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Senate

The Senate met at 11 a.m. and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Gracious Father, source of all that we have and are, we are here by Your planning and for Your purposes. You have made possible any success we have had. Any recognition we have received is a reflection of abilities You have given us. You have blessed us with loved ones, friends, and fellow workers who have made possible any accomplishments. All our opportunities are a result of Your careful arrangement of circumstances. Nothing happens without Your permission.

So we commit this day to be one of special gratitude for all Your blessings. May our gratitude spill over with words of affirmation and encouragement to others. Help us make this a just-because-day in which we do special acts of kindness just because of Your love for us and our delight in others. So if there are any good words we've been thinking about saying or any acts of caring we've put off doing, may we say and do them today, just because of You, Lord, and all You have done for us. In Jesus' name. Amen.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The acting majority leader is recognized.

SCHEDULE

Mr. LOTT. Mr. President, today, there will be a period of morning business until 1 p.m. with the time equally divided between the two parties. Following this morning business period, the Senate will begin consideration of S. 1541, the farm bill. Under the agreement reached during yesterday's session, Senator DORGAN will offer an amendment on which a cloture motion will be filed today. Also under an agreement, a cloture motion will be filed on the underlying bill. Those cloture votes will occur tomorrow beginning at 1:30 p.m.

I now ask unanimous consent that notwithstanding the provisions of rule XXII, Members have until close of business today in order to file first-degree amendments.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. LOTT. Senators should also be aware that there will be a joint meeting of Congress on Thursday at 11:45 a.m. to hear the address by the President of France, President Chirac. Members should be in the Senate Chamber at 11:25 in order to proceed to the House of Representatives for the address.

I suggest the absence of a quorum.

The PRESIDING OFFICER (Mrs. HUTCHISON). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. GREGG. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GREGG. What is the regular order?

The PRESIDING OFFICER. The Senate is in morning business.

Mr. GREGG. Madam President, I ask unanimous consent to speak for 10 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered

THE SUGAR PROGRAM

Mr. GREGG. Madam President, tomorrow, or possibly Friday, we will be voting on cloture motions dealing with the Farm Program and a variety of bills dealing with the Farm Program.

Within the context of the entire Farm Program, there are a lot of subprograms, and one that I wish to talk about is the Sugar Program. The Sugar Program in this country has proceeded since the early 1980's to be a program of inordinate subsidy for a few small farmers—for a few farmers; they are not small farmers—at the expense of the consumers of this country.

Last year, it was estimated that the Sugar Program cost the consumers of this country approximately $1.4 billion. It has cost the consumers of this country approximately $10 billion over the last decade. That is because we have in this country a system in the Sugar Program where we artificially inflate the cost of sugar to benefit a few growers of sugarcane and some sugar beets, but primarily in this instance it is benefiting sugarcane growers.

This makes no sense. This program is appropriately tied to sugar, I guess, because the last vestiges of Marxism in the world of any significance is the nation of Cuba, which always had a sugar-based economy.

Now, you might argue, well, China is still a Marxist nation. Actually, China has become quite capitalistic. Cuba is the only country, certainly in the Western Hemisphere, it is the only dictatorship in the Western Hemisphere, in the world that still practices theoretically pure Marxism, Marxism being a system where essentially the State sets the price and the production of all commodities within the community. And, of course, the Cuban economy is always based on sugar. So maybe that is why we as a nation have for some reason decided in our sugar industry we are going to emulate Cuba because that is essentially what we do. We have in the Farm Program which we have designed in this country essentially a system of top-down market controls,

production controls which create, at best, an economic structure which emulates what used to be the East European countries and at worst an economic structure which basically tracks the philosophy of social economics as designed by Karl Marx, because essentially what it does is say that the Government will set the price, the Government will set the production levels, not necessarily for the purposes of benefiting the consumer but for the purposes of benefiting the producer.

We set up a structure here where the fact that sugar on the open market can be bought for 10 cents a pound has no impact on the price of sugar in the United States. Can you imagine that? The United States, the center of capitalism in the world, a market that all of the rest of the world looked to when other nations were trying to design their economies, has put in place in our Sugar Program a structure which is essentially a carbon copy of what they did in Eastern Europe, what they now do in Cuba, or still do in Cuba, in what we basically call a Socialist form of economics.

Why do we do this? Why do we have a system which penalizes our consumers to the tune of $1.4 billion, which does not allow any competition for the price of sugar in the marketplace, which arbitrarily sets the cost of sugar, and which rewards a few growers of sugarcane specifically? Seventeen growers get 42 percent of the benefit in the sugarcane industry—17 growers get 42 percent of the benefit. In fact, one grower gets a benefit that is estimated to be almost $68 million a year. Why do we structure a system like this? Well, at the risk of using a pun, it is raw power, raw political power.

The fact that the sugarcane, sugar producers lobby is so strong in the Congress of the United States, it has been able to maintain this totally unjustifiable system. How ironic it is that when the Republican Party, after 40 years, finally gets control over the Congress of the United States, we continue to allow this sort of antimarket system to flourish, to grow, and to abuse the consumers of this country.

How ironic it is that this President—and I cannot fault him individually because the fault lies on both sides of the aisle on this one—but this President who has made such a large issue of protecting consumers in many other areas of his administration and has made this his cause celebre, allows a program which every year takes $1.4 billion out of the pockets of consumers and artificially transfers it to a nonproductive sector of our economy—I am not sure it is unproductive—but a sector of our economy that does not want to compete. Why should not we have a sugar program which is willing to compete?

There are some other side effects that also we ought to be concerned about besides the fact that we are basically taking the consumers of this country for a ride for the benefit of a few individual growers. There are some other issues we ought to be concerned about.

There is the issue of environmental protection, the fact that as a result of having this artificially high-priced sugar, we have seen a huge amount of land in southern Florida converted to cane growing which land was the original watershed of the Everglades. It is not clear really what would be a better use of this land. I have to admit that the jury may still be out on that.

But before the facts are known, the Everglades are under a tremendous effect, and the fact, first, that the water is not flowing in its original form—and there is the belief that the sugarcane activity is part of it—and, second, sugarcane activity is expanded artificially as a result of this.

Another concern we should have is the effect it is having on our neighbors in the Caribbean. We just invaded Haiti because we felt that it was in economic and political chaos. One of the reasons that our neighbors in the Caribbean are in economic chaos is because we do not allow them to participate in competition with us. We have closed our markets to one of their primary goods—sugar. We live in fear, I guess, as a nation, that we cannot compete with Haiti.

My goodness, how absurd. Obviously, with the technologies we have and the ability we have of growing products in this country, we can compete with our Caribbean neighbors. We would find, I suspect, that if we were to open our markets that sugar beets in many parts of this country would remain very viable and very competitive, sugarcane in parts of this country would remain very viable and very competitive, and we would have also the added benefit of allowing some of our Caribbean neighbors to maybe increase their standard of living a little bit by being able to sell us a little bit of their primary product.

Maybe we would not have to go around invading them. We could save the dollars we spend on national defense in places like Haiti, and the dollars we spend on economic and political development in other regions of the Caribbean because we would have to help them out through what is known as the old-fashioned way, by letting them compete in the marketplace with us.

So tomorrow we take up these farm bills, and there will be an attempt to shut off debate. One of the outcomes of shutting off debate and passage of these farm bills, or at least down the line in the farm bill would be a 7-year extension of the outrage called the Sugar Program. That would be a rather bitter pill for the American consumers. That is not a sweet deal for American consumers. It may be a sweet deal to get a 7-year extension of this program for some of the growers, but it certainly would mean that under the present calculations that would be about another $10 billion of tax, because that is essentially what it is to American consumers.

So I strongly oppose the attempt to do this. And along with the Senator from Nevada, who has joined me on this, Senator REID, we will do all we can, I believe, to try to avoid allowing the consumers of this country to be once again pilfered by this program. As a result, I will attempt to oppose cloture. I hope that others who are concerned about the consumers of this country, about the environment of this country, and about our neighbors in Central and Latin America, would also join me in opposing cloture.

Because it is not right. It is not right that a few folks because of their political influence and strength should be able to keep in place a program which should have died when the Berlin Wall fell. The fact is, it is very ironic and unfortunate that as a nation we continue to promote this concept that competition should not be allowed in the production of sugar.

It is antithetical to all the Republican Party stands for. It is time to put an end to it.

Madam President, I thank the Chair for the time to speak. I yield back such time as I may not have used, and I make the point of order that a quorum is not present.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. CRAIG. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CRAIG. Madam President, I assume that we are in morning business.

The PRESIDING OFFICER. We are.

UNPRECEDENTED FLOOD OF SUBSIDIZED CANADIAN LUMBER

Mr. CRAIG. Madam President, in morning business today, let me make several comments on an issue that is very important to this country. It is kind of a quiet issue that has not been prominent in the headlines of the Washington Post or the Washington Times; but certainly in my State and every timber-producing State of the Nation, it has made a good many headlines over the course of the last year or 16 months. And that is the unprecedented flood of subsidized Canadian lumber flowing into the continental United States and into the markets of the 48 lower States.

Normally, Canada is a supplier to our market, and we need their timber to round out the needs of the housing industry of our country and the home building industry. But to meet that need and still keep America's work force in the forest products industry employed, Canada's percentage participation in our market normally is somewhere in the high 20's or low 30's.

In January, this month that is now today concluding, they reached an all-

time high of about 37 percent of total market share. As a result of that, we now see in this country about 29,000 men and women who are unemployed as a direct result of a major dumping effort—let me repeat, as a direct result of a major dumping effort—on the part of the Canadian forest products industry into our market.

In my State of Idaho, just in the last few days, we have had announcements of another 200 men and women laid off simply because the price of lumber, as a result of this huge volume of subsidized lumber pouring in from Canada, is so low that mills cannot operate.

Ceda-Pine Veneer north of Sandpoint, ID; Crown Pacific in Bonners Ferry, ID; and two Louisiana Pacific plants in Chilco and Sandpoint have just announced layoffs or have shut down, and the story goes on and on, as is true across Oregon, Washington, Idaho, and the Southeast, as a result of what has happened with Canadian lumber imports.

This administration, to their credit a good many months ago became aggressively engaged with the forest products industry in negotiating with Canada in an effort to resolve this issue.

When I say that, it is about the only good thing I am going to say, because as we entered into those negotiations the forest products industry was told by our United States Trade Representative nearly 10 months ago that within 6 months, if the Canadians did not negotiate in good faith successfully, this administration would take action, and that action would be a temporary duty imposed until such time as a countervailing duty suit would be charged or the Canadians would come to the table with some form of a legitimate agreement to negotiate the differences between the two countries.

That did not occur from the Canadians, and, as a result, finally this administration did say, ''We will have to bring a countervailing duty suit, and move toward a temporary duty.''

In late November of this year, the Canadians finally did bring some proposed agreements for us—the industry and our United States Trade Representative—to look at to see whether they would meet the criteria that we were trying to advance, which was a level playing field, recognizing the legitimate share of the market that the Canadians could have without destroying our industry.

From that point, myself, Senator BAUCUS, and a good many others have asked the United States Trade Representative to become much more aggressive in insisting that this problem be solved now. It was in December, just before we recessed for Christmas, that Mickey Kantor did come to the Hill and sat down with myself, Senator BAUCUS, five or six other Senators from timber-producing States, and a good many Representatives from the House to talk about where we were in this negotiation.

At that time, Mickey Kantor said to us, and it was conveyed to the Canadians, that if no agreements were reached through the current negotiation, that on January 31, 1996, he would impose a temporary duty against the Canadians, and we would then move to do a variety of other things, including reform NAFTA's chapter 19, to consider what is called suspension of liquidation on Canadian imports into this country, and do a variety of other things that would bring about some permanency and stability to this problem.

Madam President, today is January 31. Canadians are now still negotiating with our trade ambassador, and I do not want to say nothing will be resolved, but I do want to say to our trade ambassador: If nothing is resolved by the end of the day, it is absolutely imperative for this country's credibility and for this administration's credibility with Canada and with the industries and the work forces involved that we move. And that tomorrow I would expect to hear from our United States Trade Representative an announcement of an imposed temporary duty against the subsidized lumber coming out of Canada while these other measures are forthcoming; that the United States lumber industry would probably move to file a countervailing duty case, and that case would go forward, but would literally take months and potentially a year.

But what is important here and what this administration must face is that it is now time to make a decision, and they must make that decision. If they fail to, if they bend in any form to the Canadians, they will send the kind of message that I believe has been sent for the last 6 months: We just keep on talking.

As we keep on talking, mills are closing down in my State. As I mentioned, 29,000 jobs in this country are now in suspension, and men and women are not working as a direct result of this phenomenal flood of Canadian lumber coming into the market.

It is important that this administration recognizes the high level of importance of the decision that they are about to make today, which is if the Canadians still are only talking—and, oh, are they good at talking—that the talking is over; that it is time for the temporary duty to level this playing field to send a very clear message to the Canadians that we mean business; that while they have a right based on need and supply, on the Canadian Free-Trade Agreement, and on the North American Free-Trade Agreement to have access to our market, they absolutely do not have the right to intentionally dump, and we know that is what they are doing at this time. They have reached out to grab a very large share of the U.S. market, as much as 10 percent more than they have ever held.

Stocks of Canadian lumber are sitting in lumberyards across this country, and they are even financing it to sit there and saying, ''You keep it until you sell it and then you pay us.''

I call that an aggressive antitrade effort. It is a dumping process and the Canadians know it. It is time they stop it, and the only way they will is when we speak directly and act decisively to solve this problem.

Back in the early eighties, they played this game on us, and it was at that time in the Reagan administration that a duty was imposed and thousands of people went back to work in my State almost overnight as the markets rapidly improved. Of course, that also happened in other timber-producing States across the Nation.

(Mr. ASHCROFT assumed the chair.)

Mr. CRAIG. Mr. President, the same thing can happen in the next month if this administration will act. If it does not act, I say to our trade ambassador today, ''What are you going to say to the nearly 30,000 men and women that are without a job today in the timber industry simply because of the aggressive dumping action on the part of the Canadians?'' ''What are you going to say, Mr. Ambassador, and, more important, what are you going to say, Mr. President, about the fairness and equity you talk about, about the jobs you talk about creating, while you, by your failure to act, may well be destroying jobs?''

In the end, when you destroy the jobs, you destroy the mills and the infrastructure that has been an extremely important part of the forest products industry of our country. As those people stand in unemployment lines, many of the mills are near bankruptcy today because most of them have operated in the red for well over a year now. It is time that stopped and that we bring fairness back to the marketplace. That can be done by a single act by a trade ambassador and a President. They know they can do it. We asked them to do it, and we hope it will be done tomorrow if the Canadians fail to come to an agreement today.

Mrs. HUTCHISON addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas [Mrs. HUTCHISON] is recognized.

TRIBUTE TO RALPH YARBOROUGH

Mrs. HUTCHISON. Mr. President, I rise today to pay tribute to one of my predecessors, Ralph W. Yarborough of Austin, who died last weekend.

Ralph Yarborough was reared in Chandler, TX, attended West Point and what we know as Sam Houston State University. He worked as a teacher, a trade emissary, a National Guardsman, a lawyer, an Assistant Attorney General, a judge, an Army officer in World War II, a writer, and a U.S. Senator. In the Army, he served on the staff of Gen. George Patton. He was among only three southern Senators to support the 1965 Voting Rights Act and was a key supporter of the National Cancer Act.

Senator Yarborough and I share a common background. We have deep

east Texas roots. We attended the University of Texas law school. We both held this seat in the U.S. Senate, which both of us reached through a special election in the spring after the resignation of a Senator in January. Like me, he reached this Chamber less than 2 years before the term was up, and probably felt, as I did, envy for Members of the other body, who have a full 2 years between campaigns.

Mr. President, on behalf of all the citizens of Texas, I offer to Mrs. Yarborough, his widow, the rest of the Yarborough family, and his many friends, our deepest condolences. May he rest in peace.

Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. THOMAS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Wyoming is recognized.

CONSISTENCY IN LEADERSHIP

Mr. THOMAS. Mr. President, from time to time, in the mail we get a letter, an observation, or a communication from a constituent that we think is particularly on target. I would like to share that a little bit this morning. It has to do with consistency in leadership and with where we are going in this country. The President has talked in the last couple of days about the consistency of his administration. Of course, I think there is great question about that. If we are to move forward to make the changes that most of us want to make, that I think most Americans want to make, we have to have some consistency in policy.

The President came to Washington based on a campaign of change, based on a promise of change, based on a promise of a new Democrat. He said more recently that the era of big government is over. The fact is that there has not been much consistency. The fact is that there was a great deal of talk about reforming of welfare which is certainly high on the agenda of most people. Most people want to continue to be able to help people who need help, but in a program that helps people back into a position to help themselves. Yet this Senate passed a bill on welfare, I think 85 positive votes, that was vetoed by the President who says he wanted to change welfare as we know it.

The balanced budget—I suspect the prime issue of this entire congressional session—it took four budgets to come up with a balanced budget, despite the President saying he was for a balanced budget when he ran, and would do it in 5 years. It took four budgets to do it in 7 years, and then, frankly, not a real budget.

Most everyone who studies the issue knows that if you are going to change the financial direction that this country has taken, if you want to be responsible for finances, that there has to be a significant change in the budget, that you cannot tinker around the edges.

The President and his staff, and Mr. Panetta, whom I worked with in the House, and I always thought was responsible—almost as if you push a button, we protect Medicaid, protect the environment, have an investment in education. The fact is that over a period of several years you cannot do that; there is no money to do that unless you do something about entitlements. That is a fact.

So to say we are going to balance the budget and we are going to protect Medicare, Medicaid, the environment, invest in education, it is impossible to do, unless, of course, you raise taxes considerably.

Mr. President, these are the things raised about consistency. I want to read the letter from Linda Russell of Rawlins, WY.

President BILL CLINTON,
White House,
Washington, DC.

DEAR MR. PRESIDENT: I sent you a wire to just get the budget balanced and quit ''posturing'' and playing politics.

You wrote a very nice letter back—but I am very concerned that you don't understand what the people of this USA want and need. You say we must ''maintain our values—protecting Medicare, Medicaid, and the environment''. Certainly no one would disagree that these are excellent GOALS—but they are NOT our base VALUES. Our base values would be fiscal responsibility, keeping a military strength sufficient to protect us, and staying out of the faces of people who are perfectly capable of handling the GOALS you mention far better than the Washington DC political establishment.

I attended the White House Conference on Small Business and heard you address the group on how you felt regulations should be reduced and the budget balanced and the tax burden lessened. WHAT HAPPENED TO YOUR SUPPORT OF THOSE IDEAS since that meeting??

May I respectfully suggest that you let the power revert to the people by going with the block grants so that we can take care of our neighbors with our tax money and not waste 90% of it paying a huge bureaucracy in ''DC'' to tell us how to do it. TRUST US—we are neither stupid nor insensitive. If you have any wish at all to be reelected, it would be well to give us the respect we are due—and stop taking more and more money via taxes to support some liberal agenda.

Mr. President—listen again to your own inaugural address to the nation, which I thought very impressive—and WALK YOUR TALK??

Sincerely,

LINDA RUSSELL,
Rawlins, WY.

Mr. President, I think her expression ''and walk your talk'' is an expression from someone who represents a good deal of the thought in my State in Wyoming. I think many of us believe that this is the direction we should take, make the changes that we came here to make—less government, less cost, less regulation, move the responsibilities to communities, to States, and frankly to individuals.

I had the opportunity last evening to meet with a group of students from Washington and Lee High School in Arlington, VA, who were inducted into the Honor Society. We talked to some of them about the concepts of freedom and about the responsibility in leadership that goes with freedom. I was really pleased at the receptiveness they had to the notion that if you are going to be free and responsible and have a Government where we participate and we govern ourselves, then you have to be responsible and take some leadership positions to do that.

Mr. President, that is sort of what it is all about and what this letter is about.

Mr. President, I ask unanimous consent that the President's response to Linda Russell's wire be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

THE WHITE HOUSE,
Washington, DC, December 6, 1995.

Ms. LINDA RUSSELL,
Rawlins, WY.

DEAR LINDA: Thank you for sharing your views. It's important for me to know how you feel about the challenges facing our nation.

I believe that we must balance the budget, but we must do it in a way that is good for our economy and that maintains our values—protecting Medicare, Medicaid, and the environment, and continuing our investment in education. And we have to do it without raising taxes on working families.

In the weeks ahead we will continue our bipartisan efforts to find common ground on balancing the budget, and I hope you will stay involved.

Sincerely,

BILL CLINTON.

Mr. THOMAS. I yield the floor. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. AKAKA. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. AKAKA. Mr. President, are we in morning business?

The PRESIDING OFFICER. The Senator is correct.

Mr. AKAKA. Mr. President, I will take the floor in morning business to speak about a concern that has been global.

The PRESIDING OFFICER. The Senator from Hawaii is recognized.

FRANCE'S CESSATION OF NUCLEAR TESTING IN THE SOUTH PACIFIC

Mr. AKAKA. Mr. President, it is with a great sense of relief and hope that I rise today to comment on the announcement by French President Jacques Chirac that France has concluded its nuclear weapons testing program for good and will close its nuclear testing center in French Polynesia.

Like most people throughout the Pacific islands and Asia, the citizens of Hawaii were angered by the six underground nuclear explosions at Mururoa and Fangataufa atolls conducted by France. The threat to the environment and public health posed by the numerous blasts over the years is real and ongoing. This week, an article in the Washington Post documented French acknowledgement that radioactive materials have leaked into the sea surrounding the atolls. These reports confirm claims made by international organizations that French nuclear testing has weakened the coral atolls and vented radioactive materials into the Pacific. Regrettably, France has not allowed independent inquiry and verification at the test sites.

The global outcry against the resumption of French nuclear testing has given renewed vigor to the drive for an international moratorium on nuclear testing and the completion of a comprehensive test ban treaty. International protests extended well beyond the nations of the Pacific; the French action drew criticism in the United States and objections from most members of the European Union. The Senate and the Congress joined the international chorus of concern following President Chirac's announcement last summer that France would end its testing moratorium. Last session, the Congress adopted a sense of the Senate resolution I authored calling on France and China to abide by the international moratorium on nuclear test explosions and refrain from conducting underground nuclear tests in advance of a comprehensive test ban treaty.

Mr. President, the definitive end to nuclear testing by France is welcome news. It comes after six unnecessary and ill-advised nuclear explosions. However, France's rejoining the global moratorium, pledge to sign the Treaty of Rarotonga, and commitment to pursue a zero-option test ban treaty presents an opportunity to conclude a permanent nuclear test ban treaty and advance nuclear nonproliferation. The challenge we face is to reach agreement among the nations participating in the United Nations Conference on Disarmament. In his State of the Union message, President Clinton called for the signing of a truly comprehensive nuclear test ban treaty this year. This ambitious timetable underlines the President's strong leadership in the effort to halt the nuclear arms race, advance nuclear disarmament, and ensure peace and security for all people.

President Chirac's intention to play an active role in concluding an international nuclear testing ban should add momentum to efforts now underway in Geneva, Switzerland aimed at resolving remaining disagreements over the text of the treaty. We should encourage all positive contributions toward nuclear disarmament, even those that come from recent converts to the cause.

Mr. President, the state visit and address to Congress by the President of the Republic of France has prompted denunciations and calls for action by many citizens and elected officials. This understandable reaction reflects the anger, pain, and offense felt by the people of the Pacific islands over the arrogance and insensitivity with which their objections have been dismissed. This singular opportunity offers President Chirac a forum to embark on a new course to advance nuclear nonproliferation. I encourage President Chirac to pursue reconciliation with the Pacific island peoples and nations. France should not delay its pledge to sign the protocols of the Treaty of Rarotonga, which declare and establish the South Pacific as a nuclear-free zone. I also call on President Chirac to permit independent inspection and evaluation of the test sites and the lagoon and sea surrounding the atolls for environmental damage and radiation leakage.

The political and environmental damage wrought by the recently concluded tests cannot be undone. However, the end of the final series of underground nuclear testing by France offers an opportunity and challenge for our countries to cooperate on the successful conclusion and approval of a comprehensive test ban treaty this year. It is with this spirit of hope that I greet the state visit by the President of the Republic of France.

Mr. President, I yield the floor, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CRAIG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. JEFFORDS). Without objection, it is so ordered.

AGRICULTURAL MARKET TRANSITION ACT OF 1996

Mr. CRAIG. Mr. President, I ask unanimous consent that the Senate now turn to the consideration of calendar No. 330, S. 1541, the farm bill.

The PRESIDING OFFICER. The clerk will state the bill by title.

The assistant legislative clerk read as follows:

A bill (S. 1541) to extend, reform, and improve agricultural commodity, trade, conservation, and other programs, and for other purposes.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

CLOTURE MOTION

Mr. CRAIG. Mr. President, I send a cloture motion to the desk.

The PRESIDING OFFICER. The cloture motion having been presented under rule XXII, the Chair directs the clerk to read the motion.

The assistant legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, do hereby move to bring to a close debate on S. 1541, the farm bill:

Bob Dole, Strom Thurmond, Dirk Kempthorne, James M. Jeffords, John H. Chafee, Thad Cochran, Ted Stevens, Trent Lott, Richard G. Lugar, Craig Thomas, Don Nickles, Bob Bennett, Alan K. Simpson, John Warner, Larry Pressler, Dan Coats, Larry E. Craig.

Mr. CRAIG. Mr. President, for now nearly 10 months, the U.S. Senate and the Senate Agriculture Committee have been working diligently to craft a new farm bill for our country. We all know that on September 30 of this immediate past year, the old farm bill expired. We also recognize that under the necessary budget changes and spending procedures and priorities that we were establishing, a large portion of the farm bill appeared and was a part of the Balanced Budget Act that we sent to the President, and the President vetoed it.

That has placed American agriculture, in my opinion, in a very precarious situation. While they have worked with us through the year of 1995 in numerous hearings that the Senate Agriculture Committee, on which I serve, participated in, we began to hear a very clear message from American agriculture that current policy was not serving it as well as it should, that there was a great desire on the part of production agriculture to progressively move to the market and produce to market trends and market ideas instead of to the perpetuation of farm programs.

Now, recognizing that, we also saw the clear importance that that transition American agriculture was talking about come in a way that all could live with. None of us wanted to shock the market. None of us, more importantly, wanted to create any kind of economic catastrophe in agriculture across this country. As a result, the Senate, in a very bipartisan way, worked diligently.

We also have the mandate of the Senate Budget Committee to meet the criteria of the budget. That was to find additional savings for the year and then to spread those savings out over the 7-year period of the Balanced Budget Act to arrive at some 40 billion-plus dollars' worth of savings. All of that was accomplished. Of course, all of that was for naught when the President decided to veto that most important piece of legislation.

Recognizing that that did not happen and that clearly American agriculture now has been asking us on a very regular basis over the last month, ''What are you going to do?'' it became important here in the Senate and in the House—the House acting yesterday—to mark up their version of the farm bill, and the Senate in the past week attempting to bring procedure forward,

and on Friday last introducing S. 1541, the bill that I have just called up, to address the question being asked us. Most important, to craft critical policy that is time certain, that works in the marketplace of agriculture, that says to the farmer, ''Here is something you can now plan as you sit down with your banker and your financial advisers to plan for the coming year,'' so that we are timely. That is why we have the debate today and, hopefully, votes tomorrow on this and possibly other critical pieces of legislation.

I believe that the Balanced Budget Act represented probably the most far-reaching, positive reform for U.S. farm policy in a generation, certainly in the time I have served in the U.S. Senate and in the U.S. House of Representatives. While we work to change and cooperate with agriculture and move into the marketplace, clearly, the product of effort that we presented in the last several months is as much or more reform than I think we have seen in farm policy here in the U.S. Congress in the last 60 years.

The amendments allow farmers to sign a 7-year income support contract with the Federal Government. That contract takes the place of the old market-distorted target pricing system. As a result of that and the flexibility that we have offered in this program, clearly the farmers today who wish to stay in the program have by far the greater opportunity to look to the matter, as they should, in deciding what they will plant and not have to worry about the loss of their base in that kind of flexibility and also have the income support program that we have talked about, at a minimal level, but an important level, so that we do not create the type of downturns that we have seen.

A declining series of payments through the year 2002 would provide the kind of genuine flexibility and smooth transition, as I have just explained, toward the marketplace and allow agriculture then to be responsive to the market moving into the next century. No longer will Government tell the farmer which crops to plant. In other words, no longer will farmers have to farm the Government program to stay in the program or to realize some benefit from it. No longer will that occur. It leaves the farmer free to decide what is the most productive effort for his or her land.

I think this is the way it ought to be. Of course, the marketplace, then, largely becomes the determinator of value and that, of course is the way any business and industry really ought to operate.

The balanced budget amendments that we have brought into S. 1541 have been endorsed by the American Farm Bureau Federation.

Mr. President, I have a letter here from the President of the National Farm Bureau, Dean Kleckner. This letter was sent to me just the day before yesterday with a full endorsement of S. 1541. I ask unanimous consent that it be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

JANUARY 29, 1996.

Hon. LARRY CRAIG,
U.S. Senate, Hart Senate Office Building, Washington, DC.

DEAR SENATOR CRAIG: Congress must pass farm program legislation quickly. Failure to reach agreement on multi-year farm legislation is delaying planting decisions for farmers. Widespread planting will begin soon in the south. Yet farmers still do not know the farm program rules. Lending institutions are withholding production loans based wholly on the uncertainty being created in Washington, D.C. Our competitors in world markets are surely amused at this policy disarray.

Farmers and consumers in the greatest agricultural nation in the world need a workable farm program. We urge you to act now, in the bipartisan spirit that has been the norm in the Senate Agriculture Committee, and approve workable policy for all titles of the farm bill including those previously scheduled for later consideration.

The American Farm Bureau Federation Board of Directors unanimously voiced its support for the Freedom to Farm Act, S. 1544 either as freestanding legislation or if added to another legislative vehicle. The Board voiced strong opposition to a short-term extension of existing programs or reverting to the Act of 1949.

A short-term extension of existing farm programs straps agriculture to a steadily declining budget baseline, provides no help to farmers in repaying advance deficiency payments and allows significantly less planting flexibility than is needed in today's world market. Reverting to the Act of 1949 is acknowledged by policy experts to be counter productive. Under the Act of 1949, the federal budget exposure would be enormous, domestic production would be reduced at a time when world stocks are very low and foreign competitors would expand exports at our expense.

The Freedom to Farm Act, S. 1544, embodies the core components of farm policy previously included in the vetoed Budget Reconciliation Act. The combination of market transition payments and marketing loans contained in S. 1544 forms a compromise which significantly restructures the income support mechanism for farmers to maximize the available federal support for agriculture and provides significant planting flexibility to meet world competition.

Throughout the discussions leading up to the adoption of the conference report on Budget Reconciliation, including farm programs, the Farm Bureau identified several policy areas which we believed were key to crafting effective and equitable farm programs for producers of all commodities. Those key concepts include:

Adequate protections for producers of non-program commodities.

Maintenance of existing landlord/tenant relationships.

Adequate spending levels for MPP and EEP.

Maintenance of current payment limits rules.

Dropping the requirement for crop insurance to participate in commodity programs.

Maintenance of the CRP program.

We believe that S. 1544 embodies many of these concepts and we urge you to protect them during subsequent floor action and through conference.

Significant contributions to balancing the federal budget are achieved as a result of changes made to the commodity programs including those for sugar and peanuts. The sugar and peanut programs have contributed to both stability within those production sectors and an abundant supply of quality products for consumers. The changes to these titles in S. 1544 ensure workable programs for both producers and consumers and they deserve your support.

The American Farm Bureau Federation supports the inclusion in S. 1544 of the compromise dairy proposal. Our members supported purely administrative changes to marketing orders. However, we will actively participate in the rulemaking process to ensure that the final changes in market orders will be equitable to all regions and all producers. We support the Livestock Environmental Assistance Program (LEAP) but encourage a modification of the eligibility of dairy herds to expand potential participation beyond smaller producers.

Due to low price levels for rice in recent years rice producers are disadvantaged in the early years of market transition contracts. We urge the committee to take steps to adjust rice payments and rectify this situation.

Consideration of the credit, trade conservation, research and other titles of the farm bill were postponed and until after the commodity titles and budget provisions were completed. We can no longer afford to wait for consideration and debate of those titles. We urge you to include those titles in the final package sent to the House. Much of the preliminary work on these titles is complete. Failure to act now will almost guarantee they are not reauthorized in 1996.

The American Farm Bureau Federation supports the expedited consideration of S. 1544 with the addition of the dairy, research, credit, conservation and trade titles.

We look forward to working with you in a bipartisan effort to pass multi-year farm legislation.

DEAN KLECKNER,
President.

Mr. CRAIG. There is no question this very vital farm organization, representing more people in production agriculture today than any other farm organization, recognizes the importance of this legislation and, most important, the importance of what it does; that it again moves the farmer toward the marketplace as all of us are concerned happens.

Mr. President, I ask unanimous consent that a letter from Bill Northey, the president of the National Corn Growers Association, be printed in the RECORD along with a letter from Robert Petersen, coalition coordinator for the Coalition for a Competitive Food and Agricultural System.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

NATIONAL CORN GROWERS ASSOCIATION,
Washington, DC, January 30, 1996.

Hon. LARRY E. CRAIG,
U.S. Senate,
Washington, DC.

DEAR SENATOR CRAIG: The National Corn Growers Association (NCGA) urges you to vote for cloture on S. 1541, the Agricultural Market Transition Act. It is important that farm legislation receive the consideration it deserves, and, that a logical, responsible conclusion follow. With planting fast approaching, the nation's farmers must know what to expect from federal farm policy. Timing is critical.

S. 1541 is the clear choice for the nation's farmers. Throughout the entire farm bill debate, the NCGA supported key provisions

contained in this legislation. Farmers have long suggested a simpler farm policy. The Agricultural Market Transition Act allows farmers to make the production decisions that will offer the best opportunity for profitability. Guaranteed, fixed payments provide certainty and aid in long-range planning. Finally, farmers can and will make the transition to greater market reliance and less dependence on federal programs.

Some opponents of this legislation favor a simple extension of current law. A continuation of farm policy passed six years ago will discourage corn producers from participating in the farm program that will in turn jeopardize conservation compliance. Real reform is necessary to maintain agriculture as one of the strongest sectors of the nation's economy.

The NCGA strongly urges you to vote to invoke cloture later this week. Further, your support of the Agricultural Market Transition Act is needed to ensure that agriculture continues to thrive into the next century. Thank you for your attention to our concerns.

Sincerely,

BILL NORTHEY,
President.

COALITION FOR A COMPETITIVE
FOOD AGRICULTURAL SYSTEM,
Washington, DC, January 30, 1996.

Hon. LARRY E. CRAIG,
U.S. Senate,
Washington, DC.

DEAR SENATOR CRAIG: As the Senate prepares to take up the farm bill, the Coalition for a Competitive Food and Agricultural System urges you to support S. 1541, the Agricultural Market Transition Act, as introduced, to reform U.S. agricultural policies.

U.S. agriculture needs to have a new farm program in place quickly. Major provisions of the 1990 farm bill expired on December 31, 1995. As a result, the only farm program authorities now available to the Secretary of Agriculture for many crops are the 1938 and 1949 Agricultural Adjustment Acts. There is broad agreement that those authorities are no longer workable. And, resuscitating the 1990 farm bill provisions is not acceptable to most of U.S. agriculture.

The Coalition, on behalf of its 127 member companies and associations, believes S. 1541, as introduced, represents the best policy alternative for agriculture. The bill would: (1) reform and modernize farm programs; (2) provide a more certain income safety net for farmers through direct payments; (3) eliminate annual acreage reduction programs; and (4) provide broad planting flexibility for farmers. These proposals enjoy broad and growing support in the agricultural community.

Enclosed is a list of key points. Also enclosed is a Coalition Backgrounder.

Respectfully,

ROBERT R. PETERSEN,
Coalition Coordinator.

Mr. CRAIG. Mr. President, S. 1541 brings savings to the program. All of us want to accomplish that. It was the farmer that stood forth as soon as anyone else to say that a balanced budget is critical to our country and that a balanced budget is critical to the vitality of American agriculture; that American agriculture stands a lot better chance of surviving in an economy that is vibrant, in an economy where the consumers have access to and opportunity to purchase, with greater purchasing power that we believe the balanced budget would ultimately bring.

Export subsidies would be curtailed, and of course peanut and sugar programs have gone through major reform. While those programs still have their critics here on the floor of the Senate, all of us can stand forward—those of us who work to produce these reforms—and demonstrate that clearly all of the commodity interests of our country have been sensitive to the kind of reform that moves us to the marketplace.

I do not think the argument today that the consumer is paying the bill fits anymore. What does fit is the sensitivity to a fair playing field, especially in those industries that have to compete and must compete in worldwide economies.

I do not think anyone in this country wants to see the destruction of a vibrant industry, or opening the borders in a way that allows dumping from Third World countries, as we have seen in the past, especially if the production in the Third World country is well below the marketplace and if it is subsidized by the sponsoring governments. That is what we can avoid, and that is what we have avoided here while complying with GATT, while in recognition of NAFTA. Markets must be balanced and they must be fair.

I have never yet heard of a farmer or rancher in my State who would not say, ''Give me a level playing field and I will compete with the best in the world because I am the best in the world but I cannot compete against open subsidies or in a situation that allows those subsidized crops to be dumped in my domestic market.'' That is, of course, what we try to accomplish here in the type of balance and the kind of reform that we have brought to these programs.

Conservation programs remain a critical part of any good farm bill. American agriculture has led the way in water quality, in saving our soil, and recognizing the vital interests of that industry by a sound environment and responding to that environment. Conservation programs will be a critical part of the bill. While we will continue to work this summer to finalize greater portions of the conservation title that meet the kind of critical environmental needs that is important out there in farmland America, what we are doing here is a major step in the right direction. I think it offers the opportunity to forestall any intrusive kind of regulation that could occur because it demonstrates that American agriculture was not only responsive to its own needs but sensitive to the criticisms of others where they were appropriately placed.

Mr. President, S. 1541 is identical to the original balanced budget amendment with two exceptions: First, there is an increase in the size of dairy operations that could qualify for livestock environmental assistance; and another portion that is critical to my State and critical to a good many others, as we create flexibility in program crop areas that allow farmers to move toward the market, we do not want that farmer who is currently receiving Government support to be openly competing against a farmer who does not or has never received that. In simple terms, Mr. President, that simply would not be fair. Everybody in agriculture understands that.

As a result of that, in the area of fruits and vegetables, they would qualify for current law, meaning that farmers who farm to the program and are in it with the flexibility and get the benefit of the 7-year payment program would not be allowed to use their flex acres in those productions.

My State of Idaho raises potatoes. It is critical to the State and, I like to think, important to the Nation. But it is a very sensitive matter as it relates to availability and supply. A rush to plant potatoes in a relatively strong market could ultimately destroy that market or cause tremendous dislocation by some projection of unusual increases in planting. We are recognizing the need for transition. Potato farmers are not saying they should not compete, but why should they or any fruit or vegetable farmer compete against somebody who is receiving direct Government program benefits, as they would through the transition period? The answer, we think, and the fair answer is, they should not. That is why those areas have been left as current law provides.

Mr. President, that is a brief summary of what we are attempting to accomplish in S. 1541. I certainly hope other colleagues would come to the floor to debate this issue today. We think it is important that we resolve it through this month, hopefully by early next month, or no later than the 1st of March we could go to conference between the House and the Senate, work out our differences, and in late winter or early spring let American agriculture know what farm policy is going to look like for the next good number of years. That keeps us in cycle with the normal planting cycles of our country and something we need to be responsive to.

I understand there will be other legislation proposed later on in the afternoon. Senator LEAHY is working on a proposed offering that will take a serious look at because all of us recognize that farm legislation, when it is good legislation, has always demonstrated the bipartisan approach that every good farm bill has ever been crafted on. Certainly this side wants to work with the other side in dealing with that issue, in solving the problems that we currently have.

More important than that, though, is the timely message. I hope today and tomorrow we can debate this issue and vote on these issues. Clearly, that will send a signal—the House having brought a bill out of their committee yesterday, and hoping to be able to move on that within the next few weeks—that comes a long way toward

resolving the problems we want to resolve.

With the flexibility and, I think, the simplicity, the certainty we are offering, the opportunity for transition in the markets and hopefully the profitability that I think can be produced by this type of program with farmers, we not only offer them up a good piece of work that I think we in the Senate can be proud of, but we say to American agriculture: We will partner with you, but we expect you to farm to the market and to be sensitive to market trends and to farm to the world consuming public. We will help you get there in the best ways Government can facilitate, and that is really all that any industry in this country should be able to ask for. It is a partnership that has long existed, and it is one that I think brings a kind of ability to American agriculture that they expect.

Mr. President, I have no further comments at this time. We have the legislation now before us, and with recognition that no one is here on the floor, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DORGAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DORGAN. Mr. President, my colleague from Idaho, Senator CRAIG, was on the floor visiting about the farm bill. I wanted to discuss just briefly where we are and where we are headed on that issue. That is a very important issue to a lot of farm States. Tomorrow we will, I understand, be voting on a series of alternatives dealing with farm legislation.

It is long past the time when Congress should have passed a farm bill. Last year was the year in which Congress was required to enact a 5-year farm program. The Congress did in fact put a 5-year farm program in the reconciliation bill, but, of course, everyone knew that the President was going to veto that bill. The budget reconciliation bill had a whole series of other things in it, and the farm program was actually a very small part of it.

The result of the President's veto of the reconciliation bill was that we are left without a farm program. Farmers are thinking about going into the field in the spring—some down South will be going into their fields in a matter of weeks—and there is no farm program. In North Dakota, they are not preparing to go into the field today, I guarantee you. It is a little too cold out there. But they are talking to their bankers and their farm equipment dealers. They are getting ready for the spring's work, and there is no farm program. They want to know what will the farm program be.

It is a waste of time to be pointing fingers about who is at fault as to why we are so late and what has happened. What is most important, at this point, is for us to try to understand how can we construct a farm program that works for the benefit of family farmers and how can we do it soon.

My hope is that by the end of the day tomorrow we will have passed from the Senate a proposal that we can put into conference with the House. Then we could in the next week get a conference committee and have a farm program passed and signed into law. We owe that to family farmers in this country.

My understanding is that Senator DOLE, the majority leader, will offer the freedom to farm bill. That bill has some provisions that I support. It does some things I cannot support. I have proposed an alternative that we will likely offer tomorrow called the Farm Security Act.

I think common to both proposals would be the notion that the Government ought not to be telling the farmers how to plant, nor telling them when to plant, nor telling them where to plant. That is the straitjacket that we have in the current farm law. That, in my judgment, ought to be changed. We do not need the Government hip deep in planting decisions. Let farmers determine what they plant on base acres. The freedom to farm bill would do that. The Farm Security Act would do that. It seems to me that is a common objective that we could agree on.

Most of us believe that we ought to forgive advance deficiency payments for farmers who suffered a crop loss last year. These farmers are now threatened with having to repay those amounts. If they did not have a crop, there is no money with which to pay. We should forgive that. The freedom to farm proposal would provide some relief for farmers on that score. So would the Farm Security Act.

There are sufficient common elements, it seems to me, so that we should be able to reach agreement at the end of the day tomorrow on something that we could put into conference.

The one major difference I would have with the freedom to farm bill is that it presupposes, with some up front attractive transitional payments, that we would then get rid of the farm program. In exchange for giving transitional payments to farmers now, it would repeal permanent farm law, the 1949 act. The purpose of all that is to provide some payment up front. You take the payment in exchange for getting out of the business of providing any kind of price supports at all in the future.

I understand the short-term attractiveness of that. Yet, we know farm prices are going to go down. Grain prices go up, and they go down. The problem is they never go up on the upside grid aggressively. Every time grain prices start to go up—and they are up some now—what happens is the grain trade starts floating rumors about embargoes, or somebody else starts doing something saying this is going to hurt consumers. They try to dampen prices. The farmers then never get the uplifting side of higher prices for any length of time. They should, but they do not because the larger economic interests are always in there trying to mess with grain prices. And they do it in a way that tends to collapse prices that family farmers need to make a living.

Grain prices are up some points now. They are stronger, and they are higher. But they will go down, and they will collapse. because we have these cycles of ups and downs of grain prices. When these prices collapse, family farmers will not make it unless there is a safety net with some kind of loan rate or deficiency payment.

Unless there is some safety net, these family farmers will get washed away, and they will be bankrupt. They do not have big enough financial strength to sustain a number of years of low prices, and these family farmers will be washed away.

The freedom to farm bill would take away the safety net. It would give you some attractive payments up front. But, there will no longer be a farm program down the road. I can understand why that is attractive to some. However, it seems to me this is not a good trade. We ought to have a farm program in the long term. We ought to provide a basic safety net for family-size farmers.

Tomorrow some of us will offer a Farm Security Act which provides some attractiveness on the front end as well. We would provide that we would not only forgive the advanced deficiency payments of last year for those who suffered a crop loss, but also that we would provide what would normally be a 50-percent advance deficiency payment this spring. This would not have to be repaid. This would be done in order to help family farms recapitalize their farms. Its a repayment of sorts for some difficult situations, acknowledging that Congress did not do its job and did not provide a farm bill when it should have done it last year.

I do not mind providing some up-front attractive features. I am just as happy to do that in the Farm Security Act as they might be in the Freedom to Farm bill. But I will not do it under the condition that it is in exchange for pulling the rug out from under farmers later. I am not willing to say to farmers that when prices collapse you will not have a safety net. That is not a good trade.

I think we have to decide in the Senate and in the Congress whether we care a rip whether there are family farmers in this country? Do we care at all? Some people may say it does not matter. Some say let corporations farm from California to Maine. And they will.

Food prices will be higher when the large corporate interests capture most of the enterprises in family farming and they become part of large agrifactories. We will certainly have

much higher food prices. But it will mean more than that, more than food price economics.

Go to a small town. I come from a small town of 300 people. Go to a small town and look around that town. We need to understand what is it that feeds the economic life of that small community. All across this country the blood vessels of our small towns are those yard lights out on the family farms. If you turn off those yard lights and turn those family farms into corporate agrifactories, all of those small towns die quickly.

The question before us is both social and economic. Is there an interest in maintaining a network of family farms in this country's future? I think the answer is yes. If the answer is yes, then we ought to put together something with price supports that make sense for family farmers.

When prices drop and stay down, we ought to put something together to put some payment in place which we will provide in the same basic level of a safety net in the long term.

If we fail to provide some long-term safety net it means that we do not care whether our young farmers get started. It means we do not care whether there is renewal on family farms, and we do not care whether there are family farms and small towns in the future.

I hope we can find a way by tomorrow evening to reach agreement on a bipartisan basis to pass a farm bill out of this Senate and put it into conference. We need a farm bill that provides some attractive features on the front end and one that provides much greater flexibility of planting for farmers, forgiveness of advance deficiency payments, and certainly the retention in the long term of a network of price supports for family farms.

If we can do that, we will have done something significant. There is no reason, if we work together, that we cannot have finished a farm bill by the end of next week, one which the President could sign and one which will provide family farmers some certainty about their future.

MERCHANDISE TRADE DEFICIT

Mr. DORGAN. Mr. President, none of my colleagues is here. We are not in business with votes today. We are in business today for the purpose of introduction of legislation, and we will have votes tomorrow. I would like to turn to one additional topic.

I am going to bring to the floor of the Senate some information about our merchandise trade deficit in the next couple of days. It is interesting to me that we have an enormous amount of debate in this country about the budget deficit. It is appropriate because our budget deficit is a serious problem for this country. We are spending money which we do not have. We are borrowing it. When we do that, we run into trouble if we keep doing it. We need to have a budget that is in balance. We need to do it the right way with the right priorities. No one disputes that.

Yet, the interesting thing is that there is a conspiracy of silence it seems to me. Its almost a complete conspiracy of silence about another deficit that is even larger than the budget deficit in this country. That is this country's trade deficit. Our merchandise trade deficit in America last year was higher than the Federal budget deficit. I will bet hardly anybody knows that.

We had over a $60 billion trade deficit with Japan, over a $30 billion deficit with China, and nearly a $40 billion deficit with Canada and Mexico combined.

What does all of that mean? It means fewer American jobs, lower American wages, less American growth, and less opportunity for the people who live in this country.

I am not suggesting we ought to construct a trade strategy that says, ''Let us put walls around our country and keep out the exports from other countries in order to reduce our trade deficit.'' That is not the point I am making.

The point I am making is that China says to us, ''We are going to ship you all of our goods, all of our trinkets. We will ship you all of our manufactured products, all of our textiles. And, we are going to do it in sufficient quantities so that we will run up a $30 billion trade surplus with you.'' That is real trouble because what that means is we have transferred jobs that used to be good-paying manufacturing jobs in the United States to China. They are now lower paid manufacturing jobs in China. It is also true with Mexico. It is true with Japan.

Did you know that every single day there are two to three permits approved down on the Mexican-United States border from the maquiladora plants, the plants by which companies transfer their production from America to just outside of our country. They move just across that invisible line, the international border, so that they do not have to comply with the pollution laws of America, so they can pay lower wages for someone living outside of our country, and then manufacture goods there and ship them back to us here?

Do you know Hershey kisses used to be American? Not any longer. They are now made in Mexico. Hanes underwear closed six plants in America. Guess where most of that underwear is going to come from in the future?

Moving jobs from America to other countries means less opportunity here. It means slower economic growth. It means trouble for American workers and for American young people who want to go to school to learn and to get a good job. Nobody seems to care much about it. Trade deficits, that does not matter. Nobody talks about that.

NAFTA is a good example of what I am concerned about. When NAFTA was proposed to the U.S. Congress, there was one major study called the Hufbauer-Schott study. One of the fellows was Gary Hufbauer, an economist. He predicted an enormous number of new jobs in America if we would pass NAFTA, the trade agreement with Mexico and Canada.

Well, I did not support NAFTA for a lot of reasons. I felt that we would have a wholesale loss of American jobs. The year before the United States-Mexican trade agreement was approved by the Congress, we had a $2 billion trade surplus with Mexico. Two years later, we now have in this last year nearly an $18 billion trade deficit with Mexico. We went from a $2 billion surplus to an $18 billion deficit.

Mr. Hufbauer in that study had predicted I think 130,000 new American jobs if we would pass NAFTA. He now says maybe he ought to be in a different business. He says, ''I am not much of an estimator.'' He now says he thinks we lost 220,000 American jobs as a result of NAFTA.

That is just one example of a trade circumstance that has gone awry. I suppose in theory it does not matter much. I have never found a journalist who has lost a job because of imports or exports. So, you are not going to read a lot in the Washington Post about our merchandise trade deficit.

In fact, when we debated NAFTA in the Congress, I counted the column inches devoted, pro and con, to the trade agreement in the Washington Post, New York Times, Wall Street Journal, and Los Angeles Times, four major papers. Do you know what these citadels of free speech and free expression gave? It was a 6 to 1 ratio, 6 column inches for NAFTA on their editorial and op-ed pages, and 1 column inch against. They gave a 6-to-1 advantage for those who were proposing this trade agreement versus those who were opposed to it. That is what we faced in dealing with this topic.

What I wish to do is to call this deficit to the attention of the Congress and the American people. We need to understand the trade deficit, especially the merchandise trade deficit.

You do not in this country move America ahead by measuring our progress by what we consume. You measure it by what we produce. Economic progress is what we produce. And yet every single month you will hear on the news the economy is rolling along because we consumed more of this or we bought more cars or bought more of that, or that retail sales were up.

That is not a barometer of economic progress. The barometer of progress is what has happened to production in this country. Are we producing more or less? And the second barometer, equally as important as it relates to production, is what has happened to wages.

It has hurt over 60 percent of American families. When they sit down for dinner tonight at their dinner table—actually, in my hometown they sit down for supper; we still call it supper, but out East they call it dinner. But, when they sit down at the dinner table

and they talk about their situation, 60 percent of American workers, are making less money now than they did 20 years ago when you adjust their income for inflation. They are making less money now than 20 years ago. They have made no progress in 20 years. In fact, they have lost ground.

Now, why would people lose ground in 20 years with respect to their personal income? Because we have constructed a trade circumstance where we say to them, you American workers, especially you lower skilled American workers, we are going to ask you to compete with 2 or 3 billion other people and those people are willing to work for 12 cents an hour, 40 cents an hour or a dollar an hour. And they work for people who put up factories where they do not have to worry about pollution. They can pump the waste in the water. They can pump the pollution straight up in the air.

So, the result is we get somebody working an hour and a quarter of direct labor to make a pair of tennis shoes in Malaysia, making 14 cents an hour. Thus there is roughly 20 cents or slightly less in direct labor costs in a pair of tennis shoes from a plant in Malaysia. The labor comes from a woman, often under age, who works 12 hours a day at 14 cents an hour. Then that tennis shoe made there is shipped to Pittsburgh or Fargo or Denver and sold for $80 a pair. It comes with a 20-cent direct labor cost from a foreign country. It is under these kind of circumstances that we have told American workers: ''You compete with someone making 14 cents an hour.''

We cannot do that. You cannot compete with that. You lose. What do you lose? You lose the jobs. You lose the plants and the jobs, and you lose economic opportunity and economic vitality in our country.

As perverse as it may sound, we not only have this problem in merchandise trade deficits, but we also have a provision in our tax law that says we are going to make it easier for companies to do that. Our tax laws say, ''We will provide a tax incentive in America's tax code if you will please shut the doors to your plant in America and move your jobs overseas.''

We have a tax incentive that says, ''Shut your plant down here and move your jobs overseas. We will give you a tax cut.''

Interestingly enough, in the bill that went to the President for a veto during this budget battle there was another provision that made it even a sweeter deal to close a plant here and move jobs overseas.

When that bill was in this Chamber, I offered an amendment which would shut down this perverse incentive that says, ''If you move your jobs overseas, we will give you a tax break.'' I said. ''Let us shut that down.''

If we can agree on anything, it ought to be on this. We ought not give a tax break for moving jobs out of America.''

Do you know the vote was a partisan vote, essentially a partisan vote? Everybody on one side voted for my amendment, everybody on the other side voted against it, and we lost. It makes no sense at all. We need to come together and decide as a matter of economic strategy what we want for this country.

Part of it is a more sensible tax law. Part of it is a more sensible trade strategy that provides fairness and opportunity for American workers and provides for the resurgence of an American manufacturing sector. We need to do that soon.

The reason I mention it today is it in some respects fits with what we are talking about with respect to agriculture. I do not want to build walls. I wish to build bridges. As a fellow who represents a State that needs to find a foreign home for a fair amount of grain, I understand the need for international trade. I want to expand trade, not restrict it.

I wish to make darned sure that the circumstances of trade are represented by fair rules. I do not mind that Americans should have to compete. They must compete and must win in competition, but the competition must be fair. We should not say to an American worker and his family, ''You compete against someone overseas making 14 cents an hour employed by someone who does not have to follow any laws with respect to pollution.'' I say that is not fair. We need to dig into this and be concerned about it and respond to it. It relates to the issue that I described about where we are going with respect to wages and opportunity and where we are going with respect to jobs in this country's future.

Mr. President, I will be in the Chamber tomorrow to offer some amendments and discuss in some detail the alternatives that we will be discussing when we talk about the farm program. There will be some differences, and as I said the major difference between us is that many of us feel we should not withdraw a long-term safety net from family farmers. Notwithstanding those differences, I hope there will be significant agreement as well because I want by the end of the day tomorrow to have this Senate pass out into a conference committee some kind of basic farm legislation. This Senate owes that to American farmers.

Mr. President, I yield the floor, and I make a point of order that a quorum is not present.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. PRESSLER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. SMITH). Without objection, it is so ordered. The Senator from South Dakota.

Mr. PRESSLER. I thank the Chair.

AGRICULTURAL MARKET TRANSITION ACT OF 1996

The Senate continued with the consideration of the bill.

Mr. PRESSLER. Mr. President, I hope that we can enact farm legislation quickly. I just met with a group of farmers in my State. They expressed to me the need to work with their bankers to make their spring plans for planting. They expressed to me the need to have a farm bill passed for purposes of their planning, so that they could have certainty of their investment.

There has been much debate in this Chamber over the years on farm policy. I know that there are currently several approaches that are floating around the Chamber. One is, more or less, some modification of the Freedom to Farm Act, as suggested by Congressman ROBERTS and others, there is another plan to have a new farm bill and another to continue the present farm bill for a year.

I suspect that in this Senate with the need for cloture, it will be hard to get a cleancut decision on any one of those bills. I suspect that we will have to have a compromise of one of those approaches.

Let me say that in talking to the farmers from my State—these particular farmers were grain farmers, corn and wheat farmers—they thought the Freedom to Farm Act would be most advantageous to them from what they had heard and from what they knew about it. They felt strongly that they might even like to try some new crops, crops that they do not presently grow now, or do some experimenting with new crops. Under the traditional farm programs where we have commodity programs for this crop and that crop, as defined in legislation, producers are locked in to growing corn or wheat or whatever. They expressed to me support for planting flexibility under the concept of freedom to farm.

I am concerned about having a cap on who receives benefits. If we had freedom to farm, a cap on the income levels of farmers who might receive benefits or possibly the size of farm or something other test might be needed. There also has been a debate over the budgetary numbers, and we always have different budgetary numbers. Congressman ROBERTS argues that his plan would actually save the taxpayers money and lead us into the time when commodity prices might be much higher.

The advantage to extending the current farm bill would be that we are in the midst of a planting season, that this is a program that our people have become accustomed to and that they can farm and prosper, to some extent.

Underlying all of this is the fact that commodity prices have gone above what the target price trigger is; that is wheat and corn prices are above the level that they receive a subsidy. So farmers are paying back the so-called deficiency payments, and this has caused some hardship because people have used those deficiency payments in their operations. But there is provision for the Secretary of Agriculture to

make adjustments where there is hardship.

Mr. President, I know that tomorrow we will have a cloture vote—we may have more than one cloture vote—and then we will have some amendments. It might well be that we have an experimental 2-year freedom to farm with some continuation of the deficiency payments program. But above all, we should act, because on too many issues, for one reason or another, Washington has not produced either a budget or a farm bill or, indeed, a telecommunications bill, which I hope we will produce soon also.

We have the people's work to do, and I hope we are here and doing it. But I urge that this Chamber come to a conclusion on the farm bill tomorrow or, hopefully, within a week. I will be here to assist in that process, as will my colleagues.

Mr. President, I yield the floor.

Mr. FORD addressed the Chair.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. FORD. Mr. President, the farm bill has become a focal point now for legislation in Washington and not too soon. I think it is the first time in 40 or 50 years we have failed to enact a farm bill in the year that the farm program expired. So we are a year late, and this is what my distinguished friend from South Dakota is saying.

I worry about the Freedom to Farm Act because that is a check that goes to the farmer, and, basically, some farmers are referring to it as welfare. You can lock your door, go to Florida, and still get your check and not raise any grain, not raise any crop. Therefore, your local fertilizer dealer, local equipment dealer, local feed and seed people no longer will be selling. So, therefore, it worries a lot of folks that the so-called payment, regardless of whether you have a high price or a low price, will be received.

That does not seem quite fair to me, where under the present program you stabilize the market. If you go under, the prices are lower than the set price, then you get some help. If it goes above that, then you make a profit and you do not need the money. So somehow or another, it has stabilized, in my mind, the market.

What is so frustrating now to the farmers is it appears that it is this or nothing. In the beginning, the Freedom to Farm Act was opposed by the American Farm Bureau late last November. We have copies of the letter where they oppose the freedom to farm act.

Now, as we fail to enact a farm bill and we get closer to the time where southern States are beginning to plant, or within the next few weeks, they are very concerned. The farmers in my State who are preparing for the spring are very concerned about their financial situation.

I think we have to be very careful that we do not allow the last-minute gasp here to remove the safety net for the farmers in the future, because under the Freedom to Farm Act, the farm program in 7 years is gone, or sooner than that when the general public finds that if you do not farm, you get a check every year, and it could be up to as high as $120,000 a year. The general public is not going to like that.

You can cut all the deals you want to for milk and nutrition and all those sort of things and pass the Freedom to Farm Act, or at least send it to conference. I think that it is incumbent upon all of us to be sure that the future of farming stays around.

In my State, the average farm is 157 acres. So farming is a very narrow operation as to the products, as to the income and for stability in our farm program.

Mr. President, I have real concerns. The Senator from South Dakota talks about flexibility. You have a quota, you have an allotment, whatever it might be, as to acres. We propose that you have flexibility, that you do not lose—say you have 100 acres and you want to take 30 acres to try something else. If something else does not work, then you can revert back to your 100 acres. So it gives flexibility.

You can give to farmers a good, well-thought-out, debated farm bill to give them a future and a safety net that I think will be more in keeping with our, or at least, what my idea is of a farm bill for agriculture's future.

So, Mr. President, I hope that when tomorrow comes and we try to push a farm bill through quickly—and maybe a telecommunications bill, whatever it might be here—that we do not rush through without giving as much thought to the future of farming in this great country as we should.

I think you will find some offers tomorrow, ways that can be, I feel, a good future for agriculture, rather than saying, ''Here is a check every year for the next 7 years, and at the end of that time, you are out on your own.''

My small farmer will not be able to accommodate that. I think we ought to pass a farm bill that gives hope to the farmer and encouragement to young farmers to stay on the farm and not move so quickly on the basis of being under the gun.

We have delayed in this Congress, more than any time during my 21 years, right up to the hilt. It is the first time I have not been able to see a farm bill until this late—yesterday afternoon—which we are going to be called upon to vote on tomorrow. Just highlights of the farm bill were in the RECORD, but I would like an opportunity to read the fine print. I was brought up that ''the devil is in the fine print.'' I want to read the fine print and see what this bill and piece of legislation says.

Mr. President, I hope that eventually we have a farm bill that we all can be proud of, which the farming community can rally around, and that we do not leave any particular field—if that is a good word for farming—out hanging by itself, not protected and cared for as we would like it to be for the future.

So I am very concerned about the farm bill. I am concerned that we will just get rid of it or push it so we can go out and have Presidential politics in the next few weeks. I think that happens to be very important to several of our colleagues. But I do not believe that the farm States are interested in us doing something hastily, which would not bring them a future as it relates to the community.

Farm products and prices are good. So, as I understand it, we have saved about $5 billion that was set aside for the farmers if the prices were projected, as CBO said they were going to be, downward. Instead of that, CBO was wrong on this one. The prices have gone up. There is about $5 billion not expended that was based on the projection of CBO about this time last year.

So it just proves that CBO is not right all the time and that we have the ability to make the farm bill substantial and stabilize the market through some of the procedures we have held onto in the past. Secondly, we can give flexibility to the farmer to try new products, without losing their total allotment or set-aside.

So, Mr. President, I urge my colleagues to be very careful in their deliberation of the farm bill tomorrow. If it takes another day, so be it. We have waited now a year. We are about a year late in passing the farm bill. Usually, we have a 5-year farm bill. At least, in 1985 and 1990 we did. Most of the farmers were able to operate under that because we gave them some long-term stability.

My colleague from South Dakota indicated there might be just an extension with a few changes in the present farm bill in order to give us more time to be sure that our farm bill for the future is correct. That may be something we want to give serious consideration to—a year or two extension of the present farm bill, with some modification as it relates to the deficiency payments.

I understand the dilemma. You have a deficiency payment, you are not entitled to it, and you are supposed to pay it back. Now the farmers have used it and do not want to pay it back or cannot pay it back. I understand that. But there was an understanding in the beginning.

So my point here—and it may not be very cogent—is that I hope my colleagues will be very careful before they rush pell-mell into trying to get a farm bill out of here tomorrow so we can go home tomorrow night. We ought to stay here and develop a good farm bill that would be in the interest of the future of the farmers.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KYL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KYL. I ask unanimous consent that I be able to speak for up to 20 minutes as in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

BALANCING THE BUDGET

Mr. KYL. Mr. President, the reason I wanted to address the Senate at this time is that having spent a few days in Arizona recently visiting with constituents, I think that I have learned something that is important for us to share as we continue this debate about the budget impasse and whether we are going to be able to reach an agreement on a balanced budget.

What I have heard from my constituents is, they are as concerned about the other side of the equation, namely, the income side of the equation, as they are about the balancing of the budget by the saving money side of the equation. Specifically, in the context of the new report issued a couple of weeks ago by the so-called Kemp Commission, they are suggesting that we should turn more of our attention to how we raise our revenue as much as we do to how we save our revenue. The report, entitled ''Unleashing America's Potential,'' is the official name of the National Commission on Economic Growth and Tax Reform Report, the so-called Kemp Commission Report that was issued about 2 weeks ago of this past month.

Jack Kemp, who is the chairman of that commission, traveled to Phoenix and gave a couple presentations to constituents of mine talking about this, and combined with other meetings I have attended, as I have said, the conclusion I have come to is that while my constituents are very interested in balancing the budget—and they have encouraged me to stay the course and continue to try to press the President to reach a meaningful balanced budget over 7 years—they have also concluded, as I have, that that may not be practicable right now, the President just may not be ready to make a budget deal, that the incentives are not there for him to reach an agreement.

If that is so, what they are saying is, look at the other side of the equation, because there is another debate that is starting in this country about how to raise tax revenues, and that debate could have as much to do not only with how we balance the budget but also how we promote economic growth in this country.

Today, very briefly, I want to talk about those two subjects. When a family sits down at the table and figures up how they can do better economically to send their child to college or to buy the new car they have to buy because the old one is pretty much on its last legs, or any other way try to figure how they will do better economically, they generally look at both sides of the equation.

They say, ''Well, first of all, are we spending too much money? Can we save money? Are we going out to dinner too much? Are we going out to the movies too much? We can save some money. We can pinch some pennies.'' And they figure out how much they can save.

That is what we are trying to do with our balanced budget. We are trying to say the Government can save a lot of money. Republicans are talking about saving hundreds of billions of dollars over a 7-year period, thus being able to balance our budget. The President would like to spend about $400 to $500 billion more than we would. That is why we have not been able to reach agreement with him on a balanced budget. Clearly, we ought to be looking at the side of the equation that tells us whether we are spending too much money.

But the other side of the equation is how can we cause the economy to grow so that not only will families be better off, so that they will not have to rely upon the Government so much, but that they will actually be producing more in terms of productivity and therefore more revenue to the Federal Government with existing tax policy? We can actually talk just like a family talks about getting a raise or doing something in business so they can make more money, which is the other half of their fiscal health, I guess you can call it.

The Federal Government can be doing the same thing. There are two ways to do that. There is a wrong way and a right way. The wrong way says let us raise tax rates. That will bring in more money to the Federal Treasury. We know the last tax increase, the biggest in this country's history, promoted by the President, did not raise income nearly as much as the administration projected because, of course, people changed their behavior. The most graphic example of that was the 1990 tax increase which included a much higher tax on luxury items, such as expensive cars and yachts and furs. And what happened to the people that were building the yachts? They went out of business, because people could not afford to pay the high tax so they stopped buying the yachts, as a result of which not only did the Federal Government not get the revenue but it actually had to pay money in terms of unemployment compensation because a lot of people lost their jobs because the yachts were not being made. Of course those people did not pay income taxes.

So the bottom line was that even though the income tax rate was increased, the revenues did not increase at all. That is what we found in this last tax increase. Revenues to the Treasury have not increased nearly as much as the administration predicted. So we know that raising tax rates does not necessarily mean an increase in income.

We also know that lowering tax rates can sometimes mean an increase in revenues to the Treasury. It is a little bit like the person who puts goods on sale about Christmastime. He does not do that to lose money. The retailer knows you can more than make up in volume what you lose in terms of the price cut. The same thing in taxes. You can reduce taxes and make more revenue for the Treasury because you have promoted commercial activity.

As a matter of fact, in the preamble to this report, ''Unleashing America's Potential,'' former HUD Secretary and Representative, Jack Kemp, quotes John F. Kennedy who gave a speech before the Economic Club of New York in December 1962 and said this:

> In short, it is a paradoxical truth that tax rates are too high today and tax revenues are too low, and the soundest way to raise the revenues in the long run is to cut the rates now. . . . The purpose of cutting taxes now is not to incur a budget deficit, but to achieve the more prosperous, expanding economy which can bring a budget surplus.

That is John F. Kennedy in 1962, who also said ''A rising tide lifts all boats,'' meaning if we can get the economy growing again everyone will benefit, the entrepreneur who has had his tax rates cut as well as the person looking for a job who finds that there are jobs available because there is increased economic activity. It all has to do with injecting more capital into the private sector. John F. Kennedy made the point.

Ronald Reagan made the point 20 years later. When tax rates were reduced in the Reagan administration, tax revenues for the Treasury were increased. That is what we are talking about here in the Kemp economic report, a fairer, simpler, single-rate tax that would promote economic growth and opportunity and job creation because it would provide the incentive for investment and savings rather than the incentive which we have today which is get as many deductions as you can by borrowing, because that is how you can, in effect, work the Tax Code.

Some of our friends on the other side of the aisle say, ''A tax cut for the rich is what you are talking about. Capital gains are enjoyed by rich people, so if you cut the capital gains tax that helps them.''

You know, nothing can be further from the truth. As Jack Kemp has pointed out, a capital gains tax cut benefits the poor more than the rich. The rich people do not have to sell their assets. What they can do is use their assets as collateral to borrow money and take an income tax deduction on the interest costs of borrowing and they still have their capital assets. So the rich people do not have to have a capital gains tax cut. They can use the capital as the equity to borrow money and then write off the interest on their income taxes.

It is the poorer people in our society, who are looking for a job, or a better job, who can benefit by a capital gains

tax cut. Not only do many families have small assets tied up that they would like to sell so they could utilize that money to send a child to school or invest or for whatever purpose—on rates now they are paying 28 percent if they sell that asset—but it is also the entrepreneurs who can free those assets up, take the money and invest it in something more productive, thus creating jobs, thus providing more opportunities for people at all levels of the economic spectrum in our society. So a tax cut can be beneficial, and it can benefit everybody in society, not simply those who are more well off.

We are going to be introducing a constitutional amendment in the next day or two, a resolution which would provide that a two-thirds vote in each House of the Congress would be required to approve a tax rate increase. Representatives BARTON and SHADEGG are introducing a similar initiative on the House side. This is similar to constitutional amendments that have been proposed and sometimes passed in States around the country. As a matter of fact, my own State of Arizona has had such a proposition.

The idea here is that tax increases have almost always been antithetical to growth, both in the private sector and to revenues of the Government. At least they have not been helpful. What the Kemp Commission suggested is that if we are going to have a single-rate, simple-income Tax Code—scrapping all of the existing code and going to a new, simpler, fairer single-rate code—we also need to have a mechanism in there to prevent the Congress from raising the rates after we get it into effect. I do not know whether the rate will be 17 or 19 percent or if it has to be 20 percent. But wherever that rate is set, it ought to stay there and it should not be going up over time. Of course that is the experience with Congress, because there are some, and some Presidents, who thought they could raise revenues by raising tax rates.

I think I have demonstrated that is not true, but it has not stopped them from trying. So we would like to build in a two-thirds requirement to approve any tax rate increase. I think that resolution should be debated and considered, along with the recommendations of the Kemp Commission, as they are introduced as legislation in force over the next several months. So we are going to be introducing that legislation and I will be looking for support to get that moving.

Mr. President, in the time I have remaining let me just note a couple of statistical things of interest, I think. I made the point that the tax cuts of the early 1980's demonstrated that we can increase revenues by cutting rates. The figures are as follows. Revenues increased from $599 billion in fiscal year 1981 to over $990 billion in fiscal year 1989, an increase of about 65 percent. High tax rates, on the other hand, of course we know discourage work, discourage production, savings and investment, so there is ultimately less economic activity to tax. Revenues amounted to about 19 percent of the gross national product when the top marginal income tax rate was in the 90 percent range in the 1950's. They amounted to just about the same 19 percent of GNP when the top marginal rate was in the 28 percent range in the 1980's, and again we are at about 19 percent of GNP in the 1970's, one of the longest postwar economic contractions in our history, and also at about 19 percent during the longest peacetime expansion, the 1980's.

The point is, as a percentage of GNP, the tax revenues have been almost constant at 19 percent. You cannot increase revenues as a percent of GNP by increasing tax rates.

But what you can do is decrease tax rates, increase the size of the GNP, and still be at 19 percent of GNP in terms of Federal revenues. But the total dollar amount, of course, is much higher because you have increased the size of the GNP.

So the question is not just the percentage but a percentage of what? And a percentage of a much more vibrant and larger GNP at 19 percent obviously represents more tax dollars than 19 percent of a contracting and lower gross national product.

So that is why we need to focus not just on the question of how much taxes are raised, or cut, but how they are raised. Of course, that is why we think it is important to have a very firm consensus in the Congress. In this case, we would like to have a two-thirds vote to approve any kind of tax increase. But more importantly, as the Kemp Commission recommends, we would like to have a reduction in tax rates, which we think will then produce a higher GNP and at least the same percent of revenues to the Federal Treasury.

Let me just read one quotation. Then I will conclude this point from the Kemp Commission report.

> The roller coaster ride of tax policy in the past few decades has spent citizens' cynicism about the possibility of real long-term reform while fueling frustration with Washington. The initial optimism inspired by the low tax rate of the 1986 Tax Reform Act soured into disillusionment and anger when taxes subsequently were hiked two times in less than 7 years. The commission concludes that a two-thirds supermajority vote of Congress will earn American's confidence in the longevity, predictability, and stability of any new tax system.

That is why, Mr. President, we think it is important to introduce this constitutional amendment to require two-thirds of Congress to support a tax increase for stability and for predictability so the American people have confidence that, if we go to a single rate, a simpler and fairer tax system, as the Kemp Commission recommends and we set a rate to produce the revenues that we are gathering today to the Federal Treasury, that Congress is not going to come along later and begin increasing that rate, because clearly, once most of the deductions and exemptions are eliminated, then taxpayers will no longer have those areas in which to retreat when rates are raised, which has been historically what has happened. Americans adjust their behavior in order not to pay taxes. They will buy municipal bonds so they do not have to pay taxes, for example.

What we are saying, if we eliminate most of, or many of, those reductions, or exemptions, or credits, we do not want Congress and the President then to come along and raise the rates of income tax. That is why we think it is important to have a two-thirds majority. The Kemp Commission made the recommendations to eliminate the estate tax, to provide full deductibility of payroll taxes so that working Americans are not taxed on a tax. I think that would be a good idea. They encourage us to consider deductibility of charitable contributions and mortgage interest deductions. I think that debate needs to occur because that will affect the rate at which we end up having to set income tax, if we are going to have a single rate. The higher the deduction for mortgage interest, for example, the higher the single rate will have to be. We will have to consider what that tradeoff tells us in terms of actual tax policy.

I am hopeful during this Presidential campaign that, armed with the Kemp Commission report, the candidates will get out there and debate this concept thoroughly, and that the American people will evaluate the different proposals. I am not an advocate of any specific proposal, but I think each of them has some merit. What we ought to be focusing on is the end result here of a simpler, fairer, predictable tax structure. If we can do that, then I am sure the specific decisions we make will fall into line. But the American people need to focus on that during the campaign, need to question the candidates, and need to come to some kind of conclusion as to what they want us to do.

I am hoping that the next election will result in a mandate of sorts that in 1997 will cause us to come together and conclude that the American people have spoken in the election, they have supported candidates who generally believe in a certain approach to income tax reform, and then in 1997 we will begin the legislative process of fundamentally reforming our Tax Code.

What I would like to do beginning this week is to begin the debate on the two-thirds supermajority because it would be the only constitutional amendment that would accompany the Kemp Commission recommendations. It is going to take longer to put into effect. We know by historical reference that constitutional amendments do not pass very quickly around here, and they should not. That is why we want to begin the debate now so that by the time we debate legislative changes in the Tax Code we will have been able to

thoroughly air this constitutional proposal as well as perhaps pass the bill at the same time because clearly we would want to be able to restrict future Congresses' ability to raise taxes.

Mr. President, the bottom line here is, yes, we need to focus on balancing the budget, on pinching pennies, and on saving in every way we can so we are not spending taxpayer dollars unwisely. That has been our focus all this year. We came close to getting a balanced budget agreement, but we did not quite do it. It would still be nice, if we could. Since we have not been able to, I think we have to focus equally on the other side. How do we get the economy growing again, moving forward, providing opportunity for growth, for job creation, for entrepreneurship, and for capital infusion for the economy. And the best way to do that is to follow the recommendations of the Kemp Commission—to give everybody a better opportunity by having a simpler, fairer, single-rate Tax Code.

I look forward to this debate in the ensuing weeks and months. I hope many of my colleagues will join me in sponsorship of the constitutional amendment to require a two-thirds vote to approve any income tax rate increases.

Mr. INHOFE addressed the Chair.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. INHOFE. I ask unanimous consent to be recognized to speak as if in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE TAX CODE

Mr. INHOFE. Mr. President, first of all, let me stand up and be the first one to officially accept the challenge made by the distinguished Senator from Arizona. He is absolutely correct in his analysis as to what is happening in the country right now. It is refreshing to listen to someone who can look at historical data and come to a decision that is really incontrovertible.

The Senator from Arizona quoted the Kemp report as to what can happen in order to stimulate the economy and actually result in increasing revenues by reducing marginal tax rates. If we think back and look at what happened in 1980, the total revenues derived from our marginal tax rates was $244 billion. In 1990, it was $466 billion. And during that 10-year period, we had a greater reduction in marginal rates, including capital gains. Obviously, what happened is exactly what the Senator is suggesting would happen in the future if we would we do this now.

I have heard so many times on this floor people say look what happened in the 1980's when we had a President who was reducing tax rates and the deficit went up. The deficit went up not because revenues were not coming in. Clearly they were coming in at a much more rapid rate as a result of giving the free enterprise system a chance to breathe by reducing marginal rates.

THE MISSILE THREAT

Mr. INHOFE. I wanted to take just a moment, Mr. President, to mention something else that will be very dear to the heart of our previous speaker, Senator JOHN KYL, from Arizona. I am sure, since he was quoted in the article that I am about to quote, that he shares my concern over an article that appeared in the Washington Times yesterday entitled ''Missile Threat Report Politicized, GOP Says.''

I will just read the first paragraph of this article. It says:

> A new intelligence estimate by the Clinton administration which foresees no ballistic missile threat to the United States for at least 15 years enraged GOP lawmakers who want to deploy a defense against a limited missile attack.

This is factual. I am one of those who was enraged because there is a lot of redundancy here. We have stood on this floor. We have tried through talk radio, through every other means possible, to convince the American people that we really do have a very serious threat out there. This estimate was made by the national intelligence estimate which only a year ago stated, as was pointed out by Senator KYL, that there is a risk out there. And it specifically talked about North Korea and the Taepo Dong II missile that would have the capability—this was a year ago—of reaching Hawaii and Alaska by the year 2000 and the Continental United States by the year 2002.

We just had a defense authorization bill that was vetoed by President Clinton. In his veto message he said we did not want to spend that money on a missile defense system to defend Americans against a missile attack. This is something that came not too long after the statement made by James Woolsey, who was the CIA Director appointed by President Clinton, that between 20 and 25 nations either have, or are developing, weapons of mass destruction, either chemical, biological or nuclear, and the missile means to deliver them. We also know that there are countries, as he pointed out, that now have this technology, and what they have they will sell.

This article goes on to report that the new national intelligence estimate indicates that it is very unlikely that any of the countries with this missile technology would sell it. I find that very difficult to believe when you look at such countries as China and North Korea. Then you look at countries in the Middle East that have an abundance of wealth due to their oil holdings—Iraq, Iran, Libya, Syria, any number of countries—and you begin to realize that they could be willing buyers, not to mention in potential nations which could be inclined to fire a missile at the United States.

I have to say this. I hesitate to stand on the floor of the Senate and make this statement, but I tend to think that this national intelligence estimate was dramatically influenced by the White House.

It was just a week ago that we heard the State of the Union Message when the President of the United States made a statement that seemingly went unnoticed when he said that we are changing the role of our military from defense to peacemaking. Earlier, in vetoing the defense authorization bill, he talked about the fact that there is a linkage between the START II arms limitation agreement that was supported and ratified by this body a couple of days ago and the 1972 ABM Treaty.

Well, I have questioned that linkage, but since the President believes it is there, I have to go back and talk about it and see how that relates to this article that came out just yesterday. The ABM Treaty was put together, it was a philosophy that was articulated for national defense to defend our strategic interests by the Nixon administration, by Dr. Henry Kissinger.

Back at that time, they formulated a plan that was called MAD, mutually assured destruction, and what we were talking about at that time was we only had two superpowers in the world. We had the U.S.S.R. and the United States of America. They said, ''Well, I tell you what. You don't defend yourselves; we won't defend ourselves. If somebody shoots at us, we'll shoot back and we all die.'' That was fine. That was the policy. I did not agree with it at that time, but at least it was predicated on the assumption there were two superpowers in the world, and at that time it was true, the U.S.S.R. and the United States of America.

Now, in light of the statement of James Woolsey and of what our intelligence has reported to us, there are probably 25 countries now that have this power. So we are not talking about just two.

In a way, I think things were more secure back during the cold war; at least then we could identify a singular enemy. Now we do not know where it is coming from. So if the President has his way and we are to accept his idea of continuing a policy that was articulated and established back in 1972 of mutually assured destruction—assuming, of course, that Russia, which is the other party of this policy, this being the START II Treaty, if they do what they say they will do—and their performance is not very good in the past in their arms reduction commitment—but assuming that they do, then you have Russia and the United States reducing our nuclear capability at the same time there are 24 other nations out there that are not reducing theirs; they are raising theirs.

That is the situation, the environment that we find ourselves in today. I felt we could win this argument on the debate because the American people are intelligent people. There are a lot of ways of getting to the American people and getting the truth that is not filtered through the Washington, DC, media, and that is going straight on talk radio and other means.

Now, all of a sudden, as reported in yesterday's paper, we are confronted with this dramatic conversion in the national intelligence estimate from one that only a year ago said we were under a threat of nuclear attack within 5 years to one that now says there is no problem for the next 15 years. This is very disturbing because to most people, it is surely an implausible conclusion.

