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Senate

The Senate met at 9:30 a.m. and was called to order by the Honorable JEAN CARNAHAN, a Senator from the State of Missouri.

PRAYER

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

Faithful Father, we place our trust in You. We say with the psalmist, ''In You, O Lord, I put my trust.''—Psalm 71:1. Things don't work out, You work out things. We entrust into Your care the worries and cares we may have brought to work with us today. We commit our loved ones and friends into Your protection. We pray for continued victory in the war against terrorism and pray for the safety of our men and women in the armed services. Here in the Senate family, we pray that our trust in You will make us trustworthy. Give us greater trust in one another. Free us of defensiveness and suspicion of those who may not share our party loyalties or particular persuasions. Bind us together in the oneness of a shared commitment to You, a passionate patriotism, and a loyal dedication to find Your solutions for the concerns that confront and often divide us. Bless the women and men of this Senate as they renew their ultimate trust in You and are faithful to the trust placed in them by the American people. You are our Lord and Saviour. Amen.

PLEDGE OF ALLEGIANCE

The Honorable JEAN CARNAHAN led the Pledge of Allegiance, as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. BYRD).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, December 11, 2001.

To the Senate:

Under the provisions of rule I, paragraph 3, of the Standing Rules of the Senate, I hereby appoint the Honorable JEAN CARNAHAN, a Senator from the State of Missouri, to perform the duties of the Chair.

ROBERT C. BYRD,
President pro tempore.

Mrs. CARNAHAN thereupon assumed the chair as the Acting President pro tempore.

RECOGNITION OF THE ACTING MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The Senator from Nevada is recognized.

SCHEDULE

Mr. REID. Madam President, this morning the Senate will conduct three successive rollcall votes. Following that, the Senate will resume consideration of the farm bill. As has been the case for many months, the Senate will recess from 12:30 to 2:15 for the weekly party conferences.

RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, leadership time is reserved.

EXECUTIVE SESSION

NOMINATION OF JOHN D. BATES, OF MARYLAND, TO BE UNITED STATES DISTRICT JUDGE FOR THE DISTRICT OF COLUMBIA

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will go into executive session and proceed to Executive Calendar Nos. 586, 587, and 591.

The clerk will report Calendar No. 586.

The bill clerk read the nomination of John D. Bates, of Maryland, to be a U.S. District Judge for the District of Columbia.

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

Mr. HATCH. Madam President, I rise to express my enthusiastic support for the three judicial nominees the Senate is about to consider. All three are extremely well-qualified nominees who have distinguished themselves with hard work and great intellect. I think they will do great service for the citizens of our country.

One of the nominees we are considering today is John Bates. Mr. Bates has compiled an impressive resume during his 25-year legal career, having masterfully handled complex litigation in both the public and private sectors. He began his career with a federal district court clerkship, then joined the highly regarded Washington, D.C. firm of Steptoe & Johnson as an associate. In 1980, he left private practice to became an Assistant United States Attorney here in D.C. He developed a specialization in handling complex civil cases, eventually rising to become chief of the office's civil division.

After 15 years at the U.S. Attorney's Office and a detail to the Office of the Independent Counsel investigating Whitewater, Mr. Bates returned to the private sector in 1998, joining the D.C. firm of Miller & Chevalier as a member. Despite the demands of his legal practice, he has demonstrated a true commitment to his community through his service on the Board of Directors of the Washington Lawyers' Committee on Civil Rights and Urban Affairs. The breadth and depth of Mr. Bates's legal career will serve him well as a federal district court judge here in the District of Columbia.

Another one of our district court nominees is Kurt Engelhardt, who has been nominated to be a federal district judge in the Eastern District of Louisiana. During his 15-year legal career, Mr. Engelhardt has handled a wide array of civil litigation cases, including commercial litigation, bankruptcy, and casualty and professional malpractice defense work.

In 1995, the Conference of the Louisiana Court of Appeal Judges nominated Mr. Engelhardt to serve on the Judiciary Commission of Louisiana, which is the body of the Louisiana Supreme Court responsible for hearing allegations of ethical violations by state judges and making disciplinary recommendations. This appointment reflects the high esteem in which Louisiana's judges hold Mr. Engelhardt. I am confident that his demonstrated exercise of sound judgment will bring honor and fairness to the federal bench.

Julie A. Robinson has been nominated for the federal bench in the District of Kansas. She graduated from the University of Kansas School of Law and then went to work as a law clerk to the Chief Bankruptcy Judge for the District of Kansas. She must have liked that clerkship for the last six years, she has been sitting as a Bankruptcy Judge on that very same court, and also currently serves as a Judge on the Tenth Circuit Bankruptcy Appellate Panel. In between, Judge Robinson gained a wealth of both criminal and civil experience as an Assistant U.S. Attorney in the District of Kansas. Judge Robinson is a Fellow of the American Bar Foundation and sits on many committees as a member of the National Conference of Bankruptcy Judges, the Kansas Bar Association, and as a past president of the Board of Governors for the University of Kansas School of Law. She is currently a Master of the Sam Crow Inn of Court. Judge Robinson's obvious skills, work ethic, and devotion to her profession make it clear that the people of Kansas will be well served with her on the District Court bench.

It is a pleasure to speak on behalf of these nominees prior to their votes. I encourage my colleagues to vote for their confirmation.

The ACTING PRESIDENT pro tempore. The question is, Will the Senate advise and consent to the nomination of John D. Bates, of Maryland, to be a U.S. District Judge for the District of Columbia? On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk called the roll.

Mr. NICKLES. I announce that the Senator from Ohio (Mr. VOINOVICH), the Senator from Nebraska (Mr. HAGEL), and the Senator from Oklahoma (Mr. INHOFE) are necessarily absent.

I further announce that if present and voting the Senator from Oklahoma (Mr. INHOFE) would vote ''yea.''

The ACTING PRESIDENT pro tempore. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 97, nays 0, as follows:

[Rollcall Vote No. 361 Ex.]

YEAS—97

Akaka	Dorgan	McCain
Allard	Durbin	McConnell
Allen	Edwards	Mikulski
Baucus	Ensign	Miller
Bayh	Enzi	Murkowski
Bennett	Feingold	Murray
Biden	Feinstein	Nelson (FL)
Bingaman	Fitzgerald	Nelson (NE)
Bond	Frist	Nickles
Boxer	Graham	Reed
Breaux	Gramm	Reid
Brownback	Grassley	Roberts
Bunning	Gregg	Rockefeller
Burns	Harkin	Santorum
Byrd	Hatch	Sarbanes
Campbell	Helms	Schumer
Cantwell	Hollings	Sessions
Carnahan	Hutchinson	Shelby
Carper	Hutchison	Smith (NH)
Chafee	Inouye	Smith (OR)
Cleland	Jeffords	Snowe
Clinton	Johnson	Specter
Cochran	Kennedy	Stabenow
Collins	Kerry	Stevens
Conrad	Kohl	Thomas
Corzine	Kyl	Thompson
Craig	Landrieu	Thurmond
Crapo	Leahy	Torricelli
Daschle	Levin	Warner
Dayton	Lieberman	Wellstone
DeWine	Lincoln	Wyden
Dodd	Lott	
Domenici	Lugar	

NOT VOTING—3

Hagel	Inhofe	Voinovich

The nomination was confirmed.

The ACTING PRESIDENT pro tempore. The Senator from Vermont.

Mr. LEAHY. Madam President, I am about to make a unanimous consent request on these judges. I want people to know the three judicial nominations before us today fill vacancies in the District of Columbia, the eastern district of Louisiana, and Kansas. When we act favorably on these nominations, we will have confirmed 24 Federal judges since July, including 6 to the courts of appeals.

I mention that because when I became chairman of the Judiciary Committee in July, Federal court vacancies were rising to 111. Since July, we have worked very hard. The Senate has been cooperative. We have confirmed two dozen judges. We are lowering the number of vacancies. In fact, since I became chairman, we have had 19 additional vacancies arise. But we have not only outpaced this high level of attrition, we have lowered the vacancies to under 100. Of course, we would not have had nearly as many vacancies had the Senate confirmed the judges nominated by President Clinton.

We have made progress and outpaced attrition. We have filled vacancies. We are moving forward. I thank Senators on both sides of the aisle who have helped so much on this, who have worked with us even when we had to move out of the Senate office buildings because of anthrax attacks and the September 11 attacks. We have kept going. Contrary to what one person said on TV, inaccurately, and I assume by mistake, this weekend about not keeping up with attrition, we not only have kept up with attrition, we have outpaced attrition.

We will try to keep that number moving in the right direction. In spite of the upheavals we have experienced this year with the shifts in chairmanship, the delay in reorganizing the Senate and assigning Members to the committees, the vacancies that have arisen since this summer, the need to focus our attention on responsible action in the fight against international terrorism and the threats and dislocations of the anthrax attacks, we are making progress.

Far from taking a ''time out,'' as Republicans were suggesting, this Committee has been in overdrive since July and we redoubled our efforts after September 11, 2001.

During the last 6½ years when a Republican majority controlled the process, the vacancies rose from 65 to at least 103, an increase of almost 60 percent.

Since July, we have been making strides to reverse that record and have worked hard to reduce vacancies below the 111 vacancies that existed in July.

In addition to the three nominations being considered by the Senate today, another three nominations to vacancies on the District Courts in New Mexico, Arizona and Georgia are on the Senate Executive Calendar, and another five nominations were included in a hearing last Wednesday.

If the Committee is able to report those nominations and the Senate acts favorably on them before recessing for

the year, we will have confirmed 32 judges since July and 28 since the August recess. This is more judges than were confirmed after the August recess in any of the last 6½ years. It would be more judges than were confirmed in the first year of the Clinton administration and include twice as many judges to the Courts of Appeals as were confirmed that year.

It would be more than twice as many judges as were confirmed in the first year of the first Bush administration, including more judges to the Courts of Appeals.

The President has yet to send nominations to fill more than half of the current vacancies. This is a particular problem with the 71 District Court vacancies, for which 50—more than—70 percent—do not have nominations pending.

We have been able to reduce vacancies over the last 6 months through hard work and a rapid pace of scheduling hearings. Until I became Chairman of the Judiciary Committee, no judicial nominees had been given hearings this year. No judicial nominees had been considered by the Judiciary Committee or been voted upon by the Senate.

After almost a month's delay in the reorganization of the Senate in June while Republicans sought leverage to change the way judicial nominations had traditionally been considered and abruptly abandoned the practices that they had employed for the last 6½ years, I noticed our first hearing on judicial nominees within 10 minutes of the reorganization resolution being adopted by the Senate.

I have previously noted that during the 6½ years that the Republican majority most recently controlled the confirmation process, in 34 of those months they held no confirmations for any judicial nominees at all, and in 30 other months they conducted only a single confirmation hearing involving judicial nominees.

Since the Committee was assigned its members in early July, 2001, we have held confirmation hearings every month, including two in July, two during the August recess, two during December and three hearings during October. Only once during the previous 6½ years has the Committee held as many as three hearings in a single month.

On the other hand, on at least three occasions during the past 6½ years the Committee had gone more than five months without holding a single hearing on a pending judicial nominee. We have held more hearings involving judicial nominees since July 11, 2001 than our Republican predecessors held in all of 1996, 1997, 1999 or 2000. In the last six months of this extraordinarily challenging year, the Committee has held 11 hearings involving judicial nominees.

Last week the Committee held its tenth hearing on judicial nominations and yesterday I chaired our eleventh since the Committee was assigned its membership on July 10, 2001. During the three months since September 11, the Judiciary Committee has held seven judicial confirmation hearings—the same number that the Republican majority held in all of 1999 and one more than they held in all of 1996. Since July we have held hearings on 34 judicial nominees, including seven to the Courts of Appeals.

Since September 11 we have held hearings on 27 judicial nominees, including four to the Courts of Appeals.

Working with the Majority Leader and the Deputy Leader, I have adopted a practice for the second half of this year of working with all Senators and with the Administration to try to fill an many judicial vacancies as possible. To date we have succeeded in confirming 24 judges.

We have persevered through extraordinary circumstances during which the Senate building housing the Judiciary Committee hearing room was closed, as were the buildings housing the offices of all the Senators on the Committee. We persevered through a partisan filibuster preventing action on the bill that funds our nation's foreign policy initiatives and provides funds to help build the international coalition against terrorism.

We showed patience and resolve when at our November hearing a family member of one of the nominees grew faint and required medical attention. That hearing was completed after attending to those medical needs.

We have accomplished more, and at a faster pace, than in years past. Even with the time needed by the FBI to follow up on the allegations that arose regarding Judge Wooten in connection with his confirmation hearing, we have proceeded much more quickly than at any time during the last 6½ years. Thus, while the average time from nomination to confirmation grew to well over 200 days for the last several years, we have considered nominees much more promptly.

Measured from receipt of their ABA peer reviews, we have confirmed the judges this year, including the Court of Appeals nominees, on average in less than 60 days. So, we are working harder and faster than previously on judicial nominations, despite the difficulties being faced by the nation and the Senate.

We have also completed work on a number of judicial nominations in a more open manner than ever before.

For the first time, this Committee is making public the ''blue slips'' sent to home State Senators. Until my chairmanship, these matters were treated as confidential materials and restricted from public view. We have moved nominees with less time from hearings to the Committee's business meeting agenda, and then out to the floor, where nominees have received timely roll call votes and confirmations.

The past practices of extended unexplained anonymous holds on nominees after a hearing have not been evident in the last six months of this year as they were in the past. Indeed over the past 6½ years at least eight judicial nominees who completed a confirmation hearing were never considered by the Committee but left without action.

Likewise, the extended, unexplained, anonymous holds on the Senate Executive Calendar that characterized so much of the last 6½ years have not slowed the confirmation process this year. Majority Leader DASCHLE has moved swiftly on judicial nominees reported to the calendar.

Once those judicial nominees have been afforded a timely rollcall vote, the record shows that the only vote against any of President Bush's nominees to the federal courts to date was cast by the Republican Leader.

With respect to law enforcement, I have noted that the administration was quite slow in making United States Attorney nominations, although it had called for the resignations of United States Attorneys early in the year.

Since we began receiving nominations just before the August recess, we have been able to report, and the Senate has confirmed, 57 of these nominations. We have only a few more United States Attorney nominations received in November and December, and await approximately 30 nominations from the Administration. These are the President's nominees based on the standards that he and the Attorney General have devised.

I note, again, that it is most unfortunate that we still have not received even a single nomination for any of the United States Marshal positions. United States Marshals are often the top federal law enforcement officer in their district. They are an important front-line component in homeland security efforts across the country. We are near the end of the legislative year without a single nomination for these 94 critical law enforcement positions.

It will likely be impossible to confirm any United States Marshals this year having not received any nominations in the first 11 and one-half months of the year.

In the wake of the terrorist attacks on September 11, some of us have been seeking to join together in a bipartisan effort in the best interests of the country.

For those on the Committee who have helped in those efforts and assisted in the hard work to review and consider the scores of nominations we have reported this year, I thank them. As the facts establish and as our actions today and all year demonstrate, we are moving ahead to fill judicial vacancies with nominees who have strong bipartisan support. These include a number of very conservative nominees.

