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SENATE

REPORT
110–220

FOOD AND ENERGY SECURITY ACT OF 2007

R E P O R T

OF THE

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

ON

S. 2302

together with

ADDITIONAL VIEWS

NOVEMBER 2, 2007.—Ordered to be printed

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SENATE COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

ONE HUNDRED TENTH CONGRESS

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Mr. HARKIN, from the Committee on Agriculture, Nutrition and Forestry, submitted the following

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[To accompany S. 2302]

The Committee on Agriculture, Nutrition and Forestry, reports an original bill (S. 2302) to provide for the continuation of agricultural programs through fiscal year 2012, and for other purposes, having considered the same, reports favorably thereon with amendments and recommends that the bill (as amended) do pass.

PURPOSE OF THE BILL

The purpose of this legislation is to extend, modify, and strengthen the nation's policies and programs pertaining to food, fiber, agriculture, conservation, rural development, agricultural trade and food aid, rural energy initiatives, forestry on private lands and research, education, and extension encompassing these subjects. Congress most recently addressed these programs comprehensively in the Farm Security and Rural Investment Act (FSRIA) of 2002 (P.L.107–171).

In brief, the objectives of this bill include protecting and increasing income and economic opportunities for farmers and ranchers; conserving natural resources and enhancing environmental quality on agricultural land; strengthening food assistance to low-income families and improving the diets and health of all Americans; supporting research, education and extension involving food, agriculture and related fields; fostering economic growth and a high quality of life in rural communities; promoting agricultural trade and providing food aid and development assistance to inhabitants of developing countries; and spurring the research, development and commercial use of agriculturally-based renewable energy and

biobased products. The legislation will extend these programs to cover the 2008 through 2012 crop and fiscal years.

BACKGROUND AND NEEDS

TITLE I—PRODUCER INCOME PROTECTION PROGRAMS

For more than 70 years, the United States has supported agricultural producers through a variety of farm programs. There is a tendency for farm bills to address the most urgent concerns of the day, but the overarching objective of Federal farm policy has been to provide the support that agricultural producers need to withstand the vagaries of markets and weather with enough income to support their families and continue farming. Early programs relied on supply control through marketing quotas and acreage limitations to support the price of commodities. More recent policy has stressed planting flexibility and has allowed producers to respond to market signals in their farming operations.

The FSRIA of 2002, retained the planting flexibility and decoupled payments of the previous farm program, but also provided a new counter-cyclical program to provide assistance in times of low commodity prices. The bill established full-fledged programs for soybeans and other oilseed crops and replaced the quota system for peanuts with a program that mirrored the program for other covered commodities. The bill also created a new counter-cyclical program for dairy producers.

Five years later, the U.S. agricultural sector is enjoying relatively high prices and a strong financial position. According to the U.S. Department of Agriculture's (USDA) Economic Research Service, national net farm income in 2007 is forecast to exceed $87 billion, even with record high production expenses and a decline in government payments. Producers and their organizations expressed general satisfaction with the structure and operation of the current farm programs. However, there were two general themes in calls for changes to existing commodity programs. First, program benefits are more generous for some commodities than others. Perceived inequities between crops led to calls for rebalancing of program support. Second, program benefits under both the counter-cyclical and marketing loan programs are triggered by low commodity prices. Price-triggered support fails to adequately support producers when crop production declines. A revenue-based program can provide balanced support when production and prices lead to lower farm income.

Sugar

Under current law, the United States limits sugar imports and the amount of sugar that processors can sell domestically to manage the supply of sugar thereby assuring sugar producers a minimum price with little or no government cost. However, if sugar imports exceed 1.532 million short tons, USDA is no longer authorized to impose marketing allotments which limit domestic sales. The bill authorizes marketing allotments equal to 85 percent of projected domestic sugar consumption for human nutrition use.

The sugar program sets the loan rate for raw cane sugar at 18 cents per pound. This rate has been in place since 1985, despite rising farm input costs over the last 22 years.

Dairy

Under current law, the Commodity Credit Corporation purchases nonfat dry milk, butter and cheese at prices that are intended to support the price of milk at $9.90 per hundredweight. Established prices for each product would improve the effectiveness and predictability of the price support program.

The FSRIA of 2002 included a new counter-cyclical program for dairy producers. The Milk Income Loss Contract (MILC) program compensates producers when the Boston Class I milk price falls below $16.94 per hundredweight. The 2002 legislation made participating producers eligible to be paid 45 percent of the difference, but when the program was extended in 2005, the eligible payment percentage was reduced to 34 percent. Payments are calculated monthly and are limited to 2,400,000 pounds of milk per year per dairy producer.

Payment limitations

Current law limits the payments to producers to $40,000 in direct payments, $65,000 in counter-cyclical payments, and $75,000 in marketing assistance loans and benefits. However, these nominal limits can effectively be doubled through the use of the 3-entity rule or through a special rule that allows each spouse to receive the maximum payment provided neither spouse receives benefits through any other entity. Further, limits on marketing assistance loan benefits can effectively be evaded through the use of generic commodity certificates and loan forfeitures. The exceptions to the payment limitations and the payments made to entities have led to a set of rules that are not transparent and are difficult to enforce.

Specialty Crops

USDA estimates that the production of specialty crops—fruits, vegetables, tree nuts, and other horticultural and floricultural crops—in the United States accounts for roughly 50 percent of total U.S. farmgate sales. Additionally, international trade in specialty crops has expanded greatly over the past four decades, from $3.4 billion in fruits and vegetables in 1961 to nearly $70 billion in 2001. However, producers of specialty crops do not receive payments under the traditional commodity programs and have historically received comparatively little assistance in previous farm bills. Indeed, USDA reports that more than 90 percent of commodity program subsidy payments go to five crops—corn, soybeans, wheat, rice and cotton.

Nevertheless, producers of specialty crops still face a diverse array of challenges in the areas of production-related research, pest and disease detection, sanitary and phytosanitary issues, trade barriers, as well as increasing competition from international producers. Indeed, U.S. imports of fruits and vegetables exceed exports by $2.7 billion. Programs at USDA designed to assist specialty crop producers have traditionally centered around nutrition promotion, research, marketing, and technical assistance for addressing sanitary and phytosanitary issues in international trade. However, the demand for these programs among specialty crop producers has far outpaced the resources dedicated to them.

In addition to the diverse and historically underrepresented needs of specialty crop producers in previous farm bills, current health issues among the U.S. population indicate a strong need for

healthier eating habits among Americans, including increased consumption of fruits and vegetables. For example, the 2005 Dietary Guidelines for Americans indicate that only one in five Americans consumes the recommended daily amount of fruits and vegetables each day. Additionally, obesity rates among children have increased dramatically in the past four decades, with almost 20 percent of children age 6 to 11 being identified as obese in 2004, up from just four percent in 1963.

The convergence of these factors has helped to guide the Committee's decisions in providing a historic level of support for specialty crops in the Food and Energy Security Act of 2007. The specialty crop subtitle, as well as other titles in this legislation, seeks to maintain an adequate supply of safe, domestically produced specialty crops by investing in programs designed to: (1) address the particular challenges that specialty crop producers face in the domestic and international arenas; and (2) encourage Americans to consume more healthy fruits and vegetables to promote sound nutrition.

Risk Management

The Federal crop insurance program is a crucial component of the farm safety net available for U.S. farmers. In 2007, farmers insured more than 271 million acres with either catastrophic coverage or buy-up coverage, with an estimated crop loss liability of $67 billion, increases of 31 percent and 97 percent respectively since 2000. These substantial increases are attributable both to enhanced participation in the program and to a significant increase in the prices of most commodities insured under the program.

The year 2000 also marked the last time that the U.S. Congress took an extended look at the Federal crop insurance program, which resulted in the Agricultural Risk Protection Act of 2000 (ARPA). ARPA provided both reforms to and additional resources for the program, aimed at both inducing farmers already participating in crop insurance to increase their level of coverage under the program and to develop new policies so as to attract new participants into the program.

This program is delivered to producers by private crop insurance companies, operating a Federal program under the terms and conditions of a Standard Reinsurance Agreement (SRA) negotiated with the Risk Management Agency (RMA) of the USDA. This partnership presents unique challenges to oversight of the program, as there must be sufficient financial incentives for companies to provide appropriate service to their customers yet not so lucrative as to waste taxpayer dollars.

Subtitle G of title I of the reported legislation represents an effort to both resolve administrative problems that have emerged in the seven years since ARPA was enacted and improve the financial efficiency of the program, the latter set of provisions generating budgetary savings that help address other priorities in this legislation.

TITLE II—CONSERVATION

The Food and Energy Security Bill continues the expansion of the Federal investment in conservation that was included in the FSRIA of 2002 and helps prepare agriculture for challenges ahead.

Agricultural production and forestry dominate land uses in the United States—69 percent of the nation's land is used for crop production, grazing land, or forest land, including land taken out of production for conservation purposes. With such a large proportion of land being used for production, farmers are the first line of defense for the environment—America's "first conservationists".

Farmers, ranchers and forest land owners recognize that good conservation is essential in maintaining the productivity of their land and in protecting the environment. Conservation programs provide technical and financial assistance to producers to help them meet the challenges of competing in a global marketplace to produce food, feed, fiber and fuel.

Another increasingly important need is to protect agricultural producers from pressure to sell to developers. Preserving farmland and ranchland keeps land in production and preserves open space. Grassland is an inherently conserving land use that protects soil resources and helps clean water sources. Purchasing easements from producers eliminates pressure to develop land and gives a return on equity that helps producers continue to operate.

Conservation programs have been successful. Through a combination of program tools and technical assistance, America's farmers and ranchers have reduced soil erosion by more than 43 percent in the past two decades. With help from these programs, the nation has moved beyond the loss of wetlands, and is working toward net gains in wetlands each year, primarily due to the efforts of farmers and ranchers. In addition, these programs are promoting wildlife habitat and benefiting a variety of species, including threatened and endangered species. This legislation builds on and strengthens the conservation programs that USDA currently administers, with increased funding.

Title II of this legislation helps provide producers with the resources and technical expertise they need to meet all applicable environmental regulations and achieve conservation results that will conserve and improve natural resources like soil, water, air, and wildlife habitat, while conserving energy and protecting biodiversity, and preserving working farmland and ranch land for the future. The conservation title serves as an environmental toolkit that allows producers to voluntarily adopt new measures to protect natural resources with technical and financial assistance from USDA.

Crop rotation is an important agricultural practice. Certain crop rotations can reduce disease and related inputs necessary to control disease. Crop rotations can also promote the more efficient use of water that is provided through rainfall or irrigation. Optimal crop rotations can be critical to the yield and quality of the crop and revenues of the producer. The purpose of the CSP crop rotation supplement program is to encourage and help producers adopt optimal crop rotations.

In the Southeast, peanuts are a prime example of a crop that responds well to increased rotation lengths. Increased rotation lengths help peanut producers conserve water, more effectively control disease, reduce inputs to control disease and increase productivity. Based on two decades of research, the University of Georgia recommends a minimum of three years between peanut crops in the same field. The university's research shows higher yields are

realized and fewer inputs are needed as producers move from a three to four year rotation.

In the Midwest, the dominant crop rotation is a two-year annual rotation of corn and soybeans. Research at the University of Nebraska and Kansas State University has shown that replacing corn with sorghum gives higher yield and yield stability under drought conditions. In the Great Plains, irrigated agriculture is threatened by periodic drought and reduced water availability because of diversion for other uses. The Water Optimizer and crop simulation software developed at the University of Nebraska are examples of decision-support tools that can help farmers sustain productivity and profitability by identifying crop rotations that are best matched to the available water supply.

USDA and States should encourage the use of water conserving technologies when entering into EQIP and CSP contracts intended to promote water conservation. These technologies include all techniques that improve irrigation water application efficiency including pressurized delivery systems using sprinklers and drip irrigation, as well as, advanced surface irrigation which combines closed pipelines, surge valves, soil amendments, and tailwater recovery techniques. This includes improvements to existing irrigation systems and proper maintenance and monitoring to ensure that existing systems are operating as desired.

In States facing a severe drought, USDA and States are encouraged to give priority to practices that promote water conservation. States facing severe drought are those in which all or part of the State have received a U.S. Drought Monitor designation of D–2, D–3 or D–4 for a significant portion of the fiscal year preceding the contract.

TITLE III—TRADE

Trade is and will continue to be a key outlet for U.S. agricultural products, with agricultural exports forecast to account for about 28 percent of the value of U.S. agricultural production in 2007. U.S. agricultural exports were estimated at $79 billion in 2007, a nearly 50 percent increase over the export level recorded in 2002 and the passage of the FSRIA of 2002. About half of that increase comes from the grains and oilseed complex, from both increased volume and prices and another quarter from increased horticultural product exports. Not surprisingly, total meat and livestock exports have declined over that period, due largely to the discovery of a case of Bovine Spongiform Encephalopathy (BSE) in the U.S. cattle supply in December 2003 and the resulting loss of beef exports which are only now slowly recovering.

The Senate Committee on Agriculture, Nutrition and Forestry has jurisdiction over two sets of programs that touch on U.S. agricultural trade-programs that promote commercial exports of U.S. agricultural products, and programs that provide U.S. commodities as humanitarian food assistance to developing countries. Both sets of programs are addressed in this title. Oversight of bilateral and multilateral trade agreements involving agriculture is under the jurisdiction of the Senate Finance Committee.

As they appear in the title, the first set includes three separate programs which provide humanitarian food assistance to address emergency situations or chronic hunger in developing countries.

The largest of the three, the title II Food for Peace program, was first established in 1954 and is conducted by the U.S. Agency for International Development, while the other two, the Food for Progress program and the McGovern-Dole International Food for Education and Child Nutrition program are of more recent vintage and are operated by the USDA. A fourth program, the Bill Emerson Humanitarian Trust, is operated as a reserve of commodities and cash that can be drawn upon when existing funds are inadequate to address emergency needs.

The second set includes programs that provide matching funds to U.S. companies and trade associations to promote U.S. agricultural commodities overseas, which are known as the Market Access Program and the Foreign Market Development Program. Also included are programs which provide guarantees for credit allocated for overseas purchase of U.S. agricultural products, and programs which provide direct subsidies for U.S. agricultural exports.

Commercial export programs

Historically, U.S. agricultural exporters have been heavily outspent on trade promotion activities by their foreign competitors, and a substantial share of that foreign advantage is derived from publicly funded programs by the EU and other countries. In the late 1990's, promotion of agricultural products by foreign countries within the U.S. market totaled nearly $100 million annually, which was comparable to what the total that the U.S. government was spending through the Market Access and Foreign Market Development Programs in all overseas markets at that time. U.S. competitors' annual spending on such efforts overall exceeds $1 billion annually.

MAP funding was increased in the FSRIA of 2002, and the reported bill looks to continue that process. Since these types of programs are clearly "green box" under the rules of the World Trade Organization (WTO)—thus not subject to restrictions—and other forms of export assistance such as export subsidies and export credits are likely to be severely restricted or even eliminated in the Doha Round if it is ever completed, the Committee made the decision that devoting increased funding to MAP and FMD would be good investment. Economic analyses of the impact of these programs have found positive outcomes, with estimated returns per promotion dollar ranging from $3.70 to $25.

Food aid programs

As a result of the boom in demand for corn due to the expansion of ethanol production and the shift of acres into corn in response to that higher demand, the prices for the range of U.S. commodities used in the various food aid programs, such as corn, wheat and wheat flour, vegetable oil, and peas and lentils have increased significantly in the last year or so. USDA has estimated that the market basket cost of commodities used in food aid has increased 35 percent over the last year.

Consequently, some increase in funding will be needed just to maintain the purchasing power of the existing Food for Progress program, which USDA estimates will have fed 2.5 million people in 2007 while supporting education, child development, and food security efforts in low-income, food-deficit countries around the world. In addition, the decision to zero out appropriations for the title I

concessional credit program in fiscal 2007 will leave the Food for Progress program short of resources in the future. This program has relied on carryover transfers from title I to supplement the funding the program receives from the Commodity Credit Corporation, accounting for about 40 percent of the total in recent years.

TITLE IV—NUTRITION PROGRAMS

The Food Stamp Program is the largest Federal food assistance program. Since the landmark Food Stamp Act of 1977 was enacted into law 30 years ago, the Food Stamp Program has played a critical role in assisting low-income American families to achieve greater economic security through the receipt of modest food assistance benefits. In 2006, the Food Stamp Program provided 26.7 million individuals in over 11.7 million households with an average of $94 per month at a total cost of nearly $33 billion annually, making the Food Stamp Program one of the largest Federal anti-poverty initiatives.

For the fiscal year 2006, 49 percent of food stamp recipients were children, 42 percent were non-elderly adults, and 9 percent were elderly individuals. There are far more food stamp households participating in the workforce than there are receiving assistance through Temporary Assistance for Needy Families. 30 percent of food stamp households had earned income in 2006, while just 13 receive support through Temporary Assistance for Needy Families. The vast majority of food stamp households, 84 percent, include a child, a person with a disability or an elderly individual, and these households collect 89 percent of food stamp benefits. In 2006, the average food stamp household received a monthly benefit of $208, had a monthly gross income of $673, had a monthly net income of $328, and averaged $137 in countable financial resources.

The Food Stamp Act of 1977 authorizes a Food Stamp Program for the 50 States, the District of Columbia, Guam, and the Virgin Islands. Food Stamp Program rules are generally uniform, but States have received significant flexibility, mainly through the provision of state options, to modify program components at their discretion. The Food Stamp Program depends, for the most part, on Federal funding. Federal appropriations pay for almost all benefits and roughly half the cost of administration. Additional administrative costs are carried by the States. At the State and local level, the program is administered by the offices that run other public assistance programs, which are responsible for determining eligibility, calculating and issuing benefits, and operating or arranging for work and training programs for applicants.

Applicants for food stamps must have their eligibility determined and, if eligible, their benefits issued within 30 days of application. Very low-income individuals are eligible for expedited food stamps and must receive them within 7 days. The food stamp assistance unit is a household, typically those living together who also purchase and prepare food together. Eligibility depends on a series of factors, including gross income, net income, and liquid assets. For most, the income test confines eligibility to households with monthly gross cash income at or below 130 percent of the Federal income poverty guidelines, adjusted for family size and inflation. In addition, households are subject to a net income test of 100 percent of the Federal income poverty guidelines, adjusted for family size and

inflation. Net income is determined by deducting from the monthly gross income a standard deduction, an earned income deduction, a dependent care deduction, a medical deduction, a child support payment deduction, and an excess shelter deduction.

In addition, households with liquid financial resources above a certain level are ineligible to participate in the Food Stamp Program. For most households, the asset limit is $2,000. For households containing an elderly person or a person with a disability, the asset limit is $3,000.

There are also eligibility criteria related to workforce participation. Unless exempted, most single, unemployed adults ages 18 to 50 without dependent children are prohibited from participating in the Food Stamp Program for more than 3 months out of a 36 month period, unless they are working no less than 20 hours per week or participating in a work or training program for 20 hours a week.

Despite progress made in strengthening the Food Stamp Program over the years, significant challenges remain for low-income households who benefit from the Food Stamp Program and other Federal food assistance programs.

First and fundamentally, the need for Federal food assistance has increased in recent years. According to USDA data, hunger and food insecurity in the United States have increased significantly in recent years. In 2005, the most recent year for which data is available, the total number of people living in food insecure households was 35.1 million. This number is a reduction of several million from 2004. However, even with this decrease, there were 4 million more Americans experiencing food insecurity in 2005 than in 1999, when 31 million Americans experienced food insecurity.

1999	31.015 million
2000	33.231 million
2001	33.642 million
2002	34.902 million
2003	36.255 million
2004	38.196 million
2005	35.128 million

Recent trends showing increased food insecurity are consistent with recent poverty and income trends. Though median U.S. household income increased in both 2005 and 2006, to $48,201 in 2006, median household income has stagnated and even slightly dropped since 2000. Between 2000 and 2006, median household income declined from $49,163 to $48,201. Similarly, mean household income for the lowest quintile of the U.S. population decreased from $11,892 in 2000 to $11,352 in 2006.

Since 2000, both the percentage and the aggregate number of Americans living in poverty has increased, from 11.3 percent and 31.5 million in 2000 to 12.3 and 36.4 million in 2006. Similar trends have occurred for child poverty, with the rate of child poverty increasing from 16.2 percent in 2000 to 17.4 percent in 2006, and the number of children living in poverty increasing from 11.6 million in 2000 to 12.8 million in 2006.

Second, as a result of major program cuts enacted in 1996, Food Stamp benefits remain low by historical standards, averaging slightly more than $1 per person per meal. In 1996, the Food Stamp Program was cut significantly as part of welfare reform leg-

islation—by nearly $27 billion dollars over a 6 year period. The most significant of these cuts, a cut in the maximum benefit and a freeze in the standard deduction, remain in place today. As a result of these two benefit cuts, food stamp benefits in 2008 for a typical family comprised of a working parent with two children will be approximately $37 less each month, or almost $450 annually, than they would have been absent these cuts. In addition, because these cuts remain in place for the vast majority of participating households, the purchasing power of food stamp benefits for many families is eroding every year.

Third, for various reasons, there are significant aspects of the Food Stamp Program which are in significant need of modernization or re-examination in order to address changing economic realities that low-income families must confront.

For example, due to lack of Congressional action, there are several aspects of the Food Stamp Program that have not been adjusted or modernized for many years. In addition to the erosion of food stamp benefits noted above, there are significant unmet challenges with respect to the treatment of assets and the deductibility of child care in the Food Stamp Program. The Food Stamp Program asset limit of $2,000, though adjusted periodically over the years, has not been meaningfully increased since it was set at $1,750 in 1977. Similarly, despite rapid increases in the cost of child care, the maximum amount of deductible child care costs in the Food Stamp Program has increased by only $15 dollars in the past 20 years, from $160 when the dependent care deduction was established in 1986, to $175 currently.

In addition, a number of States are embarking on major redesigns of the way they operate the Food Stamp Program. In some cases, the goal of such changes is improved access, such as extended food stamp office hours to accommodate working families. In other cases, the goal is administrative streamlining or efficiency. Often, this involves closing county food stamp offices and requiring households to contact a central call center by mail, telephone, fax, or over the web to apply for benefits, provide documentation, and report changes. Though it is hoped that such initiatives can improve the quality of service if administered properly, there is also the possibility that they can leave households without recourse if the technology breaks down or the state agency lacks sufficient staff to keep up with it.

In a recent study of the Food Stamp Program, the Government Accountability Office (GAO) recently found that States were experimenting with promising approaches to administer food stamps more efficiently, but that "[i]nsufficient information is available to determine the results of using alternative methods to provide access to the food stamp Program." The Government Accountability Office recommended that the USDA enhance its ability to assess the effects of alternative methods on program access, payment accuracy, and administrative costs as well as disseminate its findings among the States. However, it is not just the USDA that must enhance its ability to assess alternative methods of program access. Congress has a responsibility to examine such program re-design and innovation, to evaluate whether those changes live up to their purported promise, and to foster the dissemination of best practices to the States.

In addition to their vital role in fighting food insecurity and providing economic security to low-income individuals, Federal food assistance programs also have an important function in promoting healthy diets and sound nutrition, especially among children. The Senate Committee on Agriculture, Nutrition, and Forestry has long had jurisdiction over Federal school-based child nutrition programs, the importance of which are demonstrated by the fact that school-aged children spend a significant amount of their time, and consume a significant portion of their overall diet, while at school. For this reason, Congress has repeatedly sought to identify, support, and expand school-based programs that create incentives for students, families, and schools to modify snacking behavior, increase physical activity, promote healthy snacks and eating habits, and encourage informed and good food choices.

The critical need for strengthening school-based child nutrition programs and interventions are clearly justified by the current diets of American children. As with recent trends pertaining to hunger and economic trends, statistics pertaining to child nutrition and diet-related disease portray a situation in clear need of immediate improvement.

Childhood obesity has increased steadily in recent years, especially during the past two decades. According to the Institute of Medicine report, Progress in Preventing Childhood Obesity, "Obesity rates among American children and youth have increased dramatically. Between 1963 and 2004, obesity rates quadrupled for older children, those ages 6 to 11 years (from 4 to 19 percent), and tripled for adolescents, those ages 12 to 19 years (from 5 to 17 percent). Between 1971 and 2004, obesity rates increased from 5 to 14 percent in 2- to 5 year olds."

Available research also shows strong association between obesity and other chronic diseases, including cardiovascular disease, hypertension, and diabetes. Cardiovascular disease is the leading cause of death in America, resulting in 500,000 annual deaths. Risk factors for cardiovascular disease occur with much greater frequency among obese children than they do among normal weight children. One quarter of children ages 5 to 10 show early warning signs for heart disease, such as elevated blood pressure or high cholesterol.

Type 2 diabetes, previously known as adult onset diabetes, has also increased dramatically in recent years. Though in the past, type 2 diabetes generally affected no more than 5 to 10 percent of the population, current estimates suggest that among children born today, the lifetime risk of developing type 2 diabetes is 30 percent for boys and 40 percent for girls. Among African-American and Latino children, the risks are even higher.

Increasing concern about childhood obesity and diet-related chronic disease are set against broader information demonstrating general shortcomings in children's diets. Among school-age children, only two percent meet the dietary recommendations for all food groups. For each of the food groups, the percentage of children meeting the recommended levels were only 14 percent for fruits and 20 percent for vegetables. Added sugar also constitutes a major part of children's diets, accounting for 20 percent of total food energy. The average intake of added sugar ranges from the equivalent of 19 teaspoons a day for girls 6–8 years old, to the equivalent of 36 teaspoons a day for males 14–18 years old. And among fe-

males ages 14–18, over two-thirds exceed the recommended levels for fat and saturated fat.

In sum, it is clear that outstanding needs remain both for strengthening the economic security of low-income Americans, as well as for improving the health and nutrition of American children more generally. The purpose of the nutrition title of the reported legislation is to respond to these challenges in order that low-income families might more easily be able to put food on their tables, as well as adopt eating habits, particularly among children, that will enable them to live healthier, fuller lives.

TITLE V—CREDIT

Entry into agriculture requires a significant amount of capital. In recognition of this significant hurdle, Congress has focused the Farm Service Agency (FSA) loan programs on assisting beginning farmers and ranchers and those with limited capital resources. FSA provides direct and guaranteed assistance to eligible borrowers to purchase farmland and to cover yearly operating expenses. The FSA direct loan portfolio has $2.881 billion outstanding loan obligations while the guaranteed loan portfolio has $5.478 billion in outstanding loan obligations. The Food and Energy Security Act expands beginning farmers and ranchers access to FSA loan programs by increasing the percentage of funding set aside for beginning farmers and ranchers.

Prior to the Federal Agriculture Improvement and Reform (FAIR) Act of 1996, socially disadvantaged farmers and ranchers were given preference when FSA sold inventory lands. The committee mark reestablishes that socially disadvantaged farmers be given priority, equal to that of beginning farmers, in the first 135 days inventory land is available for sale. The committee bill also expands opportunities for socially disadvantaged farmers and ranchers in the FSA loan programs by making them eligible for the FSA down payment loan program.

FSA direct ownership and operating loans currently have a loan limitation of $200,000. These limitations have not been adjusted in more than two decades despite the rising cost of land, energy and equipment. The committee bill increases these limitations to $300,000. In recognition of the new loan limitations, direct loan authorization levels also are increased.

The Federal Agricultural Improvement and Reform Act of 1996 limited the number of years borrowers are eligible for FSA direct and guaranteed loan assistance. These limitations are commonly referred to as term limits. Direct loans currently have a term limit of seven years with the possibility of a one-time waiver of up to two additional years of eligibility. Guaranteed loans have a term limit of 15 years. Currently 7,000 borrowers have only one year of eligibility left in the direct operating loan program, and another 11,000 have only two years left. In the guaranteed loan program, 5,400 borrowers would be ineligible for assistance if the current term limit waiver is allowed to expire.

Term limits are often viewed as inflexible limitations that do not have exceptions for natural disasters and drastic market downturns. Glen Keppy, Associate Administrator of the FSA, testified before the Senate Agriculture, Nutrition and Forestry Committee last year that term limits continue to be an ongoing chal-

lenge facing FSA. The FSA guaranteed loan portfolio is experiencing historic lows in delinquencies and losses. The committee bill eliminates term limits on guaranteed operating loans and extends the direct loan term limit by one year. The committee bill strengthens borrower training and loan servicing requirements to ensure the health of the FSA loan portfolio.

The Farm Credit System (FCS) provides a source of reliable and competitive credit to agriculture and rural areas. It obtains the funds it uses for lending primarily through the sale of insured debt obligations. As of September 30, 2007, investors held $147 billion in FCS debt.

The Farm Credit System Insurance Corporation (FCSIC), an independent government-controlled corporation, provides protection to investors by administering an insurance fund. The insurance fund is required to hold two percent of the outstanding debt, also called the secure base amount. The statute currently allows FCSIC to collect insurance premiums only on outstanding loan volume not on all outstanding debt. This has caused the insurance fund to be below the secure base amount since 2005. With the estimated growth of the FCS, it is projected that it will take several years to recapitalize the secure base amount. The committee bill updates the method in which FCSIC collects premiums to insure outstanding debt. The bill allows FCSIC to collect insurance premiums on all outstanding debt, including investments.

TITLE VI—RURAL DEVELOPMENT AND INVESTMENT

The Committee has broad responsibility for rural development. Major rural development programs have been in place since the 1930s with the passage of the Rural Electrification Act. Since then, the Congress has approved a wide variety of rural development programs covering infrastructure, community facilities and business development. Less than seven percent of rural Americans live on farms. Non-farm income amounts to over two thirds of the income of farm families.

Higher costs of infrastructure because of low population density necessitate continued needs. Traditional infrastructure such as electricity, telephones, water and sewer are joined by the need for broadband as well as basic human needs that include hospitals and child care. The reality of small towns that dot rural America create a need for communities to collaborate to have the economic resources and planning capacity to better help themselves. While there is considerable capital in Rural America, continued assistance is needed because of the limited resources of relatively small financial institutions that serve in rural areas and the limited venture capital funds that flow beyond the major metropolitan areas.

TITLE VII—RESEARCH

Agricultural research, extension, and education programs serve the food and agriculture sector, consumers of American agricultural products, and rural communities in the United States. These programs mainly involve two research agencies at the USDA: the Agricultural Research Service (ARS), the intramural research agency and the Cooperative State Research, Education, and Extension Service (CSREES), the grant-administering research agency. The mission of these agencies aim to increase production and innova-

tion in the agriculture sector, improve the safety, quality, and nutrition of the food supply, improve conservation of the environment, and support rural communities, among other objectives. Two other agencies at the Department that support this mission are the Economic Research Service (ERS) and the National Agricultural Statistics Service (NASS).

Agricultural research, extension and education are critical to the future of an efficient and innovative agriculture system that must provide food, fiber, and now energy, for an increasing population, while improving natural resources. The challenges that lie ahead in the future are numerous, and Federal investments in agricultural research, extension, and education should be increasing accordingly.

Despite the increasing demands placed on agricultural research, extension and education, the Congressional Research Service reports that Federal funding for agricultural research has only slightly increased in real dollars over the past two decades. Since the FSRIA of 2002 was enacted, funding for the agricultural research, extension, and education programs have increased by an estimated $150 million. Meanwhile, recent studies from the Economic Research Service, as well as Iowa State University and Yale University, have concluded that for every Federal dollar spent on agricultural research, extension and education, ten dollars worth of benefits are returned to the economy. Although the public benefits of agricultural research, extension, and education programs are great, Federal funding of such programs is poor.

The main objectives of the research title in this legislation are to increase competitive grant opportunities for basic and applied agricultural research and to strengthen the research, extension and education components administered by USDA through the land-grant university system. In order to achieve these objectives, this bill reauthorizes various programs and research initiatives currently under the auspices of CSREES that were established by various Acts of Congress, including the National Agricultural Research, Extension, and Teaching Policy Act of 1977, the Food, Agriculture, Conservation and Trade of 1990, and the Agricultural Research, Extension, and Education Reform Act of 1998. This legislation also provides new funds for a specialty crops research initiative and the Organic Research and Extension Initiative established in the FSRIA of 2002.

However, the additional funding provided in this bill is not enough to respond to decades of nearly level Federal funding and the increasing need for agricultural research, extension, and education. In addition to difficulty in attracting sufficient funding, the research programs administered by USDA are viewed by some as a collection of unfocused programs without great emphasis on competitive grant programs, and as inadequate in providing support to infrastructure programs for the land-grant college and university system. These are all issues that must be addressed in order to continue providing solutions and improving the response to issues that farmers, consumers, and rural communities are facing.

The critical piece of the research title that attempts to solve these issues is the transformation of CSREES into a National Institute of Food and Agriculture (NIFA). The re-structuring of CSREES into NIFA includes the creation of offices at NIFA dedi-

cated to basic or fundamental research, applied research, education programs, and the infrastructure, or land-grant, network. These offices will increase the visibility of competitive programs at USDA's research agencies, and will strengthen infrastructure programs at the land-grant system.

TITLE VIII—FORESTRY

There is an estimated 354,000,000 acres of non-industrial private forestland in the United States under private ownership. Non-industrial private forests play a significant role in providing clean air and water, wildlife habitat, and recreational opportunities. The Forest Service has estimated 44,000,000 acres of non-industrial private forest will be converted to non-forest uses by 2030. The Food and Energy Security Act recognizes the important benefits that non-industrial private forest provide and looks improve cooperation and focus of conservation activities on these forests to enhance the benefits these forests provide.

The Forest Service's State and Private Forestry programs are in the midst of a redesign that will help the Forest Service better account for appropriated money by offering competitive funding. The reported legislation creates a program that provides Federal assistance to States to develop comprehensive statewide assessment and plan which identifies the critical forest resources. These assessments and plans will provide a comprehensive framework to help States prepare for competitive funding.

Forest provides communities many economic, cultural, and environmental benefits. Many forests surrounding communities face significant development pressure. It is widely recognized that the potential loss of these forestlands is a significant threat facing the future of forests. Conversion to non-forest use and fragmentation of forests jeopardize forest health and ecological functions. Few communities have the necessary financial capacity and technical expertise to conserve and carefully manage private forestlands that protect their water supply, support a timber-based economy, protect wildlife habitat, and enhance recreational opportunities, scenic beauty and quality of life for local residents. The reported legislation establishes a grant program that will provide Federal matching grants to help county or local governments, Indian tribes, or non-profit organizations acquire forest areas threatened by conversion to non-forest uses or are economically, culturally, or environmentally important to communities.

In 1994, President Bill Clinton issued an executive memorandum to all Federal departments about the nature of tribal governments. This memorandum recognized the need to set forth principles to ensure that Federal agencies recognize Indian tribes' sovereign status and improve government-to-government relationships.

The Forest Service commissioned a National Tribal Relations Task Force in 1999 to develop recommendations to improve relations with Indian tribes. The task force recommended tribal access to forest products for traditional purposes; temporary Forest Service land closure for tribal traditional activities; and reburial of human remains on National Forest System lands as a way to foster a better working relationship between the Forest Service and Indian tribes.

The National Tribal Relations Program Implementation team in 2003 supported the findings of 1999 task force, and suggested that the Forest Service should improve tribal participation in the Cooperative Forestry Assistance Act forest stewardship programs.

In the fall of 2006, the Forest Service sent a legislative proposal to Congress that addressed the findings of the 1999 and 2003 taskforces. The reported legislation builds off of the Forest Services proposals to improve government-to-government relations between the Forest Service and Indian tribes.

TITLE IX—ENERGY

There has been a steadily increasing recognition of the role of the agricultural sector in the nation's energy economy over the past 3 decades, as reflected by the inclusion of energy-related provisions in each of the farm bills passed by the Congress since 1977. By 2002, the increasing importance of energy production and use in the agricultural sector led to inclusion of an energy title in the FSRIA of 2002 for the first time. This energy title in the FSRIA of 2002 included provisions supporting the development and commercialization of biofuels as well as the development and use of biobased products, both of which reduce the nation's dependence on fossil fuels. It also provided support for improvements in energy use in the agricultural sector through grants and loan guarantees for the purchase of renewable energy systems and the adoption of energy efficiency projects by farmers, ranchers, and rural small businesses. Finally, the energy title in the 2002 bill called for increased emphasis on bioenergy research and development.

Since the FSRIA of 2002 was passed, the nation has become significantly more concerned about energy issues, including the security of adequate energy supplies, increasing energy costs, and environmental and climatic effects of energy use. Of paramount concern is the nation's increasing dependence on imports of petroleum and natural gas. Oil imports have grown from 60 percent of total U.S. consumption of oil in 2000 to 66.5 percent in 2006, and natural gas imports also have grown during that same period, from 11 percent to 16 percent of total U.S. consumption of natural gas. Petroleum imports are of particular concern because a significant portion of those imports come from nations that are unfriendly to the United States or politically unstable. Energy price increases have added to concerns about the nation's energy economy. Crude oil prices averaged $47 per barrel during the 3-year period from 2004 through 2006, compared with an average of only $24 per barrel from 2000 through 2002. Similarly, wellhead natural gas prices increased from an average of $3.54 per million British thermal units (mBtu) during the period from 2000 through 2002 to $6.40 per mBtu over the period from 2004 through 2006. The fact that over 85 percent of domestic greenhouse gas emissions result from the production, conversion and use of energy has also spurred interest in new approaches to energy systems.

These energy concerns have led to a strong interest in increasing production and use of renewable energy, including biofuels and other forms of bioenergy, and electricity and thermal energy from renewable energy systems. Renewable energy production has experienced strong expansion since the FSRIA of 2002 was passed. Biofuels production in 2006 totaled over 5 billion gallons, almost 3

times the production in 2001. Wind power generation also experienced a 3-fold increase from 2001 to 2006 in the United States. Even with these increases, the total contributions of renewable energy to our national energy supplies is quite small—approximately 7 percent, with hydropower representing over 40 percent of that. However, energy resource assessments generally indicate that there is significant room for growth of domestic renewable energy production. For example, wind resources can easily supply as much as 20 to 40 times current levels of windpower generation. Similarly, biofuels production has the potential to be many times greater than current levels.

The purpose of the energy title is to establish policies and programs that will enable a significantly larger contribution to our nation's energy needs from bioenergy and renewable energy production in our agricultural sector, and to improve the management of energy systems in that sector. For bioenergy, the most important need is to support and accelerate the development and commercialization of technologies for producing biofuels and biobased products from cellulosic biomass feedstocks. At the present time, the bulk of biofuels and bioproducts are produced using, principally, corn and soybeans, and energy derived from these grain-based feedstocks is expected to continue to expand. However, extensive research into the production and conversion of cellulosic biomass into biofuels, bioproducts and bioenergy indicates that this approach offers the potential for agriculture to make significantly larger energy contributions while conserving resources and protecting the environmental quality. Successful commercialization of cellulosic bioenergy requires a broad range of actions, including support for farmers and agricultural producers to begin to grow biomass feedstocks, support for development of equipment for harvesting, transport and preprocessing of the cellulosic biomass feedstocks, support for demonstration and evaluation of biomass conversion technologies that have shown promise in laboratory research, support for commercialization of proven conversion processes in full-scale, plants, and identification and development of the infrastructure needed to support broad national use of significantly larger levels of biofuels. In addition, continuing support is needed for research on biomass crop species, for regional research on agronomic practices to inform farmers and agricultural producers as they transition to the production of biomass crops, and for continuing research on the broad range of cellulosic biomass conversion technologies, all of which will significantly increase the contributions of domestically-produced biofuels in the decades to come. Finally, in order to ensure that soil and ecosystem and environmental resources are not harmed by this new and significant transition to large-scale production of cellulosic bioenergy, additional studies need to be conducted to better understand the potential impacts of various crops, cropping practices, and conversion technologies.

Enabling greater domestic renewable energy production and improved energy management in the agricultural sector will benefit the entire nation as well as helping agricultural producers and their rural business neighbors with their local energy needs. The FSRIA of 2002 initiated a program of support for renewable energy systems and energy efficiency projects that has supported hundreds of projects and has leveraged about 10 times as much funding as

was invested by the Federal government. Expansion of this fledgling program will support thousands of similar projects which, taken together, will decrease use of fossil energy both in the agricultural sector and across the United States. A specific need is to accelerate the installation of systems for converting animal manures to energy—a process with both energy and environmental benefits.

Over the life of this legislation, a number of additional energy programs and studies are needed in the agricultural sector and rural areas. Continuing research on the role of the agricultural sector in climate change is needed to complement national and regional activities and policies directed toward this issue. Specifically, it is imperative to better manage greenhouse gas emissions from the agricultural sector, and understand the potential for carbon sequestration in agricultural production and forest management, including the potential benefits associated with the use of biochar as a soil conditioner. The production of woody biomass and the use of wood in community energy systems provide another approach complementing our existing energy sources while improving local energy systems. A study of the potential for manufacturing nitrogen fertilizer using renewable energy could help address the concerns over the current trend toward increasing fertilizer imports and rising prices while offering opportunities for rural economic development. Finally, there is a need to provide technical guidance and financial support for rural communities that are intent on assessing their current energy systems and on formulating strategies for transitioning to energy systems that are less dependent on fossil energy and have lower environmental and climatic impacts.

TITLE X—LIVESTOCK

Livestock, poultry and egg industries consistently play an integral role in U.S. agriculture. The value of U.S. livestock and poultry production in 2007 is estimated to be $125.7 billion. The marketing, regulation and health of the livestock and poultry industries are either partially or entirely governed by the Agricultural Marketing Act, Agricultural Fair Practices Act, Packers and Stockyards Act and the Animal Health Protection Act.

The Agricultural Marketing Act of 1946 (7 U.S.C. 1621 et seq.) was enacted to aid in the distribution and marketing of agricultural products, including research, market aids and services and regulatory activities. Two programs that were amended to this Act are the livestock mandatory reporting program, which provides price, supply and demand information; and the mandatory country of origin labeling program, which requires retailers to provide consumers labeling information on the origin of meat and meat products, fruits and vegetables, fish and peanuts. This Act is enforced by the Agricultural Marketing Service (AMS) at the Department of Agriculture.

The Agricultural Fair Practices Act of 1967 (7 U.S.C. 2301 et seq.) was enacted to ensure farmers are free to join together voluntarily in cooperative organizations and require standards of fair practices of handlers in their dealings in agricultural products. This Act is currently enforced by the Agricultural Marketing Service (AMS) at the Department of Agriculture.

The Packers and Stockyards Act of 1921 (7 U.S.C. 181 et seq.) was enacted to regulate livestock marketing activities at public stockyards and the operations of meat packers and live poultry dealers. The Act prohibits unfair, deceptive, unjustly discriminatory and anti-competitive practices. This Act is currently enforced by the Grain Inspection, Packers and Stockyards Administration at the Department of Agriculture.

The Animal Health Protection Act (7 U.S.C. 8301 et seq.) was enacted in 2002 to prevent, detect, control and eradicate diseases and pests and protect animal health and the health and welfare of the people of the United States. This Act is enforced by the Animal Plant Health Inspection Service (APHIS) at the Department of Agriculture.

In the past 10 years, the animal industry has become more consolidated and vertically integrated to gain efficiencies and market competitiveness. According to data provided by the University of Missouri, in April 2007, four firms control 84 percent of the procurement of cattle and four firms control 66 percent of the procurement of hogs. Four firms control roughly 59 percent of the procurement of broilers.

Contracting in livestock agriculture has also increased steadily in the past 10 years. Production contracts, a method of marketing when the producer finances and builds facilities to house livestock or poultry, and the firm provides the feed, medications, and owns the livestock or poultry, have increased. According to data provided by the Economic Research Service (ERS) at the Department of Agriculture in 2006, the percent of production value for cattle under production contract represented 25 percent in 2003 compared to 11 percent in 1997. The percent of production value for hogs under production contracts represented 50 percent in 2003 compared to 31 percent in 1997. The percentage of production value for poultry and eggs under production contracts represented 87 percent in 2003 compared to 80 percent in 1997.

According to University of Missouri data, direct ownership of livestock has increased in the hog industry. In 2007 direct ownership of hogs by packers is roughly 22 percent, compared to 16 percent in 2002. According to data from the Department of Agriculture, direct ownership of cattle has stayed more consistent at 5-7 percent in 2007, compared to roughly 6-10 percent in 2002.

In February 2007, the Grain Inspection, Packers and Stockyards Administration (GIPSA) released a congressional mandated report authored by the Research Triangle Institute (RTI) International. The report concluded that the use of alternative marketing arrangements, including packer ownership, from October 2002 through March 2005 was estimated at 38 percent of the fed beef cattle volume, 89 percent of the finished hog volume, and 44 percent of the fed lamb volume sold to packers. In aggregate, the report concluded that restrictions on the use of alternative marketing arrangements for sale of livestock to meat packers would have negative economic effects on livestock producers, meat packers, and consumers. The report also concluded that alternative marketing arrangements also are associated with lower cash market prices, with a much larger effect occurring for finished hogs than for cattle.

On April 18, 2007, the Committee held a hearing to garner the views of producers and organizations for the next farm bill. Some discussion during the hearing involved proposed legislation that would ban packer ownership of livestock. During the hearing, some industry groups testified that increased direct ownership of livestock by packers increased the packer's ability to withhold purchases from the open market for extended periods of time. Other groups testified that banning packer ownership of cattle limits producer opportunities to respond to consumer demands for specialized products.

Consolidation and vertical integration in the livestock and poultry industries are not in and of themselves violations of the Packers and Stockyards Act or other laws. However, the increased consolidation, vertical integration, increased contracting and other marketing practices have led some to believe that greater emphasis on oversight and enforcement of the Packers and Stockyards Act by the Department of Agriculture is needed. In testimony given on April 17, 2007, to the House Subcommittee on Livestock, Dairy and Poultry by Mr. James E. Link, Administrator for the Grain Inspection, Packers and Stockyards Administration (GIPSA) at the Department of Agriculture stated that, "increased consolidation calls for increased vigilance by the Packers and Stockyards program due to the increasingly complex nature of new marketing and procurement practices, and to the arguably increased potential for anticompetitive behavior."

On several occasions, the Committee has expressed concern with the Department of Agriculture's ability or commitment to enforce the Packers and Stockyards Act over the past decade. Most recently in March 2006, the Committee held a hearing in response to a January 2006 audit by the Department of Agriculture's Inspector General. The Department of Agriculture Inspector General's audit stated that the Grain Inspection, Packers and Stockyards Administration (GIPSA) at the Department of Agriculture had not established an adequate control structure and environment that allows the agency to oversee and manage its investigative activities. The audit also revealed that the agency had not taken sufficient actions to strengthen operations in response to findings previously reported by the Inspector General in February 1997 and the Government Accountability Office in September 2000. The 1997 audit uncovered disagreements between the Department of Agriculture's Office of General Counsel (OGC) and GIPSA over interpretation of the Act. GIPSA also in the 1997 audit expressed concern over OGC's commitment to enforcing the Act.

During the March 2006 hearing, the Grain Inspection, Packers and Stockyards Administration (GIPSA) Administrator James E. Link submitted testimony regarding recent management and structure reforms instituted at GIPSA in response to both the Office of Inspector General and the Government Accountability Office. These reforms included the implementation of 37 directives and 20 policy memoranda to provide management direction on investigations. In early 2007, GIPSA investigators went through formal training for investigations and complex competition investigations. According to the Department of Agriculture, as a result of these actions, GIPSA referred more enforcement cases to the Office of General Counsel in fiscal year 2007 than in any year in the recent past. The Com-

mittee however is unclear if these increased activities represent the necessary reforms needed at GIPSA.

The Committee is interested in new processes and technology that will convert animal manure into bioenergy. Animal manure is a valuable resource for farmers, and when handled properly it benefits farmers and our nation's food production, helps diversify our sources of domestic energy and, through conversion to bioenergy, it can boost the economies of rural communities. Some in the agriculture and bioenergy fields have raised concerns about potential liabilities and regulatory requirements associated with the storage, transportation and use of animal manure for the purpose of normal agricultural operations and bioenergy production. The Committee is aware that these concerns about potential economic, liability and regulatory costs may impede the productive use of manure.

SUMMARY OF PROVISIONS

TITLE I—PRODUCER INCOME PROTECTION PROGRAMS

Direct Payments, Counter-Cyclical Payments, and Marketing Loans

To address the inequities between crops, the legislation increases target prices for wheat, grain sorghum, barley, oats, soybeans, and other oilseeds and establishes target prices for the pulse crops. As a result, target prices are closer to a common percentage of the average cost of production to produce the crops. The bill also raises loan rates for wheat, barley, oats, other oilseeds, wool, and honey and establishes a loan rate for large chickpeas. These loan rates were set at levels that are at least 85 percent of recent price experience.

Peanuts

The peanut provisions contained in this bill continue the peanut program that was established under the FSRIA of 2002. The direct payment rate, marketing loan rate, and target price are all unchanged in this bill.

The marketing loan program originally established under FSRIA of 2002 provided payments for storage, handling, and other associated costs for peanuts placed in the marketing loan program for the 2002 through 2006 crop years. FSRIA of 2002 authorized the use of Commodity Credit Corporation (CCC) to provide payments for storage, handling, and associated costs for peanuts in the loan in order to ensure appropriate storage and handling because of the unique perishable nature of peanuts. Unfortunately, payments were not provided for the 2007 crop year for peanuts because of budgetary constraints during FSRIA of 2002 consideration. In order to continue to ensure the appropriate storage and handling of peanuts placed under loan, this bill requires the Secretary to pay any handling and associated costs (but not storage) incurred at the time the peanuts are placed under loan for the 2007 through 2012 peanut crop years. These payments would be repaid when the loan peanuts are redeemed. However, the Secretary would pay the storage, handling, and associated costs for peanuts placed under loan that are forfeited. The purpose of this provision is to not only ensure the continued proper and adequate storage and handling of peanuts in the loan but also to guarantee that these costs are not taken out of a producer's loan proceeds at the time the peanuts are

placed in the loan. This should ensure that producers receive the full value of the marketing loan.

Cotton

The Committee appreciates the recommendation of the cotton industry to reform the upland cotton marketing loan program as provided in sections 1204 and 1210. Savings achieved from these changes and the reduction in the cotton target price fund a short-term economic assistance program for the struggling domestic textile industry under section 1207(c).

The elimination of the Step 2 program in the Deficit Reduction Act of 2005 and increased competition in the world market exposed weaknesses in the operation of the upland cotton marketing assistance loan. Concerns were expressed that loan premiums available for certain qualities of upland cotton were not reflective of the market and that some qualities of upland cotton were over-valued in the loan. By making modifications to the upland cotton loan program, the Committee aims to correct the existing method of determining the premiums and discounts applicable to the marketing assistance loan in order to make it reflective of true market values.

The Committee recognizes that the upland cotton marketing loan program will undergo another significant change in the next marketing year when the Department is expected to modify its determination of the adjusted world price (AWP).

The Cotlook A Index for Northern Europe delivery, used by the Department in determining the AWP for purposes of the upland cotton marketing loan program, has been in place for over 40 years. Ten years ago, Europe consumed over 6 million bales of cotton per year, or around seven percent of the world's total, and accounted for a significant share of world trade. Estimated consumption continues to decline, to less than two percent of a much increased world total, with further sharp declines projected. By contrast, Asia now accounts for more than half of the world's cotton mill use.

Because the market continues to evolve, Cotton Outlook, the leading commercial provider of international cotton market information and analysis, will discontinue North European A index values beginning August 1, 2008. This will require a change in how the Department determines the AWP for the upland cotton marketing loan program.

The Committee understands from the Department that it has the authority to make appropriate adjustments for determining and calculating the AWP. The Committee requests that the Department ensure that an accurate world price is discovered in the absence of a North European index and appreciates communication from the Department about any changes that may be made. The Committee encourages the Department to make any changes in a manner that ensures a seamless transition for the program, for the Department, and for the entire cotton industry.

Average Crop Revenue

The bill establishes a new Average Crop Revenue (ACR) program that covers both yields and price - crop revenue. The ACR will provide producers a choice between current commodity programs and a revenue option. With the ACR option, which is similar to legislation proposed by Senators Durbin and Brown, each producer will

decide which of these two approaches works better for their farming operation.

This optional program provides participating producers with a new state-level revenue counter-cyclical payment, recourse loan, and fixed payment in lieu of the current marketing loan, counter-cyclical program, and direct payment. The new program would generate payments on a crop-specific basis whenever average per-acre revenue at the state level falls below the per-acre state guarantee. The state level guarantee equals 90 percent of the product of the expected state average yield and the three-year moving average (including the current year) of the insurance price used in revenue insurance products in the U.S. crop insurance program.

The ACR provides an alternative to existing support programs through creation of an optional, two-tier revenue protection program. Farmers would rely on crop insurance coverage to manage risks that occur on their individual farms, which the farm program would supplement when widespread losses occur at the state level. The ACR addresses both price and yield issues.

As amended in Committee by Senator Roberts, farmers will have the choice beginning with the 2010 crop year, to participate in the revenue protection program or to remain in the traditional farm program. Once a producer decides to participate in the ACR, the decision will apply through the 2012 crop year and apply to all covered commodities on the farm. The program will provide producers a fixed payment of $15 per acre on the total base acres on the farm. In addition, participants in the ACR will be eligible for state-level revenue protection on 85 percent of the base acres on a crop-by-crop basis. The revenue component will generate payments whenever the average per-acre revenue for the crop in the State falls below the state guarantee. The Roberts amendment adopted in committee removed the linkage between the ACR program and the crop insurance program. In accepting the amendment, the Committee expressed its support for the crop insurance program as a viable risk management tool for producers.

Sugar

The legislation increases the loan rate for raw cane sugar in one-fourth cent increments from the current rate to 19 cents per pound for the 2012 crop. The loan rate for refined beet sugar is set at 128.5 percent of the loan rate for raw cane sugar.

Sugar imports from Mexico have the potential to disrupt the balance between the U.S. sugar supply and demand for sugar in the United States. To help manage the supply of sugar, the bill includes a new feedstock flexibility program which requires the Secretary to purchase eligible sugar and to make that sugar available to bioenergy producers in a manner that ensures that the sugar program is operated at no cost to the Federal government.

Dairy

The bill restores the payment percentage to 45 percent and increases the quantity of milk that is eligible for payment to 4,150,000 pounds of milk per year per producer.

Dairy producers in areas subject to Federal milk marketing orders are not able to contract with manufacturers for milk deliveries. The bill authorizes milk producers and dairy cooperatives to voluntarily enter into forward price contracts with milk handlers.

The authority to enter into contracts terminates on September 30, 2012, but contracts can cover sales through September 30, 2015.

Payment limitations

The payment limitations provisions in the bill require the Secretary to attribute payments made to a legal entity to the natural persons who own the legal entity. If the fourth-tier of ownership is that of a legal entity and not a natural person, the Secretary shall reduce the amount of the payment by the amount that represents the indirect ownership by the fourth-tier legal entity.

Payment limits are set at $40,000 in direct payments and fixed ACR payments; and $60,000 in counter-cyclical and revenue ACR payments. Each spouse is eligible for a separate payment limitation, although only one spouse has to meet the qualification of personal labor or active personal management.

Current law restricts commodity and conservation payments to individuals and entities with less than $2,500,000 in adjusted gross income (AGI) unless 75 percent or more of the income is from farming, ranching, or forestry operations. This limit is lowered to $1,000,000 for 2009; and $750,000 for 2010 and subsequent crop years. However, if 66.66 percent or more of the adjusted gross income is from farming, ranching, or forestry, the AGI limit does not apply.

SPECIALTY CROPS

Specialty Crop Block Grants

The Specialty Crop Block Grant Program is administered by USDA's Agricultural Marketing Service (AMS) and provides flexible grant funding to state departments of agriculture to invest in programs and projects that support production-related research, commodity promotion, product quality enhancement, consumer health, food safety and other programs that enhance the competitiveness of specialty crop producers. The block grant program received approximately $15,000,000 in appropriated funding in fiscal year 2007, and has been very popular in States with significant specialty crop production. This provision greatly expands the program, providing mandatory funding amounts in fiscal years 2008 through 2011 of $60,000,000, $65,000,000, $70,000,000, $75,000,000, respectively.

RISK MANAGEMENT

Statutory Loss Ratio

Under this subtitle, operation of the Federal crop insurance program moves to a fully actuarially sound basis, establishing a new statutory national loss ratio of 1.0. Previously, the program was allowed some leeway in meeting the objective of actuarial soundness, with the statutory loss ratio set at 1.075. This provision generates budgetary savings.

Controlled Business

This subtitle bars farmers from collecting commissions as agents on certain policies if more than 30 percent of their total commissions are derived from policies sold to operations that they or their immediate family have a beneficial interest in.

Administrative Fee for Catastrophic Coverage

Farmers currently have the opportunity to acquire so-called catastrophic coverage, which provides some assistance in the event of widespread losses, for the cost of $100 per crop. The level of this modest administrative fee is doubled in this subtitle to $200, generating budgetary savings.

Organic Surcharge Prohibition

Subtitle G also includes a provision prohibiting RMA from charging an arbitrary 5 percent surcharge on all crop insurance policies for organic crops. A surcharge on organic crops will only be allowed if greater yield variability and loss history for organic crops compared to otherwise identical crops grown conventionally can be documented on an individual crop by crop basis.

Premium Reduction Plan

The subtitle repeals section 508(e)(3) of the Federal Crop Insurance Act. This authority was utilized beginning in 2003 to offer the Premium Reduction Plan (PRP) which allowed companies to provide discounts to farmers buying crop insurance if they could generate savings from the Administrative and Operating (A&O) expense reimbursement they receive from RMA. However, the consensus view among industry participants and observers was that the regulations formally adopted for the 2006 reinsurance year to implement PRP did not permit the program to perform as intended.

The Secretary will also be required to commission an independent study which will examine past discounting mechanisms, as well as recommend new ways for approved insurance providers to offer discounts or other ways to allow price competition in the Federal crop insurance program. All these options must be considered in light of their impact on the viability of the Federal crop insurance program. The study is to be completed within 18 months of enactment of the legislation.

Reimbursement Rate

Farmers currently have the option of purchasing policies based on aggregate loss experience at the county level, rather than traditional policies which reflect losses incurred on individual farms. Since such area policies do not require adjustment of individual claims in order to calculate the size of indemnities to be paid, the decision has been made that the share of total premium dollar to be paid to cover expense reimbursement can be reduced for such policies. This provision generates budgetary savings.

Research and Development

Under current law, Congress established a procedure under which companies and other interested groups could develop proposals for new crop insurance products and submit them for approval to the Board of the Federal Crop Insurance Corporation, and then be reimbursed for expenses if the proposal is approved. Over the last 7 years, that procedure has not been utilized as often as had been hoped because it requires groups to make an extensive up-front investment without any assurance of a return on their investments. Recognizing that problem, the committee bill provides an alternative process for developing crop insurance products, in the form of reimbursement grants.

Renegotiation of the Standard Reinsurance Agreement

The SRA represents the standing contract on financial terms and compliance requirements between the USDA and the private companies involved in delivering the Federal crop insurance program. It was last renegotiated in 2005, but current law provides no authority for additional renegotiations. This subtitle would permit subsequent renegotiations every five years, but not prior to the 2013 reinsurance year, unless unexpected adverse circumstances develop for the companies. This exception can only be invoked after the Secretary has notified the relevant Committees of Congress.

Funding from Insurance Fund

ARPA legislation in 2000 provided mandatory funds for allocating contracts for research and development and reimbursement of expenses for developing new products, since at the same time it prohibited RMA from undertaking such activities. A determination has been made to reduce funds available for these purposes. This provision generates budgetary savings.

Contracts for Additional Crop Policies

This subtitle requires USDA to enter into contracts to develop policies to insure dedicated energy crops, to insure aquaculture operations, to study how to incorporate the use of skiprow cropping practices, and to improve organic insurance coverage. A separate provision requires development of a camelina proposal for Board consideration.

Administrative Fee for Noninsured Crop Assistance Program

Farmers raising crops not currently covered under the Federal crop insurance program have the ability to acquire some protection against losses by participation in the Noninsured Crop Assistance Program (NAP). Those participants now pay a modest administrative fee of $100 per crop; in this legislation, the fee is doubled to $200 per crop. This provision generates budgetary savings.

TITLE II—CONSERVATION

Definition of beginning Farmer or Rancher

This definition, which applies to all of title XII, amends the definition of beginning farmer or rancher to allow the Secretary to include a fair and reasonable test of net worth. This will allow the Department to better provide accelerated and targeted assistance to new farmers, while ensuring that resources are not diverted from more deserving producers with limited means. The Committee intends that the Department will utilize automated tools and quantifiable means of identifying producers under this section.

Conservation Compliance

Provides for better review of conservation compliance provisions. Also requires assessment of graduated penalties for good faith violations, technical and minor violations, or minimal effect violations, based on seriousness of the violation. The Committee recognizes these statutory improvements are critical.

Conservation Reserve Program

The bill reauthorizes the Conservation Reserve Program (CRP) and maintains the current 39.2 million acre enrollment authorization. The list of Conservation Priority Areas is expanded to include the Prairie Pothole Region, the Grand Lake St. Mary's Watershed,

and the Eastern Snake Plain Aquifer. The bill adds pollinator habitat as a program purpose of the CRP. The Committee intends that this provision apply to both native and managed pollinators.

The bill exempts land enrolled in the Conservation Reserve Enhancement Program from the county acreage cap. It also expands eligibility of the pilot program for enrollment of wetland and buffer acreage to include shallow water areas devoted to commercial pond-raised aquaculture. Pollinator and fish habitat are added as permissive criteria to consider when evaluating CRP offers. The bill also adds a preference for selecting offers of local residents when all other factors are equal.

The bill also contains two new initiatives: a new flooded farmland provision that would make closed basin lakes or potholes in the prairie pothole region, if five acres are submerged for the preceding three crop years, eligible for continuous signup enrollment; and a Wildlife Habitat Program for land enrolled in CRP and devoted to softwood pine stands to improve the condition of wildlife habitat.

The Committee understands there has been some complication in local areas with restricting access to buffers while gleaning the crop residue in a field. Short term access to buffers that are adjacent to fields should be allowed post harvest without a reduction in payment. While grazing of the buffer is not intended in this action, the proximity to the field crop residue makes restricting access difficult. Due to the short term nature of this activity (60 days maximum), it should not result in a reduced payment and should be done in accordance with the contract.

Wetlands Reserve Program

The bill reauthorizes the Wetlands Reserve Program (WRP) and provides funds to enroll 250,000 acres per year through 2012. Improved easement valuation methods are included to ensure that producers are receiving fair compensation for enrolling their lands in the program.

