rate; by

[(B) the quantity of rice the producer is eligible to place under loan (or obtain a purchase agreement) but for which the producer forgoes obtaining the loan or agreement in return for payments under this subsection.

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

[(A) the loan level determined for the crop under subsection (a); exceeds

[(B) the level at which a loan may be repaid under subsection (a).

[(4) MARKETING CERTIFICATES.—The Secretary may make up to one-half the amount of a payment under this subsection available in the form of marketing certificates, subject to the terms and conditions provided in subsection (a)(5)(C).

[(c) PAYMENTS.—

[(1) DEFICIENCY PAYMENTS.—

[(A) IN GENERAL.—The Secretary shall make available to producers payments (hereafter in this section referred to as "deficiency payments") for each of the 1991 through 1995 crops of rice in an amount computed by multiplying—

[(i) the payment rate; by

[(ii) the payment acres for the crop; by

[(iii) the farm program payment yield established for the crop for the farm.

[(B) PAYMENT RATE.—

[(i) PAYMENT RATE FOR 1991 THROUGH 1993 CROPS.—The payment rate for each of the 1991 through 1993 crops of rice shall be the amount by which the established price for the crop of rice exceeds the higher of—

[(I) the national average market price received by producers during the first 5 months of the marketing year for the crop, as determined by the Secretary; or

[(II) the loan level determined for the crop.

[(ii) PAYMENT RATE OF 1994 AND 1995 CROPS.—The payment rate for each of the 1994 and 1995 crops of rice shall be the amount by which the established price for the crop of rice exceeds the higher of—

[(I) the lesser of—

[(aa) the national average market price received by producers during the calendar year that contains the first 5 months of the marketing year for the crop, as determined by the Secretary; or

[(bb) the national average market price received by producers during the first 5 months of the marketing year for the crop, as determined by the Secretary, plus an appropriate

amount that is fair and equitable in relation to wheat and feed grains (as determined by the Secretary); or

[(II) the loan level determined for the crop.

[(iii) MINIMUM ESTABLISHED PRICE.—The established price for rice shall not be less than $10.71 per hundredweight for each of the 1991 through 1995 crops.

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

[(i) the number of acres planted to the crop for harvest within the permitted acreage; or

[(ii) 85 percent of the crop acreage base for the crop for the farm less the quantity of reduced acreage (as determined under subsection (e)(2)(D)).

[(D) 50/85 PROGRAM.—

[(i) IN GENERAL.—If an acreage limitation program under subsection (e)(2) is in effect for a crop of rice and the producers on a farm devote a portion of the maximum payment acres for rice as calculated under subparagraph (C)(ii) for equal to more than 8 percent for each of the 1991 through 1993 crops, and 15 percent for each of the 1994 through 1997 crops (except as provided in clause (v)(II)), of such rice acreage of the farm for the crop to conservation uses (except as provided in subparagraph (E))—

[(I) such portion of the maximum payment acres in excess of 8 percent for each of the 1991 through 1993 crops, and 15 percent for each of the 1994 through 1997 crops (except as provided in clause (v)(II)), of such acreage devoted to conservation uses (except as provided in subparagraph (E)) shall be considered to be planted to rice for the purpose of determining the acreage on the farm required to be devoted to conservation uses in accordance with subsection (e)(2)(D); and

[(II) the producers shall be eligible for payments under this paragraph with respect to such acreage, subject to the compliance of the producers with clause (ii).

[(ii) MINIMUM PLANTING REQUIREMENT.—To be eligible for payments under clause (i), except as provided in clauses (iv) and (v), the producers on a farm must actually plant rice for harvest on at least 50 percent of the maximum payment acres for rice for the farm.

[(iii) DEFICIENCY PAYMENTS.—Notwithstanding any other provision of this section, any producer who devotes a portion of the maximum payment acres for rice for the farm to conservation uses (or other uses as provided in subparagraph (E)) under this subparagraph shall receive deficiency payments on the acreage that is considered to be planted to rice and eligible for payments under this subparagraph for the crop at a per-hundredweight rate established by the Secretary, except that the rate may not be established at less than

the projected deficiency payment rate for the crop, as determined by the Secretary. Such projected payment rate for the crop shall be announced by the Secretary prior to the period during which rice producers may agree to participate in the program for the crop.

[(iv) QUARANTINES.—If a State or local agency has imposed in an area of a State or county a quarantine on the planting of rice for harvest on farms in the area, the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) may recommend to the Secretary that payments be made under this paragraph, without regard to the requirement imposed under clause (ii), to producers in the area who were required to forgo the planting of rice for harvest on acreage to alleviate or eliminate the condition requiring the quarantine. If the Secretary determines that the condition exists, the Secretary may make payments under this paragraph to the producers. To be eligible for payments under this clause, the producers must devote the acreage to conservation uses (except as provided in subparagraph (E)).

[(v) PREVENTED PLANTING AND REDUCED YIELDS.—

[(I) 1991 THROUGH 1993 CROPS.—In the case of each of the 1991 through 1993 crops of rice, if an acreage limitation program under subsection (e) is in effect for any crop of rice and if the Secretary determines that producers on a farm are prevented from planting the acreage intended for rice to rice because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make available to such producers payments under this subparagraph without regard to the requirement imposed under clause (ii). To be eligible for payments under this clause, the producers must devote the acreage to conservation uses (except as provided in subparagraph (E)). Any such acreage shall be considered to be planted to rice.

[(II) 1994 THROUGH 1997 CROPS.—In the case of each of the 1994 through 1997 crops of rice, producers on a farm shall be eligible to receive deficiency payments as provided in clause (iii) without regard to clause (ii) if an acreage limitation program under subsection (e) is in effect for the crop and—

[(aa) the producers have been determined by the Secretary (in accordance with section 503(c)) to be prevented from planting the crop or have incurred a reduced yield for the crop (due to a natural disaster) and the producers elect to devote a portion of the maximum payment acres for rice (as calculated under subparagraph (C)(ii)) equal to more than 8 per-

cent of the rice acreage, to conservation uses; or

[(bb) the producers elect to devote a portion of the maximum payment acres for rice (as calculated under subparagraph (C)(ii)) equal to more than 8 percent of the rice acreage, to alternative crops as provided in subparagraph (E).

[(vi) CROP ACREAGE AND PAYMENT YIELD.—The rice crop acreage base and rice farm program payment yield of the farm shall not be reduced due to the fact that a portion of the permitted rice acreage of the farm was devoted to conserving uses (except as provided in subparagraph (E)) under this subparagraph.

[(vii) LIMITATION.—Other than as provided in clauses (i) through (vi), payments may not be made under this paragraph for any crop on a greater acreage than the acreage actually planted to rice.

[(viii) CONSERVATION USE ACREAGE UNDER OTHER PROGRAMS.—Any acreage considered to be planted to rice in accordance with clauses (i) and (vi) may not also be designated as conservation use acreage for the purpose of fulfilling any provisions under any acreage limitation or land diversion program requiring that the producers devote a specified acreage to conservation uses.

[(E) ALTERNATIVE CROPS.—

[(i) INDUSTRIAL AND OTHER CROPS.—The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of acreage otherwise required to be devoted to conservation uses as a condition of qualifying for payments under subparagraph (D) to be devoted to sweet sorghum, guar, castor beans, plantago ovato, triticale, rye, millet, mung beans, commodities for which no substantial domestic production or market exists but that could yield industrial raw material being imported, or likely to be imported, into the United States, or commodities grown for experimental purposes (including kenaf and milkweed), subject to the following sentence. The Secretary may permit the acreage to be devoted to the production only if the Secretary determines that—

[(I) the production is not likely to increase the cost of the price support program; and

[(II) the production is needed to provide an adequate supply of the commodity, or, in the case of commodities for which no substantial domestic production or market exists but that could yield industrial raw materials, the production is needed to encourage domestic manufacture of the raw material and could lead to increased industrial use of the raw material to the long-term benefit of United States industry.

[(ii) SESAME AND CRAMBE.—The Secretary shall permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of acreage otherwise required to be devoted to conservation uses as a condition of qualifying for payments under subparagraph (D) to be devoted to sesame and crambe. In implementing this clause, if the Secretary determines that sesame or crambe are considered oilseeds under section 205, the Secretary shall provide that, in order to receive payments under subparagraph (D), the producers shall agree to forgo eligibility to receive a loan under section 205 for the crop of sesame or crambe produced on the farm.

[(2) CROP INSURANCE REQUIREMENT.—A producer shall obtain catastrophic risk protection insurance coverage in accordance with section 427.

[(d) PAYMENT YIELDS.—The farm program payment yields for farms for each crop of rice shall be determined under title V.

[(e) ACREAGE REDUCTION PROGRAMS.—

[(1) IN GENERAL.—

[(A) ESTABLISHMENT.—Notwithstanding any other provision of this Act, if the Secretary determines that the total supply of rice, in the absence of an acreage limitation program, will be excessive taking into account the need for an adequate carry-over to maintain reasonable and stable supplies and prices and to meet a national emergency, the Secretary may provide for any crop of rice an acreage limitation program as described in paragraph (2).

[(B) AGRICULTURAL RESOURCES CONSERVATION PROGRAM.—In making a determination under subparagraph (A), the Secretary shall take into consideration the number of acres placed in the agricultural resources conservation program established under subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3831 et seq.).

[(C) ANNOUNCEMENTS.—

[(i) PRELIMINARY ANNOUNCEMENT.—If the Secretary elects to implement an acreage limitation program for any crop year, the Secretary shall make a preliminary announcement of any such program not later than December 1 of the calendar year preceding the year in which the crop is harvested (or, for the 1992 crop, as soon as practicable after the date of enactment of this subparagraph). The preliminary announcement shall include, among other information determined necessary by the Secretary, an announcement of the uniform percentage reduction in the rice crop acreage base described in paragraph (2)(A).

[(ii) FINAL ANNOUNCEMENT.—Not later than January 31 of the calendar year in which the crop is harvested, the Secretary shall make a final announcement of the program. The announcement shall include, among other information determined necessary by the Secretary, an announcement of the uniform percentage

reduction in the rice crop described in paragraph (2)(A).

[(D) CARRY-OVER.—The Secretary shall carry out an acreage limitation program described in paragraph (2) for a crop of rice in a manner that will result in carry-over stocks equal to 16.5 to 20 percent of the simple average of the total disappearance of rice for each of the 3 marketing years preceding the year for which the announcement is made. For the purpose of this subparagraph, the term "total disappearance" means all rice utilization, including total domestic, total export, and total residual disappearance.

[(2) ACREAGE LIMITATION PROGRAM.—

[(A) PERCENTAGE REDUCTIONS.—Except as provided in paragraph (3), if a rice acreage limitation program is announced under paragraph (1), such limitation shall be achieved by applying a uniform percentage reduction (from 0 to 35 percent) to the rice crop acreage base for the crop for each rice-producing farm.

[(B) COMPLIANCE.—Except as provided in section 504, producers who knowingly produce rice in excess of the permitted rice acreage for the farm, as established in accordance with subparagraph (A), shall be ineligible for rice loans, purchases, and payments with respect to that farm.

[(C) CROP ACREAGE BASES.—Rice crop acreage bases for each crop of rice shall be determined under title V.

[(D) ACREAGE DEVOTED TO CONSERVATION USES.—A number of acres on the farm shall be devoted to conservation uses, in accordance with regulations issued by the Secretary. Such number shall be determined by multiplying the rice crop acreage base by the percentage reduction required by the Secretary. The number of acres so determined is hereafter in this subsection referred to as "reduced acreage". The remaining acreage is hereafter in this subsection referred to as "permitted acreage". Permitted acreage may be adjusted by the Secretary as provided in paragraph (3) and in section 504.

[(E) INDIVIDUAL FARM PROGRAM ACREAGE.—Except as otherwise provided in subsection (c), the individual farm program acreage shall be the acreage planted on the farm to rice for harvest within the permitted rice acreage for the farm as established under this paragraph.

[(F) PLANTING DESIGNATED CROPS ON REDUCED ACREAGE.—

[(i) DEFINITION OF DESIGNATED CROP.—As used in this subparagraph, the term "designated crop" means a crop defined in section 504(b)(1), excluding any program crop as defined in section 502(3).

[(ii) IN GENERAL.—Subject to clause (iii), the Secretary may permit producers on a farm to plant a designated crop on no more than one-half of the reduced acreage on the farm.

[(iii) LIMITATIONS.—If the producers on a farm elect to plant a designated crop on reduced acreage under this subparagraph—

[(I) the amount of the deficiency payment that the producers are otherwise eligible to receive under subsection (c) shall be reduced, for each acre (or portion thereof) that is planted to the designated crop, by an amount equal to the deficiency payment that would be made with respect to a number of acres of the crop that the Secretary considers appropriate, except that if the producers on the farm are participating in a program established for more than one program crop, the amount of the reduction shall be determined by prorating the reduction based on the acreage planted or considered planted on the farm to all of such program crops; and

[(II) the Secretary shall ensure that reductions in deficiency payments under subclause (I) are sufficient to ensure that this subparagraph will result in no additional cost to the Commodity Credit Corporation.

[(3) TARGETED OPTION PAYMENTS.—

[(A) IN GENERAL.—Notwithstanding any other provision of this section, if the Secretary implements an acreage limitation program with respect to any of the 1991 through 1995 crops of rice and announces an acreage limitation percentage of 20 percent or less, the Secretary may make available to producers on a farm who do not receive payments under subsection (c)(1)(D) for such crop on the farm, adjustments in the level of deficiency payments that would otherwise be made available to the producers if the producers exercise the payment options provided in this paragraph.

[(B) PAYMENT OPTIONS.—If the Secretary elects to carry out this paragraph, the Secretary shall make the payment options specified in subparagraphs (C) and (D) available to producers who agree to make adjustments in the quantity of acreage diverted from the production of rice under an acreage limitation program in accordance with this paragraph.

[(C) INCREASED ACREAGE LIMITATION OPTION.—

[(i) INCREASE IN ESTABLISHED PRICE.—If the Secretary elects to carry out this paragraph, a producer shall be eligible to receive an increase in the established price for rice under clause (ii) if the producer agrees to an increase in the acreage limitation percentage to be applied to the producers' rice acreage base above the acreage limitation percentage announced by the Secretary.

[(ii) METHOD OF CALCULATION.—For the purposes of calculating deficiency payments to be made available to producers who participate in the program under this paragraph, the Secretary shall increase the estab-

lished price for rice by an amount determined by the Secretary, but not less than 0.5 percent, nor more than 1 percent, for each 1 percentage point increase in the acreage limitation percentage applied to the producers' rice acreage base.

[(iii) LIMITATION.—The acreage limitation percentage to be applied to the producers' rice acreage base shall not be increased by more than 5 percentage points above the acreage limitation percentage announced by the Secretary.

[(iv) ADJUSTMENT FOR UNDERPLANTINGS.—In determining the increased acreage limitation percentage that is applied to the producer's rice acreage base under this paragraph, the Secretary shall exclude an amount of acreage equal to the average difference between the producer's permitted rice acreage and the acreage actually planted (including acreage devoted to conserving uses under subsection (c)(1)(D)) to rice for harvest during the previous 2 years.

[(D) DECREASED ACREAGE LIMITATION OPTION.—

[(i) DECREASE IN ACREAGE LIMITATION REQUIREMENT.—If the Secretary elects to carry out this paragraph, a producer shall be eligible to decrease the acreage limitation percentage applicable to the producers' rice acreage base (as announced by the Secretary) if the producer agrees to a decrease in the established price for rice under clause (ii) for the purpose of calculating deficiency payments to be made available to the producer.

[(ii) METHOD OF CALCULATION.—For the purposes of calculating deficiency payments to be made available to producers who choose the option set forth in this subparagraph, the Secretary shall decrease the established price for rice by an amount to be determined by the Secretary, but not less than 0.5 percent, nor more than 1 percent, for each 1 percentage point decrease in the acreage limitation percentage applied to the producers' rice acreage base.

[(iii) LIMITATION.—A producer may not choose to decrease the acreage limitation percentage applicable to the producers' rice acreage base under this paragraph by more than one-half of the announced acreage limitation percentage.

[(E) PARTICIPATION AND PRODUCTION EFFECTS.—Notwithstanding any other provision of this paragraph, the Secretary shall, to the extent practicable, ensure that the program provided for in this paragraph does not have a significant effect on program participation or total production and shall be offered in such a manner that the Secretary determines will result in no additional budget outlays. The Secretary shall provide an analysis of the Secretary's determination to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

[(4) ADMINISTRATION.—

[(A) PROTECTION FROM WEEDS AND EROSION.—The regulations issued by the Secretary under paragraph (2) with respect to acreage required to be devoted to conservation uses shall assure protection of the acreage from weeds and wind and water erosion.

[(B) ANNUAL OR PERENNIAL COVER.—

[(i) REQUIRED.—

[(I) IN GENERAL.—Except as provided in subclause (II) and paragraph (2), a producer who participates in an acreage reduction program established for a crop of rice under this subsection shall be required to plant to, or maintain as, an annual or perennial cover 50 percent (or more at the option of the producer) of the acreage that is required to be removed from the production of rice, but not to exceed 5 percent (or more at the option of the producer) of the crop acreage base established for the crop.

[(II) ARID AREAS.—Subclause (I) shall not apply with respect to arid areas (including summer fallow areas), as determined by the Secretary. If the Secretary determines any county in a State to be arid, the respective State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) may designate any other county or counties or all of the State as arid for the purposes of this paragraph.

[(III) APPROVAL OF COVER CROPS AND PRACTICES.—The State committee, after receiving recommendations from the county committees, shall approve appropriate crops planted or maintained as cover, including, as appropriate, annual or perennial native grasses and legumes or other vegetation. The State committee shall establish the final seeding date for the planting of the cover and shall approve appropriate cover crops or practices, after consulting the Soil Conservation Service State Conservationist regarding whether the crops or practices will sufficiently protect the land from weeds and wind and water erosion. After the Secretary establishes the State technical committee for the State pursuant to section 1261 of the Food Security Act of 1985 (16 U.S.C. 3861), the State committee shall consult with the technical committee (rather than the Soil Conservation Service State Conservationist) regarding whether the crops or practices will sufficiently protect the land from weeds and wind and water erosion.

[(ii) MULTIYEAR PROGRAM.—

[(I) COST-SHARE ASSISTANCE.—If a producer elects to establish a perennial cover capable of improving water quality or wildlife habitat on the

acreage, the Commodity Credit Corporation shall make available cost-share assistance for 25 percent of the approved cost of establishing the cover on not more than 50 percent of the acreage that is required to be diverted from production, but not to exceed 5 percent (or more, at the option of the producer) of the crop acreage base established for a crop.

[(II) AGREEMENT OF PRODUCER.—If a producer elects to establish a perennial cover on the acreage under this subparagraph and receives cost-share assistance from the Corporation with respect to the cover, the producer, under such terms and conditions as may be prescribed by the Secretary, taking into consideration guidelines established by the State technical committees established in subtitle G of title XII of the Food Security Act of 1985, shall agree to maintain the perennial cover for a minimum of 3 years.

[(iii) CONSERVING CROPS.—The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of the acreage to be devoted to sweet sorghum, guar, sesame, castor beans, crambe, plantago ovato, triticale, rye, mung beans, milkweed, or other commodity, if the Secretary determines that the production is needed to provide an adequate supply of the commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

[(C) HAYING AND GRAZING.—

[(i) IN GENERAL.—Except as provided in clause (ii), haying and grazing of reduced acreage, acreage devoted to a conservation use under subsection (c)(1)(D), and acreage diverted from production under a land diversion program established under this section shall be permitted, except during any consecutive 5-month period that is established by the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for a State. The 5-month period shall be established during the period beginning April 1, and ending October 31, of a year.

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

[(D) WATER STORAGE USES.—

[(i) IN GENERAL.—The regulations issued by the Secretary under paragraph (2) with respect to acreage required to be devoted to conservation uses shall provide that land that has been converted to water storage uses shall be considered to be devoted to conservation uses if the land was devoted to wheat, feed grains, cot-

ton, rice, or oilseeds in at least 3 of the immediately preceding 5 years. The land shall be considered to be devoted to conservation uses for the period that the land remains in water storage uses, but not to exceed 5 years subsequent to its conversion to water storage uses.

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

[(5) LAND DIVERSION PROGRAM.—

[(A) IN GENERAL.—The Secretary may make land diversion payments to producers of rice, whether or not an acreage limitation program for rice is in effect, if the Secretary determines that the land diversion payments are necessary to assist in adjusting the total national acreage of rice to desirable goals. The land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with the producers.

[(B) AMOUNTS.—The amounts payable to producers under land diversion contracts may be determined through the submission of bids for the contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

[(C) LIMITATION ON DIVERTED ACREAGE.—The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

[(6) CONSERVATION PRACTICES.—

[(A) WILDLIFE FOOD PLOTS OR HABITAT.—The reduced acreage and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of this subparagraph.

[(B) PUBLIC ACCESS.—The Secretary may provide for an additional payment on the acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

[(7) PARTICIPATION AGREEMENTS.—

[(A) IN GENERAL.—Producers on a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for the participation not later than such date as the Secretary may prescribe.

[(B) MODIFICATION OR TERMINATION.—The Secretary may, by mutual agreement with producers on a farm, modify or terminate any such agreement if the Secretary determines the action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities. The Secretary may modify the agreement under this subparagraph for the purpose of alleviating a shortage in the supply of agricultural commodities only if there has been a significant change in the estimated stocks of the commodity since the Secretary announced the final terms and conditions of the program for the crop of rice.

[(f) INVENTORY REDUCTION PAYMENTS.—

[(1) IN GENERAL.—The Secretary may, for each of the 1991 through 1995 crops of rice, make payments available to producers who meet the requirements of this subsection.

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

[(3) PAYMENTS.—

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

[(B) QUANTITY OF RICE MADE AVAILABLE.—The quantity of rice to be made available to a producer under this subsection shall be equal in value to the payments so determined under this subsection.

[(4) ELIGIBILITY.—A producer shall be eligible to receive a payment under this subsection for a crop if the producer—

[(A) agrees to forgo obtaining a loan or purchase agreement under subsection (a);

[(B) agrees to forgo receiving payments under subsection (c);

[(C) does not plant rice for harvest in excess of the crop acreage base reduced by one-half of any acreage required to be diverted from production under subsection (e); and

[(D) otherwise complies with this section.

[(g) EQUITABLE RELIEF.—

[(1) LOANS AND PAYMENTS.—If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure. The Secretary may consider whether the producer made a good faith effort to comply fully with the terms and conditions of the program in determining whether equitable relief is warranted under this paragraph.

[(2) DEADLINES AND PROGRAM REQUIREMENTS.—The Secretary may authorize the county and State committees estab-

lished under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet the other requirements does not affect adversely the operation of the program.

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

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

[(j) ASSIGNMENT OF PAYMENTS.—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 payments under this section.

[(k) SHARING OF PAYMENTS.—The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

[(l) TENANTS AND SHARECROPPERS.—The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

[(m) CROSS-COMPLIANCE.—

[(1) IN GENERAL.—Compliance on a farm with the terms and conditions of any other commodity program, or compliance with crop acreage base requirements for any other commodity, may not be required as a condition of eligibility for loans, purchases, or payments under this section.

[(2) COMPLIANCE ON OTHER FARMS.—The Secretary may not require producers on a farm, as a condition of eligibility for loans, purchases, or payments under this section for the farm, to comply with the terms and conditions of the rice program with respect to any other farm operated by the producers.

[(n) CROPS.—Notwithstanding any other provision of law, this section shall be effective only for the 1991 through 1995 crops of rice.

[SEC. 103. (a) Notwithstanding the provisions of section 101 of this Act, price support to cooperators for each crop of upland cotton, beginning with the 1961 crop, for which producers have not disapproved marketing quotas shall be at such level not more than 90 per centum of the parity price therefor nor less than the minimum level prescribed below as the Secretary determines appropriate after consideration of the factors specified in section 401(b) of this Act. For the 1961 crop the minimum level shall be 70 per centum of the parity price therefor, and for each subsequent crop the minimum level shall be 65 per centum of the parity price therefore: *Provided,* That the price support for the 1964 crop shall be a national average support price which reflects 30 cents per pound for Middling one-inch cotton. Price support in the case of noncooperators and in case marketing quotas are disapproved shall be as provided in section 101(d)(3) and (5).

[(b)(1) For purposes of this subsection, extra long staple cotton means cotton which 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 American 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 such varieties or types and which is ginned on a roller-type gin or, if authorized by the Secretary, ginned on another type gin for experimental purposes.

[(2) The Secretary shall, upon presentation of warehouse receipts reflecting accrued storage charges of not more than sixty days, make available to producers nonrecourse loans for a term of ten months from the first day of the month in which the loan is made at a level which is not less than 85 percent of the simple average price received by producers of extra long staple cotton, as determined by the Secretary, during 3 years of the 5-year period ending July 31 in the year in which the loan level is announced, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period. If authorized by the Secretary, nonrecourse loans provided for in this subsection may, upon request of the producer during the tenth month of the loan period for the cotton, be made available for an additional term of eight months. The loan level for any crop of extra long staple cotton shall be determined and announced by the Secretary not later than December 1 of the calendar year preceding the marketing year for which such loan is to be effective and such level shall not thereafter be changed.

[(3)(A) In addition, payments shall be made for each crop of extra long staple cotton to producers on each farm at a rate equal to the amount by which the higher of—

[(i) the average market price received by farmers for extra long staple cotton during the first eight months of the marketing year for such crop, as determined by the Secretary, or

[(ii) the loan level determined under paragraph (2) of this subsection for such crop,

is less than the established price per pound times, in each case, the farm program acreage for extra long staple cotton (determined in accordance with paragraph (5)(A), but in no event on a greater acreage than the acreage actually planted to extra long staple cotton for harvest), multiplied by the farm program payment yield for extra long staple cotton (determined in accordance with paragraph (4)).

[(B) Except as provided in clause (ii), the established price for each crop of extra long staple cotton shall be 120 per centum of the loan level determined for such crop under paragraph (2) of this subsection.

[(ii) In the case of each of the 1988 and 1989 crops of extra long staple cotton, the established price for each such crop shall be 118.3 percent of the loan level determined for such crop under paragraph (2).

[(C) If the Secretary establishes an acreage limitation program for a crop of extra long staple cotton in accordance with paragraph (5)(A) and determines that deficiency payments will likely be made for such crop of extra long staple cotton under subparagraph (A) of this paragraph, the Secretary may make available advance deficiency payments for such crop to producers who agree to participate in the acreage limitation program. Such advance payments

shall be made available to producers as soon as practicable after the producer files a notice of intention to participate in such acreage limitation program and in such amount as the Secretary determines appropriate to encourage adequate participation in such program, except that such amount shall not exceed an amount determined by multiplying (i) the estimated farm program acreage for the crop, by (ii) the farm program payment yield for the crop, by (iii) 50 per centum of the projected payment rate, as determined by the Secretary. In any case in which the deficiency payment payable to a producer for a crop, as finally determined by the Secretary under subparagraph (A) of this paragraph, is less than the amount paid to the producer as an advance deficiency payment under this paragraph, the producer shall refund an amount equal to the difference between the amount advanced and the amount finally determined by the Secretary to be payable to the producer. If the Secretary determines that no deficiency payments are due producers on a crop, the producer who received advanced payments on such crop shall refund such payments. If a producer fails to comply with the requirements under the acreage limitation program after obtaining an advance deficiency payment under this paragraph, the producer shall immediately repay the amount of the advance, plus interest thereon in such amount as the Secretary shall prescribe.

[(4) The farm program payment yield for each crop of extra long staple cotton shall be determined on the basis of the actual yields per harvested acre on the farm for the preceding three years, except that the actual yields shall be adjusted by the Secretary for abnormal yields in any year caused by drought, flood, or other natural disaster, or other condition beyond the control of the producers. In case farm yield data for one or more years are unavailable or there was no production, the Secretary shall provide for appraisals to be made on the basis of actual yields and program payment yields for similar farms in the area for which data are available. Notwithstanding the foregoing provisions of this paragraph in the determination of yields, the Secretary shall take into account the actual yields proved by the producer, and neither such yields nor the farm program payment yield established on the basis of such yields shall be reduced under other provisions of this paragraph. If the Secretary determines it necessary, the Secretary may establish national, State, or county program payment yields on the basis of historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period, or, if such data are not available, on the Secretary's estimate of actual yields for the crop year involved. If national, State, or county program payment yields are established, the farm program payment yields shall balance to the national, State, or county program payment yields.

[(5)(A)(i) Notwithstanding any other provision of this subsection, the Secretary may establish a limitation on the acreage planted to extra long staple cotton if the Secretary determines that the total supply of extra long staple cotton, in the absence of such limitation, will be excessive taking into account the need for an adequate carryover to maintain reasonable and stable prices and to meet a national emergency. Such limitation shall be achieved by applying a uniform percentage reduction (including a zero percentage reduc-

tion) to the acreage base for each extra long staple cotton-producing farm. Producers who knowingly produce extra long staple cotton in excess of the permitted acreage for the farm shall be ineligible for extra long staple cotton loans and payments with respect to that farm. The acreage base for any farm for the purpose of determining any reduction required to be made for any year as a result of a limitation under this subparagraph shall be the average acreage planted on the farm to extra long staple cotton for harvest in the three crop years immediately preceding the year prior to the year for which the determination is made. For the purpose of the preceding sentence, acreage planted to extra long staple cotton for harvest shall include any acreage which the producers were prevented from planting to extra long staple cotton or other nonconserving crops in lieu of extra long staple cotton because of drought, flood, or other natural disaster or other condition beyond the control of the producers. The Secretary may make adjustments to reflect established crop-rotation practices and to reflect such other factors as the Secretary determines should be considered in determining a fair and equitable base. There is hereby established for the 1984, 1985, and 1986 crops an acreage base reserve equal to 5 per centum of the total of the farm acreage bases established for the crop under the foregoing provisions of this subparagraph. Such reserve shall be in addition to the total of the farm acreage bases and shall be used by the county committees, in accordance with regulations of the Secretary, for making adjustments of farm acreage bases to correct inequities and prevent hardship, and for establishing bases for farms on which no extra long staple cotton was planted during the preceding four years. A number of acres on the farm determined by dividing (i) the product obtained by multiplying the number of acres required to be withdrawn from the production of extra long staple cotton times the number of acres actually planted to such commodity, by (ii) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary, shall be devoted to conservation uses, in accordance with regulations issued by the Secretary, which will assure protection of such acreage from weeds and wind and water erosion. The number of acres so determined is hereafter in this subsection referred to as "reduced acreage". The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of the reduced acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely. The individual farm program acreage shall be the actual acreage planted on the farm to extra long staple cotton for harvest within the permitted extra long staple cotton acreage for the farm as established under this paragraph.

[(ii) Notwithstanding any other provision of this Act, the Secretary shall ensure, under such terms and conditions as may be prescribed by the Secretary, that the total of the crop acreage bases established on a farm which is enrolled in a production adjustment

program for any commodity shall not be increased as a result of the application of the provisions set forth in paragraph (13)(C), as extended for the 1989 and 1990 crop.

[(B) The Secretary may make land diversion payments to producers of extra long staple cotton, whether or not an acreage limitation program for extra long staple cotton is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of extra long staple cotton to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers. The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted. The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

[(C) The reduced acreage and the diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out the purpose of the foregoing sentence. The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

[(6) An operator of a farm desiring to participate in the program conducted under paragraph (5) shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe. The Secretary may, by mutual agreement with the producers on the farm, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

[(7) The Secretary shall provide for the sharing of payments made under this subsection for any farm among the producers on the farm on a fair and equitable basis.

[(8) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

[(9) If the failure of a producer to comply fully with the terms and conditions of the program formulated under this subsection precludes the making of loans and payments, the Secretary may, nevertheless, make such loans and payments in such amounts as the Secretary determines to be equitable in relation to the serious-

ness of the failure. The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

[(10) The Secretary may issue such regulations as the Secretary determines necessary to carry out the provisions of this subsection.

[(11) The Secretary shall carry out the program authorized by this subsection through the Commodity Credit Corporation.

[(12) The provisions of subsection 8(g) of the Soil Conservation and Domestic Allotment Act (relating to assignment of payments) shall apply to payments made under this subsection.

[(13)(A) Compliance on a farm with the terms and conditions of any other commodity program or compliance with crop acreage base requirements for any other commodity may not be required as a condition of eligibility for loans or payments under this section.

[(B) The Secretary may not require producers on a farm, as a condition of eligibility for loans or payments under this section for the farm, to comply with the terms and conditions of the extra long staple cotton program with respect to any other farm operated by the producers.

[(14) In order to encourage and assist producers in the orderly ginning and marketing of their extra long staple cotton production, the Secretary shall make recourse loans available to such producers on seed cotton in accordance with authority vested in the Secretary under the Commodity Credit Corporation Charter Act.

[(15) References made in sections 402, 403, 406, 407, and 416 to the terms "support price", "level of support", and "level of price support" shall be considered to apply as well to the level of loans for extra long staple cotton under this subsection; and references to the terms "price support", "price support operations", and "price support program" in such sections and in section 401(a) shall be considered as applying as well to the loan operations for extra long staple cotton under this subsection.

[(16) Notwithstanding any other provision of law, this subsection shall not be applicable to the 1996 and subsequent crops of extra long staple cotton.

[SEC. 103B. LOANS, PAYMENTS, AND ACREAGE REDUCTION PROGRAMS FOR THE 1991 THROUGH 1997 CROPS OF UPLAND COTTON.

[(a) LOANS.—

[(1) IN GENERAL.—Except as otherwise provided in this subsection, the Secretary shall, on presentation of warehouse receipts or other acceptable evidence of title, as determined by the Secretary, reflecting accrued storage charges of not more than 60 days, make available for the 1991 through 1997 crops of upland cotton to producers on a farm nonrecourse loans for upland cotton produced on the farm for a term of 10 months from the first day of the month in which the loan is made at such loan level, per pound, as will reflect for the base quality of upland cotton, as determined by the Secretary, at average location in the United States a level that is not less than the smaller of—

[(A) 85 percent of the average price (weighted by market and month) of the base quality of cotton as quoted in the designated United States spot markets during 3 years of the 5-year period ending July 31 in the year in which the loan level is announced, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; or

[(B) 90 percent of the average, for the 15-week period beginning July 1 of the year in which the loan level is announced, of the 5 lowest-priced growths of the growths quoted for Middling one and three-thirty-seconds inch cotton C.I.F. Northern Europe (adjusted downward by the average difference during the period April 15 through October 15 of the year in which the loan is announced between the average Northern European price quotation of such quality of cotton and the market quotations in the designated United States spot markets for the base quality of upland cotton), as determined by the Secretary.

[(2) ADJUSTMENTS TO LOAN LEVEL.—

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

[(B) LIMITATION ON INCREASE IN LOAN LEVEL.—If for any crop the average Northern European price determined under paragraph (1)(B) is less than the average United States spot market price determined under paragraph (1)(A), the Secretary may increase the loan level to such level as the Secretary may consider appropriate, not in excess of the average United States spot market price determined under paragraph (1)(A).

[(3) ANNOUNCEMENT OF LOAN LEVEL.—The loan level for any crop of upland cotton shall be determined and announced by the Secretary not later than November 1 of the calendar year preceding the marketing year for which the loan is to be effective or, in the case of the 1991 crop, as soon as is practicable after November 28, 1990. The loan level shall not thereafter be changed.

[(4) EXTENSION OF LOAN PERIOD.—

[(A) IN GENERAL.—Except as provided in subparagraph (B), nonrecourse loans provided for in this section shall, on request of the producer during the 10th month of the loan period for the cotton, be made available for an additional term of 8 months.

[(B) LIMITATION.—A request to extend the loan period shall not be approved in any month in which the average price of the base quality of upland cotton, as determined by the Secretary, in the designated spot markets for the preceding month exceeded 130 percent of the average price of such base quality of cotton in the designated United States spot markets for the preceding 36-month period.

[(5) MARKETING LOAN PROVISIONS.—

[(A) IN GENERAL.—If the Secretary determines that the prevailing world market price for upland cotton (adjusted to United States quality and location) is below the loan level determined under the foregoing provisions of this subsection, in order to make United States upland cotton competitive in world markets, the Secretary shall permit a producer to repay a loan made for any crop at—

[(i) a level that is the lesser of—

[(I) the loan level determined for the crop; or

[(II) the higher of—

[(aa) the loan level determined for the crop multiplied by 70 percent; or

[(bb) the prevailing world market price for upland cotton (adjusted to United States quality and location), as determined by the Secretary; or

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

[(I) minimize potential loan forfeitures;

[(II) minimize the accumulation of cotton stocks by the Federal Government;

[(III) minimize the cost incurred by the Federal Government in storing cotton; and

[(IV) allow cotton produced in the United States to be marketed freely and competitively, both domestically and internationally.

[(B) FIRST HANDLER MARKETING CERTIFICATES.—

[(i) IN GENERAL.—During the period beginning August 1, 1991, and ending July 31, 1998, if a program carried out under subparagraph (A) or subsection (b) fails to make United States upland cotton fully competitive in world markets and the prevailing world market price of upland cotton (adjusted to United States quality and location), as determined by the Secretary, is below the current loan repayment rate for upland cotton determined under subparagraph (A), to make United States upland cotton competitive in world markets and to maintain and expand domestic consumption and exports of upland cotton produced in the United States, the Secretary shall provide for the issuance of marketing certificates or cash payments in accordance with this subparagraph.

[(ii) PAYMENTS.—The Commodity Credit Corporation, under such regulations as the Secretary may prescribe, shall make payments, through the issuance of marketing certificates or cash payments, to first handlers of cotton (persons regularly engaged in buying or selling upland cotton) who have entered into an agreement with the Commodity Credit Corporation to participate in the program established under this subparagraph. The payments shall be made in such monetary amounts and subject to such terms and conditions as the Secretary determines will make upland cotton

produced in the United States available at competitive prices, consistent with the purposes of this subparagraph.

[(iii) VALUE.—The value of each certificate or cash payment issued under clause (ii) shall be based on the difference between—

[(I) the loan repayment rate for upland cotton; and

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

[(iv) REDEMPTION, MARKETING, OR EXCHANGE.—The Commodity Credit Corporation, under regulations prescribed by the Secretary, may assist any person receiving marketing certificates under this subparagraph in the redemption of certificates for cash, or marketing or exchange of the certificates for agricultural commodities or products owned by the Commodity Credit Corporation, at such times, in such manner, and at such price levels as the Secretary determines will best effectuate the purposes of the program established under this subparagraph. Any price restrictions that may otherwise apply to the disposition of agricultural commodities by the Commodity Credit Corporation shall not apply to the redemption of certificates under this subparagraph.

[(v) DESIGNATION OF COMMODITIES AND PRODUCTS; CHARGES.—Insofar as practicable, the Secretary shall permit owners of certificates to designate the commodities and the products thereof, including storage sites thereof, the owners would prefer to receive in exchange for certificates. If any certificate is not presented for redemption, marketing, or exchange within a reasonable number of days after the issuance of the certificate (as determined by the Secretary), reasonable costs of storage and other carrying charges, as determined by the Secretary, shall be deducted from the value of the certificate for the period beginning after the reasonable number of days and ending with the date of the presentation of the certificate to the Commodity Credit Corporation.

[(vi) DISPLACEMENT.—The Secretary shall take such measures as may be necessary to prevent the marketing or exchange of agricultural commodities and products for certificates under this subsection from adversely affecting the income of producers of the commodities or products.

[(vii) TRANSFERS.—Under regulations prescribed by the Secretary, certificates issued to cotton handlers under this subparagraph may be transferred to other handlers and persons approved by the Secretary.

[(C) PREVAILING WORLD MARKET PRICE.—

[(i) IN GENERAL.—The Secretary shall prescribe by regulation—

[(I) a formula to define the prevailing world market price for upland cotton (adjusted to United States quality and location); and

[(II) a mechanism by which the Secretary shall announce periodically the prevailing world market price for upland cotton (adjusted to United States quality and location).

[(ii) USE.—The prevailing world market price for upland cotton (adjusted to United States quality and location) established under this subparagraph shall be used under subparagraphs (A), (B), and (E).

[(D) ADJUSTMENT OF PREVAILING WORLD MARKET PRICE.—

[(i) IN GENERAL.—During the period beginning August 1, 1991, and ending July 31, 1998, the prevailing world market price for upland cotton (adjusted to United States quality and location) established under subparagraph (C) shall be further adjusted if—

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

[(II) the Friday through Thursday average price quotation for the lowest-priced United States growth as quoted for Middling (M) one and three-thirty seconds inch cotton delivered C.I.F. Northern Europe is greater than the Friday through Thursday average price of the five lowest-priced growths of upland cotton, as quoted for Middling (M) one and three-thirty seconds inch cotton, delivered C.I.F. Northern Europe (hereafter in this subsection referred to as the "Northern Europe price").

[(ii) FURTHER ADJUSTMENT.—Except as provided in clause (iii), the adjusted prevailing world market price shall be further adjusted on the basis of some or all of the following data, as available:

[(I) The United States share of world exports.

[(II) The current level of cotton export sales and cotton export shipments.

[(III) Other data determined by the Secretary to be relevant in establishing an accurate prevailing world market price for upland cotton (adjusted to United States quality and location).

[(iii) LIMITATION ON FURTHER ADJUSTMENT.—The adjustment under clause (ii) may not exceed the difference between—

[(I) the Friday through Thursday average price for the lowest-priced United States growth as quoted for Middling one and three-thirty seconds inch cotton delivered C.I.F. Northern Europe; and

[(II) the Northern Europe price.

[(E) COTTON USER MARKETING CERTIFICATES.—

[(i) ISSUANCE.—Subject to clause (iv), during the period beginning August 1, 1991, and ending July 31, 1998, the Secretary shall issue marketing certificates or cash payments to domestic users and exporters for documented purchases by domestic users and sales for export by exporters made in the week following a consecutive 4-week period in which—

[(I) the Friday through Thursday average price quotation for the lowest-priced United States growth, as quoted for Middling (M) one and three-thirty seconds inch cotton, delivered C.I.F. Northern Europe exceeds the Northern Europe price by more than 1.25 cents per pound; and

[(II) the prevailing world market price for upland cotton (adjusted to United States quality and location), established under subparagraph (C), does not exceed 130 percent of the current crop year loan level for the base quality of upland cotton, as determined by the Secretary.

[(ii) VALUE.—The value of the marketing certificates or cash payments shall be based on the amount of the difference (reduced by 1.25 cents per pound) in such prices during the 4th week of the consecutive 4-week period multiplied by the quantity of upland cotton included in the documented sales.

[(iii) ADMINISTRATION.—Clauses (iv) through (vii) of subparagraph (B) shall apply to marketing certificates issued under this subparagraph. Any such certificates may be transferred to other persons in accordance with regulations issued by the Secretary.

[(iv) EXCEPTION.—The Secretary shall not issue marketing certificates or cash payments under clause (i) if, for the immediately preceding consecutive 10-week period, the Friday through Thursday average price quotation for the lowest priced United States growth, as quoted for Middling (M) one and three-thirty seconds inch cotton, delivered C.I.F. Northern Europe, adjusted for the value of any certificate issued under this subparagraph, exceeds the Northern Europe price by more than 1.25 cents per pound.

[(F) SPECIAL IMPORT QUOTA.—

[(i) ESTABLISHMENT.—The President shall, within 180 days after the date of enactment of the Uruguay Round Agreements Act, establish an import quota program which shall provide that, during the period beginning August 1991 and ending July 31, 1998, whenever the Secretary determines and announces that for any consecutive 10-week period, the Friday through Thursday average price quotation for the lowest-priced United States growth, as quoted for Middling (M) one and three-thirty seconds inch cotton, delivered C.I.F. Northern Europe, adjusted for the value of any certificates issued under subparagraph (E), exceeds the Northern Europe price by more than 1.25 cents per

pound, there shall immediately be in effect a special import quota.

[(ii) QUANTITY.—The quota shall be equal to 1 week's consumption of upland cotton by domestic mills at the seasonally adjusted average rate of the most recent 3 months for which data are available.

[(iii) APPLICATION.—The quota shall apply to upland cotton purchased not later than 90 days after the date of the Secretary's announcement under clause (i) and entered into the United States not later than 180 days after such date.

[(iv) OVERLAP.—A special quota period may be established that overlaps any existing quota period if required by clause (i), except that a special quota period may not be established under this paragraph if a quota period has been established under subsection (n).

[(v) PREFERENTIAL TARIFF TREATMENT.—The quantity under a special import quota shall be considered to be an in-quota quantity for purposes of section 213(d) of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2703(d)), section 204 of the Andean Trade Preference Act (19 U.S.C. 3203), section 503(d) of the Trade Act of 1974 (19 U.S.C. 2463(d)), and General Note 3(a)(iv) to the HTS.

[(vi) DEFINITION.—As used in this subparagraph, the term "special import quota" means a quantity of imports that is not subject to the over-quota tariff rate of a tariff-rate quota.

[(6) RECOURSE LOANS FOR SEED COTTON.—In order to encourage and assist producers in the orderly ginning and marketing of their production of upland cotton, the Secretary shall make recourse loans available to such producers on seed cotton in accordance with authority vested in the Secretary under the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.).

[(b) LOAN DEFICIENCY PAYMENTS.—

[(1) IN GENERAL.—The Secretary shall, for each of the 1991 through 1997 crops of upland cotton, make payments (hereafter in this section referred to as "loan deficiency payments") available to producers who, although eligible to obtain a loan under subsection (a), agree to forgo obtaining the loan in return for payments under this subsection.

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

[(A) the loan payment rate; by

[(B) the quantity of upland cotton the producer is eligible to place under loan but for which the producer forgoes obtaining the loan in return for payments under this subsection.

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

[(A) the loan level determined for the crop under subsection (a); exceeds

[(B) the level at which a loan may be repaid under subsection (a).

[(4) MARKETING CERTIFICATES.—The Secretary may make up to one-half the amount of a payment under this subsection available in the form of marketing certificates, subject to the terms and conditions provided in subsection (a)(5)(B).

[(c) PAYMENTS.—

[(1) DEFICIENCY PAYMENTS.—

[(A) IN GENERAL.—The Secretary shall make available to producers payments (hereafter in this section referred to as "deficiency payments") for each of the 1991 through 1997 crops of upland cotton in an amount computed by multiplying—

[(i) the payment rate; by

[(ii) the payment acres for the crop; by

[(iii) the farm program payment yield established for the crop for the farm.

[(B) PAYMENT RATE.—

[(i) IN GENERAL.—The payment rate for upland cotton shall be the amount by which the established price for the crop of upland cotton exceeds the higher of—

[(I) the national average market price received by producers during the calendar year that includes the first 5 months of the marketing year for the crop, as determined by the Secretary; or

[(II) the loan level determined for the crop.