The nominations before the Senate today are John Bates for the District of Columbia, Julie Robinson for the District Court in Kansas, and Kurt Engelhardt for the District Court in the Eastern District of Louisiana.

Before I became Chairman, the last confirmation to the District Court for the District of Columbia was that of Judge Ellen Huvelle. Despite being a distinguished judge in the D.C. Superior Court for nearly a decade, her nomination was pending for almost seven months before she received a hearing. Judge Colleen Kollar-Kotelly had similar credentials and suffered even worse delays. Judge Kollar-Kotelly also served as a distinguished local judge. Her confirmation, nonetheless, required two nominations over two years before she was finally confirmed in 1997. She was not confirmed for eight months after her confirmation hearing. Of course, she has now replaced Judge Jackson as the judge in charge of proceedings on the government suit and proposed settlement of that legal action against Microsoft.

Despite nominees for vacancies on the District Court for the District of Columbia over the past several years, no nomination to this District Court had received a hearing in over two years. Things changed this July. First, we moved expeditiously to consider the nomination of Judge Reggie Walton to one of those longstanding vacancies. I chaired an unprecedented August recess hearing for Judge Walton and he was confirmed in September. Now we are proceeding, with the support of Representative Norton, to fill a second longstanding vacancy on the District Court for the District of Columbia. John Bates will be the second confirmation to the United States District Court for the District of Columbia in the last three months, after years of inaction.

The vacancy that is being filled by Judge Robinson is one that existed before I became chairman. Indeed, last year the President had nominated Keith Gary Sebelius in anticipation of that vacancy.

In the last 6 months of last year Mr. Sebelius was not included in a hearing and his nomination died without Committee action and without Senate action when it was returned to the White House last December. Last year the Republican majority held only two hearings involving only seven District Court nominees in July and no hearings for any other judicial nominees in August, September, October, November or December, in spite of the vacancies and pending judicial nominations to fill them. This year, during the same time frame, the Committee has held 11 hearings involving 34 judicial nominations of which 27 have already been reported favorably to the Senate.

With respect to the vacancy in Kansas, Senators ROBERTS and BROWNBACK wrote to me in October enclosing a letter from the Chief Judge of that District indicating that the vacancy combined with medical leave for a senior Judge had created a serious problem in that District. Chief Judge Lungstrum noted in his letter to Senator ROBERTS that the District in Kansas was without an active judge it its Topeka division. Just as we responded quickly to the Chief Judge of the District Court in Montana and the Chief Judge of the District Court in the Eastern District of Kentucky, we have responded to Chief Judge Lungstrum. Judge Robinson was included in a hearing on November 7 and reported by the Committee last month.

With respect to the vacancy on the Eastern District of Louisiana, that vacancy predated my chairmanship, as well. I recall the nomination in 1997 of Judge Lemelle to a vacancy on that court, the hearing held on his nominations more than 11 months later and his confirmation later still that year. I am glad to work with Senators BREAUX and LANDRIEU to help fill another vacancy on that important court and to be able to do so within one-third the time it took to confirm the last judge to this District.

I am proud of the work the Committee has done on nominations, and I am proud that by the end of today we will have confirmed 24 judges. I hope that by the end of this session that total will rise to about 30 as the Committee continues its work on the nominations heard last week and the Senate confirms the additional three nominees previously reported by the Committee.

Mr. HATCH. Madam President, I wish to respond to remarks by my good friend and colleague, the distinguished Senator from Vermont, about the pace of moving judicial nominees. Now, at the outset, I should say I am pleased that we are moving the few judges we have moved to date. However, despite the confirmation of three Federal judges today, the number of vacancies in the Federal judiciary remains at nearly 100—not far from where it has hovered ever since the Democrats assumed control of the Judiciary Committee. This is no victory—the vacancy rate still stands at a staggering 11.3 percent.

In 1997, Senator LEAHY remarked:

> For the past several months I have spoken about the crisis being created by the almost 100 vacancies that are being perpetuated on the Federal courts around the country and the failure of the Senate to carry out its constitutional responsibilities to advise and consent to judicial confirmations. . . . Confirming Federal judges should not be a partisan issue. The administration of justice is not a political issue. Working together, the Senate should do our constitutionally mandated job and proceed to confirm the judges we need for the Federal system.

I couldn't agree more with these sentiments. One hundred vacancies in the Federal judiciary is nothing to brag about, especially when there are 40 nominees waiting to fill these gaps. Some of these nominees have been waiting for hearings as long as seven months, and it is evident that most, if not all, of them will not get a hearing and vote this year.

Maybe some of my colleagues forget that earlier in the year when we attempted to move the first of President Bush's judicial nominees, some on the other side of the aisle objected that we were moving too fast either they wanted the ABA to do an evaluation before they would allow us to move or it was a fight over the now infamous blue-slip process. I say this in response to claims that somehow it is the Republicans' fault for not confirming judges earlier this year.

I am not the only one who has noticed that the Committee is making slow work of its job this year. In a November 30 editorial, the Washington Post declared that the Committee should hold more judicial confirmation hearings, concluding that ''[f]ailing to hold them in a timely fashion damages the judiciary, disrespects the president's power to name judges and is grossly unfair to often well-qualified nominees.''

As chairman of the Judiciary Committee during 6 years of the Clinton Administration, I responded to the vacancies in the Federal judiciary by holding hearings and votes on judges. As a result, 377 Clinton appointees are sitting on the Federal bench today. So, in contrast to the claims I have heard today, the present vacancy rate is not the result of any failure to confirm Clinton nominees. Instead, it is a direct result of the failure to confirm Bush nominees.

What is important to note is that at the end of the 106th Congress, there were only 67 vacancies in the federal judiciary for which there was a total of 41 nominees—some of whom were not nominated until very late in the year. Today, of course, there are nearly 100 vacancies, but the Senate has confirmed only 24 judges. So I believe it's fair to say that the pace of confirmations has not kept up with attrition.

I am pleased that we are taking these steps with the confirmation of three federal district judges. There are three more judicial nominees awaiting floor votes, and seven more judicial nominees awaiting a Committee vote, including one circuit judge. I urge my Democratic colleagues to act to confirm at least these nominees before the end of the session, and work with us to move the roadblocks they have erected in the confirmation process of all the other nominees, particularly those circuit court nominees who have been pending since May.

I yield the floor.

Mr. LEAHY. Madam President, if nobody has any objection, I ask unanimous consent that we vacate the yeas and nays on the next two nominations and that the Chair put the question of each one of them separately to the body on a voice vote.

The ACTING PRESIDENT pro tempore. Is there objection?

Mr. BYRD. Madam President, what was the request?

Mr. LEAHY. If I could respond to the distinguished Senator from West Virginia, my request is that we vacate the yeas and nays on the next two nominations and that we bring them up separately now and that the body be allowed to vote on them by voice vote.

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

NOMINATION OF KURT D. ENGELHARDT, OF LOUISIANA, TO BE UNITED STATES DISTRICT JUDGE FOR THE EASTERN DISTRICT OF LOUISIANA

The ACTING PRESIDENT pro tempore. The Senate will proceed to the nomination of Kurt D. Engelhardt, of Louisiana, which the clerk will report.

The bill clerk read the nomination of Kurt D. Engelhardt, of Louisiana, to be United States District Judge for the Eastern District of Louisiana.

Mr. LEAHY. Madam President, I understand both of the Senators from Louisiana have returned blue slips in support of this nominee and I support the nominee.

The ACTING PRESIDENT pro tempore. The question is, Will the Senate advise and consent to the nomination of Kurt D. Engelhardt, of Louisiana, to be United States District Judge for the Eastern District of Louisiana?

The nomination was confirmed.

Mr. LEAHY. I move to reconsider the vote.

Mr. KERRY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

NOMINATION OF JULIE A. ROBINSON, OF KANSAS, TO BE UNITED STATES DISTRICT JUDGE FOR THE DISTRICT OF KANSAS

The ACTING PRESIDENT pro tempore. The Senate will proceed to the nomination of Julie A. Robinson, of Kansas, which the clerk will report.

The bill clerk read the nomination of Julie A. Robinson, of Kansas, to be United States District Judge for the District of Kansas.

The ACTING PRESIDENT pro tempore. The Senator from Vermont.

Mr. LEAHY. Madam President, both of the distinguished Senators from Kansas have returned blue slips indicating their support for this nominee. The nominee is extraordinarily well qualified. And with their support, I also support the nominee and urge the Senate to confirm her.

The ACTING PRESIDENT pro tempore. The Senator from Kansas.

Mr. BROWNBACK. Madam President, Julie Robinson is extraordinarily well qualified. She is the right person for the job. She has served as a bankruptcy judge. I have known of her and her work for a long period of time. Her family even years ago came to Kansas as Exodusters, freed slaves. So she really has had an extraordinary life. She is going to be an extraordinary judge.

I urge all my colleagues to support her nomination.

Thank you.

The ACTING PRESIDENT pro tempore. Is there further debate?

If not, the question is, Will the Senate advise and consent to the nomination of Julie A. Robinson, of Kansas, to be United States District Judge for the District of Kansas?

The nomination was confirmed.

Mr. LEAHY. I move to reconsider the vote.

Mr. HARKIN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

LEGISLATIVE SESSION

The PRESIDING OFFICER (Ms. CANTWELL). Under the previous order, the Senate will now return to legislative session.

Under the previous order, the Senate will now resume consideration of S. 1731, which the clerk will report.

Mr. LEAHY. Madam President, I suggest the absence of a quorum.

The assistant legislative clerk proceeded to call the roll.

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

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

UNANIMOUS-CONSENT REQUEST—S. 1499

Mr. KERRY. Madam President, I ask unanimous consent that the majority leader, following consultation with the Republican leader, may, at any time, at his selection, in conjunction with the minority leader, move to the consideration of Calendar No. 186, S. 1499; and that the bill would then be considered under limitations to be established in consultation between the two leaders.

The PRESIDING OFFICER. Is there objection?

Mr. KYL. I object.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. KYL. I object.

The PRESIDING OFFICER. Objection is heard.

The Senator from Massachusetts.

Mr. KERRY. Madam President, I ask to be permitted to proceed for a moment to discuss the unanimous-consent request I just made.

Mr. KYL. Madam President, may I ask the Senator to withhold until I propound a unanimous-consent request.

Mr. KERRY. Madam President, I understand the Senator is asking me if I would simply yield for the purpose of his propounding a unanimous-consent request.

Mr. KYL. That is correct.

Mr. KERRY. I am happy to do so.

The PRESIDING OFFICER. The Senator from Arizona.

UNANIMOUS-CONSENT REQUEST—EXECUTIVE CALENDAR

Mr. KYL. Madam President, as in executive session, I ask unanimous consent that the majority leader, after consultation with the Republican leader, proceed to executive session no later than December 14 to consider Calendar No. 471, the nomination of Eugene Scalia to be Solicitor for the Department of Labor, and I further ask unanimous consent that there be 3 hours for debate, with the time equally divided in the usual form, with no other motions in order; and I ask unanimous consent that following the use or yielding back of time, the Senate proceed to the vote on the confirmation of the nomination, the President be immediately notified of the Senate's action, and the Senate then return to legislative session.

The PRESIDING OFFICER. Is there objection?

Mr. DASCHLE. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. KERRY. Madam President, I believe I have the floor after the request.

The PRESIDING OFFICER. That is the understanding of the Chair.

The Senator from Massachusetts.

Mr. KERRY. I thank the Chair.

Madam President, I ask my colleague from Arizona, without losing my right to the floor, if his propounding of that request indicates that somehow his denial of the ability to proceed forward on the small business bill is linked to the request he just made regarding the nomination.

Mr. KYL. Madam President, I would be happy to respond to my colleague. The answer to the question is no. As the Senator from Massachusetts is aware, there are ongoing negotiations with the Senator as well as the Senator from Missouri and representatives of the administration in an effort to reach a compromise on the legislation, and the Senator's request related to my unanimous-consent request related to the importance of considering Eugene Scalia as Solicitor for the Department of Labor, and I believed as long as we were making unanimous-consent requests to proceed to other business, I would take the opportunity to do so for that nomination.

Mr. KERRY. Madam President, I thank the Senator from Arizona. I would like to respond and say a few words, if I may, about the small business bill.

Mr. DASCHLE. Madam President, I ask the Senator if he will yield for a unanimous-consent request for just a moment.

Mr. KERRY. I am pleased to yield.

The PRESIDING OFFICER. The majority leader.

Mr. DASCHLE. I thank the Senator from Massachusetts very much.

ORDER OF PROCEDURE

Mr. DASCHLE. The pending business today is the farm bill, and we are awaiting the legislation to be introduced.

I ask unanimous consent that following the colloquy or the statement made by the Senator from Massachusetts, the Senate proceed to consideration of the bill itself for debate purposes only.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. KERRY. Madam President, I thank the distinguished majority leader, and I thank the Chair.

SMALL BUSINESS RELIEF

Mr. KERRY. I ask unanimous consent that an article from the front page of yesterday's New York Times regarding the ripples of September 11 widening in retailing and the extraordinary impact of September 11, not just at ground zero but broadly across the country on small businesses, be printed in the RECORD.

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

[From the New York Times, Dec. 10, 2001]

RIPPLES OF SEPT. 11 WIDEN IN RETAILING

(By Edward Wyatt)

On West Eighth Street in Greenwich Village, shoe salesmen stand forlornly on the sidewalk in front of Leather&Shoes.com, smoking cigarettes and staring blankly into the distance, wondering where all the customers have gone.

Down the block, Raja Chaani, the manager of India Imports, and two of his employees sit on stools in a sprawling space chock-full of leather jackets, silk scarves and Indian curios but devoid of customers.

Across the street, at Man Plus, Sonny Shahani and three other salesmen spend their time rearranging sweaters and calculating how much their commissions have fallen. And at House of Nubian, no one but a few Internet shoppers is buying Negro League jackets and hats, or buttons with pictures of black leaders like Malcolm X and Haile Selassie.

While it was expected that small businesses near the site of the World Trade Center would suffer from the terrorist attack on Sept. 11, which displaced 100,000 potential customers from office buildings in the area and thousands more from their homes, wider economic damage from the attack is still rippling outward from ground zero.

The national economy, of course, was already slowing before Sept. 11. But the attack sent shudders through small businesses, not only in New York City but also across the nation. Some economic forecasters say they believe a wave of business failures in New York and elsewhere could come soon after the first of the year, as retailers and other entrepreneurs succumb to the continuing lack of new business in what is traditionally their busiest season.

''I've been on this street for 15 years, and it's never been this bad,'' said Kawal Bhatia, whose family owns Leather&Shoes.com, a shoe and leather goods store at 22 West Eighth Street which, despite its name, does not have a Web site. ''In past years, no matter how bad it was the rest of the year, at least you knew you would cover all your losses with the holiday shoppers.'' But on a recent Friday, he said, ''I did $25 worth of business.''

Last week, Mr. Bhatia put up a new sign: ''Store Closing.''