This legislation allows Indian Tribes to participate through 30-year contracts, which shall be paid at the same rate as a 30-year easement. It also provides a new Wetlands Reserve Enhancement Program that will allow WRP program resources to be matched with State and local level contributions, better leveraging the public investment.

Healthy Forests Reserve Program

The bill reauthorizes the Healthy Forest Reserve Program (HFRP), replaces 99-year easements with permanent easements, allows Indian Tribes to participate through 30-year contracts, which shall be paid at the same rate as 30-year easements, and removes the restriction on total acreage that can be enrolled in the program. The HFRP also provides an authorization of appropriations.

Comprehensive Stewardship Incentives Program

The bill creates an umbrella Comprehensive Stewardship Incentives Program (CSIP) with two components: The Environmental Quality Incentives Program (EQIP) and the Conservation Stewardship Program (CSP).

Conservation Stewardship Program

The biggest single change in the conservation title is the restructuring of the Conservation Security Program into the Conservation Stewardship Program. The new program provides for enrollments and eliminates the need for watershed-based, rotational signups that have been utilized in the past. The bill also eliminates the current Tier structure utilized in the CSP. It eliminates three of the four payment types, but retains the maintenance payment concept. Under the program, producers will receive enhancement payments for maintaining existing conservation systems and adding additional conservation treatment above the minimum requirements for program eligibility. The new program adopts a ranking process to screen contract offers to prioritize the most environmentally beneficial contracts. Individuals can receive additional enhancement payments for on-farm research, demonstration or training. Individuals may receive no more than $25,000 (aggregate) in enhancement payments for demonstration projects.

The CSP is open to all agricultural producers, including producers of livestock, specialty crops and program crops. To be eligible to participate, producers will be required to address soil and water resources at a level to be set by the Secretary, defined as the "stewardship threshold," as well as adequately address other resources, and agree to address at least one other resource of concern to the stewardship threshold. Contract offers could be made at any time; USDA will rank the contracts based on statutory criteria to select offers that maximize conservation benefits. Producers whose offers are accepted would qualify for cost-based enhancement payments, limited to no more than $240,000 over a 6 year contract.

This newly streamlined and improved CSP will enroll 13.273 million new acres in each fiscal year, with a maximum enrollment of 79.638 million new acres through 2017. A national average annual cost per acre is established at $19. The bill also includes a provision for acre allocation to States. No State shall have allocated fewer than the lesser of 20,000 acres or 2.2 percent of the number of acres of eligible land in the State.

Environmental Quality Incentives Program

The bill reauthorizes the Environmental Quality Incentives Program (EQIP) and funds the program at $1,270,000,000 in 2008 and 2009, and $1,300,000,000 thereafter. Compared to the FSRIA of 2002, this bill would provide $1,070,000,000 more in mandatory funding over the period from 2008–2012 than the previous 5 year period. Forest management, fuels management and pollinator habitat are highlighted as eligible activities. New incentives are available to foster conservation planning and organic farming. The bill includes a $165 million initiative to address natural resource concerns in the Chesapeake Bay watershed.

The bill expands authority under Conservation Access for technology transfer through farmer-based or industry workshops and expands the Conservation Innovation Grants component of EQIP and clarifies that the intent is to develop and transfer conservation technology. The Conservation Innovation Grant provision is amended to make non-industrial private forest land eligible for project emphasis.

Farmland Protection Program

The bill reauthorizes the Farmland Protection Program at baseline levels. The program purpose emphasizes limiting non-agricultural uses of the land. Improvements are made to the program aimed at streamlining the enrollment process and shortening the time necessary to complete easements and record deeds. The legislation protects the taxpayer investment in the easements and eliminates the requirement that a pending offer for an easement be in place prior to USDA funding which sometimes presented a barrier to participation. The Committee expects timely implementation of Farmland Protection projects.

Grassland Reserve Program

The bill reauthorizes the Grassland Reserve Program and changes the program to provide for only permanent or 30-year easements, or 30-year contracts. The program emphasizes preservation of large, intact landscapes of native and naturalized grassland and shrubland. It protects those lands from the threat of conversion to other uses, supports grazing operations, and maintains and improves plant and animal biodiversity.

Conservation programs in environmental services markets

Environmental services markets, such as carbon markets and water quality trading, present new opportunity for agricultural and forest landowners and operators. This provision directs the Secretary of Agriculture to use a collaborative process that leverages existing activities and draws upon the expertise of private entities, academic experts and government agencies to establish a framework to facilitate the participation of farmers, ranchers and non-industrial private forest land owners in environmental services markets. The framework will include uniform standards, accounting procedures, reporting protocols and registries, and verification processes. The potential role for third party service providers in the verification of environmental services benefits will be considered. The Secretary is expected to report to Congress on: (1) framework implementation status within 90 days of enactment; (2) the adequacy of existing research and methods to quantify environmental services benefits, and technical guidelines within 180 days of enactment; (3) the progress made in this process; rates of participation by farmers, ranchers and forest land owners; and recommendations for improvement within 18 months of enactment.

TITLE III—TRADE

Food Aid to Developing Countries

The United States government is currently involved in multilateral negotiations within the WTO and discussions in other international forums which involve rules governing the operation of international food aid programs. It has been 13 years since the U.S. Congress established negotiating principles on these matters, so the trade title updates those principles to reflect the current negotiating environment.

Provision of Agricultural Commodities

Under current law, non-governmental organizations participating in title II programs are permitted to draw between 5 and 10 percent of their total project funding as cash to cover overhead and ad-

ministrative expenses. That provision is changed so that the share to cover such expenses is to be not less than 7.5 percent.

Administration

In order to make more effective use of available resources for food aid, it is important to provide additional flexibility in and improve the timeliness of evaluation and reporting on the operation of title II. In this section, several such steps are taken to achieve recommendations of the 2007 GAO study on U.S. food aid programs, to the extent that recommendations cannot be adopted through individual or collective agency action.

Pilot Program for Local Cash Purchase

In recent years, there has been increased interest around the world in providing funds for local purchase of food for distribution in developing countries, rather than shipping it from developed countries. In order to study this concept more thoroughly, this title authorizes a pilot program for local or regional purchase of food to address humanitarian emergencies at $25 million annually for 4 years. Such a step will enable us to learn more about the conditions under which this approach might work and where it would not. The U.S. Agency for International Development (USAID) is directed to conduct a review of local cash purchase already underway by the United Nation's World Food Program, other donor countries, and private voluntary organizations. The information from this review would be used in developing the guidelines, and also be incorporated into the study on the pilot that Congress will look at in the next farm bill.

Authorization of Appropriations

While the regular amount appropriated for the title II program has been effectively frozen at about $1.2 billion annually, the number of emergencies around the world needing humanitarian food assistance has expanded. As a result, the amount provided for non-emergency, development assistance under this program has declined considerably. This title includes a provision which requires USAID to reserve $600 million of their funds appropriated for title II for development assistance projects, giving USAID no authority to shift money out of that so-called safe box.

Non-Governmental Organization Participation in the Resolution of Trade Disputes

Most trade analysts believe that the 2005 WTO case pursued successfully by the Government of Brazil against U.S. cotton programs will encourage other WTO members to file similar cases against other aspects of U.S. domestic farm policy. In order to bolster the confidence of U.S. farm groups in the efforts of U.S. officials to defend U.S. programs in WTO dispute settlement cases, this title requires the Secretary to include representatives of U.S. non-governmental organizations as observers when proceedings in such cases are held. Those representatives must meet certain requirements established in this section.

Export Credit Programs

Aspects of U.S. export credit programs were successfully challenged in the 2005 WTO Brazil cotton case, and thus must be modified to bring the United States into compliance with the panel's rulings in this case. The GSM–103 Export Credit Guarantee

Program (with loan guarantees in length of between 3 and 10 years) is repealed. A statutory 1 percent cap on loan guarantee fees for the GSM–102 program is also eliminated in response to the case. The Supplier Credit Program is also repealed, as it was subject to multiple defaults in recent years.

A limit on the maximum length of guarantees for the GSM–102 program of 180 days is also imposed beginning in fiscal 2013. This provision generates budgetary savings, as do the steps taken above.

Market Access Program

The Market Access Program is reauthorized through fiscal 2012, and additional funds provided above the current $200 million annually, increasing in $10 million increments through fiscal 2011.

Export Enhancement Program

Authority for this program established in the 1985 Food Security Act is repealed, since it has not been used for more than 10 years and represents a form of trade-distorting subsidy that is expected to be eliminated when the ongoing round of multilateral negotiations in the WTO is completed.

Foreign Market Development Program

The Foreign Market Development Program is reauthorized through 2012, and additional funds above the current $34.5 million annually are provided, with $5 million increases in fiscal 2008 and 2009, and a $10 million increase for fiscal 2010.

Voluntary Certification of Child Labor Status of Agricultural Imports

As part of preparations for implementing the Trafficking Victims Protection Act of 2000 (22 U.S.C. 7102), the committee bill requires the Secretary of Agriculture, in cooperation with the Secretary of Labor, to develop standards that importers of agricultural products into the United States could choose to use to certify that those products were not produced with the use of abusive forms of child labor.

Food for Progress Program

The Food for Progress Program is reauthorized through 2012, and the annual cap on funds for transportation of commodities under this program is raised from $40 million to $48 million for fiscal years 2008-2010.

Bill Emerson Humanitarian Trust

Statutory authority for the Bill Emerson Humanitarian Trust is modified to clarify that both cash and commodities may be held under the Trust, and rationalizes the rules under which they may be used to address unanticipated emergencies

TITLE IV—NUTRITION PROGRAMS

Strengthening the Food Purchasing Power of Low-Income Americans

A major benefit loss enacted in the mid nineteen-nineties, and the cut that deepens with each passing year, results from a freeze in the "standard deduction" in the Food Stamp Program. Similar to income tax rules, food stamp rules allow households to subtract a standard deduction from their income to reflect the cost of non-food essentials such as clothing and transportation. Prior to 1996, the standard deduction was indexed to inflation, since basic living expenses rise with inflation. However, Congress froze the standard

deduction in 1996, resulting in a deep cut in benefits that erodes the purchasing power of food stamp benefits with every passing year.

As a result of the cut to the standard deduction, as well as an across the board food stamp benefit cut enacted at the same time, in 2008, a typical working parent with two children will receive about $37 less in food stamps each month than they would have received had the 1996 cuts not occurred. By 2017, the average benefit reduction from those cuts will reach almost $45 a month (in 2008 dollars). In fact, by 2017 the benefit cuts enacted in 1996 will cost a typical working parent of two the equivalent of more than one and a half months' worth of food stamps each year.

In the FSRIA of 2002, Congress changed the standard deduction from a flat $134 for all households to 8.31 percent of the indexed Federal poverty income guidelines or $134, whichever is higher. This helped larger households (since the poverty guidelines are higher for larger households) raise their benefit levels and stop the erosion of their benefits. But the 2002 change has had no effect thus far on households with three or fewer members, a group that makes up three-quarters of all food stamp households. For these households, the standard deduction is scheduled to remain frozen at $134—and benefits will continue to erode in purchasing power—for another 7 to 31 years.

This provision of the bill would immediately end benefit erosion due to the freeze in the standard deduction by first increasing the standard deduction to $140 per family and then by indexing the standard deduction to inflation, effective October 1, 2007.

Supporting Working Families with Child Care Expenses

For those families that have preschool or young school-age children, high quality, affordable child care is a critical support for finding and keeping employment. According to the U.S. Department of Health and Human Services, over 90 percent of families receiving child care assistance through the Federal Child Care and Development Block Grant (CCDBG) program reported needing child care in order to work or attend education and training programs.

The absence of stable, affordable, quality child care poses a significant hurdle to families that are trying to maintain employment. A statewide household survey in Minnesota found that 20 percent of parents reported child care problems that interfered with getting or keeping a job within the prior year and 37 percent reported having lost time or income due to a child care problem other than a sick child. Additionally, a survey of employees across multiple industries found that 45 percent of parents miss at least one day of work every six months due to a child care breakdown and 65 percent are late to work or leave early due to child care issues.

To encourage low-income families to participate in the workforce, the Food Stamp Act allows limited deductions for the cost of dependent care expenses. However, the maximum allowable deductions—currently set at $175 a month—have not been indexed for inflation and have not meaningfully kept pace with the cost of child care. Whereas child care costs have increased by 150 percent over the past 20 years, the dependent care deduction in the Food Stamp Program has increased by only 10 percent, and at $175 a month is equal to just over one-quarter of the average monthly cost of

child care, which was $631 in 2006. Due to the fact that some low-income families may have other Federal or state child care assistance available to them, or may rely on informal child care arrangements, many low-income families may not incur child care expenses near national average market rates. However, low-income families do pay considerably greater portions of their income for child care than do other families. According to the U.S. Census Bureau, poor families that pay for child care spend roughly three times the share of their income on it as other families do (25 percent compared with 7 percent).

This provision helps low-income families to offset the high cost of child care by removing the current cap on the child care deduction.

According to the Congressional Budget Office, this provision will benefit 100,000 households containing 320,000 individuals. Each household is projected to receive an average of an additional $39 per month in food stamp benefits.

Encouraging Retirement and Education Savings Among Food Stamp Recipients

To qualify for the Food Stamp Program, applicants must have total countable liquid assets that do not exceed a dollar limit of $2,000 for most households, and $3,000 for households with elderly members or members with a disability. Program rules vary in their treatment of retirement savings accounts, with some such accounts exempted from asset limits and others treated against the limits. Program rules also count educational savings accounts such as 529 accounts against program asset limits. These restrictive asset policies discourage or even prohibit low-income families from saving the very resources that could prevent them from falling into poverty.

This section makes three changes related to the food stamp program's resource, or asset limit: (1) it increases the asset limit to $3,500 for most households, or $4,500 for households containing an elderly person, or a person with a disability, and indexes the limit to inflation thereafter; (2) it harmonizes program rules pertaining to tax-recognized retirement accounts and excludes certain additional retirement accounts from counting as a resource; and (3) it excludes tax-recognized education savings accounts from counting as a resource.

According to the Congressional Budget Office, exempting tax-recognized retirement and educational savings accounts from the calculation of assets in the Food Stamp Program will enable 100,000 families to newly participate in the Food Stamp Program. Additionally, CBO estimates that increasing and indexing the asset limit will benefit 100,000 households containing 230,000 individuals.

Facilitating Simplified Reporting

In the FSRIA of 2002, Congress gave States the option to simplify the rules under which most food stamp participants inform the State about their income and circumstances. Previously, some working families had essentially been required to submit paperwork every month and to reapply for food stamps every three months—a process that could take multiple trips to the welfare office and several hours away from work.

The State option to allow simplified reporting allowed these household to participate in the Food Stamp Program for 6 months without reporting changes in income, except for those that would put them over the gross eligibility income eligibility guidelines. Over 45 States have adopted the new option (called "simplified reporting"), which has proven one of the most successful state options in the FSRIA of 2002. It has reduced paperwork burdens on States and families and has been a major factor in the sustained drop in state food stamp error rates.

Unfortunately, due to an oversight in the options design in 2002, States are not currently allowed to apply these simplified reporting rules to several categories of households: the elderly and disabled, migrant and seasonal farmworkers, and the homeless. As a result, States must operate at least two reporting systems, each of which require specialized forms, staff training and policies. Additionally, elderly and disabled households with a 12-month eligibility certification period must report any change in circumstances.

This provision addresses the current administrative burdens on States by allowing them to apply simplified reporting rules to elderly, disabled, migrant and seasonal farmworkers, and homeless households. For the elderly and disabled, it would allow States to assign them a 12-month reporting period that matches their eligibility certification period. For migrant and seasonal farmworkers and homeless households, it would allow reporting and eligibility certification periods longer than what is typically four months.

Eligibility for Unemployed Adults

In 1996, Congress limited food stamp eligibility for unemployed, childless adults to 3 months out of a 36 month period. The population affected is very poor and typically has very limited employability due to low education, low skills and mental health problems. In fact, the few food stamp households that contain unemployed adults without children have an average monthly gross income ($354) and net income ($159) around half of that of food stamp households without such individuals ($673 and $333 respectively). In addition, unemployed, childless adults who receive food stamps have average total countable assets of only $60, just half of that of households without unemployed, childless adults. Many have no income other than food stamps and often qualify for no other benefits; the up to $150 in monthly food stamps they may receive for only 3 months out of three years is the only safety net they have.

The Senate has consistently voted in favor of less restrictive limits for unemployed adults without children, voting in the mid-90s to allow unemployed, childless adults to receive food stamps for 6 months out of a 12 month period, and in the 2002 to allow benefits for 6 months out of a 24 month period.

This provision would change the current eligibility restrictions for single, unemployed adults from the current time-limit of 3 months out of every 36 month period, with a possibility for an additional 3 months, to 6 months of automatic eligibility out of every 36 month period. According to the Congressional Budget Office, when this provision is fully phased in it will increase food stamp participation by 9,000 individuals per month, with an average benefit cost of $142 per month.

Transitional Benefits Option

One of the highly successful provisions of the FSRIA of 2002 gave States the option to provide up to five months of transitional food stamps to families that leave Temporary Assistance for Needy Families cash assistance, without requiring the family to reapply or submit any additional paperwork or other information. The provision was designed to help address a problem that had arisen after the implementation of Temporary Assistance for Needy Families—many families that left welfare for work were not staying connected to food stamps, despite remaining eligible. Currently, approximately 20 States operate transitional food stamps, with additional States adopting the option each year.

While most poor families with children that receive cash aid receive that assistance through a Temporary Assistance for Needy Families-funded program, some States have established state-funded cash assistance programs for certain groups of poor families with children. These state-funded programs afford States greater flexibility to develop services and supports that can serve these families appropriately. Families in these programs often are working toward the goal of stable employment. However, when families in these programs find jobs, they are ineligible for transitional food stamp benefits, even if the State has chosen to provide transitional food stamps to similarly-situated families that leave Temporary Assistance for Needy Families.

This provision would change the law to give States the option to provide transitional food stamps to families with children that leave a state-funded cash assistance program, which if adopted by the State will ensure that all families transitioning from welfare to work stay connected to the work supporting benefits provided by the Food Stamp Program, regardless of how that cash assistance program is financed.

Updating the Minimum Benefit

Under current food stamp rules, one- and two-person households that qualify for a monthly benefit amount of less than $10 receive a $10 "minimum benefit." The minimum benefit was put in place when the current benefit calculation rules were established in the Food Stamp Act of 1977, on the rationale that a larger benefit would give small households—primarily individuals and couples who are elderly or have a disability—a greater incentive to participate in the program. The vast majority of households that receive the minimum benefit (almost 90 percent) have income from Supplemental Security Income and/or Social Security.

Because the minimum benefit has not been adjusted for inflation in almost 30 years, households that receive it can purchase only about one-third as much food as they could have when the minimum benefit went into effect.

This provision increases the minimum benefit by setting it at 10 percent of the maximum benefit for a household of one, effective in fiscal year 2009. CBO estimates that this change will benefit 650,000 households containing 780,000 individuals.

The Emergency Food Assistance Program

While food stamps are the first line of defense in the domestic food assistance system, for many families, food stamp benefits run out before the end of the month, leaving them struggling to provide

food for themselves and their children. Food banks play a vital role in helping these families to put food on their tables. The Emergency Food Assistance Program (TEFAP) supports America's food banks and community food providers by providing States with commodity foods that are in turn made available to food banks to be distributed to eligible low-income households. This provision helps strengthen The Emergency Food Assistance Program by significantly increasing the amount of Federal commodity purchases for States, from $140,000,000 annually to $250,000,000.

Fresh Fruit and Vegetable Program

Whereas the Fruit and Vegetable Program was previously offered to a limited number of States, the program established by this section would operate in every State in the country. Each of the 50 States and the District of Columbia would be entitled to a minimum grant of 1 percent of the funds made available to carry out the program in a given fiscal year. Additional funding would be made available to each State based upon the proportion of the population of a State to the population of the United States.

States would be responsible for selecting schools to participate in the Program and would be required to ensure that each school chosen to participate in the program is a school in which not less than 50 percent of the students are eligible for free- or reduced-price meals. In addition, a State would be required to give priority to schools with the highest proportion of children who are eligible for free- or reduced-price meals. The Fruit and Vegetable Program authorized by this provision differs from the current program in that it limits program participation to elementary schools only. Previously, elementary and secondary school participated equally in the program. Finally, USDA is required to ensure that at least 100 schools chosen to participate in the program are schools on Indian reservations.

Under this provision, States would retain flexibility regarding the per-student grant provided under the program provided that the grant would be not less than $50 and not greater than $75 dollars. If every State in the country choose to participate in the program using the $50 per student annual grant amount, the funded level of $225,000,000 would enable approximately 4.5 million low-income elementary school children to participate in the program.

TITLE V—CREDIT

Farm Service Agency Loan Programs

Congress has directed the Farm Service Agency (FSA) loan programs to help beginning farmers, socially disadvantaged farmers and limit resource farmers. The Farm and Energy Security Act strengthens Congress's direction by increasing direct loan limitations and authorization levels; increasing the funding set aside in the FSA loan programs; and strengthening borrower protection provisions.

Farm Credit System Insurance Corporation

Current law allows the Farm Credit System Insurance Corporation to collect insurance premiums only on outstanding loans. This has lead to the insurance fund to fall below the statutorily required secure base amount of two percent. The Farm and Energy Security Act allows FCSIC to collect insurance premiums on all outstanding

debt, including investments. This will allow the insurance fund to recapitalize and be consistent with the basic insurance principle of collecting insurance on all outstanding debt.

TITLE VI—RURAL DEVELOPMENT AND INVESTMENT

Assistance for Day Care

$40 million in mandatory funds is provided for grants, loans and loan guarantees for the construction and enlargement of day care facilities through the Community Facilities Program for rural hospitals in cities of less than 20,000 people. Many families find that both parents must work to provide for a family's needs. There is a real shortage of proper day care available in many rural areas. Without proper day care many families with young children have difficulty staying in a rural area. Proper day care is very important to young children.

Assistance to Rural Hospitals

$50 million in mandatory funds is provided for loans and loan guarantees to rural hospitals through the Community Facilities Program for rural hospitals in cities of less than 20,000 people. That sum could support over $1 billion in assistance. While hospitals are now eligible for that program, the level of resources available is very limited and the needs are very considerable. The intention is that the funds will generally be used for equipment that will improve patient care and allow hospitals to computerize their records, allowing hospitals to better work with larger hospitals where special expertise is needed. There is also a priority for those hospitals that work with other institutions to more efficiently purchase the equipment and software that is needed. Up to date equipment is crucial for quality care.

Priority for community facility programs

This section establishes a priority is created for those projects where there is a substantial local match provided for Federal assistance.

SEARCH grants

The SEARCH grant program has been modified to provide 100 percent funding using a simplified application process for feasibility studies, design and technical assistance. Eligible communities include those that are under 2,500 people and are financially distressed.

Locally Produced Agricultural Products

This provision expands the Business and Industry Loan and Loan Guarantee Program in regard to those who aggregate and sell locally grown agricultural products. A priority is created for assistance to those that aggregate and sell at wholesale, locally grown foods. A portion of the assistance provided may be used for loans or loan guarantees to retail or institutional facilities to improve their facilities or to provide outreach for underserved communities in both rural or urban areas.

Definition of Rural

A general definition of rural area is established to assure that USDA rural development resources are not misallocated. The definition defines urban areas as those that are (1) in a city of 50,000 people or more (2) are in the urbanized area that surrounds those

cities as defined by the Census Bureau each 10 years and (3) those clusters of census blocks that are contiguous to each other and to the urbanized area and in which each of the census blocks has 200 or more housing units per square mile. Rural is the areas that are not urban. The purpose of the third criteria is to assure that areas that have become urban since the last decennial census are not considered rural.

The Department is not required to actually determine the housing units under the third criteria, but may make an estimation. However, if an applicant provides evidence that the estimation was in error, a correction will be made.

Special rules for the Island of Oahu and Puerto Rico are made because cities in these areas are effectively counties.

In addition to the general rule, various programs also exclude any city of a certain size. Those additional requirements for programs such as the community facilities program, the broadband program and the water and waster programs have not been changed.

Rural Microenterprise Assistance Program

$40 million in mandatory funds are provided for the funding of the Rural Microenterprise Assistance Program. This provision establishes a program to provide low and moderate income individuals with the skills necessary to establish new small businesses in rural areas, and to provide continuing technical assistance through local organizations as these new small businesses begin operating. Funds will be provided through Microenterprise Development Organizations to provide the technical assistance. The funds will also provide the resources for long term small loans of $50,000 or less.

National Rural Development Partnership

The bill continues the National Rural Development Partnership, which is composed of a Coordinating Committee and state rural development councils.

Northern Great Plains Regional Authority

The bill re-establishes the Northern Great Plains regional authority. The program has not functioned because the President never submitted nominations for a Federal chairperson or an Indian Chairperson. The legislation allows the Authority to operate without the Federal member if there is a nomination is not approved within 180 days and provides for an election of the Indian Chairperson by Indian leaders. A variety of changes are made in the detailed role of the Authority.

Rural Business Investment Program

This provision permits USDA to make grants, guarantee debentures and enter into participation agreements with Rural Business Investment Companies. To be a Rural Business Investment Company (RBIC), a company must be for-profit, have an experienced management team, and invest in rural areas. USDA may guarantee the issuance of debentures for terms up to 15 years for up to 300 percent of the private capital of the company, increasing the amount of equity that may be invested. The program provides for the collection of assets in cases where the Federal Government makes a payment on a debenture. It provides for grants of up to $1 million to RBICs to provide technical assistance to enterprises

in which the RBICs invest, and sets the minimum private capital requirements of the RBICs at $5 million. Generally, $10 million is needed to issue insured debentures with flexibility by USDA, and 75 percent of the investments must be made in rural areas. Investment by banks and Farm Credit System institutions are limited to 5 percent of capital with certain additional limitations.

The program has been modified to eliminate excessive fee requirements that were provided in the earlier program and to not provide for coordination with the Small Business Administration.

Full funding of pending rural development water and wastewater loan and grant applications

This provision provides $135 million in mandatory funding to reduce pending qualified applications for water and waste disposal grants. Applications in the pre-application phase are not eligible for funding under this provision. The funds in the account established under this section will be available only after funds appropriated in the annual appropriations act for fiscal year 2008 for these loans, loan guarantees and grants have been exhausted.

Rural Collaborative Investment Program

$135 million is provided in mandatory funding for the Rural Collaborative Investment Program. The goal of the program is to have self identified rural areas, generally of more than 25,000 people come together to develop plans to maximize additional quality jobs and to improve the quality of life in the area. The expectation is that each area will include a number of communities that will join together to improve the ability to develop a set of goals and specific plans for the region. Each region is unique. Each area has its advantages and its limitations. Some areas have unique historical features where restoration and proper development can result in considerable tourism. Every area has collections of existing manufacturing facilities that can attract associated businesses.

The program provides for Federal financial assistance that is to be matched. However, receiving planning assistance is not required. A national board and a national institute are provided to acquire knowledge of what types of actions tend to work best including the methods by which local boards can be most effective.

A key element of success is the ability of a local board to develop a plan that includes a considerable infusion of capital.

The promotion of community foundations is an important element of the program. There are tremendous financial resources locally available in the hands of farmers and business leaders who have a love for their local communities. A portion of those funds could be attracted to community foundations if effective plans are developed on how funds could be beneficially used. The Rural Collaborative Investment Program includes financial assistance to community foundations.

Up to $6 million through an innovation grant is to be provided to those regional boards that develop the most effective plans to help in their implementation. In addition, those areas will receive a priority for rural development programs. However, there is an expectation that many of those who do not receive an innovation grant will have gained through the development of a plan for job creation and to improve the area's quality of life. In many cases,

areas will be able to implement their plans without an innovation grant.

Enhancement of access to broadband service in rural areas

This provision continues the broadband program with a variety of changes. Five years ago, the focus of this program was to provide for the availability of broadband to cities in rural areas so businesses that would have difficulty operating without broadband would have this necessary utility. There is still a real need of many businesses for broadband which remains unmet. But, broadband is also becoming a basic utility for families as well. There is a need to not only provide broadband to cities in Rural America but also to the areas beyond city boundaries.

The Committee modified the program to reduce the burdens of the application process beyond those provided for in the recently revised rules and to provide requirements for the disclosure of certain basic information in applications.

The Committee worked to limit the degree to which the program would provide assistance that placed new providers into competition with existing providers. But, the measure also recognizes that there are circumstances in which competition needs to occur as a secondary impact of providing service to additional consumers in an economically feasible manner. For a loan to occur, there is a requirement that not less than 25 percent of households in the specified area of an application must not have economical access to terrestrial broadband service. This is the point of balance decided upon.

Connect the Nation Act

This provision provides that the Secretary of Commerce shall, subject to appropriations, make grants to help develop and implement statewide initiatives to identify and track the availability and adoption of broadband service. It is based on the highly successful program in Kentucky.

Substantially Underserved Trust Areas

The bill defines substantially underserved trust areas as the trust lands of native Americans where there are more than 20 percent of the population without basic infrastructure including telephone, electricity, broadband and water. The Secretary may provide assistance at more advantageous terms in these cases and may waive certain requirements.

Telemedicine and distance learning services in rural areas

The provision is extended through 2012. The program is expanded to cover libraries and public television equipment needed for the shift to digital signals, particularly transmitters and transponders. The public television program was authorized under a separate program in the last authorization.

Value-added agricultural product market development grants

The bill provides for a continuation of the Value-added Agricultural Product Marketing Development Grants Program. The size of the maximum grant was limited to $300,000 to provide assistance to a larger number of users with the limited resources that are available. The legislation was expanded to include the aggregation of locally grown foods. The sale of E–85 fuel was explicitly made an allowable renewable energy use.

Loans for Housing and Related Facilities for Domestic Farm Labor

The bill expands the Domestic Farm Labor housing program to include housing for those low income workers who process foods as well as those who work on unprocessed foods. The program provides low interest loans or grants for the construction improvement or purchase of housing and related facilities.

TITLE VII—RESEARCH

National Institute of Food and Agriculture

In the FSRIA of 2002, a task force was commissioned to make recommendations to improve agricultural research programs at the Department. A key recommendation from the task force report was the establishment of a National Institute of Food and Agriculture, an independent institute at USDA that would focus on basic or fundamental research. This legislation addresses this recommendation, while considering the needs of the land-grant infrastructure system, by restructuring CSREES and replacing it with NIFA. The Director of NIFA is a distinguished scientist, appointed by the President, and reports directly to the Secretary of Agriculture. These features give the NIFA Director the authority to transform CSREES into a prominent scientific research agency, while still providing for the needs of the food and agriculture sector through the cooperative extension service and agricultural education programs. This bill also requires the Undersecretary of Research, Education, and Economics to coordinate programs at ARS and NIFA, and requires the heads of the two agencies and their staffs to meet on a regular basis in order to integrate and focus the missions of these agencies at USDA.

Minority-Serving Institutions

The growing needs of minority-serving land-grant institutions call for greater participation in programs available to the land-grant system as well as increased access to formula funds, the funds that provide resources for state experiment stations and the cooperative extension service in each State and are distributed on a formula basis. This legislation clarified participation of 1890 institutions, the historically black land-grant institutions, and the University of the District of Columbia, a minority-serving land-grant university, in programs such as the Extended Food and Nutrition Education Program.

New Authorizations

This legislation includes new authorizations for research and education initiatives to respond to the need for increased agricultural research. These include a farm and ranch safety education initiative, a rural entrepreneurship and enterprise facilitation program, an international agricultural science and technology fellowship program, and a rural technology program to support the growing agriculture-based renewable energy workforce, among others. Also included in this legislation are modifications to existing authorized programs to address growing needs and to provide technical fixes that ensure the intent of these programs is carried out.

Increased Funding in Key Areas

This legislation provides $80 million to a specialty crop research initiative to address the needs of specialty crop growers. It also pro-

vides $80 million for the existing Organic Research and Extension Initiative.

TITLE VIII—FORESTRY

Cooperative Forestry Assistance Programs

The Food and Energy Security Act establishes national priorities for private forest conservation. The national priorities provide Congressional direction for how Cooperative Forestry Assistance Act funding should be directed. As the Forest Service's state and private forest programs move toward competitive funding, a Federal assistance program is established to help States identify the critical forestry resources and needs of the State. The reported legislation also establishes a community forest program that assists communities to protect private forestlands threatened by conversion to non-forest use.

Tribal Assistance

Since 1994 the Federal government has been working to establish better government-to-government relationships with Indian tribes in recognition of their sovereign status. The reported legislation builds off of recommendations from the Forest Service and looks to foster a better working relationship between the Forest Service and Indian tribes.

TITLE IX—ENERGY

Biomass Crops

A biomass crop transition assistance program is established to support farmers as they begin to produce biomass crops to be used as bioenergy feedstocks. The program provides grants for establishing perennial biomass crops as well as incentive payments in subsequent years to encourage production of renewable biomass. The Secretary also is authorized to provide assistance to agricultural producers for initiating production of annual crops intended for use as biomass feedstocks. In addition, biomass crop producers will be eligible for payments for each ton of biomass delivered to biomass conversion facilities, with payment rates established by the Secretary to reflect estimated costs of biomass harvesting, storage and transportation.

The bioenergy program that was established in the FSRIA of 2002, and expired in 2006, is reinstated and revised to emphasize feedstock purchases for production of advanced biofuels, which excludes corn ethanol. In determining feedstock payments, the Secretary is to consider the facility production levels, feedstock prices, and the net non-renewable energy content of advanced biofuels, provided that adequate data is necessary for its determination.

Biorefineries and Repowering

A program of grants is established to support development and construction of pilot and demonstration-scale biorefineries intended to establish the commercial viability of emerging processes for production of advanced biofuels. Grants may cover up to 50 percent of eligible costs.

A program of loan guarantees is established to support construction of commercial biorefineries using proven conversion technologies for producing advanced biofuels. Loan guarantees may cover loans for amounts up to 80 percent of project costs, with a

cap of $250 million per project. Applicants are required to demonstrate that they have offered ownership opportunities within the local area.

A third program of grants and loan guarantees is established to encourage repowering of existing biorefineries, power plants or manufacturing facilities in order to replace their use of fossil fuels with biomass or other forms of renewable energy. Grants supporting repowering projects are limited to 20 percent of project costs, and loan guarantees are limited to loans covering amounts up to 80 percent of project costs with a cap of $70 million per project.

Rural Energy Management

The FSRIA of 2002 established a program of grants to support energy audits and energy assistance for farmers, ranchers and rural small businesses. However, funds have not been appropriated for this program. This legislation establishes the Rural Energy for America Program (REAP) in section 9007 which reinstates that program by authorizing the Secretary to provide grants to state agencies, regional, state-based or tribal energy organizations, universities, rural electric cooperatives or public power entities, nonprofit organizations, or similar entities to carry out such energy audit and assistance programs.

The FSRIA of 2002 also established a program of grants and loan guarantees to support renewable energy systems or energy efficiency projects for farmers, ranchers and rural small businesses. The REAP continues that program, and provides for production incentive payments in lieu of grants for renewable energy projects.

This legislation also establishes a grant and loan guarantee program specifically to support the installation of energy from animal manure facilities under REAP, and provides that 15 percent of the funding for REAP shall be dedicated to energy from animal manure facilities.

This provision also sets aside 20 percent of the funding for REAP to be allocated for projects with Federal costs of $20,000 or less.

Bioenergy Research

This legislation continues the Biomass Research and Development Act of 2000, as amended by the FSRIA of 2002, which provides for competitive grants to conduct research and development on a broad range of bioenergy issues, including biomass crop species development, crop research, harvesting, transport and storage technologies, and biomass conversion technologies and byproduct utilization. This provision also continues implementation of this research program as a collaborative effort between the Departments of Agriculture and Energy with the Biomass Research and Development Board and the Biomass Technical Advisory Committee.

This legislation also continues the Sun Grant program of regionally-based biomass and bioenergy research, providing competitive research grants through 5 specified Sun Grant centers at land-grant universities. This legislation also establishes a subcenter for bioenergy research in the western Sun Grant region.

This legislation also calls on the Secretary to establish a program of regional biomass crop research experiments at 10 land grant universities that are selected competitively. These will be on-going crop experiments to develop the region-specific information nec-

essary for farmers and foresters to effectively produce biomass crops for bioenergy feedstocks, including information on appropriate species, nutrient uses and other agronomic practices, and feedstock harvesting and handling information.

Other Provisions

This legislation continues to support marketplace acceptance of bioenergy, biofuels and biobased products. It continues the biodiesel fuel education program, the Federal procurement program for biobased products, and the labeling program for biobased products. It extends the definition of biobased product to include biobased intermediates such as biobased monomers and polymers used in other products. It also establishes a program to promote markets for biobased products.

This legislation establishes a study of the infrastructure needs for a significant expansion of the production and use of biofuels, including feasibility of pipelines and other biofuel transport systems, and resource needs such as biorefinery water requirements.

This legislation establishes a program of research and development into the production and use of woody biomass for bioenergy. It also establishes a program of grants for community wood energy systems for use in schools or other community facilities.

This legislation establishes a program of research and demonstration projects on the production and use of biochar as a soil conditioner and a means for carbon sequestration.

This legislation establishes a study of methods for calculating the life-cycle greenhouse gas emissions for biofuels and conventional fuels, including recommendations for simplified methodologies for such analysis.

This legislation establishes a program to support rural communities with assessments of their energy systems and with the development of community strategies for improving their energy systems.

This legislation established a voluntary program for certification of renewable biomass used for production of biofuels.

This legislation requires a study of the potential for rural production of nitrogen fertilizer using renewable energy.

This study establishes an entity within the USDA to provide oversight and coordination among departmental energy programs, to maintain a database of information and best practices across such programs, and to serve as a primary contact for coordination with related Federal and state energy programs and other related activities.

This legislation establishes a renewable energy research and development program to be conducted in conjunction with the Colorado Renewable Energy Collaboratory.

This legislation establishes a dairy nutrient management and energy development program to be carried out in the Northeast region.

This legislation establishes a program to equip 5 farmsteads with model energy production and use systems in 5 different regions for demonstration purposes.

This legislation includes a Sense of the Senate section that calls for the Secretary to collaborate with the Secretaries of Energy and Transportation and the Administrator of the Environmental Protec-

tion Agency in studying the feasibility and advisability of approving higher levels of ethanol blends for use in motor vehicles.

TITLE X—LIVESTOCK

Country of Origin Labeling

Mandatory country of origin labeling for meat, meat products, fruits, vegetables, fish, and peanuts was first enacted in the FSRIA of 2002 (P.L. 107–171) in an effort to provide consumers with additional information regarding the country of origin of certain covered commodities. To resolve issues involving implementation and to provide further direction to the Department of Agriculture, this legislation would provide clarifications to the existing program relating to multiple countries of origin, and livestock intended for immediate slaughter. Clarifications were also provided for labeling of ground meat.

Agricultural Fair Practices

It was brought to the attention of the Committee that some producers have alleged that firms have discriminated against them for working to form an association of producers, particularly in the poultry industry. Concerns have also been raised that the disclaimer clause in section 5 of the Agricultural Fair Practices Act has made it difficult for the Department of Agriculture to effectively enforce it. The disclaimer clause potentially allowed handlers to forego doing business with an association of producers. The additions and modifications in this Act ensure that a producer that forms an association of producers is fully covered under the Act. It also removes section 5 of the Act and requires the Secretary of Agriculture to define through rulemaking what is considered to be reasonable standards for normal dealing between a handler and association of producers. It also adds a requirement that handlers bargain in good faith with an association of producers. This is important because in the past, producers in some instances have been interpreted to be merchants under the uniform commercial code. The uniform commercial code does not require merchants to bargain in good faith with other merchants.

Special Counsel for Agricultural Competition

The legislation would designate a special counsel for agricultural competition. The special counsel will be equivalent to an Under Secretary and report to the Secretary. The special counsel will provide twice each year a report to Congress that details the Department of Agriculture's enforcement activities of the Packers and Stockyards Act and Agricultural Fair Practices Act.

Arbitration

Witnesses at a Committee hearing on April 18, 2007, raised several concerns with having arbitration as the sole dispute resolution option for producers. The costs associated with arbitration can easily total $20,000 or more depending on the case. The Department of Agriculture has also raised concerns about the increased use of arbitration in livestock and poultry contracts. In response, the Committee makes arbitration in livestock and poultry contracts voluntary. Both parties may utilize arbitration, if, after the conflict arises, both parties agree to its use. This concept of making arbitration voluntary is not new to Congress as similar language was

used to make arbitration voluntary in motor vehicle franchise contracts in 2002.

Ban on Packer Ownership

This legislation prohibits packers from owning or feeding livestock directly, through a subsidiary or through an arrangement that gives the packer operational, managerial, or supervisory control over the livestock, to such an extent the producer is no longer materially participating in the management or production of the livestock. Packers are exempt from this legislation if they own livestock within 14 days before slaughter, if they are a cooperative, if they are not required to report under section 212 of the Agricultural Marketing Act of 1946 (7 U.S.C. 1635a), or if they own one livestock processing plant.

Study on Bioenergy Operations

The Committee includes a provision that requires the Secretary, acting through the Chief Economist, to conduct a report on the potential economic, liability and regulatory issues, including potential costs, associated with animal manure used in normal agricultural operations and as a feedstock in bioenergy production.

TITLE XI—MISCELLANEOUS

SUBTITLE A—AGRICULTURAL SECURITY

PART I—GENERAL AUTHORITY AND COORDINATION

Agricultural Security

This legislation includes provisions to strengthen the role of the USDA in providing for the agricultural security of the United States. The agriculture and food sectors are critical infrastructures essential to the health and well-being of American citizens, foreign customers and food aid recipients. Agriculture- and food-related industries are responsible for 15 percent of the United States Gross Domestic Product and the expansion of international markets for US agricultural products is essential to the growth of those industries. Therefore, the Committee finds that it is vital to protect our agricultural resources from intentional and accidental introductions of agricultural pests, diseases, contaminants and pathogenic agents.

SUBTITLE B—OTHER PROGRAMS

Foreclosure

Currently there is a USDA guidance that prohibits loan foreclosures when there is a pending claim of racial discrimination against the Department. This provision ratifies the USDA guidance by establishing a moratorium on loan foreclosures when a racial discrimination claim is pending. It further requires the USDA Inspector General to submit a report on whether loan foreclosure proceedings have been implemented according to the applicable laws and regulations.

Outreach and technical assistance for socially disadvantaged farmers and ranchers

This provision builds on USDA's outreach and technical assistance services in order to enhance greater participation of socially disadvantaged farmers and ranchers in USDA programs. It pro-

vides, among other things, a stronger focus on program participation and requires that grants made under this section go to organizations that have a demonstrated track record of improving program participation.

Accurate documentation in the census of agriculture improved data requirements

In order to facilitate with USDA's resource allocation to socially disadvantaged farmers and ranchers, the Committee is expanding upon the Department's data collection requirements. Resource allocation should be aided with the requirement that socially disadvantaged farmers are accurately reflected in the Census of Agriculture.

Outreach for farmworkers

The Committee is addressing the needs of farmworkers through several provisions. Through the creation of an Office of Farmworker Coordinator, informational assistance will be provided during times of natural disasters and to farmworkers who are starting their own farming businesses. There is a provision to authorize emergency grants for non-profit organizations in the assistance of low-income and migrant and seasonal farmworkers after natural disasters. Grants are also authorized to assist agricultural employers and farmworkers for purposes such as job training, short-term housing, workplace literacy and health and safety instruction.

Congressional Bipartisan Food Safety Commission

In the FSRIA of 2002, a Food Safety Commission was established to evaluate the U.S. food safety system. This Commission never met because the FSRIA of 2002 required appropriated funds for the appointment of members to the Commission, and funds were not made available subsequent to the enactment of the FSRIA of 2002. Because of the recent focus on food safety concerns due to microbial contaminations of different food and agricultural products this year and subsequent food-borne illness cases caused by such contamination events, this legislation establishes a food safety commission similar to that in FSRIA of 2002, but with key differences that make this commission a stronger proponent of changing the U.S. food safety system. This legislation establishes a Bipartisan Congressional Food Safety Commission to evaluate and make recommendations on closing existing gaps in the U.S. food safety system.

Grants to reduce production of methamphetamines from anhydrous ammonia

This provision authorizes grants to assist eligible entities in reducing the amount of methamphetamine that is produced from an anhydrous ammonia fertilizer nurse tank.

Invasive Pests, Hawaii

This legislation includes provisions to protect Hawaii's unique ecosystem, which is highly susceptible to invasive species because of the combination of isolation of the Hawaiian islands and high passenger, baggage and cargo traffic to the islands. The provisions in this legislation allows state officials in Hawaii to take action against invasive pests and diseases, and requires USDA's Animal and Plant Health Inspection Service and other Federal agencies to coordinate more closely with state officials in combating invasive species.

LEGISLATIVE HISTORY

Regional Farm Bill Field Hearing: Albany, GA

On June 23, 2006, the Committee held a regional field hearing in Albany, GA. Witnesses included: Douglas Cobb, Georgia Corn Growers Association; Chuck Coley, Vienna, GA; Mark Detweiler, Georgia and Florida Soybean Association Board of Directors, American Soybean Association; Armond Moris, Georgia Peanut Commission and Southern Peanut Farmers Federation; Bill Brim, Lewis Taylor Farms, Tifton, GA; Murray Campbell, First United Ethanol, LLC; Carl Perry, Farmer of sugarcane, beans, citrus and cattle, Moore Haven, FL; Tom Thompson, Georgia Milk producers, Inc.; James Strickland, Georgia Cattlemen's Association Members, National Cattlemen's Beef association; R. C. Hunt, Pork Producers, Wilson, NC; Mike Giles, Georgia Poultry Federation, Gainesville, GA; Elizabeth DesPortes Dreelin; Jim Ham, Georgia Association of Conservation District Supervisors and the National Association of Conservation Districts.

Regional Farm Bill Field Hearing: Cape Girardeau, MO

On July 17, 2006, the Committee held a regional field hearing in Cape Girardeau, MO. The first panel of witnesses included: National Grain Sorghum Producers; Neal Bredehoeft, American Soybean Association; Paul Combs, Missouri Rice Council; Allen Helms, National Cotton Council; Terry Hilgedick, Missouri Corn Growers Association and Environmental Resources Coalition; John Thaemert, National Association of Wheat Growers. The second panel of witnesses included: Jonathan Held, Wine America; Larry Purdum, Dairy Farmers of America; Ray Rogers, Arkansas Farm Bureau State Forestry Committee; Dean Sonnenberg, Sunflower Association. The third panel of witnesses included: Mike Briggs, National Turkey Federation; Jim Hinkle, National Wild Turkey Federation; Mike John, National Cattlemen's Beef Association.

Review of USDA Dairy Programs

On July 20, 2006, the Committee held a hearing to review the USDA Dairy Programs. Witnesses included: Joseph Glauber PhD., United States Department of Agriculture, Washington, DC; Charles Breckendorf, National Milk Producers Federation, Tomball, TX; Leon Berthiaume, St. Albans Cooperative Creamery, Inc., Swanton, VT; Jim Green, Kemps LLC/HP Hood LLC on behalf of International Dairy Foods Association, St. Paul, MN; Ken Hall, Dairy Producer, Terrenton, ID.

Regional Farm Bill Field Hearing: Harris, PA

On July 21, 2006, the Committee held a regional field hearing in Harrisburg, PA. The first panel of witnesses included: Keith Eckle, Specialty Crop Industry; Klaas Martin, Organic Farming Research Foundation; Carl Shaffer, Pennsylvania Farm Bureau; Richard Wilkins, Mid-Atlantic Soybean Association. The second panel included: Don Cotner, Cotner Farms; Christine Phillips, Hetz, Fairview Evergreen Nurseries and Pennsylvania Landscape and Nursery Association; James Shirk, Shirk Farm and Pennsylvania State University. The third panel included: Logan Bower, Professional Dairy Managers Pennsylvania; David Hackenberg, American Beekeeping Federation; Joe Jurgielewicz, PennAg Industried Association; Robert Ruth, National Pork Producers Council.

Regional Farm Bill Field Hearing: Ankeny, IA

On July 24, 2006, the Committee held a regional field hearing in Ankeny, IA. Witnesses giving testimony included: Bruce Brockshus, Associated Milk Producers; Ron Heck, Iowa Soybean Association; Charlottee Ousley, Canned and Frozen Food Growers Coalition; Keith Sexton, Iowa Corn Growers Association; Craig Hill, Iowa Farm Bureau Federation; Chris Peterson, Iowa Farmers Union and the National Farmers Union; Ron Rosmann, Sustainable Ag Coalition; Jim Dean, United Egg Producers; Steve Kerns, Iowa Pork Producers Association; Eric Nelson, R-CALF, USA; Bill Scheitler, Iowa Cattlemen's Association.

United States Department of Agriculture's use of Conservation Program Technical Service Providers

On July 27, 2006, the Committee's Subcommittee on Forestry, Conservation and Rural Revitalization held a hearing to review the USDA's use of conservation technical service providers. Witnesses giving testimony included: Sara Braasch, Regional Assistant Chief, USDA Natural Resources Conservation Service; James Chapin, Director, Western Region, Association of Consulting Foresters of America; David Goad, Deputy Director, Arkansas Game and Fish Commission; Gene Schmidt, Executive Board Member, National Association of Conservation Districts; Doug Wolf, Member of the Board of Directors for the National Pork Producers Council.

H.R. 4200—The Forest Emergency Recovery and Research Act

On August 2, 2006, the Committee's Subcommittee on Forestry, Conservation and Rural Revitalization held a hearing to consider H.R. 4200, the Forest Emergency Recovery and Research Act. Witnesses giving testimony included: the Honorable Mark Rey, Undersecretary for Natural Resources and Environment, United States Department of Agriculture; Honorable Lynn Scarlett, Deputy Secretary, United States Department of the Interior; Jim Crouch, Executive Director, Ouachita Timber Purchasers Group, Russellville, AR; Sue Kupillas, Executive Director, Communities for Healthy Forester; Charlie Ringo, Oregon State Senator, Beaverton, OR; Alan Thompson, Commissioner, Ravalli County, MT, on behalf of the National Association of Counties; John A. Helms, Ph.D., Professor Emeritus of Forestry, University of California, Berkley, on behalf of the Society of American Foresters; Jim Karr, Ph.D., Ecologist and Professor Emeritus, University of Washington, Seattle, WA; Robert L. Krepps, St. Louis County Commissioner, Duluth, MN; Leah W. MacSwords, Director and State Forester, Kentucky Division of Forestry, on behalf of the National Association of State Foresters.

Field Hearing on the 2007 Farm Bill: Moscow, ID

On August 11, 2007, the Committee held a regional field hearing in Moscow, ID to discuss the 2007 farm bill. Witnesses giving testimony included: Tim Dillin, Grain Producers of Idaho, Porthill, ID; Keith Esplin, Potato Growers of Idaho, Blackfoot, ID; Jim Evans, USA Dry Pea and Lentil Council, Genesee, ID; John Vanderwoude, United Dairymen of Idaho, Nampa, ID; Kyle Hawley, Idaho Association of Soil Conservation Districts, Moscow, ID; Lloyd Knight, Idaho Cattle Association, Roberts, ID; Terry Mansfield, Idaho Department of Fish and Game, Boise, ID; Rebecca Miles, Nez Perce Tribe, Lapwai, ID; Laird Noh, The Nature Conservancy of Idaho,

Kimberly, ID; Gregory Bohach, College of Agriculture and Life Science, University of Idaho, Moscow, ID; Christine Frei, Clearwater Economic Development Association, Lewiston, ID; Lorraine Roach, Idaho Rural Partnership, Grangeville, ID; Roger Simon, the Idaho Food Bank, Boise, ID.

Regional Farm Bill Hearing: Redmond, OR

On August 15, 2006, the Committee held a field hearing in Redmond, OR to discuss the farm bill. Witnesses giving testimony included: Barry, Bushue, Oregon Family Bureau Federation, Salem, OR; Sharon Livingston, Oregon Cattlemen's Association, Salem, OR; Sherman Reese, National Association of Wheat Growers, Pendleton, OR; Ray Souza, Mel-Delin Dairy, Turlock, CA; Pete Brentano, Oregon Nurserymen Association, Wilsonville, OR; Ernest Gallo, Wine Institute and California Association of Wine Grape Growers, Modesto, CA; Klaren Koompin, Potato Growers of Idaho, American Falls, ID; Ted Lorensen, Oregon Department of Forestry, Salem, OR; Jim Bernau, Willamette Valley Vineyards, Turner, OR; Jennifer Euwer, Pear Bureau Northwest and Northwest Horticulture Association, Hood River, OR; Doug Krahmer, Oregon Blueberry Commission, St. Paul, OR; Mark Wettstein, Nyssa-Nampa Beet Growers Association, Ontario, OR.

Regional Farm Bill Hearing: Grand Island, NE

On August 16, 2006, the Committee held a field hearing in Grand Island, NE to discuss the farm bill. The first panel of witnesses included: Steve Ebke, President, Nebraska Corn Growers Association, Daykin, NE; David Hilferty, Nebraska Wheat Growers Association, Grant, NE; Doug Nagel, National Sorghum Producers, Davey, NE; Steve Wellman, American Soybean Association, Syracuse, NE. The second panel of witnesses included: Duane Kristensen, Chief Ethanol Fuel, Inc., Hastings, NE; Doug Nuttleman, Dairy Farmers of America, Stromsburg, NE; Keith Olsen, Nebraska Farm Bureau, Grant, NE; Roy Stoltenberg, Nebraska Farmers Union, Cairo, NE. The third panel of witnesses included: Jim Hanna, Independent Cattlemen of Nebraska, Brownlee, NE; Bill Luckey, Nebraska Pork Producers Association, Columbus, NE; Dwight Tisdale, Nebraska Sheep and Goat Producers, Kimball, NE; Jay Wolf, Nebraska Cattlemen, Inc., Albion, NE.

Regional Farm Bill Hearing: Great Falls, MT

On August 17, 2006, the Committee held a field hearing in Great Falls, MT to discuss the farm bill. Witnesses giving testimony included: Tony Belcourt, Intertribal Agriculture Council, Box Elder, MT; Eric Doheny, Montana Farmers Union, Dutton, MT; Dave Henderson, National Barley Growers Association, Cut Bank, MT; Dave McClure, Montana Farm Bureau, Bozeman, MT; Dale Schuler, President, National Association of Wheat Growers, Carter, MT; Paul Tyler, U.S. Canola Association, Moore, MT; Michael Beltz, U.S. Dry Bean Council, Hillsboro, ND; Gary Bonestroo, Dairy Producers of New Mexico, Clovis, NM; Jim Evans, USA Dry Pea and Lentil Council, Genesee, ID; Sid Schutter, National Potato Council, Manhattan, MT; Bill Donald, National Cattlemen's Beef Association and Montana Stockgrowers Association, Mellville, MT; Leo McDonnell, R-Calf USA, Columbus, MT; Betty Sampsel, Montana Wool Growers Association, Stanford, MT; Mike Wendland, Na-

tional Association of Conservation Districts and Montana Conservation District, Rudyard, MT.

Regional Farm Bill Field Hearing: Lubbock, TX

On September 8, 2006, the Committee held a regional field hearing in Lubbock, TX. Witnesses giving testimony included: Ricky Bearden, National Cotton Council and Texas Cotton Producers, Plains, TX; Troy Skarke, National Sorghum Producers, Claude, TX; Jimmy Wedel, Corn Producers Association of Texas, Muleshoe, TX; Tommy Womack, National Association of Wheat Growers, Tulia, TX; Ted Higginbottom, Western Peanut Growers Association, Seminole, TX; Dennis Holbrook, Texas Produce Association and Texas Citrus Mutual, Mission, TX; Dale Murden, Rio Grande Calley Sugar Growers, Monte Alto, TX; L.G. Raun, U.S. Rice Producers Association and USA Rice Federation, El Campo, TX; Bill Battle, Catfish Farmers of America, Tunica, MS; Mike Berger, Association of State Wildlife Agencies, Austin, TX; Keith Broumley, Dairy Farmers of America, Hico, TX; Barry Mahler, Association of Conservation Districts, Iowa Park, TX; Dale Smith, Texas and Southwestern Cattle Raisers Association and Texas Cattle Feeders Association, Amarillo, TX.

Field Hearing to Consider the Effect of the Corps of Engineers' Operation of the Apalachicola-Chattahoochee-Flint and Alabama-Coosa-Tallapoosa River Basins on Georgia's Agricultural Community: Columbus, GA

On October, 24, 2006, the Committee held a field hearing to examine the efficiency of the Corps of Engineers' Operation of the Apalacachicola-Chattahoochee-Flint and Alabama-Coosa-Tallapoosa river basins in Columbus, GA. The first panel included: Honorable Sonny Perdue, Governor of Georgia. The second panel included: Joseph Schroedel, South Atlantic Division Commander, U.S. Army Corps of Engineers, Atlanta, GA. The third panel included: Mike Gaymon, Columbus, GA Chamber of Commerce, Columbus, GA; Steven Singletary, Georgia Soil & Water Conservation Commission, Blakely, GA; Dick Timmerberg, West Point Lake Coalition, LaGrange, GA; Jimmy Webb, Flint River Water Council, Leary, GA.

Agriculture and Rural America's Role in Enhancing National Energy Security

On January 10, 2007, the Committee held a hearing to discuss agriculture and rural America's role in enhancing national energy security and reducing dependence on foreign oil. Witnesses testifying included: Dr. Keith Collins, U.S. Department of Agriculture, Washington, DC; Michael Pacheco, National Renewable Energy Laboratory, Golden, CO; Honorable Philip Sharp, Ph.D., Resources for the Future, Washington, DC; Read Smith, 25 X 25 steering Committee, Wheat, Small Grains, and Cattle Producer, St. John, Washington; Gene Gourley, National Pork Producers Council, Iowa Pork Producers Association, Webster City, IA; Loni Kemp, The Minnesota Project, Canton, MN; Ron Miller, Aventine Renewable Energy Holdings, LLC, Perkin, IL; John Sellers, Iowa State Soil Conservation Committee, American Forage and Grassland Council, Corydon, IA; Roger Webb, Strategic Energy Institute, Georgia Institute of Technology, Atlanta, GA.

Working Land Conservation: Conservation Security Program and Environmental Quality Incentives Program

On January 17, 2007, the Committee held a hearing to discuss working land conservation relating to the Conservation Security Program and the Environmental Quality Incentives Program. The witnesses on the first panel included: Arlen Lancaster, Natural Resources Conservation Service, U.S. Department of Agriculture, Washington, DC; Lisa Shames, Natural Resources and Environment, U.S. Government Accountability Office, Washington, DC. The second panel was comprised of four members including Craig Cox, Soil and Water Conservation Service, Ankeny, IA; Jim Ham, Georgia Association of Conservation District Supervisors, Smarr, GA; Duane Hovorka, Farm Bill Outreach Coordinator, National Wildlife Federation, Kathleen Merrigan, Agriculture, Food and Environment Program, Tufts University, Boston, MA.

The Role of Federal Food Assistance Programs in Family Economic Security and nutrition

On January 31, 2007, the Committee held a hearing to begin gathering information and data relating to the role of Federal food assistance programs in family economic security and nutrition. Witnesses testifying included: Robert Dostis, Vermont Campaign to End Childhood Hunger; Robert Greenstein, Center on Budget and Policy Priorities; Sigurd Nilsen, Education, Workforce, and Income Security Issues, Government Accountability Office; Rhonda Stewart, Hamilton, OH; Bill Bolling, Atlanta Community Food Bank, Atlanta, GA; Luanne Francis, Health Care for all, Kingsley House, New Orleans; Frank Kubik, Commodity Supplemental Food Program, Focus: Hope, Detroit, MI; Melinda Newport, Nutrition Services, Chickasaw Nation, Ada, OK.

Discussion of the U.S. Department of Agriculture Farm Bill Proposal

On February 7, 2007, the Committee held a hearing to discuss the U.S. Department of Agriculture Farm Bill proposal. Witnesses giving testimony included: Honorable Michael Johanns, Secretary of Agriculture; Keith Collins, Chief Economist, U.S. Department of Agriculture; Charles Conner, Deputy Secretary of Agriculture, U.S. Department of Agriculture.

Hearing to Discuss Rural Development Challenges and Opportunities

On February 13, 2007, the Committee held a hearing to discuss rural development challenges and opportunities. Witnesses who appeared before the Committee included: Charles Fluharty, Rural Policy Research Institute, Truman School of Public Affairs, Columbia, MS; Chuck Hassebrook, Center for Rural Affairs, Lyons, NE; Mary Holz-Clause, Agricultural Resource Center, Iowa State University, Ames, IA; Vernon Kelley, Three Rivers Planning and Development District; Joe Sertich, Chair Rural Community College Alliance, Chisholm, MN.

Child Nutrition and the School Setting

On March 6, 2007, the Committee held a hearing to discuss the current and future role of the Committee in children's nutrition. Witnesses who appeared before the Committee included: Kelly Brownell, Rudd Center for Food policy and Obesity, Yale University, New Haven, CT; Mary Lou Hennrich, Community Health Partnership, Portland, OR; Teresa Nece, Food and Nutrition, Des Moines Public Schools, Des Moines, IA; Susan Neely, President and

Chief Executive Officer, American Beverage Association, Washington, DC; Janey Thornton, Child Nutrition Director, Hardin County School District, Elizabethtown, KY.

Investing in Our Nation's Future through Agricultural Research

On March 7, 2007, the Committee held a hearing to examine the research title of the farm bill. Witnesses who appeared before the Committee included: Gale Buchanan, Research, Education, and Economics, U.S. Department of Agriculture, Washington, DC; Jeff Armstrong, College of Agriculture and Natural Resources, Michigan State University, East Lansing, MI; William Danforth, vice chairman of the Board of Trustees, Washington University, St. Louis, MO; Alan Leshner, American Association for the Advancement of Science, Washington, DC; Francis Thicke, Radiance Dairy Farm, Fairfield, IA.

Colorado Views on Federal Agriculture and Rural Policies: the 2007 Farm Bill

On March 12, 2007, the Committee held a hearing to discuss Colorado views on Federal agriculture and rural polices related to the 2007 farm bill. During this hearing testimony was hear by two panels. The witnesses on the first panel included: Alan Foutz, Colorado Farm Bureau; Kent Peppler, Rocky Mountain Farmers Union; Dr. Gary Peterson, Colorado State University; John Stulp, Colorado Commissioner of Agriculture; Dusty Tallman, Colorado Wheat Growers; Alan Welp, Colorado Sugar Beet Growers. The second panel was comprised of five witnesses, including: Roger Mix, Colorado Potato Administrative Committee; Randy Loutzenhiser, Colorado Association of Conservation Districts; Terry Fankhauser, Colorado Cattleman's Association; Kathy White, Colorado Anti- Hunger Network; Doug Zalesky, Colorado Independent Cattle Growers Association.