If you look at the hits that have been taken on the budget that Senator KYL was talking about, the only real reduction that we have had during this administration is in our military capability. We have consistently, time and time again each year for 10 consecutive years, reduced our military spending while all other spending has gone up.

The Senator from Arizona quoted President Kennedy. The more I hear quotes of President Kennedy, the more he sounds like a present-day Republican. He did make the statements that Senator KYL mentioned. But he also recognized back in 1961, when he developed his first budget, that we had to have a strong national defense. And the first budget under President Kennedy had 50 percent for military and 30 percent for human resources. Today, in the budget we have, only 17 percent is for military and defense and 60 percent is for human resources. So it is just reversed, and yet we are saying this at a time when some would like to lull the American people into believing that there is no threat out there when, in fact, we know that there is. So it may be only a handful of us in the Senate who are going to do our very best to keep America strong. And, again, I would reiterate my concern about what was reported in the article that just came out in yesterday's paper. I am personally outraged that this critically important estimate of the threat to our national security has been totally reversed from previous estimates seemingly just to support a position that the President is holding.

I yield the floor.

Mr. KYL addressed the Chair.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. KYL. Mr. President, I ask unanimous consent to speak as if in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

POTENTIAL THREAT OF NUCLEAR MISSILES

Mr. KYL. Mr. President, I compliment the Senator from Oklahoma for his remarks on the report in the Washington Times concerning the potential threat of ballistic missiles from not only North Korea but other nations around the world, and the apparent modification of the threat estimate from our security agencies.

Both of us sit on the Intelligence Committee and are well aware of the work that goes into our national intelligence estimates, well aware of the difficulty in gathering information and analyzing it, and the difficulty really of discussing the analysis in a way that does not compromise our ability to gather that information.

The public does need to know that the factual information acquired over the years about the potential threat specifically from North Korea led to some conclusions in 1995 that were very disturbing. The Senator from Oklahoma just reiterated several of them.

I would add that Admiral Studeman, then the acting Director, testified publicly a year ago that the North Koreans could be expected to deploy a missile within 3 to 5 years and that that missile could reach the United States of America. Why this is important is that some Members of the Congress have used a revision in the intelligence estimate to say there is no problem and therefore we do not need to fund ballistic missile defense.

A year ago, the national intelligence estimate clearly would have led anybody to the conclusion that we needed to move forward with ballistic missile defense. Now, a year later, the estimate is that that is not necessarily required because countries like North Korea may not be in a position to deploy a missile that could harm the United States as early as we thought. But the facts have not changed, and that is what disturbs Senator INHOFE; it is what disturbs me. If the facts have not changed, what has changed? Has there been a change in the methodology of the assessment? If so, I am not aware of it. I intend to find out. Might there be other considerations for reaching a different conclusion based on the same information?

I know the newspaper article speculated that politics could be involved. I would find it very hard to believe that the Central Intelligence Agency would permit that to happen. But something happened. And I think we have to find out because in this matter we are talking about the most serious possible consequences. It is literally a potential life and death situation.

If, in fact, according to our intelligence estimates, countries that are unfriendly to the United States are going to develop capabilities that they could use against us in the very near future, we have to be prepared to deal with that, period. If, on the other hand, that threat is further away than we originally thought, we have a little bit more flexibility in determining when and how to respond. But it is important that the information be real and that it not be subjected to rose-colored filters of some kind either based upon hope or based upon politics.

As I said, I cannot believe that anybody in the administration would skew the analysis of such an important matter just in order to cause the Congress not to move forward robustly with the ballistic missile defense system. That is why Senator INHOFE and I and others are going to get to the bottom of this and determine whether or not there is a reason for the change in the estimate.

But the interesting part of this, Mr. President, is that it probably does not matter one way or the other in the sense that, if we began today to get on with the job of developing and deploying an effective ballistic missile defense system, it still would not be ready by the time the threat is said to exist.

Mr. INHOFE. Would the Senator yield?

Mr. KYL. We need to move forward as robustly as we can.

I would be glad to.

Mr. INHOFE. I was hoping it would come out that the Defense authorization bill would have put us in the position to deploy a system, a very crude system, a very basic system, by the year 2003. The estimates are that this would actually be 2 years beyond the time when the threat would exist, so we would still have 2 years of vulnerability. I believe I am correct when I say that.

Mr. KYL. The Senator is absolutely correct, which is why it makes it so important for the Senator from Oklahoma to have brought this to the Senate floor today. Even if you assume the most conservative estimate—or I should say the most liberal estimate—of the time that the threat will be there, we are still not moving forward to meet that threat.

Mr. INHOFE. If the Senator would yield further, it is also very important, any time a discussion or debate takes place like this, to remind the American people and ourselves in this body that we have a system that is about 80 to 85 percent paid for right now. We have approximately $40 billion already invested in the Navy's Aegis system that we are merely trying to upgrade to reach into the upper tier.

I would have to say that what offends me more than anything else, because I watch it at work, are the liberals who do not want to invest any money at all in a national defense system, referring to it as star wars because what you get in your head when you hear ''star wars'' is that it is some kind of an image of something from Buck Rogers—some of you may not remember that—or science fiction, when in fact anyone who was watching CNN during the Persian Gulf war knows the technology is there. This is something for which the technology is here.

We are almost there. It is a matter of spending a little more, about 10 percent more than what we have already spent to be able to defend ourselves against missile attack.

I did not really become wrapped up in this issue, Mr. President, until the bombing took place in my State of Oklahoma. I saw all the disaster surrounding that. I watched and heard the stories, and I knew people who were in there, people later found to be dead. I looked at that and I thought, that bomb was equal to 1 ton of TNT. The smallest nuclear warhead that we know of today is 1,000 times that size.

If you multiply the disaster that the whole world grieved over in Oklahoma

City, multiply that by 1,000, it gives you some idea. Maybe it is the fact that this magnitude is more than we can comprehend. I do not know.

Mr. KYL. If I could make another comment. Perhaps the Senator from Oklahoma would want to add to this, too.

Let us go back a little bit and put this in perspective. The weapon that killed 28 Americans in Saudi Arabia during the gulf war was a conventional explosive organ, just high explosives they call it, and yet the single largest number of American casualties occurred in that one instant. And 28 Americans died when that 1 Scud missile hit the barracks in Saudi Arabia. That was a relatively crude Scud missile with a range of maybe 300 miles or thereabouts.

The point is that every year countries learn how to cause their missiles to go farther and farther and farther, and they put heavier payloads on them, and they make them more accurate in terms of where they will fall.

What our intelligence has been telling us about the North Korean missile is that they are on a subsequent generation now. They have already developed missiles that will go these intermediate distances. They are working on missiles that will go farther and farther and farther. So what we are trying to do is estimate just when will it be that they will have advanced to the point that they can deliver that warhead all the way to the United States? We cannot tell that with precision. We do not know when that will happen. But the information we had suggested they were now getting along to the point where it would be perhaps within 3 to 5 years that they had that capability. That is what we are talking about here.

Mr. INHOFE. Would the Senator yield on that point?

Mr. KYL. Yes.

Mr. INHOFE. I think that is interesting because it was a week ago today in the New York Times that a story came out about China, making reference to the fact that they were talking about possible missile attacks against Taiwan. But do not worry, they said, because the Americans are not going to go to Taiwan's defense because they are more concerned about Los Angeles than they are about Taipei.

What does that tell you? Certainly there is an interpretation on that that could be very close to a warning to us. It just bothers me that we in this country have adopted a policy, just during this administration and specifically this year, that we are going to be downgrading our nuclear capability, our missile technology, our capability when, as the Senator from Arizona states, the rest of the countries are raising theirs up.

If there is one lesson from the Persian Gulf war that the American people learned, it is that the leader of that country is capable of doing anything. If he had a missile, I do not doubt that most people in America believe he would use it.

Mr. KYL. If the Senator from Oklahoma would like to respond to this: Is it not a fact that Saddam Hussein said that if he had had the bomb, he would have used it? I know Muammar Qadhafi said that, the leader of Libya.

Mr. INHOFE. Yes.

Mr. KYL. It seems to me Saddam Hussein said the same thing.

May I ask the Senator another question?

Mr. INHOFE. He went on to say, ''If we waited, if the war was 2 years from now, we would have the capability.''

Mr. KYL. The nuclear capability.

Mr. INHOFE. Yes.

Mr. KYL. Suppose it is 3 or 4 years from now and the North Koreans have a missile which has enough range now to finally hit the continental United States or even, Mr. President, Alaska or Hawaii—maybe even just Japan, although presumably they are already there. North Korea clearly could get into Japan at this point.

But suppose they had a missile that could get to Hawaii or Alaska, and they decide that they have had it with Taiwan, that they have threatened Taiwan long enough and it is time for them to incorporate Taiwan into China, not only in a rhetorical and political sense, but in an actual and military sense; therefore, they are going to threaten Taiwan with obliteration if it does not agree to become an effective part of the Chinese Government—they call themselves a state now, but they are not subject to the government in Beijing—suppose that China begins rattling its sword and says, ''We are now going to do this,'' and Taiwan has to go along. And the United States says, ''No. We have a treaty obligation, or we have obligations, in any event, if not rising to the level of a treaty, which have commitments to Taiwan to protect them in the event you attack.'' And the North Koreans say, or the Chinese, either one, says, ''Well, we have weapons that we know can reach Alaska and Hawaii, and you know that, too. So we would suggest that you not step in the way of China taking over Taiwan or step in the way of North Korea taking over South Korea,'' whatever the target between China and North Korea would be.

What do you think the United States would do in that event, if we knew that if the Chinese taking over Taiwan or the North Koreans taking over South Korea could launch a missile against the United States and we could not stop them? Would we intervene militarily to protect South Korea against North Korea or Taiwan against China?

Mr. INHOFE. I will respond to the Senator from Arizona. It is even more complicated than that, assuming we continue our present course of blindly adhering this to the provisions of the ABM Treaty. Taking the same scenario, if we have an Aegis ship in Sea of Japan, and two missiles are launched from, say, China or North Korea—one bound for Taiwan and one bound for Los Angeles, we could very well be in the adsurd position of being fully able to intercept the one bound for Taiwan, but not the one bound for Los Angeles, because that would be a violation of the ABM Treaty.

We have debated this before as to the fact that the ABM Treaty does not have valid application today. In fact, it was Henry Kissinger, the architect of the treaty, who said to me—and you can quote me, he said, ''It's nuts to make a virtue out of our vulnerability.''

So this is the environment that we are dealing with. I am very thankful to the leadership of the Senator from Arizona and a few others who share our concern over the vulnerability of the United States.

Mr. KYL. I appreciate the Senator from Oklahoma bringing this issue up. I also know that the Senator in the chair, the Senator from New Hampshire, has a very strong voice speaking in favor of the development and deployment of the U.S. ballistic missile defense system, and I thank him.

AGRICULTURAL MARKET TRANSITION ACT OF 1996

The Senate continued with the consideration of the bill.

Mr. CRAIG. May I inquire of the Chair what is the current order?

The PRESIDING OFFICER. The pending business is S. 1541, the farm bill.

Mr. CRAIG. Thank you very much, Mr. President.

The PRESIDING OFFICER (Mr. KYL). The Senator from Idaho is recognized.

Mr. CRAIG. Mr. President, earlier this afternoon, I spoke on the floor of the importance of this Senate dealing with farm policy in a timely manner that sends the appropriate signals to American agriculture of what they can expect in the reform policy that the 104th Congress is proposing.

This afternoon, I earlier spoke of the commodity programs and how they would be affected as we move with production agriculture much closer to the market and away from a Government program with which to farm.

There is a good deal more that Government can do for agriculture and still stay out of the business of telling them what to grow and how to grow it, because I think that is the responsibility of the family farmer, and I think that family farmer, or anybody in agriculture today, ought to be attuned to the market and ought to be farming to the market and deciding what his or her business may be, to what the world needs and what our consuming public needs than what a Government program will provide them or not provide them in telling them what to do.

In other words, what I am saying, Mr. President, is there are legitimate roles for the Federal Government in its association with agriculture. I think some

of those obvious areas are in the area of research, trade and conservation. I say that because where Government should involve itself is where the individual farmer or family farmer really cannot help themselves or cannot help themselves in an individual way.

American farmers, without question, lead the world in productivity. One American farmer today, and we have all heard it said, produces enough for himself or herself and 120 other citizens. It was not very long ago, at least it was not very long ago in this Senator's mind, when I was traveling as a national officer for the Future Farmers of America in the 1960's, the midsixties.

I remember well giving speech after speech where I spoke of the productivity of the American farmer. I oftentimes said that the American farmer produces enough for himself and 52 other Americans or 52 other citizens of the world. I just got through saying in 1996 that the American farmer produces enough for himself or herself and 120 other Americans or world citizens. Is it possible that productivity has more than doubled in 30-plus years? That is absolutely right, Mr. President, and the reason it has is because of research, the kind of research long term that has been done in direct association with the Federal Government where we, as taxpayers and as policymakers, can recognize the importance of long-term investment in the research area and that is, of course, where our land grant colleges and universities and our ag research stations have worked so very well over the years.

That is a legitimate role. That is the right kind of role that Government can play an important part in doing and, of course, that is where we ought to continue to work so closely together.

The different varieties, the E. coli bacteria problem that has cost lives in this country, can be dealt with and solved by the simple application of some research and by the proper education that can be a part and should be a part of a Government's role in participating with production agriculture.

In my State of Idaho, there are some extraordinary things being done. Just recently, I was part of an announcement between USDA and the Department of Energy working cooperatively in a new research program. You scratch your head and say, ''Well, what is the Department of Energy doing in agriculture?'' Because of the kind of technology that has been developed in DOE, in sensors, in the ability to use satellite and satellite technology, USDA and DOE are coming together in a project out in Idaho that literally links the farmer and his or her tractor and applicator on the ground with a satellite back to a computer to tell them exactly where they are in the field, how much fertilizer to apply or not to apply. Phenomenal efficiencies come from the application, a greater sense of environmental control comes from the application and, as a result, cost savings and extremely high levels of productivity.

Could that be done by the individual farmer? No, it certainly cannot be done. Can it be done by industry? Not very well. When the kind of research and turnaround time is measured in decades, that is where Government can play a role, and that is where this Congress recognizes Government should play a role. It is a much better place for Government to be associated with agriculture than telling the farmer what to farm, telling them how to farm it, and oftentimes then saying, ''And we'll provide you a safety net at the end.''

While we recognize the importance of those kinds of commodity programs, what our bill says and what we are clearly saying in the 104th Congress, as we have said over the last decade to production agriculture, learn to farm to the market and not to the program.

The other area that I mention this afternoon is in the area of trade. Obviously, if we are as highly productive as I mentioned we are, then we have to have a market for our crops. That kind of productivity, absent the market, says that we are not going to get the kind of price for the product that deserves to be had and certainly provide that kind of profitability. Therefore, it is important that we have a strong domestic trade policy and, as we know, trade means you have to involve governments, you have to cross political boundaries, and that cannot be accomplished very well oftentimes by the individual farmer unless it is the Government working with their farmers to accomplish that.

In my State of Idaho, almost three-fourths of our annual wheat crop is exported. It has to move in world markets to maintain levels of profitability. In addition, we send large amounts of meat, peas, lentils, dairy products, and potato products to other countries around the world. Since the passage of NAFTA, we have seen some positive and some negative results. Cattle producers in my State are increasingly worried about the slaughter cattle moving in across the boundary, both from Mexico and from Canada.

Now and in the future, we must be assured that our trade negotiations and our trade policy fairly represents American agriculture, and if we are to walk away from and work with agriculture to move away from the kind of direct Federal payment and safety net to productivity in the marketplace, we have to make sure that they have full access to foreign markets. That is a legitimate role of Government associated with agriculture.

We also must continue our effort to develop and maintain the foreign market by investing in those markets, by working with production agriculture to teach foreign consumers how to consume the agricultural products of this country. That is an important and successful partnership that has worked time and time again over the years, whether it is actually the development of wheat products in China that my State has been involved in with the Federal Government and our wheat growers, to the marketing of lentils somewhere in the Middle East and to a market use and expanded diversity in their use in the recipes of the Mideasterners. That is all a role, once again, that Government plays very successfully.

So let me urge my colleagues to support all of these approaches. It is one thing to say we are going to simply provide for agriculture, and historically that is some of what we did to what we have been saying for the last decade: American agriculture, farm to the market, be productive, do what you know how to do and do it well, and then we will help you break down the foreign barriers which will access you to the world so that you can be productive.

The third area that I believe Government can play a cooperative partnership role in is in the area of conservation. For example, the CRP program, while originally quite controversial in its introduction, has proved to be a highly successful program in the saving of topsoil and the improving of water quality and wildlife habitat.

In my State of Idaho, almost 850,000 acres went into CRP. The record is now very, very clear of the tremendously positive effect, converting those acreages into sod bases, and what allowing them to rest undisturbed has done for all of the areas I have mentioned, including wildlife habitat. Upland game bird population increases in my State have been very dramatic as a result of these programs.

So that, again, is the kind of partnership that the Government can associate itself with, and I think oftentimes should. Targeting truly erodible lands, we can continue a successful program under a voluntary participation. I believe, Mr. President, voluntary is the key when we discuss agricultural conservation. We have made some changes over the years that I have not liked and that American agriculture has not liked.

We, historically, did allow Government to work in a voluntary, cooperative way with production agriculture, except in the mid 1980's, when we started making some changes and making conservation policy mandatory, and dictating. We started saying to the USDA, ''You are going to be the cop out in the field saying, 'You are doing it wrong, and you have to do it differently or suffer the consequences.''' When that kind of news hit the ground—and we saw it in the late 1980's—relationships and partnerships began to change. There was no longer the voluntary aspect that had caused the conservation program to be as successful as it was. And we heard about it, very loudly and clearly, this year as we held hearings on this issue in the subcommittee, which I chair.

Conservation, partnership, cooperation, and voluntary relationships have

proven very successful over the years. Any other form and our resource base suffers, and it should not have to suffer. Farmers and ranchers, in my opinion, always have been, and must always be, the original environmentalists. We are the groundskeepers, the stewards of the private land, and the private land is the largest base in this country. If we are going to have a positive environment, that private property base must recognize the responsibility it has, and it has successfully done so over the years, whether it is erodible lands or whether it is the wetlands that we dealt with in the sod buster provisions of the farm bill of a few years ago and now, working with that again, to not make it so punitive, to make it cooperative, to include wetlands in the CRP base, so that you reward the farmer for moving that land out of production and into a protected type of classification, is what we ought to be doing, because we all recognize the value of wetlands to our Nation as a habitat and as a filtering system to the aquifers and to the productive sector of our country. That is cooperation, partnership, and that is the way it ought to be.

I am certainly pleased that the kind of legislation that I have helped craft this year in revamping and bringing forth the new farm bill fits these criteria and moves us in a direction that I think most of production agriculture wants to move in. It puts Government in a relationship that it ought to be in.

Mr. SMITH addressed the Chair.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. SMITH. Mr. President, I ask unanimous consent to speak as in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

BALLISTIC MISSILE DEFENSE

Mr. SMITH. Mr. President, just a few minutes ago, I was occupying the chair, as the Senator from Arizona is now, and I witnessed, first, a few remarks by the Senator from Arizona regarding the two-thirds supermajority vote for a tax increase, legislation that he is planning to introduce. And later, hearing the distinguished Senator from Oklahoma, Senator INHOFE, come down and engage in a debate on both that issue with the Senator from Arizona and the issue of ballistic missile defense, I was very much taken by the debate.

First of all, I want to compliment both the Senator from Arizona and the Senator from Oklahoma for the distinguished service they have given their country just in allowing this dialog to come to the forefront. In the case of the Senator from Arizona and the Senator from Oklahoma, I have worked very closely with both of them on this ballistic missile defense matter, taking that issue first, knowing that here we have a situation where the entire defense authorization bill was held hostage by the President of the United States because he did not want national missile defense. Not only did he not want national missile defense, he did not even want language talking about national missile defense. So in order to get a pay raise for our military, whom the President of the United States sent to Bosnia, we had to agree to take missile defense language out of the bill.

What came to my mind as I listened to the debate between my two colleagues was one simple line: Elections have consequences. I found myself saying that if a President sat down at the White House who shared the philosophy of the Senators from Arizona and Oklahoma, sticking to missile defense, we would have had a Defense authorization bill not only with language, but with a real direction to move toward building a defense against incoming ballistic missiles against the people of the United States of America. We now do not have that.

As the Senator knows, there have been a number of focus groups where people throughout America have been asked one very basic question: If the United States were fired on by a ballistic missile from another country, what would the United States do? Overwhelmingly, the response is, ''Shoot it down.'' In fact, we know we cannot shoot it down.

It is shocking to me that a President, and many of the colleagues in his party, would hold a Defense authorization bill hostage to simply get that language out. I am outraged by it, to be candid about it. I think that what the Senator from Oklahoma brought to the floor with this intelligence information is shocking. I said to him, privately, as he was leaving the floor, ''I hope that both of you Senators, who are members of the Intelligence Committee, pursue this diligently because it goes really to the heart of our democracy here.'' If, in fact, those charges are true, or even remotely true, as they appeared in the Washington Times, that somehow this was falsified, this is a very, very serious matter because the defense of the United States of America is at stake.

I just cannot understand why anyone would not want to do what needs to be done to defend American cities and American people. That is our obligation. That is one of the primary obligations of the U.S. Congress, certainly, as outlined in the Constitution. Yet, we have this situation where a report—and the Senator well knows we heard reports to the contrary. I am also on the Armed Services Committee. We heard reports to the contrary that this could be a problem within 2, 3, 4, 5 years. Now we are hearing maybe it is 15 years, or even further down the road.

Something is wrong, Mr. President, because you and I both know of the technology that is out there. We know it is being shipped all around the world. The Chinese have this missile technology, the Iraqis have it, the Iranians have it, the North Koreans have it, and Qadhafi would like to have it, and he may have it soon. It goes on and on and on.

The Senator from Arizona, the occupant of the chair, made an excellent point, which reminded me—and I want to accent it, comment on it a little further, expand on it a little further—that when those 28 brave men and women were killed in the Persian Gulf by that missile, that is the first time in the history of America that a missile—in this case a theater missile, but a missile—attacked, hit, and killed American service men and women.

I find myself thinking, what if we had not had Jack Kennedy, to his credit, as you mentioned, and Ronald Reagan in the positions they were in at the time to see to it that we had even just the remotest possibility of defending against that missile. As the Senator knows, the missile that was used to shoot that missile down was not designed for that purpose, it was not designed to do that. So this is a very, very serious matter. We investigate a lot of things in the Congress, but if the intelligence community truly has information that says that the threat of attack from an incoming ballistic missile from one of those countries I mentioned, or another one, is possibly 15 years down the road, then I think they need to prove that to the Intelligence Committee.

I do not believe that is going to be the case. I do not think they can prove it. We know the range of these missiles. We know how this technology is being exported. We know our own technology has in some cases been bought and in some cases stolen and has been shipped around the world and in some cases encouraged to be sold by the current administration—certain types of technology which may or may not be used in building these missiles.

It is a perfect example, again, of one of the basic differences between the two political parties. So much focus has gone on the budget debate, and rightfully so, that we are trying to turn around 4 years of big government spending. That is a huge issue in and of itself, but also this issue of defending America, the basic responsibility that we have as Government servants of the people of the United States to preserve, protect, and defend our country is at stake here.

I am certainly going to be pursuing this, as well, on my own and in conjunction with my colleagues on the Intelligence Committee to find out the facts. I hope that we are not going to find that somehow this thing was inflated to be something that it is not, and that some pressure was put on to play this down, because I have been in some meetings over the past several months and years that I have been on the Armed Services Committee where I have heard the contrary from very high-ranking administration and military officials, as I am sure the Senator from Arizona has. I am looking forward

to hearing the results of this investigation. I think it should be on the front burner.

TAX INITIATIVE

Mr. SMITH. Let me also say in regard to the tax initiative that the Senator brought up a few moments ago, this again goes to the heart and soul of the differences between our two parties.

George Bush said recently on national television that it might be nice if the American people just gave—it has not happened since 1952—one party, in this case the Republican Party, the opportunity to govern. The Democrats have had that opportunity once under Clinton, under Carter, to do it, and we did not see the debt go down. We did not see deficits diminish. On the contrary, we saw the opposite. Give us a shot at it. If we do not do well, throw us out. That is fair. Give us a shot. That is what President Bush said.

There is such a dramatic difference. How many times have we heard the debate from our friends on the other side that somehow growth is bad, making a profit is evil, that there is something wrong with that; and yet at the same time this debate occurs we see dollars being taken away, almost stolen, from the families of America. So we promote big government with the dollars taken from our families and at the same time denying them the opportunity to do the things that they would like to do for themselves, including education, getting a job, and being able to be productive in society.

There are no jobs, as the Senator pointed out, if there is no growth in America and if there is no opportunity for businesses to create those jobs. Government should not be in the business of creating jobs. The economy—business—should be creating jobs. That is what we are all about.

Somehow we have gotten into this debate that it is evil for anybody to make any money. I am pleased to hear when people make money. It delights me because I know somebody is getting dollars when somebody is making money.

The Senator brought up the point about the luxury tax, which I am proud to say I opposed and voted against, where all the people who built boats and luxury cars lost their jobs because of the tax increase, and people did not buy then.

When are we going to get the message that the greatness of America—we grew more at any time in the history when we did not have an income tax. Again, it is taking dollars. If all of the dollars that have been taken away from the American families throughout especially the last 40 or 50 years—if it worked, welfare would have been a success. We would not have all the crime we have today. We would not have to be spending money on crime or on welfare and other things that we find we are not satisfied with in America. The truth is, it has not worked. Since it has not worked, we should try something new.

What we have—and you hear the American people say they are tired of the gridlock, the deadlock, tired of you fighting with each other. Again, the issue here is standing for principle, standing up for principle, because we believe deep in our hearts that these principles we espouse are right, they are correct, and we need to move this President. He is not moving. We understand that. If he is not moving, and we go as far as we go, we go to the American people, and essentially the decision is, very simply, we either move on with more debt and more deficits, or we move toward more growth, more economic prosperity, and more revenues to the Treasury, as the Senator pointed out.

Again, going back to the issue of missile defense, same thing—two very, very, important issues, if not the two most important issues that we face today in America, and a President with a distinctly different position than the House and the Senate.

I really want to compliment the Senator from Arizona, who is now in the chair, and the Senator from Oklahoma for two very, very worthwhile points in bringing to the attention of the Senate—although it is in the middle of the debate on a farm bill. Sometimes when other Senators are not here to participate in that debate, we have the opportunity, under Senate rules, to make these points. They are excellent points. I want to compliment both Senators.

I yield the floor. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. CRAIG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AGRICULTURAL MARKET TRANSITION ACT OF 1996

The Senate continued with the consideration of the bill.

Mr. CRAIG. Mr. President, may I inquire, what is the pending business?

The PRESIDING OFFICER. The pending business is S. 1541.

AMENDMENT NO. 3184

(Purpose: To provide a substitute amendment)

Mr. CRAIG. Mr. President, I send an amendment to S. 1541 to the desk. In doing so, let me say this amendment is in behalf of myself, Senator LEAHY, Senator LUGAR, Senator BREAUX, Senator DOLE, Senator JOHNSTON, Senator COCHRAN, Senator GRAHAM of Florida, Senator GRASSLEY, Senator JEFFORDS and Senator MCCONNELL.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Idaho [Mr. CRAIG], for Mr. LEAHY, for himself, Mr. CRAIG, Mr. LUGAR, Mr. BREAUX, Mr. DOLE, Mr. JOHNSTON, Mr. COCHRAN, Mr. GRAHAM, Mr. GRASSLEY, Mr. JEFFORDS and Mr. MCCONNELL, proposes an amendment numbered 3184.

(The text of the amendment is printed in today's RECORD under ''Amendments Submitted.'')

CLOTURE MOTION

Mr. LOTT. Mr. President, I send a cloture motion to the desk.

The PRESIDING OFFICER. The cloture motion having been presented under rule XXII, the Chair directs the clerk to read the motion.

The legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, do hereby move to bring to a close debate on the substitute amendment to S. 1541, the farm bill.

Larry E. Craig, James M. Jeffords, Don Nickles, John H. Chafee, Robert F. Bennett, Thad Cochran, Ted Stevens, Trent Lott, Richard G. Lugar, Craig Thomas, Alan Simpson, John Warner, Larry Pressler, Dan Coats, Connie Mack, Kay Bailey Hutchison.

Mr. CRAIG. Mr. President, for the information of all Senators, this cloture and another one I filed earlier will occur back-to-back beginning at 1:30 on Thursday.

Mr. CRAIG addressed the Chair.

The PRESIDING OFFICER. The Senator from Idaho is recognized.

Mr. CRAIG. Mr. President, the amendment that has just been filed for Senator LEAHY and myself and others is a substitute to S. 1541 as I earlier introduced this afternoon. This substitute is an effort to put together a bipartisan coalition of Senators with all of us very intent on producing farm legislation as soon as possible to do exactly what I talked about doing earlier today; that is, sending a clear message to the agricultural community of this country as to the certainty and the timing of key farm bill legislation. There are a variety of adjustments in the substitute—the language which deals with $100 million per year in additional mandatory funding for crop-oriented conservation cost-sharing programs similar to S. 854 that was introduced by Senator LUGAR and LEAHY earlier this year.

There is a grazing lands conservation initiative program which will encourage innovative rangeland management techniques across the country. Certainly in my State of Idaho and other States, this can be a valuable resource in improving livestock grazing lands. State technical commitments would make it possible for farmers to serve on these committees where they now do not have standing.

There are some nutritional reauthorizations that would reauthorize food stamps and other nutritional programs for the period of time of this legislation. Much of this will be corrected and adjusted when the House, the Senate, and the President agree on welfare legislation.

There is a Northeast dairy compact provision in there to allow New England States to implement a price enhancement compact. We wish we could have gone further. The House acted yesterday on dairy legislation. Certainly in conference, it is my hope that we can refine and clarify dairy policy inside the farm bill for the coming year. The dairy industry of our country has worked now for the last 6 months with the House and the Senate Agriculture Committees to arrive at a compromise that reduces the overall budget profile for dairy programs and creates greater flexibility in the program. We hope that can get accomplished. Certainly there is a conservation foundation in this program that creates a nonprofit foundation to promote conservation. I know this has been something Senator LEAHY has worked at for a good number of years.

There is legislation in here also to deal with wetlands and the Florida Everglades issue. There is a concern that I will express for the RECORD that deals with this section as it applies to the program and the restoration of these vital wetlands in Florida. There is a provision for eminent domain. I think it is very important that the RECORD show that this Senator and many others recognize that authority of the Government, but also recognize under a former Executive order on March 15, 1988, signed by President Reagan, that Federal departments and agencies must consider the takings implication and deal with willing seller-willing buyer. I certainly, through the balance of this legislation, activities, debate, and in the conference, will work with the Senators from Florida to assure that in all instances we have a willing seller-willing buyer relationship as the State of Florida and the Senators from that State work to maintain the Florida Everglades and any consideration there with private property acquisition for the purpose of enhancement of the Everglades. All of us want to see that valuable natural resource protected. But at the same time, it is very important that the right of the private property owner be maintained.

Mr. President, I chair the Private Property Rights Caucus here on the Hill. We just brought out of the Judiciary Committee the private property rights bill that I think is sweeping in its protection of private property rights. It sets the Government on notice. Certainly this legislation, if that act would become law, would fall subject to that new law. That would be important.

MORNING BUSINESS

Mr. CRAIG. Mr. President, I ask unanimous consent that there now be a period for the transaction of morning business with Senators permitted to speak for up to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, before discussing today's bad news about the Federal debt, how about ''another go,'' as the British put it, with our pop quiz. Remember—one question, one answer.

The question: How many millions of dollars in a trillion? While you are thinking about it, bear in mind that it was the U.S. Congress that ran up the enormous Federal debt that is now about $13 billion shy of $5 trillion.

To be exact, as of the close of business Tuesday, January 30, the total Federal debt—down to the penny—stood at $4,987,589,544,052.52. Another depressing figure means that on a per capita basis, every man, woman and child in America owes $18,931.32.

Mr. President, back to our quiz (how many million in a trillion?): There are a million million in a trillion, which means that the Federal Government will shortly owe five million million dollars.

Now who's not in favor of balancing the Federal budget?

TIME TO PRIVATIZE THE WILLIAM LANGER PLANT

Mr. DORGAN. Mr. President, late Friday evening the Senate passed by voice vote S. 1544, a bill of mine to permit the conveyance of the William Langer Plant to the Job Development Authority of the city of Rolla, ND. The bill is crucial to the immediate economic future of the plant, which is why I sought its expedited approval. I am glad to say that my good friend and senior colleague from North Dakota, Senator CONRAD, cosponsored S. 1544, which now goes over to the House.

Most of my colleagues have probably never been to Rolla, and do not know what the Langer Plant is, or what it has been doing over the past several decades. So let me describe the background and purpose of my bill.

The Langer Plant has roots in the cold war. Back in the 1950's, our defense leadership realized that we lacked the ability to produce jewel bearings, which are finely machined bits of carborundum and were crucial components in military avionics systems. So the Congress located a jewel bearing plant in our State, because of our strategic location in the middle of the country. The Langer Plant has been making jewel bearings as a government-owned, contractor-operated facility since the 1950's.

My colleagues should also know that the plant is a few miles from the Turtle Mountain Indian Reservation. Of the plant's 100 or so employees remaining after a downsizing, about 60 percent are Native American. The Langer Plant brings crucial skilled jobs to an economically depressed area.

However, changing technology means that the National Defense Stockpile no longer needs to buy jewel bearings. The Defense Department has now reported the plant to the General Services Administration as surplus property. Those of my colleagues who are dealing with base closures and defense downsizing know that this situation presents Rolla with a crisis and an opportunity.

The future of this factory depends on its ability to become a commercial manufacturer. Normal surplus property rules would require the GSA to sell the plant for fair market value. The problem is that no local entity can afford the plant, which had an original cost of $4.2 million. The plant itself is not now healthy enough in a business sense to finance its own acquisition by a new management team.

In fact, the plant's economic position is so tenuous that the plant will likely run out of money in March, because it has not had a chance to build a strong commercial customer base. The plant has worked hard to cut costs, and it has already had to cut its workforce by 30 percent. I am deeply concerned that the plant may fold before it can be auctioned.

My colleagues will understand that as a government-owned facility, the plant is not able to compete freely, nor is it eligible for the kind of small business or economic development assistance that is available to private sector firms. However, once conveyed, the plant will be in a position to aggressively seek commercial contracts and assistance from the State and other agencies.

I would like to stress to the Senate that the Rolla community, the State of North Dakota, the Turtle Mountain Band of Chippewa, and the local business community have been working hard to ensure that the plant makes a successful transition to the private sector. The local community is united behind the plan to transfer the Plant to the Job Development Authority of the city of Rolla. Of course, the conveyance is conditional on the community and the General Services Administration reaching a mutually acceptable legal agreement on the conveyance. But I am confident that the GSA and the community can reach that agreement swiftly.

Let me also remind my colleagues that in September the Senate approved by voice vote an amendment of mine to the defense authorization bill that was exactly identical to the bill that we passed on Friday. So this is the second time that the Senate has approved this legislation.

Let me thank the Chair and ranking member of the Governmental Affairs Committee, Senators STEVENS and GLENN, for their support of this bill. And the Chair and ranking member of the Armed Services Committee, Senators THURMOND and NUNN, have been helpful to me for almost half a year now. Senator MCCAIN has also assisted in expediting this conveyance. I am deeply grateful to all five senators and their staffs for the support and assistance they have given me on this matter.

Mr. President, to sum up, I would simply say that S. 1544 tries to give a helping hand to the Langer Plant and the city of Rolla. It also will relieve the Federal Government of a facility that the Defense Department no longer needs. I am grateful to the Senate for its approval of S. 1544 on Friday, and I look forward to its swift passage by the House.

Thank you, Mr. President. I yield the floor.

MESSAGES FROM THE HOUSE

ENROLLED BILLS SIGNED

At 11:20 a.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the Speaker has signed the following enrolled bills:

H.R. 1868. An act making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 1996, and for other purposes.

H.R. 2029. An act to amend the Farm Credit Act of 1971 to provide regulatory relief.

H.R. 2111. An act to designate the Federal Building located at 1221 Nevin Avenue, Richmond, California, as the ''Francis J. Hagel Building''.

H.R. 2726. An act to make certain technical corrections in laws relating to Native Americans, and for other purposes.

The enrolled bills were signed subsequently by the President pro tempore [Mr. THURMOND].

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC–1838. A communication from the Chief of Legislative Affairs, Department of the Navy, transmitting, pursuant to law, notice of the intention to offer transfer by sale of one vessel; to the Committee on Armed Services.

EC–1839. A communication from the Chief of Legislative Affairs, Department of the Navy, transmitting, pursuant to law, notice of the intention to offer transfer by sale of one vessel; to the Committee on Armed Services.

EC–1840. A communication from the Chief of Legislative Affairs, Department of the Navy, transmitting, pursuant to law, notice of the intention to offer transfer by sale of two vessels; to the Committee on Armed Services.

EC–1841. A communication from the Chief of Legislative Affairs, Department of the Navy, transmitting, pursuant to law, notice of the intention to offer transfer by sale of three vessels; to the Committee on Armed Services.

EC–1842. A communication from the Deputy Assistant Secretary of Defense, transmitting, pursuant to law, the report on strategic and critical materials during the period October 1, 1994 through September 30, 1995; to the Committee on Armed Services.

EC–1843. A communication from the Director of the Office of Management and Budget, the Executive Office of the President, transmitting, pursuant to law, the report on appropriations legislation within five days of enactment; to the Committee on the Budget.

EC–1844. A communication from the Director of the Office of Management and Budget, the Executive Office of the President, transmitting, pursuant to law, the report on appropriations legislation within five days of enactment; to the Committee on the Budget.

EC–1845. A communication from the Secretary of Agriculture and the Secretary of the Army, transmitting jointly, a notice to interchange jurisdiction relative to civil works and national forest lands; to the Committee on Agriculture, Nutrition, and Forestry.

EC–1846. A communication from the President of the United States, transmitting, pursuant to law, a notice concerning the continuation of the emergency regarding terrorists who threaten to disrupt the Middle East peace process; to the Committee on Banking, Housing, and Urban Affairs.

EC–1847. A communication from the Secretary of Commerce, transmitting, pursuant to law, the 1996 annual report on Foreign Policy Export Controls; to the Committee on Banking, Housing, and Urban Affairs.

EC–1848. A communication from the Chairman of the Board of Governors of the Federal Reserve System, transmitting, pursuant to law, the report on credit availability for small business and small farms in calendar year 1995; to the Committee on Banking, Housing, and Urbans.

EC–1849. A communication from the Chairman of the Board of the Panama Canal Commission, transmitting, pursuant to law, the annual report of the Commission relative to unaudited financial statements for fiscal year 1995; to the Committee on Armed Services.

EC–1850. A communication from the President and Chairman of the Export-Import Bank, transmitting, pursuant to law, the semiannual report on tied aid credits; to the Committee on Banking, Housing, and Urban Affairs.

EC–1851. A communication from the Secretary of Energy, transmitting, pursuant to law, the report on Coal Research, Development, and Commercial Application Programs; to the Committee on Energy and Natural Resources.

EC–1852. A communication from the Secretary of Energy, transmitting, pursuant to law, the report on Federal Government energy management and conservation programs for fiscal year 1994; to the Committee on Energy and Natural Resources.

EC–1853. A communication from the Secretary of Energy, transmitting, pursuant to law, the annual report on the automotive technology development program for fiscal year 1994; to the Committee on Energy and Natural Resources.

EC–1854. A communication from the Secretary of Energy, transmitting, pursuant to law, the report on the Coke Oven Emission Control Program for fiscal year 1995; to the Committee on Energy and Natural Resources.

EC–1855. A communication from the Deputy Associate Director for Compliance, Royalty Management Program, Minerals Management Service, Department of the Interior, transmitting, pursuant to law, notice of the intention to make refunds of offshore lease revenues where a refund or recoupment is appropriate; to the Committee on Energy and Natural Resources.

ADDITIONAL COSPONSORS

S. 704

At the request of Mr. SIMON, the names of the Senator from Maine [Mr. COHEN] and the Senator from Arkansas [Mr. BUMPERS] were added as cosponsors of S. 704, a bill to establish the Gambling Impact Study Commission.

S. 1028

At the request of Mrs. KASSEBAUM, the name of the Senator from Virginia [Mr. ROBB] was added as a cosponsor of S. 1028, a bill to provide increased access to health care benefits, to provide increased portability of health care benefits, to provide increased security of health care benefits, to increase the purchasing power of individuals and small employers, and for other purposes.

S. 1039

At the request of Mr. ABRAHAM, the name of the Senator from North Carolina [Mr. FAIRCLOTH] was added as a cosponsor of S. 1039, a bill to require Congress to specify the source of authority under the United States Constitution for the enactment of laws, and for other purposes.

S. 1183

At the request of Mr. HATFIELD, the name of the Senator from Iowa [Mr. HARKIN] was added as a cosponsor of S. 1183, a bill to amend the Act of March 3, 1931 (known as the Davis-Bacon Act), to revise the standards for coverage under the Act, and for other purposes.

S. 1247

At the request of Mr. GRASSLEY, the name of the Senator from Mississippi [Mr. COCHRAN] was added as a cosponsor of S. 1247, a bill to amend the Internal Revenue Code of 1986 to allow a deduction for contributions to a medical savings account by any individual who is covered under a catastrophic coverage health plan.

S. 1469

At the request of Mr. BROWN, the name of the Senator from Oregon [Mr. HATFIELD] was added as a cosponsor of S. 1469, a bill to extend the United States-Israel free trade agreement to the West Bank and Gaza Strip.

S. 1491

At the request of Mr. GRAMS, the names of the Senator from Louisiana [Mr. JOHNSTON], the Senator from Virginia [Mr. WARNER], and the Senator from Idaho [Mr. CRAIG] were added as cosponsors of S. 1491, a bill to reform antimicrobial pesticide registration, and for other purposes.

SENATE RESOLUTION 152

At the request of Mr. ABRAHAM, the name of the Senator from North Carolina [Mr. FAIRCLOTH] was added as a cosponsor of Senate Resolution 152, a resolution to amend the Standing Rules of the Senate to require a clause in each bill and resolution to specify the constitutional authority of the Congress for enactment, and for other purposes.

AMENDMENTS SUBMITTED

THE AGRICULTURAL MARKET TRANSITION ACT OF 1996

GREGG (AND REID) AMENDMENTS NOS. 3123–3124

(Ordered to lie on the table.)

Mr. GREGG (for himself and Mr. REID) submitted two amendments intended to be proposed by them to the bill (S. 1541) to extend, reform, and improve agricultural commodity, trade, conservation, and other programs, and for other purposes; as follows:

AMENDMENT NO. 3123

Strike section 17 relating to the sugar program.

AMENDMENT NO. 3124

On page 43, strike lines 10 through 19.

Strike section 17 relating to the sugar program and insert the following:

SEC. 17. ELIMINATION OF SUGAR PRICE SUPPORT AND PRODUCTION ADJUSTMENT PROGRAMS.

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

(b) SUGAR LOAN FORFEITURES.—Section 902 of the Food Security Act of 1985 (7 U.S.C. 1446 note) is amended—

(1) by striking subsection (a); and

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

(c) COMMODITY CREDIT CORPORATION.—Section 5(a) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714c(a)) is amended by inserting after ''agricultural commodities'' the following: ''(other than sugar)''.

(d) SECTION 32.—The second sentence of the first paragraph of section 32 of the Act entitled ''An Act to amend the Agricultural Adjustment Act, and for other purposes'', approved August 24, 1935 (7 U.S.C. 612c), is amended—

(1) by inserting ''(other than sugar)'' after ''commodities'' each place it appears; and

(2) by inserting ''(other than sugar)'' after ''commodities'' each place it appears.

(e) TRANSITION PROVISIONS.—The amendments made by this section shall not affect the liability of any person under any provision of law as in effect before the application of the amendments in accordance with subsection (f).

(f) APPLICATION OF SECTION.—This section and the amendments made by this section shall apply beginning with the 1996 crop of sugar beets and sugarcane.

DORGAN AMENDMENT NO. 3125

(Ordered to lie on the table.)

Mr. DORGAN submitted an amendment intended to be proposed by him to the bill S. 1541, supra; as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Farm Security Act of 1996''.

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

TITLE I—COMMODITY PROGRAMS

SEC. 101. WHEAT, FEED GRAIN, AND OILSEED PROGRAM.

(a) IN GENERAL.—Title I of the Agricultural Act of 1949 (7 U.S.C. 1441 et seq.) is amended by adding the end the following:

''SEC. 116. MARKETING LOANS AND LOAN DEFICIENCY PAYMENTS FOR 1996 THROUGH 2002 CROPS OF WHEAT, FEED GRAINS, AND OILSEEDS.

''(a) DEFINITIONS.—In this section:

''(1) COVERED COMMODITIES.—The term 'covered commodities' means wheat, feed grains, and oilseeds.

''(2) FEED GRAINS.—The term 'feed grains' means corn, grain sorghum, barley, oats, millet, rye, or as designated by the Secretary, other feed grains.

''(3) OILSEEDS.—The term 'oilseeds' means soybeans, sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, or as designated by the Secretary, other oilseeds.

''(b) ADJUSTMENT ACCOUNT.—

''(1) DEFINITION OF PAYMENT BUSHEL OF PRODUCTION.—In this subsection, the term 'payment bushel of production' means—

''(A) in the case of wheat, 7/10 of a bushel;

''(B) in the case of corn, a bushel; and

''(C) in the case of other feed grains, a quantity determined by the Secretary.

''(2) ESTABLISHMENT.—The Secretary shall establish an Adjustment Account (referred to in this subsection as the 'Account') for making—

''(A) payments to producers of the 1996 through 2002 crops of covered commodities who participate in the marketing loan program established under subsection (c); and

''(B) payments to producers of the 1994 and 1995 crops of covered commodities that are authorized, but not paid, under sections 105B and 107B prior to the date of enactment of this section.

''(3) AMOUNT IN ACCOUNT.—The Secretary shall transfer from funds of the Commodity Credit Corporation into the Account—

''(A) $3,000,000,000 for fiscal year 1996; and

''(B) $3,900,000,000 for each of fiscal years 1997 through 2002;

to remain available until expended.

''(4) PAYMENTS.—The Secretary shall use funds in the Account to make payments to producers of wheat and feed grains in accordance with this subsection.

''(5) TIER 1 SUPPORT.—

''(A) IN GENERAL.—The producers on a farm referred to in paragraph (2) shall be entitled to a payment computed by multiplying—

''(i) the payment quantity determined under subparagraph (B); by

''(ii) the payment factor determined under subparagraph (C).

''(B) PAYMENT QUANTITY.—

''(i) IN GENERAL.—Subject to clause (ii), the payment quantity for payments under subparagraph (A) shall be determined by the Secretary based on—

''(I) 90 percent of the 5-year average of the quantity of wheat and feed grains produced on the farm;

''(II) an adjustment to reflect any disaster or other circumstance beyond the control of the producers that adversely affected production of wheat or feed grains, as determined by the Secretary; and

''(III) an adjustment for planting resource conservation crops on the crop acreage base for covered commodities, and adopting conserving uses, on the base not enrolled in the environmental reserve program provided in paragraph (6).

''(ii) LIMITATIONS.—The quantity determined under clause (i) for an individual, directly or indirectly, shall not exceed 30,000 payment bushels of wheat or feed grains and may be adjusted by the Secretary to reflect the availability of funds.

''(C) PAYMENT FACTOR.—

''(i) WHEAT.—The payment factor for wheat under subparagraph (A) shall be equal to the difference between a price established by the Secretary, of not to exceed $4.00 per bushel, and the greater of—

''(I) the marketing loan rate for the crop of wheat; or

''(II) the average domestic price for wheat for the crop for the calendar year in which the crop is normally harvested.

''(ii) CORN.—The payment factor for corn under subparagraph (A) shall be equal to the difference between a price established by the Secretary, of not to exceed $2.75 per bushel, and the greater of—

''(I) the marketing loan rate for the crop of corn; or

''(II) the average domestic price for corn for the crop for the calendar year in which the crop is normally harvested;

''(iii) OTHER FEED GRAINS.—The payment factor for other feed grains under subparagraph (A) shall be established by the Secretary at such level as the Secretary determines is fair and reasonable in relation to the payment factor for corn.

''(D) ADVANCE PAYMENT.—

''(i) IN GENERAL.—Except as provided in clauses (ii) and (iii), the Secretary shall make available to producers on a farm 50 percent of the projected payment under this subsection at the time the producers agree to participate in the program.

''(ii) 1995 PAYMENTS.—In the case of producers on a farm who were prevented from planting, or incurred a reduced yield of 20 percent or more of, the 1995 crop due to weather or related condition, the Secretary may settle claims for the repayment by the producers on terms determined by the Secretary to be fair and equitable, except that no claim shall be reduced by more than $3,500.

''(iii) 1996 PAYMENTS.—

''(I) IN GENERAL.—In the case of 1996 crops, advanced payments shall be made in accordance with the formula under subclause (II).

''(II) FORMULA.—Payments authorized under this clause shall be based on a rate equal to 50 percent of the average deficiency payment rate for the 1990 through 1994 crops.

''(III) NONREFUNDABLE.—Payments authorized under this clause shall not be refundable.

''(6) ENVIRONMENTAL RESERVE PROGRAM.—

''(A) IN GENERAL.—The Secretary may enter into 1 to 5 year contracts with producers on a farm referred to in paragraph (2) for the purposes of enrolling flexible acreage base for conserving use purposes.

''(B) LIMITATION.—Flexible acreage base enrolled in the environmental reserve program shall not be eligible for benefits provided in paragraph (5)(B).

''(c) MARKETING LOANS.—

''(1) IN GENERAL.—The Secretary shall make available to producers on a farm marketing loans for each of the 1996 through 2002 crops of covered commodities produced on the farm.

''(2) ELIGIBILITY.—

''(A) IN GENERAL.—To be eligible for a loan under this subsection, the producers on a farm may not plant covered commodities on the farm in excess of the flexible acreage base of the farm determined under section 502.

''(B) AMOUNT.—The Secretary shall provide marketing loans for their normal production of covered commodities produced on a farm.

''(3) LOAN RATE.—

''(A) IN GENERAL.—Loans made under this subsection shall be made at the rate of 90 percent of the average price for the commodity for the previous 5 crop years, as determined by the Secretary.

''(B) ADJUSTMENTS.—For each of the 1996 through 2002 crops of covered commodities, the Secretary may not adjust local loan rates by a factor greater than 3 percent of the national loan rate.

''(4) REPAYMENT.—

''(A) CALCULATION.—Producers on a farm may repay loans made under this subsection for a crop at a level that is the lesser of—

''(i) the loan level determined for the crop; or

''(ii) the prevailing domestic market price for the commodity (adjusted to location and quality), as determined by the Secretary.

''(B) PREVAILING DOMESTIC MARKET PRICE.—The Secretary shall prescribe by regulation—

''(i) a formula to determine the prevailing domestic market price for each covered commodity; and

''(ii) a mechanism by which the Secretary shall announce periodically the prevailing domestic market prices established under this subsection.

''(d) LOAN DEFICIENCY PAYMENTS.—

''(1) IN GENERAL.—The Secretary may, for each of the 1996 through 2002 crops of covered commodities, make payments (referred to in this subsection as 'loan deficiency payments') available to producers who, although eligible to obtain a marketing loan under subsection (c), agree to forgo obtaining the loan in return for payments under this subsection.

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

''(A) the loan payment rate; by

''(B) the quantity of a covered commodity the producer is eligible to place under loan but for which the producer forgoes obtaining the loan in return for payments under this subsection.

''(3) LOAN PAYMENT RATE.—

''(A) IN GENERAL.—For the purposes of this subsection, the loan payment rate shall be the amount by which—

''(i) the marketing loan rate determined for the crop under subsection (c)(3); exceeds

''(ii) the level at which a loan may be repaid under subsection (c)(4).

''(B) DATE.—The date on which the calculation required under subparagraph (A) for the producers on a farm shall be determined by the producers, except that the date may not be later than the earlier of—

''(i) the date the producers lost beneficial interest in the crop; or

''(ii) the end of the marketing year for the crop.

''(4) APPLICATION.—Producers on a farm may apply for a payment for a covered commodity under this subsection at any time prior to the end of the marketing year for the commodity.

''(e) EQUITABLE RELIEF.—If the failure of a producer to comply fully with the terms and conditions of programs conducted under this section precludes the making of loans and payments, the Secretary may, nevertheless, make the loans and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure.

''(f) COMMODITY CREDIT CORPORATION.—The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

''(g) ASSIGNMENT OF PAYMENTS.—The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to payments under this section.

''(h) TENANTS AND SHARECROPPERS.—In carrying out this section, the Secretary shall provide adequate safeguards to protect the interest of tenants and sharecroppers.

''(i) CROPS.—This section shall be effective only for the 1996 through 2002 crops of a covered commodity.''.

(b) FLEXIBLE ACREAGE BASE.—

(1) DEFINITIONS.—Section 502 of the Agricultural Act of 1949 (7 U.S.C. 1462) is amended by striking paragraphs (2) and (3) and inserting the following:

''(2) FEED GRAINS.—The term 'feed grains' means corn, grain sorghum, barley, oats, millet, rye, or as designated by the Secretary, other feed grains.

''(3) GO CROPS.—The term 'GO crops' means wheat, feed grains, and oilseeds.

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

''(5) PROGRAM CROP.—The term 'program crop' means a GO crop and a crop of upland cotton or rice.''.

(2) CROP ACREAGE BASES.—Section 503(a) of the Act (7 U.S.C. 1463(a)) is amended by striking paragraph (1) and inserting the following:

''(1) IN GENERAL.—

''(A) GO CROPS.—The Secretary shall provide for the establishment and maintenance of a single crop acreage base for GO crops, including any GO crops produced under an established practice of double cropping.

''(B) COTTON AND RICE.—The Secretary shall provide for the establishment and maintenance of crop acreage bases for cotton and rice crops, including any program crop produced under an established practice of double cropping.''.

SEC. 102. UPLAND COTTON PROGRAM.

(a) EXTENSION.—Section 103B of the Agricultural Act of 1949 (7 U.S.C. 1444–2) is amended—

(1) in the section heading, by striking ''**1997**'' and inserting ''**2002**'';

(2) in subsections (a)(1), (b)(1), (c)(1), and (o), by striking ''1997'' each place it appears and inserting ''2002'';

(3) in subsection (a)(5), by striking ''1998'' each place it appears and inserting ''2002'';

(4) in the heading of subsection (c)(1)(D)(v)(II), by striking ''1997'' and inserting ''2002'';

(5) in subsection (e)(1)(D), by striking ''the 1997 crop'' and inserting ''each of the 1997 through 2002 crops''; and

(6) in subsections (e)(3)(A) and (f)(1), by striking ''1995'' each place it appears and inserting ''2002''.

(b) INCREASE IN NONPAYMENT ACRES.—Section 103B(c)(1)(C) of the Act is amended by striking ''85 percent'' and inserting ''80 percent for each of the 1996 through 2002 crops''.

(c) ADVANCE PAYMENT.—Section 103B(c)(1) of the Act is amended by adding at the end the following:

''(F) ADVANCE PAYMENT.—

''(i) IN GENERAL.—Except as provided in clauses (ii) and (iii), the Secretary shall make available to producers on a farm 50 percent of the projected payment under this subsection at the time the producers agree to participate in the program.

''(ii) 1995 PAYMENTS.—In the case of producers on a farm who were prevented from planting, or incurred a reduced yield of 20 percent or more of, the 1995 crop due to weather or related condition, the Secretary may settle claims for the repayment by the producers on terms determined by the Secretary to be fair and equitable, except that no claim shall be reduced by more than $3,500.

''(iii) 1996 PAYMENTS.—

''(I) IN GENERAL.—In the case of 1996 crops, advanced payments shall be made in accordance with the formula under subclause (II).

''(II) FORMULA.—Payments authorized under this clause shall be based on a rate equal to 50 percent of the average deficiency payment rate for the 1990 through 1994 crops.

''(III) NONREFUNDABLE.—Payments authorized under this clause shall not be refundable.''.

SEC. 103. RICE PROGRAM.

(a) EXTENSION.—Section 101B of the Agricultural Act of 1949 (7 U.S.C. 1441–2) is amended—

(1) in the section heading, by striking ''**1995**'' and inserting ''**2002**'';

(2) in subsections (a)(1), (a)(3), (b)(1), (c)(1)(A), (c)(1)(B)(iii), (e)(3)(A), (f)(1), and (n), by striking ''1995'' each place it appears and inserting ''2002'';

(3) in subsection (a)(5)(D)(i), by striking ''1996'' and inserting ''2003''; and

(4) in subsection (c)(1)—

(A) in subparagraph (B)(ii)—

(i) by striking ''AND 1995'' and inserting ''THROUGH 2002''; and

(ii) by striking ''and 1995'' and inserting ''through 2002''; and

(B) in subparagraph (D)—

(i) in clauses (i) and (v)(II), by striking ''1997'' each place it appears and inserting ''2002''; and

(ii) in the heading of clause (v)(II), by striking ''1997'' and inserting ''2002''.

(b) INCREASE IN NONPAYMENT ACRES.—Section 101B(c)(1)(C)(ii) of the Act is amended by striking ''85 percent'' and inserting ''80 percent for each of the 1998 through 2002 crops''.

(c) ADVANCE PAYMENT.—Section 101B(c)(1) of the Act is amended by adding at the end the following:

''(F) ADVANCE PAYMENT.—

''(i) IN GENERAL.—Except as provided in clauses (ii) and (iii), the Secretary shall make available to producers on a farm 50 percent of the projected payment under this subsection at the time the producers agree to participate in the program.

''(ii) 1995 PAYMENTS.—In the case of producers on a farm who were prevented from planting, or incurred a reduced yield of 20 percent or more of, the 1995 crop due to weather or related condition, the Secretary may settle claims for the repayment by the producers on terms determined by the Secretary to be fair and equitable, except that no claim shall be reduced by more than $3,500.

''(iii) 1996 PAYMENTS.—

''(I) IN GENERAL.—In the case of 1996 crops, advanced payments shall be made in accordance with the formula under subclause (II).

''(II) FORMULA.—Payments authorized under this clause shall be based on a rate equal to 50 percent of the average deficiency payment rate for the 1990 through 1994 crops.

''(III) NONREFUNDABLE.—Payments authorized under this clause shall not be refundable.''.

SEC. 104. PEANUT PROGRAM.

(a) EXTENSION.—

(1) AGRICULTURAL ACT OF 1949.—Section 108B of the Agricultural Act of 1949 (7 U.S.C. 1445c–3) is amended—

(A) in the section heading, by striking ''**1997**'' and inserting ''**2002**'';

(B) in subsection (a)(1), (b)(1), and (h), by striking ''1997'' each place it appears and inserting ''2002''; and

(C) in subsection (g)—

(i) by striking ''1997'' in paragraphs (1) and (2)(A)(ii)(II) and inserting ''2002''; and

(ii) by striking ''the 1997 crop'' each place it appears and inserting ''each of the 1997 through 2002 crops''.

(2) AGRICULTURAL ADJUSTMENT ACT OF 1938.—Part VI of subtitle B of title III of the Agricultural Adjustment Act of 1938 is amended—

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

(i) in the section heading, by striking ''**1997**'' and inserting ''**2002**''; and

(ii) in subsections (a)(1), (b), and (f), by striking ''1997'' each place it appears and inserting ''2002'';

(B) in section 358b (7 U.S.C. 1358b)—

(i) in the section heading, by striking ''**1995**'' and inserting ''**2002**''; and

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

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

(D) in section 358e (7 U.S.C. 1359a)—

(i) in the section heading, by striking ''**1997**'' and inserting ''**2002**''; and

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

(b) SUPPORT RATES FOR PEANUTS.—Section 108B(a)(2) of the Agricultural Act of 1949 (7 U.S.C. 1445c–3(a)(2)) is amended—

(1) by striking ''(2) SUPPORT RATES.—The'' and inserting the following:

''(2) SUPPORT RATES.—

''(A) 1991–1995 CROPS.—The''; and

(2) by adding at the end the following:

''(B) 1996–2002 CROPS.—The national average quota support rate for each of the 1996 through 2002 crops of quota peanuts shall be $678 per ton.''.

(c) UNDERMARKETINGS.—

(1) IN GENERAL.—Section 358–1(b) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358–1(b)) is amended—

(A) in paragraph (7), by adding at the end the following::

''(C) TRANSFER OF ADDITIONAL PEANUTS.—Additional peanuts on a farm from which the quota poundage was not harvested or marketed may be transferred to the quota loan pool for pricing purposes at the quota price on such basis as the Secretary shall be regulation provide, except that the poundage of the peanuts so transferred shall not exceed the difference in the total quantity of peanuts meeting quality requirements for domestic edible use, as determined by the Secretary, marketed from the farm and the total farm poundage quota.''; and

(B) by striking paragraphs (8) and (9).

(2) CONFORMING AMENDMENTS.—Section 358b(a) of the Act (7 U.S.C. 1358b(a)) is amended—

(A) in paragraph (1)(A), by striking ''undermarketings and''; and

(B) in paragraph (3), by striking ''(including any applicable undermarketings)''.

SEC. 105. DAIRY PROGRAM.

(a) PRICE SUPPORT.—Section 204 of the Agricultural Act of 1949 (7 U.S.C. 1446e) is amended—

(1) in the section heading, by striking ''**1996**'' and inserting ''**2002**'';

(2) in subsections (a), (b), (f), (g), and (k), by striking ''1996'' each place it appears and inserting ''2002'';

(3) in subsection (h)(2)(C), by striking ''and 1997'' and inserting ''through 2002''.

(b) SUPPORT PRICE FOR BUTTER AND POWDERED MILK.—Section 204(c)(3) of the Act is amended—

(1) in subparagraph (A), by striking ''Subject to subparagraph (B), the'' and inserting ''The'';

(2) by striking subparagraph (B); and

(3) by redesignating subparagraph (C) as subparagraph (B).

(c) SUPPORT RATE.—Section 204(d) of the Act is amended—

(1) by striking paragraphs (1) through (3);

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

(3) in paragraph (1) (as so redesignated), by striking ''$10.10'' and inserting ''$10.35''.

SEC. 106. SUGAR PROGRAM.

(a) IN GENERAL.—Section 206 of the Agricultural Act of 1949 (7 U.S.C. 1446g) is amended to read as follows:

''SEC. 206. SUGAR SUPPORT FOR 1996 THROUGH 2002 CROPS.

''(a) DEFINITIONS.—In this section:

''(1) AGREEMENT ON AGRICULTURE.—The term 'Agreement on Agriculture' means the Agreement on Agriculture resulting from the Uruguay Round of Multilateral Trade Negotiations.

''(2) MAJOR COUNTRY.—The term 'major country' includes—

''(A) a country that is allocated a share of the tariff rate quota for imported sugars and syrups by the United States Trade Representative pursuant to additional U.S. note 5 to chapter 17 of the Harmonized Tariff Schedule;

''(B) a country of the European Union; and

''(C) the People's Republic of China.

''(3) MARKET.—The term 'market' means to sell or otherwise dispose of in commerce in the United States (including, with respect to any integrated processor and refiner, the movement of raw cane sugar into the refining process) and delivery to a buyer.

''(4) TOTAL ESTIMATED DISAPPEARANCE.—The term 'total estimated disappearance' means the quantity of sugar, as estimated by the Secretary, that will be consumed in the United States during a fiscal year (other than sugar imported for the production of polyhydric alcohol or to be refined and reexported in refined form or in a sugar-containing product), plus the quantity of sugar that would provide for adequate carryover stocks.

''(b) PRICE SUPPORT.—The price of each of the 1996 through 2002 crops of sugar beets and sugarcane shall be supported in accordance with this section.

''(c) SUGARCANE.—Subject to subsection (e), the Secretary shall support the price of domestically grown sugarcane through loans at a support level of 18 cents per pound for raw cane sugar.

''(d) SUGAR BEETS.—Subject to subsection (e), the Secretary shall support the price of each crop of domestically grown sugar beets through loans at the level provided for refined beet sugar produced from the 1995 crop of domestically grown sugar beets.

''(e) ADJUSTMENT IN SUPPORT LEVEL.—

''(1) DOWNWARD ADJUSTMENT IN SUPPORT LEVEL.—

''(A) IN GENERAL.—The Secretary shall decrease the support price of domestically grown sugarcane and sugar beets from the level determined for the preceding crop, as determined under this section, if the quantity of negotiated reductions in export and domestic subsidies of sugar that apply to the European Union and other major countries in the aggregate exceed the quantity of the reductions in the subsidies agreed to under the Agreement of Agriculture.

''(B) EXTENT OF REDUCTION.—The Secretary shall not reduce the level of price support under subparagraph (A) below a level that provides an equal measure of support to the level provided by the European Union or any other major country through domestic and export subsidies that are subject to reduction under the Agreement on Agriculture.

''(2) INCREASES IN SUPPORT LEVEL.—The Secretary may increase the support level for each crop of domestically grown sugarcane and sugar beets from the level determined for the preceding crop based on such factors as the Secretary determines appropriate, including changes (during the 2 crop years immediately preceding the crop year for which the determination is made) in the cost of sugar products, the cost of domestic sugar production, the amount of any applicable assessments, and other factors or circumstances that may adversely affect domestic sugar production.

''(f) LOAN TYPE; PROCESSOR ASSURANCES.—

''(1) IN GENERAL.—Subject to paragraph (2), the Secretary shall carry out this section by making recourse loans to sugar producers.

''(2) MODIFICATION.—During any fiscal year in which the tariff rate quota for imports of sugar into the United States is established at, or is increased to, a level that exceeds the minimum level for the imports committed to by the United States under the Agreement on Agriculture, the Secretary shall carry out this section by making nonrecourse loans available to sugar producers. Any recourse loan previously made available by the Secretary and not repaid under this section during the fiscal year shall be converted into a nonrecourse loan.

''(3) PROCESSOR ASSURANCES.—To effectively support the prices of sugar beets and sugarcane received by a producer, the Secretary shall obtain from each processor that receives a loan under this section such assurances as the Secretary considers adequate that, if the Secretary is required under paragraph (2) to make nonrecourse loans available, or convert recourse loans into nonrecourse loans, each producer served by the processor will receive the appropriate minimum payment for sugar beets and sugarcane delivered by the producer, as determined by the Secretary.

''(g) ANNOUNCEMENTS.—The Secretary shall announce the type of loans available and the loan rates for beet and cane sugar for any fiscal year under this section as far in advance as is practicable.

''(h) LOAN TERM.—

''(1) IN GENERAL.—Except as provided in paragraph (2) and subsection (i), a loan under this section during any fiscal year shall be made available not earlier than the beginning of the fiscal year and shall mature at the end of 3 months.

''(2) EXTENSION.—The maturity of a loan under this section may be extended for up to 2 additional 3-month periods, at the option of the borrower, except that the maturity of a loan may not be extended under this paragraph beyond the end of the fiscal year.

''(i) SUPPLEMENTARY LOANS.—Subject to subsection (e), the Secretary shall make available to eligible processors price support loans with respect to sugar processed from sugar beets and sugarcane harvested in the last 3 months of a fiscal year. The loans shall mature at the end of the fiscal year. The processor may repledge the sugar as collateral for a price support loan in the subsequent fiscal year, except that the second loan shall—

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

''(2) mature in not more than 9 months, less the quantity of time that the first loan was in effect.

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

''(k) MARKETING ASSESSMENTS.—

''(1) IN GENERAL.—Assessments shall be collected in accordance with this subsection with respect to all sugar marketed within the United States during the 1996 through 2002 fiscal years.

''(2) BEET SUGAR.—The first seller of beet sugar produced from domestic sugar beets or domestic sugar beet molasses shall remit to the Commodity Credit Corporation a nonrefundable marketing assessment in an amount equal to 1.1894 percent of the loan level established under subsection (d) per pound of sugar marketed.

''(3) CANE SUGAR.—The first seller of raw cane sugar produced from domestic sugarcane or domestic sugarcane molasses shall remit to the Commodity Credit Corporation a nonrefundable marketing assessment in an amount equal to 1.11 percent of the loan level established under subsection (c) per pound of sugar marketed (including the transfer or delivery of the sugar to a refinery for further processing or marketing).

''(4) COLLECTION.—

''(A) TIMING.—Marketing assessments required under this subsection shall be collected and remitted to the Commodity Credit Corporation not later than 30 days after the date that the sugar is marketed.

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

''(5) PENALTIES.—If any person fails to remit an assessment required by this subsection or fails to comply with such requirements for recordkeeping or otherwise fails to comply with this subsection, the person shall be liable to the Secretary for a civil penalty of not more than an amount determined by multiplying—

''(A) the quantity of sugar involved in the violation; by

''(B) the loan level for the applicable crop of sugarcane or sugar beets from which the sugar is produced.

For the purposes of this paragraph, refined sugar shall be treated as produced from sugar beets.

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

''(l) INFORMATION REPORTING.—

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

''(2) DUTY OF PRODUCERS TO REPORT.—To efficiently and effectively carry out the program under this section, the Secretary may require a producer of sugarcane or sugar beets to report, in the manner prescribed by the Secretary, the producer's sugarcane or sugar beet yields and acres planted to sugarcane or sugar beets, respectively.

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

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

''(m) SUGAR ESTIMATES.—

''(1) DOMESTIC REQUIREMENT.—Before the beginning of each fiscal year, the Secretary shall estimate the domestic sugar requirement of the United States in an amount that is equal to the total estimated disappearance, minus the quantity of sugar that will be available from carry-in stocks.

''(2) QUARTERLY REESTIMATES.—The Secretary shall make quarterly reestimates of sugar consumption, stocks, production, and imports for a fiscal year not later than the beginning of each of the second through fourth quarters of the fiscal year.

''(n) CROPS.—This section shall be effective only for the 1996 through 2002 crops of sugar beets and sugarcane.''.

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

SEC. 107. SHEEP INDUSTRY TRANSITION PROGRAM.

Title II of the Agricultural Act of 1949 (7 U.S.C. 1446 et seq.) is amended by adding at the end the following:

''SEC. 208. SHEEP INDUSTRY TRANSITION PROGRAM.

''(a) LOSS.—

''(1) IN GENERAL.—The Secretary shall, on presentation of warehouse receipts or other acceptable evidence of title as determined by the Secretary, make available for each of the 1996 through 1999 marketing years recourse loans for wool at a loan level, per pound, that is not less than the smaller of—

''(A) the average price (weighted by market and month) of the base quality of wool at average location in the United States as quoted during the 5-marketing year period preceding the year in which the loan level is announced, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; or

''(B) 90 percent of the average price for wool projected for the marketing year in which the loan level is announced, as determined by the Secretary.

''(2) ADJUSTMENTS TO LOAN LEVEL.—

''(A) LIMITATION ON DECREASE IN LOAN LEVEL.—The loan level for any marketing year determined under paragraph (1) may not be reduced by more than 5 percent from the level determined for the preceding marketing year, and may not be reduced below 50 cents per pound.

''(B) LIMITATION ON INCREASE IN LOAN LEVEL.—If for any marketing year the average projected price determined under paragraph (1)(B) is less than the average United States market price determined under paragraph (1)(A), the Secretary may increase the loan level to such level as the Secretary may consider appropriate, not in excess of the average United States market price determined under paragraph (1)(A).

''(C) ADJUSTMENT FOR QUALITY.—

''(i) IN GENERAL.—Notwithstanding subparagraphs (A) and (B), the Secretary may adjust the loan level of a loan made under this section with respect to a quantity of wool to more accurately reflect the quality of the wool, as determined by the Secretary.

''(ii) ESTABLISHMENT OF GRADING SYSTEM.—To allow producers to establish the quality of wool produced on a farm, the Secretary shall establish a grading system for wool, based on micron diameter of the fibers in the wool.

''(iii) FEES.—The Secretary may charge each person that requests a grade for a quantity of wool a fee to offset the costs of testing and establishing a grade for the wool.

''(iv) TESTING FACILITIES.—To the extent practicable, the Secretary may certify State, local, or private facilities to carry out the grading of wool for the purpose of carrying out this subparagraph.

''(3) ANNOUNCEMENT OF LOAN LEVEL.—The loan level for any marketing year of wool shall be determined and announced by the Secretary not later than December 1 of the calendar year preceding the marketing year for which the loan is to be effective or, in the case of the 1996 marketing year, as soon as is practicable after December 1, 1995.

''(4) TERM OF LOAN.—

''(A) IN GENERAL.—Recourse loans provided for in this section may be made for an initial term of 9 months from the first day of the month in which the loan is made.

''(B) EXTENSIONS.—Except as provided in subparagraph (C), recourse loans provided for in this section shall, on request of the producer during the 9th month of the loan period for the wool, be made available for an additional term of 8 months.

''(C) LIMITATION.—A request to extend the loan period shall not be approved in any month in which the average price of the base quality of wool, as determined by the Secretary, in the designated markets for the preceding month exceeded 130 percent of the average price of the base quality of wool in the designated United States markets for the preceding 36-month period

''(5) MARKETING LOAN PROVISIONS.—If the Secretary determines that the prevailing world market price for wool (adjusted to United States quality and location) is below the loan level determined under paragraphs (1) through (4), to make United States wool competitive, the Secretary shall permit a producer to repay a loan made for any marketing year at the lesser of—

''(A) the loan level determined for the marketing year; or

''(B) the higher of—

''(i) the loan level determined for the marketing year multiplied by 70 percent; or

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

''(6) PREVAILING WORLD MARKET PRICE.—

''(A) IN GENERAL.—The Secretary shall prescribe by regulation—

''(i) a formula to define the prevailing world market price for wool (adjusted to United States quality and location); and

''(ii) a mechanism by which the Secretary shall announce periodically the prevailing world market price for wool (adjusted to United States quality and location).

''(B) USE.—The prevailing world market price for wool (adjusted to United States quality and location) established under this paragraph shall be used to carry out paragraph (5).

''(C) ADJUSTMENT OF PREVAILING WORLD MARKET PRICE.—

''(i) IN GENERAL.—The prevailing world market price for wool (adjusted to United States quality and location) established under this paragraph shall be further adjusted if the adjusted prevailing world market price is less than 115 percent of the current marketing year loan level for the base quality of wool, as determined by the Secretary.

''(ii) FURTHER ADJUSTMENT.—The adjusted prevailing world market price shall be further adjusted on the basis of some or all of the following data, as available:

''(I) The United States share of world exports.

''(II) The current level of wool export sales and wool export shipments.

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

''(D) MARKET PRICE QUOTATION.—The Secretary may establish a system to monitor and make available on a weekly basis information with respect to the most recent average domestic and world market prices for wool.

''(7) PARTICIPATION.—The Secretary may make loans available under this subsection to producers, cooperatives, or marketing pools.

''(b) LOAN DEFICIENCY PAYMENTS.—

''(1) IN GENERAL.—The Secretary shall, for each of the 1996 through 1999 marketing years of wool, make payments available to producers who, although eligible to obtain a loan under subsection (a), agree to forgo obtaining the loan in return for payments under this subsection.

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

''(A) the loan payment rate; by

''(B) the quantity of wool the producer is eligible to place under loan but for which the producer forgoes obtaining the loan in return for payments under this subsection.

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

''(A) the loan level determined for the marketing year under subsection (a); exceeds

''(B) the level at which a loan may be repaid under subsection (a).

''(c) DEFICIENCY PAYMENTS.—

''(1) IN GENERAL.—The Secretary shall make available to producers deficiency payments for each of the 1996 through 1999 marketing years of wool in an amount computed by multiplying—

''(A) the payment rate; by

''(B) the payment quantity of wool for the marketing year.

''(2) PAYMENT RATE.—

''(A) IN GENERAL.—The payment rate for wool shall be the amount by which the established price for the marketing year of wool exceeds the higher of—

''(i) the national average market price received by producers during the marketing year, as determined by the Secretary; or

''(ii) the loan level determined for the marketing year.

''(B) MINIMUM ESTABLISHED PRICE.—The established price for wool shall not be less than $2.12 per pound on a grease wool basis for each of the 1996 through 1999 marketing years.

''(3) PAYMENT QUANTITY.—Payment quantity of wool for a marketing year shall be the number of pounds of wool produced during the marketing year.

''(d) EQUITABLE RELIEF.—

''(1) LOANS AND PAYMENTS.—If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans and payments, the Secretary may, nevertheless, make the loans and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure. The Secretary may consider whether the producer made a good faith effort to comply fully with the terms and conditions of the program in determining whether equitable relief is warranted under this paragraph.

''(2) DEADLINES AND PROGRAM REQUIREMENTS.—The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

''(e) REGULATIONS.—The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

''(f) COMMODITY CREDIT CORPORATION.—The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

''(g) ASSIGNMENT OF PAYMENTS.—The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to payments under this section.

''(h) SHARING OF PAYMENTS.—The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

''(i) TENANTS AND SHARECROPPERS.—The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

''(j) CROSS-COMPLIANCE.—

''(1) IN GENERAL.—Compliance on a farm with the terms and conditions of any other commodity program, or compliance with marketing year acreage base requirements for any other commodity, may not be required as a condition of eligibility for loans or payments under this section.

''(2) COMPLIANCE ON OTHER FARMS.—The Secretary may not require producers on a farm, as a condition of eligibility for loans or payments under this section for the farm, to comply with the terms and conditions of the wool program with respect to any other farm operated by the producers.

''(k) LIMITATION ON OUTLAYS.—

''(1) IN GENERAL.—The total amount of payments that may be made available to all producers under this section may not exceed—

''(A) $75,000,000, during any single marketing year; or

''(B) $200,000,000 in the aggregate for marketing years 1996 through 1999.

''(2) PRORATION OF BENEFITS.—To the extent that the total amount of benefits for which producers are eligible under this section exceeds the limitations in paragraph (1), funds made available under this section shall be prorated among all eligible producers.

''(3) PERSON LIMITATION.—

''(A) LOANS.—No person may realize gains or receive payments under subsection (a) or (b) that exceed $75,000 during any marketing year.

''(B) DEFICIENCY PAYMENTS.—No person may receive payments under subsection (c) that exceed $50,000 during any marketing year.

''(l) MARKETING YEARS.—Notwithstanding any other provision of law, this section shall be effective only for the 1996 through 1999 marketing years for wool.''.

SEC. 108. SUSPENSION OF PERMANENT PRICE SUPPORT AUTHORITY.

(a) WHEAT.—

(1) NONAPPLICABILITY OF CERTIFICATE REQUIREMENTS.—Sections 379d through 379j of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1379d–1379j) shall not be applicable to wheat processors or exporters during the period June 1, 1995, through May 31, 2003.

(2) SUSPENSION OF LAND USE, WHEAT MARKETING ALLOCATION, AND PRODUCER CERTIFICATE PROVISIONS.—Sections 331 through 339, 379b, and 379c of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1331 through 1339, 1379b, and 1379c) shall not be applicable to the 1996 through 2002 crops of wheat.

(3) SUSPENSION OF CERTAIN QUOTA PROVISIONS.—The joint resolution entitled ''A joint resolution relating to corn and wheat marketing quotas under the Agricultural Adjustment Act of 1938, as amended'', approved May 26, 1941 (7 U.S.C. 1330 and 1340), shall not be applicable to the crops of wheat planted for harvest in the calendar years 1996 through 2002.

(4) NONAPPLICABILITY OF SECTION 107 OF THE AGRICULTURAL ACT OF 1949.—Section 107 of the Agricultural Act of 1949 (7 U.S.C. 1445a) shall not be applicable to the 1996 through 2002 crops of wheat.

(b) FEED GRAINS.—

(1) NONAPPLICABILITY OF SECTION 105 OF THE AGRICULTURAL ACT OF 1949.—Section 105 of the Agricultural Act of 1949 (7 U.S.C. 1444b) shall not be applicable to the 1996 through 2002 crops of feed grains.

(2) RECOURSE LOAN PROGRAM FOR SILAGE.—Section 403 of the Food Security Act of 1985 (7 U.S.C. 1444e–1) is amended by striking ''1996'' and inserting ''2002''.

(c) OILSEEDS.—Section 201(a) of the Agricultural Act of 1949 (7 U.S.C. 1446(a)) is amended by striking ''oilseeds'' and all that follows through ''determine),''.

(d) UPLAND COTTON.—

(1) SUSPENSION OF BASE ACREAGE ALLOTMENTS, MARKETING QUOTAS, AND RELATED PROVISIONS.—Sections 342, 343, 344, 345, 346, and 377 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1342–1346 and 1377) shall not be applicable to any of the 1996 through 2002 crops of upland cotton.

(2) MISCELLANEOUS COTTON PROVISIONS.—Section 103(a) of the Agricultural Act of 1949 (7 U.S.C. 1444(a)) shall not be applicable to the 1996 through 2002 crops.

(e) PEANUTS.—

(1) SUSPENSION OF MARKETING QUOTAS AND ACREAGE ALLOTMENTS.—The following provisions of the Agricultural Adjustment Act of 1938 shall not be applicable to the 1996 through 2002 crops of peanuts:

(A) Subsections (a) through (j) of section 358 (7 U.S.C. 1358).

(B) Subsections (a) through (h) of section 358a (7 U.S.C. 1358a).

(C) Subsections (a), (b), (d), and (e) of section 358d (7 U.S.C. 1359).

(D) Part I of subtitle C of title III (7 U.S.C. 1361 et seq.).

(E) Section 371 (7 U.S.C. 1371).

(2) REPORTS AND RECORDS.—Effective only for the 1996 through 2002 crops of peanuts, the first sentence of section 373(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1373(a)) is amended by inserting before ''all brokers and dealers in peanuts'' the following: ''all producers engaged in the production of peanuts,''.