[(ii) MINIMUM ESTABLISHED PRICE.—The established price for upland cotton shall not be less than $0.729 per pound for each of the 1991 through 1997 crops.

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

[(i) the number of acres planted to the crop for harvest within the permitted acreage; or

[(ii) 85 percent of the crop acreage base for the crop for the farm less the quantity of reduced acreage (as determined under subsection (e)(2)(D)).

[(D) 50/85 PROGRAM.—

[(i) IN GENERAL.—If an acreage limitation program under subsection (e)(2) is in effect for a crop of upland cotton and the producers on a farm devote a portion of the maximum payment acres for upland cotton as calculated under subparagraph (C)(ii) of the farm equal to more than 8 percent for each of the 1991 through 1993 crops, and 15 percent for each of the 1994 through 1997 crops (except as provided in clause (v)(II)), of such upland cotton acreage of the farm for the crop to conservation uses (except as provided in subparagraph (E))—

[(I) such portion of the maximum payment acres in excess of 8 percent for each of the 1991 through 1993 crops, and 15 percent for each of the 1994 through 1997 crops (except as provided in clause (v)(II)), of such acreage devoted to conservation uses (except as provided in subpara-

graph (E)) shall be considered to be planted to upland cotton for the purpose of determining the acreage on the farm required to be devoted to conservation uses in accordance with subsection (e)(2)(D); and

[(II) the producers shall be eligible for payments under this paragraph with respect to such acreage, subject to the compliance of the producers with clause (ii).

[(ii) MINIMUM PLANTING REQUIREMENT.—To be eligible for payments under clause (i), except as provided in clauses (iv) and (v), the producers on a farm must actually plant upland cotton for harvest on at least 50 percent of the maximum payment acres for cotton for the farm.

[(iii) DEFICIENCY PAYMENTS.—Notwithstanding any other provision of this section, any producer who devotes a portion of the maximum payment acres for upland cotton for the farm to conservation uses (or other uses as provided in subparagraph (E)) under this subparagraph shall receive deficiency payments on the acreage that is considered to be planted to upland cotton and eligible for payments under this subparagraph for the crop at a per-pound rate established by the Secretary, except that the rate may not be established at less than the projected deficiency payment rate for the crop, as determined by the Secretary. Such projected payment rate for the crop shall be announced by the Secretary prior to the period during which upland cotton producers may agree to participate in the program for the crop.

[(iv) QUARANTINES.—If a State or local agency has imposed in an area of a State or county a quarantine on the planting of upland cotton for harvest on farms in the area, the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) may recommend to the Secretary that payments be made under this paragraph, without regard to the requirement imposed under clause (ii), to producers in the area who were required to forgo the planting of upland cotton for harvest on acreage to alleviate or eliminate the condition requiring the quarantine. If the Secretary determines that the condition exists, the Secretary may make payments under this paragraph to the producers. To be eligible for payments under this clause, the producers must devote the acreage to conservation uses (except as provided in subparagraph (E)).

[(v) PREVENTED PLANTING AND REDUCED YIELDS.—

[(I) 1991 THROUGH 1993 CROPS.—In the case of each of the 1991 through 1993 crops of upland cotton, if an acreage limitation program under subsection (e) is in effect for any crop of upland cotton and if the Secretary determines that producers on

a farm are prevented from planting the acreage intended for upland cotton to upland cotton because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make available to such producers payments under this subparagraph without regard to the requirement imposed under clause (ii). To be eligible for payments under this clause, the producers must devote the acreage to conservation uses (except as provided in subparagraph (E)). Any such acreage shall be considered to be planted to upland cotton.

[(II) 1994 THROUGH 1997 CROPS.—In the case of each of the 1994 through 1997 crops of upland cotton, producers on a farm shall be eligible to receive deficiency payments as provided in clause (iii) without regard to clause (ii) if an acreage limitation program under subsection (e) is in effect for the crop and—

[(aa) the producers have been determined by the Secretary (in accordance with section 503(c)) to be prevented from planting the crop or have incurred a reduced yield for the crop (due to a natural disaster) and the producers elect to devote a portion of the maximum payment acres for upland cotton (as calculated under subparagraph (C)(ii)) equal to more than 8 percent of the upland cotton acreage, to conservation uses; or

[(bb) the producers elect to devote a portion of the maximum payment acres for upland cotton (as calculated under subparagraph (C)(ii)) equal to more than 8 percent of the upland cotton acreage, to alternative crops as provided in subparagraph (E).

[(vi) CROP ACREAGE AND PAYMENT YIELD.—The upland cotton crop acreage base and upland cotton farm program payment yield of the farm shall not be reduced due to the fact that a portion of the permitted cotton acreage of the farm was devoted to conserving uses (except as provided in subparagraph (E)) under this subparagraph.

[(vii) LIMITATION.—Other than as provided in clauses (i) through (vi), payments may not be made under this paragraph for any crop on a greater acreage than the acreage actually planted to upland cotton.

[(viii) CONSERVATION USE ACREAGE UNDER OTHER PROGRAMS.—Any acreage considered to be planted to upland cotton in accordance with clauses (i) and (vi) may not also be designated as conservation use acreage for the purpose of fulfilling any provisions under any acreage limitation or land diversion program re-

quiring that the producers devote a specified acreage to conservation uses.

[(ix) BLACK-EYED PEAS FOR DONATION.—The Secretary may permit, under such terms and conditions as will ensure optimum producer participation, all or any part of the acreage required to be devoted to conservation uses as a condition for qualifying for payments under this subparagraph to be devoted to the production of black-eyed peas if—

[(I) the producer agrees to donate the harvested peas from the acreage to a food bank, food pantry, or soup kitchen (as defined in paragraphs (3), (4), and (7) of section 110(b) of the Hunger Prevention Act of 1988 (7 U.S.C. 612c note)) that is approved by the Secretary; and

[(II) the Secretary finds that such action will not result in the disruption of normal channels of trade.

[(E) ALTERNATIVE CROPS.—

[(i) INDUSTRIAL AND OTHER CROPS.—The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of acreage otherwise required to be devoted to conservation uses as a condition of qualifying for payments under subparagraph (D) to be devoted to sweet sorghum, guar, castor beans, plantago ovato, triticale, rye, millet, mung beans, commodities for which no substantial domestic production or market exists but that could yield industrial raw material being imported, or likely to be imported, into the United States, or commodities grown for experimental purposes (including kenaf and milkweed), subject to the following sentence. The Secretary may permit the acreage to be devoted to the production only if the Secretary determines that—

[(I) the production is not likely to increase the cost of the price support program; and

[(II) the production is needed to provide an adequate supply of the commodity, or, in the case of commodities for which no substantial domestic production or market exists but that could yield industrial raw materials, the production is needed to encourage domestic manufacture of the raw material and could lead to increased industrial use of the raw material to the long-term benefit of United States industry.

[(ii) SESAME AND CRAMBE.—The Secretary shall permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of acreage otherwise required to be devoted to conservation uses as a condition of qualifying for payments under subparagraph (D) to be devoted to sesame and crambe. In implementing this clause, if the Secretary determines that sesame or crambe are considered oilseeds under section 205, the Secretary shall provide that, in order

to receive payments under subparagraph (D), the producers shall agree to forgo eligibility to receive a loan under section 205 for the crop of sesame or crambe produced on the farm.

[(2) CROP INSURANCE REQUIREMENT.—A producer shall obtain catastrophic risk protection insurance coverage in accordance with section 427.

[(d) PAYMENT YIELDS.—The farm program payment yields for farms for each crop of upland cotton shall be determined under title V.

[(e) ACREAGE REDUCTION PROGRAMS.—

[(1) IN GENERAL.—

[(A) ESTABLISHMENT.—Notwithstanding any other provision of this Act, if the Secretary determines that the total supply of upland cotton, in the absence of an acreage limitation program, will be excessive taking into account the need for an adequate carry-over to maintain reasonable and stable supplies and prices and to meet a national emergency, the Secretary may provide for any crop of upland cotton an acreage limitation program as described in paragraph (2).

[(B) AGRICULTURAL RESOURCES CONSERVATION PROGRAM.—In making a determination under subparagraph (A), the Secretary shall take into consideration the number of acres placed in the agricultural resources conservation program established under subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3831 et seq.).

[(C) ANNOUNCEMENTS.—

[(i) PRELIMINARY ANNOUNCEMENT.—If the Secretary elects to implement an acreage limitation program for any crop year, the Secretary shall make a preliminary announcement of any such program not later than November 1 of the calendar year preceding the year in which the crop is harvested, except that in the case of the 1991 crop, the Secretary shall announce the program as soon as practicable after the date of enactment of this section. The announcement shall include, among other information determined necessary by the Secretary, an announcement of the uniform percentage reduction in the upland cotton crop acreage base described in paragraph (2)(A).

[(ii) FINAL ANNOUNCEMENT.—Not later than January 1 of the calendar year in which the crop is harvested, the Secretary shall make a final announcement of the program. The announcement shall include, among other information determined necessary by the Secretary, an announcement of the uniform percentage reduction in the upland cotton crop described in paragraph (2)(A).

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

[(I) first announced for the crop under clause (i); or

[(II) as subsequently revised under clause (ii),

if the Secretary determines that the producers may be unfairly disadvantaged by the revision.

[(D) DESIRED CARRY-OVER.—The Secretary shall carry out an acreage limitation program described in paragraph (2) for a crop of upland cotton in a manner that will result in a ratio of carry-over to total disappearance of 30 percent for each of the 1991 through 1994 crops, 29½ percent for each of the 1995 and 1996 crops, and 29 percent for the 1997 crop, based on the Secretary's most recent projection of carry-over and total disappearance at the time of announcement of the acreage limitation program. For the purpose of this subparagraph, the term "total disappearance" means all upland cotton utilization, including total domestic, total export, and total residual disappearance.

[(2) ACREAGE LIMITATION PROGRAM.—

[(A) UNIFORM PERCENTAGE REDUCTION.—Except as provided in paragraph (3), if an upland cotton acreage limitation program is announced under paragraph (1), the limitation shall be achieved by applying a uniform percentage reduction (from 0 to 25 percent) to the upland cotton crop acreage base for the crop for each upland cotton-producing farm.

[(B) COMPLIANCE.—Except as provided in section 504, producers who knowingly produce upland cotton in excess of the permitted upland cotton acreage for the farm, as established in accordance with subparagraph (A), shall be ineligible for upland cotton loans and payments with respect to that farm.

[(C) CROP ACREAGE BASES.—Upland cotton crop acreage bases for each crop of upland cotton shall be determined under title V.

[(D) ACREAGE DEVOTED TO CONSERVATION USES.—A number of acres on the farm shall be devoted to conservation uses, in accordance with regulations issued by the Secretary. Such number shall be determined by multiplying the upland cotton crop acreage base by the percentage reduction required by the Secretary. The number of acres so determined is hereafter in this subsection referred to as "reduced acreage". The remaining acreage is hereafter in this subsection referred to as "permitted acreage". Permitted acreage may be adjusted by the Secretary as provided in paragraph (3) and in section 504.

[(E) INDIVIDUAL FARM PROGRAM ACREAGE.—Except as otherwise provided in subsection (c), the individual farm program acreage shall be the acreage planted on the farm to upland cotton for harvest within the permitted upland cotton acreage for the farm as established under this paragraph.

[(F) PLANTING DESIGNATED CROPS ON REDUCED ACREAGE.—

[(i) DEFINITION OF DESIGNATED CROP.—As used in this subparagraph, the term "designated crop" means a crop defined in section 504(b)(1), excluding any program crop as defined in section 502(3).

[(ii) IN GENERAL.—Subject to clause (iii), the Secretary may permit producers on a farm to plant a designated crop on no more than one-half of the reduced acreage on the farm.

[(iii) LIMITATIONS.—If the producers on a farm elect to plant a designated crop on reduced acreage under this subparagraph—

[(I) the amount of the deficiency payment that the producers are otherwise eligible to receive under subsection (c) shall be reduced, for each acre (or portion thereof) that is planted to the designated crop, by an amount equal to the deficiency payment that would be made with respect to a number of acres of the crop that the Secretary considers appropriate, except that if the producers on the farm are participating in a program established for more than one program crop, the amount of the reduction shall be determined by prorating the reduction based on the acreage planted or considered planted on the farm to all of such program crops; and

[(II) the Secretary shall ensure that reductions in deficiency payments under subclause (I) are sufficient to ensure that this subparagraph will result in no additional cost to the Commodity Credit Corporation.

[(G) BLACK-EYED PEAS FOR DONATION.—The Secretary may permit, under such terms and conditions as will ensure optimum producer participation, producers on a farm to plant black-eyed peas on not more than one-half of the reduced acreage on the farm if—

[(i) the producer agrees to donate the harvested peas from such acreage to a food bank, food pantry, or soup kitchen (as defined in paragraphs (3), (4), and (7) of section 110(b) of the Hunger Prevention Act of 1988 (7 U.S.C. 612c note)) that is approved by the Secretary; and

[(ii) the Secretary finds that such action will not result in the disruption of normal channels of trade.

[(3) TARGETED OPTION PAYMENTS.—

[(A) IN GENERAL.—Notwithstanding any other provision of this section, if the Secretary implements an acreage limitation program with respect to any of the 1991 through 1995 crops of upland cotton, the Secretary may make available to producers on a farm who do not receive payments under subsection (c)(1)(D) for such crop on the farm, adjustments in the level of deficiency payments that would otherwise be made available to the producers if the producers exercise the payment options provided in this paragraph.

[(B) PAYMENT OPTIONS.—If the Secretary elects to carry out this paragraph, the Secretary shall make the payment options specified in subparagraphs (C) and (D) available to producers who agree to make adjustments in the quantity of acreage diverted from the production of upland cotton under an acreage limitation program in accordance with this paragraph.

[(C) INCREASED ACREAGE LIMITATION OPTION.—

[(i) INCREASE IN ESTABLISHED PRICE.—If the Secretary elects to carry out this paragraph, a producer shall be eligible to receive an increase in the established price for upland cotton under clause (ii) if the producer agrees to an increase in the acreage limitation percentage to be applied to the producers' upland cotton acreage base above the acreage limitation percentage announced by the Secretary.

[(ii) METHOD OF CALCULATION.—For the purposes of calculating deficiency payments to be made available to producers who participate in the program under this paragraph, the Secretary shall increase the established price for upland cotton by an amount determined by the Secretary, but not less than 0.5 percent, nor more than 1 percent, for each 1 percentage point increase in the acreage limitation percentage applied to the producers' upland cotton acreage base.

[(iii) LIMITATION.—The acreage limitation percentage to be applied to the producers' upland cotton acreage base shall not be increased by more than 10 percentage points above the acreage limitation percentage announced by the Secretary for the crop or above 25 percent total for the crop.

[(iv) ADJUSTMENT FOR UNDERPLANTINGS.—In determining the increased acreage limitation percentage that is applied to the producer's upland cotton base under this paragraph, the Secretary shall exclude an amount of acreage equal to the average difference between the producer's permitted upland cotton acreage and the acreage actually planted (including acreage devoted to conserving uses under subsection (c)(1)(D)) to upland cotton for harvest during the previous 2 years.

[(D) DECREASED ACREAGE LIMITATION OPTION.—

[(i) DECREASE IN ACREAGE LIMITATION REQUIREMENT.—If the Secretary elects to carry out this paragraph, a producer shall be eligible to decrease the acreage limitation percentage applicable to the producers' upland cotton acreage base (as announced by the Secretary) if the producer agrees to a decrease in the established price for upland cotton under clause (ii) for the purpose of calculating deficiency payments to be made available to the producer.

[(ii) METHOD OF CALCULATION.—For the purposes of calculating deficiency payments to be made available to producers who choose the option set forth in this

subparagraph, the Secretary shall decrease the established price for upland cotton by an amount to be determined by the Secretary, but not less than 0.5 percent, nor more than 1 percent, for each 1 percentage point decrease in the acreage limitation percentage applied to the producers' upland cotton acreage base.

[(iii) LIMITATION.—A producer may not choose to decrease the acreage limitation percentage applicable to the producers' upland cotton acreage base under this paragraph by more than one-half of the announced acreage limitation percentage.

[(E) PARTICIPATION AND PRODUCTION EFFECTS.—Notwithstanding any other provision of this paragraph, the Secretary shall, to the extent practicable, ensure that the program provided for in this paragraph does not have a significant effect on program participation or total production and shall be offered in such a manner that the Secretary determines will result in no additional budget outlays. The Secretary shall provide an analysis of the Secretary's determination to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

[(4) ADMINISTRATION.—

[(A) PROTECTION FROM WEEDS AND EROSION.—The regulations issued by the Secretary under paragraph (2) with respect to acreage required to be devoted to conservation uses shall assure protection of the acreage from weeds and wind and water erosion.

[(B) ANNUAL OR PERENNIAL COVER.—

[(i) REQUIRED.—

[(I) IN GENERAL.—Except as provided in subclause (II) and paragraph (2), a producer who participates in an acreage reduction program established for a crop of upland cotton under this subsection shall be required to plant to, or maintain as, an annual or perennial cover 50 percent (or more at the option of the producer) of the acreage that is required to be removed from the production of upland cotton, but not to exceed 5 percent (or more at the option of the producer) of the crop acreage base established for the crop.

[(II) ARID AREAS.—Subclause (I) shall not apply with respect to arid areas (including summer fallow areas), as determined by the Secretary. If the Secretary determines any county in a State to be arid, the respective State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) may designate any other county or counties or all of the State as arid for the purposes of this paragraph.

[(III) APPROVAL OF COVER CROPS AND PRACTICES.—The State committee, after receiving recommendations from the county committees, shall

approve appropriate crops planted or maintained as cover, including, as appropriate, annual or perennial native grasses and legumes or other vegetation. The State committee shall establish the final seeding date for the planting of the cover and shall approve appropriate cover crops or practices, after consulting the Soil Conservation Service State Conservationist regarding whether the crops or practices will sufficiently protect the land from weeds and wind and water erosion. After the Secretary establishes the State technical committee for the State pursuant to section 1261 of the Food Security Act of 1985 (16 U.S.C. 3861), the State committee shall consult with the technical committee (rather than the Soil Conservation Service State Conservationist) regarding whether the crops or practices will sufficiently protect the land from weeds and wind and water erosion.

[(ii) MULTIYEAR PROGRAM.—

[(I) COST-SHARE ASSISTANCE.—If a producer elects to establish a perennial cover capable of improving water quality or wildlife habitat on the acreage, the Commodity Credit Corporation shall make available cost-share assistance for 25 percent of the approved cost of establishing the cover on not more than 50 percent of the acreage that is required to be diverted from production, but not to exceed 5 percent (or more, at the option of the producer) of the crop acreage base established for a crop.

[(II) AGREEMENT OF PRODUCER.—If a producer elects to establish a perennial cover on the acreage under this subparagraph and receives cost-share assistance from the Corporation with respect to the cover, the producer, under such terms and conditions as may be prescribed by the Secretary, taking into consideration guidelines established by the State technical committees established in subtitle G of title XII of the Food Security Act of 1985, shall agree to maintain the perennial cover for a minimum of 3 years.

[(iii) CONSERVING CROPS.—The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of the acreage to be devoted to sweet sorghum, guar, sesame, castor beans, crambe, plantago ovato, triticale, rye, mung beans, milkweed, or other commodity, if the Secretary determines that the production is needed to provide an adequate supply of the commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

[(C) HAYING AND GRAZING.—

[(i) IN GENERAL.—Except as provided in clause (ii), haying and grazing of reduced acreage, acreage de-

voted to a conservation use under subsection (c)(1)(D), and acreage diverted from production under a land diversion program established under this section shall be permitted, except during any consecutive 5-month period that is established by the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for a State. The 5-month period shall be established during the period beginning April 1, and ending October 31, of a year.

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

[(D) WATER STORAGE USES.—

[(i) IN GENERAL.—The regulations issued by the Secretary under paragraph (2) with respect to acreage required to be devoted to conservation uses shall provide that land that has been converted to water storage uses shall be considered to be devoted to conservation uses if the land was devoted to wheat, feed grains, cotton, rice, or oilseeds in at least 3 of the immediately preceding 5 years. The land shall be considered to be devoted to conservation uses for the period that the land remains in water storage uses, but not to exceed 5 years subsequent to its conversion to water storage uses.

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

[(5) LAND DIVERSION PROGRAM.—

[(A) PAYMENTS.—

[(i) IN GENERAL.—The Secretary may make land diversion payments to producers of upland cotton, whether or not an acreage limitation program for upland cotton is in effect, if the Secretary determines that the land diversion payments are necessary to assist in adjusting the total national acreage of upland cotton to desirable goals. The land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with the producers.

[(ii) EXCESS CARRY-OVER.—If, at the time of final announcement of the acreage limitation program established under this subsection, the projected carry-over of upland cotton for the crop year is equal to or greater than 8 million bales, the Secretary shall offer a paid

land diversion program to producers of upland cotton. Payments to producers under such a program shall be determined by multiplying—

[(I) the payment rate, of not less than 35 cents per pound of cotton, established by the Secretary; by

[(II) the program payment yield established for the crop for the farm; by

[(III) the number of permitted upland cotton acres diverted on the farm.

[(B) BIDS FOR CONTRACTS.—The amounts payable to producers under land diversion contracts may be determined through the submission of bids for the contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

[(C) LIMITATIONS ON DIVERTED ACREAGE.—

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

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

[(II) under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

[(ii) LOWER PARTICIPATION LEVELS.—The Secretary may allow producers to participate in a land diversion program under this paragraph at a level lower than the maximum level announced by the Secretary, at the option of the producer, if the Secretary determines that it will increase participation in the program.

[(6) CONSERVATION PRACTICES.—

[(A) WILDLIFE FOOD PLOTS OR HABITAT.—The reduced acreage and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of this subparagraph.

[(B) PUBLIC ACCESS.—The Secretary may provide for an additional payment on the acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

[(7) PARTICIPATION AGREEMENTS.—

[(A) IN GENERAL.—Producers on a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing

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

[(B) MODIFICATION OR TERMINATION.—The Secretary may, by mutual agreement with producers on a farm, modify or terminate any such agreement if the Secretary determines the action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities. The Secretary may modify the agreement under this subparagraph for the purpose of alleviating a shortage in the supply of agricultural commodities only if there has been a significant change in the estimated stocks of the commodity since the Secretary announced the final terms and conditions of the program for the crop of upland cotton.

[(f) INVENTORY REDUCTION PAYMENTS.—

[(1) IN GENERAL.—The Secretary may, for each of the 1991 through 1995 crops of upland cotton, make payments available to producers who meet the requirements of this subsection.

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

[(3) PAYMENTS.—

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

[(B) QUANTITY OF COTTON MADE AVAILABLE.—The quantity of upland cotton to be made available to a producer under this subsection shall be equal in value to the payments so determined under this subsection.

[(4) ELIGIBILITY.—A producer shall be eligible to receive a payment under this subsection for a crop if the producer—

[(A) agrees to forgo obtaining a loan under subsection (a);

[(B) agrees to forgo receiving payments under subsection (c);

[(C) does not plant upland cotton for harvest in excess of the crop acreage base reduced by one-half of any acreage required to be diverted from production under subsection (e); and

[(D) otherwise complies with this section.

[(g) EQUITABLE RELIEF.—

[(1) LOANS AND PAYMENTS.—If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans and payments, the Secretary may, nevertheless, make such loans and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure. The Secretary may consider whether the producer made a good faith effort to comply fully with the terms and conditions of the program in determining whether equitable relief is warranted under this paragraph.

[(2) DEADLINES AND PROGRAM REQUIREMENTS.—The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines

and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

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

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

[(j) ASSIGNMENT OF PAYMENTS.—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 payments under this section.

[(k) SHARING OF PAYMENTS.—The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

[(l) TENANTS AND SHARECROPPERS.—The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

[(m) CROSS-COMPLIANCE.—

[(1) IN GENERAL.—Compliance on a farm with the terms and conditions of any other commodity program, or compliance with crop acreage base requirements for any other commodity, may not be required as a condition of eligibility for loans or payments under this section.

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

[(n) LIMITED GLOBAL IMPORT QUOTA.—

[(1) IN GENERAL.—The President shall, within 180 days after the date of enactment of the Uruguay Round Agreements Act, establish an import quota program which shall provide that whenever the Secretary determines and announces that the average price of the base quality of upland cotton, as determined by the Secretary, in the designated spot markets for a month exceeded 130 percent of the average price of such quality of cotton in such markets for the preceding 36 months, notwithstanding any other provision of law, there shall immediately be in effect a limited global import quota subject to the following conditions:

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

[(B) QUANTITY IF PRIOR QUOTA.—If a quota has been established under this subsection during the preceding 12 months, the quantity of the quota next established under this subsection shall be the smaller of 21 days of domestic mill consumption calculated as set forth in subparagraph (A) or the quantity required to increase the supply to 130 percent of the demand.

[(C) PREFERENTIAL TARIFF TREATMENT.—The quantity under a limited global import quota shall be considered to

be an in-quota quantity for purposes of section 213(d) of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2703(d)), section 204 of the Andean Trade Preference Act (19 U.S.C. 3203), section 503(d) of the Trade Act of 1974 (19 U.S.C. 2463(d)), and General Note 3(a)(iv) to the HTS.

[(D) DEFINITIONS.—As used in subparagraph (B):

[(i) SUPPLY.—The term "supply" means, using the latest official data of the Bureau of the Census, the Department of Agriculture, and the Department of the Treasury—

[(I) the carry-over of upland cotton at the beginning of the marketing year (adjusted to 480-pound bales) in which the quota is established; plus

[(II) production of the current crop; plus

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

[(ii) DEMAND.—The term "demand" means—

[(I) the average seasonally adjusted annual rate of domestic mill consumption in the most recent 3 months for which data are available; plus

[(II) the larger of—

[(aa) average exports of upland cotton during the preceding 6 marketing years; or

[(bb) cumulative exports of upland cotton plus outstanding export sales for the marketing year in which the quota is established.

[(iii) LIMITED GLOBAL IMPORT QUOTA.—As used in this subsection, the term "limited global import quota" means a quantity of imports that is not subject to the over-quota tariff rate of a tariff-rate quota.

[(D) 103B–47 QUOTA ENTRY PERIOD.—When a quota is established under this subsection, cotton may be entered under the quota during the 90-day period beginning on the date the quota is established by the Secretary.

[(2) NO OVERLAP.—Notwithstanding paragraph (1), a quota period may not be established that overlaps an existing quota period or a special quota period established under subsection (a)(5)(F).

[(o) CROPS.—Notwithstanding any other provision of law, this section shall be effective only for the 1991 through 1997 crops of upland cotton.

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[(c) The Secretary of Agriculture is hereby authorized and directed to conduct a special cotton research program designed to reduce the cost of producing upland cotton in the United States at the earliest practicable date. There are hereby authorized to be appropriated such sums, not to exceed $10,000,000 annually, as may be necessary for the Secretary to carry out this special research program. The Secretary shall report annually to the Committee on Agriculture of the House of Representatives and to the Committee on Agriculture, Nutrition, and Forestry of the Senate with respect to the results of such research.

[(d) In order to reduce cotton production costs, to prevent the movement of certain cotton plant insects to areas not now infested,

and to enhance the quality of the environment, the Secretary is authorized and directed to carry out programs to destroy and eliminate cotton boll weevils in infested areas of the United States as provided herein and to carry out similar programs with respect to pink bollworms or any other major cotton insect if the Secretary determines that methods and systems have been developed to the point that success in eradication of such insects is assured. The Secretary shall carry out the eradication programs authorized by this subsection through the Commodity Credit Corporation. In carrying out insect eradication projects, the Secretary shall utilize the technical and related services of appropriate Federal, State, private agencies, and cotton organizations. Producers and landowners in an eradication zone, established by the Secretary, who are receiving benefits from any program administered by the United States Department of Agriculture, shall, as a condition of receiving or continuing any such benefits, participate in and cooperate with the eradication project, as specified in regulations of the Secretary.

[The Secretary may issue such regulations as he deems necessary to enforce the provisions of this subsection with respect to achieving the compliance of producers and landowners who are not receiving benefits from any program administered by the United States Department of Agriculture. Any person who knowingly violates any such regulation promulgated by the Secretary under this subsection may be assessed a civil penalty of not to exceed $5,000 for each offense. No civil penalty shall be assessed unless the person shall have been given notice and opportunity for a hearing on such charge in the county, parish, or incorporated city of the residence of the person charged. In determining the amount of the penalty the Secretary shall consider the appropriateness of such penalty to the size of the business of the person charged, the effect on the person's ability to continue in business, and the gravity of the violation. Where special measures deemed essential to achievement of the eradication objective are taken by the project and result in a loss of production and income to the producer, the Secretary shall provide reasonable and equitable indemnification from funds available for the project, and also provide for appropriate protection of the allotment, acreage history, and average yield for the farm. The cost of the program in each eradication zone shall be determined, and cotton producers in the zone shall be required to pay up to one-half thereof, with the exact share in each zone area to be specified by the Secretary upon his finding that such share is reasonable and equitable based on population levels of the target insect and the degree of control measures normally required. Each producer's pro rata share shall be deducted from his cotton payment under this Act or otherwise collected, as provided in regulations of the Secretary. Insofar as practicable, cotton producers and other persons engaged in cotton production in the eradication zone shall be employed to participate in the work of the project in such zone. Funding of the program shall be terminated at such time as the Secretary determines and reports to the Congress that complete eradication of the insects for which programs are undertaken pursuant to this subsection has been accomplished. Funds in custody of agencies carrying out the program shall, upon termination of

such program, be accounted for to the Secretary for appropriate disposition.

[The Secretary is authorized to cooperate with the Government of Mexico in carrying out operations or measures in Mexico which he deems necessary and feasible to prevent the movement into the United States from Mexico of any insects eradicated under the provisions of this subsection. The measure and character of cooperation carried out under this subsection on the part of the United States and on the part of the Government of Mexico, including the expenditure or use of funds made available by the Secretary under this subsection, shall be such as may be prescribed by the Secretary. Arrangements for the cooperation authorized by this subsection shall be made through and in consultation with the Secretary of State. The Commodity Credit Corporation shall not make any expenditures for carrying out the purposes of this subsection unless the Corporation has received funds to cover such expenditures from appropriations made to carry out the purposes of this subsection. There are hereby authorized to be appropriated to the Commodity Credit Corporation such sums as the Congress may from time to time determine to be necessary to carry out the purposes of this subsection.

[SEC. 105. (a) Notwithstanding the provisions of section 101 of this Act, beginning with the 1964 crop, price support shall be made available to producers for each crop of corn at such level, not less than 50 per centum or more than 90 per centum of the parity price therefor, as the Secretary determines will not result in increasing Commodity Credit Corporation stocks of corn: *Provided,* That in the case of any crop for which an acreage diversion program is in effect for any crop for which an acreage diversion program is in effect for feed grains, the level of price support for corn of such crop shall be at such level not less than 65 per centum or more than 90 per centum of the parity price therefor as the Secretary determines necessary to achieve the acreage reduction goal established by him for the crop.

[(b) Beginning with the 1959 crop, price support shall be made available to producers for each crop of oats, rye, barley, and grain sorghums at such level of the parity price therefor as the Secretary of Agriculture determines is fair and reasonable in relation to the level at which price support is made available for corn, taking into consideration the feeding value of such commodity in relation to corn, and the other factors set forth in section 401(b) hereof.

[SEC. 105B. LOANS, PAYMENTS, AND ACREAGE REDUCTION PROGRAMS FOR THE 1991 THROUGH 1995 CROPS OF FEED GRAINS.

[(a) LOANS AND PURCHASES.—

[(1) IN GENERAL.—Except as otherwise provided in this subsection, the Secretary shall make available to producers on a farm loans and purchases for each of the 1991 through 1995 crops of corn produced on the farm at such level as the Secretary determines will encourage the exportation of feed grains and not result in excessive total stocks of feed grains after taking into consideration the cost of producing corn, supply and demand conditions, and world prices for corn.

[(2) MINIMUM LOAN AND PURCHASE LEVEL.—Except as provided in paragraphs (3) and (4), the loan and purchase level determined under paragraph (1) shall not be less than 85 percent of the simple average price received by producers of corn, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of corn, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period, except that the loan and purchase level for a crop determined under this paragraph may not be reduced by more than 5 percent from the level determined for the preceding crop.

[(3) ADJUSTMENTS TO SUPPORT LEVEL.—

[(A) STOCKS TO USE RATIO.— If the Secretary estimates for any marketing year that the ratio of ending stocks of corn to total use for the marketing year will be—

[(i) equal to or greater than 25 percent, the Secretary may reduce the loan and purchase level for corn for the corresponding crop by an amount not to exceed 10 percent in any year;

[(ii) less than 25 percent but not less than 12.5 percent, the Secretary may reduce the loan and purchase level for corn for the corresponding crop by an amount not to exceed 5 percent in any year; or

[(iii) less than 12.5 percent the Secretary may not reduce the loan and purchase level for corn for the corresponding crop.

[(B) REPORT TO CONGRESS.—

[(i) IN GENERAL.—If the Secretary adjusts the level of loans and purchases for corn under subparagraph (A), 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—

[(I) certifying such adjustment as necessary to prevent the accumulation of stocks and to retain market share; and

[(II) containing a description of the need for such adjustment.

[(ii) EFFECTIVE DATE OF ADJUSTMENT.—The adjustment shall become effective no earlier than 60 calendar days after the date of submission of the report to the Committees, except that in the case of the 1991 crop of feed grains, the adjustment shall become effective on the date of the submission of the report.

[(C) COMPETITIVE POSITION.—Notwithstanding subparagraph (A), if the Secretary determines, not later than 60 days prior to the beginning of a marketing year for a crop, that the effective loan rate established for such crop will not maintain a competitive market position for corn, the Secretary may reduce the loan and purchase level for corn for the marketing year by an amount, in addition to any reduction under subparagraph (A), not to exceed 10 percent in any year.

[(D) NO EFFECT ON FUTURE YEARS.—Any reduction in the loan and purchase level for corn under this paragraph shall not be considered in determining the loan and purchase level for corn for subsequent years.

[(E) MINIMUM LOAN RATE.—Notwithstanding subparagraph (A), the loan rate for corn shall not be less than $1.76 per bushel, unless such rate would exceed 80 percent of the 5-year average market price determination.

[(4) MARKETING LOAN PROVISIONS.—

[(A) IN GENERAL.—The Secretary may permit a producer to repay a loan made under this subsection for a crop at a level (except as provided in subparagraph (C)) that is the lesser of—

[(i) the loan level determined for the crop;

[(ii) the higher of—

[(I) 70 percent of such level;

[(II) if the loan level for a crop was reduced under paragraph (3), 70 percent of the loan level that would have been in effect but for the reduction under paragraph (3); or

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

[(B) PREVAILING WORLD MARKET PRICE.—If the Secretary permits a producer to repay a loan in accordance with subparagraph (A), the Secretary shall prescribe by regulation—

[(i) a formula to determine the prevailing world market price for feed grains, adjusted to United States quality and location; and

[(ii) a mechanism by which the Secretary shall announce periodically the prevailing world market price for feed grains.

[(C) ALTERNATIVE REPAYMENT RATES.—For each of the 1991 through 1995 crops of feed grains, if the world market price for feed grains (adjusted to United States quality and location) as determined by the Secretary, is less than the loan level determined for the crop, the Secretary may permit a producer to repay a loan made under this subsection for a crop at such level (not in excess of the loan level determined for the crop) as the Secretary determines will—

[(i) minimize potential loan forfeitures;

[(ii) minimize the accumulation of feed grain stocks by the Federal Government;

[(iii) minimize the cost incurred by the Federal Government in storing feed grains; and

[(iv) allow feed grains produced in the United States to be marketed freely and competitively, both domestically and internationally.

[(5) SIMPLE AVERAGE PRICE.—For purposes of this section, the simple average price received by producers for the immediately preceding marketing year shall be based on the latest

information available to the Secretary at the time of the determination.

[(6) OTHER FEED GRAINS.—The Secretary shall make available to producers loans and purchases for each of the 1991 through 1995 crops of grain sorghums, barley, oats, and rye, respectively, produced on the farm at such level as the Secretary determines is fair and reasonable in relation to the level that loans and purchases are made available for corn, taking into consideration the feeding value of the commodity in relation to corn and other factors specified in section 401(b).

[(b) LOAN DEFICIENCY PAYMENTS.—

[(1) IN GENERAL.—The Secretary may, for each of the 1991 through 1995 crops of feed grains, make payments (hereafter in this section referred to as "loan deficiency payments") available to producers who, although eligible to obtain a loan or purchase agreement under subsection (a), agree to forgo obtaining the loan or agreement in return for payments under this subsection.

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

[(A) the loan payment rate; by

[(B) the quantity of feed grains the producer is eligible to place under loan (or obtain a purchase agreement) but for which the producer forgoes obtaining the loan or agreement in return for payments under this subsection.

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

[(A) the loan level determined for the crop under subsection (a); exceeds

[(B) the level at which a loan may be repaid under subsection (a).

[(c) PAYMENTS.—

[(1) DEFICIENCY PAYMENTS.—

[(A) IN GENERAL.—The Secretary shall make available to producers payments (hereafter in this section referred to as "deficiency payments") for each of the 1991 through 1995 crops of corn, grain sorghums, oats, and barley, in an amount computed by multiplying—

[(i) the payment rate; by

[(ii) the payment acres for the crop; by

[(iii) the farm program payment yield established for the crop for the farm.

[(B) PAYMENT RATE.—

[(i) PAYMENT RATE FOR 1991 THROUGH 1993 CROPS.—The payment rate for each of the 1991 through 1993 crops of corn, grain sorghums, oats, and barley shall be the amount by which the established price for the respective crop of feed grains exceeds the higher of—

[(I) the national weighted average market price received by producers during the first 5 months of the marketing year for the crop, as determined by the Secretary; or

[(II) the loan level determined for the crop, prior to any adjustment made under subsection (a)(3) for the marketing year for the crop.

[(ii) PAYMENT RATE OF 1994 AND 1995 CROPS.—The payment rate for each of the 1994 and 1995 crops of corn, grain sorghums, oats, and barley shall be the amount by which the established price for the respective crop of feed grains exceeds the higher of—

[(I) the lesser of—

[(aa) the national weighted average market price received by producers during the marketing year for the crop, as determined by the Secretary; or

[(bb) the national weighted average market price received by producers during the first 5 months of the marketing year for the crop, as determined by the Secretary, plus 7 cents per bushel; or

[(II) the loan level determined for the crop, prior to any adjustment made under subsection (a)(3) for the marketing year for the respective crop of feed grains.

[(iii) MINIMUM ESTABLISHED PRICES.—

[(I) CORN.—The established price for corn shall not be less than $2.75 per bushel for each of the 1991 through 1995 crops of corn.

[(II) OATS.—The established price for oats shall be such price as the Secretary determines is fair and reasonable in relation to the established price for corn, but not less than $1.45 per bushel.

[(III) GRAIN SORGHUMS.—The established price for each of the 1991 through 1995 crops of grain sorghums shall not be less than $2.61 per bushel.

[(IV) BARLEY.—

[(aa) IN GENERAL.—The established price for barley shall be such price as the Secretary determines is fair and reasonable in relation to the established price for corn, taking into consideration the various feed and food uses for barley. The established price for barley shall not be less than 85.8 percent of the established price for corn.

[(bb) BARLEY CALCULATIONS.—The Secretary shall, for purposes of determining the payment rate for barley under clauses (i) and (ii) and subparagraph (D)(ii), use the national weighted average market price received by producers of barley sold primarily for feed purposes.

[(cc) ADVANCE PAYMENTS.—In the case of the 1991 crop of barley, the Secretary shall, for purposes of determining any advance deficiency payment made to the producers of barley under section 114, use the national

weighted average market price received by producers for all barley, as determined by the Secretary.

[(dd) EQUITY.—In implementing this subsection, the Secretary shall make available to producers of the 1991 crop of barley, notwithstanding the method of calculation or the amount of the advance deficiency payment, the total amount of payments as calculated under clause (bb).

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

[(i) the number of acres planted to the crop for harvest within the permitted acreage; or

[(ii) 85 percent of the crop acreage base for the crop for the farm less the quantity of reduced acreage (as determined under subsection (e)(2)(D)).

[(D) EMERGENCY COMPENSATION.—

[(i) IN GENERAL.—Notwithstanding the foregoing provisions of this section, if the Secretary adjusts the level of loans and purchases for feed grains under subsection (a)(3), the Secretary shall provide emergency compensation by increasing the deficiency payments for feed grains by such amount as the Secretary determines necessary to provide the same total return to producers as if the adjustment in the level of loans and purchases had not been made.

[(ii) CALCULATION.—In determining the payment rate, per bushel, for emergency compensation payments for a crop of feed grains under this subparagraph, the Secretary shall use the national weighted average market price, per bushel of feed grains, received by producers during the marketing year for the crop, as determined by the Secretary.

[(E) 0/85 PROGRAM.—

[(i) IN GENERAL.—If an acreage limitation program under subsection (e)(2) is in effect for a crop of feed grains and the producers on a farm devote a portion of the maximum payment acres for feed grains as calculated under subparagraph (C)(ii) of the farm equal to more than 8 percent for each of the 1991 through 1993 crops, and 15 percent for each of the 1994 through 1997 crops (except as provided in clause (vii)), of such feed grain acreage of the farm for the crop, to conservation uses (except as provided in subparagraph (F))—

[(I) such portion of the maximum payment acres of the farm in excess of 8 percent for each of the 1991 through 1993 crops, and 15 percent for each of the 1994 through 1997 crops (except as provided in clause (vii)), of such acreage devoted to conservation uses (except as provided in subparagraph (F)) shall be considered to be planted to feed grains for the purpose of determining the

acreage on the farm required to be devoted to conservation uses in accordance with subsection (e)(2)(D); and

[(II) the producers shall be eligible for payments under this paragraph with respect to such acreage.

[(ii) DEFICIENCY PAYMENTS.—Notwithstanding any other provision of this section, any producer who devotes a portion of the maximum payment acres for feed grains for the farm to conservation uses (or other uses as provided in subparagraph (F)) under this subparagraph shall receive deficiency payments on the acreage that is considered to be planted to feed grains and eligible for payments under this subparagraph for the crop at a per-bushel rate established by the Secretary, except that the rate may not be established at less than the projected deficiency payment rate for the crop, as determined by the Secretary. Such projected payment rate for the crop shall be announced by the Secretary prior to the period during which feed grain producers may agree to participate in the program for the crop.

[(iii) ADVERSE EFFECT ON AGRIBUSINESS AND OTHER INTERESTS.—The Secretary shall implement this subparagraph in such a manner as to minimize the adverse effect on agribusiness and other agriculturally related economic interests within any county, State, or region. In carrying out this subparagraph, the Secretary is authorized to restrict the total quantity of feed grain acreage that may be taken out of production under this subparagraph, taking into consideration the total quantity of acreage that has or will be removed from production under other price support, production adjustment, or conservation program activities. No restrictions on the quantity of acreage that may be taken out of production in accordance with this subparagraph in a crop year shall be imposed in the case of a county in which producers were eligible to receive disaster emergency loans under section 321 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961) as a result of a disaster that occurred during the crop year.

[(iv) CROP ACREAGE AND PAYMENT YIELD.—The feed grain crop acreage base and feed grain farm program payment yield of the farm shall not be reduced due to the fact that a portion of the permitted feed grain acreage of the farm was devoted to conserving uses (except as provided in subparagraph (F)) under this subparagraph.

[(v) LIMITATION.—Other than as provided in clauses (i) through (iv), payments may not be made under this paragraph for any crop on a greater acreage than the acreage actually planted to feed grains.

[(vi) CONSERVATION USE ACREAGE UNDER OTHER PROGRAMS.—Any acreage considered to be planted to feed grains in accordance with clauses (i) and (iv) may not also be designated as conservation use acreage for the purpose of fulfilling any provisions under any acreage limitation or land diversion program requiring that the producers devote a specified acreage to conservation uses.

[(vii) EXCEPTIONS TO 0/85.—In the case of each of the 1994 through 1997 crops of feed grains, producers on a farm shall be eligible to receive deficiency payments as provided in clause (ii) if an acreage limitation program under subsection (e) is in effect for the crop and—

[(I)(aa) the producers have been determined by the Secretary (in accordance with section 503(c)) to be prevented from planting the crop or have incurred a reduced yield for the crop (due to a natural disaster); and

[(bb) the producers elect to devote a portion of the maximum payment acres for feed grains (as calculated under subparagraph (C)(ii)) equal to more than 8 percent of the feed grain acreage, to conservation uses; or

[(II) the producers elect to devote a portion of the maximum payment acres for feed grains (as calculated under subparagraph (C)(ii)) equal to more than 8 percent of the feed grain acreage, to alternative crops as provided in subparagraph (F).

[(F) ALTERNATIVE CROPS.—

[(i) INDUSTRIAL AND OTHER CROPS.—The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of acreage otherwise required to be devoted to conservation uses as a condition of qualifying for payments under subparagraph (E) to be devoted to sweet sorghum, guar, castor beans, plantago ovato, triticale, rye, millet, mung beans, commodities for which no substantial domestic production or market exists but that could yield industrial raw material being imported, or likely to be imported, into the United States, or commodities grown for experimental purposes (including kenaf and milkweed), subject to the following sentence. The Secretary may permit the acreage to be devoted to the production only if the Secretary determines that—÷

[(I) the production is not likely to increase the cost of the price support program; and

[(II) the production is needed to provide an adequate supply of the commodity, or, in the case of commodities for which no substantial domestic production or market exists but that could yield industrial raw materials, the production is needed to encourage domestic manufacture of the raw material and could lead to increased industrial

use of the raw material to the long-term benefit of United States industry.

[(ii) OILSEEDS.—The Secretary shall permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of acreage otherwise required to be devoted to conservation uses as a condition of qualifying for payments under subparagraph (E) to be devoted to sunflowers, rapeseed, canola, safflower, flaxseed, mustard seed, sesame, crambe, and other minor oilseeds designated by the Secretary (excluding soybeans). In implementing this clause, the Secretary shall provide that, in order to receive payments under subparagraph (E), the producers shall agree to forgo eligibility to receive a loan under section 205 for the crop of any such oilseed produced on the farm.