2007 Farm Bill Opportunities for Vermont and the Northeast

On March 12, 2007, the Committee held a field hearing in Montpelier, VT. This hearing addressed opportunities in the 2007 farm bill relating to Vermont and the rest of the Northeast. During this hearing testimony was given by the following individuals: Honorable James Douglas, Governor of Vermont; Jacklyn Folsom, Vermont Farm Bureau, Cabot, VT; Mark Magnan, Dairy Farmer, Fairfield, VT; John Roberts, Butterwick Farms, West Cornwall, VT; James Daley, Northern Forest Alliance, Stowe, VT; Richard Hall, East Montpelier, VT; Enid Wonnacott, Northeast Organic Farmers of Vermont, Richmond, VT; Linda Berlin, Department of Nutrition and Food Sciences, Burlington, VT; Andrew Meyer, Vermont Soy, Hardwick, VT; Willard Rowell, Highgate Center, VT.

Examining the Performance of U.S. Trade and Food Aid Programs for the 2007 Farm Bill

On March 21, 2007, the Committee held a hearing to examine the performance of U.S. trade and food aid programs. The witnesses on the first panel included: William Hammink, Office of Food for Peace, U.S. Agency for International Development, Washington, DC; Tomas Melito, International Affairs and Trade Team, U.S. Government Accountability Office, Washington, DC; Michael Yost, Foreign Agricultural Service, U.S. Department of Agriculture, Washington, DC. The second panel included: Timothy Hamilton, Food Export Association of the Midwest USA and Food Export

USA-Northeast, Chicago, IL; David Kauck, Care USA, Richmond, VT; Charles Sandefur, Alliance for Food Aid, and President, Adventist Development and Relief Agency International.

Northern Plains Priorities in the 2007 Farm Bill: Fargo, ND

On April 3, 2007, the Committee held a hearing in Fargo, ND to discuss the northern plains priorities in the 2007 farm bill. Witnesses who appeared before the Committee included: Honorable John Hoeven, Governor, State of North Dakota; Roger Johnson the commissioner of North Department of Agriculture; Robert Carlson, North Dakota Farmers Union; Bill Hejl, Red River Valley Sugarbeet Growers Association; Jocie Iszler, North Dakota Renewable Energy Partnership; Brian Kramer, North Dakota Farm Bureau; Mike Martin North Dakota Grain Growers Association; Paul Thomas, Northern Pulse Growers Association; Kevin Waslaski, Northern Canola Grower Association.

The Next Generation of Biofuels: Cellulosic Ethanol and the 2007 Farm Bill

On April 4, 2007, the Senate Agriculture Committee's Energy, Science, and Technology subcommittee held a hearing in Brookings, SD. Six witnesses testified at this hearing: Kevin Kephart, Sun Grant Initiative for the North Central Region, South Dakota State University; Don Endres, VeraSun Energy; Jeff Fox, Poet Energy; Jensen Reid, South Dakota Corn Growers; Anna Rath, Ceres, Inc.; Dave Nomsen, Pheasants Forever.

Field Hearing to Examine Federal Food and Nutrition Assistance Program

On April 10, 2007, the Committee held a field hearing in Atlanta, GA. The purpose of this hearing was to examine Federal food and nutrition assistance programs. Witnesses giving testimony included: Clarence Carter, Food Stamp Program, U.S. Department of Agriculture, Washington DC; Alan Essig, Georgia Budget and Policy Institute, Alanta, GA; Mary Dean Harvey, Division of Family and Children Services, Atlanta, GA; Taquana Spicer, Clayton County, GA.

Iowa and Nebraska Views on Federal Agriculture and Rural Policies: The 2007 Farm Bill: Council Bluffs, IA

On April 14, 2007, the Committee held a field hearing in Council Bluffs, IA to discuss and consider the views of the States of Iowa and Nebraska regarding Federal policies on agriculture and rural issues. Witnesses who appeared before the Committee included: Varel Bailey, American Farmland Trust, Anita, IA; Debra Houghtaling, Executive Director, Grow Iowa Foundation, Greenfield, IA; Steve Killpack, Neola, IA; Chris Peterson, Clear Lake, IA, on behalf of the Iowa Farmers Union; Matt Schuitteman, Sioux City Center, IA, on behalf of the Iowa Farm Bureau Federation; John Crabtree, Center for Rural Affairs, Lyons, NE; Duane Sand, Iowa Natural Heritage Foundation, Des Moines, IA; Tom Scwarz, Bertand, NE; Jeffrey Stroburg, CEO and Chairman, Renewable Energy Group, Inc., Ralston, IA; Wendy Wintersteen, Dean, College of Agriculture, Director, Iowa Agriculture and Home Economics Experiment Station, Iowa State University, Ames, IA.

Challenges and Opportunities Facing American Agricultural Producers Today—Part I

On April 18, 2007, the Committee held a hearing to discuss the economic challenges and opportunities facing agricultural pro-

ducers. During this hearing testimony was given by two panels. The witnesses on the first panel included: Peter Carstensen, Professor of Law, University of Wisconsin Law School, Madison, WI; Scott Hamilton, Poultry Grower, Phil Campbell, Alabama; Lynn Hayes, Farmers' Legal Action Group (FLAG), Inc., St. Paul, MN; Mary Muth, Food and Agricultural Policy Research Program, RTI International, Research Triangle Park, NC; Tim Schmidt, Pork Producer, Hawarden, IA. The second panel included: Burdell Johnson, American Sheep Industry Association, Tuttle, ND; Eric Nelson, Ranchers-Cattlemen Action Legal Fund, United Stockgrowers of America, Moville, IA; Joy Philippi, National Pork Producers Council, Burning, NE; Joy Queen, National Cattlemen's Beef Association, Waynesville, NC; William Roenigk, National Chick Council, Washington, DC; Ron Truex, United Egg Producers, Warsaw, IN.

Challenges and Opportunities Facing American Agricultural Producers Today—Part II

On April 24, 2007, the Committee held a second hearing to discuss the challenges and opportunities American agricultural producers face. The witnesses on the first panel included: Kathie Arnold, National Organic Coalition, Truxton, NY; Mark Brady, American Honey Producers Association, Waxahuchie, TX; Emily Jackson, Appalachian Sustainable Agriculture Project, Ashville, NC. The second panel included: Bill Brim, Georgia Fruit and Vegetable Growers Association, Tifton, GA; A.G. Kawanura, secretary of Agriculture, State of California, Sacramento, CA; Phil Korson, Cherry Marketing Institute, Lansing, MI; Maureen Marshall, United Fresh Produce Association, Elba, NY; John Rice, W.S. Apple Association, Gardners, PA. The third panel included: Clint Fall, Midwest Dairy Coalition, Litchfield, MN; Randy Jasper, National Family Farm Coalition Muscoda, WI; Jerry Kozak, National Milk Producers Federation, Arlington, Virginia; Eugene Robertson, Pine Grove, LA; Connie Tipton, International Dairy Foods Association, Washington, DC.

Challenges and Opportunities Facing American Agricultural Producers Today—Part III

On April 25, 2007, the Committee held the final hearing of its three-part series focused on the challenges and opportunities facing American agricultural producers. The hearing consisted of three panels of witnesses. The first panel included: Reverend David Beckmann, Bread for the World, Washington, DC; Tom Buis, National Farmers Union, Washington, DC; Bill Flory, American Farmland Trust, Winchester, ID; Bob Stallman, American Farm Bureau Federation, Columbus, TX. The second panel included: Paul Combs, USA Rice Federation , Kennett, MO; John Hoffman, American Corn Growers Association, White Cloud, KS; Ken McCauley, National Corn Growers Association, White Cloud, KS; Larry Mitchell, American Corn Growers Association, Washington, DC; John Pucheu, National Cotton Council, Tranquility, CA; Dusty Tallman, National Association of Wheat Growers, Brandon, CO. The third panel included: Jim Evans, USA Dry Pea and Lentil Council, Genessee, ID; Evan Hayes, National Barley Growers Association, American Falls, ID; Armond Morris, Southern Peanut Farmers Federation, Ocilla, GA; Dale Murden, National Sorghum Producers, Monte Alto, TX; Lynn Rundle, North American Millers

Association, Manhattan, KS; John Swanson, National Sunflower Association, Mentor, MN.

Conservation Policy Recommendations for the Farm Bill

On May 1, 2007, the Committee held a hearing to discuss conservation policy recommendations. The witness on the first panel included: Honorable Jim Doyle, Governor of Wisconsin, Madison, WI; Honorable Robert Menendez, a U.S. Senator from New Jersey. The second panel included: John Hansen, Nebraska Farmers Union, Lincoln, NE, on behalf of the National Farmers Union; Bob Harrington, State Forester, Missoula, MT; Ferd Hoefner, Sustainable Agriculture Coalition, Washington DC; Julie Sibbing, National Wildlife Federation, Washington, DC; Olin Sims, National Association of Conservation District, McFadden, Wyoming.

Farm Bill Policy Proposals Relating to Farm and Rural Energy Issues and Rural Development

On May 9, 2007, the Committee held a hearing to discuss policy proposals relating to rural energy and development. The witnesses on the first panel included: Honorable Glenn English, National Rural Electric Cooperative Association, Arlington, Virginia; Robert Grabarski, National Council of Farmer Cooperatives, Arkdale, WI; Jimmy Matthews, Georgia Rural Water Association, Barnesville, GA; Steve Slack, Ohio Agricultural Research and Development Center, The Ohio State University, Wooster, OH. The second included: Howard Learner, Environmental Law and Policy Center, Chicago, IL; Lee Lynd, Dartmouth College, Thayer School of Engineering, Hanover, NH; Neil Rich, Riksch Biofuels, Crawfordsville, IA; Daniel De La Torre Ugarte, Agricultural Policy Analysis Center, the University of Tennessee, Knoxville, TN.

2007 Farm Bill: Expanding Montana's Agricultural Opportunities

On July 2, 2007, the Committee held a field hearing in Great Falls, MT, to address Montana's possible agricultural opportunities. Witnesses included: Jim Taber, Montana Farm Bureau, Shawmut, MT; Alan Merrill, Montana Farmers Union, Great Falls, MT; Darin Arganbright, Montana Grain Growers, Carter, MT; Colette Gray, Great Falls, MT; Dave Hinnaland, Montana Woolgrowers, Circle, MT; Steve Roth, Stockgrowers, Big Sandy, MT; Brett DeBruycker, Montana Cattlemen, Dutton, MT.

Committee Consideration

On October 24, 2007, the Committee met in open session to mark up the legislation. Those members in attendance included: Senators Harkin, Chambliss, Leahy, Conrad, Baucus, Lincoln, Stabenow, Nelson, Salazar, Brown, Casey, Klobuchar, Lugar, Cochran, Graham, Roberts, Coleman, Crapo, Thune, and Grassley. The Chairman's mark of an original bill was presented on October 24, 2007, at 10:00 a.m. Committee Members made opening statements, and an en bloc amendment containing technical changes and agreed-upon amendments to the legislation were accepted by voice vote.

The Committee proceeded by considering amendments to each title of the Chairman's mark. The Committee approved a motion offered by Senator Conrad that any amendment offered to the bill that included an increase in spending must also include an offset.

An amendment was offered by Senator Salazar and Senator Nelson to reduce base acres on land that has been developed for com-

mercial or industrial use and has been subdivided and developed into multiple residential units, non-farming, uses, or is otherwise no longer intended to be used in conjunction with farming operations. The amendment was withdrawn with the agreement to include a similar provision in the manager's amendment when the reported legislation is considered on the Senate floor.

An amendment was offered by Senator Casey with Senators Brown and Stabenow to provide an additional payment under the MILC program if the price of feed exceeds specified levels. A roll call vote was taken. The amendment was defeated by roll call vote of 9 yeas and 12 nays.

An amendment was offered by Senator Casey with Senator Brown to mandate price reporting and transparency for dairy products. This amendment was adopted by voice vote.

Senator Casey offered an amendment to require the Department of Agriculture to determine the current cost of feed and fuel. This data will be used to determine what changes are necessary to 'make allowances' in Federal milk marketing orders to balance the price paid to dairy farmers and the profit margin guaranteed to dairy processors. The amendment was adopted by voice vote.

An amendment was offered by Senator Thune with Senators Baucus, Nelson, and Salazar to extend the period during which certain offices of the Farm Service Agency remain in operation through fiscal year 2012. The amendment was adopted by voice vote.

An amendment was offered by Senator Nelson to ensure any rating of crop insurance premiums associated with the Average Crop Revenue program is actuarially sound. Senator Nelson's amendment was adopted by voice vote.

An amendment was discussed by Senator Roberts to make substantive changes to the Average Crop Revenue program. The amendment would remove any relationship between the Average Crop Revenue program and a producer's crop insurance premium rate and indemnity. The amendment would replace the provisions that tied payments to planted acres with provisions that make payments on 85 percent of base acres. The amendment would apply a $60,000 payment limitation to the revenue portion of the Average Crop Revenue program payments. The amendment would offer producers a one-time election to participate in the Average Crop Revenue program. The amendment would reduce the reimbursement paid to crop insurance providers for administrative and operating expenses by three percentage points from the rates in effect as of the date of enactment except that this reduction would not apply in a State in which the loss ratio exceeds 1.2 for the crop year. The outlined provisions and the Average Crop Revenue were discussed at length with general agreement to resume discussion of the amendment the following day.

An amendment was offered by Senator Thune to allow producers to claim loan deficiency payments without having to market the loan commodity at the time the loan deficiency payment is requested. The amendment was accepted with the general understanding that the provision could be modified in a Managers' amendment to the reported legislation for consideration on the Senate floor.

An amendment was offered by Senator Roberts with Senators Leahy and Crapo to strike a modification of the payment limitation that applies to the Environmental Quality Incentives Program, as included in the legislation. The amendment was adopted by roll call vote of 13 ayes and 8 noes.

An amendment was offered by Senator Lugar to allow the President to submit to Congress corrective legislation if, after appeals, a final determination is made by the WTO that a U.S. commodity program, violates our trade commitments. The amendment was withdrawn.

An amendment was offered by Senator Stabenow to increase seniors' eligibility for the Commodity Supplemental Food Program. The amendment was withdrawn.

An amendment was offered by Senator Lugar to increase the minimum benefit under the Food Stamp Program and The Emergency Food Assistance Program, increase the asset limit for most families from $2,000 to $3,000 for most households and from $3,000 to $4,000 for households with elderly or disabled persons. The amendment would adjust these asset limits for inflation. It would increase the minimum food stamp benefit from $10, to 10 percent of the Thrifty Food Plan for a single person household and increase funding for the The Emergency Food Assistance Program to $250 million annually over five years and also adjust for inflation. The amendment was offset by a $1.7 billion decrease over five years in Direct Payments. Senator Lugar's amendment was defeated by roll call vote of 4 ayes and 17 nays, at which time, the Committee adjourned.

On October 25, 2007, the Committee reconvened in open session to continue consideration of the legislation.

Senator Stabenow offered an amendment to clarify the definition of "specialty crops". The definition was amended to exclude aquaculture, but include herbal crops and sod turfgrass. The amendment was adopted by voice vote.

No amendments pertaining to the credit title were offered.

An amendment was introduced by Senator Casey to prohibit the use of eminent domain to condemn private property used in agricultural production or under conservation easements if the land is in the siting of interstate electric transmission facilities. The amendment was defeated by voice vote.

No amendments pertaining to the research, forestry, or energy titles were offered.

Amendments offered to the livestock and miscellaneous titles were withdrawn at the time they were offered.

Senator Roberts proposed a modified amendment that would require producers who elect to participate in the Average Crop Revenue program to enroll in either 2010, 2011, or 2012, with a requirement that once the producer elects to participate in the alternative program, the producer would remain in the Average Crop Revenue program through the 2012 crop year. Because of a revised budget score, the modified amendment changed the reduction in the reimbursement rate for administrative and operating costs to 2 percentage points below the rates in effect as of the date of enactment while maintaining the snapback provision in States with loss ratios greater than 1.2. After a brief recess, Senator Roberts offered his amendment as previously discussed with a commitment to de-

termine whether the payments could be raised depending on the budget score. There was a general discussion on whether it was appropriate to increase the rate of the fixed payments or whether the percentage of acres eligible for the fixed payments should be increased. It was generally agreed that the modification would be to the payment percentage. Further discussion led to an agreement to apply additional savings, if any, to the nutrition priorities contained in the amendment offered previously by Senator Lugar. The Roberts amendment, as modified, was adopted by voice vote.

The legislation, as amended and subject to technical changes, was reported out by voice vote with the requisite quorum present, at which point the Committee adjourned.

ESTIMATED COSTS

In accordance with paragraph 11(a) of rule XXVI of the Standing Rules of the Senate and section 402 of the Congressional Budget Act of 1974, the Committee provides the following cost estimate, prepared by the Congressional Budget Office:

NOVEMBER 1, 2007.

Hon. TOM HARKIN,
Chairman, Committee on Agriculture, Nutrition, and Forestry, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for the Food and Energy Security Act of 2007.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Jim Langley.

Sincerely,

PETER R. ORSZAG.

Enclosure.

Food and Energy Security Act of 2007

Summary: The legislation would amend and extend the major farm income support, food and nutrition, land conservation, trade promotion, rural development, research, forestry, energy, specialty crops, and crop insurance programs administered by the U.S. Department of Agriculture (USDA).

CBO estimates that enacting the legislation would increase direct spending for those programs by $3.2 billion over the 2008–2012 period and $3.3 billion over the 2008–2017 period, assuming that many expiring programs are extended pursuant to rules governing baseline projections. When combined with estimated spending under CBO's baseline projections for those programs, enacting the bill would bring total spending for those USDA programs to $283 billion over the 2008–2012 period and $600 billion over the 2008–2017 period.

The legislation would authorize discretionary appropriations over the 2008–2012 period for existing and new USDA programs involving research and education, nutrition, trade promotion, rural development, credit assistance, forestry, and conservation initiatives. However, CBO has not yet completed an estimate of the discretionary costs of implementing those provisions.

The legislation contains three intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA). It would increase the stringency of conditions of assistance under the Food Stamp program, preempt state laws governing production contracts for livestock or poultry, and preempt state laws that require the disclosure of information to the public. CBO estimates that the total cost of complying with those mandates would not exceed the threshold established in UMRA ($66 million in 2007, adjusted annually for inflation).

The bill contains several private-sector mandates, as defined in the Unfunded Mandates Reform Act. Those mandates would expand the country-of-origin labeling program, prohibit packers from owning livestock, require certain processors, poultry dealers, and financial institutions to comply with reporting or inspection requirements, and place requirements on poultry and livestock agreements. CBO has limited information about the incremental costs of compliance for the expansion of the country-of-origin labeling program and the prohibition on owning livestock. Consequently, we cannot determine whether the aggregate cost of the private-sector mandates in the bill would exceed the annual threshold established in UMRA ($131 million in 2007, adjusted annually for inflation).

Estimated cost to the Federal Government: The estimated budgetary impact of the legislation, including all amendments adopted by the committee, is shown in the following table. The costs of this legislation fall within budget functions 270 (energy), 300 (natural resources and environment), 350 (agriculture), 450 (community and regional development), and 600 (income security).

Basis of estimate: For this estimate, CBO assumes that the legislation will be enacted near the end of calendar year 2007. The legislation would provide direct spending authority for most of the USDA programs authorized, amended, or created by the legislation through the 2008–2012 period. Following the baseline projection rules in section 257 of the Balanced Budget and Emergency Deficit Control Act, CBO displays the estimated 10-year cost of the legislation by assuming that many of those programs continue to operate indefinitely beyond that five-year authorization period.

The legislation's estimated cost over the 10-year period reflects commodity program provisions that would shift about $7.0 billion in government costs from within the 2008–2017 period until after 2017. In addition, certain crop insurance program provisions would shift about $1.5 billion in expenses from within the 2008–2017 period until after 2017, and shift $1.3 billion of collections for crop insurance coverage from years beyond 2017 to fiscal years within the 2008–2017 period. Together, those changes would shift about $9.8 billion in net government costs from within the 2008–2017 period until after 2017.

ESTIMATED CHANGES IN DIRECT SPENDING AND REVENUES UNDER THE FOOD AND ENERGY SECURITY ACT OF 2007

	By fiscal year, in millions of dollars—											
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2008–2012	2008–2017
CHANGES IN DIRECT SPENDING												
Title I, Producer Income Protection Programs:												
Estimated Budget Authority	112	22	−631	−3,700	−585	419	395	346	123	134	−4,782	−3,365
Estimated Outlays	77	87	−608	−3,677	−3,380	412	398	346	123	121	−7,501	−6,101
Title II, Conservation:												
Estimated Budget Authority	642	805	1,074	1,118	1,142	806	728	702	−729	−2,242	4,781	4,046
Estimated Outlays	452	674	1,008	1,110	1,180	1,054	793	718	−717	−2,235	4,424	4,037
Title III, Trade:												
Estimated Budget Authority	15	32	49	40	37	−32	−40	−40	−40	−40	173	−19
Estimated Outlays	17	32	49	40	37	−15	−39	−40	−40	−40	175	1
Title IV, Nutrition Programs:												
Estimated Budget Authority	469	1,018	1,194	1,303	1,428	32	33	34	35	36	5,413	5,583
Estimated Outlays	304	1,027	1,202	1,307	1,432	176	29	32	34	35	5,271	5,577
Title V, Credit Programs:												
Estimated Budget Authority	100	0	0	0	0	0	0	0	0	0	100	100
Estimated Outlays	−110	−108	−128	36	32	27	22	16	8	−1	−278	−206
Title VI, Rural Development:												
Estimated Budget Authority	400	0	0	0	0	0	0	0	0	0	400	400
Estimated Outlays	19	80	109	87	60	32	10	3	0	0	355	400
Title VII, Research and Related Matters:												
Estimated Budget Authority	32	32	−168	−168	−168	−200	−200	−200	−200	−200	−440	−1,440
Estimated Outlays	16	26	2	−68	−128	−184	−194	−200	−200	−200	−152	−1,130
Title IX, Energy:												
Estimated Budget Authority	940	70	70	15	5	0	0	0	0	0	1,100	1,100
Estimated Outlays	58	156	260	301	245	60	11	7	2	0	1,020	1,100
Title X, Livestock Marketing, Regulatory, and Related Programs:												
Estimated Budget Authority	1	0	0	0	0	0	0	0	0	0	1	1
Estimated Outlays	1	0	0	0	0	0	0	0	0	0	1	1
Title XI, Miscellaneous:												
Estimated Budget Authority	−11	−34	−35	−36	−37	−37	−38	−39	−40	−41	−153	−348
Estimated Outlays	−11	−34	−35	−36	−37	−37	−38	−39	−40	−41	−153	−348
Total Changes:												
Estimated Budget Authority	2,700	1,945	1,553	−1,428	1,822	988	878	803	−851	−2,353	6,592	6,057
Estimated Outlays	823	1,940	1,859	−900	−559	1,525	992	843	−830	−2,361	3,163	3,332

ESTIMATED CHANGES IN DIRECT SPENDING AND REVENUES UNDER THE FOOD AND ENERGY SECURITY ACT OF 2007—Continued

	By fiscal year, in millions of dollars—											
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2008–2012	2008–2017
CHANGES IN REVENUES												
Estimated Revenues	2	2	2	2	2	2	2	2	2	2	10	20
MEMORANDUM												
Estimated Spending Under Baseline Assumptions:												
Estimated Budget Authority	55,311	56,069	56,298	57,121	58,545	59,992	61,644	62,054	65,148	68,145	283,344	600,327
Estimated Outlays	54,542	55,380	55,447	56,614	58,338	59,861	61,530	61,994	65,065	68,010	280,321	596,781
Estimated Total Spending Under the Bill:												
Estimated Budget Authority	58,011	58,014	57,851	55,693	60,397	60,980	62,522	62,857	64,297	65,792	289,936	606,384
Estimated Outlays	55,365	57,320	57,306	55,714	57,779	61,386	62,522	62,837	64,235	65,649	283,484	600,113

Note.—Changes in spending are measured relative to CBO's March 2007 baseline projections.

Title I: Commodity programs

Title I would reauthorize and amend the farm commodity support programs administered by USDA. CBO estimates that enacting title I would reduce direct spending by $7.5 billion over the 2008–2012 period and by $6.1 billion over the 2008–2017 period, relative to our baseline estimates of continuing USDA's commodity programs as they operate under current law. (The current-law authorization of those programs expired on September 30, 2007, although some final payments will be made after that date.) Major components of that estimate are described below.

Choice Between Program Benefits. Producers would be required to make a single choice for all eligible crops on a farm between a new program, the Average Crop Revenue Program (ACRP), and traditional program benefits (direct payments, countercyclical payments and nonrecourse loan program benefits), beginning with the 2010, 2011, or 2012 crop.

The new ACRP program would provide producers with a fixed payment equal to $15 per acre on 100 percent of their base acres (i.e., historical acres of program crops), and a variable revenue payment on 85 percent of their base acres. The variable payment would be determined for farms on a state-by-state basis. It would be paid whenever the actual average state revenue per acre for a crop (actual state yield times the harvest-time price) was less than the guaranteed revenue. The revenue guarantee would equal 90 percent of the expected average revenue per acre by state for an eligible crop. The payment would be equal to 90 percent of the shortfall in average revenue per acre from the level guaranteed for a crop for each state.

To estimate the cost of the programs, CBO compared the benefits to producers of choosing the traditional program versus the ACRP. We expect that producers would choose the program with the greater benefits, based on the crop mix on their farm. Some crops (e.g., corn and soybeans) are typically grown on the same farm, so the choice of program option would likely be made on a combination of benefits, rather than for the individual crops. CBO expects that producers of feed grains, wheat, and soybeans would tend to choose the ACRP program, while growers of upland cotton, rice, and peanuts would tend to choose traditional program benefits.

Compared to current law, on a crop-year basis, the choice between traditional programs and the ACRP would increase government costs by $4.7 billion over 10 years. However, on a fiscal-year basis, the choice between traditional programs and the ACRP would reduce government costs by $2.4 billion over 10 years because the schedule for ACRP payments would be slower than traditional payments. Thus, some of the costs of the new program would not occur until after 2017.

ACRP Payments. CBO estimates that ACRP payments would have a value of $14 billion for crop years 2008–2012; however, only $4 billion of that cost would be paid in fiscal years 2008–2012. Likewise, we estimate that ACRP payments would have a value of $40 billion for crop years 2008–2017, but only $29 billion would be paid in fiscal years 2008–2017. This difference in the value of the payments and the cost recorded on the budget is largely caused by the requirement that the ACRP payments be delayed until the second fiscal year after the crop is harvested.

Traditional Direct and Countercyclical Payments for Covered Commodities. In addition to offering the proposed ACRP, the legislation would authorize USDA to continue direct payments to producers of grains, oilseeds, and cotton who choose not to enroll in the new program. Advance payments (a portion of a producer's final payment made before the end of each fiscal year) would be eliminated beginning with the 2012 crop. When taking into account producer choice, total direct payments would be reduced by $8.2 billion over the 2008–2012 period and $25.8 billion over the 2008–2017 period.

The legislation would increase target prices under the countercyclical payment provision for all eligible crops except corn, cotton, and rice. Corn and rice target prices would remain the same, while cotton would be reduced by less than 1 percent. Countercyclical payments also would be authorized for the first time for legumes. Advance countercyclical payments would be eliminated beginning with the 2011 crop. Costs due to changes in target prices would be offset by reduction in traditional countercyclical payments from producers who choose ACRP, for a net reduction of $328 million over the 2008–2012 period and $1.9 billion over the 2008–2017 period.

Loans and Loan Deficiency Payments. For producers who choose not to enroll in the ACRP, the legislation would reauthorize USDA's crop loan and marketing loan programs for the commodities that are currently eligible to receive those benefits, but the legislation would provide for higher loan rates than under current law for wheat, barley, oats, minor oilseeds, graded wool, and honey, and reduce loan rates relative to current law for dry peas and lentils. The bill also would reduce cotton loan benefits based on changes to the way quality is taken into account when determining loan repayment rates. Under the bill, loans and loan-deficiency payments would be authorized for the first time for large chickpeas. In addition, the legislation would authorize a new payment of 4 cents per pound of cotton processed by domestic cotton mills through June 30, 2013. CBO estimates that provision would cost about $420 million over 10 years. Changes in loan rates, together with producers forgoing loan benefits to participate in the ACRP, would result in a net reduction of loan program benefits of $4.2 billion over the 2008–2017 period.

Payment Limits. The legislation would amend provisions of current law designed to limit total USDA benefit payments to producers (known as payment limitations). Under the legislation, producers would be denied program payments if the average of their three-year adjusted gross income (AGI) is more than $1 million in 2009, or more than $750,000 in subsequent years, unless at least two-thirds of that income is derived from agriculture.

Under the legislation, USDA would be required to attribute all commodity and conservation payments directly to a person or entity, and limit each person to a direct payment (including the fixed component under the ACRP) of no more than $40,000. Traditional countercyclical payments would be limited to $60,000 per person. No limits would be placed on marketing loan benefits or the revenue component of ACRP. CBO estimates that those changes to payment limitation provisions would reduce spending on USDA benefit programs by $191 million over the 2008–2012 period and

$456 million over the 2008–2017 period, relative to the costs of operating the programs under current law.

Peanuts. For producers who do not enroll in the ACRP, the legislation would authorize payments from the Commodity Credit Corporation (CCC) to eligible peanut producers for handling and related charges for peanuts placed under loan. Those payments would be repaid by producers when the loans are redeemed. If peanut loans were forfeited, CCC would pay producers for the cost of storage, handling, and related costs. CBO expects that the payment of all storage and handling costs would increase the forfeiture of peanut loans by about 10 percent, at a cost of $84 million for the 2008–2012 period, and $175 million for the 2008–2017 period.

Sugar. Section 1501 would increase the loan rate for sugar cane by a quarter of a cent per year, from $0.18 per pound in 2008 to $0.19 per pound in 2012. The loan rate for beet sugar would be increased to 128.5 percent of the cane rate, up from the current rate of 127.2 percent. CBO estimates that, under the bill, the cost of the sugar program would increase by $80 million over the 2008–2012 period and by $289 million over the 2008–2017 period. In addition, under the legislation, a Feedstock Flexibility Program would subsidize the use of sugar as a feedstock in the production of ethanol. By increasing the demand for sugar, CBO estimates that the legislation also would reduce the cost of the sugar support program by $108 million over the 2008–2012 period and $287 million over the 2008–2017 period. The net effect of the legislation on the sugar program would be a reduction in spending of $28 million over five years and an increase in spending of $2 million over the next 10 years.

Dairy. The legislation would reauthorize the Milk Income Loss Contract (MILC) program and would increase the payment factor from 34 percent to 45 percent of the difference between the monthly Boston Class I price and average milk prices. The total quantity of milk eligible for payment would increase from 2.40 million pounds to 4.15 million pounds per dairy operation per year. Those increases would only be applicable through August 31, 2012. At that time, the payment rates and poundage limits would revert to the levels specified in current law. CBO estimates that those increases in MILC program parameters would increase costs by $456 million over the 2008–2017 period.

Specialty Crops. The legislation would add several new provisions to support specialty crops. CBO estimates that those provisions would cost $388 million over the 2008–2017 period. All of those provisions would be applicable only through the 2012 crop.

Crop Insurance. Under the bill, beginning with the 2012 crop, payments from farmers to the government for crop insurance coverage would be moved forward one year, while federal payments to private insurance companies for their delivery expenses and underwriting gains in this program would be delayed one year. Those shifts between the fiscal years in which collections and payments are made in the crop insurance program would be repeated in the following years as well. Thus, the bill would have the effect of shifting one year of collections into the 2008–2017 period from the years after 2017, and shifting one year of payments from the 2008–2017 period into the period after 2017. CBO estimates that those adjustments would reduce spending over the 2008–2012 period by $2.8

billion. Spending over the 2008–2017 period would be reduced by the same amount.

Other amendments to the crop insurance program would reduce the target loss ratio and delivery expenses, increase the fees farmers pay for catastrophic crop insurance coverage and for the non-insured assistance programs, and reduce the insurance benefits available to farmers that convert native grassland to crop land. In addition, mandatory funding for reimbursements for product development expenses and risk management partnerships would be reduced, while the availability of funding for efforts to detect fraud would be increased. CBO estimates that those changes would reduce direct spending by $713 million over the 2008–2012 period and $1.7 billion over the 2008–2017 period.

Title II: Conservation programs

This title would reauthorize and expand land conservation programs administered by USDA. CBO estimates that enacting those provisions would increase net spending by $4.4 billion over the 2008–2012 period and by $4.0 billion over the 2008–2017 period. Significant changes in conservation programs would include:

- Expanding enrollment in the Wetland Reserve Program by 250,000 acres per year through 2012, with no further enrollment beginning in 2013, at an estimated cost of $1.7 billion over the 2008–2012 period and $1.9 billion over the 2008–2017 period;
- Providing $2.3 billion to fund existing Conservation Security Program (CSP) contracts through 2017. Beginning in fiscal year 2008, enrollment in a modified Conservation Stewardship Program would be limited 79.638 million acres, at an average cost of $19 per acre. CBO estimates that those modifications would increase direct spending by $2.0 billion over the 2008–2012 period and $1.3 billion over the 2008–2017 period;
- Providing a total of $240 million to purchase additional easements in the Grasslands Reserve Program over the period 2008–2017;
- Providing $112 million over the 2007–2017 period for a new program to improve wildlife habitat on acres enrolled in the Conservation Reserve Program; and
- Adding $20 million per year for a new Voluntary Public Access and Habitat Incentive Program to encourage landowners to allow public access for wildlife-dependent recreation and $33 million per year for a new Chesapeake Bay Program to reduce nutrient and sediment runoff.

Title III: Trade programs

Title III would amend the trade promotion and food assistance programs administered by USDA and the U.S. Agency for International Development (USAID) and extend the authorization for those programs through 2012. The legislation would increase limits on direct spending for several programs. CBO estimates that enacting title III would increase direct spending by $175 million over the 2008–2012 period and $1 million over the 2008–2017 period.

Limit Repayment Period of GSM Export Credit Guarantee Program. Section 3102 would reduce the repayment period for loans guaranteed under the GSM Export Credit Guarantee Pro-

gram to six months, beginning in fiscal year 2013, for a savings of $157 million over the 2008–2017 period. The legislation also would eliminate the Supplier Credit Program and increase loan origination fees for an additional savings of $48 million over that period.

Increased Funding for the Market Access Program. Section 3103 would reauthorize and increase funding for the Market Access Program, an export promotion program funded through CCC. The legislation would increase annual funding for the program through 2012. CBO estimates that direct spending would increase under the legislation by $94 million over the 2008–2012 period and $102 million over the 2008–2017 period.

Other Programs. The legislation also would increase spending through 2012 for USDA's Foreign Market Development Program and for the Food for Progress Program. CBO estimates that, together, those changes would increase direct spending by $104 million over the 2008–2017 period.

Title IV: Nutrition programs

Title IV would reauthorize the Food Stamp program (renaming it the Food and Nutrition Program) and make it permanent. It also would make several temporary changes to the program that would expire in 2012. Consistent with the budget baseline projection rules in section 257 of the Deficit Control Act, the costs of extending the Food Stamp program are included in CBO's baseline and are therefore not included in the costs attributable to this bill. CBO estimates that those costs would total about $397 billion over the 2008–2017 period.

In addition, title IV would reauthorize and modify related nutrition programs and make most of them permanent. The most significant changes affecting costs are summarized below. CBO estimates that enacting title IV would increase direct spending by $5.3 billion over the 2008–2012 period and $5.6 billion over the 2008–2017 period, relative to CBO's baseline projections.

Deductions From Income. The legislation includes two provisions that would increase the amount that households can deduct from gross income in determining their level of benefits. Under current law, the standard deduction is set at 8.31 percent of the net income threshold by household size, or a minimum of $134 per month. This bill would increase the minimum standard deduction to $140 in fiscal year 2008 and index that amount in subsequent years to changes in the Consumer Price Index for Urban Consumers (CPI–U). In addition, the bill would eliminate the cap on the amount of dependent care costs that a household can deduct from income. That deduction is currently capped at $200 a month for dependents under the age of 2 and at $175 for other dependents. Under those two provisions, households would, on average, receive higher benefits than under current law because less of their income would be considered available for purchasing food. Those provisions would expire in 2012, and the deductions would revert to their previous levels. Together, CBO estimates that those two increases in allowable deductions would increase direct spending by $1.6 billion over the 2008–2012 period.

Changes to Asset Limits. In addition to the income test, households that are not considered categorically eligible for food stamps must have countable assets of less than $2,000—or $3,000 for

households with an elderly or disabled member—to participate in the program. This legislation would raise the asset limit in fiscal year 2008 to $3,500 for most households and to $4,500 for elderly and disabled households. In subsequent years, these levels would be indexed to the annual change in the CPI–U (measured over the 12-month period ending each June) and rounded to the nearest lower $250 increment. In addition, the bill would exclude certain retirement and education savings accounts from the asset calculation. CBO estimates that those provisions, which would expire in 2012, would increase direct spending by $1.5 billion over the 2008–2012 period.

Changes to Reporting Requirements. The bill would give states the option to modify and expand requirements to simplify reporting for households that include elderly, disabled, or migrant individuals. The Farm Security and Rural Investment Act of 2002 gave states the option to limit, for most households, the frequency of reporting on changes in household circumstances to every six months, unless household income exceeds the gross income limit. Under the bill, states would have the option to establish a 12-month simplified reporting period for elderly or disabled people without earnings. Homeless and migrant people also would be eligible for simplified reporting with shorter reporting periods. This change to the Food Stamp program would be permanent, and CBO estimates that it would increase direct spending by $123 million over the 2008–2012 period and just over $300 million over the 2008–2017 period.

Unemployed Adults. The bill would change the time limit for participation by able-bodied adults without dependents (ABAWDs) in the Food Stamp program for the 2009–2012 period. Under current law, individuals between the ages of 18 and 50 who are not disabled and do not have dependents are limited to three months of Food Stamp benefits in a 36-month period, unless they meet a work requirement or are eligible for a waiver. ABAWDs are eligible for a subsequent three months of benefits if they requalify for benefits by meeting the work requirement but later lose their job or no longer participate in job training. This legislation would extend the initial period of eligibility to six months and eliminate the period of subsequent eligibility. Those amendments would take effect on October 1, 2008, and expire at the end of 2012. CBO estimates that this provision would increase direct spending by $64 million over the 2009–2012 period.

Transitional Food Stamps. This legislation would grant states the option to provide up to five months of Food Stamp benefits to households with children leaving public assistance programs that are solely state-funded. Under current law, states have the option to provide transitional food stamps to households leaving the TANF program. The provision would expand eligibility to programs funded entirely with state funds through 2012. The benefit would be based on the level the household received just prior to leaving the state program, adjusted for the loss of cash assistance and, at state option, for information from other assistance programs. CBO estimates that this provision would increase direct spending by $58 million over the 2008–2012 period.

Minimum Benefits. Under current law, the minimum benefit for households of one or two persons is $10 a month. The bill in-

cludes a provision that would set the minimum benefit at 10 percent of the Thrifty Food Plan for a household of one. CBO estimates that the provision would increase the minimum benefit by $7 per month, on average, over the 2008–2012 period. We estimate that change would increase direct spending by $214 million over five years.

The Emergency Food Assistance Program. The bill would reauthorize $140 million in annual funds for commodities for the Emergency Food Assistance Program (TEFAP). It also would provide an additional $110 million a year for fiscal years 2008–2012. CBO estimates that this change would increase direct spending by $550 million over the 2008–2012 period.

Fresh Fruit and Vegetable Program. The Child Nutrition and WIC Reauthorization Act of 2004 permanently authorized $9 million a year for the Fresh Fruit and Vegetable Program in eight states. This bill would increase the funding to $225 million in fiscal year 2008 and index that amount through 2012 to the annual change in the CPI–U (measured over the 12-month period ending each June). In 2013, the program would revert to its current law level of $9 million a year. CBO estimates that those changes would increase direct spending by $991 million over the five-year period and $1.1 billion over the 2008–2017 period.

Title V: Farm credit

Title V would amend farm credit programs administered by USDA, broaden lending authorities of the Farm Credit System, and change the basis for premium collections by the Farm Credit System Insurance Corporation, a government entity. CBO estimates that the change in premium collections would reduce direct spending by $378 million over the 2008–2012 period and $306 million over the 2008–2017 period.

The legislation also would allow individuals who originally filed late claims under the Pigford class action discrimination suit against USDA to refile their claims under an expedited review process and would establish a $100 million mandatory fund as the sole source for any potential awards under the review. CBO estimates that this provision would cost $100 million.

Title VI: Rural development programs

CBO estimates that title VI would increase direct spending by $355 million over the 2008–2012 period and $400 million over the 2008–2017 period for several direct loan and grant programs to build day care facilities and hospitals in rural areas, and to fund water and waste disposal projects. Such funds also would be used to establish a program to provide assistance to rural small business owners, and a program to award grants to regional boards to develop and implement rural investment strategies.

Title VII: Research and related matters

Title VII would increase direct spending for research on organic agriculture and specialty crops by $160 million over the 2008–2017 period. The legislation also would end mandatory funding for the Initiative for Future Agriculture and Food Systems, for a savings of $1.3 billion over the 2008–2017 period.

Title IX: Energy

Title IX would reauthorize, amend, and expand energy programs created in the Farm Security and Rural Investment Act of 2002 that promote production, use, research, and development of renewable and biobased sources of energy. CBO estimates that enacting this title would increase direct spending by $1.0 billion over the 2008–2012 period and $1.1 billion over the 2008–2017 period.

USDA's bioenergy program subsidizes the cost of agricultural feedstocks used to produce ethanol or other biofuels. CBO estimates that amendments made by the legislation would increase that program's direct spending by $245 million over the 2008–2017 period.

Over the 2008–2017 period, CBO estimates that other spending under this title would cost $300 million to cover the subsidy costs of guaranteed loans for biofuel plants, $230 million in grants and loan guarantees to develop renewable energy systems for farms and small rural businesses, $75 million for biomass energy research and development, and $160 million for helping producers make the transition to growing, harvesting, and transporting biomass crops. In addition, the legislation would provide a total of $90 million for a variety of programs for testing, education, research, and experimentation for bioenergy products and uses.

Title X: Livestock marketing, regulatory, and related programs

Title X would provide $1 million in CCC funds to the National Sheep and Goat Industry Improvement Center.

Title XI: Miscellaneous provisions

Section 11068 would amend the Right to Financial Privacy Act of 1978 to require, under certain circumstances, that financial institutions disclose the financial reports of certain customers to government authorities. CBO estimates that the requirement would increase the recovery of improperly made payments by $118 million over the 2008–2012 period and $238 million over the 2008–2017 period. Such recoveries are recorded in the budget as offsetting receipts.

Section 11069 would eliminate the statute of limitations applicable to collection of debt by administrative offset on any debt outstanding on or after the date of enactment of this act. CBO estimates that this provision would enable the federal government to recover $35 million over the 2008–2012 period and $65 million over the 2008–2017 period.

Estimated impact on state, local, and tribal governments: The legislation would give the Secretary of Agriculture the ability to prohibit a state from collecting overpayments by the Food Stamp program from some or all households that receive excess benefits due to a major systemic error by the state agency. Because states would have little flexibility to adjust their financial responsibilities in that program to absorb the costs of those overpayments, the prohibition would be an intergovernmental mandate as defined in UMRA. CBO estimates that the costs of the prohibition would likely be small and well below the threshold established in UMRA.

The legislation also contains two preemptions of state and local laws. It would preempt state and local laws that would otherwise require public disclosure of information from USDA about animals

that are infected with disease or pests. It also would preempt state laws relating to production contracts for livestock or poultry that are less stringent than the new federal standard authorized in this bill. Those preemptions would be intergovernmental mandates as defined in UMRA, but CBO estimates that they would not impose significant costs on state or local governments.

In general, state, local, and tribal governments would benefit from the continuation of the existing Food Stamp program, the creation of new grants, and broader flexibility and options in some areas.

Estimated impact on the private sector: The bill contains several mandates, as defined in UMRA, that would affect private-sector entities. Those mandates would:

- Expand the country-of-origin labeling program to include labeling for goat meat and macadamia nuts;
- Prohibit certain packers from owning, feeding, or controlling livestock more than 14 days before slaughter;
- Require certain processors, poultry dealers, and financial institutions to comply with various reporting or inspection requirements; and
- Place requirements on poultry and livestock agreements.

CBO expects that the costs to comply with the reporting requirements would be small. CBO has limited information about the incremental costs of complying with the expanded requirements of the country-of-origin labeling program or the prohibition on owning livestock. Consequently, we cannot determine whether the aggregate cost of the mandates in the bill would exceed the annual threshold established in UMRA for private-sector mandates ($131 million in 2007, adjusted annually for inflation).

Estimate prepared by: Federal Costs: Kathleen FitzGerald—for nutrition provisions, Jim Langley, Greg Hitz, and Dave Hull—for other provisions; Impact on State, Local, and Tribal Governments: Lisa Ramirez-Branum and Leo Lex; Impact on the Private Sector: Amy Petz and Keisuke Nakagawa.

Estimate approved by: Theresa Gullo, Deputy Assistant Director for Budget Analysis.

REGULATORY IMPACT STATEMENT

In accordance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee provides the following evaluation of the regulatory impact of the legislation, as reported:

Nearly every American will be affected in some way by the passage of this legislation. Moreover, the impact of the bill is overwhelmingly positive. Not only does it provide needed assistance to farmers and ranchers across the country, but additionally, the Federal price and income support programs authorized in the bill are routinely credited with having a significant and positive effect on the production and availability of an abundant and affordable supply of food and fiber for consumers. The programs this bill authorizes are, by and large, voluntary and not regulatory in nature and thus, the Committee does not foresee significant regulatory impacts on groups or classes of individuals and businesses as result of this legislation.

Most regulations issued pursuant to the implementation of the bill will prescribe and define the programs authorized. Significant

new regulatory burdens are not expected to result from these types of regulations. In addition, the Committee does not foresee a significant effect on personal privacy, nor are significant new paperwork burdens anticipated, particularly with respect to farmers and ranchers who wish to participate in the voluntary credit assistance, income support and conservation programs.

The Committee notes several provisions of the bill, which will result in requirements or burdens, which may alter the amount of paperwork necessary or be viewed as regulatory in nature.

Title I clarifies several overlapping or ambiguous provisions relating to compliance with the rules of the Federal crop insurance program, and provides crop insurance companies or other interested parties an alternative procedure which they can use to pursue development of new crop insurance policies or plans of insurance.

Several provisions in title IV are expected to streamline and simplify program operations. Section 4105, Facilitating Simplified Reporting, provides to States the option to adopt simplified food stamp income reporting rules for households containing elderly individuals, persons with disabilities, or seasonal farmworker households. Section 4107, Eligibility for Unemployed Adults, simplifies program rules by combining two 3 month periods of eligibility for single, unemployed adults into a single 6 month period of eligibility. States operating the Food Stamp Program have long complained about the complexity of administering these two periods of eligibility. Both of these provisions are expected to significantly reduce program complexity and reduce paperwork for States operating the Food Stamp Program.

Title X, section 10003 of the reported legislation amends subtitle D of the Agricultural Marketing Act of 1946 (7 U.S.C. 1638 et seq.). The reported legislation, clarifies existing authority for the Secretary to enforce country of origin labeling to consumers for certain covered commodities including beef, lamb, pork, farm-raised fish, perishable agricultural commodities, peanuts, goat meat and macadamia nuts. The Committee recognizes this action will require modifications to existing labels. The modifications in the reported legislation are not expected to place undue burden on the industry.

Title XI, section 11067 amends the Federal Meat Inspection Act (21 U.S.C. 601 et seq.) and the Poultry Products Inspection Act (21 U.S.C. 451 et seq.) are amended by providing the Secretary of Agriculture, in coordination with state inspection programs, the authority to select eligible state inspected establishments that are 25 employees or less to ship in interstate commerce. Selected establishments would follow the Federal Meat Inspection Act and Poultry Producers Inspection Act and be subject to Federal oversight and enforcement. The Committee does not anticipate that the changes made in the reported legislation will cause new regulatory burden to establishments given it is an option for establishments and not a requirement.

Unfunded Mandates

Title 1, section 1609 amends the Agricultural Marketing Act of 1946 (7 U.S.C. 1673b) to require daily reporting of each sales transaction involving a dairy commodity, including the sales price; the quantity sold; the location of the sales transaction; and product characteristics. The Agricultural Marketing Service estimates that

over 1,200 plants that process in excess of 1 million pounds of milk annually would be required to report under this provision and that the annual industry costs for initial and ongoing support would likely range from $5,500 to $7,5000 per plant. Using USDA estimates, the total economic impact on the dairy industry would range from $6,600,000 to $9,000,000. In addition, the affected industry has raised concerns about the proprietary nature of some of the data required by the provision.

PRIVACY

Section 1914 of title I of the Committee bill provides authority for the Secretary to make results of data mining efforts available to approved insurance providers, which could present privacy concerns. However, the section does establish restrictions on which policy information individual companies may seek access to, limiting it to information relating to policies of their current customers and other policies or plans of an insured who carries coverage through more than one company, as well as information on agents and adjusters involved with policies of that company's customers.

Title X, section 10305 amends the Animal Health Protection Act (7 U.S.C. 8301 et seq.) by clarifying that any use of information obtained through the national animal identification system other than for a use expressly stated in this legislation shall be a violation of this Act. This section also clarifies how the Secretary can and cannot disclose information obtained through a national animal identification system. The Committee anticipates this provision will further protect privacy rights of individuals who choose participate.

Title XI, section 11056 requires the Secretary of Agriculture to annually compile program application and participation rate data regarding socially disadvantaged farmers and ranchers. It further requires the Secretary to issue a report based on the data collected. The section places a limitation on the use of data, as not to disclose the names or individual data of any program participant, which should ensure that the privacy rights of individuals are protected.

Title XI, section 11068 amends the Right to Financial Privacy Act of 1978 (12 U.S.C. 3413) by requiring financial institutions to disclose the financial records of customers to a governmental authority for purposes of prevention and investigation of payment, fraud and error. This section includes limitations on subsequent disclosure.

PAPERWORK

Title III, the trade title of this bill reduces both regulatory requirements and paperwork burden in the operation of the P.L.-480 title II Food for Peace program, reducing reporting requirements and providing additional flexibility to the Administrator of the U.S. Agency for International Development in managing the program and assessing its impact on the ground in developing countries.

SECTION-BY-SECTION ANALYSIS

Section 1. Short title; Table of contents.

Provides that this Act may be cited as the "Food and Energy Security Act of 2007".

Section 2. Definition of Secretary.

"Secretary" means the Secretary of Agriculture.

TITLE I—PRODUCER INCOME PROTECTION PROGRAMS

Section 1001. Definitions.

Section 1001 provides definitions for terms used within this title.

"Average crop revenue payment" means a payment made to producers on a farm under section 1401.

"Base acres" means the number of acres established under section 1101 of the FSRIA of 2002 (7 U.S.C. 7911) as in effect on the day before enactment of this Act, subject to any adjustment under section 1101 of this Act.

"Counter-cyclical payment" means a payment made to producers on a farm under section 1104.

"Covered commodity" means wheat, corn, grain sorghum, barley, oats, upland cotton, long grain rice, medium grain rice, pulse crops, soybeans, and other oilseeds.

"Direct payment" means a payment made to producers on a farm under section 1103.

"Effective price" means, with respect to a covered commodity for a crop year, the price calculated by the Secretary under section 1104 to determine whether counter-cyclical payments are required to be made for that crop year.

"Extra long staple cotton" means cotton that is (A) produced from pure strain varieties of the Barbadense species or any hybrid of the species, or other similar types of extra long staple cotton, designated by the Secretary, having characteristics needed for various end uses for which U.S. upland cotton is not suitable and grown in irrigated cotton-growing regions of the U.S. designated by the Secretary or other areas designated by the Secretary as suitable for the production of the varieties or types; and (B) is ginned on a roller-type gin, or if authorized by the Secretary, ginned on another type gin for experimental purposes.

"Loan commodity" means wheat, corn, grain sorghum, barley, oats, upland cotton, extra long staple cotton, long grain rice, medium grain rice, soybeans, other oilseeds, wool, mohair, honey, dry peas, lentils, small chickpeas, and large chickpeas.

"Medium grain rice" includes short grain rice.

"Other oilseed" means a crop of sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe, sesame seed, camelina, or any oilseed designated by the Secretary.

"Payment acres" means, in the case of direct payments and counter-cyclical payments, 85 percent of the base acres of a covered commodity on a farm on which direct payments or counter-cyclical payments are made.

"Payment yield" means the yield established for direct payments and counter-cyclical payments under section 1102 of the FSRIA of 2002 (7 U.S.C. 7912) as in effect on the day before enactment of this Act, or under section 1102 of this Act, for a farm for a covered commodity.

"Producer" means an owner, operator, landlord, tenant, or sharecropper that 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. In determining

whether a grower of hybrid seed is a producer, the Secretary shall (i) not take into consideration the existence of a hybrid seed contract; and (ii) ensure that program requirements do not adversely affect the ability of the grower to receive a payment under this title.

"Pulse crop" means dry peas, lentils, small chickpeas, and large chickpeas.

"State" means a State, the District of Columbia, Puerto Rico, and any other territory or possession of the United States.

"Target price" means the price per bushel, pound, or hundredweight (or other appropriate unit) of a covered commodity used to determine the payment rate for counter-cyclical payments.

"United States", when used in a geographical sense, means all of the States.

SUBTITLE A—TRADITIONAL PAYMENTS AND LOANS

PART I—DIRECT PAYMENTS AND COUNTER-CYCLICAL PAYMENTS

Section 1101. Base acres and payment acres for a farm.

Provides for an adjustment in base acres under certain circumstances, including release or expiration of cropland from or voluntary termination of a conservation reserve contract under section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831), inclusion of pulse crop, camelina, or newly designated oilseed acreage. Requires election of either direct payments and counter-cyclical payments or conservation payments if the base adjustment is made due to a change in status of a conservation reserve contract. Requires a reduction in base acres if the sum of base acres and other specified acreage exceeds the actual cropland acreage on the farm. Allows an owner to permanently reduce the base acres for the farm at any time.

Section 1102. Payment yields.

Provides for the establishment of a payment yield for any designated oilseed, camelina, or eligible pulse crop for the purpose of making direct payments and counter-cyclical payments.

Section 1103. Availability of direct payments.

Except as provided in section 1401, establishes payment rates for direct payments for the 2008 through 2012 crop years as follows:

Direct Payments

Commodity (unit)	Current Law	Food and Energy Security Act of 2007
Wheat (bu)	$0.52	$0.52
Corn (bu)	$0.28	$0.28
Grain sorghum (bu)	$0.35	$0.35
Barley (bu)	$0.24	$0.24
Oats (bu)	$0.024	$0.024
Upland cotton (lb)	$0.0667	$0.0667
Long grain rice (cwt)	$2.35	$2.35

Direct Payments—Continued

Commodity (unit)	Current Law	Food and Energy Security Act of 2007
Medium grain rice (cwt)	$2.35	$2.35
Soybeans (bu)	$0.44	$0.44
Other oilseeds (cwt)	$0.80	$0.80

Specifies payment amount as the product of the payment rate, the payment acres, and the payment yield for the covered commodity on the farm. Requires that direct payments shall be made not before October 1 of the calendar year in which the crop is harvested for each of the 2008 through 2012 crop years. Authorizes advance direct payments up to 22 percent of the direct payments at the option of the producer for each of the 2008 through 2011 crop years. Allows the producer opting for the advance to select the month during which the advance will be made, beginning on December 1 of the calendar year before the calendar year in which the crop of the covered commodity is harvested and ending during the month within which the direct payment would otherwise be made. Allows producers to change the selected month by advance notice to the Secretary. Requires repayment under certain circumstances.

Section 1104. Availability of counter-cyclical payments.

Subject to sections 1107 and 1401, requires counter-cyclical payments to be made if the Secretary determines that the effective price for the covered commodity is less than the target price for the covered commodity. Provides calculation for effective price and payment rate for covered commodities and for long grain and medium grain rice. Establishes target prices for the 2008 through 2012 crop years of the covered commodity as follows:

Target Prices

Commodity (unit)	Current Law	Food and Energy Security Act of 2007
Wheat (bu)	$3.92	$4.20
Corn (bu)	$2.63	$2.63
Grain sorghum (bu)	$2.57	$2.63
Barley (bu)	$2.24	$2.63
Oats (bu)	$1.44	$1.83
Upland cotton (lb)	$0.724	$0.7225
Long grain rice (cwt)	$10.50	$10.50
Medium grain rice (cwt)	$10.50	$10.50
Soybeans (bu)	$5.80	$6.00
Other oilseeds (cwt)	$10.10	$12.74
Dry peas (cwt)	-	$8.33
Lentils (cwt)	-	$12.82

Target Prices—Continued

Commodity (unit)	Current Law	Food and Energy Security Act of 2007
Small chickpeas (cwt)	-	$10.36
Large chickpeas (cwt)	-	$12.82

Prohibits the Secretary from establishing a target price for a covered commodity that is different from the target price specified. Specifies payment amount as the product of the payment rate, payment acres, and payment yield for the covered commodity on the farm. Requires that payments are made beginning October 1, or as soon as practicable thereafter, after the end of the applicable marketing year for the covered commodity. Authorizes partial payments for the 2008 through 2010 crops. Authorizes partial payments of up to 40 percent of the projected counter-cyclical payment after completion of the first 180 days of the marketing year for the covered commodity; final partial payments shall be made as specified above for payments generally. Allows producers to elect to receive partial payments at any time but not later than 30 days prior to the end of the marketing year for the covered commodity. Requires the Secretary to issue the partial payment after the date of announcement of available payments but not later than 30 days prior to the end of the marketing year. Requires repayment under certain circumstances.

Section 1105. Producer agreement required as condition of provision of direct payments and counter-cyclical payments.

Requires that prior to receiving direct or counter-cyclical payments, the producers shall agree to certain provisions in exchange for the payments during the crop year for which the payments are made, including compliance with conservation requirements under subtitle B of title XII of the Food Security Act of 1985 (16 U.S.C. 3811 et seq.), wetland protection requirements under subtitle C of title XII of that Act (16 U.S.C. 3821 et seq.), and planting flexibility requirements, utilization of the land for agricultural or conserving use purposes and not for commercial, industrial, or residential use (including land subdivided and developed into residential units or other nonfarming uses or that is otherwise no longer used in conjunction with a farming operation), and control of noxious weeds. Provides that transfer or change in interest of the producers on the farm shall result in termination of payments unless the transferee or owner of the acreage agrees to comply with provisions described above. Requires producers to submit annual acreage reports with respect to all cropland on the farm. Requires the Secretary to provide adequate safeguards to protect the interests of tenants and sharecroppers. Requires that the Secretary provide for the sharing of direct and counter-cyclical payments on a farm on a fair and equitable basis.

Section 1106. Planting flexibility.

Allows any commodity or crop to be planted on base acres on a farm and specifies exceptions for the following: trees, perennial plants, fruits, vegetables (other than mung beans and pulse crops), and wild rice. If planted, these crops may be destroyed before har-

vest. Specifies situations in which the limitation of these crops may not apply. Provides for a pilot project in Indiana for the production of tomatoes for processing on up to 10,000 base acres during each of the 2008 through 2009 crop years.

Section 1107. Special rule for long grain and medium grain rice.

Provides that for the purposes of making counter-cyclical payments for long grain and medium grain rice, base acres shall be apportioned based on a specific time period. Requires that base acres, payment acres, and payment yields established with respect to rice are maintained.

Section 1108. Period of effectiveness.

Establishes the period of effectiveness as the 2008 through 2012 crop years.

PART II—MARKETING ASSISTANCE LOANS AND LOAN DEFICIENCY PAYMENTS

Section 1201. Availability of nonrecourse marketing assistance loans for loan commodities.

Except as provided in section 1401, requires the Secretary to make nonrecourse marketing assistance loans for any quantity of a loan commodity produced on the farm for the 2008 through 2012 crops. Provides for treatment of certain commingled commodities. Requires a producer to comply with applicable conservation and wetland protection measures during the term of the loan as a condition of receipt of a loan.

Section 1202. Loan rates for nonrecourse marketing assistance loans.

Establishes loan rates as follows for the 2008 through 2012 crop years:

Loan Rates

Commodity (unit)	Current Law	Food and Energy Security Act of 2007
Wheat (bu)	$2.75	$2.94
Corn (bu)	$1.95	$1.95
Grain sorghum (bu)	$1.95	$1.95
Barley (bu)	$1.85	$1.95
Oats (bu)	$1.33	$1.39
Upland cotton (lb)	$0.52	$0.52
Extra long staple cotton (lb)	$0.7977	$0.7977
Long grain rice (cwt)	$6.50	$6.50
Medium grain rice (cwt)	$6.50	$6.50
Soybeans (bu)	$5.00	$5.00
Other oilseeds (cwt)	$9.30	$10.09
Dry peas (cwt)	$6.22	$5.40

Loan Rates—Continued

Commodity (unit)	Current Law	Food and Energy Security Act of 2007
Lentils (cwt)	$11.72	$11.28
Small chickpeas (cwt)	$7.43	$7.43
Large chickpeas (cwt)	-	$11.28
Graded wool (lb)	$1.00	$1.20
Nongraded wool (lb)	$0.40	$0.40
Mohair (lb)	$4.20	$4.20
Honey (lb)	$0.60	$0.72

Requires the Secretary to establish a single loan rate in each county for each kind of other oilseeds. Provides the grading basis for pulse crops. Requires a single county loan rate for corn and grain sorghum; a single national loan rate for corn and grain sorghum; and that each county loan rate and the national average loan rate for corn and grain sorghum be determined from a data set that includes prices for both corn and grain sorghum.

Section 1203. Term of loans.

Establishes the term of marketing assistance loans as 9 months beginning on the first day of the first month after the month in which the loan is made and prohibits extensions.

Section 1204. Repayment of loans.

Provides repayment measures for loan commodities (other than upland cotton, long grain rice, medium grain rice, extra long staple cotton, and confectionery and each other kind of sunflower seed (other than oil sunflower seed)) at a rate that is the lesser of the loan rate established for the commodity plus interest; or a rate that the Secretary determines will: minimize potential loan forfeitures; minimize the accumulation of stocks of the commodity by the Federal Government; minimize the cost incurred by the Federal Government in storing the commodity; allow the commodity produced in the United States to be marketed freely and competitively, both domestically and internationally; and minimize discrepancies in marketing loan benefits across state boundaries and across county boundaries.