Small businesses, including many retail establishments, account for two of every five jobs in New York City and roughly half of all jobs statewide, so the drought among small-business owners presages economic pain that is likely to spread far beyond Lower Manhattan. And while numerous grant and loan programs have sprung up to help small businesses recover from the disaster, business owners have complained, in a growing chorus, that the grants are too small to stem their losses and that loan agencies are not approving loans.

On Eighth Street between Fifth Avenue and Avenue of the Americas, for example, roughly two miles north of ground zero, businesses that depend on people who travel into the city to shop have been devastated. The block, the professed shoe district of Manhattan, has for decades served as a crucible for small businesses, a place where shoe and leather goods shops have mixed with funky clothing emporiums serving an eclectic mix of college students, tourists and New Yorkers in search of bargains. But tourists have stopped coming, and retail sales not just in the Village but across the city have been suffering.

Economists say it is too early to tell just how many small businesses are likely to end up closing or in Bankruptcy Court, but they say that the signs are not good.

''I think there is a strong likelihood that come the first quarter, small businesses that are holding on by the seat of their pants may not be able to hold on anymore without some outside assistance,'' said Ian E. Novos, senior director for economic consulting service of KPMG.

A report assessing the economic impact of Sept. 11 that was prepared for the New York City Partnership, by KPMG and SRI International, another consulting firm, predicted that for the next two years, small businesses' sales would continue to fall short of what was expected before the trade center attack. Employment among small businesses will continue to fall through the first quarter of next year, the report said.

During the recession of the early 1990's, in a downturn that was short-lived by historical standards, business failures in New York State peaked at more than 6,000 companies per year, according to Dun & Bradstreet. The failures involved less than 1 percent of the small businesses operating in the state. In 1997, the most recent year for which data is available, there were roughly 1.2 million small businesses operating in New York State, according to state statistics. (Federal data on small businesses, using different measurement criteria, put the number at about half that.)

The 1990's recession lacked some of the ingredients of today's problems—most important a cataclysmic event that sent jobs streaming away from Lower Manhattan, immediately closed off spigots of corporate spending and sent consumers into a kind of anti-spending shock. Since the disaster, the United States Small Business Administration has approved only about one in three applications for disaster loans. Those loans have provided $164 million to more than 2,000 businesses so far, but the approval rate is well below the rates of 50 percent to 64 percent that have followed other major disasters over the past decade.

Hector V. Barreto, the administrator of the S.B.A., told the House Committee on Small Business on Thursday that the loan approval statistics were a result of what was a very different disaster. But he also agreed to review all loan applications that had been rejected in New York so far, to see if the agency's loan standards, which often rely on cash flow and the value of tangible property, had been applied too rigidly.

Unlike earthquakes, hurricanes and floods, which inflict property damage mostly on homes and homeowners, the World Trade Center attack did most of its property damage in a small area around ground zero. Most of the loans requested and made have been for economic injury to businesses in a far wider geographic area, stretching over several counties near New York City.

Economic disaster loans to businesses account for three-quarters of the disaster loans approved so far, compared with 20 percent after events like the flooding of the Red River of the North, in North Dakota in 1997, and Tropical Storm Allison in Texas and Louisiana earlier this year. Economic injury loans require more documentation of losses and of a borrower's ability to repay them than property damage loans do.

A bill that would ease eligibility rules for disaster loans as well as create a grant program to go with the loan program was recently sent to the full House of Representatives by the House Committee on Small Business.

Representative Nydia M. Velazquez, whose district includes parts of Brooklyn, Manhattan and Queens and who is the ranking Democrat on that committee, said the current loan program needed to be revised as the bill would require because the existing loan program ''is not suitable for the new reality of this disaster.''

Some businesses that have been turned down for loans say they cannot fathom whom the loan program is supposed to help, if not them. Carla Behrle, who designs, manufactures and sells custom-made leather clothing from a shop on Franklin Street in TriBeCa, said she was told by S.B.A. officials that her application would be rejected because her business did not have enough cash flow to make the loan payments of $143 a month.

''Some people spend more than that on cigarettes,'' said Ms. Behrle (pronounced BURR-lee), who does not smoke. She said the agency did not seem to take into account her plans for the money, which included relocating her business, which had revenues of about $125,000 last year, and shifting her focus to wholesale sales, eliminating her retail store.

''I spent hours and hours filling out all this paperwork,'' she said. ''If I had known what I know now, I would have put my energies elsewhere.''

Other entrepreneurs complain that the city and state efforts to restore the economy are tailored to the needs of large corporations rather than to small businesses. They note that when Gov. George E. Pataki and Mayor Rudolph W. Giuliani appointed members of the Lower Manhattan Redevelopment Corporation last month, corporate and political interests were well represented, but no representatives of small business from downtown Manhattan were included.

Asked what he would say to people who operate small downtown businesses that are ailing, John C. Whitehead, the newly appointed chairman of the group, said: ''I don't know what we say to them, but we want to keep them and we don't want them to be discouraged. I think there is assistance available for them.''

Carl Weisbrod, president of the Downtown Alliance, which represents businesses in the financial district and around the trade center site, said the redevelopment agency's ''primary mission is going to be repairing the infrastructure'' and creating a physical environment that will draw customers back to small businesses downtown.

Whether small businesses downtown can wait for those improvements, which could easily take years, is uncertain. On West Eighth Street, merchants up and down the block who are not covering their expenses say their landlords have so far refused to give them a break on their rents.

At Mofa Shoes, Moses, the manager, who would not give his last name, spoke woefully of the outlook. ''This used to be the shoe capital of the world,'' he said. ''We'd get customers who came to Eighth Street from Italy, Brazil, Spain. Now, well, you see. The street is empty.''

Mr. KERRY. Madam President, I heard the Senator from Arizona. I respect what he said in trying to characterize some discussions as negotiations. But I have been here for 18 years. Senator BOND has been here I think just about as long. He is the ranking member. He and I have worked together when he has been chairman and I, ranking member, and vice versa. The Small Business Committee is probably the least partisan committee of the Senate. We don't do anything if it isn't broadly by consensus. Eighteen members of our committee are cosponsors of this legislation. Sixty-two Senators are cosponsors of this effort to bring emergency assistance to small businesses of this country. We have now been waiting for 2 months while this bill has been held up by the great process of rolling holds and rolling theories of objection.

While the Senator from Arizona politely characterizes it as a negotiation, there is nothing to negotiate based on what we have been offered. It is a basic gutting of the entire approach that is supposed to be in the form of a compromise. We are not to going to do that with 62 cosponsors of a piece of legislation that provides emergency assistance to businesses that need it.

Let me quote briefly from yesterday's New York Times. It said the following:

> While it was expected that small businesses near the site of the World Trade Center would suffer from the terrorist attack on Sept. 11, which displaced 100,000 potential customers from office buildings in the area and thousands more from their homes, wider economic damage from the attack is still rippling outward from ground zero. . . . Some economic forecasters say they believe a wave of business failures in New York and elsewhere could come soon after the first of the year, as retailers and other entrepreneurs succumb to the continuing lack of new business in what is traditionally their busiest season. . . . while numerous grant and loan programs have sprung up to help small businesses recover from the disaster, business owners have complained, in a growing chorus, that the grants are too small to stem their losses and that loan agencies are not approving loans. Since the disaster, the United States Small Business Administration has approved only about one in three applications for disaster loans . . . [an] approval rate well below the rates . . . [of] other major disasters over the past decade.
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> Carla Behrle, who designs, manufactures and sells custom-made leather clothing from a shop on Franklin Street in TriBeCa, said she was told by SBA officials that her application would be rejected because her business did not have enough cash flow to make the loan payments of $143 a month. ''Some people spend more than that on cigarettes,'' said Ms. Behrle, who does not smoke. She said the agency did not seem to take into account her plans for the money, which included relocating her business, which had revenues of about $125,000 last year, and shifting her focus to wholesale sales, eliminating her retail store. ''I spent hours and hours filling out all this paperwork,'' she said. ''If I had known what I know now, I would have put my energies elsewhere.''

Clearly, the administration's approach is not working.

We have seen documented over the past months by a number of different articles from the Bureau of National Affairs and the Washington Post that this bill is being held up by the administration and by two colleagues in the Senate who are suggesting there are a series of different reasons for doing so. The last time there was an objection, Senator KYL said he would return to the floor and explain why later. He never returned, and he didn't explain why. But we have had a different set of explanations in the course of our conversations.

I have heard people say it is not that they really have an objection to the bill but they are acting as an agent, holding it so it can be reviewed, that they don't really have a hold on the bill but they have an objection to the process. Then we heard that it is duplicative of the administration's approach and it helps medium-sized and large businesses. Then we heard that perhaps the defaults will be too high.

My personal favorite excuse for the delay is that some people want to remove the hold but they can't get into the quarantined office in order to get the necessary paperwork to submit to remove the hold, and so on, and so on—anything to try to run out the clock.

The clock is running out on a lot of small businesses in the country. I believe that every single excuse offered to date for not proceeding forward on this bill is subject to an analysis that completely dismisses that particular excuse.

We need to pass S. 1499, the American Small Business Emergency Relief and Recovery Act of 2001. I emphasize that the key word is ''emergency.'' Small businesses need help now. They have needed it since the terrorist attacks three months ago.

However, as documented in several articles over the past months, from the Bureau of National Affairs to the Washington Post, the Administration and two of our colleagues in the Senate do not see the problems of small business as urgent. They have played games with the livelihoods of small business owners and their employees by putting ''holds'' on S. 1499 and therefore blocking passage of legislation to help small businesses.

On November 27, I moved to bring S. 1499 up for a vote. Senator KYL objected and said that he would explain why later. He never returned to the floor. I hope that he will do so today.

Addressing the concerns of those opposed to this bill as reported in the press or told to small businesses calling to urge passage of S. 1499 is a moving target. One day it's too expensive. Next it's that they have no objection to the bill, but they are an ''agent,'' holding it so it can be reviewed, or, they don't have a ''hold'' on the bill, ''they have an objection to the process.'' Next it's duplicative of the administration's approach, and it helps medium-sized and large businesses. Then it's that defaults will be too high. My personal favorite is that they want to remove the hold but they can't get into their quarantined office to get the necessary paperwork to submit to remove the hold. And so on, and so on, and so on, anything to run out the clock.

Let me explain why these objections are not well-founded:

No. 1, Senator KYL and the administration contend that this bill costs too much. Senator KYL was quoted as saying in the Congressional Quarterly on November 28: ''We have a debt situation in this country right now. This bill is a big deal. It costs too much.'' Let me just state the obvious—small business is not what caused our debt situation. Even leveraging money to provide loans and venture capital and counseling through the SBA is not what caused our debt situation. In fact, the SBA suffered disproportionately in budget reduction for FY2002 compared to other Departments. The President's fiscal year 2002 budget cut funding for the SBA anywhere from 26 to 40 percent depending on how you look at it.

Why the big difference? It is a 40-percent cut if you count the President's request to move the SBA disaster loan program out of SBA, SLASH the disaster loan part of the budget from $826 million to $300 million, and RAISE the interest rates on disaster victims. That's right, if the Bush administration's fiscal year 2002 budget had been implemented, the very program that Senator KYL and the administration are claiming is the answer to the problems of small businesses, would now be underfunded, and would be charging small business disaster victims 5.4 percent versus the current 4 percent. Luckily, Senator BOND and I were successful earlier this year in passing a budget amendment to restore that funding.

Let me go back to the comment, ''This bill costs too much.'' This bill costs too much compared to what? Compared to the $15 billion that will be given to the airline industry? Compared to the estimated $4.75 billion that Senator KYL's S. 1500 would provide in tax credits for airplane tickets? Compared to the administration's approach of essentially declaring the entire Nation a disaster area and providing disaster loans nationwide?

The Congressional Budget Office has informally scored S. 1499 as costing $860 million. Compared to the Kerry-Bond approach, Senator KYL's bill costs 5.5 times more. Compared to the Kerry-Bond approach, the administration's approach through disaster loans costs almost 5 times more—4.67 times, to be exact.

The administration's approach through economic injury disaster loans has a subsidy rate—that's the net cost to the taxpayer of running the program—of anywhere from 14 percent to 17 percent, depending on whose estimate you use. The Kerry-Bond approach, which provides the majority of assistance through the 7(a) loans, has a

subsidy rate of 3 percent. The Kerry-Bond approach is more cost-effective.

In practical terms, if we fully funded this bill, for $860 million we could leverage more than $25 billion in loans and venture capital to fill the market's gap in lending. To provide an equal amount of access to capital through the disaster loan program would cost taxpayers about $3.5 billion. These charts illustrate on a State-by-State basis how many small business will be helped by S. 1499 through 7(a) and 504 loans, and how much capital will become available in each state. For example, under this bill, more than 1,700 small business in Arizona could get loans to help recover from the terrorist attacks and the worsening economy. Under the administration's approach, only one small business has been helped in Arizona since September 11.

No. 2, Senator KYL contends this bill hasn't had sufficient review. According to the Washington Post, Senator KYL says ''it is not a hold, but part of his role as chairman of the GOP steering committee to review bills that are being hustled through at the end of the session to make sure they have been properly 'vetted.' 'I'm just an agent,''' KYL said.

Let me set the record straight on the process. This bill hasn't been ''hustled through.'' It was drafted with the input of small business organizations, trade associations and SBA's lending and counseling partners through more than 30 meetings and conference calls—conference calls because we couldn't ask folks to fly in the immediate weeks after the attacks. It is cosponsored by 18 of the Small Business Committee's members. And overall 62 Senators, including 20 Republicans, have joined me in cosponsoring S. 1499.

On October 15, S. 1499 was cleared by both cloakrooms. It would have passed by unanimous consent that night if OMB hadn't called at the last minute and asked the GOP leadership to put a hold on the bill so that SBA could introduce its own solution the next day. On October 16, the committee sat down with staff from the SBA and incorporated changes to S. 1499 to address their concerns. Nevertheless, when the GOP leadership lifted its hold, Senator KYL put a hold on the bill for the Republican Steering Committee. They have now held this emergency legislation for almost 2 months.

On the House side, the Committee on Small Business passed the companion to S. 1499 by unanimous consent. There's nothing hustled about this bill. It was moved quickly because it is emergency legislation. It is a good bill because it can do a lot of good for a lot of people. It is being held because of shameful politics. If Senator KYL and other members of the Republican Steering Committee want to vote against the bill, then we should give them the opportunity. I say let's bring this bill up for a vote. Small businesses have a right to know exactly who is working against them and who is working for them. And the Republican Steering Committee should know that blocking this emergency small business bill because of politics, or because they oppose the process, doesn't hurt me or Senator BOND, it doesn't hurt our Committee or the Democrats; it hurts small businesses and puts in jeopardy the jobs of thousands of Americans.

Has anyone looked at the unemployment rates? Over the past 2 months, the nation has lost 799,000 jobs. According to an article in the Christian Science Monitor yesterday, Monday, December 10, the jobless rate is now at 5.7 percent and economists expect it to peak out next year at between 6.5 and 7 percent.