(3) SUSPENSION OF CERTAIN PRICE SUPPORT PROVISIONS.—Section 101 of the Agricultural Act of 1949 (7 U.S.C. 1441) shall not be applicable to the 1996 through 2002 crops of peanuts.

SEC. 109. EXTENSION OF RELATED PRICE SUPPORT PROVISIONS.

(a) DEFICIENCY AND LAND DIVERSION PAYMENTS.—Section 114 of the Agricultural Act of 1949 (7 U.S.C. 1445j) is amended—

(1) in subsections (a)(1) and (c), by striking ''1997'' each place it appears and inserting ''2002''; and

(2) in subsection (b), by striking ''1995'' and inserting ''2002''.

(b) ADJUSTMENT OF ESTABLISHED PRICES.—Section 402(b) of the Agricultural Act of 1949 (7 U.S.C. 1422(b)) is amended by striking ''1995'' and inserting ''2002''.

(c) ADJUSTMENT OF SUPPORT PRICES.—Section 403(c) of the Agricultural Act of 1949 (7 U.S.C. 1423(c)) is amended by striking ''1995'' and inserting ''2002''.

(d) APPLICATION OF TERMS IN THE AGRICULTURAL ACT OF 1949.—Section 408(k)(3) of the Agricultural Act of 1949 (7 U.S.C. 1428(k)(3)) is amended by striking ''1995'' and inserting ''2002''.

(e) ACREAGE BASE AND YIELD SYSTEM.—Title V of the Agricultural Act of 1949 (7 U.S.C. 1461 et seq.) is amended—

(1) in subsections (c)(3) and (h)(2)(A) of section 503 (7 U.S.C. 1463), by striking ''1997'' each place it appears and inserting ''2002'';

(2) in paragraphs (1) and (2) of section 505(b) (7 U.S.C. 1465(b)), by striking ''1997'' each place it appears and inserting ''2002''; and

(3) in section 509 (7 U.S.C. 1469), by striking ''1997'' and inserting ''2002''.

(f) PAYMENT LIMITATIONS.—Section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308) is amended by striking ''1997'' each place it appears and inserting ''2002''.

(g) NORMALLY PLANTED ACREAGE.—Section 1001 of the Food and Agriculture Act of 1977 (7 U.S.C. 1309) is amended by striking ''1995'' each place it appears in subsections (a), (b)(1), and (c) and inserting ''2002''.

(h) OPTIONS PILOT PROGRAM.—The Options Pilot Program Act of 1990 (subtitle E of title XI of Public Law 101–624; 104 Stat. 3518; 7 U.S.C. 1421 note) is amended—

(1) in subsections (a) and (b) of section 1153, by striking ''1995'' each place it appears and inserting ''2002''; and

(2) in section 1154(b)(1)(A), by striking ''1995'' each place it appears and inserting ''2002''.

(i) FOOD SECURITY WHEAT RESERVE.—Section 302(i) of the Food Security Wheat Reserve Act of 1980 (7 U.S.C. 1736f–1(i)) is amended by striking ''1995'' each place it appears and inserting ''2002''.

SEC. 110. CROP INSURANCE ADMINISTRATIVE FEE.

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

(1) by striking paragraph (5); and

(2) by redesignating paragraphs (6) through (10) as paragraphs (5) through (9), respectively.

SEC. 111. EFFECTIVE DATE.

(a) IN GENERAL.—Except as otherwise specifically provided in this title, this title and the amendments made by this title shall apply beginning with the 1996 crop of an agricultural commodity.

(b) PRIOR CROPS.—Except as otherwise specifically provided and notwithstanding any other provision of law, this title and the amendments made by this title shall not affect the authority of the Secretary of Agriculture to carry out a price support, production adjustment, or payment program for—

(1) any of the 1991 through 1995 crops of an agricultural commodity established under a provision of law as in effect immediately before the enactment of this Act; or

(2) the 1996 crop of an agricultural commodity established under section 406(b) of the Agricultural Act of 1949 (7 U.S.C. 1426(b)).

TITLE II—CONSERVATION

SEC. 201. CONSERVATION RESERVE PROGRAM.

Section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831) is amended by striking ''1995'' each place it appears in subsections (a) and (d) and inserting ''2002''.

SEC. 202. ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.

Chapter 2 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3838 et seq.) is amended to read as follows:

''CHAPTER 2—ENVIRONMENTAL QUALITY INCENTIVES PROGRAM

''SEC. 1238. DEFINITIONS.

''In this chapter:

''(1) LAND MANAGEMENT PRACTICE.—The term 'land management practice' means nutrient or manure management, integrated pest management, irrigation management, tillage or residue management, grazing management, or another land management practice the Secretary determines is needed to protect soil, water, or related resources in the most cost efficient manner.

''(2) LARGE CONFINED LIVESTOCK OPERATION.—The term 'large confined livestock operation' means a farm or ranch that—

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

''(B) has more than—

''(i) 700 mature dairy cattle;

''(ii) 1,000 beef cattle;

''(iii) 100,000 laying hens or broilers;

''(iv) 55,000 turkeys;

''(v) 2,500 swine; or

''(vi) 10,000 sheep or lambs.

''(3) LIVESTOCK.—The term 'livestock' means mature dairy cows, beef cattle, laying hens, broilers, turkeys, swine, sheep, or lambs.

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

''(5) STRUCTURAL PRACTICE.—The term 'structural practice' means the establishment of an animal waste management facility, terrace, grassed waterway, contour grass strip, filterstrip, permanent wildlife habitat, or another structural practice that the Secretary determines is needed to protect soil, water, or related resources in the most cost effective manner.

''SEC. 1238A. ESTABLISHMENT AND ADMINISTRATION OF ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.

''(a) ESTABLISHMENT.—

''(1) IN GENERAL.—During the 1996 through 2006 fiscal years, the Secretary shall enter into contracts with operators to provide technical assistance, cost-sharing payments, and incentive payments to operators, who enter into contracts with the Secretary, through an environmental quality incentives program in accordance with this chapter.

''(2) CONSOLIDATION OF EXISTING PROGRAMS.—In establishing the environmental quality incentives program authorized under this chapter, the Secretary shall combine into a single program the functions of—

''(A) the agricultural conservation program authorized by sections 7 and 8 of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590g and 590h);

''(B) the Great Plains conservation program established under section 16(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590p(b));

''(C) the water quality incentives program established under this chapter; and

''(D) the Colorado River Basin salinity control program established under section 202(c) of the Colorado River Basin Salinity Control Act (43 U.S.C. 1592(c)).

''(b) APPLICATION AND TERM.—

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

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

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

''(2) CONTRACT EFFECTIVE DATE.—A contract between an operator and the Secretary under this chapter shall become effective on October 1st following the date the contract is fully entered into.

''(c) COST-SHARING AND INCENTIVE PAYMENTS.—

''(1) COST-SHARING PAYMENTS.—

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

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

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

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

''(d) TECHNICAL ASSISTANCE.—

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

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

''(e) FUNDING.—The Secretary shall use to carry out this chapter not less than—

''(1) $200,000,000 for fiscal year 1997; and

''(2) $250,000,000 for each of fiscal years 1998 through 2002.

''(f) COMMODITY CREDIT CORPORATION.—The Secretary may use the funds, facilities, and authorities of the Commodity Credit Corporation to carry out this subchapter.

''SEC. 1238B. CONSERVATION PRIORITY AREAS.

''(a) IN GENERAL.—The Secretary shall designate watersheds or regions of special environmental sensitivity, including the Chesapeake Bay region (located in Pennsylvania, Maryland, and Virginia), the Great Lakes region, the Long Island Sound region, prairie pothole region (located in North Dakota, South Dakota, and Minnesota), Rainwater Basin (located in Nebraska), and other areas the Secretary considers appropriate, as conservation priority areas that are eligible for enhanced assistance through the programs established under this chapter and chapter 1.

''(b) APPLICABILITY.—A designation shall be made under this section if an application is made by a State agency and agricultural practices within the watershed or region pose a significant threat to soil, water, and related natural resources, as determined by the Secretary.

''SEC. 1238C. EVALUATION OF OFFERS AND PAYMENTS.

''(a) REGIONAL PRIORITIES.—The Secretary shall provide technical assistance, cost-sharing payments, and incentive payments to operators in a region, watershed, or conservation priority area under this chapter based on the significance of soil, water, and related natural resources problems in the region, watershed, or area, and the structural practices or land management practices that best address the problems, as determined by the Secretary.

''(b) MAXIMIZATION OF ENVIRONMENTAL BENEFITS.—

''(1) IN GENERAL.—In providing technical assistance, cost-sharing payments, and incentive payments to operators in regions, watersheds, or conservation priority areas under this chapter, the Secretary shall accord a higher priority to assistance and payments that maximize environmental benefits per dollar expended.

''(2) STATE OR LOCAL CONTRIBUTIONS.—The Secretary shall accord a higher priority to operators whose agricultural operations are located within watersheds, regions, or conservation priority areas in which State or local governments have provided, or will provide, financial or technical assistance to the operators for the same conservation or environmental purposes.

''SEC. 1238D. ENVIRONMENTAL QUALITY INCENTIVES PROGRAM PLAN.

''(a) IN GENERAL.—Prior to approving cost-share or incentive payments authorized under this chapter, the Secretary shall require the preparation and evaluation of an environmental quality incentives program plan described in subsection (b), unless the Secretary determines that such a plan is not necessary to evaluate the application for the payments.

''(b) TERMS.—An environmental quality incentives program plan shall include (as determined by the Secretary) a description of relevant—

''(1) farming or ranching practices on the farm;

''(2) characteristics of natural resources on the farm;

''(3) specific conservation and environmental objectives to be achieved including those that will assist the operator in complying with Federal and State environmental laws;

''(4) dates for, and sequences of, events for implementing the practices for which payments will be received under this chapter; and

''(5) information that will enable evaluation of the effectiveness of the plan in achieving the conservation and environmental objectives, and that will enable evaluation of the degree to which the plan has been implemented.

''SEC. 1238E. LIMITATION ON PAYMENTS.

''(a) PAYMENTS.—The total amount of cost-share and incentive payments paid to a person under this chapter may not exceed—

''(1) $10,000 for any fiscal year; or

''(2) $50,000 for any multiyear contract.

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

''(1) defining the term 'person' as used in subsection (a); and

''(2) prescribing such rules as the Secretary determines necessary to ensure a fair and reasonable application of the limitations contained in subsection (a).''.

TITLE III—NUTRITION ASSISTANCE

SEC. 301. FOOD STAMP PROGRAM.

(a) EMPLOYMENT AND TRAINING.—Section 16(h)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)(1)) is amended by striking ''1995'' each place it appears and inserting ''2002''.

(b) AUTHORIZATION OF PILOT PROJECTS.—The last sentence of section 17(b)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)(A)) is amended by striking ''1995'' and inserting ''2002''.

(c) AUTHORIZATION FOR APPROPRIATIONS.—The first sentence of section 18(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2027(a)(1)) is amended by striking ''1995'' and inserting ''2002''.

(d) REAUTHORIZATION OF PUERTO RICO NUTRITION ASSISTANCE PROGRAM.—The first sentence of section 19(a)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2028(a)(1)(A)) is amended by striking ''$974,000,000'' and all that follows through ''fiscal year 1995'' and inserting ''$1,143,000,000 for each of fiscal years 1995 and 1996, $1,182,000,000 for fiscal year 1997, $1,223,000,000 for fiscal year 1998, $1,266,000,000 for fiscal year 1999, $1,310,000,000 for fiscal year 2000, $1,357,000,000 for fiscal year 2001, and $1,404,000,000 for fiscal year 2002''.

SEC. 302. COMMODITY DISTRIBUTION PROGRAM; COMMODITY SUPPLEMENTAL FOOD PROGRAM.

(a) REAUTHORIZATION.—The first sentence of section 4(a) of the Agriculture and Consumer Protection Act of 1973 (Public Law 93–86; 7 U.S.C. 612c note) is amended by striking ''1995'' and inserting ''2002''.

(b) FUNDING.—Section 5 of the Agriculture and Consumer Protection Act of 1973 (Public Law 93–86; 7 U.S.C. 612c note) is amended—

(1) in subsection (a)(2), by striking ''1995'' and inserting ''2002''; and

(2) in subsection (d)(2), by striking ''1995'' and inserting ''2002''.

SEC. 303. EMERGENCY FOOD ASSISTANCE PROGRAM.

(a) REAUTHORIZATION.—The first sentence of section 204(a)(1) of the Emergency Food Assistance Act of 1983 (Public Law 98–8; 7 U.S.C. 612c note) is amended by striking ''1995'' and inserting ''2002''.

(b) PROGRAM TERMINATION.—Section 212 of the Emergency Food Assistance Act of 1983 (Public Law 98–8; 7 U.S.C. 612c note) is amended by striking ''1995'' and inserting ''2002''.

(c) REQUIRED PURCHASES OF COMMODITIES.—Section 214 of the Emergency Food Assistance Act of 1983 (Public Law 98–8; 7 U.S.C. 612c note) is amended—

(1) in the first sentence of subsection (a), by striking ''1995'' and inserting ''2002''; and

(2) in subsection (e), by striking ''1995'' each place it appears and inserting ''2002''.

SEC. 304. SOUP KITCHENS PROGRAM.

Section 110 of the Hunger Prevention Act of 1988 (Public Law 100–435; 7 U.S.C. 612c note) is amended—

(1) in the first sentence of subsection (a), by striking ''1995'' and inserting ''2002''; and

(2) in subsection (c)(2)—

(A) in the paragraph heading, by striking ''1995'' and inserting ''2002''; and

(B) by striking ''1995'' each place it appears and inserting ''2002''.

SEC. 305. NATIONAL COMMODITY PROCESSING.

The first sentence of section 1114(a)(2)(A) of the Agriculture and Food Act of 1981 (7 U.S.C. 1431e(2)(A)) is amended by striking ''1995'' and inserting ''2002''.

MIKULSKI AMENDMENTS NOS. 3126–3127

(Ordered to lie on the table.)

Ms. MIKULSKI submitted two amendments intended to be proposed by her to the bill S. 1541, supra; as follows:

AMENDMENT NO. 3126

At the appropriate place insert: ''Whenever the domestic price of raw sugar exceeds 120% of the loan rate, then the Secretary of Agriculture shall permit the importation of additional raw cane sugar from exiting quota holders until he determines that such conditions no longer prevail in the market.''

AMENDMENT NO. 3127

At the appropriate place insert: ''Whenever the domestic price of raw sugar exceeds 120% of the loan rate, then the Secretary of Agriculture shall permit the importation of additional raw cane sugar from existing quota holders until he determines that such conditions no longer prevail in the market.''

BUMPERS (AND PRYOR) AMENDMENT NO. 3128

(Ordered to lie on the table.)

Mr. BUMPERS (for himself and Mr. PRYOR) submitted an amendment intended to be proposed by them to the bill S. 1541, supra; as follows:

At the appropriate place add the following: ''Any program authorized to be administered by the Secretary of Agriculture on January 1, 1995, shall be deemed authorized under the same terms and conditions until December 31, 1996, unless other terms and conditions are established by law.''

PRYOR (AND BUMPERS) AMENDMENT NO. 3129

(Ordered to lie on the table.)

Mr. PRYOR (for himself and Mr. BUMPERS) submitted an amendment intended to be proposed by them to the bill S. 2541 supra; as follows:

Strike all after the first word and insert in lieu thereof:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Agricultural Competitiveness Act of 1995''.

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

SEC. 2. FINDINGS, POLICY, AND PURPOSE.

(a) FINDINGS.—Congress finds that—

(1)(A) a sound and prosperous economy in the United States is dependent on American agriculture and related industries, including producers, processors, handlers, manufacturers, marketers, transporters, and the banking and credit industry;

(B) American agriculture and related industries account for over 21,000,000 jobs and approximately 16 percent, or over $1,000,000,000,000, of the gross domestic product; and

(C) because of the combined effort of American agriculture and related industries, consumers in the United States enjoy a dependable supply of food and fiber at fair prices;

(2)(A) the future of American agriculture is dependent on the continued viability of the American agricultural producer, the underpinning of the agricultural economy; and

(B) agricultural producers must receive a fair return on their productivity and investment in an industry characterized by continued subsidized foreign competition and wide fluctuations in production and prices due to weather and related factors;

(3)(A) one of the essential elements of a sound agricultural economy is the ability of the United States to compete in the world market;

(B) agricultural exports are expected to reach nearly $50,000,000,000 in 1995 and contribute about $20,000,000,000 to the United States balance of trade; and

(C) agricultural exports alone account for over 1,000,000 American jobs; and

(4)(A) Commodity Credit Corporation outlays for farm programs have declined from a high of approximately $26,000,000,000 for fiscal year 1986 to less than $9,000,000,000 for fiscal year 1995, a reduction of over 65 percent that is unique among the many mandatory spending programs of the Federal Government; and

(B) according to the Congressional Budget Office, farm program outlays are projected to remain below the outlay level for fiscal year 1995 for the next 5 years and continue to decline by nearly 8 percent, even if no changes are made in current law for existing farm programs.

(b) POLICY.—It is the policy of the United States that—

(1) continued Federal Government support is necessary to provide stability for American agricultural producers to—

(A) enable the producers to continue to provide consumers with a steady and dependable supply of food and fiber at fair prices;

(B) maintain the competitiveness of the United States in the world market; and

(C) otherwise preserve the underpinnings of a sound agricultural economy; and

(2) to meet the objective of achieving a balanced budget for the Federal Government in a manner consistent with paragraph (1), reductions in farm program spending should be made in a fair and equitable manner.

(c) PURPOSE.—The purpose of this Act is to establish agricultural price support and production adjustment programs for the 1996 through 2002 crop years that provide a structure for a sound agricultural economy in a manner consistent with subsection (b).

SEC. 3. SENSE OF CONGRESS ON ENDING THE FEDERAL DEFICIT.

It is the sense of Congress that—

(1) the continuation of significant Federal budgetary deficits harms the economic well-being of the United States and is detrimental to the development of sound, long-term agricultural policy;

(2) agricultural price support and production adjustment programs are necessary for the continued economic health of United States agriculture, which must compete in international markets against subsidized foreign competition; and

(3) agricultural price support and production adjustment programs should be—

(A) implemented, to the maximum extent practicable, in a manner that is consistent with the primary goal of the concurrent resolution on the budget for fiscal year 1996 (H.Con.Res. 67, agreed to June 29, 1995) to end Federal budget deficits; and

(B) modified, as necessary, to ensure that the programs comply with applicable budget reconciliation instructions in the concurrent resolution that are designed to end Federal budget deficits, in a manner consistent with section 306 of the concurrent resolution.

TITLE I—WHEAT

SEC. 101. LOANS, PAYMENTS, AND ACREAGE REDUCTION PROGRAMS FOR THE 1996 THROUGH 2002 CROPS OF WHEAT.

Section 107B of the Agricultural Act of 1949 (7 U.S.C. 1445b–3a) is amended to read as follows:

"SEC. 107B. LOANS, PAYMENTS, AND ACREAGE REDUCTION PROGRAMS FOR THE 1996 THROUGH 2002 CROPS OF WHEAT.

''(a) LOANS AND PURCHASES.—

''(1) IN GENERAL.—Except as otherwise provided in this subsection, the Secretary shall make available to producers on a farm loans and purchases for each of the 1996 through 2002 crops of wheat produced on the farm at such level as the Secretary determines will maintain the competitive relationship of wheat to other grains in domestic and export markets after taking into consideration the cost of producing wheat, supply and demand conditions, and world prices for wheat.

''(2) MINIMUM LOAN AND PURCHASE LEVEL.—Except as provided in paragraph (3), the loan and purchase level determined under paragraph (1) shall be not less than 85 percent of the simple average price received by producers of wheat, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of wheat, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period, except that the loan and purchase level for a crop determined under this paragraph may not be reduced by more than 5 percent from the level determined for the preceding crop.

''(3) MARKETING LOANS.—

''(A) IN GENERAL.—The Secretary shall permit the producers on a farm to repay a loan made under this subsection for a crop at a level (except as provided in subparagraph (C)) that is the lesser of—

''(i) the loan level determined for the crop; and

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

''(B) PREVAILING WORLD MARKET PRICE.—The Secretary shall prescribe by regulation—

''(i) a formula to determine the prevailing world market price for wheat, adjusted to United States quality and location; and

''(ii) a mechanism by which the Secretary shall announce periodically the prevailing world market price for wheat.

''(C) ALTERNATIVE REPAYMENT RATES.—For each of the 1996 through 2002 crops of wheat, if the world market price for wheat (adjusted to United States quality and location), as determined by the Secretary, is less than the loan level determined for the crop, the Secretary may permit the producers on a farm to repay a loan made under this subsection for a crop at such level (not in excess of the loan level determined for the crop) as the Secretary determines will—

''(i) minimize potential loan forfeitures;

''(ii) minimize the accumulation of wheat stocks by the Federal Government;

''(iii) minimize the cost incurred by the Federal Government in storing wheat; and

''(iv) allow wheat produced in the United States to be marketed freely and competitively, both domestically and internationally.

''(4) SIMPLE AVERAGE PRICE.—For purposes of this section, the simple average price received by producers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

''(b) LOAN DEFICIENCY PAYMENTS.—

''(1) IN GENERAL.—For each of the 1996 through 2002 crops of wheat, the Secretary may make payments (referred to in this section as 'loan deficiency payments') available to producers who, although eligible to obtain a loan or an agreement for purchase under subsection (a), agree to forgo obtaining the loan or agreement in return for payments under this subsection.

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

''(A) the loan payment rate; and

''(B) the quantity of wheat the producers on a farm are eligible to place under loan (or obtain a purchase agreement) but for which the producers forgo obtaining the loan or agreement in return for payments under this subsection.

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

''(A) the loan level determined for the crop under subsection (a); exceeds

''(B) the level at which a loan may be repaid under subsection (a).

''(c) PAYMENTS.—

''(1) DEFICIENCY PAYMENTS.—

''(A) IN GENERAL.—The Secretary shall make available to producers payments (referred to in this section as 'deficiency payments') for each of the 1996 through 2002 crops of wheat in an amount computed by multiplying—

''(i) the payment rate;

''(ii) the payment acres for the crop; and

''(iii) the farm program payment yield established for the crop for the farm.

''(B) PAYMENT RATE.—

''(i) IN GENERAL.—The payment rate for each of the 1996 through 2002 crops of wheat shall be the amount by which the established price for the crop of wheat exceeds the higher of—

''(I) the lesser of—

''(aa) the national weighted average market price received by producers during the marketing year for the crop, as determined by the Secretary; and

''(bb) the national weighted average market price received by producers during the first 5 months of the marketing year for the crop, as determined by the Secretary, plus 10 cents per bushel; and

''(II) the loan level determined for the crop.

''(ii) MINIMUM ESTABLISHED PRICE.—The established price for wheat shall not be less

than $4.00 per bushel for each of the 1996 through 2002 crops.

''(C) PAYMENT ACRES.—Payment acres for a crop shall be the lesser of—

''(i) the number of acres planted to the crop for harvest within the permitted acreage (as defined in subsection (e)(2)(D)(ii)); or

''(ii) 75 percent of the crop acreage base for the crop for the farm less the quantity of reduced acreage (as defined in subsection (e)(2)(D)(ii)).

''(D) 0/85 PROGRAM.—

''(i) IN GENERAL.—If an acreage limitation program under subsection (e)(2) is in effect for a crop of wheat and the producers on a farm devote a portion of the maximum payment acres of the farm for wheat as calculated under subparagraph (C)(ii) equal to more than 15 percent (except as provided in clause (vii)) of the wheat acreage of the farm for the crop to conservation uses (except as provided in subparagraph (E))—

''(I) the portion of the maximum payment acres of the farm in excess of 15 percent (except as provided in clause (vii)) of the acreage devoted to conservation uses (except as provided in subparagraph (E)) shall be considered to be planted to wheat for the purpose of determining the acreage on the farm required to be devoted to conservation uses in accordance with subsection (e)(2)(D); and

''(II) the producers shall be eligible for payments under this paragraph with respect to the acreage.

''(ii) DEFICIENCY PAYMENTS.—Notwithstanding any other provision of this section, any producers on a farm who devote a portion of the maximum payment acres of the farm for wheat to conservation uses (or other uses as provided in subparagraph (E)) under this subparagraph shall receive deficiency payments on the acreage that is considered to be planted to wheat and eligible for payments under this subparagraph for the crop at a per-bushel rate established by the Secretary, except that the rate may not be established at less than the projected deficiency payment rate for the crop, as determined by the Secretary. The projected payment rate for the crop shall be announced by the Secretary prior to the period during which wheat producers may agree to participate in the program for the crop.

''(iii) ADVERSE EFFECT ON AGRIBUSINESS AND OTHER INTERESTS.—The Secretary shall carry out this subparagraph in such a manner as to minimize the adverse effect on agribusiness and other agriculturally related economic interests within any county, State, or region. In carrying out this subparagraph, the Secretary may restrict the total quantity of wheat acreage that may be taken out of production under this subparagraph, taking into consideration the total quantity of acreage that has or will be removed from production under other price support, production adjustment, or conservation program activities. No restrictions on the quantity of acreage that may be taken out of production in accordance with this subparagraph in a crop year shall be imposed in the case of a county in which producers were eligible to receive disaster emergency loans under section 321 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961) as a result of a disaster that occurred during the crop year.

''(iv) CROP ACREAGE AND PAYMENT YIELD.—The wheat crop acreage base and wheat farm program payment yield of the farm shall not be reduced because of the fact that a portion of the permitted acreage for wheat for the farm was devoted to conserving uses (except as provided in subparagraph (E)) under this subparagraph.

''(v) LIMITATION.—Other than as provided in clauses (i) through (iv), payments may not be made under this paragraph for any crop on a greater acreage than the acreage actually planted to wheat.

''(vi) CONSERVATION USE ACREAGE UNDER OTHER PROGRAMS.—Any acreage considered to be planted to wheat in accordance with clauses (i) and (iv) may not also be designated as conservation use acreage for the purpose of fulfilling any provision under any acreage limitation or land diversion program requiring that the producers devote a specified quantity of acreage to conservation uses.

''(vii) EXCEPTIONS TO 0/85.—In the case of each of the 1996 through 2002 crops of wheat, producers on a farm shall be eligible to receive deficiency payments as provided in clause (ii) if an acreage limitation program under subsection (e) is in effect for the crop and the producers—

''(I)(aa) have been determined by the Secretary (in accordance with section 503(c)) to be prevented from planting the crop, or to have incurred a reduced yield for the crop, because of a natural disaster; and

''(bb) elect to devote a portion of the maximum payment acres for wheat (as calculated under subparagraph (C)(ii)) equal to more than 8 percent of the wheat acreage to conservation uses; or

''(II) elect to devote a portion of the maximum payment acres for wheat (as calculated under subparagraph (C)(ii)) equal to more than 8 percent of the wheat acreage, to alternative crops as provided in subparagraph (E).

''(E) ALTERNATIVE CROPS.—

''(i) INDUSTRIAL AND OTHER CROPS.—The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of acreage otherwise required to be devoted to conservation uses as a condition of qualifying for payments under subparagraph (D) to be devoted to sweet sorghum, guar, castor beans, plantago ovato, triticale, rye, millet, mung beans, commodities for which no substantial domestic production or market exists but that could lead to industrial raw material being imported, or likely to be imported, into the United States, or commodities grown for experimental purposes (including kenaf and milkweed), subject to the following sentence. The Secretary may permit the acreage to be devoted to the production only if the Secretary determines that the production is—

''(I) not likely to increase the cost of the price support program; and

''(II) needed to provide an adequate supply of the commodity, or, in the case of a commodity for which no substantial domestic production or market exists but that could yield industrial raw materials, the production is needed to encourage domestic manufacture of the raw material and could lead to increased industrial use of the raw material to the long-term benefit of United States industry.

''(ii) OILSEEDS.—The Secretary shall permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of acreage otherwise required to be devoted to conservation uses as a condition of qualifying for payments under subparagraph (D) to be devoted to sunflowers, rapeseed, canola, safflower, flaxseed, mustard seed, sesame, crambe, or other minor oilseeds designated by the Secretary (excluding soybeans). In carrying out this clause, the Secretary shall provide that, to receive payments under subparagraph (D), the producers shall agree to forgo eligibility to receive a loan under section 205 for the crop of any such oilseed produced on the farm.

''(iii) DOUBLE CROPPING.—The Secretary shall permit, subject to such terms and conditions as the Secretary may prescribe, all or any portion of the acreage otherwise required to be devoted to conservation uses as a condition of qualifying for payments under subparagraph (D) that is devoted to an industrial, oilseed, or other crop pursuant to clause (i) or (ii) to be subsequently planted during the same crop year to any crop described in subparagraph (B), (C), or (D) of section 504(b)(1). The planting of soybeans as the subsequently planted crop shall be limited to farms determined by the Secretary to have an established history of double cropping soybeans during at least 3 of the preceding 5 years. In carrying out this clause, the Secretary shall require producers to agree to forego eligibility to receive loans under this Act for the crop of the subsequently planted crop that is produced on a farm under this clause.

''(2) CROP INSURANCE REQUIREMENT.—As a condition of eligibility for wheat loans, purchases, and payments, the producers on a farm shall obtain catastrophic risk protection insurance coverage in accordance with section 427.

''(d) PAYMENT YIELDS.—The farm program payment yields for farms for each crop of wheat under this section shall be determined under title V.

''(e) ACREAGE REDUCTION PROGRAMS.—

''(1) IN GENERAL.—

''(A) ESTABLISHMENT.—Notwithstanding any other provision of this Act, if the Secretary determines that the total supply of wheat, in the absence of an acreage limitation program, will be excessive taking into account the need for an adequate carry-over to maintain reasonable and stable supplies and prices and to meet a national emergency, the Secretary may provide for any crop of wheat an acreage limitation program as described in paragraph (2).

''(B) AGRICULTURAL RESOURCES CONSERVATION PROGRAM.—In making a determination under subparagraph (A), the Secretary shall take into consideration the number of acres placed in the agricultural resources conservation program established under subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3830 et seq.).

''(C) ANNOUNCEMENTS.—If the Secretary elects to implement an acreage limitation program for any crop year, the Secretary shall announce the program not later than the June 1 preceding the calendar year in which the crop is harvested, except that in the case of the 1996 crop, the Secretary shall announce the program as soon as practicable after the date of enactment of the Agricultural Competitiveness Act of 1995.

''(D) ADJUSTMENTS.—Not later than July 31 of the year preceding the year in which the crop is harvested, the Secretary may make adjustments in the program announced under subparagraph (C) if the Secretary determines that there has been a significant change in the total supply of wheat since the program was first announced.

''(E) COMPLIANCE.—As a condition of eligibility for loans, purchases, and payments for any such crop of wheat, except as provided in subsections (f) and (g) and section 504, the producers on a farm shall comply with the terms and conditions of the acreage limitation program and, if applicable, a land diversion program as provided in paragraph (5).

''(F) ACREAGE LIMITATION PROGRAMS.—If the Secretary estimates for a marketing year for the crop that the ratio of ending stocks of wheat to total disappearance of wheat for the preceding marketing year will be—

''(i) more than 40 percent, the Secretary shall provide for an acreage limitation program (as described in paragraph (2)) under which the acreage planted to wheat for harvest on a farm is limited to the wheat crop acreage base for the farm for the crop reduced by not less than 10 percent nor more than 20 percent; or

''(ii) equal to or less than 40 percent, the Secretary may provide for such an acreage limitation program under which the acreage planted to wheat for harvest on a farm is limited to the wheat crop acreage base for the farm for the crop reduced by not more than 15 percent.

''(G) DEFINITION OF TOTAL DISAPPEARANCE.—In this paragraph, the term 'total disappearance' means all wheat utilization, including total domestic, total export, and total residual disappearance.

''(2) ACREAGE LIMITATION PROGRAM.—

''(A) PERCENTAGE REDUCTIONS.—Except as provided in paragraph (3), if a wheat acreage limitation program is announced under paragraph (1), the limitation shall be achieved by applying a uniform percentage reduction (from 0 to 20 percent) to the wheat crop acreage base for the crop for each wheat-producing farm.

''(B) COMPLIANCE.—Except as provided in subsection (g) and section 504, producers who knowingly produce wheat in excess of the permitted acreage for wheat for the farm shall be ineligible for wheat loans, purchases, and payments with respect to the farm.

''(C) CROP ACREAGE BASES.—Wheat crop acreage bases for each crop of wheat shall be determined under title V.

''(D) ACREAGE DEVOTED TO CONSERVATION USES.—

''(i) IN GENERAL.—A number of acres on the farm shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

''(ii) NUMBER.—The number shall be determined by multiplying the wheat crop acreage base by the percentage reduction required by the Secretary. The number of acres so determined is referred to in this section as 'reduced acreage'. The remaining acreage is referred to in this section as 'permitted acreage'.

''(iii) ADJUSTMENT.—Permitted acreage may be adjusted by the Secretary as provided in paragraph (3) and in section 504.

''(E) INDIVIDUAL FARM PROGRAM ACREAGE.—Except as otherwise provided in subsection (c), the individual farm program acreage shall be the acreage planted on the farm to wheat for harvest within the permitted acreage for wheat for the farm as established under this paragraph.

''(F) PLANTING DESIGNATED CROPS ON REDUCED ACREAGE.—

''(i) DEFINITION OF DESIGNATED CROP.—In this subparagraph, the term 'designated crop' means a crop specified in section 504(b)(1), excluding any program crop as defined in section 502(3).

''(ii) PLANTING DESIGNATED CROPS.—Subject to clause (iii), the Secretary may permit producers on a farm to plant a designated crop on not more than ½ of the reduced acreage on the farm.

''(iii) LIMITATIONS.—If the producers on a farm elect to plant a designated crop on reduced acreage under this subparagraph—

''(I) the amount of the deficiency payment that the producers are otherwise eligible to receive under subsection (c) shall be reduced, for each acre (or portion of an acre) that is planted to the designated crop, by an amount equal to the deficiency payment that would be made with respect to a number of acres of the crop that the Secretary considers appropriate, except that if the producers on the farm are participating in a program established for more than 1 program crop, the amount of the reduction shall be determined by prorating the reduction based on the acreage planted or considered planted on the farm to all of the program crops; and

''(II) the Secretary shall ensure that reductions in deficiency payments under subclause (I) are sufficient to ensure that this subparagraph will result in no additional cost to the Commodity Credit Corporation.

''(3) TARGETED OPTION PAYMENTS.—

''(A) IN GENERAL.—Notwithstanding any other provision of this section, if the Secretary implements an acreage limitation program with respect to any of the 1996 through 2002 crops of wheat, the Secretary may make available to producers on a farm adjustments in the level of deficiency payments that would otherwise be made available to the producers if the producers exercise the payment options provided in this paragraph.

''(B) PAYMENT OPTIONS.—If the Secretary elects to carry out this paragraph, the Secretary shall make the payment options specified in subparagraphs (C) and (D) available to producers who agree to make adjustments in the quantity of acreage diverted from the production of wheat under an acreage limitation program in accordance with this paragraph.

''(C) INCREASED ACREAGE LIMITATION OPTION.—

''(i) INCREASE IN ESTABLISHED PRICE.—If the Secretary elects to carry out this paragraph, the producers on a farm shall be eligible to receive an increase in the established price for wheat in accordance with clause (ii) if the producers agree to an increase in the acreage limitation percentage to be applied to the wheat acreage base of the producers above the acreage limitation percentage announced by the Secretary.

''(ii) METHOD OF CALCULATION.—For the purposes of calculating deficiency payments to be made available to producers who participate in the program under this paragraph, the Secretary shall increase the established price for wheat by an amount determined by the Secretary of not less than 0.5 percent, nor more than 1 percent, for each 1 percentage point increase in the acreage limitation percentage applied to the wheat acreage base of the producers.

''(iii) LIMITATION.—The acreage limitation percentage to be applied to the wheat acreage base of the producers shall not be increased by more than 15 percentage points above the acreage limitation percentage announced by the Secretary for the crop or above 25 percent total for the crop.

''(D) DECREASED ACREAGE LIMITATION OPTION.—

''(i) DECREASE IN ACREAGE LIMITATION REQUIREMENT.—If the Secretary elects to carry out this paragraph, the producers on a farm shall be eligible to decrease the acreage limitation percentage applicable to the wheat acreage base of the producers (as announced by the Secretary) if the producers agree to a decrease in the established price for wheat in accordance with clause (ii) for the purpose of calculating deficiency payments to be made available to the producers.

''(ii) METHOD OF CALCULATION.—For the purposes of calculating deficiency payments to be made available to producers who choose the option established under this subparagraph, the Secretary shall decrease the established price for wheat by an amount to be determined by the Secretary of not less than 0.5 percent, nor more than 1 percent, for each 1 percentage point decrease in the acreage limitation percentage applied to the wheat acreage base of the producers.

''(iii) LIMITATION.—The producers on a farm may not choose to decrease the acreage limitation percentage applicable to the wheat acreage base of the producers under this paragraph by more than ½ of the announced acreage limitation percentage.

''(E) PARTICIPATION AND PRODUCTION EFFECTS.—Notwithstanding any other provision of this paragraph, the Secretary shall, to the extent practicable, ensure that the program provided for in this paragraph does not have a significant effect on participation in the program established by this section or total production and is offered in such a manner that the Secretary determines will result in no additional budget outlays. The Secretary shall provide an analysis of the determination of the Secretary to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

''(4) ADMINISTRATION.—

''(A) PROTECTION FROM WEEDS AND EROSION.—The regulations issued by the Secretary under paragraph (2) with respect to acreage required to be devoted to conservation uses shall ensure protection of the acreage from weeds and wind and water erosion.

''(B) CONSERVING CROPS.—The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of the acreage to be devoted to sweet sorghum, guar, sesame, castor beans, crambe, plantago ovato, triticale, rye, mung beans, milkweed, or other commodity, if the Secretary determines that the production is needed to provide an adequate supply of the commodity, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

''(C) HAYING AND GRAZING.—

''(i) IN GENERAL.—Except as provided in clause (ii), haying and grazing of reduced acreage and acreage diverted from production under a land diversion program established under this subsection shall be permitted, except during any consecutive 5-month period that is established by the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for a State. The 5-month period shall be established during the period beginning April 1, and ending October 31, of a year.

''(ii) NATURAL DISASTERS.—In the case of a natural disaster, the Secretary may permit unlimited haying and grazing on the acreage. The Secretary may not exclude irrigated or irrigable acreage not planted to alfalfa when exercising the authority under this clause.

''(D) WATER STORAGE USES.—

''(i) IN GENERAL.—The regulations issued by the Secretary under paragraph (2) with respect to acreage required to be devoted to conservation uses shall provide that land that has been converted to water storage uses shall be considered to be devoted to conservation uses if the land was devoted to wheat, feed grains, cotton, rice, or oilseeds in at least 3 of the immediately preceding 5 crop years. The land shall be considered to be devoted to conservation uses for the period that the land remains in water storage uses, but not to exceed 5 crop years subsequent to the conversion of the land to water storage uses.

''(ii) LIMITATIONS.—Land converted to water storage uses for the purposes of this subparagraph may not be devoted to any commercial use, including commercial fish production. The water stored on the land may not be ground water. The farm on which the land is located must have been irrigated with ground water during at least 1 of the preceding 5 crop years.

''(E) SUMMER FALLOW.—In determining the quantity of land to be devoted to conservation uses under an acreage limitation program with respect to land that has been farmed under summer fallow practices, as defined by the Secretary, the Secretary shall consider the effects of soil erosion and such other factors as the Secretary considers appropriate.

''(5) LAND DIVERSION PAYMENTS.—

''(A) IN GENERAL.—The Secretary may make land diversion payments to producers

of wheat, whether or not an acreage limitation program for wheat is in effect, if the Secretary determines that the land diversion payments are necessary to assist in adjusting the total national acreage of wheat to desirable goals. The land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with the producers.

''(B) AMOUNTS.—The amounts payable to producers under land diversion contracts may be determined through the submission of bids for the contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

''(C) LIMITATION ON DIVERTED ACREAGE.—The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

''(6) CONSERVATION PRACTICES.—

''(A) WILDLIFE FOOD PLOTS OR HABITAT.—The reduced acreage and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out this subparagraph.

''(B) SOIL AND WATER CONSERVATION PRACTICES.—The Secretary may pay an appropriate share of the cost of approved soil and water conservation practices (including practices that may be effective for a number of years) established by the producers on a farm on acreage required to be devoted to conservation uses or on additional diverted acreage.

''(C) PUBLIC ACCESSIBILITY.—The Secretary may provide for an additional payment on the acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producers on a farm agree to permit, without other compensation, access to all or such portion of the farm as the Secretary may prescribe by the general public, for hunting, trapping, fishing, and hiking, subject to applicable Federal and State regulations.

''(7) PARTICIPATION AGREEMENTS.—

''(A) IN GENERAL.—Producers on a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for the participation with respect to a crop year not later than such date as the Secretary may prescribe.

''(B) MODIFICATION OR TERMINATION.—The Secretary may, by mutual agreement with producers on a farm, modify or terminate any such agreement if the Secretary determines the action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities. The Secretary may modify the agreement under this subparagraph for the purpose of alleviating a shortage in the supply of agricultural commodities only if there has been a significant change in the estimated stocks of the commodity since the Secretary announced the final terms and conditions of the program for the crop of wheat.

''(8) SPECIAL OATS PLANTINGS.—In the case of a crop year for which the Secretary determines that projected domestic production of oats will not fulfill the projected domestic demand for oats, notwithstanding paragraphs (1) through (7), the Secretary—

''(A) may provide that any reduced acreage may be planted to oats for harvest;

''(B) may make program benefits (including loans, purchases, and payments) available under the annual program for oats under section 105B available to producers with respect to acreage planted to oats under this paragraph; and

''(C) shall not make program benefits other than the benefits specified in subparagraph (B) available to producers with respect to acreage planted to oats under this paragraph.

''(f) INVENTORY REDUCTION PAYMENTS.—

''(1) IN GENERAL.—The Secretary may make payments available to producers on a farm who meet the requirements of this subsection.

''(2) FORM.—The payments may be made in the form of marketing certificates.

''(3) PAYMENTS.—Payments under this subsection shall be determined in the manner provided in subsection (b).

''(4) ELIGIBILITY.—The producers on a farm shall be eligible to receive a payment under this subsection for a crop if the producers—

''(A) agree to forgo obtaining a loan or purchase agreement under subsection (a);

''(B) agree to forgo receiving payments under subsection (c);

''(C) do not plant wheat for harvest in excess of the crop acreage base reduced by ½ of any acreage required to be diverted from production under subsection (e); and

''(D) otherwise comply with this section.

''(g) PILOT VOLUNTARY PRODUCTION LIMITATION PROGRAM.—

''(1) IN GENERAL.—Effective for each of the 1996 through 2002 crops, if a wheat acreage limitation program or a land diversion program is announced under subsection (e) for a crop, the Secretary may carry out a pilot program in at least 15 counties in at least 2 States where producers express an interest in participating in the pilot program. Under the pilot program, the producers on a farm shall be considered to have met the requirements of the acreage limitation or land diversion program if the producers meet the requirements of the voluntary production limitation program established under this subsection.

''(2) LIMITATION ON MARKETING.—To comply with the voluntary production limitation program, the producers on a farm must agree not to market, barter, donate, or use on the farm (including use as feed for livestock) in a marketing year a quantity of wheat in excess of the wheat production limitation quantity for the farm for the marketing year.

''(3) PRODUCTION LIMITATION QUANTITY.—For purposes of this subsection, the wheat production limitation quantity for a farm for a marketing year for a crop shall equal the product obtained by multiplying—

''(A) the acreage permitted to be planted to wheat under the acreage reduction program or land diversion program in effect for the crop for the farm; and

''(B) the greater of—

''(i) the farm program payment yield for the farm; and

''(ii) the average of the yield per harvested acre for wheat for the farm for each of the 5 crop years immediately preceding the crop year during which the producers first participate in the program established under this subsection, excluding the crop years with the highest and lowest yield per harvested acre and any crop year in which the commodity was not planted on the farm.

''(4) TERMS AND CONDITIONS.—Producers on a farm who elect to participate in the program established under this subsection for a crop of wheat shall—

''(A) enter into an agreement with the Secretary providing that the producers shall comply with the program for the crop;

''(B) not plant program commodities for harvest in a quantity in excess of the sum of the crop acreage bases for the farm; and

''(C) be considered to have complied with the terms and conditions of the wheat acreage reduction program or land diversion program for the crop, even though the acreage planted to wheat on the farm exceeds the permitted acreage provided under the acreage reduction or land diversion program.

''(5) EXCESS PRODUCTION.—

''(A) IN GENERAL.—Any quantity of wheat produced in a crop year on a farm in excess of the production limitation quantity for the farm may be stored by the producers for a period of not to exceed 5 marketing years and may be used only in accordance with this paragraph.

''(B) MARKETING IN SUBSEQUENT YEAR.—

''(i) PARTICIPANTS IN PROGRAM.—Producers on a farm who are participating in the program established under this subsection may market, barter, or use a quantity of the excess wheat referred to in subparagraph (A) equal to the difference between the production limitation quantity for the farm for the crop year subsequent to the crop year in which the excess wheat is produced less the quantity of wheat produced on the farm during the crop year.

''(ii) PARTICIPANTS IN ACREAGE REDUCTION PROGRAM.—Producers on a farm who are participating in the program established under this subsection may market, barter, or use a quantity of the excess wheat referred to in subparagraph (A) in an amount that reflects the quantity of wheat that would be expected to be produced on acreage that the producers agree to devote to approved conservation uses (in excess of any acreage reduction or land diversion requirements) during a crop year, as determined by the Secretary.

''(6) DUTIES OF SECRETARY.—In carrying out the pilot program established under this subsection, the Secretary—

''(A) shall issue such regulations as are necessary to carry out the program;

''(B) may establish increased acreage reduction or land diversion requirements with respect to producers who have had excess wheat production in order to allow the producers to market, barter, or use the production in subsequent years;

''(C) shall take appropriate measures designed to prevent the circumvention of the program established under this subsection, including the imposition of penalties;

''(D) may require producers who participate in the program for a crop, but who fail to comply with the terms and conditions of the program, to refund all or a part of any deficiency payments received with respect to the crop;

''(E) may require the forfeiture to the Commodity Credit Corporation of any wheat that is produced in excess of the production limitation quantity and that is not marketed, bartered, or used within 5 marketing years; and

''(F) shall ensure equitable treatment for producers who participate in the pilot program if the Secretary allows increases (based on actual production levels) in the determination of farm program payment yields for wheat for the farm.

''(7) REPORT.—

''(A) IN GENERAL.—The Comptroller General shall prepare a report that evaluates the pilot program carried out under this subsection.

''(B) SUBMISSION.—The Comptroller General shall submit a copy of the report required by subparagraph (A) to the Committee on Agriculture of the House of Representatives, the Committee on Agriculture, Nutrition, and Forestry of the Senate, and the Secretary.

''(h) EQUITABLE RELIEF.—

''(1) LOANS, PURCHASES, AND PAYMENTS.—If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans, purchases, and payments, the Secretary may, notwithstanding the failure, make the loans, purchases, and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure. The Secretary may consider whether the producer made a good faith effort to comply fully with the terms and conditions of the program in determining whether equitable relief is warranted under this paragraph.

''(2) DEADLINES AND PROGRAM REQUIREMENTS.—The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet the other requirements does not affect adversely the operation of the program.

''(i) REGULATIONS.—The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

''(j) COMMODITY CREDIT CORPORATION.—The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

''(k) ASSIGNMENT OF PAYMENTS.—Section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) shall apply to payments made under this section.

''(l) SHARING OF PAYMENTS.—The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

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

''(n) CROSS-COMPLIANCE.—

''(1) IN GENERAL.—Compliance on a farm with the terms and conditions of any other commodity program, or compliance with crop acreage base requirements for any other commodity, may not be required as a condition of eligibility for loans, purchases, or payments under this section.

''(2) COMPLIANCE ON OTHER FARMS.—The Secretary may not require producers on a farm, as a condition of eligibility for loans, purchases, or payments under this section for the farm, to comply with the terms and conditions of the wheat program with respect to any other farm operated by the producers.

''(o) PUBLIC COMMENT ON WHEAT PROGRAM.—

''(1) IN GENERAL.—To ensure that producers and consumers of wheat are provided with reasonable opportunity to comment on the annual program determinations concerning the price support and acreage reduction program for each of the 1997 through 2002 crops of wheat, the Secretary shall request public comment regarding the wheat program in accordance with this subsection.

''(2) OPTIONS.—Not less than 60 days before the program is announced for a crop of wheat under this section, the Secretary shall propose for public comment various program options for the crop of wheat.

''(3) ANALYSES.—Each option proposed by the Secretary shall be accompanied by an analysis that includes the estimated planted acreage, production, domestic and export use, ending stocks, season average producer price, program participation rate, and cost to the Federal Government that would likely result from the option.

''(4) ESTIMATES.—In announcing the program for a crop of wheat under this section, the Secretary shall include an estimate of the planted acreage, production, domestic and export use, ending stocks, season average producer price, program participation rate, and cost to the Federal Government that is expected to result from the program as announced.

''(p) CROPS.—Notwithstanding any other provision of law, this section shall be effective only for the 1996 through 2002 crops of wheat.''.

SEC. 102. NONAPPLICABILITY OF CERTIFICATE REQUIREMENTS.

Sections 379d through 379j of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1379d–1379j) shall not be applicable to wheat processors or exporters during the period June 1, 1996, through May 31, 2003.

SEC. 103. SUSPENSION OF LAND USE, WHEAT MARKETING ALLOCATION, AND PRODUCER CERTIFICATE PROVISIONS.

Sections 331 through 339, 379b, and 379c of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1331 through 1339, 1379b, and 1379c) shall not be applicable to the 1996 through 2002 crops of wheat.

SEC. 104. SUSPENSION OF CERTAIN QUOTA PROVISIONS.

The joint resolution entitled ''A joint resolution relating to corn and wheat marketing quotas under the Agricultural Adjustment Act of 1938, as amended'', approved May 26, 1941 (7 U.S.C. 1330 and 1340), shall not be applicable to the crops of wheat planted for harvest in the calendar years 1996 through 2002.

SEC. 105. NONAPPLICABILITY OF SECTION 107 OF THE AGRICULTURAL ACT OF 1949.

Section 107 of the Agricultural Act of 1949 (7 U.S.C. 1445a) shall not be applicable to the 1996 through 2002 crops of wheat.

TITLE II—FEED GRAINS

SEC. 201. LOANS, PAYMENTS, AND ACREAGE REDUCTION PROGRAMS FOR THE 1996 THROUGH 2002 CROPS OF FEED GRAINS.

Section 105B of the Agricultural Act of 1949 (7 U.S.C. 1444f) is amended to read as follows:

''SEC. 105B. LOANS, PAYMENTS, AND ACREAGE REDUCTION PROGRAMS FOR THE 1996 THROUGH 2002 CROPS OF FEED GRAINS.

''(a) LOANS AND PURCHASES.—

''(1) IN GENERAL.—Except as otherwise provided in this subsection, the Secretary shall make available to producers on a farm loans and purchases for each of the 1996 through 2002 crops of corn produced on the farm at such level as the Secretary determines will encourage the exportation of feed grains and not result in excessive total stocks of feed grains after taking into consideration the cost of producing corn, supply and demand conditions, and world prices for corn.

''(2) MINIMUM LOAN AND PURCHASE LEVEL.—Except as provided in paragraphs (3) and (4), the loan and purchase level determined under paragraph (1) shall be not less than 85 percent of the simple average price received by producers of corn, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of corn, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period, except that the loan and purchase level for a crop determined under this paragraph may not be reduced by more than 5 percent from the level determined for the preceding crop.

''(3) ADJUSTMENTS TO SUPPORT LEVEL.—

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

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

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

''(iii) less than 12.5 percent the Secretary may not reduce the loan and purchase level for corn for the crop corresponding to the marketing year.

''(B) REPORT TO CONGRESS.—

''(i) IN GENERAL.—If the Secretary adjusts the level of loans and purchases for corn under subparagraph (A), the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report—

''(I) certifying the adjustment as necessary to prevent the accumulation of stocks and to retain market share; and

''(II) containing a description of the need for the adjustment.

''(ii) EFFECTIVE DATE OF ADJUSTMENT.—The adjustment shall become effective not earlier than 60 calendar days after the date of submission of the report to the Committees, except that in the case of the 1996 crop of feed grains, the adjustment shall become effective on the date of submission of the report.

''(C) COMPETITIVE POSITION.—Notwithstanding subparagraph (A), if the Secretary determines, not later than 60 days prior to the beginning of a marketing year for a crop, that the effective loan rate established for the crop will not maintain a competitive market position for corn, the Secretary may reduce the loan and purchase level for corn for the marketing year by an amount, in addition to any reduction under subparagraph (A), not to exceed 10 percent in any year.

''(D) NO EFFECT ON FUTURE YEARS.—Any reduction in the loan and purchase level for corn under this paragraph shall not be considered in determining the loan and purchase level for corn for subsequent years.

''(E) MINIMUM LOAN RATE.—Notwithstanding subparagraph (A), the loan rate for corn shall not be less than $1.76 per bushel, unless the rate would exceed 80 percent of the 5-year average market price determined under paragraph (2).

''(4) MARKETING LOANS.—

''(A) IN GENERAL.—The Secretary shall permit the producers on a farm to repay a loan made under this subsection for a crop at a level (except as provided in subparagraph (C)) that is the lesser of—

''(i) the loan level determined for the crop;

''(ii) the higher of—

''(I) 70 percent of the level; and

''(II) if the loan level for a crop was reduced under paragraph (3), 70 percent of the loan level that would have been in effect but for the reduction under paragraph (3); and

''(iii) the prevailing world market price for feed grains (adjusted to United States quality and location), as determined by the Secretary.

''(B) PREVAILING WORLD MARKET PRICE.—The Secretary shall prescribe by regulation—

''(i) a formula to determine the prevailing world market price for feed grains, adjusted to United States quality and location; and

''(ii) a mechanism by which the Secretary shall announce periodically the prevailing world market price for feed grains.

''(C) ALTERNATIVE REPAYMENT RATES.—For each of the 1996 through 2002 crops of feed grains, if the world market price for feed grains (adjusted to United States quality and location), as determined by the Secretary, is less than the loan level determined for the crop, the Secretary may permit the producers on a farm to repay a loan made under this subsection for a crop at such level (not in excess of the loan level determined for the crop) as the Secretary determines will—

''(i) minimize potential loan forfeitures;

''(ii) minimize the accumulation of feed grain stocks by the Federal Government;

''(iii) minimize the cost incurred by the Federal Government in storing feed grains; and

''(iv) allow feed grains produced in the United States to be marketed freely and competitively, both domestically and internationally.

''(5) SIMPLE AVERAGE PRICE.—For purposes of this section, the simple average price received by producers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

''(6) OTHER FEED GRAINS.—The Secretary shall make available to producers loans and purchases for each of the 1996 through 2002 crops of grain sorghums, barley, oats, and rye, respectively, produced on the farm at such level as the Secretary determines is fair and reasonable in relation to the level that loans and purchases are made available for corn, taking into consideration the feeding value of the commodity in relation to corn and other factors specified in section 401(b).

''(b) LOAN DEFICIENCY PAYMENTS.—

''(1) IN GENERAL.—For each of the 1996 through 2002 crops of feed grains, the Secretary may make payments (referred to in this section as 'loan deficiency payments') available to producers who, although eligible to obtain a loan or an agreement for purchase under subsection (a), agree to forgo obtaining the loan or agreement in return for payments under this subsection.

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

''(A) the loan payment rate; and

''(B) the quantity of feed grains the producers on a farm are eligible to place under loan (or obtain a purchase agreement) but for which the producers forgo obtaining the loan or agreement in return for payments under this subsection.

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

''(A) the loan level determined for the crop under subsection (a); exceeds

''(B) the level at which a loan may be repaid under subsection (a).

''(c) PAYMENTS.—

''(1) DEFICIENCY PAYMENTS.—

''(A) IN GENERAL.—The Secretary shall make available to producers payments (referred to in this section as 'deficiency payments') for each of the 1996 through 2002 crops of corn, grain sorghums, oats, and barley, in an amount computed by multiplying—

''(i) the payment rate;

''(ii) the payment acres for the crop; and

''(iii) the farm program payment yield established for the crop for the farm.

''(B) PAYMENT RATE.—

''(i) IN GENERAL.—The payment rate for each of the 1996 through 2002 crops of corn, grain sorghums, oats, and barley shall be the amount by which the established price for the respective crop of feed grains exceeds the higher of—

''(I) the lesser of—

''(aa) the national weighted average market price received by producers during the marketing year for the crop, as determined by the Secretary; and

''(bb) the national weighted average market price received by producers during the first 5 months of the marketing year for the crop, as determined by the Secretary, plus 7 cents per bushel; and

''(II) the loan level determined for the crop, prior to any adjustment made under subsection (a)(3) for the marketing year for the respective crop of feed grains.

''(ii) MINIMUM ESTABLISHED PRICES.—

''(I) CORN.—The established price for corn shall not be less than $2.75 per bushel for each of the 1996 through 2002 crops of corn.

''(II) OATS.—The established price for oats shall be such price as the Secretary determines is fair and reasonable in relation to the established price for corn, but not less than $1.45 per bushel.

''(III) GRAIN SORGHUMS.—The established price for each of the 1996 through 2002 crops of grain sorghums shall not be less than $2.61 per bushel.

''(IV) BARLEY.—

''(aa) IN GENERAL.—The established price for barley shall be such price as the Secretary determines is fair and reasonable in relation to the established price for corn, taking into consideration the various feed and food uses for barley. The established price for barley shall not be less than 85.8 percent of the established price for corn.

''(bb) BARLEY CALCULATIONS.—The Secretary shall, for purposes of determining the payment rate for barley under clauses (i) and (ii) and subparagraph (D)(ii), use the national weighted average market price received by producers of barley sold primarily for feed purposes.

''(cc) ADVANCE PAYMENTS.—In the case of the 1996 crop of barley, the Secretary shall, for purposes of determining any advance deficiency payment made to the producers of barley under section 114, use the national weighted average market price received by producers for all barley, as determined by the Secretary.

''(dd) EQUITY.—In carrying out this subsection, the Secretary shall make available to producers of the 1996 crop of barley, notwithstanding the method of calculation or the amount of the advance deficiency payment, the total amount of payments as calculated under item (bb).

''(C) PAYMENT ACRES.—Payment acres for a crop shall be the lesser of—

''(i) the number of acres planted to the crop for harvest within the permitted acreage (as defined in subsection (e)(2)(D)(ii)); or

''(ii) 75 percent of the crop acreage base for the crop for the farm less the quantity of reduced acreage (as defined in subsection (e)(2)(D)(ii)).

''(D) EMERGENCY COMPENSATION.—

''(i) IN GENERAL.—Notwithstanding subparagraphs (A) through (C), if the Secretary adjusts the level of loans and purchases for feed grains under subsection (a)(3), the Secretary shall provide emergency compensation to producers by increasing the deficiency payments for feed grains by such amount as the Secretary determines is necessary to provide the same total return to producers as if the adjustment in the level of loans and purchases had not been made.

''(ii) CALCULATION.—In determining the payment rate, per bushel, for emergency compensation payments for a crop of feed grains under this subparagraph, the Secretary shall use the national weighted average market price, per bushel of feed grains, received by producers during the marketing year for the crop, as determined by the Secretary.

''(E) 0/85 PROGRAM.—

''(i) IN GENERAL.—If an acreage limitation program under subsection (e)(2) is in effect for a crop of feed grains and the producers on a farm devote a portion of the maximum payment acres of the farm for feed grains as calculated under subparagraph (C)(ii) equal to 15 percent (except as provided in clause (vii)) of the feed grain acreage of the farm for the crop to conservation uses (except as provided in subparagraph (F))—

''(I) the portion of the maximum payment acres of the farm in excess of 15 percent (except as provided in clause (vii)) of the acreage devoted to conservation uses (except as provided in subparagraph (F)) shall be considered to be planted to feed grains for the purpose of determining the acreage on the farm required to be devoted to conservation uses in accordance with subsection (e)(2)(D); and

''(II) the producers shall be eligible for payments under this paragraph with respect to the acreage.

''(ii) DEFICIENCY PAYMENTS.—Notwithstanding any other provision of this section, any producers on a farm who devote a portion of the maximum payment acres of the farm for feed grains to conservation uses (or other uses as provided in subparagraph (F)) under this subparagraph shall receive deficiency payments on the acreage that is considered to be planted to feed grains and eligible for payments under this subparagraph for the crop at a per-bushel rate established by the Secretary, except that the rate may not be established at less than the projected deficiency payment rate for the crop, as determined by the Secretary. The projected payment rate for the crop shall be announced by the Secretary prior to the period during which feed grain producers may agree to participate in the program for the crop.

''(iii) ADVERSE EFFECT ON AGRIBUSINESS AND OTHER INTERESTS.—The Secretary shall carry out this subparagraph in such a manner as to minimize the adverse effect on agribusiness and other agriculturally related economic interests within any county, State, or region. In carrying out this subparagraph, the Secretary may restrict the total quantity of feed grain acreage that may be taken out of production under this subparagraph, taking into consideration the total quantity of acreage that has or will be removed from production under other price support, production adjustment, or conservation program activities. No restrictions on the quantity of acreage that may be taken out of production in accordance with this subparagraph in a crop year shall be imposed in the case of a county in which producers were eligible to receive disaster emergency loans under section 321 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961) as a result of a disaster that occurred during the crop year.

''(iv) CROP ACREAGE AND PAYMENT YIELD.—The feed grain crop acreage base and feed grain farm program payment yield of the farm shall not be reduced because of the fact that a portion of the permitted acreage for feed grains for the farm was devoted to conserving uses (except as provided in subparagraph (F)) under this subparagraph.

''(v) LIMITATION.—Other than as provided in clauses (i) through (iv), payments may not be made under this paragraph for any crop on a greater acreage than the acreage actually planted to feed grains.

''(vi) CONSERVATION USE ACREAGE UNDER OTHER PROGRAMS.—Any acreage considered to be planted to feed grains in accordance with clauses (i) and (iv) may not also be designated as conservation use acreage for the purpose of fulfilling any provision under any acreage limitation or land diversion program

requiring that the producers devote a specified quantity of acreage to conservation uses.

''(vii) EXCEPTIONS TO 0/85.—In the case of each of the 1996 through 2002 crops of feed grains, producers on a farm shall be eligible to receive deficiency payments as provided in clause (ii) if an acreage limitation program under subsection (e) is in effect for the crop and the producers—

''(I)(aa) have been determined by the Secretary (in accordance with section 503(c)) to be prevented from planting the crop, or have incurred a reduced yield for the crop because of a natural disaster; and

''(bb) elect to devote a portion of the maximum payment acres for feed grains (as calculated under subparagraph (C)(ii)) equal to more than 8 percent of the feed grain acreage, to conservation uses; or

''(II) elect to devote a portion of the maximum payment acres for feed grains (as calculated under subparagraph (C)(ii)) equal to more than 8 percent of the feed grain acreage, to alternative crops as provided in subparagraph (F).

''(F) ALTERNATIVE CROPS.—

''(i) INDUSTRIAL AND OTHER CROPS.—The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of acreage otherwise required to be devoted to conservation uses as a condition of qualifying for payments under subparagraph (E) to be devoted to sweet sorghum, guar, castor beans, plantago ovato, triticale, rye, millet, mung beans, commodities for which no substantial domestic production or market exists but that could lead to industrial raw material being imported, or likely to be imported, into the United States, or commodities grown for experimental purposes (including kenaf and milkweed), subject to the following sentence. The Secretary may permit the acreage to be devoted to the production only if the Secretary determines that the production is—

''(I) not likely to increase the cost of the price support program; and

''(II) needed to provide an adequate supply of the commodity, or, in the case of a commodity for which no substantial domestic production or market exists but that could yield industrial raw materials, the production is needed to encourage domestic manufacture of the raw material and could lead to increased industrial use of the raw material to the long-term benefit of United States industry.

''(ii) OILSEEDS.—The Secretary shall permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of acreage otherwise required to be devoted to conservation uses as a condition of qualifying for payments under subparagraph (E) to be devoted to sunflowers, rapeseed, canola, safflower, flaxseed, mustard seed, sesame, crambe, or other minor oilseeds designated by the Secretary (excluding soybeans). In carrying out this clause, the Secretary shall provide that, to receive payments under subparagraph (E), the producers shall agree to forgo eligibility to receive a loan under section 205 for the crop of any such oilseed produced on the farm.

''(iii) DOUBLE CROPPING.—The Secretary shall permit, subject to such terms and conditions as the Secretary may prescribe, all or any portion of the acreage otherwise required to be devoted to conservation uses as a condition of qualifying for payments under subparagraph (E) that is devoted to an industrial, oilseed, or other crop pursuant to clause (i) or (ii) to be subsequently planted during the same crop year to any crop described in subparagraph (B), (C), or (D) of section 504(b)(1). The planting of soybeans as the subsequently planted crop shall be limited to farms determined by the Secretary to have an established history of double cropping soybeans during at least 3 of the preceding 5 years. In carrying out this clause, the Secretary shall require producers to agree to forego eligibility to receive loans under this Act for the crop of the subsequently planted crop that is produced on a farm under this clause.

''(2) CROP INSURANCE REQUIREMENT.—As a condition of eligibility for feed grain loans, purchases, and payments, the producers on a farm shall obtain catastrophic risk protection insurance coverage in accordance with section 427.

''(d) PAYMENT YIELDS.—The farm program payment yields for farms for each crop of feed grains under this section shall be determined under title V.

''(e) ACREAGE REDUCTION PROGRAMS.—

''(1) IN GENERAL.—

''(A) ESTABLISHMENT.—Notwithstanding any other provision of this Act, if the Secretary determines that the total supply of corn, grain sorghum, barley, or oats, in the absence of an acreage limitation program, will be excessive taking into account the need for an adequate carry-over to maintain reasonable and stable supplies and prices and to meet a national emergency, the Secretary may provide for any crop of corn, grain sorghum, barley, or oats an acreage limitation program as described in paragraph (2).

''(B) AGRICULTURAL RESOURCES CONSERVATION PROGRAM.—In making a determination under subparagraph (A), the Secretary shall take into consideration the number of acres placed in the agricultural resources conservation program established under subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3830 et seq.).

''(C) ANNOUNCEMENTS.—If the Secretary elects to implement an acreage limitation program for any crop year, the Secretary shall announce the program not later than the September 30 preceding the calendar year in which the crop is harvested, except that in the case of the 1996 crop, the Secretary shall announce the program as soon as practicable after the date of enactment of the Food, Agriculture, Conservation, and Trade Act of 1995.

''(D) ADJUSTMENTS.—Not later than November 15 of the year preceding the year in which the crop is harvested, the Secretary may make adjustments in the program announced under subparagraph (C) if the Secretary determines that there has been a significant change in the total supply of feed grains since the program was first announced.

''(E) COMPLIANCE.—As a condition of eligibility for loans, purchases, and payments for any such crop of feed grains, except as provided in subsections (f) and (g) and section 504, the producers on a farm shall comply with the terms and conditions of the acreage limitation program and, if applicable, a land diversion program as provided in paragraph (5).

''(F) ACREAGE LIMITATION PROGRAMS.—If the Secretary estimates for a marketing year for the crop that the ratio of ending stocks of corn to total disappearance of corn for the preceding marketing year will be—

''(i) more than 25 percent, the Secretary shall provide for an acreage limitation program (as described in paragraph (2)) under which the acreage planted to corn for harvest on a farm is limited to the corn crop acreage base for the farm for the crop reduced by not less than 10 percent nor more than 20 percent; or

''(ii) equal to or less than 25 percent, the Secretary may provide for such an acreage limitation program under which the acreage planted to corn for harvest on a farm is limited to the corn crop acreage base for the farm for the crop reduced by not more than 12.5 percent.

''(G) DEFINITION OF TOTAL DISAPPEARANCE.—In this paragraph, the term 'total disappearance' means all corn utilization, including total domestic, total export, and total residual disappearance.

''(H) ACREAGE LIMITATION PROGRAM FOR 1996 THROUGH 2002 CROPS OF OATS.—In the case of each of the 1996 through 2002 crops of oats, the Secretary shall provide for an acreage limitation program (as described in paragraph (2)) under which the acreage planted to oats for harvest on a farm would be limited to the oat crop acreage base for the farm for the crop reduced by not more than 0 percent.

''(2) ACREAGE LIMITATION PROGRAM.—

''(A) PERCENTAGE REDUCTIONS.—Except as provided in paragraph (3), if a feed grain acreage limitation program is announced under paragraph (1), the limitation shall be achieved by applying a uniform percentage reduction (from 0 to 20 percent) to the crop acreage base for corn, grain sorghum, barley, or oats, respectively, for each feed grain-producing farm.

''(B) COMPLIANCE.—Except as provided in subsection (g) and section 504, producers who knowingly produce a feed grain in excess of the respective permitted acreage for feed grains for the farm shall be ineligible for feed grain loans, purchases, and payments with respect to the farm.

''(C) CROP ACREAGE BASES.—Feed grain crop acreage bases for each crop of feed grains shall be determined under title V.

''(D) ACREAGE DEVOTED TO CONSERVATION USES.—

''(i) IN GENERAL.—A number of acres on the farm shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

''(ii) NUMBER.—The number shall be determined by multiplying the respective feed grain crop acreage base by the percentage reduction required by the Secretary. The number of acres so determined is referred to in this section as 'reduced acreage'. The remaining acreage is referred to in this section as 'permitted acreage'.

''(iii) ADJUSTMENT.—Permitted acreage may be adjusted by the Secretary as provided in paragraph (3) and in section 504.

''(E) INDIVIDUAL FARM PROGRAM ACREAGE.—Except as otherwise provided in subsection (c), the individual farm program acreage shall be the acreage planted on the farm to feed grains for harvest within the permitted acreage for feed grains for the farm as established under this paragraph.

''(F) PLANTING DESIGNATED CROPS ON REDUCED ACREAGE.—

''(i) DEFINITION OF DESIGNATED CROP.—In this subparagraph, the term 'designated crop' means a crop specified in section 504(b)(1), excluding any program crop as defined in section 502(3).

''(ii) PLANTING DESIGNATED CROPS.—Subject to clause (iii), the Secretary may permit producers on a farm to plant a designated crop on not more than ½ of the reduced acreage on the farm.

''(iii) LIMITATIONS.—If the producers on a farm elect to plant a designated crop on reduced acreage under this subparagraph—

''(I) the amount of the deficiency payment that the producers are otherwise eligible to receive under subsection (c) shall be reduced, for each acre (or portion of an acre) that is planted to the designated crop, by an amount equal to the deficiency payment that would be made with respect to a number of acres of the crop that the Secretary considers appropriate, except that if the producers on the farm are participating in a program established for more than 1 program crop, the amount of the reduction shall be determined by prorating the reduction based

on the acreage planted or considered planted on the farm to all of the program crops; and

''(II) the Secretary shall ensure that reductions in deficiency payments under subclause (I) are sufficient to ensure that this subparagraph will result in no additional cost to the Commodity Credit Corporation.

''(G) EXCEPTION FOR MALTING BARLEY.—The Secretary may provide that no producer of malting barley shall be required as a condition of eligibility for feed grain loans, purchases, and payments to comply with any acreage limitation under this paragraph if the producer has previously produced a malting variety of barley for harvest, plants barley only of an acceptable malting variety for harvest, and meets such other conditions as the Secretary may prescribe. The Secretary shall make an annual determination of whether to exempt the producers from compliance with any acreage limitation under this paragraph and shall announce the determination in the Federal Register.

''(H) CORN AND SORGHUM BASES.—Notwithstanding any other provision of this Act, with respect to each of the 1996 through 2002 crops of corn and grain sorghums—

''(i) the Secretary shall combine the permitted acreages established under subparagraph (D) for a farm for a crop year for corn and grain sorghums;

''(ii) for each crop year, the sum of the acreage planted and considered planted to corn and grain sorghum, as determined by the Secretary under this section and title V, shall be prorated to corn and grain sorghum based on the ratio of the crop acreage base for the individual crop of corn or grain sorghum, as applicable, to the sum of the crop acreage bases for corn and grain sorghum established for each crop year; and

''(iii) for each crop year, the sum of the corn and grain sorghum payment acres, as determined under subsection (c), shall be prorated to corn and grain sorghum based on the ratio of the maximum payment acres for the individual crop of corn or grain sorghum, as applicable, to the sum of the maximum payment acres for corn and grain sorghum established for each crop year.

''(3) TARGETED OPTION PAYMENTS.—

''(A) IN GENERAL.—Notwithstanding any other provision of this section, if the Secretary implements an acreage limitation program with respect to any of the 1996 through 2002 crops of feed grains, the Secretary may make available to producers on a farm who do not receive payments under subsection (c)(1)(E) for the crop on the farm, adjustments in the level of deficiency payments that would otherwise be made available to the producers if the producers exercise the payment options provided in this paragraph.

''(B) PAYMENT OPTIONS.—If the Secretary elects to carry out this paragraph, the Secretary shall make the payment options specified in subparagraphs (C) and (D) available to producers who agree to make adjustments in the quantity of acreage diverted from the production of feed grains under an acreage limitation program in accordance with this paragraph.

''(C) INCREASED ACREAGE LIMITATION OPTION.—

''(i) INCREASE IN ESTABLISHED PRICE.—If the Secretary elects to carry out this paragraph, the producers on a farm shall be eligible to receive an increase in the established price for corn in accordance with clause (ii) if the producers agree to an increase in the acreage limitation percentage to be applied to the corn acreage base of the producers above the acreage limitation percentage announced by the Secretary.

''(ii) METHOD OF CALCULATION.—For the purposes of calculating deficiency payments to be made available to producers who participate in the program under this paragraph, the Secretary shall increase the established price for corn by an amount determined by the Secretary of not less than 0.5 percent, nor more than 1 percent, for each 1 percentage point increase in the acreage limitation percentage applied to the corn acreage base of the producers.

''(iii) LIMITATION.—The acreage limitation percentage to be applied to the corn acreage base of the producers shall not be increased by more than 10 percentage points above the acreage limitation percentage announced by the Secretary for the crop or above 20 percent total for the crop.

''(D) DECREASED ACREAGE LIMITATION OPTION.—

''(i) DECREASE IN ACREAGE LIMITATION REQUIREMENT.—If the Secretary elects to carry out this paragraph, the producers on a farm shall be eligible to decrease the acreage limitation percentage applicable to the corn acreage base of the producers (as announced by the Secretary) if the producers agree to a decrease in the established price for corn in accordance with clause (ii) for the purpose of calculating deficiency payments to be made available to the producers.

''(ii) METHOD OF CALCULATION.—For the purposes of calculating deficiency payments to be made available to producers who choose the option established under this subparagraph, the Secretary shall decrease the established price for corn by an amount to be determined by the Secretary of not less than 0.5 percent, nor more than 1 percent, for each 1 percentage point decrease in the acreage limitation percentage applied to the corn acreage base of the producers.

''(iii) LIMITATION.—The producers on a farm may not choose to decrease the acreage limitation percentage applicable to the corn acreage base of the producers under this paragraph by more than ½ of the announced acreage limitation percentage.

''(E) OTHER FEED GRAINS.—The Secretary shall carry out the program provided for by this paragraph for other feed grains similar to the manner in which the program is implemented for corn.

''(F) PARTICIPATION AND PRODUCTION EFFECTS.—Notwithstanding any other provision of this paragraph, the Secretary shall, to the extent practicable, ensure that the program provided for in this paragraph does not have a significant effect on participation in the program established by this section or total production and is offered in such a manner that the Secretary determines will result in no additional budget outlays. The Secretary shall provide an analysis of the determination of the Secretary to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

''(4) ADMINISTRATION.—

''(A) PROTECTION FROM WEEDS AND EROSION.—The regulations issued by the Secretary under paragraph (2) with respect to acreage required to be devoted to conservation uses shall ensure protection of the acreage from weeds and wind and water erosion.

''(B) CONSERVING CROPS.—The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of the acreage to be devoted to sweet sorghum, guar, sesame, castor beans, crambe, plantago ovato, triticale, rye, mung beans, milkweed, or other commodity, if the Secretary determines that the production is needed to provide an adequate supply of the commodity, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

''(C) HAYING AND GRAZING.—

''(i) IN GENERAL.—Except as provided in clause (ii), haying and grazing of reduced acreage, acreage devoted to a conservation use under subsection (c)(1)(E), and acreage diverted from production under a land diversion program established under this subsection shall be permitted, except during any consecutive 5-month period that is established by the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for a State. The 5-month period shall be established during the period beginning April 1, and ending October 31, of a year.

''(ii) NATURAL DISASTERS.—In the case of a natural disaster, the Secretary may permit unlimited haying and grazing on the acreage. The Secretary may not exclude irrigated or irrigable acreage not planted to alfalfa when exercising the authority under this clause.

''(D) WATER STORAGE USES.—

''(i) IN GENERAL.—The regulations issued by the Secretary under paragraph (2) with respect to acreage required to be devoted to conservation uses shall provide that land that has been converted to water storage uses shall be considered to be devoted to conservation uses if the land was devoted to wheat, feed grains, cotton, rice, or oilseeds in at least 3 of the immediately preceding 5 crop years. The land shall be considered to be devoted to conservation uses for the period that the land remains in water storage uses, but not to exceed 5 crop years subsequent to the conversion of the land to water storage uses.

''(ii) LIMITATIONS.—Land converted to water storage uses for the purposes of this subparagraph may not be devoted to any commercial use, including commercial fish production. The water stored on the land may not be ground water. The farm on which the land is located must have been irrigated with ground water during at least 1 of the preceding 5 crop years.

''(E) SUMMER FALLOW.—In determining the quantity of land to be devoted to conservation uses under an acreage limitation program with respect to land that has been farmed under summer fallow practices, as defined by the Secretary, the Secretary shall consider the effects of soil erosion and such other factors as the Secretary considers appropriate.

''(5) LAND DIVERSION PAYMENTS.—

''(A) IN GENERAL.—The Secretary may make land diversion payments to producers of feed grains, whether or not an acreage limitation program for feed grains is in effect, if the Secretary determines that the land diversion payments are necessary to assist in adjusting the total national acreage of feed grains to desirable goals. The land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with the producers.

''(B) AMOUNTS.—The amounts payable to producers under land diversion contracts may be determined through the submission of bids for the contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

''(C) LIMITATION ON DIVERTED ACREAGE.—The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

''(6) CONSERVATION PRACTICES.—

''(A) WILDLIFE FOOD PLOTS OR HABITAT.—The reduced acreage and additional diverted

acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out this subparagraph.

''(B) SOIL AND WATER CONSERVATION PRACTICES.—The Secretary may pay an appropriate share of the cost of approved soil and water conservation practices (including practices that may be effective for a number of years) established by the producers on a farm on acreage required to be devoted to conservation uses or on additional diverted acreage.

''(C) PUBLIC ACCESSIBILITY.—The Secretary may provide for an additional payment on the acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producers on a farm agree to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe by the general public, for hunting, trapping, fishing, and hiking, subject to applicable Federal and State regulations.

''(7) PARTICIPATION AGREEMENTS.—

''(A) IN GENERAL.—Producers on a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for the participation with respect to a crop year not later than such date as the Secretary may prescribe.

''(B) MODIFICATION OR TERMINATION.—The Secretary may, by mutual agreement with producers on a farm, modify or terminate any such agreement if the Secretary determines the action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities. The Secretary may modify the agreement under this subparagraph for the purpose of alleviating a shortage in the supply of agricultural commodities only if there has been a significant change in the estimated stocks of the commodity since the Secretary announced the final terms and conditions of the program for the crop of feed grains.

''(8) SPECIAL OATS PLANTINGS.—In the case of a crop year for which the Secretary determines that projected domestic production of oats will not fulfill the projected domestic demand for oats, notwithstanding paragraphs (1) through (7), the Secretary—

''(A) may provide that any reduced acreage may be planted to oats for harvest;

''(B) may make program benefits (including loans, purchases, and payments) available under the annual program for oats under this section available to producers with respect to acreage planted to oats under this paragraph; and

''(C) shall not make program benefits other than the benefits specified in subparagraph (B) available to producers with respect to acreage planted to oats under this paragraph.

''(f) INVENTORY REDUCTION PAYMENTS.—

''(1) IN GENERAL.—The Secretary may make payments available to producers on a farm who meet the requirements of this subsection.

''(2) FORM.—The payments may be made in the form of marketing certificates.

''(3) PAYMENTS.—Payments under this subsection shall be determined in the same manner as provided in subsection (b).

''(4) ELIGIBILITY.—The producers on a farm shall be eligible to receive a payment under this subsection for a crop if the producers—

''(A) agree to forgo obtaining a loan or purchase agreement under subsection (a);

''(B) agree to forgo receiving payments under subsection (c);

''(C) do not plant feed grains for harvest in excess of the crop acreage base reduced by ½ of any acreage required to be diverted from production under subsection (e); and

''(D) otherwise comply with this section.

''(g) PILOT VOLUNTARY PRODUCTION LIMITATION PROGRAM.—

''(1) IN GENERAL.—Effective for each of the 1996 through 2002 crops, if a feed grain acreage limitation program or a land diversion program is announced under subsection (e) for a crop, the Secretary may carry out a pilot program in at least 15 counties in at least 2 States where producers express an interest in participating in the pilot program. Under the pilot program, the producers on a farm shall be considered to have met the requirements of the acreage limitation or land diversion program if the producers meet the requirements of the voluntary production limitation program established under this subsection.

''(2) LIMITATION ON MARKETING.—To comply with the voluntary production limitation program, the producers on a farm must agree not to market, barter, donate, or use on the farm (including use as feed for livestock) in a marketing year a quantity of feed grains in excess of the feed grain production limitation quantity for the farm for the marketing year.