[(iii) DOUBLE CROPPING.—The Secretary shall permit, subject to such terms and conditions as the Secretary may prescribe, all or any portion of the acreage otherwise required to be devoted to conservation uses as a condition of qualifying for payments under subparagraph (E) that is devoted to an industrial, oilseed, or other crop pursuant to clause (i) or (ii) to be subsequently planted during the same crop year to any crop described in subparagraph (B), (C), or (D) of section 504(b)(1). The planting of soybeans as such subsequently planted crop shall be limited to farms determined by the Secretary to have an established history of double cropping soybeans during at least 3 of the preceding 5 years. In implementing this clause, the Secretary shall require producers to agree to forego eligibility to receive loans under this Act for the crop of the subsequently planted crop that is produced on a farm under this clause.

[(2) CROP INSURANCE REQUIREMENT.—A producer shall obtain catastrophic risk protection insurance coverage in accordance with section 427.

[(d) PAYMENT YIELDS.—The farm program payment yields for farms for each crop of feed grains shall be determined under title V.

[(e) ACREAGE REDUCTION PROGRAMS.—

[(1) IN GENERAL.—

[(A) ESTABLISHMENT.—Notwithstanding any other provision of this Act, if the Secretary determines that the total supply of corn, grain sorghum, barley, or oats, in the absence of an acreage limitation program, will be excessive taking into account the need for an adequate carry-over to maintain reasonable and stable supplies and prices and to meet a national emergency, the Secretary may provide for any crop of corn, grain sorghum, barley, or oats an acreage limitation program as described in paragraph (2).

[(B) AGRICULTURAL RESOURCES CONSERVATION PROGRAM.—In making a determination under subparagraph (A), the Secretary shall take into consideration the number of acres placed in the agricultural resources conservation

program established under subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3831 et seq.).

[(C) ANNOUNCEMENTS.—If the Secretary elects to implement an acreage limitation program for any crop year, the Secretary shall announce the program not later than September 30 prior to the calendar year in which the crop is harvested, except that in the case of the 1991 crop, the Secretary shall announce the program as soon as practicable after the date of enactment of this section.

[(D) ADJUSTMENTS.—Not later than November 15 of the year previous to the year in which the crop is harvested, the Secretary may make adjustments in the program announced under subparagraph (C) if the Secretary determines that there has been a significant change in the total supply of feed grains since the program was first announced.

[(E) COMPLIANCE.—As a condition of eligibility for loans, purchases, and payments for any such crop of feed grains, except as provided in subsections (f) and (g) and section 504, the producers on a farm must comply with the terms and conditions of the acreage limitation program and, if applicable, a land diversion program as provided in paragraph (5).

[(F) ACREAGE LIMITATION PROGRAM FOR 1991 CROP.—In the case of the 1991 crop of corn, the Secretary shall provide for an acreage limitation program (as described in paragraph (2)) under which the acreage planted to corn for harvest on a farm would be limited to the corn crop acreage base for the farm for the crop reduced by not less than 7.5 percent.

[(G) ACREAGE LIMITATION PROGRAMS FOR 1992 THROUGH 1995 CROPS.—In the case of each of the 1992 through 1995 crops of corn, if the Secretary estimates for a marketing year for the crop that the ratio of ending stocks of corn to total disappearance of corn for the preceding marketing year will be—

[(i) more than 25 percent, the Secretary shall provide for an acreage limitation program (as described in paragraph (2)) under which the acreage planted to corn for harvest on a farm would be limited to the corn crop acreage base for the farm for the crop reduced by not less than 10 percent nor more than 20 percent; or

[(ii) equal to or less than 25 percent, the Secretary may provide for such an acreage limitation program under which the acreage planted to corn for harvest on a farm would be limited to the corn crop acreage base for the farm for the crop reduced by not more than 0 to 12.5 percent.

For the purpose of this subparagraph, the term "total disappearance" means all corn utilization, including total domestic, total export, and total residual disappearance.

[(H) ACREAGE LIMITATION PROGRAM FOR 1991 THROUGH 1995 CROPS OF OATS.—In the case of each of the 1991

through 1995 crops of oats, the Secretary shall provide for an acreage limitation program (as described in paragraph (2)) under which the acreage planted to oats for harvest on a farm would be limited to the oat crop acreage base for the farm for the crop reduced by not more than 0 percent.

[(2) ACREAGE LIMITATION PROGRAM.—

[(A) PERCENTAGE REDUCTIONS.—Except as provided in paragraph (3), if a feed grain acreage limitation program is announced under paragraph (1), such limitation shall be achieved by applying a uniform percentage reduction (from 0 to 20 percent) to the crop acreage base for corn, grain sorghum, barley, or oats, respectively, for each feed grain-producing farm.

[(B) COMPLIANCE.—Except as provided in subsection (g) and section 504, producers who knowingly produce a feed grain in excess of the respective permitted feed grain acreage for the farm shall be ineligible for feed grain loans, purchases, and payments with respect to that farm.

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

[(D) ACREAGE DEVOTED TO CONSERVATION USES.—A number of acres on the farm shall be devoted to conservation uses, in accordance with regulations issued by the Secretary. Such number shall be determined by multiplying the respective feed grain crop acreage base by the percentage reduction required by the Secretary. The number of acres so determined is hereafter in this subsection referred to as "reduced acreage". The remaining acreage is hereafter in this subsection referred to as "permitted acreage". Permitted acreage may be adjusted by the Secretary as provided in paragraph (3) and in section 504.

[(E) INDIVIDUAL FARM PROGRAM ACREAGE.—Except as otherwise provided in subsection (c), the individual farm program acreage shall be the acreage planted on the farm to feed grains for harvest within the permitted feed grain acreage for the farm as established under this paragraph.

[(F) PLANTING DESIGNATED CROPS ON REDUCED ACREAGE.—

[(i) DEFINITION OF DESIGNATED CROP.—As used in this subparagraph, the term "designated crop" means a crop defined in section 504(b)(1), excluding any program crop as defined in section 502(3).

[(ii) IN GENERAL.—Subject to clause (iii), the Secretary may permit producers on a farm to plant a designated crop on no more than one-half of the reduced acreage on the farm.

[(iii) LIMITATIONS.—If the producers on a farm elect to plant a designated crop on reduced acreage under this subparagraph—

[(I) the amount of the deficiency payment that the producers are otherwise eligible to receive under subsection (c) shall be reduced, for each acre (or portion thereof) that is planted to the des-

ignated crop, by an amount equal to the deficiency payment that would be made with respect to a number of acres of the crop that the Secretary considers appropriate, except that if the producers on the farm are participating in a program established for more than one program crop, the amount of the reduction shall be determined by prorating the reduction based on the acreage planted or considered planted on the farm to all of such program crops; and

[(II) the Secretary shall ensure that reductions in deficiency payments under subclause (I) are sufficient to ensure that this subparagraph will result in no additional cost to the Commodity Credit Corporation.

[(G) EXCEPTION FOR MALTING BARLEY.—The Secretary may provide that no producer of malting barley shall be required as a condition of eligibility for feed grain loans, purchases, and payments to comply with any acreage limitation under this paragraph if the producer has previously produced a malting variety of barley for harvest, plants barley only of an acceptable malting variety for harvest, and meets such other conditions as the Secretary may prescribe. The Secretary shall make an annual determination of whether to exempt such producers from compliance with any acreage limitation under this paragraph and shall announce such determination in the Federal Register.

[(H) CORN AND SORGHUM BASES.—Notwithstanding any other provision of this Act, with respect to each of the 1992 through 1995 crops of corn and grain sorghums—

[(i) the Secretary shall combine the permitted acreages established under subparagraph (D) for a farm for a crop year for corn and grain sorghums;

[(ii) for each crop year, the sum of the acreage planted and considered planted to corn and grain sorghum, as determined by the Secretary under this section and title V, shall be prorated to corn and grain sorghum based on the ratio of the crop acreage base for the individual crop of corn or grain sorghum, as applicable, to the sum of the crop acreage bases for corn and grain sorghum established for each crop year; and

[(iii) for each crop year, the sum of the corn and grain sorghum payment acres, as determined under subsection (c), shall be prorated to corn and grain sorghum based on the ratio of the maximum payment acres for the individual crop of corn or grain sorghum, as applicable, to the sum of the maximum payment acres for corn and grain sorghum established for each crop year.

[(3) TARGETED OPTION PAYMENTS.—

[(A) IN GENERAL.—Notwithstanding any other provision of this section, if the Secretary implements an acreage limitation program with respect to any of the 1991 through

1995 crops of feed grains, the Secretary may make available to producers on a farm who do not receive payments under subsection (c)(1)(E) for such crop on the farm, adjustments in the level of deficiency payments that would otherwise be made available to the producers if the producers exercise the payment options provided in this paragraph.

[(B) PAYMENT OPTIONS.—If the Secretary elects to carry out this paragraph, the Secretary shall make the payment options specified in subparagraphs (C) and (D) available to producers who agree to make adjustments in the quantity of acreage diverted from the production of feed grains under an acreage limitation program in accordance with this paragraph.

[(C) INCREASED ACREAGE LIMITATION OPTION.—

[(i) INCREASE IN ESTABLISHED PRICE.—If the Secretary elects to carry out this paragraph, a producer shall be eligible to receive an increase in the established price for corn under clause (ii) if the producer agrees to an increase in the acreage limitation percentage to be applied to the producers' corn acreage base above the acreage limitation percentage announced by the Secretary.

[(ii) METHOD OF CALCULATION.—For the purposes of calculating deficiency payments to be made available to producers who participate in the program under this paragraph, the Secretary shall increase the established price for corn by an amount determined by the Secretary, but not less than 0.5 percent, nor more than 1 percent, for each 1 percentage point increase in the acreage limitation percentage applied to the producers' corn acreage base.

[(iii) LIMITATION.—The acreage limitation percentage to be applied to the producers' corn acreage base shall not be increased by more than 5 percentage points for the 1991 crop and 10 percentage points for each of the 1992 through 1995 crops above the acreage limitation percentage announced by the Secretary for the crop or above 20 percent total for the crop.

[(D) DECREASED ACREAGE LIMITATION OPTION.—

[(i) DECREASE IN ACREAGE LIMITATION REQUIREMENT.—If the Secretary elects to carry out this paragraph, a producer shall be eligible to decrease the acreage limitation percentage applicable to the producers' corn acreage base (as announced by the Secretary) if the producer agrees to a decrease in the established price for corn under clause (ii) for the purpose of calculating deficiency payments to be made available to the producer.

[(ii) METHOD OF CALCULATION.—For the purposes of calculating deficiency payments to be made available to producers who choose the option set forth in this subparagraph, the Secretary shall decrease the established price for corn by an amount to be determined

by the Secretary, but not less than 0.5 percent, nor more than 1 percent, for each 1 percentage point decrease in the acreage limitation percentage applied to the producers' corn acreage base.

[(iii) LIMITATION.—A producer may not choose to decrease the acreage limitation percentage applicable to the producers' corn acreage base under this paragraph by more than one-half of the announced acreage limitation percentage.

[(E) OTHER FEED GRAINS.—The Secretary shall implement the program provided for by this paragraph for other feed grains similar to the manner in which the program is implemented for corn.

[(F) PARTICIPATION AND PRODUCTION EFFECTS.—Notwithstanding any other provision of this paragraph, the Secretary shall, to the extent practicable, ensure that the program provided for in this paragraph does not have a significant effect on program participation or total production and shall be offered in such a manner that the Secretary determines will result in no additional budget outlays. The Secretary shall provide an analysis of the Secretary's determination to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

[(4) ADMINISTRATION.—

[(A) PROTECTION FROM WEEDS AND EROSION.—The regulations issued by the Secretary under paragraph (2) with respect to acreage required to be devoted to conservation uses shall assure protection of the acreage from weeds and wind and water erosion.

[(B) ANNUAL OR PERENNIAL COVER.—

[(i) REQUIRED.—

[(I) IN GENERAL.—Except as provided in subclause (II) and paragraph (2), a producer who participates in an acreage reduction program established for a crop of feed grains under this subsection shall be required to plant to, or maintain as, an annual or perennial cover 50 percent (or more at the option of the producer) of the acreage that is required to be removed from the production of feed grains, but not to exceed 5 percent (or more at the option of the producer) of the crop acreage base established for the crop.

[(II) ARID AREAS.—Subclause (I) shall not apply with respect to arid areas (including summer fallow areas), as determined by the Secretary. If the Secretary determines any county in a State to be arid, the respective State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) may designate any other county or counties or all of the State as arid for the purposes of this paragraph.

[(III) APPROVAL OF COVER CROPS AND PRACTICES.—The State committee, after receiving recommendations from the county committees, shall approve appropriate crops planted or maintained as cover, including, as appropriate, annual or perennial native grasses and legumes or other vegetation. The State committee shall establish the final seeding date for the planting of the cover and shall approve appropriate cover crops or practices, after consulting the Soil Conservation Service State Conservationist regarding whether the crops or practices will sufficiently protect the land from weeds and wind and water erosion. After the Secretary establishes the State technical committee for the State pursuant to section 1261 of the Food Security Act of 1985 (16 U.S.C. 3861), the State committee shall consult with the technical committee (rather than the Soil Conservation Service State Conservationist) regarding whether the crops or practices will sufficiently protect the land from weeds and wind and water erosion.

[(ii) MULTIYEAR PROGRAM.—

[(I) COST-SHARE ASSISTANCE.—If a producer elects to establish a perennial cover capable of improving water quality or wildlife habitat on the acreage, the Commodity Credit Corporation shall make available cost-share assistance for 25 percent of the approved cost of establishing the cover on not more than 50 percent of the acreage that is required to be diverted from production, but not to exceed 5 percent (or more, at the option of the producer) of the crop acreage base established for a crop.

[(II) AGREEMENT OF PRODUCER.—If a producer elects to establish a perennial cover on the acreage under this subparagraph and receives cost-share assistance from the Corporation with respect to the cover, the producer, under such terms and conditions as may be prescribed by the Secretary, taking into consideration guidelines established by the State technical committees established in subtitle G of title XII of the Food Security Act of 1985, shall agree to maintain the perennial cover for a minimum of 3 years.

[(iii) CONSERVING CROPS.—The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of the acreage to be devoted to sweet sorghum, guar, sesame, castor beans, crambe, plantago ovato, triticale, rye, mung beans, milkweed, or other commodity, if the Secretary determines that the production is needed to provide an adequate supply of the commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

[(C) HAYING AND GRAZING.—

[(i) IN GENERAL.—Except as provided in clause (ii), haying and grazing of reduced acreage, acreage devoted to a conservation use under subsection (c)(1)(E), and acreage diverted from production under a land diversion program established under this section shall be permitted, except during any consecutive 5-month period that is established by the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for a State. The 5-month period shall be established during the period beginning April 1, and ending October 31, of a year.

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

[(D) WATER STORAGE USES.—

[(i) IN GENERAL.—The regulations issued by the Secretary under paragraph (2) with respect to acreage required to be devoted to conservation uses shall provide that land that has been converted to water storage uses shall be considered to be devoted to conservation uses if the land was devoted to wheat, feed grains, cotton, rice, or oilseeds in at least 3 of the immediately preceding 5 years. The land shall be considered to be devoted to conservation uses for the period that the land remains in water storage uses, but not to exceed 5 years subsequent to its conversion to water storage uses.

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

[(E) SUMMER FALLOW.—In determining the quantity of land to be devoted to conservation uses under an acreage limitation program with respect to land that has been farmed under summer fallow practices, as defined by the Secretary, the Secretary shall consider the effects of soil erosion and such other factors as the Secretary considers appropriate.

[(5) LAND DIVERSION PAYMENTS.—

[(A) IN GENERAL.—The Secretary may make land diversion payments to producers of feed grains, whether or not an acreage limitation program for feed grains is in effect, if the Secretary determines that the land diversion payments are necessary to assist in adjusting the total national acreage of feed grains to desirable goals. The land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved con-

servation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with the producers.

[(B) AMOUNTS.—The amounts payable to producers under land diversion contracts may be determined through the submission of bids for the contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

[(C) LIMITATION ON DIVERTED ACREAGE.—The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

[(6) CONSERVATION PRACTICES.—

[(A) WILDLIFE FOOD PLOTS OR HABITAT.—The reduced acreage and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of this subparagraph.

[(B) SOIL AND WATER CONSERVATION PRACTICES.—The Secretary may also pay an appropriate share of the cost of approved soil and water conservation practices (including practices that may be effective for a number of years) established by the producer on acreage required to be devoted to conservation uses or on additional diverted acreage.

[(C) PUBLIC ACCESSIBILITY.—The Secretary may provide for an additional payment on the acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

[(7) PARTICIPATION AGREEMENTS.—

[(A) IN GENERAL.—Producers on a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for the participation not later than such date as the Secretary may prescribe.

[(B) MODIFICATION OR TERMINATION.—The Secretary may, by mutual agreement with producers on a farm, modify or terminate any such agreement if the Secretary determines the action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities. The Secretary may modify the agreement under this subparagraph for the purpose of alleviating a shortage in the supply of agricultural commodities only if there has been a

significant change in the estimated stocks of the commodity since the Secretary announced the final terms and conditions of the program for the crop of feed grains.

[(8) SPECIAL OATS PLANTINGS.—In any crop year that the Secretary determines that projected domestic production of oats will not fulfill the projected domestic demand for oats, notwithstanding the foregoing provisions of this subsection, the Secretary—

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

[(B) may make program benefits (including loans, purchases, and payments) available under the annual program for oats under this section available to producers with respect to acreage planted to oats under this paragraph; and

[(C) shall not make program benefits other than the benefits specified in subparagraph (B) available to producers with respect to acreage planted to oats under this paragraph.

[(f) INVENTORY REDUCTION PAYMENTS.—

[(1) IN GENERAL.—The Secretary may, for each of the 1991 through 1995 crops of feed grains, make payments available to producers who meet the requirements of this subsection.

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

[(3) PAYMENTS.—Payments under this subsection shall be determined in the same manner as provided in subsection (b).

[(4) ELIGIBILITY.—A producer shall be eligible to receive a payment under this subsection for a crop if the producer—

[(A) agrees to forgo obtaining a loan or purchase agreement under subsection (a);

[(B) agrees to forgo receiving payments under subsection (c);

[(C) does not plant feed grains for harvest in excess of the crop acreage base reduced by one-half of any acreage required to be diverted from production under subsection (e); and

[(D) otherwise complies with this section.

[(g) PILOT VOLUNTARY PRODUCTION LIMITATION PROGRAM.—

[(1) IN GENERAL.—Effective for the 1992 or 1993 crops (and, if the Secretary so determines, the 1994 and 1995 crops), if a feed grain acreage limitation program or a land diversion program is announced under subsection (e) for such crops, the Secretary shall carry out a pilot program in at least 15 counties in at least 2 States where producers express an interest in participating in the pilot program under which the producers on a farm shall be considered to have met the requirements of such acreage limitation or land diversion program if the producers meet the requirements of the voluntary production limitation program established under this subsection.

[(2) LIMITATION ON MARKETING.—In order to comply with the voluntary production limitation program, the producers on a farm must agree not to market, barter, donate, or use on the farm (including use as feed for livestock) in a marketing year

a quantity of feed grains in excess of the feed grain production limitation quantity for the farm for the marketing year.

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

[(A) the acreage permitted to be planted to feed grains under the acreage reduction program or land diversion program in effect for the crop for the farm; by

[(B) the higher of—

[(i) the farm program payment yield for the farm; or

[(ii) the average of the yield per harvested acre for feed grains for the farm for each of the 5 crop years immediately preceding the crop year during which the producers first participate in the program established under this subsection, excluding the crop years with the highest and lowest yield per harvested acre and any crop year in which the commodity was not planted on the farm.

[(4) TERMS AND CONDITIONS.—Producers on a farm who elect to participate in the program established under this subsection for a crop of feed grains shall—

[(A) enter into an agreement with the Secretary providing that the producers shall comply with the program for the crop;

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

[(C) be considered to have complied with the terms and conditions of the feed grain acreage reduction program or land diversion program for the crop, even though the acreage planted to feed grains on the farm exceeds the permitted acreage provided under the acreage reduction or land diversion program.

[(5) EXCESS PRODUCTION.—

[(A) IN GENERAL.—Any quantity of feed grains produced in a crop year on a farm in excess of the production limitation quantity for the farm may be stored by the producers for a period of not to exceed 5 marketing years and may be used only in accordance with this paragraph.

[(B) MARKETING IN SUBSEQUENT YEAR.—

[(i) PARTICIPANTS IN PROGRAM.—Producers on a farm who are participating in the program established under this subsection may market, barter, or use a quantity of the excess feed grains referred to in subparagraph (A) equal to the difference between the production limitation quantity for the farm for the crop year subsequent to the crop year in which the excess feed grains are produced less the quantity of feed grains produced on the farm during the crop year.

[(ii) PARTICIPANTS IN ACREAGE REDUCTION PROGRAM.—Producers on a farm who are participating in an acreage reduction or a land diversion program for a crop of feed grains may market, barter, or use a

quantity of the excess feed grains referred to in subparagraph (A) in an amount that reflects the quantity of feed grains that would be expected to be produced on acreage that the producers agree to devote to approved conservation uses (in excess of any acreage reduction or land diversion requirements) during a crop year, as determined by the Secretary.

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

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

[(B) may require increased acreage reduction or land diversion requirements with respect to producers who have had excess feed grain production in order to allow the producers to market, barter, or use the production in subsequent years;

[(C) shall take appropriate measures designed to prevent the circumvention of the program established under this subsection, including the imposition of penalties;

[(D) may require producers who participate in the program for a crop, but who fail to comply with the terms and conditions of the program, to refund all or a part of any deficiency payments received with respect to the crop;

[(E) may require the forfeiture to the Commodity Credit Corporation of any feed grains that are produced in excess of the production limitation quantity and that are not marketed, bartered, or used within 5 marketing years; and

[(F) shall ensure equitable treatment for producers who participate in the pilot program if the Secretary allows increases (based on actual production levels) in the determination of farm program payment yields for feed grains for the farm.

[(7) REPORT.—

[(A) IN GENERAL.—The Comptroller General of the United States shall prepare a report that evaluates the pilot program carried out under this subsection.

[(B) SUBMISSION.—The Comptroller General shall submit a copy of the report required by subparagraph (A) to the Committee on Agriculture of the House of Representatives, the Committee on Agriculture, Nutrition, and Forestry of the Senate, and the Secretary.

[(h) EQUITABLE RELIEF.—

[(1) LOANS, PURCHASES, AND PAYMENTS.—If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure. The Secretary may consider whether the producer made a good faith effort to comply fully with the terms and conditions of such program in determining whether equitable relief is warranted under this paragraph.

[(2) DEADLINES AND PROGRAM REQUIREMENTS.—The Secretary may authorize the county and State committees estab-

lished under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

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

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

[(k) ASSIGNMENT OF PAYMENTS.—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 payments under this section.

[(l) SHARING OF PAYMENTS.—The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

[(m) TENANTS AND SHARECROPPERS.—The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

[(n) CROSS-COMPLIANCE.—

[(1) IN GENERAL.—Compliance on a farm with the terms and conditions of any other commodity program, or compliance with crop acreage base requirements for any other commodity, may not be required as a condition of eligibility for loans, purchases, or payments under this section.

[(2) COMPLIANCE ON OTHER FARMS.—The Secretary may not require producers on a farm, as a condition of eligibility for loans, purchases, or payments under this section for the farm, to comply with the terms and conditions of the feed grains program with respect to any other farm operated by the producers.

[(o) PUBLIC COMMENT ON FEED GRAINS PROGRAM.—

[(1) IN GENERAL.—In order to ensure that producers and consumers of feed grains are provided with reasonable opportunity to comment on the annual program determinations concerning the price support and acreage reduction program for each of the 1992 and subsequent crops of feed grains, the Secretary shall request public comment regarding the feed grains program in accordance with this subsection.

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

[(3) ANALYSES.—Each option proposed by the Secretary shall be accompanied by an analysis that includes the estimated planted acreage, production, domestic and export use, ending stocks, season average producer price, program participation rate, and cost to the Federal Government that would likely result from each option.

[(4) ESTIMATES.—In announcing the program for a crop of feed grains under this section, the Secretary shall include an estimate of the planted acreage, production, domestic and export use, ending stocks, season average producer price, pro-

gram participation rate, and cost to the Federal Government that is expected to result from the program as announced.

[(p) MALTING BARLEY.—

[(1) ASSESSMENT REQUIRED.—In order to help offset costs associated with deficiency payments made available under this section to producers of barley, the Secretary shall provide for an assessment for each of the 1991 through 1995 crop years to be levied on any producer of malting barley produced on a farm that is enrolled for the crop year in the production adjustment program under this section. The Secretary shall establish such assessment at not more than 5 percent of the value of the malting barley produced on program payment acres on the farm during each of the 1991 through 1995 crop years. The production per acre on which the assessment is based shall not be greater than the farm program payment yield.

[(2) VALUE OF MALTING BARLEY.—The Secretary may establish the value of such malting barley at the lesser of the State or national weighted average market price received by producers of malting barley for the first 5 months of the marketing year. In calculating the State or national weighted average market price, the Secretary may exclude the value of malting barley that is contracted for sale by producers prior to planting.

[(3) EXCEPTION TO ASSESSMENT.—In counties where malting barley is produced, participating barley producers may certify to the Secretary prior to computation of final deficiency payments that part or all of the producer's production was (or will be) sold or used for nonmalting purposes. The portion certified as sold or used for nonmalting purposes shall not be subject to the assessment. The Secretary may require producers to provide to the Secretary such documentation as the Secretary considers appropriate to carry out this paragraph.

[(q) PRICE SUPPORT FOR HIGH MOISTURE FEED GRAINS.—

[(1) RECOURSE LOANS.—Notwithstanding any other provision of law, effective for each of the 1991 through 1995 crops of feed grains, the Secretary (through the Commodity Credit Corporation) shall make available recourse loans, as determined by the Secretary, to producers on a farm who—

[(A) normally harvest all or a portion of their crop of feed grains in a high moisture state, hereinafter in this subsection defined as a feed grain having a moisture content in excess of Commodity Credit Corporation standards for loans made by the Secretary under paragraphs (1) and (6) of subsection (a);

[(B)(i) present certified scale tickets from an inspected, certified commercial scale, including licensed warehouses, feedlots, feed mills, distilleries, or other similar entities approved by the Secretary, pursuant to regulations issued by the Secretary; or

[(ii) present field or other physical measurements of the standing or stored feed grain crop in regions of the country, as determined by the Secretary, that do not have certified commercial scales from which certified scale tickets

may be obtained within reasonable proximity of harvest operation;

[(C) certify that they were the owners of the feed grain at the time of delivery to, and that the quantity to be placed under loan was in fact harvested on the farm and delivered to, a feedlot, feed mill, or commercial or on-farm high-moisture storage facility, or to such facilities maintained by the users of such high-moisture feed grain;

[(D) comply with deadlines established by the Secretary for harvesting the feed grain and submit applications for loans within deadlines established by the Secretary; and

[(E) participate in an acreage limitation program for the crop of feed grains established by the Secretary.

[(2) ELIGIBILITY OF ACQUIRED FEED GRAINS.—The loans shall be made on a quantity of feed grains of the same crop acquired by the producer equivalent to a quantity determined by multiplying—

[(A) the acreage of the feed grain in a high moisture state harvested on the producer's farm; by

[(B) the lower of the farm program payment yield or the actual yield on a field, as determined by the Secretary, that is similar to the field from which such high moisture feed grain was obtained.

[(r) CROPS.—Notwithstanding any other provision of law, this section shall be effective only for the 1991 through 1995 crops of feed grains.

[SEC. 106. Notwithstanding any of the provisions of section 101 of this Act: (a) For the 1960 crop of any kind of tobacco for which marketing quotas are in effect, or for which marketing quotas are not disapproved by producers, the support level in cents per pound shall be the level at which the 1959 crop of such kind of tobacco was supported, or if marketing quotas were disapproved for the 1959 crop of such kind of tobacco, the level at which the 1959 crop of such kind of tobacco would have been supported if marketing quotas had been in effect. (b) For the 1961 crop and each subsequent crop of any kind of tobacco for which marketing quotas are in effect, or for which marketing quotas are not disapproved by producers, the support level in cents per pound shall be determined by adjusting the support level for the 1959 crop of such kind of tobacco, or if marketing quotas were disapproved for the 1959 crop of such kind of tobacco, the level at which the 1959 crop of such kind of tobacco would have been supported if marketing quotas had been in effect, by multiplying such support level for the 1959 crop by the ratio of (i) the average of the index of prices paid by farmers, including wage rates, interest, and taxes, as defined in section 301(a)(1)(C) of the Agricultural Adjustment Act of 1938, as amended, for the three calendar years immediately preceding the calendar year in which the marketing year begins for the crop for which the support level is being determined to (ii) the average index of such prices paid by farmers, including wage rates, interest, and taxes for the calendar year 1959.

[(c) If acreage poundage or poundage farm marketing quotas are in effect under section 317 or 319 of the Agricultural Adjustment Act of 1938, as amended, (1) price support shall not be made avail-

able on tobacco marketed in excess of 103 per centum of the marketing quota (after adjustments) for the farm on which such tobacco was produced, and (2) for the purpose of price-support eligibility, tobacco carried over from one marketing year to another shall, when marketed, be considered tobacco of the then current crop.

[(d) Notwithstanding the provisions of section 403, if the Secretary determines that the supply of any grade of any kind of tobacco of a crop for which marketing quotas are in effect or are not disapproved by producers will likely be excessive, the Secretary, after prior consultation with the association through which price support for the grade and kind of tobacco is made available to producers, may reduce the support rate which would otherwise be established for such grade of tobacco after taking into consideration the effect such reduction may have on the supply and price of other grades of other kinds of quota tobacco: *Provided,* That the weighted average of the support rates for all eligible grades of such kind of tobacco shall, after such reduction, reflect not less than (1) 65 per centum of the increase in the support level for such kind of tobacco which would otherwise be established under this section, if the support level therefor is higher than the support level for the preceding crop, or (2) the support level for such kind of tobacco established under this section, if the support level therefor is not higher than the support level for the preceding crop. In determining whether the supply of any grade of any kind of tobacco of a crop will be excessive, the Secretary shall take into consideration the domestic supply, including domestic inventories, the amount of such tobacco pledged as security for price support loans, and anticipated domestic and export demand, based on the maturity, uniformity and stalk position of such tobacco.

[(f) Notwithstanding the foregoing provisions of this section—

[(6)(A) Except as provided in subparagraph (B), for the 1986 and each subsequent crop of any kind of tobacco (other than Flue-cured and Burley tobacco) for which marketing quotas are in effect or are not disapproved by producers, the support level shall be the level in cents per pound at which the immediately preceding crop was supported, plus or minus, respectively, the amount by which—

[(i) the support level for the crop for which the determination is being made, as determined under subsection (b); is greater or less than

[(ii) the support level for the immediately preceding crop, as determined under subsection (b),

as that difference may be adjusted by the Secretary under subsection (d) if the support level under clause (i) is greater than the support level under clause (ii).

[(B) Notwithstanding subparagraph (A) and subsection (d), if requested by the board of directors of an association through which price support for the respective kind of tobacco specified in subparagraph (A) is made available to producers, the Secretary may reduce the support level for such kind of tobacco to the extent requested by the association to more accurately reflect the market value and improve the marketability of such tobacco.

[(7)(A) For the 1987 and each subsequent crop of Flue-cured and Burley tobacco for which marketing quotas are in effect or are not disapproved by producers, the support level shall be the level in cents per pound at which the immediately preceding crop was supported, plus or minus, respectively, an adjustment of not less than 65 percent nor more than 100 percent of the total, as determined by the Secretary after taking into consideration the supply of the kind of tobacco involved in relation to demand, of—

[(i) 66.7 percent of the amount by which—

[(I) the average price received by producers for Flue-cured and Burley tobacco, respectively, on the United States auction markets, as determined by the Secretary, during the 5 marketing years immediately preceding the marketing year for which the determination is being made, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period, is greater or less than

[(II) the average price received by producers for Flue-cured and Burley tobacco, respectively, on the United States auction markets, as determined by the Secretary, during the 5 marketing years immediately preceding the marketing year prior to the marketing year for which the determination is being made, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period; and

[(ii) 33.3 percent of the change, expressed as a cost per pound of tobacco, in the index of prices paid by tobacco producers from January 1 to December 31 of the calendar year immediately preceding the year in which the determination is made.

[(B) For purposes of subparagraph (A)—

[(i) the average market price for Burley tobacco for the 1985 marketing year shall be reduced by $0.039 per pound;

[(ii) the average market price for Burley tobacco for the 1984 and each prior applicable marketing year shall be reduced by $0.30 per pound;

[(iii) the average market price for Flue-cured tobacco for the 1985 marketing year shall be reduced by $0.25 per pound;

[(iv) the average market price for Flue-cured tobacco for the 1984 and each prior applicable marketing year shall be reduced by $0.30 per pound; and

[(v) the index of prices paid by tobacco producers shall include items representing general, variable costs of producing tobacco, as determined by the Secretary, but shall not include the cost of land, risk, overhead, management, purchase or leasing of quotas, marketing contributions or assessments, and other costs not directly related to the production of tobacco.

[(8)(A) Notwithstanding any other provision of this subsection, in the case of each of the 1988 and 1989 crops of any kind of tobacco, the Secretary shall reduce the support level for such crop by an amount equal to 1.4 percent of the level otherwise established under this subsection. Any such reduction shall not be taken into consideration in determining the support level for a subsequent crop of tobacco.

[(B) In lieu of making any such reduction, the Secretary may impose assessments on the producers and purchasers in an amount sufficient to realize a reduction in outlays equal to the amount that would have been achieved as a result of the reduction required under subparagraph (A). Such assessments shall not apply to purchasers if it is judicially determined that the imposition of the purchaser assessment will adversely affect the contracts entered into under section 1109 of the Consolidated Omnibus Budget Reconciliation Act of 1986 (7 U.S.C. 1445–3).

[(g)(1) Effective only for each of the 1994 through 1998 crops of tobacco for which price support is made available under this Act, each producer and purchaser of such tobacco, and each importer of the same kind of tobacco, shall remit to the Commodity Credit Corporation a nonrefundable marketing assessment in an amount equal to—

[(A) in the case of a producer or purchaser of domestic tobacco, .5 percent of the national price support level for each such crop; and

[(B) in the case of an importer of tobacco, 1 percent of the national support price for the same kind of tobacco;

as provided for in this section.

[(2) Such producer, purchaser, and importer assessments shall be—

[(A) collected in the same manner as provided for in section 106A(d)(2) or 106B(d)(3), as applicable; and

[(B) enforced in the same manner as provided in section 106A(h) or 106B(j), as applicable.

[(3) The Secretary may enforce this subsection in the courts of the United States.

[PRODUCER CONTRIBUTIONS AND PURCHASER ASSESSMENTS FOR NO NET COST TOBACCO FUND

[SEC. 106A. (a) As used in the section—

[(1) the term "association" means a producer-owned cooperative marketing association which has entered into a loan agreement with the Corporation to make price support available to producers;

[(2) the term "Corporation" means the Commodity Credit Corporation, an agency and instrumentality of the United States within the Department of Agriculture through which the Secretary makes price support available to producers;

[(3) the term "Fund" means the capital account to be established within each association, which account shall be known as the "No Net Cost Tobacco Fund";

[(4) the term "to market" means to dispose of quota tobacco by voluntary or involuntary sale, barter, exchange, gift inter

vivos, or consigning the tobacco to an association for a price support advance;

[(5) the term "net gains" means the amount by which total proceeds obtained from the sale by an association of a crop of quota tobacco pledged to the Corporation for price support loan exceeds the principal amount of the price support loan made by the Corporation to the association on such crop, plus interest and charges;

[(6) the term "purchaser" means any person who purchases in the United States, either directly or indirectly for the account of such person or another person, Flue-cured or Burley quota tobacco; and

[(7) the term "quota tobacco" means any kind of tobacco for which marketing quotas are in effect or for which marketing quotas are not disapproved by producers.

[(b) The Secretary may carry out the tobacco price support program through the Corporation and shall, except as otherwise provided by this section, continue to make price support available to producers through loans to associations that, under agreements with the Corporation, agree to make loan advances to producers.

[(c) Each association shall establish within the association a Fund. The Fund shall be comprised of amounts contributed by producer-members or paid by or on behalf of purchasers and importers as provided in subsection (d).

[(d) The Secretary shall—

[(1) require—

[(A) that—

[(i) as a condition of eligibility for price support, each producer of each kind of quota tobacco shall agree, with respect to all such kind of quota tobacco marketed by the producer from a farm, to contribute to the appropriate association, for deposit in the association's Fund, an amount determined from time to time by the association with the approval of the Secretary;

[(ii) each purchaser of Flue-cured and Burley quota tobacco shall pay to the appropriate association, for deposit in the Fund of the association, an assessment, in an amount determined from time to time by the association with the approval of the Secretary, with respect to purchases of all such kind of tobacco marketed by a producer from a farm (including purchases of such tobacco from the 1986 and subsequent crops from the association); and

[(iii) each importer of Flue-cured or Burley tobacco shall pay to the appropriate association, for deposit in the Fund of the association, an assessment, in an amount that is equal to the product obtained by multiplying—

[(I) the number of pounds of tobacco that is imported by the importer; by

[(II) the sum of the amount of per pound producer contributions and purchaser assessments that are payable by domestic producers and pur-

chasers of Flue-cured and Burley tobacco under clauses (i) and (ii); and

[(B) that, upon making a contribution under subparagraph (A)—

[(i) in the case of quota tobacco marketed other than by consignment to an association for a price support advance, the producer shall receive from the association capital stock or, if the association does not issue such stock, a capital certificate having a par value or face amount, respectively, equal to the contribution; and

[(ii) in the case of quota tobacco consigned by the producer to an association for a price support advance, the producer shall receive from the association a qualified per unit retain certificate, as defined in section 1388(h) of the Internal Revenue Code, having a face amount equal to the amount of the contribution and representing an interest in the association's Fund.

The amount of producer contributions and purchaser assessments shall be determined in such a manner that producers and purchasers share equally, to the maximum extent practicable, in maintaining the Fund of an association. In making such determination with respect to the assessment of a purchaser, only 1985 and subsequent crops of Flue-cured and Burley quota tobacco shall be taken into account. The Secretary shall approve the amount of the contributions and assessments determined by an association from time to time under this paragraph only if the Secretary determines that such amount will result in accumulation of a Fund adequate to reimburse the Corporation for any net losses which the Corporation may sustain under its loan agreements with the association, based on reasonable estimates of the amounts which the Corporation will lend to the association under such agreements and the proceeds which will be realized from the sales of tobacco which are pledged to the Corporation by the association as security for loans;

[(2) require that any producer contribution or purchaser or importer assessment due under paragraph (1) shall be collected—

[(A) from the person who acquired the tobacco involved from the producer, except that if the tobacco is marketed by sale, an amount equal to the producer contribution may be deducted by the purchaser from the price paid to such producer;

[(B) if the tobacco involved is marketed by a producer through a warehouseman or agent, from such warehouseman or agent, who may—

[(i) deduct an amount equal to the producer contribution from the price paid to the producer; and

[(ii) add an amount equal to the purchaser assessment to the price paid by the purchaser;

[(C) if the tobacco involved is marketed by a producer directly to any person outside the United States, from the

producer, who may add an amount equal to the purchaser assessment to the price paid by the purchaser; and

[(D) if the tobacco involved is imported by an importer, from the importer.

[(3) require that the Fund established by each association shall be kept and maintained separate from all other accounts of the association and shall be used exclusively, as prescribed by the Secretary, for the purpose of ensuring, insofar as practicable, that the Corporation, under its loan agreements with the association with respect to 1982 and subsequent crops of quota tobacco, will suffer no net losses (including, but not limited to, recovery of the amount of loans extended to cover the overhead costs of the association), after any net gains are applied to net losses of the corporation under paragraph (5): *Provided, That, notwithstanding any other provision of law, use by the association of moneys in the Fund, including interest and other earnings, for the purposes of reducing the association's outstanding indebtedness to the Corporation associated with 1982 and subsequent crops of quota tobacco and making loan advances to producers is authorized, and use of such moneys for any other purposes that will be mutually beneficial to producers and purchasers who contribute or pay to the Fund and to the Corporation, shall, if approved by the Secretary, be considered an appropriate use of the Fund;*

[(4) permit an association to invest the monies in the Fund in such manner as the Secretary may approve, and require that the interest or other earnings on such investment shall become a part of the Fund;

[(5) require that loan agreements between the Corporation and the association provide that the Corporation shall retain the net gains from each of the 1982 and subsequent crops of tobacco pledged by the association as security for price support loans, and that such net gains will be used for the purpose of (A) offsetting any losses sustained by the Corporation under its loan agreements with the association for any of the 1982 and subsequent crops of loan tobacco, or (B) reducing the outstanding balance of any price support loan made by the Corporation to the association under such agreements for 1982 and subsequent crops of tobacco, or for both such purposes;

[(7) effective for the 1986 and subsequent crops of quota tobacco, provide, in loan agreements between the Corporation and an association, that if the Secretary determines that the amount in the Fund or the net gains referred to in paragraph (5) exceeds the amounts necessary for the purposes specified in this section, the association, with the approval of the Secretary, may suspend the payment and collection of contributions and assessments under this section on terms and conditions established by the association, with the approval of the Secretary.

[(e) If any association which has entered into a loan agreement with the Corporation with respect to 1982 or subsequent crops of quota tobacco fails or refuses to comply with the provisions of this section, the regulations issued by the Secretary thereunder, or the terms of such agreement, the Secretary may terminate such agree-

ment or provide that no additional loan funds may be made available thereunder to the association. In such event, the Secretary shall make price support available to producers of the kind or kinds of tobacco, the price of which had been supported through loans to such association, through such other means as are authorized by this Act or the Commodity Credit Corporation Charter Act.

[(f) If, under subsection (e), a loan agreement with an association is terminated, or if an association having a loan agreement with the Corporation is dissolved, merges with another association, or otherwise ceases to operate, the Fund or the net gains referred to in subsection (d)(5) shall be applied or disposed of in such manner as the Secretary may approve or prescribe, except that they shall, to the extent necessary, first be applied or used for the purposes therefor prescribed in this section.

[(g) The Secretary shall issue regulations necessary to carry out the provisions of this section.

[(h)(1)(A) Each person who fails to collect any contribution or assessment as required by subsection (d)(2) and remit such contribution or assessment to the association, at such time and in such manner as may be prescribed by the Secretary, shall be liable, in addition to any amount due, to a marketing penalty at a rate equal to 75 percent of the average market price (calculated to the nearest whole cent) for the kind of tobacco involved for the immediately preceding year on the quantity of tobacco as to which the failure occurs.

[(B) Each importer who fails to pay to the association an assessment as required by subsection (d)(2) at such time and in such manner as may be prescribed by the Secretary, shall be liable, in addition to any amount due, for a marketing penalty at a rate equal to 75 percent of the average market price (calculated to the nearest whole cent) for the respective kind of tobacco for the immediately preceding year on the quantity of tobacco as to which the failure occurs.

[(C) The Secretary may reduce any such marketing penalty in such amount as the Secretary determines equitable in any case in which the Secretary determines that the failure was unintentional or without knowledge on the part of the person concerned.

[(D) Any penalty provided for under this paragraph shall be assessed by the Secretary after notice and opportunity for a hearing.

[(2)(A) Any person against whom a penalty is assessed under this subsection may obtain review of such penalty in an appropriate district court of the United States by filing a civil action in such court not later than 30 days after such penalty is imposed.

[(B) The Secretary shall promptly file in such court a certified copy of the record on which the penalty is based.

[(3) The district courts of the United States shall have jurisdiction to review and enforce any penalty imposed under this subsection.

[(4) An amount equivalent to any penalty collected by the Secretary under this subsection shall be transmitted by the Secretary to the appropriate association, for deposit in the Fund of such association.

[(5) The remedies provided in this subsection shall be in addition to, and not exclusive of, other remedies that may be available.

[MARKETING ASSESSMENTS TO NO NET COST TOBACCO ACCOUNT

[SEC. 106B. (a) As used in this section—

[(1) the term "association" means a producer-owned cooperative marketing association which has entered into a loan agreement with the Corporation to make price support available to producers of a kind of tobacco;

[(2) the term "Account" means an account established by and in the Corporation for an association, which account shall be known as the "No Net Cost Tobacco Account";

[(3) the term "to market" means to dispose of tobacco by voluntary or involuntary sale, barter, exchange, gift inter vivos, or consigning the tobacco to an association for a price support advance;

[(4) the term "net gains" means the amount by which total proceeds obtained from the sale by an association of a crop of a kind of tobacco pledged to the Corporation for price support loan exceeds the principal amount of the price support loan made by the Corporation to the association on such crop, plus interest and charges;

[(5) the term "tobacco" means any kind of tobacco as defined in section 301(b)(15) of the Agricultural Adjustment Act of 1938, for which marketing quotas are in effect or for which marketing quotas are not disapproved by producers;

[(6) the term "area", when used in connection with an association, means the general geographical area in which farms of the producer-members of such association are located, as determined by the Secretary;

[(7) the term "Corporation" shall have the meaning given to it in section 106A(a)(2); and

[(8) the term "purchaser" means any person who purchases in the United States, either directly or indirectly for the account of such person or another person, Flue-cured or Burley quota tobacco.

[(b) Notwithstanding section 106A, the Secretary shall, upon the request of any association, and may, if the Secretary determines, after consultation with such association, that the accumulation of the No Net Cost Tobacco Fund for such association under section 106A is, and is likely to remain, inadequate to reimburse the Corporation for net losses which the Corporation sustains under its loan agreement with such association—

[(1) continue to make price support available to producers through such association in accordance with loan agreements entered into between the Corporation and such association; and

[(2) establish and maintain in accordance with this section a No Net Cost Tobacco Account for such association in lieu of the No Net Cost Tobacco Fund established within such association under section 106A.

[(c)(1) Any Account established for an association under subsection (b)(2) shall be established within the Corporation and shall be comprised of amounts paid by producers, purchasers, and importers under subsection (d).

[(2) Upon the establishment of an Account for an association, any amount in the No Net Cost Tobacco Fund established within such association under section 106A shall be applied or disposed of in such manner as the Secretary may approve or prescribe, except that such amount shall, to the extent necessary, first be applied or used for the purposes therefor prescribed in such section.

[(d)(1)(A) If an Account is established for an association under subsection (b)(2), then the Secretary shall require (in lieu of any requirement under section 106A(d)(1)) that each producer of the kind of tobacco involved whose farm is within such association's area shall, as a condition of eligibility for price support, agree, with respect to all of such kind of tobacco marketed by the producer from the farm, to pay to the Corporation, for deposit in such association's Account, marketing assessments as determined under paragraph (2) and collected under paragraph (3).