Provides repayment measures for upland cotton, long grain rice, and medium grain rice at a rate that is the lesser of the loan rate established for the commodity plus interest; or the prevailing world market price for the commodity (adjusted to U.S. quality and location), as determined by the Secretary.

Provides that the repayment rate for extra long staple cotton shall be at the loan rate established for the commodity plus interest.

Provides that the Secretary shall prescribe by regulation a formula to determine the prevailing world market price for upland cotton (adjusted to U.S. quality and location) and the prevailing world market price for long grain rice and medium grain rice (adjusted to U.S. quality and location), and a mechanism by which the

Secretary shall announce periodically the prevailing world market price for upland cotton, long grain rice, and medium grain rice.

Authorizes the Secretary to further adjust the prevailing world market price for upland cotton if the Secretary determines the adjustment is necessary-to minimize potential loan forfeitures; to minimize the accumulation of stocks of upland cotton by the Federal Government; to allow upland cotton produced in the United States to be marketed freely and competitively, both domestically and internationally; to ensure that upland cotton produced in the United States is competitive in world markets; and to ensure an appropriate transition between current-crop and forward-crop price quotations, except that the Secretary may use forward-crop price quotations prior to July 31 of a marketing year only if there are insufficient current-crop price quotations and the forward-crop price quotation is the lowest such quotation available. Requires the Secretary to establish a mechanism for determining and announcing these adjustments in order to avoid undue disruption in the U.S. market.

Provides repayment measures for confectionery and other kinds of sunflower seed (other than oil sunflower seed) at a rate that is the lesser of the loan rate established for the commodity plus interest; or the repayment rate established for oil sunflower seed.

Provides that the repayment rate for pulse crops shall be based on the quality grades for the applicable commodity specified in section 1202(c).

Provides payment of cotton storage costs in the same manner and at the same rates as the Secretary provided for the 2006 crop of cotton effective for the 2008 through 2012 crop years.

Section 1205. Loan deficiency payments.

Authorizes loan deficiency payments for those agreeing to forgo obtaining a nonrecourse marketing assistance loan for the commodity. Provides loan deficiency payments for unshorn pelts, hay, and silage. Prohibits loan deficiency payments for extra long staple cotton.

For the 2008 crop year: requires that the date for determining the amount of the loan deficiency payment to be made is as soon as practicable after the date on which the producers on the farm lose beneficial interest; and provides that the Secretary shall establish procedures to determine a date on which producers with loan commodities with on-farm consumption lose beneficial interest.

Section 1206. Payments in lieu of loan deficiency payments for grazed acreage.

Allows producers of wheat, barley, or oats to use the acreage planted for the grazing of livestock and receive a loan deficiency payment if the producer agrees to forgo any other harvesting of those crops on that acreage, and provides for the payment amount. Provides a calculation for payments for the grazing of triticale acreage. Prohibits eligibility for a crop insurance or noninsured crop assistance program (NAP) indemnity for producers who elect to graze acreage under this section.

Section 1207. Special marketing loan provisions for upland cotton.

Provides for special import quotas and limited global import quotas of upland cotton.

Beginning August 1, 2008, and ending June 30, 2013, provides economic adjustment assistance to domestic users of upland cotton, regardless of the origin of that cotton. Establishes rate of assistance as $0.04 per pound and requires that the assistance be used only for specific purposes, including modernization of facilities. Authorizes the Secretary to conduct reviews or audits as necessary and establishes penalties for misuse of assistance.

Section 1208. Special competitive provisions for extra long staple cotton.

Continues a competitiveness program for extra long staple cotton.

Section 1209. Availability of recourse loans for high moisture feed grains and seed cotton.

Provides recourse loans for corn and grain sorghum in a high moisture State for the 2008 through 2012 crops. Provides recourse loans for seed cotton. Requires that the repayment rate is the loan rate established for the commodity by the Secretary plus interest.

Section 1210. Adjustments of loans.

Provides for adjustments in loan rates for loan commodities other than cotton for differences in grade, type, location, and other factors. Allows the Secretary to establish county loan rates in a manner that results in the lowest loan rate being 95 percent of the national average loan rate if those loan rates do not result in an increase in outlays. Prohibits any adjustment resulting in an increase in the national average loan rate for any year.

Authorizes the Secretary to make adjustments in the loan rate for differences in quality factors for upland cotton. Not later than 180 days after the enactment of this Act and after consultation with the private sector as specified, requires that the Secretary implement revisions in the administration of the marketing assistance loan program for upland cotton to more accurately and efficiently reflect market values for upland cotton. Mandatory revisions include: the elimination of warehouse location differentials; the establishment of differentials for the various quality factors and staple lengths of cotton based on a 3-year, weighted moving average of the weighted designated spot market regions, as determined by regional production; the elimination of any artificial split in the premium or discount between upland cotton with a 32 or 33 staple length due to micronaire; and a mechanism to ensure that no premium or discount is established that exceeds the premium or discount associated with a leaf grade that is one better than the applicable color grade. Discretionary revisions may include: the use of non-spot market price data, in addition to spot market price data, that would enhance the accuracy of the price information used in determining quality adjustments under this subsection; adjustments in the premiums or discounts associated with upland cotton with a staple length of 33 or above due to micronaire with the goal of eliminating any unnecessary artificial splits in the calculations of the premiums or discounts; and such other adjustments as

the Secretary determines appropriate. Prior to implementing any adjustments and when conducting a review of adjustments in the operation of the upland cotton loan program, the Secretary is required to consult with a private sector committee that is in existence as of the date of enactment of this Act, has a membership that includes representatives of the production, ginning, warehousing, cooperative, and merchandising segments of the U.S. cotton industry, and has developed recommendations concerning the revisions. Requires the Secretary to establish the quality differences applicable to the loan program for upland cotton prior to any revisions by giving equal weight to loan differences for the preceding crop and market differences for the crop in the designated U.S. spot markets.

Requires that the Secretary administer the applicable loan, marketing loan, and related programs using a single loan rate for corn and grain sorghum that is identical in each individual county; and provide that any adjustment in the corn and grain sorghum loan rate for location shall be determined on the basis of the combined corn and grain sorghum data set in a manner that any transportation adjustment shall be the same for corn and grain sorghum in each individual county. Allows for adjustments for grade, type, and quality, as appropriate, for the corn or grain sorghum involved in each specific transaction.

Prohibits the Secretary from making adjustments in the loan rates for long grain rice and medium grain rice, except for differences in grade and quality (including milling yields).

PART III—PEANUTS

Section 1301. Definitions.

Section 1301 establishes the definitions that will apply to the peanut subtitle. Most of the definitions relate to the definitions from the FSRIA of 2002.

"Base Acres For Peanuts" means the number of peanut base acres on a farm, established by the FSRIA of 2002 in effect one day before the enactment of this Act.

"Effective Price" means the price calculated by the Secretary for peanuts to determine whether counter-cyclical payments are required to be made for a crop year.

"Payment Acres" means 85 percent of the base acres for peanuts.

"Payment Yield" means the yield established for direct payments and counter-cyclical payments under the FSRIA of 2002 in effect one day before the enactment of this Act.

The definition of "Producer" is consistent with the definition under the FSRIA of 2002.

Section 1302. Base acres for peanuts for a farm.

Section 1302 applies the adjustment of base acre provisions for covered commodities under section 1102 to peanuts. Like the FSRIA of 2002, section 1302 (a) provides the Secretary with the authority to adjust the base acres of peanuts if (A) a conservation reserve contract expires or is voluntarily terminated; or (B) the Secretary releases cropland from coverage under a conservation reserve contract. Under this scenario, the producer will either receive

a prorated conservation reserve payment or direct and counter-cyclical payments for the added peanut base acreage.

Section 1302 (b) allows the Secretary to reduce the peanut base acreage when the sum of a farm's base acres for peanuts and "other acreage" exceeds the actual cropland acreage for the farm. "Other acreage" includes any base acres for a covered commodity, acreage enrolled in the conservation reserve program or wetlands reserve program, or any other acreage on the farm enrolled in a Federal conservation program for which payments are received for not producing an agricultural commodity on that acreage. This provision is a continuation of a provision in the FSRIA of 2002, except it now excludes lands enrolled in a state conservation program.Section 1302 (c) continues the provision that give producers the option of permanently reducing the base acres for peanuts on a farm.

Section 1303. Availability of direct payments for peanuts.

Section 1303 (a) authorizes direct payments for peanuts for the 2008 through 2012 crop years on farms with an established payment yield and base acres for peanuts.

Section 1303 (b) sets the payment rate for direct payments for peanuts at $36/ton. The payment rate for peanut direct payments established under the FSRIA of 2002 is maintained.

Section 1303 (c) continues the provision established under the FSRIA of 2002 for calculating the payment amount for direct payments for peanuts by multiplying the payment rate for peanuts by the payment acres for peanuts by the payment yield for peanuts.

Section 1303 (d) changes the timing of direct payments for peanuts. For the 2008 crop of peanuts, direct payments will be made as soon as practicable. Direct payments for peanuts for the 2009 through 2012 crop years will not be paid before October 1 of the calendar year that the peanuts are harvested. Under current law, direct payments for peanuts are paid before September 30 of the calendar year that the peanuts are harvested. The opportunity for an advance direct payment is continued in the same manner as provided in the FSRIA of 2002 with one exception. The advance direct payment can be 22 percent of the total direct payment instead of the 50 percent provided in current law.

Section 1304. Availability of counter-cyclical payments for peanuts.

Section 1304 (a) authorizes counter-cyclical payments for peanuts for the 2008 through 2012 crop years on farms with an established payment yield and base acres for peanuts.

Section 1304(b) establishes the effective price for peanuts consistent with the FSRIA of 2002.

Section 1304 (c) established a target price for peanuts at $495 that is consistent with the FSRIA of 2002.

Section 1304 (d) and (e) established the payment rate and payment amount consistent with the FSRIA of 2002.

Section 1304 (f) sets forth the timing of counter-cyclical payments for the 2008 through 2012 crop years for peanuts. The Secretary will make counter-cyclical payments for peanuts beginning on October 1 or as soon as practicable after the end of the marketing year for peanuts. Producers will have the opportunity to receive partial counter-cyclical payments for the 2008 through 2010 crop years for peanuts if the Secretary estimates a counter-cyclical payment for

peanuts will be distributed. The first partial payment may not exceed 40 percent of the projected counter-cyclical payment and shall be made after completion of the first 180 days of the marketing year. Final partial payment shall be made on October 1 of the calendar year after the end of the marketing year. In the event a partial counter-cyclical payment exceeds the actual counter-cyclical payment for the respective crop year, the producer will repay the Secretary the difference, consistent with current law.

Section 1305. Producer agreement required as condition on provision of direct payments and counter-cyclical payments.

Section 1305 continues the requirements of the FSRIA of 2002 that producers must meet in order to be eligible to receive direct and counter-cyclical payments. The requirements under section 1305(a) include conservation compliance, wetland protection compliance, planting flexibility requirements, use of the land for an agricultural or conserving use and not for a nonagricultural commercial, industrial, or subdivided and developed for residential use (including land subdivided and developed into residential units or other nonfarming uses or that is otherwise no longer used in conjunction with a farming operation), and maintaining the land in accordance with sound agricultural practices.

Section 1306. Planting flexibility.

Section 1306 maintains the provisions of the FSRIA of 2002 that restrict the planting of fruits, vegetables, and wild rice on peanut base acres. Exceptions under section 1306 (c) include regions with a history of double cropping peanuts and fruits, vegetables, or wild rice, a farm with a history of double cropping peanuts and fruits, vegetables, or wild rice, and producers who have a established history of planting fruits, vegetables, or wild rice. Producers meeting the exceptions, excluding regions with a history of double cropping, will receive a reduction in any direct or counter-cyclical payment made on peanut base acres.

Section 1307. Marketing assistance loans and loan deficiency payments for peanuts.

Section 1307 (a) authorizes the Secretary to make nonrecourse marketing assistance loans for peanuts produced on a farm for the 2008 through 2012 crop years. Producers are eligible for any quantity of peanuts produced on the farm. Section 1307 (a) (5) allows the producer to obtain the marketing assistance loan and loan deficiency payments through an approved marketing cooperative or the Farm Service Agency. Section 1307 (a) (7) replaces the payment of storage, handling and associated costs under the FSRIA of 2002 with a mechanism that ensures handling and associated costs aren't deducted from a producer's marketing loan. USDA would advance the payment for handling and associated costs for peanuts placed in the loan and that advancement would be repaid when the peanuts are redeemed.

Section 1307 (b) maintains the marketing loan rate of $355/ton established under the FSRIA of 2002.

Section 1307 (c) and (d) ensure that the terms of the loan and loan repayment rate that were established in the FSRIA of 2002 are maintained.

Section 1307 (e)(4) changes the mechanism for establishing the effective date for a loan deficiency payment rate determination, for the 2008 crop year. The FSRIA of 2002 allowed for the payment rate determination to be made on the date the producer requested the loan deficiency payment. Section 1307 (e)(4) provides for the payment rate to be determined as soon as practicable after the date the producer loses beneficial interest of the commodity, for the 2008 crop year.

Section 1307(f) requires producers to comply with conservation compliance and wetland provisions.

Section 1308. Adjustments of loans for peanuts.

Provides for adjustments in loan rates for peanuts for differences in grade, type, location, and other factors. Allows the Secretary to establish county loan rates in a manner that results in the lowest loan rate being 95 percent of the national average loan rate if those loan rates do not result in an increase in outlays. Prohibits any adjustment resulting in an increase in the national average loan rate for any year.

SUBTITLE B—AVERAGE CROP REVENUE

Section 1401. Availability of average crop revenue payments.

As an alternative to the payments or loans provided under subtitle A, the Secretary shall give producers the opportunity to make a one-time election to receive average crop revenue payments under this section for the 2010, 2011, and 2012 crop years; the 2011 and 2012 crop years; or the 2012 crop year.

For those producers that elect to receive average crop revenue payments, the Secretary shall make fixed payments equal to not less than the product of (A) $15 per acre; and (B) 100 percent of the quantity of base acres for all covered commodities and peanuts on the farm.

Revenue payments are triggered when the actual state revenue for a covered commodity or peanuts is less than the average crop revenue guarantee for that commodity.

For the purposes of this provision, the actual state revenue is equal to the product of (A) the actual state yield, represented by the quantity of the covered commodity or peanuts that is produced in the State during the crop year divided by the number of planted acres to the covered commodity or peanuts in the State during the crop year; and (B) the average crop revenue program harvest price, represented by the harvest price used for the covered commodity or peanuts in the State under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.). If the Secretary cannot establish the harvest price for a covered commodity or peanuts in a State, the Secretary shall assign a price based on comparable data.

For the purposes of this provision, the average crop revenue guarantee is equal to 90 percent of the product of (A) the expected state yield, based on a linear regression trend of the yield per acre planted to the covered commodity or peanuts in the State during the 1980 through 2006 period using National Agricultural Statistics Service data; and (B) average crop revenue program pre-planting price, represented by the average price that is used to calculate revenue coverage plans under the Federal Crop Insurance Act (7

U.S.C. 1501 et seq.) for the crop year and the preceding 2 crop years. The Secretary shall not decrease or increase the pre-planting price by more than 15 percent from the price set for the preceding year. If the Secretary cannot establish a pre-planting price for a crop year for a covered commodity or peanuts in a State, the Secretary shall assign a price based on comparable data. If the Secretary cannot establish the expected state yield for each planted acre for a crop year for a covered commodity or peanuts in a State or if the linear regression trend of the yield is negative, the Secretary shall assign an expected state yield based on expected state yields for planted acres for the crop year for the covered commodity or peanuts in similar States.

The revenue payment to be received is equal to the product of (A) the difference between the average crop revenue program guarantee and the actual state revenue; (B) 85 percent of the base acres on the farm for the covered commodity or peanuts; (C) the quotient of the crop insurance yield for that covered commodity on the farm, or comparable yield data if actual production history on the farm is not available, and the expected state yield; and (D) 90 percent. Recourse loans are made available to producers that elect to receive average crop revenue payments for each of the 2010 through 2012 crops.

Authorizes payments under the Average Crop Revenue program beginning October 1 after the end of the applicable marketing year.

Section 1402. Producer agreement as condition of average crop revenue payments.

In order to receive payments under this program, producers shall agree to certain provisions in exchange for the payments during the crop year for which the payments are made, including compliance with conservation, wetland, and planting flexibility requirements, utilization of the land for agricultural or conserving use purposes and not commercial, industrial, or residential use (including land subdivided and developed into residential units or other nonfarming uses or that is otherwise no longer used in conjunction with a farming operation), and control of noxious weeds. Producers must submit annual acreage reports to the Secretary. The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers, allow sharing of payments among producers on a farm, and conduct an annual audit of the program.

Section 1403. Planting flexibility.

Allows any commodity or crop to be planted on base acres on a farm and specifies exceptions for the following: trees, perennial plants, fruits, vegetables (other than mung beans and pulse crops), and wild rice. If planted, these crops may be destroyed before harvest. Specifies situations in which the limitation of these crops may not apply. Provides for the production of fruits or vegetables for processing by participants in the average crop revenue program on up to 10,000 base acres in each of the States of Illinois, Iowa, Michigan, Minnesota, Ohio, and Wisconsin.

SUBTITLE C—SUGAR

Section 1501. Sugar program.

Reauthorizes the sugar program through 2012 and provides loan rates for sugar cane equal to 18.00 cents per pound for 2008, 18.25 cents per pound for 2009, 18.50 cents per pound for 2010, 18.75 cents per pound for 2011, and 19.00 cents per pound for 2012; and loan rates for sugar beets equal to 128.5 percent of the loan rate for raw cane sugar. Provides that loans will be nonrecourse and that processors will make adequate assurances that payments to growers will be proportional to the loan values. It also allows the Secretary to set minimums for such payments and limits the Secretary's authority to require processors to prenotify forfeitures of collateral. Extends current law authorizing nonrecourse loans on in-process sugars and syrups. Requires the Secretary to operate the sugar program, to the maximum extent practicable, at no cost to the Federal Government. Allows the Secretary to purchase eligible commodities and sell such commodities to bioenergy producers in a matter that ensures that this section is operated at no cost to the Federal Government. Requires the Secretary to use competitive processes when entering into contracts with eligible entities and bioenergy producers. Requires the Secretary to give notice of the quantity of eligible commodities that will be made available for purchase and sale for the subsequent fiscal year. The Secretary is to ensure that bioenergy producers that purchase eligible commodities under this provision take possession of purchased commodities no later than 30 days after the purchase. The Secretary shall also ensure that no storage fees are paid by the CCC and may enter into contract to ensure that this does not take place. Authorizes the Commodity Credit Corporation to accept bids from processors (acting in conjunction with producers) for the purchase of sugar in CCC inventory in exchange for reduced production of raw cane or refined beet sugar. Requires producers of sugarcane in a State with more than 250 producers of sugarcane ("proportionate share" States) to report yields and acres, and allows the Secretary to require similar reports from other producers of sugarcane and sugar beets. The subsection requires importers of sugars, syrups, or molasses to be used for human consumption, other than quantities that are within the tariff-rate quota, to report. The subsection adds a new requirement that the Secretary collect information of the production, consumption, stocks and trade of sweeteners in Mexico. States that all refined sugars, whether from beets or cane, are substitutable for purposes of the refined sugar and sugar-containing products re-export programs. Extends the sugar program through the 2012 crop year, and clarifies that the program for the 2007 crop will be operated as under current law.

Section 1502. Storage facility loans.

Eliminates the penalty for prepayment of storage facility loans.

Section 1503. Commodity Credit Corporation storage payments.

Establishes rates for the storage of forfeited sugar for each of the 2008 through 2011 crop years in an amount that is not less than 15 cents per hundredweight of refined sugar per month or 10 cents per hundredweight of raw cane sugar per month. For each of the

2012 and subsequent crop years, establishes storage payments at rates in effect at the time of enactment.

Section 1504. Flexible marketing allotments for sugar.

Requires the Secretary to establish marketing allotments for the 2008 through 2012 crops of domestically produced sugar to balance supply and demand and avoid loan forfeitures. Adds a new definition of "human consumption" as used in the allotment provisions. Clarifies that the coverage of allotments extends to sugar produced from imported sugar beets or in-process beet sugar and makes other technical and conforming changes. Requires the Secretary to establish annual allotments at a level sufficient to avoid sugar forfeitures, with a minimum overall allotment quantity equal to at least 85 percent of estimated domestic human consumption. Eliminates the current law 'trigger' that would suspend allotments whenever imports were estimated to exceed a certain level. Updates the criteria for new entrants in the beet sugar sector. Retains the procedures for the Secretary to reassign allotments if processors cannot fulfill the allocations, and specifies that any resulting imports must be in the form of raw cane sugar. Provides a definition of 'seed' for purposes of allotments in proportionate share States. Provides new rules for converted acreage base in States having proportionate shares. Includes transfers of mill allocations under the procedures for appeals to the Secretary regarding allotments, and eliminates an obsolete special appeal procedure regarding beet sugar allocations. Provides for the orderly administration of the tariff-rate quotas on imported sugar. Extends the sugar allotments through the 2012 crop year.

Section 1505. Sense of the Senate regarding NAFTA sugar coordination.

Provides a sense of the Senate that the United States and Mexico should coordinate their respective sugar policies and that the United States should consult with Mexico on policies that avoid disruptions of the U.S. and Mexican sugar markets in order to maximize benefits for growers, processors and consumers.

SUBTITLE D—DAIRY

Section 1601. Dairy product price support program.

Amends the milk price support program to support manufactured dairy products at prices that are equivalent to the following minimum purchase prices:

(1) blocks of cheddar cheese at not less than $1.13 per pound;

(2) barrels of cheddar cheese at not less than $1.10 per pound;

(3) butter at not less than $1.05 per pound; and

(4) nonfat dry milk at not less than $0.80 per pound.

Purchased manufactured dairy products may be sold at the prevailing market price but not less than 110 percent of the above minimum purchase prices.

Section 1602. National dairy market loss payments.

Amends the Milk Income Loss Contract (MILC) program by increasing the payment factor to 45 percent from October 1, 2008

through August 31, 2012. The payment quantity limitation is increased from 2,400,000 pounds to 4,150,000 pounds from October 1, 2008 through August 31, 2012.

Section 1603. Dairy export incentive and dairy indemnity programs.

Extends the Dairy Export Incentive Program (DEIP) through December 31, 2012 and the Dairy Indemnity Program (DIP) through September 30, 2012.

Section 1604. Funding of dairy promotion and research program.

Extends the authority of the National Dairy Promotion and Research Board through September 30, 2012. The assessment on importers is not applied.

Section 1605. Revision of Federal marketing order amendment procedures.

Sets statutory time limits to ensure that USDA decisions on proposed amendments to milk marketing orders are made within one year after initiating a hearing. Requires the Secretary to determine average monthly prices of feed and fuel input costs for dairy producers and consider the most recent monthly data available for these input costs in make allowance adjustment determinations.

Section 1606. Dairy forward pricing program.

Amends the former dairy forward pricing pilot program to establish a program that sunsets with the life of this legislation. Program allows producers and cooperatives to voluntarily enter into forward price contracts with milk handlers. Includes safeguards to prevent producers from being coerced into entering contracts and maintains the right of producers to have their milk priced under the applicable Federal milk marketing order. Forward contracts may be entered into until September 30, 2012, but may not extend beyond September 30, 2015.

Section 1607. Report on Department of Agriculture reporting procedures for nonfat dry milk.

Requires the Secretary to submit a report, not later than 90 days after enactment, to the House and Senate Agriculture Committees regarding USDA reporting procedures on Federal milk marketing orders minimum prices from July 1, 2006 through the date of enactment.

Section 1608. Federal Milk Marketing Order Review Commission.

Establishes a Federal Milk Marketing Order Review Commission to review elements of the order system including: (1) ensuring the preservation of the competitiveness of dairy products with other products in the marketplace; (2) enhancing the competitiveness of U.S. dairy producer in world markets; (3) increasing Federal milk marketing order responsiveness to market forces; (4) streamlining the Federal milk marketing order amendment adoption process; (5) simplifying the Federal milk marketing order system; (6) evaluating the effectiveness of the Federal milk marketing order in serving the interests of the public, processors and producers; (7) evaluating whether Federal milk marketing orders operate in a manner to minimize cost to taxpayers and consumers; (8) evaluating the

nutritional composition of milk including the benefits and costs of adjusting current milk content standards; (9) economic benefits to milk producers of establishing a 2-class system of classifying milk consisting of a fluid milk class and a manufacturing grade milk class; and (10) evaluating a change in advance pricing that is used to calculate the advance price of Class II skim milk under Federal milk marketing orders using the 4-week component prices that are used to calculate prices for Class III and Class IV milk. The Commission is composed of 18 members selected to provide a range of opinions and perspectives on the order system.

Section 1609. Mandatory reporting of dairy commodities.

Requires corporate officers or officially-designated representatives of each dairy processor to report to the Secretary on each daily reporting day designated by the Secretary: (A) the sales price; (B) the quantity sold; (C) the location of the sales transaction; and (D) product characteristics, including (i) moisture level; (ii) packaging size; (iii) grade; (iv) if appropriate, fat, protein, or other component level; (v) heat level for dried products; and (vi) other defining product characteristics used in transactions. Requires the Secretary to make the information reported available to the public not less than once each reporting day, categorized by location and product characteristics. Requires the Secretary to use the published data if the Secretary uses dairy product prices to establish minimum Federal order prices. Exempts processors that process 1,000,000 pounds of milk or less per years from the daily reporting requirements.

SUBTITLE E—ADMINISTRATION

Section 1701. Administration generally.

Authorizes the use of funds, facilities, and authorities of the Commodity Credit Corporation to carry out this title. Provides that determinations made by the Secretary are final and conclusive. Provides for the promulgation of regulations. Requires that the Secretary, to the maximum extent practicable, make adjustments in the amount of expenditures under subtitles A through E and this subtitle that are subject to the total allowable domestic support levels under the Uruguay Round Agreements, if the Secretary determines that those expenditures will exceed such allowable levels for any applicable reporting period. Applies provisions of the FSRIA of 2002 with respect to the treatment of advance payment option to this Act.

In late 2002, Brazil initiated a World Trade Organization (WTO) dispute settlement case against specific provisions of the U.S. cotton program. While the adjudication process is not yet complete, the Committee has made several changes to the cotton program to bring the United States into compliance with commitments in the Uruguay Round Agreement on Agriculture (URAA). In 2005, Congress eliminated the Step 2 program as part of the Deficit Reduction Act of 2005 (P.L. 109–171) and preceding sections of the bill make changes in the administration of the marketing loan and the target price for upland cotton. Furthermore, the bill removes the one percent fee cap on the GSM 102 program and eliminates the GSM 103 program in the trade title. The Committee believes that

these changes as a whole constitute sufficient and adequate compliance by the United States in the dispute. It is the view of the committee that no other changes should be necessary to satisfy a compliance panel in the WTO.

Section 1702. Suspension of permanent price support authority.

Provides that certain provisions of the Agricultural Adjustment Act of 1938 and the Agricultural Act of 1949 do not apply to the 2008 through 2012 crops of covered commodities and sugar and milk through December 31, 2012. Suspends specific wheat quota provisions for the 2008 through 2012 crop years.

Section 1703. Payment limitations.

Section 1703(a) amends the payment limitation provisions of the Food Security Act of 1985 (7 U.S.C. 1308, 1308-3(a)) (FSA) to extend the application of the provisions to the Food and Energy Security Act of 2007.

Section 1703(b)(1) amends section 1001(a) of the FSA (the definitions subsection) by: (A) striking the definition for a "loan commodity"; (B) defining "Family Member" as an individual to whom a member in the farming operation is related as lineal ancestor, lineal descendant, sibling or spouse; (C) defining "legal entity" as an entity created by Federal or state law that owns land or an agricultural commodity or produces an agricultural commodity; and (D) defining person as a natural person that does not include a legal entity.

Section 1703(b)(2) amends the FSA to establish payment limitations under the new act at $40,000 for a combination of both traditional direct and average crop revenue fixed payments, and $60,000 for counter-cyclical payments and the revenue portion of average crop revenue payments. Establishes a separate, identical set of limitations for peanuts. Eliminates limitations on marketing loan benefits and loan deficiency payments.

Section 1703(b)(3) amends the FSA to provide for the direct attribution of payments. The Secretary is authorized to issue such regulations as are necessary to ensure that the total amount of the payments are attributed to a person by taking into account the direct and indirect ownership interests of the person in a legal entity that is eligible to receive such payments. The section outlines direct attribution of payments for persons and legal entities, providing for four levels of attribution for embedded legal entities. The section essentially continues current rules for minor children, marketing cooperatives, trusts and estates, cash rent tenants, Federal agencies and State and local governments. The section continues the requirement that changes in farming operations be bona fide and substantive.

Section 1703(c) amends the FSA to repeal the "three-entity rule" and require persons or entities receiving payments to provide necessary information concerning their ownership interests to the Secretary.

Section 1703(d) amends the FSA to essentially continue its provisions concerning a requirement that payment recipients be "actively engaged" in farming. Existing special classes of actively engaged participants are continued, with the exception of spouses

where the rule is amended to remove current law's treatment of spouses.

Section 1703(e) amends section 1001B of the FSA to expand the enforcement capability of the Secretary and to provide for extended penalties for individuals or entities that perpetuate a fraud or a scheme or device in order to exceed the applicable limit on payments. Persons or entities that commit fraud or equally serious actions can be subjected to a five-year denial of program benefits. Any member of a legal entity that participates in a scheme or device to evade the limitations shall be jointly and severally liable for any amounts determined to be payable to the Secretary. The Secretary may partially or fully release from liability any person who cooperates with the Secretary in enforcing payment limitation provisions.Section 1703(g) provides that the current provisions of the FSA will remain applicable to the 2007 crop.

Section 1704. Adjusted gross income limitation.

Section 1704(a) amends section 1001D of the Food Security Act of 1985 (7 U.S.C. 1308-3a) (FSA) providing for a limitation of eligibility for payments depending upon the recipient's adjusted gross income to extend the applicability of those provisions to the crop years covered by the new bill.

Section 1704(b) authorizes the allocation of adjusted gross income among the individuals filing joint returns provided the allocation is supported by a certified public accountant or attorney.

Section 1704(c) amends the FSA to lower the applicable adjusted gross income limit for recipients of direct or counter-cyclical payments, marketing loan gain or loan deficiency payments and average crop revenue payments to $1,000,000 for the 2009 crop year and to $750,000 for the 2010 and subsequent crop years. Individuals or entities that receive 66.66 percent of their income from farming, ranching or forestry operations are exempted from this restriction. The subsection establishes the income limitation for conservation programs at the current level of $2,500,000 unless not less than 75 percent of the average adjusted gross income of the individual or entity is derived from farming, ranching, or forestry operations. It also clarifies the definition of income derived from farming, ranching or forestry operations.

Section 1704(d) provides that existing adjusted gross income provisions of the FSA shall continue to apply with respect to the 2007 and 2008 crops.

Section 1705. Availability of quality incentive payments for certain producers.

Authorizes commodity quality incentive payments for the production of oilseeds with specialized traits that enhance human health. Provides $400 million for the period of fiscal years 2008 through 2012 subject to appropriations.

Section 1706. Hard white wheat development program.

Creates a program to encourage production of hard white wheat in order to establish it as a viable class of wheat in the United States. Establishes acreage limitation and payment rates. Provides $35 million for the period of fiscal years 2008 through 2012.

Section 1707. Durum wheat quality program.

Authorizes compensation to producers of durum wheat in an amount not to exceed 50 percent of the actual cost of fungicides applied to a crop of durum wheat of the producers to control wheat scab. Provides $10 million for each of fiscal years 2008 through 2012 subject to appropriations.

Section 1708. Storage facility loans.

Establishes a storage facility loan program to provide funds for producers of grains, oilseeds, pulse crops, hay, renewable biomass, and other storable commodities (other than sugar) to construct or upgrade storage and handling facilities for the commodities.

Section 1709. Personal liability of producers for deficiencies.

Applies provisions contained in the FSRIA of 2002 to this Act.

Section 1710. Extension of existing administrative authority regarding loans.

Applies provisions contained in the FSRIA of 2002 to this Act.

Section 1711. Assignment of payments.

Applies provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act to this title.

Section 1712. Cotton classification services.

Authorizes cotton classing services. Allows the Secretary to enter into long-term lease agreements that exceed 5 years or take title to property for the purpose of obtaining offices to be used for the classification of cotton.

Section 1713. Designation of States for cotton research and promotion.

Designates Kansas, Virginia, and Florida as cotton-producing States effective beginning with the 2008 crop of cotton for purposes of the Cotton Research and Promotion Act.

Section 1714. Government publication of cotton price forecasts.

Strikes the prohibition on the government publication of cotton price forecasts.

Section 1715. State, county, and area committees.

Provides for producer representation on county or area committees that are combined or consolidated. Requires that minority representation of socially disadvantaged farmers and ranchers is maintained. Provides that the producer is eligible to serve only as a member of the county or area committee that the producer elects to administer the farm records of the producer.

Section 1716. Prohibition on charging certain fees.

Prohibits the Secretary from charging fees or related costs for the collection of commodity assessments.

Section 1717. Signature authority.

Provides that if the Secretary approves a document containing signatures of program applicants, the Secretary shall not subse-

quently determine the document is inadequate or invalid because of the lack of authority of any applicant signing the document on behalf of the applicant unless the applicant knowingly and willfully falsified the evidence of signature authority or a signature.

Section 1718. Modernization of Farm Service Agency.

Requires the Secretary to modernize the Farm Service Agency information technology and communication systems to ensure timely and efficient program delivery at national, state, and county offices.

Section 1719. Geospatial systems.

Requires the Secretary to ensure that all agencies of the Department of Agriculture consolidate the geospatial systems of the agencies into a single enterprise system that ensures that geospatial data is shareable, portable, and standardized.

Section 1720. Leasing office space.

Allows the Secretary to use Commodity Credit Corporation funds to lease space for Department of Agriculture use provided the space is jointly occupied by the two agencies.

Section 1721. Repeals.

Repeals section 1650 of the FSRIA of 2002 authorizing a Commission on Application of Payment Limitations; repeals section 1617 of the FSRIA of 2002 renewing availability of market loss assistance and certain emergency assistance to persons that failed to receive assistance under earlier authorities.

SUBTITLE F—SPECIALTY CROPS

PART I—MARKETING, INFORMATION, AND EDUCATION

Section 1811. Fruit and vegetable market news allocation.

This section requires the Agricultural Marketing Service to carry out market news activities to provide timely price information on fruits and vegetables in the United States. The language authorizes $9,000,000 annually in appropriated funds to carry out the activities.

Section 1812. Farmers Market Promotion Program.

This section amends section 6 of the Farmer-to-Consumer Direct Marketing Act of 1976 (7 U.S.C. 3005) to reauthorize the Farmers Market Promotion Program, and provides $30,000,000 in mandatory funding for fiscal years 2008 through 2012 to carry out the program.

The Committee recognizes farmer-to-consumer direct marketing activities offer significant economic opportunities for farmers and ranchers seeking to increase profit retention. The Farmers Market Promotion Program is intended to support the development and expansion of farmers markets, and other forms of direct marketing, through the provision of grants to assist in organizing, marketing, training, business plan development, community outreach and education, and other associated activities designed to establish or improve direct marketing opportunities for farmers and ranchers and the consumers they serve. In addition, the Committee recognizes that the growth of farmers markets and other direct marketing

ventures has been limited in some communities and regions, and encourages the Department to investigate the underlying reasons for this uneven distribution, with the goal of addressing this disparity through the support of meritorious projects in these locations.

Section 1813. Food safety initiatives.

This section authorizes the Secretary to carry out a food safety education program to educate the public and the fresh produce industry about practices and methods that will reduce microbial pathogens and cross contamination in fresh produce. The language authorizes $1,000,000 in appropriated funds to carry out the program.

Section 1814. Census of specialty crops.

This section requires the Secretary to conduct a census of specialty crops to assist in the development and dissemination of specialty crop information. The census of specialty crops may be included in the existing census of agriculture conducted by USDA.

PART II—ORGANIC PRODUCTION

Section 1821. Organic data collection and price reporting.

This section amends section 2104 of the Organic Foods Production Act of 1990 (7 U.S.C. 6503) by granting the Secretary authority to segregate data as it relates to the organic industry by publishing organic production and marketing information and surveys. The language is intended to remedy the lack of price and yield information for organic producers. $5,000,000 in mandatory funding is provided for fiscal years 2008 through 2012 to carry out this section.

It is the intent of the Committee that funds be provided to the Agricultural Marketing Service to collect needed data on price, yield and other information specific to organic agriculture. Funds should also be made available to the Economic Research Service, and the National Agricultural Statistics Service.

Section 1822. Exemption of certified organic products from assessments.

This section amends section 501(e) of the FAIR Act of 1996 (7 U.S.C. 7401 (e)) to allow farmers who have some or part of their farm certified for organic production organic to be exempt from assessments for commodity promotion programs for that part of the land that is managed as organic.

It is the intent of the Committee that organic producers be exempted from commodity promotion laws for that portion of agricultural commodities on their farm that is certified organic. It is not the intent of the Committee to exempt these producers from paying an assessment for those commodities that are still grown conventionally.

Section 1823. National Organic Certification Cost Share Program.

This section amends section 10606 of the FSRIA of 2002 (7 U.S.C. 6523) to increase the maximum payment to producers or handlers from $500 annually to $750 to offset the cost of becoming

a certified organic farming operation. The language also specifies that the Federal share of the certification cost will be no more than 75 percent of the total certification cost incurred. $22,000,000 in mandatory funding is provided for fiscal years 2008 through 2012 to carry out the section.

The National Organic Certification Cost Share Program has been administered through the Agricultural Marketing Service, which has made grants to State Departments of Agriculture to administer the program within each State. It is the intent of the Committee that the Department set administrative fees at adequate levels to allow the State Departments to administer the program efficiently and effectively. The Committee also intends for the Department to establish procedures to reprogram funds from States that do not use their allotted funds within a reasonable amount of time, and to redistribute those funds to other States.

Section 1824. National Organic Program.

This section amends section 2123 of the Organic Foods Production Act of 1990 (7 U.S.C. 6522) to provide increased authorized incremental funding levels for the National Organic Program to ensure proper compliance and oversight of the National Organic Program. The language authorizes $5,000,000 for fiscal year 2008; $6,500,000 for fiscal year 2009; $8,000,000 for fiscal year 2010; $9,500,000 for fiscal year 2011; and $11,000,000 for fiscal year 2012.

PART III—INTERNATIONAL TRADE

Section 1613. Foreign market access study and strategy plan.

This section requires the Comptroller General of the United States to carry out a study regarding the extent to which United States specialty crops have or have not benefited from the reduction of foreign trade barriers under the Uruguay Round.

Section 1832. Market Access Program.

This section amends section 211(c) of the Agricultural Trade Act of 1978 (7 U.S.C. 5641(c)) to require the Secretary to ensure that 50 percent of any funding in excess of $200,000,000 under the Market Access Program be set aside for specialty crops.

Section 1833. Technical assistance for specialty crops.

This section amends section 3205 of the FSRIA of 2002 (7 U.S.C. 5680), which funds projects that address sanitary, phytosanitary, and technical barriers that prohibit or threaten the export of U.S. specialty crops, to allow petition for an extension of a project that will exceed applicable time restrictions. $29 million in mandatory funding is provided over the next five years to carry out this section. This reflects an increase of $19 million above the baseline.

Section 1834. Consultation on sanitary and phytosanitary restrictions for fruits and vegetables.

This section requires the Secretary to consult with interested persons and conduct annual briefings on sanitary and phytosanitary trade issues, included the development of a strategic risk management framework and as appropriate implementation of

a peer review for risk analysis. Additionally, this section amends section 2104(b)(2)(A)(ii)(II) of the Bipartisan Trade Promotion Authority Act of 2002 (19 U.S.C. 3804(b)(2)(A)(ii)(II)) to ensure special consultation on import sensitive products.

PART IV—SPECIALTY CROPS COMPETITIVENESS

Section 1841. Specialty crop block grants.

This section extends section 101(a) of the Specialty Crop Competitiveness Act of 2004 (Public Law 108-465; 118 Stat. 3884) to ensure that authorities for specialty crop block grants extend through fiscal year 2012. The language also amends this authority to change each State's base funding level from the current $100,000 to half of one percent of the total amount of funding made available for the program in a given fiscal year. The language provides $270,000,000 in mandatory funding for fiscal years 2008 through 2012 to carry out this section.

Section 1842. Grant program to improve movement of specialty crops.

This section amends title II of the Specialty Crops Competitiveness Act of 2004 (Public Law 108-465; 118 Stat. 3884) to authorize the Secretary to make grants to State and local governments, grower cooperatives, and producer and shipper organizations to improve the cost-effective movement of specialty crops. The language also establishes matching requirements for grant recipients, and authorizes discretionary funding to carry out the program.

Section 1843. Healthy Food Enterprise Development Center.

This section requires the Secretary of Agriculture to establish, through a competitive grant process, the Healthy Food Enterprise Development Center, the mission of which is to increase access to healthy, affordable foods to underserved communities. The Healthy Food Enterprise Development Center will be required to collect, develop, and provide technical assistance to agricultural producers, food wholesalers and retailers, schools, and other entities regarding best practices for aggregating, storing, processing, and marketing local agricultural products and increasing the availability of such products in underserved communities. The Healthy Food Enterprise Development Center is also provided with the authority to subgrant funds to carry out feasibility studies to carry out the purposes of the Center. The language provides $7,000,000 in mandatory money for fiscal years 2009 through 2012 to carry out the program.

PART VI—MISCELLANEOUS

Section 1851. Clean Plant Network.

This section directs the Secretary to establish a National Clean Plant Network program to conduct diagnostic and pathogen elimination services for plant materials used by orchards, vineyards and other nursery crops. $20,000,000 in mandatory funding is authorized for fiscal years 2008 through 2012 to carry out this section.

Section 1852. Market loss for asparagus producers.

This section establishes a program to pay those producers currently growing asparagus for revenue losses during the 2004-2007 crop years due to imports. $15,000,000 in mandatory funding ($7,500,000 for producers of fresh asparagus and $7,500,000 for producers of processed or frozen asparagus) is provided for fiscal years 2008 through 2012 to carry out the program.

Section 1853. Mushroom promotion, research, and consumer information.

This section updates section 1925(b)(2) of the Mushroom Promotion, Research and Consumer Information Act of 1990 (subtitle B of title XIX of Public Law 101-624; 7 U.S.C. 6104(b)(2)) to better reflect current mushroom production and geographic distribution of mushroom growers. The language also allows the development of good agricultural and handling practices for mushrooms.

Section 1854. National Honey Board.

This section amends section 7(c) of the Honey Research, Promotion and Consumer Information Act (7 U.S.C. 4606(c)) to ensure that the Honey Board continues and that the Secretary cannot conduct any referendum on the continuation or termination of the order without first conducting a concurrent referendum for approval of orders to establish a successor marketing board.

Section 1855. Identification of honey.

This section amends section 203(h) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1622(h)) to require the grading mark, statement, inspection mark of the Department of Agriculture to be located in close proximity of the country of origin label on packaged honey.

Section 1856. Expedited marketing orders for Hass avocados for grades and standards and other purposes.

This section authorizes an organization of domestic avocado producers to submit to the Secretary a proposal for a grades and standards marketing order for Hass avocados. The language specifies that once such a proposal is received, the Secretary is required to initiate established procedures under the normal marketing order process for the purpose of determining whether there is sufficient industry support for the proposal submitted by the organization. If the Secretary deems it appropriate to establish a marketing order, the language also requires the Secretary to complete that order within 15 months.

The committee recognizes that the current process for establishing a marketing order contains several procedural steps designed to ensure that a proposed order has ample opportunity to be evaluated and voted on by handlers and processors of the commodity affected by the order. Additionally, the Committee notes that the majority of Hass avocados in the United States are imported from other countries, including Mexico and Chile. It is the Committee's intent that any marketing order proposed under this section will be developed in close consultation with all producers and handlers of Hass avocados to ensure that the order is truly reflective of the needs and interests of the Hass avocado industry.

SUBTITLE G—RISK MANAGEMENT

Section 1901. Definition of organic crop.

This section amends section 502 of the Federal Crop Insurance Act (7 U.S.C. 1502). It defines organic crops for the purposes of the Federal crop insurance program.

Section 1902. General powers.

This section amends section 506 of the Federal Crop Insurance Act (7 U.S.C. 1506). Subsection (a)(1) clarifies that the provision added in the Agricultural Risk Protection Act of 2000 (Section 508(j)(2)(A)), which allows farmers to sue the Corporation over a denied claim only in the U.S. District Court for the district where the insured farm is located, takes precedent over the more general provision in section 506(d).

Subsection (a)(2) strikes subsection (n) of the Federal Crop Insurance Act (7 U.S.C. 1506), in order to clarify that it is superseded by section 515(h) added in the Agricultural Risk Protection Act which specifically establishes sanctions for producers, agents, and loss adjusters for program noncompliance and fraud.

Section 1903. Reduction in loss ratio.

This section amends section 506 of the Federal Crop Insurance Act (7 U.S.C. 1506). It reduces the statutory national loss ratio for the Federal crop insurance program from its current 1.075 to 1.0.

Section 1904. Controlled business insurance.

This section amends subsection 508(a) of the Federal Crop Insurance Act (7 U.S.C. 1508). It prohibits farmers from collecting commissions as crop insurance agents on certain policies if more than 30 percent of their total commissions are derived from policies sold on operations that they or their immediate family has beneficial interest in.

Section 1905. Administrative fee.

This section amends section 508(b) of Federal Crop Insurance Act (7 U.S.C. 1508(b)). It increases the maximum fee for catastrophic risk protection coverage from its current $100 per crop per county to $200 per crop per county. It also clarifies language that permits cooperatives or trade associations to pay premiums on behalf of farmer-members to make it clear that the provision applies only to fees for catastrophic coverage.

With respect to changes in section 508(b) of the Federal Crop Insurance Act affecting cooperative payment of administrative fees for catastrophic coverage, the Committee wishes to emphasize that RMA has determined that the dividend program established by the Managing General Agent CropUSA does not fall under the definition of rebating established in the 2005 SRA. This determination was provided to CropUSA in writing in 2006. The language contained in this section of the Committee bill would only impact the exceptions to the rebating prohibitions of the SRA, not the definition of rebating. The Committee has learned that RMA would not anticipate a change in the status of the CropUSA dividend program if section 1905 were to be enacted into law.

Section 1906. Time for payment.

This section amends section 508 of the Federal Crop Insurance Act (7 U.S.C. 1508). Paragraph (1) changes the date when policyholder premiums must be paid, beginning in the 2012 reinsurance year, to September 30.

Paragraph (2) changes the date when the Federal Crop Insurance Corporation makes payments to crop insurance companies to reimburse them for administrative and operating expenses, beginning in the 2012 reinsurance year, allowing payments to be made as soon as practicable after October 1.

Section 1907. Surcharge prohibition.

This section amends section 508(d) of the Federal Crop Insurance Act (7 U.S.C. 1508). It prohibits the Federal Crop Insurance Corporation from charging a surcharge on premiums paid to insure organic crops. It allows surcharges to be required only when consistent evidence of greater loss variability is validated on a crop by crop basis.

Section 1908. Premium reduction plan.

This section amends section 508(e) of the Federal Crop Insurance Act (7 U.S.C. 1508). It repeals the authority for the Premium Reduction Plan (PRP) and requires RMA to commission an independent study of the feasibility of offering a discount to farmers in the Federal crop insurance program. This study is to be completed within 18 months of enactment of the legislation.

The authority being repealed was first utilized in 2003 to offer PRP which allowed companies to provide discounts to farmers buying crop insurance if they could generate savings from the Administrative and Operating (A&O) expense reimbursement they receive from RMA. However, the consensus view among industry participants and observers is that the regulations formally adopted for the 2006 reinsurance year to implement PRP did not permit the program to perform as intended. These concerns along with the expectation that the committee reported bill would reduce A&O reimbursement and the likelihood that discounts could be paid out under PRP led to the determination that the statutory authority should be repealed.

Section 1909. Denial of claims.

This section amends section 508(j) of the Federal Crop Insurance Act (7 U.S.C. 1508). It clarifies that approved insurance providers are liable for lawsuits in Federal District courts for denial of claims only if that claim is denied at the behest of the Federal Crop Insurance Corporation.

Section 1910. Measurement of farm-stored commodities.

This section amends section 508(j) of the Federal Crop Insurance Act (7 U.S.C. 1508). It allows farmers the option to elect to have the Farm Service Agency to measure the quantity of crops stored on farms for the purpose of providing evidence on their level of losses, at their own expense.

Section 1911. Reimbursement rate.

This section amends section 508(k) of the Federal Crop Insurance Act (7 U.S.C. 1508). Paragraph (1) reduces the reimbursement rate for plans of insurance by 2 percent points below the rates in effect at the time of enactment of this Act, except that the reduction shall not be applied in any reinsurance year for a State in which the loss ratio exceeds 1.2. Paragraph (2) reduces the reimbursement rate for area policies (Group Risk Plan (GRP) and Group Risk Income Protection (GRIP)) to 17 percent of premiums, as these policies do not require crop insurance companies to conduct loss adjustment procedures for individual claims.

Section 1912. Renegotiation of the Standard Reinsurance Agreement.

This section amends section 508(k) of the Federal Crop Insurance Act (7 U.S.C. 1508). It allows the Federal Crop Insurance Corporation to renegotiate the SRA, which contains the contractual obligations and financial terms of the relationship between RMA and the crop insurance companies, every five years, the first occurring not sooner than the beginning of the 2013 reinsurance year. It provides an exception to allow the SRA to be renegotiated more frequently to address unexpected adverse circumstances experienced by the companies. The Secretary is required to notify the relevant Congressional Committees before invoking this exception.

This section also allows crop insurance companies to confer with each other as well as their trade associations in the course of the renegotiation process, as well as collectively with RMA.

Section 1913. Change in due date for corporation payments for underwriting gains.

This section amends section 508(k) of the Federal Crop Insurance Act (7 U.S.C. 1508). It modifies the date that the Federal Crop Insurance Corporation makes payments for underwriting gains to crop insurance companies, beginning in the 2011 reinsurance year.

Section 1914. Access to data-mining information.

This section amends section 515 of the Federal Crop Insurance Act (7 U.S.C. 1515). It allows RMA to charge a modest fee to crop insurance companies for access to company-relevant results of data-mining analysis, and would require that these funds are used for improvements in the crop insurance data mining system. If RMA were to require companies to access the data-mining results for purposes of compliance, the companies could not be charged a fee under those circumstances.

Section 1915. Producer eligibility.

This section amends section 520 of the Federal Crop Insurance Act (7 U.S.C. 1520). It makes producers who raise livestock under contract eligible to purchase coverage, as long as those livestock are not covered by other policies reinsured under the Federal crop insurance program.

Section 1916. Contracts for additional crop policies.

This section amends section 522 of the Federal Crop Insurance Act (7 U.S.C. 1522). New paragraph (10) requires the Federal Crop

Insurance Corporation to offer to enter into one or more contracts to develop policies to insure dedicated energy crops such as switchgrass.

The Committee believes that making available insurance for dedicated energy crops will be a crucial part of establishing a viable market for such crops. These steps must be undertaken at the same time that funds provided in title IX of this Act enable development of commercially feasible technology to utilize these crops as feedstock for the production of cellulosic-based ethanol and other biobased products.

New paragraph (11) requires the Federal Crop Insurance Corporation to offer to enter into one or more contracts to develop policies to insure aquaculture operations.

The Committee notes that such products are already under development to insure the aquaculture cultivation of oysters, to be considered under the procedures established under section 508(h) of the Federal Crop Insurance Act. The Committee encourages the Board of the Federal Crop Insurance Corporation and RMA to complete consideration and implementation of the proposed oyster pilot program as expeditiously as possible.

New paragraph (12) requires the Federal Crop Insurance Corporation to offer to enter into one or more contracts to improve crop insurance coverage for organic crops.

New paragraph (13) requires the Federal Crop Insurance Corporation to offer to enter into a contract to study about how to incorporate the use of skiprow cropping practices to grow corn and sorghum in the Central Great Plains into existing policies and plans of insurance offered in the Federal crop insurance program.

Section 1917. Research and development.

This section amends section 522(b) of the Federal Crop Insurance Act (7 U.S.C. 1522). It provides an alternative process for policy development, by establishing a grant-making mechanism (called FCIC Reimbursement Grants). This mechanism permits eligible applicants to submit a concept proposal, to be reviewed by crop insurance experts, for consideration by the Board of the Federal Crop Insurance Corporation. If the grant request is approved, the development work is ensured of funding and when completed, shall be submitted to the Board for approval. The Board can require an interim feasibility study before allowing development work to proceed, and the grant can be terminated at any time for just cause.

Section 1918. Funding from insurance fund.

This section amends section 522(e) of the Federal Crop Insurance Act (7 U.S.C. 1522). Paragraph (1) reduces mandatory funding available to reimburse research and development of new crop insurance products from its current $15 million annually to $7.5 million annually.

Paragraph (2) reduces mandatory funding availability for contracting and partnerships from its current $25 million annually to $12.5 million annually.

Paragraph (3) permits the Corporation to use up to $5 million of otherwise unused funds available for reimbursement, contracting, or partnership payments to strengthen crop insurance compliance

oversight activities, including information technology and data mining.

Section 1919. Camelina pilot program.

This section amends section 523 of the Federal Crop Insurance Act (7 U.S.C. 1523). It requires the Federal Crop Insurance Corporation to develop a pilot program under which producers or processors of camelina (an oilseed suitable for use as a feedstock for biodiesel) may propose for approval by the Board policies or plans of insurance in accordance with existing procedures under section 508(h). Camelina producers would be made eligible for the Noninsured Crop Assistance Program (NAP) until a crop insurance policy is made available.

Section 1920. Risk management education for beginning farmers and ranchers.

This section amends section 524 of the Federal Crop Insurance Act (7 U.S.C. 1524). It requires the Secretary to place special emphasis in utilizing funds available to address the needs of farmers in underserved States to assist in risk management strategies of beginning farmers and ranchers, immigrant farmers and ranchers, socially disadvantaged farmers and ranchers, farmers and ranchers preparing to retire and engaged in transition strategies to help beginning farmers get established, and established farmers and ranchers seeking to shift practices and marketing to pursue new markets.

Section 1921. Agricultural management assistance.

This section amends section 524 of the Federal Crop Insurance Act (7 U.S.C. 1524). It permits the Secretary to utilize funds available for agricultural management assistance to provide matching funds to States providing additional discounts on farmer-paid premiums in underserved States.

Section 1922. Crop insurance mediation.

This section amends section 275 of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6995). It allows producers involved in a dispute over a crop insurance claim to utilize both informal agency review and mediation to reach a resolution, so the producer would not necessarily have to choose between the two paths.

Section 1923. Drought coverage for aquaculture under noninsured crop assistance program.

This section amends section 196(c) of the FAIR Act of 1996 (7 U.S.C. 7333). It clarifies that losses from aquacultural activities resulting from drought should be indemnified if the farmer has NAP coverage for that production.

Section 1924. Increases in service fees for noninsured crop assistance program.

This section amends section 196(k) of the FAIR Act of 1996 (7 U.S.C. 7333). It doubles the service fee charged for participation in the NAP program from its current $100 to $200.

Section 1925. Determination of certain sweet potato production.

This section amends section 9001 of the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act of 2007 (P.L. 100-28, 121 Stat. 211). It prohibits the Farm Service Agency from utilizing yield data collected from a sweet potato crop insurance pilot program to determine losses for the crop disaster assistance program recently enacted for the 2005 and 2006 crop years. If sign-up for that program is completed before this legislation is enacted, then the sign-up period would have to be re-opened for producers of sweet potatoes.

Section 1926. Perennial crop report.

This section is a free standing provision. It requires the Secretary to submit a report within 180 days of enactment to the Senate Committee on Agriculture, Nutrition and Forestry and the House Committee on Agriculture that addresses issues relating to declining yields in producers' actual production histories (APH), and declining and variable yields for perennial crops, including pecans.

TITLE II—CONSERVATION

Subtitle A—Definitions

Section 2001. Definitions.

This section amends subtitle A of title XII of the Food Security Act of 1985 (FSA 1985) (16 U.S.C. 3801(a)) by adding definitions for: beginning farmer and rancher; Indian tribe; socially disadvantaged farmer or rancher; non-industrial private forest land, and technical assistance. These definitions apply to all the conservation programs in title XII and provide consistency across the title for commonly used terms.

Subtitle B—Highly Erodible Land Conservation

Section 2101. Review of good faith determinations.

This section strikes subsection (f) of section 1212 of FSA 1985 (16 U.S.C. 3812) concerning program ineligibility for production on highly erodible land and replaces it with a system of graduated penalties. It also provides for a second level review of highly erodible land compliance violations by the United States Department of Agriculture's (USDA) Farm Service Agency (FSA) State executive director or area director, with the concurrence of the USDA Natural Resources Conservation Service (NRCS) state conservationist or area conservationist on technical matters.

Subtitle C—Wetland Conservation

Section 2201. Review of good faith determinations.

This section amends section 1222(h) of the FSA 1985 (16 U.S.C. 3822(h)) by providing for a second level review of wetland compliance violations by the FSA state executive director or area director, with the concurrence of the NRCS state conservationist or area conservationist on technical matters.

Subtitle D—Agricultural Resources Conservation Program

Section 2301. Reauthorization and expansion of programs covered.

This section amends the Comprehensive Conservation Enhancement Program (CCEP), section 1230 of the FSA 1985 (16 U.S.C. 3830).

Subsection (a) establishes the CCEP and adds the Healthy Forests Reserve Program. The CCEP would now cover all the land retirement programs, and consist of the Conservation Reserve Program, Wetlands Reserve Program, and Healthy Forests Reserve Program. The Environmental Quality Incentives Program is moved to the newly created Comprehensive Stewardship Incentives Program, section 2341 in the Senate bill. The subsection also relocates relevant elements of section 1243, Administration of CCEP (16 U.S.C. 3843), from subtitle E to this location. The bill directs the Secretary to, if offered, enroll acreage above the county acreage cap if the acreage could not be used for an agricultural purpose due to a state or local law, order, or regulation affecting water availability.

Subsection (b) contains conforming amendments.

Section 2311. Conservation Reserve Program (CRP).

This section amends section 1231(a) of the FSA 1985 (16 U.S.C. 3831 (a)) as follows:

Subsection (a) reauthorizes and extends the program until 2012 and adds conserving pollinator habitat as a purpose.

Subsection (b) adds alfalfa and other forage crops as eligible land if such enrollment would facilitate a net savings in groundwater or surface water; marginal pastureland if native vegetation is grown and the land contributes to the restoration of the long-leaf pine forest or similar rare and declining forest ecosystem; and land enrolled in the newly created flooded farmland program.

Subsection (c) maintains the enrollment cap at 39.2 million acres.

Subsection (d) expands the Chesapeake Bay Priority Area to include all States in the Chesapeake Bay Watershed and adds the Prairie Pothole Region, Grand Lake St. Mary's Watershed, and Eastern Snake Plain Aquifer as Conservation Priority Areas.

Subsection (e) reauthorizes the Pilot Program for Enrollment of Wetland and Buffer Acreage in CRP through 2012 and expands it to include shallow water areas that were devoted to a commercial pond-raised aquaculture operation during any one year during the period from 2002-2007 and increases the size of acreage allowed to be enrolled from 5 to 40 acres.

Subsection (f) adds pollinator habitat as a consideration when considering the acceptability of offers for enrollment.

Subsection (g) adds a requirement that approved vegetative cover shall encourage the planting of native species and restoration of biodiversity and requires the operator to use active management throughout the term of the contract.

Subsection (h) clarifies that managed harvesting and grazing must only occur outside of nesting and brood rearing seasons and allows prescribed grazing for the control of invasive species, provided such actions are permitted and consistent with a conservation plan, and that payments are reduced proportionately.

Subsection (i) requires practices in the conservation plan to be compatible with wildlife and wildlife habitat, clearly described and applicable through the duration of the contract, and actively managed by the owner or operator who entered into the contract.

Subsection (j) stipulates that for new enrollments, the Secretary shall accept an offer from an owner or operator who is a resident of the county or a contiguous county if the offer provides equivalent environmental benefit to a competing offer. This subsection requires the National Agriculture Statistics Service to conduct an annual survey of per acre estimates of county average market dryland and irrigated cash rental rates for cropland and pastureland and requires that survey results be made available to the public on the USDA website.

Subsection (k) allows the Secretary to permit disabled or retired participants who have endured financial hardship as a result of the taxation of rental payments to terminate their CRP contract.

Section 2312. Flooded Farmland Program.

This section amends Subchapter B of chapter 1 of subtitle D of title XII of FSA 1985 (16 U.S.C. 3831a et seq.) by adding a section creating a new flooded farmland program within the CRP.

Subsection (a) defines a closed basin lake or pothole as being a naturally occurring lake or pond within a tract and covering at least 5 acres in size and having no natural outlet.

Subsection (b) authorizes the Secretary to enroll crop and grazing land into the CRP that is flooded by the natural overflow of a closed basin in the prairie pothole region. This subsection also provides for the extension of contracts if the Secretary determines that flooded conditions persist.

Subsection (c) allows for the continuous signup of eligible land.

Subsection (d) requires that the land has been rendered unusable for production during the three crop years preceding entry into the contract and that the land had been consistently used for the production of crops or as grazing land. It also allows the enrollment of adjoining land that would enhance the conservation or wildlife value of the tract.

Subsection (e) requires that the rental payment be based on the rental rate for cropland and pastureland but may be reduced by up to 25 percent based on the ratio of upland land enrolled. It stipulates that during the term of the contract, an owner shall not be eligible for Federal crop insurance, noninsured crop assistance, or any Federal disaster program.

Subsection (f) requires the Secretary to preserve the cropland base, allotment history, and payment yields for enrolled land. Upon termination of the contract, the Secretary shall adjust these items to ensure equitable treatment for the enrolled land.

Subsection (g) requires the landowner to take actions to avoid degrading any wildlife habitat on land covered by the contract.

Section 2313. Wildlife habitat program.

This section amends Subchapter B of chapter 1 of subtitle D of title XII of FSA 1985 (16 U.S.C. 3831a et seq.) by adding a section creating a new wildlife habitat program to the CRP as follows:

Subsection (a) establishes, for the years 2008 through 2012, a Wildlife Habitat Program available to CRP contract holders who have established softwood pine stands.