''(3) PRODUCTION LIMITATION QUANTITY.—For purposes of this subsection, the production limitation quantity for a farm for a marketing year for a crop shall equal the product obtained by multiplying—

''(A) the acreage permitted to be planted to feed grains under the acreage reduction program or land diversion program in effect for the crop for the farm; and

''(B) the greater of—

''(i) the farm program payment yield for the farm; and

''(ii) the average of the yield per harvested acre for feed grains for the farm for each of the 5 crop years immediately preceding the crop year during which the producers first participate in the program established under this subsection, excluding the crop years with the highest and lowest yield per harvested acre and any crop year in which the commodity was not planted on the farm.

''(4) TERMS AND CONDITIONS.—Producers on a farm who elect to participate in the program established under this subsection for a crop of feed grains shall—

''(A) enter into an agreement with the Secretary providing that the producers shall comply with the program for the crop;

''(B) not plant program commodities for harvest in a quantity in excess of the sum of the crop acreage bases for the farm; and

''(C) be considered to have complied with the terms and conditions of the feed grain acreage reduction program or land diversion program for the crop, even though the acreage planted to feed grains on the farm exceeds the permitted acreage provided under the acreage reduction or land diversion program.

''(5) EXCESS PRODUCTION.—

''(A) IN GENERAL.—Any quantity of feed grains produced in a crop year on a farm in excess of the production limitation quantity for the farm may be stored by the producers for a period of not to exceed 5 marketing years and may be used only in accordance with this paragraph.

''(B) MARKETING IN SUBSEQUENT YEAR.—

''(i) PARTICIPANTS IN PROGRAM.—Producers on a farm who are participating in the program established under this subsection may market, barter, or use a quantity of the excess feed grains referred to in subparagraph (A) equal to the difference between the production limitation quantity for the farm for the crop year subsequent to the crop year in which the excess feed grains are produced less the quantity of feed grains produced on the farm during the crop year.

''(ii) PARTICIPANTS IN ACREAGE REDUCTION PROGRAM.—Producers on a farm who are participating in the program established under this subsection may market, barter, or use a quantity of the excess feed grains referred to in subparagraph (A) in an amount that reflects the quantity of feed grains that would be expected to be produced on acreage that the producers agree to devote to approved conservation uses (in excess of any acreage reduction or land diversion requirements) during a crop year, as determined by the Secretary.

''(6) DUTIES OF SECRETARY.—In carrying out the pilot program established under this subsection, the Secretary—

''(A) shall issue such regulations as are necessary to carry out the program;

''(B) may establish increased acreage reduction or land diversion requirements with respect to producers who have had excess feed grain production in order to allow the producers to market, barter, or use the production in subsequent years;

''(C) shall take appropriate measures designed to prevent the circumvention of the program established under this subsection, including the imposition of penalties;

''(D) may require producers who participate in the program for a crop, but who fail to comply with the terms and conditions of the program, to refund all or a part of any deficiency payments received with respect to the crop;

''(E) may require the forfeiture to the Commodity Credit Corporation of any feed grains that are produced in excess of the production limitation quantity and that are not marketed, bartered, or used within 5 marketing years; and

''(F) shall ensure equitable treatment for producers who participate in the pilot program if the Secretary allows increases (based on actual production levels) in the determination of farm program payment yields for feed grains for the farm.

''(7) REPORT.—

''(A) IN GENERAL.—The Comptroller General shall prepare a report that evaluates the pilot program carried out under this subsection.

''(B) SUBMISSION.—The Comptroller General shall submit a copy of the report required by subparagraph (A) to the Committee on Agriculture of the House of Representatives, the Committee on Agriculture, Nutrition, and Forestry of the Senate, and the Secretary.

''(h) EQUITABLE RELIEF.—

''(1) LOANS, PURCHASES, AND PAYMENTS.—If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans, purchases, and payments, the Secretary may, notwithstanding the failure, make the loans, purchases, and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure. The Secretary may consider whether the producer made a good faith effort to comply fully with the terms and conditions of the program in determining whether equitable relief is warranted under this paragraph.

''(2) DEADLINES AND PROGRAM REQUIREMENTS.—The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet the other requirements does not affect adversely the operation of the program.

''(i) REGULATIONS.—The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

''(j) COMMODITY CREDIT CORPORATION.—The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

''(k) ASSIGNMENT OF PAYMENTS.—Section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) shall apply to payments made under this section.

''(l) SHARING OF PAYMENTS.—The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

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

''(n) CROSS-COMPLIANCE.—

''(1) IN GENERAL.—Compliance on a farm with the terms and conditions of any other commodity program, or compliance with crop acreage base requirements for any other commodity, may not be required as a condition of eligibility for loans, purchases, or payments under this section.

''(2) COMPLIANCE ON OTHER FARMS.—The Secretary may not require producers on a farm, as a condition of eligibility for loans, purchases, or payments under this section for the farm, to comply with the terms and conditions of the feed grains program with respect to any other farm operated by the producers.

''(o) PUBLIC COMMENT ON FEED GRAINS PROGRAM.—

''(1) IN GENERAL.—To ensure that producers and consumers of feed grains are provided with reasonable opportunity to comment on the annual program determinations concerning the price support and acreage reduction program for each of the 1997 through 2002 crops of feed grains, the Secretary shall request public comment regarding the feed grains program in accordance with this subsection.

''(2) OPTIONS.—Not less than 60 days before the program is announced for a crop of feed grains under this section, the Secretary shall propose for public comment various program options for the crop of feed grains.

''(3) ANALYSES.—Each option proposed by the Secretary shall be accompanied by an analysis that includes the estimated planted acreage, production, domestic and export use, ending stocks, season average producer price, program participation rate, and cost to the Federal Government that would likely result from the option.

''(4) ESTIMATES.—In announcing the program for a crop of feed grains under this section, the Secretary shall include an estimate of the planted acreage, production, domestic and export use, ending stocks, season average producer price, program participation rate, and cost to the Federal Government that is expected to result from the program as announced.

''(p) MALTING BARLEY.—

''(1) ASSESSMENT REQUIRED.—To help offset costs associated with deficiency payments made available under this section to producers of barley, the Secretary shall provide for an assessment for each of the 1996 through 2002 crop years to be levied on any producer of malting barley produced on a farm that is enrolled for the crop year in the production adjustment program under this section. The Secretary shall establish the assessment at not more than 5 percent of the value of the malting barley produced on program payment acres on the farm during each of the 1996 through 2002 crop years. The production per acre on which the assessment is based shall not be greater than the farm program payment yield.

''(2) VALUE OF MALTING BARLEY.—The Secretary may establish the value of the malting barley at the lesser of the State or national weighted average market price received by producers of malting barley for the first 5 months of the marketing year. In calculating the State or national weighted average market price, the Secretary may exclude the value of malting barley that is contracted for sale by producers prior to planting.

''(3) EXCEPTION TO ASSESSMENT.—In a county where malting barley is produced, participating barley producers may certify to the Secretary prior to computation of final deficiency payments that part or all of the production of the producer was (or will be) sold or used for nonmalting purposes. The portion certified as sold or used for nonmalting purposes shall not be subject to the assessment. The Secretary may require producers to provide to the Secretary such documentation as the Secretary considers appropriate to carry out this paragraph.

''(q) PRICE SUPPORT FOR HIGH-MOISTURE FEED GRAINS.—

''(1) RECOURSE LOANS.—Notwithstanding any other provision of law, effective for each of the 1996 through 2002 crops of feed grains, the Secretary (through the Commodity Credit Corporation) shall make available recourse loans, as determined by the Secretary, to producers on a farm who—

''(A) normally harvest all or a portion of the crop of feed grains of the producers with a moisture content in excess of Commodity Credit Corporation standards for loans made by the Secretary under paragraphs (1) and (6) of subsection (a) (referred to in this section as 'high-moisture');

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

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

''(C) certify that the producers were the owners of the feed grain at the time of delivery to, and that the quantity to be placed under loan was harvested on the farm and delivered to, a feedlot, feed mill, or commercial or on-farm high-moisture storage facility, or to the facilities maintained by the users of the high-moisture feed grain;

''(D) comply with deadlines established by the Secretary for harvesting the feed grain and submit applications for loans within deadlines established by the Secretary; and

''(E) participate in an acreage limitation program for the crop of feed grains established by the Secretary.

''(2) ELIGIBILITY OF ACQUIRED FEED GRAINS.—The loans shall be made on a quantity of feed grains of the same crop acquired by the producers on a farm equivalent to a quantity determined by multiplying—

''(A) the acreage of the feed grain in a high-moisture state harvested on the farm of the producer; and

''(B) the lower of the farm program payment yield or the actual yield on a field, as determined by the Secretary, that is similar to the field from which the high-moisture feed grain was obtained.

''(r) CROPS.—Notwithstanding any other provision of law, this section shall be effective only for the 1996 through 2002 crops of feed grains.''.

SEC. 202. NONAPPLICABILITY OF SECTION 105 OF THE AGRICULTURAL ACT OF 1949.

Section 105 of the Agricultural Act of 1949 (7 U.S.C. 1444b) shall not be applicable to the 1996 through 2002 crops of feed grains.

SEC. 203. RECOURSE LOAN PROGRAM FOR SILAGE.

Section 403 of the Food Security Act of 1985 (7 U.S.C. 1444e–1) is amended by striking ''1996'' and inserting ''2002''.

TITLE III—COTTON

SEC. 301. LOANS, PAYMENTS, AND ACREAGE REDUCTION PROGRAMS FOR THE 1996 THROUGH 2002 CROPS OF UPLAND COTTON.

Section 103B of the Agricultural Act of 1949 (7 U.S.C. 1444–2) is amended to read as follows:

''SEC. 103B. LOANS, PAYMENTS, AND ACREAGE REDUCTION PROGRAMS FOR THE 1996 THROUGH 2002 CROPS OF UPLAND COTTON.

''(a) LOANS.—

''(1) IN GENERAL.—Except as otherwise provided in this subsection, the Secretary shall, on presentation of warehouse receipts or other acceptable evidence of title, as determined by the Secretary, reflecting accrued storage charges of not more than 60 days, make available for each of the 1996 through 2002 crops of upland cotton to producers on a farm nonrecourse loans for upland cotton produced on the farm for a term of 10 months from the first day of the month in which the loan is made at such loan level, per pound, as will reflect for the base quality of upland cotton, as determined by the Secretary, at an average location in the United States a level that is not less than the lesser of—

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

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

''(2) ADJUSTMENTS TO LOAN LEVEL.—

''(A) LIMITATION ON DECREASE IN LOAN LEVEL.—The loan level for any crop determined under paragraph (1) may not be reduced by more than 5 percent from the level determined for the preceding crop, and may not be reduced below 50 cents per pound.

''(B) LIMITATION ON INCREASE IN LOAN LEVEL.—If for any crop the average Northern European price determined under paragraph (1)(B) is less than the average United States spot market price determined under paragraph (1)(A), the Secretary may increase the loan level to such level as the Secretary may consider appropriate, not in excess of the average United States spot market price determined under paragraph (1)(A).

''(3) ANNOUNCEMENT OF LOAN LEVEL.—The loan level for any crop of upland cotton shall be determined and announced by the Secretary not later than November 1 of the calendar year preceding the marketing year for which the loan is to be effective or, in the case of the 1996 crop, as soon as practicable after the date of enactment of the Agricultural Competitiveness Act of 1995. The loan

level for a crop shall not be changed after announcement.

''(4) EXTENSION OF LOAN PERIOD.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), nonrecourse loans provided for in this section shall, on request of the producers on a farm during the 10th month of the loan period for the cotton, be made available for an additional term of 8 months.

''(B) LIMITATION.—A request to extend the loan period shall not be approved in any month in which the average price of the base quality of upland cotton, as determined by the Secretary, in the designated spot markets for the preceding month exceeds 130 percent of the average price of the base quality of cotton in the designated United States spot markets for the preceding 36-month period.

''(5) MARKETING LOANS.—

''(A) IN GENERAL.—If the Secretary determines that the prevailing world market price for upland cotton (adjusted to United States quality and location) is below the loan level determined under paragraphs (1) through (4), to make United States upland cotton competitive in world markets, the Secretary shall permit the producers on a farm to repay a loan made for any crop at—

''(i) a level that is the lesser of—

''(I) the loan level determined for the crop; and

''(II) the greater of—

''(aa) 70 percent of the loan level determined for the crop; and

''(bb) the prevailing world market price for upland cotton (adjusted to United States quality and location), as determined by the Secretary; or

''(ii) such other level (not in excess of the loan level determined for the crop nor less than 70 percent of the loan level) that the Secretary determines will—

''(I) minimize potential loan forfeitures;

''(II) minimize the accumulation of upland cotton stocks by the Federal Government;

''(III) minimize the cost incurred by the Federal Government in storing upland cotton; and

''(IV) allow upland cotton produced in the United States to be marketed freely and competitively, both domestically and internationally.

''(B) FIRST HANDLER MARKETING CERTIFICATES.—

''(i) IN GENERAL.—During the period beginning August 1, 1996, and ending July 31, 2003, if a program carried out under subparagraph (A) or subsection (b) fails to make United States upland cotton fully competitive in world markets and the prevailing world market price of upland cotton (adjusted to United States quality and location), as determined by the Secretary, is below the current loan repayment rate for upland cotton determined under subparagraph (A), to make United States upland cotton competitive in world markets and to maintain and expand domestic consumption and exports of upland cotton produced in the United States, the Secretary shall provide for the issuance of marketing certificates or cash payments in accordance with this subparagraph.

''(ii) PAYMENTS.—The Commodity Credit Corporation, under such regulations as the Secretary may prescribe, shall make payments, through the issuance of marketing certificates or cash payments, to first handlers of cotton (who shall be persons regularly engaged in buying or selling upland cotton) who have entered into an agreement with the Commodity Credit Corporation to participate in the program established under this subparagraph. The payments shall be made in such monetary amounts and subject to such terms and conditions as the Secretary determines will make upland cotton produced in the United States available at competitive prices, consistent with the purposes of this subparagraph.

''(iii) VALUE.—The value of each certificate or cash payment issued under clause (ii) shall be based on the difference between—

''(I) the loan repayment rate for upland cotton; and

''(II) the prevailing world market price of upland cotton (adjusted to United States quality and location), as determined by the Secretary.

''(iv) REDEMPTION, MARKETING, OR EXCHANGE.—The Commodity Credit Corporation, under regulations prescribed by the Secretary, may assist any person receiving marketing certificates under this subparagraph in the redemption of the certificates for cash, or marketing or exchange of the certificates for agricultural commodities or products owned by the Commodity Credit Corporation, at such times, in such manner, and at such price levels as the Secretary determines will best effectuate the purposes of the program established under this subparagraph. Any price restrictions that may otherwise apply to the disposition of agricultural commodities by the Commodity Credit Corporation shall not apply to the redemption of certificates under this subparagraph.

''(v) DESIGNATION OF COMMODITIES AND PRODUCTS; CHARGES.—Insofar as practicable, the Secretary shall permit owners of certificates to designate the commodities and the products of the commodities, including storage sites of the commodities and products, that the owners would prefer to receive in exchange for certificates. If any certificate is not presented for redemption, marketing, or exchange within a reasonable number of days after the issuance of the certificate (as determined by the Secretary), the reasonable costs of storage and other carrying charges, as determined by the Secretary, shall be deducted from the value of the certificate for the period beginning after the reasonable number of days and ending on the date of the presentation of the certificate to the Commodity Credit Corporation.

''(vi) DISPLACEMENT.—The Secretary shall take such measures as may be necessary to prevent the marketing or exchange of agricultural commodities and products for certificates under this subsection from adversely affecting the income of producers of the commodities or products.

''(vii) TRANSFERS.—Under regulations prescribed by the Secretary, certificates issued to cotton handlers under this subparagraph may be transferred to other handlers and persons approved by the Secretary.

''(C) PREVAILING WORLD MARKET PRICE.—

''(i) IN GENERAL.—The Secretary shall prescribe by regulation—

''(I) a formula to determine the prevailing world market price for upland cotton (adjusted to United States quality and location); and

''(II) a mechanism by which the Secretary shall announce periodically the prevailing world market price for upland cotton (adjusted to United States quality and location).

''(ii) USE.—The prevailing world market price for upland cotton (adjusted to United States quality and location) established under this subparagraph shall be used under subparagraphs (A), (B), and (E).

''(D) ADJUSTMENT OF PREVAILING WORLD MARKET PRICE.—

''(i) IN GENERAL.—During the period beginning August 1, 1996, and ending July 31, 2003, the prevailing world market price for upland cotton (adjusted to United States quality and location) established under subparagraph (C) shall be further adjusted if—

''(I) the adjusted prevailing world market price is less than 115 percent of the current crop year loan level for the base quality of upland cotton, as determined by the Secretary; and

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

''(ii) FURTHER ADJUSTMENT.—Except as provided in clause (iii), the adjusted prevailing world market price shall be further adjusted on the basis of some or all of the following data, as available:

''(I) The United States share of world exports.

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

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

''(iii) LIMITATION ON FURTHER ADJUSTMENT.—The adjustment under clause (ii) may not exceed the difference between—

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

''(II) the Northern Europe price.

''(E) COTTON USER MARKETING CERTIFICATES.—

''(i) ISSUANCE.—Subject to clause (iv), during the period beginning August 1, 1996, and ending July 31, 2003, the Secretary shall issue marketing certificates or cash payments to domestic users and exporters for documented purchases by domestic users and sales for export by exporters made in the week following a consecutive 4-week period in which—

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

''(II) the prevailing world market price for upland cotton (adjusted to United States quality and location), established under subparagraph (C), does not exceed 130 percent of the current crop year loan level for the base quality of upland cotton, as determined by the Secretary.

''(ii) VALUE.—The value of the marketing certificates or cash payments shall be based on the amount of the difference (reduced by 1.25 cents per pound) in the prices during the 4th week of the consecutive 4-week period multiplied by the quantity of upland cotton included in the documented sales.

''(iii) ADMINISTRATION.—Clauses (iv) through (vii) of subparagraph (B) shall apply to marketing certificates issued under this subparagraph. Any such certificates may be transferred to other persons in accordance with regulations issued by the Secretary.

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

''(F) SPECIAL IMPORT QUOTA.—

''(i) IN GENERAL.—The President shall carry out an import quota program that shall provide that, during the period beginning August 1996 and ending July 31, 2003, whenever the Secretary determines and announces that for any consecutive 10-week period, the Friday through Thursday average price for the lowest-priced United States growth, as quoted for Middling 1 3/32-inch cotton, delivered C.I.F. Northern Europe, adjusted for the value of any certificates issued under subparagraph (E), exceeds the Northern Europe price by more than 1.25 cents per pound, there shall immediately be in effect a special import quota.

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

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

''(iv) OVERLAP.—A special quota period may be established that overlaps any existing quota period if required by clause (i), except that a special quota period may not be established under this paragraph if a quota period has been established under subsection (n).

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

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

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

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

''(IV) General Note 3(a)(iv) to the Harmonized Tariff Schedule of the United States (19 U.S.C. 1202 note).

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

''(6) RECOURSE LOANS FOR SEED COTTON.—To encourage and assist producers in the orderly ginning and marketing of production of upland cotton by the producers, the Secretary shall make recourse loans available to the producers on seed cotton in accordance with authority vested in the Secretary under the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.).

''(b) LOAN DEFICIENCY PAYMENTS.—

''(1) IN GENERAL.—For each of the 1996 through 2002 crops of upland cotton, the Secretary shall make payments (referred to in this section as 'loan deficiency payments') available to producers who, although eligible to obtain a loan under subsection (a), agree to forgo obtaining the loan in return for payments under this subsection.

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

''(A) the loan payment rate; and

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

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

''(A) the loan level determined for the crop under subsection (a); exceeds

''(B) the level at which a loan may be repaid under subsection (a).

''(4) MARKETING CERTIFICATES.—The Secretary may make up to ½ the amount of a payment under this subsection available in the form of marketing certificates, subject to the terms and conditions provided in subsection (a)(5)(B).

''(c) PAYMENTS.—

''(1) DEFICIENCY PAYMENTS.—

''(A) IN GENERAL.—The Secretary shall make available to producers payments (referred to in this section as 'deficiency payments') for each of the 1996 through 2002 crops of upland cotton in an amount computed by multiplying—

''(i) the payment rate;

''(ii) the payment acres for the crop; and

''(iii) the farm program payment yield established for the crop for the farm.

''(B) PAYMENT RATE.—

''(i) IN GENERAL.—The payment rate for upland cotton shall be the amount by which the established price for the crop of upland cotton exceeds the greater of—

''(I) the national average market price received by producers during the calendar year that includes the first 5 months of the marketing year for the crop, as determined by the Secretary; and

''(II) the loan level determined for the crop.

''(ii) MINIMUM ESTABLISHED PRICE.—The established price for upland cotton shall be not less than $0.729 per pound for each of the 1996 through 2002 crops.

''(C) PAYMENT ACRES.—Payment acres for a crop shall be the lesser of—

''(i) the number of acres planted to the crop for harvest within the permitted acreage (as defined in subsection (e)(2)(D)(ii)); or

''(ii) 75 percent of the crop acreage base for the crop for the farm less the quantity of reduced acreage (as defined in subsection (e)(2)(D)(ii)).

''(D) 50/85 PROGRAM.—

''(i) IN GENERAL.—If an acreage limitation program under subsection (e)(2) is in effect for a crop of upland cotton and the producers on a farm devote a portion of the maximum payment acres of the farm for upland cotton as calculated under subparagraph (C)(ii) equal to more than 15 percent (except as provided in clause (v)) of the upland cotton acreage of the farm for the crop to conservation uses (except as provided in subparagraph (E))—

''(I) the portion of the maximum payment acres in excess of 15 percent (except as provided in clause (v)) of the acreage devoted to conservation uses (except as provided in subparagraph (E)) shall be considered to be planted to upland cotton for the purpose of determining the acreage on the farm required to be devoted to conservation uses in accordance with subsection (e)(2)(D); and

''(II) the producers shall be eligible for payments under this paragraph with respect to the acreage, subject to the compliance of the producers with clause (ii).

''(ii) MINIMUM PLANTING REQUIREMENT.—To be eligible for payments under clause (i), except as provided in clauses (iv) and (v), the producers on a farm must actually plant upland cotton for harvest on at least 50 percent of the maximum payment acres for cotton for the farm.

''(iii) DEFICIENCY PAYMENTS.—Notwithstanding any other provision of this section, any producers on a farm who devote a portion of the maximum payment acres of the farm for upland cotton to conservation uses (or other uses as provided in subparagraph (E)) under this subparagraph shall receive deficiency payments on the acreage that is considered to be planted to upland cotton and eligible for payments under this subparagraph for the crop at a per-pound rate established by the Secretary, except that the rate may not be established at less than the projected deficiency payment rate for the crop, as determined by the Secretary. The projected payment rate for the crop shall be announced by the Secretary prior to the period during which upland cotton producers may agree to participate in the program for the crop.

''(iv) QUARANTINES.—If a State or local agency has imposed in an area of a State or county a quarantine on the planting of upland cotton for harvest on farms in the area, the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) may recommend to the Secretary that payments be made under this paragraph, without regard to the requirement imposed under clause (ii), to producers in the area who were required to forgo the planting of upland cotton for harvest on acreage to alleviate or eliminate the condition requiring the quarantine. If the Secretary determines that the condition exists, the Secretary may make payments under this paragraph to the producers. To be eligible for payments under this clause, the producers must devote the acreage to conservation uses (except as provided in subparagraph (E)).

''(v) PREVENTED PLANTING AND REDUCED YIELDS.—In the case of each of the 1996 through 2002 crops of upland cotton, producers on a farm shall be eligible to receive deficiency payments as provided in clause (iii) without regard to clause (ii) if an acreage limitation program under subsection (e) is in effect for the crop and the producers—

''(I)(aa) have been determined by the Secretary (in accordance with section 503(c)) to be prevented from planting the crop, or have incurred a reduced yield for the crop because of a natural disaster; and

''(bb) elect to devote a portion of the maximum payment acres for upland cotton (as calculated under subparagraph (C)(ii)) equal to more than 8 percent of the upland cotton acreage, to conservation uses; or

''(II) elect to devote a portion of the maximum payment acres for upland cotton (as calculated under subparagraph (C)(ii)) equal to more than 8 percent of the upland cotton acreage, to alternative crops as provided in subparagraph (E).

''(vi) CROP ACREAGE AND PAYMENT YIELD.—The upland cotton crop acreage base and upland cotton farm program payment yield of the farm shall not be reduced because of the fact that a portion of the permitted acreage for upland cotton for the farm was devoted to conserving uses (except as provided in subparagraph (E)) under this subparagraph.

''(vii) LIMITATION.—Other than as provided in clauses (i) through (vi), payments may not be made under this paragraph for any crop on a greater acreage than the acreage actually planted to upland cotton.

''(viii) CONSERVATION USE ACREAGE UNDER OTHER PROGRAMS.—Any acreage considered to be planted to upland cotton in accordance with clauses (i) and (vi) may not also be designated as conservation use acreage for the purpose of fulfilling any provisions under any acreage limitation or land diversion program requiring that the producers devote a specified quantity of acreage to conservation uses.

''(ix) BLACK-EYED PEAS FOR DONATION.—The Secretary may permit, under such terms and conditions as will ensure optimum producer participation, all or any part of the acreage required to be devoted to conservation uses as a condition for qualifying for payments under this subparagraph to be devoted to the production of black-eyed peas if—

''(I) the producers on a farm agree to donate the harvested peas from the acreage to a food bank, food pantry, or soup kitchen (as defined in paragraphs (3), (4), and (7) of section 110(b) of the Hunger Prevention Act of 1988 (Public Law 100–435; 7 U.S.C. 612c note)) that is approved by the Secretary; and

''(II) the Secretary finds that the action will not result in the disruption of normal channels of trade.

''(E) ALTERNATIVE CROPS.—

''(i) INDUSTRIAL AND OTHER CROPS.—The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of acreage otherwise required to be devoted to conservation uses as a condition of qualifying for payments under subparagraph (D) to be devoted to sweet sorghum, guar, castor beans, plantago ovato, triticale, rye, millet, mung beans, commodities for which no substantial domestic production or market exists but that could yield industrial raw material being imported, or likely to be imported, into the United States, or commodities grown for experimental purposes (including kenaf and milkweed), subject to the following sentence. The Secretary may permit the acreage to be devoted to the production only if the Secretary determines that the production is—

''(I) not likely to increase the cost of the price support program; and

''(II) needed to provide an adequate supply of the commodity, or, in the case of a commodity for which no substantial domestic production or market exists but that could yield industrial raw materials, the production is needed to encourage domestic manufacture of the raw material and could lead to increased industrial use of the raw material to the long-term benefit of United States industry.

''(ii) SESAME AND CRAMBE.—The Secretary shall permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of acreage otherwise required to be devoted to conservation uses as a condition of qualifying for payments under subparagraph (D) to be devoted to sesame or crambe. In carrying out this clause, if the Secretary determines that sesame or crambe are considered oilseeds under section 205, the Secretary shall provide that, to receive payments under subparagraph (D), the producers shall agree to forgo eligibility to receive a loan under section 205 for the crop of sesame or crambe produced on the farm.

''(2) CROP INSURANCE REQUIREMENT.—As a condition of eligibility for upland cotton loans, purchases, and payments, the producers on a farm shall obtain catastrophic risk protection insurance coverage in accordance with section 427.

''(d) PAYMENT YIELDS.—The farm program payment yields for farms for each crop of upland cotton under this section shall be determined under title V.

''(e) ACREAGE REDUCTION PROGRAMS.—

''(1) IN GENERAL.—

''(A) ESTABLISHMENT.—Notwithstanding any other provision of this Act, if the Secretary determines that the total supply of upland cotton, in the absence of an acreage limitation program, will be excessive taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency, the Secretary may provide for any crop of upland cotton an acreage limitation program as described in paragraph (2).

''(B) AGRICULTURAL RESOURCES CONSERVATION PROGRAM.—In making a determination under subparagraph (A), the Secretary shall take into consideration the number of acres placed in the agricultural resources conservation program established under subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3830 et seq.).

''(C) ANNOUNCEMENTS.—

''(i) PRELIMINARY ANNOUNCEMENT.—If the Secretary elects to implement an acreage limitation program for any crop year, the Secretary shall make a preliminary announcement of any such program not later than November 1 of the calendar year preceding the year in which the crop is harvested, except that in the case of the 1996 crop, the Secretary shall announce the program as soon as practicable after the date of enactment of the Agricultural Competitiveness Act of 1995. The announcement shall include, among other information determined necessary by the Secretary, an announcement of the uniform percentage reduction in the upland cotton crop acreage base described in paragraph (2)(A).

''(ii) FINAL ANNOUNCEMENT.—Not later than January 1 of the calendar year in which the crop is harvested, the Secretary shall make a final announcement of the program. The announcement shall include, among other information determined necessary by the Secretary, an announcement of the uniform percentage reduction in the upland cotton crop described in paragraph (2)(A).

''(iii) OPTIONAL PROGRAMS IN EARLY PLANTING AREAS.—The Secretary shall allow producers in early planting areas to elect to participate in the program on the terms of the acreage limitation program—

''(I) first announced for the crop under clause (i); or

''(II) as subsequently revised under clause (ii);

if the Secretary determines that the producers may be unfairly disadvantaged by the revision.

''(D) DESIRED CARRY-OVER.—The Secretary shall carry out an acreage limitation program described in paragraph (2) for a crop of upland cotton in a manner that will result in a ratio of carry-over to total disappearance of 29½ percent for the 1996 crop and 29 percent for each of the 1997 through 2002 crops, based on the most recent projection of the Secretary of carry-over and total disappearance at the time of announcement of the acreage limitation program. In this subparagraph, the term 'total disappearance' means all upland cotton utilization, including total domestic, total export, and total residual disappearance.

''(2) ACREAGE LIMITATION PROGRAM.—

''(A) UNIFORM PERCENTAGE REDUCTION.—Except as provided in paragraph (3), if an upland cotton acreage limitation program is announced under paragraph (1), the limitation shall be achieved by applying a uniform percentage reduction (from 0 to 25 percent) to the upland cotton crop acreage base for the crop for each upland cotton-producing farm.

''(B) COMPLIANCE.—Except as provided in section 504, producers who knowingly produce upland cotton in excess of the permitted acreage for upland cotton for the farm, as established in accordance with subparagraph (A), shall be ineligible for upland cotton loans and payments with respect to the farm.

''(C) CROP ACREAGE BASES.—Upland cotton crop acreage bases for each crop of upland cotton shall be determined under title V.

''(D) ACREAGE DEVOTED TO CONSERVATION USES.—

''(i) IN GENERAL.—A number of acres on the farm shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

''(ii) NUMBER.—The number shall be determined by multiplying the upland cotton crop acreage base by the percentage reduction required by the Secretary. The number of acres so determined is referred to in this section as 'reduced acreage'. The remaining acreage is referred to in this section as 'permitted acreage'.

''(iii) ADJUSTMENT.—Permitted acreage may be adjusted by the Secretary as provided in paragraph (3) and in section 504.

''(E) INDIVIDUAL FARM PROGRAM ACREAGE.—Except as otherwise provided in subsection (c), the individual farm program acreage shall be the acreage planted on the farm to upland cotton for harvest within the permitted acreage for upland cotton for the farm as established under this paragraph.

''(F) PLANTING DESIGNATED CROPS ON REDUCED ACREAGE.—

''(i) DEFINITION OF DESIGNATED CROP.—In this subparagraph, the term 'designated crop' means a crop described in section 504(b)(1), excluding any program crop as defined in section 502(3).

''(ii) PLANTING DESIGNATED CROPS.—Subject to clause (iii), the Secretary may permit producers on a farm to plant a designated crop on not more than ½ of the reduced acreage on the farm.

''(iii) LIMITATIONS.—If the producers on a farm elect to plant a designated crop on reduced acreage under this subparagraph—

''(I) the amount of the deficiency payment that the producers are otherwise eligible to receive under subsection (c) shall be reduced, for each acre (or portion of an acre) that is planted to the designated crop, by an amount equal to the deficiency payment that would be made with respect to a number of acres of the crop that the Secretary considers appropriate, except that if the producers on the farm are participating in a program established for more than 1 program crop, the amount of the reduction shall be determined by prorating the reduction based on the acreage planted or considered planted on the farm to all of the program crops; and

''(II) the Secretary shall ensure that reductions in deficiency payments under subclause (I) are sufficient to ensure that this subparagraph will result in no additional cost to the Commodity Credit Corporation.

''(G) BLACK-EYED PEAS FOR DONATION.—The Secretary may permit, under such terms and conditions as will ensure optimum producer participation, producers on a farm to plant black-eyed peas on not more than ½ of the reduced acreage on the farm if—

''(i) the producers agree to donate the harvested peas from the acreage to a food bank, food pantry, or soup kitchen (as defined in paragraphs (3), (4), and (7) of section 110(b) of the Hunger Prevention Act of 1988 (Public Law 100–435; 7 U.S.C. 612c note)) that is approved by the Secretary; and

''(ii) the Secretary finds that the action will not result in the disruption of normal channels of trade.

''(3) TARGETED OPTION PAYMENTS.—

''(A) IN GENERAL.—Notwithstanding any other provision of this section, if the Secretary implements an acreage limitation program with respect to any of the 1996 through 2002 crops of upland cotton, the Secretary may make available to producers on a farm who do not receive payments under subsection (c)(1)(D) for the crop on the farm, adjustments in the level of deficiency payments that would otherwise be made available to the producers if the producers exercise the payment options provided in this paragraph.

''(B) PAYMENT OPTIONS.—If the Secretary elects to carry out this paragraph, the Secretary shall make the payment options specified in subparagraphs (C) and (D) available to producers who agree to make adjustments in the quantity of acreage diverted from the production of upland cotton under an acreage limitation program in accordance with this paragraph.

''(C) INCREASED ACREAGE LIMITATION OPTION.—

''(i) INCREASE IN ESTABLISHED PRICE.—If the Secretary elects to carry out this paragraph, the producers on a farm shall be eligible to receive an increase in the established price for upland cotton in accordance with clause (ii) if the producers agree to an increase in

the acreage limitation percentage to be applied to the upland cotton acreage base of the producers above the acreage limitation percentage announced by the Secretary.

''(ii) METHOD OF CALCULATION.—For the purposes of calculating deficiency payments to be made available to producers who participate in the program under this paragraph, the Secretary shall increase the established price for upland cotton by an amount determined by the Secretary of not less than 0.5 percent, nor more than 1 percent, for each 1 percentage point increase in the acreage limitation percentage applied to the upland cotton acreage base of the producers.

''(iii) LIMITATION.—The acreage limitation percentage to be applied to the upland cotton acreage base of the producers shall be increased by not more than 10 percentage points above the acreage limitation percentage announced by the Secretary for the crop or above 25 percent total for the crop.

''(iv) ADJUSTMENT FOR UNDERPLANTINGS.—In determining the increased acreage limitation percentage that is applied to the upland cotton base of the producers on a farm under this paragraph, the Secretary shall exclude an amount of acreage equal to the average difference between the permitted acreage for upland cotton for the farm of the producers and the acreage actually planted (including acreage devoted to conserving uses under subsection (c)(1)(D)) to upland cotton for harvest during the previous 2 years.

''(D) DECREASED ACREAGE LIMITATION OPTION.—

''(i) DECREASE IN ACREAGE LIMITATION REQUIREMENT.—If the Secretary elects to carry out this paragraph, the producers on a farm shall be eligible to decrease the acreage limitation percentage applicable to the upland cotton acreage base of the producers (as announced by the Secretary) if the producers agree to a decrease in the established price for upland cotton in accordance with clause (ii) for the purpose of calculating deficiency payments to be made available to the producers.

''(ii) METHOD OF CALCULATION.—For the purposes of calculating deficiency payments to be made available to producers who choose the option established under this subparagraph, the Secretary shall decrease the established price for upland cotton by an amount to be determined by the Secretary of not less than 0.5 percent, nor more than 1 percent, for each 1 percentage point decrease in the acreage limitation percentage applied to the upland cotton acreage base of the producers.

''(iii) LIMITATION.—The producers on a farm may not choose to decrease the acreage limitation percentage applicable to the upland cotton acreage base of the producers under this paragraph by more than ½ of the announced acreage limitation percentage.

''(E) PARTICIPATION AND PRODUCTION EFFECTS.—Notwithstanding any other provision of this paragraph, the Secretary shall, to the extent practicable, ensure that the program provided for in this paragraph does not have a significant effect on participation in the program established by this section or total production and shall be offered in such a manner that the Secretary determines will result in no additional budget outlays. The Secretary shall provide an analysis of the determination of the Secretary to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

''(4) ADMINISTRATION.—

''(A) PROTECTION FROM WEEDS AND EROSION.—The regulations issued by the Secretary under paragraph (2) with respect to acreage required to be devoted to conservation uses shall ensure protection of the acreage from weeds and wind and water erosion.

''(B) CONSERVING CROPS.—The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of the acreage to be devoted to sweet sorghum, guar, sesame, castor beans, crambe, plantago ovato, triticale, rye, mung beans, milkweed, or other commodity, if the Secretary determines that the production is needed to provide an adequate supply of the commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

''(C) HAYING AND GRAZING.—

''(i) IN GENERAL.—Except as provided in clause (ii), haying and grazing of reduced acreage, acreage devoted to a conservation use under subsection (c)(1)(D), and acreage diverted from production under a land diversion program established under this subsection shall be permitted, except during any consecutive 5-month period that is established by the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for a State. The 5-month period shall be established during the period beginning April 1, and ending October 31, of a year.

''(ii) NATURAL DISASTERS.—In the case of a natural disaster, the Secretary may permit unlimited haying and grazing on the acreage. The Secretary may not exclude irrigated or irrigable acreage not planted to alfalfa when exercising the authority under this clause.

''(D) WATER STORAGE USES.—

''(i) IN GENERAL.—The regulations issued by the Secretary under paragraph (2) with respect to acreage required to be devoted to conservation uses shall provide that land that has been converted to water storage uses shall be considered to be devoted to conservation uses if the land was devoted to wheat, feed grains, cotton, rice, or oilseeds in at least 3 of the immediately preceding 5 crop years. The land shall be considered to be devoted to conservation uses for the period that the land remains in water storage uses, but not to exceed 5 crop years subsequent to the conversion of the land to water storage uses.

''(ii) LIMITATIONS.—Land converted to water storage uses for the purposes of this subparagraph may not be devoted to any commercial use, including commercial fish production. The water stored on the land may not be ground water. The farm on which the land is located must have been irrigated with ground water during at least 1 of the preceding 5 crop years.

''(5) LAND DIVERSION PROGRAM.—

''(A) PAYMENTS.—

''(i) IN GENERAL.—The Secretary may make land diversion payments to producers of upland cotton, whether or not an acreage limitation program for upland cotton is in effect, if the Secretary determines that the land diversion payments are necessary to assist in adjusting the total national acreage of upland cotton to desirable goals. The land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with the producers.

''(ii) EXCESS CARRY-OVER.—If, at the time of final announcement of the acreage limitation program established under this subsection, the Secretary projects that the ratio of carry-over to total disappearance of upland cotton for the crop year is equal to or greater than 40 percent, the Secretary shall offer a paid land diversion program to producers of upland cotton. Payments to producers under the program shall be determined by multiplying—

''(I) the payment rate, of not less than 35 cents per pound of cotton, established by the Secretary;

''(II) the program payment yield established for the crop for the farm; and

''(III) the number of permitted acreage for upland cotton for the farm diverted on the farm.

''(B) BIDS FOR CONTRACTS.—The amounts payable to producers under land diversion contracts may be determined through the submission of bids for the contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

''(C) LIMITATIONS ON DIVERTED ACREAGE.—

''(i) MAXIMUM ACREAGE PER FARM, COUNTY, OR COMMUNITY.—The Secretary shall limit the total acreage to be diverted under this paragraph—

''(I) to not more than 15 percent of the upland cotton crop acreage base for a farm; and

''(II) under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

''(ii) LOWER PARTICIPATION LEVELS.—The Secretary may allow producers to participate in a land diversion program under this paragraph at a level lower than the maximum level announced by the Secretary, at the option of the producer, if the Secretary determines that the lower level will increase participation in the program.

''(6) CONSERVATION PRACTICES.—

''(A) WILDLIFE FOOD PLOTS OR HABITAT.—The reduced acreage and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out this subparagraph.

''(B) PUBLIC ACCESS.—The Secretary may provide for an additional payment on the acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producers on a farm agree to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable Federal and State regulations.

''(7) PARTICIPATION AGREEMENTS.—

''(A) IN GENERAL.—Producers on a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for the participation not later than such date as the Secretary may prescribe.

''(B) MODIFICATION OR TERMINATION.—The Secretary may, by mutual agreement with producers on a farm, modify or terminate any such agreement if the Secretary determines the action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities. The Secretary may modify the agreement under this subparagraph for the purpose of alleviating a shortage in the supply of agricultural commodities only if there has been a significant change in the estimated stocks of the commodity since the Secretary announced the final terms and conditions of the program for the crop of upland cotton.

''(f) INVENTORY REDUCTION PAYMENTS.—

''(1) IN GENERAL.—For each of the 1996 through 2002 crops of upland cotton, the Secretary may make payments available to producers on a farm who meet the requirements of this subsection.

''(2) FORM.—The payments may be made in the form of marketing certificates.

''(3) PAYMENTS.—

''(A) IN GENERAL.—Payments under this subsection shall be determined in the same manner as provided in subsection (b).

''(B) QUANTITY OF COTTON MADE AVAILABLE.—The quantity of upland cotton to be made available to the producers on a farm under this subsection shall be equal in value to the payments so determined under this subsection.

''(4) ELIGIBILITY.—The producers on a farm shall be eligible to receive a payment under this subsection for a crop if the producers—

''(A) agree to forgo obtaining a loan under subsection (a);

''(B) agree to forgo receiving payments under subsection (c);

''(C) do not plant upland cotton for harvest in excess of the crop acreage base reduced by ½ of any acreage required to be diverted from production under subsection (e); and

''(D) otherwise comply with this section.

''(g) EQUITABLE RELIEF.—

''(1) LOANS AND PAYMENTS.—If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans and payments, the Secretary may, notwithstanding the failure, make the loans and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure. The Secretary may consider whether the producer made a good faith effort to comply fully with the terms and conditions of the program in determining whether equitable relief is warranted under this paragraph.

''(2) DEADLINES AND PROGRAM REQUIREMENTS.—The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet the other requirements does not affect adversely the operation of the program.

''(h) REGULATIONS.—The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

''(i) COMMODITY CREDIT CORPORATION.—The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

''(j) ASSIGNMENT OF PAYMENTS.—Section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) shall apply to payments made under this section.

''(k) SHARING OF PAYMENTS.—The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

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

''(m) CROSS-COMPLIANCE.—

''(1) IN GENERAL.—Compliance on a farm with the terms and conditions of any other commodity program, or compliance with crop acreage base requirements for any other commodity, may not be required as a condition of eligibility for loans or payments under this section.

''(2) COMPLIANCE ON OTHER FARMS.—The Secretary may not require producers on a farm, as a condition of eligibility for loans or payments under this section for the farm, to comply with the terms and conditions of the upland cotton program with respect to any other farm operated by the producers.

''(n) LIMITED GLOBAL IMPORT QUOTA.—

''(1) DEFINITIONS.—In this subsection:

''(A) DEMAND.—The term 'demand' means—

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

''(ii) the larger of—

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

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

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

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

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

''(ii) production of the current crop; and

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

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

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

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

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

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

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

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

''(iv) General Note 3(a)(iv) to the Harmonized Tariff Schedule of the United States (19 U.S.C. 1202 note).

''(3) QUOTA ENTRY PERIOD.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), when a quota is established under this subsection, cotton may be entered under the quota during the 90-day period beginning on the date the quota is established by the Secretary.

''(B) NO OVERLAP.—Notwithstanding paragraphs (1) and (2), a quota period may not be established that overlaps an existing quota period or a special quota period established under subsection (a)(5)(F).

''(o) CROPS.—Notwithstanding any other provision of law, this section shall be effective only for the 1996 through 2002 crops of upland cotton.''.

SEC. 302. EXTRA LONG STAPLE COTTON PROGRAM.

Section 103(h)(16) of the Agricultural Act of 1949 (7 U.S.C. 1444(h)(16)) is amended by striking ''1996'' and inserting ''2003''.

SEC. 303. SUSPENSION OF BASE ACREAGE ALLOTMENTS, MARKETING QUOTAS, AND RELATED PROVISIONS.

Sections 342, 343, 344, 345, 346, and 377 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1342–1346 and 1377) shall not be applicable to any of the 1996 through 2002 crops of upland cotton.

SEC. 304. MISCELLANEOUS COTTON PROVISIONS.

Section 103(a) of the Agricultural Act of 1949 (7 U.S.C. 1444(a)) shall not be applicable to the 1996 through 2002 crops.

SEC. 305. SKIPROW PRACTICES.

The third sentence of section 374(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1374(a)) is amended—

(1) by striking ''1995'' each place it appears and inserting ''2002''; and

(2) by striking ''1991'' each place it appears and inserting ''1996''.

SEC. 306. PRELIMINARY ALLOTMENTS FOR 2003 CROP OF UPLAND COTTON.

Notwithstanding any other provision of law, the permanent State, county, and farm base acreage allotments for the 1977 crop of upland cotton, adjusted for any underplantings in 1977 and reconstituted as provided in section 379 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1379), shall be the preliminary allotments for the 2003 crop.

SEC. 307. COTTONSEED AND COTTONSEED OIL.

Section 203(b) of the Agricultural Act of 1949 (7 U.S.C. 1446d(b)) is amended by striking ''1995'' and inserting ''2002''.

SEC. 308. COTTON CLASSIFICATION SERVICES.

The first sentence of section 3a of the Act of March 3, 1927 (commonly known as the ''Cotton Statistics and Estimates Act'') (chapter 337; 7 U.S.C. 473a), is amended by striking ''1996'' and inserting ''2002''.

TITLE IV—RICE

SEC. 401. LOANS, PAYMENTS, AND ACREAGE REDUCTION PROGRAMS FOR THE 1996 THROUGH 2002 CROPS OF RICE.

Section 101B of the Agricultural Act of 1949 (7 U.S.C. 1441–2) is amended to read as follows:

''SEC. 101B. LOANS, PAYMENTS, AND ACREAGE REDUCTION PROGRAMS FOR THE 1996 THROUGH 2002 CROPS OF RICE.

''(a) LOANS AND PURCHASES.—

''(1) IN GENERAL.—Except as otherwise provided in this subsection, the Secretary shall make available to producers on a farm nonrecourse loans and purchases for each of the 1996 through 2002 crops of rice produced on the farm at a level that is not less than the greater of—

''(A) 85 percent of the simple average price received by producers, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of rice, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; or

''(B) $6.50 per hundredweight.

''(2) MAXIMUM REDUCTION.—The loan level for any crop of rice determined under paragraph (1) may not be reduced by more than 5 percent from the level determined for the preceding crop.

''(3) ANNOUNCEMENT OF LOAN LEVEL AND ESTABLISHED PRICE.—The loan and purchase level and the established price for each of the 1996 through 2002 crops of rice shall be announced not later than January 31 of each calendar year for the crop harvested in the calendar year or, in the case of the 1996 crop, as soon as practicable after the date of enactment of the Farm Commodities Act of 1995.

''(4) TERM.—A loan made under this subsection shall have a term of not more than 9 months beginning after the month in which the application for the loan is made.

''(5) MARKETING LOANS.—

''(A) IN GENERAL.—To ensure that a competitive market position is maintained for rice, the Secretary shall permit the producers on a farm to repay a loan made under paragraph (1) for a crop at a level that is the lesser of—

''(i) the loan level determined for the crop; or

''(ii) the greater of—

''(I) 70 percent of the loan level determined for the crop; or

''(II) the prevailing world market price for rice, as determined by the Secretary.

''(B) PREVAILING WORLD MARKET PRICE.—The Secretary shall prescribe by regulation—

''(i) a formula to determine the prevailing world market price for rice that does not take into account any price for the sale of rice produced in the United States; and

''(ii) a mechanism by which the Secretary shall announce periodically the prevailing world market price for rice.

''(C) PRODUCER PURCHASE OF MARKETING CERTIFICATES.—

''(i) IN GENERAL.—As a condition of permitting the producers on a farm to repay a loan as provided in subparagraph (A), the Secretary may require the producers to purchase marketing certificates equal in value to an amount that does not exceed ½ the difference, as determined by the Secretary, between the amount of the loan obtained by the producers and the amount of the loan repayment.

''(ii) REDEMPTION FOR RICE OR CASH.—The certificates shall be redeemable for agricultural commodities owned by the Commodity Credit Corporation valued at the prevailing market price, as determined by the Secretary, or for cash, under such terms and conditions as the Secretary may prescribe.

''(iii) REDEMPTION, MARKETING, OR EXCHANGE.—The Commodity Credit Corporation, under regulations prescribed by the Secretary, shall assist any person receiving marketing certificates under this subparagraph in the redemption or marketing or exchange of the certificates at such times, in such manner, and at such price levels as the Secretary determines will best effectuate the purposes of the program established under this section.

''(iv) CHARGES.—If any such certificate is not presented for redemption or marketing within a reasonable number of days after issuance, as determined by the Secretary, reasonable costs of storage and other carrying charges, as determined by the Secretary, shall be deducted from the value of the certificate for the period beginning after the reasonable number of days and ending on the date of the presentation of the certificate to the Commodity Credit Corporation.

''(v) DESIGNATION OF COMMODITIES AND PRODUCTS.—Insofar as practicable, the Secretary shall permit owners of certificates to designate the commodities and the products of commodities, including storage sites of the commodities and products, that the owners would prefer to receive in exchange for certificates.

''(vi) SALES PRICE RESTRICTIONS.—Notwithstanding any other provision of law, any price restrictions that may otherwise apply to the disposition of agricultural commodities by the Commodity Credit Corporation shall not apply to the redemption of certificates under this subparagraph.

''(vii) DISPLACEMENT.—The Secretary shall take such measures as may be necessary to prevent the marketing or exchange of agricultural commodities and the products of the commodities for certificates under this subparagraph from adversely affecting the income of producers of the commodities or products.

''(viii) TRANSFERS.—Under regulations prescribed by the Secretary, certificates issued under this subparagraph may be transferred to other persons approved by the Secretary.

''(D) CERTIFICATES TO MAINTAIN COMPETITIVENESS.—

''(i) IN GENERAL.—Notwithstanding any other provision of law, whenever, during the period beginning August 1, 1996, and ending July 31, 2003, the prevailing world market price for a class of rice (adjusted to United States quality and location), as determined by the Secretary, is below the current loan repayment rate for that class of rice, to make United States rice competitive in world markets and to maintain and expand exports of rice produced in the United States, the Commodity Credit Corporation shall make payments, through the issuance of marketing certificates, to persons who have entered into an agreement with the Commodity Credit Corporation to participate in the program established under this subparagraph. The payments shall be made in such monetary amounts and subject to such terms and conditions as the Secretary determines will make rice produced in the United States available at competitive prices consistent with the purposes of this subparagraph.

''(ii) VALUE.—The value of each certificate issued under this subparagraph shall be based on the difference between—

''(I) the loan repayment rate for the class of rice; and

''(II) the prevailing world market price for the class of rice, as determined by the Secretary.

''(iii) TERMS AND CONDITIONS OF CERTIFICATES.—Marketing certificates issued under this subparagraph shall be subject to the same terms and conditions as certificates issued under subparagraph (C).

''(6) SIMPLE AVERAGE PRICE.—For purposes of this section, the simple average price received by producers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

''(b) LOAN DEFICIENCY PAYMENTS.—

''(1) IN GENERAL.—The Secretary shall, for each of the 1996 through 2002 crops of rice, make payments (referred to in this section as 'loan deficiency payments') available to producers who, although eligible to obtain a loan or an agreement for purchase under subsection (a), agree to forgo obtaining the loan or agreement in return for payments under this subsection.

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

''(A) the loan payment rate; and

''(B) the quantity of rice that the producers are eligible to place under loan (or obtain a purchase agreement) but for which the producers forgo obtaining the loan or agreement in return for payments under this subsection.

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

''(A) the loan level determined for the crop under subsection (a); exceeds

''(B) the level at which a loan may be repaid under subsection (a).

''(4) MARKETING CERTIFICATES.—The Secretary may make up to ½ the amount of a payment under this subsection available in the form of marketing certificates, subject to the terms and conditions provided in subsection (a)(5)(C).

''(c) PAYMENTS.—

''(1) DEFICIENCY PAYMENTS.—

''(A) IN GENERAL.—The Secretary shall make available to producers payments (referred to in this section as 'deficiency payments') for each of the 1996 through 2002 crops of rice in an amount computed by multiplying—

''(i) the payment rate;

''(ii) the payment acres for the crop; and

''(iii) the farm program payment yield established for the crop for the farm.

''(B) PAYMENT RATE.—

''(i) IN GENERAL.—The payment rate for each of the 1996 through 2002 crops of rice shall be the amount by which the established price for the crop of rice exceeds the greater of—

''(I) the lesser of—

''(aa) the national average market price received by producers during the calendar year that contains the first 5 months of the marketing year for the crop, as determined by the Secretary; or

''(bb) the national average market price received by producers during the first 5 months of the marketing year for the crop, as determined by the Secretary, plus an appropriate amount that is fair and equitable in relation to wheat and feed grains (as determined by the Secretary); or

''(II) the loan level determined for the crop.

''(ii) MINIMUM ESTABLISHED PRICE.—The established price for rice shall not be less than $10.71 per hundredweight for each of the 1996 through 2002 crops.

''(C) PAYMENT ACRES.—Payment acres for a crop shall be the lesser of—

''(i) the number of acres planted to the crop for harvest within the permitted acreage (as defined in subsection (e)(2)(D)(ii)); or

''(ii) 75 percent of the crop acreage base for the crop for the farm less the quantity of reduced acreage (as defined in subsection (e)(2)(D)(ii)).

''(D) 50/85 PROGRAM.—

''(i) IN GENERAL.—If an acreage limitation program under subsection (e)(2) is in effect for a crop of rice and the producers on a farm devote a portion of the maximum payment acres of the farm for rice as calculated under subparagraph (C)(ii) equal to more than 15 percent (except as provided in clause (v)(II)) of the rice acreage of the farm for the crop to conservation uses (except as provided in subparagraph (E))—

''(I) the portion of the maximum payment acres of the farm in excess of 15 percent (except as provided in clause (v)(II)) of the acreage devoted to conservation uses (except as provided in subparagraph (E)) shall be considered to be planted to rice for the purpose of determining the acreage on the farm required to be devoted to conservation uses in accordance with subsection (e)(2)(D); and

''(II) the producers shall be eligible for payments under this paragraph with respect to the acreage, subject to the compliance of the producers with clause (ii).

''(ii) MINIMUM PLANTING REQUIREMENT.—To be eligible for payments under clause (i), except as provided in clauses (iv) and (v), the producers on a farm shall actually plant rice for harvest on at least 50 percent of the maximum payment acres for rice for the farm.

''(iii) DEFICIENCY PAYMENTS.—Notwithstanding any other provision of this section, any producers on a farm who devote a portion of the maximum payment acres of the farm for rice to conservation uses (or other uses as provided in subparagraph (E)) under this subparagraph shall receive deficiency payments on the acreage that is considered to be planted to rice and eligible for payments under this subparagraph for the crop at a per-hundredweight rate established by the Secretary, except that the rate may not

be established at less than the projected deficiency payment rate for the crop, as determined by the Secretary. The projected deficiency payment rate for the crop shall be announced by the Secretary prior to the period during which rice producers may agree to participate in the program for the crop.

''(iv) QUARANTINES.—If a State or local agency has imposed in an area of a State or county a quarantine on the planting of rice for harvest on farms in the area, the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) may recommend to the Secretary that payments be made under this paragraph, without regard to the requirement imposed under clause (ii), to producers in the area who were required to forgo the planting of rice for harvest on acreage to alleviate or eliminate the condition requiring the quarantine. If the Secretary determines that the condition exists, the Secretary may make payments under this paragraph to the producers. To be eligible for payments under this clause, the producers must devote the acreage to conservation uses (except as provided in subparagraph (E)).

''(v) PREVENTED PLANTING AND REDUCED YIELDS.—In the case of each of the 1996 through 2002 crops of rice, producers on a farm shall be eligible to receive deficiency payments as provided in clause (iii) without regard to clause (ii) if an acreage limitation program under subsection (e) is in effect for the crop and the producers—

''(I)(aa) have been determined by the Secretary (in accordance with section 503(c)) to be prevented from planting the crop, or have incurred a reduced yield for the crop because of a natural disaster; and

''(bb) elect to devote a portion of the maximum payment acres for rice (as calculated under subparagraph (C)(ii)) equal to more than 8 percent of the rice acreage, to conservation uses; or

''(II) elect to devote a portion of the maximum payment acres for rice (as calculated under subparagraph (C)(ii)) equal to more than 8 percent of the rice acreage, to alternative crops as provided in subparagraph (E).

''(vi) CROP ACREAGE AND PAYMENT YIELD.—The rice crop acreage base and rice farm program payment yield of the farm shall not be reduced because of the fact that a portion of the permitted acreage for rice for the farm was devoted to conserving uses (except as provided in subparagraph (E)) under this subparagraph.

''(vii) LIMITATION.—Other than as provided in clauses (i) through (vi), payments may not be made under this paragraph for any crop on a greater acreage than the acreage actually planted to rice.

''(viii) CONSERVATION USE ACREAGE UNDER OTHER PROGRAMS.—Any acreage considered to be planted to rice in accordance with clauses (i) and (vi) may not also be designated as conservation use acreage for the purpose of fulfilling any provision under any acreage limitation or land diversion program requiring that the producers devote a specified quantity of acreage to conservation uses.

''(E) ALTERNATIVE CROPS.—

''(i) INDUSTRIAL AND OTHER CROPS.—The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of acreage otherwise required to be devoted to conservation uses as a condition of qualifying for payments under subparagraph (D) to be devoted to sweet sorghum, guar, castor beans, plantago ovato, triticale, rye, millet, mung beans, commodities for which no substantial domestic production or market exists but that could yield industrial raw material being imported, or likely to be imported, into the United States, or commodities grown for experimental purposes (including kenaf and milkweed), subject to the following sentence. The Secretary may permit the acreage to be devoted to the production only if the Secretary determines that the production is—

''(I) not likely to increase the cost of the price support program; and

''(II) needed to provide an adequate supply of the commodity, or, in the case of a commodity for which no substantial domestic production or market exists but that could yield industrial raw materials, the production is needed to encourage domestic manufacture of the raw material and could lead to increased industrial use of the raw material to the long-term benefit of United States industry.

''(ii) SESAME AND CRAMBE.—The Secretary shall permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of acreage otherwise required to be devoted to conservation uses as a condition of qualifying for payments under subparagraph (D) to be devoted to sesame or crambe. In carrying out this clause, if the Secretary determines that sesame or crambe are considered oilseeds under section 205, the Secretary shall provide that, in order to receive payments under subparagraph (D), the producers shall agree to forgo eligibility to receive a loan under section 205 for the crop of sesame or crambe produced on the farm.

''(2) CROP INSURANCE REQUIREMENT.—As a condition of eligibility for rice loans, purchases, and payments, the producers on a farm shall obtain catastrophic risk protection insurance coverage in accordance with section 427.

''(d) PAYMENT YIELDS.—The farm program payment yields for farms for each crop of rice under this section shall be determined under title V.

''(e) ACREAGE REDUCTION PROGRAMS.—

''(1) IN GENERAL.—

''(A) ESTABLISHMENT.—Notwithstanding any other provision of this Act, if the Secretary determines that the total supply of rice, in the absence of an acreage limitation program, will be excessive taking into account the need for an adequate carry-over to maintain reasonable and stable supplies and prices and to meet a national emergency, the Secretary may provide for any crop of rice an acreage limitation program as described in paragraph (2).

''(B) AGRICULTURAL RESOURCES CONSERVATION PROGRAM.—In making a determination under subparagraph (A), the Secretary shall take into consideration the number of acres placed in the agricultural resources conservation program established under subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3830 et seq.).

''(C) ANNOUNCEMENTS.—

''(i) PRELIMINARY ANNOUNCEMENT.—If the Secretary elects to implement an acreage limitation program for any crop year, the Secretary shall make a preliminary announcement of any such program not later than December 1 of the calendar year preceding the year in which the crop is harvested (or, for the 1996 crop, as soon as practicable after the date of enactment of the Farm Commodities Act of 1995). The preliminary announcement shall include, among other information determined necessary by the Secretary, an announcement of the uniform percentage reduction in the rice crop acreage base described in paragraph (2)(A).

''(ii) FINAL ANNOUNCEMENT.—Not later than January 31 of the calendar year in which the crop is harvested, the Secretary shall make a final announcement of the program. The announcement shall include, among other information determined necessary by the Secretary, an announcement of the uniform percentage reduction in the rice crop acreage base described in paragraph (2)(A).

''(D) CARRY-OVER.—The Secretary shall carry out an acreage limitation program described in paragraph (2) for a crop of rice in a manner that will result in carry-over stocks equal to 16.5 to 20 percent of the simple average of the total disappearance of rice for each of the 3 marketing years preceding the year for which the announcement is made. In this subparagraph, the term 'total disappearance' means all rice utilization, including total domestic, total export, and total residual disappearance.

''(2) ACREAGE LIMITATION PROGRAM.—

''(A) PERCENTAGE REDUCTIONS.—Except as provided in paragraph (3), if a rice acreage limitation program is announced under paragraph (1), the limitation shall be achieved by applying a uniform percentage reduction (from 0 to 35 percent) to the rice crop acreage base for the crop for each rice-producing farm.

''(B) COMPLIANCE.—Except as provided in section 504, producers on a farm who knowingly produce rice in excess of the permitted acreage for rice for the farm, as established in accordance with subparagraph (A), shall be ineligible for rice loans, purchases, and payments with respect to the farm.

''(C) CROP ACREAGE BASES.—Rice crop acreage bases for each crop of rice shall be determined under title V.

''(D) ACREAGE DEVOTED TO CONSERVATION USES.—

''(i) IN GENERAL.—A number of acres on the farm shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

''(ii) NUMBER.—The number shall be determined by multiplying the rice crop acreage base by the percentage reduction required by the Secretary. The number of acres so determined is referred to in this section as 'reduced acreage'. The remaining acreage is referred to in this section as 'permitted acreage'.

''(iii) ADJUSTMENT.—Permitted acreage may be adjusted by the Secretary as provided in paragraph (3) and in section 504.

''(E) INDIVIDUAL FARM PROGRAM ACREAGE.—Except as otherwise provided in subsection (c), the individual farm program acreage shall be the acreage planted on the farm to rice for harvest within the permitted acreage for rice for the farm as established under this paragraph.

''(F) PLANTING DESIGNATED CROPS ON REDUCED ACREAGE.—

''(i) DEFINITION OF DESIGNATED CROP.—In this subparagraph, the term 'designated crop' means a crop described in section 504(b)(1), excluding any program crop as defined in section 502(3).

''(ii) PLANTING DESIGNATED CROPS.—Subject to clause (iii), the Secretary may permit producers on a farm to plant a designated crop on not more than ½ of the reduced acreage on the farm.

''(iii) LIMITATIONS.—If the producers on a farm elect to plant a designated crop on reduced acreage under this subparagraph—

''(I) the amount of the deficiency payment that the producers are otherwise eligible to receive under subsection (c) shall be reduced, for each acre (or portion of an acre) that is planted to the designated crop, by an amount equal to the deficiency payment that would be made with respect to a number of acres of the crop that the Secretary considers appropriate, except that if the producers on the farm are participating in a program established for more than 1 program crop, the amount of the reduction shall be determined by prorating the reduction based on the acreage planted or considered planted on the farm to all of the program crops; and

''(II) the Secretary shall ensure that reductions in deficiency payments under subclause (I) are sufficient to ensure that this subparagraph will result in no additional cost to the Commodity Credit Corporation.

''(3) TARGETED OPTION PAYMENTS.—

''(A) IN GENERAL.—Notwithstanding any other provision of this section, if the Secretary implements an acreage limitation program with respect to any of the 1996 through 2002 crops of rice and announces an acreage limitation percentage of 20 percent or less, the Secretary may make available to producers on a farm who do not receive payments under subsection (c)(1)(D) for the crop on the farm, adjustments in the level of deficiency payments that would otherwise be made available to the producers if the producers exercise the payment options provided in this paragraph.

''(B) PAYMENT OPTIONS.—If the Secretary elects to carry out this paragraph, the Secretary shall make the payment options specified in subparagraphs (C) and (D) available to producers who agree to make adjustments in the quantity of acreage diverted from the production of rice under an acreage limitation program in accordance with this paragraph.

''(C) INCREASED ACREAGE LIMITATION OPTION.—

''(i) INCREASE IN ESTABLISHED PRICE.—If the Secretary elects to carry out this paragraph, the producers on a farm shall be eligible to receive an increase in the established price for rice in accordance with clause (ii) if the producers agree to an increase in the acreage limitation percentage to be applied to the rice acreage base of the producers above the acreage limitation percentage announced by the Secretary.

''(ii) METHOD OF CALCULATION.—For the purposes of calculating deficiency payments to be made available to producers who participate in the program under this paragraph, the Secretary shall increase the established price for rice by an amount determined by the Secretary of not less than 0.5 percent, nor more than 1 percent, for each 1 percentage point increase in the acreage limitation percentage applied to the rice acreage base of the producers.

''(iii) LIMITATION.—The acreage limitation percentage to be applied to the rice acreage base of the producers shall be increased by not more than 5 percentage points above the acreage limitation percentage announced by the Secretary.

''(iv) ADJUSTMENT FOR UNDER- PLANTINGS.—In determining the increased acreage limitation percentage that is applied to the rice acreage base of the producers under this paragraph, the Secretary shall exclude an amount of acreage equal to the average difference between the permitted acreage for rice for the farm of the producers and the acreage actually planted (including acreage devoted to conserving uses under subsection (c)(1)(D)) to rice for harvest during the previous 2 years.

''(D) DECREASED ACREAGE LIMITATION OPTION.—

''(i) DECREASE IN ACREAGE LIMITATION REQUIREMENT.—If the Secretary elects to carry out this paragraph, the producers on a farm shall be eligible to decrease the acreage limitation percentage applicable to the rice acreage base of the producers (as announced by the Secretary) if the producers agree to a decrease in the established price for rice in accordance with clause (ii) for the purpose of calculating deficiency payments to be made available to the producers.

''(ii) METHOD OF CALCULATION.—For the purposes of calculating deficiency payments to be made available to producers who choose the option established under this subparagraph, the Secretary shall decrease the established price for rice by an amount to be determined by the Secretary of not less than 0.5 percent, nor more than 1 percent, for each 1 percentage point decrease in the acreage limitation percentage applied to the rice acreage base of the producers.

''(iii) LIMITATION.—The producers on a farm may not choose to decrease the acreage limitation percentage applicable to the rice acreage base of the producers under this paragraph by more than ½ of the announced acreage limitation percentage.

''(E) PARTICIPATION AND PRODUCTION EFFECTS.—Notwithstanding any other provision of this paragraph, the Secretary shall, to the extent practicable, ensure that the program provided for in this paragraph does not have a significant effect on participation on the program established under this section or total production and shall be offered in such a manner that the Secretary determines will result in no additional budget outlays. The Secretary shall provide an analysis of the determination of the Secretary to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

''(4) ADMINISTRATION.—

''(A) PROTECTION FROM WEEDS AND EROSION.—The regulations issued by the Secretary under paragraph (2) with respect to acreage required to be devoted to conservation uses shall ensure protection of the acreage from weeds and wind and water erosion.

''(B) CONSERVING CROPS.—The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of the acreage to be devoted to sweet sorghum, guar, sesame, castor beans, crambe, plantago ovato, triticale, rye, mung beans, milkweed, or other commodity, if the Secretary determines that the production is needed to provide an adequate supply of the commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

''(C) HAYING AND GRAZING.—

''(i) IN GENERAL.—Except as provided in clause (ii), haying and grazing of reduced acreage, acreage devoted to a conservation use under subsection (c)(1)(D), and acreage diverted from production under a land diversion program established under this subsection shall be permitted, except during any consecutive 5-month period that is established by the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for a State. The 5-month period shall be established during the period beginning April 1, and ending October 31, of a year.

''(ii) NATURAL DISASTERS.—In the case of a natural disaster, the Secretary may permit unlimited haying and grazing on the acreage. The Secretary may not exclude irrigated or irrigable acreage not planted to alfalfa when exercising the authority under this clause.

''(D) WATER STORAGE USES.—

''(i) IN GENERAL.—The regulations issued by the Secretary under paragraph (2) with respect to acreage required to be devoted to conservation uses shall provide that land that has been converted to water storage uses shall be considered to be devoted to conservation uses if the land was devoted to wheat, feed grains, cotton, rice, or oilseeds in at least 3 of the immediately preceding 5 crop years. The land shall be considered to be devoted to conservation uses for the period that the land remains in water storage uses, but not to exceed 5 crop years subsequent to the conversion of the land to water storage uses.

''(ii) LIMITATIONS.—Land converted to water storage uses for the purposes of this subparagraph may not be devoted to any commercial use, including commercial fish production. The water stored on the land may not be ground water. The farm on which the land is located must have been irrigated with ground water during at least 1 of the preceding 5 crop years.

''(5) LAND DIVERSION PROGRAM.—

''(A) IN GENERAL.—The Secretary may make land diversion payments to producers of rice, whether or not an acreage limitation program for rice is in effect, if the Secretary determines that the land diversion payments are necessary to assist in adjusting the total national acreage of rice to desirable goals. The land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with the producers.

''(B) AMOUNTS.—The amounts payable to producers under land diversion contracts may be determined through the submission of bids for the contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

''(C) LIMITATION ON DIVERTED ACREAGE.—The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

''(6) CONSERVATION PRACTICES.—

''(A) WILDLIFE FOOD PLOTS OR HABITAT.—The reduced acreage and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out this subparagraph.

''(B) PUBLIC ACCESS.—The Secretary may provide for an additional payment on the acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producers on a farm agree to permit, without other compensation, access to all or such portion of the farm as the Secretary may prescribe by the general public, for hunting, trapping, fishing, and hiking, subject to applicable Federal and State regulations.

''(7) PARTICIPATION AGREEMENTS.—

''(A) IN GENERAL.—Producers on a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for the participation not later than such date as the Secretary may prescribe.

''(B) MODIFICATION OR TERMINATION.—The Secretary may, by mutual agreement with producers on a farm, modify or terminate any such agreement if the Secretary determines the action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities. The Secretary may modify the agreement under this subparagraph for the purpose of alleviating a shortage in the supply of agricultural commodities only if there has been a significant change in the estimated stocks of the commodity since the Secretary announced the final terms and conditions of the program for the crop of rice.

''(f) INVENTORY REDUCTION PAYMENTS.—

''(1) IN GENERAL.—For each of the 1996 through 2002 crops of rice, the Secretary may make payments available to producers on a

farm who meet the requirements of this subsection.

''(2) FORM.—The payments may be made in the form of marketing certificates.

''(3) PAYMENTS.—

''(A) IN GENERAL.—Payments under this subsection shall be determined in the same manner as provided in subsection (b).

''(B) QUANTITY OF RICE MADE AVAILABLE.—The quantity of rice to be made available to the producers on a farm under this subsection shall be equal in value to the payments so determined under this subsection.

''(4) ELIGIBILITY.—The producers on a farm shall be eligible to receive a payment under this subsection for a crop if the producers—

''(A) agree to forgo obtaining a loan or purchase agreement under subsection (a);

''(B) agree to forgo receiving payments under subsection (c);

''(C) do not plant rice for harvest in excess of the crop acreage base reduced by ½ of any acreage required to be diverted from production under subsection (e); and

''(D) otherwise comply with this section.

''(g) EQUITABLE RELIEF.—

''(1) LOANS, PURCHASES, AND PAYMENTS.—If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans, purchases, and payments, the Secretary may, notwithstanding the failure, make the loans, purchases, and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure. The Secretary may consider whether the producer made a good faith effort to comply fully with the terms and conditions of the program in determining whether equitable relief is warranted under this paragraph.

''(2) DEADLINES AND PROGRAM REQUIREMENTS.—The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet the other requirements does not affect adversely the operation of the program.

''(h) REGULATIONS.—The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

''(i) COMMODITY CREDIT CORPORATION.—The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

''(j) ASSIGNMENT OF PAYMENTS.—Section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) shall apply to payments made under this section.

''(k) SHARING OF PAYMENTS.—The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

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

''(m) CROSS-COMPLIANCE.—

''(1) IN GENERAL.—Compliance on a farm with the terms and conditions of any other commodity program, or compliance with crop acreage base requirements for any other commodity, may not be required as a condition of eligibility for loans, purchases, or payments under this section.

''(2) COMPLIANCE ON OTHER FARMS.—The Secretary may not require producers on a farm, as a condition of eligibility for loans, purchases, or payments under this section for the farm, to comply with the terms and conditions of the rice program with respect to any other farm operated by the producers.

''(n) CROPS.—Notwithstanding any other provision of law, this section shall be effective only for the 1996 through 2002 crops of rice.''.

TITLE V—OILSEEDS

SEC. 501. LOANS AND PAYMENTS FOR OILSEEDS FOR 1996 THROUGH 2002 MARKETING YEARS.

Section 205 of the Agricultural Act of 1949 (7 U.S.C. 1446f) is amended to read as follows:

''SEC. 205. LOANS AND PAYMENTS FOR OILSEEDS FOR 1996 THROUGH 2002 MARKETING YEARS.

''(a) DEFINITION OF OILSEEDS.—In this section, the term 'oilseeds' means soybeans, sunflower seed, canola, rapeseed, safflower, flaxseed, mustard seed, and such other oilseeds as the Secretary may determine.

''(b) LOANS AND PURCHASES.—The Secretary shall make available to producers on a farm loans and purchases for each of the 1996 through 2002 crops of oilseeds produced on the farm at such level as the Secretary determines will maintain the competitiveness of oilseeds with other crops and will not result in excessive total stocks of oilseeds, taking into consideration the cost of producing oilseeds, supply and demand conditions, and world prices for oilseeds.

''(c) LOAN AND PURCHASE LEVEL.—

''(1) SOYBEANS.—Except as provided in paragraph (4), the loan and purchase level for each of the 1996 through 2002 crops of soybeans shall be not less than the greater of—

''(A) 85 percent of the simple average price received by producers, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of soybeans, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; or

''(B) $5.50 per bushel.

''(2) SUNFLOWER SEED, CANOLA, RAPESEED, AND FLAXSEED.—Except as provided in paragraph (4), the loan and purchase level for each of the 1996 through 2002 crops of sunflower seed, canola, rapeseed, and flaxseed shall be not less than the greater of—

''(A) 85 percent of the simple average price received by producers, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of sunflower seed, canola, rapeseed, and flaxseed, respectively, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; or

''(B) $9.75 per hundredweight.

''(3) OTHER OILSEEDS.—Except as provided in paragraph (4), the loan and purchase level for each of the 1996 through 2002 crops of oilseeds not covered by paragraph (1) or (2) shall be established at such level as the Secretary determines is fair and reasonable in relation to the loan and purchase level available for soybeans, except that the loan and purchase level for cottonseed may not be established at a level that is less than the level established for soybeans on a per-pound basis for the same crop year.

''(4) ADJUSTMENT.—If the Secretary determines for any marketing year that the loan and purchase level established under this subsection will result in outlays in the form of loan deficiency payments to producers of an oilseed, the Secretary shall reduce the loan and purchase level for a crop of the oilseed for the marketing year to a level at which, as determined by the Secretary, payments will not be made, except that the level may not be less than—

''(A) in the case of soybeans, $5.00 per bushel; and

''(B) in the case of sunflower seed, canola, rapeseed, and flaxseed, $8.90 per hundredweight.

''(5) REPORT.—If the Secretary adjusts the level of loans and purchases for an oilseed under paragraph (4), the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report—

''(A) certifying that the adjustment is necessary to reduce outlays in the form of loan deficiency payments; and

''(B) containing a description of the production, stocks, and price circumstances under which the adjustment is needed.

''(6) FUTURE CROP YEARS.—Any reduction in the loan and purchase level for a crop of an oilseed under paragraph (4) shall not be considered in determining the loan and purchase level for a future crop of the oilseed.

''(d) MARKETING LOANS.—

''(1) IN GENERAL.—The Secretary shall permit a producer to repay a loan made under this section for a crop—

''(A) at a level that is the lesser of—

''(i) the loan and purchase level determined for the crop; and

''(ii) the prevailing world market price for the applicable oilseed (adjusted to United States quality and location), as determined by the Secretary; or

''(B) such other level (not in excess of the loan and purchase level determined for the crop) that the Secretary determines will—

''(i) minimize potential loan forfeitures;

''(ii) minimize the accumulation of oilseed stocks by the Federal Government;

''(iii) minimize the cost incurred by the Federal Government in storing oilseeds; and

''(iv) allow oilseeds produced in the United States to be marketed freely and competitively, both domestically and internationally.

''(2) PREVAILING WORLD MARKET PRICE.—The Secretary shall prescribe by regulation—

''(A) a formula for determining the prevailing world market price for oilseeds (adjusted to United States quality and location); and

''(B) a mechanism by which the Secretary shall announce periodically the prevailing world market price for oilseeds (adjusted to United States quality and location).

''(e) LOAN DEFICIENCY PAYMENT.—

''(1) IN GENERAL.—For each of the 1996 through 2002 crops of oilseeds, the Secretary shall make payments available to producers who, although eligible to obtain a loan or purchase under subsection (b), agree to forgo obtaining the loan and purchase in return for payments under this subsection.

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

''(A) the loan and purchase payment rate; by

''(B) the quantity of oilseeds the producer is eligible to place under loan but for which the producer forgoes obtaining the loan and purchase in return for payments under this subsection.

''(3) LOAN AND PURCHASE PAYMENT RATE.—For purposes of this subsection, the loan and purchase payment rate shall be the amount by which—

''(A) the loan and purchase level determined for the crop under subsection (c); exceeds

''(B) the level at which a loan may be repaid under subsection (d).

''(4) MARKETING CERTIFICATES.—

''(A) IN GENERAL.—The Secretary may make payments under this section available in the form of certificates redeemable for any agricultural commodity owned by the Commodity Credit Corporation.

''(B) MINIMAL OILSEED STOCKS.—The Secretary shall make certificates available under subparagraph (A) in such a manner as to minimize the accumulation of oilseed stocks.

''(f) MARKETING YEAR.—For purposes of this section, the marketing year for—

''(1) soybeans shall be the 1-year period beginning on September 1 and ending on August 31; and

''(2) other oilseeds shall be prescribed by the Secretary by regulation.

''(g) ANNOUNCEMENTS.—The Secretary shall make an announcement of the loan and purchase level for the crop not later than 15 days prior to the beginning of the marketing year for the crop.

''(h) LOAN MATURITY.—A loan made for a crop of oilseeds under this section shall mature on the last day of the 9th month following the month in which the application for the loan is made, except that the loan may not mature later than the last day of the fiscal year in which the application is made.

''(i) OTHER TERMS AND CONDITIONS.—Notwithstanding any other provision of law—

''(1) the Secretary shall not require participation in any production adjustment program for oilseeds or any other commodity as a condition of eligibility for price support for oilseeds;

''(2) the Secretary may not authorize payments to producers to cover the cost of storing oilseeds; and

''(3) oilseeds may not be considered an eligible commodity for any reserve program.

''(j) REGULATIONS.—The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

''(k) COMMODITY CREDIT CORPORATION.—The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

''(l) ASSIGNMENT OF PAYMENTS.—Section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) shall apply to payments under this section.

''(m) CROPS.—Notwithstanding any other provision of law, this section shall be effective only for the 1996 through 2002 crops of oilseeds.''.

TITLE VI—PEANUTS

SEC. 601. SUSPENSION OF MARKETING QUOTAS AND ACREAGE ALLOTMENTS.

The following provisions of the Agricultural Adjustment Act of 1938 shall not be applicable to the 1996 through 2002 crops of peanuts:

(1) Subsections (a) through (j) of section 358 (7 U.S.C. 1358).

(2) Subsections (a) through (h) of section 358a (7 U.S.C. 1358a).

(3) Subsections (a), (b), (d), and (e) of section 358d (7 U.S.C. 1359).

(4) Part I of subtitle C of title III (7 U.S.C. 1361 et seq.).

(5) Section 371 (7 U.S.C. 1371).

SEC. 602. NATIONAL POUNDAGE QUOTAS AND ACREAGE ALLOTMENTS.

Section 358–1 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358–1) is amended to read as follows:

''SEC. 358–1. NATIONAL POUNDAGE QUOTAS AND ACREAGE ALLOTMENTS FOR 1996 THROUGH 2002 CROPS OF PEANUTS.

''(a) NATIONAL POUNDAGE QUOTAS.—

''(1) ESTABLISHMENT.—The national poundage quota for peanuts for each of the 1996 through 2002 marketing years shall be established by the Secretary at a level that is equal to the quantity of peanuts (in tons) that the Secretary estimates will be devoted in each such marketing year to domestic edible and related uses, excluding seed. The Secretary shall include in the annual estimate of domestic edible and related uses, the estimated quantity of peanuts and peanut products to be imported into the United States for the marketing year for which the quota is being established.

''(2) ANNOUNCEMENT.—The national poundage quota for a marketing year shall be announced by the Secretary not later than the December 15 preceding the marketing year.

''(3) APPORTIONMENT AMONG STATES.—The national poundage quota established under paragraph (1) shall be apportioned among the States so that the poundage quota allocated to each State is equal to the percentage of the national poundage quota allocated to farms in the State for 1995.