[(B) The Secretary shall also require (in lieu of any requirement under section 106A(d)(1)) that each purchaser of Flue-cured and Burley quota tobacco shall pay to the Corporation, for deposit in the Account of such association, an assessment, as determined under paragraph (2) and collected under paragraph (3), with respect to purchases of all such kind of tobacco marketed by a producer from a farm (including purchases of such tobacco from the 1986 and subsequent crops from the association).

[(C) The Secretary shall also require (in lieu of any requirement under section 106A(d)(1)) that each importer of Flue-cured and Burley tobacco shall pay to the Corporation, for deposit in the Account of the association, an assessment, as determined under paragraph (2) and collected under paragraph (3), with respect to purchases of all such kinds of tobacco imported by the importer.

[(2)(A) For purposes of paragraph (1), the Secretary shall determine and adjust from time to time, in consultation with such association, the amount of the marketing assessment which shall be imposed, as a condition of eligibility for price support, on each pound of the kind of tobacco involved marketed by a producer from a farm within such association's area and the amount of the assessment to be paid by purchasers of tobacco. The amount of the assessment to be paid by producers and purchasers shall be determined in such a manner that producers and purchasers share equally, to the maximum extent practicable, in maintaining the Account of an association. In making such determination with respect to the assessment of a purchaser, only 1985 and subsequent crops of Flue-cured and Burley quota tobacco shall be taken into account. The amount of the assessment shall be equal to an amount which, when collected, will result in an accumulation of an Account for such association adequate to reimburse the Corporation for any net losses which the Corporation may sustain under its loan agreements with such association, based on reasonable estimates of the amounts which the Corporation will lend to such association under such agreements and the proceeds which will be realized from the sales of the kind of tobacco involved which are pledged to the Corporation by such association as security for loans. Notwithstanding the foregoing provisions of this paragraph, the amount of any assessment that is determined by the Secretary for the 1986 and subsequent crops of Burley quota tobacco shall be determined without

regard to any net losses that the Corporation may sustain under the loan agreements of the Corporation with such association with respect to the 1983 crop of such tobacco.

[(C) The amount of the assessment to be paid by importers shall be an amount that is equal to the product obtained by multiplying—

[(i) the number of pounds of tobacco that is imported by the importer; by

[(ii) the sum of the amount of per pound producer and purchaser assessments that are payable by domestic producers and purchasers of the respective kind of tobacco under this paragraph.

[(3)(A) Except as provided in subparagraphs (B) and (C), any assessment to be paid by a producer or a purchaser under paragraph (1) shall be collected from the person who acquired the tobacco involved from such producer, except that if the tobacco is marketed by sale, an amount equal to the producer assessment may be deducted by the purchaser from the price paid to such producer.

[(B) If tobacco of the kind for which an Account is established is marketed by a producer through a warehouseman or agent, both the producer and the purchaser assessment shall be collected from such warehouseman or agent, who may—

[(i) deduct an amount equal to the producer assessment from the price paid to the producer; and

[(ii) add an amount equal to the purchaser assessment to the price paid by the purchaser.

[(C) If tobacco of the kind for which an Account is established is marketed by a producer directly to any person outside the United States, both the producer and the purchaser assessment shall be collected from the producer, who may add an amount equal to the purchaser assessment to the price paid by the purchaser.

[(D) If Flue-cured or Burley tobacco is imported by an importer, any importer assessment required by subsection (d) shall be collected from the importer.

[(e) Amounts deposited in an Account established for an association shall be used by the Secretary for the purpose of ensuring, insofar as practicable, that the Corporation under its loan agreements with such association will suffer, with respect to the crop involved, no net losses (including, but not limited to, recovery of the amount of loans extended to cover the overhead costs of the association), after any net gains are applied to net losses of the Corporation pursuant to subsection (h).

[(f) The Secretary shall provide, in any loan agreement between the Corporation and an association for which an Account has been established under subsection (b)(2), that if the Secretary determines that the amount in such Account or the net gains referred to in subsection (h) exceed the amounts necessary for the purposes of this section, then the Secretary, in consultation with such association, may suspend the payment and collection of marketing assessments under this section upon terms and conditions established by the Secretary.

[(g) With respect to any association for which an Account is established under subsection (b)(2), if a loan agreement between the Corporation and such association is terminated, if such association

is dissolved or merges with another association that has entered into a loan agreement with the Corporation to make price support available to producers of the kind of tobacco involved, or if such Account terminates by operation of law, then amounts in such Account and the net gains referred to in subsection (h) shall be applied to or disposed of in such manner as the Secretary may prescribe, except that they shall, to the extent necessary, first be applied to or used for the purposes therefor prescribed in this section.

[(h) The provisions of section 106A(d)(5) relating to net gains shall apply to any loan agreement between an association and the Corporation entered into upon or after the establishment of an Account for such association under subsection (b)(2).

[(i) The Secretary shall issue regulations necessary to carry out the provisions of this section.

[(j)(1)(A) Each person who fails to collect any assessment as required by subsection (d)(3) and remit such assessment to the Corporation, at such time and in such manner as may be prescribed by the Secretary, shall be liable, in addition to any amount due, to a marketing penalty at a rate equal to 75 percent of the average market price (calculated to the nearest whole cent) for the kind of tobacco involved for the immediately preceding year on the quantity of tobacco as to which the failure occurs.

[(B) Each importer who fails to pay to the Corporation an assessment as required by subsection (d) at such time and in such manner as may be prescribed by the Secretary, shall be liable, in addition to any amount due, to a marketing penalty at a rate equal to 75 percent of the average market price (calculated to the nearest whole cent) for the respective kind of tobacco for the immediately preceding year on the quantity of tobacco as to which the failure occurs.

[(C) The Secretary may reduce any such marketing penalty in such amount as the Secretary determines equitable in any case in which the Secretary determines that the failure was unintentional or without knowledge on the part of the person concerned.

[(D) Any penalty provided for under this paragraph shall be assessed by the Secretary after notice and opportunity for a hearing.

[(2)(A) Any person against whom a penalty is assessed under this subsection may obtain review of such penalty in an appropriate district court of the United States by filing a civil action in such court not later than 30 days after such penalty is imposed.

[(B) The Secretary shall promptly file in such court a certified copy of the record on which the penalty is based.

[(3) The district courts of the United States shall have jurisdiction to review and enforce any penalty imposed under this subsection.

[(4) An amount equivalent to any penalty collected by the Secretary under this subsection shall be transmitted by the Secretary to the Corporation, for deposit in the Account of the appropriate association.

[(5) The remedies provided in this subsection shall be in addition to, and not exclusive of, other remedies that may be available.

[SEC. 107. Notwithstanding the provisions of section 101 of this Act, beginning with the 1964 crop—

[(1) Price support for wheat accompanied by domestic certificates shall be at such level not less than 65 per centum or more than 90 per centum of the parity price therefor as the Secretary determines appropriate, taking into consideration the factors specified in section 401(b).

[(2) Price support for wheat accompanied by export certificates shall be at such level not more than 90 per centum of the parity price therefor as the Secretary determines appropriate, taking into consideration the factors specified in section 401(b).

[(3) Price support for wheat not accompanied by marketing certificates shall be at such level, not in excess of 90 per centum of the parity price therefor, as the Secretary determines appropriate, taking into consideration competitive world prices of wheat, the feeding value of wheat in relation to feed grains, and the level at which price support is made available for feed grains.

[(4) Price support shall be made available only to cooperators: and, if a commercial wheat-producing area is established for such crop, price support shall be made available only in the commercial wheat-producing area.

[(5) Effective with respect to crops planted for harvest in the calendar year 1966 and any subsequent year, the level of price support for any crop of wheat for which a national marketing quota is not proclaimed or for which marketing quotas have been disapproved by producers shall be as provided in section 101.

[(6) A "cooperator" with respect to any crop of wheat produced on a farm shall be a producer who (i) does not knowingly exceed (A) the farm acreage allotment for wheat on the farm or (B) except as the Secretary may by regulation prescribe, the farm acreage allotment for wheat on any other farm on which the producer shares in the production of wheat, and (ii) complies with the land-use requirements of section 339 of the Agricultural Adjustment Act of 1938, as amended, to the extent prescribed by the Secretary. Effective with respect to crops planted for harvest in the calendar year 1966 and any subsequent year, if marketing quotas are not in effect for the crop of wheat, a "cooperator" with respect to any crop of wheat produced on a farm shall be a producer who does not knowingly exceed the farm acreage allotment for wheat. No producer shall be deemed to have exceeded a farm acreage allotment for wheat if the entire amount of the farm marketing excess is delivered to the Secretary or stored in accordance with applicable regulations to avoid or postpone payment of the penalty, but the producer shall not be eligible to receive price support on such marketing excess. No producer shall be deemed to have exceeded the farm acreage allotment for wheat on any other farm, if such farm is exempt from the marketing quota for such crop under section 335. No producer shall be deemed to have exceeded a farm acreage allotment for wheat if the production on the acreage in excess of the farm acreage allotment is stored pursuant to the provisions of section 379c(b), but the producer shall not be eligible to receive support on the wheat so stored.

[SEC. 107B. LOANS, PAYMENTS, AND ACREAGE REDUCTION PROGRAMS FOR THE 1991 THROUGH 1995 CROPS OF WHEAT.

[(a) LOANS AND PURCHASES.—

[(1) IN GENERAL.—Except as otherwise provided in this subsection, the Secretary shall make available to producers on a farm loans and purchases for each of the 1991 through 1995 crops of wheat produced on the farm at such level as the Secretary determines will maintain the competitive relationship of wheat to other grains in domestic and export markets after taking into consideration the cost of producing wheat, supply and demand conditions, and world prices for wheat.

[(2) MINIMUM LOAN AND PURCHASE LEVEL.—Except as provided in paragraphs (3) and (4), the loan and purchase level determined under paragraph (1) shall not be less than 85 percent of the simple average price received by producers of wheat, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of wheat, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period, except that the loan and purchase level for a crop determined under this paragraph may not be reduced by more than 5 percent from the level determined for the preceding crop.

[(3) ADJUSTMENTS TO SUPPORT LEVEL.—

[(A) STOCKS TO USE RATIO.—If the Secretary estimates for any marketing year that the ratio of ending stocks of wheat to total use for the marketing year will be—

[(i) equal to or greater than 30 percent, the Secretary may reduce the loan and purchase level for wheat for the corresponding crop by an amount not to exceed 10 percent in any year;

[(ii) less than 30 percent but not less than 15 percent, the Secretary may reduce the loan and purchase level for wheat for the corresponding crop by an amount not to exceed 5 percent in any year; or

[(iii) less than 15 percent, the Secretary may not reduce the loan and purchase level for wheat for the corresponding crop.

[(B) REPORT TO CONGRESS.—

[(i) IN GENERAL.—If the Secretary adjusts the level of loans and purchases for wheat under subparagraph (A), 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—

[(I) certifying such adjustment as necessary to prevent the accumulation of stocks and to retain market share; and

[(II) containing a description of the need for such adjustment.

[(ii) EFFECTIVE DATE OF ADJUSTMENT.—The adjustment shall become effective no earlier than 60 calendar days after the date of submission of the report to the Committees, except that in the case of the 1991

crop of wheat, the adjustment shall become effective on the date of the submission of the report.

[(C) COMPETITIVE POSITION.—Notwithstanding subparagraph (A), if the Secretary determines, not later than 60 days prior to the beginning of a marketing year for a crop, that the effective loan rate established for such crop will not maintain a competitive market position for wheat, the Secretary may reduce the loan and purchase level for wheat for the marketing year by an amount, in addition to any reduction under subparagraph (A), not to exceed 10 percent in any year.

[(D) NO EFFECT ON FUTURE YEARS.—Any reduction in the loan and purchase level for wheat under this paragraph shall not be considered in determining the loan and purchase level for wheat for subsequent years.

[(E) MINIMUM LOAN RATE.—Notwithstanding subparagraph (A), the loan rate for wheat shall not be less than $2.44 per bushel, unless such rate would exceed 80 percent of the 5-year average market price determination.

[(4) MARKETING LOAN PROVISIONS.—

[(A) IN GENERAL.—The Secretary may permit a producer to repay a loan made under this subsection for a crop at a level (except as provided in subparagraph (C)) that is the lesser of—

[(i) the loan level determined for the crop;

[(ii) the higher of—

[(I) 70 percent of such level;

[(II) if the loan level for a crop was reduced under paragraph (3), 70 percent of the loan level that would have been in effect but for the reduction under paragraph (3); or

[(iii) the prevailing world market price for wheat (adjusted to United States quality and location), as determined by the Secretary.

[(B) PREVAILING WORLD MARKET PRICE.—If the Secretary permits a producer to repay a loan in accordance with subparagraph (A), the Secretary shall prescribe by regulation—

[(i) a formula to determine the prevailing world market price for wheat, adjusted to United States quality and location; and

[(ii) a mechanism by which the Secretary shall announce periodically the prevailing world market price for wheat.

[(C) ALTERNATIVE REPAYMENT RATES.—For each of the 1991 through 1995 crops of wheat, if the world market price for wheat (adjusted to United States quality and location) as determined by the Secretary, is less than the loan level determined for the crop, the Secretary may permit a producer to repay a loan made under this subsection for a crop at such level (not in excess of the loan level determined for the crop) as the Secretary determines will—

[(i) minimize potential loan forfeitures;

[(ii) minimize the accumulation of wheat stocks by the Federal Government;

[(iii) minimize the cost incurred by the Federal Government in storing wheat; and

[(iv) allow wheat produced in the United States to be marketed freely and competitively, both domestically and internationally.

[(5) SIMPLE AVERAGE PRICE.—For purposes of this section, the simple average price received by producers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

[(b) LOAN DEFICIENCY PAYMENTS.—

[(1) IN GENERAL.—The Secretary may, for each of the 1991 through 1995 crops of wheat, make payments (hereafter in this section referred to as "loan deficiency payments") available to producers who, although eligible to obtain a loan or purchase agreement under subsection (a), agree to forgo obtaining the loan or agreement in return for payments under this subsection.

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

[(A) the loan payment rate; by

[(B) the quantity of wheat the producer is eligible to place under loan (or obtain a purchase agreement) but for which the producer forgoes obtaining the loan or agreement in return for payments under this subsection.

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

[(A) the loan level determined for the crop under subsection (a); exceeds

[(B) the level at which a loan may be repaid under subsection (a).

[(c) PAYMENTS.—

[(1) DEFICIENCY PAYMENTS.—

[(A) IN GENERAL.—The Secretary shall make available to producers payments (hereafter in this section referred to as "deficiency payments") for each of the 1991 through 1995 crops of wheat in an amount computed by multiplying—

[(i) the payment rate; by

[(ii) the payment acres for the crop; by

[(iii) the farm program payment yield established for the crop for the farm.

[(B) PAYMENT RATE.—

[(i) PAYMENT RATE FOR 1991 THROUGH 1993 CROPS.—The payment rate for each of the 1991 through 1993 crops of wheat shall be the amount by which the established price for the crop of wheat exceeds the higher of—

[(I) the national weighted average market price received by producers during the first 5 months of the marketing year for the crop, as determined by the Secretary; or

[(II) the loan level determined for the crop, prior to any adjustment made under subsection (a)(3) for the marketing year for the crop of wheat.

[(ii) PAYMENT RATE OF 1994 AND 1995 CROPS.—The payment rate for each of the 1994 and 1995 crops of wheat shall be the amount by which the established price for the crop of wheat exceeds the higher of—

[(I) the lesser of—

[(aa) the national weighted average market price received by producers during the marketing year for the crop, as determined by the Secretary; or

[(bb) the national weighted average market price received by producers during the first 5 months of the marketing year for the crop, as determined by the Secretary, plus 10 cents per bushel; or

[(II) the loan level determined for the crop, prior to any adjustment made under subsection (a)(3) for the marketing year for the crop of wheat.

[(iii) MINIMUM ESTABLISHED PRICE.—The established price for wheat shall not be less than $4.00 per bushel for each of the 1991 through 1995 crops.

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

[(i) the number of acres planted to the crop for harvest within the permitted acreage; or

[(ii) 85 percent of the crop acreage base for the crop for the farm less the quantity of reduced acreage (as determined under subsection (e)(2)(D)).

[(D) EMERGENCY COMPENSATION.—

[(i) IN GENERAL.—Notwithstanding the foregoing provisions of this section, if the Secretary adjusts the level of loans and purchases for wheat under subsection (a)(3), the Secretary shall provide emergency compensation by increasing the deficiency payments for wheat by such amount as the Secretary determines necessary to provide the same total return to producers as if the adjustment in the level of loans and purchases had not been made.

[(ii) CALCULATION.—In determining the payment rate, per bushel, for emergency compensation payments for a crop of wheat under this subparagraph, the Secretary shall use the national weighted average market price, per bushel of wheat, received by producers during the marketing year for the crop, as determined by the Secretary.

[(iii) DEADLINES FOR ESTIMATES AND AVAILABILITY.—Notwithstanding any other provision of this Act, the Secretary shall—

[(I) by December 1 of the marketing year for the crop, estimate the national weighted average market price, per bushel of wheat, received by producers during the marketing year;

[(II) by December 15 of the marketing year, use the estimate to make available to producers who have elected the payment option authorized by this clause not less than 75 percent of the increase in payments estimated to be payable with respect to the crop under this subparagraph; and

[(III) adjust the amount of each final payment for wheat to reflect any difference between the amount of any estimated payment made under this clause and the amount of actual payment due under this subparagraph.

[(iv) TIME FOR ELECTING PAYMENT OPTION.—Producers shall elect the payment option authorized by clause (iii) at the time of entering into a contract to participate in the program established by this section for the crop.

[(E) 0/85 PROGRAM.—

[(i) IN GENERAL.—If an acreage limitation program under subsection (e)(2) is in effect for a crop of wheat and the producers on a farm devote a portion of the maximum payment acres for wheat as calculated under subparagraph (C)(ii) of the farm equal to more than 8 percent for each of the 1991 through 1993 crops, and 15 percent for each of the 1994 through 1997 crops (except as provided in clause (vii)), of such wheat acreage of the farm for the crop to conservation uses (except as provided in subparagraph (F))—

[(I) such portion of the maximum payment acres in excess of 8 percent for each of the 1991 through 1993 crops, and 15 percent for each of the 1994 through 1997 crops (except as provided in clause (vii)), of such acreage devoted to conservation uses (except as provided in subparagraph (F)) shall be considered to be planted to wheat for the purpose of determining the acreage on the farm required to be devoted to conservation uses in accordance with subsection (e)(2)(D); and

[(II) the producers shall be eligible for payments under this paragraph with respect to such acreage.

[(ii) DEFICIENCY PAYMENTS.—Notwithstanding any other provision of this section, any producer who devotes a portion of the maximum payment acres for wheat for the farm to conservation uses (or other uses as provided in subparagraph (F)) under this subparagraph shall receive deficiency payments on the acreage that is considered to be planted to wheat and eligible for payments under this subparagraph for the crop at a per-bushel rate established by the Secretary, except that the rate may not be established at less than the projected deficiency payment rate for the crop, as determined by the Secretary. Such projected payment rate for the crop shall be announced by the Secretary

prior to the period during which wheat producers may agree to participate in the program for the crop.

[(iii) ADVERSE EFFECT ON AGRIBUSINESS AND OTHER INTERESTS.—The Secretary shall implement this subparagraph in such a manner as to minimize the adverse effect on agribusiness and other agriculturally related economic interests within any county, State, or region. In carrying out this subparagraph, the Secretary is authorized to restrict the total quantity of wheat acreage that may be taken out of production under this subparagraph, taking into consideration the total quantity of acreage that has or will be removed from production under other price support, production adjustment, or conservation program activities. No restrictions on the quantity of acreage that may be taken out of production in accordance with this subparagraph in a crop year shall be imposed in the case of a county in which producers were eligible to receive disaster emergency loans under section 321 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961) as a result of a disaster that occurred during the crop year.

[(iv) CROP ACREAGE AND PAYMENT YIELD.—The wheat crop acreage base and wheat farm program payment yield of the farm shall not be reduced due to the fact that a portion of the permitted wheat acreage of the farm was devoted to conserving uses (except as provided in subparagraph (F)) under this subparagraph.

[(v) LIMITATION.—Other than as provided in clauses (i) through (iv), payments may not be made under this paragraph for any crop on a greater acreage than the acreage actually planted to wheat.

[(vi) CONSERVATION USE ACREAGE UNDER OTHER PROGRAMS.—Any acreage considered to be planted to wheat in accordance with clauses (i) and (iv) may not also be designated as conservation use acreage for the purpose of fulfilling any provisions under any acreage limitation or land diversion program requiring that the producers devote a specified acreage to conservation uses.

[(vii) EXCEPTIONS TO 0/85.—In the case of each of the 1994 through 1997 crops of wheat, producers on a farm shall be eligible to receive deficiency payments as provided in clause (ii) if an acreage limitation program under subsection (e) is in effect for the crop and—

[(I)(aa) the producers have been determined by the Secretary (in accordance with section 503(c)) to be prevented from planting the crop or have incurred a reduced yield for the crop (due to a natural disaster); and

[(bb) the producers elect to devote a portion of the maximum payment acres for wheat (as calculated under subparagraph (C)(ii)) equal to more

than 8 percent of the wheat acreage, to conservation uses; or

[(II) the producers elect to devote a portion of the maximum payment acres for wheat (as calculated under subparagraph (C)(ii)) equal to more than 8 percent of the wheat acreage, to alternative crops as provided in subparagraph (F).

[(F) ALTERNATIVE CROPS.—

[(i) INDUSTRIAL AND OTHER CROPS.—The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of acreage otherwise required to be devoted to conservation uses as a condition of qualifying for payments under subparagraph (E) to be devoted to sweet sorghum, guar, castor beans, plantago ovato, triticale, rye, millet, mung beans, commodities for which no substantial domestic production or market exists but that could yield industrial raw material being imported, or likely to be imported, into the United States, or commodities grown for experimental purposes (including kenaf and milkweed), subject to the following sentence. The Secretary may permit the acreage to be devoted to the production only if the Secretary determines that—

[(I) the production is not likely to increase the cost of the price support program; and

[(II) the production is needed to provide an adequate supply of the commodity, or, in the case of commodities for which no substantial domestic production or market exists but that could yield industrial raw materials, the production is needed to encourage domestic manufacture of the raw material and could lead to increased industrial use of the raw material to the long-term benefit of United States industry.

[(ii) OILSEEDS.—The Secretary shall permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of acreage otherwise required to be devoted to conservation uses as a condition of qualifying for payments under subparagraph (E) to be devoted to sunflowers, rapeseed, canola, safflower, flaxseed, mustard seed, sesame, crambe, and other minor oilseed designated by the Secretary (excluding soybeans). In implementing this clause, the Secretary shall provide that, in order to receive payments under subparagraph (E), the producers shall agree to forgo eligibility to receive a loan under section 205 for the crop of any such oilseed produced on the farm.

[(iii) DOUBLE CROPPING.—The Secretary shall permit, subject to such terms and conditions as the Secretary may prescribe, all or any portion of the acreage otherwise required to be devoted to conservation uses as a condition of qualifying for payments under subparagraph (E) that is devoted to an industrial, oilseed, or other crop pursuant to clause (i) or (ii) to be subse-

quently planted during the same crop year to any crop described in subparagraph (B), (C), or (D) of section 504(b)(1). The planting of soybeans as such subsequently planted crop shall be limited to farms determined by the Secretary to have an established history of double cropping soybeans during at least 3 of the preceding 5 years. In implementing this clause, the Secretary shall require producers to agree to forego eligibility to receive loans under this Act for the crop of the subsequently planted crop that is produced on a farm under this clause.

[(2) CROP INSURANCE REQUIREMENT.—A producer shall obtain catastrophic risk protection insurance coverage in accordance with section 427.

[(d) PAYMENT YIELDS.—The farm program payment yields for farms for each crop of wheat shall be determined under title V.

[(e) ACREAGE REDUCTION PROGRAMS.—

[(1) IN GENERAL.—

[(A) ESTABLISHMENT.—Notwithstanding any other provision of this Act, if the Secretary determines that the total supply of wheat, in the absence of an acreage limitation program, will be excessive taking into account the need for an adequate carry-over to maintain reasonable and stable supplies and prices and to meet a national emergency, the Secretary may provide for any crop of wheat an acreage limitation program as described in paragraph (2).

[(B) AGRICULTURAL RESOURCES CONSERVATION PROGRAM.—In making a determination under subparagraph (A), the Secretary shall take into consideration the number of acres placed in the agricultural resources conservation program established under subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3831 et seq.).

[(C) ANNOUNCEMENTS.—If the Secretary elects to implement an acreage limitation program for any crop year, the Secretary shall announce any such program not later than June 1 prior to the calendar year in which the crop is harvested, except that in the case of the 1991 crop, the Secretary shall announce the program as soon as practicable after the date of enactment of this section.

[(D) ADJUSTMENTS.—Not later than July 31 of the year previous to the year in which the crop is harvested, the Secretary may make adjustments in the program announced under subparagraph (C) if the Secretary determines that there has been a significant change in the total supply of wheat since the program was first announced.

[(E) COMPLIANCE.—As a condition of eligibility for loans, purchases, and payments for any such crop of wheat, except as provided in subsections (f) and (g) and section 504, the producers on a farm must comply with the terms and conditions of the acreage limitation program and, if applicable, a land diversion program as provided in paragraph (5).

[(F) ACREAGE LIMITATION PROGRAM FOR 1991 CROP.—In the case of the 1991 crop of wheat, the Secretary shall pro-

vide for an acreage limitation program (as described in paragraph (2)) under which the acreage planted to wheat for harvest on a farm would be limited to the wheat crop acreage base for the farm for the crop reduced by not less than 15 percent.

[(G) ACREAGE LIMITATION PROGRAMS FOR 1992 THROUGH 1995 CROPS.—In the case of each of the 1992 through 1995 crops of wheat, if the Secretary estimates for a marketing year for the crop that the ratio of ending stocks of wheat to total disappearance of wheat for the preceding marketing year will be—

[(i) more than 40 percent, the Secretary shall provide for an acreage limitation program (as described in paragraph (2)) under which the acreage planted to wheat for harvest on a farm would be limited to the wheat crop acreage base for the farm for the crop reduced by not less than 10 percent nor more than 20 percent; or

[(ii) equal to or less than 40 percent, the Secretary may provide for such an acreage limitation program under which the acreage planted to wheat for harvest on a farm would be limited to the wheat crop acreage base for the farm for the crop reduced by not more than 0 to 15 percent.

For the purpose of this subparagraph, the term "total disappearance" means all wheat utilization, including total domestic, total export, and total residual disappearance.

[(2) ACREAGE LIMITATION PROGRAM.—

[(A) PERCENTAGE REDUCTIONS.—Except as provided in paragraph (3), if a wheat acreage limitation program is announced under paragraph (1), such limitation shall be achieved by applying a uniform percentage reduction (from 0 to 20 percent) to the wheat crop acreage base for the crop for each wheat-producing farm.

[(B) COMPLIANCE.—Except as provided in subsection (g) and section 504, producers who knowingly produce wheat in excess of the permitted wheat acreage for the farm shall be ineligible for wheat loans, purchases, and payments with respect to that farm.

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

[(D) ACREAGE DEVOTED TO CONSERVATION USES.—A number of acres on the farm shall be devoted to conservation uses, in accordance with regulations issued by the Secretary. Such number shall be determined by multiplying the wheat crop acreage base by the percentage reduction required by the Secretary. The number of acres so determined is hereafter in this subsection referred to as "reduced acreage". The remaining acreage is hereafter in this subsection referred to as "permitted acreage". Permitted acreage may be adjusted by the Secretary as provided in paragraph (3) and in section 504.

[(E) INDIVIDUAL FARM PROGRAM ACREAGE.—Except as otherwise provided in subsection (c), the individual farm

program acreage shall be the acreage planted on the farm to wheat for harvest within the permitted wheat acreage for the farm as established under this paragraph.

[(F) PLANTING DESIGNATED CROPS ON REDUCED ACREAGE.—

[(i) DEFINITION OF DESIGNATED CROP.—As used in this subparagraph, the term "designated crop" means a crop defined in section 504(b)(1), excluding any program crop as defined in section 502(3).

[(ii) IN GENERAL.—Subject to clause (iii), the Secretary may permit producers on a farm to plant a designated crop on no more than one-half of the reduced acreage on the farm.

[(iii) LIMITATIONS.—If the producers on a farm elect to plant a designated crop on reduced acreage under this subparagraph—

[(I) the amount of the deficiency payment that the producers are otherwise eligible to receive under subsection (c) shall be reduced, for each acre (or portion thereof) that is planted to the designated crop, by an amount equal to the deficiency payment that would be made with respect to a number of acres of the crop that the Secretary considers appropriate, except that if the producers on the farm are participating in a program established for more than one program crop, the amount of the reduction shall be determined by prorating the reduction based on the acreage planted or considered planted on the farm to all of such program crops; and

[(II) the Secretary shall ensure that reductions in deficiency payments under subclause (I) are sufficient to ensure that this subparagraph will result in no additional cost to the Commodity Credit Corporation.

[(3) TARGETED OPTION PAYMENTS.—

[(A) IN GENERAL.—Notwithstanding any other provision of this section, if the Secretary implements an acreage limitation program with respect to any of the 1991 through 1995 crops of wheat, the Secretary may make available to producers on a farm who do not receive payments under subsection (c)(1)(E) for such crop on the farm, adjustments in the level of deficiency payments that would otherwise be made available to the producers if the producers exercise the payment options provided in this paragraph.

[(B) PAYMENT OPTIONS.—If the Secretary elects to carry out this paragraph, the Secretary shall make the payment options specified in subparagraphs (C) and (D) available to producers who agree to make adjustments in the quantity of acreage diverted from the production of wheat under an acreage limitation program in accordance with this paragraph.

[(C) INCREASED ACREAGE LIMITATION OPTION.—

[(i) INCREASE IN ESTABLISHED PRICE.—If the Secretary elects to carry out this paragraph, a producer shall be eligible to receive an increase in the established price for wheat under clause (ii) if the producer agrees to an increase in the acreage limitation percentage to be applied to the producers' wheat acreage base above the acreage limitation percentage announced by the Secretary.

[(ii) METHOD OF CALCULATION.—For the purposes of calculating deficiency payments to be made available to producers who participate in the program under this paragraph, the Secretary shall increase the established price for wheat by an amount determined by the Secretary, but not less than 0.5 percent, nor more than 1 percent, for each 1 percentage point increase in the acreage limitation percentage applied to the producers' wheat acreage base.

[(iii) LIMITATION.—The acreage limitation percentage to be applied to the producers' wheat acreage base shall not be increased by more than 10 percentage points for the 1991 crop and 15 percentage points for each of the 1992 through 1995 crops above the acreage limitation percentage announced by the Secretary for the crop or above 25 percent total for the crop.

[(D) DECREASED ACREAGE LIMITATION OPTION.—

[(i) DECREASE IN ACREAGE LIMITATION REQUIREMENT.—If the Secretary elects to carry out this paragraph, a producer shall be eligible to decrease the acreage limitation percentage applicable to the producers' wheat acreage base (as announced by the Secretary) if the producer agrees to a decrease in the established price for wheat under clause (ii) for the purpose of calculating deficiency payments to be made available to the producer.

[(ii) METHOD OF CALCULATION.—For the purposes of calculating deficiency payments to be made available to producers who choose the option set forth in this subparagraph, the Secretary shall decrease the established price for wheat by an amount to be determined by the Secretary, but not less than 0.5 percent, nor more than 1 percent, for each 1 percentage point decrease in the acreage limitation percentage applied to the producers' wheat acreage base.

[(iii) LIMITATION.—A producer may not choose to decrease the acreage limitation percentage applicable to the producers' wheat acreage base under this paragraph by more than one-half of the announced acreage limitation percentage.

[(E) PARTICIPATION AND PRODUCTION EFFECTS.—Notwithstanding any other provision of this paragraph, the Secretary shall, to the extent practicable, ensure that the program provided for in this paragraph does not have a significant effect on program participation or total production and shall be offered in such a manner that the

Secretary determines will result in no additional budget outlays. The Secretary shall provide an analysis of the Secretary's determination to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

[(4) ADMINISTRATION.—

[(A) PROTECTION FROM WEEDS AND EROSION.—The regulations issued by the Secretary under paragraph (2) with respect to acreage required to be devoted to conservation uses shall assure protection of the acreage from weeds and wind and water erosion.

[(B) ANNUAL OR PERENNIAL COVER.—

[(i) REQUIRED.—

[(I) IN GENERAL.—Except as provided in subclause (II) and paragraph (2), a producer who participates in an acreage reduction program established for a crop of wheat under this subsection shall be required to plant to, or maintain as, an annual or perennial cover 50 percent (or more at the option of the producer) of the acreage that is required to be removed from the production of wheat, but not to exceed 5 percent (or more at the option of the producer) of the crop acreage base established for the crop.

[(II) ARID AREAS.—Subclause (I) shall not apply with respect to arid areas (including summer fallow areas), as determined by the Secretary. If the Secretary determines any county in a State to be arid, the respective State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) may designate any other county or counties or all of the State as arid for the purposes of this paragraph.

[(III) APPROVAL OF COVER CROPS AND PRACTICES.—The State committee, after receiving recommendations from the county committees, shall approve appropriate crops planted or maintained as cover, including, as appropriate, annual or perennial native grasses and legumes or other vegetation. The State committee shall establish the final seeding date for the planting of the cover and shall approve appropriate cover crops or practices, after consulting the Soil Conservation Service State Conservationist regarding whether the crops or practices will sufficiently protect the land from weeds and wind and water erosion. After the Secretary establishes the State technical committee for the State pursuant to section 1261 of the Food Security Act of 1985 (16 U.S.C. 3861), the State committee shall consult with the technical committee (rather than the Soil Conservation Service State Conservationist) regarding whether the

crops or practices will sufficiently protect the land from weeds and wind and water erosion.

[(ii) MULTIYEAR PROGRAM.—

[(I) COST-SHARE ASSISTANCE.—If a producer elects to establish a perennial cover capable of improving water quality or wildlife habitat on the acreage, the Commodity Credit Corporation shall make available cost-share assistance for 25 percent of the approved cost of establishing the cover on not more than 50 percent of the acreage that is required to be diverted from production, but not to exceed 5 percent (or more, at the option of the producer) of the crop acreage base established for a crop.

[(II) AGREEMENT OF PRODUCER.—If a producer elects to establish a perennial cover on the acreage under this subparagraph and receives cost-share assistance from the Corporation with respect to the cover, the producer, under such terms and conditions as may be prescribed by the Secretary, taking into consideration guidelines established by the State technical committees established in subtitle G of title XII of the Food Security Act of 1985, shall agree to maintain the perennial cover for a minimum of 3 years.

[(iii) CONSERVING CROPS.—The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of the acreage to be devoted to sweet sorghum, guar, sesame, castor beans, crambe, plantago ovato, triticale, rye, mung beans, milkweed, or other commodity, if the Secretary determines that the production is needed to provide an adequate supply of the commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

[(C) HAYING AND GRAZING.—

[(i) IN GENERAL.—Except as provided in clause (ii), haying and grazing of reduced acreage, acreage devoted to a conservation use under subsection (c)(1)(E), and acreage diverted from production under a land diversion program established under this section shall be permitted, except during any consecutive 5-month period that is established by the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for a State. The 5-month period shall be established during the period beginning April 1, and ending October 31, of a year.

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

[(D) WATER STORAGE USES.—

[(i) IN GENERAL.—The regulations issued by the Secretary under paragraph (2) with respect to acreage required to be devoted to conservation uses shall provide that land that has been converted to water storage uses shall be considered to be devoted to conservation uses if the land was devoted to wheat, feed grains, cotton, rice, or oilseeds in at least 3 of the immediately preceding 5 years. The land shall be considered to be devoted to conservation uses for the period that the land remains in water storage uses, but not to exceed 5 years subsequent to its conversion to water storage uses.

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

[(E) SUMMER FALLOW.—In determining the quantity of land to be devoted to conservation uses under an acreage limitation program with respect to land that has been farmed under summer fallow practices, as defined by the Secretary, the Secretary shall consider the effects of soil erosion and such other factors as the Secretary considers appropriate.

[(5) LAND DIVERSION PAYMENTS.—

[(A) IN GENERAL.—The Secretary may make land diversion payments to producers of wheat, whether or not an acreage limitation program for wheat is in effect, if the Secretary determines that the land diversion payments are necessary to assist in adjusting the total national acreage of wheat to desirable goals. The land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with the producers.

[(B) AMOUNTS.—The amounts payable to producers under land diversion contracts may be determined through the submission of bids for the contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

[(C) LIMITATION ON DIVERTED ACREAGE.—The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

[(6) CONSERVATION PRACTICES.—

[(A) WILDLIFE FOOD PLOTS OR HABITAT.—The reduced acreage and additional diverted acreage may be devoted to

wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of this subparagraph.

[(B) SOIL AND WATER CONSERVATION PRACTICES.—The Secretary may also pay an appropriate share of the cost of approved soil and water conservation practices (including practices that may be effective for a number of years) established by the producer on acreage required to be devoted to conservation uses or on additional diverted acreage.

[(C) PUBLIC ACCESSIBILITY.—The Secretary may provide for an additional payment on the acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

[(7) PARTICIPATION AGREEMENTS.—

[(A) IN GENERAL.—Producers on a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for the participation not later than such date as the Secretary may prescribe.

[(B) MODIFICATION OR TERMINATION.—The Secretary may, by mutual agreement with producers on a farm, modify or terminate any such agreement if the Secretary determines the action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities. The Secretary may modify the agreement under this subparagraph for the purpose of alleviating a shortage in the supply of agricultural commodities only if there has been a significant change in the estimated stocks of the commodity since the Secretary announced the final terms and conditions of the program for the crop of wheat.

[(8) SPECIAL OATS PLANTINGS.—In any crop year that the Secretary determines that projected domestic production of oats will not fulfill the projected domestic demand for oats, notwithstanding the foregoing provisions of this subsection, the Secretary—

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

[(B) may make program benefits (including loans, purchases, and payments) available under the annual program for oats under section 105B available to producers with respect to acreage planted to oats under this paragraph; and

[(C) shall not make program benefits other than the benefits specified in subparagraph (B) available to producers with respect to acreage planted to oats under this paragraph.

[(f) INVENTORY REDUCTION PAYMENTS.—

[(1) IN GENERAL.—The Secretary may, for each of the 1991 through 1995 crops of wheat, make payments available to producers who meet the requirements of this subsection.

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

[(3) PAYMENTS.—Payments under this subsection shall be determined in the same manner as provided in subsection (b).

[(4) ELIGIBILITY.—A producer shall be eligible to receive a payment under this subsection for a crop if the producer—

[(A) agrees to forgo obtaining a loan or purchase agreement under subsection (a);

[(B) agrees to forgo receiving payments under subsection (c);

[(C) does not plant wheat for harvest in excess of the crop acreage base reduced by one-half of any acreage required to be diverted from production under subsection (e); and

[(D) otherwise complies with this section.

[(g) PILOT VOLUNTARY PRODUCTION LIMITATION PROGRAM.—

[(1) IN GENERAL.—Effective for the 1992 or 1993 crops (and, if the Secretary so determines, the 1994 and 1995 crops), if a wheat acreage limitation program or a land diversion program is announced under subsection (e) for such crops, the Secretary shall carry out a pilot program in at least 15 counties in at least 2 States where producers express an interest in participating in the pilot program under which the producers on a farm shall be considered to have met the requirements of such acreage limitation or land diversion program if the producers meet the requirements of the voluntary production limitation program established under this subsection.

[(2) LIMITATION ON MARKETING.—In order to comply with the voluntary production limitation program, the producers on a farm must agree not to market, barter, donate, or use on the farm (including use as feed for livestock) in a marketing year a quantity of wheat in excess of the wheat production limitation quantity for the farm for the marketing year.

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

[(A) the acreage permitted to be planted to wheat under the acreage reduction program or land diversion program in effect for the crop for the farm; by

[(B) the higher of—

[(i) the farm program payment yield for the farm; or

[(ii) the average of the yield per harvested acre for wheat for the farm for each of the 5 crop years immediately preceding the crop year during which the producers first participate in the program established under this subsection, excluding the crop years with the highest and lowest yield per harvested acre and any crop year in which the commodity was not planted on the farm.

[(4) TERMS AND CONDITIONS.—Producers on a farm who elect to participate in the program established under this subsection for a crop of wheat shall—

[(A) enter into an agreement with the Secretary providing that the producers shall comply with the program for the crop;

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

[(C) be considered to have complied with the terms and conditions of the wheat acreage reduction program or land diversion program for the crop, even though the acreage planted to wheat on the farm exceeds the permitted acreage provided under the acreage reduction or land diversion program.

[(5) EXCESS PRODUCTION.—

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

[(B) MARKETING IN SUBSEQUENT YEAR.—

[(i) PARTICIPANTS IN PROGRAM.—Producers on a farm who are participating in the program established under this subsection may market, barter, or use a quantity of the excess wheat referred to in subparagraph (A) equal to the difference between the production limitation quantity for the farm for the crop year subsequent to the crop year in which the excess wheat is produced less the quantity of wheat produced on the farm during the crop year.

[(ii) PARTICIPANTS IN ACREAGE REDUCTION PROGRAM.—Producers on a farm who are participating in an acreage reduction or a land diversion program for a crop of wheat may market, barter, or use a quantity of the excess wheat referred to in subparagraph (A) in an amount that reflects the quantity of wheat that would be expected to be produced on acreage that the producers agree to devote to approved conservation uses (in excess of any acreage reduction or land diversion requirements) during a crop year, as determined by the Secretary.

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

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

[(B) may require increased acreage reduction or land diversion requirements with respect to producers who have had excess wheat production in order to allow the producers to market, barter, or use the production in subsequent years;

[(C) shall take appropriate measures designed to prevent the circumvention of the program established under this subsection, including the imposition of penalties;

[(D) may require producers who participate in the program for a crop, but who fail to comply with the terms and conditions of the program, to refund all or a part of any deficiency payments received with respect to the crop;

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

[(F) shall ensure equitable treatment for producers who participate in the pilot program if the Secretary allows increases (based on actual production levels) in the determination of farm program payment yields for wheat for the farm.

[(7) REPORT.—

[(A) IN GENERAL.—The Comptroller General of the United States shall prepare a report that evaluates the pilot program carried out under this subsection.

[(B) SUBMISSION.—The Comptroller General shall submit a copy of the report required by subparagraph (A) to the Committee on Agriculture of the House of Representatives, the Committee on Agriculture, Nutrition, and Forestry of the Senate, and the Secretary.

[(h) EQUITABLE RELIEF.—

[(1) LOANS, PURCHASES, AND PAYMENTS.—If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure. The Secretary may consider whether the producer made a good faith effort to comply fully with the terms and conditions of such program in determining whether equitable relief is warranted under this paragraph.

[(2) DEADLINES AND PROGRAM REQUIREMENTS.—The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

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

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

[(k) ASSIGNMENT OF PAYMENTS.—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 payments under this section.

[(l) SHARING OF PAYMENTS.—The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

[(m) TENANTS AND SHARECROPPERS.—The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

[(n) CROSS-COMPLIANCE.—

[(1) IN GENERAL.—Compliance on a farm with the terms and conditions of any other commodity program, or compliance with crop acreage base requirements for any other commodity, may not be required as a condition of eligibility for loans, purchases, or payments under this section.

[(2) COMPLIANCE ON OTHER FARMS.—The Secretary may not require producers on a farm, as a condition of eligibility for loans, purchases, or payments under this section for the farm, to comply with the terms and conditions of the wheat program with respect to any other farm operated by the producers.

[(o) PUBLIC COMMENT ON WHEAT PROGRAM.—

[(1) IN GENERAL.—In order to ensure that producers and consumers of wheat are provided with reasonable opportunity to comment on the annual program determinations concerning the price support and acreage reduction program for each of the 1992 and subsequent crops of wheat, the Secretary shall request public comment regarding the wheat program in accordance with this subsection.

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

[(3) ANALYSES.—Each option proposed by the Secretary shall be accompanied by an analysis that includes the estimated planted acreage, production, domestic and export use, ending stocks, season average producer price, program participation rate, and cost to the Federal Government that would likely result from each option.

[(4) ESTIMATES.—In announcing the program for a crop of wheat under this section, the Secretary shall include an estimate of the planted acreage, production, domestic and export use, ending stocks, season average producer price, program participation rate, and cost to the Federal Government that is expected to result from the program as announced.

[(p) SPECIAL PROVISIONS FOR WHEAT PLANTED IN 1990.—Effective with respect to producers of the 1991 crop of wheat that was planted in 1990, a producer may, when participating in the production adjustment program for the 1991 crop of wheat specified in this section elect to participate in the program with the following modifications:

[(1) DEFICIENCY PAYMENTS.—The producer's deficiency payment shall be the amount by which the established price for the crop of wheat exceeds the higher of—

[(A) the lesser of—

[(i) the national weighted average market price received by producers during the marketing year for the crop, as determined by the Secretary; or

[(ii) the national weighted average market price received by producers during the first 5 months of the

marketing year for the crop, as determined by the Secretary, plus 10 cents per bushel; or

[(B) the loan level determined for the crop, prior to any adjustment made under subsection (a)(3) for the marketing year for the crop of wheat.

[(2) PAYMENT ACRES.—The producer's payment acres shall be the lesser of—

[(A) the number of acres planted to the crop for harvest within the permitted acreage; or

[(B) 100 percent of the crop acreage base for the crop for the farm less the quantity of reduced acreage (as determined under subsection (e)(2)(D)).

[(q) CROPS.—Notwithstanding any other provision of law, this section shall be effective only for the 1991 through 1995 crops of wheat.

[SEC. 108B. PRICE SUPPORT PROGRAM FOR 1991 THROUGH 1997 CROPS OF PEANUTS.

[(a) QUOTA PEANUTS.—

[(1) IN GENERAL.—The Secretary shall make price support available to producers through loans, purchases, and other operations on quota peanuts for each of the 1991 through 1997 crops.

[(2) SUPPORT RATES.—The national average quota support rate for each of the 1991 through 1997 crops of quota peanuts shall be the national average quota support rate for the immediately preceding crop, adjusted to reflect any increase, during the calendar year immediately preceding the marketing year for the crop for which a level of support is being determined, in the national average cost of peanut production, excluding any change in the cost of land and the cost of any assessments required under subsection (g), except that in no event shall the national average quota support rate for any such crop exceed by more than 5 percent the national average quota support rate for the preceding crop.

[(3) INSPECTION, HANDLING, OR STORAGE.—The levels of support so announced shall not be reduced by any deductions for inspection, handling, or storage.

[(4) LOCATION AND OTHER FACTORS.—The Secretary may make adjustments for location of peanuts and such other factors as are authorized by section 403.