Subsection (b) provides the Secretary with authority to determine the scope of the program, including the amount and rate of payments, prioritization of areas based on the benefit to wildlife, and appropriate management strategies and practices.

Subsection (c) states the terms of agreements with landowners, which will describe management strategies and practices and include periodic monitoring by state wildlife or forestry agencies. The term of an agreement is set at no more than 5 years.

Subsection (d) gives the Secretary authority to work with partners to carry out the program.

Subsection (e) authorizes technical assistance and cost sharing.

Subsection (f) provides for the termination of the program on September 30, 2011.

Section 2321. Wetlands Reserve Program (WRP).

This section amends section 1237(b) of FSA 1985 (16 U.S.C. 3837(b)) by reauthorizing the program through 2012, changing it to a fiscal year basis (from a calendar year) and allowing enrollment of 250,000 acres per year with no further enrollments after 2012. The Senate bill allows Indian Tribes to participate through 30-year contracts which shall be paid at the same rate as a 30-year easement.

Section 2322. Easements and Agreements (WRP).

This section amends section 1237A(b)(2)(B) of FSA 1985 (16 U.S.C. 3837a(b)(2)(B)) by providing a new method for determining the cost the Secretary will pay for conservation easements. It clarifies that the amount of compensation shall be the lowest amount of: (1) the fair market value based on the Uniform Standards for Professional Appraisal Practice, or an area-wide market analysis or survey; (2) a geographic rate cap; or (3) an offer made by the landowner. It adds a Wetlands Reserve Enhancement Program, and gives the Secretary authority to enter into reserved rights easements and directs the Secretary to evaluate the implications of long-term easements on Department of Agriculture resources by January 2010.

Section 2323. Payments (WRP).

This subsection amends section 1239D(c) of FSA 1985 (16 U.S.C. 3837d(c)) to provide conforming language for previous changes.

Section 2331. Healthy Forests Reserve Program.

This section amends chapter 1 of subtitle D of title XII of the FSA 1985 (16 U.S.C. 3831 et seq.). It moves the HFRP from the Healthy Forests Restoration Act to the conservation title, replaces 99-year easements with permanent easements, and allows Indian Tribes to participate through 30-year contracts which shall be paid at the same rate as 30-year easements.

Section 2341. Comprehensive Stewardship Incentives Program.

This section amends subtitle D of title XII of the FSA 1985 (16 U.S.C. 3830 et seq.) and creates a new Comprehensive Stewardship

Incentives Program (CSIP) under which the two primary working lands programs—the Conservation Stewardship Program (CSP) and the Environmental Quality Incentives Program (EQIP)—will be covered by adding a new chapter 6 at the end, as follows:

Section 1240T. Comprehensive Stewardship Incentives Program.

Subsection (a) establishes the program to promote coordinated efforts by its component programs to address resources of concern, encourage the adoption of conservation practices, and promote agricultural production and environmental quality as compatible goals. The program will be conducted by means of identification of resources of concern, and entering into contracts with owners and operators of agricultural and nonindustrial private forest land. Technical and financial assistance is provided to producers in addressing natural resource concerns, meeting regulatory requirements, and achieving and maintaining conservation practices. Component programs include both CSP and EQIP. The subsection defines "resources of concern" as being those resources that represent a significant conservation concern likely to be addressed through conservation on agricultural or nonindustrial private forestland or those that are the subject of a mandatory environmental requirement. The term "resource of concern" in this subsection applies to both component programs.

Subsection (b) requires the Secretary to avoid duplication in conservation plans, provides for tenant protection, and requires that no more than 5 resources of concern be identified at the watershed or other appropriate region within a State. It stipulates that the common purposes are to: promote coordinated efforts to address resources of concern, meet regulatory requirements, encourage additional conservation practices, activities and management measures, and to promote agricultural production and environmental quality as compatible goals.

Subchapter B—Conservation Stewardship Program (CSP)

Section 1240U. Purposes.

This section provides that the purpose of CSP is to assist producers using proactive measures to promote conservation and improve resources of concern, make beneficial, cost-effective changes to conservation systems, comply with environmental requirements, and avoid the need for regulatory programs.

Section 1240V. Definitions.

This section provides 15 definitions for CSP, including a critical concept in the program: stewardship threshold. This is the level of conservation required to maintain, conserve, sustain and improve the quality or quantity of a priority resource of concern, or in the case of a resource concern that is the subject of a local state or Federal regulatory requirement, meet the standard that is established by that requirement for that resource concern. The section also defines Comprehensive Conservation Plan, Contract Offer, Enhancement Payment, Eligible Land, Livestock, Management Intensity, Payment, Practice, Program, Resource Conserving Crop, Resource Conserving Crop Rotation, and Resource Specific Indices.

Section 1240W. Establishment of program.

This section directs the Secretary to establish the program for fiscal years 2008 through 2012.

Section 1240X. Eligibility.

Subsection (a) provides general eligibility criteria for the program. The Committee intends that each state office will include among the resources of concern selected for each watershed or region at least one each in the areas of soil quality and water quality or conservation. Producers in a given watershed or region must, as a condition of eligibility, be addressing the relevant resources of concern dealing with soil quality and water quality or conservation to at least the stewardship threshold level. The Committee also requires that producers must also be adequately addressing all resources of concern. The Committee intends for the Secretary to establish a minimum threshold for basic resource concerns below which producers would be ineligible. The purpose of this provision is to ensure that there are no egregious conservation problems on land that is part of a contract offer. It is not the intent of the Committee to require that all resources of concern be addressed at the stewardship level or higher, but simply that producers with serious conservation problems without even minimum treatment are not admitted into the program until those problems are addressed.

Subsection (b) defines land eligible for the program and excludes land enrolled in CRP or WRP and land that was not used as cropland for 4 of the 6 years preceding 2002. This subsection prohibits any restrictions under the program on the land being used for economic purposes.

Subsection (c) provides for contracts and sets criteria for eligible agricultural operations. The subsection requires that CSP contracts meet or exceed the stewardship level for at least 1 additional resource of concern by the end of the contract and that all acres of an agricultural operation that constitute a cohesive management unit shall be covered by the contract. The Committee intends for the additional resource of concern that must be addressed prior to the end of the first contract period to be a resource of concern that the producer chooses from among those designated resources of concern for the watershed or region that the producer is not already addressing above the stewardship threshold level at the time the contract offer is made.

The subsection provides the terms of contracts, and allows on-farm research and demonstration projects. In providing for CSP on-farm research, demonstration, training and pilot projects, the Committee intends to further the purposes of the program by promoting farmer-based research and related activities to investigate, test, or demonstrate conservation systems and innovations that have the likelihood of promoting advanced natural resource and environmental improvement. In addition, research and demonstration sites can serve as training opportunities for conservation staff and for other farmers. Through these activities, conservation management can be adapted, refined, and extended to other farmers. The Committee intends for the Secretary to provide this option to as many willing participants with meritorious proposals as possible.

Subsection (c) also sets the length of contracts to 5 years, and provides for an evaluation process upon which to select contracts.

It provides criteria under which contracts may be terminated, transferred, or modified, and ensures that a producer will not be held in noncompliance due to circumstances beyond the producer's control. The subsection also provides producers with a voluntary option to seek organic certification and provides for the enrollment of producers who are already certified as organic. The section provides for the renewal of CSP stewardship contracts, prohibits bidding down of contracts and requires that lowest-cost alternatives be used to achieve the purposes of the program.

Subsection (d) sets the criteria for enhancement payments. The subsection restricts the use of structural practices in the CSP and prohibits enhancement payments for the design, construction, or maintenance of animal waste storage or treatment facilities. Enhancement payments are to be made as soon as practicable after October 1 and, for new practices, as the practices are adopted or installed. It limits payments for research, demonstration, training, and pilot projects to no more than $25,000 for the 5-year term of the CSP contract.

Subsection (e) provides for additional payments to adopt resource-conserving crop rotations. In light of the multiple conservation benefits to be gained from extensive crop rotations, the bill provides for supplemental payments, in addition to regular enhancement payments, for resource-conserving crop rotations that achieve optimal benefits and that will be maintained for the life of the contract. In addition to the attributes of such rotations described in the definition of the term provided in the bill, optimal rotations result in increased efficiencies in fertilizer, pesticide and energy use and disease management. This subsection requires the Secretary to provide a payment in addition to a conservation stewardship payment to a producer who agrees to adopt an optimal rotation for the producer's crop. The committee expects the Secretary will determine optimal crop rotations based on the best available science with consideration given to ability of producers to reasonably adopt them. The committee expects the Secretary will adopt payment rates to encourage the adoption of optimal crop rotations.

Subsection (f) sets a limitation of $240,000 for all CSP contracts during any 6-year period. The bill requires direct attribution of payments to real persons, regardless of business entities or farm structure. It is the Committee's intent that direct attribution be fully and effectively implemented.

Subsection (g) provides the duties of producers. Participating producers must agree to implement the conservation stewardship contract, not engage in any activity that would interfere with purposes of the program, and maintain and present records of implementation to the Secretary if requested. In the case of land transfers where the transferee does not assume the contract, participants agree to refund payments received, as determined by the Secretary. If a producer violates a term of the contract, that warrants a termination, the producer must forfeit all rights to receive payments and refund all or a portion of the payments already received. If the violation does not warrant termination, the Secretary can adjust or require a refund of payments received.

Subsection (h) states the duties of the Secretary. The section provides for an annual enrollment of 13,273,000 acres at an average cost of $19 per acre and requires that the program be implemented

nationally. The Committee intends for the program to be offered to farmers and ranchers on a continuous sign-up basis. The Secretary may establish times during the year to rank and award contract offers on hand at that time, but shall keep the program open for new applications year-round. The bill requires the Secretary to establish a minimum contract value to ensure equity for small acreage farms, including specialty crop producers. The section allocates acres to each State based on the proportion of eligible acres in a State to all eligible acres, with a minimum acreage of the lesser of 20,000 or 2.2 percent of the State's eligible acres per year. Acres that will not be used in one State can be reallocated to States that request additional acres.

Section 1240Y. Regulations.

This section requires that the Secretary develop implementing regulations no later than 180 days after enactment.

Subchapter B—Environmental Quality Incentives Program

This subchapter amends section 1240 of the FSA 1985 (16 U.S.C. 3839aa) as follows:

Section 2351. Purposes.

This section adds "forest management", "pollinators and fuels management" as a purpose of the program, and generally adds emphasis on forestry issues within the program.

Section 2352. Definitions.

This section adds "fuels management" and "forest management" to the definition of land management practice and includes custom feeding businesses and contract growers or finishers to the definition of a producer. It also expands the definition of structural practice to include firebreaks and fuel breaks.

Section 2353. Establishment and administration of environmental quality incentives program.

Subsection (a) reauthorizes the program until 2012.

Subsection (b) adds conservation planning to the list of approved practices eligible for payment under the program.

Subsection (c) provides for up to 75 percent cost share, except that socially disadvantaged and beginning farmers and ranchers could receive 90 percent or 15 percent above established cost share rates. Socially disadvantaged farmers or ranchers or beginning farmers or ranchers would also be eligible to receive up to 30 percent of their payment in advance for purchases of materials and labor. The section prohibits duplicate payments for the same practice from other programs. It also provides individuals who are unsuccessful in obtaining an EQIP contract with priority consideration for a guaranteed loan.

The subsection also allows the Secretary to prioritize applications that promote management of residue, nutrients, air quality, pests, or that deter predators protected under the Endangered Species Act.

The subsection also allows the Secretary to provide technical assistance, cost-share payments and incentive payments to a producer for a water conservation or irrigation practice, and may afford a priority to applications that would benefit water quantity.

Section 2354. Evaluation of offers and payments.

This section includes improvement of existing conservation systems to the criteria that the Secretary may consider in evaluating contract offers.

Section 2355. Duties of producers.

This section adds forest land to the list of land uses that the producer agrees not to conduct any practice on that would defeat the purposes of the program.

Section 2356. EQIP program plan.

This subsection is amended to allow for organizations to act on behalf of producers to submit plans of operations for approval under this program. It clarifies that in the case of forest land the plan is to be consistent with a forest land management plan approved by the Secretary.

Sectopm 2357. Limitation of payments.

This section clarifies that the existing limit of $450,000 applies to individual producers receiving funding and not to producer organizations.

Section 2358. Conservation innovation grants.

This section amends section 1240H of the FSA 1985 (16 U.S.C. 3839aa-8) by reauthorizing the program to stimulate innovative approaches for environmental enhancement on agricultural and forested land. This section clarifies that the purpose of grants is to develop and transfer innovative conservation technology and seeks to increase participation by specialty crop producers. When seeking innovative conservation techniques, the Secretary is encouraged to determine whether or not specialized planters designed for use in production agriculture effectively demonstrate cost-effective reductions in runoff; water use, and soil erosion, and, if so, to ensure the transfer of this technology through programmatic means.

Conservation programs as implemented by USDA should recognize the use of enhanced efficiency fertilizers as defined by the Association of American Plant Food Control Officials (AAPFCO). Enhanced efficiency fertilizers, which can protect water quality and reduce greenhouse emissions, include slow and controlled-release fertilizers (absorbed, coated, occluded or reacted) and stabilized nitrogen fertilizers (urease and nitrification inhibitors and nitrogen stabilizers) and are recognized by AAPFCO, the agency of state regulators of fertilizers.

Section 2359. Ground and surface water conservation.

This section amends section 1240I of FSA 1985 (16 U.S.C. 3839aa-9) by adding authority for the Secretary to enter into cooperative and contribution agreements with entities to carry out water conservation activities with producers on a regional scale. This section provides $60,000,000 for each fiscal year from 2008 through 2012. This section creates the Eastern Snake Plain Aquifer Pilot for regional water conservation activities in the Eastern Snake Aquifer Region.

Section 2360. Organic conversion.

This section amends the FSA 1985 by inserting a new option within the Environmental Quality Incentives Program to provide cost share and incentive payments to producers who choose to convert to organic agriculture on some or all of their operations. This new option provides technical and financial assistance appropriate for an organic plan and requires eligible producers to protect soil, water, wildlife, air and other natural resources and to submit an annual verification by a certifying entity. This section stipulates the contract length of 3-4 years and caps total costs at $80,000.

Section 2361. Chesapeake Bay Watershed Conservation Program.

This section amends the FSA 1985 by adding a Chesapeake Bay Watershed Conservation program within the Environmental Quality Incentives Program and funds the program at $165,000,000 between 2008 and 2012.

Section 2371. Farmland Protection Program.

Subsection (a) amends section 1238H of FSA 1985 (16 U.S.C. 3838h) by clarifying the definition of eligible entity and adding furthering a state or local policy as a new eligible land category and striking that land must be subject to a pending offer. This subsection broadens incidental land and forest land that contributes to the economic viability of an agricultural operation as eligible inclusions in easements and requires the Secretary to enter into cooperative agreements with eligible entities for the entities to purchase permanent easements.

Subsection (b) specifies the terms and conditions for cooperative agreements, including allowing the eligible entity the flexibility to use their own terms and conditions for easements provided there is an impervious surface limitation. This section requires an appraisal that complies with the Uniform Standards of Professional Appraisal Practice (in lieu of compliance with the Uniform Standards for Federal Land Acquisitions) and allows eligible entities to include landowner charitable donations as part of the share of the easement purchase cost.

Subsection (c) limits the amount that the Secretary can share in the costs of purchasing the easement to 50 percent of the appraised fair market value and establishes minimum amounts entities pay based on the amount of landowner contributions.

Subsection (d) requires the protection of Federal investments through executory limitation, but specifies that the executory limitation is not a Federal acquisition of real property and will not trigger any Federal appraisal or other real property requirements.

Section 2381. Grassland Reserve Program.

This section amends Subchapter C of chapter 2 of subtitle D of title XII of the FSA 1985 (16 U.S.C. 3838n et seq.) by defining eligible entities who can purchase and hold easements. The program is reauthorized. Under this section, the Secretary may enroll land either through a cooperative agreement with an eligible entity or directly enroll land with a producer through 30-year contracts, 30-year easements, or permanent easements. The program emphasizes the preservation of large, intact landscapes of native and naturalized grassland and shrubland. This section allows eligible land to

be transferred into the program from the Conservation Reserve Program if it is of high ecological value and under significant threat of conversion and places a limit on transfers of no more than 10 percent of program funds. This section also prohibits duplicate payments. The Secretary may enter into restoration agreements with landowners. This section requires that 30-year contracts be paid at the same rate as 30-year easements. Common grazing practices are allowed in all easements and contracts. This section provides terms and conditions for cooperative agreements with eligible entities, including allowing the eligible entity flexibility to use their own terms and conditions for easements. This requires eligible entities to use appraisals that comply with an industry approved method and requires protection of Federal investment through an executory limitation, but specifies that the executory limitation is not a Federal acquisition of real property and will not trigger any Federal appraisal or other real property requirements.

Section 2391. Conservation Security Program.

This section amends Chapter A of chapter 2 of subtitle D of title XII of the FSA 1985 by allowing the Secretary to continue to make payments on existing conservation security contracts and prohibits new contracts.

Section 2392. Conservation of private grazing land.

This section amends section 1240M(e) of the FSA 1985 (16 U.S.C. 3839bb(e)) by extending the program through 2012.

Section 2393. Reauthorization of Wildlife Habitat Incentive Program.

This section amends section 1240M(e) of the FSA 1985 (16 U.S.C. 3839bb(e)) by extending the program through 2012, adding incentive payments, and increasing the percentage of funds that can be used for long-term projects from 15 percent to 25 percent. This section requires the Secretary to give priority to projects that would further the goals and objectives of state, regional, and national fish and wildlife conservation plans and initiatives.

Section 2394. Grassroots Source Water Protection Program.

This section amends section 1240O(b) of the FSA 1985 (16 U.S.C. 3839bb-2(b)) by extending the program through 2012 and increasing the annual authorized appropriations to $20,000,000.

Section 2395. Great Lakes basin program for soil erosion and sediment control.

This section amends section 1240P(c) of the FSA 1985 (16 U.S.C. 3839bb-3(c)) by extending the program through 2012.

Section 2396. Farm Viability Program.

This section amends section 1238J(b) of the FSA 1985 (16 U.S.C. 3838j(b)) by extending the program through 2012.

Section 2397. Discovery Watershed Program.

This section amends Chapter 5 of subtitle D of title XII of the FSA 1985 (16 U.S.C. 3839bb et seq.) by establishing the discovery watershed demonstration program and requiring the Secretary to

carry out the program in not less than 30 small watersheds in States of the Upper Mississippi River basin to promote the most cost effective and efficient ways of reducing nutrient loss to surface waters. This section defines the purposes of the program to demonstrate approaches to reduce the loss of nutrients to surface waters from agricultural land and to monitor management practices designed to reduce the loss of nutrients to surface waters from agricultural lands. This section allows for the Secretary to establish or identify appropriate partnerships to select the watersheds and to encourage cooperative effort among the Secretary and state, local and nongovernmental organizations. This section provides criteria for the selection of watersheds and prohibits the use of funds for administrative expenses.

Section 2398. Emergency Landscape Restoration Program.

This section amends Chapter 5 of subtitle D of the FSA 1985 (16 U.S.C. 3839bb et seq.) by establishing the emergency landscape restoration program to rehabilitate cropland, grasslands, and private nonindustrial forest lands adversely affected by natural catastrophic events such as fire, drought, flood, excessive wind, ice or blizzards, or other natural events. This section declares entities eligible for assistance are community-based associations and city, county or regional governments, including watershed councils and conservation districts. Individuals eligible for assistance include producers, ranchers, operators, private nonindustrial forest landowners, and landlords on working agricultural land. The bill allows the Secretary to purchase floodplain easements, prioritize applications that protect human health and safety, and provide technical assistance and cost-share payments for up to 75 percent of the cost of remedial activities to rehabilitate watersheds. These remedial activities include debris removal, stream bank stabilization, establishment of cover, restoration of fences, construction of conservation structures, providing livestock water in drought situations, restoring nonindustrial private forest land and livestock carcass removal. This section authorizes discretionary funding and provides for the temporary administration of current emergency programs until final regulations are formulated.

Section 2399. Voluntary Public Access and Habitat Incentives Program.

This section amends Chapter 5 of subtitle D of title XII of the FSA 1985 (16 U.S.C. 3839bb et seq.) by creating a grant program for States and Tribes that run State or Tribal programs to encourage voluntary enrollment by owners and operators of private lands in a program to allow public access for hunting and fishing and other wildlife-dependent recreation. Participation in this program is voluntary and funds are to be used through existing State or Tribal programs and to develop new programs in States and on Tribal lands that currently do not have existing programs. This section ensures that land enrolled under State or Tribal programs has appropriate wildlife habitat and clarifies that the program does not preempt state law, including any state liability law. In approving applications and awarding grants, the Secretary shall give priority to States and Tribal governments that propose to make available to the public the location of land enrolled in the program.

Section 2401. Funding and administration.

This section amends section 1241(a) of the FSA 1985 (16 U.S.C. 3841(a)) by updating the fiscal years and funding levels for programs covered under this title.

Section 2402. Regional equity.

This section amends section 1241 of the FSA 1985 (16 U.S.C. 3841) by providing priority for funding to approved applications in States that have received, in aggregate, less than $15,000,000 in funding in EQIP, FPP, GRP, WHIP, CSP and AMA. This section expands the donor programs to include CSP and Agriculture Management Assistance programs. This section instructs the Secretary to conduct a review of conservation program allocation formulas to determine the sufficiency of the formulas in accounting for state-level economic factors, level of agricultural infrastructure, or related factors that affect conservation program costs. This section directs the Secretary to improve conservation program allocation formulas as necessary to ensure that the formulas adequately reflect the costs of carrying out the conservation programs.

Section 2403. Conservation access.

This section amends section 1241 of the FSA 1985 (16 U.S.C. 3841) by requiring that 10 percent of conservation program funds be used to assist beginning and socially disadvantaged farmers and ranchers. Any unused funds are to be repooled and made available to all persons eligible for assistance under appropriate conservation programs. This section expands the uses of Conservation Innovation Grants to include technology transfer, farmer-to-farmer workshops, and demonstrations of innovative conservation practices. This section requires the Secretary to offer higher levels of technical assistance to beginning and socially disadvantaged farmers and ranchers. This section allows the Secretary to develop and implement cooperative agreements with entities with expertise in addressing the needs of beginning farmers or ranchers and socially disadvantaged farmers or ranchers.

Section 2404. Delivery of technical assistance.

This section amends section 1242 of the FSA 1985 (16 U.S.C. 3842) by expressing that the purpose of technical assistance is to provide farmers, ranchers, non-industrial private forest owners, and interested individuals and organizations with consistent, science-based, site-specific practices to achieve conservation objectives. This section allows the Secretary to provide technical assistance directly, through a contract with a third party provider, or at the option of the producer, through a payment to the producer for a third party provider. This section requires the Secretary to increase the availability and range of technical service providers, provide for national certification, and ensure that any state-level requirements are appropriate. The Secretary is also required to review certification requirements. This section establishes that contracts for technical assistance with third-party providers will have a term of no more than three years and establishes that education and outreach and administrative services are activities that are eligible for payment to third-party providers. This section requires the Secretary to review existing conservation practice standards

and engineering design specifications and ensure they provide for the optimal balance between meeting site-specific conservation needs and minimizing risks of design failure and associated costs of construction and installation. The Secretary is also required to consult with producers, crop consultants, cooperative extension, nongovernmental organizations and other qualified entities in conducting a review of existing standards and to implement an expedited process to affect needed revisions resulting from the review. This section enhances technical assistance for specialty crop, organic and precision agriculture producers through cooperative agreements with other agencies and nongovernmental organizations, and use of local resources to provide technical assistance for planning and implementation of conservation practices.

Section 2405. Administrative requirements for conservation programs.

Subsection (a) amends section 1244 of the FSA 1985 (16 U.S.C. 3844) by requiring the Secretary to ensure a streamlined application process for conservation programs, and the submission of a written notification to Congress of the completion of the requirements of this subsection.Subsection (b) amends section 1244 of the FSA 1985 (16 U.S.C. 3844) by adding that the Secretary, at the request of the landowner, cooperate with the Secretary of Interior and Secretary of Commerce to make Safe Harbor assurances available to the landowner under the Endangered Species Act. This subsection directs the Secretary to accept applications from and provide cost-share and incentive payments and other assistance to producers who apply through a producer organization for large group projects.

Subsection (f) clarifies and improves the existing Partnerships and Cooperation provision. The Secretary may designate special projects to enhance assistance to multiple producers to address conservation issues related to agricultural and nonindustrial forest management and production. Special projects would: affect multiple agricultural operations; help producers meet environmental laws; facilitate cumulative conservation benefits in geographical areas; or promote the development and demonstration of innovative conservation methods. The Secretary may enter into agreements with a wide range of partners to carry out special projects. Establishes criteria for project applications and requires a competitive process for selection. This subsection includes a special rule applicable to Regional Water Enhancement Projects, including: eligible partners, project proposal criteria, goal identification, baseline data, conservation measures to be used, and performance measures that will be used to determine project effects. The Secretary shall use not more than 5 percent of resources authorized in 1241 (a) to carry out this subsection.

Section 2406. Conservation programs in environmental service markets.

This new program is added by amending subtitle E of the FSA 1985 (16 U.S.C. 3841 et seq.)

Subsection (a) requires the Secretary to establish the framework necessary to facilitate the participation of farmers, ranchers, and forest landowners in emerging environmental service markets. This

requires the Secretary to use a collaborative process that includes a broad range of representatives from appropriate agencies, organizations and sectors. This requires the Secretary to establish uniform standards; design accounting procedures; establish a protocol to report environmental services benefits; establish a registry to report and maintain the benefits; and establish a process to verify that a farmer, rancher or forest land owner has implemented the conservation or land management activity.

Subsection (b) allows the Secretary to delegate any responsibility under this section to a relevant agency or office.

Subsection (c) requires the Secretary to submit three reports to Congress; an initial status report within 90 days of enactment on the framework process; an interim report within 180 days of enactment on the adequacy of existing research and methods to quantify environmental services benefits, proposals to establish technical guidelines, and recommendations; a final report within 18 months of enactment on the progress made in this process, rates of participation by farmers, ranchers and forest land owners and any recommendations.

Section 2501. State technical committees.

Subsection (a) amends section 1261 of the FSA 1985 (16 U.S.C. 3861(c) by requiring the Secretary to develop standard operating procedures for state technical committees and standards to be used by the state technical committees in the development of technical guidelines.

Subsection (b) updates the names of the agencies that may be represented on State Technical Committees.

Subsection (c) amends section 1262(e) of the FSA 1985 (16 U.S.C. 3862(e)) by recognizing local work groups as subcommittees of the State Technical Committee and exempting them from FACA.

Section 2601. Agricultural management assistance.

This section amends section 524(b) of the Federal Crop Insurance Act (7 U.S.C. 1524 (b)) by including Idaho as a participating AMA program State and by extending the program through 2012.

Section 2602. Agriculture Conservation Experienced Services Program.

This section amends the Department of Agriculture Reorganization Act of 1994 (U.S.C. 6901 et seq.) by creating a new Agriculture Conservation Experienced Services Program (ACE). This section authorizes the ACE program which allows the Secretary to enter into agreements with nonprofit agencies and organizations to use the talents of individuals who are age 55 or older to provide conservation technical assistance in support of the administration of conservation-related programs. This section stipulates that agreements may not displace individuals employed by the Department of Agriculture and allows the Secretary to provide tools, including agency vehicles, necessary to carry out the program.

Section 2603. Technical assistance.

Subsection (a) amends the Soil Conservation and Domestic Allotment Act to clarify the breadth of the continuing program of soil and water conservation, and the definition of technical assistance.

The soil and water conservation program is intended to include such actions as needed to conserve soil, water and related natural resources, and to promote soil and water quality. Related natural resources as referenced in this modification includes all such natural renewable resources that depend upon, interact with, or otherwise influence or are influenced by soil and water. This would include, for example, air, plants, and animals, individually or collectively as in terms of habitat.

Technical assistance is defined consistently with the language inserted in section 1242 of the Food and Energy Security Act of 2007. This revision clarifies that technical assistance includes the technical services provided directly to producers, non-industrial private forest landowners, and other eligible entities; as well as the technical infrastructure needed to support delivery of technical services. Technical infrastructure includes not only the technical underpinnings for conservation, such as technical guides, practice standards, and tools, but also the activities, processes, and agency functions required for conservation program delivery such as ranking and evaluation processes, contract management, and related activities.

Subsection (b) amends the Soil and Water Resources Conservation Act and extends it through 2028. Minor adjustments are made to the current coverage of the resource appraisal and national conservation program. The delivery of appraisals and programs are tied more closely to the farm bill cycle, with the intent that these evaluations will inform development of future farm policy. To that end, outstanding resource issues identified through this legislation, including soil erosion impacts, water conservation, grassland conversion, and energy crop production are expected to be addressed in forthcoming appraisals and programs. In addition, the Secretary is directed to solicit and assess opportunities to improve the appraisal and the program, concurrent with the initial conduct of these processes under this reauthorization.

Section 2604. Small Watershed Rehabilitation Program.

This section authorizes such sums as are necessary to carry out this section for each of fiscal years 2008 through 2012.

Section 2605. Resource Conservation and Development Program.

Subsection (a) amends section 1528 of the Agriculture and Food Act of 1981 (16 U.S.C. 3451) to specify that the planning process is locally led.

Subsection (b) amends section 1528(13) of the Agriculture and Food Act of 1981 (16 U.S.C. 3451 (13)) by clarifying that technical assistance includes implementation of area plans and projects.

Subsection (c) amends section 1531 of the Agriculture and Food Act of 1981 (16 U.S.C. 3454) by requiring the Secretary to designate a coordinator for each council who will be directly responsible for technical assistance.

Section 2606. National Natural Resources Conservation Foundation.

This section amends section 353 of the FAIR Act of 1996 (16 U.S.C. 5802) by updating existing foundation language and expanding the granting authority of the foundation to include grants to in-

dividuals. This section allows the Foundation to provide advice to the Secretary and allows gifts, devises and bequests of personal property (monetary and non-monetary) to be accepted, prior to the initial meeting of the board, by the Secretary on behalf of the Foundation. These items are not considered gifts or benefits of the United States. Gifts received prior to the first meeting can be used by the Secretary for expenses of the first meeting then transferred to the Board. This section expands the foundation powers to enter into agreements with the Federal Government and makes gifts to the Foundation tax exempt.

Section 2607. Desert Terminal Lakes.

This section reauthorizes the Desert Terminal Lakes program through 2012.

Section 2608. Crop insurance ineligibility relating to crop production on native sod.

Subsection (a) amends section 508 of the Federal Crop Insurance Act (7 U.S.C. 1508) to deny crop insurance and noninsured crop disaster assistance program benefits (NAP) on lands converted from native sod after passage of the Food and Energy Security Act of 2007.

Native sod means land characterized as being composed principally of native grasses, grasslike plants, or forbs suitable for grazing and browsing and which has never been planted to or used for the production of an agricultural commodity. There are an estimated 60 million acres of tall, short, and mixed-grass prairies remaining in the contiguous U.S. Land that may be in a grassland use but has at one time been cropped, as evidenced by presence on a FSA county cropland map or other indication of a cropping history, is exempt from this provision. Grasslands that have never been cropped but may suffer from encroachment of invasive species, however, are not intended to be exempt from this provision.

Subsection (b) amends section 196(a) of the FAIR Act of 1996 (7 U.S.C. 7333(a)) by adding at the end the definition of native sod and providing for ineligibility for benefits when a producer plants an agricultural commodity on native sod.

Subsection (c) requires the Secretary to submit a report that describes the cropland acreage in each county and State, and the change in cropland acreage from the preceding year in each county and State, beginning with calendar year 1995 and including that information for the most recent year for which that information is available. The Secretary is required to make this report available to the Senate Committee on Agriculture, Nutrition and Forestry and to the Committee on Agriculture of the House of Representatives. The Secretary shall produce and submit an updated report to both committees annually.

Section 2609. High plains water study.

This section stipulates that program benefits under this bill will not be denied to eligible individuals solely on the basis of participation in a one-time study of aquifer recharge potential in the high plains of Texas.

The continuing depletion of the Ogallala Aquifer is an acute concern for the eight states that depend on it for agricultural, domes-

tic, and industrial uses, among others. This provision will allow agricultural producers to participate in a Texas Water Development Board one-time study of aquifer recharge potential in the high plains of Texas. The study is narrowly focused on a small number of playa lakes situated on agricultural land over the Ogallala Aquifer. The disturbance to lake beds is minimal and temporary and for the purpose of evaluating the potential for increasing infiltration to benefit the aquifer. This provision provides the assurance to producers to make it possible for the research project to go forward. The results of the study will help to inform state and local water conservation investment and policy that will aid in managing this critical aquifer.

Playas are temporary wetlands unique to the High Plains of North America, numbering more than 60,000. Playas not only serve as the primary source of recharge for the Ogallala Aquifer, they are the most important wetland type for wildlife in this region. The Committee encourages USDA to further recognize the importance of playas through increased communication to landowners of the benefits of playas and conservation programs available. The Committee encourages USDA to work with the Playa Lakes Joint Venture to enhance the use of such programs like the Conservation Reserve Program to help ensure the protection of playas.

Section 2610. Payment of expenses.

This section amends section 17(d) of the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136o(d)) by adding a paragraph that requires the U.S. Department of State to cover expenses incurred by U.S. Environmental Protection Agency staff participating on an international technical, economic, or policy review board, committee, or other official body with respect to a related international treaty.

Section 2611. Use of funds in basin funds for salinity control activities upstream of Imperial dam.

This section amends section 202(a) of the Colorado River Basin Salinity Control Act (43 U.S.C. 1592(a)) by adding the Basin States Program. This directs the Secretary, acting through the Bureau of Reclamation, to carry out salinity control activities in the Colorado River Basin. This section requires the Secretary of Interior to consult with the Colorado River Basin Salinity Control Advisory Council when providing assistance in the form of grants, grant commitments, or the advancement of funds to Federal or non-Federal entities. This section also requires a planning report to Congress that describes the proposed implementation of the program and stipulates that non-Federal funds may be expended to implement the program until 30 days after the report is submitted to Congress.

This section is intended to be fiscally neutral both as to appropriations and as to draws on the Basin Funds. It does not change the cost share ratios already established in section 205(a) of the Act, nor does it change the percentage split between the two funds or the requirement that no more than 15 percent of the Basin States cost share is to come from the Upper Colorado River Basin Fund. It is intended only to clarify the authority through which the Bureau of Reclamation expends the required cost share dollars.

Section 2612. Great Lakes Commission.

This new section adds new purposes to the Great Lakes Basin Program, to focus on assisting with the implementation of the Great Lakes Regional Collaboration Strategy to Restore and Protect the Great Lakes.

Section 2613. Technical Corrections to the Federal Insecticide, Fungicide, and Rodenticide Act.

This section amends section 33 of the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136w-8) by making technical changes concerning The Pesticide Registration Improvement Act (PRIA).

TITLE III—TRADE

SUBTITLE A

Section 3001. Short title.

This section amends the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 note; 104 Stat. 3633). It changes the title of the underlying legislation to the Food for Peace Act. It also includes numerous conforming amendments.

Section 3002. United States policy.

This section amends section 2 of the newly named Food for Peace Act (7 U.S.C.1691). It deletes a paragraph describing market development as one of the objectives of the programs under this Act. This modification is made to reflect the approach taken in operating this program in recent years.

Section 3003. Food aid to developing countries.

This section amends section (3) of the Food for Peace Act (7 U.S.C.1691(a)). It updates U.S. negotiating objectives with respect to international food aid in international bodies such as the World Trade Organization and the Food Aid Convention. Current statutory language reflect negotiating goals for the Uruguay Round of the WTO, which was completed in 1994.

The WTO, Food Aid Convention, and the United Nation's Food and Agriculture Organization are now engaged in the process of examining international food aid policies. In these and other forums, the Committee believes that the United States must assure that the options for providing food aid remain open; limitations are not placed on emergency or non-emergency programming, or the modalities for carrying out programs; and traditional implementing partners for food aid continue to be able to develop and partner with the United States and other donors, including non-governmental organizations, governments and intergovernmental organizations. The Committee is concerned about multilateral agreements governing international food aid being too prescriptive, as different approaches are needed for different settings. The Committee is particularly concerned by efforts in these forums to limit the role of non-governmental organizations in delivering food aid programs, even though experience shows they conduct effective programs, have demonstrated the ability to reach populations in need, and provide accountability for resources.

Section 3004. Trade and development assistance.

This section renames title I of the newly renamed Food for Peace Act (7 U.S.C.1701) from Trade and Development Assistance to Economic Assistance and Food Security. This change reflects the current priority objectives in operating this program.

Section 3005. Agreements regarding eligible countries and private entities.

This section amends section 102 of the Food for Peace Act (7 U.S.C.1702). It strikes references to potential recipient countries becoming commercial markets and strikes requirement that organizations seeking funding under the Act prepare and submit agricultural market development plans. These references are obsolete in the current operations of U.S. food aid programs.

Section 3006. Use of local currency payments.

This section amends section 104 of the Food for Peace Act (7 U.S.C.1704). It adds the objective of improving trade capacity of the recipient country to the set of goals to be achieved under agricultural development, and removes several objectives that are no longer appropriate for international food aid programs.

Section 3007. General authority.

This section amends section 201 of The Food for Peace Act ((7 U.S.C.1721). It clarifies the objectives for assistance under title II commodity donations.

The Committee recognizes that food aid may be used in a variety of ways to address emergency needs, to promote food security and to decrease food insecurity in developing countries and wants to encourage innovative programming. While non-emergency program objectives are typically built around food security related indicators, they may also be built around indicators that show increased capacity to address crises, issues and problems that can increase food insecurity. In addition, activities supported by food aid programs may be intended to promote participation in education, training and other activities that increase people's productivity and build community and institutional capacity.

Section 3008. Provision of agricultural commodities.

This section amends section 202 of the Food for Peace Act (7 U.S.C. 1722). Paragraph (1) revises current language to clarify that the fact that a project is being proposed in a country that does not have a USAID mission or is not part of an overall development plan for the country cannot be used as the sole rationale for denying the proposal.

Paragraph (2) modifies the share of title II funds which can be used to cover logistical expenses of PVO partners from between 5 and 10 percent to not less than 7.5 percent, and clarifies that such funds can be used to cover costs of needs assessment and monitoring and evaluation.

Paragraph (3) strikes language on streamlining program management included in the FSRIA of 2002 (P.L. 107–171), since those objectives have been largely met. It also inserts new language which permits the Administrator to use title II funds to address food aid quality issues, and requires that regular reports on

progress on these quality issues be made to the relevant Congressional Committees.

Section 3009. Micro-enterprise activities.

This section amends section 203 of the Food for Peace Act (7 U.S.C. 1723). It adds activities involving micro-enterprises and village banking as a valid use of proceeds generated by monetization of commodities donated under title II.

Section 3010. Levels of assistance.

This section amends section 204 of the Food for Peace Act (7 U.S.C.1724). It extends the minimum tonnage requirement for title II programs through 2012.

Section 3011. Food aid consultative group.

This section amends section 205 of the Food for Peace Act (7 U.S.C.1725). Paragraph (1) requires that a representative of the maritime transportation sector be included in the Food Aid Consultative Group (FACG), as well as representatives of other stakeholder groups not currently included.

Paragraph (2) requires the USAID Administrator to consult with the FACG in developing regulations for the pilot local cash purchase program established in section 3014, and extends the authority for the FACG through 2012.

Section 3012. Administration.

This section amends section 207 of the Food for Peace Act (7 U.S.C.1727) . Paragraph (1) provides more flexibility to the Administrator in terms of the time he has to evaluate and determine whether to accept a proposal for assistance under title II, and clarifies the intent of the law with respect to notifying an applicant why their proposal was rejected.

Paragraph (2) deletes a requirement for handbooks which are no longer used within the title II program. Information previously contained in such handbooks is now available through other outlets.

Paragraph (3) deletes a specific deadline for submitting commodity orders, which on occasion can have the effect of slowing down the process, and substitutes a requirement that orders should be provided on a timely basis.

Paragraph (4) pushes back the date from December 1 to June 1 for a report on the programs, countries, and commodities approved to date within a fiscal year under title II.

Paragraph (5) adds language that allows the Administrator to use title II funds to pay for assessment, data collection and management, and monitoring activities, and to hire contract workers to undertake such work in recipient or neighboring countries, without limiting existing authority to hire contractors to help address emergency food needs.

It also adds language allowing the Administrator to pay the World Food Program of the United Nations for indirect support costs of the commodities donated under title II, requiring that the Administrator report to relevant Congressional committees on such payments. It also clarifies the authority of the Administrator to pay indirect costs associated with funds received or generated for programs to PVO's and cooperatives. It also requires that project re-

ports should be submitted in such a form as can be readily displayed for public use on the USAID website.

The Committee is aware that there may be some ambiguity regarding whether USAID may use title II funds to cover the indirect cost recovery rate issued by the UN World Food Program. A new subsection authorizes the payment of such funds, on the condition that the level and rationale are first reported to relevant congressional committees for review.

Similarly, the Committee is aware that in some cases there may be ambiguity about whether the "negotiated indirect cost rates" or NICRA, established by private voluntary organizations and cooperatives with USAID based on OMB guidelines apply to funds provided and generated under title II. A new subsection clarifies that a private voluntary organization's or cooperative's NICRA applies to funds received under the title II program, which would include those generated from monetization, provided for internal transportation storage and handling, or provided under section 202(e) of current law.

Section 3013. Assistance for stockpiling and rapid transportation, delivery, and distribution of shelf stable prepackaged foods.

This section reauthorizes section 208 of the Food for Peace Act (7 U.S.C.1728) through 2012. It also increases the level that can be appropriated to assist in the development of shelf-stable, prepackaged foods for use in food aid programs from $3 million to $8 million.

Section 3014. Pilot program for local cash purchase.

This section amends the Food for Peace Act. It adds authorization for a pilot program for local/regional cash purchase under title II by adding a new section 209 to the reported bill.

Subsection (a) provides several key definitions for the section.

Subsection (b) establishes authority for the pilot program.

Subsection (c) establishes the purposes for which the pilot program can be used.

Subsection (d) establishes criteria for local or regional procurement.

Subsection (e) requires the Administrator to initiate an external review of prior local/regional cash purchase activities by other donor countries, PVO's and intergovernmental organizations within 30 days of enactment. A report detailing the results of this review is also to be provided to the relevant Congressional Committees. This information is to be used to assist in developing guidelines for the request for proposals.

Subsection (f) authorizes the Administrator to request and approve applications for grants from eligible organizations under this section, and requires any projects authorized under this section to be completed by Sept. 30, 2011, to allow time to complete study of pilot results before this legislation expires.

Subsection (g) establishes criteria for diversity in selecting proposals for grants.

Subsection (h) lists information that would need to be included in grant applications.

Subsection (i) requires the Administrator to arrange for independent evaluation of the pilot program results, and a report to the

relevant Congressional Committees. It also lays out the factors that would have to be examined in the report.

Subsection (j) requires the Administrator to promulgate guidelines for the operation of this pilot program.

Subsection (k) authorizes use of appropriated funds from title II of $25 million for each year between fiscal 2008 and fiscal 2011 for this program, to be available until expended. It also limits use of these funds unless the Administrator has met the statutory minimum tonnage requirements of at least 2.5 million tons of commodities shipped annually, so that any funds used for this pilot would truly be additional to normal levels of in-kind donations.

Section 3015. General authorities and requirements.

This section amends section 401 of the Food for Peace Act (7 U.S.C.1731). Paragraph (a) strikes the requirement that the Secretary make a determination about domestic supply of the commodity. This is an obsolete requirement that dates from several decades ago when food aid was largely a surplus disposal mechanism.

Paragraph (b) contains conforming amendments.

Section 3016. Commodity credit corporation.

This section amends section 406 of the Food for Peace Act (7 U.S.C.1736). It adds costs incurred to improve food aid quality to the list of activities and functions that can be covered by the Commodity Credit Corporation.

Section 3017. Administrative provisions.

This section amends section 407 of the Food for Peace Act (7 U.S.C.1737). Paragraph (1) reauthorizes pre-positioning of U.S. commodities abroad and increases the $2 million annual cap on transportation costs to move such commodities to $4 million. It also requires that resource requests for multi-year or ongoing non-emergency assistance agreements be approved by October 1 of the fiscal year when the commodities will be delivered.

Paragraph (2) pushes the completion date for an annual report concerning the programs and activities of this Act from January 15 to April 1, and requires the Administrator to make the report available to the public by electronic and other means.

The Committee notes that this section takes several steps towards improving program procedures and reporting, following suggestions by the GAO in its April 2007 study. It allows more flexibility and quicker response time when an emergency occurs, the funds available to the Administrator for pre-positioning agricultural commodities at strategic locations overseas is doubled from $2,000,000 to $4,000,000. It also requires USAID to approve the resource requests for ongoing multiyear or non-emergency title II programs by October first of the applicable fiscal year. The Committee expects the Administration to act expeditiously on approvals for new programs as well, and to take other steps that can spread out commodity procurement and shipments throughout the year and to allow more orderly and timely delivery of commodities.

Section 3018. Expiration date.

This section amends section 408 of the Food for Peace Act (7 U.S.C.1738). It reauthorizes agreements under this Act through December 31, 2012.

Section 3019. Authorization of appropriations.

This section amends section 412 of the Food for Peace Act (7 U.S.C.1736f). It establishes a "safe box" for non-emergency, development assistance projects under title II of $600 million annually.

The Committee's intent in requiring $600,000,000 to be used each fiscal year for non-emergency title II food aid programs is to reverse the downward trend in developmental programs and to increase the United States' presence and commitment to helping people who suffer from chronic hunger. The funding level would cover all costs associated with such programs, including procurement of agricultural products, ocean freight, assistance under section 202(e) of the Food for Peace Act (7 U.S.C. 1722) and internal transport, shipping and handling in the recipient country.

Section 3020. Micronutrient fortification programs.

This section amends section 415 of the Food for Peace Act (7 U.S.C.1736g-2). It reauthorizes the Micronutrient Fortification Program from the FSRIA of 2002, since very few steps were taken to meet these requirements during the lifetime of that Act.

Section 3021. Germplasm conservation.

This section amends the Food for Peace Act by adding a new section 417. It requires the Administrator to make contributions to the Global Crop Diversity Trust to assist in conservation of genetic diversity of key food crops around the world. Appropriations of $60 million are authorized for the period of fiscal year 2008 through 2012 for this purpose.

The natural diversity of plants and their genetic material has been a critical resource for scientists as they develop new varieties to address the constantly evolving pests, diseases and weather challenges. The committee authorizes the Agency for International Development to contribute $60 million to the endowment for the Global Crop Diversity Trust over fiscal years 2008 through 2012, subject to appropriations of funds. The U.S. contribution to the Trust cannot exceed 25 percent of total contributions from all sources, thus U.S. contributions must at a minimum be matched on a 3-to-1 basis by contributions from other governments, charities, or private concerns.

Since its formal establishment in 2004 the Trust has secured over $135 million from a wide array of donors, including $6.5 million from the United States. The Trust's ultimate goal is to raise $260 million, which would enable the establishment of an endowment that would, in conjunction with other efforts now underway, secure the conservation and availability of the genetic diversity of the world's major crops in perpetuity, through a scientific, cost efficient strategy relying on existing institutions and simple proven technologies. The Committee believes that $60,000,000 over the next five years is an appropriate U.S. contribution to this important effort.

Section 3022. John Ogonowski and Doug Bereuter Farmer-to-Farmer program.

This section amends section 501 of the Food for Peace Act (7 U.S.C.1737). It reauthorizes the Farmer-to-Farmer program.

SUBTITLE B

Section 3101. Non-governmental organization participation in the resolution of trade disputes.

This section modifies section 104 the Agricultural Trade Act of 1978 (7 U.S.C. 5604). It requires the Secretary to allow U.S. non-governmental organizations (NGO's) to take part in sessions of dispute settlement panels at the World Trade Organization that have to do with U.S. agriculture, and establishes criteria that must be met for NGO's to qualify for such participation.

It is the intent of the Committee that the Department of Agriculture and the United States Trade Representative shall include representatives of U.S. agriculture groups with a direct interest in the dispute settlement case to join the official delegation in a non-participatory role only when one or more of the other opposing parties involved in the dispute include private sector representatives in their delegations. Those representatives of U.S. groups must be cleared advisors on either the Agricultural Policy Advisory Committee or one of the Agricultural Technical Advisory Committees for Trade. The intent is to provide equal access to the process for U.S. agriculture groups on par with those of other countries who are advocating and assisting their governments to bring suits against U.S. agriculture programs in the World Trade Organization.

Section 3102. Export Credit Guarantee Program.

This section amends section 202 of the Agricultural Trade Act of 1978 (7 U.S.C. 5622). Subsection (a) repeals authority for the Supplier Credit program, which provides guarantees to buyers of U.S. commodities in foreign countries for a period of not more than 180 days. This program has been plagued by defaults and occasional fraud since its inception in the FAIR Act of 1996.

It also repeals authority for the GSM–103 export credit guarantee program, which provides guarantees for loans to purchase U.S. agricultural commodities with guarantees of duration of between 3 years and 10 years. This program was found to be inconsistent with U.S. WTO commitments on export subsidies in the Brazil cotton case, and has not been used by USDA since July 2005. It also repeals the 1 percent cap on loan guarantee fees for the GSM–102 export credit guarantee program, also in order to comply with the rulings of the Brazil cotton case. The section also reduces the tenor of the GSM–102 export credit guarantee program to no more than six months beginning in fiscal 2013, as a means to generate savings but not harm the program.

Subsection (b) contains conforming amendments.

The section also urges USDA to use its existing authority to design and operate the export credit guarantee program to maximize the export sales of agricultural commodities, by making available and utilizing the minimum $5.5 billion in guarantees required by law. Utilization of GSM–102, the only export credit program cur-

rently in operation, declined from $2.93 billion in FY04 to $1.45 billion by FY07.

Because guarantee fee income must be sufficient to cover operating costs under WTO obligations, a continued decline in program utilization may lead to WTO compliance concerns. USDA also implemented a risk-based guarantee fee structure that resulted in increased guarantee fees charged to exporters, and country risk designations that disqualified a number of countries as eligible markets.

The Committee encourages USDA to use its existing authority to design and operate the export credit guarantee program to maximize the export sales of agricultural commodities, by making available and utilizing the minimum $5.5 billion in guarantees required by law. USDA should adjust guarantee fees as necessary to ensure program effectiveness and U.S. competitiveness, and work with industry to ensure that the risk-based fees associated with the guarantees cover, but do not exceed, the operating costs and losses of the program over the long term. The Committee recognizes that considerable analysis is required in determining risk designations and establishing risk-based fees. USDA should develop an approach to risk evaluation that facilitates adjustments to risk designations and guarantee fees on an on-going basis in response to material changes in risk conditions, with consideration of input and evaluation from the private sector. In particular, improvements to the method by which USDA evaluates the creditworthiness of countries participating in export credit guarantee programs is important to reversing the decline in GSM–102 utilization and the amount of exports supported under the program.

Section 3103. Market Access Program.

This section amends section 203 of the Agricultural Trade Act of 1978 (7 U.S.C. 5623). Subsection (a) specifies that agricultural commodities include organic commodities.

Subsection (b) increases funding for the program from its current level of $200 million annually for fiscal 2007, raising it by $10 million annually until fiscal 2011, when it returns to baseline levels.

Section 3104. Export Enhancement Program.

This section amends section 301 of the Agricultural Trade Act of 1978 (7 U.S.C. 5651). It repeals authority for the Export Enhancement Program, which provides export subsidies to assist in increasing exports of U.S. agricultural commodities. This program was first authorized in the 1985 FSA, but has not been utilized since the mid-1990's.

Section 3105. Voluntary certification of child labor status of agricultural imports.

This section amends section 414 of the Agricultural Trade Act of 1978 (7 U.S.C. 5674). It requires the Secretary of Agriculture, in cooperation with the Secretary of Labor, to develop standards that importers of agricultural products into the United States could choose to use to certify that those products were not produced with the use of abusive forms of child labor.

Section 3106. Foreign Market Development Program.

This section amends section 703 of the Agricultural Trade Act of 1978 (7 U.S.C. 5723). It increases funding for the Foreign Market Development Program from its current level of $34.5 million annually for fiscal 2007 by $5 million for fiscal 2008 and 2009, by $10 million in fiscal 2010, and returns to baseline levels in fiscal 2011.

Section 3107. Food for Progress Act of 1985.

This section amends the Food for Progress Act of 1985 (7 U.S.C. 1736o). Paragraph (1) reauthorizes the program through 2012.

Paragraph (2) increases the amount that can be spent transporting commodities under Food for Progress from $40 million to $48 million for fiscal 2008-2010. This figure is the effective cap on this program. This increase helps make up for the loss of carryover funds from the title I concessional credit program, which was zeroed out in the fiscal 2007 agricultural appropriations bill, and also for the higher commodity prices which increase the cost of food aid shipments.

Section 3108. McGovern-Dole International Food for Education and Child Nutrition Program.

This section amends section 3017 of the FSRIA of 2002. Paragraphs (1)-(4) establish the U.S. Department of Agriculture as the permanent home for this program.

Paragraph (5) reauthorizes the program through 2012.

Paragraph (6) allows up to $300 million to be appropriated annually to fund this program.

SUBTITLE C

Section 3201. Bill Emerson Humanitarian Trust.

This section amends section 302 of the Bill Emerson Humanitarian Trust Act (7 U.S.C. 1736f-l). Paragraph (1) specifies that the Trust can be held as a combination of commodities and cash, not to exceed the equivalent of 4 million tons.

Paragraph (2) allows commodities in the Trust to be exchanged for funds available under title II or the McGovern-Dole program, or if the Secretary determines that such sales will not disrupt domestic market, to sell commodities in the Trust onto the market. It permits the Secretary to manage the funds held in the Trust to maximize its value.

Paragraph (3) clarifies the rules under which commodities or funds can be released from the Trust.

Paragraph (4) clarifies the rules by which the Trust is managed by the Secretary, including specifying that price risks must be considered and allowing the funds held in the Trust to be invested in low-risk short-term securities or instruments.

Paragraph (5) replaces the word "replenish" with the word "reimburse" throughout the language, reinforcing the notion that resources can be held through cash as well as commodities under this program.

Paragraph (6) reauthorizes the program through 2012.

Section 3202. Emerging Markets and Facilities Guarantee Loan Program.

This section amends section 1543 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5622) (FACTA). Paragraph (1) reauthorizes the Emerging Markets and Facilities Guarantee Loan Program through 2012.

Paragraph (2) permits the Secretary to waive requirements that U.S. goods be used in the construction of a facility under this program, if such goods are not available or their use is not practicable. It also permits the Secretary to provide a guarantee for this program for the term of the depreciation schedule for the facility, not to exceed 20 years.

Section 3203. Biotechnology and Agricultural Trade Program.

This section amends section 1543(d) of FACTA. This program, established in the FSRIA of 2002, is to be reauthorized through 2012. This program is authorized to help U.S. exporters facing problems with biotech-based agricultural products.

Section 3204. Technical assistance for the resolution of trade disputes.

This section is a free-standing provision. It authorizes the Secretary to provide technical assistance for limited resource groups involved in trade disputes. This program is subject to appropriations.

TITLE IV—NUTRITION PROGRAMS

SUBTITLE A—FOOD AND NUTRITION PROGRAM

PART I—RENAMING OF FOOD STAMP PROGRAM

Section 4001. Renaming of Food Stamp Program.

Subsection (a) amends the short title of the Food Stamp Act of 1977 (7 U.S.C. 2011 note). It renames the Act the Food and Nutrition Act of 2007.

Subsection (b) amends the renamed Food and Nutrition Act of 2007 (7 U.S.C. 2011 et seq) to change the term "food stamp program" each place it appears to "food and nutrition program".

PART II—IMPROVING PROGRAM BENEFITS

Section 4101. Exclusion of certain military payments from income.

This section amends section 5(d) of the Act (7 U.S.C. 2014(d)) to exclude from counted income military pay received as the result of service in a combat zone.

Section 4102. Strengthening the food purchasing power of low-income Americans.

This section amends section 5(e)(1) of the Act (7 U.S.C. 2014(e)(1)) to increase and index for inflation the minimum monthly standard deduction (the basic amount of income disregarded for all applicants and recipients). For the 48 contiguous States and the District of Columbia, it raises the standard deduction from $134 to $140 in fiscal year 2008. For Alaska, Hawaii, the Virgin Islands, and Guam, respectively, it raises the standard deduction from

$229, $189, $118, and $269 to $239, $197, $123, and $281 in fiscal year 2008. For fiscal year 2009 and each following year, the new standard deduction amounts would be adjusted (and rounded down to the nearest dollar) to reflect annual changes in the Consumer Price Index for All Urban Consumers; each adjustment would be based on the unrounded amount for the prior year.

Section 4103. Supporting working families with child care expenses.

This section amends section 5(e)(3)(A) of the Act (7 U.S.C. 2014(e)(3)(A)) to remove the monthly limits on deductions that may be taken for dependent care expenses that enable a household member's employment, training, or education. These limits currently are $200 a month for each child under 2 years of age and $175 a month for each other dependent.

Section 4104. Encouraging retirement and education savings among food stamp recipients.

Subsection (a) amends section 5(g)(1) of the Act (7 U.S.C. 2014(g)(1)) to increase the asset limit to $3,500 for most households, and $4,500 for households containing an elderly person or a person with a disability. This subsection also provides for periodic adjustment of the asset limit to reflect annual changes in the consumer price index for all urban consumers; each adjustment would be rounded down to the nearest $250 increment.

Subsection (b) amends section 5(g) of the Act (7 U.S.C. 2014(g)) to exclude as a counted liquid asset in judging program eligibility the value of tax-recognized retirement accounts/plans; the Secretary would be permitted to add to the specifically listed exclusions.

Subsection (c) amends section 5(g) of the Act (7 U.S.C. 2014(g)) to exclude as a counted liquid asset in judging program eligibility the value of tax-recognized tuition/education savings programs/accounts; the Secretary would be permitted to add to the specifically listed exclusions.

Section 4105. Facilitating simplified reporting.

This section amends section 6(1)(A) of the Act (7 U.S.C. 2015(c)(1)(A)) to allow States to require periodic reporting of changes in household circumstances (as opposed to reporting all changes when they occur) by households with elderly or disabled members, migrant or seasonal farmworker households, and households in which all members are homeless. It also limits the frequency with which these households must periodically report changes (other than changes whereby they exceed the gross monthly income eligibility limits). Elderly or disabled households with no earned income could be required to report no more often than once a year, migrant/seasonal farmworker and homeless households could be required to report no more often than once every 4 months.

Section 4106. Accrual of benefits.

This section amends section 7(i) of the Act (7 U.S.C. 2016(i)) to (1) require States to establish procedures for recovering electronic benefits from inactive benefit accounts and allow them to store recovered benefits off-line if the household has not accessed the ac-

count after 6 months and (2) require States to expunge benefits that have not been accessed by a household for 12 months. It also requires state agencies to notify households of stored benefits and make them available not later than 48 hours after a household's request.

Section 4107. Eligibility for unemployed adults.

This section amends section 6(o)(2) of the Act (7 U.S.C. 2015(o)(2)) to lengthen the eligibility period for single adults without dependents who are not working (20+ hours a week), in an employment/training program (20+ hours a week), or in a workfare program. It lengthens their eligibility period from 3 months in every 36-month period to 6 months in every 36-month period—effective October 1, 2008.

This section also amends section 6(o)(5) of the Act (7 U.S.C. 2014(o)(5)) to eliminate a current provision under which an adult without dependents who gains eligibility by meeting 1 of the 3 work/training tests noted above, but subsequently fails to meet any of the tests, may remain eligible for an additional 3 consecutive months.

Section 4108. Transitional benefits option.

This section amends section 11(s)(1) of the Act (7 U.S.C. 2020(s)(1)) to allow States to provide transitional food and nutrition benefits to households with children that cease to receive cash assistance under a state-funded public assistance program. Transitional benefits may currently be provided to households ceasing to receive cash assistance under the federally supported Temporary Assistance for Needy Families (TANF) program. Transitional benefits consist of 5 months' benefits based on the benefit amount immediately prior to losing cash assistance.

Section 4109. Updating the minimum benefit.

This section amends section 8(a) of the Act (7 U.S.C. 2017(a)) to increase the value of the minimum monthly benefit guaranteed to 1- and 2-person households. It raises it from $10 to the equivalent of 10 percent of the maximum food stamp benefit for a household of one beginning effective in fiscal year 2009. This provision also indexes the minimum benefit to inflation.

Section 4110. Availability of commodities for the emergency food assistance program.

Effective on enactment, this section amends section 27(a) of the Act (7 U.S.C. 2036(a)) to extend the requirement that the Secretary purchase $140 million a year in commodities for The Emergency Food Assistance Program (TEFAP) to fiscal year 2008 and each following year. For fiscal year 2008 and each following year, it also requires the Secretary to purchase an additional $110 million a year.

PART III—IMPROVING PROGRAM OPERATIONS

Section 4201. Technical clarification regarding eligibility.

This section amends section 6(k) of the Act (7 U.S.C. 2015(k)) to require the Secretary—as part of the Act's mandate to bar program

eligibility to those fleeing prosecution or custody for a felony -- to issue procedures to ensure that States use consistent procedures that disqualify individuals whom law enforcement authorities are actively seeking for the purpose of holding criminal proceedings.

Section 4202. Issuance and use of program benefits.

Subsection (a) amends section 7 of the Act (7 U.S.C. 2016) to make electronic benefit transfer (EBT) cards the only method of issuing program benefits and bars redemption of any benefit "coupons" issued under the Food Stamp program not redeemed within 1 year of enactment.

Subsections (a) and (b) amend the Act (7 U.S.C. 2011 et seq) at various places to correct references to benefit "coupons" and other references that do not conform to the electronic benefit transfer system for issuing benefits. Subsections (c) and (d) amend various laws to correct their references to benefits under the retitled Food and Nutrition Act.

Section 4203. Clarification of split issuance.

This section amends section 7(h) of the Act (7 U.S.C. 2016(h)) to require that any method for staggering the issuance of benefits throughout a month not include splitting any household's monthly benefit into multiple issuances—unless a benefit correction is necessary.

Section 4204. State option for telephonic signature.

This section amends section 11(e)(2)(C) of the Act (7(U.S.C. 2020(e)(2)(C)) to allow States to establish systems under which households may sign an application through a recorded verbal assent over the telephone (use of a "telephonic signature"). The system must record the assent and what was assented to, include identity and privacy safeguards, not interfere with the right to apply in writing, provide a written copy of the completed application, and comply with bilingual requirements, written application requirements and any other standards set by the Secretary.