''(b) FARM POUNDAGE QUOTAS.—

''(1) IN GENERAL.—

''(A) ESTABLISHMENT.—A farm poundage quota for each of the 1996 through 2002 marketing years shall be established—

''(i) for each farm that had a farm poundage quota for peanuts for the 1995 marketing year;

''(ii) if the poundage quota apportioned to a State under subsection (a)(3) for any such marketing year is larger than the quota for the immediately preceding marketing year, for each other farm on which peanuts were produced for marketing in at least 2 of the 3 immediately preceding crop years, as determined by the Secretary; and

''(iii) as approved and determined by the Secretary under section 358c, for each farm on which peanuts are produced in connection with experimental and research programs.

''(B) QUANTITY.—

''(i) IN GENERAL.—The farm poundage quota for each of the 1996 through 2002 marketing years for each farm described in subparagraph (A)(i) shall be the same as the farm poundage quota for the farm for the immediately preceding marketing year, as adjusted under paragraph (2), but not including any increases resulting from the allocation of quotas voluntarily released for 1 year under paragraph (7).

''(ii) INCREASED QUOTA.—The farm poundage quota, if any, for each of the 1996 through 2002 marketing years for each farm described in subparagraph (A)(ii) shall be equal to the quantity of peanuts allocated to the farm for the year under paragraph (2).

''(C) TRANSFERS.—For purposes of this subsection, if the farm poundage quota, or any part of the quota, is permanently transferred in accordance with section 358a or 358b, the receiving farm shall be considered as possessing the farm poundage quota (or portion of the quota) of the transferring farm for all subsequent marketing years.

''(2) ADJUSTMENTS.—

''(A) ALLOCATION OF INCREASED QUOTA GENERALLY.—Subject to subparagraphs (B) and (D), if the poundage quota apportioned to a State under subsection (a)(3) for any of the 1996 through 2002 marketing years is increased over the poundage quota apportioned to farms in the State for the immediately preceding marketing year, the increase shall be allocated proportionately, based on farm production history for peanuts for the 3 immediately preceding years, among—

''(i) all farms in the State for which a farm poundage quota was established for the marketing year immediately preceding the marketing year for which the allocation is being made; and

''(ii) all other farms in the State on which peanuts were produced in at least 2 of the 3 immediately preceding crop years, as determined by the Secretary.

''(B) TEMPORARY QUOTA ALLOCATION.—

''(i) IN GENERAL.—Subject to clause (iv), temporary allocation of a poundage quota for the marketing year in which a crop of peanuts is planted shall be made to producers for each of the 1996 through 2002 marketing years in accordance with this subparagraph.

''(ii) QUANTITY.—The temporary quota allocation shall be equal to the quantity of seed peanuts (in pounds) planted on a farm, as determined in accordance with regulations issued by the Secretary.

''(iii) ALLOCATION.—The allocation of quota pounds to producers under this subparagraph shall be performed in such a manner as will not result in a net decrease in quota pounds on a farm in excess of 3 percent, after the temporary seed quota is added, from the basic farm quota for the 1995 marketing year. A decrease shall occur only once, shall be applicable only to the 1996 marketing year.

''(iv) NO INCREASED COSTS.—The Secretary may carry out this subparagraph only if this subparagraph does not result in—

''(I) an increased cost to the Commodity Credit Corporation through displacement of quota peanuts by additional peanuts in the domestic market;

''(II) an increased loss in a loan pool of an area marketing association designated pursuant to section 108B(c)(1) of the Agricultural Act of 1949 (7 U.S.C. 1445c–3(c)(1)); or

''(III) other increased costs.

''(v) USE OF QUOTA AND ADDITIONAL PEANUTS.—Nothing in this subparagraph affects the requirements of section 358b(b).

''(vi) ADDITIONAL ALLOCATION.—The temporary allocation of quota pounds under this subparagraph shall be in addition to the farm poundage quota established under this subsection and shall be credited to the producers of the peanuts on the farm in accordance with regulations issued by the Secretary.

''(C) DECREASE.—If the poundage quota apportioned to a State under subsection (a)(3) for any of the 1996 through 2002 marketing years is decreased from the poundage quota apportioned to farms in the State under subsection (a)(3) for the immediately preceding marketing year, the decrease shall be allocated among all the farms in the State for which a farm poundage quota was established for the marketing year immediately preceding the marketing year for which the allocation is being made.

''(D) SPECIAL RULE ON TENANT'S SHARE OF INCREASED QUOTA.—Subject to terms and conditions prescribed by the Secretary, on farms that were leased to a tenant for peanut production, the tenant shall share equally with the owner of the farm in the percentage of the quota made available under subparagraph (A) and otherwise allocated to the farm as the result of the production of the tenant on the farm of additional peanuts. Not later than April 1 of each year or as soon as practicable during the year, the share of the tenant of any such quota shall be allocated to a farm within the county owned by the tenant or sold by the tenant to the owner of any farm within the county and permanently transferred to the farm. Any quota not so disposed of as provided in this subparagraph shall be allocated to other quota farms in the State under paragraph (6) as part of the quota reduced from farms in the State due to the failure to produce the quota.

''(3) QUOTA NOT PRODUCED.—

''(A) IN GENERAL.—Insofar as practicable and on such fair and equitable basis as the Secretary may by regulation prescribe, the farm poundage quota established for a farm for any of the 1996 through 2002 marketing years shall be reduced to the extent that the Secretary determines that the farm poundage quota established for the farm for any 2 of the 3 marketing years preceding the marketing year for which the determination is being made was not produced, or considered produced, on the farm.

''(B) EXCLUSIONS.—For the purposes of this paragraph, the farm poundage quota for any such preceding marketing year shall not include any increase resulting from the allocation of quotas voluntarily released for 1 year under paragraph (7).

''(4) QUOTA CONSIDERED PRODUCED.—

''(A) IN GENERAL.—For purposes of this subsection, subject to subparagraph (B), the

farm poundage quota shall be considered produced on a farm if—

''(i) the farm poundage quota was not produced on the farm because of drought, flood, or any other natural disaster, or any other condition beyond the control of the producer, as determined by the Secretary;

''(ii) the farm poundage quota for the farm was released voluntarily under paragraph (7) for only 1 of the 3 marketing years immediately preceding the marketing year for which the determination is being made; or

''(iii) the farm poundage quota was leased to another owner or operator of a farm within the same county for transfer to the farm for only 1 of the 3 marketing years immediately preceding the marketing year for which the determination is being made.

''(B) MARKETING YEARS.—For purposes of clauses (ii) and (iii) of subparagraph (A)—

''(i) the farm poundage quota leased or transferred shall be considered produced for only 1 of the 3 marketing years immediately preceding the marketing year for which the determination is being made; and

''(ii) the farm shall not be considered to have produced for more than 1 marketing year out of the 3 immediately preceding marketing years.

''(5) QUOTA PERMANENTLY RELEASED.—Notwithstanding any other provision of law—

''(A) the farm poundage quota established for a farm under this subsection, or any part of the quota, may be permanently released by the owner of the farm, or the operator with the permission of the owner; and

''(B) the poundage quota for the farm for which the quota is released shall be adjusted downward to reflect the quota that is released.

''(6) ALLOCATION OF QUOTAS REDUCED OR RELEASED.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), the total quantity of the farm poundage quotas reduced or voluntarily released from farms in a State for any marketing year under paragraphs (3) and (5) shall be allocated, as the Secretary may by regulation prescribe, to other farms in the State on which peanuts were produced in at least 2 of the 3 crop years immediately preceding the year for which the allocation is being made.

''(B) SET-ASIDE FOR FARMS WITH NO QUOTA.—The total amount of farm poundage quota to be allocated in the State under subparagraph (A) shall be allocated to farms in the State for which no farm poundage quota was established for the crop of the immediately preceding year. The allocation to any such farm shall not exceed the average farm production of peanuts for the 3 immediately preceding years during which peanuts were produced on the farm. Any farm poundage quota remaining after allocation to farms under this subparagraph shall be allocated to farms in the State on which poundage quotas were established for the crop of the immediately preceding year.

''(7) QUOTA TEMPORARILY RELEASED.—

''(A) IN GENERAL.—The farm poundage quota, or any portion of the quota, established for a farm for a marketing year may be voluntarily released to the Secretary to the extent that the quota, or any part of the quota, will not be produced on the farm for the marketing year. Any farm poundage quota so released in a State shall be allocated to other farms in the State on such basis as the Secretary may by regulation prescribe.

''(B) EFFECTIVE PERIOD.—Except as otherwise provided in this section, any adjustment in the farm poundage quota for a farm under subparagraph (A) shall be effective only for the marketing year for which the adjustment is made and shall not be taken into consideration in establishing a farm poundage quota for the farm from which the quota was released for any subsequent marketing year.

''(c) FARM YIELDS.—

''(1) IN GENERAL.—For each farm for which a farm poundage quota is established under subsection (b), and when necessary for purposes of this Act, a farm yield of peanuts shall be determined for each such farm.

''(2) QUANTITY.—The yield shall be equal to the average of the actual yield per acre on the farm for each of the 3 crop years in which yields were highest on the farm during the 5-year period consisting of the 1973 through 1977 crop years.

''(3) APPRAISED YIELDS.—If peanuts were not produced on the farm in at least 3 years during the 5-year period or there was a substantial change in the operation of the farm during the period (including a change in operator, lessee who is an operator, or irrigation practices), the Secretary shall have a yield appraised for the farm. The appraised yield shall be that quantity determined to be fair and reasonable on the basis of yields established for similar farms that are located in the area of the farm and on which peanuts were produced, taking into consideration land, labor, and equipment available for the production of peanuts, crop rotation practices, soil and water, and other relevant factors.

''(d) REFERENDUM RESPECTING POUNDAGE QUOTAS.—

''(1) IN GENERAL.—Not later than December 15 of each calendar year, the Secretary shall conduct a referendum of producers engaged in the production of quota peanuts in the calendar year in which the referendum is held to determine whether the producers are in favor of or opposed to poundage quotas with respect to the crops of peanuts produced in the 5 calendar years immediately following the year in which the referendum is held, except that, if at least ⅔ of the producers voting in any referendum vote in favor of poundage quotas, no referendum shall be held with respect to quotas for the remaining years of the 5-calendar year period.

''(2) PROCLAMATION.—The Secretary shall proclaim the result of the referendum within 30 days after the date on which the referendum is held.

''(3) VOTE AGAINST QUOTAS.—If more than ⅓ of the producers voting in the referendum vote against poundage quotas, the Secretary shall proclaim that poundage quotas will not be in effect with respect to the crop of peanuts produced in the calendar year immediately following the calendar year in which the referendum is held.

''(e) DEFINITIONS.—In this part and title I of the Agricultural Act of 1949 (7 U.S.C. 1441 et seq.):

''(1) ADDITIONAL PEANUTS.—The term 'additional peanuts' means, for any marketing year—

''(A) any peanuts that are marketed from a farm for which a farm poundage quota has been established and that are in excess of the marketings of quota peanuts from the farm for the year; and

''(B) all peanuts marketed from a farm for which no farm poundage quota has been established in accordance with subsection (b).

''(2) CRUSH.—The term 'crush' means the processing of peanuts to extract oil for food uses and meal for feed uses, or the processing of peanuts by crushing or otherwise when authorized by the Secretary.

''(3) DOMESTIC EDIBLE USE.—The term 'domestic edible use' means use for milling to produce domestic food peanuts (other than a use described in paragraph (2)) and seed and use on a farm, except that the Secretary may exempt from this paragraph seeds of peanuts that are used to produce peanuts excluded under section 358d(c), are unique strains, and are not commercially available.

''(4) QUOTA PEANUTS.—The term 'quota peanuts' means, for any marketing year, any peanuts produced on a farm having a farm poundage quota, as determined under subsection (b), that—

''(A) are eligible for domestic edible use as determined by the Secretary;

''(B) are marketed or considered marketed from a farm; and

''(C) do not exceed the farm poundage quota of the farm for the year.

''(f) CROPS.—Notwithstanding any other provision of law, this section shall be effective only for the 1996 through 2002 crops of peanuts.''.

SEC. 603. SALE, LEASE, OR TRANSFER OF FARM POUNDAGE QUOTA.

Section 358b of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358b) is amended to read as follows:

''SEC. 358b. SALE, LEASE, OR TRANSFER OF FARM POUNDAGE QUOTA FOR 1996 THROUGH 2000 CROPS OF PEANUTS.

''(a) IN GENERAL.—

''(1) AUTHORITY.—

''(A) IN GENERAL.—Subject to such terms, conditions, or limitations as the Secretary may prescribe, the owner, or operator with the permission of the owner, of any farm for which a farm poundage quota has been established under this Act may sell or lease all or any part of the poundage quota to any other owner or operator of a farm within the same county for transfer to the farm, except that any such lease of poundage quota may be entered into in the fall or after the normal planting season—

''(i) if not less than 90 percent of the basic quota (consisting of the farm quota and temporary quota transfers), plus any poundage quota transferred to the farm under this subsection, has been planted or considered planted on the farm from which the quota is to be leased; and

''(ii) under such terms and conditions as the Secretary may by regulation prescribe.

''(B) FALL TRANSFERS.—

''(i) NO TRANSFER AUTHORIZATION.—In the case of a fall transfer or a transfer after the normal planting season by a cash lessee, the landowner shall not be required to sign the transfer authorization.

''(ii) TIME LIMITATION.—A fall transfer or a transfer after the normal planting season may be made not later than 72 hours after the peanuts that are the subject of the transfer are inspected and graded.

''(iii) LESSEES.—In the case of a fall transfer, poundage quota from a farm may be leased to an owner or operator of another farm within the same county or to an owner or operator of another farm in any other county within the State.

''(iv) EFFECT OF TRANSFER.—A fall transfer of poundage quota shall not affect the farm quota history for the transferring or receiving farm and shall not result in the reduction of the farm poundage quota on the transferring farm.

''(2) TRANSFERS TO OTHER SELF-OWNED FARMS.—The owner or operator of a farm may transfer all or any part of the farm poundage quota for the farm to any other farm owned or controlled by the owner or operator that is in the same State and that had a farm poundage quota for the crop of the preceding year, if both the transferring and receiving farms were under the control of the owner or operator for at least 3 crop years prior to the crop year in which the farm poundage quota is to be transferred. Any farm poundage quota transferred under this paragraph shall not result in any reduction in the farm poundage quota for the transferring farm if sufficient acreage is planted on

the receiving farm to produce the quota pounds transferred.

''(3) TRANSFERS IN STATES WITH SMALL QUOTAS.—In the case of any State for which the poundage quota allocated to the State was less than 10,000 tons for the crop of the preceding year, all or any part of a farm poundage quota may be transferred by sale or lease or otherwise from a farm in 1 county to a farm in another county in the same State.

''(4) TRANSFERS BY SALE IN STATES HAVING QUOTAS OF 10,000 TONS OR MORE.—

''(A) IN GENERAL.—Subject to the other provisions of this paragraph and such terms and conditions as the Secretary may prescribe, the owner, or operator with the permission of the owner, of any farm for which a farm quota has been established under this Act in a State having a poundage quota of 10,000 tons or more may sell poundage quota to any other eligible owner or operator of a farm within the same State.

''(B) LIMITATIONS BASED ON TOTAL POUNDAGE QUOTA.—

''(i) 1996 MARKETING YEAR.—Not more than 15 percent of the total poundage quota within a county as of January 1, 1996, may be sold and transferred under this paragraph during the 1996 marketing year.

''(ii) 1997–2002 MARKETING YEARS.—

''(I) IN GENERAL.—Except as provided in subclause (II), not more than 5 percent of the quota pounds remaining in a county as of January 1, 1997, and each January 1 thereafter through January 1, 2002, may be sold and transferred under this paragraph during the applicable marketing year.

''(II) CARRYOVER.—Any eligible quota that is not sold or transferred under clause (i) shall be eligible for sale or transfer under subclause (I).

''(C) COUNTY LIMITATION.—Not more than 40 percent of the total poundage quota within a county may be sold and transferred under this paragraph.

''(D) SUBSEQUENT LEASES OR SALES.—Quota pounds sold and transferred to a farm under this paragraph may not be leased or sold by the farm to another owner or operator of a farm within the same State for a period of 5 years following the date of the original transfer to the farm.

''(E) APPLICATION.—This paragraph shall not apply to a sale within the same county or to any sale, lease, or transfer described in paragraph (1).

''(b) CONDITIONS.—Transfers (including transfer by sale or lease) of farm poundage quotas under this section shall be subject to all of the following conditions:

''(1) LIENHOLDERS.—No transfer of the farm poundage quota from a farm subject to a mortgage or other lien shall be permitted unless the transfer is agreed to by the lienholders.

''(2) TILLABLE CROPLAND.—No transfer of the farm poundage quota shall be permitted if the county committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) determines that the receiving farm does not have adequate tillable cropland to produce the farm poundage quota.

''(3) RECORD.—No transfer of the farm poundage quota shall be effective until a record of the transfer is filed with the county committee of each county to, and from, which the transfer is made and each committee determines that the transfer complies with this section.

''(4) OTHER TERMS.—The Secretary may establish by regulation other terms and conditions.

''(c) CROPS.—Notwithstanding any other provision of law, this section shall be effective only for the 1996 through 2000 crops of peanuts.''.

SEC. 604. MARKETING PENALTIES; DISPOSITION OF ADDITIONAL PEANUTS.

Section 358e of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359a) is amended to read as follows:

''SEC. 358e. MARKETING PENALTIES AND DISPOSITION OF ADDITIONAL PEANUTS FOR 1996 THROUGH 2002 CROPS OF PEANUTS.

''(a) MARKETING PENALTIES.—

''(1) IN GENERAL.—

''(A) MARKETING PEANUTS IN EXCESS OF QUOTA.—The marketing of any peanuts for domestic edible use in excess of the farm poundage quota for the farm on which the peanuts are produced shall be subject to a penalty at a rate equal to 140 percent of the support price for quota peanuts for the marketing year in which the marketing occurs. The penalty shall not apply to the marketing of breeder or Foundation seed peanuts grown and marketed by a publicly owned agricultural experiment station (including a State operated seed organization) under such regulations as the Secretary may prescribe.

''(B) MARKETING YEAR.—For purposes of this section, the marketing year for peanuts shall be the 12-month period beginning August 1 and ending July 31.

''(C) MARKETING ADDITIONAL PEANUTS.—The marketing of any additional peanuts from a farm shall be subject to the same penalty as the penalty prescribed in subparagraph (A) unless the peanuts, in accordance with regulations established by the Secretary, are—

''(i) placed under loan at the additional loan rate in effect for the peanuts under section 108B of the Agricultural Act of 1949 (7 U.S.C. 1445c–3) and not redeemed by the producers;

''(ii) marketed through an area marketing association designated pursuant to section 108B(c)(1) of the Agricultural Act of 1949; or

''(iii) marketed under contracts between handlers and producers pursuant to subsection (f).

''(2) PAYER.—The penalty shall be paid by the person who buys or otherwise acquires the peanuts from the producer or, if the peanuts are marketed by the producer through an agent, the penalty shall be paid by the agent. The person or agent may deduct an amount equivalent to the penalty from the price paid to the producer.

''(3) FAILURE TO COLLECT.—If the person required to collect the penalty fails to collect the penalty, the person and all persons entitled to share in the peanuts marketed from the farm or the proceeds of the marketing shall be jointly and severally liable with the persons who failed to collect the penalty for the amount of the penalty.

''(4) APPLICATION OF QUOTA.—Peanuts produced in a calendar year in which farm poundage quotas are in effect for the marketing year beginning in the calendar year shall be subject to the quotas even though the peanuts are marketed prior to the date on which the marketing year begins.

''(5) FALSE INFORMATION.—If any producer falsely identifies, fails to accurately certify planted acres, or fails to account for the disposition of any peanuts produced on the planted acres, a quantity of peanuts equal to the greater of the average or actual yield of the farm, as determined by the Secretary, multiplied by the number of planted acres, shall be deemed to have been marketed in violation of permissible uses of quota and additional peanuts. Any penalty payable under this paragraph shall be paid and remitted by the producer.

''(6) UNINTENTIONAL VIOLATIONS.—The Secretary shall authorize, under such regulations as the Secretary shall issue, the county committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or reduce marketing penalties provided for under this subsection in cases with respect to which the committees determine that the violations that were the basis of the penalties were unintentional or without knowledge on the part of the parties concerned.

''(7) DE MINIMIS VIOLATIONS.—An error in weight that does not exceed 1/10 of 1 percent in the case of any 1 marketing document shall not be considered to be a marketing violation except in a case of fraud or conspiracy.

''(b) USE OF QUOTA AND ADDITIONAL PEANUTS.—

''(1) QUOTA PEANUTS.—Only quota peanuts may be retained for use as seed or for other uses on a farm. When peanuts are so retained, the retention shall be considered as marketings of quota peanuts, except that the Secretary may exempt from consideration as marketings of quota peanuts seeds of peanuts for the quantity involved that are used to produce peanuts excluded under section 358d(c), are unique strains, and are not commercially available.

''(2) ADDITIONAL PEANUTS.—Additional peanuts shall not be retained for use on a farm and shall not be marketed for domestic edible use, except as provided in subsection (g).

''(3) SEED.—Except as provided in paragraph (1), seed for planting of any peanut acreage in the United States shall be obtained solely from quota peanuts marketed or considered marketed for domestic edible use.

''(c) MARKETING PEANUTS WITH EXCESS QUANTITY, GRADE, OR QUALITY.—On a finding by the Secretary that the peanuts marketed from any crop for domestic edible use by a handler are larger in quantity or higher in grade or quality than the peanuts that could reasonably be produced from the quantity of peanuts having the grade, kernel content, and quality of the quota peanuts acquired by the handler from the crop for the marketing year, the handler shall be subject to a penalty equal to 140 percent of the loan level for quota peanuts on the quantity of peanuts that the Secretary determines are in excess of the quantity, grade, or quality of the peanuts that could reasonably have been produced from the peanuts so acquired.

''(d) HANDLING AND DISPOSAL OF ADDITIONAL PEANUTS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), the Secretary shall require that the handling and disposal of additional peanuts be supervised by agents of the Secretary or by area marketing associations designated pursuant to section 108B(c)(1) of the Agricultural Act of 1949 (7 U.S.C. 1445c–3(c)(1)).

''(2) NONSUPERVISION OF HANDLERS.—

''(A) IN GENERAL.—Supervision of the handling and disposal of additional peanuts by a handler shall not be required under paragraph (1) if the handler agrees in writing, prior to any handling or disposal of the peanuts, to comply with regulations that the Secretary shall issue.

''(B) REGULATIONS.—The regulations issued by the Secretary under subparagraph (A) shall include the following provisions:

''(i) TYPES OF EXPORTED OR CRUSHED PEANUTS.—Handlers of shelled or milled peanuts may export or crush peanuts classified by type in each of the following quantities:

''(I) SOUND SPLIT KERNEL PEANUTS.—Sound split kernel peanuts purchased by the handler as additional peanuts to which, under price support loan schedules, a mandated deduction with respect to the price paid to the producer of the peanuts would be applied due to the percentage of the sound splits.

''(II) SOUND MATURE KERNEL PEANUTS.—Sound mature kernel peanuts (which term includes sound split kernel peanuts and sound whole kernel peanuts) in an amount

equal to the poundage of the peanuts purchased by the handler as additional peanuts, less the total poundage of sound split kernel peanuts described in subclause (I).

''(III) REMAINDER.—The remaining quantity of total kernel content of peanuts purchased by the handler as additional peanuts.

''(ii) DOCUMENTATION.—Handlers shall ensure that any additional peanuts exported or crushed are evidenced by onboard bills of lading or other appropriate documentation as may be required by the Secretary, or both.

''(iii) LOSS OF PEANUTS.—If a handler suffers a loss of peanuts as a result of fire, flood, or any other condition beyond the control of the handler, the portion of the loss allocated to contracted additional peanuts shall not be greater than the portion of the total peanut purchases of the handler for the year attributable to contracted additional peanuts purchased for export or crushing by the handler during the year.

''(iv) SHRINKAGE ALLOWANCE.—

''(I) IN GENERAL.—The obligation of a handler to export or crush peanuts in quantities described in this subparagraph shall be reduced by a shrinkage allowance, to be determined by the Secretary, to reflect actual dollar value shrinkage experienced by handlers in commercial operations, except that the allowance shall not be less than 4 percent, except as provided in subclause (II).

''(II) COMMON INDUSTRY PRACTICES.—The Secretary may provide a lower shrinkage allowance for a handler who fails to comply with restrictions on the use of peanuts, as may be specified by the Commodity Credit Corporation, to take into account common industry practices.

''(3) ADEQUATE FINANCES AND FACILITIES.—A handler shall submit to the Secretary adequate financial guarantees, as well as evidence of adequate facilities and assets, with respect to the facilities under the control and operation of the handler, to ensure the compliance of the handler with the obligation to export peanuts.

''(4) COMMINGLING OF LIKE PEANUTS.—Quota and additional peanuts of like type and segregation or quality may, under regulations issued by the Secretary, be commingled and exchanged on a dollar value basis to facilitate warehousing, handling, and marketing.

''(5) PENALTY.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), the failure by a handler to comply with regulations issued by the Secretary governing the disposition and handling of additional peanuts shall subject the handler to a penalty at a rate equal to 140 percent of the loan level for quota peanuts on the quantity of peanuts involved in the violation.

''(B) NONDELIVERY.—A handler shall not be subject to a penalty for failure to export additional peanuts if the peanuts were not delivered to the handler.

''(6) REENTRY OF EXPORTED PEANUTS.—

''(A) PENALTY.—If any additional peanuts or peanut products exported by a handler are reentered into the United States in commercial quantities as determined by the Secretary, the importer of the peanuts and peanut products shall be subject to a penalty at a rate equal to 140 percent of the loan level for quota peanuts on the quantity of peanuts reentered.

''(B) RECORDS.—Each person, firm, or handler who imports peanuts into the United States shall maintain such records and documents as are required by the Secretary to ensure compliance with this subsection.

''(e) SPECIAL EXPORT CREDITS.—

''(1) IN GENERAL.—The Secretary shall, with due regard for the integrity of the peanut program, promulgate regulations that will permit any handler of peanuts who manufactures peanut products from domestic edible peanuts to export the products and receive credit for the fulfillment of export obligations for the peanut content of the products against which export credit the handler may subsequently apply, up to the amount of the credit, equivalent quantities of additional peanuts of the same type acquired by the handler and used in the domestic edible market. The peanuts so acquired for the domestic edible market as provided in this subsection shall be of the same crop year as the peanuts used in the manufacture of the products so exported.

''(2) CERTIFICATION.—Under the regulations, the Secretary shall require all handlers who are peanut product manufacturers to submit annual certifications of peanut product content on a product-by-product basis. Any changes in peanut product formulas as affecting peanut content shall be recorded within 90 days after the changes. The Secretary shall conduct an annual review of the certifications. The Secretary shall pursue all available remedies with respect to persons who fail to comply with this paragraph.

''(3) RECORDS.—The Secretary shall require handlers who are peanut product manufacturers to maintain and provide such documents as are necessary to ensure compliance with this subsection and to maintain the integrity of the peanut program.

''(f) CONTRACTS FOR PURCHASE OF ADDITIONAL PEANUTS.—

''(1) IN GENERAL.—A handler may, under such regulations as the Secretary may issue, contract with a producer for the purchase of additional peanuts for crushing or export, or both.

''(2) SUBMISSION TO SECRETARY.—

''(A) CONTRACT DEADLINE.—Any such contract shall be completed and submitted to the Secretary (or if designated by the Secretary, the area marketing association) for approval not later than September 15 of the year in which the crop is produced.

''(B) EXTENSION OF DEADLINE.—The Secretary may extend the deadline under subparagraph (A) by up to 15 days in response to damaging weather or related condition (as defined in section 112 of the Disaster Assistance Act of 1989 (Public Law 101–82; 7 U.S.C. 1421 note)). The Secretary shall announce the extension not later than September 5 of the year in which the crop is produced.

''(3) FORM.—The contract shall be executed on a form prescribed by the Secretary. The form shall require such information as the Secretary determines appropriate to ensure the proper handling of the additional peanuts, including the identity of the contracting parties, poundage and category of the peanuts, the disclosure of any liens, and the intended disposition of the peanuts.

''(4) INFORMATION FOR HANDLING AND PROCESSING ADDITIONAL PEANUTS.—Notwithstanding any other provision of this section, any person wishing to handle and process additional peanuts as a handler shall submit to the Secretary (or if designated by the Secretary, the area marketing association), such information as may be required under subsection (d) by such date as is prescribed by the Secretary so as to permit final action to be taken on the application by July 1 of each marketing year.

''(5) TERMS.—Each such contract shall contain the final price to be paid by the handler for the peanuts involved and a specific prohibition against the disposition of the peanuts for domestic edible or seed use.

''(6) SUSPENSION OF RESTRICTIONS ON IMPORTED PEANUTS.—Notwithstanding any other provision of this Act, if the President issues a proclamation under section 404(b) of the Uruguay Round Agreements Act (19 U.S.C. 3601(b)) expanding the quantity of peanuts subject to the in-quota rate of duty under a tariff-rate quota, or under section 22 of the Agricultural Adjustment Act (7 U.S.C. 624), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, temporarily suspending restrictions on the importation of peanuts, the Secretary shall, subject to such terms and conditions as the Secretary may prescribe, permit a handler, with the written consent of the producer, to purchase additional peanuts from any producer who contracted with the handler and to offer the peanuts for sale for domestic edible use.

''(g) MARKETING OF PEANUTS OWNED OR CONTROLLED BY THE COMMODITY CREDIT CORPORATION.—

''(1) IN GENERAL.—Subject to section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427), any peanuts owned or controlled by the Commodity Credit Corporation may be made available for domestic edible use, in accordance with regulations issued by the Secretary, so long as doing so does not result in substantially increased cost to the Commodity Credit Corporation. Additional peanuts received under loan shall be offered for sale for domestic edible use at prices that are not less than the prices that are required to cover all costs incurred with respect to the peanuts for such items as inspection, warehousing, shrinkage, and other expenses, plus—

''(A) not less than 100 percent of the loan value of quota peanuts if the additional peanuts are sold and paid for during the harvest season on delivery by and with the written consent of the producer;

''(B) not less than 105 percent of the loan value of quota peanuts if the additional peanuts are sold after delivery by the producer but not later than December 31 of the marketing year; or

''(C) not less than 107 percent of the loan value of quota peanuts if the additional peanuts are sold later than December 31 of the marketing year.

''(2) ACCEPTANCE OF BIDS BY AREA MARKETING ASSOCIATIONS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), for the period from the date additional peanuts are delivered for loan to March 1 of the calendar year following the year in which the additional peanuts were harvested, the area marketing association designated pursuant to section 108B(c)(1) of the Agricultural Act of 1949 (7 U.S.C. 1445c–3(c)(1)) shall have sole authority to accept or reject lot list bids when the sales price, as determined under this subsection, equals or exceeds the minimum price at which the Commodity Credit Corporation may sell the stocks of additional peanuts of the Corporation.

''(B) MODIFICATION.—The area marketing association and the Commodity Credit Corporation may agree to modify the authority granted by subparagraph (A) to facilitate the orderly marketing of additional peanuts.

''(3) PRODUCER MARKETING AND EXPENSES.—Notwithstanding any other provision of this Act, the Secretary shall, in any determination required under subsections (a)(2) and (b)(1) of section 108B of the Agricultural Act of 1949 (7 U.S.C. 1445c–3), include any additional marketing expenses required by law, excluding the amount of any assessment required under section 108B(g) of the Agricultural Act of 1949 (7 U.S.C. 1445c–3(g)).

''(h) ADMINISTRATION.—

''(1) INTEREST.—The person liable for payment or collection of any penalty provided for in this section shall be liable also for interest on the penalty at a rate per annum equal to the rate per annum of interest that was charged the Commodity Credit Corporation by the Treasury of the United States on the date the penalty became due.

''(2) DE MINIMIS QUANTITY.—This section shall not apply to peanuts produced on any farm on which the acreage harvested for peanuts is 1 acre or less if the producers who share in the peanuts produced on the farm do not share in the peanuts produced on any other farm.

''(3) LIENS.—Until the amount of the penalty provided by this section is paid, a lien on the crop of peanuts with respect to which the penalty is incurred, and on any subsequent crop of peanuts subject to farm poundage quotas in which the person liable for payment of the penalty has an interest, shall be in effect in favor of the United States.

''(4) PENALTIES.—

''(A) PROCEDURES.—Notwithstanding any other provision of law, the liability for and the amount of any penalty assessed under this section shall be determined in accordance with such procedures as the Secretary may by regulation prescribe. The facts constituting the basis for determining the liability for or amount of any penalty assessed under this section, when officially determined in conformity with the applicable regulations prescribed by the Secretary, shall be final and conclusive and shall not be reviewable by any other officer or agency of the Federal Government.

''(B) JUDICIAL REVIEW.—Nothing in this section prohibits any court of competent jurisdiction from reviewing any determination made by the Secretary with respect to whether the determination was made in conformity with applicable law.

''(C) CIVIL PENALTIES.—All penalties imposed under this section shall for all purposes be considered civil penalties.

''(5) REDUCTION OF PENALTIES.—

''(A) IN GENERAL.—Except as provided in subparagraph (B) and notwithstanding any other provision of law, the Secretary may reduce the amount of any penalty assessed against handlers under this section by any appropriate amount, including, in an appropriate case, eliminating the penalty entirely, if the Secretary finds that the violation on which the penalty is based was minor or inadvertent, and that the reduction of the penalty will not impair the operation of the peanut program.

''(B) FAILURE TO EXPORT CONTRACTED ADDITIONAL PEANUTS.—The amount of any penalty imposed on a handler under this section that resulted from the failure to export or crush contracted additional peanuts shall not be reduced by the Secretary.

''(i) CROPS.—Notwithstanding any other provision of law, this section shall be effective only for the 1996 through 2002 crops of peanuts.''.

SEC. 605. EXPERIMENTAL AND RESEARCH PROGRAMS FOR PEANUTS.

Section 358c of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358c) is amended to read as follows:

''SEC. 358c. EXPERIMENTAL AND RESEARCH PROGRAMS FOR PEANUTS.

''(a) IN GENERAL.—Notwithstanding any other provision of this Act, the Secretary may permit a portion of the poundage quota for peanuts apportioned to any State to be allocated from the quota reserve of the State to land-grant institutions identified in the Act of May 8, 1914 (38 Stat. 372, chapter 79; 7 U.S.C. 341 et seq.), and colleges eligible to receive funds under the Act of August 30, 1890 (26 Stat. 419, chapter 841; 7 U.S.C. 321 et seq.), including Tuskegee Institute and, as appropriate, the Agricultural Research Service of the Department of Agriculture to be used for experimental and research purposes.

''(b) QUANTITY.—The quantity of the quota allocated to an institution under this section shall not exceed the quantity of the quota held by each such institution during the 1985 crop year, except that the total quantity allocated to all institutions in a State shall not exceed 1/10 of 1 percent of the basic quota of the State.

''(c) LIMITATION.—The director of the agricultural experiment station for a State shall be required to ensure, to the extent practicable, that farm operators in the State do not produce quota peanuts under subsection (a) in excess of the quantity needed for experimental and research purposes.

''(d) CROPS.—Notwithstanding any other provision of law, this section shall be effective only for the 1996 through 2002 crops of peanuts.''.

SEC. 606. PRICE SUPPORT PROGRAM.

Section 108B of the Agricultural Act of 1949 (7 U.S.C. 1445c–3) is amended to read as follows:

''SEC. 108B. PRICE SUPPORT PROGRAM FOR 1996 THROUGH 2002 CROPS OF PEANUTS.

''(a) QUOTA PEANUTS.—

''(1) IN GENERAL.—The Secretary shall make price support available to producers through loans, purchases, and other operations on quota peanuts for each of the 1996 through 2002 crops.

''(2) SUPPORT RATES.—

''(A) IN GENERAL.—Subject to subparagraph (B), the national average quota support rate for each of the 1996 through 2002 crops of quota peanuts shall be the national average quota support rate for the immediately preceding crop, adjusted to reflect any increase or decrease, during the calendar year immediately preceding the marketing year for the crop for which a level of support is being determined, in the national average cost of peanut production, excluding any change in the cost of land and the cost of any assessments required under subsection (g).

''(B) MAXIMUM RATE.—In no event shall the national average quota support rate for any such crop be increased or decreased by more than 5 percent of the national average quota support rate for the preceding crop.

''(3) INSPECTION, HANDLING, OR STORAGE.—The level of support determined under paragraph (2) shall not be reduced by any deduction for inspection, handling, or storage.

''(4) LOCATION AND OTHER FACTORS.—The Secretary may make adjustments for location of peanuts and such other factors as are authorized by section 403.

''(5) ANNOUNCEMENT.—The Secretary shall announce the level of support for quota peanuts of each crop not later than the February 15 preceding the marketing year for the crop for which the level of support is being determined.

''(b) ADDITIONAL PEANUTS.—

''(1) IN GENERAL.—The Secretary shall make price support available to producers through loans, purchases, or other operations on additional peanuts for each of the 1996 through 2002 crops at such levels as the Secretary considers appropriate, taking into consideration the demand for peanut oil and peanut meal, expected prices of other vegetable oils and protein meals, and the demand for peanuts in foreign markets, except that the Secretary shall set the support rate on additional peanuts at a level estimated by the Secretary to ensure that there are no losses to the Commodity Credit Corporation on the sale or disposal of the peanuts.

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

''(c) AREA MARKETING ASSOCIATIONS.—

''(1) WAREHOUSE STORAGE LOANS.—

''(A) IN GENERAL.—In carrying out subsections (a) and (b), the Secretary shall make warehouse storage loans available in each of the 3 producing areas described in section 1446.95 of title 7, Code of Federal Regulations (as of January 1, 1989), to a designated area marketing association of peanut producers that is selected and approved by the Secretary and that is operated primarily for the purpose of conducting the loan activities. The Secretary may not make warehouse storage loans available to any cooperative that is engaged in operations or activities concerning peanuts other than those operations and activities specified in this section and sections 358d and 358e of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359 and 1359a).

''(B) ADMINISTRATIVE AND SUPERVISORY ACTIVITIES.—The area marketing associations shall be used in administrative and supervisory activities relating to price support and marketing activities under this section and sections 358d and 358e of the Agricultural Adjustment Act of 1938.

''(C) ASSOCIATION COSTS.—Loans made to an area marketing association under this paragraph shall include, in addition to the price support value of the peanuts, such costs as the association reasonably may incur in carrying out the responsibilities, operations, and activities of the association under this section and sections 358d and 358e of the Agricultural Adjustment Act of 1938.

''(2) POOLS FOR QUOTA AND ADDITIONAL PEANUTS.—

''(A) IN GENERAL.—The Secretary shall require that each area marketing association establish pools and maintain complete and accurate records by area and segregation for quota peanuts handled under loan and for additional peanuts placed under loan, except that separate pools shall be established for Valencia peanuts produced in New Mexico. Peanuts produced outside New Mexico shall not be eligible for entry into or participation in the separate pools established for Valencia peanuts produced in New Mexico. Bright hull and dark hull Valencia peanuts shall be considered as separate types for the purpose of establishing the pools.

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

''(i) QUOTA PEANUTS.—For quota peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in the pool plus an amount from all additional pool gains equal to any loss on disposition of all peanuts in the pool for quota peanuts.

''(ii) ADDITIONAL PEANUTS.—For additional peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in the pool for additional peanuts less any amount allocated to offset any loss on the pool for quota peanuts as provided in clause (i).

''(d) LOSSES.—Notwithstanding any other provision of this section:

''(1) QUOTA PEANUTS PLACED UNDER LOAN.—Any distribution of net gains on additional peanuts (other than net gains on additional peanuts in separate type pools established under subsection (c)(2)(A) for Valencia peanuts produced in New Mexico) shall be first reduced to the extent of any loss by the Commodity Credit Corporation on quota peanuts placed under loan.

''(2) QUOTA LOAN POOLS.—

''(A) TRANSFERS FROM ADDITIONAL LOAN POOLS.—The proceeds due any producer from any pool shall be reduced by the amount of any loss that is incurred with respect to peanuts transferred from an additional loan pool to a quota loan pool by the producer under

section 358–1(b)(8) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358–1(b)(8)).

''(B) OTHER LOSSES.—Losses in area quota pools shall be offset by reducing the gain of any producer in the pool by the amount of pool gains attributed to the producer from the sale of additional peanuts for domestic and export edible use.

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

''(f) QUALITY IMPROVEMENT.—

''(1) PRICE SUPPORT PEANUTS.—With respect to peanuts under price support loan, the Secretary shall—

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

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

''(C) continue to endeavor to operate the peanut price support program so as to improve the quality of domestic peanuts and ensure the coordination of activities under the Peanut Administrative Committee established under Marketing Agreement No. 146, regulating the quality of domestically produced peanuts (under the Agricultural Adjustment Act (7 U.S.C. 601 et seq.), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937); and

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

''(2) EXPORTS AND OTHER PEANUTS.—The Secretary shall require that all peanuts, including peanuts imported into the United States, meet all United States quality standards under Marketing Agreement No. 146 and that importers of the peanuts fully comply with inspection, handling, storage, and processing requirements implemented under Marketing Agreement No. 146. The Secretary shall ensure that peanuts produced for the export market meet quality, inspection, handling, storage, and processing requirements under Marketing Agreement No. 146.

''(g) MARKETING ASSESSMENT.—

''(1) IN GENERAL.—The Secretary shall provide, by regulation, for a nonrefundable marketing assessment applicable to each of the 1996 through 2002 crops of peanuts. The assessment shall be made in accordance with this subsection and shall be on a per pound basis in an amount equal to 1.2 percent of the national average quota or additional peanut support rate per pound, as applicable, for the applicable crop. No peanuts shall be assessed more than 1.2 percent of the applicable support rate under this subsection.

''(2) FIRST PURCHASERS.—

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

''(i) collect from the producer a marketing assessment equal to the quantity of peanuts acquired multiplied by .65 percent of the applicable national average support rate;

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

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

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

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

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

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

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

''(B) the national average quota peanut price support level for the applicable crop year.

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

''(h) CROPS.—Notwithstanding any other provision of law, this section shall be effective only for the 1996 through 2002 crops of peanuts.''.

SEC. 607. REPORTS AND RECORDS.

Effective only for the 1996 through 2002 crops of peanuts, the first sentence of section 373(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1373(a)) is amended by inserting before ''all brokers and dealers in peanuts'' the following: ''all producers engaged in the production of peanuts,''.

SEC. 608. SUSPENSION OF CERTAIN PRICE SUPPORT PROVISIONS.

Section 101 of the Agricultural Act of 1949 (7 U.S.C. 1441) shall not be applicable to the 1996 through 2002 crops of peanuts.

SEC. 609. REGULATIONS.

The Secretary of Agriculture shall issue such regulations as are necessary to carry out this title and the amendments made by this title. In issuing the regulations, the Secretary shall—

(1) comply with subchapter II of chapter 5 of title 5, United States Code;

(2) provide public notice through the Federal Register of any such proposed regulations; and

(3) allow adequate time for written public comment prior to the formulation and issuance of any final regulations.

TITLE VII—SUGAR

SEC. 701. SUGAR PRICE SUPPORT.

Section 206 of the Agricultural Act of 1949 (7 U.S.C. 1446g) is amended to read as follows:

''SEC. 206. SUGAR PRICE SUPPORT FOR 1996 THROUGH 2002 CROPS.

''(a) IN GENERAL.—The price of each of the 1996 through 2002 crops of sugar beets and sugarcane, respectively, shall be supported in accordance with this section.

''(b) SUGARCANE.—The Secretary shall support the price of domestically grown sugarcane through nonrecourse loans at 18 cents per pound for raw cane sugar.

''(c) SUGAR BEETS.—The Secretary shall support the price of domestically grown sugar beets through nonrecourse loans at the basic loan rate level established by the Secretary for the 1994 crop of sugar beets.

''(d) ADJUSTMENT IN SUPPORT PRICE.—The Secretary may increase the support price for each of the 1997 through 2002 crops of domestically grown sugarcane and sugar beets from the price determined for the preceding crop based on such factors as the Secretary determines appropriate, including changes (during the 2 crop years immediately preceding the crop year for which the determination is made) in the cost of sugar products, the cost of domestic sugar production, and other circumstances that may adversely affect domestic sugar production.

''(e) ANNOUNCEMENTS.—The Secretary shall announce the basic loan rates for cane sugar and beet sugar to be applicable during any fiscal year under this section as far in advance of the beginning of the fiscal year as is practicable consistent with this section.

''(f) TERM.—

''(1) IN GENERAL.—Except as provided in paragraph (2) and subsection (g), loans under this section during any fiscal year shall be made available not earlier than the beginning of the fiscal year and shall mature at the end of 3 months.

''(2) EXTENSION.—At the option of the borrower, on furnishing written notice to the Commodity Credit Corporation, the maturity of a loan may be extended for 2 additional 3-month periods, except that the maturity may not be extended beyond the end of the fiscal year subsequent to the fiscal year in which the loan is made.

''(g) SUPPLEMENTARY NONRECOURSE LOANS.—

''(1) IN GENERAL.—The Secretary shall make available to eligible processors price support loans with respect to sugar processed from sugarcane and sugar beets harvested in the last 3 months of a fiscal year.

''(2) TERM.—Except as provided in paragraph (4), a loan made under paragraph (1) shall mature at the end of the fiscal year.

''(3) REPLEDGING SUGAR.—The processor may repledge the sugar as collateral for a price support loan in the subsequent fiscal year, except that the second loan shall—

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

''(B) mature in 3 months.

''(4) EXTENSION.—At the option of the borrower, on furnishing written notice to the Commodity Credit Corporation, the maturity of a loan may be extended for 2 additional 3-month periods, except that the total term of the loan may not be greater than 9 months.

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

''(i) MARKETING ASSESSMENT.—

''(1) TIER 1 ASSESSMENT.—

''(A) SUGARCANE.—Effective only for marketings of raw cane sugar during fiscal years 1997 through 2003, the first processor of sugarcane shall remit to the Commodity Credit Corporation a nonrefundable marketing assessment in an amount equal to 1.1 percent of the loan level established under subsection (b) per pound of raw cane sugar (but not more than .198 cents per pound of raw cane sugar) processed by the processor from domestically produced sugarcane or sugarcane molasses that has been marketed (including the transfer or delivery of the sugar to a refinery for further processing or marketing). The assessment shall be payable on

marketings within the base of the processor, as established by the Secretary under section 359b of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359bb).

''(B) SUGAR BEETS.—

''(i) IN GENERAL.—Effective only for marketings of beet sugar during fiscal years 1997 through 2003, the first processor of sugar beets shall remit to the Commodity Credit Corporation a nonrefundable marketing assessment in an amount equal to 1.1794 percent of the loan level established under subsection (b) per pound of beet sugar (but not more than .2123 cents per pound of beet sugar), processed by the processor from domestically produced sugar beets or sugar beet molasses, that has been marketed.

''(ii) BASE.—The assessment shall be payable on marketings within the base of the processor, as established by the Secretary under section 359b of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359bb).

''(C) IMPORTED SUGAR.—Effective only for fiscal years 1997 through 2003—

''(i) each holder of a certificate of quota eligibility for raw cane sugar imported into the United States shall remit to the Commodity Credit Corporation a nonrefundable marketing assessment in the amount specified in subparagraph (A) per pound of raw cane sugar; and

''(ii) each holder of a certificate of quota eligibility for refined sugar (beet or cane) imported into the United States shall remit to the Commodity Credit Corporation a nonrefundable marketing assessment in the amount specified in subparagraph (B) per pound of refined sugar.

''(D) EXEMPT MARKETINGS.—No marketing assessment shall be required to be paid under this paragraph with respect to marketings of sugar to enable another processor or refiner to fill the marketing assessment base of the processor or refiner or to facilitate the exportation of the sugar.

''(2) TIER 2 ASSESSMENT.—

''(A) IN GENERAL.—Effective for marketings of raw cane sugar or beet sugar during fiscal year 1997, the first processor of sugarcane or sugar beets, or the refiner of cane sugar, shall remit to the Commodity Credit Corporation a nonrefundable marketing assessment in an amount equal to 100 percent of the loan level established under subsection (b) or (c) per pound of raw cane sugar or beet sugar, respectively, marketed in excess of the base of the processor or refiner, as established by the Secretary under section 359b of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359bb).

''(B) REDUCTION.—The assessment rate shall be reduced to 97 percent of the loan level for marketings for fiscal year 1998, 94 percent for fiscal year 1999, 91 percent for fiscal year 2000, and 88 percent for each of fiscal years 2001, 2002, and 2003.

''(3) COLLECTION.—

''(A) TIMING.—Marketing assessments required under this subsection shall be collected on a monthly basis and shall be remitted to the Commodity Credit Corporation not later than 30 days after the end of the month in which the sugar is marketed or imported.

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

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

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

''(B) the support level for the applicable crop of sugarcane or sugar beets.

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

''(j) ASSURANCE OF SUPPLY OF RAW CANE SUGAR.—

''(1) IN GENERAL.—Subject to paragraphs (2) and (3), if, during a period of 7 consecutive market days, the price for raw cane sugar for the nearest future contract month, as reported by the New York Coffee, Sugar, and Cocoa Exchange, the No. 14 price, averages more than 128 percent of the loan rate established under subsection (b) for raw cane sugar, within 3 market days, the Secretary shall take all actions authorized by law to increase the supply of raw cane sugar, in increments of not less than 50,000 tons, to a level that is sufficient to reduce the average price for raw cane sugar to not more than 128 percent of the loan rate.

''(2) ACTIONS.—

''(A) MARKETING ASSESSMENT BASES.—In carrying out paragraph (1), before taking any other action, the Secretary shall increase the marketing assessment bases for processors of raw cane sugar established under sections 359c and 359d of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359cc and 1359dd) to the extent necessary to increase the supply of domestically-produced raw cane sugar to the maximum extent available.

''(B) OTHER ACTIONS.—If the Secretary determines that further action is necessary to increase the supply of raw cane sugar under this subsection, the Secretary shall take the action.

''(3) BEET SUGAR.—The Secretary shall not take an action under this subsection if, during the 7-day period referred to in paragraph (1), the average bulk, FOB factory net price for refined beet sugar reported by all sellers is more than 128 percent of the average price for raw cane sugar for the nearest future contract month.

''(4) REFINER BASE.—Any action taken under this subsection shall not affect the base for any refiner established by the Secretary under sections 359c and 359d of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359cc and 1359dd).

''(k) CROPS.—Except as provided in subsection (i), this section shall be effective only for the 1996 through 2002 crops of sugar beets and sugarcane.''.

SEC. 702. MARKETING ASSESSMENT BASES FOR PROCESSORS AND REFINERS.

Effective October 1, 1996, part VII of subtitle B of title III of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359aa et seq.) is amended to read as follows:

''PART VII—MARKETING ASSESSMENT BASES FOR PROCESSORS AND REFINERS

''SEC. 359a. INFORMATION REPORTING.

''(a) DUTY OF PROCESSORS, REFINERS, AND MANUFACTURERS TO REPORT.—

''(1) PROCESSORS AND REFINERS.—All sugarcane processors, cane sugar refiners, and sugar beet processors shall provide the Secretary such information as the Secretary may require to administer sugar programs, including the quantity of purchases of sugarcane, sugar beets, and sugar and production, importation, distribution, and stock levels of sugar.

''(2) MANUFACTURERS OF CRYSTALLINE FRUCTOSE.—All manufacturers of crystalline fructose from corn (referred to in this part as 'crystalline fructose') shall provide the Secretary such information as the Secretary may require with respect to the distribution of crystalline fructose by the manufacturer.

''(b) DUTY OF PRODUCERS TO REPORT.—The Secretary may require a producer of sugarcane or sugar beets to report, in the manner prescribed by the Secretary, the sugarcane or sugar beet yields of the producer and acres planted to sugarcane or sugar beets, respectively.

''(c) PENALTY.—Any person willfully failing or refusing to provide the information required under this section, or providing willfully any false information, shall be subject to a civil penalty of not more than $10,000 for each such violation.

''(d) MONTHLY REPORTS.—Taking into consideration the information received under subsection (a), the Secretary shall publish on a monthly basis composite data on production, imports, distribution, and stock levels of sugar and composite data on distributions of crystalline fructose.

''SEC. 359b. ESTABLISHMENT OF MARKETING ASSESSMENT BASES.

''(a) IN GENERAL.—Before the beginning of each of fiscal years 1997 through 2003, the Secretary shall establish, for the fiscal year, marketing assessment bases for processors of sugar processed from domestically produced sugarcane and sugar beets and for cane sugar refiners, based on the estimate of the Secretary of sugar consumption in the United States for the fiscal year.

''(b) PRODUCTS.—The Secretary may include in the marketing assessment bases established under subsection (a) only sugar products that contain at least 50 percent sucrose or crystalline fructose for human consumption, derived from sugarcane, sugar beets, molasses, or sugar.

''SEC. 359c. CALCULATION OF MARKETING ASSESSMENT BASES.

''(a) IN GENERAL.—The Secretary shall establish marketing assessment bases for sugar for each of fiscal years 1997 through 2003 in accordance with this section.

''(b) OVERALL BASE.—

''(1) IN GENERAL.—The Secretary shall establish the overall base to be distributed for a fiscal year (referred to in this part as the 'overall base') on the basis of the estimate of the Secretary of sugar consumption for the fiscal year.

''(2) ADJUSTMENT.—The Secretary shall adjust the overall base, to the maximum extent practicable, to prevent the accumulation of sugar acquired by the Commodity Credit Corporation.

''(c) ESTABLISHMENT OF BASE.—The overall base for each fiscal year shall be distributed among sugar derived from sugar beets and sugar derived from sugarcane in the following proportions:

''(1) Sugar derived from sugar beets—47 percent.

''(2) Sugar derived from sugarcane, including raw cane sugar imported from foreign countries for consumption in the United States—53 percent.

''(d) DISTRIBUTION OF BASE.—

''(1) SUGAR BEETS.—The base for sugar derived from sugar beets for a fiscal year shall be a quantity equal to the product obtained by multiplying—

''(A) the overall base quantity for the fiscal year; by

''(B) the percentage referred to in subsection (c)(1).

''(2) SUGARCANE.—The base for raw sugar derived from sugarcane for a fiscal year shall be the quantity obtained by subtracting—

''(A) 1,257,000 short tons, raw value; from

''(B) the quantity equal to the product obtained by multiplying—

''(i) the overall base quantity for the fiscal year; by

''(ii) the percentage referred to in subsection (c)(2).

''(3) REFINED CANE SUGAR.—The base for refined cane sugar shall be a quantity equal to the product obtained by multiplying—

''(A) the overall base quantity for the fiscal year; by

''(B) the percentage referred to in subsection (c)(2).

''(e) STATE SUGARCANE BASE.—The base for sugar derived from sugarcane shall be further distributed, among the 5 States in the United States in which sugarcane is produced, in a fair and equitable manner on the basis of past marketings of sugar (considering the average marketings of sugar processed from sugarcane in the 2 highest years of production from each State from the 1990 through 1994 crops), processing capacity, and the ability of processors to market the sugar covered under the bases.

''(f) ADJUSTMENT OF MARKETING ASSESSMENT BASES.—

''(1) IN GENERAL.—The Secretary shall adjust marketing assessment bases established under subsections (a) through (d) in accordance with this subsection.

''(2) ADJUSTMENT BASED ON PRICE.—If the weighted average bulk, FOB factory or refinery net price (including the price of representative consumer and industrial products, adjusted to a bulk basis) reported by all sellers of refined sugar for any week is—

''(A) more than 111 percent of the average bulk, FOB factory price for refined beet sugar during fiscal years 1990 through 1994 (as reported in Appendix Table 11 of Agricultural Economic Report No. 711 of the Economic Research Service), the Secretary may increase the marketing assessment bases of cane sugar refiners and sugar beet processors established under subsections (a) through (d); or

''(B) less than 104 percent of the price referred to in subparagraph (A), the Secretary shall decrease—

''(i) the marketing assessment bases of cane sugar refiners and sugar beet processors established under subsections (a) through (d); and

''(ii) the marketing assessment bases of cane sugar processors established under this section;

to the extent necessary to maintain the minimum access level for imports of sugar set forth in Additional Note 5 to Chapter 17 of the Harmonized Tariff Schedule of the United States.

''(3) DISTRIBUTION TO PROCESSORS.—In the case of any increase or decrease in assessment bases, the share of each processor of an assessment base under section 359d, and each proportionate share established under section 359f(b), shall be increased or decreased by the same percentage that the assessment base is increased or decreased.

''(4) REDUCTIONS.—If an assessment base for a fiscal year is required to be reduced during the fiscal year under this subsection and the quantity of sugar marketed, including sugar pledged as collateral for a price support loan under section 206 of the Agricultural Act of 1949 (7 U.S.C. 1446g) and acquired by the Commodity Credit Corporation, for the fiscal year at the time of the reduction by any individual processor covered by the assessment base exceeds the reduced assessment base of the processor, the assessment base next established for the processor shall be reduced by the quantity of the excess sugar marketed.

''(g) FILLING SUGARCANE AND SUGAR BEET ASSESSMENT BASES.—

''(1) CANE SUGAR.—Each marketing assessment base for cane sugar established under this section may be filled only with sugar processed from domestically grown sugarcane or imported raw cane sugar.

''(2) BEET SUGAR.—Each marketing assessment base for beet sugar established under this section may be filled only with sugar processed from domestically grown sugar beets.

''SEC. 359d. DISTRIBUTION OF MARKETING ASSESSMENT BASES.

''(a) DISTRIBUTION TO PROCESSORS AND REFINERS.—

''(1) IN GENERAL.—Subject to the other provisions of this subsection, during each of fiscal years 1997 through 2003, the Secretary shall distribute each assessment base among the processors or cane sugar refiners covered by the base in a fair, efficient, and equitable manner, as determined by the Secretary.

''(2) AFTER FISCAL YEAR 1997.—Except as necessary to provide for new beet sugar processors or refiners of cane sugar under paragraph (5), the Secretary shall distribute any increase or decrease in the assessment bases for processors of beet sugar or refiners of cane sugar for fiscal years after fiscal year 1997 in proportion to the shares of the beet sugar processors or refiners of cane sugar for fiscal year 1997.

''(3) CANE SUGAR ASSESSMENT BASE.—In distributing the cane sugar assessment base among processors, the Secretary shall take into consideration processing capacity, past marketings of sugar, and the ability of each processor to market sugar covered by the portion of the base distributed.

''(4) SUGAR BEET ASSESSMENT BASE.—In distributing the sugar beet assessment base among processors of sugar beets, the Secretary shall assign processor bases in accordance with the highest quantity of each processor of sugar produced in any year from sugar beets produced from the 1990 through 1994 crops.

''(5) NEW PROCESSORS AND REFINERS.—In making distributions under this subsection, the Secretary shall make reasonable provision for new processors and refiners.

''(b) FILLING CANE SUGAR ASSESSMENT BASES.—Except as otherwise provided in section 359e, a State cane sugar assessment base established under section 359c(e) for a fiscal year may be filled only with sugar processed from sugarcane grown in the State covered by the assessment base.

''SEC. 359e. REASSIGNMENT OF DEFICITS.

''(a) ESTIMATES OF DEFICITS.—The Secretary shall, in a timely manner, determine whether, in view of then current inventories of sugar, the estimated production of sugar and expected marketings, and other pertinent factors—

''(1) any processor of sugarcane will be unable to market the sugar covered by the portion of the State cane sugar assessment base distributed to the processor;

''(2) any processor of sugar beets will be unable to market sugar covered by the portion of the beet sugar assessment base distributed to the processor; and

''(3) any cane sugar refiner will be unable to market sugar covered by the portion of the refined cane sugar assessment base distributed to the refiner.

''(b) REASSIGNMENT OF DEFICITS.—

''(1) CANE SUGAR.—If the Secretary determines that any sugarcane processor who has received a share of a State cane sugar base will be unable to market the share of the processor of the allotment of the State for the fiscal year—

''(A) the Secretary first shall reassign the estimated quantity of the deficit to the bases of other processors within the State, depending on the capacity of each other processor to fill the portion of the deficit to be assigned to the processor and taking into account the interests of producers served by the processors;

''(B) if after the reassignments the deficit cannot be completely eliminated, the Secretary shall reassign the estimated quantity of the deficit proportionately to the bases for other cane sugar States, depending on the capacity of each other State to fill the portion of the deficit to be assigned to the State, with the reassigned quantity to each State to be distributed among processors in the State in proportion to the bases of the processors; and

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

''(2) BEET SUGAR.—If the Secretary determines that a sugar beet processor who has received a share of the beet sugar assessment base will be unable to market the share—

''(A) the Secretary first shall reassign the estimated quantity of the deficit to the bases for other sugar beet processors, depending on the capacity of each other processor to fill the portion of the deficit to be assigned to the processor and taking into account the interests of producers served by the processors; and

''(B) if after the reassignments, the deficit cannot be completely eliminated, the Secretary shall reassign the remainder to imports.

''(3) REFINED CANE SUGAR.—If the Secretary determines that a cane sugar refiner who has received a share of the refined cane sugar assessment base will be unable to market the share, the Secretary shall promptly reassign the estimated quantity of the deficit to the bases of other refiners, as the Secretary considers appropriate.

''(4) CORRESPONDING INCREASE.—The base of each processor or refiner receiving a reassigned quantity of an assessment base under this subsection for a fiscal year shall be increased to reflect the reassignment. The Secretary shall, subject to conditions specified by regulation, provide that marketings in the next fiscal year of deficits reassigned in the last quarter of any fiscal year shall not count against the base of the processor or refiner for the next fiscal year.

''SEC. 359f. PROVISIONS APPLICABLE TO PRODUCERS.

''(a) PROCESSOR ASSURANCES.—During each of fiscal years 1997 through 2003, the Secretary shall obtain from the processors such assurances as the Secretary considers adequate that the assessment base will be shared among producers served by the processor in a fair and equitable manner that adequately reflects the production histories of producers. Any dispute between a processor and a producer, or group of producers, with respect to the sharing of the base of the processor shall be resolved through arbitration by the Secretary on the request of either party.

''(b) PROPORTIONATE SHARES OF CERTAIN STATE BASES.—

''(1) IN GENERAL.—

''(A) STATES AFFECTED.—In any case in which a State share of an assessment base is established under section 359c(e) and there are in excess of 250 producers in the State (other than Puerto Rico), the Secretary shall make a determination under subparagraph (B).

''(B) DETERMINATION.—The Secretary shall determine, for each State base described in subparagraph (A), whether the production of sugarcane, in the absence of proportionate shares, will be greater than the quantity needed to enable processors to fill the assessment base and provide a normal carryover inventory.

''(2) ESTABLISHMENT OF PROPORTIONATE SHARES.—If the Secretary determines under paragraph (1) that the quantity of sugar processed from all crops by all processors covered by a State base for a fiscal year will be in excess of the quantity needed to enable processors to fill the base for the fiscal year and provide a normal carryover inventory of sugar, the Secretary shall establish a proportionate share for each sugarcane producing farm that limits the acreage of sugarcane

that may be harvested on the farm for sugar or seed during the fiscal year the base is in effect as provided in this subsection. Each such proportionate share shall be subject to adjustment under paragraph (7) and section 359g(c).

''(3) METHOD OF DETERMINING PROPORTIONATE SHARES.—For purposes of determining proportionate shares for any crop of sugarcane:

''(A) ESTABLISHMENT OF STATE'S PER-ACRE YIELD.—The Secretary shall establish the State's per-acre yield goal for a crop at a level (not less than the average per-acre yield in the State for the preceding 5 years, as determined by the Secretary) that will ensure an adequate net return per pound to sugarcane produced in the State, taking into consideration any available production research data that the Secretary considers relevant.

''(B) ADJUSTMENT OF PER-ACRE YIELD GOAL.—The Secretary shall adjust the per-acre yield goal by the average recovery rate of sugar produced from sugarcane by processors in the State.

''(C) STATE ACREAGE BASE.—The Secretary shall convert the State base for the fiscal year involved into a State acreage base for the crop by dividing the State base by the per-acre yield goal for the State, as established under subparagraph (A) and as further adjusted under subparagraph (B).

''(D) UNIFORM REDUCTION PERCENTAGE.—The Secretary shall establish a uniform reduction percentage for the crop by dividing the State acreage base, as determined for the crop under subparagraph (C), by the sum of all adjusted acreage bases in the State, as determined by the Secretary.

''(E) PROPORTIONATE SHARE OF FARM OF SUGARCANE ACREAGE.—The uniform reduction percentage for the crop, as determined under subparagraph (D), shall be applied to the acreage base for each sugarcane-producing farm in the State to determine the proportionate share of the farm of sugarcane acreage that may be harvested for sugar or seed.

''(4) ACREAGE BASE.—For purposes of this subsection, the acreage base for each sugarcane-producing farm shall be determined by the Secretary, as follows:

''(A) IN GENERAL.—The acreage base for any farm shall be the number of acres that is equal to the average of the acreage planted and considered planted for harvest for sugar or seed on the farm in each of the 5 crop years preceding the fiscal year the proportionate share will be in effect.

''(B) DISASTERS.—Acreage planted to sugarcane that producers on a farm were unable to harvest to sugarcane for sugar or seed because of drought, flood, other natural disaster, or other condition beyond the control of the producers may be considered as harvested for the production of sugar or seed for purposes of this paragraph.

''(5) VIOLATION.—

''(A) IN GENERAL.—If proportionate shares are in effect in a State for a crop of sugarcane, producers on a farm shall not knowingly harvest, or allow to be harvested, for sugar or seed an acreage of sugarcane in excess of the proportionate share of the farm for the fiscal year, or otherwise violate proportionate share regulations issued by the Secretary under section 359h(a).

''(B) DETERMINATION OF VIOLATION.—No producer shall be considered to have violated subparagraph (A) unless the processor of the sugarcane harvested by the producer from acreage in excess of the proportionate share of the farm markets a quantity of sugar that exceeds the allocation of the processor for a fiscal year.

''(C) CIVIL PENALTY.—Any producer on a farm who violates subparagraph (A) by knowingly harvesting, or allowing to be harvested, an acreage of sugarcane in excess of the proportionate share of the farm shall be liable to the Commodity Credit Corporation for a civil penalty equal to 1½ times the United States market value of the quantity of sugar that is marketed by the processor of the sugarcane in excess of the allocation of the processor for the fiscal year. The Secretary shall prorate penalties imposed under this subparagraph in a fair and equitable manner among all the producers of sugarcane harvested from excess acreage that is acquired by the processor.

''(6) WAIVER.—Notwithstanding paragraph (5), the Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other proportionate share requirements in cases in which lateness or failure to meet the other requirements does not affect adversely the operation of proportionate shares.

''(7) ADJUSTMENTS.—If the Secretary determines that, because of a natural disaster or other condition beyond the control of producers that adversely affects a crop of sugarcane subject to proportionate shares, the quantity of sugarcane produced by producers subject to the proportionate shares will not be sufficient to enable processors in the State to meet the cane sugar base of the State and provide a normal carryover inventory of sugar, the Secretary may uniformly allow producers to harvest a quantity of sugarcane in excess of the proportionate share of the producers, or suspend proportionate shares entirely, as necessary to enable processors to meet the State base and provide a normal carryover inventory of sugar.

''SEC. 359g. SPECIAL RULES.

''(a) TRANSFER OF ACREAGE BASE HISTORY.—For the purpose of establishing proportionate shares for sugarcane farms under section 359f, the Secretary, on application of any producer, with the written consent of all owners of a farm, may transfer the acreage base history of the farm to any other parcels of land of the applicant.

''(b) PRESERVATION OF ACREAGE BASE HISTORY.—If for reasons beyond the control of a producer on a farm, the producer is unable to harvest an acreage of sugarcane for sugar or seed with respect to all or a portion of the proportionate share established for the farm under section 359f, the Secretary, on the application of the producer and with the written consent of all owners of the farm, may preserve for a period of not more than 3 consecutive years the acreage base history of the farm to the extent of the proportionate share involved. The Secretary may permit the proportionate share to be redistributed to other farms, except that no acreage base history for purposes of establishing acreage bases shall accrue to the other farms by virtue of the redistribution of the proportionate share.

''(c) REVISIONS OF DISTRIBUTIONS AND PROPORTIONATE SHARES.—The Secretary, after such notice as the Secretary by regulation may prescribe, may revise or amend any distribution of a marketing assessment base under section 359d, or any proportionate share established for a farm under section 359f, on the same basis as the initial distribution or proportionate share was required to be established.

''SEC. 359h. REGULATIONS; VIOLATIONS; PUBLICATION OF SECRETARY'S DETERMINATIONS; JURISDICTION OF THE COURTS; UNITED STATES ATTORNEYS.

''(a) REGULATIONS.—The Secretary or the Commodity Credit Corporation, as appropriate, shall issue such regulations as are necessary to carry out this part.

''(b) PUBLICATION IN FEDERAL REGISTER.—Each determination issued by the Secretary to establish or adjust a marketing assessment base under this part shall be promptly published in the Federal Register and shall be accompanied by a statement of the reasons for the determination.

''(c) VIOLATION.—Any person knowingly violating any regulation of the Secretary issued under subsection (a) shall be subject to a civil penalty of not more than $5,000 for each violation.

''(d) JURISDICTION OF COURTS; UNITED STATES ATTORNEYS.—

''(1) JURISDICTION OF COURTS.—A district court of the United States shall have jurisdiction specifically to enforce, and to prevent and restrain any person from violating, this part or any regulation issued under this part.

''(2) UNITED STATES ATTORNEYS.—On request of the Secretary, a United States attorney, in the district of the attorney, shall institute a proceeding to enforce the remedies and to collect the penalties provided for in this part. The Secretary may elect not to refer to a United States attorney any violation of this part or a regulation if the Secretary determines that the administration and enforcement of this part would be adequately served by written notice or warning to any person committing the violation.

''(e) NONEXCLUSIVITY OF REMEDIES.—The remedies and penalties provided for in this part shall be in addition to, and not exclusive of, any remedies or penalties existing at law or in equity.

''SEC 359i. APPEALS.

''(a) IN GENERAL.—An appeal may be taken to the Secretary from any decision under section 359d establishing allocations of marketing assessment bases, or under section 359f, by any person adversely affected by reason of any such decision.

''(b) PROCEDURE.—

''(1) NOTICE OF APPEAL.—Any appeal from such a decision shall be taken by filing with the Secretary, not later than 20 days after the decision is effective, notice in writing of the appeal and a statement of the reasons for the appeal. Unless a later date is specified by the Secretary as part of the decision of the Secretary, the decision shall be considered to be effective as of the date on which announcement of the decision is made. The Secretary shall deliver a copy of any notice of appeal to each person shown by the records of the Secretary to be adversely affected by reason of the decision appealed. After delivery of notice, the Secretary shall at all times permit any such person to inspect and make copies of the statement of the reasons of the appellant for the appeal and shall on application permit the person to intervene in the appeal.

''(2) HEARING.—The Secretary shall provide each appellant an opportunity for a hearing before an administrative law judge in accordance with sections 554 and 556 of title 5, United States Code. The expenses for conducting the hearing shall be reimbursed by the Commodity Credit Corporation.

''SEC. 359j. ADMINISTRATION.

''(a) USE OF CERTAIN AGENCIES.—In carrying out this part, the Secretary may use the services of local committees of sugarcane or sugar beet producers or sugarcane or sugar beet processors, State and county committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)), and departments and agencies of the United States Government.

''(b) USE OF COMMODITY CREDIT CORPORATION.—The Secretary shall use the services, facilities, funds, and authorities of the Commodity Credit Corporation to carry out sections 359a through 359i.

''(c) DEFINITIONS OF UNITED STATES AND STATE.—Notwithstanding section 301, for

purposes of this part, the terms 'United States' and 'State' mean the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico.''.

SEC. 703. PREVENTION OF SUGAR LOAN FORFEITURES.

Section 902(c)(2)(A) of the Food Security Act of 1985 (Public Law 99–198; 7 U.S.C. 1446g note) is amended by striking ''1995'' and inserting ''2002''.

TITLE VIII—GENERAL COMMODITY PROVISIONS

Subtitle A—Amendments to Agricultural Act of 1949

SEC. 801. DEFICIENCY AND LAND DIVERSION PAYMENTS.

Section 114 of the Agricultural Act of 1949 (7 U.S.C. 1445j) is amended—

(1) in subsection (a)—

(A) in paragraph (1), by striking ''1997'' and inserting ''2002''; and

(B) in paragraph (2)(F), by striking clause (iii) and inserting the following:

''(iii) 50 percent of the projected payment rate;'';

(2) in subsection (b), by striking ''1995'' and inserting ''2002''; and

(3) in subsection (c), by striking ''1997'' and inserting ''2002''.

SEC. 802. ADJUSTMENT OF ESTABLISHED PRICES.

Section 402(b) of the Agricultural Act of 1949 (7 U.S.C. 1422(b)) is amended by striking ''1995'' and inserting ''2002''.

SEC. 803. ADJUSTMENT OF SUPPORT PRICES.

Section 403(c) of the Agricultural Act of 1949 (7 U.S.C. 1423(c)) is amended by striking ''1995'' and inserting ''2002''.

SEC. 804. PROGRAM OPTION FOR 2003 AND SUBSEQUENT CROPS.

Section 406 of the Agricultural Act of 1949 (7 U.S.C. 1426) is amended by striking subsection (b) and inserting the following:

''(b) PROGRAM OPTION FOR 2003 AND SUBSEQUENT CROPS.—

''(1) IN GENERAL.—Notwithstanding any other provision of law, the Secretary may offer an option to producers of each of the 2003 and subsequent crops of wheat, feed grains, upland cotton, extra long staple cotton, rice, sugar, peanuts, and oilseeds to participate in commodity price support, production adjustment, and payment programs as provided in this subsection.

''(2) TERMS AND CONDITIONS.—The Secretary may offer the programs based on such terms and conditions as are provided producers of the commodities for the 2002 crop year in accordance with this Act, as determined by the Secretary. Any established price or loan and purchase level made available in accordance with this subsection shall be established at the same level as the level established for the 2002 crop year or using the same terms and conditions as are provided for the commodity for the 2002 crop year.

''(3) FINAL ANNOUNCEMENTS.—The Secretary may offer each of the programs provided for by this subsection if the Secretary has not made final announcement of the terms of the commodity price support, production adjustment, or payment programs for the 2003 crops of the commodities referred to in paragraph (1) on or before November 1, 2002.

''(4) COMMODITY CREDIT CORPORATION.—The Secretary may use the funds, facilities and authorities of the Commodity Credit Corporation to carry out this subsection.''.

SEC. 805. APPLICATION OF TERMS IN THE AGRICULTURAL ACT OF 1949.

Section 408(k)(3) of the Agricultural Act of 1949 (7 U.S.C. 1428(k)(3)) is amended by striking ''1995'' and inserting ''2002''.

SEC. 806. DOUBLE CROPPING.

Title IV of the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.) is amended by adding at the end the following:

''SEC. 428. DOUBLE CROPPING.

''(a) WAIVER OF CONSERVATION USE REQUIREMENTS.—Effective for each of the 1996 through 2002 crops of wheat, feed grains, cotton, and rice, the requirements of sections 107B(e), 105B(e), 103B(e), 103(h)(5), and 101B(e) concerning acreage that must be devoted to conservation uses and administration of the conserving use acres shall not be applicable to the producers of a program crop (as defined in section 502(3)) on a farm as of the normal harvest date for the program crop, as determined by the Secretary, if, under an established practice of double cropping, the producers of the program crop on the farm plant for harvest in the same calendar year in which the program crop is harvested a crop that is not a program crop.

''(b) REGULATIONS.—The Secretary shall issue such regulations as are necessary to carry out this section.''.

SEC. 807. ACREAGE BASE AND YIELD SYSTEM.

(a) CROP ACREAGE BASES.—Section 503 of the Agricultural Act of 1949 (7 U.S.C. 1463) is amended—

(1) in subsection (a)—

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

''(2) LIMITATION.—The sum of the crop acreage bases and historical soybean acreage on the farm may not exceed the cropland on the farm, except to the extent there is an established practice of double cropping on the farm.''; and

(B) by adding at the end the following:

''(4) HISTORICAL SOYBEAN ACREAGE.—

''(A) IN GENERAL.—The Secretary shall provide for the establishment and maintenance of a historical soybean acreage for each farm.

''(B) QUANTITY.—

''(i) IN GENERAL.—Except as provided in clause (ii), the historical soybean acreage for a farm for a crop year shall be equal to the average of the acreage planted to soybeans for harvest on the farm in each of the previous 5 crop years.

''(ii) EXCEPTION.—In determining the historical soybean acreage for a farm for a crop year, the Secretary shall exclude from the acreage any soybean plantings that were considered planted to a program crop or are planted for harvest on a crop acreage base in accordance with section 504.'';

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

''(2) COTTON AND RICE.—In the case of upland cotton and rice, the crop acreage base for a crop for a crop year shall be equal to the average of the acreage planted and considered planted to the crop for harvest on the farm in each of the 3 crop years preceding the crop year.'';

(3) in subsection (c)—

(A) in paragraph (3), by striking ''1997'' and inserting ''2002'';

(B) in paragraph (7), by striking ''and'' at the end;

(C) in paragraph (8), by striking the period at the end and inserting ''; and''; and

(D) by adding at the end the following:

''(9) any acreage on the farm that is planted in accordance with subsection (i).''; and

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

''(h) ADJUSTMENT OF BASES.—The county committee, in accordance with regulations prescribed by the Secretary, may adjust any crop acreage base for any program crop for any farm if the crop acreage base for the crop on the farm would otherwise be adversely affected by a condition or occurrence beyond the control of the producer.

''(i) SPECIAL EXEMPTION FOR CROP MANAGEMENT PURPOSES.—

''(1) PLANTING NOT-FOR-HARVEST IN EXCESS OF PERMITTED ACREAGE.—Notwithstanding any other provision of this Act, the Secretary may provide that producers of a program crop on a farm who are participating in the production adjustment program for the program crop under this Act may plant the program crop in a quantity that exceeds the permitted acreage for the crop without losing the eligibility of the producers for loans, purchases, or payments with respect to the crop under this Act if the acreage planted to the program crop on the farm in excess of the permitted acreage—

''(A) is planted as part of a crop management plan that is designed to maintain the important role of plant varieties that possess genetic qualities aimed at reducing the dependence of agriculture on crop protection materials to suppress weeds, diseases, and insects;

''(B) does not exceed 10 percent of the crop acreage base of the farm for the program crop;

''(C) is not planted to a crop that is harvested; and

''(D) is not planted to a variety of the program crop that possesses transgenic characteristics.

''(2) OPTIONAL MINIMUM ACREAGE FOR GENETICALLY IMPROVED TRANSGENIC VARIETY.—The Secretary may require producers on a farm, to be eligible to plant in excess of the permitted acreage of the producers under this subsection, to plant not less than 90 percent of the permitted acreage of the producers on the farm to a genetically improved transgenic variety of the program crop.

''(3) ADDITIONAL AUTHORITY.—Any authority to plant a program crop in excess of the permitted acreage for the crop under this subsection shall be in addition to the authority provided under subsection (d), (e), and (f).''.

(b) PLANTING FLEXIBILITY.—Section 504 of the Act (7 U.S.C. 1464) is amended—

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

''(c) LIMITATION ON ACREAGE.—The quantity of the crop acreage base that may be planted to a commodity, other than the specific program crop, under this section may not exceed 100 percent of the crop acreage base.'';

(2) in subsection (d)—

(A) by striking ''Notwithstanding'' and inserting ''Except as provided in subsection (f) and notwithstanding''; and

(B) in paragraph (1), by striking ''25 percent'' and inserting ''100 percent'';

(3) in subsection (e)(2)(A), by striking ''25 percent'' and inserting ''100 percent''; and

(4) by adding at the end the following:

''(f) TWO-WAY FLEXIBILITY.—

''(1) PLANTING ON HISTORICAL SOYBEAN ACREAGE.—Notwithstanding any other provision of this Act, producers of a program crop on a farm who are participating in the production adjustment program for the program crop under this Act shall be allowed to plant the program crop in a quantity that exceeds the permitted acreage for the crop without losing the eligibility of the producers for loans, purchases, or payments with respect to the crop under this Act if the acreage planted to the program crop on the farm in excess of the permitted acreage does not exceed 25 percent of the historical soybean acreage on the farm for the crop.

''(2) ADDITIONAL FLEXIBILITY.—Any authority to plant a program crop in excess of the permitted acreage for the crop under this subsection shall be in addition to authority provided under subsection (d).

''(3) LIMITATION.—The Secretary may limit the application of this subsection with respect to a program crop if the Secretary determines the limitation to be necessary to prevent an increase in the acreage limitation

program that would otherwise be implemented in accordance with sections 101B, 103B, 105B, and 107B during a crop year for the crop.''.

(c) FARM PROGRAM PAYMENT YIELDS.—Section 505(b) of the Act (7 U.S.C. 1465(b)) is amended—

(1) in subsection (b)—

(A) in paragraphs (1) and (2), by striking ''1997'' each place it appears and inserting ''2002''; and

(B) in paragraph (3), by striking ''1981 through 1985 crop years (or, as appropriate, the 1986 through 1990 crop years)'' and inserting ''applicable crop years, as determined by the Secretary''; and

(2) in subsection (c)(2)—

(A) by inserting ''(if applicable)'' after the ''1986 crop year''; and

(B) by inserting ''(as applicable)'' after ''subsequent crop years''.

(d) CROPS.—Section 509 of the Act (7 U.S.C. 1469) is amended by striking ''1997'' and inserting ''2002''.

Subtitle B—Miscellaneous Commodity Provisions

SEC. 811. PAYMENT LIMITATIONS.