[(5) ANNOUNCEMENT.—The Secretary shall announce the level of support for quota peanuts of each crop not later than February 15 preceding the marketing year for the crop for which the level of support is being determined.

[(b) ADDITIONAL PEANUTS.—

[(1) IN GENERAL.—The Secretary shall make price support available to producers through loans, purchases, or other operations on additional peanuts for each of the 1991 through 1997 crops at such levels as the Secretary finds appropriate, taking into consideration the demand for peanut oil and peanut meal, expected prices of other vegetable oils and protein meals, and the demand for peanuts in foreign markets, except that the Secretary shall set the support rate on additional peanuts at a level estimated by the Secretary to ensure that there are no

losses to the Commodity Credit Corporation on the sale or disposal of the peanuts.

[(2) ANNOUNCEMENT.—The Secretary shall announce the level of support for additional peanuts of each crop not later than February 15 preceding the marketing year for the crop for which the level of support is being determined.

[(c) AREA MARKETING ASSOCIATIONS.—

[(1) WAREHOUSE STORAGE LOANS.—

[(A) IN GENERAL.—In carrying out subsections (a) and (b), the Secretary shall make warehouse storage loans available in each of the three producing areas (described in section 1446.95 of title 7 of the Code of Federal Regulations (January 1, 1989)) to a designated area marketing association of peanut producers that is selected and approved by the Secretary and that is operated primarily for the purpose of conducting the loan activities. The Secretary may not make warehouse storage loans available to any cooperative that is engaged in operations or activities concerning peanuts other than those operations and activities specified in this section and sections 358d and 358e of the Agricultural Adjustment Act of 1938.

[(B) ADMINISTRATIVE AND SUPERVISORY ACTIVITIES.—The area marketing associations shall be used in administrative and supervisory activities relating to price support and marketing activities under this section and sections 358d and 358e of the Agricultural Adjustment Act of 1938.

[(C) ASSOCIATION COSTS.—Loans made to the association under this paragraph shall include, in addition to the price support value of the peanuts, such costs as the area marketing association reasonably may incur in carrying out its responsibilities, operations, and activities under this section and sections 358d and 358e [108B–6] of the Agricultural Adjustment Act of 1938.

[(2) POOLS FOR QUOTA AND ADDITIONAL PEANUTS.—

[(A) IN GENERAL.—The Secretary shall require that each area marketing association establish pools and maintain complete and accurate records by area and segregation for quota peanuts handled under loan and for additional peanuts placed under loan, except that separate pools shall be established for Valencia peanuts produced in New Mexico. Bright hull and dark hull Valencia peanuts shall be considered as separate types for the purpose of establishing the pools.

[(B) NET GAINS.—Net gains on peanuts in each pool, unless otherwise approved by the Secretary, shall be distributed only to producers who placed peanuts in the pool and shall be distributed in proportion to the value of the peanuts placed in the pool by each producer. Net gains for peanuts in each pool shall consist of the following:

[(i) QUOTA PEANUTS.—For quota peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in the pool plus an amount from all additional pool gains equal to

any loss on disposition of all peanuts in the pool for quota peanuts.

[(ii) ADDITIONAL PEANUTS.—For additional peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in the pool for additional peanuts less any amount allocated to offset any loss on the pool for quota peanuts as provided in clause (i).

[(d) LOSSES.—Notwithstanding any other provision of this section:

[(1) QUOTA PEANUTS PLACED UNDER LOAN.—Any distribution of net gains on additional peanuts (other than net gains on additional peanuts in separate type pools established under subsection (c)(2)(A) for Valencia peanuts produced in New Mexico) shall be first reduced to the extent of any loss by the Commodity Credit Corporation on quota peanuts placed under loan.

[(2) QUOTA LOAN POOLS.—

[(A) TRANSFERS FROM ADDITIONAL LOAN POOLS.—The proceeds due any producer from any pool shall be reduced by the amount of any loss that is incurred with respect to peanuts transferred from an additional loan pool to a quota loan pool by such producer under section 358–1(b)(8) of the Agricultural Adjustment Act of 1938.

[(B) OTHER LOSSES.—Losses in area quota pools, other than losses incurred as a result of transfers from additional loan pools to quota loan pools under section 358–1(b)(8) of the Agricultural Adjustment Act of 1938, shall be offset by any gains or profits from pools in other production areas (other than separate type pools established under subsection (c)(2)(A) for Valencia peanuts produced in New Mexico) in such manner as the Secretary shall by regulation prescribe.

[(e) DISAPPROVAL OF QUOTAS.—Notwithstanding any other provision of law, no price support may be made available by the Secretary for any crop of peanuts with respect to which poundage quotas have been disapproved by producers, as provided for in section 358–1(d) of the Agricultural Adjustment Act of 1938.

[(f) QUALITY IMPROVEMENT.—

[(1) PRICE SUPPORT PEANUTS.—With respect to peanuts under price support loan, the Secretary shall—

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

[(B) ensure that all Commodity Credit Corporation loan stocks of peanuts sold for domestic edible use must be shown to have been officially inspected by licensed Department of Agriculture inspectors both as farmer stock and shelled or cleaned in-shell peanuts;

[(C) continue to endeavor to operate the peanut price support program so as to improve the quality of domestic peanuts and ensure the coordination of activities under the Peanut Administrative Committee established under Marketing Agreement No. 146, regulating the quality of do-

mestically produced peanuts (under the Agricultural Marketing Agreement Act of 1937 (7 U.S.C. 601 et seq.)); and

[(D) ensure that any changes made in the price support program as a result of this subsection requiring additional production or handling at the farm level shall be reflected as an upward adjustment in the Department of Agriculture loan schedule.

[(2) EXPORTS AND OTHER PEANUTS.—The Secretary shall require that all peanuts in the domestic market fully comply with all quality standards under Marketing Agreement No. 146. The Secretary shall ensure that peanuts produced for the export market meet quality standards established for the domestic market under Marketing Agreement No. 146.

[(g) MARKETING ASSESSMENT.—

[(1) IN GENERAL.—The Secretary shall provide, by regulation, for a nonrefundable marketing assessment applicable to each of the 1991 through 1997 crops of peanuts. The assessment shall be made in accordance with this subsection and shall be on a per pound basis in an amount equal to 1 percent for each of the 1991 through 1993 crops, 1.1 percent for each of the 1994 and 1995 crops, 1.15 percent for the 1996 crop, and 1.2 percent for the 1997 crop, of the national average quota or additional peanut support rate per pound, as applicable, for the applicable crop. No peanuts shall be assessed more than 1 percent for each of the 1991 through 1993 crops, 1.1 percent for each of the 1994 and 1995 crops, 1.15 percent for the 1996 crop, and 1.2 percent for the 1997 crop, of the applicable support rate under this subsection.

[(2) FIRST PURCHASERS.—

[(A) IN GENERAL.—Except as provided under paragraphs (3) and (4), the first purchaser of peanuts shall—

[(i) collect from the producer a marketing assessment equal to the quantity of peanuts acquired multiplied by—

[(I) in the case of each of the 1991 through 1993 crops, .5 percent of the applicable national average support rate;

[(II) in the case of each of the 1994 and 1995 crops, .55 percent of the applicable national average support rate;

[(III) in the case of the 1996 crop, .6 percent of the applicable national average support rate; and

[(IV) in the case of the 1997 crop, .65 percent of the applicable national average support rate;

[(ii) pay, in addition to the amount collected under clause (i), a marketing assessment in an amount equal to the quantity of peanuts acquired multiplied by—

[(I) in the case of each of the 1991 through 1993 crops, .5 percent of the applicable national average support rate; and

[(II) in the case of each of the 1994 through 1997 crops, .55 percent of the applicable national average support rate; and

[(iii) remit the amounts required under clauses (i) and (ii) to the Commodity Credit Corporation in a manner specified by the Secretary.

[(B) DEFINITION.—For purposes of this subsection, the term "first purchaser" means a person acquiring peanuts from a producer except that in the case of peanuts forfeited by a producer to the Commodity Credit Corporation, such term means the person acquiring the peanuts from the Commodity Credit Corporation.

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

[(4) LOAN PEANUTS.—In the case of peanuts that are pledged as collateral for a price support loan made under this section, ½ of the assessment shall be deducted from the proceeds of the loan. The remainder of the assessment shall be paid by the first purchaser of the peanuts. For purposes of computing net gains on peanuts under this section, the reduction in loan proceeds shall be treated as having been paid to the producer.

[(5) PENALTIES.—If any person fails to collect or remit the reduction required by this subsection or fails to comply with such requirements for recordkeeping or otherwise as are required by the Secretary to carry out this subsection, the person shall be liable to the Secretary for a civil penalty up to an amount determined by multiplying—

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

[(B) the national average quota peanut price support level for the applicable crop year.

[(6) ENFORCEMENT.—The Secretary may enforce this subsection in the courts of the United States.

[(h) CROPS.—Notwithstanding any other provision of law, this section shall be effective only for the 1991 through 1997 crops of peanuts.

[SEC. 110. FARMER OWNED RESERVE PROGRAM.

[(a) IN GENERAL.—The Secretary shall formulate and administer a farmer owned reserve program under which producers of wheat and feed grains will be able to store wheat and feed grains when the commodities are in abundant supply, extend the time period for the orderly marketing of the commodities, and provide for adequate carryover stocks to ensure a reliable supply of the commodities.

[(b) TERMS OF PROGRAM.—

[(1) PRICE SUPPORT LOANS.—In carrying out this program, the Secretary shall provide extended price support loans for wheat and feed grains. An extended loan shall only be made to a producer after the expiration of a 9-month price support loan (hereafter in this section referred to as the "original loan") made in accordance with this title.

[(2) LEVEL OF LOANS.—Loans made under this section shall not be less than the then current level of support under the wheat and feed grain programs established under this title.

[(3) OTHER TERMS AND CONDITIONS.—The Secretary shall provide for—

[(A) repayment of the extended price support loan 27 months from the date on which the original loan expired unless, at the discretion of the Secretary, the loan has been extended for one 6-month period;

[(B) a rate of interest as provided under subsection (c); and

[(C) payments to producers for storage as provided in subsection (d).

[(4) REGIONAL DIFFERENCES.—The Secretary shall ensure that producers are afforded a fair and equitable opportunity to participate in the program established under this section, taking into account regional differences in the time of harvest.

[(c) INTEREST CHARGES.—

[(1) LEVYING OF INTEREST.—The Secretary may charge interest on loans under this section whenever the price of wheat or feed grains is equal to or exceeds 105 percent of the then current established price for the commodity.

[(2) 90-DAY PERIOD.—If interest is levied on the loans under paragraph (1), the interest may be charged for a period of 90 days after the last day on which the price of wheat or feed grains was equal to or in excess of 105 percent of the established price for the commodities.

[(3) RATE OF INTEREST.—The rate of interest charged participants in this program shall not be less than the rate of interest charged by the Commodity Credit Corporation by the United States Treasury, except that the Secretary may waive or adjust the interest as the Secretary considers appropriate to effectuate the purposes of this section.

[(d) STORAGE PAYMENTS.—

[(1) IN GENERAL.—The Secretary shall provide storage payments to producers for storage of wheat or feed grains under the program established in this section in such amounts and under such conditions as the Secretary determines appropriate to encourage producers to participate in the program.

[(2) TIMING.—The Secretary shall make storage payments available to participants in this program at the end of each quarter.

[(3) DURATION.—The Secretary shall cease making storage payments whenever the price of wheat or feed grains is equal to or exceeds 95 percent of the then current established price for the commodities, and for any 90-day period immediately following the last day on which the price of wheat or feed grains was equal to or in excess of 95 percent of the then current established price for the commodities.

[(e) EMERGENCIES.—Notwithstanding any other provision of law, the Secretary may require producers to repay loans made under this section, plus accrued interest and such other charges as may be required by regulation prior to the maturity date thereof, if the Secretary determines that emergency conditions exist that require that the commodity be made available in the market to meet urgent domestic or international needs and the Secretary reports the determination and the reasons for the determination to the Presi-

dent, the Committee on Agriculture of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry of the Senate at least 14 days before taking the action.

[(f) QUANTITY OF COMMODITIES IN PROGRAM.—The Secretary may establish maximum quantities of wheat and feed grains that may receive loans and storage payments under this program as follows:

[(1) The maximum quantities of wheat may not be established at less than 300 million bushels, nor more than 450 million bushels.

[(2) The maximum quantities of feed grains may not be established at less than 600 million bushels, nor more than 900 million bushels.

[(g) ANNOUNCEMENT OF PROGRAM.—

[(1) TIME OF ANNOUNCEMENT.—The Secretary shall announce the terms and conditions of the producer storage program for a crop of wheat and feed grains by—

[(A) in the case of wheat, December 15 of the year in which the crop of wheat was harvested; and

[(B) in the case of feed grains, March 15 of the year following the year in which the crop of corn was harvested.

[(2) DISCRETIONARY ENTRY.—The Secretary may make extended loans available to producers of wheat or feed grains if—

[(A) the Secretary determines that the average market price for wheat or corn, respectively, for the 90-day period prior to the dates specified in paragraph (1) is less than 120 percent of the current loan rate for wheat or corn, respectively; or

[(B) as of the appropriate date specified in paragraph (1), the Secretary estimates that the stocks-to-use ratio on the last day of the current marketing year will be—

[(i) in the case of wheat, more than 37.5 percent; and

[(ii) in the case of corn, more than 22.5 percent.

[(3) MANDATORY ENTRY.—The Secretary shall make extended loans available to producers of wheat or feed grains if the conditions specified in subparagraphs (A) and (B) of paragraph (2) are met for wheat or feed grains, respectively.

[(4) CONTENT OF ANNOUNCEMENT.—In the announcement, the Secretary shall specify the maximum quantity of wheat or feed grains to be stored under this program that the Secretary determines appropriate to promote the orderly marketing of the commodities.

[(h) DISCRETIONARY EXIT.—A producer may repay a loan extended under this section at any time.

[(i) RECONCENTRATION OF GRAIN.—The Secretary may, with the concurrence of the owner of grain stored under this program, reconcentrate all such grain stored in commercial warehouses at such points as the Secretary considers to be in the public interest, taking into account such factors as transportation and normal marketing patterns. The Secretary shall permit rotation of stocks and facilitate maintenance of quality under regulations that assure that the holding producer or warehouseman shall, at all times, have available for delivery at the designated place of storage both the

quantity and quality of grain covered by the producer's or warehouseman's commitment.

[(j) MANAGEMENT OF GRAIN.—Whenever grain is stored under this section, the Secretary may buy and sell at an equivalent price, allowing for the customary location and grade differentials, substantially equivalent quantities of grain in different locations or warehouses to the extent needed to properly handle, rotate, distribute, and locate the commodities that the Commodity Credit Corporation owns or controls. The purchases to offset sales shall be made within 2 market days following the sales. The Secretary shall make a daily list available showing the price, location, and quantity of the transactions.

[(k) USE OF COMMODITY CREDIT CORPORATION.—The Secretary shall use the Commodity Credit Corporation, to the extent feasible, to fulfill the purposes of this section. To the maximum extent practicable consistent with the fulfillment of the purposes of this section and the effective and efficient administration of this section, the Secretary shall utilize the usual and customary channels, facilities, and arrangements of trade and commerce.

[(l) USE OF COMMODITY CERTIFICATES.—Notwithstanding any other provision of law, if a producer has substituted purchased or other commodities for the commodities originally pledged as collateral for a loan made under this section, the Secretary may allow a producer to repay the loan using a generic commodity certificate that may be exchanged for commodities owned by the Commodity Credit Corporation, if the substitute commodities have been pledged as loan collateral and redeemed only within the same county.

[(m) ADDITIONAL AUTHORITY.—The authority provided by this section shall be in addition to other authorities available to the Secretary for carrying out producer loan and storage operations.

[(n) REGULATIONS.—The Secretary of Agriculture shall issue such regulations as are necessary to carry out this section not later than 60 days after November 28, 1990.

[(o) REVIEW.—In announcing the terms and conditions of the producer storage program under this section, the Secretary shall review standards concerning the quality of grain that shall be allowed to be stored under the program, and such standards should encourage only quality grain, as determined by the Secretary, to be pledged as collateral for such loans. The Secretary shall review inspection, maintenance, and stock rotation requirements and take the necessary steps to maintain the quality of such grain.

[(p) CROPS.—Notwithstanding any other provision of law, this section shall become effective December 1, 1990.

[INTERNATIONAL EMERGENCY FOOD RESERVE

[SEC. 111. The President is encouraged to enter into negotiations with other nations to develop an international system of food reserves to provide for humanitarian food relief needs and to establish and maintain a food reserve, as a contribution of the United States toward the development of such a system, to be made available in the event of food emergencies in foreign countries. The reserves shall be known as the International Emergency Food Reserve.

[AGRICULTURAL COMMODITIES UTILIZATION PROGRAM

[SEC. 112. Notwithstanding any other provision of this Act—

[(a) The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of the acreage set aside or diverted from the production of a commodity for any crop year under this title to be devoted to the production of any commodity (other than the commodities for which acreage is being set aside or diverted) for conversion into industrial hydrocarbons and blending with gasoline or other fossil fuels for use as motor or industrial fuel, if the Secretary determines that such production is desirable in order to provide an adequate supply of commodities for such purpose, is not likely to increase the cost of the price support programs, and will not adversely affect farm income.

[(b)(1) During any year in which there is no set-aside or diversion of acreage under this title, the Secretary may formulate and administer a program for the production, subject to such terms and conditions as the Secretary may prescribe, of commodities for conversion into industrial hydrocarbons and blending with gasoline or other fossil fuels for use as motor or industrial fuel, if the Secretary determines that such production is desirable in order to provide an adequate supply of commodities for such purpose, is not likely to increase the cost of the price support programs, and will not adversely affect farm income. Under the program, producers of wheat, feed grains, upland cotton, and rice shall be paid incentive payments to devote a portion of their acreage to the production of commodities for conversion into industrial hydrocarbons and blending with gasoline or other fossil fuels for use as motor or industrial fuel.

[(2) The payments under this subsection shall be at such rate or rates as the Secretary determines to be fair and reasonable, taking into consideration the participation necessary to ensure an adequate supply of the agricultural commodities for conversion into industrial hydrocarbons and blending with gasoline or other fossil fuels for use as motor or industrial fuels.

[(3) The Secretary may issue such regulations as the Secretary deems necessary to carry out the provisions of this subsection.

[(4) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this subsection.

[(5) The provisions of this subsection shall become effective October 1, 1978.

[SEC. 113. SUPPLEMENTAL SET-ASIDE AND ACREAGE LIMITATION AUTHORITY.

[Notwithstanding any other provision of law or prior announcement made by the Secretary to the contrary, the Secretary may announce and provide for an acreage limitation program under section 105B or 107B for one or more of the 1991 through 1995 crops of wheat and feed grains if the Secretary determines that such action is in the public interest as a result of the imposition of restrictions on the export of any such commodity by the President or other member of the executive branch of the Federal Government. To carry out effectively an acreage limitation program authorized under this section, the Secretary may make such modifications and

adjustments in such program as the Secretary determines necessary because of any delay in instituting such program.

[SEC. 114. DEFICIENCY AND LAND DIVERSION PAYMENTS.

[(a) DEFICIENCY PAYMENTS.—

[(1) IN GENERAL.—If the Secretary establishes an acreage limitation program for any of the 1991 through 1997 crops of wheat, feed grains, upland cotton, or rice under this Act and determines that deficiency payments will likely be made for the commodity for the crop, the Secretary shall make advance deficiency payments available to producers for each of the crops.

[(2) TERMS AND CONDITIONS.—Advance deficiency payments under paragraph (1) shall be made to the producer under the following terms and conditions:

[(A) FORM.—Such payments may be made available in the form of—

[(i) cash;

[(ii) commodities owned by the Commodity Credit Corporation and certificates redeemable in a commodity owned by the Commodity Credit Corporation, except that not more than 50 percent of the payments may be made in commodities or the certificates in the case of any producer; or

[(iii) any combination of clauses (i) and (ii).

[(B) COMMODITIES AND CERTIFICATES.—If payments are made available to producers as provided for under subparagraph (A)(ii), such producers may elect to receive such payments either in the form of—

[(i) such commodities; or

[(ii) such certificates.

[(C) MATURITY.—Such a certificate shall be redeemable for a period not to exceed 3 years from the date the certificate is issued.

[(D) STORAGE.—The Commodity Credit Corporation shall pay the cost of storing a commodity that may be received under such a certificate until such time as the certificate is redeemed.

[(E) TIMING.—The payments shall be made available as soon as practicable after the producer enters into a contract with the Secretary to participate in such program.

[(F) AMOUNTS.—The payments shall be made available in such amounts as the Secretary determines appropriate to encourage adequate participation in the program, except that the amount may not exceed an amount determined by multiplying—

[(i) the estimated payment acreage for the crop; by

[(ii) the farm program payment yield for the crop; by

[(iii)(I) in the case of wheat and feed grains, not less than 40 percent, nor more than 50 percent, of the projected payment rate; and

[(II) in the case of rice and upland cotton, not less than 30 percent, nor more than 50 percent, of the projected payment rate,

as determined by the Secretary.

[(G) REPAYMENT.—If the deficiency payment payable to a producer for a crop, as finally determined by the Secretary under this Act, is less than the amount paid to the producer as an advance deficiency payment for the crop under this subsection, the producer shall repay an amount equal to the difference between the amount advanced and the amount finally determined by the Secretary to be payable to the producer as a deficiency payment for the crop concerned.

[(H) REPAYMENT REQUIREMENT.—If the Secretary determines under this Act that deficiency payments will not be made available to producers on a crop with respect to which advance deficiency payments already have been made under this subsection, the producers who received the advance payments shall repay the payments.

[(I) DEADLINE.—Any repayment required under subparagraph (G) or (H) shall be due at the end of the marketing year for the crop with respect to which the payments were made.

[(J) NONCOMPLIANCE.—If a producer fails to comply with requirements established under the acreage limitation program involved after obtaining an advance deficiency payment under this subsection, the producer shall repay immediately the amount of the advance, plus interest thereon in such amount as the Secretary shall prescribe by regulation.

[(3) REGULATIONS.—The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

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

[(5) ADDITIONAL AUTHORITY.—The authority provided in this section shall be in addition to, and not in place of, any authority granted to the Secretary or the Commodity Credit Corporation under any other provision of law.

[(b) LAND DIVERSION PAYMENTS.—If the Secretary makes land diversion payments under this Act to assist in adjusting the total national acreage of any of the 1991 through 1995 crops of wheat, feed grains, upland cotton, or rice to desirable levels, the Secretary may make at least 50 percent of such payments available to a producer as soon as possible after the producer agrees to undertake the diversion of land in return for the payments.

[(c) TIMING OF DEFICIENCY PAYMENTS.—In the case of deficiency payments made available to producers for any of the 1991 through 1997 crops of wheat and feed grains which payments are calculated as provided in section 107B(c)(1)(B)(ii), 107B(p), or 105B(c)(1)(B)(ii), the Secretary shall make deficiency payments as follows:

[(1) A portion of the deficiency payment shall be made in advance in accordance with subsection (a)(2).

[(2) With respect to feed grains (excluding barley and oats), 75 percent of the final projected deficiency payment for the crop, reduced by the amount of the advance, shall be made

available as soon as practicable after the end of the first 5 months of the applicable marketing year.

[(3) With respect to wheat, barley, and oats, the final projected deficiency payment for the crop, reduced by the amount of the advance, shall be made available as soon as practicable after the end of the first 5 months of the applicable marketing year. Such projected payment shall be based on the national weighted average market price received by producers during the first 5 months of the marketing year for the crop, as determined by the Secretary, plus 10 cents per bushel with respect to wheat or 7 cents per bushel with respect to barley and oats.

[(4) The remainder of the deficiency payments shall be made available at the end of the marketing year.

[SEC. 115. (a) In making in-kind payments under any of the annual programs for wheat, feed grains, upland cotton, or rice (other than negotiable marketing certificates for upland cotton or rice), the Secretary may—

[(1) acquire and use like commodities that have been pledged to the Commodity Credit Corporation as security for price support loans, including loans made to producers under section 110; and

[(2) use other like commodities owned by the Commodity Credit Corporation.

[(b) The Secretary may make in-kind payments—

[(1) by delivery of the commodity to the producer at a warehouse or other similar facility, as determined by the Secretary;

[(2) by the transfer of negotiable warehouse receipts;

[(3) by the issuance of negotiable certificates which the Commodity Credit Corporation shall redeem for a commodity in accordance with regulations prescribed by the Secretary; or

[(4) by such other methods as the Secretary determines appropriate to enable the producer to receive payments in an efficient, equitable, and expeditious manner so as to ensure that the producer receives the same total return as if the payments had been made in cash.

[(c) The Secretary shall pay interest on the cash redemption of a commodity certificate issued by the Secretary to a producer who holds the certificate for at least 150 days. This subsection shall not apply with respect to commodity certificates issued in connection with the export enhancement program or the marketing promotion program established under the Agricultural Trade Act of 1978.

[TITLE II—DESIGNATED NONBASIC AGRICULTURAL COMMODITIES

[SEC. 201. (a) The Secretary is authorized and directed to make available (without regard to the provisions of title III) price support to producers for oilseeds (including soybeans, sunflower seed, canola, rapeseed, safflower, flaxseed, mustard seed, and such other oilseeds as the Secretary may determine), honey, milk, sugar beets, and sugarcane in accordance with this title.

[(b) The price of honey shall be supported through loans, purchases, or other operations at a level not in excess of 90 per centum nor less than 60 per centum of the parity price thereof; and the price of tung nuts for each crop of tung nuts through the 1976 crop

shall be supported through loans, purchases, or other operations at a level not in excess of 90 per centum nor less than 60 per centum of the parity price therefor: *Provided*, That in any crop year through the 1976 crop year in which the Secretary determines that the domestic production of tung oil will be less than the anticipated domestic demand for such oil, the price of tung nuts shall be supported at not less than 65 per centum of the parity price therefor.

[(c) Except as provided in section 204, the price of milk shall be supported at such level not in excess of 90 per centum nor less than 75 per centum of the parity price therefor as the Secretary determines necessary in order to assure an adequate supply of pure and wholesome milk to meet current needs, reflect changes in the cost of production, and assure a level of farm income adequate to maintain productive capacity sufficient to meet anticipated future needs. Such price support shall be provided through purchases of milk and the products of milk.

[SEC. 202. As a means of increasing the utilization of dairy products, (including for purposes of this section, milk) upon the certification by the Secretary of Veterans Affairs or by the Secretary of the Army, acting for the military departments under the Department of Defense's Single Service Purchase Assignment for Subsistence, or their duly authorized representatives that the usual quantities of dairy products have been purchased in the normal channels of trade—

[(a) The Commodity Credit Corporation until December 31, 1995, shall make available to the Secretary of Veterans Affairs at warehouses where dairy products are stored, such dairy products acquired under price-support programs as the Secretary certifies that he requires in order to provide butter and cheese and other dairy products as a part of the ration in hospitals under his jurisdiction. The Secretary shall report every six months to the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Agriculture of the House of Representatives and the Secretary of Agriculture the amount of dairy products used under this subsection.

[(b) The Commodity Credit Corporation until December 31, 1995, shall make available to the Secretary of the Army, at warehouses where dairy products are stored, such dairy products acquired under price-support programs as the Secretary of the Army or his duly authorized representative certifies can be utilized in order to provide additional butter and cheese and other dairy products as a part of the ration (1) of the Army, Navy, Air Force, or Coast Guard, (2) in hospitals under the jurisdiction of the Department of Defense, and (3) of cadets and midshipmen at, and other personnel assigned to, the United States Merchant Marine Academy. The Secretary of the Army shall report every six months to the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Agriculture of the House of Representatives and the Secretary of Agriculture the amount of dairy products used under this subsection.

[(c) Dairy products made available under this section shall be made available without charge, except that the Secretary of the Army or the Secretary of Veterans Affairs shall pay the Commodity

Credit Corporation the costs of packaging incurred in making such products so available.

[(d) The obligation of the Commodity Credit Corporation to make dairy products available pursuant to the above shall be limited to dairy products acquired by the Corporation through price-support operations and not disposed of under provisions (1) and (2) of section 416 of this Act, as amended.

[SEC. 203. COTTONSEED AND COTTONSEED OIL PRICE SUPPORT.

[(a) IN GENERAL.—If the Secretary determines that any oilseed program or programs cause, or are likely to cause, a reduction in prices received by producers for cottonseed or by processors for cottonseed oil, the Secretary shall take such actions as are necessary to offset the actual or anticipated impact of the program on prices for cottonseed or cottonseed oil. The actions shall only include actions to stabilize or increase the price of cottonseed, and shall not include actions to decrease the prices of other oilseeds.

[(b) CROPS.—Notwithstanding any other provision of law, this section shall be effective only for the 1991 through 1995 crops of upland cotton.

[SEC. 204. MILK PRICE SUPPORT AND MILK INVENTORY MANAGEMENT PROGRAM FOR CALENDAR YEARS 1991 THROUGH 1996.

[Notwithstanding any other provision of law:

[(a) IN GENERAL.—During the period beginning on January 1, 1991, and ending on December 31, 1996, the price of milk produced in the 48 contiguous States shall be supported as provided in this section.

[(b) RATE.—During the period beginning on January 1, 1991, and ending on December 31, 1996, the price of milk shall be supported at a rate not less than $10.10 per hundredweight for milk containing 3.67 percent milkfat.

[(c) PURCHASES.—

[(1) IN GENERAL.—The price of milk shall be supported through the purchase of milk and the products of milk produced in the 48 contiguous States.

[(2) CCC BID PRICES.—The Commodity Credit Corporation support purchase prices under this section for each of the products of milk (butter, cheese, and nonfat dry milk) announced by the Corporation shall be the same for all of that product sold by persons offering to sell the product to the Corporation. The purchase prices shall be sufficient to enable plants of average efficiency to pay producers, on average, a price not less than the rate of price support for milk in effect during a 12-month period under this subsection.

[(3) BUTTER AND NONFAT DRY MILK.—

[(A) ALLOCATION OF PURCHASE PRICES.—Subject to subparagraph (B), the Secretary may allocate the rate of price support between the purchase prices for nonfat dry milk and butter in a manner that will result in the lowest level of expenditures by the Commodity Credit Corporation or achieve such other objectives as the Secretary considers appropriate. The Secretary shall notify the Committee on Agriculture of the House of Representatives and the Com-

mittee on Agriculture, Nutrition, and Forestry of the Senate of the allocation.

[(B) GUIDELINES.—In the case of purchases of butter and nonfat dry milk that are made by the Secretary under this section on or after the date of enactment of the Omnibus Budget Reconciliation Act of 1993, in allocating the rate of price support between the purchase prices of butter and nonfat dry milk under this paragraph, the Secretary may not—

[(i) offer to purchase butter for more than $0.65 per pound; or

[(ii) offer to purchase nonfat dry milk for less than $1.034 per pound.

[(C) TIMING OF PURCHASE PRICE ADJUSTMENTS.—The Secretary may make any such adjustments in the purchase prices for nonfat dry milk and butter the Secretary considers to be necessary not more than twice in each calendar year.

[(d) SUPPORT RATE ADJUSTMENTS.—

[(1) REDUCTIONS.—

[(A) IN GENERAL.—Effective January 1 of each of the calendar years 1991 through 1996, if the level of purchases of milk and the products of milk by the Commodity Credit Corporation under this section (less sales under section 407 for unrestricted use), as estimated by the Secretary by November 20 of the preceding calendar year, will exceed 5 billion pounds (milk equivalent, total milk solids basis), the Secretary shall decrease by an amount per hundredweight of at least $0.25 but not more than $0.50 the rate of price support for milk in effect for the calendar year.

[(B) PRIOR NOTIFICATION.—The Secretary shall, by November 20 of the preceding calendar year, notify the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate of any proposed decrease in price support under this paragraph.

[(2) INCREASES.—

[(A) IN GENERAL.—Effective January 1 of each of the calendar years 1991 through 1996, if the level of purchases of milk and the products of milk by the Commodity Credit Corporation under this section (less sales under section 407 for unrestricted use), as estimated by the Secretary by November 20 of the preceding calendar year, will not exceed 3.5 billion pounds (milk equivalent, total milk solids basis), the Secretary shall increase by an amount per hundredweight of at least $0.25 the rate of price support for milk in effect for the calendar year.

[(B) PRIOR NOTIFICATION.—The Secretary shall, by November 20 of the preceding calendar year, notify the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate of any proposed increase in price support under this paragraph.

[(3) NO ADJUSTMENTS.—If for any of the calendar years 1992 through 1996, the level of purchases of milk and the products of milk by the Commodity Credit Corporation under this section (less sales under section 407 for unrestricted use), as estimated by the Secretary by November 20 of the preceding calendar year, will be less than 5 billion pounds (milk equivalent, total milk solids basis), but more than 3.5 billion pounds (milk equivalent, total milk solids basis), the Secretary shall not decrease the rate of price support for milk in effect for the calendar year.

[(4) MINIMUM PRICE.—Notwithstanding any other provision of this section, in no event shall the price of milk be supported at less than $10.10 per hundredweight.

[(5) ADMINISTRATION.—

[(A) MILK EQUIVALENT, TOTAL MILK SOLIDS BASIS.—As used in this section, the term "milk equivalent, total milk solids basis", of milk and the products of milk purchased by the Commodity Credit Corporation, shall be equal to the weighted-average of the milk equivalent (as computed on a milkfat basis and on a milk solids nonfat basis) of such products, with weighting factors equal to not more than 40 percent for the milk equivalent, milkfat basis, and not more than 70 percent for the milk equivalent, solids nonfat basis. The weighting factors shall total 100 percent.

[(B) LEVEL OF PURCHASES.—In estimating the level of purchases of milk and the products of milk under this section, the Secretary shall deduct the amount, if any, by which the level of imports into the 48 contiguous States and the District of Columbia of milk and the products of milk during the most recent calendar year exceeds the annual average level of imports into the 48 contiguous States and the District of Columbia of milk and the products of milk during the period January 1, 1986, through December 31, 1990 (milk equivalent, total milk solids basis).

[(e) REPORT ON MILK INVENTORY MANAGEMENT PROGRAM.—

[(1) IN GENERAL.—Not later than August 1, 1991, the Secretary shall prepare and submit a report and recommendations on various milk inventory management programs to the Committee on Agriculture of the House of Representatives and Committee on Agriculture, Nutrition, and Forestry of the Senate.

[(2) SOLICITATION OF PROPOSALS.—Within 60 days after the date of enactment of this section, the Secretary shall publish in the Federal Register a notice to solicit proposals concerning a milk inventory management program.

[(3) REQUIRED PROPOSALS.—In carrying out this subsection, the Secretary shall study, among other proposals—

[(A) an alternative classification of milk contained in section 8c(5) of the Agricultural Adjustment Act (7 U.S.C. 608c(5)), as amended by the Agricultural Marketing Agreement Act of 1937;

[(B) a program to support the income of milk producers through a system of established prices and deficiency payments; and

[(C) other such programs submitted to the Secretary under paragraph (2) as the Secretary may determine appropriate after consultation with the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

[(4) PROHIBITED PROGRAMS.—In the study required under paragraph (3), the Secretary shall not consider any milk inventory management program that includes any milk production termination program that is similar to the program established under section 201(d)(3), or support price reductions below the levels established under this section.

[(5) CRITERIA FOR EVALUATION.—The Secretary shall evaluate the proposals for a milk inventory management program based on—

[(A) the ability of the program to limit Government purchases of milk products to 6,000,000,000 pounds (milk equivalent, total milk solids basis) in a calendar year;

[(B) the speed and effectiveness of reducing excess milk production;

[(C) the effectiveness in sustaining reduced milk production for at least a 5-year period with and without the continuation of the program;

[(D) the regional impact on milk prices, producer revenue, and milk supplies;

[(E) the impact on national producer income and Government expenditures;

[(F) the impact on the rural economy and maintaining family farms;

[(G) the impact on the availability of wholesome dairy products for domestic and foreign nutrition and food assistance programs;

[(H) technological innovations;

[(I) the effectiveness in reducing butter fat production and increasing protein content in milk;

[(J) the impact of temporary increases and decreases of milk production;

[(K) the impact on the United States livestock industry; and

[(L) all other issues the Secretary considers appropriate.

[(6) NOTICE AND COMMENT.—The Secretary shall provide for public notice and comment on the milk inventory programs studied by the Secretary under this subsection no later than June 1, 1991.

[(f) NOTIFICATION OF CONGRESS CONCERNING ESTIMATED PURCHASES.—On August 1 and by November 20 of each of the calendar years 1991 through 1995, the Secretary shall notify the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate regarding the value and volume of dairy product purchases on a milk equivalent, total milk solids basis, the Secretary estimates that the Corporation will make during the upcoming calendar year.

[(g) EXCESS PURCHASES.—

[(1) IN GENERAL.—In order to offset any cost to the Commodity Credit Corporation associated with the purchase (less sales

under section 407 for unrestricted use) of milk and the products of milk in excess of 7,000,000,000 pounds (milk equivalent, total milk solids basis), during any of the calendar years 1992 through 1996, the Secretary shall, if necessary, provide for a reduction to be made in the price received by producers for all milk produced in the 48 contiguous States and marketed by producers for commercial use.

[(2) CALCULATION.—If on November 20 of each of the calendar years 1991 through 1996, the Secretary estimates that the level of Commodity Credit Corporation purchases (less sales under section 407 for unrestricted use) in the following calendar year of milk and the products of milk will exceed 7,000,000,000 pounds (milk equivalent, total milk solids basis), the amount of reduction in the price received by producers in such following calendar year shall be an amount per hundredweight calculated by dividing—

[(A) the cost of the purchases (less sales under section 407 for unrestricted use) in excess of 7,000,000,000 pounds, milk equivalent, total milk solids basis; by

[(B) the total quantity of hundredweights of milk the Secretary estimates will be produced and marketed in the United States for commercial use in such following calendar year.

[(3) ADJUSTMENTS.—The Secretary shall adjust any such assessment in future years, or refund any portion of such assessments, as needed, to carry out the purposes of this subsection.

[(h) REDUCTION IN PRICE RECEIVED.—

[(1) IN GENERAL.—Beginning January 1, 1991, the Secretary shall provide for a reduction in the price received by producers for all milk produced in the 48 contiguous States and marketed by producers for commercial use, in addition to any reduction in price required under subsection (g).

[(2) AMOUNT.—The amount of the reduction under paragraph (1) in the price received by producers shall be—

[(A) during calendar year 1991, 5 cents per hundredweight of milk marketed;

[(B) during each of the calendar years 1992 through 1995, 11.25 cents per hundredweight of milk marketed, which rate shall be adjusted on or before May 1 of each of the calendar years 1992 through 1995 by an amount per hundredweight that is necessary to compensate for refunds made under paragraph (3) on the basis of marketings in the previous calendar year; and

[(C) during each of calendar years 1996 and 1997, 10 cents per hundredweight of milk marketed, which rate shall be adjusted on or before May 1 of the respective calendar year in the manner provided in subparagraph (B).

[(3) REFUND.—The Secretary shall provide a refund of the entire reduction under paragraph (2) in the price of milk received by a producer during a calendar year, if the producer provides evidence that the producer did not increase marketings in the calendar year that such reduction was in effect when compared to the immediately preceding calendar year. A refund under this subsection shall not be considered as any

type of price support or payment for purposes of sections 1211 and 1221 of the Food Security Act of 1985 (16 U.S.C. 3811 and 3821).

[(i) ENFORCEMENT.—

[(1) COLLECTION.—Reductions in price required under subsection (g) or (h) shall be collected and remitted to the Commodity Credit Corporation in the manner prescribed by the Secretary.

[(2) PENALTIES.—If any person fails to collect or remit the reduction required by subsection (g) or (h) or fails to comply with such requirements for recordkeeping or otherwise as are required by the Secretary to carry out such subsection, the person shall be liable to the Secretary for a civil penalty up to an amount determined by multiplying—

[(A) the quantity of milk involved in the violation; by

[(B) the support rate for the applicable calendar year for milk.

[(3) ENFORCEMENT.—The Secretary may enforce subsection (g) or (h) in the courts of the United States.

[(j) USE OF COMMODITY CREDIT CORPORATION.—The Secretary shall use the funds, facilities, and authorities of the Commodity Credit Corporation to carry out this section.

[(k) PERIOD.—Notwithstanding any other provision of law, this section shall be effective only during the period beginning on January 1, 1991, and ending on December 31, 1996.

[SEC. 205. LOANS AND PAYMENTS FOR OILSEEDS FOR 1991 THROUGH 1995 MARKETING YEARS.

[(a) DEFINITION OF OILSEEDS.—As used in this section, the term "oilseeds" means soybeans, sunflower seed, canola, rapeseed, safflower, flaxseed, mustard seed, and such other oilseeds as the Secretary may determine.

[(b) IN GENERAL.—The Secretary shall support the price of oilseeds through nonrecourse loans to producers on a farm for oilseeds produced on the farm in each of the 1991 through 1995 marketing years as provided in this section.

[(c) LOAN LEVEL.—The loan level for each of the 1991 through 1995 crops of—

[(1) soybeans shall not be less than $5.02 per bushel for each of the 1991 through 1993 crops and $4.92 per bushel for each of the 1994 through 1997 crops;

[(2) sunflower seed, canola, rapeseed, safflower, mustard seed, and flaxseed, individually, shall not be less than $0.089 per pound for each of the 1991 through 1993 crops and $0.087 per pound for each of the 1994 through 1997 crops; and

[(3) other oilseeds shall be established at such level as the Secretary determines is fair and reasonable in relation to the loan level available for soybeans, except in no event shall the level for such oilseeds (other than cottonseed) be less than the level established for soybeans on a per-pound basis for the same crop year.

To ensure that producers have an equitable opportunity to produce an alternative crop in areas of limited crop options, the Secretary may limit, insofar as practicable, adjustments in the loan rate established under paragraph (2) applicable to a particular region,

State, or county for the purpose of reflecting transportation differentials such that the regional, State, or county loan rate does not increase or decrease by more than 9 percent from the basic national loan rate.

[(d) MARKETING LOAN PROVISIONS.—

[(1) IN GENERAL.—The Secretary shall permit a producer to repay a loan made under this section for a crop—

[(A) at a level that is the lesser of—

[(i) the loan level determined for the crop; or

[(ii) the prevailing world market price for the applicable oilseed (adjusted to United States quality and location), as determined by the Secretary; or

[(B) such other level (not in excess of the loan level determined for the crop) that the Secretary determines will—

[(i) minimize potential loan forfeitures;

[(ii) minimize the accumulation of oilseed stocks by the Federal Government;

[(iii) minimize the cost incurred by the Federal Government in storing oilseeds; and

[(iv) allow oilseeds produced in the United States to be marketed freely and competitively, both domestically and internationally.

[(2) PREVAILING WORLD MARKET PRICE.—The Secretary shall prescribe by regulation—

[(A) a formula to define the prevailing world market price for oilseeds (adjusted to United States quality and location); and

[(B) a mechanism by which the Secretary shall announce periodically the prevailing world market price for oilseeds (adjusted to United States quality and location).

[(e) LOAN DEFICIENCY PAYMENT.—

[(1) IN GENERAL.—The Secretary shall, for each of the 1991 through 1995 crops of oilseeds, make payments available to producers who, although eligible to obtain a loan under subsection (b), agree to forgo obtaining the loan in return for payments under this subsection.

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

[(A) the loan payment rate; by

[(B) the quantity of oilseeds the producer is eligible to place under loan but for which the producer forgoes obtaining the loan in return for payments under this subsection.

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

[(A) the loan level determined for the crop under subsection (c); exceeds

[(B) the level at which a loan may be repaid under subsection (d).

[(4) MARKETING CERTIFICATES.—

[(A) IN GENERAL.—The Secretary may make payments under this section available in the form of certificates redeemable for any agricultural commodity owned by the Commodity Credit Corporation.

[(B) MINIMAL OILSEED STOCKS.—The Secretary shall make certificates available under subparagraph (A) in such a manner so as to minimize the accumulation of oilseeds stocks.

[(f) MARKETING YEAR.—For purposes of this section, the marketing year for—

[(1) soybeans shall be the 12-month period beginning on September 1 and ending on August 31; and

[(2) other oilseeds shall be prescribed by the Secretary by regulation.

[(g) ANNOUNCEMENTS.—

[(1) IN GENERAL.—Except as provided in paragraph (2), the Secretary shall make an announcement of the loan level for the crop not later than November 15 prior to the calendar year in which the crop is harvested.

[(2) 1991 CROP.—In the case of the 1991 crop, the Secretary shall make an announcement of the loan level for the crop as soon as practicable after the date of enactment of this section.

[(h) LOAN MATURITY.—A loan made for a crop of oilseeds under this section shall mature—

[(1) in the case of each of the 1991 through 1993 crops, on the last day of the 9th month following the month the application for the loan is made; and

[(2) in the case of each of the 1994 through 1997 crops, on the last day of the 9th month following the month the application for the loan is made, except that the loan may not mature later than the last day of the fiscal year in which the application is made.

[(i) OTHER TERMS AND CONDITIONS.—Notwithstanding any other provision of law—

[(1) the Secretary shall not require participation in any production adjustment program for oilseeds or any other commodity as a condition of eligibility for price support for oilseeds;

[(2) the Secretary may not authorize payments to producers to cover the cost of storing oilseeds; and

[(3) oilseeds may not be considered an eligible commodity for any reserve program.

[(j) REGULATIONS.—The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

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

[(l) ASSIGNMENT OF PAYMENTS.—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 payments under this section.

[(m) LOAN ORIGINATION FEE.—

[(1) LOANS.—The Secretary shall charge a producer a loan origination fee for a crop of oilseeds, in connection with making a loan, equal to the product obtained by multiplying—

[(A) the loan level determined for the crop under subsection (c); by

[(B) 2 percent; by

[(C) the quantity of oilseeds for which the producer obtains the loan.

[(2) LOAN DEFICIENCY PAYMENTS.—The Secretary shall deduct, from the amount of any loan deficiency payment made under subsection (e), an amount equal to the amount of the loan origination fee that would otherwise be paid under paragraph (1) if the producer obtained a loan rather than a loan deficiency payment.

[(3) APPLICABILITY.—This subsection shall apply only to each of the 1991 through 1993 crops of oilseeds.

[(n) CROPS.—Notwithstanding any other provision of law, this section shall be effective only for the 1991 through 1995 crops of oilseeds.

[SEC. 206. SUGAR PRICE SUPPORT FOR 1991 THROUGH 1997 CROPS.

[(a) IN GENERAL.—The price of each of the 1991 through 1997 crops of sugar beets and sugarcane, respectively, shall be supported in accordance with this section.