Section 4205. Privacy protections.

This section amends section 11(e)(8) of the Act (7 U.S.C. 2020(e)(8)) to clarify rules pertaining to the disclosure and use of information obtained from applicant households. It would permit the use of information obtained from applicant households only by persons directly connected with the administration/enforcement of the Act, its regulations, Federal assistance programs, or federally assisted state programs, and it would bar its use by these persons for other than administration/enforcement. It also makes clear that States may use applicants' information to comply with current requirements for certifying schoolchildren as eligible for free school meals based on their family's eligibility for food and nutrition program benefits.

Section 4206. Study on comparable access to food and nutrition assistance for Puerto Rico.

This section requires the Secretary to carry out a study of the feasibility and effects of treating Puerto Rico as a State for purposes of the Food and Nutrition program—in lieu of providing an-

nual nutrition assistance block grants to the Commonwealth. Mandatory funding of $1 million is provided for the study, and a report on the study is due within 1 year of enactment.

Section 4207. Civil rights compliance.

This section amends section 11(c) of the Act (7 (U.S.C. 2020(c)) to specify in law that administration of the Food and Nutrition program must be consistent with the rights of households under the Age Discrimination Act, section 504 of the Rehabilitation Act, the Americans with Disabilities Act, and title VI of the Civil Rights Act.

Section 4208. Employment, training, and job retention.

This section amends section 6(d)(4)(B) of the Act (7 U.S.C. 2015(d)(4)(B)) to include—as an employment and training program eligible for support under the Food and Nutrition program—job retention services provided (for up to 90 days after securing employment) to individuals who have received other employment/training services under the program.

This section also amends section 6(d)(4)(F) of the Act (7 U.S.C. 2015(d)(4)(F)) to permit individuals voluntarily participating in employment and training programs to participate beyond the required maximum of 20 hours a week (or a number of hours based on their benefit divided by the minimum wage).

Section 4209. Codification of access rules.

This section amends section 11(e)(1) of the Act (7 U.S.C. 2020(e)(1)) to clarify that States must comply with the Secretary's regulations requiring the use of appropriate bilingual personnel and materials in administration of the program.

Section 4210. Expanding the use of EBT cards at farmers' markets.

For each of fiscal years 2008 through 2010, this section requires the Secretary to make grants to carry out projects to expand the number of farmers' markets that accept Food and Nutrition program electronic benefit transfer (EBT) cards. Grants may not be made for ongoing costs and may only be provided to entities that demonstrate a plan to continue to provide EBT card access. Mandatory funding of $5 million is provided for the grants.

Section 4211. Review of major changes in program design.

This section amends section 11(a) of the Act (7 U.S.C. 2020(a)) to clarify state responsibility for program administration (including cases where the program is operated on a county-administered basis) and to require that program records kept to determine whether the State is in compliance with requirements of the Act/regulations be available for review in any action filed by a household to enforce the Act/regulations.

This section also amends section 11(a) of the Act (7 U.S.C. 2020(a)) to require the Secretary to develop standards for identifying major changes in state agency operations—e.g., substantial increases in reliance on automated systems, potential increases in administrative burdens placed on applicant or recipient households. It further mandates that, if a state agency implements a major change in operations, it must notify the Secretary and collect any

information the Secretary needs to identify and correct any adverse effects on program integrity or access.

Section 4212. Preservation of access and payment accuracy.

This section amends section 16(g) of the Act (7 U.S.C. 2025(g)) to require that computerized systems for state agency program operations receiving a Federal matching payment under the Act must (1) be tested adequately before and after implementation (including through pilot projects evaluated by the Secretary) and (2) be operated under a plan for continuous updating (to reflect changed policy and circumstances) and testing (for the system's effects on households and payment accuracy).

Section 4213. Nutrition education.

This section amends section 4(a) of the Act (7 U.S.C. 2013(a)) to specify nutrition education as a basic component of the Food and Nutrition program.

This section also amends section 11(f) of the Act (7 U.S.C. 2020(f)) to specify in law that States may implement nutrition education programs promoting healthy food choices for those eligible for food and nutrition benefits and may receive Federal matching funds for these initiatives (at the regular 50 percent administrative expense matching rate).

PART IV—IMPROVING PROGRAM INTEGRITY

Section 4301. Major systems failures.

This section amends section 13(b) of the Act (7 U.S.C. 2022(b)) to allow the Secretary to prohibit a State from collecting overissued benefits from households (normally required by law) in cases where the Secretary determines that the State has overissued benefits to a substantial number of households because of a major systemic error (as determined by the Secretary).

This section also amends sections 13(b) and 14(a)(6) of the Act (7 U.S.C. 2022(b) and 2023(a)(6)) to permit the Secretary to establish and collect (subject to administrative and judicial review) claims against States for overissued benefits due to major systemic errors.

Section 4302. Performance standards for biometric identification technology.

This section amends section 16 of the Act (7 U.S.C. 2025) to establish the conditions under which the Secretary may pay States the Federal share (50 percent) of costs associated with the acquisition and use of biometric identification technology (e.g., fingerprints, retinal scans). In order to gain Federal cost-sharing, States must provide a statistically valid and otherwise appropriate analysis of the cost effectiveness of using biometric identification technology to detect fraud in the Food and Nutrition program, demonstrate that the proposed technology is cost-effective in reducing fraud and that no other fraud-detection methods are at least as cost-effective, and demonstrate that the system will comply with the Act's privacy protection rules.

Section 4303. Civil penalties and disqualification of retail food stores and wholesale food concerns.

Paragraph (1) of this section amends section 12(a) of the Act (7 U.S.C. 2021(a)) to replace current provisions allowing for civil (money) penalties of up to $10,000 per violation against retail food stores or wholesale food concerns that have violated the Act or regulations under the Act (as an alternative to disqualification), if the Secretary determines that disqualification would cause hardship to benefit recipients, with authority to assess civil penalties of up to $100,000 per violation as an alternative in all cases.

Paragraph (2) of this section amends section 12(b) of the Act (7 U.S.C. 2021(b)) to (1) remove minimum disqualification periods for first and second retailer/wholesaler offenses (i.e., 6 month and 12 months, respectively) and (2) make clear that trafficking in EBT cards by stores/wholesalers is a violation that may be punished with permanent disqualification.

Paragraph (3) of this section amends section 12(c) of the Act (7 U.S.C. 2021(c)) to permit the Secretary to impose civil (money) penalties of up to $100,000 in addition to any disqualification imposed on a violating retailer/wholesaler.

Paragraph (4) of this section amends section 12(d) of the Act (7 U.S.C. 2021(d)) to generally ease the conditions under which bonds are required of violating retailers/wholesalers wishing to be re-approved for participation. The Secretary would be permitted to require bonds from retailers/wholesalers disqualified for 180+ days (or subjected to a civil penalty in lieu of a 180-day+ disqualification). Bonds could be required for a period of not more than 5 years. Where a retailer/wholesaler has been sanctioned for a violation and incurs a subsequent violation, the 180-day and 5-year rules would not apply (i.e., current law provisions would apply).

Paragraph (4) of this section also amends section 12 of the Act (7 U.S.C. 2021) to require the Secretary, in consultation with the Inspector General, to establish procedures under which processing of benefit redemptions may be immediately suspended pending a disqualification action in the case of a retailer/wholesaler determined to be engaged in flagrant violations of the Act or regulations under the Act.

Section 4304. Funding of employment and training programs.

Subsection (a) amends section 16(h)(1) of the Act (7 U.S.C. 2925(h)(1)) to limit the time unspent Federal funding for basic expenses of employment and training programs may remain available to 2 years (as opposed to until expended).

Subsection (b) rescinds unspent employment and training program funds for any fiscal year before fiscal year 2008.

Section 4305. Eligibility disqualification.

This section amends section 6 of the Act (7 U.S.C. 2015) to disqualify (for a period determined by the Secretary) persons found by a court or administrative agency to have intentionally obtained cash by misusing program benefits to obtain money for return deposits on containers.

This section also amends section 6 of the Act (7 U.S.C. 2015) to disqualify (for a period and subject to requirements established by the Secretary) persons found by a court or administrative agency

to have intentionally sold any food that was purchased using Food and Nutrition program benefits.

PART V—MISCELLANEOUS

Section 4401. Definition of staple foods.

This section amends section 3 of the Act (7 U.S.C. 2012) to (1) add dietary supplements to the list of accessory food items that are not classified as staple foods for the purpose of approving the participation of retail food stores and (2) require the Secretary to issue regulations to ensure that adequate stocks of staple foods are available on a continuous basis in approved retailers.

Section 4402. Accessory food items.

This section amends section 9 of the Act (7 U.S.C. 2018) to require that, within 1 year of enactment, the Secretary issue proposed regulations defining dietary supplements: multivitamin-mineral supplements providing prescribed minimum amounts of essential vitamins and minerals that do not exceed prescribed daily upper limits and contain prescribed amounts of folic acid or calcium. Final regulations as to dietary supplements must be issued within 2 years of enactment.

This section also provides that no dietary supplements may be purchased with food and nutrition program benefits until the earlier of (1) the date of final regulations with regard to dietary supplements or (2) the date the Secretary certifies a voluntary system of labeling for identification of eligible dietary supplements.

Section 4403. Pilot projects to evaluate health and nutrition promotion in the food and nutrition program.

This section amends section 17 of the Act (7 U.S.C. 2026) to require and fund pilot projects to develop and test methods of using the Food and Nutrition program to improve the dietary and health status of participating households and to reduce overweight, obesity, and associated co-morbidities. Among other initiatives, projects may include those providing increased program benefits, increased access to farmers' markets, incentives to participating vendors to increase the availability of health foods, adding vendor approval requirements with respect to carrying health foods, point-of-purchase incentives to encourage program participants to buy fruits, vegetables, or other healthy foods, and providing integrated communication and education programs (including school based nutrition coordinators).

Pilot health and nutrition promotion projects would include independent evaluations, and annual reports on the status of the projects would be required. Mandatory funding of $50 million is provided for the projects (and evaluations), and up to $25 million must be used for point-of-purchase incentive projects.

Section 4404. Bill Emerson national hunger fellows and Mickey Leland international hunger fellows.

This section replaces the authorization for a Congressional Hunger Fellows Program (established by section 4404 of the FSRIA of 2002) with authorization for a Bill Emerson National Hunger Fellowship program and a Mickey Leland International Hunger Fel-

lowship program to be operated through the Congressional Hunger Center with the aims of encouraging the pursuit of and providing training in careers in humanitarian and public service. Competitively chosen fellows would be placed with government or private host agencies and receive stipends from the fellowship programs. Such sums as are necessary are authorized to be appropriated for the programs (similar fellowships have been supported through the appropriations process in the past).

Section 4405. Hunger-free communities.

This section requires the Secretary to conduct and periodically update a study of major matters relating to the problem of hunger in the United States. The study would assess data on hunger and food insecurity and measures that have been carried out and could be carried out to achieve goals of reducing domestic hunger; it also would contain recommendations for removing obstacles to achieving domestic hunger goals and otherwise reducing domestic hunger.

This section also authorizes grants to food program service providers and local nonprofit organizations (like emergency feeding organizations) for the Federal share (up to 80 percent) of projects that assess community hunger problems and meet, or develop new resources/programs to meet, goals for achieving hunger-free communities. Recipient agencies must demonstrate that they will collaborate with 1 or more partners. Further, this section authorizes matching grants (with an 80 percent Federal share) to emergency feeding organizations for infrastructure development.

Appropriations of $50 million a year (fiscal years 2008-2012) are authorized.

Section 4406. State performance on enrolling children receiving program benefits for free school meals.

This section requires the Secretary to submit annual reports that assess the effectiveness and practices of each State in enrolling school-aged children in households receiving Food and Nutrition program benefits for free school meals using direct certification (a current-law procedure allowing children receiving program benefits to be deemed automatically eligible for free school meals).

SUBTITLE B—FOOD DISTRIBUTION PROGRAM ON INDIAN RESERVATIONS

Section 4501. Assessing the nutritional value of the FDPIR food package.

This section amends section 4(b) of the Act (7 U.S.C. 2013(b)) to (1) disqualify from the Food and Nutrition program any individual who is disqualified from the Food Distribution Program on Indian Reservations (FDPIR), (2) specifically permit the Secretary to purchase, subject to appropriations, bison meat for distribution under the Food Distribution Program on Indian Reservations—including meat from Native American bison producers and producer-owned cooperatives, and (3) to establish a traditional foods fund under which, subject to the availability of appropriations, the Secretary may purchase traditional foods for distribution among recipients of the Food Distribution Program on Indian Reservations.

This section also requires the Secretary to submit a report that describes (1) the process for determining the Food Distribution Program on Indian Reservations food package, (2) the extent to which the food package addresses nutritional needs and conforms to the 2005 Dietary Guidelines for Americans, addresses Native Americans' nutritional and health challenges, and is limited by distribution costs or infrastructure challenges, and (3) any plans to revise/update the food package (or the rationale for retaining the package).

SUBTITLE C—EMERGENCY FOOD ASSISTANCE PROGRAM AND COMMODITY SUPPLEMENTAL FOOD PROGRAM

Section 4601. Emergency food assistance.

This section amends section 202A of the Emergency Food Assistance Act of 1983 (7 U.S.C. 7503) to require state plans of operation for The Emergency Food Assistance Program (TEFAP) to be submitted every 3 years, instead of every 4 years.

This section also amends section 204(a)(1) of the Emergency Food Assistance Act of 1983 (7 U.S.C. 7508(a)(1)) to specifically allow the use of funding provided for processing, storage, and other distribution costs under The Emergency Food Assistance Program (TEFAP) for costs related to donated wild game.

Section 4602. Commodity Supplemental Food Program.

This section amends section 5 of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note; P.L. 93-86) to prohibit the Secretary from requiring a state or local agency operating the Commodity Supplemental Food Program to give priority to either (1) low-income elderly persons or (2) women, infants, and children.

SUBTITLE D—SENIOR FARMERS' MARKET NUTRITION PROGRAM

Section 4701. Exclusion of benefits in determining eligibility for other programs.

This section amends section 4402 of the FSRIA of 2002 (7 U.S.C. 3007) to continue mandatory funding (at $15 million a year) for the Senior Farmers' Market Nutrition Program for fiscal year 2008 and each following year. It also provides additional mandatory funding to expand the program ($10 million a year for fiscal year 2008 and each following year).

Further, this section amends section 4402 to provide that the value of any benefit provided under the Senior Farmers' Market Nutrition program not be considered in determining eligibility for any other assistance program.

These provisions are effective on enactment.

Section 4702. Prohibition on collection of sales tax.

This section amends section 4402 of the FSRIA of 2002 (7 U.S.C. 3007) to bar from participation in the Senior Farmers' Market Nutrition program any State collecting a sales tax on program benefits.

SUBTITLE E—REAUTHORIZATION OF FEDERAL FOOD ASSISTANCE PROGRAMS

Section 4801. Food and nutrition program.

With two exceptions (noted below), this section indefinitely extends all authorities in the Food and Nutrition Act expiring at the end of fiscal year 2007 (including the overall authorization for appropriations), amending section 11(t)(1) of the Act (7 U.S.C. 2020(t)(1)), section 16(h)(1) of the Act (7 U.S.C. 2025(h)(1)), section 16(k)(3) of the Act (7 U.S.C. 2025(k)(3)), section 17(b)(1)(B)(vi) of the Act (7 U.S.C. 2026(b)(1)(B)(vi)), section 18(a)(1) of the Act (7 U.S.C. 2027(a)(1)), and section 19(a)(2)(A)(ii) of the Act (2028(a)(2)(A)(ii)).

Section 4110 of this Act separately extends indefinitely funding for The Emergency Food Assistance Program (TEFAP).

In addition, this section amends section 25 of the Act (7 U.S.C. 2034) to increase the set-aside for Community Food Projects from $5 million to $10 million a year and extends this authority through fiscal year 2012.

Section 4802. Commodity distribution.

Subsection (a) amends section 204(a)(1) of the Emergency Food Assistance Act of 1983 (7 U.S.C. 7508(a)(1)) to (1) increase the authorization of appropriations for TEFAP administrative/distribution costs from $60 million to $100 million a year and (2) extend this authorization indefinitely.

Subsections (b) and (c) amend sections 4(a) and 5 of the Agriculture and Consumer Protection Act of 1973, dealing with general authority to distribute commodities and the Commodity Supplemental Food Program, (7 U.S.C. 612c note; P.L. 93-86) to indefinitely extend authorities expiring at the end of fiscal year 2007.

Subsection (d) amends section 1114(a)(2)(A) of the Agriculture and Food Act of 1981, dealing with the use of private companies for processing donated commodities into end products for recipient agencies, (7 U.S.C. 1431e(2)(A)) to extend the expiring authority through fiscal year 2012.

Section 4803. Nutrition information and awareness pilot program.

This section amends section 4403(f) of the FSRIA of 2002 (7 U.S.C. 3171 note; P.L. 107–171) to extend the authorization of appropriations for the nutrition information and awareness pilot program through fiscal year 2012.

SUBTITLE F—MISCELLANEOUS

Section 4901. Purchases of locally grown fruits and vegetables.

This section amends section 9(j) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1758(j)) to allow schools and other institutions receiving assistance under the Richard B. Russell National School Lunch Act and the Child Nutrition Act of 1966 (including the Department of Defense) to use geographic preference for the procurement of locally grown fruits and vegetables. This section also deletes existing provisions that provide authorization for start-up grants to defray costs associated with purchasing locally produced foods for school meal programs.

Section 4902. Healthy food education and program replicability.

This section amends section 18(i) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769(i)) to (1) expand the uses of authorized grants for access to local foods and school gardens projects to include promotion of healthy food education in school curricula and (2) require that, in making grants for access to local foods and school gardens projects, the Secretary give priority to those that can be replicated in schools.

Section 4903. Fresh fruit and vegetable program.

Subsection (a) amends the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq) to establish a fresh fruit and vegetable program to make free fresh fruits and vegetables available to children in elementary schools, beginning with the 2008-2009 school year. Mandatory funding is provided for fiscal year 2008 and each following year, set at $225 million in fiscal year 2008 and indexed annually for inflation thereafter. In addition, such sums as are necessary are authorized to be appropriated to expand the program.

All States, the District of Columbia, Puerto Rico, the Virgin Islands, and Guam would be eligible for an allocation of funding: (1) each of the 50 States and the District of Columbia would be eligible for a minimum grant of 1 percent of the funds available and (2) all States, the District of Columbia, Puerto Rico, the Virgin Islands, and Guam would be eligible for a share of the remaining funds based on their share of the population.

States and other participating jurisdictions would select elementary schools to participate based on the proportion of children receiving free or reduced-price school meals, plans to partner with entities that provide non-Federal resources, and efforts to integrate this program with other initiatives to promote sound health and nutrition. At least 100 schools chosen to participate would have to be operating on Indian reservations. Per-student grants would be determined by the State and could not be less than $50, nor more than $75, annually. All students in participating schools would be eligible to receive fruits and vegetables under this program.

The Secretary would be required to evaluate the program and report on the evaluation's results by the end of fiscal year 2011.

Subsection (b) amends section 18 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769) to terminate authority for the current free fresh fruit and vegetable program.

Section 4904. Buy American requirements.

This section states that it is the sense of Congress that the Secretary should undertake training, guidance, and enforcement of the various Buy American statutory requirements and regulations already in effect with respect to the Richard B. Russell National School Lunch Act and the Department of Defense fresh fruit and vegetable distribution program.

Section 4905. Minimum purchase of fruits, vegetables, and nuts through section 32 to support domestic nutrition assistance programs.

This section specifies that, in lieu of the purchases required by section 10603 of the FSRIA of 2002 (7 U.S.C. 612c-4), the Secretary

shall purchase fruits, vegetables, and nuts for use in domestic nutrition assistance programs, specifying that such purchases shall be $390,000,000 for fiscal year 2008, $393,000,000 for fiscal year 2009, $399,000,000 for fiscal year 2010, $403,000,000 for fiscal year 2011, and $406,000,000 for fiscal year 2012 and each fiscal year thereafter. It further specifies that the form of purchase may be frozen, canned, dried, or fresh, and that the Secretary may offer value-added products under this section.

The purchase amounts specified in this section represent the Congressional Budget Office's estimate of both entitlement and bonus purchases for fruits, vegetables, and nuts under current policies. As such, it is understood by the committee that the intent of this section is to ensure minimum purchase levels consistent with Congressional Budget Office baselines and projections rather than compelling additional new spending.

The Committee wishes to note that, if the purpose of this provision was to compel additional spending that is not already assumed in the Congressional Budget Office baseline, the provision would undoubtedly be assigned such a cost in the Congressional Budget Office estimate of this provision.

Section 4906. Conforming amendments to renaming of food stamp program.

This section makes amendments to the Food and Nutrition Act of 2007 and various other laws to conform to the renaming of the Food Stamp Act and the Food Stamp program.

Section 4907. Effective and implementation dates.

Subsection (a) establishes the general effective date for amendments made in title IV as April 1, 2008—except as otherwise provided.

Subsection (b) provides that States may implement amendments made by part II of subtitle A of title IV (dealing with improving program benefits) on a date determined by the State between April 1, 2008, and October 1, 2008. It also provides that States may implement sections 4103 and 4104 (dealing with dependent care deductions and retirement and education savings as assets) according to households' certification periods.

Section 4908. Application.

This section terminates certain amendments made by title IV, effective September 30, 2012. They include (1) all the provisions of part II of subtitle A, except those dealing with simplified reporting, accrual of benefits, and basic funding for TEFAP, (2) section 4208 (dealing with provisions governing operation of employment and training programs), (3) section 4701(a)(3) (dealing with additional funds for the Senior Farmers' Market Nutrition program), (4) section 4801(g) (dealing with Community Food Projects), and (5) section 4903 (dealing with the fresh fruit and vegetable program).

TITLE V—CREDIT

SUBTITLE A—FARM OWNERSHIP LOANS

Section 5001. Direct loans.

Amends section 302(a)(2) of the Consolidated Farm and Rural Development Act [7 U.S.C. 1922] by clarifying that the Secretary may take into consideration all farming experience of a loan applicant when considering eligibility for farm ownership loans.

Section 5002. Purpose of loans.

Amends section 303 of the Consolidated Farm and Rural Development Act [7 U.S.C. 1923(a)(1)] by adding a new paragraph (F) that allows beginning farmers and ranchers the ability to refinance a delinquent guaranteed farm ownership loan with a direct farm ownership loan.

Section 5003. Soil and water conservation and protection.

Amends section 304 of the Consolidated Farm and Rural Development Act [7 U.S.C. 1924]. Subsection (a)(4) allows for the transition to organic and sustainable farming practices as eligible loan purpose under the conservation programs in the Food Security Act of 1985. Paragraph (6) allows for the implementation of one or more practices under the environmental quality section of the Food Security Act of 1985 as an eligible loan purpose.

Subsection (b) is amended by establishing that beginning farmers and ranchers and socially disadvantaged farmers and ranchers shall be given priority for soil and water conservation and protection loans.

Subsection (c) eliminates the loan restriction of $50,000.

Section 5004. Limitation on amount of farm ownership loans.

Amends section 305(a)(2) of the Consolidated Farm and Rural Investment Act [7 U.S.C. 1925(a)(2)] by increasing the direct farm ownership loan limit to $300,000.

Section 5005. Down payment loan program.

Amends section 310E of the Consolidated Farm and Rural Investment Act [7 U.S.C 1935]. Subsection (a)(1) allows socially disadvantaged farmers and ranchers to be eligible for the down payment loan program.

Subsection (b) eliminates the purchase price restriction of $250,000 and replaces it with a loan size restriction of $500,000. The portion of the loan the Farm Service Agency finances can not be greater than 45 percent of $500,000.

Subsection (b)(2) adjusts the interest rate for the down payment loan to the greater of four percent below the interest rate for the regular farm ownership loan or two percent.

Subsection (b)(3) extends the duration of the loan from 15 to 20 years.

Subsection (b) is amended by adding a new paragraph (4) that requires the Secretary to establish annual performance goals to promote the use of the down payment loan program and joint financing participation loans.

Section 5006. Beginning farmer and rancher contract land sales program.

Amends section 310F of the Consolidated Farm and Rural Investment Act [7 U.S.C. 1936]. Subsection (a) is amended by making the land contract sales program a nationwide program.

Subsection (b) creates conditions in which a land contract may receive a Farm Service Agency guarantee. A qualified beginning farmer or rancher must have a credit history that includes a record of satisfactory debt repayment and demonstrates that they are unable to obtain sufficient credit without a FSA guarantee. A loan made by the private seller must meet underwriting criteria as determined by the Secretary and a commercial lending institution shall serve as an escrow agent for the contract. At the end of the contract the beginning farmer or rancher must own and operate the farm land or ranch land.

Subsection (c) establishes that a beginning farmer or rancher must have a five percent down payment to qualify for the program and the maximum purchase price of the farm or farmland may not exceed $500,000.

Subsection (d) establishes that the FSA guarantee may not exceed 10 years.

Subsection (e) establishes that the private seller can get a prompt payment guarantee from the Farm Service Agency for approved land contract sales to beginning farmers and ranchers. The private seller may choose either a prompt payment guarantee of three amortized annual installments or an amount equal to three annual installments of the loan.

SUBTITLE B—OPERATING LOANS

Section 5101. Farming experience as eligibility requirement.

Amends section 311(a) of the Consolidated Farm and Rural Investment Act [7 U.S.C. 1941] by clarifying that the Secretary may take into consideration all farming experience of a loan applicant when considering eligibility for farm operating loans.

Subsection (c)(1)(C) extends by one year the period a participant is eligible for direct operating loan assistance.

Section 5102. Limitations on amount of operating loans.

Amends section 313(a)(1) of the Consolidated Farm and Rural Investment Act [7 U.S.C. 1943(a)(1)] by increasing the direct farm operating loan limit to $300,000.

Section 5103. Limitation on period borrowers are eligible for guaranteed assistance.

Repeals section 319 of the Consolidated Farm and Rural Development Act [7 U.S.C. 1949]. This section provided a limitation on the number of years a borrower is eligible to receive guaranteed assistance on operating loans.

SUBTITLE C—ADMINISTRATIVE PROVISIONS

Section 5201. Beginning farmer and rancher individual development accounts pilot program.

The Consolidated Farm and Rural Development Act is amended by adding after section 333A [7 U.S.C. 1983(a)] a new section 333B. This section establishes the beginning farmer and rancher individual development accounts pilot program that will provide a matched savings for the purpose of assisting beginning farmers and ranchers establish a pattern of savings that will help them establish successful farms.

Subsection (a) creates definitions that will be used throughout this section.

Subsection (b) establishes that the Secretary shall establish a pilot program to be administered by the Farm Service Agency, in at least 15 States. Each qualified entity that receives a grant under this pilot program must come up with a 25 percent non-Federal match of the grant awarded. The qualified entity will enter into a contract with an eligible participant. The contract requires a monthly deposit into a personal savings account by an eligible participant; an agreement on the eligible expenditure for which the savings will be used when the contract is completed; a match of between to 3 to 1 for every dollar saved by the eligible participant is provided by the eligible entity; and a participant is limited to $9,000 in matching funds for each fiscal year of the contract.

Subsection (c) sets up the application process for eligible entities to receive a grant to administer the program. Eligible entities must provide a 25 percent non-Federal match of the awarded grant amount. When considering applications for the program the Secretary shall give preference to qualified entities that have a track record of serving eligible participants and expertise in dealing with financial management aspects of farming.

Subsection (d) allows the Secretary to issue grants of not more that $300,000 to qualified entities to carry out the demonstration program.

Subsection (e) requires qualified entities that receive a grant to submit an annual report to the Secretary that includes an evaluation of progress of the demonstration; amounts in the reserve fund; amounts deposited in each individual development account; amounts withdrawn from the individual development account and the purpose for why the money was withdrawn; and information regarding the demonstration program and participants.

Subsection (f) allows the Secretary to promulgate regulations to ensure that the program includes provisions for the termination of demonstration programs; control of the reserve fund in case of termination of the demonstration program; transfer of demonstration programs to other qualified entities; and remissions from a reserve fund in which a demonstration program terminates without transfer to a new qualified entity.

Subsection (g) authorizes an appropriation of $5,000,000 in funding for each fiscal year 2008 through 2012. The Secretary shall use not more than 10 percent of the funds available to administer the program and provide technical assistance to qualified entities.

Section 5202. Inventory sales preferences; loan fund set-asides.

Amends section 335(c) of the Consolidated Farm and Rural Development Act [7 U.S.C. 1985(c)] by making socially disadvantaged farmers and ranchers eligible for inventory property in the first 135 days the Secretary is able to sell the inventory property. If one or more eligible socially disadvantaged or beginning farmers offer to purchase the same property in the first 135 days, the committee expects that the buyer should be chosen randomly.

Section 346(b)(2) of the Consolidated Farm and Rural Development Act [7 U.S.C. 1994(b)(2)] is amended by increasing the percentage of direct farm ownership loans reserved for beginning farmers and ranchers from 70 percent to 75 percent. The amount of direct farm ownership loan funds set aside for the down payment loan program and joint financing arrangement is increase to 66 percent.

Section 346(b)(2)(A)(ii)(III) is amended by increasing the amount of direct operating loans set aside for beginning farmers and ranchers to 50 percent through 2012.

Section 346(b)(2)(B)(i) is amended by adjusting the level of guaranteed farm ownership loans set aside for beginning farmers and ranchers from 25 to 40 percent.

Section 5203. Transition to private commercial or other sources of credit.

Amends the Consolidated Farm and Rural Development Act [7 U.S.C. 1992] to create a new section which requires the Secretary to establish a plan and promulgate regulations to promote the goal of transitioning borrowers to private commercial credit and other sources of credit in the shortest amount of time by using loan servicing programs, market placement, and borrower training programs.

Section 5204. Loan authorization levels.

Amends section 346(b)(1) of the Consolidated Farm and Rural Development Act [7 U.S.C. 1994(b)(1)] by increasing the loan authorization for FSA loan programs to $4,226,000,000.

Section 346(b)(2)(A) increases the loan authorization for direct loans to $1,200,000,000. The authorization for the direct farm ownership loan is increased to $350,000,000 and the direct operating loan increased to $850,000,000.

Section 5205. Interest rate reduction program.

Amends section 351(a) of the Consolidated Farm and Rural Development Act [7 U.S.C. 1999(a)] to clarify that interest assistance shall be available for new guaranteed operating loans or restructured guaranteed operating loans.

Section 5206. Deferral of shared appreciation recapture amortization.

Amends section 353(e)(7)(D) of the Consolidated Farm and Rural Investment Act [7 U.S.C. 2001(e)(7)(D)] to clarify that deferral is an available servicing tool and limit any deferral to one year.

Section 5207. Rural development, housing, and farm program activities.

Amends the Consolidated Farm and Rural Development Act by adding a new section after section 364 [7 U.S.C. 20006f)]. Section 365 would prohibit the Secretary from completing or entering into a contract with a private party to carry out competitive sourcing activities relating to rural development, housing, and farm loan programs at the United State Department of Agriculture.

SUBTITLE D—FARM CREDIT ACT

Section 5301. Authority to pass along cost of insurance premiums.

Amends section 1.12 (b) of the Farm Credit Act of 1971 [12U.S.C. 2020(b)] to allow Farm Credit System banks the flexibility when deciding how to pass along insurance premiums to their affiliates. This section also specifies that premiums are to be computed in an equitable manor.

Amends section 5.58(10) of the Farm Credit act of 1971 [12 U.S.C. 22771-7(10)] to grant the Farm Credit System Insurance Corporation the power to adopt rules and regulations concerning the authority of banks to pass along the cost of insurance premiums.

Section 5302. Technical correction.

Amends section 5301 of the Farm Credit Act of 1971 [12 U.S.C. 2124(b)] by making a technical correction. In the first sentence "per" is struck and replaced by "par".

Section 5303. Confirmation of the chairman.

Amends section 5.8(a) of the Farm Credit Act of 1971 [12 U.S.C. 2242(a)] by requiring the advice and consent of the Senate for the confirmation of chairman of the Farm Credit Administration.

Section 5304. Premiums.

Amends section 5.55(a) of the Farm Credit Act of 1971 [12 U.S.C. 2277a-4(a)] to allow the total insured debt obligations on which premiums are assessed to be subtracted by 90-percent of Federal Government guaranteed loans and investments and 80 percent of State government-guaranteed loans and investments.

Subsection (b) is amended to allow Farm Credit System Insurance Corporation to collect premiums more frequently than annually.

Subsection (c) is amended to adjust the outstanding insured obligations of all insured Banks by excluding an amount equal to the sum of 90 percent of Federal Government guaranteed loans and investments, and 80 percent of State government-guaranteed loans and investments when calculating the "secure base amount".

Subsection (d) is amended to determine principal outstanding on all loans made by an insured System bank or the amount outstanding on all investments made by an insured System bank for the purpose of premium calculations and "secure base amount" collections.

Subsection (e) is amended to allow the Farm Credit System Insurance Fund to use end of the year numbers rather than the average daily balance when calculating excess funds and simplifies the

current formula concerning payments from the Allocated Insurance Reserve Accounts.

Section 5305. Certification of premiums.

Amends section 5.56(a) of the Farm Credit Act of 1971 [12 U.S.C. 2277a-5] by allowing Farm Credit System banks to collect insurance premiums quarterly rather than annually.

Section 5306. Rural utility loans.

Amends section 8.0(9) of the Farm Credit Act of 1971 [12 U.S.C. 2279aa(9)] by adding a new subparagraph to allow rural utility loans (loans, or interest in a loan, for electric and telephone facilities) to be considered as qualified loans for Federal Agricultural Mortgage Corporation financing.

Amends section 8.6(a)(1) of the Farm Credit Act of 1971 [12 U.S.C. 2279aa-6(a)(1)] by making conforming technical changes to standards established under section 8.8(a) related to agricultural real estate loans and rural utility loans.

Amends section 8.8(a) of the Farm Credit Act of 1971 [12 U.S.C. 2279aa -8] by authorizing the creation of appropriate underwriting, security and repayment standards for agricultural mortgage loans and rural utility loans.

Subsection (b) sets minimum criteria standards for agricultural real-estate loans focused on individual borrower traits (loan to value ratio, sufficient cash flow, documentation standards, appraisal process, actively engaged in farming, speculation in real estate and consideration of real estate tax purposes). These standards do not apply to rural utility loans.

Subsection (c)(1) establishes loan amounts for agricultural production. This limitation does not apply to rural utilities loans.

Section 8.32(a)(1) of the Farm Credit Act of 1971 [12 U.S.C. 2279bb-1(a)(1)] is amended by creating a new subparagraph (B) that directs the Farm Credit Administration to establish a risk based capital standard for rural utility loans.

Section 5307. Equalization of loan-making powers of certain district associations.

Amends the Farm Credit Act of 1971 [12 U.S.C. 2279] by establishing a new section 7.7 which intends to equalize lending authorities among Farm Credit Associations in Alabama, Mississippi, and Louisiana.

Subsection (a) allows Federal Land Banks or Credit Associations the ability to make short-and intermediate-term loans and allows Production Credit Associations the ability to make long-term loan term loans. These new authorities can only be exercised if the board of directors of the association and the majority of voting stockholders approve.

Subsection (b) provides that Farm Credit Administration the authority issue charter amendments to reflect the new lending authority.

SUBTITLE E—MISCELLANEOUS

Section 5401. Loans to purchasers of highly-fractioned lands.

Amends the Indian Land Consolidation Act [25 U.S.C. 488] by giving the Secretary of Agriculture the discretionary authority to make and insure loans to Native American Indian farmers or ranchers for the purpose of consolidating highly fractionated lands.

Section 5402. Determination on merits of Pigford claims.

Established a cause of action for any Pigford claimant who has not previously obtained a determination on the merits of Pigford v. Glickman.

Subsection (c) provides a limitation of $100,000,000 on payments and debt relief pursuant to this cause of action.

Subsection (d) establishes the intent of Congress that this cause of action be liberally construed so as to effectuate its remedial purpose of giving a full determination on the merits for each claimant denied a determination under the consent decree.

Subsection (e) establishes no later than 60 days after the Secretary has received notification by a claimant the Secretary shall provide the clamant a report on farm loans that were made with in the claimant's county or adjacent counties during the year the claimant was denied a loan. The report shall include the race of an applicant; date of application; date of loan decision; the location of the office making the loan decision; and all relevant data to the process of deciding a loan.

Subsection (f) states any person filing a complaint for discrimination under this cause of action may seek liquidation damages of $50,000, discharge of debt incurred due to discrimination, and a tax payment in the amount equal to 25 percent of the liquidation damages.

Subsection (g) states the Secretary may not begin acceleration or foreclosure of a loan if the borrower is a Pigford claimant and makes a prima facie case that the foreclosure is related to a Pigford claim.

Subsection (h) provided $100,000,000 from the Commodity Credit Corporation for this cause of action and also authorizes an appropriation of such sums as necessary to carry out this cause of action.

Section 5403. Sense of the Senate relating to claims brought by socially disadvantaged farmers or ranchers.

A sense of the Senate that the Secretary should resolve all claims and class actions brought against the United States Department of Agriculture by socially disadvantaged farmers or ranchers including Native Americans, Hispanics, and female farmers regarding discrimination in farm loan program participation.

Section 5404. Eligibility of equine farmers and ranchers for emergency loans.

Amends section 321(a) of the Consolidated Farm and Rural Development Act [7 U.S.C. 1961(a)] by allowing equine farmers and ranchers to be eligible for Farm Service Agency emergency loans.

TITLE VI—RURAL DEVELOPMENT AND INVESTMENT

SUBTITLE A—CONSOLIDATED FARM AND RURAL DEVELOPMENT ACT

Section 6001. Water, waste disposal and wastewater facility grants.

Reauthorizes section 306(a)(2)(B)(vii) of the Consolidated Farm and Rural Development Act through fiscal year 2012 which authorizes grants to finance projects for the development, storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas.

Section 6002. Rural business opportunity grants.

Reauthorizes section 306(a)(11)(D) of the Consolidated Farm and Rural Development Act through fiscal year 2012 which authorizes grants available for business development, planning, coordination, training or technical assistance in rural areas.

Section 6003. Child day care facility grants, loans, and loan guarantees.

Amends section 306(a)(19)—the Community Facilities Program—of the Consolidated Farm and Rural Development Act by providing mandatory funding of $40,000,000 available until expended starting in 2008, allowing the Secretary to make grants, loans and loan guarantees to pay the Federal share of the cost of developing and constructing day care facilities for children in rural areas and towns with populations under 20,000.

Section 6004. Rural water and wastewater circuit rider program.

Reauthorizes section 306(a)(22) of the Consolidated Farm and Rural Development Act which requires the Secretary to establish a national rural water and wastewater rider program to provide technical assistance to help bring small public water systems into compliance with state and national environmental regulations. The authorization is increased from $15,000,000 to $20,000,000.

Section 6005. Multijurisdictional regional planning organizations.

Reauthorizes section 306(a)(23)(E) of the Consolidated Farm and Rural Development Act through fiscal year 2012 which authorizes grants to multijurisdictional regional planning and development organizations to pay for assisting local governments to improve their infrastructure, services and business development capabilities.

Section 6006. Rural hospital loan guarantees.

Amends section 306(a)(24) of the Consolidated Farm and Rural Development Act by adding a new provision providing $50,000,000 available until expended starting in mandatory funds for loans and loan guarantees for rehabilitating and improving hospitals with not more than 100 acute beds in rural areas. Priority shall be given to the acquisition of equipment related to health care improvements and interoperability. Priority will also be given to equipment purchased collectively among hospitals to lower costs. It is not the Committee's intention to have these funds used for the construction of new hospitals.

Section 6007. Tribal college and university essential community facilities.

Reauthorizes section 306(a)(25)(C) of the Consolidated Farm and Rural Development Act through fiscal year 2012 which authorizes grants to tribal colleges and universities to develop essential community facilities. This also strikes the provision requiring that the maximum amount of a grant shall not exceed 75 percent and replaces it with a requirement that the grant amount shall not be less than 95 percent of the cost of developing the facility.

Section 6008. Community facility loans and grants for freely associated States and outlying areas.

Reserves 0.5 percent of community facility loans and grants for freely associated States and outlying areas. If after 180 days within a fiscal year, an insufficient number of applications have been received to account for 0.5 percent then the unused funds shall be reallocated to make loans and grants to otherwise eligible entities located in the States.

Section 6009. Priority for community facility loan and grant projects with high non-Federal share.

Provides that priority will be given to community facility projects with non-Federal funding that are substantially greater than the minimum requirement (as determined by the Secretary).

Section 6010. SEARCH grants.

Provides that in addition to other technical assistance funds, not more than 4 percent of funds available for water, waste disposal and essential community facilities may be provided to financially distressed communities with a population of 2500 or less for grants to conduct feasibility studies, design and technical assistance for water and waste disposal and wastewater facilities. Provides for 100 percent of grant funding, and minimizes documentation requirements.

The Committee expects the Secretary to develop a highly simplified application for a SEARCH grant which limits the information required to the minimum needed for evaluation of the proposal. The Secretary should take into account the limited resources of the communities when drafting this application minimizes the application cost. The Committee's intention is that a community will meet the definition of "financially distressed" if the median household income of the probable area to be served by the proposed project is either below the poverty line or below 80 percent of the statewide nonmetropolitan median household income based on available historic statistical information going back to the last decennial census if no more recent data is available. It is the Committee's expectation that the latest data on income be used without the taking of an income survey that would escalate the cost.

Section 6011. Emergency and Imminent Community Water Assistance Grant Program.

Reauthorizes section 306A(i)(2) through 2012 which provides for Emergency and Imminent Community Water Assistance grants to assist rural residents and small communities in securing adequate quantities of safe water.

Section 6012. Water systems for rural and native villages in Alaska.

Reauthorizes section 306(D)(d)(1) of the Consolidated Farm and Rural Development Act which authorizes grants to the State of Alaska for rural or native villages to develop and construct water and wastewater systems for improving sanitation conditions. This section further amends section 306D to provide that the Denali Commission may be eligible for grants to improve solid waste disposal sites that are contaminating or threatening to contaminate rural drinking water in Alaska.

Section 6013. Grants to develop wells in rural isolated areas.

Extends the authorization to provide grants for nonprofit organizations to finance the construction, refurbishing and servicing of individually owned households and household water well systems.

It allows the Secretary to make grants to nonprofit organizations to develop and construct household, shared, and community wells in isolated areas where a traditional water system is not practical due to distance, geography and limited number of households present. The grant amount is limited to $50,000 and the amount that is 75 percent of the costs of a single well and associated system. Prohibits grants in areas where the majority of users' household incomes exceed the nonmetropolitan median household income. Authorizes $10,000,000 for each fiscal year 2008 through 2012.

It is the Committee's intent that a project under this section may include one or more than one well. The limit of $50,000 applies to each individual well and its associated pipes to the homes that well services. It is the Committees intent that the program generally, but not exclusively, provides assistance to existing housing rather than be a benefit that promotes the construction of new homes in isolated areas. While wells shall be tested annually, the Committee expects that wells with water quality difficulties may be required to be tested more often.

Section 6014. Cooperative equity security guarantee.

Amends section 310B of the Consolidated Farm and Rural Development Act to allow Business and Industry guarantees for loan made for the purpose of preferred stock or similar equity issued by a cooperative organization or a fund that invests primarily in cooperative organizations

Section 6015. Rural cooperative development grants.

Reauthorizes section 310B(e)(9) of the Consolidated Farm and Rural Development Act through fiscal year 2012, which authorizes the Secretary to make grants to nonprofit institutions for establishing and operating centers for rural cooperative development to assist in the development of cooperative businesses in rural areas. This section amends section 310B(e) to direct the Secretary to provide multiyear grants (not to exceed 3 years) to centers for rural cooperative development that have successfully demonstrated a proven track record of meeting the goals of the program and have received funding under this subsection for 3 earlier fiscal years. This provision establishes a cooperative research program, and creates a reserve for socially disadvantaged communities.

Section 6016. Grants to broadcasting systems.

Reauthorizes section 310(f)(3) of the Consolidated Farm and Rural Development Act through fiscal year 2012, which authorizes the Secretary to make grants to statewide private nonprofit public television systems whose coverage area is predominately rural for the purpose of demonstrating the effectiveness of such systems in providing information on agriculture and other issues of importance to rural residents.

Section 6017. Locally-produced agricultural food products.

Amends section 310B(g) of the Consolidated Farm and Rural Development Act [7 U.S.C. 1932(g)] by adding paragraph (9), which authorizes the Secretary to make or guarantee loans to entities to establish and facilitate enterprises that process, distribute, aggregate, store, and market locally produced agricultural food products.

Subparagraph (A) provides definitions for "locally produced agricultural food product" and "underserved community" under this section.

Subparagraph (B)(i) establishes a loan and loan guarantee program to individuals, cooperatives, businesses and other entities to establish and facilitate enterprises that process, distribute, aggregate, store, and market locally produced agricultural food products.

Subparagraph (B)(ii) requires recipients to make a reasonable effort to work with retail facilities distributing these products to inform consumers that products are locally produced.

Subparagraph (B)(iii) gives priority to projects that support community development, farm and ranch income and projects that benefit underserved communities.

Subparagraph (B)(iv) allows the Secretary to provide up to $250,000 in loan or loan guarantee funds to retail or institutional facilities to modify and update facilities and provide outreach to consumers.

Subparagraph (B)(v) requires an annual report to the House and Senate Committees on Agriculture on the benefits of the projects.

Subparagraph (B)(vi) reserves not less than 5 percent of the funds made available in this subsection to carry out this program.

Section 6018. Center for healthy food access and enterprise development.

Amends section 310B(g)(9) of the Consolidated Farm and Rural Development Act [7 U.S.C. 1932(g)(9)] by adding subparagraph (C), which authorizes the Secretary to establish a center for Healthy Food Access and Enterprise Development. The center shall contract with one or more nonprofit entities to provide technical assistance and disseminate information concerning the best practices for aggregating, storing, processing, and marketing of locally produced agricultural food products. This provision authorizes an appropriation of $1,000,000 for each of fiscal years 2008 through 2012.

Section 6019. Appropriate technology transfer for rural areas.

Amends section 310B of the Consolidated Farm and Rural Development Act to require the Secretary to establish a national appropriate technology transfer to assist agricultural producers seeking information regarding reduction of input costs, conservation of energy resources, diversification of operations through energy crops

and energy generation facilities, and expansion of markets through the use of sustainable farming practices. The Secretary will carry out the program by making a grant to, or entering into a cooperative agreement with a national nonprofit agricultural assistance organization. Authorizes $5,000,000 for each fiscal year from 2008 through 2012.

Section 6020. Rural economic area partnership zones.

Amends section 310B of the Consolidated Farm and Rural Development Act to require the Secretary to continue carrying out the existing rural economic area partnerships in New York, North Dakota, and Vermont in accordance with the terms and conditions contained in the memorandums of agreement entered into by the Secretary.

Section 6021. Definitions.

Amends section 343(a) of the Consolidated Farm and Rural Development Act to redefine rural area and add definitions for Sustainable Agriculture and Technical Assistance.

Rural Area: Creates a standard definition of rural area that excludes (1) cities of 50,000 or more, (2) any urbanized area contiguous and adjacent to a city of 50,000 or more, and (3) any collection of contiguous census blocks with a housing density of 200 housing units per square mile that is adjacent to a city of 50,000 or adjacent to an urbanized area. There is a modification for Oahu and Puerto Rico where cities and counties are coterminous. The Secretary may make an estimation in regard to the 3rd factor. However, an applicant can appeal on the facts if the estimation is in error.

Sustainable agriculture is defined to mean a system of plant and animal production that will satisfy human food and fiber needs, enhance environmental quality and natural resources, make efficient use of nonrenewable resources and integrate biological cycles and controls, sustain the viability of the farming operation, and enhance the quality of life for farmers and society.

Technical assistance is defined to include managerial, financial, operational, and scientific analysis and consultation.

Section 6022. Rural Microenterprise Assistance Program.

Amends subtitle D of the Consolidated Farm and Rural Development Act [7 U.S.C. 2006f] by authorizing the Secretary to establish a Rural Microenterprise Assistance Program.

Subsection (a) provides definitions for Indian tribe, low-or-moderate income individual, microcredit, microenterprise development organization, rural capacity building service, rural microenterprise, and Secretary.

Subsection (b)(1) establishes a rural microenterprise program.

Subsection (b)(2) provides the purpose of the rural microenterprise program as providing low-or-moderate income individuals with the skills necessary to establish a new rural microenterprise and to continue technical and financial assistance.

Subsection (b)(3) authorizes the Secretary to make grants to microenterprise development organizations to provide training, operational support, business planning assistance, market development assistance, and other related services to low or moderate-in-

come individuals with rural microenterprises. These will assist in researching and developing the best practices to delivering this support and carrying out such other projects as the Secretary determines to be consistent with the purposes of this section. The Secretary shall ensure that grants include organizations of varying sizes and that serve racially and ethnically diverse populations. Subsection provides for a 75 percent cost share.

Subsection (b)(4) authorizes the Secretary to establish a rural microloan program, the purpose of which is to provide technical and financial assistance to rural microenterprises that are composed of low-or-moderate income individuals or are in areas that have lost population. The Secretary may make fixed interest rate microloans to startup, newly established, and growing microenterprises. Direct loans under this paragraph shall bear an interest rate of 1 percent and may not exceed terms of 20 years. Recipients must establish loan loss reserve funds in an amount equal to at least 5 percent of the outstanding balance. The Secretary may permit a deferral of payments during the two-year beginning period. Organizations receiving loans are eligible for technical assistance grants, requiring not less than 15 percent in matching funds.

Subsection (c) provides that not more than 15 percent of assistance received by a microenterprise can be used to pay administrative expenses.

Subsection (d) authorizes $40,000,000 in mandatory funding available until expended starting in fiscal year 2008. No less than $25,000,000 shall be used to carry out subsection (b)(3). No less than $15,000,000 shall be used to carry out subsection (b)(4), of which no more than $7,000,000 shall be used to support direct loans.

Section 6023. Artisanal cheese centers.

Amends subtitle D of the Consolidated Farm and Rural Development Act to require the Secretary to establish artisanal cheese centers for education and technical assistance for the manufacturing and marketing of artisanal cheese by small and medium-sized producers and businesses.

Section 6024. National rural development partnership.

Reauthorizes section 378 of the Consolidated Farm and Rural Development Act through fiscal year 2012, which requires the Secretary to continue the National Rural Development Partnership to empower and build capacity of States and rural communities to design flexible and innovative responses to their own rural development needs with local determination of progress and selection of projects and activities.

Section 6025. Historic barn preservation.

Amends section 379A of the Consolidated Farm and Rural Development Act to slightly modify grant eligibility and reauthorizes the funding through fiscal year 2012. This program authorizes the Secretary to make grants or enter into contracts or cooperative agreements to rehabilitate preserve, identify, and research historic barns.

Section 6026. NOAA weather transmitters.

Reauthorizes section 379B(d) of the Consolidated Farm and Rural Development Act through fiscal year 2012, it authorizes the Secretary to make grants to public and nonprofit entities and borrowers of loans made by the Rural Utilities Service, for the Federal share of the cost of acquiring radio transmitters to increase coverage of rural areas by the all hazards weather radio broadcast systems of the National Oceanic and Atmospheric Administration.

Section 6027. Grants to train farm workers in new technologies and to train farm workers in specialized skills necessary for higher value crops.

Reauthorizes section 379C(c) of the Consolidated Farm and Rural Development Act through fiscal year 2012, which authorizes the Secretary to make grants to nonprofit organizations or to a consortium of nonprofit organization, agri-businesses, State and local governments, agricultural labor organizations, farmer or rancher cooperatives and community-based organizations with the capacity to train farm workers to use new technologies and develop specialized skills for agricultural development.

Section 6028. Grants for expansion of employment opportunities for individuals with disabilities in rural areas.

Subtitle D of the Consolidated Farm and Rural Development Act is amended to authorize the Secretary to make grants to nonprofit organizations to expand employment opportunities for individuals with disabilities in rural areas. Grants will be used to expand or enhance employment opportunities or self-employment and entrepreneurship for people with disabilities. These nonprofits must focus on: serving the needs of individuals with disabilities; knowledge and expertise in employment of and advising on accessibility issues for individuals with disabilities; possess expertise in removing barriers to employment for individuals with disabilities; have existing relationships with national organizations focused on needs of rural areas; affiliates in a majority of the States; and a working relationship with USDA. Authorizes $2,000,000 for each of fiscal years 2008 through 2012.

Section 6029. Delta Regional Authority.

Reauthorizes sections 382M(a), 382N and 379D(b) of the Consolidated Farm and Rural Development Act through fiscal year 2012, which authorizes the Delta Regional Authority and provides that the Secretary may make grants to assist in the development of state-of-the art technology in animal nutrition to relieve severe economic conditions in the Delta region.

Amends section 382(C) of the Consolidated Farm and Rural Development Act to add an authorization within the Delta Regional Authority for grants to the Delta Health Alliance for purposes of developing health care services, health educational programs, health care job training, and public health facilities.

Section 6030. Northern Great Plains Regional Authority.

Reauthorizes sections 383M(a) and 383N of the Consolidated Farm and Rural Development Act through fiscal year 2012, which authorizes the Northern Great Plains Regional Authority. Amend

383B(2) by allowing the authority to organize, even if the Federal member of the authority is not confirmed by the Senate within 180 days of enactment and for the election of an Indian chairperson if that person is not confirmed within 180 days..

Amends 383B(g) to update the Federal share of the administrative expenses as follows: 100 percent for 2008 and 2009; 75 percent for 2010; 50 percent for 2011 and thereafter.Adds a new provision to authorize assistance to States in developing regional plans to address multi-state economic issues. These include renewable energy development and transmission, transportation planning, information technology, movement of freight and individuals within the region, federally-funded research at institutions of higher education and conservation land management.

Amends section 383F (as redesignated) to ensure that the authority is able to make grants to not only local development districts, but also multi-state and regional development districts as well as organizations.

Amends section 383G (as redesignated) to change from 75 percent to 50 percent the required allocation to distressed counties and isolate areas.

Amends subsection (g)(1) by providing 100 percent Federal cost share for fiscal years 2008 and 2009, 75 percent Federal cost share for fiscal year 2010, and 50 percent Federal cost share for fiscal year 2011 and beyond.

Amends subsection (a) by providing a definition for Multistate and Local Development District or Organization.

Amends subsection (b) by extending the current grant program to multistate, local and regional development districts.

Amends section 383G of the Consolidated Farm and Rural Development Act [7 U.S.C. 2009bb-5] by committing 50 percent of the appropriations made available under section 2009bb-12 to distressed counties or isolated areas of distress in the region.

Amends section 383H of the Consolidated Farm and Rural Development Act [7 U.S.C. 2009bb-6] by extending program to multistate, regional, and local development districts and organizations.

Amends section 383I of the Consolidated Farm and Rural Development Act [7 U.S.C. 2009bb-7] by extending program to multistate development.

Amends section 383N of the Consolidated Farm and Rural Development Act [7 U.S.C. 2009bb-12] by reauthorizing the program through 2012.

Amends section 383O of the Consolidated Farm and Rural Development Act [7 U.S.C. 2009bb-13] by terminating authority effective 2012.

Section 6031. Rural Business Investment Program.

The Rural Business Investment Program authorization is extended through 2012 with the following modifications: debentures may be prepaid at any time, distributions may be made to cover tax liability, USDA fees are limited to an application fee of $500 and USDA will not be required to operate the program with other Federal agencies. Section 6032. Rural Collaborative Investment Program.

Section 385A. Purpose.

This section establishes a Regional Rural Collaborative Investment Program to provide rural regions with a flexible investment vehicle to develop and implement locally prioritized, comprehensive strategies for achieving regional competitiveness, innovation and prosperity.

Section 385B. Definitions.

This section establishes definitions.

Section 385C. Establishment and Administration of Rural Collaborative Investment Program.

The USDA Secretary appoints a National Rural Investment Board and establishes a National Institute on Regional Rural Competitiveness and Entrepreneurship, which work with him to create a National Rural Investment Plan and a Rural Philanthropic Initiative; certifies Regional Rural Investment Boards and makes Regional Innovation Grants to Regional Boards to implement approved regional strategies.

Section 385D. Regional rural investment boards.

Regional Boards are multijurisdictional, multisectoral, regional entities which are broadly representative of the long term economic, community and cultural interests of a region, and are comprised of public, private and not-for-profit organizations and residents of the region. A region must include a population of at least 25,000 individuals, or, in regions with a population density of less than two persons per square mile, a population of at least 10,000 individuals. The Regional Board designs a Regional Investment Strategy and competes for Regional Innovation Grants.

Section 385E. Regional investment strategy grants.

The Secretary shall provide, on a competitive basis, grants of no more than $150,000 to certified Regional Boards, to develop, implement and maintain Regional Investment Strategies, developed through a collaborative and inclusive public process. These shall provide an assessment of the region's competitive advantage, an analysis of regional economic and community development challenges, opportunities, and resources, a plan of action to implement the goals of the strategies identified, and performance measures by which to evaluate implementation. The type of things that will be included in a plan by a regional board to promote the economic growth of a given area is expected to vary widely depending on the particular needs and capabilities of an area. These could include everything from adding basic infrastructure to the promotion of an area's rural heritage that could be important for tourism."

Section 385F. Regional Innovation Grants Program.

The Secretary shall provide, on a competitive basis, Regional Innovation Grants to certified Regional Boards, in order to implement projects and programs identified in funded Regional Investment Strategy Grants. The Secretary shall give priority to strategies that demonstrate significant leverage of capital, quality job creation, and asset based development. A Regional Board may not receive

more than $6,000,000 in Regional Innovation Grants during any five year period.

Section 385G. Rural Endowment Loans Program.

The Secretary may provide long term loans to eligible community foundations, to assist in the implementation of funded Regional Investment Strategies. The eligible community foundation must be located in the covered region, provide a 250 percent match, and use the funds to implement priorities within the Regional Investment Strategy.

Section 385H. Funding.

The Secretary shall use $135,000,000 to carry out this subtitle: $15,000,000 to be provided for Regional Investment Strategy Grants; $110,000,000 to provide Regional Innovation Grants; $5,000,000 to administer the National Board; and $5,000,000 to administer the National Institute.

Section 6033. Funding of pending rural development loan and grant applications.

This provision provides $135 million in mandatory funds to fund applications that are pending for water systems, waste disposal systems, and emergency community water assistance grants.

SUBTITLE B—RURAL ELECTRIFICATION ACT OF 1936

Section 6101. Energy efficiency programs.

Amends sections 2(a) and 4 in the Rural Electrification Act [7 U.S.C. 902(a), 904] by authorizing the Secretary to extend loans to energy efficiency programs. The Committee notes that assistance is authorized for renewable energy including geo-thermal ground loops under sections 2 and 4 of the Rural Electrification Act as amended. The Committee expects that applications for such assistance will be properly considered and when meritorious, that they should be funded.

Section 6102. Loans and grants for electric generation and transmission.

Amends section 4 of the Rural Electrification Act [7 U.S.C. 904] by requiring the Secretary to make loans and grants for the purpose of financing the construction and operation of generating plants, electric transmission and distribution lines or systems for the furnishing and improving of electric services to persons in rural areas if there is an appropriation.

Section 6103. Fees for electrification baseload generation loan guarantees.

Amends the Rural Electrification Act [7 U.S.C. 904] by adding section 5, which allows the Secretary to charge an upfront fee to cover the cost of loan guarantees.

Subsection (a) establishes provision by which the Secretary, at the request of the borrower, can charge an upfront fee to cover the costs of the loan guarantee.

Subsection (b) determines that the fee shall be at least equal to the costs of the loan guarantee and provides authority to the Secretary to establish a separate fee for each loan.

Subsection (c) provides eligibility criteria for loan guarantees under this section.

Subsection (d) denies funds received from a borrower to pay for fees from being considered a loan or other debt obligation that is made or guaranteed by the Federal Government.

Section 6104. Deferment of payments to allows loans for improved energy efficiency and demand reduction.

Amends section 12 of the Rural Electrification Act [7 U.S.C. 912] by requiring the Secretary to allow borrowers to defer payment of principal and interest on any direct loan to enable the borrower to make loans to residential, commercial, and industrial consumers to install energy efficient measures or devices that reduce the demand on electric systems for 60 months.

Section 6105. Rural electrification assistance.

Amends section 13 of the Rural Electrification Act [7 U.S.C. 902(a), 904] to provide definitions to be used throughout the act for farm, Indian tribe, rural area, territory, and secretary.

Section 6106. Guarantees for bonds and notes issued for electrification or telephone purposes.

Amends section 313A(b) of the Rural Electrification Act [7 U.S.C. 904c-1] by extending eligibility for guarantees for telephone installation purposes, expanding the funds available for guarantees up to $1,000,000,000, requiring the annual fee paid for the guarantee of a bond or note to be equal to 30 basis points of the amount of unpaid principal, requiring the lender to pay fees required on a semiannual basis on a schedule structured by the Secretary, and extending the authorization through 2012.

Section 6107. Expansion of 911 access.

Amends section 315 of the Rural Electrification Act [7 U.S.C. 940e] to reauthorize the Secretary to make loans to expand 911 access.

Subsection (a) expands eligibility to emergency communications providers, State or local governments, Indian tribes, or other public entities for facilities and equipment to expand or improve 911 access, interoperable emergency communications, homeland security communications, transportation safety communication and location technologies used outside urbanized areas.

Subsection (b) allows for Government-imposed fees to emergency communications providers as security for a loan under this section.

Subsection (c) provides that the Secretary must promulgate regulations within 90 days of enactment and adopt final rules within 90 days of publication of regulations.

Subsection (d) authorizes the Secretary to use funds made available for telephone or broadband loans each fiscal year 2008 through 2012.

Section 6108. Electric loans to rural electric cooperatives.

Amends title III of the Rural Electrification Act [7 U.S.C. 940] by adding section 317, which allows the Secretary to make loans to rural electric cooperatives.

Subsection (a) provides a definition for Renewable Energy Source.

Subsection (b) allows the Secretary to make loans available for the electric generation of renewable energy resources to rural and nonrural residents and for the transmission of energy from renewable energy sources.

Subsection (c) provides that the loan rate under this section shall be equal to the average tax exempt municipal bond rate of similar maturities.

Section 6109. Agency procedures.

Amends title III of the Rural Electrification Act [7 U.S.C. 940] by adding section 318, which provides Agency procedures for loans under this section.

Subsection (a) requires that loan applicants are contacted at least once a month by the Rural Utilities Service regarding the status of any pending loan applications.