No matter how many tax credits we provide, if people don't think they will have a paycheck and are pessimistic about job prospects, they're not going to spend. The Consumer Confidence Index has declined for 4 straight months. According to Lynn Franco, director of the Conference Board's Consumer Research Center: ''Widespread layoffs and rising unemployment do not signal a rebound in confidence anytime soon. With the holiday season quickly approaching, there is little positive stimuli on the horizon.''

No. 3, Senator KYL contends the defaults will be too high. If that were true, it would be reflected in the Congressional Budget Office's cost assessment of this bill. Subsidy rates for guarantee loan programs factor in not only fee income derived from the borrowers and lenders, but also the estimated defaults and recoveries. As I said earlier, the majority of loans to be made through this bill will be made through the SBA's 7(a) program. The subsidy rate for this program with incentives is estimated by CBO to be 3 percent. So, for every $100 loaned, it will cost $3. That does not indicate excessive default rates. And according to the administrator of SBA, the program is performing so well that in the President's fiscal year 2003 budget, OMB will reduce the subsidy rate for 7(a) loans by 50 percent.

No. 4, Senator KYL contends this bill is duplicative. It is not duplicative. The administration did adopt and implement a couple of provisions of the Kerry-Bond bill by expanding access to economic injury disaster loans through regulations. However, their approach is not comprehensive enough to help the range of small businesses with varying degrees of problems. As reported in the New York Times on October 31, ''more than half of the small businesses in New York City that have applied for Federal disaster loans since the World Trade Center attack have had their applications rejected, resulting in one of the lowest loan-approval rates in recent years among communities that have had to grapple with large-scale disasters.''

While I am glad that the administration finally acted to help small businesses, their approach is not getting at the problem. Their approach doesn't defer payments or allow refinancing. Ours does. The administration didn't meet with small business groups when shaping their approach. We did. The administration didn't sit down with Senators SCHUMER and CLINTON and ask how they could be of particular help to those businesses in ground zero. We did. Consequently, these are reasons why small business groups such as the U.S. Chamber of Commerce are pushing for passage of the Kerry-Bond bill.

Let me give you insight into the damage suffered by just one group of affected small businesses: the chauffeured ground transportation industry. That industry used to employ about a 160,000 people. Since September 11, they have laid off approximately 80,000—half the jobs. Again, that's just one of many industries in trouble. If Senator KYL's office, the members of the Republican Steering Committee and the administration listened to or read the letters from the United Motorcoach Association or the National Limousine Association, they would know that they need working capital to keep their businesses alive until they can restructure or until more normal business conditions return. And to have sufficient working capital, the ones in the New York and New Jersey that make their bread and butter from business from JFK Airport, La Guardia Airport, and Newark Airport need deferments. And they need to be able to refinance their debt. They aren't asking for hand-outs. They are asking for loans that they will pay back. The SBA is supposed to help small businesses. The administration's approach isn't working, so it is our responsibility to tailor SBA's programs so that together they can effectively address the needs of small businesses.

Let me read this quote from an article in the Wall Street Journal published on Tuesday, November 6, 2001. They are the words of Mr. John Rutledge, chairman of Rutledge Capital in New Canaan, CT, and a former economic advisor to the Reagan administration:

> Interest rate reductions alone are not enough to jump-start this economy. We need to make sure cheaper credit reaches the companies that need it . . . The Fed is cutting interest rates—but the money isn't reaching capital-starved small businesses because Treasury regulators are cracking down on bank loans. Credit rationing, not interest rates, is the real problem with the economy. . . . This problem didn't start on September 11. For more than a year U.S. banks have been closed for business lending. Unless the current Bush administration takes steps to restore bank lending to small businesses and heal the asset markets now, the economy will stay weak.

No. 5, Senator KYL contends this bill helps medium-sized and large businesses. This bill does not help medium-sized and large businesses. For 1 year only, S. 1499 allows businesses for certain industries in limited areas—the areas hardest hit—New York, Virginia and the contiguous areas designated as

disasters—to be considered small for purposes of accessing disaster loan assistance. In addition, like the administration's own legislative request in the DoD appropriations bill now pending in conference, S. 1499 gives discretion to the Administrator to raise any size standards not named in this bill to respond to the higher costs in New York City. These businesses are included in those eligible for assistance in order to compensate for the unique magnitude of their damage and the expensive markets they are in. The ones named in this bill were created in cooperation with the New York City Economic Development Corporation through the offices of Senators SCHUMER and CLINTON. For example, S. 1499 raises the size standards for restaurants from $5 million to $8 million. Annual revenues of $5 million for a restaurant in States like Arizona or Massachusetts or Florida might seem like a medium-sized or large business, but according to Mayor Giuliani's staff, it could be merely a fancy coffee shop in Manhattan. In order to really help small businesses in New York City, the city recommended raising the size standard to $8 million. These are loans, not grants, and it makes sense to take advice from those experts who know the markets of their small businesses.

Travel agencies have been hard hit in all of our States. Raising the size standard from $1 million to $2 million is not excessive. In fact, the travel agents want to know why we can help the airlines but not them.

Size standards need to keep pace with inflation. The current standards are inadequate under normal market conditions, much less a disaster of this gravity and so unique in nature.

No. 6, the administration contends that the Kerry-Bond approach displaces the private sector. Weighing in on this bill for the first time in writing almost 2 months after S. 1499 was introduced, here's what the Administrator said to me in a letter dated November 30: ''SBA is also concerned with Section 5 and Section 6 of S. 1499. . . . [because it] could make government guaranteed small business loans more attractive than conventional loans, potentially displacing private sector options.''

I think the administration has our proposals confused. It is the Kerry-Bond approach that uses 5,000 plus private-sector lenders who are experienced at making SBA loans to help deliver this assistance to small businesses. It is the administration's approach that makes loans directly from the SBA, which cuts out the private sector.

This bill does not cost too much. This bill is not duplicative of what the administration has already put into place. This bill does not encourage defaults. This bill does not help big businesses. This bill does not cut out the private sector. This bill has not been rushed through the Senate. On the contrary, this emergency legislation has been blocked from being considered for 2 months.

I want to emphasize that this obstruction should not be blamed on all Republicans. My colleague Senator BOND has worked in earnest to pass this bill, and the bill has 20 Republican cosponsors. I greatly appreciate their cooperation, and I know small businesses, their employees and the groups that represent small business appreciate their support. If they really want to prove their support, before we adjourn for the holiday, they will vote in favor of invoking cloture, and they will vote in favor of the bill when it comes up for a final vote.

It ought to be the subject of a debate in the Senate. We ought to have a vote. Let the Senate do its work. We could dispense with this bill in 3, 4 hours or less. If someone wants to bring an amendment, let them bring an amendment. We have an opportunity to be able to do that.

The Senator from Arizona was quoted in the Congressional Quarterly on November 28 saying:

> We have a debt situation in the country right now. This bill is a big deal. It costs too much.

Let me state the obvious. Small business is not what caused the debt in this country. Even leveraging money to provide loans and venture capital and counseling through the SBA is not what caused our debt situation. In fact, the SBA suffered disproportionately in budget reductions for fiscal year 2002 compared to other departments. The President's budget cut the funding for SBA anywhere from 26 to 40 percent, depending on how you make the analysis.

Senator BOND and I came in with an amendment. I am pleased to say we were able to try to prevent that cut. But let me go back to the comment of the Senator from Arizona that it costs too much.

Mr. KYL. Might I ask the Senator from Massachusetts a question; will he yield for a question?

Mr. KERRY. I will yield for a question.

Mr. KYL. Since the Senator has invoked my name on several occasions and not made it clear when he was connecting various criticisms to my name, I would like the opportunity to respond. The problem is, as the Senator knows, we have a 10:30 briefing on a very important subject. I would like the opportunity prior to that time to be able to respond to the comments. Could the Senator advise if he thinks that might be possible before 10:30?

Mr. BOND addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts has the floor.

Mr. KERRY. Madam President, I want my colleagues to take part in this.

My colleague introduced a bill himself that provides tax credits for airplane tickets that costs five times this bill; $4.75 billion the Senator's bill costs. What are we talking about when we talk about ''costs too much?'' Let me ask the Senator from Arizona, could we bring this bill to the floor of the Senate within the next couple of days? I will curtail my comments, if we could get an agreement to bring this bill to the floor.

Mr. KYL. Madam President, I say to the Senator from Massachusetts that he knows very well the administration has significant objections to the bill as written, that the President announced almost immediately after September 11 emergency programs for small business loans, that the White House believes that is sufficient under the circumstances today, and that the bill is too expensive for the needs of the people about whom the Senator has talked.

Therefore, until there is more willingness than the Senator has expressed—and the Senator has made it clear there is no willingness to compromise—then the answer to the question is no.

I would also be pleased to talk about the other subject, the travel and tourism tax credit, as part of the stimulus package, if the Senator wished to further yield on that.

Mr. KERRY. Let me say to the Senator from Arizona, all of the analysts, all of the small business entities, the Chamber of Commerce of the United States and others, do not find what the administration is doing adequate. And the President did not, as you say, announce almost immediately after September 11 emergency programs for small business loans. The administration waited more than 1 month to act, and they did so after OMB put a hold on S. 1499. The consensus of the community is that the administration's response is simply not adequate.

They didn't sit down and talk with the same groups we did in putting this bill together. They didn't reach out to the Senators from New York to find out what the needs of the city were in doing this the way we did. We have done that, and we have even incorporated provisions into the bill to address concerns by the administration. The Senate deserves to have an appropriate debate notwithstanding. There are plenty of things we debate on that the President does not agree with, the White House does not agree with.

I ask my colleague from Missouri whether or not in his judgment he thinks what the administration is doing is adequate. Without losing my right to the floor, I ask him if he might respond to that.

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

Mr. BOND. Madam President, I concur wholeheartedly with my colleague from Massachusetts. The needs of small business are great. Not only the small businesses directly impacted in New York and in Virginia by the tragic terrorist actions, but many other small businesses throughout this country are suffering. I think every Member of this body can tell you about general aviation companies in their States who

were shut down, put out of business for up to a month, some even longer because of the FAA restrictions. The bill we have sponsored is very modest, $851 million. We are talking about the need.

We just passed $40 billion in relief. We passed another $20 billion on Friday night, an allocation of $20 billion for antiterrorism. We are talking about a stimulus that could be anywhere from $40 to $80 billion.

The beauty of 1499 is that it only spends money if the small businesses that have been crippled as a result of this terrorist action will borrow the money and put it to work hiring people, buying goods, getting the economy moving again. It is absolutely critical. I ask my colleagues to let us debate the bill. Let us bring out the problems on the floor.

If the administration were ultimately to decide we have not made the case, then they still have the right to veto it. We cannot get into the details of this legislation. My last count was we had 64 Members—at least we have over 60 Members supporting the bill. It is something we need to do this month because small businesses may be out of business, if they are not already, by the time we get back next year. I urge my colleagues to let us debate the bill.

I also join with my colleague from Arizona in saying that it is absolutely unconscionable that we not act on the nomination of Eugene Scalia, ultimately qualified to be the lawyer for the Secretary of Labor. If people have objections to him, let them bring them to the floor. I don't think they will withstand the scrutiny of the light of day. We have just a few days remaining. It is very important that we act on the Secretary of Labor nomination, the lawyer the President selected, who is adequately qualified and deeply committed to this cause.

It is absolutely essential that we act now to provide small business the stimulus it needs by making it easier to get over the hurdles that have been caused by the terrorist acts of September 11 to borrow money to get back in business to expand their business. I hope we can vote on both of these measures.

I strongly support my colleague from Massachusetts on the need to move to 1499 and my colleague from Arizona on the need to move to the appointment of Eugene Scalia. I hope we can get on with both of them.

Mr. KERRY. I say to my colleague from Arizona, the administration's approach proceeds through the economic injury disaster loans. It has a subsidy rate—That is a net cost to the taxpayer of running the program—of anywhere from 14 to 17 percent, depending on whose estimate you use. The base is 14 percent.

The Kerry-Bond approach, which provides the majority of assistance through the 7(a) program loans, has a subsidy rate of 3 percent. So the administration's approach is a 14- to 17-percent cost to the taxpayer. Our approach is 3 percent to the taxpayer.

In practical terms, if you fully funded this bill, you could leverage more than $25 billion in loans and in venture capital to address the market gap in lending.

Let me say to the Senator from Arizona, under our bill, Arizona could make 1,700 small business loans right now. Under the administration's program, only one business in Arizona has had any help since September 11. That is the difference between the bills. The cost to the taxpayer is less and the coverage is greater. And the leverage is higher. It is a more effective and cost-effective piece of legislation.

While I am glad the administration finally acted on this program, their approach does not allow refinancing. The administration approach does not allow deferral of payments. I remember in 1991, when we had the RTC and the savings bank problem, we had a lot of programs that were falling.

I am sorry to see the Senator leave. I would love to see if we could get agreement to proceed forward.

Well, Madam President, I hope the record is clear that small businesses in this country could be significantly helped if we were to proceed forward with this legislation. We now understand that the administration and some in the Republican caucus—I regret to say it—are unwilling to proceed forward to help small businesses with a program that would be more effective than what is happening now.

Let me give an insight into some of the damage suffered. You can look at the ground transportation industry, at travel, and at others, all of which have viable industries, but they need help to be able to tide them over in order to proceed forward. It seems to me that providing them with working capital is an essential ingredient.

Let me quote from the Wall Street Journal of November 6. These are the words of John Rutledge, chairman of Rutledge Capital in New Canaan, CT, and a former economic adviser to President Reagan:

> Interest rate reductions alone are not enough to jump-start this economy. We need to make sure that cheaper credit reaches the companies that need it. . . . The Fed is cutting interest rates—but the money isn't reaching capital-starved small businesses because Treasury regulators are cracking down on bank loans. Credit rationing, not interest rates, is the real problem with the economy. . . .

That is exactly the same problem we faced in 1989, 1990, and 1991 when we had failures in the savings and loan and the banking industry, and we had an entity called Recall Management come in to try to process some of the small loan portfolios. What happened is a whole lot of viable businesses got lumped into the bad loans so that the viable businesses were, in effect, put into a category where they could not get the credit they needed simply to tide them over. We lost thousands of jobs. Viable business was liquidated because of bad judgment. That is precisely the situation in which we are now putting people. People who have a viable business, who simply need to ride out this momentary downturn, which all of us know was exacerbated by the events of September 11, need small amounts of working capital in order to be able to tide over their workers, to be able to pay the various legal obligations they have to stay in business.

If you don't want to create a cycle of self-fulfilling prophecy, where you drag your economy down as a consequence of not helping all of these small businesses to be able to sustain those jobs, this is the way to do it. If you provide emergency small business lending in a way that is in keeping with the emergency efforts in the past, the standards of the SBA will still be met. These are not throw-away loans. These are loans that can leverage some $25 billion of economic activity in the country. That is why this legislation has 62 cosponsors in the Senate.

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

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

AGRICULTURE, CONSERVATION, AND RURAL ENHANCEMENT ACT OF 2001

The PRESIDING OFFICER. The Senate will resume consideration of Calendar No. 237, S. 1731, which the clerk will report.