[(b) SUGARCANE.—The Secretary shall support the price of domestically grown sugarcane through nonrecourse loans at such level as the Secretary determines appropriate, but not less than 18 cents per pound for raw cane sugar.

[(c) SUGAR BEETS.—The Secretary shall support the price of each of the 1991 through 1997 crops of domestically grown sugar beets through nonrecourse loans at such level for each such crop as the Secretary determines reflects—

[(1) an amount that bears the same relation to the support level for the crop of sugarcane under subsection (b) as the weighted average of producer returns for sugar beets bears to the weighted average of producer returns for sugarcane, expressed on a cents per pound basis for refined beet sugar and raw cane sugar, for the most recent 5-year period for which data are available; plus

[(2) an amount that covers sugar beet processor fixed marketing expenses.

[(d) ADJUSTMENT IN SUPPORT PRICE.—

[(1) IN GENERAL.—The Secretary may increase the support price for each of the 1991 through 1997 crops of domestically grown sugarcane and sugar beets from the price determined for the preceding crop based on such factors as the Secretary determines appropriate, including changes (during the 2 crop years immediately preceding the crop year for which the determination is made) in the cost of sugar products, the cost of domestic sugar production, and other circumstances that may adversely affect domestic sugar production.

[(2) REPORT.—If the Secretary makes a determination not to increase the support price under paragraph (1), the Secretary shall submit a report containing the findings, decision, and supporting data for the determination to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

[(e) ANNOUNCEMENTS.—The Secretary shall announce the basic loan rates for beet sugar and cane sugar to be applicable during any fiscal year under this section as far in advance of the begin-

ning of that fiscal year as is practicable consistent with the purposes of this section.

[(f) TERM.—Except as provided in subsection (g), loans under this section during any fiscal year shall be made available not earlier than the beginning of the fiscal year and shall mature at the earlier of—

[(1) the end of 9 months; or

[(2) the end of the fiscal year.

[(g) SUPPLEMENTARY NONRECOURSE LOANS.—The Secretary shall make available to eligible processors price support loans with respect to sugar processed from sugar beets and sugarcane harvested in the last 3 months of a fiscal year. Such loans shall mature at the end of the fiscal year. The processor may repledge the sugar as collateral for a price support loan in the subsequent fiscal year, except that the second loan shall—

[(1) be made at the loan rate in effect at the time the second loan is made; and

[(2) mature in 9 months less the quantity of time that the first loan was in effect.

[(h) USE OF COMMODITY CREDIT CORPORATION.—The Secretary shall use the funds, facilities, and authorities of the Commodity Credit Corporation to carry out this section.

[(i) MARKETING ASSESSMENT.—

[(1) SUGARCANE.—Effective only for marketings of raw cane sugar during the 1992 through 1996 fiscal years, the first processor of sugarcane shall remit to the Commodity Credit Corporation a nonrefundable marketing assessment in an amount equal to—

[(A) in the case of marketings during each of fiscal years 1992 through 1994, 1.0 percent of the loan level established under subsection (b) per pound of raw cane sugar (but not more than .18 cents per pound of raw cane sugar), processed by the processor from domestically produced sugarcane or sugarcane molasses, that has been marketed (including the transfer or delivery of the sugar to a refinery for further processing or marketing); and

[(B) in the case of marketings during each of fiscal years 1995 through 1998, 1.1 percent of the loan level established under subsection (b) per pound of raw cane sugar (but not more than .198 cents per pound of raw cane sugar), processed by the processor from domestically produced sugarcane or sugarcane molasses, that has been marketed (including the transfer or delivery of the sugar to a refinery for further processing or marketing).

[(2) SUGAR BEETS.—Effective only for marketings of beet sugar during the 1992 through 1996 fiscal years, the first processor of sugar beets shall remit to the Commodity Credit Corporation a nonrefundable marketing assessment in an amount equal to—

[(A) in the case of marketings during each of fiscal years 1992 through 1994, 1.0722 percent of the loan level established under subsection (b) per pound of beet sugar (but not more than .193 cents per pound of beet sugar), proc-

essed by the processor from domestically produced sugar beets or sugar beet molasses, that has been marketed; and

[(B) in the case of marketings during each of fiscal years 1995 through 1998, 1.1794 percent of the loan level established under subsection (b) per pound of beet sugar (but not more than .2123 cents per pound of beet sugar), processed by the processor from domestically produced sugar beets or sugar beet molasses, that has been marketed.

[(3) COLLECTION.—

[(A) TIMING.—Marketing assessments required under this subsection shall be collected on a monthly basis and shall be remitted to the Commodity Credit Corporation within 30 days after the end of each month. Any cane sugar or beet sugar processed during a fiscal year that has not been marketed by September 30 of that year shall be subject to assessment on that date. The sugar shall not be subject to a second assessment at the time that it is marketed.

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

[(4) PENALTIES.—If any person fails to remit the assessment required by this subsection or fails to comply with such requirements for recordkeeping or otherwise as are required by the Secretary to carry out this subsection, the person shall be liable to the Secretary for a civil penalty up to an amount determined by multiplying—

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

[(B) the support level for the applicable crop of sugarcane or sugar beets.

[(5) ENFORCEMENT.—The Secretary may enforce this subsection in the courts of the United States.

[(6) EXCESS MARKETINGS.—In addition to the assessment required under paragraph (1) or (2), a processor who knowingly markets sugar in excess of the allocated allotment of the processor under section 359d of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359dd) shall pay an assessment in an amount that is double the applicable assessment required under paragraph (1) or (2) per pound of sugar marketed.

[(j) CROPS.—This section shall be effective only for the 1991 through 1997 crops of sugar beets and sugarcane.

[SEC. 207. HONEY PRICE SUPPORT.

[(a) IN GENERAL.—For each of the 1991 through 1998 crops of honey, the price of honey shall be supported through loans, purchases, or other operations at not less than—

[(1) 53.8 cents per pound for each of the 1991 through 1993 crop years;

[(2) 50 cents per pound for each of the 1994 and 1995 crop years;

[(3) 49 cents per pound for the 1996 crop year;

[(4) 48 cents per pound for the 1997 crop year; and

[(5) 47 cents per pound for the 1998 crop year.

[(b) MARKETING LOAN PROVISIONS.—The Secretary may permit a producer to repay a loan made to the producer under this section for a crop at a level that is the lesser of—

[(1) the loan level determined for the crop; or

[(2) such level as the Secretary determines will—

[(A) minimize the number of loan forfeitures;

[(B) not result in excessive total stocks of honey;

[(C) reduce the costs incurred by the Federal Government in storing honey; and

[(D) maintain the competitiveness of honey in the domestic and export markets.

[(c) LOAN DEFICIENCY PAYMENTS.—

[(1) IN GENERAL.—The Secretary shall, for each of the 1991 through 1998 crops of honey, make payments available to producers who, although eligible to obtain a loan under subsection (b), agree to forgo obtaining the loan in return for payments under this subsection.

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

[(A) the loan payment rate; by

[(B) the quantity of honey the producer is eligible to place under loan but for which the producer forgoes obtaining the loan in return for payments under this subsection.

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

[(A) the loan level determined for the crop under subsection (a); exceeds

[(B) the level at which a loan may be repaid under subsection (b).

[(4) MARKETING CERTIFICATES.—The Secretary may make payments under this section available in the form of certificates redeemable for any agricultural commodity owned by the Commodity Credit Corporation.

[(d) PLEDGING ADULTERATED OR IMPORTED HONEY AS COLLATERAL.—

[(1) IN GENERAL.—If the Secretary determines that a person has knowingly pledged adulterated or imported honey as collateral to secure a loan made under this section, the person, in addition to any other penalty or sanction prescribed by law, shall be ineligible for a loan, purchase, or payment under this section for the 3 crop years succeeding the determination.

[(2) ADULTERATED HONEY.—For purposes of paragraph (1), honey shall be considered adulterated if—

[(A) any substance has been substituted wholly or in part for the honey;

[(B) the honey contains a poisonous or deleterious substance that may render the honey injurious to health, except that in any case in which the substance is not added to the honey, the honey shall not be considered adulterated if the quantity of the substance in or on the honey does not ordinarily render it injurious to health; or

[(C) for any other reason, the honey is unsound, unhealthy, unwholesome, or otherwise unfit for human consumption.

[(e) PAYMENT LIMITATIONS.—

[(1) IN GENERAL.—The total amount of payments that a person may receive under this section may not exceed—

[(A) $200,000 in the 1991 crop year;

[(B) $175,000 in the 1992 crop year;

[(C) $150,000 in the 1993 crop year;

[(D) $125,000 in the 1994 crop year;

[(E) $100,000 in the 1995 crop year;

[(F) $75,000 in the 1996 crop year; and

[(G) $50,000 in each of the 1997 and 1998 crop years.

[(2) PAYMENTS.—For the purposes of this subsection, the term "payments" means—

[(A) any gain realized by a producer from repaying a loan for a crop of honey at a lower level than the original loan level under this section; and

[(B) any loan deficiency payment received under subsection (c).

[(3) PERSON.—The Secretary shall issue regulations defining the term "person" for the purposes of this section. The regulations shall provide for the attribution of payments received under this section.

[(f) REGULATIONS.—The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

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

[(h) ASSIGNMENT OF PAYMENTS.—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 payments under this section.

[(i) MARKETING ASSESSMENT.—

[(1) IN GENERAL.—Effective only for each of the 1991 through 1993 crops of honey, producers and producer-packers of honey (as defined in paragraphs (5) and (9), respectively, of section 3 of the Honey Research, Promotion, and Consumer Information Act (7 U.S.C. 4602)) shall remit to the Commodity Credit Corporation a nonrefundable marketing assessment on a per pound basis in an amount equal to 1 percent of the national price support level for each such crop as otherwise provided in this section.

[(2) COLLECTION.—The assessment shall be collected and remitted by the first handler of honey in the manner prescribed by the Secretary which, to the extent practicable, shall be as provided for in the Honey Research, Promotion, and Consumer Information Act.

[(3) EXEMPTIONS.—All persons who are exempt from the payment of the assessment authorized by such Act, and all imported honey, shall be exempt from the payment of the assessment required by this subsection.

[(4) PENALTIES.—If any person fails to collect or remit the reduction required by this subsection or fails to comply with such requirements for recordkeeping or otherwise as are required by the Secretary to carry out this subsection, the person

shall be liable to the Secretary for a civil penalty up to an amount determined by multiplying—

[(A) the quantity of honey involved in the violation; by

[(B) the support level for the applicable crop of honey.

[(5) ENFORCEMENT.—The Secretary may enforce this subsection in the courts of the United States.

[(j) CROPS.—Notwithstanding any other provision of law, this section shall be effective only for the 1991 through 1998 crops of honey.

[TITLE III—OTHER NONBASIC AGRICULTURAL COMMODITIES

[SEC. 301. The Secretary is authorized to make available through loans, purchases, or other operations price support to producers for any nonbasic agricultural commodity not designated in title II at a level not in excess of 90 per centum of the parity price for the commodity.

[SEC. 302. Without restricting price support to those commodities for which a marketing quota or marketing agreement or order program is in effect, price support shall, insofar as feasible, be made available to producers of any storable nonbasic agricultural commodity for which such a program is in effect and who are complying with such program. The level of such support shall not be in excess of 90 per centum of the parity price of such commodity nor less than the level provided in the following table:

[If the supply percentage as of the beginning of the marketing year is:	The level of support shall be not less than the following percentage of the parity price:
Not more than 102	90
More than 102 but not more than 104	89
More than 104 but not more than 106	88
More than 106 but not more than 108	87
More than 108 but not more than 110	86
More than 110 but not more than 112	85
More than 112 but not more than 114	84
More than 114 but not more than 116	83
More than 116 but not more than 118	82
More than 118 but not more than 120	81
More than 120 but not more than 122	80
More than 122 but not more than 124	79
More than 124 but not more than 126	78
More than 126 but not more than 128	77
More than 128 but not more than 130	76
More than 130	75

Provided, That the level of price support may be less than the minimum level provided in the foregoing table if the Secretary, after examination of the availability of funds for mandatory price support programs and consideration of the other factors specified in section 401(b), determines that such lower level is desirable and proper.

[SEC. 303. In determining the level of price support for any nonbasic agricultural commodity under this title, particular consideration shall be given to the levels at which the prices of competing agricultural commodities are being supported.

[TITLE IV—MISCELLANEOUS

[SEC. 401. (a) The Secretary shall provide the price support authorized or required herein through the Commodity Credit Corporation and other means available to him.

[(b) Except as otherwise provided in this Act, the amounts, terms, and conditions of price support operations and the extent to which such operations are carried out, shall be determined or approved by the Secretary. The following factors shall be taken into consideration in determining, in the case of any commodity for which price support is discretionary, whether a price-support operation shall be undertaken and the level of such support and, in the case of any commodity for which price support is mandatory, the level of support in excess of the minimum level prescribed for such commodity: (1) the supply of the commodity in relation to the demand therefor, (2) the price levels at which other commodities are being supported and, in the case of feed grains, the feed values of such grains in relation to corn, (3) the availability of funds, (4) the perishability of the commodity, (5) the importance of the commodity to agriculture and the national economy, (6) the ability to dispose of stocks acquired through a price-support operation, (7) the need for offsetting temporary losses of export markets, (8) the ability and willingness of producers to keep supplies in line with demand, and (9) in the case of upland cotton, changes in the cost of producing such cotton.

[(c) Compliance by the producer with acreage allotments, production goals and marketing practices (including marketing quotas when authorized by law), prescribed by the Secretary, may be required as a condition of eligibility for price support. In administering any program for diverted acres the Secretary may make his regulations applicable on an appropriate geographical basis. Such regulations shall be administered (1) in semiarid or other areas where good husbandry requires maintenance of a prudent feed reserve in such manner as to permit, to the extent so required by good husbandry, the production of forage crops for storage and subsequent use either on the farm or in feeding operations of the farm operator, and (2) in areas declared to be disaster areas by the President under the Disaster Relief and Emergency Assistance Act, in such manner as will most quickly restore the normal pattern of their agriculture.

[(d) The level of price support for any commodity shall be determined upon the basis of its parity price as of the beginning of the marketing year or season in the case of any commodity marketed on a marketing year or season basis and as of January 1 in the case of any other commodity.

[(e)(1) Whenever any price support or surplus removal operation for any agricultural commodity is carried out through purchases from or loans or payments to processors, the Secretary shall, to the extent practicable, obtain from the processors such assurances as he deems adequate that the producers of the agricultural commodity involved have received or will receive maximum benefits from the price support or surplus removal operation.

[(2)(A) If the assurances under paragraph (1) are not adequate to cause the producers of sugar beets and sugarcane, because of the

bankruptcy or other insolvency of the processor, to receive maximum benefits from the price support program within 30 days after the final settlement date provided for in the contract between such producers and processor, the Secretary, on demand made by such producers and on such assurances as to nonpayment as the Secretary shall require, shall pay such producers such maximum benefits less benefits previously received by such producers.

[(B) On such payment, the Secretary shall—

[(i) be subrogated to all claims of such producers against the processor and other persons responsible for nonpayment; and

[(ii) have authority to pursue such claims as necessary to recover the benefits not paid to the producers.

[(C) The Secretary shall carry out this paragraph through the Commodity Credit Corporation.

[SEC. 402. (a) Notwithstanding any other provision of this Act, price support at a level in excess of the maximum level of price support otherwise prescribed in this Act may be made available for any agricultural commodity if the Secretary determines, after a public hearing of which reasonable notice has been given, that price support at such increased level is necessary in order to prevent or alleviate a shortage in the supply of any agricultural commodity essential to the national welfare or in order to increase or maintain the production of any agricultural commodity in the interest of national security. The Secretary's determination and the record of the hearing shall be available to the public.

[(b) Effective only for the 1991 through 1995 crops of wheat, feed grains, cotton, and rice, the Secretary of Agriculture may provide for annual adjustments in the established prices for such program crops to reflect any change during the last calendar year ending before the beginning of each such crop year in the index of prices paid by farmers for production items, interest, taxes, and wage rates in such calendar year.

[SEC. 403. ADJUSTMENTS OF SUPPORT PRICES.

[(a) IN GENERAL.—The Secretary may make appropriate adjustments in the support price for any commodity (excluding cotton) for differences in grade, type, quality, location and other factors. The adjustments shall, so far as practicable, be made in such manner that the average support price for the commodity will, on the basis of the anticipated incidence of such factors be equal to the level of support determined as provided in this Act. Beginning with the 1991 crops of wheat, feed grains, and soybeans for which price support is provided under this Act, the Secretary shall establish premiums and discounts related to cleanliness factors in addition to any other premiums or discounts related to quality.

[(b) ADJUSTMENT IN SUPPORT PRICES FOR COTTON.—The Secretary may make appropriate adjustments in the support price for cotton for differences in quality factors and location. Beginning with the 1991 crop, the quality differences (premiums and discounts for quality factors) for the upland cotton loan program shall be established by the Secretary by giving equal weight to (1) loan differences for the preceding crop, and (2) market differences for such crop in the designated United States spot markets.

[(c) LIMITATION ON ADJUSTMENTS FOR WHEAT AND FEED GRAINS.—Notwithstanding any other provision of this section, for

each of the 1990 through 1995 crops of wheat and feed grains, no adjustment in the loan rate applicable to a particular region, State, or county for the purpose of reflecting transportation differentials may increase or decrease the regional, State, or county loan rate from the level established for the previous year by more than the percentage change in the national average loan rate plus or minus 3 percent.

[SEC. 404. The Secretary, in carrying out programs under section 32 of Public Law Numbered 320, Seventy-fourth Congress, approved August 24, 1935, as amended, and section 6 of the National School Lunch Act may utilize the services and facilities of the Commodity Credit Corporation (including but not limited to procurement by contract), and make advance payments to it.

[SEC. 405. (a) Except as otherwise provided in section 405A, no producer shall be personally liable for any deficiency arising from the sale of the collateral securing any loan made under authority of this Act unless such loan was obtained through fraudulent representations by the producer. This provision shall not, however, be construed to prevent the Commodity Credit Corporation or the Secretary from requiring producers to assume liability for deficiencies in the grade, quality, or quantity of commodities stored on the farm or delivered by them, for failure properly to care for and preserve commodities, or for failure or refusal to deliver commodities in accordance with the requirements of the program. There is authorized to be included in the terms and conditions of any such nonrecourse loan a provision whereby on and after the maturity of the loan or any extension thereof Commodity Credit Corporation shall have the right to acquire title to the unredeemed collateral without obligation to pay for any market value which such collateral may have in excess of the loan indebtedness.

[(b) SUGARCANE AND SUGAR BEETS.—The security interests obtained by the Commodity Credit Corporation as a result of the execution of security agreements by the processors of sugarcane and sugar beets shall be superior to all statutory and common law liens on raw cane sugar and refined beet sugar in favor of the producers of sugarcane and sugar beets and all prior recorded and unrecorded liens on the crops of sugarcane and sugar beets from which the sugar was derived. The preceding sentence shall not affect the application of section 401(e)(2).

[SEC. 405A. (a) A producer of honey may satisfy the producer's obligation to repay a loan, or a portion of a loan, made to the producer under section 207 by forfeiting the collateral for the loan, or portion of the loan, only if the value of the collateral forfeited, when taken together with the value of the collateral forfeited on any other loan or loans of the person for such crop of honey under section 207, does not exceed $200,000 in the 1991 crop year, $175,000 in the 1992 crop year, $150,000 in the 1993 crop year, and $125,000 in each of the 1994 and subsequent crop years: *Provided, however,* That the loan forfeiture limitation provided by this section shall not be applicable for any crop year for which the Secretary does not permit producers of honey to repay the price support loans at a level determined under section 207(b)(2).

[(b) The producer of honey shall be personally liable for the repayment of a loan or loans made to the producer under the pro-

gram for the crop of honey involved, with respect to that portion of the loan or loans for which satisfaction of the loan by forfeiture, as provided in subsection (a), is prohibited.

[(c) The loan contracts of the Commodity Credit Corporation entered into with producers of honey shall clearly indicate the extent to which a producer of honey may be personally liable for repayment of a loan under this section.

[(d) The Commodity Credit Corporation may issue such regulations as the Corporation deems necessary to carry out this section. The regulations shall provide for the attribution of the value of collateral forfeited on loans described in subsection (a).

[SEC. 406. (a) The Secretary shall, insofar as practicable, announce the level of price support for field crops in advance of the planting season and for other agricultural commodities in advance of the beginning of the marketing year or season (January 1 in the case of commodities not marketed on a marketing year or season basis), but the level of price support so announced shall not exceed the estimated maximum level of price support specified in this Act, based upon the latest information and statistics available to the Secretary when such level of price support is announced; and the level of price support so announced shall not be reduced if the maximum level of price support when determined, is less than the level so announced.

[(b)(1) Notwithstanding any other provision of law, the Secretary may offer an option to producers of the 1996 crop of wheat, feed grains, upland cotton, extra long staple cotton, rice, or oilseeds and to dairy producers for the 1996 calendar year to participate in commodity price support, production adjustment, and payment programs as provided in this subsection.

[(2) The Secretary may offer such programs based on the terms and conditions as are provided in sections 101(h), 101B, 103B, 105B, 107B, 114, 204, and 205 of the Agricultural Act of 1949, and any other relevant provisions of the Agricultural Act of 1949, as determined by the Secretary. Any established price or loan and purchase level made available in accordance with this subsection shall be established at the same level as that established for the 1995 crop or, in the case of milk, for the 1995 calendar year.

[(3) The Secretary may offer each of the programs provided for by this subsection if the Secretary has not made final announcement of the terms of the commodity price support, production adjustment, or payment programs for the 1996 crops of wheat, feed grains, cotton, rice, or oilseeds, or the 1996 calendar year for dairy on or before the later of—

[(A) in the case of wheat, June 1, 1995;

[(B) in the case of feed grains, September 30, 1995;

[(C) in the case of upland cotton, November 1, 1995;

[(D) in the case of extra long staple cotton, December 1, 1995;

[(E) in the case of rice, January 31, 1996;

[(F) in the case of oilseeds, July 15, 1995; and

[(G) in the case of dairy, November 1, 1995.

[(4) Producers may not participate in such programs unless a law has been enacted subsequent to November 28, 1990, that provides for loans and purchases for the 1996 crop of wheat, feed

grains, cotton, rice, or oilseeds, or for dairy for the 1996 calendar year.

[(5) The Secretary may use the funds, facilities and authorities of the Commodity Credit Corporation in carrying out this subsection.

[SEC. 407. COMMODITY CREDIT CORPORATION SALES PRICE RESTRICTIONS.

[(a) IN GENERAL.—The Commodity Credit Corporation may sell any farm commodity owned or controlled by the Corporation at any price not prohibited by this section.

[(b) INVENTORIES.—In determining sales policies for basic agricultural commodities or storable nonbasic commodities, the Corporation should consider the establishment of such policies with respect to prices, terms, and conditions as the Corporation determines will not discourage or deter manufacturers, processors, and dealers from acquiring and carrying normal inventories of the commodity of the current crop.

[(c) SALES PRICE RESTRICTIONS.—

[(1) IN GENERAL.—Except as otherwise provided in this section, the Corporation shall not sell any basic agricultural commodity or storable nonbasic commodity at less than 115 percent of the lower of—

[(A) the current national average price support loan rate for the commodity adjusted for the current market differentials reflecting grade, quality, location, reasonable carrying charges, and other factors determined appropriate by the Corporation; or

[(B) the loan repayment level.

[(2) EXTRA LONG STAPLE COTTON.—The Corporation may sell extra long staple cotton for unrestricted use at such price as the Corporation determines is appropriate to maintain and expand export and domestic markets.

[(3) OILSEEDS.—The Corporation shall not sell oilseeds at less than the lower of—

[(A) 105 percent of the current national average price support loan rate for the oilseed, adjusted for the current market differentials reflecting grade, quality, location, reasonable carrying charges, and other factors determined appropriate by the Corporation; or

[(B) 115 percent of the loan repayment level.

[(4) WHEAT AND FEED GRAINS.—Whenever the producer reserve program for wheat and feed grains established under section 110 is in effect, the Corporation may not sell any of its stocks of wheat or feed grains at a level that is less than 150 percent of the then current loan rate for wheat or feed grains.

[(5) UPLAND COTTON.—The Commodity Credit Corporation shall sell upland cotton for unrestricted use at the same price the Corporation sells upland cotton for export, but in no event at less than the amount provided for in paragraph (1).

[(d) NONAPPLICATION OF SALES PRICE RESTRICTIONS.—The foregoing restrictions of this section shall not apply to—

[(1) sales for new or byproduct uses;

[(2) sales of peanuts and oilseeds for the extraction of oil;

[(3) sales for seed or feed if the sales will not substantially impair any price support program;

[(4) sales of commodities that have substantially deteriorated in quality or as to which there is a danger of loss or waste through deterioration or spoilage;

[(5) sales for the purpose of establishing claims arising out of contract or against persons who have committed fraud, misrepresentation, or other wrongful acts with respect to the commodity;

[(6) sales for export (excluding sales of upland cotton for export);

[(7) sales of wool; and

[(8) sales for other than primary uses.

[(e) DISTRESS, DISASTER, AND LIVESTOCK EMERGENCY AREAS.—

[(1) IN GENERAL.—Notwithstanding the foregoing provisions of this section, the Corporation, on such terms and conditions as the Secretary may consider in the public interest, may—

[(A) make available any farm commodity or product thereof owned or controlled by the Corporation for use in relieving distress—

[(i) in any area in the United States (including the Virgin Islands) declared by the President to be an acute distress area because of unemployment or other economic cause, if the President finds that the use will not displace or interfere with normal marketing of agricultural commodities; and

[(ii) in connection with any major disaster determined by the President to warrant assistance by the Federal Government under the Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.); and

[(B) donate or sell commodities in accordance with title VI.

[(2) COSTS.—Except on a reimbursable basis, the Corporation shall not bear any costs in connection with making the commodity available under this subsection beyond the cost of the commodities to the Corporation in—

[(A) the storage of the commodity; and

[(B) the handling and transportation costs in making delivery of the commodity to designated agencies at one or more central locations in each State or other area.

[(f) EFFICIENT OPERATIONS.—

[(1) IN GENERAL.—Subject to paragraph (2), the foregoing restrictions of this section shall not apply to sales of commodities the disposition of which is desirable in the interest of the effective and efficient conduct of the operations of the Corporation because of the small quantities involved, or because of age, location or questionable continued storability of the commodity.

[(2) OFFSETS.—The sales shall be offset (if necessary) by the purchases of commodities as the Corporation determines is appropriate to prevent the sales from substantially impairing any price support program or unduly affecting market prices, except that the purchase price shall not exceed the Corporation's minimum sales price for the commodities for unrestricted use.

[(3) COMPETITIVE BID BASIS.—Subject to the sales price restrictions contained in this section, the Corporation may sell any basic agricultural commodity or storable nonbasic commodity on a competitive bid basis, if the sale is determined to be appropriate by the Secretary.

[(g) SALES FOR EXPORT.—For the purposes of this section, sales for export shall include—

[(1) sales made on condition that the identical commodities sold be exported; and

[(2) sales made on condition that commodities of the same kind and of comparable value or quantity be exported, either in raw or processed form.

[SEC. 407A. QUALITY REQUIREMENTS FOR COMMODITY CREDIT CORPORATION OWNED GRAIN.

[(a) ESTABLISHMENT OF MINIMUM STANDARDS.—Notwithstanding any other provision of law, the Secretary shall establish minimum quality standards that shall apply to grain that is deposited for storage for the account of the Commodity Credit Corporation. In establishing such standards, the Secretary shall take into consideration factors related to the ability of grain to withstand storage and assurance of acceptable end-use performance.

[(b) INSPECTION OF GRAIN ACQUISITIONS.—The Commodity Credit Corporation shall utilize Federal Grain Inspection Service approved procedures to inspect and evaluate the condition of the grain it acquires from producers. In no case shall this section require the use of an official inspection unless the producer so requests.

[SEC. 408. For the purposes of this Act—

[(a) A commodity shall be considered storable upon determination by the Secretary that, in normal trade practice, it is stored for substantial periods of time and that it can be stored under the price-support program without excessive loss through deterioration or spoilage or without excessive cost for storage for such periods as will permit its disposition without substantial impairment of the effectiveness of the price-support program.

[(b) A "cooperator" with respect to any basic agricultural commodity shall be a producer on whose farm the acreage planted to the commodity does not exceed the farm acreage allotment for the commodity under title III of the Agricultural Adjustment Act of 1938, as amended, or in the case of price support for corn or wheat to a producer outside the commercial corn-producing or wheat-producing area, a producer who complies with conditions of eligibility prescribed by the Secretary: *Provided*, That for upland cotton a cooperator shall be a producer on whose farm the acreage planted to such cotton does not exceed the cooperator percentage, which shall be in the case of the 1966 crop, 87.5 per centum of such farm acreage allotment and, in the case of each of the 1967 through 1970 crops, such percentage, not less than 87.5 or more than 100 per centum, of such farm acreage allotment as the Secretary may specify for such crop, except that in the case of small farms (i.e. farms on which the acreage allotment is 10 acres or less, or on which the projected farm yield times the acreage allotment is 3,600 pounds or less, and the acreage allotment has not been reduced under section 344(m)) the acreage of cotton on the farm shall not be required to

be reduced below the farm acreage allotment: *And provided,* That for the 1971 through 1977 crops of upland cotton a cooperator shall be a producer on a farm on which a farm base acreage allotment has been established who has set aside the acreage required under section 103(e): *Provided further,* That for the 1976 through 1981 crops of rice, a cooperator shall be a person who produces rice on a farm for which a farm acreage allotment has been established or to which a producer acreage allotment has been allocated and, if a set-aside is in effect, who has set aside any acreage required under section 101(g): *Provided further,* That for the 1978 through 1981 crops of upland cotton, a cooperator shall be a producer on a farm who has set aside the acreage required under section 103(f). For the purpose of this subsection, a producer shall not be deemed to have exceeded his farm acreage allotment unless such producer knowingly exceeded such allotment.

[(c) A "basic agricultural commodity" shall mean corn, cotton, peanuts, rice, tobacco, and wheat, respectively.

[(d) A "nonbasic agricultural commodity" shall mean any agricultural commodity other than a basic agricultural commodity.

[(e) The "supply percentage" as to any commodity shall be the percentage which the estimated total supply is of the normal supply as determined by the Secretary from the latest available statistics of the Department of Agriculture as of the beginning of the marketing year for the commodity.

[(f) "Total supply" of any nonbasic agricultural commodity for any marketing year shall be the carry-over at the beginning of such marketing year, plus the estimated production of the commodity in the United States during the calendar year in which such marketing year begins and the estimated imports of the commodity into the United States during such marketing year.

[(g) "Carry-over" of any nonbasic agricultural commodity for any marketing year shall be the quantity of the commodity on hand in the United States at the beginning of such marketing year, not including any part of the crop or production of such commodity which was produced in the United States during the calendar year then current. The carry-over of any such commodity may also include the quantity of such commodity in processed form on hand in the United States at the beginning of such marketing year, if the Secretary determines that the inclusion of such processed quantity of the commodity is necessary to effectuate the purposes of this Act.

[(h) "Normal supply" of any nonbasic agricultural commodity for any marketing year shall be (1) the estimated domestic consumption of the commodity for the marketing year for which such normal supply is being determined, plus (2) the estimated exports of the commodity for such marketing year, plus (3) an allowance for carry-over. The allowance for carry-over shall be the average carry-over of the commodity for the five marketing years immediately preceding the marketing year in which such normal supply is determined, adjusted for surpluses or deficiencies caused by abnormal conditions, changes in marketing conditions, or the operation of any agricultural program. In determining normal supply, the Secretary shall make such adjustments for current trends in consumption and for unusual conditions as he may deem necessary.

[(i) "Marketing year" for any nonbasic agricultural commodity means any period determined by the Secretary during which substantially all of a crop or production of such commodity is normally marketed by the producers thereof.

[(j) Any term defined in the Agricultural Adjustment Act of 1938, shall have the same meaning when used in this Act.

[(k)(1) Reference made in sections 402, 403, 406, 407, and 416 to the terms "support price", "level of support", and "level of price support" shall be considered to apply as well to the loan and purchase level for wheat, feed grains, upland cotton, extra long staple cotton, honey, oilseeds and rice under this Act.

[(2) References made to the terms "price support", "price support operations", and "price support program" in such sections and in section 401(a) shall be considered as applying as well to loan and purchase operations for wheat, feed grains, upland cotton, extra long staple cotton, honey, oilseeds and rice under this Act.

[(3) Notwithstanding any other provision of law, this subsection shall be effective only for the 1991 through 1995 crops of wheat, feed grains, upland cotton, extra long staple cotton, honey, oilseeds and rice.

[(l) "Producer" shall include a person growing hybrid seed under contract. In determining the interest of a grower of hybrid seed in a crop, the Secretary shall not take into consideration the existence of a hybrid seed contract.

[SEC. 412. Determinations made by the Secretary under this Act shall be final and conclusive: *Provided*, That the scope and nature of such determinations shall not be inconsistent with the provisions of the Commodity Credit Corporation Charter Act.

[SEC. 413. This Act shall not be effective with respect to price support operations for any agricultural commodity for any marketing year or season commencing prior to January 1, 1950, except to the extent that the Secretary of Agriculture shall, without reducing price support theretofore undertaken or announced, elect to apply the provisions of this Act.

[SEC. 415. (a) Except as modified by this Act or by Public Law 272, Eighty-first Congress, sections 201(b), 201(d), 201(e), 203, 207(a), and 208 of the Agricultural Act of 1948 shall be effective for the purpose of taking any action with respect to the 1950 and subsequent crops upon the enactment of this Act. If the time within which any such action is required to be taken shall have elapsed prior to the enactment of this Act, such action shall be taken within thirty days after the enactment of this Act.

[(b) No provision of the Agricultural Act of 1948 shall be deemed to supersede any provision of Public Law 272, Eighty-first Congress.

[SEC. 416. (a) In order to prevent the waste of commodities whether in private stocks or acquired through price-support operations by the Commodity Credit Corporation before they can be disposed of in normal domestic channels without impairment of the price-support program or sold abroad at competitive world prices, the Commodity Credit Corporation is authorized, on such terms and under such regulations as the Secretary may deem in the public interest: (1) upon application, to make such commodities available to any Federal agency for use in making payment for commod-

ities not produced in the United States; (2) to barter or exchange such commodities for strategic or other materials as authorized by law; (3) in the case of food commodities to donate such commodities to the Bureau of Indian Affairs and to such State, Federal, or private agency or agencies as may be designated by the proper State or Federal authority and approved by the Secretary, for use in the United States in nonprofit school-lunch programs, in nonprofit summer camps for children, in the assistance of needy persons, and in charitable institutions, including hospitals and facilities, to the extent that they serve needy persons (including infants and children). In the case of (3) the Secretary shall obtain such assurance as he deems necessary that the recipients thereof will not diminish their normal expenditures for food by reason of such donation. In order to facilitate the appropriate disposal of such commodities, the Secretary may from time to time estimate and announce the quantity of such commodities which he anticipates will become available for distribution under (3). The Commodity Credit Corporation may pay, with respect to commodities disposed of under this subsection, reprocessing, packaging, transporting, handling, and other charges accruing up to the time of their delivery to a Federal agency or to the designated State or private agency. In addition, in the case of food commodities disposed of under this subsection, the Commodity Credit Corporation may pay the cost of processing such commodities into a form suitable for home or institutional use, such processing to be accomplished through private trade facilities to the greatest extent possible. For the purpose of this subsection the terms "State" and "United States" include the District of Columbia and any Territory or possession of the United States.

[Dairy products acquired by the Commodity Credit Corporation through price support operations may, insofar as they can be used in the United States in nonprofit school lunch and other nonprofit child feeding programs, in the assistance of needy persons, and in charitable institutions, including hospitals, to the extent that needy persons are served, be donated for any such use prior to any other use or disposition. Notwithstanding any other provision of law, such dairy products may be donated for distribution to needy households in the United States and to meet the needs of persons receiving nutrition assistance under the Older Americans Act of 1965.

[(b)(1) The Secretary, subject to the requirements of paragraph (10), may furnish eligible commodities for carrying out programs of assistance in developing countries and friendly countries under titles II and III of the Agricultural Trade Development and Assistance Act of 1954 and under the Food for Progress Act of 1985, as approved by the Secretary, and for such purposes as are approved by the Secretary. To ensure that the furnishing of commodities under this subsection is coordinated with and complements other United States foreign assistance, assistance under this subsection shall be coordinated through the mechanism designated by the President to coordinate assistance under the Agricultural Trade Development and Assistance Act of 1954.

[(2) As used in this subsection, the term "eligible commodities" means—

[(A) dairy products, wheat, rice, feed grains, and oilseeds acquired by the Commodity Credit Corporation through price support operations, and the products thereof, that the Secretary determines meet the criteria specified in subsection (a); and

[(B) such other edible agricultural commodities as may be acquired by the Secretary or the Commodity Credit Corporation in the normal course of operations and that are available for disposition under this subsection, except that no such commodities may be acquired for the purpose of their use under this subsection.

[(3)(A) Commodities may not be made available for disposition under this subsection in amounts that (i) will, in any way, reduce the amounts of commodities that traditionally are made available through donations to domestic feeding programs or agencies, or (ii) will prevent the Secretary from fulfilling any agreement entered into by the Secretary under a payment-in-kind program under this Act or other Acts administered by the Secretary.

[(B)(i) The requirements of section 403(a) of the Agricultural Trade Development and Assistance Act of 1954 shall apply with respect to commodities furnished under this subsection. Commodities may not be furnished for disposition to any country under this subsection except on determinations by the Secretary that—

[(I) the receiving country has the absorptive capacity to use the commodities efficiently and effectively; and

[(II) such disposition of the commodities will not interfere with usual marketings of the United States, nor disrupt world prices of agricultural commodities and normal patterns of commercial trade with developing countries.

[(ii) The requirement for safeguarding usual marketings of the United States shall not be used to prevent the furnishing under this subsection of any eligible commodity for use in countries that—

[(I) have not traditionally purchased the commodity from the United States; or

[(II) do not have adequate financial resources to acquire the commodity from the United States through commercial sources or through concessional sales arrangements.

[(C) The Secretary shall take reasonable precautions to ensure that—

[(i) commodities furnished under this subsection will not displace or interfere with sales that otherwise might be made; and

[(ii) sales or barter under paragraph (7) will not unduly disrupt world prices of agricultural commodities nor normal patterns of commercial trade with friendly countries.

[(D) If eligible commodities are made available under this subsection to a friendly country, nonprofit and voluntary agencies and cooperatives shall also be eligible to receive commodities for food aid programs in the country.

[(4) Agreements may be entered into under this subsection to provide eligible commodities in installments over an extended period of time. In agreements with recipients of eligible commodities under this subsection (including nonprofit and voluntary agencies

or cooperatives), subject to the availability of commodities each fiscal year, the Secretary, on request, shall approve multiyear agreements to make agricultural commodities available for distribution or sale by the recipients if the agreements otherwise meet the requirements of this subsection.

[(5)(A) Section 406 of the Agricultural Trade Development and Assistance Act of 1954 shall apply to the commodities furnished under this subsection.

[(B) The Commodity Credit Corporation may pay the processing and domestic handling costs incurred, as authorized under this subsection, in the form of eligible commodities, as defined in paragraph (2)(A), if the Secretary determines that such in-kind payment will not disrupt domestic markets.

[(6) The cost of commodities furnished under this subsection, and expenses incurred under section 406 of the Agricultural Trade Development and Assistance Act of 1954 in connection with those commodities, shall be in addition to the level of assistance programmed under that Act and shall not be considered expenditures for international affairs and finance.

[(7) Eligible commodities furnished under this subsection may be sold or bartered only with the approval of the Secretary and solely as follows:

[(A) Sales and barter that are incidental to the donation of the commodities or products.

[(B) Sales and barter to finance the distribution, handling, and processing costs of the donated commodities or products in the importing country or in a country through which such commodities or products must be transshipped, or other activities in the importing country that are consistent with providing food assistance to needy people.

[(C) Sales and barter of commodities and products furnished to intergovernmental agencies or organizations, insofar as they are consistent with normal programming procedures in the distribution of commodities by those agencies or organizations.

[(D)(i) Sales of commodities and products furnished to nonprofit and voluntary agencies, or cooperatives, for food assistance under agreements that provide for the use, by the agency or cooperative, of foreign currency proceeds generated from such sale of commodities or products for the purposes established in clause (ii) of this subparagraph.

[(ii) Foreign currencies generated from partial or full sales or barter of commodities by a nonprofit and voluntary agency or cooperative shall be used—

[(I) to transport, store, distribute, and otherwise enhance the effectiveness of the use of commodities and the products thereof donated under this section; and

[(II) to implement income generating, community development, health, nutrition, cooperative development, agricultural programs, and other developmental activities.

In addition, foreign currency proceeds generated in Poland may also be used by governmental and nongovernmental agencies or cooperatives for eligible activities approved by the joint commission established pursuant to section 2226 of the American Aid to Poland Act of 1988 and by the United States chief of

diplomatic mission in Poland that would improve the quality of life of the Polish people and would strengthen and support the activities of governmental or private, nongovernmental independent institutions in Poland. Activities eligible under the preceding sentence include—

[(I) any project undertaken in Poland under the auspices of the Charitable Commission of the Polish Catholic Episcopate for the benefit of handicapped or orphaned children;

[(II) any project for the reconstruction, renovation, or maintenance of the Research Center on Jewish History and Culture of the Jagiellonian University of Krakow, Poland, established for the study of events related to the Holocaust in Poland;

[(III) any other project or activity which strengthens and supports private and independent sectors of the Polish economy, especially independent farming and agriculture; and

[(IV) the Polish Catholic Episcopate's Rural Water Supply Foundation.

[(iii) Except as otherwise provided in clause (v), such agreements, taken together for each fiscal year, shall provide for sales of commodities and products for foreign currency proceeds in amounts that are, in the aggregate, not less than 10 percent of the aggregate value of all commodities and products furnished, or the minimum tonnage required, whichever is greater, for carrying out programs of assistance under this subsection in such fiscal year. The minimum allocation requirements of this clause apply with respect to commodities and products made available under this subsection for carrying out programs of assistance under titles II and III of the Agricultural Trade Development and Assistance Act of 1954, and not with respect to commodities and products made available to carry out the Food for Progress Act of 1985.

[(iv) Foreign currency proceeds generated from the sale of commodities or products under this subparagraph shall be expended within the country of origin within one year of acquisition of such currency, except that the Secretary may permit the use of such proceeds (I) in countries other than the country of origin as necessary to expedite the transportation of commodities and products furnished under this subsection, (II) after one year of acquisition as appropriate to achieve the purposes of clause (i), and (III) in a country other than the country of origin, if such proceeds are generated in a currency generally accepted in such other country.

[(v) The provisions of clause (iii) of this subparagraph establishing minimum annual allocations for sales and use of proceeds shall not apply to the extent that there have not been sufficient requests for such sales and use of proceeds nor to the extent required under paragraph (3).

[(E) Sales and barter to cover expenses incurred under paragraph (5)(a).

[(F) The provisions of sections 403(i) and 407(c) of the Agricultural Trade Development and Assistance Act of 1954 shall apply to donations, sales and barters of eligible commodities under this subsection.

No portion of the proceeds or services realized from sales or barter under this paragraph may be used to meet operating and overhead expenses, except as otherwise provided in subparagraph (C) and except for personnel and administrative costs incurred by local cooperatives.

[(8)(A) To the maximum extent practicable, expedited procedures shall be used in the implementation of this subsection.

[(B) The Secretary shall be responsible for regulations governing sales and barter, and the use of foreign currency proceeds, under paragraph (7) of this subsection that will provide reasonable safeguards to prevent the occurrence of abuses in the conduct of activities provided for in paragraph (7).

[(C)(i) If a proposal to make eligible commodities available under this subsection is submitted by a nonprofit and voluntary agency or cooperative with the concurrence of the appropriate United States Government field mission or if a proposal to make such commodities available to a nonprofit and voluntary agency or cooperative is submitted by the United States Government field mission, a decision on the proposal shall be provided within 45 days after receipt by the Agency for International Development office in Washington, D.C. The response shall detail the reasons for approval or denial of the proposal. If the proposal is denied, the response shall specify the conditions that would need to be met for the proposal to be approved.

[(ii) Not later than 30 days before the issuance of a final guideline issued to carry out this subsection, the Secretary shall—

[(I) provide notice of the proposed guideline to nonprofit and voluntary agencies and cooperatives that participate in programs under this subsection, and other interested persons, that the proposed guideline is available for review and comment;

[(II) make the proposed guideline available, on request, to nonprofit and voluntary agencies, cooperatives, and others; and

[(III) take any comments received into consideration before the issuance of the final guideline.

[(iii) Not later than 15 days after receipt of a call forward from a field mission for commodities or products that meets the requirements of this subsection, the order for the purchase or the supply, from inventory, of such commodities or products shall be transmitted to the Commodity Credit Corporation.

[(9)(A) Each recipient of commodities and products approved for sale or barter under paragraph (7) shall report to the Secretary information with respect to the items required to be included in the Secretary's report pursuant to clauses (i) through (iv) of subparagraph (B). Reports pursuant to this subparagraph shall be submitted in accordance with regulations of the Secretary. Such regulations shall require at least one report annually, to be submitted not later than December 31 following the end of the fiscal year in which the commodities and products are received; except that a report shall not be required with respect to fiscal year 1985.

[(B) Not later than February 15, 1987, and annually thereafter, the Secretary shall report to the Congress on sales and barter, and use of foreign currency proceeds, under paragraph (7) during the preceding fiscal year. Such report shall include information on—

[(i) the quantity of commodities furnished for such sale or barter;

[(ii) the amount of funds (including dollar equivalents for foreign currencies) and value of services generated from such sales and barter in such fiscal year;

[(iii) how such funds and services were used;

[(iv) the amount of foreign currency proceeds that were used under agreements under subparagraph (D) of paragraph (7) in such fiscal year, and the percentage of the quantity of all commodities and products furnished under this subsection in such fiscal year such use represented;

[(v) the Secretary's best estimate of the amount of foreign currency proceeds that will be used, under agreements under subparagraph (D) of paragraph (7), in the then current fiscal year and the next following fiscal year (if all requests for such use are agreed to), and the percentage that such estimated use represents of the quantity of all commodities and products that the Secretary estimates will be furnished under this subsection in each such fiscal year;

[(vi) the effectiveness of such sales, barter, and use during such fiscal year in facilitating the distribution of commodities and products under this subsection;

[(vii) the extent to which sales, barter, or uses—

[(I) displace or interfere with commercial sales of United States agricultural commodities and products that otherwise would be made,

[(II) affect usual marketings of the United States,

[(III) disrupt world prices of agricultural commodities or normal patterns of trade with friendly countries, or

[(IV) discourage local production and marketing of agricultural commodities in the countries in which commodities and products are distributed under this subsection; and

[(viii) the Secretary's recommendations, if any, for changes to improve the conduct of sales, barter, or use activities under paragraph (7).