Subsection (b) requires the Secretary to ensure that applicants for any Rural Utility Service grants have the opportunity to present a case for financial need and that these special economic circumstances are considered in determining the grant status of the applicant.

Subsection (c) allows the Secretary to adjust population limitations related to digital mobile wireless service.

Subsection (d) requires the Secretary review bonding requirements for all programs administered by the Rural Utilities Service.

Section 6110. Access to broadband telecommunications services in rural areas.

Amends section 601 of the Rural Electrification Act [7 U.S.C. 950bb] by authorizing the Secretary to provide loans and loan guarantees for the costs of construction, improvement, and acquisition of facilities and equipment for broadband service in rural areas.

Subsection (a) provides as the purpose for this program to provide loans and loan guarantees to provide funds for the cost of the construction, improvement, and acquisition of facilities and equipment for broadband service in rural areas.

Subsection (b) provides definitions for Broadband Service and Mobile Broadband.

Subsection (c) authorizes the Secretary to make or guarantee loans to eligible entities. Priorities shall be given to those applicants that offer to provide broadband service to the greatest number of households currently without broadband service.

Subsection (d) identifies eligible entities as those that have the ability to furnish, improve, or extend a service to a rural area; offer to provide service to at least 25 percent of households in a specified rural area that do not currently have broadband service offered to them; agree to complete buildout within 3 years; and meet a variety of other specific financial and other eligibility requirements. The Secretary cannot make or guarantee loans for projects in areas where 3 or more existing providers already provide comparable

service. This subsection also ensures that equity and market survey requirements are not excessive. Government entities are eligible for the program. No Entity may receive more than 20 percent of the resources of this program in any fiscal year. Requires public disclosure of certain information in applications and on a public website, but protect proprietary information. Establishes processing timeline requirements.

Subsection (e) requires the Secretary to review and recommend modifications of rate-of-data transmission criteria to account for technology advancements.

Subsection (f) requires the Secretary to be technologically neutral when setting criteria.

Subsection (g) sets terms and conditions for loans and loan guarantees.

Subsection (h) allows the Secretary to provide the proceeds of any loan made or guaranteed under this act for the purpose of refinancing another telecommunications-related loan made under this Act.

Subsection (i) requires the Administrator to submit a report to Congress.

Subsection (j) authorizes the program at such sums as may be appropriated from fiscal years 2008 through 2012.

Subsection (k) terminates this authority after 2012.

Section 602 amends section 601 of the Rural Electrification Act [7 U.S.C. 950bb et seq.] to provide for a National Center for Rural Telecommunications Assessment and criteria for the center. The Center is to focus on rural telecommunications research and assessment. Authorizes $1,000,000 for each of the fiscal years 2008 through 2012.

Section 6111. Substantially underserved trust areas.

Native American trust lands where more than 20 percent of the population do not have electric, telecommunications, broadband or water service are considered substantially underserved trust areas. The Secretary may make the programs of the Rural Utility Service that these areas are eligible for available to them at lower loan rates and may waive nonduplication requirements.

SUBTITLE C—CONNECT THE NATION

Section 6201. Connect the Nation.

Creates a competitive, matching grant program (80 Federal/20 State) called the Connect the Nation Act of 2007 to be housed at Department of Commerce. Eligible statewide public-private partnerships would benchmark current broadband access and use, build detailed GIS maps of service, and create demand through grassroots teams. Eligible entities would be limited to 4 years of participation. Grant applications would be reviewed through a peer review process. Collaboration is required between state agencies, service providers, and the relevant labor organizations, and community organizations to be considered eligible. A total of $40 million per year is authorized.

SUBTITLE D—FOOD, AGRICULTURE, CONSERVATION, AND TRADE ACT OF 1990

Section 6301. Rural electronic commerce extension program.

Reauthorizes section 1670(e) of the Food, Agriculture, Conservation, and Trade Act [7 U.S.C. 5923(e)] through 2012.

Section 6302. Telemedicine, library connectivity, public television, and distance learning services in rural areas.

Amends chapter 1 of subtitle D of the Food, Agriculture, Conservation, and Trade Act [7 U.S.C. 950aaa] by expanding financial assistance to library connectivity, public television station digital conversion, and schools, libraries and other facilities operated by the Bureau of Indian Affairs or the Indian Health Service.

Amends subsection (f) to limit the use of funds under this section is for the development, acquisition, and digital distribution of instructional programming to rural users; the development and acquisition of computer hardware and software, audio and visual equipment, computer network components, telecommunications transmission facilities, date terminal equipment, or interactive video equipment. This section also establishes criteria for the use of funds under this subsection, including instructional programming to rural users; computer hardware and software and other communications electronics; technical assistance and instruction; high-speed network transmission equipment; and others as determined by the Secretary.

The Committee expects that USDA will continue to administer the conversion of facilities from analog to digital signals for public television under the current regulations, 7 CFR 1740.

Reauthorizes appropriations through 2012 and amends section 1(b) of Public Law 102-551 by reauthorizing through 2012.

SUBTITLE E—MISCELLANEOUS

Section 6401. Value-added agricultural product market development grants.

Amends section 231 of the Agricultural Risk Protection Act of 2000 [7 U.S.C. 1621 note; Public Law 106-224] by providing updated definitions of assisting organization, technical assistance, and value-added agricultural product.

Amends section 231(b) of the Agricultural Risk Protection Act of 2000 [7 U.S.C. 1621 note; Public Law 106-224] by limiting grants to no more than $300,000 in the case of grants including working capital or $100,000 in the case of all other grants. It extends grants to conduct market research, provide training and technical assistance, develop supply networks, or provide program outreach and limits assisting organizations to no more than 10 percent of the total amount of funds available for grants under this subsection. Priority shall be given to beginning farmers and ranchers, socially disadvantaged farmers and operators of small and median sized farming operations. Grants will support new ventures that do no have established markets including local food systems and infrastructure to support local foods. The program is authorized for such sums as are appropriated from 2008 through 2012.

Section 6402. Study of railroad issues.

Provides that the Secretary in coordination with the Secretary of Transportation shall conduct a study of railroad issues regarding the movement of agricultural products, domestically produced renewable fuels and domestically produced resources for the production of electricity in rural areas. The report is to be completed within 270 days of enactment.

Section 6403. Issuance of loans for housing and related facilities for domestic farm labor.

This provision broadens the domestic farm labor housing program to include low income workers who work in food processing as well as those who work on unprocessed foods.

TITLE VII—RESEARCH AND RELATED MATTERS

SUBTITLE A—NATIONAL AGRICULTURAL RESEARCH, EXTENSION, AND TEACHING POLICY ACT OF 1977

Section 7001. Definitions.

This section modifies section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103) to expand the definition of college and university to include research foundations maintained by a college or university. This section also defines the term "Hispanic-serving Institution" and "Hispanic-Serving Agricultural Colleges and Universities".

Section 7002. National Agricultural Research, Extension, Education, and Economics Advisory Board.

This section reauthorizes section 1408(h) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123 (h)), the National Agricultural Research, Extension, Education, and Economics Advisory Board.

Section 7003. Veterinary medicine loan repayment.

This section modifies section 1415A of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3151a) to set a deadline for rulemaking to implement the National Veterinary Medical Services Act (NVMSA), a program for loan repayment for veterinarians who work in areas of veterinarian shortage.

The Committee finds that the implementation of NVMSA should prioritize large and mixed animal practitioner shortages in rural communities, and that no funds should be used for the existing Federal employee loan repayment program under 5 U.S.C. 5379.

Section 7004. Eligibility of University of the District of Columbia for grants and fellowships for food and agricultural sciences education.

This section clarifies the participation of the University of the District of Columbia (UDC) in grants and fellowships for agricultural sciences education pursuant to section 1417 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152).

Section 7005. Grants to 1890 institutions to expand extension capacity.

This section modifies section 1417(b)(4) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152(b)(4)) to include extension as one of the purposes of grants available to 1890 institutions through this program.

Section 7006. Expansion of food and agricultural sciences award.

This section modifies section 1417(i) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152(i)) to expand the current National Agricultural Teaching Award to include research and extension.

Section 7007. Grants and fellowships for food and agricultural sciences education.

This section reauthorizes section 1417 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152) to continue annual appropriations for grants and fellowships for food and agricultural sciences education. It also modifies section 1417 to add agriculture programs for grades K-12 to the purposes of these grants, and to require a report to Congress on the distribution of funds for teaching programs under this section.

Section 7008. Grants for research on production and marketing of alcohols and industrial hydrocarbons from agricultural commodities and forest products.

This section reauthorizes section 1419(d) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3154(d)) to continue annual appropriations for grants to colleges, universities, and Federal laboratories to conduct research related to alcohol and other forms of biomass fuels, and the development of the most economical and commercially feasible means of producing, collecting, and transporting agricultural crops, wastes, residues, and byproducts for use as feedstocks for the production of alcohol and other forms of biomass energy.

Section 7009. Policy research centers.

This section reauthorizes section 1419A of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3155) to continue annual appropriations for grants and cooperative agreements with policy research centers to conduct research and education programs concerning the effect of policies on the farm and agricultural sectors; the environment; rural families and economies; and consumers, food and nutrition. This section also modifies section 1419A of the Act to include the Food Agricultural Policy Research Institute, the Agricultural and Food Policy Center, the Rural Policy Research Institute, and the Community Vitality Center as centers that qualify for these grants.

Section 7010. Human nutrition intervention and health promotion research program.

This section reauthorizes section 1424(d) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3174(d)) to continue annual appropriations for a multi-year

research initiative on human nutrition intervention and health promotion.

Section 7011. Pilot research program to combine medical and agricultural research.

This section reauthorizes section 1424A(d) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3174a(d)) to continue annual appropriations for a pilot research program to link major cancer and heart disease research efforts with agricultural research efforts to identify compounds in vegetables and fruits that prevent these diseases.

The Committee is interested in the potential for the development of pharmaceuticals for human use through the use of bovine blood products. The usefulness of bovine blood products has resulted from a number of technical advances which can ensure the proper and necessary level of control of the animal based raw materials so that they can now meet or exceed the requirements to develop safe and efficacious pharmaceuticals for human use. The Committee expects the Department to fund pilot projects through this authorization which can accelerate the development of pharmaceuticals for human use from bovine blood products.

Section 7012. Nutrition Education Program.

This section modifies section 1425 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3175) to authorize 1890 institutions and the University of the District of Columbia to receive funds for the Expanded Food and Nutrition Education Program (EFNEP) and sets a minimum amount for fund distribution. This section also reauthorizes annual appropriations to carry out EFNEP.

Section 7013. Continuing animal health and disease research programs.

This section reauthorizes section 1433(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3195(a)) to continue annual appropriations to support continuing animal health and disease research programs.

Section 7014. Appropriations for research on national or regional problems.

This section reauthorizes section 1434(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3196(a)) to continue annual appropriations to support research on specific national or regional animal health or disease problems, or national or regional problems relating to pre-harvest, on-farm food safety.

Section 7015. Animal health and disease research program.

This section modifies section 1434(b) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 to clarify that 1890 institutions are eligible for animal health and disease research grants under this section.

Sec. 7016. Authorization level for extension at 1890 land-grant colleges.

This section modifies section 1444(a)(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3221(a)(2)) to increase the percentage of the Smith-Lever (extension) formula fund that is allocated to 1890 institutions from 15 percent to 20 percent.

Sec. 7017. Authorization level for agricultural research at 1890 land-grant colleges.

This section modifies section 1445(a)(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222(a)(2)) to increase the percentage of the Hatch Act (research) formula fund that is allocated to 1890 institutions from 25 percent to 30 percent.

Section 7018. Grants to upgrade agricultural and food sciences facilities at 1890 land-grant colleges, including Tuskegee University.

This section reauthorizes section 1447(b) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222b(b)) to continue annual appropriations for grants to 1890 land-grant institutions to acquire and improve agricultural and food sciences facilities and equipment.

Section 7019. Grants to upgrade agriculture and food sciences facilities at the District of Columbia land grant university.

This section adds section 1447A to the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222b) to authorize $750,000 in annual appropriations for grants to be made to the University of the District of Columbia to acquire, alter, or repair facilities or relevant equipment necessary for conducting agricultural research.

Section 7020. National research and training virtual centers.

This section reauthorizes section 1448 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222c) to continue annual appropriations for a competitive grant to five national research and training virtual centers located at 1890 land-grant institutions.

Section 7021. Matching funds requirement for research and extension activities of 1890 institutions.

This section reauthorizes section 1455 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3241) to continue the requirement for States to provide matching funds to be provided to 1890 land-grant institutions for agricultural research, extension, and education activities.

Section 7022. Hispanic-serving institutions.

This section modifies section 1455 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3241) to increase annual appropriations from $20,000,000 to $40,000,000 for competitive grants to Hispanic-serving institutions to promote and strengthen the institutions' abilities to carry out

education, applied research, and related community development programs. This section also modifies section 1455 of the Act to allow single institutions to receive grants.

Section 7023. Hispanic-serving agricultural colleges and universities.

This section adds section 1456 to the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3241) to authorize the establishment of an endowment fund to provide funds to Hispanic-serving agricultural colleges and universities. This section also authorizes appropriations for institutional capacity-building grants, competitive grants, and extension at Hispanic-serving agricultural colleges and universities.

Section 7024. International agricultural research, extension, and education.

This section modifies section 1458(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3291 (a)) to expand the international agricultural research, extension, and education program at USDA, to prioritize institutions that have existing agreements with U.S. institutions, to expand eligibility to Hispanic-serving agricultural colleges and universities, and to establish a fellowship program for students to study at foreign agricultural colleges and universities.

Section 7025. Competitive grants for international agricultural science and education programs.

This section reauthorizes section 1459A(c) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3292b(c)) to continue annual appropriations for competitive grants directed to agricultural research, extension, and teaching activities to colleges and universities to strengthen U.S. economic competitiveness and promote international market development.

Section 7026. Indirect costs.

This section modifies section 1462(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3310) to raise the allowance of indirect costs a recipient institution can receive from a grants awarded by the Department to 30 percent from the current rate of 19 percent.

Section 7027. Research equipment grants.

This section reauthorizes section 1462A(e) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3310a(e)) to continue annual appropriations for competitive grants for the acquisition of special purpose scientific research equipment for use in the food and agricultural science programs of eligible institutions.

Section 7028. University research.

This section reauthorizes section 1463 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3311) to continue annual appropriations for certain existing and new agricultural research programs.

Section 7029. Extension service.

This section reauthorizes section 1464 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3312) to continue annual appropriations for extension programs of the Department of Agriculture.

Section 7030. Supplemental and alternative crops.

This section reauthorizes section 1473D(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3319d(a)) to continue annual appropriations for a research project for the development of supplemental and alternative crops.

Section 7031. Aquaculture research facilities.

This section reauthorizes section 1477 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3324) to continue annual appropriations for research and extension at eligible institutions to increase to increase the production and marketing of aquacultural food products. It also modifies section 1475(f) of the Act (7 U.S.C. 3322(f)) to prioritize the study and management of viral hemorrhagic septicemia (VHS) under this section.

Section 7032. Rangeland research.

This section reauthorizes section 1483(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3336(a)) to continue annual appropriations for grants to land-grant colleges and universities, state agricultural experiment stations, and other institutions to conduct rangeland research. This section also modifies section 1480(a) of the Act (7 U.S.C. 3333(a)) to authorize pilot programs to address natural resources management issues and facilitate the collection of information and analysis to provide information for improved management of public and private rangeland.

It is the intent of the Committee that grants for pilot programs under this section are to be awarded to the University of Idaho and other institutions for conservation and research in Owyhee County to further the Owyhee Initiative. Pilot program findings are to be peer-reviewed to ensure the best available science is available to Federal agencies for evaluation of rangeland management.

Section 7033. Special authorization for biosecurity planning and response.

This section reauthorizes section 1484(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3351(a)) to continue annual appropriations for biosecurity planning and response.

Section 7034. Resident instruction and distance education grants program for insular area institutions of higher education.

This section reauthorizes section 1490(f) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3362(f)) to continue annual appropriations for competitive or non-competitive grants to eligible institutions in insular areas to strengthen distance food and agricultural education programs using digital network technologies. This section also reauthorizes

section 1491 of the Act (7 U.S.C. 3363) to continue annual appropriations for competitive grants to insular area institutions to strengthen food and agricultural science education.

Section 7035. Farm management training and public farm benchmarking database.

This section adds section 1468 to the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3313) to establish a National Farm Management Center to improve farm management knowledge and skills of agriculture producers through an education program and creation of a database that allows producers to compare farm management data with other producers. This section also authorizes annual appropriations for the center and database.

The Committee recognizes the University of Minnesota Center for Farm Financial Management as having a proven record and ability to develop and implement a program to improve farm management.

The Committee encourages the Secretary to work with the University of Minnesota Center for Farm Financial Management to establish the farm management training and public farm benchmarking database.

Section 7036. Tropical and subtropical agricultural research.

This section adds section 1473E to the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3310 et seq.) to establish a competitive program for research on tropical and subtropical agriculture, and to authorize annual appropriations for the program.

Section 7037. Regional centers of excellence.

This section adds section 1473F to the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3310 et seq.) to establish regional centers of excellence where Federal, state, and industry dollars fund research applicable to a specific commodity. This section also authorizes annual appropriations for the centers.

Section 7038. National Drought Mitigation Center.

This section adds section 1473G to the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3310 et seq.) to authorize the Secretary to enter into an agreement with the National Drought Mitigation Center. This section also authorizes annual appropriations for the Center.

Section 7039. Agricultural development in the American-Pacific region.

This section adds section 1473H to the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3310 et seq.) to establish consortia of institutions in the American-Pacific region to carry out integrated research, extension, and instruction programs in support of food and agricultural sciences. This section also authorizes annual appropriations for the consortia.

Section 7040. Borlaug International Agricultural Science and Technology Fellowship Program.

This section adds section 1473I to the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3310 et seq.) to authorize annual appropriations for the Borlaug International Agricultural Science and Technology Fellowship Program. The fellowship program brings scientists from developing countries to a U.S. land-grant institution to learn about improving agricultural productivity.

Section 7041. New Era Rural Technology Program.

This section adds section 1473J to the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3310 et seq.) to establish a grant program for community colleges to develop an agriculture-based renewable energy, and timber industry workforce. This section also authorizes annual appropriations for the program.

The Committee recognizes the importance of developing a workforce to support the fields of bioenergy, pulp and paper manufacturing, and agriculture-based renewable energy resources. Alabama Southern Community College, Neosho County Community College, Northeast Iowa Community College, Eastern Iowa Community College District, Kennebec Valley Community College, Itasca Community College, York Technical College, Midstate Technical College, and Jones County Junior College are recognized as being among the rural community colleges with a proven record and ability to develop and implement programs to supply certified technicians. The Committee encourages the Secretary to work with these and other community colleges to establish the New Era Rural Technology Program.

Section 7042. Farm and ranch stress assistance network.

This section adds section 1473K to the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3310 et seq.) to establish a farm and ranch stress assistance network. This network provides behavioral programs to participants in the U.S. agricultural sector. This section also authorizes annual appropriations for the network.

Section 7043. Rural Entrepreneurship and Enterprise Facilitation Program.

This section adds section 1473L to the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3310 et seq.) to establish a program for the promotion of rural entrepreneurship, rural business development, and collaboration among rural entrepreneurs, local business communities, non profit organizations, and K-12 and higher education institutions. This program also provides rural entrepreneurs with technical assistance and access to capital, and it determines the best methods of entrepreneurial training.

Section 7044. Seed distribution.

This section adds section 1473M to the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3310 et seq.) to establish a program that distributes vegetable seeds to

underserved communities free-of-charge. This section also authorizes annual appropriations for the program.

Section 7045. Farm and ranch safety.

This section adds section 1473N to the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3310 et seq.) to establish a grant program to determine how to decrease the incidence of injury and death on farms and ranches. This section also authorizes annual appropriations for the program.

Section 7046. Women and minorities in stem fields.

This section adds section 1473O to the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3310 et seq.) to establish a grant program to increase participation by women and underrepresented minorities from rural areas in science, technology, engineering, and mathematics fields (STEM fields). This section also authorizes annual appropriations for the program.

Section 7047. Natural products research program.

This section adds section 1473P to the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3310 et seq.) to establish a research program relating for the discovery, development and commercialization of pharmaceuticals and agrichemicals from natural products, including those from plants, marine and microbial sources. This section also authorizes annual appropriations for the program.

Section 7048. International anti-hunger and nutrition program.

This section adds section 1473Q to the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3310 et seq.) to authorize the Secretary to support nonprofit organizations that focus on promoting research concerning anti-hunger and improved nutrition efforts internationally, and increased quantity, quality, and availability of food.

Section 7049. Consortium for agricultural and rural transportation research and education.

This section adds section 1473R to the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3310 et seq.) to establish a research program focusing on critical rural and agricultural transportation and logistics issues facing agricultural producers and other rural businesses.

SUBTITLE B—FOOD, AGRICULTURE, CONSERVATION, AND TRADE ACT OF 1990

Section 7101. National genetic resources program.

This section reauthorizes section 1635(b) of the Food, Agriculture, Conservation and Trade Act of 1990 (7 U.S.C. 5844(b)) to continue annual appropriations for the National Genetic Resources Program that provides for the collection, preservation, and dissemination of genetic material of importance to food and agriculture production in the United States. This section also modifies section 1632 of the Food, Agriculture, Conservation and Trade Act of 1990

(7 U.S.C. 5841) to add research on plant and animal breeding to the purposes and functions of this program.

Section 7102. High-priority research and extension initiatives.

This section modifies section 1672 of the Food, Agriculture, Conservation and Trade Act of 1990 (7 U.S.C. 5925) to add the following to the list of high-priority research and extension initiatives: Colony Collapse Disorder and Pollinator Research Program; Marine Shrimp Farming Program; Cranberry Research Program; Turfgrass Research Initiative; Pesticide Safety Research Initiative; Swine Genome Project; High Plains Aquifer Region; Cellulosic Feedstock Transportation and Delivery Initiative; Deer Initiative; Pasture-Based Beef Systems. This section also reauthorizes annual appropriations for competitive grants for the specified high-priority research and extension initiatives, and authorizes $20,000,000 of the annual appropriations for the Colony Collapse Disorder and Pollinator Research Program.

It is the intent of the Committee that grants used to carry out research under the Pasture-Based Beef Systems program described in this section are to be awarded to South Carolina and Alabama for the Pasture-Based Beef Systems for Appalachia Initiative.

The Committee expects the Secretary to award grants under the Deer Initiative described in this section to support collaborative research focusing on the development of viable strategies for the prevention, diagnosis and treatment of infectious, parasitic and toxic diseases of farmed deer and the mapping of the deer genome. The Committee recommends the establishment of a Center of Infectious Disease and Applied genetics of Farmed Deer at a consortium of universities with veterinary schools, qualified veterinary medical personnel, appropriate facilities with experience in husbandry and care of captive deer, and equipment specific to cervidae. The Committee encourages the consortium of universities to be located in States that have a large farmed deer population. The consortium will carry out research dedicated to developing vaccines for epizootic hemorrhagic disease and blue tongue disease in farmed deer, and will work to map the deer genome with emphasis on the identification of genes that confer resistance or susceptibility to disease relevant to the production of farmed deer.

Section 7103. Nutrient management research and extension initiative.

This section reauthorizes section 1672A of the Food, Agriculture, Conservation and Trade Act of 1990 (7 U.S.C. 5925a) to continue annual appropriations for competitive grants for the nutrient management research and extension initiative.

Section 7104. Organic agriculture research and extension initiative.

This section reauthorizes section 1672B of the Food, Agriculture, Conservation and Trade Act of 1990 (7 U.S.C. 5925b) to direct $16,000,000 per year in mandatory funds for the Organic Research and Extension Initiative, which enhances the ability of organic producers and processors to grow and market organic food, feed, and fiber.

Section 7105. Agricultural telecommunications program.

This section reauthorizes section 1673(h) of the Food, Agriculture, Conservation and Trade Act of 1990 (7 U.S.C. 5926(h)) to continue annual appropriations for the development and utilization of an agricultural communications network to strengthen agricultural extension, resident education and research, and marketing of agricultural commodities.

Section 7106. Assistive technology program for farmers with disabilities.

This section reauthorizes section 1680(c)(1) of the Food, Agriculture, Conservation and Trade Act of 1990 (7 U.S.C. 5933(c)(1)) to continue annual appropriations for demonstration grants to support cooperative programs between the Extension Service and private nonprofit disability organizations to provide agricultural education and assistance for individuals with disabilities who are engaged in farming.

Section 7107. National rural information center clearinghouse.

This section reauthorizes section 2381(e) of the Food, Agriculture, Conservation and Trade Act of 1990 (7 U.S.C. 3125b(e)) to continue annual appropriations for the National Rural Information Center Clearinghouse which provides and distributes information and data to any industry, organization, or Federal, State, or local government entity on programs and services provided in rural areas.

SUBTITLE C—AGRICULTURAL RESEARCH, EXTENSION, AND EDUCATION REFORM ACT OF 1998

Section 7201. Initiative for future agriculture and food systems.

This section modifies section 401(c) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7621 (c)) to add sustainable and renewable agriculture-based energy production, ecosystem services, and beginning farmers and ranchers to the purposes of the Initiative for Future Agriculture and Food Systems (IFAFS). This section also modifies section 401(b) of the Act (7 U.S.C. 7621 (b)) to allow 32 percent of appropriated funds for the National Research Initiative (NRI) to go towards IFAFS projects, and to authorize annual appropriations for IFAFS.

Section 7202. Partnerships for high-value agricultural product quality research.

This section reauthorizes section 402(g) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7622(g)) to continue annual appropriations for eligible institutions and partnerships to enhance U.S. commodity competitiveness and increase exports through research and extension activities on high-value agricultural products.

Section 7203. Precision agriculture.

This section reauthorizes section 403(i)(1) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7623(i)(1)) to continue annual appropriations for grants to promote precision agriculture.

Section 7204. Biobased products.

This section reauthorizes section 404(e)(2) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7624(e)(2)) to continue annual appropriations for (1) cooperative agreements with private entities to use the facilities and expertise of the Agricultural Research Service (ARS) to develop and commercialize new biobased products (products derived from forestry or renewable agricultural materials), and (2) to carry out an ARS-based pilot project on biobased products.

Section 7205. Thomas Jefferson initiative for crop diversification.

This section reauthorizes section 405(h) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7625(h)) to continue annual appropriations for the Thomas Jefferson Initiative for Crop Diversification for the production and marketing of new and nontraditional crops to strengthen and diversify agricultural production.

Section 7206. Integrated research, education, and extension competitive grants program.

This section reauthorizes section 406(f) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7626(f)) to continue annual appropriations for an integrated research, education, and extension matching grant program.

Section 7207. Support for research regarding diseases of wheat, triticale, and barley caused by fusarium graminearum or by Tilletia indica.

This section reauthorizes section 408(e) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7628(e)) to continue annual appropriations for grants to consortia of land grant colleges and universities for research on diseases of wheat, triticale, and barley caused by Fusarium graminearum or Tilletia indica (wheat scab or Karnal bunt, respectively) and related fungi.

Section 7208. Bovine Johne's Disease Control Program.

This section reauthorizes section 409(b) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7629(b)) to continue annual appropriations for research, testing and evaluation for the control and management of Johne's Disease in livestock.

Section 7209. Grants for youth organizations.

This section reauthorizes section 410(c) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7630(c)) to continue annual appropriations for pilot projects to expand youth organization programming in rural areas.

Section 7210. Agricultural biotechnology research and development for developing countries.

This section reauthorizes section 411(c) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7631(c)) to continue annual appropriations for competitive grants to

institutions or nonprofit organizations to develop agricultural biotechnology for developing countries.

Section 7211. Specialty crop research initiative.

This section adds section 412 to the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7621 et seq.) to authorize $16,000,000 in mandatory funds per year for a specialty crop research initiative at the Department of Agriculture through the Agricultural Research Service and extramural competitive grants. Priorities for the initiative include research on: plant breeding, genetics, and genomics; invasive species; mechanization; and food safety.

Section 7212. Office of pest management policy.

This section modifies section 614(b) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7653(b)) to place this office within the Office of the Chief Economist. The section also reauthorizes section 614(f) of the Act (7 U.S.C. 7653(f)) to continue annual appropriations for the Office of Pest Management Policy within the Department of Agriculture to develop and coordinate Department policy on pest management and pesticides, to coordinate with other Federal and state agencies and to provide outreach services.

Section 7213. Food animal residue avoidance database program.

This section modifies section 604 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7642) to authorize annual appropriations of $2,500,000 for the Food Animal Residue Avoidance Database program.

SUBTITLE D—OTHER LAWS

Section 7301. Critical Agricultural Materials Act.

This section reauthorizes section 16(a) of the Critical Agricultural Materials Act (7 U.S.C. 178n(a)) to continue annual appropriations for activities conducted under the Act.

Section 7302. Equity in Educational Land-Grant Status Act of 1994.

This section modifies section 532 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note) to add Ilisagvik College in Alaska to the list of land-grant tribal colleges known as 1994 colleges. This section also reauthorizes sections 533(b), 535, and 536(c) of the Act to continue annual appropriations for the endowment of the 1994 land-grant colleges; annual appropriations for constructing, acquiring, and remodeling buildings, laboratories, and other capital facilities at the 1994 colleges; annual appropriations for research grants to the 1994 land-grant colleges to conduct agricultural research that addresses high priority concerns of tribal, national, or multi-state significance.

Section 7303. Smith-Lever Act.

This section modifies section 3 of the Act of May 8, 1914—the Smith-Lever Act—(7 U.S.C. 343) to allow 1890 institutions to participate in the Children, Youth, and Families Education and Re-

search Network Program. This section also modifies section 5 of the Act of May 8, 1914—the Smith-Lever Act—(7 U.S.C. 345) to eliminate the Governor's Report requirement for the extension service.

Section 7304. Hatch Act of 1887.

This section modifies section 3(d)(4) of the Hatch Act of 1887 (7 U.S.C. 361c(d)(4)) to require a 50 percent match of funds from the District of Columbia for the University of the District of Columbia to receive formula funds for agricultural research, and it allows the Secretary to waive this requirement if necessary. This section also modifies section 6 of the Hatch Act of 1887 (7 U.S.C. 361f) and section 1444(f) and 1445(e) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 to eliminate Penalty Mail Authorities for agricultural experiment stations and the cooperative extension service.

Section 7305. Research Facilities Act.

This section reauthorizes section 6(a) of the Research Facilities Act (7 U.S.C. 390d(a)) to continue annual appropriations for the study, plan, design, structure, and related costs of agricultural research facilities under the Act.

Section 7306. National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1985.

This section reauthorizes section 1431 of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1985 (99 Stat. 1556) to continue annual appropriations for the cost of planning, construction, and other public improvements for Federal agricultural research facilities.

Section 7307. Competitive, Special, and Facilities Research Grant Act.

This section reauthorizes annual appropriations for the National Research Initiative (NRI), and modifies the Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 450i) to add research on agricultural genomics and biotechnology, classical animal and plant breeding, and beginning farmers and ranchers to the research priorities of the NRI. This section also extends the availability of grant funds for classical plant and animal breeding to ten years.

Section 7308. Education grants to Alaska native serving institutions and native Hawaiian serving institutions.

This section modifies section 759 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2000 (7 U.S.C. 3242) to permit consortia of Alaska Native and Native Hawaiian Serving Institutions to designate fiscal agents and allocate funds for their members.

Section 7309. Beginning farmer and rancher development program.

This section modifies section 7405(h) of the FSRIA of 2002 (7 U.S.C. 3319f(h)) to direct $30,000,000 in annual appropriations for competitive grants to support new and established local and regional training, education outreach, and technical initiatives for beginning farmers or ranchers. This section also modifies section

7405(c) of the Act (7 U.S.C. 3319f(c)) to: incorporate energy conservation efficiency and transition to organic farming into the programs and services eligible to receive competitive grants under this program; limit grants under this program to $250,000; change the evaluation criteria for grants under this program; ensure geographic diversity of grants under this program; add organizations that work with refugee or immigrant beginning farmers or ranchers as eligible for grants.

Section 7310. Mcintire-Stennis Cooperative Forestry Act.

This section modifies section 2 of the McIntire-Stennis Cooperative Forestry Act (16 U.S.C. 582a-1) to authorize1890 institutions to participate in the McIntire-Stennis cooperative forestry program.

Section 7311. National Aquaculture Act of 1980.

This section reauthorizes section 10 of the National Aquaculture Act of 1980 (16 U.S.C. 2809) to continue annual appropriations for the Department of Agriculture, Department of Commerce, and the Department of Interior for funding of programs under this Act.

Section 7312. National arboretum.

This section adds section 7 to the Act of March 4, 1927 (20 U.S.C. 191 et seq.) to authorize construction for a Chinese Garden at the National Arboretum.

Section 7313. Eligibility of University of the District of Columbia for certain land-grant university assistance.

This section modifies section 208 of the District of Columbia Public Postsecondary Education Reorganization Act (88 Stat. 1428) to authorize the University of the District of Columbia to receive formula funds for agricultural extension.

Section 7314. Exchange/sale authority.

This section adds section 308 to title III of the Federal Crop Insurance and Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 2204 note) to authorize USDA to exchange, sell, or otherwise dispose of any qualified items of personal property and to retain and apply the sale or other proceeds to acquire any qualified items of personal property or to offset costs related to the maintenance, care, or feeding of any qualified items of personal property.

Section 7315 Carbon cycle research.

This section reauthorizes the carbon cycle research program established in the Agricultural Risk Protection Act of 2000 (7 U.S.C. 6711) and transfers authority from that Act to the National Agricultural Research, Extension and Teaching Policy Act of 1977 (7 U.S.C. 1303). This section also authorizes $15,000,000 in annual appropriations for this program.

SUBTITLE E—NATIONAL INSTITUTE OF FOOD AND AGRICULTURE

Section 7401. National Institute of Food and Agriculture.

Subsection (a) adds section 253 to subtitle F of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6972) to transfer all authorities under the Cooperative State Research, Education

and Extension Service (CSREES) to a National Institute of Food and Agriculture (NIFA). Various programs currently under CSREES are categorized as either a competitive program or an infrastructure program, with additional programs to be categorized by the Secretary, and all programs currently under CSREES continue under NIFA.

The Director of NIFA is required to report to and consult with the Secretary on the research, extension, and education activities of NIFA. It is the intent of the Committee that the Director work with the Undersecretary for Research, Education, and Economics to ensure proper coordination and integration of all research programs within the responsibility of the Department.

The Committee is concerned about the visibility of competitive research grants, the increasing demands placed on the land-grant system, and the weakening financial support of both competitive grants and formula funds. To that end, this legislation creates four offices established at NIFA, which will increase competitive grant opportunities and re-establish the importance of the land-grand college and university system. First, the Office of the Agricultural Research, Extension, and Education Network administers all infrastructure programs, also known as capacity programs, such as formula programs for State Agricultural Experiment Stations and the Extension Service. Second, the Office of Competitive Programs for Fundamental Research administers competitive programs that fund fundamental (basic) food and agricultural research, such as the National Research Initiative's projects that cover basic research. Third, the Office of Competitive Programs for Applied Research administers competitive programs for applied food and agricultural research. Fourth, the Office of Competitive Programs for Education and Other Purposes administers competitive programs for education and other fellowships. The Director of NIFA has the discretion to divide programs that intersect more than one competitive program office. The Committee expects the Director to receive significant input from highly-qualified scientists who have expertise in the fields of agricultural research, science, food and nutrition, natural resource and environment, or related appropriate fields when evaluating grant proposals reviewed in the Office of Competitive Programs for Fundamental Research and in the Office of Competitive Programs for Applied Research.

Subsection (a) also authorizes appropriations for NIFA, above the authorizations of individual programs, to be allocated according to recommendations in a roadmap to be spearheaded by the Undersecretary of Research, Education and Economics under section 7402 of this legislation.

Subsection (b) modifies section 1408(b) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123(b)) to change membership in the National Agricultural Research, Extension, Education, and Economics Advisory Board from thirty-one members to twenty-four members. Members representing the following organizations are not members of the NAREEE Advisory Board in this legislation: a national animal commodity organization, a national crop commodity organization; a national aquaculture association; a non-land grant college or university with a historic commitment to research in the food and agricultural sciences; the portion of the scientific community not

closely associated with agriculture; an agency within USDA that lacks research capabilities; a research agency of the Federal Government other than USDA; and national organizations directly concerned with agricultural research, education, and extension. One member actively engaged in aquaculture is added to compensate for the loss of representation from a national aquaculture association.

Subsection (c) is a series of conforming amendments to modify each place in existing law to reflect the change from "the Cooperative State Research, Education, and Extension Service" to "the National Institute of Food and Agriculture".

Section 7402. Coordination of Agricultural Research Service and National Institute of Food and Agriculture.

This section adds section 309 to title III of the Department of Agriculture Reorganization Act of 1994(7 U.S.C. 2204) to formalize coordination between the Agricultural Research Service and the National Institute of Food and Agriculture. This section requires an annual report to Congress on coordination between the agencies. It also tasks the Undersecretary for Research, Education, and Economics with undertaking a roadmap to identify major opportunities and gaps in agricultural research, extension, and education, and to use this roadmap to set the research agenda and recommend funding levels for programs in this mission area of the Department.

SUBTITLE F—MISCELLANEOUS

Section 7501. Joint nutrition monitoring and related research activities.

This section reaffirms the joint nutrition monitoring and research activities conducted under the National Nutrition Monitoring and Related Research Act of 1990 by the Departments of Agriculture and Health and Human Services.

Section 7502. Demonstration project authority for temporary positions.

The Demonstration Project Authority for Temporary Positions (DEMO) was established within the Agricultural Research Service and the Forest Service in 1990, and it is the primary hiring mechanism for both agencies, but it did not include temporary hiring. This section authorizes the DEMO hiring process for temporary recruitment on an indefinite basis.

Section 7503. Review of plan of work requirements.

This section requires a review of the Plan of Work requirements under the National Agricultural Research, Extension, and Teaching Policy Act of 1977, the Hatch Act, and the Smith-Lever Act.

Section 7504. Study and report on access to nutritious foods.

This section directs the Secretary to study and report on areas in the United States with limited access to affordable and nutritious food, with a focus on predominantly lower-income neighborhoods and communities.

The Committee is concerned about arthropod-borne diseases that increasingly affect the U.S. livestock industry and wildlife. Con-

sequently, the Committee expects the Agricultural Research Service to update the March 2005 feasibility study on the arthropod-borne animal disease research laboratory to cover present potential and option.

The Committee is aware of the Forest Service's work on the Fire Research and Management Exchange System, an internet-based, centralized national portal for access to and exchange of science-based data, analysis tools, training materials and other information related to interagency wildland fire management. The Committee believes that the system can make a major contribution to science-based understanding and response to wildland fires, which continue to threaten many areas of our nation. The committee expects the Forest Service to continue to work with its partners to develop a plan for nationwide implementation by 2011.

The Committee commends the USDA Graduate School for its strong tradition of service and high quality programs and expects the school to continue its operations as it is currently structured.

TITLE VIII—FORESTRY

SUBTITLE A—COOPERATIVE FORESTRY ASSISTANCE ACT OF 1978

Section 8001. National priorities for private forest conservation.

Amends section 2 of the Cooperative Forestry Assistance Act of 1978 [16 U.S.C. 2101] by creating a new subsection (c). This section establishes national private forest conservation priorities that the Secretary shall use when allocating funds made available under the Cooperative Forestry Assistance Act of 1978.

Subsection (d) requires the Secretary to submit a report to Congress by September 20, 2011 that describes how Cooperative Forestry Assistance Act funding has been used to address the national priorities established in subsection (c).

Section 8002. Community Forest and Open Space Program.

Amends the Cooperative Forestry Assistance Act of 1978 by inserting after section 7 (16 U.S.C. 2103c) a new section (7A) entitled Community Forest and Open Space Conservation Program that will provide Federal matching grants to help county or local governments, Indian tribes, or non-profit organizations acquire private forests that are threatened by conversion to non-forest uses and are economically, environmentally and culturally important to communities.

Subsection (a) provides definitions that will be used for the Community Forest and Open Space Conservation Program. Subsection (b) is the establishment of the program.

Subsection (c) establishes a grant program that provides a Federal cost share equal to not more than 50-percent of the cost to acquire one or more parcels of land. An eligible entity shall provide a non-Federal match in cash, donation, or in kind equal to the outstanding amount. An application process is established where an eligible entity shall submit to the state forester or equivalent official (or in the case of an eligible entity that is an Indian tribe an equivalent official of the Indian tribe) an application that includes a description of land to be acquired and a forest plan that includes a description of community benefits achieved from acquisition.

Subsection (d) requires eligible entities to provide public access for recreational use consistent with the purposes of the program.

Subsection (e) requires an eligible entity that sells or converts land acquired under this program to non-forest use to reimburse the Federal Government an amount equal to the greater of the sale price or current appraisal value. The eligible entity will also no longer be eligible for additional grants under this program.

Subsection (f) allows the Secretary to allocate 10-percent of funds to made available for this program to state foresters or equivalent official (or in the case of an eligible entity that is an Indian tribe an equivalent official of the Indian tribe) for program administration and technical assistance.Subsection (g) authorizes an appropriation of such sums as necessary to carryout the program.

Section 8003. Federal, state, and local coordination and cooperation.

Amends section 19(b)(2)(D) of the Cooperative Forestry Assistance Act of 1978 by stating applications submitted by Indian tribes do not have to pass through the State Coordinating Committee.

Section 8004. Comprehensive statewide forest planning.

Amends the Cooperative Forestry Assistance Act of 1978 by inserting after section (19) (16 U.S.C. 2113) a new section (20) entitled comprehensive statewide forest planning. This section establishes a program the assist States to develop comprehensive statewide assessments and plans which identify the critical forestry resources and needs in a State.

Subsection (a) establishes the comprehensive statewide forest planning program under which the Secretary shall provide financial and technical assistance to States for use in the development and implementation of statewide forest resource assessments and plans.

Subsection (b) establishes that for a State to be eligible to receive funds under the Cooperative Forestry Assistance Act of 1978, the state forester or equivalent state official shall develop a statewide forest resource assessment and plan that incorporates any current forest management plan in the State; addresses the needs of the region without regard to state borders; and provides a comprehensive statewide plan for managing forestland that achieves the national priorities in section 2(c) Cooperative Forestry Assistance Act of 1978.

Subsection (c) requires the State Forester or equivalent state official to coordinate with the State Forest Stewardship Coordination Committee, state wildlife agencies, the State Technical Committee and other applicable Federal land management agencies in developing statewide assessments and plans.

Subsection (d) requires the Secretary to review the statewide assessments and plans established under this section.

Subsection (e) authorizes $10,000,000 to be appropriated to carryout this section.

Section 8005. Assistance to the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau.

Amends section 13(d)(1) of the Cooperative Forestry Assistance Act of 1978 [16 U.S.C. 2109(d)(1)] by allowing the Federated States

of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau to be eligible for Cooperative Forestry Assistance Act funding.

SUBTITLE B—TRIBAL-FOREST SERVICE COOPERATIVE RELATIONS

Section 8101. Definitions.

Provides definitions for Indian, Indian Tribe and National Forestry System that will be used under this subtitle.

PART I—COLLABORATION BETWEEN INDIAN TRIBES AND FOREST SERVICE

Section 8111. Forest Legacy Program.

Amends section 7(a) of the Cooperative Forestry Assistance Act of 1978 [16 U.S.C. 2103c] by including Indian tribes as a direct participant in the Forest Legacy Program.

Subsection (b) amends section 7(l) of the Cooperative Forestry Assistance Act of 1978 [16 U.S.C. 2103c(l)] to allow Indian tribes to receive a grant from the Secretary to carry out the Forest Legacy Program.

Section 8112. Forestry and resource management assistance for Indian tribes.

Creates a stand alone provision that authorizes the Secretary to provide financial, technical, educational and related assistance to Indian tribes for consultation and coordination with the Forest Service on issues relating to access to Forest Service land by members of a tribe for traditional, religious and cultural purposes; coordinated or cooperative management of resources shared by the tribe and the Forest Service; the provision of tribal traditional or cultural knowledge or expertise; projects and activities for conservation education and awareness with respect to forestland and grassland that is eligible Indian land; and technical assistance for forest resources planning, management, and conservation on eligible Indian land.

Subsection (c) establishes that Indian tribes can only participate in the established Forestry and resource management assistance program or the forest stewardship program under section 5 of the Cooperative Forestry Assistance Act of 1978.

Subsection (d) requires the Secretary to promulgate regulations to implement subsection (b), including rules for determining the distribution of assistance.

Subsection (e) requires the Secretary to coordinate with the Secretary of the Interior to ensure that activities under subsection (b) do not conflict with Indian tribal programs at the Department of the Interior.

PART II—CULTURAL AND HERITAGE COOPERATION AUTHORITY

Section 8121. Purposes.

Authorizes the reburial of human remains and cultural items, including items repatriated under the Native American Graves Protection and Repatriation Act (25 U.S.C. 3001 et seq.), on National Forest System land; prevents the unauthorized disclosure of information regarding burial sites; authorizes that the Secretary may

allow access to National Forest System land by Indians and Indian tribes for traditional and cultural purposes; authorizes the Secretary to protect the confidentiality of certain information that is culturally sensitive to Indian tribes.

Section 8122. Definitions.

For the purpose of this section provides definitions for adjacent site, cultural items, human remains, lineal descendant, reburial site, and traditional and cultural purpose.

Section 8123. Reburial of human remains and cultural items.

Authorizes that the Secretary may allow the use of National Forest System land for reburial of human remains or cultural items in possession of the Indian tribe or lineal descendant that have been disinterred from National Forest System land or adjacent site.

Section 8124. Temporary closure for traditional and cultural purposes.

Authorizes that the Secretary may temporarily close from public access specifically designated National Forest System land to protect the privacy of tribal activities for traditional and cultural purposes on the smallest practicable area for a minimal period of time.

Section 8125. Forest products for traditional and cultural purposes.

Authorizes that the Secretary may provide Indian tribes forest products from National Forest System used for traditional and cultural purposes as long as those forest products are not used for commercial purposes.

Section 8126. Prohibition on disclosure.

Authorizes that the Secretary shall not be required to disclose information under the Freedom of Information Act [5 U.S.C. 552] relating to human or cultural items reburied on National Forest System land or a site used for traditional and cultural purposes by an Indian tribe.

Subsection (b) allows the Secretary to disclose information about the location of human remains or cultural items if the Secretary consults with an affected Indian tribe or lineal descendant before disclosure and determines that disclosure is necessary to protect human remains or cultural items from harm, theft, or destruction and mitigates any adverse impacts that may result from disclosure.

Section 8127. Severability and savings provision.

Authorizes if any provision in this section is not valid that will not affect the remainder of the section; if any preexisting agreement is in place this section will not supersede the existing agreement.

SUBTITLE C—AMENDMENTS TO OTHER LAWS

Section 8201. Renewable resources extension activates.

Amends section 6 of the Renewable Resources Extension Act of 1978 [16 U.S.C. 1675] to reauthorize the program through 2012.

Section 8203. Office of International Forestry.

Amends section 2450(d) of the Global Climate Change Prevention Act [7 U.S.C. 6704(d)] by reauthorizing the Office of International Forestry within the U.S Forest Service through 2012.

TITLE IX—ENERGY

Section 9001. Strike and replace amendment.

This section replaces title IX of the FSRIA of 2002.

Section 9001. Definitions.

This section provides definitions to be used throughout the energy title, including "advanced biofuels" and "renewable biomass" (both definitions are similar to the Senate-passed energy legislation, HR6. This is intended to accomplish consistency across government agencies and programs). Within the definition of renewable biomass, the Committee expects the term 'to restore ecosystem health' to be defined using the Society for Ecological Restoration's definition of 'ecological restoration', namely 'the process of assisting the recovery of an ecosystem that has been degraded, damaged, or destroyed.' The Committee further expects that in practice, preventative treatments to address ecosystem health may include projects whose goals are to enhance, improve, or restore ecosystem structure and function, including, but not limited to, actions such as to maintain or enhance habitats, watersheds, and soil productivity. The definition of "advanced biofuels" excludes corn ethanol. Additionally, "biomass conversion facility" is defined as a facility that converts or proposes to convert renewable biomass into heat, power, biobased products or advanced biofuels. This section also contains an updated definition of "biobased product" to ensure that intermediate biobased ingredients and feedstocks are included in the biobased procurement and labeling programs. "Biobased product" is defined as a commercial or industrial product (other than food or feed) that is composed of biological products, including renewable domestic agricultural materials and forestry materials, or an intermediate ingredient or feedstock. The term "intermediate ingredient or feedstock" is also defined in this bill as a material or compound made in whole or in significant part from biological products or forestry materials, that is subsequently used to make a more complex compound or product.

Section 9002. Biobased Markets Program.

This section continues the Federal Procurement of Biobased Products Program established in section 9002 of the FSRIA of 2002 (7 U.S.C. 8102). This section restates the guidelines governing the certification of and preference for biobased products for procurement by Federal agencies. The section also clarifies that, under this program: products for which there is only one product or manufacturer in the category may be certified for procurement; biobased intermediate ingredients and feedstocks qualify for certification and procurement; and biobased products composed of greater than 50 percent biobased intermediate ingredients or feedstocks will be automatically certified for procurement. It also specifies that the Secretary may not require more information from manufacturers or

vendors of biobased products than the Secretary would require from the manufacturers or vendors of non-biobased products.

The section requires the Secretary to offer biobased procurement system models to States within 180 days of enactment of this bill. The Office of Federal Procurement Policy (OFPP) is required to work across agencies to coordinate implementation of this section, collect data related to procurement of biobased products and conduct research and promotion related to this section. The OFPP is also required to submit a report on implementation of this program to Congress every 2 years.

Each Federal procuring agency is required to submit to the OFPP information regarding: implementation efforts; results of annual review and monitoring of this program; details of contracts the agency enters into that contain a biobased product procurement requirement; and the details of actual biobased product procurement under such contracts. The General Services Administration and the Defense Logistics Agency are required to submit to the OFPP each year the details of biobased product procurement through GSA Advantage!, the Federal Supply Schedule, and the Defense Logistics Agency.

The section requires each procuring agency to establish an agency promotion program for biobased products and an annual review of the effectiveness of the agency's biobased procurement program.

This section also requires the Secretary to develop a voluntary label for biobased products within 90 days of enactment of this legislation. It requires the Secretary to consult with the EPA, business representatives, and other Federal agencies in the process of issuing criteria for the label.

This section also requires the Secretary to provide recognition to agencies and private entities that use significant amounts of biobased products and encourages Federal agencies to establish their own, intra-agency, recognition programs.

The section requires the Architect of the Capitol, the Sergeant at Arms of the Senate and the Chief Administrative Officer of the House of Representatives to begin to participate in the biobased procurement program within 90 days of enactment of this bill. It also requires the USDA to sponsor or support a biobased products showcase annually beginning in 2008.

This section allows the Secretary to establish one or more testing centers for performance standards and biobased content of biobased products.

A biofuel, bioenergy and biobased products education and awareness campaign is also established under this section. The Secretary is required to work with the DOE to issue grants to eligible entities to implement public education and awareness programs related to biofuels (excluding biodiesel), bioenergy and biobased products. Eligible entities include: state energy or agricultural offices; regional, state-based, or tribal energy organizations; land-grant colleges or universities or other institutions of higher education; rural electric cooperatives or utilities; nonprofit organizations; state environmental quality offices; and other similar entities. In addition to other appropriate assistance under this program the Committee expects the Secretary to provide for assistance to entities proposing to disseminate information and/or provide technical assistance to advance the availability and use of E-85 fuel.

The Secretary is required, under this section, to submit a report to Congress every six months that would include a comprehensive management plan for implementation of this section as well as information on the progress of the designation and labeling programs for biobased products.

This section provides $3 million in mandatory funding for each of FY 2008 through 2012 for the testing of biobased products for certification and the biofuels, bioenergy and biobased products education and awareness campaign.

Section 9003. Biodiesel fuel education.

This section continues the Biodiesel Education Program created by the FSRIA of 2002 (7 U.S.C. 8104), under which the Secretary makes grants to eligible entities to educate the public about the benefits of biodiesel. This section provides $2 million per year in mandatory funding for this program for FY 2008 through FY 2012. The Committee expects projects selected for grants under section 9004 of the FSRIA of 2002 to continue under the Biodiesel Fuel Education Program.

Section 9004. Biomass crop transition.

This section establishes a program of payments to eligible participants planting eligible crops for use in a biomass conversion facility. An eligible participant is defined as an agricultural producer or forest landowner that: establishes 1 or more eligible crops on private land to be used in a biomass conversion facility; has a financial commitment from an existing or proposed biomass conversion facility to purchase the eligible crops and; is producing the crops close enough to their intended market to be economically practicable. For the purposes of the Biomass Crop Transition Assistance Program established in this section, an eligible crop is defined as any perennial crop of renewable biomass that does not qualify for any payments under the Producer Income Protection programs in title I. For the section relating to the production of annual crops, any annual crop of renewable biomass that is not eligible for payments under title I is eligible.

Under this section, the Secretary is directed to enter into contracts with eligible participants or with farmer-owned cooperatives, agricultural trade associations, or other similar entities on behalf of producer members. These groups can be treated as eligible participants if contracting with them offers improved efficiency in administration of the program. Under a contract, an eligible participant is required to: produce one or more eligible crops; follow conservation compliance; implement conservation practices necessary to advance the goals and objectives of state, regional, and national fish and wildlife conservation plans and initiatives; and comply with mandatory environmental requirements under Federal, state, and local law.

It is the intent of the Committee that in implementing this section, the Secretary shall balance production goals with appropriate and necessary conservation guidelines. The Committee recognizes that cultivation of perennial grasses has inherent environmental and conservation benefits. The Committee hopes the development of new cultivation practices for perennial grasses will reduce erosion, the use of chemical inputs and provide wildlife habitat com-

pared to those currently employed for title I crops. The Committee intends the new program will be temporary in nature and all efforts should be made to communicate to contract participants that funds in the program are limited and finite. The Committee does not intend for the program to act as an open entitlement.

During the first year of the contract, the Secretary is directed to provide a payment to the eligible participant to cover the costs of establishing the eligible crop. In subsequent years, the Secretary provides a payment in an amount sufficient to encourage production of the eligible crop by the eligible participant.

This section also allows the Secretary to provide technical assistance and cost-sharing for annual renewable biomass crops for use in a biomass conversion facility. It also requires these producers to follow conservation compliance.

In addition to the other transition assistance, this section provides a fixed, per-ton payment to eligible participants upon delivery of biomass crops to a biomass conversion facility. The fixed payment rate is to reflect the costs of collecting, harvesting, storing, and transporting the crop.

Eligible participants and biomass conversion facilities under this section are required to keep records of the methods used in production, collection, harvesting, storing and transporting the crop, and to make those records available to the Secretary upon request. The Secretary, using this information, shall make information available to the public on the production potential and best practices for producing, collecting, harvesting, storing, and transporting eligible crops for advanced biofuel production.

This section provides mandatory funding of $130 million over the life of the bill for the biomass crop transition assistance and annual crop assistance programs and $10 million for each of fiscal years 2009 through 2011 for the collection, harvesting, storage and transportation payments.

Section 9005. Biorefinery and repowering assistance.

This section establishes grant and loan guarantee programs to support the use of biomass to produce advanced biofuels and to convert facilities to the use of renewable energy to displace their use of fossil energy. It is the intent of the Committee that, to the maximum extent practicable, priority be given to applicants seeking assistance for development and construction of biorefineries that convert cellulosic feedstocks. It is also the intent of the Committee that assistance for development and construction of biorefineries should include retrofitting of existing biorefineries. This provision provides competitive grants for up to 50 percent of eligible project costs for the development of pilot- and demonstration-scale biorefineries to produce advanced biofuels. Project selections shall be based on the likelihood of demonstrating commercial viability of new or emerging processes for producing advanced biofuels, and also are to consider applicant's and other funding sources, participation of producer associations and cooperatives, beneficial impacts on resource conservation, public health and the environment, and the potential for rural economic development, among others.

This section also provides competitive grants for up to 20 percent of total project costs for the repowering of fossil-fueled biomass conversion facilities, power plants, or manufacturing facilities with re-

newable resources such as biomass, solar, or wind power. Additionally, this section provides matching funds for feasibility studies for the repowering of such facilities, with a funding limit of not more than 50 percent of study costs or $150,000.

Subsection (f) of this section provides loan guarantees for up to 80 percent of total eligible project costs for the development and construction of commercial-scale biorefineries and the repowering of biomass conversion facilities, power plants and manufacturing facilities with renewable energy. Applicants for biorefineries are required to establish commitments to cover at least 20 percent of project costs from non-Federal sources, and to demonstrate that local investors have been given the opportunity to invest in the project. In addition, applicants must demonstrate that the proposed technology has been established to be ready for commercial scale operation. Any loan guaranteed for commercial scale biorefineries cannot exceed $250 million and a loan guaranteed for repowering cannot exceed $70 million. This subsection includes a preference for local ownership of biorefinery facilities.

This section includes a preference for projects that receive financial support from the State in which the project is carried out.

This section provides $300 million in mandatory funding in fiscal year 2008 to remain available until expended.

Section 9006. Bioenergy Program for advanced biofuels.

This section reinstates the CCC Bioenergy Program, established in section 9010 of the FSRIA of 2002 (7 U.S.C. 8108), which expired in 2006 and provided assistance to biofuel producers for the purchase of feedstocks.

This section defines an eligible entity for this program as a producer of an advanced biofuel, which excludes corn starch ethanol by definition. The Secretary is directed to make payments to eligible entities to encourage increased purchases of renewable biomass and increased production of advanced biofuels. The Secretary and advanced biofuel producer are required to enter into a contract in order to carry out the purposes of this program. This section describes the basis for payment under this program, including level of biofuel production, feedstock prices and net non-renewable energy content of the advanced biofuel produced. It is the intention of the Committee that the Secretary continue to determine the payment rate under this section for biodiesel as it was determined under section 9010 of the FSRIA of 2002.

Limitations on the program include a requirement that the funds available be distributed to eligible entities in an equitable manner; that eligible entities receiving a payment under this program are not eligible for any small producer tax credit; and that no payment should be made for advanced biofuels produced at facilities that have total refining capacity of greater than 150 million gallons per year. It is the intention of the Committee that the limit on the size of the refinery apply to all fuel refining of any type that takes place at the refinery—not only the advanced biofuel refining capacity. This section provides $245 million in mandatory funding for FY 2008 through FY 2012 for this program, to remain available until expended.

Section 9007. Rural Energy for America Program.

This section establishes the Rural Energy for America Program (REAP). This program continues the Energy Audit and Renewable Development Program that was created by the FSRIA of 2002 (7 U.S.C. 8105) to provide energy audits and technical assistance to agricultural producers and rural small businesses through granted entities that are competitively selected. Eligible entities include state agencies, regional, State, or Tribal energy organizations, colleges and universities, rural electric cooperatives or public power entities, non-profit organizations, or similar entities. Granted entities are selected on the basis of ability and experience in providing energy audits and energy technical assistance, geographic scope of the program proposed, number of agricultural producers and rural small businesses expected to benefit from the program, energy, environment, and public health benefits, and the proposed plan for providing energy information. Cost sharing of at least 25 percent is required of agricultural producers or rural small businesses receiving energy audits.

The Committee expects that the definition for the term public power entity used in this section be the same as the definition of state utility as defined in section 217 (a)(4) of the Federal Power Act (16 U.S.C. 824q(a)).

This section also continues and expands the Renewable Energy Systems and Energy Efficiency Improvements Program created by the FSRIA of 2002 (7 U.S.C. 8106). This program provides grants and loan guarantees for renewable energy systems and energy efficiency projects for agricultural producers and rural small businesses. Additionally, this section adds the option to receive a production incentive payment in lieu of a grant. In awarding grants, loan guarantees, and production incentive payments, the Secretary considers the type of renewable energy or energy efficiency system proposed and its expected energy impacts, expected energy cost savings, and expected environmental benefits, among other factors. The program stipulates that the amount of a grant may cover up to 25 percent of project costs, and that a loan guarantee may cover up to the lesser of 75 percent of the cost of the activity or $25 million. The Committee intends that bioenergy production and utilization projects that also produce biochar as a byproduct to be used as a soil conditioner are eligible for support under the Rural Energy for America program.

This section creates a separate allocation of funding for grants and loan guarantees to build and evaluate on-farm and community animal manure-to-energy facilities such as methane digesters. The majority of feedstocks used in such facilities must be animal manure, but these may be supplemented with other forms of renewable biomass such as waste materials from food processing or other green wastes. Funds provided may be used for installation, first year operation, and evaluation of animal manure-to-energy facilities. Facilities using technologies that are not yet commercial are eligible to use funding for the first 2 years of operations. It is the Committee's intent that funding under this subsection may be used for collection and transportation subsystems of manure to energy facilities, including: logistics; coordination between facilities seeking to connect by sharing one or more components of biogas production; and construction of equipment or facilities necessary to collect

or transport feedstocks. Grant and loan guarantee recipients are selected on the basis of the quality of energy produced, energy conversion efficiency of the facility, a range of environmental impacts, the net impact on greenhouse gas emissions of the facility, and geographic diversity, among other factors. Grants are limited to 50 percent of project costs for projects costing less than $500,000, and are limited to the greater of $250,000 or 25 percent of project costs for larger projects, provided, however, that no grant will exceed $2 million. Loan guarantees are limited to the lesser of 80 percent of eligible project costs and $25 million.

This section also establishes streamlined grant and loan applications for under $20,000, and requires that 20 percent of funds authorized in this section be used for such projects. The Energy Star Program is also extended in this section to identify and promote energy-efficient equipment and facilities in the agricultural sector.

The Committee expects references to energy efficiency and renewable energy sources in this section to include geothermal ground loops.

The Committee intends that in carrying section 9007(b)(3), the Secretary may conduct the merit review process through the solicitation of input regarding applications from qualified experts either individually or collectively.

Section 9008. Biomass Research and Development Act of 2000.

This section provides for the continuation of the Biomass Research and Development Act of 2000, established in title III of the Agriculture Risk Protection Act of 2000 (7 U.S.C. 7624 note; Public Law 106-224) and moves it in statute to this legislation. This program funds competitive grants for basic and applied research related to the conversion of biomass into bioenergy and biobased products. An individual with expertise in plant biology and biomass feedstock development is added to the Biomass Research and Development Technical Advisory Committee.