The assistant legislative clerk read as follows:

> A bill (S. 1731) to strengthen agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes.

The PRESIDING OFFICER. The Senator from Nevada is recognized.

Mr. REID. Madam President, we are going to be in a posture very quickly where we will be able to start doing things other than just talking about the farm bill. Amendments will be offered and, hopefully, we will complete this most important legislation very quickly.

What I wanted to come to the floor today to talk about is what has appeared in newspapers all over America today, including a Washington Post editorial. Syndicated columns all over America are running articles today talking about something going on in Washington that is simply invalid. But I think, as far as I am concerned, kind of the culmination, or the synthesis of all these articles and columns and editorials in America today appeared in the New York Times this morning. That editorial has a headline: ''Tom Daschle Isn't the Problem.''

I will make no editorial comment about this editorial. I will read it:

The closing days of this year's Congressional session have brought forth a wild Republican campaign to demonize Senator Tom Daschle. It almost seems as if the G.O.P. is holding a contest to see who can most often use the word ''obstructionist'' to describe him. The attacks—including ads in Mr. Daschle's home state of South Dakota featuring side-by-side photographs of him and Saddam Hussein—are a sure sign of the Senate majority leader's effectiveness in blocking President Bush's hard-right agenda. Today Mr. Bush meets with Mr. Daschle at the White House, where they can move beyond vilification to legislation.

The word ''obstructionist,'' voiced over the weekend by Vice President Dick Cheney, has an unreal ring. Perhaps Mr. Cheney was in a remote, secure location when, after Sept. 11 and with Mr. Daschle's help, Congress passed a use-of-force resolution, a $40 billion emergency spending bill, an airline bailout, a counterterrorism bill and an airport security bill. The Senate has also passed 13 appropriations bills and its own version of education reform and a patients' bill of rights. The two things that Mr. Cheney cited that the Senate had ''obstructed'' were legislation to drill for energy in the Arctic National Wildlife Refuge and a ''stimulus'' bill to give out huge tax breaks to corporations and rich people.

Mr. Cheney and Mr. Bush have called for bipartisan cooperation in Congress. Yet when asked, the vice president declined to disavow the attack ads running in South Dakota that accused Mr. Daschle of helping the Iraqi dictator by blocking the destruction of the Alaska reserve.

The suspicion is growing in some quarters in Washington that Mr. Bush may not really want economic stimulus legislation. How else to explain that the White House is sticking with a bill, passed by the House, that many Republicans say privately they would just as soon abandon? The effect of spending less than $100 billion to jolt a $10 trillion economy is likely to be small, and the unnecessary tax breaks aimed at corporations and the wealthy would make the nation's upcoming deficits even worse. But there are some good ideas in some versions of the stimulus bill that should be passed, irrespective of their large-scale economic impact. These pieces would provide unemployment and health benefits to laid off workers who desperately need help after Sept. 11.

If Mr. Bush continues to be inflexible on the economic package, Mr. Daschle should switch tactics and attach the health and jobless benefits to some other bill before Congress adjourns near Christmas. It would be a travesty to ignore the real needs of the most vulnerable Americans at a time like this one. You might even say it was obstructionist.

Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The senior assistant bill clerk proceeded to call the roll.

Mr. LUGAR. Madam 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 Indiana.

Mr. REID. Will my friend yield for a parliamentary inquiry?

Mr. LUGAR. Yes, I will be happy to yield to the distinguished Senator.

Mr. REID. I say to the distinguished ranking member of the Senate Agriculture Committee, we would like to set a time for moving to the legislation. The leader, because some items were not ready, asked that it be debate only. I will wait until the Republican side checks, but I will propound a unanimous consent request that the debate only stop at 11 a.m. or 11:15 a.m. I wanted to alert my colleague, and I will check with his side to see if that is OK.

Mr. LUGAR. Let me respond to the distinguished leader. That will be fine as far as I am concerned. My understanding was we were going to commence the debate after the third rollcall vote. I point out the drafting of a new bill is not completed even as we speak. Legislative counsel is still working on it somewhere.

Whenever it does emerge, that is what we ought to do so we can finally offer amendments and get on with it. I am merely going to speak to the bill, given the instructions that we were going to have general debate on the agriculture bill until 11. Once the Senator propounds the request, I certainly will be agreeable.

Mr. REID. I will propound that as soon as we check with the Republican Cloakroom.

Mr. LUGAR. Madam President, I want to make general comments about the farm bill. I appreciate the distinguished chairman of our committee, Senator HARKIN, and others are even at this moment involved in drafting a new bill. At some point, my understanding is they will come forward with a substitute for the entire bill which is now before us. I am not supercritical of this procedure, although it does raise some questions on our side. We have not seen the new text and will not see the new text for some time, apparently. It is still in the hands of legislative counsel, I am advised, working its way through.

I make this point because this has characterized the procedure, unfortunately, in the committee and on the floor. Members may or may not wish to know what is in the farm bill. I think it is important. Very clearly, there are many Members who want to debate and pass the farm bill and fairly rapidly. They are joined by those outside this Chamber.

I cite, for example, the December 8, 2001, issue of Congressional Quarterly, in which the headline is ''Fear of Budget Constraints and 2002 Galvanizes Farm Bill Supporters.''

The article goes on to say:

The specter of a tight Federal budget next year with less money for farm subsidies has agricultural lobbyists and their allies in Congress pushing for final action on a farm bill before lawmakers leave this month.

Lobbyists fear that if Congress waits until 2002 when the current authorization bill expires, then the $73.5 billion in new spending for agricultural programs over the next 10 years that was set aside by this year's budget resolution might vanish. ''We have never before had this hammer over our heads, like the loss of this money,'' said Mary Kay Thatcher, lobbyist for the American Farm Bureau Federation. However, with little time left lawmakers say finishing a bill could be difficult.

Indeed, it could, and the bill is not even available as of this moment. It was announced yesterday with a great deal of certainty that after three rollcall votes this morning, we would be on the farm bill, we would be offering amendments presumably to the text that came out of the Senate Agriculture Committee. As of this moment, we are not offering amendments because we are awaiting a new bill.

While we await the new bill, other things also are occurring outside. I note that CBO announced that the Federal deficit for October and November of this fiscal year, for 2 months—the fiscal year we are now in—unfortunately, amounted to $63 billion. That is $28 billion more in deficit than last year. It is the first time the Government has run a deficit this size since 1997, which was the last time the Federal Government ran a deficit for the entire fiscal year.

This simply underlines the fact that CBO is not alone in pointing out we are in a deficit year. We did not expect to be in such a predicament at the beginning of the year. Indeed, when the President of the United States gave his State of the Union Address to a joint session of the Congress, he talked about $3 trillion of surpluses over a 10-year period, and the allocation to solve Social Security and Medicare reform problems, and for a very generous education bill that he and many Members of this body were proposing.

In fact, CBO earlier in the year prophesied a potential surplus of over $300 billion, scaled down to something less than $200 billion by summertime, $50 billion as we proceeded in the post-September 11 period, and now it is apparent we are headed for a deficit.

That does not change the context of this debate one whit. Proponents of the bill, fastening on to a budget resolution adopted early this year, said we have pinned down $172 billion over 10 years, $73.5 billion over baseline, over the normal expenditures that have been occurring year by year in the agriculture bills. It is there.

I and others have pointed out it really is not there. Members may delude themselves that somehow, because this is December 11, we are unable to foresee the future and understand that life has changed; that we are in a deficit because of recession, because of war expenditures, because of all sorts of emergencies that still lie ahead of us as we try to meet these emergencies with our President.

Yet even in the face of this, as the Congressional Quarterly article points out, agricultural lobbyists, perhaps aided and abetted by even Senators on occasion, believe we need to have the debate and complete the debate to pin this money down, money which, in my judgment, is no longer there. There is an Alice-in-Wonderland quality about the debate.

I say simply that at some point, even though $63 billion of deficit has occurred in 2 months, another 2 months will pass and CBO will have another prophecy that will be even more bleak, in my judgment. At that point, however, in the event the Senate has acted, the Senate and House have conferred, and the President has signed a bill, whether we have the money or not, it will add to the deficit. That must be the calculation of those who are looking at this presently.

The administration has not really weighed in on the budget side thus far, and proponents of the bill will point that out, that essentially there have been plans offered, that the administration apparently supports, that seem equally as expensive as the chairman's bill.

At some point, however, all of us have to make judgments as to what is fiscally sound, where priorities ought to lie in this situation. Eventually, as we get into the bill, I want to ask Senators, as they are thinking about their preparation and how they size this up—I appreciate that many Senators will approach this bill on principle alone. Some would say—not many—some would say very frequently agriculture bills are very parochial bills. We each look after our own States, and that is what we ought to do.

If this is the case, I think it is important, as Gannett News Service pointed out in an article by Carl Weiser on December 6, 2001, that under the current legislation—which the new farm bill, of course, would revise—

Six States—Iowa, Illinois, Texas, Kansas, Nebraska and Minnesota—collected almost half the payments in 1999.

It was not dissimilar in 2000, for that matter, according to GAO.

Farm bills, as they are now written, are subsidies, essentially, for the row crops—corn, wheat, cotton, rice, now with very generous loan rates for soybeans—and are concentrated on States that have that type of agriculture. By and large, the payments do not become very generous for those who are involved in livestock or in vegetables, in timber, and other situations.

I point out Senators may want to take a look at their chart which can be found on the Environmental Working Group Web site. For example, the State of California, with 74,126 farms, is second only to Missouri and Iowa on this chart, but in California, only 9 percent of all the 74,000 farm families receive Government subsidies. As a matter of fact, only 7 percent of farmers in Massachusetts, 9 percent in Nevada, 7 percent in New Jersey, and in the State of Washington only 20 percent of the 29,000 farmers in that State receive anything in these programs.

For example, if one were to take a look at the State of Iowa, 75 percent of farmers receive subsidies; in the State of Kansas, 65 percent; in my home State of Indiana, 52 percent. We are sort of fair to middling; half of us farmers receive subsidies, the other half do not.

As I pointed out earlier in the debate, roughly 40 percent of farmers benefit from these programs, while 60 percent do not. If you happen to represent a State in which, as in California's case, 91 percent do not participate, it is hard for me to understand how you would be enthusiastic about these formulas because essentially this is an income transfer from some persons in the United States—taxpayers—to a very few taxpayers who are the beneficiaries. In this case it is quite a large transfer. We are talking about $172 billion over 10 years of time. Not only are most of the payments concentrated, almost half of them in six States, but in those States the concentration is rather profound.

Mr. DASCHLE. Will the Senator from Indiana yield for a unanimous consent request?

Mr. LUGAR. I will be happy to yield to the distinguished leader.

The PRESIDING OFFICER. The majority leader.

Mr. DASCHLE. Madam President, I ask unanimous consent that the period under which the farm bill is being considered for debate purposes only end at the conclusion of the remarks of the Senator from Indiana.

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

Mr. LUGAR. I thank the distinguished leader and I appreciate his courtesy in allowing me to complete these remarks.

Madam President, I pointed out the concentration of these payments in six States. But within those States, the concentration is fairly substantial. For instance, in the State of the distinguished leader, 10 percent of the farmers who receive payments receive 55 percent of the money—just 10 percent. In my State of Indiana, the concentration is even greater. The top 10 percent receive 62 percent of the money. Not only is there concentration in a few States, but within States that are major beneficiaries, a concentration exists with a very few farms.

This is not the first time that proposition has been brought to the attention of the Senate and, indeed, as we began debate in the Senate Agriculture Committee this year, the distinguished chairman, Senator HARKIN, frequently talked about this problem of concentration. In fact, it bobbed up in all sorts of ways: Concentration of meat packers, concentration of supermarket chains, concentrations of authority all the way through the food chain, and, of course, very startlingly with regard to producers themselves.

But as the debate proceeded, somehow or other along the way the whole idea of concentration, when it came to payments to a very few farmers in a very few States, was lost by the wayside. This is why it came as a pleasant surprise to me to read an article by Peter Harriman in the Sioux Falls Argus Leader. This is on December 7:

U.S. Sens. Tim Johnson, D-S.D., and Byron Dorgan, D-N.D., will introduce a farm bill amendment next week—

That is the week we are now in—

that would drop commodity subsidies from a maximum $460,000 per individual per year now to about $275,000.

The amendment also would require commodity-payment recipients to be actively involved in farming.

A quote from Senator JOHNSON:

You can't use these corporate entities to expand the amount of benefits you get. . . .

One of the points that Senator JOHNSON goes on to make is:

One of the deficiencies of the Senate farm bill is that it really didn't do much to target payments to typical farmers and ranchers. We thought the Senate bill could be strengthened by better redirection of resources to typical farmers. . . .''

Dorgan added, ''It has been increasingly frustrating over the years to see large corporate ag factories get very large checks, and there is not enough money left to provide a decent safety net for family farmers.''

Johnson said: ''If people want to farm the whole township they can. There is nothing in this amendment to keep people from farming.

But we are not asking taxpayers to subsidize a small handful of operations that are getting over $500,000.''

I look forward to that amendment and the debate on that because it certainly has occupied a lot of time already of many of us in the committee who felt that, in fact, these payments really required some scrutiny. I ask some consideration in due course, Madam President, when I offer an amendment to the commodity title which, in fact, does provide a very substantial limit. My legislation provides 6 percent of the total farm bill, so it is not discriminatory but equal in all States—equal, really, to all types of farming. But it does finally limit these payments to $40,000. That seems to me to offer equity to every farmer in every State, every county, every crop. And it meets the needs of those who truly are small and struggling and have a very difficult time, given the concentration in agriculture that has been pointed out by so many.

So we will have an opportunity in due course to think through concentration and limitations and equity, a chance to move this from half of the money going to six States to an even distribution wherever there is farming of any sort in every State.

Madam President, I ask active consideration of Senators as they take a look at their own States, at their own farmers, at what farming occurs in their States, to support that general proposition as opposed to the one that lies before us in the bill that came out of the Agriculture Committee which, in fairness, essentially bumps along with the same type of distribution system that we have had for many years and which I and others have criticized in the course of this debate.

Finally, let me point out that we still have the problem of money. I believe at least we have a problem of money. Others on the Senate floor may disagree and may believe that we already are running into Federal deficits that are fairly large and that these

payments to farmers are merely part of that proposition.

Some suggested yesterday that maybe even a stimulus package of sorts for rural America would stimulate the situation. If that is the proposition, it is very difficult to make it, given the figures I have just recited; namely, that all of the stimulus or half of it would be narrowed to six States. Even within those States, well over half of 10 percent of farmers is a relatively few thousand people. That is not very much of a general stimulus. In fact, it is a very pointed and very focused situation.

I can well understand why those who are beneficiaries of the past bill, or of the bill that Senator HARKIN has introduced, would be obsessed that we are taking a look either at the fact that we have a Federal deficit or that these are rather concentrated payments. There has been a general myth that has surrounded farm bills—that they are meant to save every family farmer; that somehow they make a difference in the lives of every family farmer.