[(10)(A) Subject to the limitations established under paragraph (3), the Secretary shall make available for disposition under this subsection in each of the fiscal years 1988 through 1990 not less than the minimum quantities of eligible commodities specified in subparagraph (B).

[(B) The minimum quantity of eligible commodities that shall be made available for disposition under this subsection in each fiscal year shall be—

[(i) 500,000 metric tons of wheat, rice, feed grains, and oilseeds from the Corporation's uncommitted stocks, or an amount equal to 10 percent of the Corporation's uncommitted stocks of wheat, rice, feed grains, and oilseeds as of the end of such fiscal year (as estimated by the Secretary), whichever is less; and

[(ii) 10 percent of the Corporation's uncommitted stocks of dairy products, but not less than 150,000 metric tons of such products to the extent that uncommitted stocks are available.

The Secretary shall make such estimation of expected year-end levels of the Corporation's uncommitted stocks prior to the beginning of the fiscal year or, in the case of fiscal year 1986, prior to March 31, 1986. The Secretary's determination as to the amount of the Corporation's stocks that shall be made available for disposition under this subsection for such fiscal year shall be published in the Federal Register, along with a breakdown by kind of commodity and the quantity of each kind of commodity that shall be made available, before the beginning of such fiscal year or, in the case of fiscal year 1986, March 31, 1986.

[(C) Of the aggregate amounts made available each fiscal year pursuant to both clauses (i) and (ii) of subparagraph (B), not less than 75,000 metric tons shall be made available to carry out the Food for Progress Act of 1985.

[(D)(i) The Secretary—

[(I) may waive the minimum quantity requirements of subparagraphs (A) and (B) for a fiscal year to the extent that the Secretary determines and reports to Congress that there are not sufficient requests for eligible commodities under this subsection for such fiscal year, except that the waiver authority of this subclause may not be used to waive the minimum quantity requirement of subparagraph (C);

[(II) may waive the minimum quantity requirement of subparagraph (C) in accordance with subsection (f)(2) of the Food for Progress Act of 1985; and

[(III) may waive the minimum quantity requirements of subparagraphs (A), (B), and (C) for a fiscal year, if the Secretary determines that the restrictions on the furnishing of commodities under paragraph (3) prevent the making available of commodities in such quantities.

[(ii) For any fiscal year in which the minimum levels of uncommitted Commodity Credit Corporation stocks specified in subparagraph (B) are not made available and during which any requests for commodities under this subsection are rejected, the Secretary shall provide a detailed, written explanation to Congress, at the end of such fiscal year, of the reasons for the rejections of such requests.

[(11)(A) The Secretary may furnish eligible commodities under this subsection in connection with (i) concessional sales agreements entered into under title I of the Agricultural Trade Development and Assistance Act of 1954 or other statutes, or (ii) agricultural export bonus or promotion programs carried out under the Commodity Credit Corporation Charter Act or other statutes.

[(B) Eligible commodities may be furnished by the Secretary under this subsection in connection with agreements by recipient countries to acquire additional agricultural commodities from the United States through commercial arrangements.

[(C) The amount of any commodity furnished under subparagraphs (A) and (B) of this paragraph in any fiscal year shall not be considered for the purpose of determining whether the requirements of paragraph (10)(A) of this subsection have been met during such fiscal year.

[(12) There is authorized to be appropriated for fiscal year 1988, in addition to any other funds authorized to be appropriated,

$1,000,000 for technical assistance for the sale or barter of commodities under paragraph (7) to strengthen nonprofit private organizations and cooperatives in the Philippines.

[(c) To prevent the waste of dairy products acquired by the Commodity Credit Corporation through price support operations, the Corporation, on such terms and under such regulations as the Secretary may prescribe, shall carry out a two-year pilot program under which the Corporation shall barter or exchange such dairy products, to the extent they are available, for forty thousand metric tons (consisting of twenty thousand metric tons in each year of the pilot program) of ultra-high temperature processed fluid milk. Such barter or exchange shall be effected on the basis of competitive bids submitted by domestic processors. The processed milk acquired by the Corporation under this subsection shall be available for donation through foreign governments and public and nonprofit private humanitarian organizations for the assistance of needy persons outside the United States, and the Corporation may pay, with respect to such processed milk donated under this subsection, transporting, handling, and other charges, including the cost of overseas delivery. Any donations under this subsection shall be coordinated through the mechanism designated by the President to coordinate assistance under the Agricultural Trade Development and Assistance Act of 1954 and shall be in addition to the level of assistance programmed under that Act. The pilot program shall be implemented by the Corporation as soon as practicable after the enactment of the Agricultural Programs Adjustment Act of 1984 and shall be operated for a period of two years after its implementation. Upon completion of the pilot program, the Secretary shall submit a report to Congress on its operation.

[SEC. 420. Any price support program in effect on cottonseed or any of its products shall be extended to the same seed and products of the cottons defined under section 347(a) of the Agricultural Adjustment Act of 1938, as amended.

[FORGIVENESS OF VIOLATIONS

[SEC. 422. Notwithstanding any other provision of law, whenever a producer samples, turns, moves, or replaces grain or any other commodity which is security for a Commodity Credit Corporation producer loan or is held under a producer reserve program, and does so in violation of law or regulation, the appropriate county committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act may forgive some or all of the penalties and requirements that would normally be imposed on the producer by reason of the violation, if such committee determines that (1) the violation occurred inadvertently or accidentally, because of lack of knowledge or understanding of the law or regulation, or because the producer or the producer's agent acted to prevent spoilage of the commodity, and (2) the violation did not result in harm or damage to the rights or interests of any person. The county committee shall furnish a copy of its determination to the Administrator of the Agricultural Stabilization and Conservation Service and the appropriate State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act. The determination may be disapproved by either the Administrator or

the State committee within sixty days after receipt of a copy of the determination. Any determination not disapproved by the Administrator or such State committee within such sixty-day period shall be considered approved.

[SEC. 423. (a) Notwithstanding any other provision of law, in order to prevent the accumulation of excessive stocks of agricultural commodities through the price support and stabilization operations of the Commodity Credit Corporation the Corporation may, under terms and conditions established by the Secretary, make its accumulated stocks of agricultural commodities available, at no cost or reduced cost, to encourage the purchase of such commodities for the production of liquid fuels and agricultural commodity byproducts. In carrying out the program established by this section, the Secretary shall ensure, insofar as possible, that any use of agricultural commodities made available be made in such manner as to encourage increased use and avoid displacing usual marketings of agricultural commodities.

[(b) In determining the feasibility of providing for the processing of Commodity Credit Corporation stocks of commodities under subsection (a), the Secretary shall consider the nature of the commodities, and the acquisition, transportation, handling, storage, interest, and other costs associated with acquiring and maintaining such stocks, including the effect of such stocks in depressing commodity prices, as well as the value and utility of such stocks when processed into liquid fuels and agricultural commodity byproducts.

[(c) Not later than one hundred and twenty days after the date of enactment of this section, and annually thereafter, the Secretary shall report to the Congress with respect to the operation of this section, including any recommendations for legislative changes the Secretary finds necessary with respect to the authority provided in this section.

[SEC. 427. CROP INSURANCE REQUIREMENT.

[As a condition of receiving any benefit (including payments) under title I or II for each of the 1995 and subsequent crops of tobacco, rice, extra long staple cotton, upland cotton, feed grains, wheat, peanuts, oilseeds, and sugar, a producer must obtain at least catastrophic risk protection insurance coverage under section 508 of the Federal Crop Insurance Act (7 U.S.C. 1508) for the crop and crop year for which the benefit is sought, if the coverage is offered by the Corporation.

[TITLE V—ACREAGE BASE AND YIELD SYSTEM

[SEC. 501. PURPOSE.

[The purpose of this title is to prescribe a system for establishing crop acreage bases and program payment yields for the wheat, feed grains, upland cotton, and rice programs under this Act that is efficient, equitable, flexible, and predictable.

[SEC. 502. DEFINITIONS.

[For purposes of this title:

[(1) COUNTY COMMITTEE.—The term "county committee" means the county committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C.

590h(b)) for the county in which the farm is administratively located.

[(2) OILSEED.—The term ''oilseed'' means a crop of soybeans, sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, or, if designated by the Secretary, other oilseeds.

[(3) PROGRAM CROP.—The term ''program crop'' means a crop of wheat, corn, grain sorghums, oats, barley, upland cotton, or rice.

[SEC. 503. CROP ACREAGE BASES.

[(a) ESTABLISHMENT.—

[(1) IN GENERAL.—The Secretary shall provide for the establishment and maintenance of crop acreage bases for each program crop, including any program crop produced under an established practice of double cropping.

[(2) LIMITATION.—The sum of the crop acreage bases on the farm may not exceed the cropland on the farm, except to the extent there is an established practice of double cropping on the farm.

[(3) DEFINITION OF DOUBLE CROPPING.—As used in this subsection, the term ''double cropping'' means a farming practice, as defined by the Secretary, that has been carried out on a farm during at least 3 of the 5 crop years immediately preceding the crop year for which the crop acreage base for the farm is established.

[(b) CALCULATION.—

[(1) IN GENERAL.—Except as provided in paragraph (2), the crop acreage base for each program crop for a farm for a crop year shall be the number of acres that is equal to the average of the acreage planted and considered planted to the program crop for harvest on the farm in each of the 5 crop years preceding the crop year.

[(2) COTTON AND RICE.—

[(A) IN GENERAL.—In the case of upland cotton and rice, except as provided in subparagraph (B), the crop acreage base for such crop shall be equal to the average of the acreage planted and considered planted to such crop for harvest on the farm in each of the 3 crop years preceding such crop year.

[(B) EXCEPTION.—

[(i) 1991 CROPS.—In the case of each of the 1991 crops of upland cotton and rice, if the producers on a farm did not participate in the production adjustment program established for the 1989 and 1990 crops of upland cotton and rice, respectively, the crop acreage base for the 1991 crop shall be equal to the average of the acreage planted and considered planted to such crop for harvest on the farm in each of the 5 crop years preceding the 1991 crop year, excluding all crop years in which planted and considered planted acreage was not established for the farm. Any crop acreage base established in accordance with this subparagraph shall not exceed a number of acres equal to the average of the acreage planted and considered planted to

such crop for harvest on the farm in each of the 2 crop years preceding the 1991 crop year.

[(ii) 1992 CROPS.—In the case of each of the 1992 crops of upland cotton and rice, if the producers on a farm did not participate in the production adjustment program established for the 1990 and 1991 crops of upland cotton and rice, respectively, the crop acreage base for the 1992 crop shall be equal to the average of the acreage planted and considered planted to such crop for harvest on the farm in each of the 5 crop years preceding the 1992 crop year, excluding all crop years in which planted and considered planted acreage was not established for the farm. Any crop acreage base established in accordance with this subparagraph shall not exceed a number of acres equal to the average of the acreage planted and considered planted to such crop for harvest on the farm in each of the 2 crop years preceding the 1992 crop year.

[(c) ACREAGE CONSIDERED PLANTED.—For purposes of this Act, acreage considered planted to a program crop shall consist of—

[(1) any reduced acreage and diverted acreage on the farm;

[(2) any acreage on the farm that producers were prevented from planting to the crop because of drought, flood, or other natural disaster, or other condition beyond the control of the producers;

[(3) acreage in an amount equal to the difference between the permitted acreage for a program crop and the acreage planted to the crop, if the acreage considered to be planted is devoted to conservation uses or the production of commodities permitted by the Secretary under the programs established for any of the 1991 through 1997 crops of wheat, feed grains, upland cotton, and rice established under sections 107B(c)(1)(E), 105B(c)(1)(E), 103B(c)(1)(D), and 101B(c)(1)(D), respectively;

[(4) acreage in an amount equal to the difference between the permitted acreage for a program crop and the acreage planted to the crop, if the acreage considered to be planted is devoted to the production of commodities in accordance with section 504;

[(5) any acreage on the farm that the Secretary determines is necessary to be included in establishing a fair and equitable crop acreage base;

[(6) acreage in an amount not to exceed 20 percent of the crop acreage base for a crop of feed grains or wheat if—

[(A) the acreage is planted to dry peas (limited to Austrian peas, wrinkled, seed, green, yellow, and umatilla) and lentils; and

[(B) payments are not received by producers under sections 105B(c)(1)(E) and 107B(c)(1)(E), as the case may be;

[(7) the crop acreage base for the crop, if producers on the farm forgo receiving any payments under the program established under title I for the crop and certify that no acreage on the farm was planted to—

[(A) the crop; or

[(B) any fruit or vegetable crop (including potatoes and dry edible beans) not designated as an industrial or experimental crop by the Secretary, in excess of normal plantings; and

[(8) any acreage on the farm for which the crop acreage base for the crop on the farm was adjusted because of a condition or occurrence beyond the control of the producer pursuant to subsection (h).

[(d) CONSTRUCTION OF PLANTING HISTORY.—For the purpose of determining the crop acreage base for the 1991 and subsequent crop years for any farm, the county committee, in accordance with regulations prescribed by the Secretary, may construct a planting history for such crop if—

[(1) planting records for such crop for any of the 5 crop years preceding such crop year are incomplete or unavailable; or

[(2) during at least one but not more than 4 of the 5 crop years preceding such crop year, the program crop was not produced on the farm.

[(e) CROP ROTATION AND OTHER FACTORS.—The Secretary shall make adjustments to reflect crop rotation practices and to reflect such other factors as the Secretary determines should be considered in determining a fair and equitable crop acreage base, including adjustments necessary to enable producers to meet the requirements of title XII of the Food Security Act of 1985 (16 U.S.C. 3801 et seq.).

[(f) PREVENTED PLANTING.—If a county committee determines, in accordance with regulations prescribed by the Secretary, that the occurrence of a natural disaster or other similar condition beyond the control of the producer prevented the planting of a program crop on any farm within the county (or substantially destroyed any such program crop after it had been planted but before it had been harvested), the producer may plant any other crop, including any other program crop, on the acreage of such farm that, but for the occurrence of such disaster or other condition, would have been devoted to the production of a program crop. For purposes of determining the crop acreage base, any acreage on the farm on which a substitute crop, including any program crop, is planted under this subsection shall be taken into account as if such acreage had been planted to the program crop for which the other crop was substituted.

[(g) SUBSEQUENT CROP YEARS.—A producer who is eligible to receive a deficiency payment for any program crop or crop of extra long staple cotton in any crop year with respect to a farm may not use the acreage planted or considered planted to any program crop or crop of extra long staple cotton on the farm in the crop year to increase any crop acreage base established for the farm in a subsequent crop year.

[(h) ADJUSTMENT OF BASES.—

[(1) IN GENERAL.—The county committee, in accordance with regulations prescribed by the Secretary, may adjust any crop acreage base for any program crop for any farm if the crop acreage base for the crop on the farm would otherwise be adversely affected by a condition or occurrence beyond the control of the producer.

[(2) RESTORATION OF CROP ACREAGE BASE.—

[(A) IN GENERAL.—For the 1992 through 1997 crop years, the county committee shall allow an eligible producer to increase individual crop acreage bases on the farm, subject to subsection (a)(2), above the levels of base that would otherwise be established under this section, in order to restore the total of crop acreage bases on the farm for the 1992 through 1997 crop years to the same level as the total of crop acreage bases on the farm for the 1990 crop year.

[(B) ELIGIBLE PRODUCER DEFINED.—For the purposes of this paragraph, the term "eligible producer" means a producer of upland cotton or rice who, the appropriate county committee determines—

[(i) was required to reduce one or more individual crop acreage bases on the farm during the 1991 crop year in order to comply with subsection (a)(2) and the change in the calculation of cotton and rice crop acreage bases to a 3-year formula as provided in this section; and

[(ii) has participated in the price support program during the 1991 crop year and each subsequent crop year through the current crop year.

[(C) REGULATIONS.—The Secretary shall issue regulations to carry out this paragraph.

[SEC. 504. PLANTING FLEXIBILITY.

[(a) IN GENERAL.—The producers on a farm may, in accordance with this section, plant for harvest on the crop acreage base established for a program crop a commodity, other than the specific program crop, without suffering a reduction in the crop acreage base as a result of the production.

[(b) SPECIFIED COMMODITIES.—

[(1) PERMITTED CROPS.—Except as provided in paragraph (2), for purposes of this section, the commodities that may be planted for harvest on a crop acreage base are—

[(A) any program crop;

[(B) any oilseed;

[(C) any industrial or experimental crop designated by the Secretary;

[(D) any other crop, except any fruit or vegetable crop (including potatoes and dry edible beans) not designated by the Secretary as—

[(i) an industrial or experimental crop; or

[(ii) a crop for which no substantial domestic production or market exists; and

[(E) mung beans.

[(2) LIMITATION.—For purposes of this section, the Secretary may, at the discretion of the Secretary, prohibit the planting on a crop acreage base of any crop specified in paragraph (1).

[(3) NOTIFICATION.—With regard to commodities that may be planted pursuant to this subsection, the Secretary shall make a determination in each crop year of the commodities that may not be planted pursuant to this subsection and shall make available a list of the commodities.

[(c) LIMITATION ON ACREAGE.—

[(1) IN GENERAL.—Except as provided in paragraph (2), the quantity of the crop acreage base that may be planted to a commodity, other than the specific program crop, under this section may not exceed 25 percent of the crop acreage base.

[(2) EXCEPTION FOR SOYBEANS.—If on January 1 of any calendar year the Secretary estimates that the national average price of soybeans during the following marketing year for soybeans would be less than 105 percent of the nonrecourse loan level for soybeans established in section 205 if soybeans were allowed to be planted on up to 25 percent of the crop acreage base under this section, the quantity of the crop acreage base that may be planted to soybeans under this section may not exceed 15 percent of the crop acreage base.

[(d) PLANTINGS IN EXCESS OF PERMITTED ACREAGE.—Notwithstanding any other provision of this Act, producers of a program crop who are participating in the production adjustment program for that program crop under this Act shall be allowed to plant that program crop in a quantity that exceeds the permitted acreage for that crop without losing their eligibility for loans, purchases, or payments with respect to that crop under this Act if—

[(1) the acreage planted to the program crop on the farm in excess of the permitted acreage does not exceed 25 percent of the crop acreage bases on the farm for other program crops; and

[(2) the producer agrees to a reduction in permitted acreage for the other program crops produced on the farm by a quantity equal to the overplanting.

[(e) LOAN ELIGIBILITY.—

[(1) IN GENERAL.—Producers of a specific program crop (referred to in this subsection as the "original program crop") who plant for harvest on the crop acreage base established for such original program crop another program crop in accordance with this section and who are not participants in the program established for such other program crop shall be eligible to receive loans, purchases, or loan deficiency payments for such other program crop on the same terms and conditions as are provided to participants in a production adjustment program established for such other program crop.

[(2) REQUIREMENTS.—Producers shall be eligible to receive loans, purchases, or loan deficiency payments under this subsection if the producers—

[(A) plant such other program crop in an amount that does not exceed 25 percent of the crop acreage base established for the original program crop; and

[(B) agree to a reduction in the permitted acreage for the original program crop for the particular crop year.

[SEC. 505. FARM PROGRAM PAYMENT YIELDS.

[(a) ESTABLISHMENT.—The Secretary shall provide for the establishment of a farm program payment yield for each farm for each program crop for each crop year in accordance with subsection (b) or (c).

[(b) FARM PROGRAM PAYMENT YIELDS BASED ON 1990 CROP YEAR.—

[(1) IN GENERAL.—If the Secretary determines that farm program payment yields shall be established in accordance with this subsection, except as provided in paragraphs (2) and (3), the farm program payment yield for each of the 1991 through 1997 crop years shall be the farm program payment yield for the 1990 crop year for the farm.

[(2) ADDITIONAL YIELD PAYMENTS.—In the case of each of the 1991 through 1997 crop years for a commodity, if the farm program payment yield for a farm is reduced more than 10 percent below the farm program payment yield for the 1985 crop year, the Secretary shall make available to producers established price payments for the commodity in such amount as the Secretary determines is necessary to provide the same total return to producers as if the farm program payment yield had not been reduced more than 10 percent below the farm program payment yield for the 1985 crop year. The payments shall be made available not later than the time final deficiency payments are made.

[(3) NO CROP OR YIELD AVAILABLE.—If no crop of the commodity was produced on the farm or no farm program payment yield was established for the farm for any of the 1981 through 1985 crop years (or, as appropriate, the 1986 through 1990 crop years), the farm program payment yield shall be established on the basis of the average farm program payment yield for the crop years for similar farms in the area.

[(4) NATIONAL, STATE, OR COUNTY YIELDS.—If the Secretary determines the action is necessary, the Secretary may establish national, State, or county program payment yields on the basis of—

[(A) historical yields, as adjusted by the Secretary to correct for abnormal factors affecting the yields in the historical period; or

[(B) the Secretary's estimate of actual yields for the crop year involved if historical yield data is not available.

[(5) BALANCING YIELDS.—If national, State, or county program payment yields are established, the farm program payment yields shall balance to the national, State, or county program payment yields.

[(c) DETERMINATION OF YIELDS.—

[(1) ACTUAL YIELDS.—With respect to the 1991 and subsequent crop years, the Secretary may—

[(A) establish the farm program payment yield as provided in subsection (a); or

[(B) establish a farm program payment yield for any program crop for any farm on the basis of the average of the yield per harvested acre for the crop for the farm for each of the 5 crop years immediately preceding the crop year, excluding the crop year with the highest yield per harvested acre, the crop year with the lowest yield per harvested acre, and any crop year in which such crop was not planted on the farm.

[(2) PRIOR YIELDS.—For purposes of the preceding sentence, the farm program payment yield for the 1986 crop year and the actual yield per harvested acre with respect to the 1987

and subsequent crop years shall be used in determining farm program payment yields.

[(3) REDUCTION LIMITATION.—Notwithstanding any other provision of this paragraph, for purposes of establishing a farm program payment yield for any program crop for any farm for the 1991 and subsequent crop years, the farm program payment yield for the 1986 crop year may not be reduced more than 10 percent below the farm program payment yield for the farm for the 1985 crop year.

[(4) ADJUSTMENT OF YIELDS.—The county committee, in accordance with regulations prescribed by the Secretary, may adjust any farm program payment yield for any program crop for any farm if the farm program payment yield for the crop on the farm does not accurately reflect the productive potential of the farm.

[(d) ASSIGNMENT OF YIELDS.—In the case of any farm for which the actual yield per harvested acre for any program crop referred to in subsection (c) for any crop year is not available, the county committee may assign the farm a yield for the crop for the crop year on the basis of actual yields for the crop for the crop year on similar farms in the area.

[(e) ACTUAL YIELD DATA.—

[(1) PROVISION.—The Secretary shall, under such terms and conditions as the Secretary may prescribe, allow producers to provide to county committees data with respect to the actual yield for each farm for each program crop.

[(2) MAINTENANCE.—The Secretary shall maintain the data for at least 5 crop years after receipt in a manner that will permit the data to be used, if necessary, in the administration of the commodity programs.

[(3) NOTIFICATION.—The Secretary shall provide timely notification to producers of the provisions of this subsection.

[SEC. 506. PLANTING AND PRODUCTION HISTORY OF FARMS.

[Each county committee, in accordance with regulations prescribed by the Secretary, may require any producer who seeks to establish a crop acreage base or farm program payment yield for a farm for a crop year to provide planting and production history of the farm for each of the 5 crop years immediately preceding the crop year.

[SEC. 507. ESTABLISHMENT OF BASES AND YIELDS BY COUNTY COMMITTEES.

[Each county committee may, in accordance with regulations prescribed by the Secretary, provide for the establishment of a crop acreage base, and farm program payment yield with respect to any farm administratively located within the county if the crop acreage base or farm program payment yield cannot otherwise be established under this title. The crop acreage bases and farm program payment yields shall be established in a fair and equitable manner, but no such bases or farm program payment yields shall be established for a farm if the producer on the farm is subject to sanctions under any provision of Federal law for cultivating highly erodible land or converted wetland.

[SEC. 508. APPEALS.

[The Secretary shall establish an administrative appeal procedure that provides for an administrative review of determinations made with respect to crop acreage bases and farm program payment yields.

[SEC. 509. CROPS.

[Notwithstanding any other provision of law, this title shall be effective only for the 1991 through 1997 program crops.

[TITLE VI—EMERGENCY LIVESTOCK FEED ASSISTANCE ACT OF 1988

[SHORT TITLE

[SEC. 601. This title may be cited as the "Emergency Livestock Feed Assistance Act of 1988".

[DEFINITIONS

[SEC. 602. As used in this title:

[(1) The term "livestock producer" means—

[(A) a person that is actively engaged in farming and that receives a substantial amount of total income from the production of grain or livestock, as determined by the Secretary, that is—

[(i) an established producer or husbander of livestock or a dairy producer who is a citizen of, or legal resident alien in, the United States; or

[(ii) a farm cooperative, private domestic corporation, partnership, or joint operation in which a majority interest is held by members, stockholders, or partners who are citizens of, or legal resident aliens in, the United States, if such cooperative, corporation, partnership, or joint operation is engaged in livestock production or husbandry, or dairy production; or

[(B) Any of the following entities that is actively engaged in livestock production or husbandry, or dairy production—

[(i) any Indian tribe (as defined in section 4(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450(b)));

[(ii) any Indian organization or entity chartered under the Act of June 18, 1934 (48 Stat. 984, chapter 576; 25 U.S.C. 461 et seq.), commonly known as the "Indian Reorganization Act";

[(iii) any tribal organization (as defined in section 4(c) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b(c))); or

[(iv) any economic enterprise (as defined in section 3(e) of the Indian Financing Act of 1974 (25 U.S.C. 1452(e)));

[(2) The term "livestock" means cattle, sheep, goats, swine, poultry (including egg-producing poultry), equine animals used for food or in the production of food, fish used for food, and other animals designated by the Secretary (at the Secretary's sole discretion) that—

[(A) are part of a foundation herd (including producing dairy cattle) or offspring; or

[(B) are purchased as part of a normal operation and not to obtain additional benefits under this title.

[(3) The term "State" means any State of the United States, the Commonwealth of Puerto Rico, the Virgin Islands, or Guam.

[(4) The term "feed", for the purposes of emergency feed assistance, means any type of feed (including feed grain, oilseed meal, premix or mixed feed, liquid or dry supplemental feed, roughage, pasture, or forage) that—

[(A) best suits the livestock producer's operation; and

[(B) is consistent with acceptable feed practices.

[(5) The term "area" includes any Indian reservation (as defined in section 335(e)(1)(D)(ii) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985(e)(1)(D)(ii))).

[EMERGENCY LIVESTOCK ASSISTANCE

[SEC. 603. (a) The Secretary shall provide emergency feed assistance under this title for the preservation and maintenance of livestock in any State or area of a State where, because of disease, insect infestation, flood, drought, fire, hurricane, earthquake, storm, hot weather, or other natural disaster, the Secretary determines that a livestock emergency exists.

[(b)(1) The Secretary shall provide emergency feed assistance under this title for the preservation and maintenance of livestock, to livestock producers that—

[(A) conduct farming, ranching, or aquaculture operations in any county contiguous to a county where the Secretary has determined, under subsection (a), that a livestock emergency exists, and

[(B) are otherwise eligible for assistance under this title.

[(2) The Secretary shall accept applications for assistance under this subsection from producers that are affected by the livestock emergency at any time during the eight-month period beginning on the date on which the Secretary determines that such emergency exists in the other county.

[DETERMINATION OF NEED FOR ASSISTANCE

[SEC. 604. (a)(1) Whenever the Governor of a State determines that a livestock emergency due to a natural disaster exists in the State, or a county committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590(b)) determines that such an emergency exists in the county, the Governor or county committee may submit a request for a determination by the Secretary of a livestock emergency in such State or county and for emergency livestock feed assistance under this title.

[(2) The request of a Governor or county committee for a livestock emergency determination and for emergency livestock feed assistance shall include, to the extent feasible, recommendations to the Secretary of those options that will most fully use feed available through local sources.

[(b) The Secretary may consider a State, county, or area in a State for a livestock emergency determination and emergency live-

stock feed assistance under this title whether or not a request for assistance is submitted, as described in subsection (a).

[(c) The Secretary shall act on requests for determinations under subsection (a) and make final determinations on whether a livestock emergency exists in any State, county, or area, under regulations that ensure thorough and prompt action (not later than 30 days after receipt of any such request) and provide for appropriate notification procedures.

[(d) Notwithstanding the preceding provisions of this section, any State, county, or area determined eligible, due to drought or related conditions in 1988, for the emergency feed program or emergency feed assistance program conducted prior to the effective date of this title shall continue to be eligible for such programs and may be eligible for other programs under this title for such drought or related condition. As soon as practicable after the effective date of this title, the Secretary shall determine whether any of the programs described in section 606, other than the emergency feed program under section 606(a)(4) and the emergency feed assistance program under section 606(a)(2), or in section 607 should be made available in such State, county, or area. If the Secretary makes such determination, the Secretary shall make such programs immediately available to livestock producers in the State, county, or area.

[ELIGIBLE PRODUCERS

[SEC. 605. (a)(1) If the Secretary determines that a livestock emergency exists in a State, county, or area, qualifying livestock producers located in such State, county, or area, or in a contiguous county as provided for in section 603(b), shall be eligible (under application procedures established by the Secretary) for emergency feed assistance under this title in accordance with this subsection.

[(2) For the purposes of this subsection, a "qualifying livestock producer" is a livestock producer who has suffered a substantial loss in feed normally produced on the farm for such producer's livestock as a result of the livestock emergency and, as a result, does not have sufficient feed that has adequate nutritive value and is suitable for each of such producer's particular types of livestock (as of the date of the request, or initiation of consideration, for a determination of a livestock emergency under section 604) for the estimated duration of the emergency.

[(3) Each qualifying livestock producer shall be eligible for emergency feed assistance under the programs specified in section 606(a) that is made available where the producer is located in quantities sufficient to meet such feed deficiency with respect to the producer's livestock normally fed with feed produced by the producer.

[(b) Each livestock producer in such State, county, or area, or in a contiguous county as provided for in section 603(b), regardless of whether the producer qualifies for assistance under subsection (a), shall be eligible for emergency assistance under the programs specified in section 607 that are made available where the producer is located.

[(c) Any livestock producer, located in a county or area in which benefits under the emergency feed program or the emergency feed

assistance program were made available due to the drought or related condition in 1988 prior to the effective date of this title, who qualifies for assistance under such pre-existing programs shall be eligible for assistance for such drought or related conditions as prescribed in subsection (a) or, at the producer's option, for assistance under such pre-existing programs.

[ASSISTANCE PROGRAMS

[SEC. 606. (a) In accordance with section 605(a), the Secretary shall make one or more of the following assistance programs available to qualifying livestock producers in a State, county or area, if the Secretary determines that the livestock emergency in such State, county or area requires the implementation of such program:

[(1) The donation of feed grain owned by the Commodity Credit Corporation to producers who are financially unable to purchase feed under paragraph (2) or to participate in any other program authorized under this subsection.

[(2) The sale of feed grain owned by the Commodity Credit Corporation to producers for livestock feed at a price, established by the Secretary, that does not exceed—

[(A) with respect to such assistance provided for any livestock emergency determined to exist prior to January 1, 1989, 75 percent of the current basic county loan rate for such feed grain in effect under this Act (or at a comparable price if there is no such current basic county loan rate), or

[(B) with respect to such assistance provided for any other livestock emergency, 50 percent of the average market price in the county or area involved, as determined by the Secretary.

[(3) Reimbursement of any transportation and handling expenses incurred, not to exceed 50 percent of such expenses, by a producer in connection with feed grain donations or sales under paragraphs (1) and (2).

[(4) Reimbursement of not to exceed 50 percent of the cost of feed purchased by a producer for the producer's livestock during the duration of the livestock emergency.

[(5) Hay and forage transportation assistance to producers of not to exceed 50 percent of the cost of transporting hay or forage purchased from a point of origin beyond a producer's normal trade area to the livestock, subject to the following limitations:

[(A) The transportation assistance may not exceed $50 per ton of eligible hay or forage ($12.50 for silage).

[(B) The quantity of eligible hay and forage for each producer may not exceed the lesser of—

[(i) 20 pounds per day per eligible animal unit; or

[(ii) the quantity of additional feed needed by the producer for the duration of the livestock emergency.

[(6) Livestock transportation assistance to producers of not to exceed 50 percent of the cost of transporting livestock to and from available grazing locations, except that such assistance may not exceed the lesser of—

[(A) $24 per head of a producer's eligible livestock; or

[(B) the local cost of the quantity of additional feed needed by the producer for the eligible livestock for duration of the livestock emergency.

[(b) If assistance is made available through the furnishing of feed grain under paragraph (1) or (2) of subsection (a), the Secretary—

[(1) may provide for the furnishing of the feed grain through a dealer or manufacturer and the replacing of the feed grain so furnished from feed grain owned by the Commodity Credit Corporation; or

[(2) at the option of the livestock producer, shall provide for the furnishing of the feed grain through the use of feed grain stored on the farm of the producer that has been pledged as collateral for a price support loan made under this Act.

[(c) In providing assistance under paragraph (2) or (4) of subsection (a), the Secretary may make in-kind payments or reimbursements through the issuance of negotiable certificates that the Commodity Credit Corporation shall exchange for a commodity in accordance with rules prescribed by the Secretary.

[(d) No payment or benefit provided under this section shall be payable or due until such time as a completed application therefor has been approved.

[(e) A person eligible to receive a payment or benefit under this section with respect to a livestock emergency determined to exist prior to January 1, 1989, shall make application for such payment or benefit not later than March 31, 1989, or such later date that the Secretary, by regulation, may prescribe.

[(f) The Secretary may make available at least $25,000,000 to provide livestock transportation assistance under subsection (a)(6) for livestock emergencies in 1989.

[ADDITIONAL ASSISTANCE

[SEC. 607. (a) In addition to the assistance provided under section 606, if the Secretary determines that the livestock emergency also requires the implementation of one or more of the assistance programs described in subsection (b), the Secretary shall implement such programs.

[(b) Special assistance under this section includes—

[(1) the donation of feed owned by the Commodity Credit Corporation for use in feeding livestock stranded and unidentified as to its owner, including the cost of transporting feed to the affected area, during such period as the Secretary, by regulation, may prescribe;

[(2) reimbursement of not to exceed 50 percent of the cost of—

[(A) installing pipelines (if that is the least expensive method) or other facilities, including tanks or troughs, for livestock water;

[(B) construction or deepening of wells or ponds for livestock water; or

[(C) developing springs or seeps for livestock water,

as appropriate in drought areas to facilitate more efficient and better-distributed grazing on land normally used for grazing. Such cost-share assistance may not be made available to pro-

vide water for wildlife or recreational livestock, dry lot feeding, or barns or corrals, or to acquire pumping equipment;

[(3) reimbursement of not to exceed 50 percent of the cost of burning prickly pear cactus to make it suitable for animal feed; and

[(4) making commodities owned by the Commodity Credit Corporation available to livestock producers through the use of a catalog that specifies lots of a size that are economically feasible for a small producer to obtain by means of certificate exchanges.

[(c) The Secretary may make available at least $25,000,000 to provide special assistance under subsection (b)(2) for livestock emergencies in 1988 and 1989.

[USE OF THE COMMODITY CREDIT CORPORATION

[SEC. 608. The Secretary shall carry out this title through the use of the funds, facilities, and authorities of the Commodity Credit Corporation.

[BENEFITS LIMITATION

[SEC. 609. (a) The total amount of benefits that a person shall be entitled to receive annually under one or more of the programs established under this title may not exceed $50,000.

[(b) The Secretary shall issue regulations—

[(1) defining the term "person", which shall conform, to the extent practicable, to the regulations defining the term "person" issued under section 1001 of the Food Security Act of 1985, or successor statute;

[(2) prescribing such rules as the Secretary determines necessary to ensure a fair and reasonable application of the limitation established under this section; and

[(3) providing that the term "person" shall include, in the case of any cooperative association of producers, each member of the association with respect to benefits due to such member of the association.

[(c) No person may receive benefits under this title attributable to lost production of a feed commodity due to a natural disaster in 1988 to the extent that such person receives a disaster payment under the Disaster Assistance Act of 1988 on such lost production.

[(d) Each person otherwise eligible for a livestock emergency benefit under this title in 1988 shall be subject to the combined payment and benefits limitation established under section 211(c) of the Disaster Assistance Act of 1988.

[INELIGIBILITY

[SEC. 610. (a) Any person that has qualifying gross revenues in excess of $2,500,000 annually, as determined by the Secretary, shall not be eligible to receive any livestock emergency benefits under this title.

[(b) For purposes of this section, the term "qualifying gross revenue" means—

[(1) if a majority of the person's annual income is received from farming and ranching operations, the gross revenue from the person's farming and ranching operations; and

[(2) if less than a majority of the person's annual income is received from farming and ranching operations, the person's gross revenue from all sources.

[ADMINISTRATION

[SEC. 611. (a) The Commodity Credit Corporation shall issue regulations to carry out this title.

[(b) Such regulations shall establish procedures to ensure that the request for assistance by a Governor or county committee under section 604, and individual applications of livestock producers under section 605 for assistance, are processed and decisions thereon are made as quickly as practicable.

[(c) For purposes of this title, indigenous plants available to a livestock producer but not normally consumed by livestock as feed, such as cactus, may not be considered as feed on hand for such producers.

[PENALTIES

[SEC. 612. A person that disposes of any feed made available to a livestock producer under this title other than as authorized by the Secretary shall be (1) subject to a civil penalty equal to the market value of the feed involved, to be recovered by the Secretary in a civil suit brought for that purpose, and (2) guilty of a misdemeanor and, on conviction thereof, subject to a fine of not more than $1,000, or imprisonment for not more than one year, or both.]

DAIRY PRODUCTION STABILIZATION ACT OF 1983

TITLE I—DAIRY

SHORT TITLE

SEC. 101. This title may be cited as the "Dairy Production Stabilization Act of 1983".

* * * * * * *

Subtitle B—Dairy Promotion Program

FINDINGS AND DECLARATION OF POLICY

SEC. 110. (a) * * *

(b) It, therefore, is declared to be the policy of Congress that it is in the public interest to authorize the establishment, through the exercise of the powers provided herein, of an orderly procedure for financing (through assessments on all milk produced in the United States for commercial use *and dairy products imported into the United States*) and carrying out a coordinated program of promotion designed to strengthen the dairy industry's position in the marketplace and to maintain and expand domestic and foreign markets and uses for fluid milk and dairy products produced in the United States. Nothing in this subtitle may be construed to provide

for the control of production or otherwise limit the right of individual milk producers to produce milk.

DEFINITIONS

SEC. 111. As used in this subtitle—

(a) * * *

* * * * * * *

(d) the term "milk" means any class of cow's milk produced in the United States *or cow's milk imported into the United States in the form of dairy products intended for consumption in the United States*;

(e) the term "dairy products" means products manufactured for human consumption which are derived from the processing of milk, and includes fluid milk products *and casein (except casein imported under sections 3501.90.20 (casein glue) and 3501.90.50 (other) of the Harmonized Tariff Schedule)*;

* * * * * * *

(j) the term "research" means studies testing the effectiveness of market development and promotion efforts, studies relating to the nutritional value of milk and dairy products, and other related efforts to expand demand for milk and dairy products *or to reduce the costs associated with processing or marketing those products*;

(k) the term "nutrition education" means those activities intended to broaden the understanding of sound nutritional principles including the role of milk and dairy products in a balanced diet; [and]

[(l) the term "United States" as used in sections 110 through 117 means the forty-eight contiguous States in the continental United States.]

(l) the term "United States" means the several States and the District of Columbia;

(m) the term "importer" means the first person to take title to dairy products imported into the United States for domestic consumption; and

(n) the term "exporter" means any person who exports dairy products from the United States.

* * * * * * *

REQUIRED TERMS IN ORDERS

SEC. 113. Any order issued under this subtitle shall contain terms and conditions as follows:

(a) * * *

(b) The order shall provide for the establishment and appointment by the Secretary of a National Dairy Promotion and Research Board that shall consist of not less than [thirty-six members] *38 members, including one representative of importers and one representative of exporters to be appointed by the Secretary.* [Members] *The remaining members* of the Board shall be milk producers appointed by the Secretary from nominations submitted by eligible organizations certified under section 114 of this subtitle, or, if the Secretary determines that a substantial number of milk producers

are not members of, or their interests are not represented by, any such eligible organization, then from nominations made by such milk producers in the manner authorized by the Secretary. In making such appointments, the Secretary shall take into account, to the extent practicable, the geographical distribution of milk production volume throughout the [United States] *United States, including Alaska and Hawaii.* In determining geographic representation, whole States shall be considered as a unit. A region may be represented by more than one director and a region may be made up of more than one State. The term of appointment to the Board shall be for three years with no member serving more than two consecutive terms, except that initial appointments shall be proportionately for one-year, two-year, and three-year terms. The Board shall appoint from its members an executive committee whose membership shall equally reflect each of the different regions in the United States in which milk is produced. The executive committee shall have such duties and powers as are conferred upon it by the Board. Board members shall serve without compensation, but shall be reimbursed for their reasonable expenses incurred in performing their duties as members of the Board including a per diem allowance as recommended by the Board and approved by the Secretary.

* * * * * * *

(e) The order shall require the Board to submit to the Secretary for approval budgets on a fiscal period basis of its anticipated expenses and disbursements in the administration of the order, including projected costs of dairy products promotion and research projects. *For each of the fiscal years 1996 through 2000, the Board's budget shall provide for the expenditure of not less than 10 percent of the anticipated revenues available to the Board to develop international markets for, and to promote within such markets, the consumption of dairy products produced in the United States from milk produced in the United States.*

* * * * * * *

(g)*(1)* The order shall provide that each person making payment to a producer for milk produced in the United States and purchased from the producer shall, in the manner as prescribed by the order, collect an assessment based upon the number of hundredweights of milk for commercial use handled for the account of the producer and remit the assessment to the Board. The assessment shall be used for payment of the expenses in administering the order, with provision for a reasonable reserve, and shall include those administrative costs incurred by the Department after an order has been promulgated under this subtitle. The rate of assessment prescribed by the order shall be 15 cents per hundredweight of milk for commercial use or the equivalent thereof. A milk producer or the producer's cooperative who can establish that the producer is participating in active, ongoing qualified State or regional dairy product promotion or nutrition education programs intended to increase consumption of milk and dairy products generally shall receive credit in determining the assessment due from such producer for contributions to such programs of up to 10 cents per hundredweight of milk marketed or, for the period ending six months

after the date of enactment of this Act, up to the aggregate rate in effect on the date of enactment of this Act of such contributions to such programs (but not to exceed 15 cents per hundredweight of milk marketed) if such aggregate rate exceeds 10 cents per hundredweight of milk marketed. Any person marketing milk of that person's own production directly to consumers shall remit the assessment directly to the Board in the manner prescribed by the order.

(2) The order shall provide that each importer of dairy products intended for consumption in the United States shall remit to the Board, in the manner prescribed by the order, an assessment equal to 1.2 cents per pound of total milk solids contained in the imported dairy products, or 15 cents per hundredweight of milk contained in the imported dairy products, whichever is less. If an importer can establish that it is participating in active, ongoing qualified State or regional dairy product promotion or nutrition programs intended to increase the consumption of milk and dairy products, the importer shall receive credit in determining the assessment due from that importer for contributions to such programs of up to .8 cents per pound of total milk solids contained in the imported dairy products, or 10 cents per hundredweight of milk contained in the imported dairy products, whichever is less. The assessment collected under this paragraph shall be used for the purpose specified in paragraph (1).

* * * * * * *

(k) The order shall require that each person receiving milk from farmers for commercial use, *each importer of dairy products*, and any person marketing milk of that person's own production directly to consumers, maintain and make available for inspection such books and records as may be required by the order and file reports at the time, in the manner, and having the content prescribed by the order. Such information shall be made available to the Secretary as is appropriate to the administration or enforcement of this subtitle, or any order or regulation issued under this subtitle. All information so obtained shall be kept confidential by all officers and employees of the Department, and only such information so obtained as the Secretary deems relevant may be disclosed by them and then only in a suit or administrative hearing brought at the request of the Secretary, or to which the Secretary or any officer of the United States is a party, and involving the order with reference to which the information to be disclosed was obtained. Nothing in this subsection may be deemed to prohibit (1) the issuance of general statements, based upon the reports, of the number of persons subject to an order or statistical data collected therefrom, which statements do not identify the information furnished by any person, or (2) the publication, by direction of the Secretary, of the name of any person violating any order, together with a statement of the particular provisions of the order violated by such person. No information obtained under the authority of this subtitle may be made available to any agency or officer of the Federal Government for any purpose other than the implementation of this subtitle and any investigatory or enforcement action necessary for the implementation of this subtitle. Any person violating the provisions of this subsection shall, upon conviction, be subject to a fine of not

more than $1,000, or to imprisonment for not more than one year, or both, and, if an officer or employee of the Board or the Department, shall be removed from office.

* * * * * * *

SUSPENSION AND TERMINATION OF ORDERS

SEC. 116. (a) * * *

(b) After September 30, 1985, the Secretary may conduct a referendum at any time, and shall hold a referendum on request of a representative group comprising 10 per centum or more of the number of producers *and importers* subject to the order, to determine whether the producers *and importers* favor the termination or suspension of the order. The Secretary shall suspend or terminate collection of assessments under the order within six months after the Secretary determines that suspension or termination of the order is favored by a majority of the producers *and importers* voting in the referendum [who, during a representative period (as determined by the Secretary), have been engaged in the production of milk for commercial use] and shall terminate the order in an orderly manner as soon as practicable after such determination. *A producer shall be eligible to vote in the referendum if the producer, during a representative period (as determined by the Secretary), has been engaged in the production of milk for commercial use. An importer shall be eligible to vote in the referendum if the importer, during a representative period (as determined by the Secretary), has been engaged in the importation of dairy products into the United States intended for consumption in the United States.*

* * * * * * *

FOOD, AGRICULTURE, CONSERVATION, AND TRADE ACT OF 1990

* * * * * * *

TITLE I—DAIRY

* * * * * * *

[SEC. 102. MILK MANUFACTURING MARKETING ADJUSTMENT.