Title X of the Food Security Act of 1985 (Public Law 99–198; 99 Stat. 1444) is amended—

(1) in paragraphs (1)(A), (1)(B), and (2)(A) of section 1001 (7 U.S.C. 1308), by striking ''1997'' each place it appears and inserting ''2002''; and

(2) in section 1001C(a) (7 U.S.C. 1308–3(a)), by striking ''1997'' each place it appears and inserting ''2002''.

SEC. 812. NORMALLY PLANTED ACREAGE.

Section 1001 of the Food and Agriculture Act of 1977 (7 U.S.C. 1309) is amended by striking ''1995'' each place it appears in subsections (a), (b)(1), and (c) and inserting ''2002''.

SEC. 813. NORMAL SUPPLY.

Section 1019 of the Food Security Act of 1985 (7 U.S.C. 1310a) is amended by striking ''1995'' and inserting ''2002''.

SEC. 814. DETERMINATIONS OF THE SECRETARY.

Section 1017(b) of the Food Security Act of 1985 (Public Law 99–198; 7 U.S.C. 1385 note) is amended by striking ''1995'' and inserting ''2002''.

SEC. 815. OPTIONS PILOT PROGRAM.

The Options Pilot Program Act of 1990 (subtitle E of title XI of Public Law 101–624; 104 Stat. 3518; 7 U.S.C. 1421 note) is amended—

(1) in subsections (a) and (b) of section 1153, by striking ''1995'' each place it appears and inserting ''2002''; and

(2) in section 1154(b)(1)(A), by striking ''1995'' each place it appears and inserting ''2002''.

SEC. 816. NATIONAL AGRICULTURAL COST OF PRODUCTION STANDARDS REVIEW BOARD.

Section 1014 of the Agriculture and Food Act of 1981 (7 U.S.C. 4110) is amended by striking ''1995'' and inserting ''2002''.

Subtitle C—Conforming Amendments

SEC. 821. CONFORMING AMENDMENTS.

(a) Section 1001(2)(B) of the Food Security Act of 1985 (7 U.S.C. 1308(2)(B)) is amended by striking clause (iv) and inserting the following:

''(iv) any deficiency payment received for a crop of feed grains under section 105B(c)(1) of the Agricultural Act of 1949 as the result of a reduction of the loan level for the crop under section 105B(a)(3) of the Act;''.

(b) Section 1001(c) of the Food and Agriculture Act of 1977 (7 U.S.C. 1309(c)) is amended by striking paragraph (2) and inserting the following:

''(2) the crop acreage base for the farm established under section 503 of the Agricultural Act of 1949 (7 U.S.C. 1463).''.

(c) Section 114(c) of the Agricultural Act of 1949 (7 U.S.C. 1445j(c)) is amended by striking ''section 107B(c)(1)(B)(ii), 107B(p), or 105B(c)(1)(B)(ii)'' and inserting ''section 107B(c)(1)(B) or 105B(c)(1)(B)''.

Subtitle D—Application

SEC. 831. APPLICATION.

(a) CROPS.—Except as otherwise specifically provided this Act, this Act and the amendments made by this Act shall apply beginning with the 1996 crop of an agricultural commodity.

(b) PRIOR CROPS.—Except as otherwise specifically provided and notwithstanding any other provision of law, this Act and the amendments made by this Act shall not affect the authority of the Secretary of Agriculture to carry out a price support, production adjustment, or payment program for—

(1) any of the 1991 through 1995 crops of an agricultural commodity established under a provision of law as in effect immediately before the enactment of this Act; or

(2) the 1996 crop of an agricultural commodity established under section 406(b) of the Agricultural Act of 1949 (as in effect immediately before the effective date of the amendment made by section 804).

KOHL AMENDMENTS NOS. 3130–3133

(Ordered to lie on the table.)

Mr. KOHL submitted four amendments intended to be proposed by him to the bill S. 1541, supra; as follows:

AMENDMENT NO. 3130

At the appropriate place, insert the following new section:

SEC. . NATIONAL MILK MARKETING ORDER.

(a) IN GENERAL.—Paragraphs (A) and (B) of section 8c(5) of the Agricultural Adjustment Act (7 U.S.C. 608c(5)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, are amended to read as follows:

''(A) DEFINITIONS.—In this subsection:

''(i) CLASS I MILK.—The term 'class I milk' means grade A milk that is used to produce a fluid milk product.

''(ii) CLASS II MILK.—The term 'class II milk' means grade A milk that is used to produce a milk product other than a product produced from class I milk or class III milk.

''(iii) CLASS III MILK.—The term 'class III milk' means grade A milk that is used to produce butter, nonfat dry milk, or hard cheese.

''(iv) NATIONAL ORDER.—The term 'national order' means the order described in paragraph (B).

''(B) CLASSIFICATION AND MINIMUM PRICES FOR MILK.—

''(i) IN GENERAL.—Classifying, and establishing minimum prices, for class I milk, class II milk, and class III milk in accordance with a national order issued under this section that applies to all handlers of the milk produced in the 48 contiguous States and the products of the milk.

''(ii) UNIFORM PRICE DIFFERENTIAL.—The Secretary shall establish 1 uniform price differential for milk of the highest use classification. The price shall be equal to $1.60 per hundredweight.

''(iii) PHASE OUT OF MINIMUM PRICE FOR CLASS III MILK.—Not later than December 31, 1995, the Secretary shall phase out the minimum price for class IIIA milk. Until the Secretary phases out the minimum price for class IIIA milk, the Secretary shall require reclassification of class IIIA milk as class III milk if the fat and powder used in the milk is used in higher value dairy products.''.

(b) CONFORMING AMENDMENTS.—Section 8c(5) of the Agricultural Adjustment Act (7 U.S.C. 608c(5)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended—

(1) in paragraph (C)—

(A) by striking ''paragraphs (A) and (B) of this subsection (5)'' and inserting ''Paragraph (B)''; and

(B) by striking ''paragraph (A) hereof'' and inserting ''paragraph (B)'';

(2) in the proviso of paragraph (F), by striking ''paragraph (A) of this subsection (5)'' and inserting ''paragraph (B)'';

(3) in paragraph (J), by striking ''paragraph (A)'' and inserting ''paragraph (B)''; and

(4) by striking paragraph (L).

AMENDMENT NO. 3131

On page 72, between lines 8 and 9, insert the following:

SEC. . NATIONAL MILK MARKETING ORDER.

(a) IN GENERAL.—Paragraphs (A) and (B) of section 8c(5) of the Agricultural Adjustment Act (7 U.S.C. 608c(5)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, are amended to read as follows:

''(A) DEFINITIONS.—In this subsection:

''(i) CLASS I MILK.—The term 'class I milk' means grade A milk that is used to produce a fluid milk product.

''(ii) CLASS II MILK.—The term 'class II milk' means grade. A milk that is used to produce a milk product other than a product produced from class I milk or class III milk.

''(iii) CLASS III MILK.—The term 'class III milk' means grade A milk that is used to produce butter, nonfat dry milk, or hard cheese.

''(iv) NATIONAL ORDER.—The term 'national order' means the order described in paragraph (B).

''(B) CLASSIFICATION AND MINIMUM PRICES FOR MILK.—

''(i) IN GENERAL.—Classifying and establishing minimum prices, for class I milk, class II milk, and class III milk in accordance with a national order issued under this section that applies to all handlers of the milk produced in the 48 contiguous States and the products of the milk.

''(ii) UNIFORM PRICE DIFFERENTIAL.—The Secretary shall establish 1 uniform price differential for milk of the highest use classification. The price shall be equal to $1.60 per hundredweight.

''(iii) PHASE OUT OF MINIMUM PRICE FOR CLASS III MILK.—Not later than December 31, 1995, the Secretary shall phase out the minimum price for class IIIA milk. Until the Secretary phases out the minimum price for class IIIA milk, the Secretary shall require reclassification of class IIIA milk as class III milk if the fat and powder used in the milk is used in higher value dairy products.''.

(b) CONFORMING AMENDMENTS.—Section 8c(5) of the Agricultural Adjustment Act (7 U.S.C. 608c(5)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended—

(1) in paragraph (C)—

(A) by striking ''paragraphs (A) and (B) of this subsection (5)'' and inserting ''paragraph (B)''; and

(B) by striking ''paragraph (A) hereof'' and inserting ''paragraph (B)'';

(2) in the proviso of paragraph (F), by striking ''paragraph (A) of this subsection (5)'' and inserting ''paragraph (B)'';

(3) in paragraph (J), by striking ''paragraph (A)'' and inserting ''paragraph (B)''; and

(4) by striking paragraph (L).

AMENDMENT NO. 3132

At the appropriate place, add the following new section:

SEC. . UPGRADE PAYMENT.

Section 8c(5) of the Agricultural Adjustment Act (7 U.S.C. 608c(5)), reenacted with

amendments by the Agricultural Marketing Agreement Act of 1937, is amended by adding at the end the following:

''(M) UPGRADE PAYMENT.—A handler that uses a product of Class IV milk to manufacture a product of Class II milk or a product of class III milk shall be responsible to pay into the Class IV milk national equalization pool an upgrade payment equal to the product of—

''(i) the difference between—

''(I) the milk reference price for the class of milk of final use; and

''(II) the Class IV milk reference price during the month in which the final manufactured product is produced; and

''(ii) the quantity of milk equivalent (measured in hundredweights) contained in the product of Class IV milk used to produce the Class II milk product or the Class III milk product.''.

AMENDMENT NO. 3133

On page 72, between lines 8 and 9, insert the following:

SEC. . UPGRADE PAYMENT.

Section 8c(5) of the Agricultural Adjustment Act (7 U.S.C. 608c(5)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended by adding at the end the following:

''(M) UPGRADE PAYMENT.—A handler that uses a product of Class IV milk to manufacture a product of Class II milk or a product of Class III milk shall be responsible to pay into the Class IV milk national equalization pool an upgrade payment equal to the product of—

''(i) the difference between—

''(I) the milk reference price for the class of milk of final use; and

''(II) the Class IV milk reference price during the month in which the final manufactured product is produced; and

''(ii) the quantity of milk equivalent (measured in hundredweights) contained in the product of Class IV milk used to produce the Class II milk product or the Class III milk product.''.

KOHL (AND FEINGOLD) AMENDMENT NO. 3134

(Ordered to lie on the table.)

Mr. KOHL (for himself and Mr. FEINGOLD) submitted an amendment intended to be proposed by them to the bill, S. 1541, supra; as follows:

At the appropriate place insert the following:

TITLE ___—DAIRY

Subtitle A—Milk Price Support and Other Activities

SEC. ___01. MILK PRICE SUPPORT PROGRAM.

(a) SUPPORT ACTIVITIES.—To replace the milk price support program established under section 204 of the Agricultural Act of 1949 (7 U.S.C. 1446e), which is repealed by section 19(b)(2)), the Secretary of Agriculture shall use the authority provided in this section to support the price of milk produced in the 48 contiguous States through the purchase of cheddar cheese produced from such milk. Until the first day of the first month beginning not less than 30 days after the date of the enactment of this Act, the Secretary also may support the price of milk under this section through the purchase of butter and nonfat dry milk produced from milk produced in the 48 contiguous States.

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

(1) During calendar year 1996, not less than $10.35.

(2) During calendar year 1997, not less than $10.25.

(3) During calendar year 1998, not less than $10.15.

(4) During calendar year 1999, not less than $10.05.

(5) During calendar year 2000, not less than $9.95.

(6) During calendar years 2001 and 2002, not less than $9.85.

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

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

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

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

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

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

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

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

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

(B) to the Secretary of the Army, at warehouses where milk products are stored, such milk products acquired under this section as the Secretary of the Army certifies can be utilized in order to provide additional milk products as a part of the ration—

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

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

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

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

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

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

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

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

(2) ending on December 31, 2002.

SEC. ___02. RECOURSE LOANS FOR COMMERCIAL PROCESSORS OF DAIRY PRODUCTS.

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

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

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

(d) DEFINITIONS.—In this section:

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

(2) The term ''reference price'' means—

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

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

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

SEC. ___03. DAIRY EXPORT INCENTIVE PROGRAM.

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

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

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

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

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

''(3) the maximum volume of dairy product exports allowable consistent with the obligations of the United States as a member of

the World Trade Organization are exported under the program each year (minus the volume sold under section 1163 of this Act (7 U.S.C. 1731 note) during that year), except to the extent that the export of such a volume under the program would, in the judgment of the Secretary, exceed the limitations on the value set forth in subsection (f); and

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

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

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

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

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

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

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

SEC. ___04. DAIRY PROMOTION PROGRAM.

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

(b) DEFINITIONS.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

''(2) The order shall provide that each importer of dairy products intended for consumption in the United States shall remit to the Board, in the manner prescribed by the order, an assessment equal to 1.2 cents per pound of total milk solids contained in the imported dairy products, or 15 cents per hundredweight of milk contained in the imported dairy products, whichever is less. If an importer can establish that it is participating in active, ongoing qualified State or regional dairy product promotion or nutrition programs intended to increase the consumption of milk and dairy products, the importer shall receive credit in determining the assessment due from that importer for contributions to such programs of up to .8 cents per pound of total milk solids contained in the imported dairy products, or 10 cents per hundredweight of milk contained in the imported dairy products, whichever is less. The assessment collected under this paragraph shall be used for the purpose specified in paragraph (1).''.

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

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

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

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

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

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

(h) IMPLEMENTATION OF AMENDMENTS.—

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

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

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

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

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

SEC. ___05. FLUID MILK STANDARDS UNDER MILK MARKETING ORDERS.

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

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

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

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

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

(b) VIOLATIONS.—A violation of the requirements specified in subsection (a) shall be subject to the penalties provided in section 8c(14) of the Agricultural Adjustment Act (7

U.S.C. 608c(14)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937.

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

(d) EFFECT OF ENACTMENT.—The requirements imposed by this section shall supersede any conflicting requirements regarding fluid milk imposed pursuant to the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 301 et seq.).

SEC. ___06. MANUFACTURING ALLOWANCE.

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

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

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

(B) such allowance per hundredweight of milk as the Secretary of Agriculture may establish under section ___21(b)(3), for milk marketed after the end of such period; and

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

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

(B) such allowance per hundredweight of milk as the Secretary may establish under section ___21(b)(3), for milk marketed after the end of such period.

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

(1) Butter: 4.2 pounds.

(2) Nonfat dry milk: 8.613 pounds.

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

(4) Whey cream butter: .27 pounds.

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

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

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

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

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

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

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

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

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

(1) purchases under section ___01 of cheddar cheese produced in that State; and

(2) disbursements from the Class IV equalization pool under section ___08 to milk marketing orders operating in that State with respect to milk produced in that State.

(f) CONFORMING SUSPENSION AND REPEAL.—

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

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

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

SEC. ___07. ESTABLISHMENT OF TEMPORARY CLASS I PRICE AND TEMPORARY CLASS I EQUALIZATION POOLS.

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

(1) ESTABLISHMENT OF MINIMUM PRICE.—During the 2-year period beginning on the effective date of this section, the minimum price for milk of the highest use classification marketed under a marketing order issued under section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, shall not be less than the sum of—

(A) $12.87 per hundredweight; and

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

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

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

(b) CLASS I EQUALIZATION POOLS.—

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

(A) $0.80 per hundredweight; and

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

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

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

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

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

(c) ENFORCEMENT.—

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

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

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

(B) the support rate for milk in effect at the time of the violation under section ___01.

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

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

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

(f) IMPLEMENTATION.—Not later than the effective date of this section, the Secretary shall amend Federal milk marketing orders issued under section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, to effectuate the requirements of this section. The amendments shall not be—

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

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

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

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

SEC. ___08. ESTABLISHMENT OF TEMPORARY CLASS IV PRICE AND TEMPORARY CLASS IV EQUALIZATION POOL.

(a) TEMPORARY CLASSIFICATION OF CLASS IV MILK.—

(1) CLASSIFICATION.—For purposes of classifying milk in accordance with the form in which or the purpose for which it is used, the Secretary of Agriculture shall designate all milk marketed in the 48 contiguous States of the United States and used to

produce butter, butter oil, nonfat dry milk, or dry whole milk as Class IV milk. The Secretary may include other products of milk, except cheese, within the Class IV classification if the Secretary determines that inclusion of the product would be fair and equitable.

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

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

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

(1) the sum of—

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

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

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

(d) OPERATION OF CLASS IV EQUALIZATION POOL.—

(1) APPLICATION OF SUBSECTION.—This subsection shall apply in any month in which the support price for milk under section ___01, adjusted to 3.5 percent butterfat, exceeds the Class IV price established under subsection (c).

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

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

(B) 50 percent of the amount by which the support price for milk under section ___01, adjusted to 3.5 percent butterfat, exceeded the Class IV price determined under subsection (c) for that month; and

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

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

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

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

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

(e) ENFORCEMENT.—

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

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

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

(B) the support rate for milk in effect at the time of the violation under section ___01.

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

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

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

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

(g) IMPLEMENTATION.—Not later than the start of the effective date of this section, the Secretary shall amend Federal milk marketing orders issued under section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, to effectuate the requirements of this section. The amendments shall not be—

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

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

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

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

SEC. ___09. AUTHORITY FOR ESTABLISHMENT OF STANDBY POOLS.

(a) AUTHORITY TO ESTABLISH.—As soon as possible after the effective date of this section, the Secretary of Agriculture shall publish in the Federal Register an invitation for interested persons to submit proposals for the establishment within Federal milk marketing orders issued under section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, of standby pools to facilitate the movement of milk over long distances during periods of shortage through the sharing of proceeds from sales of milk of the highest use classification due to producers under the order with producers shipping to plants regulated by another order to provide a reserve supply of milk in the other market.

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

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

Subtitle B—Reform of Federal Milk Marketing Orders

SEC. ___21. ISSUANCE OR AMENDMENT OF FEDERAL MILK MARKETING ORDERS TO IMPLEMENT CERTAIN REFORMS.

(a) ISSUANCE OF AMENDED ORDERS.—Subject to the time limits specified in section ___22, the Secretary of Agriculture shall issue new or amended marketing orders with respect to milk and its products under section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, to effectuate the requirements of subsection (b). The orders shall take effect on the date the orders are issued and shall supersede all other marketing orders and any other statutes, rules, and regulations that are applicable to the pricing and marketing of milk and its products in effect immediately before that date, whether under the authority of section 8c of such Act or a State or local law.

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

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

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

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

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

SEC. ___22. REFORM PROCESS.

(a) PROCESS.—In preparation for the issuance of the new or amended Federal milk marketing orders required under section ___21, the Secretary of Agriculture shall comply with the following expedited procedural requirements:

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

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

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

(b) REFERENDUM AND MARKETING AGREEMENT.—After the issuance of the new or amended Federal milk marketing orders under section ___21, the Secretary may conduct a referendum in the manner provided in section 8c(16)(B) of the Agricultural Adjustment Act (7 U.S.C. 608c(16)(B)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, with respect to each order to determine whether milk producers subject to the order favor the termination of the order.

(c) APPLICATION OF ADMINISTRATIVE PROCEDURES ACT.—The issuance of the new or amended Federal milk marketing orders required under section ___21 shall not be subject to rulemaking under title 5, United States Code.

(d) REVIEW AND APPROVAL.—The action of the Secretary under section ___21 shall not be subject to review or approval by any other executive agency.

SEC. ___23. EFFECT OF FAILURE TO COMPLY WITH REFORM PROCESS REQUIREMENTS.

(a) FAILURE TO TIMELY ISSUE OR AMEND ORDERS.—If, before the end of the 1-year period beginning on the date of the enactment of this Act, the Secretary of Agriculture does not issue new or amended Federal milk marketing orders under section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, to effectuate the requirements of section ___21(b), then the Secretary may not assess or collect assessments from milk producers or handlers under such section 8c for marketing order administration and services provided under such section after the end of that period. The Secretary may not reduce the level of services provided under such section on account of the prohibition against assessments, but shall rather cover the cost of marketing order administration and services through funds available for the Agricultural Marketing Service of the Department of Agriculture.

(b) FAILURE TO TIMELY IMPLEMENT ORDERS.—Unless the Secretary certifies to Congress before the end of the 2-year period beginning on the date of the enactment of this Act that all of the Federal marketing order reforms required by section ___21(b) have been fully implemented, then, effective at the end of that period—

(1) the Secretary shall immediately cease all price support activities under section ___01;

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

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

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

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

CONRAD AMENDMENTS NOS. 3135–3144

(Ordered to lie on the table.)

Mr. CONRAD submitted 10 amendments intended to be proposed by him to the bill S. 1541, supra; as follows:

AMENDMENT NO. 3135

At the appropriate place in the title relating to conservation, insert the following:

SEC. . WATER BANK PROGRAM.

Section 1230 of the Food Security Act of 1985 (16 U.S.C. 3830) is amended by adding at the end the following:

''(d) WATER BANK PROGRAM.—For purposes of this Act, acreage enrolled, prior to the date of enactment of this subsection, in the water bank program authorized by the Water Bank Act (16 U.S.C. 1301 et seq.) shall be considered to have been enrolled in the conservation reserve program on the date the acreage was enrolled in the water bank program.''.

AMENDMENT NO. 3136

At the end of the title relating to conservation, add the following:

SEC. . FLOOD WATER RETENTION PILOT PROJECTS.

Section 16 of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590p) is amended by adding at the end the following:

''(l) FLOOD WATER RETENTION PILOT PROJECTS.—

''(1) IN GENERAL.—In cooperation with States, the Secretary shall carry out at least 1 but not more than 2 pilot projects to create and restore natural water retention areas to control storm water and snow melt runoff within closed drainage systems.

''(2) PRACTICES.—To carry out paragraph (1), the Secretary shall provide cost-sharing and technical assistance for the establishment of nonstructural landscape management practices, including agricultural tillage practices and restoration, enhancement, and creation of wetland characteristics.

''(3) FUNDING.—

''(A) LIMITATION.—The funding used by the Secretary to carry out this subsection shall not exceed $10,000,000 per project.

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

''(4) ADDITIONAL PILOT PROJECTS.—

''(A) EVALUATION.—Not later than 2 years after a pilot project is implemented, the Secretary shall evaluate the extent to which the project has reduced or may reduce Federal outlays for emergency spending and unplanned infrastructure maintenance by an amount that exceeds the Federal cost of the project.

''(B) ADDITIONAL PROJECTS.—If the Secretary determines that pilot projects carried out under this subsection have reduced or may reduce Federal outlays as described in subparagraph (A), the Secretary may carry out, in accordance with this subsection, pilot projects in addition to the projects authorized under paragraph (1).''.

AMENDMENT NO. 3137

At the appropriate place in the title relating to conservation, insert the following:

SEC. . ELIGIBLE LANDS UNDER CONSERVATION RESERVE PROGRAM.

Section 1231(b)(4) of the Food Security Act of 1985 (16 U.S.C. 3831(b)(4)) is amended—

(1) in subparagraph (C), by striking ''or'' at the end;

(2) in subparagraph (D), by striking the period at the end and inserting ''; or''; and

(3) by adding at the end the following:

''(E) if the Secretary determines that the lands will be used to store water for flood control in a closed basin.''.

AMENDMENT NO. 3138

At the appropriate place in the title relating to conservation, insert the following:

SEC. . ABANDONMENT OF CONVERTED WETLANDS.

Section 1222 of the Food Security Act of 1985 (16 U.S.C. 3822) is amended by adding at the end the following:

''(k) ABANDONMENT OF CONVERTED WETLANDS.—The Secretary shall not determine that a prior converted or cropped wetland is abandoned, and therefore that the wetland is subject to section 404 of the Federal Water Pollution Control Act (33 U.S.C. 1344) or this subtitle, on the basis that a producer has not planted an agricultural crop on the prior converted or cropped wetland after the date of enactment of this subsection.''.

AMENDMENT NO. 3139

At the appropriate place in the title relating to conservation, insert the following:

SEC. . EASEMENT PRIORITY.

Section 1237C of the Food Security Act of 1985 (16 U.S.C. 3837c) is amended by striking subsection (d) and inserting the following:

''(d) EASEMENT PRIORITY.—In carrying out this subchapter, the Secretary shall—

''(1) take into consideration costs and future agricultural and food needs; and

''(2) give priority to—

''(A) restoration on acres that will provide the greatest wetlands functions and values and cost effectiveness for the wetlands functions and values achieved; and

''(B) in consultation with the Secretary of the Interior, restoring wetlands based on the value of the acres for protecting and enhancing habitat for migratory birds and other wildlife.''.

AMENDMENT NO. 3140

At the appropriate place in the title relating to conservation, insert the following:

SEC. . WETLANDS RESERVE PROGRAM RESTORATION COST-SHARE.

Section 1237 of the Food Security Act of 1985 (16 U.S.C. 3837) is amended by adding at the end the following:

''(h) RESTORATION COST-SHARE.—

''(1) IN GENERAL.—The Secretary may use up to 20 percent of the funds made available under this subchapter to carry out projects through cooperative agreements with landowners, in lieu of the purchase of an easement.

''(2) TERMS.—An agreement under paragraph (1) shall—

''(A) be for a term of not less than 10 years and not more than 30 years;

''(B) make available at no cost to the Secretary the land on which restoration is to occur; and

''(C) provide for a restoration cost-share payment to the landowner in an amount that does not exceed 75 percent of the eligible costs.

''(3) PARTNERSHIP ARRANGEMENTS.—The Secretary may enter into a partnership arrangement with a public or private entity to carry out a project under this subsection, including an agreement to share financial, technical, management, or other resources.''.

AMENDMENT NO. 3141

On page 85, strike lines 19 through 24 and insert the following:

(A) IN GENERAL.—Section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831) is amended—

(i) in subsection (a), by striking ''1995'' and inserting ''2002''; and

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

''(d) MAXIMUM ENROLLMENT.—

''(1) IN GENERAL.—Not more than 36,520,000 acres (including acreage subject to contracts extended by the Secretary pursuant to section 1437 of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 16 U.S.C. 3831 note) and the Water Bank Act (16 U.S.C. 1301 et seq.)) may be enrolled in the conservation reserve during the 1996 through 2002 calendar years.

''(2) FUNDING.—Funding for the conservation reserve program shall be sufficient to enroll the maximum number of acres specified in paragraph (1) during the 1996 through 2002 calendar years.

''(3) EXCEPTION.—Notwithstanding paragraphs (1) and (2), the Secretary may enroll fewer than the maximum number of acres specified in paragraph (1) if the Secretary makes a formal determination that the national environmental and conservation objectives of the conservation reserve program can be achieved by enrolling fewer acres.''.

AMENDMENT NO. 3142

On page 87, strike lines 19 through 25.

AMENDMENT NO. 3143

SEC. 101. SHORT TITLE.

This Act may be cited as the ''Agricultural Extension Act of 1995''.

SEC. 102. AUTHORITY FOR 1996 AND 1997 AGRICULTURAL PROGRAMS.

(a) IN GENERAL.—Notwithstanding any other provision of law except as provided in this Act and the amendments made by this Act, the provisions of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1281 et seq.), the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.), the Food Security Act of 1985 (Public Law 99–198), and the Food, Agriculture, Conservation and Trade Act of 1990 (Public Law 101–624) and each program that was authorized or reauthorized by any of the Acts, that were applicable on September 30, 1995, shall be applicable for 1996 and 1997.

(b) FLEXIBILITY.—Amend section 504 of the Agricultural Act of 1949 (7 U.S.C. 1464) by striking subsections (c), (d), and (e) and inserting the following:

''(c) NON-PAYMENT ACRES.—In the case of the 1996 and 1997 crops, any crop or conserving crop listed in subsection (b)(1) may be planted on the acres of a crop acreage base not eligible for payment under this Act.

''(d) LOAN ELIGIBILITY.—In the case of the 1996 and 1997 crops, producers on a farm with crop acreage base may plant any program crop on the crop acreage base and shall be eligible to receive purchases, loans, and loan deficiency payments for the program crop.''.

(c) FINDLEY ADJUSTMENT.—Amend the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.)—

(1) in section 105B(a)(3)—

(A) by striking subparagraph (C); and

(B) by redesignating subparagraphs (D) and (E) as subparagraphs (C) and (D).

(2) in section 107B(a)(3)—

(A) by striking subparagraph (C); and

(B) by redesignating subparagraphs (D) and (E) as subparagraphs (C) and (D).

(d) 1997 CROP PAYMENTS—

(1) REVENUE PAYMENTS.—

(A) IN GENERAL.—In the case of the 1997 crops of wheat, feed grain, upland cotton, and rice in addition to payments authorized in subsection (a), the Secretary shall issue payments to producers who participate in price support programs authorized by subsection (a) in accordance with the formula described in subparagraph (B).

(B) FORMULA.—In accordance with subparagraph (A), the Secretary shall provide a payment per acre equal to the amount in which the Average Revenue for the producer's farm, described in clause (i) exceeds the Producers' Revenue described in clause (ii) for each of the producer's payment acres.

(i) AVERAGE REVENUE.—For the purposes of this subparagraph, ''average revenue'' means the five year Olympic average price for the county for the program multiplied by the producer's program payment yield for the farm.

(ii) PRODUCER'S REVENUE.—For the purposes of this paragraph, the term ''producer's revenue'' means the per acre revenue received for production from:

(I) Commodity Credit Corporation (CCC) deficiency payments;

(II) revenue from sales of the program crop in excess of any CCC price support loans received;

(III) crop insurance indemnity payments;

(IV) CCC price support loans; and

(V) CCC loan deficiency payments.

(2) GUARANTEED ADVANCED PAYMENTS FOR THE 1997 CROPS.—In the case of 1997 crops of wheat, feed grains, upland cotton, and rice, the Secretary shall provide to producers who participate in programs authorized by subsection (a) a nonrefundable advanced deficiency payment subject to paragraph (3) which shall equal the greater of—

(A) the advanced deficiency payment authorized by subsection (a); or

(B) the payment authorized in section 103(c)(1).

(3) LIMITATION.—In calculating deficiency payments in accordance with programs authorized in subsection (a), the Secretary shall deduct any payments received by the producer under paragraph (2) from the producer's deficiency payments.

(e) ACREAGE REDUCTION PROGRAMS.—In the case of price support programs authorized by subsection (a) for the 1996 and 1997 crops of wheat, feed grains, upland cotton, and rice, the Secretary shall set the acreage reduction level to be zero.

SEC. 103. SPECIAL FUNDS FOR DEFICIENCY PAYMENTS, AND CONSERVATION AND RURAL AMERICA.

(a) ACCOUNT.—Notwithstanding any other provision of law, the Commodity Credit Corporation shall transfer $ into a Deficiency Payment, Account (hereafter referred as ''Deficiency Account'') which shall remain available until expended for the purposes specified in this subsection and $ into a Conservation and Fund for Rural America Account (hereafter referred as ''Conservation and Rural America Account'') which shall remain available until expended.

(b) DEFICIENCY ACCOUNT.—

(1) Funds from the Deficiency Account shall be used for the following purposes:

(A) Advanced deficiency payments for 1996 crops of wheat, feed grain, upland cotton, and rice authorized by paragraph (2); and

(B) Any deficiency payments authorized by the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.) for 1995 crops of wheat, feed grains, upland cotton, and rice issued after date of enactment of this Act.

(1) PAYMENTS.—

(A) 1996—CROP ADVANCED DEFICIENCY PAYMENTS.—

(i) IN GENERAL.—The Secretary shall issue nonfundable advanced deficiency payments for the 1996 crops of wheat, feed grains, upland cotton, and rice to producers who participate in price support programs authorized in section 102 from the Account in accordance with the formula specified in clause (ii).

(ii) FORMULA.—The advanced deficiency payment rate for wheat, feed grains, upland cotton, and rice shall be the greater of—

(I) the 1995 advanced payment rate for the crop; or

(II) the 1996 advanced payment rate for the crop determined in accordance with section 102.

(c) CONSERVATION AND RURAL AMERICA ACCOUNT.—

(1) IN GENERAL.—Funds the Conservation and Rural America Account may be used to conduct programs as follows:

(A) CONSERVATION PROGRAMS.—The Secretary may conduct the Environmental Quality Incentive Program described in section 1201 of S. 1357 (as passed by the Senate on October 27, 1995); and

(B) FUND FOR RURAL AMERICA.—Notwithstanding any other provision of law, the Secretary may transfer funds from the Fund for Rural America to—

(i) rural development programs authorized by the Consolidated Farm and Rural Development Act; and

(ii) research programs authorized or reauthorized by Title XVI of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624) or by section 102 of this Act.

AMENDMENT NO. 3144

Strike all after the first word and insert:

SEC. 101 SHORT TITLE.

This Act may be cited as the ''Agricultural Extension Act of 1995''.

SEC. 102. AUTHORITY FOR 1996 AND 1997 AGRICULTURAL PROGRAMS.

(a) IN GENERAL.—Notwithstanding any other provision of law except as provided in this Act and the amendments made by this Act, the provisions of the Agricultural Adjustment of 1938 (7 U.S.C. 1281 et seq.), the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.), the Food Security Act of 1985 (Public Law 99–198), and the Food, Agriculture, Conservation and Trade Act of 1990 (Public Law 101–624) and each program that was authorized or reauthorized by any of the Acts, that were applicable on September 30, 1995, shall be applicable for 1996 and 1997.

(b) FLEXIBILITY.—Amend section 504 of the Agricultural Act of 1949 (7 U.S.C. 1464) by striking subsections (c), (d), and (e) and inserting the following:

''(c) NON-PAYMENT ACRES.—In the case of the 1996 and 1997 crops, any crop or conserving crop listed in subsection (b)(1) may be planted on the acres of a crop acreage base not eligible for payment under this Act.

''(d) LOAN ELIGIBILITY.—In the case of the 1996 and 1997 crops, producers on a farm with crop acreage base may plant any program crop on the crop acreage base and shall be eligible to receive purchases, loans, and loan deficiency payments for the program crop.''.

(c) FINDLEY ADJUSTMENT.—Amend the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.)—

(1) in section 105B(a)(3)—

(A) by striking subparagraph (C); and

(B) by redesignating subparagraphs (D) and (E) as subparagraphs (C) and (D).

(2) in section 107B(a)(3)—

(A) by striking subparagraph (C); and

(B) by redesignating subparagraphs (D) and (E) as subparagraphs (C) and (D).

(d) 1997 CROP PAYMENTS.—

(1) REVENUE PAYMENTS.—

(A) IN GENERAL.—In the case of the 1997 crops of wheat, feed grain, upland cotton, and rice in addition to payments authorized in subsection (a), the Secretary shall issue payments to producers who participate in price support programs authorized by subsection (a) in accordance with the formula described in subparagraph (B).

(B) FORMULA.—In accordance with subparagraph (A), the Secretary shall provide a payment per acre equal to the amount in which

the Average Revenue for the producer's farm, described in clause (i) exceeds the Producers' Revenue described in clause (ii) for each of the producer's payment acres.

(i) AVERAGE REVENUE.—For the purposes of this subparagraph, ''average revenue'' means the five year Olympic average price for the county for the program multiplied by the producer's program payment yield for the farm.

(ii) PRODUCER'S REVENUE.—For the purposes of this paragraph, the term ''producer's revenue'' means the per acre revenue received for production from:

(I) Commodity Credit Corporation (CCC) deficiency payments;

(II) revenue from sales of the program crop in excess of any CCC price support loans received;

(III) crop insurance indemnity payments;

(IV) CCC price support loans; and

(V) CCC loan deficiency payments.

(2) GUARANTEED ADVANCED PAYMENTS FOR THE 1997 CROPS.—In the case of 1997 crops of wheat, feed grains, upland cotton, and rice, the Secretary shall provide to producers who participate in programs authorized by subsection (a) a nonrefundable advanced deficiency payment subject to paragraph (3) which shall equal the greater of—

(A) the advanced deficiency payment authorized by subsection (a); or

(B) the payment authorized in section 103(c)(1).

(3) LIMITATION.—In calculating deficiency payments in accordance with programs authorized in subsection (a), the Secretary shall deduct any payments received by the producer under paragraph (2) from the producer's deficiency payments.

(e) ACREAGE REDUCTION PROGRAMS.—In the case of price support programs authorized by subsection (a) for the 1996 and 1997 crops of wheat, feed grains, upland cotton, and rice, the Secretary shall set the acreage reduction level to be zero.

SEC. 103. SPECIAL FUNDS FOR DEFICIENCY PAYMENTS, AND CONSERVATION AND RURAL AMERICA.

(a) ACCOUNT.—Notwithstanding any other provision of law, the Commodity Credit Corp shall transfer $ into a Deficiency Payment Account (hereafter referred to as ''Deficiency Account'') which shall remain available until expended for the purposes specified in this subsection and $ into a Conservation and Fund for Rural America Account (hereafter referred to as ''Conservation and Rural America Account'') which shall remain available until expended.

(b) DEFICIENCY ACCOUNT.—

(1) Funds from the Deficiency Account shall be used for the following purposes:

(A) Advanced deficiency payments for 1996 crops of wheat, feed grain, upland cotton, and rice authorized by paragraph (2); and

(B) Any deficiency payments authorized by the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.) for 1995 crops of wheat, feed grains, upland cotton, and rice issued after date of enactment of this Act.

(2) PAYMENTS.—

(A) 1996 CROP ADVANCED DEFICIENCY PAYMENTS.—

(i) *In general*.—The Secretary shall issue nonfundable advanced deficiency payments for the 1996 crops of wheat, feed grains, upland cotton, and rice to producers who participate in price support programs authorized in section 102 from the Account in accordance with the formula specified in clause (ii).

(ii) FORMULA.—The advanced deficiency payment rate for wheat, feed grains, upland cotton, and rice shall be the greater of—

(I) the 1995 advanced payment rate for the crop; or

(II) the 1996 advanced payment rate for the crop determined in accordance with section 102.

(c) CONSERVATION AND RURAL AMERICA ACCOUNT.—

(1) IN GENERAL.—Funds the Conservation and Rural America Account may be used to conduct programs as follows:

(A) CONSERVATION PROGRAMS.—The Secretary may conduct the Environmental Quality Incentive Program described in section 1201 of S. 1357 (as passed by the Senate on October 27, 1995); and

(B) FUND FOR RURAL AMERICA.—Notwithstanding any other provision of law, the Secretary may transfer funds from the Fund for Rural America to—

(i) rural development programs authorized by the Consolidated Farm and Rural Development Act; and

(ii) research programs authorized or reauthorized by title XVI of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624) or by section 102 of this Act.

KOHL AMENDMENT NO. 3145

(Ordered to lie on the table.)

Mr. KOHL submitted an amendment intended to be proposed by him to the bill S. 1541, supra; as follows:

On page 74, strike lines 5 through 24 and insert the following:

(B) by transferring sections 111 and 201(c) (7 U.S.C. 1445f and 1446(c)) to appear after section 304 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1304) and redesignating the transferred sections as sections 305 and 306, respectively; and

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

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

(c) CONFORMING AMENDMENTS.—

(1) Section 306 of the Agricultural Adjustment Act of 1938 (as transferred and redesignated by subsection (b)(1)(B)) is amended by striking ''section 204'' and inserting ''section _____01 of the Agricultural Market Transition Act of 1996''.

TITLE ____—DAIRY

Subtitle A—Milk Price Support and Other Activities

SEC. ___01. MILK PRICE SUPPORT PROGRAM.

(a) SUPPORT ACTIVITIES.—To replace the milk price support program established under section 204 of the Agricultural Act of 1949 (7 U.S.C. 1446e), which is repealed by section 19(b)(2)), the Secretary of Agriculture shall use the authority provided in this section to support the price of milk produced in the 48 contiguous States through the purchase of cheddar cheese produced from such milk. Until the first day of the first month beginning not less than 30 days after the date of the enactment of this Act, the Secretary also may support the price of milk under this section through the purchase of butter and nonfat dry milk produced from milk produced in the 48 contiguous States.

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

(1) During calendar year 1996, not less than $10.35.

(2) During calendar year 1997, not less than $10.25.

(3) During calendar year 1998, not less than $10.15.

(4) During calendar year 1999, not less than $10.05.

(5) During calendar year 2000, not less than $9.95.

(6) During calendar years 2001 and 2002, not less than $9.85.

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

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

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

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

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

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

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

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

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

(B) to the Secretary of the Army, at warehouses where milk products are stored, such milk products acquired under this section as the Secretary of the Army certifies can be utilized in order to provide additional milk products as a part of the ration—

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

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

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

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

(3) PROCESS.—The Secretary of Veterans Affairs and the Secretary of the Army shall

reimburse the Commodity Credit Corporation for all costs associated in making milk products available under this subsection.

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

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

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

(2) ending on December 31, 2002.

SEC. ___02. RECOURSE LOANS FOR COMMERCIAL PROCESSORS OF DAIRY PRODUCTS.

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

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

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

(d) DEFINITIONS.—In this section:

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

(2) The term ''reference price'' means—

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

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

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

SEC. ___03. DAIRY EXPORT INCENTIVE PROGRAM.

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

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

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

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

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

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

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

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

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

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

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

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

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

SEC. ___04. DAIRY PROMOTION PROGRAM.

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

(b) DEFINITIONS.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

''(2) The order shall provide that each importer of dairy products intended for consumption in the United States shall remit to the Board, in the manner prescribed by the order, an assessment equal to 1.2 cents per pound of total milk solids contained in the imported dairy products, or 15 cents per hundredweight of milk contained in the imported dairy products, whichever is less. If an importer can establish that it is participating in active, ongoing qualified State or regional dairy product promotion or nutrition programs intended to increase the consumption of milk and dairy products, the importer shall receive credit in determining the assessment due from that importer for contributions to such programs of up to .8 cents per pound of total milk solids contained in the imported dairy products, or 10 cents per hundredweight of milk contained in the imported dairy products, whichever is less. The assessment collected under this paragraph shall be used for the purpose specified in paragraph (1).''.

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

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

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

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

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

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

(h) IMPLEMENTATION OF AMENDMENTS.—

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

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

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

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

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

SEC. ___05. FLUID MILK STANDARDS UNDER MILK MARKETING ORDERS.

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

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

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

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

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

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

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

(d) EFFECT OF ENACTMENT.—The requirements imposed by this section shall supersede any conflicting requirements regarding fluid milk imposed pursuant to the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 301 et seq.).

SEC. ___06. MANUFACTURING ALLOWANCE.

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

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

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

(B) such allowance per hundredweight of milk as the Secretary of Agriculture may establish under section ___21(b)(3), for milk marketed after the end of such period; and

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

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

(B) such allowance per hundredweight of milk as the Secretary may establish under section ___21(b)(3), for milk marketed after the end of such period.

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

(1) Butter: 4.2 pounds.

(2) Nonfat dry milk: 8.613 pounds.

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

(4) Whey cream butter: .27 pounds.

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

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

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

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

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

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

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

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

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

(1) purchases under section ___01 of cheddar cheese produced in that State; and

(2) disbursements from the Class IV equalization pool under section ___08 to milk marketing orders operating in that State with respect to milk produced in that State.

(f) CONFORMING SUSPENSION AND REPEAL.—

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

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

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

SEC. ___07. ESTABLISHMENT OF TEMPORARY CLASS I PRICE AND TEMPORARY CLASS I EQUALIZATION POOLS.

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

(1) ESTABLISHMENT OF MINIMUM PRICE.—During the 2-year period beginning on the effective date of this section, the minimum price for milk of the highest use classification marketed under a marketing order issued under section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, shall not be less than the sum of—

(A) $12.87 per hundredweight; and

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

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

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

(b) CLASS I EQUALIZATION POOLS.—

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

(A) $0.80 per hundredweight; and

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

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

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

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

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

(c) ENFORCEMENT.—

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

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

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

(B) the support rate for milk in effect at the time of the violation under section ___01.

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

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

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

(f) IMPLEMENTATION.—Not later than the effective date of this section, the Secretary shall amend Federal milk marketing orders issued under section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, to effectuate the requirements of this section. The amendments shall not be—

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

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

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

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

SEC. ___08. ESTABLISHMENT OF TEMPORARY CLASS IV PRICE AND TEMPORARY CLASS IV EQUALIZATION POOL.

(a) TEMPORARY CLASSIFICATION OF CLASS IV MILK.—

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

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

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

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

(1) the sum of—

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

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

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

(d) OPERATION OF CLASS IV EQUALIZATION POOL.—

(1) APPLICATION OF SUBSECTION.—This subsection shall apply in any month in which the support price for milk under section ___01, adjusted to 3.5 percent butterfat, exceeds the Class IV price established under subsection (c).

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

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

(B) 50 percent of the amount by which the support price for milk under section ___01, adjusted to 3.5 percent butterfat, exceeded the Class IV price determined under subsection (c) for that month; and

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

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

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

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

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

(e) ENFORCEMENT.—

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

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

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

(B) the support rate for milk in effect at the time of the violation under section ___01.

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

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

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

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

(g) IMPLEMENTATION.—Not later than the start of the effective date of this section, the Secretary shall amend Federal milk marketing orders issued under section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, to effectuate the requirements of this section. The amendments shall not be—

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

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

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

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

SEC. ___09. AUTHORITY FOR ESTABLISHMENT OF STANDBY POOLS.

(a) AUTHORITY TO ESTABLISH.—As soon as possible after the effective date of this section, the Secretary of Agriculture shall publish in the Federal Register an invitation for interested persons to submit proposals for the establishment within Federal milk marketing orders issued under section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, of standby pools to facilitate the movement of milk over long distances during periods of shortage through the sharing of proceeds from sales of milk of the highest use classification due to producers under the order with producers shipping to plants regulated by another order to provide a reserve supply of milk in the other market.

(b) APPROVAL OR TERMINATION OF PARTICIPATION IN STANDBY POOL.—Order provisions under this section shall not become effective in any marketing order unless such provisions are approved by producers in the manner provided for the approval of marketing orders under section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, but separately from other order provisions. Standby pool provisions approved under this section in an

order may be disapproved separately by producers or terminated separately by the Secretary under section 8c(16)(B) of such Act. Such disapproval or termination shall not be considered to be a disapproval or termination of the other terms of that order.

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

Subtitle B—Reform of Federal Milk Marketing Orders

SEC. ___21. ISSUANCE OR AMENDMENT OF FEDERAL MILK MARKETING ORDERS TO IMPLEMENT CERTAIN REFORMS.

(a) ISSUANCE OF AMENDED ORDERS.—Subject to the time limits specified in section ___22, the Secretary of Agriculture shall issue new or amended marketing orders with respect to milk and its products under section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, to effectuate the requirements of subsection (b). The orders shall take effect on the date the orders are issued and shall supersede all other marketing orders and any other statutes, rules, and regulations that are applicable to the pricing and marketing of milk and its products in effect immediately before that date, whether under the authority of section 8c of such Act or a State or local law.

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

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

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

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

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

SEC. ___22. REFORM PROCESS.

(a) PROCESS.—In preparation for the issuance of the new or amended Federal milk marketing orders required under section ___21, the Secretary of Agriculture shall comply with the following expedited procedural requirements:

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

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

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

(b) REFERENDUM AND MARKETING AGREEMENT.—After the issuance of the new or amended Federal milk marketing orders under section ___21, the Secretary may conduct a referendum in the manner provided in section 8c(16)(B) of the Agricultural Adjustment Act (7 U.S.C. 608c(16)(B)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, with respect to each order to determine whether milk producers subject to the order favor the termination of the order.

(c) APPLICATION OF ADMINISTRATIVE PROCEDURES ACT.—The issuance of the new or amended Federal milk marketing orders required under section ___21 shall not be subject to rulemaking under title 5, United States Code.

(d) REVIEW AND APPROVAL.—The action of the Secretary under section ___21 shall not be subject to review or approval by any other executive agency.

SEC. ___23. EFFECT OF FAILURE TO COMPLY WITH REFORM PROCESS REQUIREMENTS.

(a) FAILURE TO TIMELY ISSUE OR AMEND ORDERS.—If, before the end of the 1-year period beginning on the date of the enactment of this Act, the Secretary of Agriculture does not issue new or amended Federal milk marketing orders under section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, to effectuate the requirements of section ___21(b), then the Secretary may not assess or collect assessments from milk producers or handlers under such section 8c for marketing order administration and services provided under such section after the end of that period. The Secretary may not reduce the level of services provided under such section on account of the prohibition against assessments, but shall rather cover the cost of marketing order administration and services through funds available for the Agricultural Marketing Service of the Department of Agriculture.

(b) FAILURE TO TIMELY IMPLEMENT ORDERS.—Unless the Secretary certifies to Congress before the end of the 2-year period beginning on the date of the enactment of this Act that all of the Federal marketing order reforms required by section ___21(b) have been fully implemented, then, effective at the end of that period—

(1) the Secretary shall immediately cease all price support activities under section ___01;

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

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

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

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

MOYNIHAN AMENDMENTS NOS. 3146–3147

(Ordered to lie on the table.)

Mr. MOYNIHAN submitted two amendments intended to be proposed by him to the bill S. 1541, supra; as follows:

AMENDMENT NO. 3146

At the appropriate place insert the following: ''Whenever the domestic price of raw sugar exceeds 115 percent of the loan rate, then the Secretary of Agriculture shall permit the importation of additional raw cane sugar from existing quota holders until he determines that such conditions no longer prevail in the market.''

AMENDMENT NO. 3147

At the appropriate place insert the following: ''Whenever the domestic price of raw sugar exceeds 115 percent of the loan rate, then the Secretary of Agriculture shall permit the importation of additional raw cane sugar from existing quota holders until he determines that such conditions no longer prevail in the market.''

WELLSTONE AMENDMENT NO. 3148

(Ordered to lie on the table.)

Mr. WELLSTONE submitted an amendment intended to be proposed by him to the bill S. 1541, supra; as follows:

SEC. 2. PAYMENT LIMITATION.

Section 15(b)(3) is amended by striking (A) and inserting the following:

''(A) by striking ''(a) PREVENTION OF CREATION OF ENTITIES'' and all that follows through ''(b) PAYMENTS LIMITED TO ACTIVE FARMERS.—''

BRYAN AMENDMENTS NOS. 3149–3152

(Ordered to lie on the table.)

Mr. BRYAN submitted four amendments intended to be proposed by him to the bill S. 1541, supra; as follows:

AMENDMENT NO. 3149

On page 88, line 10, strike ''$100,000,000'' and insert ''$2,000,000''.

AMENDMENT NO. 3150

On page 88, line 10, strike ''$100,000,000'' and insert ''$70,000,000''.

AMENDMENT NO. 3151

Strike the section 17 beginning on page 65, line 21 through page 72, line 8.

AMENDMENT NO. 3152

Strike the section 16 beginning on page 49, line 13 through page 65, line 20.

BROWN (AND REID) AMENDMENT NO. 3153

(Ordered to lie on the table.)

Mr. BROWN (for himself and Mr. REID) submitted an amendment intended to be proposed by them to the bill S. 1541, supra; as follows:

At the appropriate place, insert the following:

(a) None of the funds appropriated or made available to the Federal Drug Administration shall be used to operate the Board of Tea Experts and related activities.

(b) The Tea Importation Act (21 U.S.C. 41 et seq.) is repealed.

BROWN AMENDMENTS NOS. 3154–3158

(Ordered to lie on the table.)

Mr. BROWN submitted five amendments intended to be proposed by him to the bill S. 1541, supra; as follows:

AENDMENT NO. 3154

In subsection (g) of the section relating to peanuts—

(1) in paragraph (2)(A), strike ''paragraphs (3) and (4)'' and insert ''paragraphs (4) and (5)'';

(2) redesignate paragraphs (3), (4), (5), and (6) as paragraphs (4), (5), (6), and (7), respectively; and

(3) insert after paragraph (2) the following:

(3) ADDITIONAL MARKETING ASSESSMENT TO COVER EXPENSES OF THE SECRETARY.—In addition to the marketing assessment required under the other provisions of his subsection, the Secretary shall charge producers a marketing assessment applicable to each crop of peanuts to cover the costs of the salaries of the employees, and the expenses, of the Consolidated Farm Service Agency in carrying out the program established under this section.

AMENDMENT NO. 3155

At the appropriate place in title I, insert the following:

SEC. . ADDITIONAL TOBACCO MARKETING ASSESSMENT TO COVER EXPENSES OF THE SECRETARY.

Section 315(g) of the Agricultural Adjustment Act of 1938 (as transferred and redesignated by section 19(b)(1)(A)) is amended—

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

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

''(2) ADDITIONAL MARKETING ASSESSMENT TO COVER EXPENSES OF THE SECRETARY.—In addition to the marketing assessment required under paragraph (1), the Secretary shall charge producers, purchasers, and importers of tobacco a marketing assessment applicable to each crop of tobacco to cover the costs of the salaries of the employees, and the expenses, of the Consolidated Farm Service Agency in carrying out the program under this section.''.

AMENDMENT NO. 3156

At the appropriate place, insert the following:

SEC. . AGRICULTURAL PAYMENTS.

(a) None of the funds authorized under this Act shall be used to make any payments described in this Act to individuals with an annual net taxable income of more than $120,000 or corporations with an annual net taxable income of more than $5,000,000.

(b) CERTIFICATION.—

(1) INDIVIDUALS.—The Secretary of Agriculture shall certify to the appropriate committees of the Congress that no individuals receiving payments under this Act had an annual net taxable income greater than $120,000 in the previous tax year.

(2) CORPORATIONS.—The Secretary of Agriculture shall certify to the appropriate committees of the Congress that no corporations receiving payments under this Act had an annual net taxable income greater than $5,000,000 in the previous tax year.

(c) Subsection (a) and (b) shall not apply to any existing subsidy contracts.

AMENDMENT NO. 3157

At the appropriate place, insert:

SEC. . PEANUT PROGRAM.

(a) IN GENERAL.—Each year the Secretary of Agriculture shall calculate the costs, including expenses and salaries of the employees, to the Consolidated Farm Services Agency in order to administer the peanut program.

(b) ASSESSMENT.—The Secretary, based on these findings, shall raise the current marketing assessment to a level sufficient to cover all costs of the peanut program.

AMENDMENT NO. 3158

At the appropriate place, insert the following:

SEC. . TOBACCO PROGRAM.

(a) IN GENERAL.—Each year the Secretary of Agriculture shall calculate the costs, including expenses and salaries of the employees, to the Consolidated Farm Services Agency in order to administer the tobacco program.

(b) ASSESSMENT.—The Secretary, based on these findings, shall raise the current marketing assessment to a level sufficient to cover all costs of the tobacco program. The cost of the tobacco program shall not be offset by any revenues raised through tariffs imposed under the Uruguay Round Agreements Act (Public Law 103–465) on imports of tobacco or tobacco products into the United States.

FEINGOLD AMENDMENT NO. 3159

(Ordered to lie on the table.)

Mr. FEINGOLD submitted an amendment intended to be proposed by them to the bill S. 1541, supra; as follows:

On page 95, after line 10, add the following:

SEC. 7. COMPETITIVE MATCHING GRANT PROGRAM FOR APPLIED RESEARCH.

(a) PURPOSE.—The purpose of this section is to convert the current special grants program administered by the Secretary under subsection (c) of the Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 4501(c)) into a competitive matching grant program for applied research in coordination with the research priorities outlined in section 1402 of the National Agricultural Research Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101).

(b) TITLE CHANGES.—The Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 450i) is amended—

(1) In the section heading, by striking '', SPECIAL, AND FACILITIES'' AFTER ''COMPETITIVE'';

(2) In subsection (a)(2), by striking '', Special, and Facilities'' after ''Competitive''; and

(3) In the heading of subsection (b) by striking ''Competitive'' and inserting ''National research initiative''.

(c) COMPETITIVE GRANT PROGRAM FOR APPLIED RESEARCH.—Section 2(c) (7 U.S.C. 450i(c) is amended—

(1) In the heading, by striking ''SPECIAL GRANTS'' and inserting ''COMPETITIVE GRANTS FOR APPLIED RESEARCH'';

(2) In paragraph (1) by striking ''grants,'' and all that follows, including subparagraphs (A) and (B), and inserting ''competitive grants for applied research in the research priority areas identified in section 1402 of National Agricultural Research, Extension and Teaching Policy Act of 1977.'';

(3) In paragraph (3), by striking all that follows ''Matching Funds.—'' and inserting ''The Secretary may establish such matching requirements for grants made pursuant to this section as the Secretary deems appropriate. Such matching requirements established by the Secretary may be met with unreimbursed indirect costs and in-kind contributions, except that the Secretary may include and evaluation preference for projects for which the applicant proposes funds for the direct costs of the project to meet the required match.''; and

(4) In paragraph (4), by striking all text after ''(4)'' and inserting ''Eligible Institutions.—For purposes of this subsection, ''eligible institutions'' means State agricultural experiment stations, land-grant colleges and universities, research foundations established by land-grant colleges and universities, colleges and universities receiving funds under the Act of October 10, 1962 (16 U.S.C. 582a, *et seq.*), and accredited schools or colleges of veterinary medicine.''.

WELLSTONE AMENDMENT NO. 3160

(Ordered to lie on the table.)

Mr. WELLSTONE submitted an amendment intended to be proposed by them to the bill S. 1541, supra; as follows:

On page 11 strike all beginning on line 3 through the end of page 48 and insert the following:

(A) For fiscal year 1996, $5,430,000,000.
(B) For fiscal year 1997, $5,245,000,000.
(C) For fiscal year 1998, $5,660,000,000.
(D) For fiscal year 1999, $5,463,000,000.
(E) For fiscal year 2000, $4,990,000,000.
(F) For fiscal year 2001, $3,990,000,000.
(G) For fiscal year 2002, $3,868,000,000.

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

(A) For wheat, 26.26 percent.
(B) For corn, 46.22 percent.
(C) For grain sorghum, 5.11 percent.
(D) For barley, 2.16 percent.
(E) For oats, 0.15 percent.
(F) For upland cotton, 11.63 percent.
(G) For rice, 8.47 percent.

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

(A) subtracting an amount equal to the amount, if any, necessary to satisfy payment requirements under sections 101B, 103B, 105B, and 107B of the Agricultural Act of 1949 (as in effect prior to the amendment made by section 19(b)(2)) for the 1994 and 1995 crops of the commodity;

(B) adding an amount equal to the sum of all repayments of deficiency payments received under section 114(a)(2) of the Act (as so in effect) for the commodity;

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

(D) adding an amount equal to the sum of all refunds of contract payments received during the preceding fiscal year under subsection (h) for the commodity.

(f) DETERMINATION OF CONTRACT PAYMENTS.—

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

(A) 85 percent of the contract acreage; and

(B) the farm program payment yield.

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

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

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

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

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

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

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

(5) ASSIGNMENT OF CONTRACT PAYMENTS.—The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to contract payments under this subsection. The owner or operator making the assignment, or the assignee, shall provide the Secretary with notice, in such manner as the Secretary may require in the contract, of any assignment made under this paragraph.

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

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

(h) EFFECT OF VIOLATION.—

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

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

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

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

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

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

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

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

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

(j) PLANTING FLEXIBILITY.—

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

(2) LIMITATIONS.—

(A) HAYING AND GRAZING.—

(i) TIME LIMITATIONS.—Haying and grazing on land exceeding 15 percent of the contract acreage on a farm as provided in clause (iii) shall be permitted, except during any consecutive 5-month period between April 1 and October 31 that is determined by the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for a State. In the case of a natural disaster, the Secretary may permit unlimited haying and grazing on the contract acreage of a farm.

(ii) CONTRACT COMMODITIES.—A contract commodity may be hayed or grazed on contract acreage on a farm without limitation.

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

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

(C) FRUITS AND VEGETABLES.—

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

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

SEC. 14. NONRECOURSE MARKETING ASSISTANCE LOANS AND LOAN DEFICIENCY PAYMENTS.

(a) AVAILABILITY OF NONRECOURSE LOANS.—

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

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

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

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

(b) LOAN RATES.—

(1) WHEAT.—

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

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

(ii) not more than $3.25 per bushel.

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

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

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

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

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

(2) FEED GRAINS.—

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

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

(ii) not more than $2.25 per bushel.

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

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

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

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

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

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

(3) UPLAND COTTON.—

(A) LOAN RATE.—Subject to subparagraph (B), the loan rate for a marketing assistance loan for upland cotton shall be established by the Secretary at such loan rate, per pound, as will reflect for the base quality of upland cotton, as determined by the Secretary, at average locations in the United

States a rate that is not less than the smaller of—

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

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

(B) LIMITATIONS.—The loan rate for a marketing assistance loan for upland cotton shall not be less than $0.50 per pound or more than $0.60 per pound.

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

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

(B) not more than $0.7965 per pound.

(5) RICE.—The loan rate for a marketing assistance loan for rice shall be $7.00 per hundredweight.

(6) OILSEEDS.—

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

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

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

(c) TERM OF LOAN.—In the case of each loan commodity (other than upland cotton or extra long staple cotton), a marketing assistance loan under subsection (a) shall have a term of 9 months beginning on the first day of the first month after the month in which the loan is made. A marketing assistance loan for upland cotton or extra long staple cotton shall have a term of 10 months beginning on the first day of the first month after the month in which the loan is made. The Secretary may not extend the term of a marketing assistance loan for any loan commodity.

(d) REPAYMENT.—

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

(A) minimize potential loan forfeitures;

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

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

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

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

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

(B) the prevailing world market price for upland cotton, oilseeds and rice, respectively (adjusted to United States quality and location), as determined by the Secretary.

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

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

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

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

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

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

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

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

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

(i) The United States share of world exports.

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

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

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

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

(ii) the Northern Europe price.

(e) LOAN DEFICIENCY PAYMENTS.—

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

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

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

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

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

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

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

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

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

(1) COTTON USER MARKETING CERTIFICATES.—

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

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

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

(B) VALUE OF CERTIFICATES OR PAYMENTS.—The value of the marketing certificates or cash payments shall be based on the amount of the difference (reduced by 1.25 cents per pound) in the prices during the 4th week of the consecutive 4-week period multiplied by the quantity of upland cotton included in the documented sales.

(C) ADMINISTRATION OF MARKETING CERTIFICATES.—

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

(ii) DESIGNATION OF COMMODITIES AND PRODUCTS.—To the extent practicable, the Secretary shall permit owners of certificates to designate the commodities and products, including storage sites, the owners would prefer to receive in exchange for certificates. If any certificate is not presented for redemption, marketing, or exchange within a reasonable number of days after the issuance of the certificate (as determined by the Secretary), reasonable costs of storage and other carrying charges, as determined by the Secretary, shall be deducted from the value of the certificate for the period beginning after the reasonable number of days and ending with the date of the presentation of the

certificate to the Commodity Credit Corporation.

(iii) TRANSFERS.—Marketing certificates issued to domestic users and exporters of upland cotton may be transferred to other persons in accordance with regulations issued by the Secretary.

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

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

(2) SPECIAL IMPORT QUOTA.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(D) DEFINITIONS.—In this subsection:

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

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

(II) production of the current crop; and

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

(ii) DEMAND.—The term ''demand'' means—

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

(II) the larger of—

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

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

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

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

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

(h) SOURCE OF LOANS.—

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

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

(i) ADJUSTMENTS OF LOANS.—

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

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

(j) PERSONAL LIABILITY OF PRODUCERS FOR DEFICIENCIES.—

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

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

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

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

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

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

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

(k) COMMODITY CREDIT CORPORATION SALES PRICE RESTRICTIONS.—

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

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

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

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

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

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

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

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

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

(3) PRESIDENTIAL DISASTER AREAS.—

(A) IN GENERAL.—Notwithstanding paragraph (1), on such terms and conditions as the Secretary may consider in the public interest, the Corporation may make available

any commodity or product owned or controlled by the Corporation for use in relieving distress—

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

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

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

(i) the storage of the commodity; and

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

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

SEC. 15. PAYMENT LIMITATIONS.

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

''(1) LIMITATION ON PAYMENTS UNDER PRODUCTION FLEXIBILITY CONTRACTS.—The total amount of contract payments made under section 13 of the Agricultural Market Transition Act to a person under 1 or more production flexibility contracts during any fiscal year may not exceed $40,000.

''(2) LIMITATION ON MARKETING LOAN GAINS AND LOAN DEFICIENCY PAYMENTS.—

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

''(B) DESCRIPTION OF PAYMENTS.—The payments referred to in subparagraph (A) are the following:

''(i) Any gain realized by a producer from repaying a marketing assistance loan for a crop of any loan commodity at a lower level than the original loan rate established for the commodity under section 14(b) of the Act.

''(ii) Any loan deficiency payment received for a loan commodity under section 14(e) of the Act.''.

(b) CONFORMING AMENDMENTS.—

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

(A) by redesignating paragraphs (5), (6), and (7) as paragraphs (3), (4), and (5), respectively; and

(B) in the second sentence of paragraph (3)(A) (as so redesignated), by striking ''paragraphs (6) and (7)'' and inserting ''paragraphs (4) and (5)''.

(2) Section 1305(d) of the Agricultural Reconciliation Act of 1987 (Public Law 100–203; 7 U.S.C. 1308 note) is amended by striking ''paragraphs (5) through (7) of section 1001, as amended by this subtitle,'' and inserting ''paragraphs (3) through (5) of section 1001,''.

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

''(A) by striking ''(a) PREVENTION OF CREATION OF ENTITIES'' and all that follows through ''(b) PAYMENTS LIMITED TO ACTIVE FARMERS.''.

REID (AND BROWN) AMENDMENT NO. 3161

(Ordered to lie on the table.)

Mr. REID (for himself and Mr. BROWN) submitted an amendment intended to be proposed by them to the bill S. 1541, supra; as follows:

At the appropriate place in the bill insert the following:

SEC. . TEA IMPORTATION.

(A) PROHIBITION OF FUNDING.—None of the funds appropriated or made available to the Food and Drug Administration shall be used to operate the Board of Tea Experts and related activities.

(b) REPEAL OF THE TEA IMPORTATION ACT.—The Act entitled ''An Act To prevent the importation of impure and unwholesome tea'', approved March 2, 1897 (commonly known as the Tea Importation Act; 21 U.S.C. 41 et seq.), is repealed.

(c) EFFECTIVE DATE.—This section shall take effect on the date of enactment of this Act.

FEINGOLD AMENDMENTS NOS. 3162—3166

(Ordered to lie on the table.)

Mr. FEINGOLD submitted five amendments intended to be proposed by him to the bill S. 1541, supra; as follows:

AMENDMENT NO. 3162

At the appropriate place in the miscellaneous title, insert the following:

Subtitle ___—Agricultural Promotion Accountability

SEC. ___1. SHORT TITLE.

This subtitle may be cited as the ''Agricultural Promotion Accountability Act of 1996''.

SEC. ___2. PURPOSE.

The purpose of this subtitle is to make agricultural promotion boards and councils more responsive to producers whose mandatory assessments support the activities of such boards and councils, to improve the representation and participation of such producers on such boards and councils, to ensure the independence of such boards and councils, to ensure the appropriate use of promotion funds, and to prevent legislatively authorized agricultural promotion and research boards from using mandatory assessments to directly or indirectly influence legislation or governmental action or policy.

SEC. ___3. DEFINITIONS.

In this subtitle:

(1) INFLUENCING LEGISLATION OR GOVERNMENTAL ACTION OR POLICY.—The term ''influencing legislation or governmental action or policy'' includes—

(A) establishing, administering, contributing to, or paying the expenses of a political party campaign, political action committee, or other organization established for the purpose of influencing the outcome of an election;

(B) attempting to influence—

(i) the outcome of any Federal, State or local election, referendum, initiative, or similar procedure through a cash contribution, in-kind contribution, endorsement, publicity or public relations activity or similar activity;

(ii) the introduction, modification, or enactment of any Federal or State legislation or signature or veto of any enrolled Federal or State legislation, including through—

(I) communication with any member or employee of a legislative body or agency or with any governmental official or employee who may participate in the formulation of the legislation, including engaging State or local officials in similar activity (not including a communication to an appropriate government official in response to a written request by the official for factual, scientific, or technical information relating to the conduct, implementation, or results of promotion, research, consumer information and education, industry information, or producer information activities under a promotion program);

(II) planning, preparing, funding, or distributing any publicity or propaganda to affect the opinion of the general public or a segment of the public in connection with a pending legislative matter; or

(III) urging members of the general public or any segment of the general public to contribute to, or participate in, any mass demonstration, march, rally, fund-raising drive, lobbying campaign, letter-writing campaign, or telephone campaign in connection with a pending legislative matter;

(C) carrying out a legislative liaison activity, including attendance at a legislative session or committee hearing to gather information regarding legislation or to analyze the effect of legislation, if the activity is carried on in support of, or in knowing preparation for, an effort to influence legislation or government action or policy;

(D) carrying out an opinion survey of the general public or a segment of the public, general research, or information gathering, if carried out in support of, or in knowing preparation for, an effort to influence legislation or government action or policy; or

(E) attempting to influence any agency action or agency proceeding, as the terms are defined in section 551 of title 5, United States Code, through—

(i) communication with any government official or employee who may participate in the action or proceeding (not including a communication to an appropriate government official in response to a written request by the official for factual, scientific, or technical information relating to the conduct, implementation, or results of promotion, research, consumer information or education, or industry information of producer information activities under a promotion program);

(ii) planning, preparing, funding, or distributing any publicity or propaganda to affect the opinions of the general public or any segment of the general public in connection with the action or proceeding; or

(iii) urging members of the general public or any segment of the general public to contribute to, or participate in, any mass demonstration, march, rally, fundraising drive, lobbying campaign, letter-writing campaign, or telephone campaign in connection with the action or proceeding.

(2) PROMOTION PROGRAM.—The term ''promotion program'' means—

(A) the cotton research and promotion program established under the Cotton Research and Promotion Act (7 U.S.C. 2101 et seq.);

(B) the potato research, development, advertising, and promotion program established under the Potato Research and Promotion Act (7 U.S.C. 2611 et seq.);

(C) the egg research, consumer and producer education, and promotion program established under the Egg Research and Consumer Information Act (7 U.S.C. 2701 et seq.);

(D) the beef promotion and research program established under the Beef Research and Information Act (7 U.S.C. 2901 et seq.);

(E) the wheat research and nutrition education program established under the Wheat

and Wheat Foods Research and Nutrition Education Act (7 U.S.C. 3401 et seq.);

(F) the dairy promotion program established under the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4501 et seq.);

(G) the honey research, promotion, and consumer education program established under the Honey Research, Promotion, and Consumer Information Act (7 U.S.C. 4601 et seq.);

(H) the pork promotion, research, and consumer information program established under the Pork Promotion, Research, and Consumer Information Act (7 U.S.C. 4801 et seq.);

(I) the watermelon research, development, advertising, and promotion program established under the Watermelon Research and Promotion Act (7 U.S.C. 4901 et seq.);

(J) the pecan promotion, research, industry information, and consumer information program established under the Pecan Promotion and Research Act of 1990 (7 U.S.C. 6001 et seq.);

(K) the mushroom promotion, research, and consumer and industry information program established under the Mushroom Promotion, Research, and Consumer Information Act of 1990 (7 U.S.C. 6101 et seq.);

(L) the lime research, promotion, and consumer information program established under the Lime Research, Promotion, and Consumer Information Act of 1990 (7 U.S.C. 6201 et seq.);

(M) the soybean promotion, research, consumer information, and industry information program established under the Soybean Promotion, Research, and Consumer Information Act (7 U.S.C. 6301 et seq.);

(N) the fluid milk advertising and promotion program established under the Fluid Milk Promotion Act of 1990 (7 U.S.C. 6401 et seq.);

(O) the flowers and greens promotion, consumer information, and related research program established under the Fresh Cut Flowers and Fresh Cut Greens Promotion and Information Act of 1993 (7 U.S.C. 6801 et seq.);

(P) the sheep promotion, research, consumer information, education, and industry information program established under the Sheep Promotion, Research, and Information Act of 1994 (7 U.S.C. 7101 et seq.); and

(Q) any other coordinated program of promotion, research, industry information, and consumer information that is funded by mandatory assessments on producers and designed to maintain and expand markets and uses for an agricultural commodity, as determined by the Secretary.

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

SEC. ___4. INFLUENCING LEGISLATION OR GOVERNMENTAL ACTION OR POLICY.

(a) IN GENERAL.—A board or council established by a promotion program may not use any funds collected by the board or council for the purpose of directly or indirectly influencing legislation or governmental action or policy, except for the development and recommendation of amendments to the promotion program to the Secretary.

(b) CONFORMING AMENDMENTS.—

(1) COTTON.—Section 7(h) of the Cotton Research and Promotion Act (7 U.S.C. 2106(h)) is amended by striking ''influencing governmental policy or action'' and inserting ''directly or indirectly influencing legislation or governmental action or policy (as defined in section ___3(1) of the Agricultural Promotion Accountability Act of 1996)''.

(2) POTATOES.—Section 308(f)(3) of the Potato Research and Promotion Act (7 U.S.C. 2617(f)(3)) is amended by striking ''influencing governmental policy or action'' and inserting ''directly or indirectly influencing legislation or governmental action or policy (as defined in section ___3(1) of the Agricultural Promotion Accountability Act of 1996)''.

(3) EGGS.—Section 8(h) of the Egg Research and Consumer Information Act (7 U.S.C. 2707) is amended by striking ''influencing governmental policy or action'' and inserting ''directly or indirectly influencing legislation or governmental action or policy (as defined in section ___3(1) of the Agricultural Promotion Accountability Act of 1996)''.

(4) BEEF.—Section 5(10) of the Beef Research and Information Act (7 U.S.C. 2904(10)) is amended—

(A) by striking ''influencing governmental action or policy'' and inserting ''directly or indirectly influencing legislation or governmental action or policy (as defined in section ___3(1) of the Agricultural Promotion Accountability Act of 1996)''; and

(B) by inserting ''to the Secretary'' before the period at the end.

(5) WHEAT.—Section 1706(i) of the Wheat and Wheat Foods Research and Nutrition Education Act (7 U.S.C. 3405(i)) is amended by striking ''influencing governmental policy or action'' and inserting ''directly or indirectly influencing legislation or governmental action or policy (as defined in section ___3(1) of the Agricultural Promotion Accountability Act of 1996)''.

(6) DAIRY.—Section 113(j) of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4504(j)) is amended by striking ''influencing governmental policy or action'' and inserting ''directly or indirectly influencing legislation or governmental action or policy (as defined in section ___3(1) of the Agricultural Promotion Accountability Act of 1996),''.

(7) HONEY.—Section 7(h) of the Honey Research, Promotion, and Consumer Information Act (7 U.S.C. 4606(h)) is amended by striking ''influencing governmental policy or action'' and inserting ''directly or indirectly influencing legislation or governmental action or policy (as defined in section ___3(1) of the Agricultural Promotion Accountability Act of 1996)''.

(8) PORK.—Section 1620(e) of the Pork Promotion, Research, and Consumer Information Act (7 U.S.C. 4809(e)) is amended by striking ''influencing legislation'' and all that follows through the period at the end and inserting the following: ''directly or indirectly influencing legislation or governmental action or policy (as defined in section ___3(1) of the Agricultural Promotion Accountability Act of 1996), except to recommend amendments to the order to the Secretary.''.

(9) WATERMELONS.—Section 1647(g)(3) of the Watermelon Research and Promotion Act (7 U.S.C. 4906(g)(3)) is amended by striking ''influencing governmental policy or action'' and inserting ''directly or indirectly influencing legislation or governmental action or policy (as defined in section ___3(1) of the Agricultural Promotion Accountability Act of 1996)''.

(10) PECANS.—Section 1910(g)(1) of the Pecan Promotion and Research Act of 1990 (7 U.S.C. 6005(g)(1)) is amended—

(A) in the matter preceding paragraph (1)—

(i) by striking ''to,'' and inserting ''for the purpose of,''; and

(ii) by striking ''to—'' and inserting ''for the purpose of—'';

(B) in paragraph (1), by striking ''influence legislation or governmental action'' and inserting ''directly or indirectly influencing legislation or governmental action or policy (as defined in section ___3(1) of the Agricultural Promotion Accountability Act of 1996)'';

(C) in paragraph (2), by striking ''engage'' and inserting ''engaging''; and

(D) in paragraph (3), by striking ''engage'' and inserting ''engaging''.

(11) MUSHROOMS.—Section 1925(h) of the Mushroom Promotion, Research, and Consumer Information Act of 1990 (7 U.S.C. 6104(h)) is amended by striking ''influencing legislation or governmental action or policy'' and inserting ''directly or indirectly influencing legislation or governmental action or policy (as defined in section ___3(1) of the Agricultural Promotion Accountability Act of 1996)''.

(12) LIMES.—Section 1955(g) of the Lime Research, Promotion, and Consumer Information Act of 1990 (7 U.S.C. 6204(g)) is amended by striking ''influencing legislation or governmental policy or action'' and inserting ''directly or indirectly influencing legislation or governmental action or policy (as defined in section ___3(1) of the Agricultural Promotion Accountability Act of 1996)''.

(13) SOYBEANS.—Section 1969(p) of the Soybean Promotion, Research, and Consumer Information Act (7 U.S.C. 6304(p) is amended—

(A) in paragraph (1), by striking ''influencing legislation or governmental action or policy'' and inserting ''directly or indirectly influencing legislation or governmental action or policy (as defined in section ___3(1) of the Agricultural Promotion Accountability Act of 1996)''; and

(B) in paragraph (2)—

(i) in subparagraph (A), by inserting ''to the Secretary'' before the semicolon; and

(ii) in subparagraph (B), by inserting '', in response to a request made by the officials,'' after ''officials''.

(14) MILK.—Section 1999H(j)(1) of the Fluid Milk Promotion Act of 1990 (7 U.S.C. 6407(j)(1)) is amended by striking ''influencing legislation or governmental action or policy'' and inserting ''directly or indirectly influencing legislation or governmental action or policy (as defined in section ___3(1) of the Agricultural Promotion Accountability Act of 1996)''.

(15) FLOWERS AND GREENS.—Section 5(i) of the Fresh Cut Flowers and Fresh Cut Greens Promotion and Information Act of 1993 (7 U.S.C. 6804(i)) is amended by striking ''influencing legislation or government action or policy'' and inserting ''directly or indirectly influencing legislation or governmental action or policy (as defined in section ___3(1) of the Agricultural Promotion Accountability Act of 1996)''.

(16) SHEEP.—Section 5(l)(1) of the Sheep Promotion, Research, and Information Act of 1994 (7 U.S.C. 7104(l)(1)) is amended by striking ''influencing legislation or government action or policy'' and inserting ''directly or indirectly influencing legislation or governmental action or policy (as defined in section ___3(1) of the Agricultural Promotion Accountability Act of 1996)''.

SEC. ___5. PROMOTING THE IMAGE OF AN INDUSTRY PROHIBITED.

(a) IN GENERAL.—A board or council established by a promotion program may not use any funds collected by the board or council for the purpose of enhancing the image of an industry, except that the board or council may promote the image of a product with the express intent of stimulating demand for and sales of an agricultural product in the marketplace.

(b) CONFORMING AMENDMENTS.—

(1) BEEF.—Section 3(9) of the Beef Research and Information Act (7 U.S.C. 2902(9)) is amended by striking '', increased efficiency'' and all that follows through ''industry'' and inserting ''and increased efficiency''.

(2) PECANS.—Section 1907(12) of the Pecan Promotion and Research Act of 1990 (7 U.S.C. 6002(12)) is amended by striking '', increased efficiency'' and all that follows through ''industry'' and inserting ''and increased efficiency''.

(3) MUSHROOMS.—Section 1923(7) of the Mushroom Promotion, Research, and

Consumer Information Act of 1990 (7 U.S.C. 6103(7)) is amended by striking '', increased efficiency'' and all that follows through ''industry'' and inserting ''and increased efficiency''.

(4) SOYBEANS.—Section 1967(7) of the Soybean Promotion, Research, and Consumer Information Act (7 U.S.C. 6302(7)) is amended by striking '', and activities'' and all that follows through ''industry''.

SEC. ___6. LIMITATIONS ON CONTRACTING.

(a) PERMITTED CONTRACTS OR AGREEMENTS.—Notwithstanding any other provision of law, a board or council established by a promotion program shall not be limited to contracting with, or entering into an agreement with, an established national nonprofit industry-governed organization.

(b) COMPETITIVE BIDDING.—It is the policy of Congress that boards and councils should, to the extent practicable, use competitive bidding in the awarding of contracts and grants for activities authorized under a promotion program.

(c) INDEPENDENCE OF BOARDS AND COUNCILS.—

(1) APPLICATIONS AND RECOMMENDATIONS NOT BINDING.—Notwithstanding any other provision of law, a board or council established by a promotion program shall not be bound by a proposed application for a board or council contract or a recommendation or advice of a potential contractor or a national nonprofit industry-governed organization on the use of board or council receipts.

(2) INTERLOCKING BOARDS OR MEMBERSHIP.—Notwithstanding any other provision of law, no person shall be eligible to be a member of any board or council established by a promotion program (including operating and nominating committees) if the person serves in any decision making capacity, such as that of a member of the board of directors, executive committee, or other committee, for an entity that enters into a contract or other agreement with the board or council.

(3) REQUIREMENTS FOR CONTRACTING.—A contractor or grantee of a board or council may not use funds collected through mandatory assessments under a promotion program to fund any staff (including expenses or other activities of the staff) who, in part, engage in 1 or more activities to influence legislation or governmental action or policy.

(d) PRODUCER APPROVAL OF RELATIONSHIPS WITH BOARDS OR COUNCILS.—

(1) IN GENERAL.—Except as provided in paragraph (2) and notwithstanding any other provision of law, the entering into of a permanent cooperative arrangement or the establishment of a joint committee (including an arrangement that is advisory in nature) by a board or council established by a promotion program with a national nonprofit industry-governed organization shall require the prior approval of at least ⅔ of the eligible producers under the promotion program.

(2) EXCEPTION.—Paragraph (1) shall not apply to a cooperative arrangement or joint committee—

(A) that was established prior to January 1, 1995; or

(B) that includes representatives or participation from all producer-, processor-, or handler-governed national nonprofit organizations (including general farm organizations) that represent any but an insignificant number of producers, processors, or handlers paying assessments under the promotion program to the board or council, as determined by the Secretary.