I am here to tell you that, in fact, each bill and the bill that Senator HARKIN has proposed even concentrates this further with higher subsidies, higher target prices, and higher loans. The money goes to those who are the most efficient. One can ask: What is wrong with that? The most efficient are not always the largest but frequently they are because of the scale of size and unit costs involved. And the ability to produce, quite apart from the market, has led to their concentration. And it has continued each year. It will march ahead now. That is why I will oppose the bill that lies before us. We need to amend it constructively so that, in fact, we can proceed to good agricultural legislation.

I thank the Chair for this opportunity. I thank the distinguished majority leader for allowing me to complete my remarks under the unanimous consent.

I yield the floor.

The PRESIDING OFFICER (Mr. CARPER). The majority leader is recognized.

Mr. DASCHLE. Mr. President, I compliment the distinguished Senator from Indiana for the manner in which he has made his points this morning. While we may have some disagreement, I do not know of a Senator who has greater respect and whose views are more widely appreciated than the Senator from Indiana. I appreciate the opportunity to hear many of his comments this morning.

AMENDMENT NO. 2471

Mr. DASCHLE. Mr. President, on behalf of the Senator from Iowa, I have an amendment at the desk.

The PRESIDING OFFICER. The clerk will report the amendment.

The senior assistant bill clerk read as follows:

The Senator from South Dakota [Mr. DASCHLE], for Mr. HARKIN, proposes an amendment numbered 2471.

Mr. DASCHLE. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

(The amendment is printed in today's RECORD under ''Amendments submitted and Proposed.'')

Mr. DASCHLE. Mr. President, I will use some leader time to make comments as if in morning business.

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

ECONOMIC STIMULUS

Mr. DASCHLE. Mr. President, I wanted to come to the Chamber for a few minutes to call to the attention of my colleagues an article that appeared in the Wall Street Journal this morning. The article is headlined ''House GOP Ponders Scale-Backed Version Of Stimulus Package.''

I ask unanimous consent that the article be printed in the RECORD.

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

HOUSE GOP PONDERS SCALED-BACK VERSION OF STIMULUS PACKAGE

(By Shailagh Murray)

WASHINGTON.—House GOP leaders may take a new, scaled-back economic stimulus package to the House floor if talks fail to produce a House-Senate compromise.

Republican leaders said they would offer the bill as a last-ditch effort to revive the stimulus package, which is on life support due to protracted partisan squabbling. Officials hope to act on the matter before Congress adjourns for the holidays.

House Majority Leader Richard Armey (R., Texas), one of two GOP House leaders appointed to negotiate a final package, said the version would include many of the most politically popular provisions on the table, some scaled back from levels that have been unacceptable to Senate Democrats. They include a depreciation bonus for new capital investments; higher expensing limits for small businesses; an extension of the net operating loss carry-back period to five years, from two; accelerated reductions in individual income-tax rates; $300 rebate checks for low-income workers; and extensions of tax breaks due to expire Dec. 31.

The package also would feature at least $20 billion to extend unemployment benefits by 13 weeks and to help jobless workers buy health coverage. House Ways and Means Chairman Bill Thomas (R., Calif.) offered the beefed-up benefits package last week in an effort to win Democratic votes on trade negotiating authority.

Mr. Armey said he would like to include corporate alternative-minimum tax repeal and capital-gains tax reductions, but acknowledged it could be an uphill battle because of strong Democratic resistance.

The move would allow House Republicans to say that they made a good-faith effort to produce a stimulus package, should the talks fail. It also is intended back Democratic Senate leaders into a political corner, by forcing the stimulus bill's final fate into the hands of Senate Majority Leader Tom Daschle.

''If Daschle wants to stop this process, he needs to reconcile that with the American people,'' Mr. Armey said. Mr. Daschle has countered that he is eager to complete the stimulus bill negotiations, especially to deliver the worker benefits.

Stimulus-bill talks broke down during the weekend, when Democrats and Republicans accused each other of walking out on negotiations scheduled for Friday and Saturday. Mr. Armey said he hoped talks would begin again today, although no formal meetings were scheduled as of Monday evening. But Mr. Armey said House leaders, including Speaker Dennis Hastert, were ''exploring other options'' in the event that stalemate can't be broken. Senate Republicans say they also are seeking alternative ways of getting the stimulus package on track.

Mr. DASCHLE. Mr. President, the article provides new information about the current views of at least House leadership regarding the stimulus package that I find to be very encouraging. I will not read all of the article, but I will simply cite one paragraph. It says:

House Majority Leader Richard Armey (R., Texas), one of two GOP House leaders appointed to negotiate a final package, said the version would include many of the most politically popular provisions on the table, some scaled back from levels that have been unacceptable to Senate Democrats. They include a depreciation bonus for new capital investments; higher expensing limits for small businesses; and extension of the net operating loss carry-back period to five years, from two; accelerated reductions in individual income-tax rates; $300 rebate checks for low-income workers; and extensions of tax breaks due to expire Dec. 31.

The package also would feature at least $20 billion to extend unemployment benefits by 13 weeks and to help jobless workers buy health coverage.

My response to this article is two words: I accept. I accept.

I think this would go a long way in dealing with many of the concerns that Senate Democrats have expressed—concerns we have now had for some time.

There is one major caveat. The only major change we would have to have is that we would trade the accelerated rate cut proposal currently listed as part of the Republican package for the Domenici payroll tax holiday. In other words, we would propose a Republican tax proposal—one that is cosponsored by a lot of our Democratic colleagues—we would substitute the Republican payroll tax holiday for the rate cut acceleration, and, by and large, you have all the components of a deal. We don't need to go into more rooms in the back of the Capitol. We don't have to negotiate with a great deal of give and take here and procedural concerns about how we are going to address these issues. That would be it.

Let us take what the Republicans have said as their new proposal and let us substitute a Republican payroll tax holiday proposal for the rate cut acceleration, and you have a deal.

We want to clarify what it is we are talking about with regard to the unemployment compensation and health benefits. I think it is very important that the worker assistance package include extended unemployment benefits for all workers, especially the part-time workers and recent hires who would have to be part of the unemployment compensation package, a tax credit for employers and insurers to cover 75 percent of COBRA health care

costs for laid off workers, an option for States to extend Medicaid coverage for those ineligible for COBRA, and a bipartisan National Governors Association proposal for State fiscal relief.

I assume when we talk about health care, that would be part of the health care proposal we would have on the table. The tax rebates that are listed would certainly be a part of it, tax incentives for business to create and invest in new jobs; we are willing to accept a 30-percent depreciation bonus.

These are clarifications, of course, of the proposals that the House Republicans say they would be prepared to put into an economic stimulus package.

There you have it.

Clarify what we are talking about with regard to unemployment compensation and medical benefits; let us make sure that part-time workers and recent hires are included; clarify health coverage so we are sure we are talking about the same thing here; and deal with the rebate checks; tax incentives for business for up to 30 percent of depreciation bonuses. All of that could be part of a plan that we could agree to today. All we have to do is substitute a Republican payroll tax holiday for the Republican accelerated rate cut idea and we have a deal. I hope my colleagues share the same enthusiasm.

I have one more caveat. Of course, this is an issue that I have already vetted with Senator BAUCUS and Senator ROCKEFELLER, our negotiators. I vetted it with our leadership this morning.

I am very confident that two-thirds of our caucus, at least—if not the whole caucus—will support something such as this. But I would want to present it to my caucus—and we will have a caucus meeting this afternoon at 12:30, as we do on Tuesdays. I would recommend it, as I know my negotiators would as well.

So, Senator BAUCUS, Senator ROCKEFELLER, our leadership, examined this and share our view that we have the makings here of an agreement. I hope we will not waste any time. I hope we can move forward with a proposal of this kind.

We could complete this stimulus package this week. It is my hope that we can do so, putting aside all of the procedural hurdles and all of the many differences and many of the accusations that have been made over the last several weeks.

Mr. DORGAN. I wonder if the majority leader will yield to me.

Mr. DASCHLE. I am happy to yield to the Senator from North Dakota, and then of course I will yield to the Senator from Indiana.

Mr. DORGAN. First of all, I compliment the majority leader for this proposal. I think there is a real urgency for us to do something to provide some lift or some stimulus to this country's economy. We are both at war and in a recession. I think we owe it to the American people to take a no-regrets policy here, to take steps in the right direction to try to deal with this weakened economy.

If I might just say, virtually every economist in this country believes that what you should do to provide a stimulant to this economy is to propose policies that are both temporary and immediate. And that which the majority leader has objected to, with respect to the acceleration of the rate cuts for the top two rates in the income tax code, does not give temporary and immediate help. They in fact cause longer term fiscal policy problems.

But I ask the majority leader, isn't it the case that all of the proposals you have reacted to, with respect to the announcement by the House and also the proposal offered by Senator DOMENICI, meet the test of being both temporary and immediate? Isn't it the case that that would represent the character of all of those elements of the plan you have just described that you would accept?

Mr. DASCHLE. The Senator is absolutely right. That is, of course, one of the really appealing features of this plan. We said at the beginning we would want this to be immediate, we would want it to be stimulative, and we would want it to be cost conscious. This meets all of those criteria. This is immediate, it is stimulative, and the Domenici proposal is less in cost than the accelerated rate cuts.

So we are in a very strong position to meet the criteria, to find the common ground that both sides have said they are looking for. That is why I wanted to come to the floor. I read about this proposal this morning with great enthusiasm because I do believe it represents movement here. I hope with that one change, and with the clarifications I have suggested are important to our caucus, we can reach an agreement.

I appreciate the Senator's views on this as well.

Mr. DORGAN. If the Senator would yield for one additional comment.

I hope, very much, this is a breakthrough. The majority leader has said we will accept, he will accept, our caucus will largely accept the proposals on the Republican side coming from the House, take one of the significant proposals from the Republican side in the Senate, package those together with a couple of small modifications, and try to embrace them as we deal with this country's economy. I hope this is a huge breakthrough.

If I might just say to the majority leader, I know there has been criticism in recent days about roadblocks here or there. It is sometimes very difficult to see who is manning the barricades in the Congress. But I must say, from personal knowledge, it has not been the majority leader who has ever wanted to block the stimulus package.

It is the case, is it not, I ask the majority leader, that you are the one who brought a stimulus package to the floor of the Senate for debate before it was so rudely interrupted by a point of order? Is that not the case?

Mr. DASCHLE. The Senator is correct. And I, again, like the Senator from North Dakota, do not want to go back to the old wars and battles if we are going to try to create a new environment here. But the Senator is right. We have made a lot of efforts on the floor, off the floor, in the effort to try to get a meeting. Procedurally, we had a number of obstacles that had to be overcome. We have done that. I have done everything I know how to do to bring this effort forward. And now, perhaps, with some movement on the other side, we are in a position to take full advantage of what could be some really new common ground.

Before I yield to the Senator from California, I will to yield to the Senator from Indiana.

Mr. LUGAR. I thank the majority leader. I appreciate his comments on the stimulus package. I want to go back, however, to the action taken just before that. As I understood, the leader offered an amendment that was identified by number. I just want to trace the parliamentary situation.

Was this amendment offered to the bill S. 1731? Does it stand as an amendment to that bill? The reason I ask—and let me clarify further—is that some thought was expressed, I believe, here on the floor, that this would be original text supplanting S. 1731. And, respectfully, my view would be—although the Parliamentarian might confirm this—that if the majority leader were to supplant all of this and make his amendment original text, you would need to ask unanimous consent to do that as opposed to the offering of simply an amendment in the straightforward way he did so.

The PRESIDING OFFICER. The amendment has been offered as a substitute. No further agreements are in place with respect to the amendment.

Mr. LUGAR. It was offered as a substitute but does not supplant the original text of the original bill?

The PRESIDING OFFICER. That is correct.

Mr. LUGAR. I thank the Chair and the leader for that clarification.

Mr. DASCHLE. I thank the Senator from Indiana for his question.

Mrs. BOXER. Will the majority leader yield for a question?

Mr. DASCHLE. Yes.

Mrs. BOXER. Mr. President, I say to Senator DASCHLE, I thank you for coming to the floor today and making a proposal that I do see as a breakthrough to, let's just say, some of the antagonism that has been on this floor and all over the news media.

I want to say to my friend, and then just very quickly ask him a question, that I believe personally a test of leadership is, when you are in a fire, how you behave. I think a leader who behaves in a positive way, such as you have this morning, after what I consider to be an onslaught of harsh words, says a lot about you as a human

being and as a leader leading this country.

You are, in fact, the highest elected Democratic leader in the country today. This has made you a target. All I can say is, the way you stand up to this is coming to the floor and saying: Let's work together.

I see a little light at the end of the tunnel from the Republicans on the other side. They have dropped their alternative minimum tax retroactive rebate to the largest corporations. I know that pleases my friend because here is a time of recession, and the House bill gave $1.4 billion to a company, IBM, for example—that is just one example—that has earned $5, $6 billion. They have huge cash reserves. They are not going to spend that money to stimulate the economy. But people in the middle class are going to spend money.

Then my friend sees that Senator DOMENICI has made a proposal that is, in fact, progressive that will help get this economy going. And he does not seem to care that it is coming from a Republican. He is grabbing on to that.

So I first thank the majority leader. I just want to end with a question about your main difference with the new Republican proposal, and that is the acceleration of the rates. I would like to ask my leader why he believes this isn't good for the economy at this time to accelerate the rates of about 20 percent of the people, leaving 80 percent without any acceleration. If he could make that argument.

Mr. DASCHLE. I will answer the Senator from California after acknowledging her kind words. And I appreciate very much—as she always provides—the gracious support she has provided me.

Let me just say that our concern for the accelerated rate cut reduction at this point is based on three concerns.

First, it is not in keeping with the principles we laid out. We said it ought to be stimulative. We said it ought to be temporary. It is neither of these. So for those reasons, we are opposed to the accelerated rate reduction.

Second, we said it ought to be cost conscious. Of course, this is a very expensive proposal, at least $52 billion, and as much as about $125 billion depending on what kind of acceleration we are talking about. So there is a very significant cost associated with it. When we recognize that this money is coming from borrowed funds, the Social Security trust fund, that will be troubling.

Third, of course, is who benefits. What we want to do is put it into the hands of those who will benefit and who is most likely to spend the money so that there is something of consumptive value and whatever it is we are doing in an economic stimulus will be most appreciated.

This does not have much consumptive value. This does not have much value in terms of both economic as well as fairness factors and considerations. From that perspective as well, we have a lot of concerns.

I have to leave the floor at this time, but I do appreciate the comments and the question of the Senator from California. I hope this will open up a new opportunity for us to work together to find some resolution, sometime hopefully in the next day.

I yield the floor.

The PRESIDING OFFICER. The Senator from California.

Mrs. BOXER. Let me speak a little bit about what has just occurred. We have had the Democratic leader, the majority leader of the Senate, offer a breakthrough on an economic stimulus plan by saying to our friends in the Republican Party: Save one item, we will be with you. We can craft a plan that will work, and substituting for that one item a payroll tax holiday for 1 month that was suggested by the ranking member on the Budget Committee, Senator DOMENICI.