[(a) IN GENERAL.—Effective beginning on the date that is 12 months after the date of enactment of this Act, no State shall provide for (and no person shall collect, directly or indirectly) a greater allowance for the processing of milk (hereafter referred to as a "make allowance") than is permitted under a Federal program to establish a Grade A price for manufacturing butter, nonfat dry milk, or cheese.

[(b) LIABILITY FOR PENALTIES.—

[(1) IN GENERAL.—If the Secretary of Agriculture determines that—

[(A) based on a request by a producer supported by evidence, the make allowance collected by a person is in ex-

cess of the amount that is permitted under subsection (a); or

[(B) a person has failed to comply with any requirement of this section or a regulation issued under this section,

[the person shall be liable for penalties as determined by the Secretary in accordance with this subsection.

[(2) AMOUNT OF PENALTIES.—Such penalties shall be equal to the product obtained by multiplying—

[(A) twice the permitted make allowance that could be charged as provided under subsection (a); by

[(B) the quantity of milk with respect to which the person was determined by the Secretary to have collected a make allowance in excess of the permitted make allowance.

[(c) REGULATIONS.—The Secretary may issue such regulations as are necessary to carry out this section.

[(d) INVESTIGATIONS.—

[(1) IN GENERAL.—The Secretary may make such investigations as the Secretary considers necessary for the effective administration of this section or to determine whether any person subject to this section has violated this section.

[(2) ADMINISTRATION.—For the purpose of the investigation, the Secretary may administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any records that are relevant to the inquiry.

[(3) SUBPOENA.—The attendance of witnesses and the production of any such records may be required from any place in the United States. In case of contumacy by, or refusal to obey a subpoena to, any person, the Secretary may invoke the aid of any court of the United States within the jurisdiction of which the investigation or proceeding is carried on, or where the person resides or carries on business, in requiring the attendance and testimony of witnesses and the production of records. The court may issue an order requiring the attendance and testimony of witnesses and the production of records, or requiring the person to appear before the Secretary to produce records or to give testimony on the matter under investigation.

[(4) CONTEMPT.—Any failure to obey the order of the court may be punished by the court as a contempt thereof.

[(5) PROCESS.—All process in any such case may be served in the judicial district of which the person is an inhabitant or wherever the person may be found.

[(e) ENFORCEMENT.—The district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating, any provision of this section or any regulation issued under this section.]

* * * * * * *

TITLE XXV—OTHER RELATED PROVISIONS

* * * * * * *

SEC. 2509. COLLECTION OF FEES FOR INSPECTION SERVICES.

[(a) QUARANTINE, INSPECTION AND TRANSPORTATION FEES.—

[(1) QUARANTINE AND INSPECTION.—

[(A) IN GENERAL.—The Secretary of Agriculture (hereafter referred to in this section as the "Secretary") may prescribe and collect fees to cover the cost of providing agricultural quarantine and inspection services in connection with the arrival at a port in the customs territory of the United States, or the preclearance or preinspection at a site outside the customs territory of the United States, of an international passenger, commercial vessel, commercial aircraft, commercial truck, or railroad car.

[(B) AIRPORT INSPECTION SERVICES.—For airport inspection services, the Secretary shall collect no more than $69,000,000 in fiscal year 1992 and $75,000,000 in fiscal year 1993 from international airline passengers and commercial aircraft operators.

[(C) COMMERCIAL TRUCK AND RAILROAD CAR INSPECTION SERVICES.—For commercial truck and railroad car inspection services, the Secretary shall collect no more than $3,667,000 in fiscal year 1992 and $3,890,000 in fiscal year 1993 from commercial truck and railroad car operators.

[(D) COSTS.—Fees, including fees from international airline passengers and commercial aircraft operators, may only be collected to the extent that the Secretary reasonably estimates that the amount of the fees are commensurate with the costs of agricultural quarantine and inspection services with respect to the class of persons or entities paying the fees. The costs of such services with respect to passengers as a class includes the costs of related inspections of the aircraft.

[(2) TREASURY.—Any person who collects a fee under this subsection shall remit such fee to the Treasury of the United States prior to the date that is 31 days after the close of the calendar quarter in which such fee is collected.

[(3) AGRICULTURAL QUARANTINE INSPECTION USER FEE ACCOUNT.—

[(A) ESTABLISHMENT.—There is established in the Treasury of the United States a no-year fund, to be known as the "Agricultural Quarantine Inspection User Fee Account" (hereafter referred to in this section as the "Account"), for the use of the Secretary for quarantine or inspection services under this section.

[(B) AMOUNTS IN ACCOUNT.—

[(i) DEPOSITS.—All of the fees collected under this subsection shall be deposited in the Account.

[(ii) REIMBURSEMENT.—The Secretary of the Treasury shall use the Account to provide reimbursements to any appropriation accounts that incur the costs associated with the administration of this subsection and all other activities carried out by the Secretary at ports in the customs territory of the United States and at preclearance or preinspection sites outside the customs territory of the United States in connection with

the enforcement of the animal quarantine laws. Any such reimbursement shall be subject to appropriations under clause (v).

[(iii) PROCEDURE.—The Secretary of the Treasury shall make reimbursement under clause (ii) on a quarterly basis. Amounts required to be reimbursed under clause (ii), shall be made on the basis of estimates made by the Secretary of the expenses described in clause (ii) that are incurred by the Secretary in the 3-month period immediately preceding such reimbursement.

[(iv) ADJUSTMENTS.—Adjustments of reimbursements made under clause (ii) shall be made to the extent necessary to correct prior estimates that were in excess of, or less than, the amount required to be reimbursed under clause (iii).

[(v) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated each fiscal year amounts in the Fund for use for quarantine or inspection services.

[(4) ADJUSTMENT IN FEE AMOUNTS.—Subject to the limits set forth in paragraph (1), the Secretary shall adjust the amount of the fees to be assessed under this subsection to reflect the cost to the Secretary in administering such subsection, in carrying out the activities at ports in customs territory of the United States and preclearance and preinspection sites outside the customs territory of the United States in connection with the provision of agricultural quarantine inspection services, and in maintaining a reasonable balance in the Account.]

(a) QUARANTINE AND INSPECTION FEES.—

(1) FEES AUTHORIZED.—The Secretary of Agriculture may prescribe and collect fees sufficient—

(A) to cover the cost of providing agricultural quarantine and inspection services in connection with the arrival at a port in the customs territory of the United States, or the preclearance or preinspection at a site outside the customs territory of the United States, of an international passenger, commercial vessel, commercial aircraft, commercial truck, or railroad car;

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

(C) through fiscal year 2002, to maintain a reasonable balance in the Agricultural Quarantine Inspection User Fee Account established under paragraph (5).

(2) LIMITATION.—In setting the fees under paragraph (1), the Secretary shall ensure that the amount of the fees are commensurate with the costs of agricultural quarantine and inspection services with respect to the class of persons or entities paying the fees. The costs of the services with respect to passengers as a class includes the costs of related inspections of the aircraft or other vehicle.

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

(4) LATE PAYMENT PENALTIES.—If a person subject to a fee under this subsection fails to pay the fee when due, the Secretary shall assess a late payment penalty, and the overdue fees shall accrue interest, as required by section 3717 of title 31, United States Code.

(5) AGRICULTURAL QUARANTINE INSPECTION USER FEE ACCOUNT.—

(A) ESTABLISHMENT.—There is established in the Treasury of the United States a no-year fund, to be known as the "Agricultural Quarantine Inspection User Fee Account", which shall contain all of the fees collected under this subsection and late payment penalties and interest charges collected under paragraph (4) through fiscal year 2002.

(B) USE OF ACCOUNT.—For each of the fiscal years 1996 through 2002, funds in the Agricultural Quarantine Inspection User Fee Account shall be available, in such amounts as are provided in advance in appropriations Acts, to cover the costs associated with the provision of agricultural quarantine and inspection services and the administration of this subsection. Amounts made available under this subparagraph shall be available until expended.

(C) EXCESS FEES.—Fees and other amounts collected under this subsection in any of the fiscal years 1996 through 2002 in excess of $100,000,000 shall be available for the purposes specified in subparagraph (B) until expended, without further appropriation.

(6) USE OF AMOUNTS COLLECTED AFTER FISCAL YEAR 2002.—After September 30, 2002, the unobligated balance in the Agricultural Quarantine Inspection User Fee Account and fees and other amounts collected under this subsection shall be credited to the Department of Agriculture accounts that incur the costs associated with the provision of agricultural quarantine and inspection services and the administration of this subsection. The fees and other amounts shall remain available to the Secretary until expended without fiscal year limitation.

(7) STAFF YEARS.—The number of full-time equivalent positions in the Department of Agriculture attributable to the provision of agricultural quarantine and inspection services and the administration of this subsection shall not be counted toward the limitation on the total number of full-time equivalent positions in all agencies specified in section 5(b) of the Federal Workforce Restructuring Act of 1994 (Public Law 103–226; 5 U.S.C. 3101 note) or other limitation on the total number of full-time equivalent positions.

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SECTION 8C OF THE AGRICULTURAL ADJUSTMENT ACT

ORDERS

SEC. 8c. (1) * * *

* * * * * * *

TERMS—MILK AND ITS PRODUCTS

(5) In the case of milk and its products, orders issued pursuant to this section shall contain one or more of the following terms and conditions, and (except as provided in subsection (7) of this section no others:

(A) Classifying milk in accordance with the form in which or the purpose for which it is used, and fixing, or providing a method for fixing, minimum prices for each such use classification which all handlers shall pay, and the time when payments shall be made, for milk purchased from producers or associations of producers. Such prices shall be uniform as to all handlers, subject only to adjustments for (1) volume, market, and production differentials customarily applied by the handlers subject to such order, (2) the grade or quality of the milk purchased, and (3) the locations at which delivery of such milk, or any use classification thereof, is made to such handlers. [Throughout the 2-year period beginning on the effective date of this sentence (and subsequent to such 2-year period unless modified by amendment to the order involved), the minimum aggregate amount of the adjustments, under clauses (1) and (2) of the preceding sentence, to prices for milk of the highest use classification under orders that are in effect under this section on the date of the enactment of the Food Security Act of 1985 shall be as follows:

[Marketing Area Subject to Order	Minimum Aggregate Dollar Amount of Such Adjustments Per Hundredweight of Milk Having 3.5 Percent Milkfat
New England	$3.24
New York-New Jersey	3.14
Middle Atlantic	3.03
Georgia	3.08
Alabama-West Florida	3.08
Upper Florida	3.58
Tampa Bay	3.88
Southeastern Florida	4.18
Michigan Upper Peninsula	1.35
South Michigan	1.75
Eastern Ohio-Western Pennsylvania	1.95
Ohio Valley	2.04
Indiana	2.00
Chicago Regional	1.40
Central Illinois	1.61
Southern Illinois	1.92
Louisville-Lexington-Evansville	2.11
Upper Midwest	1.20
Eastern South Dakota	1.50
Black Hills, South Dakota	2.05
Iowa	1.55
Nebraska-Western Iowa	1.75
Greater Kansas City	1.92
Tennessee Valley	2.77
Nashville, Tennessee	2.52
Paducah, Kentucky	2.39
Memphis, Tennessee	2.77
Central Arkansas	2.77
Fort Smith, Arkansas	2.77
Southwest Plains	2.77
Texas Panhandle	2.49
Lubbock-Plainview, Texas	2.49
Texas	3.28

Greater Louisiana	3.28
New Orleans-Mississippi	3.85
Eastern Colorado	2.73
Western Colorado	2.00
Southwestern Idaho-Eastern Oregon	1.50
Great Basin	1.90
Lake Mead	1.60
Central Arizona	2.52
Rio Grande Valley	2.35
Puget Sound-Inland	1.85
Oregon-Washington	1.95

Effective at the beginning of such two-year period, the minimum prices for milk of the highest use classification shall be adjusted for the locations at which delivery of such milk is made to such handlers.]

* * * * * * *

SECTION 725 OF THE AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1996

SEC. 725. None of the funds appropriated or otherwise made available by this Act shall be used to enroll additional acres in the Conservation Reserve Program authorized by 16 U.S.C. 3831–3845[: *Provided,* That 1,579,000 new acres shall be enrolled in the program in the year beginning January 1, 1997].

AGRICULTURAL TRADE ACT OF 1978

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TITLE II—AGRICULTURAL EXPORT PROGRAMS

* * * * * * *

Subtitle B—Implementation

SEC. 211. FUNDING LEVELS.

(a) * * *

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(c) MARKETING PROMOTION PROGRAMS.—The Commodity Credit Corporation or the Secretary shall make available for market promotion activities authorized to be carried out by the Commodity Credit Corporation under section 203—

(1) in addition to any funds that may be specifically appropriated to implement a market development program, not less than $200,000,000 for each of the fiscal years 1991 through 1993, [and] not less than $110,000,000 for each of the fiscal years 1994 [through 1997,] *through 1995, and not more than $100,000,000 for each of fiscal years 1996 through 2002,* of the

funds of, or an equal value of commodities owned by, the Commodity Credit Corporation; and

* * * * * * *

TITLE III—EXPORT ENHANCEMENT PROGRAM

SEC. 301. EXPORT ENHANCEMENT PROGRAM.

(a) * * *

* * * * * * *

(e) FUNDING LEVELS.—

[(1) IN GENERAL.—The Commodity Credit Corporation shall make available for each of the fiscal years 1991 through 2001 not less than $500,000,000 of the funds or commodities of the Commodity Credit Corporation to carry out the program established under this section.]

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

(A) $350,000,000 for fiscal year 1996;
(B) $350,000,000 for fiscal year 1997;
(C) $500,000,000 for fiscal year 1998;
(D) $550,000,000 for fiscal year 1999;
(E) $579,000,000 for fiscal year 2000;
(F) $478,000,000 for fiscal year 2001; and
(G) $478,000,000 for fiscal year 2002.

* * * * * * *

FEDERAL CROP INSURANCE ACT

* * * * * * *

SEC. 508. CROP INSURANCE.

(a) * * *

(b) CATASTROPHIC RISK PROTECTION.—

(1) * * *

* * * * * * *

(4) SALE OF CATASTROPHIC RISK COVERAGE.—

(A) * * *

* * * * * * *

(C) DELIVERY OF COVERAGE.—

(i) IN GENERAL.—In full consultation with approved insurance providers, the Secretary may continue to offer catastrophic risk protection in a State (or a portion of a State) through local offices of the Department if the Secretary determines that there is an insufficient number of approved insurance providers operating in the State or portion to adequately provide catastrophic risk protection coverage to producers.

(ii) COVERAGE BY APPROVED INSURANCE PROVIDERS.—To the extent that catastrophic risk protection

coverage by approved insurance providers is sufficiently available in a State as determined by the Secretary, only approved insurance providers may provide the coverage in the State.

(iii) CURRENT POLICIES.—Subject to clause (ii), all catastrophic risk protection policies written by local offices of the Department shall be transferred (including all fees collected for the crop year in which the approved insurance provider will assume the policies) to the approved insurance provider for performance of all sales, service, and loss adjustment functions.

* * * * * * *

(7) ELIGIBILITY FOR DEPARTMENT PROGRAMS.—

[(A) IN GENERAL.—To be eligible for any price support or production adjustment program, the conservation reserve program, or any benefit described in section 371 of the Consolidated Farm and Rural Development Act, the producer must obtain at least the catastrophic level of insurance for each crop of economic significance grown on each farm in the county in which the producer has an interest, if insurance is available in the county for the crop.]

(A) IN GENERAL.—Effective for the spring-planted 1996 and subsequent crops, to be eligible for any payment or loan under title I of the Agricultural Market Transition Act or the Agricultural Adjustment Act of 1938 (7 U.S.C. 1281 et seq.), for the conservation reserve program, or for any benefit described in section 371 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008f), a person shall—

(i) obtain at least the catastrophic level of insurance for each crop of economic significance in which the person has an interest; or

(ii) provide a written waiver to the Secretary that waives any eligibility for emergency crop loss assistance in connection with the crop.

* * * * * * *

SEC. 519. NONINSURED CROP DISASTER ASSISTANCE PROGRAM.

(a) ESTABLISHMENT OF PROGRAM.—

(1) * * *

(2) ELIGIBLE CROPS.—

(A) * * *

(B) CROPS SPECIFICALLY INCLUDED.—The term "eligible crop" shall include floricultural, ornamental nursery, and Christmas tree crops, turfgrass sod, *seed crops*, and industrial crops.

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DEPARTMENT OF AGRICULTURE REORGANIZATION ACT OF 1994

* * * * * * *

SEC. 226. CONSOLIDATED FARM SERVICE AGENCY.

(a) ESTABLISHMENT.—The Secretary is authorized to establish and maintain in the Department a Consolidated Farm Service Agency.

(b) FUNCTIONS OF CONSOLIDATED FARM SERVICE AGENCY.—If the Secretary establishes the Consolidated Farm Service Agency under subsection (a), the Secretary is authorized to assign to the Agency jurisdiction over the following functions:

(1) Agricultural price and income support programs, production adjustment programs, and related programs.

[(2) General supervision of the Federal Crop Insurance Corporation.]

* * * * * * *

SEC. 226A. OFFICE OF RISK MANAGEMENT.

(a) ESTABLISHMENT.—Subject to subsection (e), the Secretary shall establish and maintain in the Department an independent Office of Risk Management.

(b) FUNCTIONS OF THE OFFICE OF RISK MANAGEMENT.—The Office of Risk Management shall have jurisdiction over the following functions:

(1) Supervision of the Federal Crop Insurance Corporation.

(2) Administration and oversight of all aspects, including delivery through local offices of the Department, of all programs authorized under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.).

(3) Any pilot or other programs involving revenue insurance, risk management savings accounts, or the use of the futures market to manage risk and support farm income that may be established under the Federal Crop Insurance Act or other law.

(4) Such other functions as the Secretary considers appropriate.

(c) ADMINISTRATOR.—

(1) The Office of Risk Management shall be headed by an Administrator who shall be appointed by the Secretary.

(2) The Administrator of the Office of Risk Management shall also serve as Manager of the Federal Crop Insurance Corporation.

(d) RESOURCES.—

(1) FUNCTIONAL COORDINATION.—Certain functions of the Office of Risk Management, such as human resources, public affairs, and legislative affairs, may be provided by a consolidation of such functions under the Under Secretary of Agriculture for Farm and Foreign Agricultural Services.

(2) MINIMUM PROVISIONS.—Notwithstanding paragraph (1) or any other provision of law or order of the Secretary, the Secretary shall provide the Office of Risk Management with human and capital resources sufficient for the Office to carry out its functions in a timely and efficient manner.

* * * * * * *

SECTION 408 OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

SEC. 408. EXPIRATION DATE.

No agreements to finance sales or to provide other assistance under this Act shall be entered into after December 31, [1995] *1996*.

MINORITY VIEWS

We strongly oppose H.R. 2854. We are greatly alarmed by its provisions and what their impact will be. On behalf of the American people we protest the closed, anti-democratic process that has been employed by this Republican-controlled Congress and the disregard it has demonstrated towards the principles all Americans hold dear—rural and urban alike.

The American farm is the very foundation of the progress that has marked our nation's history. American farmers and ranchers ensure that ours are the best fed people in the world. Because of our farmers' productivity, Americans pay a lower share of their disposable income for their diet than do the citizens of any other industrialized nation. It was Thomas Jefferson who wrote that "cultivators of the earth are the most valuable citizens." No interest of this nation can be placed ahead of its agricultural sector.

Yet this Republican-led Congress has shown complete disdain for our nation's primary industry.

At this moment, economic chaos grips the nation's heartland. Farmers who should have already made crucial planting, cultivation, and marketing decisions are frozen in place by the fact that Congress has made no farm policy. Lenders who would otherwise provide the capital needed to finance this fall's crop are unable to make sufficient loans available.

While the Congress and our Committee should have been devoting their time and resources to preparing for the expiration of the 1990 farm bill, virtually nothing has been done. In 1995, no bill to provide for agricultural policy in the years ahead was introduced until August. In a blatant and historic rejection of our sacred principles of open government, our Committee did not hold one single hearing on this proposal—and still has not to this day.

Our Committee did vote on the August proposal. It was rejected by a bipartisan majority. In spite of its defeat by the Agriculture Committee, the bill—written to cut $13.4 billion out of farm programs—was packaged with proposals to cut Medicare, Medicaid and education and to provide a tax cut.

Inevitably and quite predictably, that bill—the one vehicle offered by the Republican Congress to establish a farm policy—was vetoed, not only because of its ill-advised cuts in farm programs but also because of the many other radical proposals which it contained.

In a further act of disregard towards rural America, the Committee waited until the end of January to take further action. As the farmer's precious time dwindled away, our Committee did not meet. Again, no hearings were held, and even as the Republican leadership prepared to adjourn for a three-week vacation, the Committee waited until the very last hour to act.

We are members of the Agriculture Committee. We regard ourselves as having the solemn responsibility to weigh and consider the problems and concerns relating to agricultural policy. Yet in setting its agenda, the Republican leadership has completely and utterly frustrated our ability to carry out that responsibility. Having had little opportunity to debate matters with our Committee colleagues, we have nonetheless identified substantial public concern over the approach taken in this bill.

H.R. 2854 cuts agriculture too deeply. Agriculture is the very foundation of our nation's economy. Our basic farm programs have played a significant role in the farmer/government partnership that has been so successful in assuring that our nation has a safe, reliable, and affordable food supply. Reducing Federal spending on farm programs by $13 billion will threaten the economic viability of American agriculture and thereby endanger our nation's food security.

We know that these cuts were not conceived in the context of any consideration to good farm policy. Rather, the decision to cut the very heart out of farm programs was integral to the radical Republican policy of cutting $270 billion out of Medicare and providing for a $245 billion tax cut.

All parties have rejected the unreasonableness of those earlier attacks on health care and responsible fiscal policy, and those proposals are no longer viable. Yet, the Republican-led House of Representatives continues to insist on a dramatic $13 billion reduction in farm programs. This in spite of the fact that the tax cut which those reductions were to pay for has been entirely abandoned.

As bad as this bill is for the programs that support farming, it is even worse in its failure to address the need for investments in rural development, research, and conservation. Agriculture programs have been singled out for devastating reductions more than any other sector of the Federal budget. While the Republican leadership is demanding this pound of flesh, they are unwilling to devote the resources needed to allow rural America to adjust.

As opponents of this legislation, we are not saying that agriculture should not contribute to deficit reduction (even though agriculture has provided a dramatically disproportionate share in past deficit reduction efforts). We are opposing this legislation because you cannot protect the interests of one segment of rural America at the expense of all others. Many needs exist in rural America today.

WHERE WE STAND

We are committed to developing policy that meets the basic needs of farmers and other rural Americans: (1) preservation of a responsible safety net for farmers, (2) promotion of exports and maintenance of a vibrant rural economy, and (3) protection and enhancement of the rural environment.

THE FARM SAFETY NET

The fixed contract payments of H.R. 2854 will help those farmers who lost a crop last year and cannot benefit from current high prices. However, H.R. 2854 will also provide income transfers to

farmers with bountiful harvests even though current prices are high and deny them additional assistance should market prices fall to below normal levels.

The farm safety net is destroyed by this legislation for three reasons: (1) it ends income protection, (2) it ends price protection, and (3) it ends all farm programs after seven years. Advocates of this policy declare that farmers will now respond to market signals, not government inducements. Indeed they will. However, farmers will also have to respond to macroeconomic forces beyond agricultural markets.

In the mid-1980's, a strong U.S. dollar weakened the competitive position of U.S. agricultural exports, and declining world economic growth dampened demand for all agricultural imports. Sharply lower market commodity prices resulted. Real interest rates rose, increasing farm borrowing costs and driving down farmland values that provided the security for farm lenders. Many farmers were unable to obtain operating credit, or produce crops to meet existing loan requirements, for reasons that had nothing to do with farm policy. The Agricultural Market Transition Act will be wholly inadequate to address such a situation. Farmers will have no income safety net.

H.R. 2854 also caps commodity loan rates. Under current law, rising market prices would cause loan rates to increase, with certain provisions to protect against burdensome stocks and preserve competitive export pricing. Higher loan rates, resulting from rising prices, would afford farmers more price stability. The capped loan rates in this bill will destroy that price stability and, as a result, farmers will have no price safety net.

In addition, with the repeal of permanent law, H.R. 2854 makes no provision for agricultural policy after 2002. The Commission on 21st Century Production Agriculture may provide useful information and guidance to Congress, but it provides no guarantee that there will be any continuation of agricultural policy whatsoever; only permanent law can do that. This repeal is an unambiguous statement to farmers that assurance of public assistance to agriculture will end after 2002. Farmers will have no safety net at all.

H.R. 2854 AND THE PEANUT PROGRAM

H.R. 2854 embodies a schizophrenic policy. Under the guise of deregulation, the bill places more onerous work requirements on U.S. peanut growers that are coupled with huge losses in farm income. In fact, the Department of Agriculture estimates that H.R. 2854 will immediately result in a 30% to 40% reduction in American peanut producers' income. The immediate shock of these provisions will be devastating to many peanut-producing communities in the rural South.

While we applaud many industry-supported provisions of the bill's peanut section which achieve a no-cost peanut program—e.g., eliminating the 1.35 million ton quota floor, eliminating undermarketings and reducing support levels for disaster transfers—other provisions of that section go beyond reasonable reform and, in fact, are ridiculously punitive to the American peanut grower. The purposefully punishing nature of the bill towards U.S. peanut growers is clearly highlighted by the fact that two Democratic al-

ternatives also achieve a market-oriented and no-cost peanut program with less harmful and more reasonable contributions by peanut producers and resulted in even greater savings than in H.R. 2854.

Beyond the core reforms in the bill that are necessary to achieve a no-cost peanut program, H.R. 2854 contains several serious flaws and, in particular, five provisions that are egregiously damaging to peanut farmers and the rural South:

(1) Price Support. Under current law, U.S. peanut producers are allowed to place quota peanuts under loan at marketing associations for $678/ton or 34 cents per pound. On top of the 20% cut in farmer income related to the elimination of the quota floor required by H.R. 2854, U.S. peanut producers also suffer an additional and immediate 10% cut in income because the Republican-backed reforms slash peanut loan rates to $610/ton.

In testimony before the House Subcommittee on Risk Management and Specialty Crops, USDA testified that, on average, the nationwide cost of production for domestically produced peanuts is approximately $640/ton and that many farms, particularly small, family farms, face severe challenges even under the current $678/ton price support, primarily because profits from a farm's quota peanut "base" are often mixed with losses from the sale of additional peanuts that do not receive government support to create a small overall profit margin. A regional study by Auburn University indicates that the bill's provisions will result in more than 3,000 lost jobs in a contiguous, limited area of rural Georgia, Alabama and Florida; certainly additional job losses can be expected in other U.S. peanut production areas.

(2) Offers From Handlers. While the majority insists on deregulation of agriculture—open to an unfettered market, H.R. 2854 treats U.S. peanut producers differently by actually placing legislative limits on the price a U.S. peanut farmer receives for his or her peanuts. Not only does the bill slash the peanut loan rate, but it requires the U.S. peanut farmer to sell his or her crop if he or she is offered $610/ton or suffer a 5% penalty. There is no similar penalty for any other commodity in H.R. 2854. This peanut-specific provision is entirely contrary to the marketing loan concept.

Even today, with peanuts loan rates set at $678/ton, market conditions often allow peanut farmers to sell peanuts above the USDA-supported loan rate. Setting the loan rate below the cost or production for many peanut farmers and then statutorily forcing peanut farmers to sell their labors at a loss is a recipe for disaster. This provision in no way makes the peanut program more market-oriented and, as with the issue of price support, this provision does not achieve any savings for the U.S. taxpayer. The provision is bizarre and hostile to U.S. peanut growers. It should be eliminated.

(3) Losses. While we generally approve of the provisions in H.R. 2854 to ensure that any losses are fully covered by peanut program participants, we believe the process through which program losses are covered should be refined so that responsibility starts with the individual producer before affecting area and national pools. Also, we are gravely concerned that H.R. 2854 exempts certain parties from liability even though they use the marketing association pools to improve profits, often displacing quota peanuts in the process.

Additional growers who use the redemption process should meet their responsibility. Similarly, peanut policy should recognize that shellers also benefit from the peanut program and should allow the entire peanut marketing assessment to be used, when necessary, to cover program losses. H.R. 2854, as currently drafted, invites abuse and could unfairly impact some program participants.

(4) Certain Farms Ineligible. We question the wisdom of the policy that will strip certain individuals of peanut quota almost solely on the basis of where they live. This provision raises concerns about "unequal treatment under law" and may very well be unconstitutional. The implementation of this provision, as reported out of the Committee, will have a severe impact in rural communities. Many retired farmers or their widowed spouses rely on quota rent for economic subsistence. When one considers the severe cuts in Medicaid, Medicare and rural housing being advanced by majority deficit reduction proposals, some rural elderly will suffer a particularly nasty one-two punch. The combination of proposals will threaten the ability of many rural southern elderly to maintain economic independence.

The one year "grace period" provided by the bill is not adequate time for a smooth transition. We believe that, at a minimum, all quota holders should be "actively engaged" in the production and marketing of their quota for two out of three years or risk forfeiture of their peanut quota. Such an approach provides for a smoother transition and provides for equal treatment under law.

(5) Spring and Fall Transfers. The immediate implementation of 100% sale and lease of quota across county lines creates hardships very similar to the issues raised by the "Certain Farms Ineligible" provisions. At a minimum, the provision should be phased in over the life of H.R. 2854 and should be limited to 30% of a county's historical quota.

H.R. 2854 AND THE SUGAR PROGRAM

While we support many of the sugar program reforms contained in H.R. 2854, we take issue with two provisions that negatively impact U.S. sugar producers and are punitive in nature. On the positive side, these are grower-supported provisions to create a less regulatory sugar program, and H.R. 2854 does provide a 7-year countercyclical farmer safety net for the U.S. sugar producers (a feature we believe to be essential for all U.S. producers). However, H.R. 2854 also permits and encourages the importation of "dumped" foreign sugar into the United States at a level that exceeds our GATT–WTO obligations. As with changes to the peanut program reforms, the bill's sugar program reforms place additional costs and hardships on U.S. sugar producers.

(1) Nonrecourse Loans. We believe the trigger to establish nonrecourse loans should be set at the GATT required 1,256,000 ton level and not at the excessively high 1,500,000 ton level. We contend that the world market is currently governed by protocols established under the recently completed Uruguay Round of GATT and the newly evolved WTO, and the Republican effort to key the nonrecourse loan trigger above the GATT-required import levels only serves to unilaterally punish U.S. sugar growers while encour-

aging increased imports from heavily, and directly, subsidized foreign sugar.

(2) Forfeiture Penalty. We are opposed to this penalty. Forfeiture of sugar would only be plausible if a Secretary of Agriculture purposefully misused the import loopholes created by the provisions of H.R. 2854. It is patently unfair to punish victims of any USDA mismanagement of the sugar program. The measure seems purposefully punitive in nature.

EXPORT COMPETITIVENESS

H.R. 2854 hits American farmers below the belt when they seek to compete in world markets. When the governments of other countries are providing all allowable resources to assist their farmers in selling their crops internationally, our Congress is abandoning American farmers. Export Enhancement Program expenditures in H.R. 2854 are $1.58 billion below the U.S. subsidy value commitments under the Uruguay Round Agreement. This will greatly limit the ability of the Department of Agriculture to assist U.S. agricultural exports in years with high levels of accumulated stocks, within the allowable limits of the Uruguay Round Agreement.

The Market Promotion Program maximum level of funding is reduced from the current level of $110 million to $100 million. This is the Department of Agriculture's major export assistance program for processed and high value agricultural products. Foreign marketers of these products received significantly greater support from their governments in export assistance and the reduction in this bill will further decrease U.S. marketing efforts, placing U.S. producers at a great disadvantage.

THE RURAL ECONOMY

The payments provided by this bill decline and end in 2002. Their meaning as transition payments will then become inescapable. Farmers who will no longer be able to continue operating for a variety of reasons will turn to the rural communities in which they live for other means of earning a livelihood. Agriculture accounts for less than 10 percent of rural employment, yet nearly 50 percent of farm household income derives from off-farm employment. As farm program spending declines and finally ends under H.R. 2854, many farm families will find local employment, leave rural communities to seek jobs elsewhere, or live in poverty as a burden on their local and state governments.

We supported an amendment in Committee to address these needs. Our Republican colleagues voted in lock step against an amendment to provide $3.5 billion through a "Fund for Rural America" for rural development, research, and conservation. Even were this investment incorporated, H.R. 2854 would still reduce federal spending by over $9 billion. This fund would simply allow rural America to adjust to the changing conditions in government spending that exist today and that will be intensified with this and other deficit reduction legislation.

Programs for business and industry, rural business enterprise, rural economic development, rural technology and cooperative development, and technical assistance and planning are the very as-

sistance rural communities will need to deal with the "transition" forced by H.R. 2854. Other programs for community facilities and water and waste disposal are the specific elements local rural governments will require to respond to increasing demand on them as their tax base shrinks, employment declines and local consumer spending weakens.

Opponents of this amendment were willing to deny 3.5 billion additional dollars for rural development, for research, and for conservation at a time when they are reducing farm program payments by greater than 20%. There is no other sector of the budget that is taking this kind of devastating reduction. It is not hard to determine that these funds are desperately needed, even though they will address only some of the critical needs.

For example, over $3.5 billion is needed to ensure delivery of safe drinking water to the remaining rural Americans currently living without water piped directly into their homes, and that amount would only take care of the over 1,600 rural areas with critical pressing water quality problems. Another $6.3 billion is needed over the next decade to meet worsening, but not yet critical, drinking water supply problems of over 5.3 million people in over 3,100 rural areas. The water needs in rural America alone could eat up the funds authorized in this proposal. But there are many more needs.

For example, the same holds true for research funding. The need is great. In fact, the National Research Initiative received more than 3,000 proposals last year, but funding only allowed for 783 to move forward. The demand for agriculture research far exceeds the available resources. The Department was only able to support 24% of the proposals submitted.

The two examples do not even address the need that will exist in rural America to modernize in order to be included in the new information technology transfer system—the future of not only agriculture, but all of rural America. Without the support they need to adjust to the massive cuts they are receiving, rural Americans will be left behind once again.

CONSERVATION

We are distressed with the Majority's refusal to provide the Secretary of Agriculture with the authority to make new enrollments in the Conservation Reserve Program in order to keep the program viable. We are gambling with the fate of this program by not providing the authority for new enrollments, and we risk the ability of farmers and rural citizens receiving federal assistance to address environmentally sensitive lands and water resources.

We are also troubled about the levels of animals that the bill has in place for the definition of "Confined Animal Feeding Operation" in the Livestock Environmental Assistance Program (LEAP). It appears that an arbitrary action was taken to the detriment of some sectors of the livestock industry. The number of animals that constitute a "CAFO" in regulations differs greatly in several categories, namely the lowered number of dairy cattle and the inflated numbers of cattle and swine included in the LEAP provisions. It is our hope that this issue will be addressed as the bill proceeds through the House.

Additionally, we have concerns about the prohibitions on permanent easements and 30-year easements in the Wetlands Reserve Program. H.R. 2854 would eliminate permanent and 30-year easements from the WRP and replace them with 15-year easements. Eliminating permanent and 30-year easements will limit the ability of landowners to choose the option that would best serve their needs. While we believe there is a need for long-term easements, we think the best policy is to provide a variety of easement and cost-share options and leave that determination up to the landowner.

CONCLUSION

For these many reasons, we oppose H.R. 2854. The flawed process used in its development has led to a devastatingly misguided product. We believe that it is not too late to devise a good farm policy. If our colleagues on the Committee have the will, we can work together and design an approach that safeguards the rural economy; that preserves a safety net adequate to insure our nation's food security; and that makes the government a helpful partner to the American farm producer who is increasingly exposed to international competition.

Finally, we stress that time is of the essence and urge our colleagues to act swiftly and work with us to enact farm policy that addresses the goals we have expressed.

CHARLIE STENHOLM.
HAROLD L. VOLKMER.
JOHN E. BALDACCI.
CYTHINIA MCKINNEY.
TIM JOHNSON.
EARL F. HILLIARD.
SCOTTY BAESLER.
KAREN L. THURMAN.
ED PASTOR.
KIKA DE LA GARZA.
GEORGE E. BROWN, Jr.
EARL POMEROY.
BENNIE G. THOMPSON.
TIM HOLDEN.
EVA M. CLAYTON.
SAM FARR.
CHARLIE ROSE.

ADDITIONAL MINORITY VIEWS

I am strongly opposed to H.R. 2854, "emergency farm legislation" as passed by the Agriculture Committee because it is bad farm policy which, if allowed to run its 7 year course, will adversely affect farmers, ranchers, their sons and daughters, small rural communities, the rural environment, and agriculture related businesses and farm-workers who are dependent on a vibrant and healthy rural economy for their livelihood.

H.R. 2854, code named "emergency farm legislation" is nothing more than a $13 billion cut in farmers income to be used for a tax break for the wealthiest people in America, and for others who do not live on the farm, near a farm, or in Rural America.

In their quest to obtain a tax break for the wealthiest people in America the majority on the Agriculture Committee along with the Speaker and the Chairman of the Budget Committee have employed the adage "there may be another way to skin this cat" by resurrecting the vetoed Freedom to Farm Act and attempting to pass it as stand alone "emergency farm legislation". They are hopeful that Congress will pass this bad farm legislation so that no one will blame Republicans for failing to enact farm policy for farmers and ranchers for over a year since they came to power in January of 1995.

However, they are attempting to "skin the same cat twice" and that is not possible and it won't occur. The sham of presenting Freedom to Farm as "emergency farm legislation" is revealed by Secretary Glickman in a January 30, 1996 letter to Chairman Roberts, when he states "H.R. 2854 contains essentially the same provisions, with minor revisions, as the Agricultural Reconciliation Act of 1995, which I recommended that President Clinton veto."

The majority has been in power for over one year. They failed to enact major necessary farm legislation, even though they were on notice that some farm programs expired on December 31, 1995 and required reauthorization to avoid reverting to earlier more costly permanent farm legislation.

This legislation is really Freedom "NOT" to Farm for many farmers. In reality it is a welfare program for big corporations and large farm owners. Some farmers would receive payments of $80,000 whether they made $150,000 or $200,000 on their farm operation as many will do this year. They are not required to farm. They will still receive their welfare payment. These excessive welfare payments will not only go to large individuals and major corporations in time of need but also at times when they don't need it at all. This is nothing more than a welfare program for large farmers and corporations.

Most farmers don't want to be on welfare. The majority of my farmers really want their income from the marketplace prices,—not from a government check. But when prices are depressed from

world markets and from heavily subsidized grains from other countries then they are willing to accept fair payments so they can continue to operate in competition with other heavily subsidized farmers from other areas of the world. I want to emphasize farmers want a safety net not a welfare program.

Rather than taking the advice of the Secretary and others with constructive amendments on this committee to make changes in Freedom to Farm and improve its chance of passage and becoming law the majority has insisted on offering up the same legislation for a second veto.

In addition to H.R. 2854 being bad for agriculture and deserving of a veto, the process is flawed.

Originally, in September of 1995 this "emergency farm legislation" came before the Agriculture Committee as "Freedom to Farm" and was surrounded by controversy over its radical policy to end farm programs in 7 years and at the same time reduce funding for agriculture programs by $13 billion. The legislation was so controversial that it could not obtain a majority of support of the members of the committee and it was not reported. However, the Chairman of the Agriculture Committee had "Freedom to Farm" legislative language included as part of the Budget Reconciliation bill. All the maneuvering-in spite of the fact that Freedom to Farm had not passed or been reported from the Agriculture Committee.

Eventually, this radical proposal to cut farm income by $13 billion, along with billions of dollars of cuts in Medicare, Medicaid, education, and the environment, as well as a $245 billion tax break for the rich—all embodied in the Budget Reconciliation bill of 1995—was vetoed.

The flawed process continued on January 5, 1996 when Freedom to Farm was reintroduced as a free-standing bill H.R. 2854. A business meeting was scheduled for January 30, 1995. Again, hearings were not held on H.R. 2854, just as hearings were not held on the Freedom to Farm Act.

At the January 30, 1996 business meeting the Agriculture Committee reported H.R. 2854 and the Ranking Republican member asked for unanimous consent that the three (3) day layover period to file minority and supplemental views be waived. I objected to the waiver. I objected in order to protect the rights of the minority to file minority views on this controversial legislation and the process by which the Republicans are attempting to bring it to the floor.

In seeking to fulfill this pledge of a tax cut for the richest corporations and individuals in America, the Republicans have turned their back on past bi-partisan farm policy and program development whereby Democrats and Republicans have combined their efforts to help make Americans the best fed people in the world, where consumers spend less of their paycheck on food than do consumers in any other country of the world. At the same time, in the past, American farmers have been assured a safety-net of income and price-support programs to insure that farmers and ranchers have the ability to compete in the domestic and international marketplace with a minimum of government interference. All that is gone under Freedom to Farm emergency farm legislation and in that place we are legislating a highly partisan, leadership inspired and directed policy and program which will force small and me-

dium sized farmers out of business. Volatility in supply and price will return and the stability of our agriculture community and food supply will be jeopardized.

I object to the automatic writing of checks to the wealthiest farmers and richest corporations in America (and maybe some foreign owned corporations) regardless of need; I object to the decision to end the farm programs in 7 years through a series of declining payments which do not reflect supplies and prices in the market place and which will result in bankruptcy proceedings and drive many small and medium farm operators out of business and off the farm; I object to turning good farmers into welfare recipients.

The Democrats on the Agriculture Committee offered amendments to correct many deficiencies, however, the majority's intransigence to seriously consider amendments makes it imperative that the rule to consider this legislation be open so that the full House of Representatives has an opportunity to offer corrective language to a bill that will do irreparable harm to the agricultural community. Many of these concerns can be addressed on the floor of the House.

If this bill's provisions that give welfare checks of up to $80,000 to corporate farmers who don't need it is not corrected I will have no alternative but to vote against it. It is not good for our hard working farmers or for the rural areas in which they live.

We, in Congress, are empowered with the responsibility to provide the guidepath for agriculture in the future. This bill provides a dead end road that will harm farmers, small communities and agri-businessmen. Seven years of welfare and then nothing. Payment for nothing. Is this a responsible guidepath? No, it is a dead end road.

HAROLD L. VOLKMER.

DISSENTING VIEWS

I have served for over 23 years as a member of the House Committee on Agriculture. This Committee has usually operated in an open, bipartisan manner. In the past, Members of the Agriculture Committee had an opportunity to fully consider and understand the legislation they were voting for and were afforded an opportunity to hear from their constituents and those directly affected by the legislation through the hearing process. This has not been the case for H.R. 2854.

The Committee on Agriculture has been converted to a rubber-stamp for legislation developed outside of the public forums utilized in past Congresses. Legislation developed with the participation of members of both parties is bipartisan. Legislation developed by one party and presented for endorsement by the other is not, regardless of who votes on passage. In the past, we have been able to reconcile philosophical differences and differing regional perspectives through compromise. That is the democratic process. It was not the process under which H.R. 2854 was considered by this Committee.

Although this package contains some reforms and provisions that I would have supported and have supported in the past, I regret that I could not support this bill. For months, the Committee has been largely inactive. There have been few hearings or markups in subcommittee or full committee where these proposals could have received more thoughtful debate and scrutiny by both Republican and Democratic members. Instead, I was asked to support a bill which authorized over $35 billion over a 7-year period which I had no opportunity to examine until a few days prior to consideration.

These arguments may seem too philosophical to some. But, if we do not develop and consider legislation in an open, democratic process I believe we are doing a great disservice to the people we serve. The Committees of the House are supposed to play an important role in the development and consideration of legislation. Constituents expect us to know what we are voting for, especially when we are spending their hard-earned tax dollars. In the case of H.R. 2854, we were not permitted the time to give this legislation the consideration that an expenditure of billions of dollars deserved. We owe it to our constituents to take the time to move through the legislative process in a more deliberate and bipartisan fashion to craft a thoughtful farm policy that will serve all the people who depend upon our agricultural sector.

GEORGE E. BROWN, Jr.

SUPPLEMENTAL MINORITY VIEWS

I join with my colleagues' criticisms, expressed in the minority views, of H.R. 2854 and the process by which it was moved through the Committee. I am submitting these additional views only to emphasize the problems with the bill that I feel most strongly about.

The farmers of the California Central Coast region that I represent practice the most intense and productive speciality crop agriculture in the world. They produce over $2.5 billion worth of fresh fruits, vegetables, and horticultural crops without any federal price supports or other direct federal support. They have succeeded by embracing the full benefits, and potential risks, of the market.

I believe that they represent the model for the future progress of American agriculture as it moves into the next century and into a market place dominated by global competition. I believe that American agriculture must move in this direction to remain a viable business and give farmers a greater hand in their own future. I do not believe, however, that this Central Coast model means that national farm policy has no value to the agricultural economy of my region or the future of rural American. On the contrary, research, conservation, export promotion, rural development, infrastructure, and credit enhancement programs are all crucial to future success and sustainability of market driven agriculture—and the federal government has a deep responsibility to make sure that these programs help all of rural America.

The deepest flaw of H.R. 2854 is that it ignores these crucial, and I believe, most important, aspects of agricultural policy. The Committee, and House leadership, are squandering a tremendous opportunity. As Congress moves forward to reform agricultural policy, we look to build a foundation for agriculture's future success and not just fix the problems of the past.

I am particularly concerned that it does not address the loss of farmland to urban sprawl. During the Committee's consideration of H.R. 2854 I raised, and then withdrew, an amendment that is based on legislation, H.R. 2429, that I have developed with Representative Wayne Gilchrest to help the states address the troubling loss of farmland to urbanization—over 1,000,000 acres a year at current rates. The states have taken the lead in helping farmers keep this land in agriculture and out of the grasp of urban development and the federal government should help the states with their efforts. I am glad that the Committee expressed a willingness to work with me on this issue in the future. However, I see no reason why this issue should not be addressed in H.R. 2854.

Moreover, the development of agriculture policy must regain its bipartisan character if there is to be any hope of moving farm legislation forward this year. As our country becomes ever increasingly suburbanized, agriculture will become an ever increasing abstraction for most Americans. Food will continue to appear on super-

market shelves, but fewer and fewer people will have a direct connection or understanding of the farmers, ranchers, and rural economies, and rural environments that produce that food. In the coming century, it will only become more difficult to build broad national support for agricultural policy. There has never been a worse time to break apart the bipartisan coalition that has traditionally supported agriculture as has occurred during the consideration of H.R. 2854.

I believe that good farm policy can yet be salvaged out of the mess that this Congress created. I look forward to working with all of my colleagues on this difficult and vitally important task.

SAM FARR.

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