(3) PERMANENT COOPERATIVE ARRANGEMENT.—In this subsection, the term ''permanent cooperative arrangement'' means a formal or informal, written or unwritten agreement or understanding establishing a relationship, a liaison, a sole source contract, or an operational mechanism under which a board or council shares staff, facilities, or other resources or carries out coordinated activities with any entity on a more or less permanent and exclusive basis.

(e) FUNGIBILITY OF BOARD OR COUNCIL FUNDS.—

(1) IN GENERAL.—The Inspector General of the Department of Agriculture shall conduct an annual review of contractual arrangements between each board or council established by a promotion program and any entity or association that engages in activities to influence legislation or governmental action or policy and receives a significant amount of funding from the board or council as determined by the Secretary.

(2) SCOPE OF REVIEW.—A review under paragraph (1) shall examine whether any funds collected by the board or council are used to directly or indirectly fund or subsidize an entity or association that engages in influencing legislation or governmental action or policy.

(3) REPORT.—The Secretary shall submit a report on the findings of any review under this subsection and make recommendations for any actions that should be taken as a result of the findings to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

SEC. ___7. PERIODIC REFERENDA.

(a) IN GENERAL.—Notwithstanding any other provision of law, not less than 4 nor more than 6 years after the date of enactment of this Act or the date on which the Secretary determines the results of the most recent referendum for a promotion program, whichever is earlier, and not less than once every 5 years thereafter, the Secretary shall conduct a referendum to determine whether to approve or terminate the order under the promotion program and whether refunds should be made under the order.

(b) PROCEDURE.—The referendum under subsection (a) shall be conducted using the same eligibility and other procedures as the referendum used to approve the original order under the promotion program, except that, notwithstanding any other provision of law, no greater than a simple majority of eligible producers shall be required to approve the making of refunds to producers.

(c) TERMINATION.—

(1) IN GENERAL.—If the percentage of persons voting to approve the order does not equal or exceed the percentage of persons necessary to approve the continuation of the original order under the promotion program, the Secretary shall terminate the order.

(2) TIME OF TERMINATION.—The Secretary shall terminate the order at the end of the marketing year during which the referendum is conducted.

(d) REFUNDS.—If the making of refunds is approved in a referendum under subsection (a), the Secretary shall establish a procedure for making the refunds not later than 180 days after the date of the referendum.

(e) COOPERATIVE ASSOCIATION.—Notwithstanding subsection (b), a cooperative association may not vote on behalf of the members of the association in a referendum conducted under this section.

(f) INACTIVE PROMOTION PROGRAMS.—The Secretary shall not conduct a referendum of a promotion program under this section if the Secretary determines that the promotion program is not active.

AMENDMENT NO. 3163

At the appropriate place in the bill, insert the following:

SEC. ___. DAIRY PROMOTION PROGRAM IMPROVEMENT.

(a) FUNDING OF DAIRY PROMOTION AND RESEARCH PROGRAM.—

(1) DECLARATION OF POLICY.—The first sentence of section 110(b) of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4501(b)) is amended—

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

(B) by striking ''products produced in'' and inserting ''products produced in or imported into''.

(2) DEFINITIONS.—Section 111 of the Act (7 U.S.C. 4502) is amended—

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

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

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

''(m) the term 'imported dairy product' means—

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

''(2) butter and butterfat mixtures;

''(3) cheese;

''(4) casein and mixtures; and

''(5) other dairy products;

that are imported into the United States; and

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

(2) FUNDING.—

(A) REPRESENTATION ON BOARD.—Section 113(b) of the Act (7 U.S.C. 4504(b)) is amended—

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

(ii) in paragraph (1) (as so designated), by striking ''thirty-six'' and inserting ''38'';

(iii) in paragraph (2) (as so designated), by striking ''Members'' and inserting ''Of the members of the Board, 36 members''; and

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

''(6) Of the members of the Board, 2 members shall be representatives of importers of imported dairy products. The importer representatives shall be appointed by the Secretary from nominations submitted by importers under such procedures as the Secretary determines to be appropriate.''.

(B) ASSESSMENT.—Section 113(g) of the Act is amended—

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

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

''(6)(A) The order shall provide that each importer of imported dairy products shall pay an assessment to the Board in the manner prescribed by the order.

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

''(C) For the purpose of determining the assessment on imports under subparagraph (B), the value to be placed on imported dairy products shall be established by the Secretary in a fair and equitable manner.''.

(C) RECORDS.—The first sentence of section 113(k) of the Act is amended by striking ''person receiving'' and inserting ''importer of imported dairy products, each person receiving''.

(D) REFERENDUM.—Section 116 of the Act (7 U.S.C. 4507) is amended by adding at the end the following new subsection:

''(d)(1) On the request of a representative group comprising 10 percent or more of the number of producers subject to the order, the Secretary shall—

''(A) conduct a referendum to determine whether the producers favor suspension of the application of the amendments made by section 2 of the Dairy Promotion Program Improvement Act of 1995; and

''(B) suspend the application of the amendments until the results of the referendum are known.

''(2) The Secretary shall continue the suspension of the application of the amendments made by section 2 only if the Secretary determines that suspension of the application of the amendments is favored by a majority of the producers voting in the referendum who, during a representative period (as determined by the Secretary), have been engaged in the production of milk for commercial use.''.

(b) PERIODIC REFERENDA.—Section 115(a) of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4506(a)) is amended—

(1) in the first sentence, by striking ''Within the sixty-day period immediately preceding September 30, 1985'' and inserting ''Every 5 years''; and

(2) in the second sentence, by striking ''six months'' and inserting ''3 months''.

(c) PROHIBITION ON BLOC VOTING.—Section 117 of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4508) is amended—

(1) in the first sentence, by striking ''Secretary shall'' and inserting ''Secretary shall not''; and

(2) by striking the second through fifth sentences.

AMENDMENT NO. 3164

On page 72, between lines 8 and 9, insert the following:

SEC. . LOCATION ADJUSTMENTS FOR MINIMUM PRICES FOR CLASS I MILK.

Section 8c(5) of the Agricultural Adjustment Act (7 U.S.C. 608c(5)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended—

(1) in paragraph (A)—

(A) in clause (3) of the second sentence, by inserting after ''the locations'' the following: ''within a marketing area subject to the order''; and

(B) by striking the last 2 sentences and inserting the following: ''Notwithstanding paragraph (18) or any other provision of law, when fixing minimum prices for milk of the highest use classification in a marketing area subject to an order under this subsection, the Secretary may not, directly or indirectly, base the prices on the distance from, or all or part of the costs incurred to transport milk to or from, any location that is not within the marketing area subject to the order, unless milk from the location constitutes at least 50 percent of the total supply of milk of the highest use classification in the marketing area. The Secretary shall report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the criteria that are used as the basis for the minimum prices referred to in the preceding sentence, including a certification that the minimum prices are made in accordance with the preceding sentence.''; and

(2) in paragraph (B)(c), by inserting after ''the locations'' the following: ''within a marketing area subject to the order''.

AMENDMENT NO. 3165

On page 72, between lines 8 and 9, insert the following:

SEC. . MILK MANUFACTURING MARKETING ADJUSTMENT.

Subsections (a) and (b) of section 102 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 1446e–1) are amended to read as follows:

''(a) DEFINITIONS.—In this section:

''(1) FEDERAL MAKE ALLOWANCE.—The term 'Federal make allowance' means the allowance for the processing of milk that is permitted under a Federal program to establish a Grade A price for manufacturing butter, nonfat dry milk, or cheese.

''(2) PERSON.—The term 'person' includes a cooperative.

''(3) STATE MAKE ALLOWANCE.—The term 'State make allowance' means the allowance for the processing of milk that is permitted by a State for manufacturing butter, nonfat dry milk, or cheese.

''(b) MILK MANUFACTURING MARKETING ADJUSTMENT.—Notwithstanding any other provision of law, if a person collects a State make allowance that is higher than the Federal make allowance and the milk or product of milk that is subject to the allowance is purchased by the Commodity Credit Corporation, regardless of the point of sale, the Corporation shall reduce the support purchase price for the milk and each product of the milk by an amount that is equal to the difference between the State make allowance and the Federal make allowance for the milk and product, as determined by the Secretary of Agriculture.''.

AMENDMENT NO. 3166

On page 95, after line 10, add the following:

SEC. . SPECIAL RESEARCH GRANTS PROGRAM.

(a) IN GENERAL.—Section 2(c)(2) of the Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 450i(c)(2)) is amended—

(1) in subparagraph (A), by striking ''or'' at the end;

(2) in subparagraph (B), by striking the period at the end and inserting ''; or''; and

(3) by adding at the end the following:

''(C) unless the project to receive the grant has been subject to a competitive selection process and a scientific peer review evaluation by qualified scientists in the Federal Government, colleges and universities, State agricultural experiment stations, and the private sector.''.

(b) APPLICATION.—The amendments made by subsection (a) shall apply only in the case of a project that has not been specifically authorized, or for which no funds have been made available, as of the date of enactment of this Act.

HARKIN AMENDMENTS NOS. 3167–3169

(Ordered to lie on the table.)

Mr. HARKIN submitted three amendments intended to be proposed by him to the bill S. 1541, supra; as follows:

AMENDMENT NO. 3167

On page 20, strike lines 15 and 16 and insert the following: ''loan for wheat shall not be less than 90 percent of the''.

On page 20, strike lines 23 and 24 and insert the following: ''age price was the lowest in the period.''

On page 22, strike lines 3 and 4 and insert the following: ''ing assistance loan for corn shall not be less than 90 percent of the''.

On page 22, strike lines 11 and 12 and insert the following: ''price was the lowest in the period.''

On page 25, strike lines 24 and 25 and insert the following: ''keting assistance loan for soybeans shall be—

''(i) 90 percent of the simple average price received by producers of soybeans, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of soybeans, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; but

''(ii) not less than $4.92 per bushel.''

On page 26, strike line 6 and insert the following: ''individually, shall be—

''(i) 90 percent of the simple average price received by producers of each such oilseed, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of the oilseed, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; but

''(ii) not less than $0.087 per pound.''

AMENDMENT NO. 3168

On page 74, strike lines 5 through 10 and insert the following:

(B) by transferring sections 110, 111, 201(c), and 204 (7 U.S.C. 1445e, 1445f, 1446(c), and 1446e) to appear after section 304 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1304) and redesignating the transferred sections as sections 305, 306, 307, and 308, respectively; and

On page 74, strike lines 21 through 24 and insert the following:

(1) Section 307 of the Agricultural Adjustment Act of 1938 (as transferred and redesignated by subsection (b)(1)(B)) is amended by striking ''204'' and inserting ''308''.

AMENDMENT NO. 3169

Strike the section relating to the Commodity Credit Corporation interest rate.

KERREY AMENDMENTS NOS. 3170–3175

Mr. KERREY submitted six amendments intended to be proposed by him to the bill (S. 1541), supra; as follows:

AMENDMENT NO. 3170

On page 22, line 1, strike ''subject to subparagraph (B),''.

AMENDMENT NO. 3171

On page 20, line 13, strike ''subject to subparagraph (B),''.

AMENDMENT NO. 3172

On page 20, line 23, strike ''; but'' through page 21, line 23, and insert in lieu thereof ''.''.

AMENDMENT NO. 3173

On page 22, line 12, strike ''; but'' through page 23, line 10, and insert in lieu thereof ''.''.

AMENDMENT NO. 3174

On page 25, line 23 strike line 23 through page 26, line 6, and insert in lieu thereof, ''The loan rate for a marketing assistance loan for soybeans shall be not less than 85 percent of the simple coverage price received by producers of soybeans, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of saybearns, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period.''

''B. Sunflower seed, canola, rapeseed, safflower, mustard seed, and flaxseed.—The loan rates for a marketing assistance loan for a sunflower seed, canola, rapeseed, safflowers, mustard seed, and flaxseed, individually, shall be not less than 85 percent of the simple average price received by producers of such crops, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of such crops, excluding, the year in which the average price was the highest and the year in which the average price was the lowest in the period.''

AMENDMENT NO. 3175

On page 73, strike all of section 19.

KERREY amendment no. 3176

(Ordered to lie on the table.)

Mr. KERREY submitted an amendment intended to be proposed by him to the bill S. 1541, supra; as follows:

On page 77, line 18, strike ''means an operation that—'' through page 78 line 9, and insert in lieu thereof, ''shall be determined by each State's State Technical Committee, which shall consider local conditions in its determination.''

KERREY AMENDMENTS NOS. 3177–3181

(Ordered to lie on the table.)

Mr. KERREY submitted five amendments intended to be proposed by him to the bill S. 1541, supra; as follows:

AMENDMENT NO. 3177

On page 91, between line 11 and 12, insert the following:

(c) RECONFIGURATION OF BOARD OF DIRECTORS.—Section 505 of the Federal Crop Insurance Act (7 U.S.C. 1505) is amended to read as follows:

''SEC. 505. BOARD OF DIRECTORS.

''(a) AUTHORITY.—The management of the Corporation shall be vested in a Board of Directors subject to the general supervision of the Secretary.

''(b) MEMBERSHIP.—

''(1) IN GENERAL.—The Board shall be appointed by the Secretary and shall consist of the Manager of the Corporation, the Under Secretary of Agriculture responsible for the Federal crop insurance program, one person who is an officer or employee of an approved insurance provider, one person who is a licensed crop insurance agent, one person experienced in the reinsurance business who is not otherwise employed by the Federal Government, and four active producers who are not otherwise employed by the Federal Government. The Secretary may not be a member of the Board.

''(2) PRODUCER MEMBERS.—In appointing the four active producers who are not otherwise employed by the Federal Government, the Secretary shall ensure that three such members are policyholders and are from different geographic areas of the United States, in order that diverse agricultural interests in the United States are at all times represented on the Board. The Secretary shall ensure that the fourth active producer, who may also be a policyholder, receives a significant portion of crop income from crops covered by the noninsured crop disaster assistance program established under section 519.

''(c) TERMS OF OFFICE.—

''(1) TERMS OF USDA EMPLOYEES.—The Manager of the Corporation and the Under Secretary of Agriculture responsible for the Federal crop insurance program shall hold office at the pleasure of the Secretary.

''(2) TERMS OF OTHER MEMBERS.—Other than the Manager of the Corporation and the Under Secretary of Agriculture responsible for the Federal crop insurance program, the members of the Board shall be appointed by the Secretary for a term of 3 years. However, in the initial appointment of such members, the Secretary shall appoint two members for one year, two members for two years, and two members for three years in order to provide greater continuity to the Board.

''(3) SUCCESSION.—A member of the Board appointed under paragraph (2) may serve after the expiration of the term of office of such member until the successor for such member has taken office.

''(d) QUORUM.—Five of the members in office shall constitute a quorum for the transaction of the business of the Board.

''(e) IMPAIRMENT OF POWERS.—The powers of the Board to execute the functions of the Corporation shall be impaired at any time there are not six members of the Board in office.

''(f) COMPENSATION.—

''(1) EMPLOYEES OF THE DEPARTMENT.—The Directors of the Corporation who are employed in the Department shall receive no additional compensation for their services as such Directors but may be allowed necessary traveling and subsistence expenses when engaged in business of the Corporation, outside of the District of Columbia.

''(2) NON-EMPLOYEES OF THE FEDERAL GOVERNMENT.—The Directors of the Corporation who are not employed by the Federal Government shall be paid such compensation for their services as Directors as the Secretary shall determine, but such compensation shall not exceed the daily equivalent of the rate prescribed for positions at level V of the Executive Schedule under section 5316 of Title 5, United States Code, when actually employed. Such members may also receive actual necessary traveling and subsistence expenses, or a per diem allowance in lieu of subsistence expenses, as authorized by section 5703 of such title for persons in Government service employed intermittently, when on the business of the Corporation away from their homes or regular places of business.

''(g) CHIEF EXECUTIVE OFFICER.—The Manager of the Corporation shall be its chief executive officer, with such power and authority as may be conferred by the Board. The Manager shall be appointed by, and hold office at the pleasure of, the Secretary.''.

AMENDMENT NO. 3178

On page 91, between lines 11 and 12, insert the following:

(c) ESTABLISHMENT OF THE OFFICE OF RISK MANAGEMENT.—

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

''SEC. 226A. OFFICE OF RISK MANAGEMENT.

''(a) ESTABLISHMENT.—The Secretary shall establish and maintain in the Department an independent Office of Risk Management.

or

''(a) ESTABLISHMENT.—Nothing in this Act shall change the status of the Federal Crop Insurance Corporation, an agency created under the Federal Crop Insurance Act (7 U.S.C. 1503), as an agency within the Department. The administration of the agency shall be carried out by an independent Office of Risk Management that is separate and independent of the Consolidated Farm Services Agency and of equal or higher ranking than that agency within the Department.

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

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

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

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

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

''(c) MANAGER.—The Manager of the Federal Crop Insurance Corporation shall serve as head of the Office of Risk Management but not in any other capacity.

''(d) RESOURCES.—

''(1) FUNCTIONAL COORDINATION.—Certain functions of the Office of Risk Management such as human resources, public affairs, and legislative affairs may be provided by a consolidation of such functions under the Under Secretary of Agriculture responsible for the crop insurance program.

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

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

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

AMENDMENT NO. 3179

On page 85, strike lines 12 through line 17.

AMENDMENT NO. 3180

On page 87, strike lines 19 through line 25.

AMENDMENT NO. 3181

On page 95, strike lines 3 through line 10.

KERRY AMENDMENT NO. 3182

(Ordered to lie on the table.)

Mr. KERRY submitted an amendment intended to be proposed by him to the bill S. 1541, supra; as follows:

On page 88, strike all after ''$100,000,000'' on line 10 through ''2002,''.'' on line 11 and insert in lieu thereof the following: ''$1,000,000 for each of fiscal years 1996 through 2002, and notwithstanding any other provision of law or this Act, $90,000,000 shall be placed in a separate fund in each of fiscal years 1996 through 2002 which fund is to be administered by the Secretary of Agriculture, and from which fund the Secretary is authorized to make grants to the states and to non-profit organizations for the purpose of alleviating the hunger of women, infants, and children which exceeds the ability of government programs to alleviate because of funding limitations imposed by this Act or any other law on the federal programs intended to accomplish that objective.''

KERRY AMENDMENT NO. 3183

(Ordered to lie on the table.)

Mr. KERRY submitted an amendment intended to be proposed by him to the bill S. 1541, supra; as follows:

On page 88, strike ''$100,000,000'' on line 10 and insert in lieu thereof ''$500,000''.

LEAHY (AND OTHERS AMENDMENT NO.) 3184

Mr. CRAIG (for Mr. LEAHY, for himself, Mr. LUGAR, Mr. BREAUX, Mr. DOLE, Mr. JOHNSTON, Mr. COCHRAN, Mr. GRAHAM, Mr. GRASSLEY, Mr. JEFFORDS, and Mr. MCCONNELL, proposed an amendment to the bill S. 1541, supra; as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Agricultural Reform and Improvement Act of 1996''.

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

TITLE I—AGRICULTURAL MARKET TRANSITION PROGRAM

SEC. 101. SHORT TITLE.

This title may be cited as the ''Agricultural Market Transition Act''.

SEC. 102. DEFINITIONS.

In this title:

(1) CONSIDERED PLANTED.—The term ''considered planted'' means acreage that is considered planted under title V of the Agricultural Act of 1949 (7 U.S.C. 1461 et seq.) (as in effect prior to the amendment made by section 110(b)(2)).

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

(3) CONTRACT ACREAGE.—The term ''contract acreage'' means 1 or more crop acreage bases established for contract commodities under title V of the Agricultural Act of 1949 (as in effect prior to the amendment made by section 110(b)(2)) that would have been in effect for the 1996 crop (but for the amendment made by section 110(b)(2)).

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

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

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

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

(8) FARM PROGRAM PAYMENT YIELD.—The term ''farm program payment yield'' means the farm program payment yield established for the 1995 crop of a contract commodity under title V of the Agricultural Act of 1949 (as in effect prior to the amendment made by section 110(b)(2)).

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

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

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

(12) PRODUCER.—

(A) IN GENERAL.—The term ''producer'' means a person who, as owner, landlord, tenant, or sharecropper, shares in the risk of producing a crop, and is entitled to share in the crop available for marketing from the farm, or would have shared had the crop been produced.

(B) HYBRID SEED.—The term ''producer'' includes a person growing hybrid seed under contract. In determining the interest of a grower of hybrid seed in a crop, the Secretary shall not take into consideration the existence of a hybrid seed contract.

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

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

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

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

SEC. 103. PRODUCTION FLEXIBILITY CONTRACTS.

(a) CONTRACTS AUTHORIZED.—

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) ELEMENTS.—

(1) TIME FOR CONTRACTING.—

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

(B) CONSERVATION RESERVE LANDS.—

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

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

(2) DURATION OF CONTRACT.—

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

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

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

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

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

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

(1) for at least 1 of the 1991 through 1995 crops, at least a portion of the land was enrolled in the acreage reduction program authorized for a crop of a contract commodity under section 101B, 103B, 105B, or 107B of the Agricultural Act of 1949 (as in effect prior to the amendment made by section 110(b)(2)) or was considered planted;

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

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

(d) TIME FOR PAYMENT.—

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

(2) ADVANCE PAYMENTS.—

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

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

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

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

(A) For fiscal year 1996, $5,570,000,000.
(B) For fiscal year 1997, $5,385,000,000.
(C) For fiscal year 1998, $5,800,000,000.
(D) For fiscal year 1999, $5,603,000,000.
(E) For fiscal year 2000, $5,130,000,000.
(F) For fiscal year 2001, $4,130,000,000.
(G) For fiscal year 2002, $4,008,000,000.

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

(A) For wheat, 26.26 percent.
(B) For corn, 46.22 percent.
(C) For grain sorghum, 5.11 percent.
(D) For barley, 2.16 percent.
(E) For oats, 0.15 percent.
(F) For upland cotton, 11.63 percent.
(G) For rice, 8.47 percent.

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

(A) subtracting an amount equal to the amount, if any, necessary to satisfy payment requirements under sections 103B, 105B, and 107B of the Agricultural Act of 1949 (as in effect prior to the amendment made by section 110(b)(2)) for the 1994 and 1995 crops of the commodity;

(B) adding an amount equal to the sum of all repayments of deficiency payments received under section 114(a)(2) of the Agricultural Act of 1949 (as in effect prior to the amendment made by section 110(b)(2)) for the commodity;

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

(D) adding an amount equal to the sum of all refunds of contract payments received during the preceding fiscal year under subsection (h) for the commodity.

(4) ADDITIONAL RICE ALLOCATION.—In addition to the allocations provided under paragraphs (1), (2), and (3), the amounts made available for rice contract payments shall be increased by $17,000,000,000 for each of fiscal years 1997 through 2002.

(f) DETERMINATION OF CONTRACT PAYMENTS.—

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

(A) 85 percent of the contract acreage; and
(B) the farm program payment yield.

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

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

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

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

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

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

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

(5) ASSIGNMENT OF CONTRACT PAYMENTS.—The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to contract payments under this subsection. The owner or operator making the assignment, or the assignee, shall provide the Secretary with notice, in such manner as the Secretary may require in the contract, of any assignment made under this paragraph.

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

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

(h) EFFECT OF VIOLATION.—

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

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

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

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

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

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

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

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

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

(j) PLANTING FLEXIBILITY.—

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

(2) LIMITATIONS.—

(A) HAYING AND GRAZING.—

(i) TIME LIMITATIONS.—Haying and grazing on land exceeding 15 percent of the contract acreage on a farm as provided in clause (iii) shall be permitted, except during any consecutive 5-month period between April 1 and October 31 that is determined by the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for a State. In the case of a natural disaster, the Secretary may permit unlimited haying and grazing on the contract acreage of a farm.

(ii) CONTRACT COMMODITIES.—A contract commodity may be hayed or grazed on contract acreage on a farm without limitation.

(iii) HAYING AND GRAZING LIMITATION ON PORTION OF CONTRACT ACREAGE.—Unlimited haying and grazing shall be permitted on not

more than 15 percent of the contract acreage on a farm.

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

(C) FRUITS AND VEGETABLES.—

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

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

(k) CONSERVATION FARM OPTION.—

(1) IN GENERAL.—The Secretary shall offer eligible owners and operators with contract acreage under this title on a farm who also have entered into a conservation reserve program contract under subchapter B of chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (7 U.S.C. 3831 et seq.), the option of entering into a conservation farm option contract for a period of 10 years, as an alternative to the market transition payment contract.

(2) TERMS.—Under the conservation farm option contract—

(A) the Secretary shall provide eligible owners and operators with payments that reflect the Secretary's estimate of the payments and benefits the eligible owner or operator is expected to receive during the 10-year period under—

(i) conservation cost-share programs administered by the Secretary;

(ii) conservation reserve program rental and cost-share payments;

(iii) market transition payments; and

(iv) loan programs for contract commodities, oilseeds, and extra long staple cotton; and

(B) the eligible owner and operator shall—

(i) forego eligibility to participate in the conservation reserve program, conservation cost-share program payments, and market transition contracts; and

(ii) comply with a conservation plan for the farm approved by the Secretary that is consistent with the State conservation farm option plan established under paragraph (3).

(3) STATE CONSERVATION FARM OPTION PLAN.—In consultation with the State Technical Committee established under section 1261 of the Food Security Act of 1985 (16 U.S.C. 3801), the Secretary shall establish a plan for each State that is designed to—

(A) protect wildlife habitat;

(B) improve water quality; and

(C) reduce soil erosion.

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

(a) AVAILABILITY OF NONRECOURSE LOANS.—

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

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

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

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

(b) LOAN RATES.—

(1) WHEAT.—

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

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

(ii) not more than $2.58 per bushel.

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

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

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

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

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

(2) FEED GRAINS.—

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

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

(ii) not more than $1.89 per bushel.

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

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

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

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

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

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

(3) UPLAND COTTON.—

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

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

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

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

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

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

(B) not more than $0.7965 per pound.

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

(6) OILSEEDS.—

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

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

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

(c) TERM OF LOAN.—In the case of each loan commodity (other than upland cotton or extra long staple cotton), a marketing assistance loan under subsection (a) shall have a term of 9 months beginning on the first day of the first month after the month in which the loan is made. A marketing assistance loan for upland cotton or extra long staple cotton shall have a term of 10 months beginning on the first day of the first month after the month in which the loan is made. The Secretary may not extend the term of a marketing assistance loan for any loan commodity.

(d) REPAYMENT.—

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

(A) minimize potential loan forfeitures;

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

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

(D) allow the commodities produced in the United States to be marketed freely and

competitively, both domestically and internationally.

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

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

(B) the prevailing world market price for upland cotton, oilseeds, and rice, respectively (adjusted to United States quality and location), as determined by the Secretary.

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

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

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

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

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

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

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

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

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

(i) The United States share of world exports.

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

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

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

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

(ii) the Northern Europe price.

(e) LOAN DEFICIENCY PAYMENTS.—

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

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

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

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

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

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

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

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

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

(1) COTTON USER MARKETING CERTIFICATES.—

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

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

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

(B) VALUE OF CERTIFICATES OR PAYMENTS.—The value of the marketing certificates or cash payments shall be based on the amount of the difference (reduced by 1.25 cents per pound) in the prices during the 4th week of the consecutive 4-week period multiplied by the quantity of upland cotton included in the documented sales.

(C) ADMINISTRATION OF MARKETING CERTIFICATES.—

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

(ii) DESIGNATION OF COMMODITIES AND PRODUCTS.—To the extent practicable, the Secretary shall permit owners of certificates to designate the commodities and products, including storage sites, the owners would prefer to receive in exchange for certificates. If any certificate is not presented for redemption, marketing, or exchange within a reasonable number of days after the issuance of the certificate (as determined by the Secretary), reasonable costs of storage and other carrying charges, as determined by the Secretary, shall be deducted from the value of the certificate for the period beginning after the reasonable number of days and ending with the date of the presentation of the certificate to the Commodity Credit Corporation.

(iii) TRANSFERS.—Marketing certificates issued to domestic users and exporters of upland cotton may be transferred to other persons in accordance with regulations issued by the Secretary.

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

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

(2) SPECIAL IMPORT QUOTA.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(D) DEFINITIONS.—In this subsection:

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

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

(II) production of the current crop; and

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

(ii) DEMAND.—The term ''demand'' means—

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

(II) the larger of—

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

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

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

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

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

(h) SOURCE OF LOANS.—

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

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

(i) ADJUSTMENTS OF LOANS.—

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

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

(j) PERSONAL LIABILITY OF PRODUCERS FOR DEFICIENCIES.—

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

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

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

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

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

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

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

(k) COMMODITY CREDIT CORPORATION SALES PRICE RESTRICTIONS.—

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

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

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

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

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

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

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

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

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

(3) PRESIDENTIAL DISASTER AREAS.—

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

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

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

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

(i) the storage of the commodity; and

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

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

SEC. 105. PAYMENT LIMITATIONS.

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

''(1) LIMITATION ON PAYMENTS UNDER PRODUCTION FLEXIBILITY CONTRACTS.—The total amount of contract payments made under section 103 of the Agricultural Market Transition Act to a person under 1 or more production flexibility contracts during any fiscal year may not exceed $40,000.

''(2) LIMITATION ON MARKETING LOAN GAINS AND LOAN DEFICIENCY PAYMENTS.—

''(A) LIMITATION.—The total amount of payments specified in subparagraph (B) that a person shall be entitled to receive under section 104 of the Agricultural Market Transition Act for contract commodities and oilseeds during any crop year may not exceed $75,000.

''(B) DESCRIPTION OF PAYMENTS.—The payments referred to in subparagraph (A) are the following:

''(i) Any gain realized by a producer from repaying a marketing assistance loan for a crop of any loan commodity at a lower level than the original loan rate established for the commodity under section 104(b) of the Act.

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

(b) CONFORMING AMENDMENTS.—

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

(A) by redesignating paragraphs (5), (6), and (7) as paragraphs (3), (4), and (5), respectively; and

(B) in the second sentence of paragraph (3)(A) (as so redesignated), by striking ''paragraphs (6) and (7)'' and inserting ''paragraphs (4) and (5)''.

(2) Section 1305(d) of the Agricultural Reconciliation Act of 1987 (Public Law 100–203; 7 U.S.C. 1308 note) is amended by striking ''paragraphs (5) through (7) of section 1001, as amended by this subtitle,'' and inserting ''paragraphs (3) through (5) of section 1001,''.

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

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

(i) by striking ''section 1001(5)(B)(i)'' and inserting ''section 1001(3)(B)(i)'';

(ii) by striking ''under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.)''; and

(iii) by striking ''section 1001(5)(B)(i)(II)'' and inserting ''section 1001(3)(B)(i)(II)''; and

(B) in subsection (b)—

(i) in paragraph (1)—

(I) by striking ''under the Agricultural Act of 1949''; and

(II) by striking ''section 1001(5)(B)(i)'' and inserting ''section 1001(3)(B)(i)''; and

(ii) in paragraph (2)(B), by striking ''section 1001(5)(B)(i)(II)'' and inserting ''section 1001(3)(B)(i)(II)''.

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

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

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

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

SEC. 106. PEANUT PROGRAM.

(a) QUOTA PEANUTS.—

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

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

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

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

(b) ADDITIONAL PEANUTS.—

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

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

(c) AREA MARKETING ASSOCIATIONS.—

(1) WAREHOUSE STORAGE LOANS.—

(A) IN GENERAL.—In carrying out subsections (a) and (b), the Secretary shall make warehouse storage loans available in each of the producing areas (described in section 1446.95 of title 7 of the Code of Federal Regulations (January 1, 1989)) to a designated area marketing association of peanut producers that is selected and approved by the Secretary and that is operated primarily for the purpose of conducting the loan activities. The Secretary may not make warehouse storage loans available to any cooperative that is engaged in operations or activities concerning peanuts other than those operations and activities specified in this section and section 358e of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359a).

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

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

(2) POOLS FOR QUOTA AND ADDITIONAL PEANUTS.—

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

(B) ELIGIBILITY TO PARTICIPATE.—

(i) IN GENERAL.—Except as provided in clause (ii), in the case of the 1996 and subsequent crops, Valencia peanuts not physically produced in the State of New Mexico shall not be eligible to participate in the pools of the State.

(ii) EXCEPTION.—A resident of the State of New Mexico may enter Valencia peanuts that are produced outside of the State into the pools of the State in a quantity that is not greater than the 1995 crop of the resident.

(C) TYPES OF PEANTUS.—Bright hull and dark hull Valencia peanuts shall be considered as separate types for the purpose of establishing the pools.

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

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

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

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

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

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

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

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

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

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

(f) QUALITY IMPROVEMENT.—

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

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

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

(C) continue to endeavor to operate the peanut program so as to improve the quality of domestic peanuts and ensure the coordination of activities under the Peanut Administrative Committee established under Marketing Agreement No. 146, regulating the quality of domestically produced peanuts (under the Agricultural Adjustment Act (7 U.S.C. 601 et seq.), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937); and

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

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

(g) MARKETING ASSESSMENT.—

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

(2) FIRST PURCHASERS.—

(A) IN GENERAL.—Except as provided under paragraphs (3) and (4), the first purchaser of peanuts shall—

(i) collect from the producer a marketing assessment equal to the quantity of peanuts acquired multiplied by—

(I) in the case of each of the 1994 and 1995 crops, .55 percent of the applicable national average loan rate;

(II) in the case of the 1996 crop, .6 percent of the applicable national average loan rate; and

(III) in the case of each of the 1997 through 2002 crops, .65 percent of the applicable national average loan rate;

(ii) pay, in addition to the amount collected under clause (i), a marketing assessment in an amount equal to the quantity of peanuts acquired multiplied by .55 percent of the applicable national average loan rate; and

(iii) remit the amounts required under clauses (i) and (ii) to the Commodity Credit Corporation in a manner specified by the Secretary.

(B) DEFINITION OF FIRST PURCHASER.—In this subsection, the term ''first purchaser'' means a person acquiring peanuts from a producer except that in the case of peanuts forfeited by a producer to the Commodity Credit Corporation, the term means the person acquiring the peanuts from the Commodity Credit Corporation.

(3) OTHER PRIVATE MARKETINGS.—In the case of a private marketing by a producer directly to a consumer through a retail or wholesale outlet or in the case of a marketing by the producer outside of the continental United States, the producer shall be responsible for the full amount of the assessment and shall remit the assessment by such time as is specified by the Secretary.

(4) LOAN PEANUTS.—In the case of peanuts that are pledged as collateral for a loan made under this section, ½ of the assessment shall be deducted from the proceeds of the loan. The remainder of the assessment shall be paid by the first purchaser of the peanuts. For purposes of computing net gains on peanuts under this section, the reduction in loan proceeds shall be treated as having been paid to the producer.

(5) PENALTIES.—If any person fails to collect or remit the reduction required by this subsection or fails to comply with the requirements for recordkeeping or otherwise as are required by the Secretary to carry out this subsection, the person shall be liable to the Secretary for a civil penalty up to an amount determined by multiplying—

(A) the quantity of peanuts involved in the violation; by

(B) the national average quota peanut rate for the applicable crop year.

(6) ENFORCEMENT.—The Secretary may enforce this subsection in the courts of the United States.

(h) CROPS.—Subsections (a) through (f) shall be effective only for the 1996 through 2002 crops of peanuts.

(i) MARKETING QUOTAS.—

(1) IN GENERAL.—Part VI of subtitle B of title III of the Agricultural Adjustment Act of 1938 is amended—

(A) in section 358–1 (7 U.S.C. 1358–1)—

(i) in the section heading, by striking ''**1991 through 1997 crops of**'';

(ii) in subsections (a)(1), (b)(1)(B), (b)(2)(A), (b)(2)(C), and (b)(3)(A), by striking ''of the 1991 through 1997 marketing years'' each place it appears and inserting ''marketing year'';

(iii) in subsection (a)(3), by striking ''1990'' and inserting ''1990, for the 1991 through 1995 marketing years, and 1995, for the 1996 through 2002 marketing years'';

(iv) in subsection (b)(1)(A)—

(I) by striking ''each of the 1991 through 1997 marketing years'' and inserting ''each marketing year''; and

(II) in clause (i), by inserting before the semicolon the following: '', in the case of the 1991 through 1995 marketing years, and the 1995 marketing year, in the case of the 1996 through 2002 marketing years''; and

(v) in subsection (f), by striking ''1997'' and inserting ''2002'';

(B) in section 358b (7 U.S.C. 1358b)—

(i) in the section heading, by striking ''**1991 through 1995 crops of**''; and

(ii) in subsection (c), by striking ''1995'' and inserting ''2002'';

(C) in section 358c(d) (7 U.S.C. 1358c(d)), by striking ''1995'' and inserting ''2002''; and

(D) in section 358e (7 U.S.C. 1359a)—

(i) in the section heading, by striking ''**for 1991 through 1997 crops of peanuts**''; and

(ii) in subsection (i), by striking ''1997'' and inserting ''2002''.

(2) ELIMINATION OF QUOTA FLOOR.—Section 358–1(a)(1) of the Act (7 U.S.C. 1358–1(a)(1)) is amended by striking the second sentence.

(3) TEMPORARY QUOTA ALLOCATION.—Section 358–1 of the Act (7 U.S.C. 1358–1) is amended—

(A) in subsection (a)(1), by striking ''domestic edible, seed,'' and inserting ''domestic edible use'';

(B) in subsection (b)(2)—

(i) in subparagraph (A), by striking ''subparagraph (B) and subject to''; and

(ii) by striking subparagraph (B) and inserting the following:

''(B) TEMPORARY QUOTA ALLOCATION.—

''(i) ALLOCATION RELATED TO SEED PEANUTS.—Temporary allocation of quota pounds for the marketing year only in which the crop is planted shall be made to producers for each of the 1996 through 2002 marketing years as provided in this subparagraph.

''(ii) QUANTITY.—The temporary quota allocation shall be equal to the pounds of seed peanuts planted on the farm, as may be adjusted under regulations prescribed by the Secretary.

''(iii) ADDITIONAL QUOTA.—The temporary allocation of quota pounds under this paragraph shall be in addition to the farm poundage quota otherwise established under this subsection and shall be credited, for the applicable marketing year only, in total to the producer of the peanuts on the farm in a manner prescribed by the Secretary.

''(iv) EFFECT OF OTHER REQUIREMENTS.—Nothing in this section alters or changes the requirements regarding the use of quota and additional peanuts established by section 358e(b).''; and

(C) in subsection (e)(3), strike ''and seed and use on a farm''.

(4) UNDERMARKETINGS.—Part VI of subtitle B of title III of the Act is amended—

(A) in section 358–1(b) (7 U.S.C. 1358–1(b))—

(i) in paragraph (1)(B), by striking ''including—'' and clauses (i) and (ii) and inserting ''including any increases resulting from the allocation of quotas voluntarily released for 1 year under paragraph (7).'';

(ii) in paragraph (3)(B), by striking ''include—'' and clauses (i) and (ii) and inserting ''include any increase resulting from the allocation of quotas voluntarily released for 1 year under paragraph (7).''; and

(iii) by striking paragraphs (8) and (9); and

(B) in section 358b(a) (7 U.S.C. 1358b(a))—

(i) in paragraph (1), by striking ''(including any applicable under marketings)'' both places it appears;

(ii) in paragraph (1)(A), by striking ''of undermarketings and'';

(iii) in paragraph (2), by striking ''(including any applicable under marketings)''; and

(iv) in paragraph (3), by striking ''(including any applicable undermarketings)''.

(5) DISASTER TRANSFERS.—Section 358–1(b) of the Act (7 U.S.C. 1358–1(b)), as amended by paragraph (4)(A)(iii), is further amended by adding at the end the following:

''(8) DISASTER TRANSFERS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), additional peanuts produced on a farm from which the quota poundage was not harvested and marketed because of drought, flood, or any other natural disaster, or any other condition beyond the control of the producer, may be transferred to the quota loan pool for pricing purposes on such basis as the Secretary shall by regulation provide.

''(B) LIMITATION.—The poundage of peanuts transferred under subparagraph (A) shall not exceed the difference between—

''(i) the total quantity of peanuts meeting quality requirements for domestic edible use, as determined by the Secretary, marketed from the farm; and

''(ii) the total farm poundage quota, excluding quota pounds transferred to the farm in the fall.

''(C) SUPPORT RATE.—Peanuts transferred under this paragraph shall be supported at not more than 70 percent of the quota support rate for the marketing years in which the transfers occur. The transfers for a farm shall not exceed 25 percent of the total farm quota pounds, excluding pounds transferred in the fall.''.

SEC. 107. SUGAR PROGRAM.

(a) SUGARCANE.—The Secretary shall make loans available to processors of domestically grown sugarcane at a rate equal to 18 cents per pound for raw cane sugar.

(b) SUGAR BEETS.—The Secretary shall make loans available to processors of domestically grown sugar beets at a rate equal to 22.9 cents per pound for refined beet sugar.

(c) TERM OF LOANS.—

(1) IN GENERAL.—Loans under this section during any fiscal year shall be made available not earlier than the beginning of the fiscal year and shall mature at the earlier of—

(A) the end of 9 months; or

(B) the end of the fiscal year.

(2) SUPPLEMENTAL LOANS.—In the case of loans made under this section in the last 3 months of a fiscal year, the processor may repledge the sugar as collateral for a second loan in the subsequent fiscal year, except that the second loan shall—

(A) be made at the loan rate in effect at the time the second loan is made; and

(B) mature in 9 months less the quantity of time that the first loan was in effect.

(d) LOAN TYPE; PROCESSOR ASSURANCES.—

(1) RECOURSE LOANS.—Subject to paragraph (2), the Secretary shall carry out this section through the use of recourse loans.

(2) NONRECOURSE LOANS.—During any fiscal year in which the tariff rate quota for imports of sugar into the United States is established at, or is increased to, a level in excess of 1,500,000 short tons raw value, the Secretary shall carry out this section by making available nonrecourse loans. Any recourse loan previously made available by the Secretary under this section during the fiscal year shall be changed by the Secretary into a nonrecourse loan.

(3) PROCESSOR ASSURANCES.—If the Secretary is required under paragraph (2) to make nonrecourse loans available during a fiscal year or to change recourse loans into nonrecourse loans, the Secretary shall obtain from each processor that receives a loan under this section such assurances as the Secretary considers adequate to ensure that the processor will provide payments to producers that are proportional to the value of the loan received by the processor for sugar beets and sugarcane delivered by producers served by the processor. The Secretary may establish appropriate minimum payments for purposes of this paragraph.

(e) MARKETING ASSESSMENT.—

(1) SUGARCANE.—Effective for marketings of raw cane sugar during the 1996 through 2003 fiscal years, the first processor of sugarcane shall remit to the Commodity Credit Corporation a nonrefundable marketing assessment in an amount equal to—

(A) in the case of marketings during fiscal year 1996, 1.1 percent of the loan rate established under subsection (a) per pound of raw cane sugar, processed by the processor from domestically produced sugarcane or sugarcane molasses, that has been marketed (including the transfer or delivery of the sugar to a refinery for further processing or marketing); and

(B) in the case of marketings during each of fiscal years 1997 through 2003, 1.375 percent of the loan rate established under subsection (a) per pound of raw cane sugar, processed by

the processor from domestically produced sugarcane or sugarcane molasses, that has been marketed (including the transfer or delivery of the sugar to a refinery for further processing or marketing).

(2) SUGAR BEETS.—Effective for marketings of beet sugar during the 1996 through 2003 fiscal years, the first processor of sugar beets shall remit to the Commodity Credit Corporation a nonrefundable marketing assessment in an amount equal to—

(A) in the case of marketings during fiscal year 1996, 1.1794 percent of the loan rate established under subsection (a) per pound of beet sugar, processed by the processor from domestically produced sugar beets or sugar beet molasses, that has been marketed; and

(B) in the case of marketings during each of fiscal years 1997 through 2003, 1.47425 percent of the loan rate established under subsection (a) per pound of beet sugar, processed by the processor from domestically produced sugar beets or sugar beet molasses, that has been marketed.

(3) COLLECTION.—

(A) TIMING.—A marketing assessment required under this subsection shall be collected on a monthly basis and shall be remitted to the Commodity Credit Corporation not later than 30 days after the end of each month. Any cane sugar or beet sugar processed during a fiscal year that has not been marketed by September 30 of the year shall be subject to assessment on that date. The sugar shall not be subject to a second assessment at the time that it is marketed.

(B) MANNER.—Subject to subparagraph (A), marketing assessments shall be collected under this subsection in the manner prescribed by the Secretary and shall be nonrefundable.

(4) PENALTIES.—If any person fails to remit the assessment required by this subsection or fails to comply with such requirements for recordkeeping or otherwise as are required by the Secretary to carry out this subsection, the person shall be liable to the Secretary for a civil penalty up to an amount determined by multiplying—

(A) the quantity of cane sugar or beet sugar involved in the violation; by

(B) the loan rate for the applicable crop of sugarcane or sugar beets.

(5) ENFORCEMENT.—The Secretary may enforce this subsection in a court of the United States.

(f) FORFEITURE PENALTY.—

(1) IN GENERAL.—A penalty shall be assessed on the forfeiture of any sugar pledged as collateral for a nonrecourse loan under this section.

(2) CANE SUGAR.—The penalty for cane sugar shall be 1 cent per pound.

(3) BEET SUGAR.—The penalty for beet sugar shall bear the same relation to the penalty for cane sugar as the marketing assessment for sugar beets bears to the marketing assessment for sugarcane.

(4) EFFECT OF FORFEITURE.—Any payments owed producers by a processor that forfeits of any sugar pledged as collateral for a nonrecourse loan shall be reduced in proportion to the loan forfeiture penalty incurred by the processor.

(g) INFORMATION REPORTING.—

(1) DUTY OF PROCESSORS AND REFINERS TO REPORT.—A sugarcane processor, cane sugar refiner, and sugar beet processor shall furnish the Secretary, on a monthly basis, such information as the Secretary may require to administer sugar programs, including the quantity of purchases of sugarcane, sugar beets, and sugar, and production, importation, distribution, and stock levels of sugar.

(2) PENALTY.—Any person willfully failing or refusing to furnish the information, or furnishing willfully any false information, shall be subject to a civil penalty of not more than $10,000 for each such violation.

(3) MONTHLY REPORTS.—Taking into consideration the information received under paragraph (1), the Secretary shall publish on a monthly basis composite data on production, imports, distribution, and stock levels of sugar.

(h) MARKETING ALLOTMENTS.—Part VII of subtitle B of title III of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359aa et seq.) is repealed.

(i) CROPS.—This section (other than subsection (h)) shall be effective only for the 1996 through 2002 crops of sugar beets and sugarcane.

SEC. 108. CONSENT TO NORTHEAST INTERSTATE DAIRY COMPACT.

Congress consents to the Northeast Interstate Dairy Compact entered into among the States of Vermont, New Hampshire, Maine, Connecticut, Rhode Island, and Massachusetts as specified in section 1(b) of Senate Joint Resolution 28 of the 104th Congress, as placed on the calendar of the Senate, subject to the following conditions:

(1) COMPENSATION OF CCC.—Before the end of each fiscal year that a Compact price regulation is in effect, the Compact Commission shall compensate the Commodity Credit Corporation for the cost of any purchases of milk and milk products by the Corporation that result from projected fluid milk production for the fiscal year within the Compact region in excess of the national average rate of purchases of milk and milk products by the Corporation.

(2) MILK MARKET ORDER ADMINISTRATOR.—By agreement among the States and the Secretary, the Administrator shall provide technical assistance to the Compact Commission, and be reimbursed for the assistance, with respect to the applicable milk marketing order issued under section 8c(5) of the Agricultural Adjustment Act (7 U.S.C. 608c(5)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937.

(3) LIMITATION OF MANUFACTURING PRICE REGULATION.—The Compact Commission may not regulate Class II, Class III, or Class III–A milk used for manufacturing purposes or any other milk, other than Class I, or fluid milk, as defined by a Federal milk marketing order issued under section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Act of 1937, unless both Houses of Congress have first consented to and approved the authority by a law enacted after the date of enactment of this Act.

(4) TERMINATION AND RENEWAL.—The consent for the Compact—

(A) shall terminate on the date that is 5 years after the date of enactment of this Act, subject to subparagraph (B); and

(B) may be renewed by Congress, without prior re-ratification by the States' legislatures.

SEC. 109. ADMINISTRATION.

(a) COMMODITY CREDIT CORPORATION.—

(1) USE OF CORPORATION.—The Secretary shall carry out this title through the Commodity Credit Corporation.

(2) SALARIES AND EXPENSES.—No funds of the Corporation shall be used for any salary or expense of any officer or employee of the Department of Agriculture.

(b) DETERMINATIONS BY SECRETARY.—A determination made by the Secretary under this title or the Agricultural Adjustment Act of 1938 (7 U.S.C. 1281 et seq.) shall be final and conclusive.

(c) REGULATIONS.—The Secretary may issue such regulations as the Secretary determines necessary to carry out this title.

SEC. 110. ELIMINATION OF PERMANENT PRICE SUPPORT AUTHORITY.

(a) AGRICULTURAL ADJUSTMENT ACT OF 1938.—The Agricultural Adjustment Act of 1938 is amended—

(1) in title III—

(A) in subtitle B—

(i) by striking parts II through V (7 U.S.C. 1326–1351); and

(ii) in part VI—

(I) by moving subsection (c) of section 358d (7 U.S.C. 1358d(c)) to appear after section 301(b)(17) (7 U.S.C. 1301(b)(17)) and redesignating the subsection as paragraph (18); and

(II) by striking sections 358, 358a, and 358d (7 U.S.C. 1358, 1358a, and 1359); and

(B) by striking subtitle D (7 U.S.C. 1379a–1379j); and

(2) by striking title IV (7 U.S.C. 1401–1407).

(b) AGRICULTURAL ACT OF 1949.—

(1) TRANSFER OF CERTAIN SECTIONS.—The Agricultural Act of 1949 is amended—

(A) by transferring sections 106, 106A, and 106B (7 U.S.C. 1445, 1445–1, 1445–2) to appear after section 314A of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1314–1) and redesignating the transferred sections as sections 315, 315A, and 315B, respectively;

(B) by transferring sections 111, 201(c), and 204 (7 U.S.C. 1445f, 1446(c), and 1446e) to appear after section 304 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1304) and redesignating the transferred sections as sections 305, 306, and 307, respectively; and

(C) by transferring sections 404 and 416 (7 U.S.C. 1424 and 1431) to appear after section 390 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1390) and redesignating the transferred sections as sections 390A and 390B, respectively.

(2) REPEAL.—The Agricultural Act of 1949 (7 U.S.C. 1421 et seq.) (as amended by paragraph (1)) is repealed.

(c) CONFORMING AMENDMENTS.—

(1) Section 306 of the Agricultural Adjustment Act of 1938 (as transferred and redesignated by subsection (b)(1)(B)) is amended by striking ''204'' and inserting ''307''.

(2) Section 361 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1361) is amended by striking '', corn, wheat, cotton, peanuts, and rice, established''.

SEC. 111. EFFECT OF AMENDMENTS.

(a) EFFECT ON PRIOR CROPS.—Except as otherwise specifically provided and notwithstanding any other provision of law, this title and the amendments made by this title shall not affect the authority of the Secretary to carry out a price support or production adjustment program for any of the 1991 through 1995 crops of an agricultural commodity established under a provision of law in effect immediately before the date of the enactment of this Act.

(b) LIABILITY.—A provision of this title or an amendment made by this title shall not affect the liability of any person under any provision of law as in effect before the date of the enactment of this Act.

TITLE II—AGRICULTURAL TRADE

SEC. 201. PUBLIC LAW 480.

(a) GENERAL LEVELS OF ASSISTANCE.—Section 204(a) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1724(a)) is amended—

(1) in paragraph (1)(E), by striking ''for fiscal year 1995'' and inserting ''for each of fiscal years 1995 and 1996''; and

(2) in paragraph (2)(E), by striking ''for fiscal year 1995'' and inserting ''for each of fiscal years 1995 and 1996''.

(b) FOOD AID CONSULTATIVE GROUP.—Section 205(f) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1725(f)) is amended by striking ''1995'' and inserting ''1996''.

(c) AUTHORITY TO ENTER INTO AGREEMENTS.—Section 408 of the Agricultural

Trade Development and Assistance Act of 1954 (7 U.S.C. 1736b) is amended by striking ''1995'' and inserting ''1996''.

(d) FARMER-TO-FARMER PROGRAM.—Section 501(c) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1737(c)) is amended by striking ''1995'' and inserting ''1996''.

SEC. 202. MARKET PROMOTION PROGRAM.

Effective October 1, 1995, section 211(c)(1) of the Agricultural Trade Act of 1978 (7 U.S.C. 5641(c)(1)) is amended—

(1) by striking ''and'' after ''1991 through 1993,''; and

(2) by striking ''through 1997,'' and inserting ''through 1995, and not more than $100,000,000 for each of fiscal years 1996 through 2002,''.

SEC. 203. EXPORT ENHANCEMENT PROGRAM.

Effective October 1, 1995, section 301(e)(1) of the Agricultural Trade Act of 1978 (7 U.S.C. 5651(e)(1)) is amended to read as follows:

''(1) IN GENERAL.—The Commodity Credit Corporation shall make available to carry out the program established under this section not more than—

''(A) $350,000,000 for fiscal year 1996;

''(B) $350,000,000 for fiscal year 1997;

''(C) $500,000,000 for fiscal year 1998;

''(D) $550,000,000 for fiscal year 1999;

''(E) $579,000,000 for fiscal year 2000;

''(F) $478,000,000 for fiscal year 2001; and

''(G) $478,000,000 for fiscal year 2002.''.

SEC. 204. FOOD FOR PROGRESS.

Section 1110 of the Food Security Act of 1985 (7 U.S.C. 1736o) is amended by striking ''1995'' each place it appears in subsections (g), (k), and (l)(1) and inserting ''1996''.

SEC. 205. EMERGING DEMOCRACIES.

Section 1542 of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 7 U.S.C. 5622 note) is amended—

(1) in subsection (a), by striking ''1995'' and inserting ''1996''; and

(2) in subsection (d)(1)(A)(i), by striking ''1995'' and inserting ''1996''.

TITLE III—CONSERVATION

Subtitle A—Definitions

SEC. 301. DEFINITIONS.

Section 1201(a) of the Food Security Act of 1985 (16 U.S.C. 3801(a)) is amended—

(1) by redesignating paragraphs (3) through (16) as paragraphs (4) through (17), respectively; and

(2) by inserting after paragraph (2) the following:

''(3) CONSERVATION SYSTEM.—The term 'conservation system' means the conservation measures and practices that are approved for application by a producer to a highly erodible field and that provide for cost effective and practical erosion reduction on the field based on local resource conditions and standards contained in the Natural Resources Conservation Service field office technical guide.''.

Subtitle B—Environmental Conservation Acreage Reserve Program

SEC. 311. ENVIRONMENTAL CONSERVATION ACREAGE RESERVE PROGRAM.

Section 1230 of the Food Security Act of 1985 (16 U.S.C. 3830) is amended to read as follows:

''SEC. 1230. ENVIRONMENTAL CONSERVATION ACREAGE RESERVE PROGRAM.

''(a) ESTABLISHMENT.—

''(1) IN GENERAL.—During the 1996 through 2002 calendar years, the Secretary shall establish an environmental conservation acreage reserve program (referred to in this section as 'ECARP') to be implemented through contracts and the acquisition of easements to assist owners and operators of farms and ranches to conserve and enhance soil, water, and related natural resources, including grazing land, wetland, and wildlife habitat.

''(2) MEANS.—The Secretary shall carry out the ECARP by—

''(A) providing for the long-term protection of environmentally sensitive land; and

''(B) providing technical and financial assistance to farmers and ranchers to—

''(i) improve the management and operation of the farms and ranches; and

''(ii) reconcile productivity and profitability with protection and enhancement of the environment.

''(3) PROGRAMS.—The ECARP shall consist of—

''(A) the conservation reserve program established under subchapter B;

''(B) the wetlands reserve program established under subchapter C; and

''(C) the environmental quality incentives program established under chapter 4.

''(b) ADMINISTRATION.—

''(1) IN GENERAL.—In carrying out the ECARP, the Secretary shall enter into contracts with owners and operators and acquire interests in land through easements from owners, as provided in this chapter and chapter 4.

''(2) PRIOR ENROLLMENTS.—Acreage enrolled in the conservation reserve or wetlands reserve program prior to the effective date of this paragraph shall be considered to be placed into the ECARP.

''(c) CONSERVATION PRIORITY AREAS.—

''(1) DESIGNATION.—

''(A) IN GENERAL.—The Secretary shall designate watersheds or regions of special environmental sensitivity, including the Chesapeake Bay Region (consisting of Pennsylvania, Maryland, and Virginia), the Great Lakes Region, and the Long Island Sound Region, as conservation priority areas that are eligible for enhanced assistance through the programs established under this chapter and chapter 4.

''(B) APPLICATION.—A designation shall be made under this paragraph if agricultural practices on land within the watershed or region pose a significant threat to soil, water, and related natural resources, as determined by the Secretary, and an application is made by—

''(i) a State agency in consultation with the State technical committee established under section 1261; or

''(ii) State agencies from several States that agree to form an interstate conservation priority area.

''(C) ASSISTANCE.—The Secretary shall designate a watershed or region of special environmental sensitivity as a conservation priority area to assist, to the maximum extent practicable, agricultural producers within the watershed or region to comply with nonpoint source pollution requirements under the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.) and other Federal and State environmental laws.

''(2) APPLICABILITY.—The Secretary shall designate a watershed or region of special environmental sensitivity as a conservation priority area in a manner that conforms, to the maximum extent practicable, to the functions and purposes of the conservation reserve, wetlands reserve, and environmental quality incentives programs, as applicable, if participation in the program or programs is likely to result in the resolution or amelioration of significant soil, water, and related natural resource problems related to agricultural production activities within the watershed or region.

''(3) TERMINATION.—A conservation priority area designation shall terminate on the date that is 5 years after the date of the designation, except that the Secretary may—

''(A) redesignate the area as a conservation priority area; or

''(B) withdraw the designation of a watershed or region if the Secretary determines the area is no longer affected by significant soil,water, and related natural resource impacts related to agricultural production activities.''.

SEC. 312. CONSERVATION RESERVE PROGRAM.

(a) IN GENERAL.—Section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831) is amended—

(1) by striking ''1995'' each place it appears and inserting ''2002''; and

(2) in subsection (d), by striking ''38,000,000'' and inserting ''36,400,000''.

(b) DUTIES OF OWNERS AND OPERATORS.—Section 1232(c) of the Food Security Act of 1985 (16 U.S.C. 3832(c)) is amended by striking ''1995'' and inserting ''2002''.

SEC. 313. WETLANDS RESERVE PROGRAM.

(a) PURPOSES.—Section 1237(a) of the Food Security Act of 1985 (16 U.S.C. 3837(a)) is amended by striking ''to assist owners of eligible lands in restoring and protecting wetlands'' and inserting ''to protect wetlands for purposes of enhancing water quality and providing wildlife benefits while recognizing landowner rights''.

(b) ENROLLMENT.—Section 1237 of the Food Security Act of 1985 (16 U.S.C. 3837) is amended by striking subsection (b) and inserting the following:

''(b) MINIMUM ENROLLMENT.—The Secretary shall enroll into the wetlands reserve program—

''(1) during the 1996 through 2002 calendar years, a total of not more than 975,000 acres; and

''(2) beginning with offers accepted by the Secretary during calendar year 1997, to the maximum extent practicable, ⅓ of the acres in permanent easements, ⅓ of the acres in 30-year easements, and ⅓ of the acres in restoration cost-share agreements.''.

(c) ELIGIBILITY.—Section 1237(c) of the Food Security Act of 1985 (16 U.S.C. 3837(c)) is amended—

(1) by striking ''2000'' and inserting ''2002'';

(2) by inserting ''the land maximizes wildlife benefits and wetland values and functions and'' after ''determines that'';

(3) in paragraph (1)—

(A) by striking ''December 23, 1985'' and inserting ''January 1, 1996''; and

(B) by striking ''and'' at the end;

(4) by redesignating paragraph (2) as paragraph (3);

(5) by inserting after paragraph (1) the following:

''(2) enrollment of the land meets water quality goals through—

''(A) creation of tailwater pits or settlement ponds; or

''(B) enrollment of land that was enrolled (on the day before the effective date of this subparagraph) in the water bank program established under the Water Bank Act (16 U.S.C. 1301 et seq.) at a rate not to exceed the rates in effect under the program;'';

(6) in paragraph (3) (as so redesignated), by striking the period at the end and inserting ''; and''; and

(7) by adding at the end the following:

''(4) enrollment of the land maintains or improves wildlife habitat.''.

(d) OTHER ELIGIBLE LANDS.—Section 1237(d) (16 U.S.C. 3837(d)) is amended by inserting after ''subsection (c)'' the following '', land that maximizes wildlife benefits and that is''.

(e) EASEMENTS.—Section 1237A of the Food Security Act of 1985 (16 U.S.C. 3837a) is amended—

(1) in the section heading, by inserting before the period at the end the following: ''**and agreements**'';

(2) by striking subsection (c) and inserting the following:

''(c) RESTORATION PLANS.—The development of a restoration plan, including any

compatible use, under this section shall be made through the local Natural Resources Conservation Service representative, in consultation with the State technical committee.'';

(3) in subsection (f), by striking the third sentence and inserting the following: ''Compensation may be provided in not less than 5, nor more than 30, annual payments of equal or unequal size, as agreed to by the owner and the Secretary.''; and

(4) by adding at the end the following:

''(h) COST SHARE AGREEMENTS.—The Secretary may enroll land into the wetland reserve through agreements that require the landowner to restore wetlands on the land, if the agreement does not provide the Secretary with an easement.''.

(f) COST SHARE AND TECHNICAL ASSISTANCE.—Section 1237C of the Food Security Act of 1985 (16 U.S.C. 3837c) is amended by striking subsection (b) and inserting the following:

''(b) COST SHARE AND TECHNICAL ASSISTANCE.—In the case of an easement entered into during the 1996 through 2002 calendar years, in making cost share payments under subsection (a)(1), the Secretary shall—

''(1) in the case of a permanent easement, pay the owner an amount that is not less than 75 percent, but not more than 100 percent, of the eligible costs;

''(2) in the case of a 30-year easement or a cost-share agreement, pay the owner an amount that is not less than 50 percent, but not more than 75 percent, of the eligible costs; and

''(3) provide owners technical assistance to assist landowners in complying with the terms of easements and agreements.''.

SEC. 314. ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.

Subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3830 et seq.) is amended by adding at the end the following:

''CHAPTER 4—ENVIRONMENTAL QUALITY INCENTIVES PROGRAM

''SEC. 1238. FINDINGS AND PURPOSES.

''(a) FINDINGS.—Congress finds that—

''(1) farmers and ranchers cumulatively manage more than ½ of the private lands in the continental United States;

''(2) because of the predominance of agriculture, the soil, water, and related natural resources of the United States cannot be protected without cooperative relationships between the Federal Government and farmers and ranchers;

''(3) farmers and ranchers have made tremendous progress in protecting the environment and the agricultural resource base of the United States over the past decade because of not only Federal Government programs but also their spirit of stewardship and the adoption of effective technologies;

''(4) it is in the interest of the entire United States that farmers and ranchers continue to strive to preserve soil resources and make more efforts to protect water quality and wildlife habitat, and address other broad environmental concerns;

''(5) environmental strategies that stress the prudent management of resources, as opposed to idling land, will permit the maximum economic opportunities for farmers and ranchers in the future;

''(6) unnecessary bureaucratic and paperwork barriers associated with existing agricultural conservation assistance programs decrease the potential effectiveness of the programs; and

''(7) the recent trend of Federal spending on agricultural conservation programs suggests that assistance to farmers and ranchers in future years will, absent changes in policy, dwindle to perilously low levels.

''(b) PURPOSES.—The purposes of the environmental quality incentives program established by this chapter are to—

''(1) combine into a single program the functions of—

''(A) the agricultural conservation program authorized by sections 7 and 8 of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590g and 590h) (as in effect before the amendments made by section 355(a)(1) of the Agricultural Reform and Improvement Act of 1996);

''(B) the Great Plains conservation program established under section 16(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590p(b)) (as in effect before the amendment made by section 355(b)(1) of the Agricultural Reform and Improvement Act of 1996); and

''(C) the water quality incentives program established under chapter 2 (as in effect before the amendment made by section 355(k) of the Agricultural Reform and Improvement Act of 1996); and

''(D) the Colorado River Basin salinity control program established under section 202(c) of the Colorado River Basin Salinity Control Act (43 U.S.C. 1592(c)) (as in effect before the amendment made by section 355(c)(1) of the Agricultural Reform and Improvement Act of 1996); and

''(2) carry out the single program in a manner that maximizes environmental benefits per dollar expended, and that provides—

''(A) flexible technical and financial assistance to farmers and ranchers that face the most serious threats to soil, water, and related natural resources, including grazing lands, wetlands, and wildlife habitat;

''(B) assistance to farmers and ranchers in complying with this title and Federal and State environmental laws, and to encourage environmental enhancement;

''(C) assistance to farmers and ranchers in making beneficial, cost-effective changes to cropping systems, grazing management, manure, nutrient, pest, or irrigation management, land uses, or other measures needed to conserve and improve soil, water, and related natural resources; and

''(D) for the consolidation and simplification of the conservation planning process to reduce administrative burdens on the owners and operators of farms and ranches.

''SEC. 1238A. DEFINITIONS.

''In this chapter:

''(1) LAND MANAGEMENT PRACTICE.—The term 'land management practice' means nutrient or manure management, integrated pest management, irrigation management, tillage or residue management, grazing management, or another land management practice the Secretary determines is needed to protect soil, water, or related resources in the most cost effective manner.

''(2) LARGE CONFINED LIVESTOCK OPERATION.—The term 'large confined livestock operation' means a farm or ranch that—

''(A) is a confined animal feeding operation; and

''(B) has more than—

''(i) 700 mature dairy cattle;

''(ii) 10,000 beef cattle;

''(iii) 150,000 laying hens or broilers;

''(iv) 55,000 turkeys;

''(v) 15,000 swine; or

''(vi) 10,000 sheep or lambs.

''(3) LIVESTOCK.—The term 'livestock' means mature dairy cows, beef cattle, laying hens, broilers, turkeys, swine, sheep, or lambs.

''(4) OPERATOR.—The term 'operator' means a person who is engaged in crop or livestock production (as defined by the Secretary).

''(5) STRUCTURAL PRACTICE.—The term 'structural practice' means the establishment of an animal waste management facility, terrace, grassed waterway, contour grass strip, filterstrip, permanent wildlife habitat, or another structural practice that the Secretary determines is needed to protect soil, water, or related resources in the most cost effective manner.

''SEC. 1238B. ESTABLISHMENT AND ADMINISTRATION OF ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.

''(a) ESTABLISHMENT.—

''(1) IN GENERAL.—During the 1996 through 2002 fiscal years, the Secretary shall provide technical assistance, cost-sharing payments, and incentive payments to operators, who enter into contracts with the Secretary, through an environmental quality incentives program in accordance with this chapter.

''(2) ELIGIBLE PRACTICES.—

''(A) STRUCTURAL PRACTICES.—An operator who implements a structural practice shall be eligible for technical assistance or cost-sharing payments, or both.

''(B) LAND MANAGEMENT PRACTICES.—An operator who performs a land management practice shall be eligible for technical assistance or incentive payments, or both.

''(b) APPLICATION AND TERM.—A contract between an operator and the Secretary under this chapter may—

''(1) apply to 1 or more structural practices or 1 or more land management practices, or both; and

''(2) have a term of not less than 5, nor more than 10, years, as determined appropriate by the Secretary, depending on the practice or practices that are the basis of the contract.

''(c) STRUCTURAL PRACTICES.—

''(1) COMPETITIVE OFFER.—The Secretary shall administer a competitive offer system for operators proposing to receive cost-sharing payments in exchange for the implementation of 1 or more structural practices by the operator. The competitive offer system shall consist of—

''(A) the submission of a competitive offer by the operator in such manner as the Secretary may prescribe; and

''(B) evaluation of the offer in light of the priorities established in section 1238C and the projected cost of the proposal, as determined by the Secretary.

''(2) CONCURRENCE OF OWNER.—If the operator making an offer to implement a structural practice is a tenant of the land involved in agricultural production, for the offer to be acceptable, the operator shall obtain the concurrence of the owner of the land with respect to the offer.

''(d) LAND MANAGEMENT PRACTICES.—The Secretary shall establish an application and evaluation process for awarding technical assistance or incentive payments, or both, to an operator in exchange for the performance of 1 or more land management practices by the operator.

''(e) COST-SHARING AND INCENTIVE PAYMENTS.—

''(1) COST-SHARING PAYMENTS.—

''(A) IN GENERAL.—The Federal share of cost-sharing payments to an operator proposing to implement 1 or more structural practices shall not be less than 75 percent of the projected cost of the practice, as determined by the Secretary, taking into consideration any payment received by the operator from a State or local government.

''(B) LIMITATION.—An operator of a large confined livestock operation shall not be eligible for cost-sharing payments to construct an animal waste management facility.

''(C) OTHER PAYMENTS.—An operator shall not be eligible for cost-sharing payments for structural practices on eligible land under this chapter if the operator receives cost-sharing payments or other benefits for the same land under chapter 1 or 3.

''(2) INCENTIVE PAYMENTS.—The Secretary shall make incentive payments in an amount and at a rate determined by the Secretary to be necessary to encourage an operator to perform 1 or more land management practices.

''(f) TECHNICAL ASSISTANCE.—

''(1) FUNDING.—The Secretary shall allocate funding under this chapter for the provision of technical assistance according to the purpose and projected cost for which the technical assistance is provided in a fiscal year. The allocated amount may vary according to the type of expertise required, quantity of time involved, and other factors as determined appropriate by the Secretary. Funding shall not exceed the projected cost to the Secretary of the technical assistance provided in a fiscal year.

''(2) OTHER AUTHORITIES.—The receipt of technical assistance under this chapter shall not affect the eligibility of the operator to receive technical assistance under other authorities of law available to the Secretary.

''(g) MODIFICATION OR TERMINATION OF CONTRACTS.—

''(1) VOLUNTARY MODIFICATION OR TERMINATION.—The Secretary may modify or terminate a contract entered into with an operator under this chapter if—

''(A) the operator agrees to the modification or termination; and

''(B) the Secretary determines that the modification or termination is in the public interest.

''(2) INVOLUNTARY TERMINATION.—The Secretary may terminate a contract under this chapter if the Secretary determines that the operator violated the contract.

''(h) NON-FEDERAL ASSISTANCE.—

''(1) IN GENERAL.—The Secretary may request the services of a State water quality agency, State fish and wildlife agency, State forestry agency, or any other governmental or private resource considered appropriate to assist in providing the technical assistance necessary for the development and implementation of a structural practice or land management practice.

''(2) LIMITATION ON LIABILITY.—No person shall be permitted to bring or pursue any claim or action against any official or entity based on or resulting from any technical assistance provided to an operator under this chapter to assist in complying with a Federal or State environmental law.

''SEC. 1238C. EVALUATION OF OFFERS AND PAYMENTS.

''(a) REGIONAL PRIORITIES.—The Secretary shall provide technical assistance, cost-sharing payments, and incentive payments to operators in a region, watershed, or conservation priority area under this chapter based on the significance of the soil, water, and related natural resource problems in the region, watershed, or area, and the structural practices or land management practices that best address the problems, as determined by the Secretary.

''(b) MAXIMIZATION OF ENVIRONMENTAL BENEFITS.—

''(1) IN GENERAL.—In providing technical assistance, cost-sharing payments, and incentive payments to operators in regions, watersheds, or conservation priority areas under this chapter, the Secretary shall accord a higher priority to assistance and payments that maximize environmental benefits per dollar expended.

''(2) NATIONAL AND REGIONAL PRIORITY.—The prioritization shall be done nationally as well as within the conservation priority area, region, or watershed in which an agricultural operation is located.

''(3) CRITERIA.—To carry out this subsection, the Secretary shall establish criteria for implementing structural practices and land management practices that best achieve conservation goals for a region, watershed, or conservation priority area, as determined by the Secretary.

''(c) STATE OR LOCAL CONTRIBUTIONS.—The Secretary shall accord a higher priority to operators whose agricultural operations are located within watersheds, regions, or conservation priority areas in which State or local governments have provided, or will provide, financial or technical assistance to the operators for the same conservation or environmental purposes.

''(d) PRIORITY LANDS.—The Secretary shall accord a higher priority to structural practices or land management practices on lands on which agricultural production has been determined to contribute to, or create, the potential for failure to meet applicable water quality standards or other environmental objectives of a Federal or State law.

''SEC. 1238D. DUTIES OF OPERATORS.

''To receive technical assistance, cost-sharing payments, or incentives payments under this chapter, an operator shall agree—

''(1) to implement an environmental quality incentives program plan that describes conservation and environmental goals to be achieved through a structural practice or land management practice, or both, that is approved by the Secretary;

''(2) not to conduct any practices on the farm or ranch that would tend to defeat the purposes of this chapter;

''(3) on the violation of a term or condition of the contract at any time the operator has control of the land, to refund any cost-sharing or incentive payment received with interest, and forfeit any future payments under this chapter, as determined by the Secretary;

''(4) on the transfer of the right and interest of the operator in land subject to the contract, unless the transferee of the right and interest agrees with the Secretary to assume all obligations of the contract, to refund all cost-sharing payments and incentive payments received under this chapter, as determined by the Secretary;

''(5) to supply information as required by the Secretary to determine compliance with the environmental quality incentives program plan and requirements of the program; and

''(6) to comply with such additional provisions as the Secretary determines are necessary to carry out the environmental quality incentives program plan.

''SEC. 1238E. ENVIRONMENTAL QUALITY INCENTIVES PROGRAM PLAN.

''An environmental quality incentives program plan shall include (as determined by the Secretary)—

''(1) a description of the prevailing farm or ranch enterprises, cropping patterns, grazing management, cultural practices, or other information that may be relevant to conserving and enhancing soil, water, and related natural resources;

''(2) a description of relevant farm or ranch resources, including soil characteristics, rangeland types and condition, proximity to water bodies, wildlife habitat, or other relevant characteristics of the farm or ranch related to the conservation and environmental objectives set forth in the plan;

''(3) a description of specific conservation and environmental objectives to be achieved;

''(4) to the extent practicable, specific, quantitative goals for achieving the conservation and environmental objectives;

''(5) a description of 1 or more structural practices or 1 or more land management practices, or both, to be implemented to achieve the conservation and environmental objectives;

''(6) a description of the timing and sequence for implementing the structural practices or land management practices, or both, that will assist the operator in complying with Federal and State environmental laws; and

''(7) information that will enable evaluation of the effectiveness of the plan in achieving the conservation and environmental objectives, and that will enable evaluation of the degree to which the plan has been implemented.

''SEC. 1238F. DUTIES OF THE SECRETARY.

''To the extent appropriate, the Secretary shall assist an operator in achieving the conservation and environmental goals of an environmental quality incentives program plan by—

''(1) providing an eligibility assessment of the farming or ranching operation of the operator as a basis for developing the plan;

''(2) providing technical assistance in developing and implementing the plan;

''(3) providing technical assistance, cost-sharing payments, or incentive payments for developing and implementing 1 or more structural practices or 1 or more land management practices, as appropriate;

''(4) providing the operator with information, education, and training to aid in implementation of the plan; and

''(5) encouraging the operator to obtain technical assistance, cost-sharing payments, or grants from other Federal, State, local, or private sources.

''SEC. 1238G. ELIGIBLE LANDS.

''Agricultural land on which a structural practice or land management practice, or both, shall be eligible for technical assistance, cost-sharing payments, or incentive payments under this chapter include—

''(1) agricultural land (including cropland, rangeland, pasture, and other land on which crops or livestock are produced) that the Secretary determines poses a serious threat to soil, water, or related resources by reason of the soil types, terrain, climatic, soil, topographic, flood, or saline characteristics, or other factors or natural hazards;

''(2) an area that is considered to be critical agricultural land on which either crop or livestock production is carried out, as identified in a plan submitted by the State under section 319 of the Federal Water Pollution Control Act (33 U.S.C. 1329) as having priority problems that result from an agricultural nonpoint source of pollution;

''(3) an area recommended by a State lead agency for protection of soil, water, and related resources, as designated by a Governor of a State; and

''(4) land that is not located within a designated or approved area, but that if permitted to continue to be operated under existing management practices, would defeat the purpose of the environmental quality incentives program, as determined by the Secretary.

''SEC. 1238H. LIMITATIONS ON PAYMENTS.

''(a) PAYMENTS.—The total amount of cost-sharing and incentive payments paid to a person under this chapter may not exceed—

''(1) $10,000 for any fiscal year; or

''(2) $50,000 for any multiyear contract.

''(b) REGULATIONS.—The Secretary shall issue regulations that are consistent with section 1001 for the purpose of—

''(1) defining the term 'person' as used in subsection (a); and

''(2) prescribing such rules as the Secretary determines necessary to ensure a fair and reasonable application of the limitations contained in subsection (a).''.

Subtitle C—Conservation Funding

SEC. 321. CONSERVATION FUNDING.

(a) IN GENERAL.—Subtitle E of title XII of the Food Security Act of 1985 (16 U.S.C. 3841 et seq.) is amended to read as follows:

''Subtitle E—Funding

''SEC. 1241. FUNDING.

''(a) MANDATORY EXPENSES.—For each of fiscal years 1996 through 2002, the Secretary shall use the funds of the Commodity Credit Corporation to carry out the programs authorized by—

''(1) subchapter B of chapter 1 of subtitle D (including contracts extended by the Secretary pursuant to section 1437 of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 16 U.S.C. 3831 note));

''(2) subchapter C of chapter 1 of subtitle D; and

''(3) chapter 4 of subtitle D.

''(b) ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.—

''(1) IN GENERAL.—For each of fiscal years 1996 through 2002, $200,000,000 of the funds of the Commodity Credit Corporation shall be available for providing technical assistance, cost-sharing payments, and incentive payments under the environmental quality incentives program under chapter 4 of subtitle D.

''(2) LIVESTOCK PRODUCTION.—For each of fiscal years 1996 through 2002, 50 percent of the funding available for technical assistance, cost-sharing payments, and incentive payments under the environmental quality incentives program shall be targeted at practices relating to livestock production.

''(c) ADVANCE APPROPRIATIONS TO CCC.—The Secretary may use the funds of the Commodity Credit Corporation to carry out chapter 3 of subtitle D, except that the Secretary may not use the funds of the Corporation unless the Corporation has received funds to cover the expenditures from appropriations made available to carry out chapter 3 of subtitle D.

''SEC. 1242. ADMINISTRATION.

''(a) PLANS.—The Secretary shall, to the extent practicable, avoid duplication in—

''(1) the conservation plans required for—

''(A) highly erodible land conservation under subtitle B;

''(B) the conservation reserve program established under subchapter B of chapter 1 of subtitle D; and

''(C) the wetlands reserve program established under subchapter C of chapter 1 of subtitle D; and

''(2) the environmental quality incentives program established under chapter 4 of subtitle D.

''(b) ACREAGE LIMITATION.—

''(1) IN GENERAL.—The Secretary shall not enroll more than 25 percent of the cropland in any county in the programs administered under the conservation reserve and wetlands reserve programs established under subchapters B and C, respectively, of chapter 1 of subtitle D. Not more than 10 percent of the cropland in a county may be subject to an easement acquired under the subchapters.

''(2) EXCEPTION.—The Secretary may exceed the limitations in paragraph (1) if the Secretary determines that—

''(A) the action would not adversely affect the local economy of a county; and

''(B) operators in the county are having difficulties complying with conservation plans implemented under section 1212.

''(3) SHELTERBELTS AND WINDBREAKS.—The limitations established under this subsection shall not apply to cropland that is subject to an easement under chapter 1 or 3 of subtitle D that is used for the establishment of shelterbelts and windbreaks.

''(c) TENANT PROTECTION.—Except for a person who is a tenant on land that is subject to a conservation reserve contract that has been extended by the Secretary, the Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers, including provision for sharing, on a fair and equitable basis, in payments under the programs established under subtitles B through D.

''(d) REGULATIONS.—Not later than 90 days after the effective date of this subsection, the Secretary shall issue regulations to implement the conservation reserve and wetlands reserve programs established under chapter 1 of subtitle D.''.

Subtitle D—National Natural Resources Conservation Foundation

SEC. 331. SHORT TITLE.

This subtitle may be cited as the ''National Natural Resources Conservation Foundation Act''.

SEC. 332. DEFINITIONS.

In this subtitle (unless the context otherwise requires):

(1) BOARD.—The term ''Board'' means the Board of Trustees established under section 334.

(2) DEPARTMENT.—The term ''Department'' means the United States Department of Agriculture.

(3) FOUNDATION.—The term ''Foundation'' means the National Natural Resources Conservation Foundation established by section 333(a).

(4) SECRETARY.—The term ''Secretary'' means the Secretary of Agriculture.

SEC. 333. NATIONAL NATURAL RESOURCES CONSERVATION FOUNDATION.

(a) ESTABLISHMENT.—A National Natural Resources Conservation Foundation is established as a charitable and nonprofit corporation for charitable, scientific, and educational purposes specified in subsection (b). The Foundation is not an agency or instrumentality of the United States.

(b) PURPOSES.—The purposes of the Foundation are to—

(1) promote innovative solutions to the problems associated with the conservation of natural resources on private lands, particularly with respect to agriculture and soil and water conservation;

(2) promote voluntary partnerships between government and private interests in the conservation of natural resources;

(3) conduct research and undertake educational activities, conduct and support demonstration projects, and make grants to State and local agencies and nonprofit organizations;

(4) provide such other leadership and support as may be necessary to address conservation challenges, such as the prevention of excessive soil erosion, enhancement of soil and water quality, and the protection of wetlands, wildlife habitat, and strategically important farmland subject to urban conversion and fragmentation;

(5) encourage, accept, and administer private gifts of money and real and personal property for the benefit of, or in connection with, the conservation and related activities and services of the Department, particularly the Natural Resources Conservation Service;

(6) undertake, conduct, and encourage educational, technical, and other assistance, and other activities, that support the conservation and related programs administered by the Department (other than activities carried out on National Forest System lands), particularly the Natural Resources Conservation Service, except that the Foundation may not enforce or administer a regulation of the Department; and

(7) raise private funds to promote the purposes of the Foundation.