All we need now to get it done is for the President to weigh in. He is very popular in his efforts in the tough period we are going through. I have supported him essentially down the line on his war on terrorism. But when it comes to here at home, we need the same kind of focus, the same kind of commitment, the same kind of attention, the same kind of steely resolve that he has shown in carrying out this war on terror. We need that same thing here at home.

After a weekend of being vilified by the Republican side all over the press, including the Vice President of the United States, who you would think would have better things to do than to attack the Democratic leader, he has come to this floor, turned the other cheek, as he always does, and said: I am ready to work. I see a light at the end of this tunnel.

I am very excited about this prospect. As a former stockbroker many, many years ago, I spent a lot of time looking at the economy. This economy is very confusing in the sense it is sending confusing signals. Will this be a long-term recession? Will we come out of it? How does the war on terror play in one way or the other?

These are difficult times, but we do know we need a response, a response that will give an immediate impetus to consumer spending in this country, a kind of response that will not have a long-term negative impact on our budget.

Senator DASCHLE's patience, his leadership, his willingness to take a punch or two and still come back and be positive, these are all qualities we need in leaders. I am very happy. I know we have a lot of work to do on the farm bill. I will not go on much longer, except to say this is certainly the start of a new day for the economic stimulus package. I hope the President will weigh in. I hope Senator DASCHLE and the President will talk today, very soon, and that the President will bring his energy and focus to this issue. I believe it could be resolved in 24 hours.

I yield the floor.

The PRESIDING OFFICER. Who seeks time?

Mrs. BOXER. Mr. President, 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. REID. 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. REID. Mr. President, I was hopeful there would be some talk on the farm bill. I am sure that will take place, with amendments being offered. I am confident that will take place.

I am gratified the leader came to the floor and put an end to this constant talk about his not wanting a stimulus package. He has wanted a stimulus package. And if the Chair would recall, the only reason there is a stimulus package still before the Senate is, we did not raise a point of order on the one that would have been granted on the House bill. That is still here in the Senate. If the leader had wanted to get rid of the stimulus, he could have raised a point of order, or any one of us could have, and that would be gone.

We had offered a number of unanimous consent requests when we were on the railroad retirement bill that if we could get off that during the postcloture proceedings, we would go back to the stimulus. They refused to do that. The minority would not allow us.

What the leader has said today is, he accepts what the Republicans have offered. Of course, it is in the press, not from an authenticated source. He has said, we accept what they offer with the one exception: rather than have the accelerated tax cuts, what we would do is accept what Senator DOMENICI has talked about for several weeks, agreed to by Senator LOTT and a number of Democrats; namely, that there would be a 1-month's moratorium on withholding taxes, which is what most people pay. Most people in America do not pay more in income taxes than they do withholding taxes. Withholding taxes is the burden on the American people. What Senator DOMENICI has said should happen is there would be a 1-month moratorium on paying withholding taxes, not only by the employee but the employer. This money would go immediately back into the economy.

It is a good idea. We accept that.

It seems to me we have a deal. We could have that deal by 3 this afternoon. It is very simple. It would be stimulative. It would meet all the requirements that everyone has talked about, including the President.

I hope then we can get past this name calling. As has been indicated a number of times today, it really is name calling—obstructionist. It is all directed toward the Democratic leader, Senator DASCHLE.

I don't think it is just by chance that this happened, that we have all the

congressional leaders, we have the Vice President, and we have everyone directing the attention to Senator DASCHLE. I think it is probably as a result of the fact that the White House has done some polling, which indicates that all over America Senator DASCHLE is someone people trust. I go home to Nevada and people don't know Senator DASCHLE because he is from South Dakota, but they like Senator DASCHLE. On television and in his appearances on C–SPAN, to America he is somebody who comes across as trying to work things out. He is not shrill. He is reasonable. He comes across on television that way because that is how he is. He is the most patient person with whom I have ever worked. He is someone who never raises his voice. He has time for everybody. I have seen him—when I want to go home late at night, sometimes there are Members of the Senate who still want to see him. He is patient and he says: Come on over; I am happy to talk to you.

So what the American people see is what we see every day. I think the reason there has been this directed—I repeat—and concerted effort to get DASCHLE is because they realize he is an effective spokesperson for the Democratic Party. I think it would be a real stretch to say that he comes from some wild-eyed liberal State—the State of South Dakota. Some people are trying to correlate Senator DASCHLE with Saddam Hussein. That is what those ads, as we speak, are doing that are running in South Dakota.

I am tremendously disappointed in the Vice President. I served in the House of Representatives with him. I like DICK CHENEY. But on national television when he was asked if he supported those television ads, he did not respond that he did not support them. He gave every impression those ads were OK—that DASCHLE and Saddam Hussein should be pictured together. That is not good.

Mrs. BOXER. Will the Senator yield for a question?

Mr. REID. I am happy to yield for a question.

Mrs. BOXER. I say to the assistant leader that his comments are right on target. I find it so strange that at this time they are attacking the Democratic leader, who is not only the leader of the Democrats in the Senate but of everyone. He is, in fact, the majority leader. He leads the Senate. So at a time when we have tried to come together, we have been supportive of this administration in the war against terrorism. And it seems that if you disagree with one another on anything, you are a target for attack. The irony of that is, what we are truly fighting for in this war against terror is our right to have our democracy, our freedom, our differences, whether it is political differences, religious differences, diversity, or to fight for the rights of women. After all, we know that in Afghanistan, or in the Taliban, I would never be allowed to show my face—not that it would be so terrible for everybody, but it would not be very nice for me. I have tried on a burqa and it is a frightening thing.

When a Democrat in the Senate or in the House, steps out and says we think the President is doing a terrific job, but we have an opinion that it isn't smart to give retroactive tax cuts to the wealthiest corporations in America because, A, it won't stimulate the economy, B, it is unfair, and, C, it is going to hurt Social Security, somehow we are related to Saddam Hussein. Or if we don't want to drill in the Alaska wildlife refuge because we think it is pristine and a gift from God, we are criticized as playing into the hands of the terrorists. This is not right.

I think our leader has shown the grace today that leaders should show more of, which is to come to this Chamber without rancor and say—not even address all of that and just say: I see a little light here; let's get to work.

But does my friend not see the irony here of our being engaged in a war against people who don't want diversity of thought; yet when we step out here, we are criticized if we don't go down the line 100 percent?

Mr. REID. Well, the Democratic Party and Democratic Senators are about as diverse as a group of people could be. We have people who represent different constituencies and different States, of course, but we are a group of Senators with wide-ranging views. Senator DASCHLE works with each one of us. As I look around in this Chamber, there is a Senator from North Dakota, and Senators from New York, California, Nevada, and Georgia. We all have different views and experiences in life. We try to be together as much as we can.

Senator DASCHLE recognizes that we can't be together all the time, but he does a good job of holding us together, being our leader. I think it speaks volumes for what he has done when he comes to the floor today, and he has an article from the Wall Street Journal that lists in detail what the minority wants in a stimulus package. He says: I accept. The only thing I don't want is the retroactive tax cuts. We will take another Republican proposal and insert that instead—one supported by the former chairman of the Budget Committee and the former majority leader, Senator DOMENICI and Senator LOTT. I think it is a pretty good deal. I think it speaks that we want to get a stimulus package. It is here.

As I said earlier today, we can have it by 3 o'clock this afternoon. However long it takes the staff to write it up, we can do it and walk away from it.

Mr. SCHUMER. Will the Senator from Nevada yield for a question?

Mr. REID. I am happy to yield, with the prefatory statement: The Senators from the State of New York, more than any other Senators in the past 6 months, can talk about how the majority leader has led this Nation in a bipartisan effort to help the State most afflicted by the terrorist acts. So I am happy to yield to my friend.

Mr. SCHUMER. I thank my friend from Nevada. In terms of what I would like to ask him, he is certainly right. New York, without the majority leader, would be virtually nowhere. He has stood firm for us and he has tried in every way to help New York, whether it be on the DOD authorization bill, in terms of the financing we need, along with the Finance Committee, Chairman BAUCUS, and the majority whip. He has helped us look for tax cuts that keep businesses in New York. In fact, it has been this Senate, under his leadership, that has sort of had its finger in the dike. Have we gotten everything we wanted? No. Have we done very well because of TOM DASCHLE? You bet.

I would like to ask a question, and the Senator mentioned it as I rose. If this man were so obstructionist, why would he be proposing a comprehensive package that has a large number of the proposals that the folks from the other side came up with? The Domenici proposal is a tax cut. It is a tax cut that goes to business, it is a tax cut that creates jobs, and it seems to fit a lot of the guidelines for which many colleagues on the other side are asking. The majority leader of this side takes a giant step across the aisle and says, OK, we are going to take a lot of the things you have proposed, even though we might prefer actually to get the economy going in other ways, but this is a decent way to do it, so we are going to reach out to you. I think it is a brilliant step. I think it is a step that could break the logjam because, as my colleagues well know, we have had loggerheads here. The other side of the aisle has said the way to stimulate the economy is tax cuts. What on this side we have said primarily is that it has to be aimed at average folks, not the wealthiest who got their goodies back in the tax bill.

Well, the Domenici proposal, which Senator DASCHLE has embraced, does both. It is a tax cut on perhaps the most onerous tax—necessary but onerous because it funds Social Security—the payroll tax. Talk to small business as well as average workers and yet it is aimed at average folks. At least half of it is.

So doesn't it seem befuddling that the one person who seems to have put together a compromise, who has not said do it my way and that is the bipartisan way, which we seem to hear from a few colleagues on the other side—I don't hear Senator DASCHLE saying his way is bipartisan and the other way is not. But the one person who has put together a real proposal that has a chance of breaking the logjam, that does incorporate many ideas that came from the other side of the aisle seems to be our majority leader. Quite the contrary to what some of the editorials are saying, he is not being an obstructionist. He is being the most constructive Member of the entire Chamber. I have not heard a proposal that has

more promise than the one he elucidated on the floor an hour ago.

I ask my good friend from Nevada, is this somebody who takes the proposal of the good Senator from New Mexico and makes it the linchpin, the centerpiece of what he could support, someone who could fairly be called obstructionist, or someone who seems genuinely trying to get money into the hands of the people even as we go into a recession, so we can get out of that recession and so people can start spending a little more and getting the economy going? Is my thinking on this out of touch? It seems to me so logical that I almost do not want to bring it up.

Mr. REID. The Senator from New York has answered his own question. Of course, it is clear Senator DASCHLE is not being an obstructionist, but it shows the kind of person he is, the peacemaker he is. He stood here half an hour ago and said: Let's not pass blame. Let's not talk about what went on in the past. Let's just talk about what is going on today, and I accept your proposal with the one caveat: Rather than accelerating tax cuts, let's go for the Domenici and Lott proposal and take that. There are some Democrats who accept that also, which is good. It seems to be bipartisan.

I repeat, it speaks well of our leader when, in responding to a question from one of us earlier today, he said: Enough said of what went on in the past. What I want to do is move forward. I think that is what this does.

As the Senator from New York has said, it breaks a logjam, and I hope our friends on the other side of the aisle will also not look backward. I think they should follow the advice, the suggestion of our friend from South Dakota, the majority leader, and say: Let's look forward; I accept your deal.

Mr. SCHUMER. I thank the Senator.

The PRESIDING OFFICER. Who seeks time?

Mr. LUGAR. Mr. President, 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. REID. 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. REID. Mr. President, after what I just said, this is in no way to direct blame toward anyone, but we are going to go into party conferences at 12:30 p.m. Because there was not anything going on, we talked a lot today on this side. I hope, though, we will move to the amendment process as soon as we can. At 11 o'clock, we were ready for amendments. We acknowledge we should have been ready to go a little earlier than that, but we were not. We did not hold things up that much because there were votes scheduled all morning and we were able to get that. We had only one recorded vote.

In short, I hope people will not say they have not had enough time to work on this bill. I hope colleagues will offer their amendments, if there are amendments to be offered. We want to finish this bill today. We want to get this bill to conference. It is an extremely important bill.

There are some who do not like the bill the way it is written. That is the way any legislation is. I am not as experienced in the Senate as my friend from Indiana, but I have been in Congress quite awhile. I have never had legislation that I introduced turn out the way I introduced it. I am sure that is what will happen with this legislation.

I hope we can move forward, get this legislation done, have a good debate, and go home for Christmas. We are beating around the bush here, I say to everyone within the sound of my voice. Christmas Eve is 2 weeks from yesterday. We are fast approaching Christmas. Two weeks from today is Christmas. We have to finish our work. People want to go home to get ready for Christmas. I do not know the experience of others, but it is a little hard to go Christmas shopping when you are here until after midnight on Friday night, when we have other things to do, and with travel that is necessary. I live almost 3,000 miles from here. I want to go home for Christmas.

I hope we can move forward with these amendments as quickly as possible and move on this legislation. I hope people do not complain that they have not had time to offer amendments. We have time now. After the conference, we will go to 6 o'clock tonight, 12 o'clock tonight. We want to finish this bill.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. LUGAR. Mr. President, I share the eagerness of the distinguished leader in wanting to complete the bill. For the moment, I am awaiting the presence of the distinguished Senator from Idaho, Mr. CRAPO, who has one amendment on dairy. I anticipate his arrival imminently.

After he offers that amendment and in the event it is still in order, I will offer an amendment that will amend the commodity nutrition sections of the bill. To advance the process, I will discuss that amendment pending the arrival of the distinguished Senator from Idaho. If he does not arrive, I will offer the amendment and let it be the pending amendment.

As many of us have pointed out, current farm programs, including the program we adopted in 1996 and supplemental farm assistance programs we have adopted at least the last 3 years during the summertime, have encouraged overproduction of a small number of selected program crops; namely, wheat, corn, cotton, rice, and soybeans.

The effect of our farm bills, intended or unintended, has been to encourage those who are in the five row crops I have enumerated to plant more. This should not have come as a total surprise because we have set incentives in our bill which make it profitable to do that.

As I pointed out from my own experience in Indiana, if you send a bushel of corn to the elevator, you are guaranteed to get $1.89 because the last farm bill has a loan deficiency payment program that guarantees that. That has no relationship necessarily to the cost of production of an additional unit. So many farmers in Indiana, myself included, produce knowing that our cost for the marginal bushel is going to be less than what was meant to be the floor. The $1.89 was not to be touched.

Of course, as more and more of us produce more and more corn, the surpluses grow, the price predictably falls, and given the size of the surplus, it stays low. Then people come to the Senate Chamber and point out, correctly, that prices are very low and, as a result, we ought to do something about that. And farm bills are passed to do something about that.

The dilemma with the pending bill that came out of the Agriculture Committee is that, in my judgment, the incentives to produce even more have been increased substantially. Therefore, it is a large step in the wrong direction.

If we adopt the bill out of the Agriculture Committee, we will, in fact, have low prices. They are almost guaranteed.

Senators will say: But whether the low prices happen or not, that is the market. What we are talking about in this bill are payments for a bushel that have no relationship to the market because we are going to guarantee a payment that is well above the market, almost in perpetuity, whether it is a 5-year bill or a 10-year bill. That will provide new income to farmers, quite apart from what supply and demand either in this country or the world might suggest. I think that is the wrong course.