This section changes the current law by eliminating the specific allocation of funding by technical area, instead providing that each technical area should receive a minimum of 15 percent of the available funding. Additionally, changes to this section emphasize the utilization of biofuel byproducts, such as dried distillers grains and solubles (DDGS), and development of technologies for collection, harvest, storage, preprocessing and transportation of renewable biomass feedstocks. This section provides mandatory funding of $75 million over the life of the bill for this program.

The Committee feels strongly that the Board should fund projects that address the critical need for integrated research and technology development in the area of biofuels. Funded projects should take an integrated approach along the full biofuels and biobased products value chain and should serve as a platform for both technology transfer and workforce development. The Committee encourages consideration of collaborative research on corn and cellulosic genomics to support improved biofuels conversion processes.

The Committee is aware that The Pennsylvania State University is working on all aspects of biofuels development from plant transformation to production, harvest, and storage; and from biomass pretreatment to fuel formulation and engine testing in collaboration with private industry and the government. The Committee rec-

ognizes that this is a viable model which can provide invaluable feedback and systematic improvement to our development of a national biofuels infrastructure.

Section 9009. Sun Grant Program.

This section reauthorizes, through the life of this bill, the Sun Grant Program. This program was created as the Research, Extension and Educational Programs on Biobased Energy, Technologies and Products in section 9011 of the FSRIA of 2002 (7 U.S.C. 8109(d)). It is a regional land grant research program for the advancement of biobased energy technology development. Land grants current designated as Sun Grant centers include: South Dakota State University; Oklahoma State University; the University of Tennessee; Oregon State University; and Cornell University.

Changes in this section to the current law include the establishment of a Western Insular Pacific Sub-Center at the University of Hawaii and the elimination of the words "for administration" in paragraph (e)(1). This wording change clarifies that the Sun Grant centers may use their dedicated 25 percent allocation of funding for purposes beyond administration, such as research and coordination. The section also, for the first time, provides mandatory funding for the Sun Grant program of $25 million over the life of the bill.

Section 9010. Regional biomass crop experiments.

This section establishes a program of regional biomass crop experiments at 10 geographically dispersed and competitively-selected land-grant universities. This program of continuing crop experiments will provide farmers and foresters with information needed on which crops are most suited to their regions and soil types as well as the most effective agronomic practices for their production. The applicant universities will be required to commit adequate crop land and other resources needed for these on-going crop experiments. The crop experiments will include all appropriate biomass species, including perennials, annuals, and woody biomass species. The section calls for coordination among participants, as well as coordination of participants with the Biomass Research and Development Board and with the Sun Grant Centers. This section also establishes a "best practices" database on all aspects of biomass crop production. This section provides mandatory funding of $10 million for fiscal year 2008, $20 million for fiscal year 2009, and $10 million for fiscal year 2010, all to remain available until expended.

Section 9011. Biochar research, development and demonstration.

This section establishes a research, development and demonstration program on the production and use of biochar as a soil conditioner and as a means for sequestering carbon in soils. The program provides grants on a competitive basis for laboratory research and field trials. Areas of focus include coproduction of biochar with bioenergy in pyrolysis or thermocombustion processes, soil effects of biochar applications, and soil carbon changes with biochar applications. Authorized funding is $3 million per year for each of fiscal years 2008 through 2012.

Section 9012. Renewable woody biomass for energy.

This section directs the Forest Service to create a program of grants to eligible entities for research, development and demonstration of wood-to-energy technologies. Entities eligible for this program would include: the Forest Service; other Federal agencies; State and local governments; federally recognized Indian tribes; colleges and universities; and private entities.

This section directs the Secretary to give priority to projects that: develop technology and techniques to use low-value woody biomass sources for the production of energy; develop processes that integrate production of energy from woody biomass into existing manufacturing streams; develop new transportation fuels from woody biomass; and improve the growth and yield of trees intended for renewable energy production. $5 million per year is authorized to be appropriated for this program.

Section 9013. Community Wood Energy Program.

This section creates a program, through the Forest Service, of competitive, cost-shared grants. Grants are available for feasibility studies as well as capital equipment to supply public buildings with energy from sustainably-harvested wood from the local area. Feasibility study grants are limited to $50,000, and capital equipment is limited in size to systems that produces less than 50 million Btu per hour for heating or 2 megawatts of electricity. Important defined terms in this section include "community wood energy plan," which is defined as a plan that identifies how local forests can be accessed in a sustainable manner to help meet the wood supply needs of a community wood energy system and "community wood energy system" which is a system that services schools, town halls, libraries, and other public buildings and uses woody biomass as the primary fuel. $5 million per year is authorized to be appropriated for this program.

Section 9014. Rural energy systems renewal.

Many rural communities are concerned about their dependence on fossil fuel and about the environmental and climatic impacts of their energy systems and are interested in formulating strategies for changing their energy system. This section establishes a program of competitive grants to support community-based rural energy systems renewal projects. Project funds may be used for assessing current energy systems, including sources, uses and impacts, and for formulating strategies and plans for renovating their energy systems. This section also directs the Secretary, in consultation with the Secretary of Energy, to provide technical assistance for such rural community energy systems' renewal projects. Grant recipients are required to provide at least 50 percent of project costs. Authorized funds are $5 million per year for fiscal years 2008 through 2012.

Section 9015. Voluntary Renewable Biomass Certification Program.

There is an interest in providing information to consumers about the environmental and resource conservation practices used in growing biomass feedstocks used to produce biofuels and other biobased products. This section directs the Secretary, in consultation with the Administrator of the Environmental Protection Agen-

cy, to establish a voluntary program to certify renewable biomass that meets sustainable growing standards designed to reduce greenhouse gas emissions, protect wildlife habitat, and protect air, soil, and water quality. Products such as biofuels made from certified biomass may be so designated provided that appropriate documentation is available. Within this section, the Committee expects the term "sustainable" to be used in a manner consistent with the meaning defined in section 6021 of this Act.

Section 9016. Administration.

This section establishes an entity within the Department to provide coordination and oversight for departmental programs and activities relating to renewable energy and biobased products. Responsibilities include coordination of related activities with other Federal, state, and local agencies. This entity will compile and disseminate information on agricultural sector energy research and Federal agricultural energy programs, including development and management of a best practices database derived from the programs and policies established under this energy title.

Section 9017. Biofuels infrastructure study.

This section directs the Secretary, in collaboration with the Secretaries of Energy and Transportation and the Administrator of the EPA, to conduct a study of the infrastructure needs associated with a significant expansion in biofuel production and use. The study will include an assessment of the feasibility of dedicated ethanol or biofuel pipelines, the potential for utilization of existing pipelines, other biofuel transport modalities, as well as infrastructure needs for biomass transport and storage, and an examination of water resource needs for biorefineries. A report to Congress on the results of the study is required.

Section 9018. Rural nitrogen fertilizer study.

The nation is experiencing both increasing imports of nitrogen fertilizer and increasing fertilizer prices. Developing technologies to produce nitrogen fertilizers using renewable energy in the agricultural sector would help to address these issues as well as provide an opportunity for rural economic development. This section directs the Secretary to conduct a study of the feasibility of nitrogen fertilizer production in rural areas using renewable energy. The study will identify alternative technologies as well as technology research needs. A report on the findings, including recommendations for a program to develop technologies to produce nitrogen fertilizer using renewable energy in rural areas, is required.

Section 9019. Study of life cycle analysis of biofuels.

There is a growing interest in understanding of the full life-cycle greenhouse gas emissions associated with the production and use of biofuels and conventional fuels. This section directs the Secretary, in consultation with the Secretary of Energy and the Administrator of the Environmental Protection Agency, to conduct a study of methods for evaluating the life-cycle greenhouse gas emissions of conventional fuels and biofuels. The Secretary is required to provide a report of the study findings and to provide recommendations for a method for performing simplified, streamlined

life-cycle analysis of greenhouse gas emissions for biofuels and conventional fuels.

Section 9020. E-85 Fuel Program.

This section directs the Secretary to make grants to majority producer-owned ethanol production facilities for up to 20 percent of the costs associated with the installation, blending, storage and distribution equipment necessary to market and sell E-85 ethanol blends at retail. This section also allows grant recipients to provide sub-grants to rural retailers of E-85 to install necessary infrastructure. $20 million is authorized to be appropriated over the life of this bill.

Section 9021. Research and development of renewable energy.

This section establishes a renewable energy research and development program to be carried out in conjunction with the Colorado Renewable Energy Collaboratory. The program is to focus on bioenergy crops suited for arid and semiarid regions, on bioenergy conversion processes, on biomass harvesting, transport and storage technologies, and on water efficient irrigation systems and biofuel production technologies, among others. Authorized funding of $5 million is provided for each of the fiscal years 2008 through 2012. Additional funds are authorized specifically for cellulosic biofuel research and for development of smaller-scale biorefineries.

Section 9022. Northeast Dairy Nutrient Management and Energy Development Program.

This section creates a consortium, composed of Land Grant Colleges and Universities in the Northeast region of the U.S., and authorizes funding as necessary for the consortium to conduct multistate, integrated research, extension and demonstration projects related to nutrient management and energy development. The Northeast region is defined to include including the States of Connecticut, Delaware, Massachusetts, Maryland, Maine, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont and West Virginia. The section establishes a steering committee and a Board of Directors composed of entities from outside the consortium to administer the program. The Committee urges USDA to establish the program as soon as funds are available. Further, the Committee encourages the USDA to require collaboration among eligible land grant colleges and universities, producers and producer groups, State departments of agriculture and private sector technology providers from the region.

Section 9023. Future Farmsteads Program.

This section directs the Secretary to select and equip, in 5 regions of the country, working farmsteads appropriate to each region that demonstrate improved on-farm energy production and efficiency. The program is to be carried out in coordination with land grant institutions, agricultural commodity commissions, biofuel companies, sensor and controls companies and internet technology companies.

The Committee expects one of the Farmstead Program regions to be located in the Southeast and housed at the University of Georgia Coastal Plains Experiment Station in Tifton, GA.

Section 9002. Sense of the Senate concerning higher levels of ethanol blended gasoline.

The majority of fuel ethanol currently is used as a 10 percent blend with gasoline (called E10), and it is expected that the market for this blend level may have difficulty providing adequate market demand for the projected growth in ethanol production levels. This section expresses the sense of the Senate that the Secretary should study the economic and environmental benefits of intermediate blend levels, such as E13, E15, E20 and higher, and should ensure that use of intermediate blends is approved soon after appropriate tests have confirmed the suitability of such blends for transportation use.

Section 9003. Conforming amendments.

This section repeals the Biomass Research and Development Act of 2000 in title III of the Agricultural Risk Protection Act of 2000 because it is moved in statute to this Act. Additionally, this section clarifies that biobased products certified under existing law are to be considered certified under this Act. Lastly, this section repeals the Bioenergy Education and Awareness Campaign, section 947 of the Energy Policy Act of 2005, because a very similar program is created and funded through this Act.

TITLE X—LIVESTOCK

SUBTITLE A—MARKETING

Section 10001. Livestock mandatory reporting.

Section 10001 amends section 232(c)(3) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1635j(c)(3)). Subsection (a) moves the afternoon swine report from 2:00 p.m. to 3:00 p.m. Central Time. It is the Committee's intent that more afternoon transactions be included in the afternoon swine report to provide more accurate reporting.

Subsection (b) amends section 232 of the Agricultural Marketing Act of 1946 (7 U.S.C. 1635j) to require USDA not later than 180 days after enactment, to conduct a study on the positive or negative economic effects for inclusion of wholesale pork reporting, which is already provided by law for beef and lamb. Upon completion of the study, the Secretary of Agriculture may then require packer processing plants to at least twice each day report wholesale pork product sales. The Committee provides authority for the Department of Agriculture to collect the necessary data to conduct the wholesale pork report.

Subsection (c) amends section 257 (a) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1636f(a)) by making clear that retail scanner data shall continue and not be treated as a pilot project.

Section 10002. Grading program for catfish.

Section 10002 amends section 203 of the Agricultural Marketing Act of 1946 (7 U.S.C. 1622) to provide authority to the Secretary of Agriculture to establish a grading program for farm-raised catfish.

Subsection (b) provides the Department of Agriculture the authority to provide inspection activities under the Federal Meat Inspection Act for farm raised catfish.

Section 10003. Country of origin labeling.

Section 10003 amends subtitle D of the Agricultural Marketing Act of 1946 (7 U.S.C. 1638 et seq.). Subsection (a) adds goat meat and macadamia nuts as covered commodities. In order to provide consumers with additional information regarding the origin of certain covered commodities, this provision requires retailers to provide country of origin labeling for beef, lamb, pork and goat meat, fruits and vegetables, fish, peanuts, and macadamia nuts.

A product can be labeled as product of United States if the commodity was exclusively born, raised and slaughtered in the United States.

Product from animals that were not exclusively born, raised and slaughtered in the United States and not imported for immediate slaughter will be labeled with all the countries in which the animal may have been born, raised or slaughtered. It is the Committee's intent that this section regarding multiple countries of origin (subsection B) be interpreted that mandatory country of origin labeling is required by retailers. The "may" in this section shall not be interpreted to be a voluntary practice by retailers. The "may" used in subsection (B) is to provide flexibility to packers when working with livestock from multiple countries of origin. It is the intent of the Committee that all the countries where livestock originated and subject to subsection (B) be labeled by retailers.

Product imported for immediate slaughter will be labeled as product of the importing country and the United States.

A label denoting a State, region or locality will suffice as identity of United States origin for perishable agricultural commodities.

A person subject to an audit to verify compliance with the law can use records maintained in the normal conduct of business, including animal health papers, import or customs documents, or producer affidavits.

Subsection (b) provides that a noncompliance will be issued after 30 days if it is found that the retailer or a person engaged in the business of supplying a covered commodity has not made a good faith effort to comply with the law, and continues to willfully violate the law. Fines cannot exceed $1,000 for each violation. Animals in the U.S. on or before January 1, 2008 may be designated as U.S. origin.

SUBTITLE B—AGRICULTURAL FAIR PRACTICES

Section 10101. Agricultural fair practices.

Section 10101 amends section 3 of the Agricultural Fair Practices Act of 1967 (7 U.S.C. 2302) to expand the definition of "association of producers" to include general livestock, poultry and farm groups.

Section 10102. Agricultural fair practices.

Section 10102 amends section 4 of the Agricultural Fair Practices Act of 1967 (7 U.S.C. 2303) by adding the word "form" to expand the Act to include producers that work to form an agricultural pro-

ducer association. This section also adds "to bargain in good faith with an association of producers."

Section 10103. Agricultural fair practices.

Section 10103 amends the Agricultural Fair Practices Act of 1967 by striking sections 5 and 6 (7 U.S.C 2304, 2305) to make the law consistent with amendments to create a Special Counsel for Agricultural Competition and remove the disclaimer clause so that it can be defined through rulemaking. Section 5 (a)(b) allows the Special Counsel to bring a civil action in United States District Court (consistent with current law). This section also allows persons injured by a handler to seek remedy in United States District Court and recover damages and additional penalties of up to $1,000 per violation. The section also allows any person injured by a violation to receive remedy for the full amount of damages sustained including the costs of litigation and reasonable attorney's fees and sets the statute of limitations to no later than four years.

Section 10104. Agricultural fair practices.

Section 10104 amends the Agricultural Fair Practices Act of 1967 to provide authority for the Secretary to promulgate rules and regulations to carry out the Act, including regulations to define fair and normal dealing for purposes of selecting customers by handlers.

SUBTITLE C—PACKERS AND STOCKYARDS

Section 10201. Special counsel for agricultural competition.

Section 10201 amends the Packers and Stockyards Act, 1921 (7 U.S.C. 181 et seq.) by creating a Special Counsel for Agricultural Competition within USDA. Activities relating to investigations and prosecutions will be combined into one office. The Office of Special Counsel will assume the responsibility over the duties and functions currently operated by the Packers and Stockyards programs at USDA. It is not the Committee's intent to duplicate current activities by the Packers and Stockyards programs, but rather absorb those activities and employees as part of the Office of Special Counsel. It is the intent of the Committee that grain inspection activities become separated from Packers and Stockyards programs (Special Counsel) and either be combined to another agency or become administered by itself. The Special Counsel will serve as a liaison between the Department of Justice and Federal Trade Commission. The Special Counsel shall report to the Secretary of Agriculture. The Special Counsel shall provide detailed reports to Congress, twice each year, that describe enforcement actions taken by the Office of Special Counsel, including any enforcement actions objected to or prohibited by the Secretary.

It is the Committee's intent that the Special Counsel serve as a point person to coordinate, oversee, supervise and enforce activities relating to investigations and prosecutions. Attorneys at USDA's Office of General Counsel currently responsible for Packers and Stockyards cases will now report to both the Special Counsel and the Department's General Counsel.

Section 10202. Investigation of live poultry dealers.

Section 10202 amends section 2(a) of the Packers and Stockyards Act, 1921 (7 U.S.C. 1821(a)) to provide the Secretary of Agriculture enforcement authority over poultry, including pullet and breeder hens.

Section 10203. Production contracts.

Section 10203 amends section 2 (a) of the Packers and Stockyards Act, 1921 (7 U.S.C. 192(a))to provide definitions for capital investment, contractor, contract producer, investment requirements and production contracts.

Subsection (b) amends title II of the Packers and Stockyards Act, 1921 (7 U.S.C. 198 et seq.) to allow a contract producer to cancel a production contract within three business days after the date at which the production contract is executed.

Allows contract producers who have made an investment of $100,000 or more for purposes of securing the production contract with a packer, live poultry dealer, or swine contractor be given at least 90 days to correct an alleged breach before the contract can be terminated, except when the producer has abandoned the contractual relationship, conviction of the contract producer, natural end of the contract, or the well-being of the livestock or poultry is in jeopardy under the care of the contract producer.

Inserts section 208 Right of Contract Producers to Cancel Production ContractsProhibits a packer, live poultry dealer, or swine contractor from requiring additional investments during the term of the contract unless the additional investments are offset by additional consideration and the contract producer agrees in writing that there is an acceptable and satisfactory consideration or unless without the additional investments the well-being of the livestock or poultry would be in jeopardy.

Inserts section 209 Choice of Law, Jurisdiction, and VenueProvides that no provisions in livestock or poultry production or marketing contracts can require the application of a law from a State other than the State in which the production occurs, unless the producer selects a venue that is otherwise permitted by law.

Inserts section 210 ArbitrationAllows producers to settle disputes using arbitration only if, after the controversy arises, both parties consent in writing to use arbitration to settle the controversy.

Section 10204. Right to discuss terms of contract.

Section 10204 amends section 10503 of the FSRIA of 2002 (7 U.S.C. 229b(b)) to make clear that livestock or poultry producers can choose to discuss the terms of his or her contract with business associates, neighbors or other producers.

Section 10205. Attorneys' fees.

Section 10205 amends section 308(a) the Packers and Stockyards Act, 1921 (7 U.S.C.209(a)) to allow producers to receive remedy for violations that include the costs of the litigation and reasonable attorneys' fees.

Section 10206. Appointment of outside counsel.

Section 10206 amends section 407 the Packers and Stockyards Act, 1921 (7 U.S.C. 228) to provide the authority to the Secretary of Agriculture, if necessary, to seek outside counsel to aid in investigations and civil cases.

Section 10207. Prohibition on packers owning, feeding, or controlling livestock.

Section 10207 amends section 202 of the Packers and Stockyards Act, 1921 (7 U.S.C. 192) to prohibit packers from owning, feeding livestock directly, through a subsidiary or through an arrangement that gives the packer operational, managerial or supervisory control over the livestock or the farming operation that produces the livestock, to such an extent that the producer is no longer materially participating in the management of the operation with respect to the production of the livestock. The prohibition on owning or feeding livestock does not apply to: packers within 14 days before slaughter; cooperatives where the majority of ownership interest is held by active cooperative members; packers not required to report to the Secretary under section 212 of the Agricultural Marketing Act of 1946 (7 U.S.C. 1635a); or a packer that only owns one livestock processing plant.

Section 10208. Regulations.

Section 10208 requires the Secretary of Agriculture to promulgate regulations that define the term "unreasonable preferences or advantage" under the Packers and Stockyards Act. It also provides guidance for the rulemaking to ensure that advantage or preferences are based on verifiable lower costs of acquiring livestock from larger volume producers. This section also requires the Secretary to develop rules that require live poultry dealers to provide notice to poultry growers if the live poultry dealer imposes an extended layout time in excess of thirty days, prior to removal of the previous flock.

SUBTITLE D—RELATED PROGRAMS

Section 10301. Sense of Congress regarding pseudorabies program.

Section 10301 is a Sense of Congress recognizing the threat that feral swine pose to the domestic swine and overall livestock population.

Section 10302. Sense of Congress regarding cattle fever tick eradication program.

Section 10302 is a Sense of Congress recognizing the potential threat of cattle fever tick and southern cattle tick to cattle and for the Secretary of Agriculture to implement a national strategic plan for eradication purposes.

Section 10303. National sheep and goat industry improvement center.

Section 10303 amends section 375 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008j to reauthorize the National Sheep and Goat Industry Improvement Center and authorizes $10,000,000 for each of fiscal years 2008 through 2012 for infra-

structure development, business planning, production, resource development and market and environmental research. $1 million in mandatory funds is provided for fiscal year 2008.

Section 10304. Trichinae Certification Program.

Section 10304 amends section 10409 of the Animal Health Protection Act (7 U.S.C. 8308) authorizing $1,250,000 for each of fiscal years 2008 through 2012 for a trichinae certification program. This section also requires the Secretary to issue final regulations to implement the program 60 days after enactment of this Act.

Section 10305. Protection of information in the animal identification system.

Section 10305 amends the Animal Health Protection Act (7 U.S.C. 8301 et seq) by inserting section 10416 to make clear that any use of information obtained through the national animal identification system by any person or entity shall be a violation of this Act. This section also clarifies how the Secretary can and cannot disclose information obtained through a national animal identification system.

Section 10306. Low pathogenic avian influenza.

Section 10306 amends section 10407 (d)(2) Animal Health Protection Act (7 U.S.C. 8306(d)2)) to codify USDA's interim rule (part 56 of title 9, Code of Federal Regulations in effect on the date of enactment) to provide compensation to any owner or poultry grower participating in the voluntary control program for low pathogenic avian influenza under the National Poultry Improvement Plan and that such payments shall be made in the amount equal to 100 percent of eligible costs.

Section 10307. Study on bioenergy operations.

Section 10307 requires the Secretary of Agriculture, acting through the Office of the Chief Economist to conduct a report describing the potential economic issues associated with animal manure used in normal agricultural operations and as a feedstock in bioenergy production.

It is the intent of the Committee that the study evaluate any potential risks, including associated cost estimations, liability and regulatory issues raising potential obstacles to: (1) obtaining financing and liability insurance for bioenergy operations that utilize animal manure as a feedstock in a normal manner; (2) the normal transport, handling and storage of manure for bioenergy purposes; (3) the normal application of manure as a fertilizer for agricultural operations; and (4) the development of bioenergy operations, including smaller operations that utilize animal manure as a primary feedstock. In completing this study, USDA should seek technical advice and consultation from governmental, educational, and private entities and organizations.

Section 10308. Sense of the Senate on indemnification of livestock producers.

Section 10308 is a Sense of the Senate directing the Secretary to partner with the private insurance industry to implement an ap-

proach for expediting the indemnification of livestock producers in the case of catastrophic disease outbreaks.

TITLE XI—MISCELLANEOUS

SUBTITLE A—AGRICULTURAL SECURITY

PART I—GENERAL AUTHORITY AND COORDINATION

Section 11021. Policy.

Subsection (a) clarifies that Part I does not alter or impede any authority of the Department of Agriculture (USDA) or other applicable Federal departments and agencies to perform the responsibilities provided to USDA or other applicable Federal departments and agencies pursuant to Federal law.

Subsection (b) requires USDA to cooperate with the Department of Homeland Security (DHS) with the responsibilities of DHS and Homeland Security Presidential Directives (HSPD) 5, 7, 8. 9. and 10.

Section 11022. Interagency coordination.

Subsection (a) defines the role of DHS as the principal Federal agency to lead, coordinate, and integrate efforts by Federal departments and agencies, State, local, and tribal governments, and the private sector to enhance the agriculture and food system.

Subsection (b) defines the roles of USDA as the sector-specific lead for agricultural biosecurity efforts relating to agriculture, agricultural disease, meat, poultry, and egg food products. USDA and the Department of Health and Human Services (HHS) will coordinate during incidents relating to a zoonotic disease where the agent originated as an agricultural disease, or from a plant or animal population directly related to agriculture.

Subsection (c) defines the role of USDA and DHS during routine domestic incidents relating to a potential or actual agricultural disease. If a routine domestic incident of agricultural disease is determined by the USDA or DHS to pose a significant threat to the agricultural biosecurity of the United States, DHS shall serve as the principal Federal official to lead and coordinate the appropriate Federal response to the incident.

Subsection (d) establishes the Office of Homeland Security at USDA and requires the Secretary to appoint a Director for the Office. The Director will coordinate all homeland security activities at USDA and serve as the primary liaison with other Federal agencies on homeland security coordination efforts. This subsection also establishes an Agricultural Biosecurity Communication Center to coordinate preparedness activities within USDA relating to agricultural biosecurity threats. The Agricultural Biosecurity Communication Center will coordinate with existing communication and coordination centers at DHS.

Section 11023. Submission of integrated food defense budget.

This section requires USDA, DHS, and HHS to submit an integrated food defense budget to the Office of Management and Budget (OMB) and directs OMB, subject to the approval of the President, to include the integrated budget in the President's budget.

Section 11024. Transfer of certain agricultural inspection functions of the Department of Agriculture.

This section repeals section 421 of the Homeland Security Act of 2002 and inserts it into this legislation.

Subsection (h) clarifies that nothing in the transfer of agricultural inspectors from USDA to DHS preempts USDA's role as the sector-specific lead for agricultural disease emergencies. This subsection also clarifies that USDA retains responsibility for other activities of the Agricultural Quarantine Inspection Program, such as pre-clearance of commodities, trade protocol verification, fumigation, quarantine, diagnosis, eradication, and indemnification. USDA also retains responsibility for export, interstate, and intrastate activities, and for all agricultural inspection training.

PART II—AGRICULTURAL QUARANTINE INSPECTION PROGRAM IMPROVEMENT

Section 11031. Definitions.

This section defines the term "program" as the agricultural quarantine inspection program, and the term "Secretary" as the Secretary of Agriculture, acting through the Administrator of the Animal and Plant Health Inspection Service.

Section 11032. Joint task force.

This section establishes, not later than 30 days after enactment, a USDA-DHS Joint Task Force to provide coordinated central planning and make recommendations for improving the agricultural quarantine inspection program. The task force will be composed of Animal and Plant Health Inspection Service (APHIS) and Customs and Border Protection (CBP) employees.

Section 11033. Advisory board.

This section establishes, not later than 180 days after enactment, an Agricultural Quarantine Inspection Program Advisory Board to advise USDA and DHS on policies and other issues related to the mission of the program. The Advisory Board will also ensure that interested stakeholders in the agriculture industry, State and local governments, and the general public have formal opportunities to provide input on improving the program.

Section 11034. Reports to Congress.

This section requires USDA and DHS to jointly submit an annual report to Congress on resource needs and recommendations to improve agricultural inspections at ports of entry.

Section 11035. Port Risk Committees.

This section requires USDA and DHS to jointly create, not later than 1 year after enactment, Port Risk Committees to service the agriculture mission for selected U.S. ports of entry as determined by DHS and USDA. The committees will determine necessary risk mitigation actions and regularly report to regional-level officials at APHIS and field office officials at CBP.

Section 11036. Emergency response planning at ports of entry.

This section requires USDA and DHS to develop, not later than 1 year after enactment, a comprehensive plan to identify and deploy trained personnel when significant agricultural pests and disease are detected at ports of entry. USDA and DHS are also required to coordinate national continuity of operations plans and plans for ports of entry.

Section 11037. Plant pest identification joint plan.

This section requires USDA and DHS to prepare, not later than 1 year after enactment, a joint plan to establish standards for plant pest and disease identification, inspection techniques training and discard authority.

Section 11038. Liaison officer positions.

Subsection (a) requires the Secretary to establish a program liaison officer position in APHIS. The officer will be located in the same building as the highest ranking CBP official responsible for agricultural inspections at CBP.

Subsection (b) requires the Secretary, acting through CBP, to establish a program liaison officer position in CBP. The officer will be located in the same building as the highest ranking APHIS official responsible for agricultural inspections at APHIS.

Subsection (c) requires the liaison officers in subsections (a) and (b) to ensure daily communication between designated officials at APHIS and CBP.

PART III—MISCELLANEOUS

Section 11041. Designation and expedited review and approval of qualified agricultural countermeasures.

This section requires USDA and DHS, in consultation with appropriate departments and agencies, to designate a list of qualified agricultural countermeasures to protect against the intentional introduction or natural occurrence of agricultural disease emergencies. This section also provides for expedited review of qualified agricultural countermeasures for use or further testing. This section allows DHS and USDA, in consultation with appropriate departments and agencies, to de-list qualified agricultural countermeasures that are no longer effective in maintaining or enhancing the agricultural biosecurity of the United States.

Section 11042. Agricultural disease emergency detection and response.

Subsection (a)(1) requires DHS, in coordination with USDA and HHS, to assess potential agricultural biosecurity threats and determine which agricultural disease incidents or outbreaks would constitute an emergency.

Subsection (a)(2) requires, once an emergency determination has been made for a potential threat, each Federal agency to notify DHS of any applicable regulations or emergency response procedures that would be deployed during an outbreak of an agricultural disease.

Subsection (a)(3) requires DHS, in consultation with USDA and HHS, to share emergency procedure information with State, local

and tribal governments, and to institute test exercises to determine effectiveness of emergency procedures.

Subsection (b) requires USDA and DHS to develop and deploy an advance surveillance system for the entry of potential agricultural biological threats, to develop standards and implementation guidelines to monitor those threats, to enhance animal and plant health laboratory networks for diagnostic purposes. The data and information obtained through these activities will be integrated with the National Biosurveillance Integration Center at DHS.

Subsection (c) requires USDA, in consultation with DHS and HHS, to develop and validate on-site rapid diagnostic tools to be used in agricultural disease emergencies.

Subsection (d) requires USDA to coordinate emergency response procedures with state departments of agriculture and state and local agencies responsible for early disease detection and control. This subsection also requires USDA submit to Congress, not later than 180 days after enactment, an evaluation of the current staff, budgets and capabilities of regional coordinators at APHIS.

Subsection (e) requires USDA to establish an Agricultural Biosecurity Task Force to identify best practices for use in state or regional biosecurity programs.

Subsection (f) requires candidates for veterinary accreditation from USDA to receive training in foreign animal disease detection and response.

Section 11043. National Plant Disease Recovery System and National Veterinary Stockpile.

Subsection (a) establishes the National Plant Disease Recovery System (NPDRS). The NPDRS will include agricultural countermeasures, available within a single growing season, to respond to an outbreak of plant disease that poses a significant biosecurity threat.

Subsection (b) establishes the National Veterinary Stockpile (NVS). The NVS will include agricultural countermeasures, available to any state veterinarian not later than 24 hours after an official request, to leverage the infrastructure of the strategic national stockpile.

Section 11044. Research and development of agricultural countermeasures.

This section establishes a competitive grant program at USDA to stimulate research and development activity for qualified agricultural countermeasures. This section also provides for a waiver of the competitive grant process in the case of emergencies and permits the use of foreign animal and plant diseases in research and development activities. USDA will provide information to DHS on each grant funded through this authorization. This section authorizes appropriations of $50,000,000 for each fiscal year from 2008 to 2012.

Section 11045. Veterinary Workforce Grant Program.

This section establishes a veterinary workforce grant program at USDA to increase the number of veterinarians trained in biosecurity. This section also authorizes such sums as necessary for each fiscal year from 2008 to 2012.

Section 11046. Assistance to build local capacity in biosecurity planning, preparedness, and response.

Subsection (a) requires USDA to provide grants to support the development and expansion of advanced training programs in agricultural biosecurity planning and response for food science professionals and veterinarians. This subsection also authorizes such sums as necessary for each fiscal year from 2008 to 2012.

Subsection (b) requires USDA to provide grant and low-interest loan assistance to States for use in assessing agricultural disease response capability for food science and veterinary biosecurity planning. This subsection also authorizes $25,000,000 for each fiscal year from 2008 to 2013.

Section 11047. Border inspections of agricultural products.

Subsection (a) requires DHS, in consultation with USDA and HHS to coordinate with Federal intelligence officials to carry out increased inspections of agricultural products from countries with known capabilities to carry out an agroterrorist act.

Subsection (b) requires USDA, DHS and HHS to use a compatible communication system for inspections of agricultural products at the border in order to better coordinate the inspection process.

Section 11048. Live virus of foot and mouth disease research.

Subsection (a) requires USDA to issue a permit to DHS for work on live Foot and Mouth Disease virus at the National Bio and Agro-Defense Laboratory.

Subsection (b) allows USDA to invalidate the permit if research is not conducted in accordance with USDA regulations.

Subsection (c) clarifies that the suspension, revocation or impairment of the permit shall only be made by the Secretary of Agriculture and is a nondelegable function.

SUBTITLE B—OTHER PROGRAMS

Section 11051. Foreclosure.

This section amends section 307 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1927).

Subsection (a) Moratorium. This section mandates a moratorium on all loan acceleration and foreclosure proceedings where there is a related pending claim of discrimination against the Department related to a loan acceleration or foreclosure. This section also waives any interest and offsets that might accrue on all loans under this subtitle for which loan and foreclosure proceedings have been instituted for the period of the moratorium. If a farmer or rancher does not prevail on his claim of discrimination, then the farmer or rancher will be liable for any interests and offsets that accrued during the period that the loan was in abeyance. The moratorium will terminate on either the date the Secretary resolves the discrimination claim or the court renders a final decision on the claim, whichever is earlier.

Subsection (b) Report. This section requires the Inspector General of USDA to determine whether loan foreclosure proceedings of socially disadvantaged farmers have been implemented according to applicable laws and regulations. The Inspector General shall submit a report of its determination to the Senate and House Com-

mittees on Agriculture not later than a year after this legislation's enactment.

Section 11052. Outreach and technical assistance for socially disadvantaged farmers and ranchers.

This section amends section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C.2279) in order to reauthorize and makes several changes to the 2501 Program for socially disadvantaged farmers and ranchers. First, it changes the program requirements to provide a stronger focus on improving the participation of socially disadvantaged farmers in existing USDA programs and also clarifies that grants provided under this section shall be made to organizations with a demonstrated track record of improving such participation. Second, it streamlines program administration by giving the Secretary of Agriculture the authority to renew contracts for existing grantees which have demonstrated an ability to meet program requirements. Third, it requires the Secretary to promulgate regulations establishing criteria for grants under this program. Fourth, it requires the Secretary, within 18 months of enactment, to co-locate the 2501 Program and the Office of Outreach.

Section 11053. Additional contracting authority.

Section 11053 amends section 2501(a)(3) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279(a)(3)).

This section clarifies that the agencies and programs of the Department of Agriculture are authorized to enter into contracts and cooperative agreements with community-based organizations to provide service to socially disadvantaged farmers and ranchers, clarifies that the Secretary is not required to require matching funds for such agreements, and allows Federal agencies to contribute to grants or cooperative agreements made under the 2501 Program as the agency determines that contributing funds for such purpose will further the authorized programs of the contributing agency.

Section 11054. Improved program delivery by the Department of Agriculture on Indian reservations.

Section 11054 amends 2501(g)(1) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279(g)(1).

This section strikes the requirement that tribal authorities provide office space for USDA to establish program offices on Indian reservations.

Section 11055. Accurate documentation in the census of agriculture and certain studies.

Section 11055 amends section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C.2279).

This section requires the Secretary, to the maximum extent practicable, to ensure that the number, local, and economic contributions of socially disadvantaged farmers are accurately documented in the Census of Agriculture and studies carried out by the Economic Research Service.

Section 11056. Improved data requirements.

Section 11056 amends section 2501A of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C.2279-1). Current law requires the Secretary to annually compute the participation rate of socially disadvantaged farmers and ranchers as a percentage of the total participation of all farmers and ranchers for each program USDA administers for farmers and ranchers.

This section builds upon data reporting requirements first included in the FSRIA of 2002. It requires the Secretary of Agriculture to compute the application and participation rates of socially disadvantaged farmers in USDA programs at both the state and county level. The Secretary is required to annually compile and present data gathered under this section.

Section 11057. Receipt for service or denial of service.

Section 11057 amends section 2501A of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C.2279-1)(as amended by section 11056).

This section requires the Secretary of Agriculture to issue to farmers and ranchers seeking a benefit or service offered by USDA, a receipt that contains the date, place, and subject of the request as well as the action taken, not taken, or recommended to the farmer or rancher.

Section 11058. National Appeals Division.

Section 11058 amends section 280 of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 7000).

This section establishes a reporting requirement that states the head of each agency shall report to the House and Senate Agriculture Committees, and post on their website information that includes a description of all cases returned to the agency by the National Appeals Division, the status of implementation of each final determination and if the final determination has not been implemented then the reason and the projected date of implementation. The reporting requirement to Congress should be every 180 days and the website should be updated not less than monthly.

Section 11059. Farmworker Coordinator.

Section 11059 amends section 296(b) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 7014(b) to provide the Secretary with the authority to establish in the Department a position of Farmworker Coordinator.

This section establishes within USDA the position of Farmworker Coordinator. This new position would provide financial and informational assistance to low-income migrant and seasonal farmworkers during times of natural disasters. Additionally, this position would be responsible for assisting farmworkers that are seeking information on how to start their own farming business.

Section 11060. Congressional Bipartisan Food Safety Commission.

Section 11060 amends 21 U.S.C. 341 note; 116 Stat. 527, section 10807 of the FSRIA of 2002.

This section establishes a Congressional Bipartisan Food Safety Commission. The members of the Commission will be appointed 60 days after the enactment of this legislation. It will meet, and con-

duct hearings to comprehensively review the food safety system of the United States. One year after its initial meeting, the Commission will publish a report on its findings, upon which the Commission will dissolve. The report of the Commission will: summarize information about the food safety system; make recommendations to modernize the U.S. food safety system, and harmonize and update food safety statutes, among other recommendations; and draft specific statutory language to implement the recommendations of the Commission.

Section 11061. Emergency grants to assist low-income migrant and seasonal farmworkers.

Section 11061 amends section 2281 of the Food, Agriculture, Conservation and Trade Act of 1990(42 U.S.C. 5177a).

This section authorizes $2,000,000 in discretionary funding that the Secretary of Agriculture is authorized to use for the purpose of making grants to public agencies or other community-based organizations that provide short-term emergency family needs for low-income migrant and seasonal farmworkers during natural disasters.

Section 11062. Grants to reduce production of methamphetamines from anhydrous ammonia.

Current law: no provision.

This section authorizes grants to assist eligible entities in reducing the amount of methamphetamine that is produced from an anhydrous ammonia fertilizer nurse tank. An eligible entity can be either a producer of an agricultural commodity, a cooperative association or a person who sells an agricultural product or chemical. The grant can be used either for a physical lock or a chemical substance.

Section 11063. Invasive species management, Hawaii.

Current law: no provision.

Subsection (a) defines the terms "Secretaries," "Secretary concerned," and "State."

Subsection (b) requires cooperation among the Federal agencies involved in preventing the introduction of and controlling invasive species in the State of Hawaii. It also requires the development of collaborative Federal and state procedures to minimize the introduction of invasive species into Hawaii, and a report to Congress on the development of those procedures. This subsection establishes a process for Hawaii to seek approval from the Federal Government to impose restrictions on the introduction or movement of invasive species or disease into the State that are in addition to Federal restrictions. In the event of an emergency or imminent invasive species threat, this subsection allows Hawaii to impose restrictions of up to 60 days to prevent introduction of the threat upon approval by the Federal Government.

Subsection (c) authorizes appropriations to carry out the activities in this section.

Section 11064. Oversight and compliance.

Current law: no provision.

This section requires the Secretary of Agriculture to use the reports required under section 5 in the conduct of program oversight

regarding the participation of socially disadvantaged farmers in USDA programs as well as in the evaluation of civil rights performance.

Section 11065. Report of civil rights complaints, resolutions, and actions.

Current law: no provision.

This section requires the Secretary of Agriculture to issue an annual report on program and employment civil rights complaints, including the number of complaints filed, the length of time required to process complaints, the number of complaints resolved with a finding of discrimination, and the personnel actions taken by the agency following resolution of civil rights complaints.

Section 11066. Grants to improve supply, stability, safety, and training of agricultural labor force.

Current law: no provision.

Agricultural employers depend on a well-trained workforce that is capable of meeting the needs of their particular type of crop production, yet often times do not have the resources necessary to properly train and maintain that workforce. This provision directs the Secretary to make grants to nonprofit organizations to assist agricultural employers and farmworkers with services that help improve the quality of the agricultural labor force through job training, short-term housing, workplace literacy and ESL training, and health and safety instruction, among other purposes.

Section 11067. Interstate shipment of meat and poultry for certain small establishments.

Section 11067 amends the Federal Meat Inspection Act (21 U.S.C. 601 et seq.).

Subsection (a) defines the terms appropriate state agency, designated personnel, eligible establishment, and selected establishment.

Subsection (b) provides the Secretary of Agriculture with the authority to act in coordination with an appropriate state agency to ship meat and meat products in interstate commerce. Federal establishments at the time of enactment, future Federal establishments, and previous Federal establishments and those Federal establishments that have reorganized under a different name or same name are not eligible. It is the intent of the Committee that a selected establishment be from a State that has a state inspection program. It is the intent of the Committee that an official Federal mark be used for carcasses, portions of carcasses, and meat items inspected by the selected establishment, if the carcass, portion of carcass, or meat item "qualifies" for the mark under the requirements of the Federal Meat Inspection Act.

It is the intent of the Committee that this section be an "option" for state inspected establishments with 25 or less employees to ship in interstate commerce. The Secretary may select state establishments that are inspected by state employees to participate in this option. It is not the Committee's intent that the Department of Agriculture to use this option to shift its responsibilities and inspection activities to the States or as a mechanism to balance its budget. It is a Federal/state program. Establishments that are selected

by the Secretary must undergo a full food safety assessment and fully follow the Federal Meat Inspection Act, its regulations, notices, directives and policies just as would be required of a Federal establishment. The inspection personnel of the State that will inspect the selected establishment must have undergone all the necessary training to carry out the requirements of the Federal Meat Inspection Act, its regulations, notices, directives and policies, just as required of a Federal inspector.

The Secretary may select state inspected establishments that employ less than 25 employees on average. The term "average" should be interpreted to provide some flexibility to these selected plants that require seasonal employees for certain parts of the year, as long as the increase in employees are manageable by the establishment and the increase in employees does not undermine food safety standards. It is not the Committee's intent to routinely allow selected establishments to employ above 25 or more employees. The Secretary may develop a procedure to transition a selected establishment that consistently employs more than 25 employees to a Federal establishment. The Secretary may select a establishment that is larger than 25 employees, but less than 35 employees but these plants must transition to a Federal establishment within three years after promulgation of a final rule.

Subsection (c) the Secretary shall reimburse a State for costs related to the inspection of a selected establishment not less than 60 percent of eligible costs. The Secretary may also reimburse a State for 100 percent of the eligible state costs if the selected establishment provides additional verification microbiological testing in excess of typical Federal establishments.

Subsection (d) provides authority for the Secretary to designate a Federal employee as a state coordinator for each state agency that has a state inspection program. The state coordinator will be under direct supervision of the Secretary. The state coordinator will inspect selected state inspected establishments with a frequency appropriate to ensure that these establishments are operating in a manner consistent with the Federal Meat Inspection Act. It is the Committee's intent that the state coordinator inspect selected establishments frequently each month. The state coordinator shall provide on a quarterly basis a report that describes the status of each selected state establishment in regard to compliance with the Federal Meat Inspection Act. If a state coordinator finds a selected state inspected establishment in violation of the Federal Meat Inspection Act, the state coordinator shall notify the Secretary of the violation and deselect or suspend inspection. It is the intent of the Committee that the state coordinator shall be provided all the tools necessary under the Secretary to prevent or control any food safety issue that would harm human health.

Subsection (e) requires USDA's Inspector General not later than two years after the effective date of enactment, and not less than every two years, to conduct an audit of each activity taken by the Secretary to determine compliance of this program with the law. The Government Accountability Office shall also conduct an audit of the implementation of this program.

Subsection (f) authorizes the Secretary of Agriculture to establish within the Food Safety Inspection Service (FSIS) at USDA an inspection training division to coordinate outreach, education, train-

ing and technical assistance of very small and certain small establishments. It is the intent of the Committee that grants provided to state agencies be in coordination with the Secretary.

Subsection (g) allows the Secretary to provide grants to appropriate state agencies to help establishments covered by intrastate inspection under title III of the Federal Meat Inspection Act to transition to the new program under title V.

Subsection (h) provides the Secretary with the authority to transition a state establishment to a Federal establishment in the event there is a determination that a selected establishment is in violation of the Federal Meat Inspection Act.

Subsection (i) ensures that nothing in the new title V of the Federal Meat Inspection Act limits the jurisdiction of the Secretary with respect to the regulation of meat and meat products.

Subsection (j) requires the Secretary to conduct public comment (including through the conduct of public meetings and hearings) and promulgate final regulations to carry out this title.

The Poultry Products Inspection Act (21 U.S.C. 451 et seq.) is amended by adding at the end the following:

Subsection (a) defines appropriate state agency, designated personnel, eligible establishment, and selected establishment.

Subsection (b) provides the Secretary of Agriculture the authority to act in coordination with an appropriate state agency to ship meat and meat products in interstate commerce. Federal establishments at the time of enactment, future Federal establishments, and previous Federal establishments and those Federal establishments that have reorganized under a different name or same name are not eligible. It is the intent of the Committee that a selected establishment be from a State that has a state inspection program. It is the intent of the Committee that an official Federal mark be used for carcasses, portions of carcasses, and meat items inspected by the selected establishment, if the carcass, portion of carcass, or meat item "qualifies" for the mark under the requirements of the Poultry Products Inspection Act.

It is the intent of the Committee that this section be an "option" for state inspected establishments with 25 or less employees to ship in interstate commerce. The Secretary may select state establishments that are inspected by state employees to participate in this option. It is not the Committee's intent that the Department of Agriculture to use this option to shift its responsibilities and inspection activities to the States or as a mechanism to balance its budget. It is a Federal/state program. Establishments that are selected by the Secretary must undergo a full food safety assessment and fully follow the Poultry Products Inspection Act, its regulations, notices, directives and policies just as would be required of a Federal establishment. The inspection personnel of the State that will inspect the selected establishment must have undergone all the necessary training to carry out the requirements of the Poultry Products Inspection Act, its regulations, notices, directives and policies, just as required of a Federal inspector.

The Secretary may select state inspected establishments that employ less than 25 employees on average. The term "average" should be interpreted to provide some flexibility to these selected plants that require seasonal employees for certain parts of the year, as long as the increase in employees are manageable by the

establishment and the increase in employees does not undermine food safety standards. It is not the Committee's intent to routinely allow selected establishments to employ above 25 or more employees. The Secretary may develop a procedure to transition a selected establishment that consistently employs more than 25 employees to a Federal establishment. The Secretary may select an establishment that is larger than 25 employees, but less than 35 employees but these plants must transition to a Federal establishment within three years after promulgation of a final rule.

Subsection (c) the Secretary shall reimburse a State for costs related to the inspection of a selected establishment not less than 60 percent of eligible costs. The Secretary may also reimburse a State for 100 percent of the eligible state costs if the selected establishment provides additional verification microbiological testing in excess of typical Federal establishments.

Subsection (d) provides authority for the Secretary to designate a Federal employee as a state coordinator for each state agency that has a state inspection program. The state coordinator will be under direct supervision of the Secretary. The state coordinator will inspect selected state inspected establishments with a frequency appropriate to ensure that these establishments are operating in a manner consistent with the Poultry Products Inspection Act. It is the Committee's intent that the state coordinator inspect selected establishments frequently each month. The state coordinator shall provide on a quarterly basis a report that describes the status of each selected state establishment in regard to compliance with the Poultry Products Inspection Act. If a state coordinator finds a selected state inspected establishment in violation of the Poultry Products Inspection Act, the state coordinator shall notify the Secretary of the violation and deselect or suspend inspection. It is the intent of the Committee that the state coordinator shall be provided all the tools necessary under the Secretary to prevent or control any food safety issue that would harm human health.

Subsection (e) requires USDA's Inspector General not later than two years after the effective date of enactment, and not less than every two years, conduct an audit of each activity taken by the Secretary to determine compliance of this program with the law. The Government Accountability Office shall also conduct an audit of the implementation of this program.

Subsection (f) allows the Secretary to provide grants to appropriate state agencies to help establishments covered by intrastate inspection to transition to interstate commerce.

Subsection (g) provides the Secretary with the authority to transition a state establishment to a Federal establishment in the event there is a determination that a selected establishment is in violation of the Poultry Products Inspection Act.

Subsection (h) ensures that nothing in the new title V of the Poultry Products Inspection Act limits the jurisdiction of the Secretary with respect to the regulation of meat and meat products.

Subsection (i) requires the Secretary to conduct public comment (including through the conduct of public meetings and hearings) and promulgate final regulations to carry out this title.

Section 11068. Prevention and investigation of payment and fraud and error.

This section would amend the Right to Financial Privacy Act of 1978 to require financial institutions to disclose the financial records of any customer to any government authority that certifies, disburses, or collects payments, when the disclosure of such information is necessary to verify the identity of any person in connection with the issuance of a Federal payment or collection of funds, or the investigation or recovery of an improper Federal payment of collection of funds.

Section 11069. Elimination of statute of limitations applicable to collection of debt by administrative offset.

This section would eliminate the statute of limitations applicable to collection of debt by administrative offset on any debt outstanding on or after the date of enactment of this act.

Section 11070. Stored quantities of propane.

Section 11070 amends section 550(a) of the Department of Homeland Security Appropriations Act, 2007 (6 U.S.C. 121 note; Public Law 109-295).

Would strike "Commission," and insert the following:

"Commission: Provided further, That the Secretary shall not apply interim or final regulations relating to stored threshold quantities of propane for sale, storage, or use on homestead property, agricultural operations, or small business concerns (as defined in section 3 of the Small Business Act (15 U.S.C. 632)) that are located in rural areas (as defined in section 520 of the Housing Act of 1949 (42 U.S.C. 1490)), unless the Secretary submits to Congress a report describing an immediate or imminent threat against such a stored quantity of propane: Provided further, That nothing in this section exempts the Secretary from implementing any interim or final regulation relating to stored threshold quantities of propane for sale, use, or storage in an area that is not a rural areas (as so defined).".

Section 11071. Closure of certain county FSA offices.

Current law: no provision.

Subsection (a) defines "critical access county FSA office" as an office of the Farm Service Agency proposed to be closed during the period beginning on November 10, 2005 and ending on December 31, 2007. Offices categorized as a critical access county FSA office during this time period shall have closure delayed until after January 1, 2008, to provide additional review pursuant to: the third condition under the heading "Salaries and Expenses" under the heading "Farm State Agency" of the Agriculture, Rural Development, Food and Drug Administration and Related Agencies Appropriations Act, 2006; or offices listed as "critical access county FSA office" with accordance to that Act submitted to the United States Senate Committee on Agriculture, Nutrition and Forestry by the Secretary on October 24, 2007. Offices of the Farm Service Agency that would not be included in the above definition of a "critical access county FSA office" would include those that are located not more than 20 miles from another office of the Farm Service Agency, unless the office is located within an identified limited-resource

area consisting of at least, 4 contiguous high-poverty counties or employs no full-time equivalent employees as of the date that this act is enacted.

Subsection (b) requires FSA offices categorized as "critical access county FSA offices" to extend their period of operation during the period beginning on November 1, 2007, and ending on September 30, 2012. No funds provided by the Secretary by any Act may be used to pay the salaries of expenses of any officer or employee of the USDA to close any of these offices during time period defined above. The Secretary shall ensure that each office subject to closure maintains a staff level of no less than 3 full-time equivalent employees during the time period defined above. Should the Secretary determine to be appropriate, an employee of a critical access county FSA office may be employed at any other county office of the FSA in that State. Should this occur, a critical access county FSA office shall be staffed by no less than 1 full-time equivalent employee during the time period defined above. The Secretary may close a critical access county FSA office during the time period defined above only on concurrence by Congress and the applicable State Farm Service Agency committee.

ROLLCALL VOTES IN COMMITTEE

Senator Roberts offered an amendment to strike an amendment to the payment limitation for the environmental quality incentives program. On a rollcall vote of 13 yeas and 8 nays as follows, the amendment was adopted:

YEAS—13	NAYS—8
Mr. Chambliss	Mr. Grassley
Mr. Lugar	Mr. Conrad
Mr. Cochran	Mr. Baucus[1]
Mr. McConnell[1]	Mrs. Stabenow
Mr. Roberts	Mr. Brown
Mr. Graham[1]	Mr. Casey
Mr. Coleman	Ms. Klobuchar
Mr. Crapo	Mr. Harkin
Mr. Thune	
Mr. Leahy	
Mrs. Lincoln	
Mr. Nelson	
Mr. Salazar	

[1]By proxy

Senator Lugar offered an amendment to modify the minimum amount of program benefits, to increase a certain asset limit for individuals and the elderly disabled, and to increase amounts made available for the emergency food assistance program, with an offset. On a rollcall vote of 4 yeas and 17 nays as follows, the amendment was defeated:

YEAS—4	NAYS—17
Mr. Lugar	Mr. Chambliss
Mr. McConnell[1]	Mr. Cochran
Mr. Brown	Mr. Roberts
Mr. Casey	Mr. Graham[1]
	Mr. Coleman

Mr. Crapo
Mr. Thune
Mr. Grassley[1]
Mr. Leahy[1]
Mr. Conrad
Mr. Baucus
Mrs. Lincoln
Mrs. Stabenow
Mr. Nelson
Mr. Salazar
Ms. Klobuchar
Mr. Harkin

[1]By proxy

Senator Casey offered an amendment to adjust factors to consider for Federal milk marketing orders. On a rollcall vote of 9 yeas and 12 nays as follows, the amendment was defeated:

YEAS—9

Mr. Coleman
Mr. Grassley
Mr. Leahy[1]
Mrs. Stabenow
Mr. Nelson
Mr. Brown
Mr. Casey
Ms. Klobuchar[1]
Mr. Harkin

NAYS—12

Mr. Chambliss
Mr. Lugar[1]
Mr. Cochran
Mr. McConnell[1]
Mr. Roberts
Mr. Graham[1]
Mr. Crapo
Mr. Thune
Mr. Conrad
Mr. Baucus
Mrs. Lincoln
Mr. Salazar

[1]By proxy

ADDITIONAL, SUPPLEMENTAL, OR MINORITY VIEWS

ADDITIONAL VIEWS OF SENATORS CHAMBLISS, LINCOLN, ROBERTS, AND THUNE

It is with regret that we file these additional views. Although the bill was reported from the Senate Committee on Agriculture, Nutrition, and Forestry by unanimous voice vote, unfortunately the report does not reflect such unanimity of opinion. A committee report accompanying legislation is part of the legislative history of the enacted statute. Ideally, it is a useful guide to both the Executive branch and the Judicial branch in interpreting the underlying statute. Unfortunately, the report accompanying the Committee originated text reported on October 25, 2007, by the Senate Committee on Agriculture, Nutrition, and Forestry, will be of little use to either of these branches in divining intent.

The report does not accurately reflect the intent of the statutory language in many instances because of language omitted from the report. In some instances this is a result of the accompanying report failing to fully elucidate and provide guidance for certain statutory provisions, such as those in the Conservation Stewardship Program (CSP) and section 10307, study on bioenergy operations. Both of these sections would greatly benefit from further attention to detail.

For example in the case of CSP, it would be helpful to discuss the importance of crop rotation as an agricultural practice. Certain crop rotations can reduce disease and related inputs necessary to control disease. Crop rotations can also promote the more efficient use of water that is provided through rainfall or irrigation. Optimal crop rotations can be critical to the yield and quality of the crop and revenues of the producer. The purpose of this program is to encourage and help producers adopt optimal crop rotations.

In the Southeast, peanuts are a prime example of a crop that responds well to increased rotation lengths. Increased rotation lengths help peanut producers conserve water, more effectively control disease, reduce inputs to control disease and increase productivity. Based on two decades of research, the University of Georgia recommends a minimum of three years between peanut crops in the same field. The university's research shows higher yields are realized and fewer inputs are needed as producers move from a three to four year rotation.

In the Midwest, the dominant crop rotation is a two-year annual rotation of corn and soybeans. Research at the University of Nebraska and Kansas State University has shown that replacing corn with sorghum gives higher yield and yield stability under drought conditions. In the Great Plains, irrigated agriculture is threatened by periodic drought and reduced water availability because of diversion for other uses. The water optimizer and crop simulation

software developed at the University of Nebraska are examples of decision-support tools that can help farmers sustain productivity and profitability by identifying crop rotations that are best matched to the available water supply.

The Conservation Stewardship program authorizes the Secretary to provide a payment in addition to a conservation stewardship payment to a producer who agrees to adopt an optimal rotation for the producer's crop. The Secretary will determine optimal crop rotations based on the best available science with consideration given to the ability of producers to reasonably adopt them. Further, the Secretary should provide payment rates to encourage the adoption of optimal crop rotations.

In the case of section 10307, the Secretary of Agriculture is directed to study and report to Congress on the potential economic issues associated with animal manure used in normal agricultural operations as a feedstock in bioenergy production. Unfortunately, the cursory explanation given this important provision in the report will do little to assist USDA in carrying out this section.

Serious efforts are underway to turn animal manure into biopower, which would support rural development, diversify our sources of domestic energy, and utilize manure in an environmentally friendly manner. However, it is important to acknowledge that legal questions have been raised about whether certain environmental laws regulate and impart new economic and legal liabilities on the production, storage, transport, and use of animal manure and its constituents for any beneficial purpose. Depending on how these legal questions are decided, significant barriers could arise in the ongoing efforts to convert animal manure into bioenergy.

USDA should study and report findings of the potential impacts on bioenergy operations in the event that animal manure and/or its constituents are found to be classified as "hazardous substances or pollutants" or other not lawfully excluded waste substance.

USDA needs to evaluate and report on the following:

- Any additional burdens or risks, including associated cost estimations, ability to obtain financing and insurance liability, that could be applied to current bioenergy operations that utilize animal manure as a feedstock.
- Any additional burdens or risks, including associated cost estimations and regulatory obligations that could be applied to the transport, handling and storage of manure for bioenergy purposes.
- Any additional burdens, risks or associated cost estimations to agricultural operations from applying alternative (non-manure) fertilizers to crops and fields, including any impact on costs of associated fossil fuel feedstocks related to the production of fertilizer.
- Whether additional regulatory or legal requirements, if any, would inhibit the development of bioenergy operations, including smaller operations that utilize animal manure as a primary feedstock.

In completing this study, USDA is encouraged to seek technical advice and consultation from appropriate resources within the Department of Energy, the Environmental Protection Agency, the Na-

tional Academies of Science, the Office of Management and Budget, and the Small Business Administration.

In other instances, ambiguities will result from an egregious lack of description surrounding important amendments adopted in the Committee. For example, an amendment relating to subtitle B, Average Crop Revenue Program, offered by Senator Roberts vitally needs additional explanatory notes in order to divine the full intent of the Committee in adopting this amendment.

The Committee consideration of the Roberts amendment to the Average Crop Revenue program, involved extensive discussion on the potential unintended effects on the Federal crop insurance program, resulting from re-rating of premiums and the offset of crop insurance indemnities by the Average Crop Revenue payments in the underlying measure. Concerns were expressed that crop insurance participation would be discouraged as a result of these provisions.

The Committee discussed cross-subsidization of low risk and high risk policies, with a USDA representative being questioned about the current administrative process with respect to re-rating. The representative explained that actuarially sound rates have been established and almost every county for every crop in the U.S. is at the target rate. For instance, corn premium rates were reduced by five to ten percent in almost every county for the 2007 crop, and further rate reductions would occur for the 2008 crop.

Discussion occurred regarding the complexity of administering the program as written in the underlying measure and USDA was questioned further about whether or not the Roberts amendment would substantially reduce the complexity of administering the program. USDA answered that administrative complexity regarding implementation would be simplified if the Roberts amendment were adopted.

The Committee discussed the contribution of the crop insurance industry to the bill with Members pointing out the billions of dollars of savings that were achieved from crop insurance before the Average Crop Revenue program was incorporated into the underlying measure. Additionally, the Roberts amendment included a reduction in the administrative and operating expense reimbursement to insurance providers.

Prior to the adoption of the Roberts amendment the Committee discussed where to allocate any potential additional savings generated by the Roberts amendment. The Committee discussed whether it was appropriate to increase the rate of the fixed payments or whether the percentage of acres eligible for the fixed payments should be increased. Senator Chambliss expressed concern about raising the rate of the fixed payments if the rate of direct payments under the traditional program could not also be raised. After further discussion, the Committee agreed to increase the percentage of acres eligible for the fixed payment from 85 percent in the Roberts amendment text to as close to 100 percent as possible if savings were sufficient and to apply additional savings, if any, to the nutrition priorities contained in the amendment offered previously by Senator Lugar. The transcript reflects that the Roberts amendment, as modified, was adopted unanimously by voice vote.

As stated previously, the utility of a committee report is its use as a guide to both the Executive branch and the Judicial branch in interpreting the Congressional intent of the underlying statute. Unfortunately, this report will do little to assist anyone searching for explanations for this comprehensive piece of legislation.

ADDITIONAL VIEWS OF SENATOR ROBERTS

The Farm Bill as reported by the Committee contains language that limits opportunities for livestock producers to market their products. It is the role of the government to protect producers from unfair practices and monopolies, and I understand the calls from some for increased government involvement. At the same time, we must take careful steps to ensure that in any action we might take, we do not suffer from the law of unintended consequences and risk the significant gains the industry has experienced.

According to a 2007 congressionally mandated report conducted by the Research Triangle Institute International, alternative marketing arrangements in the livestock and meat industries provide benefits all along the food chain, from producer to consumer. In addition, the report stated that, "even if the complete elimination of alternative marketing arrangements would eliminate market power that might currently exist, the net effect would be reductions in prices, quantities, and producer and consumer surplus in almost all sectors of the industry because of additional processing costs and reductions in beef quality. Collectively, this suggests that reducing the use of alternative marketing arrangements would result in economic losses for beef consumers and the beef industry." Banning packer ownership of cattle more than 14 days in advance of slaughter limits producer opportunities to respond to consumer demands for specialized products.

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, the Committee states that, in its opinion, it is necessary to dispense with the requirements of that paragraph in order to expedite the business of the Senate.

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