(c) LIMITATIONS AND CONFLICTS OF INTERESTS.—

(1) POLITICAL ACTIVITIES.—The Foundation shall not participate or intervene in a political campaign on behalf of any candidate for public office.

(2) CONFLICTS OF INTEREST.—No director, officer, or employee of the Foundation shall participate, directly or indirectly, in the consideration or determination of any question before the Foundation affecting—

(A) the financial interests of the director, officer, or employee; or

(B) the interests of any corporation, partnership, entity, organization, or other person in which the director, officer, or employee—

(i) is an officer, director, or trustee; or

(ii) has any direct or indirect financial interest.

(3) LEGISLATION OR GOVERNMENT ACTION OR POLICY.—No funds of the Foundation may be used in any manner for the purpose of influencing legislation or government action or policy.

(4) LITIGATION.—No funds of the Foundation may be used to bring or join an action against the United States or any State.

SEC. 334. COMPOSITION AND OPERATION.

(a) COMPOSITION.—The Foundation shall be administered by a Board of Trustees that shall consist of 9 voting members, each of whom shall be a United States citizen and not a Federal officer. The Board shall be composed of—

(1) individuals with expertise in agricultural conservation policy matters;

(2) a representative of private sector organizations with a demonstrable interest in natural resources conservation;

(3) a representative of statewide conservation organizations;

(4) a representative of soil and water conservation districts;

(5) a representative of organizations outside the Federal Government that are dedicated to natural resources conservation education; and

(6) a farmer or rancher.

(b) NONGOVERNMENTAL EMPLOYEES.—Service as a member of the Board shall not constitute employment by, or the holding of, an office of the United States for the purposes of any Federal law.

(c) MEMBERSHIP.—

(1) INITIAL MEMBERS.—The Secretary shall appoint 9 persons who meet the criteria established under subsection (a) as the initial members of the Board and designate 1 of the members as the initial chairperson for a 2-year term.

(2) TERMS OF OFFICE.—

(A) IN GENERAL.—A member of the Board shall serve for a term of 3 years, except that the members appointed to the initial Board shall serve, proportionately, for terms of 1, 2, and 3 years, as determined by the Secretary.

(B) LIMITATION ON TERMS.—No individual may serve more than 2 consecutive 3-year terms as a member.

(3) SUBSEQUENT MEMBERS.—The initial members of the Board shall adopt procedures in the constitution of the Foundation for the nomination and selection of subsequent members of the Board. The procedures shall require that each member, at a minimum, meets the criteria established under subsection (a) and shall provide for the selection of an individual, who is not a Federal officer or a member of the Board.

(d) CHAIRPERSON.—After the appointment of an initial chairperson under subsection (c)(1), each succeeding chairperson of the Board shall be elected by the members of the Board for a 2-year term.

(e) VACANCIES.—A vacancy on the Board shall be filled by the Board not later than 60 days after the occurrence of the vacancy.

(f) COMPENSATION.—A member of the Board shall receive no compensation from the Foundation for the service of the member on the Board.

(g) TRAVEL EXPENSES.—While away from the home or regular place of business of a member of the Board in the performance of services for the Board, the member shall be

allowed travel expenses paid by the Foundation, including per diem in lieu of subsistence, at the same rate as a person employed intermittently in the Government service would be allowed under section 5703 of title 5, United States Code.

SEC. 335. OFFICERS AND EMPLOYEES.

(a) IN GENERAL.—The Board may—

(1) appoint, hire, and discharge the officers and employees of the Foundation, other than the appointment of the initial Executive Director of the Foundation;

(2) adopt a constitution and bylaws for the Foundation that are consistent with the purposes of the Foundation and this subtitle; and

(3) undertake any other activities that may be necessary to carry out this subtitle.

(b) OFFICERS AND EMPLOYEES.—

(1) APPOINTMENT AND HIRING.—An officer or employee of the Foundation—

(A) shall not, by virtue of the appointment or employment of the officer or employee, be considered a Federal employee for any purpose, including the provisions of title 5, United States Code, governing appointments in the competitive service, except that such an individual may participate in the Federal employee retirement system as if the individual were a Federal employee; and

(B) may not be paid by the Foundation a salary in excess of $125,000 per year.

(2) EXECUTIVE DIRECTOR.—

(A) INITIAL DIRECTOR.—The Secretary shall appoint an individual to serve as the initial Executive Director of the Foundation who shall serve, at the direction of the Board, as the chief operating officer of the Foundation.

(B) SUBSEQUENT DIRECTORS.—The Board shall appoint each subsequent Executive Director of the Foundation who shall serve, at the direction of the Board, as the chief operating officer of the Foundation.

(C) QUALIFICATIONS.—The Executive Director shall be knowledgeable and experienced in matters relating to natural resources conservation.

SEC. 336. CORPORATE POWERS AND OBLIGATIONS OF THE FOUNDATION.

(a) IN GENERAL.—The Foundation—

(1) may conduct business throughout the United States and the territories and possessions of the United States; and

(2) shall at all times maintain a designated agent who is authorized to accept service of process for the Foundation, so that the serving of notice to, or service of process on, the agent, or mailed to the business address of the agent, shall be considered as service on or notice to the Foundation.

(b) SEAL.—The Foundation shall have an official seal selected by the Board that shall be judicially noticed.

(c) POWERS.—To carry out the purposes of the Foundation under section 333(b), the Foundation shall have, in addition to the powers otherwise provided under this subtitle, the usual powers of a corporation, including the power—

(1) to accept, receive, solicit, hold, administer, and use any gift, devise, or bequest, either absolutely or in trust, of real or personal property or any income from, or other interest in, the gift, devise, or bequest;

(2) to acquire by purchase or exchange any real or personal property or interest in property, except that funds provided under section 310 may not be used to purchase an interest in real property;

(3) unless otherwise required by instrument of transfer, to sell, donate, lease, invest, reinvest, retain, or otherwise dispose of any property or income from property;

(4) to borrow money from private sources and issue bonds, debentures, or other debt instruments, subject to section 339, except that the aggregate amount of the borrowing and debt instruments outstanding at any time may not exceed $1,000,000;

(5) to sue and be sued, and complain and defend itself, in any court of competent jurisdiction, except that a member of the Board shall not be personally liable for an action in the performance of services for the Board, except for gross negligence;

(6) to enter into a contract or other agreement with an agency of State or local government, educational institution, or other private organization or person and to make such payments as may be necessary to carry out the functions of the Foundation; and

(7) to do any and all acts that are necessary to carry out the purposes of the Foundation.

(d) INTEREST IN PROPERTY.—

(1) IN GENERAL.—The Foundation may acquire, hold, and dispose of lands, waters, or other interests in real property by donation, gift, devise, purchase, or exchange.

(2) INTERESTS IN REAL PROPERTY.—For purposes of this subtitle, an interest in real property shall be treated, among other things, as including an easement or other right for the preservation, conservation, protection, or enhancement of agricultural, natural, scenic, historic, scientific, educational, inspirational, or recreational resources.

(3) GIFTS.—A gift, devise, or bequest may be accepted by the Foundation even though the gift, devise, or bequest is encumbered, restricted, or subject to a beneficial interest of a private person if any current or future interest in the gift, devise, or bequest is for the benefit of the Foundation.

SEC. 337. ADMINISTRATIVE SERVICES AND SUPPORT.

For each of fiscal years 1996 through 1998, the Secretary may provide, without reimbursement, personnel, facilities, and other administrative services of the Department to the Foundation.

SEC. 338. AUDITS AND PETITION OF ATTORNEY GENERAL FOR EQUITABLE RELIEF.

(a) AUDITS.—

(1) IN GENERAL.—The accounts of the Foundation shall be audited in accordance with Public Law 88–504 (36 U.S.C. 1101 et seq.), including an audit of lobbying and litigation activities carried out by the Foundation.

(2) CONFORMING AMENDMENT.—The first section of Public Law 88–504 (36 U.S.C. 1101) is amended by adding at the end the following:

''(77) The National Natural Resources Conservation Foundation.''.

(b) RELIEF WITH RESPECT TO CERTAIN FOUNDATION ACTS OR FAILURE TO ACT.—The Attorney General may petition in the United States District Court for the District of Columbia for such equitable relief as may be necessary or appropriate, if the Foundation—

(1) engages in, or threatens to engage in, any act, practice, or policy that is inconsistent with this subtitle; or

(2) refuses, fails, neglects, or threatens to refuse, fail, or neglect, to discharge the obligations of the Foundation under this subtitle.

SEC. 339. RELEASE FROM LIABILITY.

(a) IN GENERAL.—The United States shall not be liable for any debt, default, act, or omission of the Foundation. The full faith and credit of the United States shall not extend to the Foundation.

(b) STATEMENT.—An obligation issued by the Foundation, and a document offering an obligation, shall include a prominent statement that the obligation is not directly or indirectly guaranteed, in whole or in part, by the United States (or an agency or instrumentality of the United States).

SEC. 340. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to the Department to be made available to the Foundation $1,000,000 for each of fiscal years 1997 through 1999 to initially establish and carry out activities of the Foundation.

Subtitle E—Miscellaneous

SEC. 351. FLOOD RISK REDUCTION.

(a) IN GENERAL.—During fiscal years 1996 through 2002, the Secretary of Agriculture (referred to in this section as the ''Secretary'') may enter into a contract with contract acreage under title I on a farm with land that is frequently flooded.

(b) DUTIES OF PRODUCERS.—Under the terms of the contract, with respect to acres that are subject to the contract, the producer must agree to—

(1) the termination of any contract acreage;

(2) forgo loans for contract commodities, oilseeds, and extra long staple cotton;

(3) not apply for crop insurance issued or reinsured by the Secretary;

(4) comply with applicable wetlands and high erodible land conservation compliance requirements established under title XII of the Food Security Act of 1985 (16 U.S.C. 3801 et seq.);

(5) not apply for any conservation program payments from the Secretary;

(6) not apply for disaster program benefits provided by the Secretary; and

(7) refund the payments, with interest, issued under the flood risk reduction contract to the Secretary, if the producer violates the terms of the contract or if the producer transfers the property to another person who violates the contract.

(c) DUTIES OF SECRETARY.—In return for a flood risk reduction contract entered into by a producer under this section, the Secretary shall agree to pay the producer for the 1996 through 2002 crops not more than 95 percent of the projected contract payments under title I, and not more than 95 percent of the projected payments and subsidies from the Federal Crop Insurance Corporation.

(d) COMMODITY CREDIT CORPORATION.—The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

SEC. 352. FORESTRY.

(a) FORESTRY INCENTIVES PROGRAM.—Section 4 of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2103) is amended by striking subsection (k).

(b) OFFICE OF INTERNATIONAL FORESTRY.—Section 2405 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 6704) is amended by adding at the end the following:

''(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized each fiscal year such sums as are necessary to carry out this section.''.

SEC. 353. STATE TECHNICAL COMMITTEES.

Section 1261(c) of the Food Security Act of 1985 (16 U.S.C. 3861(c)) is amended—

(1) in paragraph (7), by striking ''and'' at the end;

(2) in paragraph (8), by striking the period at the end and inserting ''; and''; and

(3) by adding at the end the following:

''(9) agricultural producers.''.

SEC. 354. CONSERVATION OF PRIVATE GRAZING LAND.

(a) FINDINGS.—Congress finds that—

(1) privately owned grazing land constitutes nearly ½ of the non-Federal land of the United States and is basic to the environmental, social, and economic stability of rural communities;

(2) privately owned grazing land contains a complex set of interactions among soil, water, air, plants, and animals;

(3) grazing land constitutes the single largest watershed cover type in the United States and contributes significantly to the

quality and quantity of water available for all of the many uses of the land;

(4) private grazing land constitutes the most extensive wildlife habitat in the United States;

(5) private grazing land can provide opportunities for improved nutrient management from land application of animal manures and other by-product nutrient resources;

(6) owners and managers of private grazing land need to continue to recognize conservation problems when the problems arise and receive sound technical assistance to improve or conserve grazing land resources to meet ecological and economic demands;

(7) new science and technology must continually be made available in a practical manner so owners and managers of private grazing land may make informed decisions concerning vital grazing land resources;

(8) agencies of the Department of Agriculture with private grazing land responsibilities are the agencies that have the expertise and experience to provide technical assistance, education, and research to owners and managers of private grazing land for the long-term productivity and ecological health of grazing land;

(9) although competing demands on private grazing land resources are greater than ever before, assistance to private owners and managers of private grazing land is currently limited and does not meet the demand and basic need for adequately sustaining or enhancing the private grazing lands resources; and

(10) privately owned grazing land can be enhanced to provide many benefits to all Americans through voluntary cooperation among owners and managers of the land, local conservation districts, and the agencies of the Department of Agriculture responsible for providing assistance to owners and managers of land and to conservation districts.

(b) PURPOSE.—It is the purpose of this section to authorize the Secretary of Agriculture to provide a coordinated technical, educational, and related assistance program to conserve and enhance private grazing land resources and provide related benefits to all citizens of the United States by—

(1) establishing a coordinated and cooperative Federal, State, and local grazing conservation program for management of private grazing land;

(2) strengthening technical, educational, and related assistance programs that provide assistance to owners and managers of private grazing land;

(3) conserving and improving wildlife habitat on private grazing land;

(4) conserving and improving fish habitat and aquatic systems through grazing land conservation treatment;

(5) protecting and improving water quality;

(6) improving the dependability and consistency of water supplies;

(7) identifying and managing weed, noxious weed, and brush encroachment problems on private grazing land; and

(8) integrating conservation planning and management decisions by owners and managers of private grazing land, on a voluntary basis.

(c) DEFINITIONS.—In this section:

(1) PRIVATE GRAZING LAND.—The term ''private grazing land'' means privately owned, State-owned, tribally-owned, and any other non-federally owned rangeland, pastureland, grazed forest land, and hay land.

(2) SECRETARY.—The term ''Secretary'' means the Secretary of Agriculture, acting through the Natural Resources Conservation Service.

(d) PRIVATE GRAZING LAND CONSERVATION ASSISTANCE.—

(1) ASSISTANCE TO GRAZING LANDOWNERS AND OTHERS.—Subject to the availability of appropriations, the Secretary shall establish a voluntary program to provide technical, educational, and related assistance to owners and managers of private grazing land and public agencies, through local conservation districts, to enable the landowners, managers, and public agencies to voluntarily carry out activities that are consistent with this section, including—

(A) maintaining and improving private grazing land and the multiple values and uses that depend on private grazing land;

(B) implementing grazing land management technologies;

(C) managing resources on private grazing land, including—

(i) planning, managing, and treating private grazing land resources;

(ii) ensuring the long-term sustainability of private grazing land resources;

(iii) harvesting, processing, and marketing private grazing land resources; and

(iv) identifying and managing weed, noxious weed, and brush encroachment problems;

(D) protecting and improving the quality and quantity of water yields from private grazing land;

(E) maintaining and improving wildlife and fish habitat on private grazing land;

(F) enhancing recreational opportunities on private grazing land;

(G) maintaining and improving the aesthetic character of private grazing lands; and

(H) identifying the opportunities and encouraging the diversification of private grazing land enterprises.

(2) PROGRAM ELEMENTS.—

(A) FUNDING.—The program under paragraph (1) shall be funded through a specific line-item in the annual appropriations for the Natural Resources Conservation Service.

(B) TECHNICAL ASSISTANCE AND EDUCATION.—Personnel of the Department of Agriculture trained in pasture and range management shall be made available under the program to deliver and coordinate technical assistance and education to owners and managers of private grazing land, at the request of the owners and managers.

(e) GRAZING TECHNICAL ASSISTANCE SELF-HELP.—

(1) FINDINGS.—Congress finds that—

(A) there is a severe lack of technical assistance for grazing producers;

(B) the Federal budget precludes any significant expansion, and may force a reduction of, current levels of technical support; and

(C) farmers and ranchers have a history of cooperatively working together to address common needs in the promotion of their products and in the drainage of wet areas through drainage districts.

(2) ESTABLISHMENT OF GRAZING DEMONSTRATION.—The Secretary may establish 2 grazing management demonstration districts at the recommendation of the Grazing Lands Conservation Initiative Steering Committee.

(3) PROCEDURE.—

(A) PROPOSAL.—Within a reasonable time after the submission of a request of an organization of farmers or ranchers engaged in grazing, the Secretary shall propose that a grazing management district be established.

(B) FUNDING.—The terms and conditions of the funding and operation of the grazing management district shall be proposed by the producers.

(C) APPROVAL.—The Secretary shall approve the proposal if the Secretary determines that the proposal—

(i) is reasonable;

(ii) will promote sound grazing practices; and

(iii) contains provisions similar to the provisions contained in the promotion orders in effect on the effective date of this section.

(D) AREA INCLUDED.—The area proposed to be included in a grazing management district shall be determined by the Secretary on the basis of a petition by farmers or ranchers.

(E) AUTHORIZATION.—The Secretary may use authority under the Agricultural Adjustment Act (7 U.S.C. 601 et seq.), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, to operate, on a demonstration basis, a grazing management district.

(F) ACTIVITIES.—The activities of a grazing management district shall be scientifically sound activities, as determined by the Secretary in consultation with a technical advisory committee composed of ranchers, farmers, and technical experts.

(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section—

(1) $20,000,000 for fiscal year 1996;

(2) $40,000,000 for fiscal year 1997; and

(3) $60,000,000 for fiscal year 1998 and each subsequent fiscal year.

SEC. 355. CONFORMING AMENDMENTS.

(a) AGRICULTURAL CONSERVATION PROGRAM.—

(1) ELIMINATION.—

(A) Section 8 of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h) is amended—

(i) in subsection (b)—

(I) by striking paragraphs (1) through (4) and inserting the following:

''(1) ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.—The Secretary shall provide technical assistance, cost share payments, and incentive payments to operators through the environmental quality incentives program in accordance with chapter 2 of subtitle D of the Food Security Act of 1985 (16 U.S.C. 3838 et seq.).''; and

(II) by striking paragraphs (6) through (8); and

(ii) by striking subsections (d), (e), and (f).

(B) The first sentence of section 11 of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590k) is amended by striking ''performance: *Provided further,*'' and all that follows through ''or other law'' and inserting ''performance''.

(C) Section 14 of the Act (16 U.S.C. 590n) is amended—

(i) in the first sentence, by striking ''or 8''; and

(ii) by striking the second sentence.

(D) Section 15 of the Act (16 U.S.C. 590o) is amended—

(i) in the first undesignated paragraph—

(I) in the first sentence, by striking ''sections 7 and 8'' and inserting ''section 7''; and

(II) by striking the third sentence; and

(ii) by striking the second undesignated paragraph.

(2) CONFORMING AMENDMENTS.—

(A) Paragraph (1) of the last proviso of the matter under the heading ''CONSERVATION RESERVE PROGRAM'' under the heading ''SOIL BANK PROGRAMS'' of title I of the Department of Agriculture and Farm Credit Administration Appropriation Act, 1959 (72 Stat. 195; 7 U.S.C. 1831a) is amended by striking ''Agricultural Conservation Program'' and inserting ''environmental quality incentives program established under chapter 2 of subtitle D of the Food Security Act of 1985 (16 U.S.C. 3838 et seq.)''.

(B) Section 4 of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2103) is amended by striking ''as added by the Agriculture and Consumer Protection Act of 1973'' each place it appears in subsections (d) and (i) and inserting ''as in effect before the amendment made by section 355(a)(1) of the Agricultural Reform and Improvement Act of 1996''.

(C) Section 226(b)(4) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6932(b)(4)) is amended by striking ''and the agricultural conservation program under the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590g et seq.)''.

(D) Section 246(b)(8) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6962(b)(8)) is amended by striking ''and the agricultural conservation program under the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590g et seq.)''.

(E) Section 1271(c)(3)(C) of the Food, Agriculture, Conservation, and Trade Act of 1990 (16 U.S.C. 2106a(c)(3)(C)) is amended by striking ''Agricultural Conservation Program established under section 16(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h, 590l, or 590p)'' and inserting ''environmental quality incentives program established under chapter 2 of subtitle D of the Food Security Act of 1985 (16 U.S.C. 3838 et seq.)''.

(F) Section 126(a)(5) of the Internal Revenue Code of 1986 is amended to read as follows:

''(5) The environmental quality incentives program established under chapter 2 of subtitle D of the Food Security Act of 1985 (16 U.S.C. 3838 et seq.).''.

(G) Section 304(a) of the Lake Champlain Special Designation Act of 1990 (Public Law 101–596; 33 U.S.C. 1270 note) is amended—

(i) in the subsection heading, by striking ''SPECIAL PROJECT AREA UNDER THE AGRICULTURAL CONSERVATION PROGRAM'' and inserting ''A PRIORITY AREA UNDER THE ENVIRONMENTAL QUALITY INCENTIVES PROGRAM''; and

(ii) in paragraph (1), by striking ''special project area under the Agricultural Conservation Program established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b))'' and inserting ''priority area under the environmental quality incentives program established under chapter 2 of subtitle D of the Food Security Act of 1985 (16 U.S.C. 3838 et seq.)''.

(H) Section 6 of the Department of Agriculture Organic Act of 1956 (70 Stat. 1033) is amended by striking subsection (b).

(b) GREAT PLAINS CONSERVATION PROGRAM.—

(1) ELIMINATION.—Section 16 of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590p) is repealed.

(2) CONFORMING AMENDMENTS.—

(A) The Agricultural Adjustment Act of 1938 is amended by striking ''Great Plains program'' each place it appears in sections 344(f)(8) and 377 (7 U.S.C. 1344(f)(8) and 1377) and inserting ''environmental quality incentives program established under chapter 2 of subtitle D of the Food Security Act of 1985 (16 U.S.C. 3838 et seq.)''.

(B) Section 246(b) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6962(b)) is amended by striking paragraph (2).

(C) Section 126(a) of the Internal Revenue Code of 1986 is amended—

(i) by striking paragraph (6); and

(ii) by redesignating paragraphs (7) through (10) as paragraphs (6) through (9), respectively.

(c) COLORADO RIVER BASIN SALINITY CONTROL PROGRAM.—

(1) ELIMINATION.—Section 202 of the Colorado River Basin Salinity Control Act (43 U.S.C. 1592) is amended by striking subsection (c).

(2) CONFORMING AMENDMENT.—Section 246(b) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6962(b)) is amended by striking paragraph (6).

(d) RURAL ENVIRONMENTAL CONSERVATION PROGRAM.—

(1) ELIMINATION.—Title X of the Agricultural Act of 1970 (16 U.S.C. 1501 et seq.) is repealed.

(2) CONFORMING AMENDMENTS.—Section 246(b) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6962(b)) is amended—

(A) by striking paragraph (1); and

(B) by redesignating paragraphs (2) through (8) as paragraphs (1) through (7), respectively.

(e) OTHER CONSERVATION PROVISIONS.—Subtitle F of title XII of the Food Security Act of 1985 (16 U.S.C. 2005a and 2101 note) is repealed.

(f) COMMODITY CREDIT CORPORATION CHARTER ACT.—Section 5(g) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714c(g)) is amended to read as follows:

''(g) Carry out conservation functions and programs.''.

(g) RESOURCE CONSERVATION.—

(1) ELIMINATION.—Subtitles A, B, D, E, F, G, and J of title XV of the Agriculture and Food Act of 1981 (95 Stat. 1328; 16 U.S.C. 3401 et seq.) are repealed.

(2) CONFORMING AMENDMENT.—Section 739 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1982 (7 U.S.C. 2272a), is repealed.

(h) ENVIRONMENTAL EASEMENT PROGRAM.—Section 1239(a) of the Food Security Act of 1985 (16 U.S.C. 3839(a)) is amended by striking ''1991 through 1995'' and inserting ''1996 through 2002''.

(i) RESOURCE CONSERVATION AND DEVELOPMENT PROGRAM.—Section 1538 of the Agriculture and Food Act of 1981 (16 U.S.C. 3461) is amended by striking ''1991 through 1995'' and inserting ''1996 through 2002''.

(j) TECHNICAL AMENDMENT.—The first sentence of the matter under the heading ''Commodity Credit Corporation'' of Public Law 99–263 (100 Stat. 59; 16 U.S.C. 3841 note) is amended by striking '': Provided further,'' and all that follows through ''Acts''.

(k) AGRICULTURAL WATER QUALITY INCENTIVES PROGRAM.—Chapter 2 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3838 et seq.) is repealed.

TITLE IV—NUTRITION ASSISTANCE

SEC. 401. FOOD STAMP PROGRAM.

(a) EMPLOYMENT AND TRAINING.—Section 16(h)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)(1)) is amended by striking ''1995'' each place it appears and inserting ''2002''.

(b) AUTHORIZATION OF PILOT PROJECTS.—The last sentence of section 17(b)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)(A)) is amended by striking ''1995'' and inserting ''2002''.

(c) OUTREACH DEMONSTRATION PROJECTS.—The first sentence of section 17(j)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2026(j)(1)(A)) is amended by striking ''1995'' and inserting ''2002''.

(d) AUTHORIZATION FOR APPROPRIATIONS.—The first sentence of section 18(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2027(a)(1)) is amended by striking ''1995'' and inserting ''2002''.

(e) REAUTHORIZATION OF PUERTO RICO NUTRITION ASSISTANCE PROGRAM.—The first sentence of section 19(a)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2028(a)(1)(A)) is amended by striking ''$974,000,000'' and all that follows through ''fiscal year 1995'' and inserting ''$1,143,000,000 for fiscal year 1996, $1,174,000,000 for fiscal year 1997, $1,204,000,000 for fiscal year 1998, $1,236,000,000 for fiscal year 1999, $1,268,000,000 for fiscal year 2000, $1,301,000,000 for fiscal year 2001, and $1,335,000,000 for fiscal year 2002''.

(f) AMERICAN SAMOA.—The Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) is amended by adding at the end the following:

''SEC. 24. TERRITORY OF AMERICAN SAMOA.

''From amounts made available to carry out this Act, the Secretary may pay to the Territory of American Samoa not more than $5,300,000 for each of fiscal years 1996 through 2002 to finance 100 percent of the expenditures for the fiscal year for a nutrition assistance program extended under section 601(c) of Public Law 96–597 (48 U.S.C. 1469d(c)).''.

SEC. 402. COMMODITY DISTRIBUTION PROGRAM; COMMODITY SUPPLEMENTAL FOOD PROGRAM.

(a) REAUTHORIZATION.—The first sentence of section 4(a) of the Agriculture and Consumer Protection Act of 1973 (Public Law 93–86; 7 U.S.C. 612c note) is amended by striking ''1995'' and inserting ''2002''.

(b) FUNDING.—Section 5 of the Agriculture and Consumer Protection Act of 1973 (Public Law 93–86; 7 U.S.C. 612c note) is amended—

(1) in subsection (a)(2), by striking ''1995'' and inserting ''2002''; and

(2) in subsection (d)(2), by striking ''1995'' and inserting ''2002''.

SEC. 403. EMERGENCY FOOD ASSISTANCE PROGRAM.

(a) REAUTHORIZATION.—The first sentence of section 204(a)(1) of the Emergency Food Assistance Act of 1983 (Public Law 98–8; 7 U.S.C. 612c note) is amended by striking ''1995'' and inserting ''2002''.

(b) PROGRAM TERMINATION.—Section 212 of the Emergency Food Assistance Act of 1983 (Public Law 98–8; 7 U.S.C. 612c note) is amended by striking ''1995'' and inserting ''2002''.

(c) REQUIRED PURCHASES OF COMMODITIES.—Section 214 of the Emergency Food Assistance Act of 1983 (Public Law 98–8; 7 U.S.C. 612c note) is amended—

(1) in the first sentence of subsection (a), by striking ''1995'' and inserting ''2002''; and

(2) in subsection (e), by striking ''1995'' each place it appears and inserting ''2002''.

SEC. 404. SOUP KITCHENS PROGRAM.

Section 110 of the Hunger Prevention Act of 1988 (Public Law 100–435; 7 U.S.C. 612c note) is amended—

(1) in the first sentence of subsection (a), by striking ''1995'' and inserting ''2002''; and

(2) in subsection (c)(2)—

(A) in the paragraph heading, by striking ''1995'' and inserting ''2002''; and

(B) by striking ''1995'' each place it appears and inserting ''2002''.

SEC. 405. NATIONAL COMMODITY PROCESSING.

The first sentence of section 1114(a)(2)(A) of the Agriculture and Food Act of 1981 (7 U.S.C. 1431e(2)(A)) is amended by striking ''1995'' and inserting ''2002''.

TITLE V—MISCELLANEOUS

SEC. 501. FUND FOR DAIRY PRODUCERS TO PAY FOR NUTRIENT MANAGEMENT.

Section 8c(5) of the Agricultural Adjustment Act (7 U.S.C. 608c(5)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended—

(1) in paragraph (A), by adding at the end the following: ''The minimum price for milk of the highest classification in any order (other than an order amended under paragraph (M)) may not be higher than the minimum price required under this paragraph.''; and

(2) by adding at the end the following:

''(M) SAFE HARBOR.—

''(i) IN GENERAL.—Providing that each order may be amended such that not more than $.10 per hundredweight of milk of the highest use classification may be added to the minimum applicable price to be set aside in a fund called the 'Safe Harbor Fund Account' (referred to in this paragraph as the 'Account').

''(ii) ADMINISTRATION.—

''(I) MARKET ADMINISTRATOR.—The Account shall be administered by the Market Administrator.

''(II) USE OF FUNDS.—A determination regarding the use of the funds in the Account shall be made by the Safe Harbor Committee established under clause (iii).

''(iii) SAFE HARBOR COMMITTEE.—The Secretary shall establish a Safe Harbor Committee consisting of 7 milk producers appointed by the Secretary who supply milk to handlers regulated under a Federal milk marketing order.

''(iv) USE OF FUNDS.—

''(I) APPLICATIONS.—To be eligible to use amounts in the fund, a milk producer who supplies milk to handlers regulated under a Federal milk marketing order shall submit an application to the Safe Harbor Committee.

''(II) APPROVAL.—The Safe Harbor Committee may approve only applications that fund conservation practices approved by the Secretary that control the off-migration of nutrients from the farm.

''(III) STATE WATER QUALITY PRIORITIES.—In approving applications, the Safe Harbor Committee shall take into account, to the extent practicable, the applicable State water quality priorities.''.

SEC. 502. CROP INSURANCE.

(a) CATASTROPHIC RISK PROTECTION.—Section 508(b) of the Federal Crop Insurance Act (7 U.S.C. 1508(b)) is amended—

(1) in paragraph (4), by adding at the end the following:

''(C) DELIVERY OF COVERAGE.—

''(i) IN GENERAL.—In full consultation with approved insurance providers, the Secretary may continue to offer catastrophic risk protection in a State (or a portion of a State) through local offices of the Department if the Secretary determines that there is an insufficient number of approved insurance providers operating in the State or portion to adequately provide catastrophic risk protection coverage to producers.

''(ii) COVERAGE BY APPROVED INSURANCE PROVIDERS.—To the extent that catastrophic risk protection coverage by approved insurance providers is sufficiently available in a State as determined by the Secretary, only approved insurance providers may provide the coverage in the State.

''(iii) CURRENT POLICIES.—Subject to clause (ii), all catastrophic risk protection policies written by local offices of the Department shall be transferred (including all fees collected for the crop year in which the approved insurance provider will assume the policies) to the approved insurance provider for performance of all sales, service, and loss adjustment functions.''; and

(2) in paragraph (7), by striking subparagraph (A) and inserting the following:

''(A) IN GENERAL.—Effective for the spring-planted 1996 and subsequent crops, to be eligible for any payment or loan under the Agricultural Market Transition Act or the Agricultural Adjustment Act of 1938 (7 U.S.C. 1301 et seq.), the conservation reserve program, or any benefit described in section 371 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008f), a person shall—

''(i) obtain at least the catastrophic level of insurance for each crop of economic significance in which the person has an interest; or

''(ii) provide a written waiver to the Secretary that waives any eligibility for emergency crop loss assistance in connection with the crop.''.

(b) COVERAGE OF SEED CROPS.—Section 519(a)(2)(B) of the Act (7 U.S.C. 1519(a)(2)(B)) is amended by inserting ''seed crops,'' after ''turfgrass sod,''.

SEC. 503. REVENUE INSURANCE.

Section 508(h) of the Federal Crop Insurance Act (7 U.S.C. 1508(h)) is amended by adding at the end the following:

''(9) REVENUE INSURANCE PILOT PROGRAM.—

''(A) IN GENERAL.—Not later than December 31, 1996, the Secretary shall carry out a pilot program in a limited number of counties, as determined by the Secretary, for crop years 1997, 1998, 1999, and 2000, under which a producer of corn, wheat, or soybeans may elect to receive insurance against loss of revenue, as determined by the Secretary.

''(B) ADMINISTRATION.—Revenue insurance under this paragraph shall—

''(i) be offered through reinsurance arrangements with private insurance companies;

''(ii) offer at least a minimum level of coverage that is an alternative to catastrophic crop insurance;

''(iii) be actuarily sound; and

''(iv) require the payment of premiums and administrative fees by an insured producer.''.

SEC. 504. COLLECTION AND USE OF AGRICULTURAL QUARANTINE AND INSPECTION FEES.

Subsection (a) of section 2509 of the Food, Agriculture, Conservation, and Trade Act of 1990 (21 U.S.C. 136a) is amended to read as follows:

''(a) QUARANTINE AND INSPECTION FEES.—

''(1) FEES AUTHORIZED.—The Secretary of Agriculture may prescribe and collect fees sufficient—

''(A) to cover the cost of providing agricultural quarantine and inspection services in connection with the arrival at a port in the customs territory of the United States, or the preclearance or preinspection at a site outside the customs territory of the United States, of an international passenger, commercial vessel, commercial aircraft, commercial truck, or railroad car;

''(B) to cover the cost of administering this subsection; and

''(C) through fiscal year 2002, to maintain a reasonable balance in the Agricultural Quarantine Inspection User Fee Account established under paragraph (5).

''(2) LIMITATION.—In setting the fees under paragraph (1), the Secretary shall ensure that the amount of the fees are commensurate with the costs of agricultural quarantine and inspection services with respect to the class of persons or entities paying the fees. The costs of the services with respect to passengers as a class includes the costs of related inspections of the aircraft or other vehicle.

''(3) STATUS OF FEES.—Fees collected under this subsection by any person on behalf of the Secretary are held in trust for the United States and shall be remitted to the Secretary in such manner and at such times as the Secretary may prescribe.

''(4) LATE PAYMENT PENALTIES.—If a person subject to a fee under this subsection fails to pay the fee when due, the Secretary shall assess a late payment penalty, and the overdue fees shall accrue interest, as required by section 3717 of title 31, United States Code.

''(5) AGRICULTURAL QUARANTINE INSPECTION USER FEE ACCOUNT.—

''(A) ESTABLISHMENT.—There is established in the Treasury of the United States a no-year fund, to be known as the 'Agricultural Quarantine Inspection User Fee Account', which shall contain all of the fees collected under this subsection and late payment penalties and interest charges collected under paragraph (4) through fiscal year 2002.

''(B) USE OF ACCOUNT.—For each of the fiscal years 1996 through 2002, funds in the Agricultural Quarantine Inspection User Fee Account shall be available, in such amounts as are provided in advance in appropriations Acts, to cover the costs associated with the provision of agricultural quarantine and inspection services and the administration of this subsection. Amounts made available under this subparagraph shall be available until expended.

''(C) EXCESS FEES.—Fees and other amounts collected under this subsection in any of the fiscal years 1996 through 2002 in excess of $100,000,000 shall be available for the purposes specified in subparagraph (B) until expended, without further appropriation.

''(6) USE OF AMOUNTS COLLECTED AFTER FISCAL YEAR 2002.—After September 30, 2002, the unobligated balance in the Agricultural Quarantine Inspection User Fee Account and fees and other amounts collected under this subsection shall be credited to the Department of Agriculture accounts that incur the costs associated with the provision of agricultural quarantine and inspection services and the administration of this subsection. The fees and other amounts shall remain available to the Secretary until expended without fiscal year limitation.

''(7) STAFF YEARS.—The number of full-time equivalent positions in the Department of Agriculture attributable to the provision of agricultural quarantine and inspection services and the administration of this subsection shall not be counted toward the limitation on the total number of full-time equivalent positions in all agencies specified in section 5(b) of the Federal Workforce Restructuring Act of 1994 (Public Law 103–226; 5 U.S.C. 3101 note) or other limitation on the total number of full-time equivalent positions.''.

SEC. 505. COMMODITY CREDIT CORPORATION INTEREST RATE.

Notwithstanding any other provision of law, the monthly Commodity Credit Corporation interest rate applicable to loans provided for agricultural commodities by the Corporation shall be 100 basis points greater than the rate determined under the applicable interest rate formula in effect on October 1, 1995.

SEC. 506. EVERGLADES AGRICULTURAL AREA.

(a) IN GENERAL.—On July 1, 1996, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall provide $200,000,000 to the Secretary of the Interior to carry out this section.

(b) ENTITLEMENT.—The Secretary of the Interior—

(1) shall accept the funds made available under subsection (a);

(2) shall be entitled to receive the funds; and

(3) shall use the funds to conduct restoration activities in the Everglades ecosystem, which may include acquiring the remaining private acreage in Townships 46, 47, and 48 of the Everglades Agricultural Area of approximately 52,000 acres that is commonly known as the ''Talisman tract''.

(c) DEADLINE.—The Secretary of the Interior shall acquire acreage referred to in subsection (b)(3) not later than December 31, 1998.

(d) EMINENT DOMAIN.—If necessary, the Secretary of the Interior may use the power of eminent domain to carry out this section.

NICKLES AMENDMENT NO. 3185

(Ordered to lie on the table.)

Mr. NICKLES submitted an amendment intended to be proposed by him to the bill S. 1541, supra; as follows:

Section 13(j)(2)(ii), and insert in lieu thereof the following:

(ii) CONTRACT COMMODITIES.—Contract acreage planted to contract commodities may be hayed or grazed at any time without limitation.

NOTICE OF HEARING

COMMITTEE ON RULES AND ADMINISTRATION

Mr. WARNER. Mr. President, I wish to announce that the Committee on Rules and Administration will meet in SR–301, Russell Senate Office Building, on Thursday, February 1, 1996, at 9:30 a.m., to receive testimony on campaign finance reform.

For further information concerning this hearing, please contact Ed Edens of the committee staff on 224–6684.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON FINANCE

Mr. CRAIG. Mr. President, I ask unanimous consent that the Finance Committee be permitted to meet Wednesday, January 31, 1996, beginning at 10 a.m., in room 215 of the Dirksen Senate Office Building, to conduct a hearing on the tax reform report issued by the National Commission on Economic Growth and Tax Reform.

The PRESIDING Officer. Without objection, it is so ordered.

SPECIAL COMMITTEE TO INVESTIGATE WHITEWATER DEVELOPMENT AND RELATED MATTERS

Mr. CRAIG. Mr. President, I ask unanimous consent that the Special Committee To Investigate Whitewater Development and Related Matters be authorized to meet during the session of the Senate on Tuesday, January 30, Wednesday, January 31, and Thursday, February 1, 1996, to conduct hearings pursuant to Senate Resolution 120.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

CHINA THREATENS TAIWAN

● Mr. SIMON. Mr. President, the New York Times carried an article titled ''As China Threatens Taiwan, It Makes Sure U.S. Listens,'' written by Patrick E. Tyler, about irresponsible talk from Chinese leaders against Taiwan. I ask that the article be printed at the end of my remarks.

It is the kind of talk that inevitably sours relations between China and the United States but, also, causes apprehension among the entire community of nations.

The United States made a mistake in the Shanghai Communique of not recognizing that Taiwan and China, in fact, today are two separate countries. If they eventually want to merge as East Germany and West Germany did, that is up to them.

But China should not think that when we read accounts like that in the New York Times, we sit idly by and think that it makes no difference. The New York Times editorial response to it, which I ask to be printed at the end of my remarks, is appropriate.

I want a good relationship with China. All of my colleagues want a good relationship with China. But China is impeding the possibility of that good relationship with its threats to Taiwan.

The New York Times article and editorial response follow:

AS CHINA THREATENS TAIWAN, IT MAKES SURE UNITED STATES LISTENS

(By Patrick E. Tyler)

BEIJING, Jan. 23.—The Chinese leadership has sent unusually explicit warnings to the Clinton Administration that China has completed plans for a limited attack on Taiwan that could be mounted in the weeks after Taiwan's President, Lee Tenghui, wins the first democratic balloting for the presidency in March.

The purpose of this saber-rattling is apparently to prod the United States to rein in Taiwan and President Lee, whose push for greater international recognition for the island of 21 million people, has been condemned here as a drive for independence.

While no one familiar with the threats thinks China is on the verge of risking a catastrophic war against Taiwan, some China experts fear that the Taiwan issue has become such a test of national pride for Chinese leaders that the danger of war should be taken seriously.

A senior American official said the Administration has ''no independent confirmation or even credible evidence'' that the Chinese are contemplating an attack, and spoke almost dismissively of the prospect.

''They can fire missiles, but Taiwan has some teeth of its own,'' the official said. ''And does China want to risk that and the international effects?''

The most pointed of the Chinese warnings was conveyed recently through a former Assistant Secretary of Defense, Chas. W. Freeman Jr., who traveled to China this winter for discussions with senior Chinese officials. On Jan. 4, after returning to Washington, Mr. Freeman informed President Clinton's national security adviser, Anthony Lake, that the People's Liberation Army had prepared plans for a missile attack against Taiwan consisting of one conventional missile strike a day for 30 days.

This warning followed similar statements relayed to Administration officials by John W. Lewis, a Stanford University political scientist who meets frequently with senior Chinese military figures here.

These warnings do not mean that an attack on Taiwan is certain or imminent. Instead, a number of China specialists say that China, through ''credible preparations'' for an attack, hopes to intimidate the Taiwanese and to influence American policy toward Taiwan. The goal, these experts say, is to force Taiwan to abandon the campaign initiated by President Lee, including his effort to have Taiwan seated at the United Nations, and to end high-profile visits by President Lee to the United States and to other countries.

If the threats fail to rein in Mr. Lee, however, a number of experts now express the view that China could resort to force, despite the enormous consequences for its economy and for political stability in Asia.

Since last summer, when the White House allowed Mr. Lee to visit the United States, the Chinese leadership has escalated its attacks on the Taiwan leader, accusing him of seeking to ''split the motherland'' and undermine the ''one China'' policy that had been the bedrock of relations between Beijing and its estranged province since 1949.

A Chinese Foreign Ministry spokesman, asked to comment on reports that the Chinese military has prepared plans for military action against Taiwan, said he was awaiting a response from his superiors. Last month, a senior ministry official said privately that China's obvious preparations for military action have been intended to head off an unwanted conflict.

''We have been trying to do all we can to avoid a scenario in which we are confronted in the end with no other option but a military one,'' the official said. He said that if China does not succeed in changing Taiwan's course, ''then I am afraid there is going to be a war.''

Mr. Freeman described the most recent warning during a meeting Mr. Lake had called with nongovernmental China specialists.

Participants said that Mr. Freeman's presentation was arresting as he described being told by a Chinese official of the advanced state of military planning. Preparations for a missile attack on Taiwan, he said, and the target selection to carry it out, have been completed and await a final decision by the Politburo in Beijing.

One of the most dramatic moments came when Mr. Freeman quoted a Chinese official as asserting that China could act militarily against Taiwan without fear of intervention by the United States because American leaders ''care more about Los Angeles than they do about Taiwan,'' a statement that Mr. Freeman characterized as an indirect threat by China to use nuclear weapons against the United States.

An account of the White House meeting was provided by some of the participants. Mr. Freeman, reached by telephone, confirmed the gist of his remarks, reiterating that he believes that while ''Beijing clearly prefers negotiation to combat,'' there is a new sense of urgency in Beijing to end Taiwan's quest for ''independent international status.''

Mr. Freeman said that President Lee's behavior ''in the weeks following his re-election will determine'' whether Beijing's Communist Party leaders feel they must act ''by direct military means'' to change his behavior.

In recent months, Mr. Freeman said he has relayed a number of warnings to United States Government officials. ''I have quoted senior Chinese who told me'' that China ''would sacrifice 'millions of men' and 'entire cities' to assure the unity of China and who opined that the United States would not make comparable sacrifices.''

He also asserted that ''some in Beijing may be prepared to engage in nuclear blackmail against the U.S. to insure that Americans do not obstruct'' efforts by the People's Liberation Army ''to defend the principles of Chinese sovereignty over Taiwan and Chinese national unity.''

Some specialists at the meeting wondered if Mr. Freeman's presentation was too alarmist and suggested that parliamentary elections on Taiwan in December had resulted in losses for the ruling Nationalist Party and that President Lee appeared to be moderating his behavior to avoid a crisis.

''I am not alarmist at this point,'' said one specialist, who would not comment on the substance of the White House meeting. ''I don't think the evidence is developing in that direction.''

Other participants in the White House meeting, who said they would not violate the confidentiality pledge of the private session, separately expressed their concern that a potential military crisis is building in the Taiwan Strait.

''I think there is evidence to suggest that the Chinese are creating at least the option to apply military pressure to Taiwan if they feel that Taiwan is effectively moving out of China's orbit politically,'' said Kenneth Lieberthal, a China scholar at the University

of Michigan and an informal adviser to the Administration.

Mr. Lieberthal, who also has traveled to China in recent months, said Beijing has redeployed forces from other parts of the country to the coastal areas facing Taiwan and set up new command structures ''for various kinds of military action against Taiwan.''

''They have done all this in a fashion they know Taiwan can monitor,'' he said, ''so as to become credible on the use of force.''

''I believe there has been no decision to use military force,'' he continued, ''and they recognize that it would be a policy failure for them to have to resort to force; but they have set up the option, they have communicated that in the most credible fashion and, I believe, the danger is that they would exercise it in certain circumstances.''

Several experts cited their concern that actions by Congress in the aftermath of President Lee's expected election could be a critical factor contributing to a military confrontation. If President Lee perceives that he has a strong base of support in the United States Congress and presses forward with his campaign to raise Taiwan's status, the risk of a military crisis is greater, they said. A chief concern is that Congress would seek to invite the Taiwan leader back to the United States as a gesture of American support. A Chinese military leader warned in November that such a step could have ''explosive'' results.

In recent months, American statements on whether United States forces would come to the defense of Taiwan if it came under attack have been deliberately vague so as to deter Beijing through a posture of what the Pentagon calls ''strategic ambiguity.''

Some members of Congress assert that the Taiwan Relations Act of 1979 includes an implicit pledge to defend Taiwan if attacked, but Administration officials say that, in the end, the decision would depend on the timing, pretext and nature of Chinese aggression.

CHINA THREATENS TAIWAN

China has made no secret of its concern that Taiwan is drifting toward independence with the tacit support of the United States. Beijing pounced on an unofficial visit to America last year by Taiwan's President, Lee Teng-hui, to register its strong objection to any potential change in Taiwan's status. But China has now escalated tensions by recklessly raising the prospect that it might use military force to intimidate Taiwan. The United States and other countries must make clear that such a step would unravel Beijing's relations with the international community and undermine China's prized economic boom.

Patrick Tyler of The Times reports that Chinese officials have let the Clinton Administration know that Beijing has completed plans for a limited military attack on Taiwan as soon as this spring unless the island bows to demands for a lower-profile foreign policy.

These warnings may well be nine-tenths diplomatic bluff. But even so they suggest that Beijing has lost sight of one of the basic understandings underlying improved Chinese-American relations since the Nixon Administration—that Taiwan's future status must be settled by peaceable means.

Beijing is plainly infuriated by the recent efforts of President Lee to win increased recognition for his country in foreign capitals and international bodies like the United Nations. The mainland Government sees Taiwan as an integral part of the historical Chinese empire, torn away by foreign imperialists and Chiang Kai-shek at a time when China was weak. Taiwanese see it differently, pointing to their centuries of separate cultural development and, more importantly, their hard-won political democracy and thriving capitalist economy as good reasons for standing somewhat apart.

China apparently hopes its warnings will lead Washington to lean on Mr. Lee to accommodate Beijing. While Washington should urge caution on both sides, the United States must vigorously reject military bullying from Beijing in cases like this.

Taiwan is too big to be treated as a mere pawn in relations between Washington and Beijing. It is America's seventh-largest trading partner, with 21 million people, a vibrant democracy and one of Asia's highest living standards.

More than anything else, it is the fear that today's freedoms and prosperity would be lost under Beijing's harsh authoritarian rule that fuels Taiwan's quest for a separate identity. Beijing would do better to address this fear with political and economic reforms at home rather than threatening the use of force across the Taiwan Straits.●

TRIBUTE TO THE FAITH HOUSE

● Mr. BOND. Mr. President, I rise today to pay a special tribute to the Faith House. It is a great pleasure to recognize this organization for its 4 years of superior service to the underprivileged children of the St. Louis community.

The Faith House was established in 1992 to meet the ever-increasing demand for the care of infants and children exposed to drugs. This residential facility has already succeeded in serving over 250 infants and children in its stable, home-like environment through the dedication of numerous volunteers and professional medical staff. The 24-hour comfort and security provided by the caring individuals comprising the Faith House is essential to the long-term physical, emotional, and intellectual development of our children.

As a father and long-term advocate for children and families, I believe the welfare and security of our Nation's children are of paramount importance to the future of our society. The Faith House aspires to continue it's tireless dedication to improving the quality of life for those children who have been some of the least fortunate in our society.

The Faith House is endeavoring to meet the increasing demand for growth and expansion of its quality care through construction of a new 50-bed home. Efforts are currently underway to realize this project, and on February 23, 1996, a dinner-dance and auction will be held in St. Louis to recognize this outstanding facility. It is an honor to congratulate the people of the Faith House on all of their successes and to wish them the best of luck in their future pursuits.●

TRIBUTE TO FATHER MAC

● Mr. SIMON. Mr. President, I would like to bring attention to the outstanding work of Msgr. Ignatius McDermott and Haymarket House. It is my pleasure to inform you that in December, Haymarket celebrated its 20th anniversary. One of largest treatment and detoxification centers in Chicago and the Midwest, Haymarket is the culmination of one man's lifetime of education and devotion to helping the addicted.

Haymarket was founded in December 1975, when ''Father Mac'' was in his early sixties. For the last 20 years they have made history, establishing programs for those no one else wishes to serve. The programs include Illinois' first non-medical detox center and Illinois' first sanctuary program for skid row alcoholics. These programs, along with the tireless efforts of Monsignor McDermott, have helped change attitudes about alcoholism and have helped establish it as a disease to be treated, rather than as a social problem.

Through Haymarket, Father McDermott reached out to serve those ostracized by today's society. His goal—to serve the homeless, the chemically dependent, the substance abuser, the disadvantaged, and the unfortunate—is reached through the providing of shelter and care for these people and their families.

When drug addicted infants enraged the public, Haymarket provided the first residential treatment program for drug-addicted pregnant women. This was at a time when those providing treatment were more concerned with liability issues than with the treatment of these women. Since it began, the Maternal Addiction Center [MAC] has delivered 350 drug-free babies. Haymarket, along with Maryville Academy, has also established Illinois' first residential treatment program for postpartum women who have delivered drug-addicted babies.

Haymarket currently runs 28 programs and has served over 13,000 clients. Their unique program is centered around the idea that to achieve long-term recovery the whole person must be addressed. They believe that without a continuum of care, people are more likely to relapse. This continuum brings together drug abuse prevention and treatment, health services, day care, parent training, vocational education, and job placement. These services help the center improve the prevention and treatment services and increase the savings to taxpayers associated with these services.

I encourage my colleagues to join me in commending Father Mac and Haymarket for their continued commitment to the services they provide. I extend to my colleagues an invitation to visit Haymarket when they visit the Chicago area.●

CONGRATULATING PETER CRISTIANO ON HIS DECADES OF SERVICE TO SOUTHFIELD, MI

● Mr. ABRAHAM. Mr. President, I rise today to congratulate and pay tribute to Peter Cristiano on his long and successful service to the city of Southfield, MI. Mr. Cristiano began his public service in Southfield in 1960, when

he was chosen superintendent of parks and recreation. By 1964, he had been appointed deputy city administrator. From 1968 to 1980, he served as Southfield's city administrator, moving on to the city council in 1981 and serving as council president from 1986 to 1988.

Peter won numerous awards during his tenure in Southfield, including the Governor's Distinguished Public Employee Award, the Jaycees' ''Man of the Year,'' and the International City Managers Association's Management Innovation Award. He won these awards the hard way: By making substantial improvements in his city's structure and way of life. Capital improvements, park land acquisition, and development, addition of a sports arena, municipal golf arena, and an animal control facility, all were part of his program to improve Southfield, as were new police-court facilities, a senior adult housing complex, and a new headquarters fire station and training center. As important, Peter initiated and implemented a nationally renowned life support unit emergency medical service—one of the first of its kind in the Nation. And Peter restored the city's lovely historical site, ''The Burgh,'' for all of us to enjoy.

Peter will be missed as a fixture of Southfield city government. His long, dedicated service helped his community in many concrete ways. And his example should serve as an inspiration to all of us concerning what we can accomplish for our neighbors. Thankfully, Peter will not be leaving us altogether; instead he is merely giving up his government position to concentrate on his duties as president and CEO of his own telecommunications company. I would like to wish Peter all the best in his new endeavors and thank him for all the hard work and good service he has done for his community.●

FEDERAL CONTRACTORS AND AFFIRMATIVE ACTION

● Mr. SIMON. Mr. President, the Federal Government has played an important role in promoting equal opportunity in employment by Federal contractors for the past 55 years. Current Federal policy requires contractors to review their own hiring practices for any intentional or unintentional discrimination. Academic studies show that enforcement of these policies has led to increases in hiring of ethnic minority and female workers and that these programs continue to have a positive and significant impact on remedying discrimination in the workplace.

The Federal affirmative action guidelines not only benefit workers. Employers have found that affirmative action programs help them to ensure that they locate and select the best qualified candidates from an expanded talent pool. Companies also report that a diverse work force leads to enhanced performance and productivity.

There is always room for improvement, however. A Labor and Human Resources Committee hearing last June 15 suggested that some contractors are not aware that their progress in achieving recruitment goals is lagging behind industry or regional norms unless or until they are selected for a compliance review. Witnesses also raised several concerns about the burdens some regulations may impose on the businesses—particularly paperwork.

Shortly after the hearing, my colleague from Michigan, Mr. ABRAHAM, and I wrote to Shirley J. Wilcher, the Deputy Assistant Secretary of Labor who oversees the Office of Federal Contract Compliance Programs (OFCCP). We suggested that OFCCP develop a way of providing employers with earlier indications that their progress toward compliance with affirmative action guidelines should be reviewed for possible problems. We also requested that they meet with representatives from contracting, consulting, and other constituent groups to review OFCCP regulations and to suggest how they may be improved upon or eliminated.

I am pleased to report that OFCCP has made significant progress toward resolution of many of the complaints raised at the hearings. They have developed strategies to ensure that compliance officers are consistent and uniform when administering and enforcing laws and regulations. They are creating a technical assistance manual that will allow contractors to develop affirmative action plans without retaining expensive law firms or consultants. They have clarified the relationship between OFCCP and the Equal Employment Opportunity Commission to ensure that employers are not subject to duplicative, inconsistent, or unnecessary regulatory burdens.

OFCCP officials have had substantive discussions with a variety of constituent groups. These meetings will likely lead to regulatory reforms that will reduce paperwork, reduce the time involved in developing written affirmative action programs, and establish practical reporting requirements without undermining OFCCP's mission. They are also considering the development of an early alert system that would provide contractors with feedback on progress before the need arises for a full compliance review.

I commend Deputy Assistant Secretary Wilcher for the progress she has made. I encourage her and her colleagues to continue to work toward these important changes.

I ask that Ms. Wilcher's written response be printed in the RECORD.

The material follows:

U.S. DEPARTMENT OF LABOR, EMPLOYMENT STANDARDS ADMINISTRATION, OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS,
Washington, DC, December 15, 1995.

Hon. PAUL SIMON,
U.S. Senate, Washington, DC.

DEAR SENATOR SIMON: On June 27, 1995, following the Labor and Human Resources Committee's hearing on the Office of Federal Contract Programs (OFCCP), you wrote to suggest some actions that I might take to respond to the concerns of the agency that were highlighted in the hearing testimony. This letter responds to your request that we report by December 15th on the progress we have made toward reducing the contractors' compliance burdens and improving OFCCP's performance. I appreciate the opportunity to report on our efforts.

Since coming to OFCCP in February 1994, I have been committed to pursuing a fair enforcement strategy. Over the past several months, I have heard the concerns about the internal program management and administration of the contract compliance program. As noted in your letter, several of the witnesses at the June hearing voiced concerns about the time involved in preparing affirmative action programs; the use of goals as rigid quotas; inconsistency in interpretation and application of the regulations; and duplication of efforts with the Equal Employment Opportunity Commission (EEOC). Because these issues seriously affect our ability to administer and enforce the equal employment opportunity requirements in a manner consistent with our fair enforcement approach, we have taken actions to address each of these concerns.

Several measures have been taken to ensure that compliance officers are consistent and uniform when administering and enforcing our laws and regulations. First, in order to clear up any confusion about how affirmative action works under Executive Order 11246, on August 2, 1995, the agency issued a policy directive on ''Numerical Goals under Executive Order 11246.'' The directive reaffirms OFCCP's longstanding policy that affirmative action program goals are not to be used as quotas which must be achieved through race-based and gender-based preferences.

Rather, as the policy directive explains, goals under Executive Order 11246 are to be used as a tool to aid in breaking down barriers to equal employment opportunity for women and minorities without impinging upon the rights and expectations of other members of the workforce.

Additionally, we provided enhanced training to the staff; conducted several accountability reviews of regional and district office operations; and implemented a customer service improvement plan. Further, we are establishing the position of ombudsperson to handle contractor and constituent complaints about the program and actions of compliance officers. The person assigned to the position will be responsible for outreach, public education and alternative dispute resolution.

In response to complaints about the time and expense associated with developing an affirmative action program, in FY 1995 OFCCP began work on developing a comprehensive compliance assistance program, which will include a technical assistance or ''how to'' manual. The agency has not had an effective public educational component or a ''user friendly'' technical assistance manual. As a result, small and newly covered contractors feel obligated to retain law firms and consultants to assist them in developing a written affirmative action program. Our goal is to increase technical support to Federal contractors by establishing programs that expand training about our regulatory requirements and enhance voluntary compliance.

In light of the concerns that OFCCP and EEOC are duplicating work, OFCCP and EEOC have examined the interagency coordinating mechanisms that were established to

ensure that employers are not subject to duplicative, inconsistent, or unnecessary regulatory burdens. OFCCP and EEOC staff routinely communicate on issues of mutual interest and concern. This coordination is prescribed in Executive Order 12067, the 1981 Memorandum of Understanding between DOL and EEOC, and Title I of the Americans with Disabilities Act of 1990 (ADA). EEOC and OFCCP have issued joint regulations which delineate the respective responsibilities for processing complaints that are within the jurisdiction of both the ADA and Section 503 of the Rehabilitation Act of 1973. Further, employers generally are not subject to simultaneous or dual enforcement proceedings by OFCCP and EEOC. In the rare instance where both agencies may investigate or seek enforcement against the same employer, one of the agencies defers to the other, or the matter is handled on a joint basis by OFCCP and EEOC.

As you suggested, between August and October, we held meetings with representatives of the employer and constituency groups to discuss proposals to revise the regulations under the Executive Order program. We met separately with representatives of the following employer groups: the Society for Human Resource Management (SHRM), the Equal Employment Advisory Council (EEAC) and the Organization Resources Counselors, Inc. (ORC). We also met with representatives of civil rights and women's rights organizations. These recent meetings with OFCCP stakeholders were the latest in a series of consultations on regulatory reforms that began in April 1994 in connection with an earlier proposal to revise certain of the provisions in the Executive Order regulations. OFCCP also convened four partnership meetings outside of Washington with several hundred representatives from the contractor and constituent communities in the Spring of 1995. The purpose of the meetings, which were held in Dallas, Pittsburgh, San Diego, and Chicago, was to elicit recommendations for changing the regulatory requirements for written affirmative action programs and the procedures for evaluating a contractor's compliance with the regulatory requirements. The participants at the partnership meetings were also asked to suggest data requirements for a proposed affirmative action program summary format.

We have identified a number of issues we would like to change through regulatory reforms. OFCCP staff is in the process of drafting rulemaking proposals to effect the contemplated revisions to the regulations. These consultative meetings not only are required by Executive Order 12866, which requires agencies to involve the public in proposed rulemaking, but also have been an integral part of OFCCP's established rulemaking practices. The discussions with our stockholders have been worthwhile and productive. In addition, we are examining whether some of the issues raised during the consultations can be addressed through policy guidance or other kinds of programmatic changes.

Our overall objectives are to reduce paperwork, reduce the time involved in preparing a written affirmative action program, and establish practical reporting requirements without undermining the ability of OFCCP to be an effective enforcement agency. Further, revising the compliance review procedures would enable OFCCP to better focus its limited resources while reaching a greater percentage of the contractor universe than it currently reaches.

Finally, the agency also intends to prepare annual monitoring reports by geographic area and industry to track how different industries are performing. You also recommended that we develop a way of providing contractors early indications of compliance problems. We are considering the concept of an ''early alert system'' to give a contractor advance notice of potential deficiencies so that the contractor would have the opportunity to ''self-correct'' and thereby lessen (if not obviate) the need for a full compliance review. Such an alert system could assist the agency in targeting its limited resources. Accordingly, we are trying to determine the feasibility and administrative costs involved.

Again, thank you for the opportunity to provide an update on our efforts to develop and implement changes to the Executive Order program.

Sincerely,

SHIRLEY J. WILCHER,
Deputy Assistant Secretary for Federal Contract Compliance.●

DANGEROUS PATHOGENS

● Mr. HATCH. Mr. President, I intend to hold hearings in the Judiciary Committee in the very near future on the subject of possession of dangerous human pathogens, such as bubonic plague, anthrax, and similar pathogens. My purpose will be to determine what legislation may be necessary to protect the American people from the misuse of such pathogens.

These are very dangerous and deadly organisms which, apparently, are readily available to just about anyone, including those with legitimate needs, such as researchers, and those who, instead, may have an evil intent or who simply do not know how to store and handle properly these organisms.

The December 30, 1995, Washington Post has a story with a headline that leaps off the page: ''Man Gets Hands on Bubonic Plague Germ, but That's No Crime.'' The story is more chilling than the headline. An Ohio white supremacist purchased, through the mail, three vials of this extremely dangerous pathogen, which wiped out about one-third of Europe in the Middle Ages. When the purchaser called the seller to complain about slow delivery, the sales representative got concerned about whether the caller was someone who really ought to have the bubonic plague in his possession. Ohio authorities were contacted, according to the story. When police, public health officials, the FBI, and emergency workers in space suits scoured the purchaser's house, they found nearly a dozen M–1 rifles, smoke grenades, blasting caps, and white separatist literature, but no bubonic plague. The deadly microorganisms were found in the glove compartment of his automobile, still packed as shipped.

Apparently, while the U.S. Department of Agriculture requires permits for shipping animal pathogens, at least between States, there is no Federal domestic regulation of who may receive these deadly human pathogens. According to the Washington Post story, ''* * * the only domestic restrictions on human pathogens * * * are the rules the handlers impose themselves.'' As Kenneth Gage, acting chief of the plague section at the Centers for Disease Control and Prevention's vector-borne diseases division, stated: ''I don't think it's going too much out on a limb by saying this kind of thing shouldn't happen.''

So, for the purchase of three strains of bubonic plague, what was the purchaser charged with? Three counts of wire fraud and one count of mail fraud. And these charges have been plea bargained down to a guilty plea for one count of wire fraud. Even these charges would not have been possible if the purchaser had not faxed a false statement on the letterhead of a nonexistent laboratory stating the laboratory assumed responsibility for the shipment, as the seller had required.

Earlier this year, a group released a nerve gas in Tokyo's subway station, killing 12 and injuring over 5,000. The ready availability of deadly human pathogens raises the obvious concern that such organisms not fall into the wrong hands. The task will be to meet the legitimate needs of scientists while assuring protection of our citizens from the inadvertent or deliberate misuse of these pathogens.●

ENFIELD FIRE DEPARTMENT

● Mr. LIEBERMAN. Mr. President, I rise today to honor the Enfield Fire Department on the occasion of their 100th anniversary.

For the past 100 years this dedicated group of men and women have strived to ensure the safety of the community of Enfield, CT. Their dedication is evident in their unshakable commitment to self sacrifice for the security of their friends, families, and neighbors. Indeed some have given the ultimate sacrifice, giving their lives while trying to protect their fellow citizens.

This organization's dedication and commitment to the town of Enfield can be seen not only through the fire department's actions but also in the great confidence and respect the residents of Enfield place upon these men and women. Ordinary men and women asked to perform extraordinary tasks, never asking what was in it for them. The community's faith in their fire department has not wavered in its first 100 years and will undoubtedly continue through the next century.

The Enfield Fire Department has been an important stone in the foundation of the town of Enfield. The people of Connecticut thank them for their service, dedication, and contribution to their community.●

U.S. TROOPS AS PEACEKEEPERS

● Mr. ABRAHAM. Mr. President, I rise today to address America's role in implementing peace accords around the world, and in providing peacekeeping troops to enforce them. As we all know, President Clinton decided unilaterally to send American ground troops to Bosnia. During our debate on that decision, I argued that our troops have too high a political profile and

represent too powerful a nation to successfully implement the Dayton Accord.

This is not to say, Mr. President, that our troops can never succeed as peacekeepers. In my opinion there have been and will continue to be occasions when our participation in peacekeeping efforts will advance U.S. strategic and political interests. But we do a disservice to our troops and to our Nation if we do not examine such operations coolly and dispassionately to determine whether we should, in fact, engage in them. Because we are likely to receive requests for American peacekeepers from a variety of sources in the future, Mr. President, I would like to further clarify my views on the criteria we should apply before putting our sons and daughters in harm's way.

In my view it is our duty in dealing with such requests to assess the nature of the conflict and determine if our troops are appropriate. We also, however, must assess how directly events in the area impact on our interests. We then must determine whether in fact a peace exists which we can help keep, and whether our relations with any of the parties to the conflict are sufficiently close that we would be willing to assume this greater responsibility.

Therefore, let me express an overall theme which I believe warrants specific elaboration. When we previously considered the issue of peacekeeping and U.S. troop deployments, I felt many in this body were searching for some absolute, universal theories to guide our actions. I do not believe that is necessary. In fact, I would argue that decisions such as these require us to accept that our national interests vary from region to region and from situation to situation. We must therefore consider our options on a case-by-case basis. These situations almost never call for black-or-white, do-or-die, absolute decisions. Instead we are usually presented with a sliding scale of U.S. interests, transitory levels of progress toward establishing a just and lasting peace, and fluid relationships with the parties involved. It may be possible to develop a theoretical model to address these gradations, and give us a quantitative output as to whether or not we should intercede, but I doubt such a model would be workable if it could even be developed. Therefore, I believe we must accept that these situations are best analyzed on an individualized and prudential basis, where the sliding scales of U.S. national interests, the probability of success, and the current state of U.S. international relations are all measured against one another.

Having said that, Mr. President, let me now discuss one area where I believe some generalizations can be made regarding the deployment of U.S. troops as peacekeepers. I believe American troops are singularly ill-suited to serve in traditional peacekeeping roles, and that their deployment in such roles should be the exception rather than the rule. Because our national interests are so extensive and widespread, we almost always will be seen as an interested party, taking sides in the conflict rather than serving as neutral arbiters. Traditional peacekeeping demands objectivity and strict neutrality. Peacekeeping troops themselves may be forced to take action against one side or the other in particular circumstances, but they must be perceived as being, on the whole, scrupulously neutral.

Our troops are the fighting forces of the world's sole remaining superpower. This means that they bring to the field their status as fighting forces for the world's sole remaining superpower, and the living representation of our Nation's political will. Because our influence and interests are so far-flung, the mere presence of our troops in a particular area is a political statement. Both sides will see our troops as potential allies or enemies who can decide the outcome of a continued conflict. Therefore, I believe traditional peacekeeping is best conducted by smaller countries who are not perceived to have any vested interest in the outcome of a conflict; who, because their country's interests are marginal in the area of conflict, are undeniably neutral.

However, even if circumstances favor use of American peacekeepers we must keep in mind that our ability to deploy troops is not sufficient reason to do so. In my view this administration has too willingly committed our troops and national resources to foreign hot spots on the naive assumption that we can and should develop a world police force. Mr. President, I believe we must remember that a peacekeeping mission is not just another peacetime deployment overseas. It is a dangerous situation in which troops are intentionally placed among warring parties in order to construct some sense of order and discipline.

American troops are highly visible and so will be especially at risk in these conditions. This makes it our duty, as policy makers, to commit troops only where our vital interests are at stake. We neither can nor should subordinate our interests to those of any abstract, world-wide organization beholden to dictators who see us as enemies. Rather, in deciding whether to deploy U.S. troops to a particular area, we first must weigh the extent to which success in that area will advance our national interests. Only where vital national interests are at stake should we expose our troops to extraordinary danger.

Mr. President, please let me also reiterate my earlier statement as to the sliding-scale of interests that usually lay before us. The more directly and significantly our national interests are effected by instability in a particular area, the greater will be the argument for the deployment of U.S. troops. Again, I do not believe that there is some definitive level of American interests that signals the call for U.S. involvement, but rather, the effect upon our interests must be measured against the degree to which the other criteria I have established are impacted.

Which brings me to my second criteria—the probability of success in furthering our national interests. It makes little sense to me to undertake a mission that has little or no chance of success unless the threats to our national interests are so great, that such a high level of risk is justified. With peacekeeping, compared to other, more traditional military missions, the risk should be low given the relatively low return we can expect from a mission, which by definition, is supposed to be nonconfrontational. I will repeat again that there is not, in my opinion, some definitive level of risk which we should not cross in a peacekeeping mission; the measurement of that risk should be weighed along the sliding scale of national interests and broader international relations we maintain with the various parties to the conflict.

Furthermore, the probability of success will, in my opinion, be much greater for those conflicts where a peace is already at hand, arrived at by the parties themselves from a true desire to end the conflict and find some common ground from which to build a future. In those situations, a peacekeeping force from a trusted friend may be just the step necessary to allay fears and allow the peace process to continue. But when the United States, from a position of superiority or paternalism, attempts to impose a peace upon warring factions in an essentially unresolved conflict, the underlying issues continue to smolder, and the chances for success drop dramatically.

There is, however, a third factor which I believe must be considered in any decision to deploy U.S. forces: the degree to which our relationships with the countries of the region will be improved by our participation. At times, for example, while both sides of a conflict wish for peace, one side or the other is so frightened that only American assurances will be sufficient to quiet them. Furthermore, there are countries who are such trusted friends and allies, that their security is a national interest for us too. And just as I have stated earlier regarding the sliding scale with which I believe we should make such analyses, the closer and more significant our relations are with the countries of the region, the more willing we should be to deploy our troops in support of a peace accord.

But in such a case we must not seek merely to mimic traditional peacekeepers like the Swedes or Fijians, following some inflexible policy of impartiality. Rather, we should, in my view, make clear that we will not tolerate threats to our interests, or to the interests of our friends. Precisely because we always are perceived as choosing sides, such a statement of interest, if backed up by military presence, will be believed.

Two cases where we have become involved may shed some light on how I

think we should apply these criteria. In the Sinai, America saw the confluence of vital national security interests, a strong probability of success emerging from a peace accord initiated and completed by Egypt and Israel, and a conflict where two of our close allies requested our involvement. The Middle East conflicts of the last 50 years have repeatedly placed the United States at odds with the Arab world. The threats to the vital energy supplies of the West's industrial base threatened our most significant national interests. Indeed, the world-wide economic recessions of the late 1970's and early 1990's are both directly attributable to the oil shocks of 1973 and 1990.

The threats to our national security alone were sufficient to warrant our involvement. But, in this case, the criteria of our international relations with the involved countries was also met through our ties with Egypt and Israel. The Camp David Accord was a consummation of a growing United States-Egyptian relationship, heralding a breakthrough in United States-Arab relations. Started with the shuttle diplomacy of Henry Kissinger, and culminating in the extensive military-to-military relationship developing through our assistance programs, the deployment of American troops to the Sinai helped cement our emerging relationship with Egypt. Furthermore, our commitment to Israeli sovereignty and security has always been a cornerstone of United States Middle East policy. Our participation in the Sinai multinational observer force directly improved our relationship with both countries, helped stabilize the Middle East, and directly represented our commitment to the success of the Camp David Accords. It is doubtful our close relations with either country, the successful establishment of Palestinian authority, or the Israeli-Jordanian Peace Agreement, would have been possible without our peacekeeping pledge.

Finally, the probability of success for the Camp David Accord was particularly high given that the combatant states themselves initiated the process and had the most to lose by its failure. It was apparent from the start that both Anwar Sadat and Menachim Begin wanted peace, but needed assistance in finding a way to protect their vital national security interests. In such a situation, the good offices provided by the United States, and the assurances to Israeli security provided by the presence of our troops, were the critical elements in securing the Accord.

The Dayton agreement, on the other hand, in my view represents a situation in which an American peacekeeping presence is not justified. As I stated during the authorization debate, there is a American interest in resolving the Balkan conflict arising from the threat of broader European instability, the strain the conflict places on our relationships with our NATO allies, and the friction it causes between Eastern and Western Europe. But none of these threats is so far along the scale of national interest that they warrant our involvement in and of their own right. In fact, when measured against the other criteria of success probability and our relationships with the regional states, I believe a compelling case is made for the United States to participate in a peacekeeping mission.

As I just explained, I believe American troops are particularly ill suited to serve as traditional, impeccably neutral peacekeepers. They present too ripe a political target and bring too much political baggage simply because of the flag they fly. Because there are alternatives to United States ground involvement, including the provision of air and naval forces, logistical support, and financial resources to support other nations' forces, I believe it is wiser to use smaller, more traditional peacekeeping forces from areas such as Scandinavia, Africa, and Asia.

Furthermore, I am not convinced the Dayton Accord was anything other than an imposed peace by a paternalistic Clinton administration. Whereas both the Israelis and Egyptians had concluded that further use of arms was fruitless and counterproductive, the Balkan parties, in my opinion, believe force may still be a legitimate tool to achieve their political aims. In fact, the Washington Times of 31 January 1996 quoted a draft version of a new national intelligence estimate as stating, ''the former combatants share a deep, mutual distrust and will continue to seek achievement of their fundamental goals, rather than accommodation, even as the Dayton agreement proceeds * * *. They will see compromise as a zero-sum game and attempt to divide and manipulate the international community in the way the accords are implemented.'' Until all sides truly want peace, I am doubtful that any peace agreement, no matter how elegantly crafted, will hold in the long run. An imposed peace is, to me, only conflict delayed. Once we leave, I believe the conflict will start anew.

Mr. President, I wish we could decide when and where to deploy American troops in support of peacekeeping missions by consulting a checklist of clearly definable and easily quantifiable criteria. Unfortunately, the world is not so simplistic. Each conflict, each situation that begs our involvement, each call for America to serve as policeman or arbiter of justice, presents an enormous range of national security concerns. Along the broad scales of national interests, international relations, and mission success feasibility, we must identify the net result for each situation and determine what action will best advance our national goals. It is not easy, it is not clean, but we must do it. Often times, I believe we will discover that our national interests are not sufficiently implicated to warrant the disproportionate risk under which our military must labor simply because they are the highly visible political force of the world's only superpower. But at other times, especially when our interests do lie with the protection of one or more parties to a conflict, the deployment of U.S. peacekeepers may reasonably advance our national interests. At times like these, we must be ready and willing to make such a commitment to assisting our friends and allies in achieving true and lasting peace.●

JOSEPH GENTILE

● Mr. LIEBERMAN. Mr. President, I rise today to recognize Joseph Gentile from the State of Connecticut. over the last three decades, Mr. Gentile, who resides in the Morris Cove section of New Haven with his wife, Bernadette, and three children, has truly demonstrated a genuine love for his fellow man. He has devoted himself tirelessly to his community in his quest to help the area youth and underprivileged succeed. Through his participation in sports and community organizations, he has always extended a helping hand and his goodwill to those in need.

His accomplishments, as are the lives that Joseph has touched and help shape, are countless. As a coach, commissioner, administrator, and friend of the Annex Y.M.A. Little League, the East Haven Midget Football League, and East Haven High School he produced winners on and off the field. His football, baseball, and softball teams won numerous league, State, and district championships throughout his coaching career. More importantly, the youngsters he came in contact with learned lessons in humility, sportsmanship, and perseverance from a true role model.

Joseph Gentile has also exemplified these same qualities as a long-standing member and former board of governor and director of the Walter Camp Football Foundation, as a volunteer for the Connecticut Special Olympics and while serving as a New Haven commissioner for persons with disabilities. He has also played an instrumental role while serving as district coordinator for the New Challenger Division in Little League baseball for physically and mentally handicapped children. When called upon for assistance, Joseph Gentile has always answered the call.

Therefore, Mr. President, I see it only fitting that this outstanding and caring individual be commended for his many contributions, hard work and for always having a golden heart.●

ORDER OF BUSINESS

Mr. CRAIG. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. FAIRCLOTH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FAIRCLOTH. Mr. President, I ask unanimous consent that I be allowed to speak as in morning business for 5 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

WELFARE REFORM

Mr. FAIRCLOTH. Mr. President, on the night of January 9, while this city was buried under a record snowfall, President Clinton vetoed the welfare reform conference report by this Congress, thereby blocking real welfare reform. Recent news accounts suggest that an effort is underway to resurrect the Senate-passed welfare bill and send that to the President.

I rise today to state that I would be strongly opposed to doing that. As I just said, Mr. President, the fact of the matter is simply this: The Congress has passed a bill and demonstrated its commitment to real welfare reform. It is time the President quit talking about welfare reform and demonstrate his commitment to it.

Mr. President, the President promised to ''end welfare as we know it,'' but I think it is time he did a better job explaining what he means by ending welfare as we know it before we send him another bill.

The welfare reform bill that President Clinton opposes takes the first step in 60 years of the welfare programs toward requiring that recipients work for their benefits.

The welfare reform bill that President Clinton opposes takes important steps to stop and slow the growth in illegitimacy, which is the root cause of welfare dependency, and we are still subsidizing it.

The welfare reform bill that we have passed places a 5-year limit on receiving benefits and consolidates the Federal welfare bureaucracy and returns power to the States; toughens child support enforcement laws; prevents noncitizens from receiving benefits; and saves working American taxpayers $60 billion. It was a good bill that we sent the President. The conference report was a good bill, and he stood up at the State of the Union Address and said, ''I am for welfare reform,'' but vetoes it.

I voted against the Senate welfare reform bill because it excluded critically important illegitimacy provisions such as a family cap and a limit on the subsidies for children born out of wedlock. I support the improved conference report as it was sent to the President as a first step toward requiring real work from welfare recipients, reducing illegitimacy, and slowing the unrestrained growth of welfare spending.

President Clinton simply does not want welfare reform by requiring work and reducing illegitimacy. What he means by ''welfare reform'' and what he meant when he said we ''misunderstood him,'' what he meant when he said he was going to ''end welfare as we have known it,'' was that he was going to put more money into it than we ever heard of, he was going to hire more people to administer the program, and he was going to put more people on the welfare program. That is what he means by ending welfare as we have known it.

I urge my colleagues in both Houses to stand by the welfare reform conference report, let the President come forward with his version of welfare reform before we retreat from a good product and a year's work. Let him bring us one.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. FAIRCLOTH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

JOINT MEETING OF THE TWO HOUSES—ADDRESS BY THE PRESIDENT OF THE FRENCH REPUBLIC

Mr. FAIRCLOTH. Mr. President, I ask unanimous consent that the President of the Senate be authorized to appoint a committee on the part of the Senate to join with a like committee on the part of the House of Representatives to escort His Excellency Jacques Chirac, President of the French Republic, into the House Chamber for the joint meeting on Thursday, February 1, 1996.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDERS FOR THURSDAY, FEBRUARY 1, 1996

Mr. FAIRCLOTH. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in adjournment until the hour of 10:30 a.m., Thursday, February 1; further, that immediately following the prayer the Journal of proceedings be deemed approved to date, no resolutions come over under the rule, the call of the calendar be dispensed with, the morning hour be deemed to have expired, and the time for the two leaders be reserved for their use later in the day, and the Senate then immediately resume consideration of S. 1541, the farm bill, as under the previous agreement.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FAIRCLOTH. Mr. President, I further ask unanimous consent that, notwithstanding rule XXII and the recess of the Senate for the joint meeting, Senators have until the hour of 12 noon on Thursday in order to file first-degree amendments to the substitute amendment, and that Senators have until the hour of 1 p.m. on Thursday in order to file second-degree amendments.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. FAIRCLOTH. For the information of all Senators, the Senate will reconvene on Thursday at 10:30 a.m. and will resume consideration of the farm bill under the unanimous-consent agreement. There will be at least two cloture votes beginning at 1:30 p.m. on Thursday. Additional rollcall votes may be necessary in order to complete action on the farm bill during tomorrow's session.

Again, as a reminder to Senators, there will be a joint meeting beginning at 11:45 a.m. on Thursday for an address by the President of France, President Chirac.

ADJOURNMENT UNTIL 10:30 A.M. TOMORROW

Mr. FAIRCLOTH. Mr. President, if there is no further business to come before the Senate, I ask that the Senate now stand in adjournment as under the previous order.

There being no objection, the Senate, at 5:13 p.m., adjourned until Thursday, February 1, 1996, at 10:30 a.m..