As a result, I simply want to point out that caught in this cycle of low commodity prices that reinforce themselves, I tried to think through a different way of approaching this; namely, one that in effect accepts that we have markets that work and people ought to produce for the market price. In the event the market price is not adequate, they ought to produce something else. They ought to have a mix in terms of their farm situations, as most farmers do, or become much more efficient so the costs become lower than the market price and they make a profit doing that.

I do not make that shift abruptly. There are a couple of years of phaseout. But the heart of the matter, in light of the amendment I am going to introduce, says instead of just the five row crops that are the focus of farm legislation and that lead to six States receiving close to 50 percent of all the payments, every person who is involved in farming, whether that person produces livestock or row crops or fruits

and vegetables—whatever is produced on that farm, every dollar of that farm income counts. It is a level lie. We don't pick and chose, as historically we did from the New Deal days onward, for crops that became the so-called program crops, the focus of farm programs.

In the event we were to adopt my amendment, all States are equal. All farmers are equal. It doesn't make a difference what they produce and they have the freedom to produce whatever will make a profit. They look to the market for whatever that may be.

After they find that market, under my proposal, they add up—and their tax return will show—all the money that has come from all agricultural sources on their farm. They receive, up to a certain limit, a 6-percent credit or voucher from the Federal Government of the total value of what they produced. If their total production is $100,000 on the farm—say $40,000 from corn, $40,000 from soybeans, $20,000 from hogs—$100,000 of revenue, then they get a voucher for $6,000 with which to purchase a crop insurance—or really a whole farm insurance, more accurately, because now we are doing not only crops but livestock or anything else—whole farm insurance that guarantees that they will receive 80 percent of the average 5-year value that they produce.

In essence, it is a safety net. It doesn't guarantee 100 percent of their average year by year, but says in no case can they dip below 80 percent regardless of weather disaster or export/import disasters or all the things that can befall agriculture in America. In other words, we leave behind target prices, loan rates, prices that have no relationship to the market. People produce for markets. They get credit for everything they produce, unlike the current system. And they have sufficient money to buy insurance that makes them whole—at least 80 percent, a 20-percent reduction being the worst that can happen in any farm year with that kind of coverage.

I think this makes sense as a long-term farm policy for our country. It ends the cycle of overproduction, of stimulation from our farm bills. One could say this has not been all bad. In fact, if you own land then, in fact, it has been very good. Some agricultural economists do not prophesy a bubble in farmland, but many point out that the values of real estate, agricultural real estate, have leapt far beyond the income potential—largely stimulated, again, by Government payments and the certainty of these payments.

Unfortunately, 42 percent of farmers who are involved in this program rent land. They are out of luck because, essentially, our programs build value into the value of the land—into the heightening of the rent.

Mr. President, I am advised, happily, that the distinguished Senator from Idaho, Mr. CRAPO, is available. As I indicated as I began this discussion of my potential amendment, I am very pleased that he has an actual amendment that he is prepared to introduce and discuss for the benefit of all of us at this time. So, therefore, I am prepared to yield to the distinguished Senator from Idaho for the purpose of his offering an amendment and his discussion of that important amendment.

Mr. CRAPO. Mr. President, I have an amendment at the desk. I will call it up for its consideration.

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. CRAPO. Mr. President, I ask unanimous consent the order for the quorum call be dispensed with.

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

Mr. CRAPO. Mr. President, I understand there now is a copy of the amendment at the desk.

The PRESIDING OFFICER. That is correct.

AMENDMENT NO. 2472

Mr. CRAPO. I have an amendment at the desk. I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Idaho [Mr. CRAPO], for himself, Mr. BINGAMAN, Mr. DOMENICI, Mr. BROWNBACK, Mr. CRAIG, and Mr. VOINOVICH, proposes an amendment numbered 2472.

Mr. CRAPO. I ask unanimous consent the reading of the amendment be dispensed with.

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

The amendment is as follows:

(Purpose: To replace the provision relating to the national dairy program with the provision from the bill passed by the House of Representatives)

Strike section 132 and insert the following:

SEC. 132. STUDY OF NATIONAL DAIRY POLICY.

(a) STUDY REQUIRED.—Not later than April 30, 2002, the Secretary of Agriculture shall submit to Congress a comprehensive economic evaluation of the potential direct and indirect effects of the various elements of the national dairy policy, including an examination of the effect of the national dairy policy on—

(1) farm price stability, farm profitability and viability, and local rural economies in the United States;

(2) child, senior, and low-income nutrition programs, including impacts on schools and institutions participating in the programs, on program recipients, and other factors; and

(3) the wholesale and retail cost of fluid milk, dairy farms, and milk utilization.

(b) NATIONAL DAIRY POLICY DEFINED.—In this section, the term ''national dairy policy'' means the dairy policy of the United States as evidenced by the following policies and programs:

(1) Federal Milk Marketing Orders.

(2) Interstate dairy compacts (including proposed compacts described in H.R. 1827 and S. 1157, as introduced in the 107th Congress).

(3) Over-order premiums and State pricing programs.

(4) Direct payments to milk producers.

(5) Federal milk price support program.

(6) Export programs regarding milk and dairy products, such as the Dairy Export Incentive Program.

Mr. CRAPO. Mr. President, this amendment will strike section 132 from the farm bill and replace it with a study of the impact of our Federal dairy policy on producers and consumers. I am proud to be joined by Senators BINGAMAN, DOMENICI, BROWNBACK, CRAIG, and VOINOVICH. There will probably be others before we are finished with the debate.

There has been a lot of national attention provided to the issue of national dairy policy. As the provisions in the farm bill in the Senate dealing with dairy were first proposed, there was a very strong outcry across the country, which I supported. It is my understanding the proposals have been modified somewhat. What we first started out with was a proposal that would have increased the costs to our consumers, increased the costs—reduced the price to our farmers or our producers and created a national subsidy program for milk in the middle.

This would have resulted in our school lunch program, for example, paying millions more dollars nationwide, our Food Stamp Program paying millions of more dollars nationwide, and a reduction of the consumption of milk because of the increased price of milk that this new national dairy program would have required.

It has been modified somewhat but still achieves the same types of negative results in the managers' amendment that has been proposed as a substitute for the bill that is now on the floor. It is an ill-conceived attempt to create a national dairy program that is unfair, is unwanted, and untested.

This proposal is opposed by milk producer organizations that represent over 90 percent of the milk produced in this country. It is opposed by groups with an interest in our milk policy. And, it is opposed by taxpayer organizations.

The proposal we have before us today is the third iteration we have seen since it was first sprung upon us before the committee mark-up. While this version is a vast improvement over the milk tax created in S. 1628 and in the filed bill, it is still bad dairy policy and still harmful to the majority of dairy producers.

This proposal takes a relatively healthy domestic industry and forces $2 billion in government spending that will reduce overall farm income. That's right. This will reduce income.

The proposal creates artificial incentive to increase production. The law of supply and demand dictates the surplus milk will reduce the price paid to dairy farmers. For example: payments to milk producers could amount to more than $500 million per year, or the equivalent of a U.S. average price incentive of nearly 3 percent. Such a production incentive could lead to an increase in milk production of nearly 1 billion pounds of milk and a market price decline of 20 cents per hundredweight.

If you have a dairy farm larger than the cap, which is most of the West and major producers in every State, you lose money.

The price of milk goes down, and that subsidy, which this proposal in the farm bill now intends to make up the difference to farmers, only goes so far. So those who do not benefit from the new subsidy are going to lose income.

The special treatment in this bill for the Northeast is also going to have an additional effect on milk across the country. This proposal contains specific and special provisions for the Northeastern States.

The 12 Northeastern States identified in this proposal, which account for 18 percent of milk production, will receive 25 percent of the proposed benefits. So, the percentage increase in production in the 12 states is likely to be greater than the rest of the Nation. The market prices in the rest of the Nation would reflect a disproportionate reduction due to the higher payments paid to northeast producers.

In effect, a taxpayer subsidy to the Northeast is going to result in an increase in the production of milk to the detriment of dairy farmers around the rest of the country.

What's more, this $2 billion government outlay is just for the payments. It does not take into account the cost to the government when it has to purchase surplus milk products. Nonfat dry milk is currently being bought under the price support program, which helps to support class IV milk prices—butter and nonfat dry milk. USDA purchased over 20 million pounds of nonfat dry milk last week, bringing USDA uncommitted inventories to 655 million pounds, nearly a year's worth of U.S. production and far more than USDA can distribute over the next several years. The increased supply and decreased prices will lead to more government purchases and more cost to the taxpayer.

I also ask my colleagues what they expect to happen when the $2 billion is expended. We will have pushed market prices down and producers will actually need these payments in the future. We will have made our producers dependent on Federal payments, leading to more payments in the future.

We will have created a dependency, making our producers dependent on Federal payments, leading to more payments in the future and increased debates in these Halls of Congress about whether we can continue a subsidy program which we didn't need to establish in the first place.

What is the goal of this proposal? Supposedly it is to prevent the demise of small dairy farms.

Is there anyone who thinks producers will not make investments to produce the maximum amount they can get subsidized to produce? What will this do to the small dairy producers who can't afford to make those investments?

The subsidy programs in this bill—which I understand is to encourage production of up to 400 cows per farm—will end up in a Federal subsidy program stimulating the overproduction of milk in those areas and stimulating the increased size of dairy farms.

I urge my colleagues to vote with me to strike this provision. This is bad policy for the farms, it will be bad for the dairy industry, and it is bad policy for the country. Congress should favor policies that encourage growth and innovation in the industry, and not endorse plans that replace market paychecks with government subsidies. The study called for in my amendment will help us determine what those good policies should be.

As I indicated, by striking section 182 of the farm bill, we are proposing to replace it with a study. There has been a tremendous amount of debate over the past few years—in fact, over a number the past years—about what the proper milk policy in this country should be and what the impact on producers, processors, and those who consume the milk will be from different farm policies.

Although I am confident that the proposal to create a new Federal subsidy program and then impose floor prices in some parts of the country is not the right kind of farm policy, I also believe a study by Congress is necessary to help us get the actual data before us to make these critical decisions.

Let me explain for just a moment who in this country opposes this program. Again, as I indicated previously, dairy producers across this country representing over 90 percent of the dairy production oppose this new dairy proposal. Let me go through a little more specifically who opposes this proposal.

It is opposed by the National Milk Producers Federation, American Farm Bureau Federation, National Council of Farmer Cooperatives, Alliance of Western Milk Producers, Southeast Dairy Farmers Association, Western United Dairymen, Milk Producers Council of California, and the Dairy Producers of New Mexico, Idaho, Oregon, Texas, Utah, Washington, and Montana. It is opposed by the retailer processors and consumer food groups, including the American Frozen Food Institute, Americans for Tax Reform, Chocolate Manufacturers Association, Council for Citizens Against Governmental Waste, Food Marketing Institute, Grocery Manufacturers of America, Independent Bakers Association, International Dairy Foods Association, National Confectioners Association, National Council of Chain Restaurants, National Food Processors Association, National Grocers Association, National Restaurant Association, and the National Taxpayers Union.

I went through that list to show the broad array of different kinds of groups that oppose this new proposal for a national dairy policy.

If you listened carefully, you will notice that there are groups in there whose dedicated purpose is to protect the American taxpayers, such as the National Taxpayers Union or Citizens Against Governmental Waste. There are groups in there that utilize milk and the milk processing industry, such as the chocolate manufacturers or grocery stores or retailers and restaurant associations. There are groups in there that produce the milk and many milk organizations that were identified. Whether one is on the production side or whether one is on the consumer side or the marketing side, it is recognized very broadly across this Nation that this new proposal to create a Federal subsidy program for dairy is not a wise direction for our dairy policy.

For these reasons, I encourage my colleagues to vote yes on this amendment to strike this provision from the farm bill.

The PRESIDING OFFICER (Mr. NELSON of Nebraska). The Senator from Indiana.

Mr. LUGAR. Mr. President, I rise in support of the amendment of the distinguished Senator. I believe he has concisely pointed out the dilemma of subsidies in the dairy areas where a great deal of the problem has been created in the past.

The committee has wrestled over the course of time with dairy policy and has found vast regional and sectional differences, most recently exacerbated by the New England Dairy Compact and the debate that has surrounded that particular situation.

As a matter of fact, the Chair will recall when we last had an agriculture debate where there were a number of Members vitally interested in the dairy issue, although that was not ultimately a part of the supplement payments virtually made by that legislation last August.

But a great number of Members pointed out inequities they believed were created by Federal policy and created by the New England Dairy Compact. Even though the last farm bill indicated it should come to an end after a couple of years, it did not come to an end because of negotiations that surrounded appropriations bills at the end of the session.

Advocates for the New England Dairy Compact managed each year to do so by bumping it ahead another year beyond the termination of the farm bill that called for it.

The last farm bill also called for very substantial changes in dairy subsidies. Those likewise have been bumped ahead by other negotiations that do not deal directly with farm legislation most frequently but were tradeoffs by Senators whose votes were required at the end of the session on appropriations bills.

The compounding of these problems over the years leads us to this point and the need for some rationalization, some study of how there might be some degree of equity for dairy producers

throughout the country, regardless of where they live and their income, both with regard to production and pricing as opposed to artificial constraints or boosts that the Federal Government gives.

Certainly, it is a way of bringing things back to where we thought we were in passing the 1996 act given the same troubles the Senator from Idaho has pointed out today. They were exacerbated then.

In addition to this, I presume, in an attempt not to hit the New England Dairy Compact issue head on, the Agriculture Committee, by passing a very generous dairy bill, indicated to many Senators that the additional subsidies and payments to dairymen would be fairly universal around the country.

At least one of the first attempts to do this in the farm bill—and the distinguished Presiding Officer listened to the debate, as well as the distinguished Democratic manager present, the Senator from Georgia—was to up the ante very substantially; one thought being that those who utilized dairy products might put money into a trust fund for the benefit of producers but at the expense of consumers.

It was estimated that this particular scheme might result in a payment of 26 cents per gallon more by all the consumers of milk regardless of income level, regardless of the WIC program, or the school lunch program.

Understandably, as word of this particular redistribution of the wealth got out, cries of outrage occurred. As a matter of fact, the dairy sections were not very compatible. Having warred with each other for all of these years, the thought that somehow the New England compact would be universalized with equity, even if paid for by others—namely, the consumers, ultimately, and 26 cents a gallon—did not set well. So as a result, it was apparent that the farm bill was being rewritten by committee staff.

Most Senators were never the wiser as to what changes the staff made in that particular area, but they were substantial, in part because the initial scoring by the Congressional Budget Office, and others, of the overall product of our Agriculture Committee sent it well beyond the limits that were still very generous in the budget situation. So it would have been subject to a point of order, and a lot of amending and rewriting went on.

That, of course, was not the end of it. I have no idea how many times the dairy section has been subsequently rewritten. I am advised that even this morning before we started this debate, once again, the dairy section was being rewritten. The reason for the delay of our debate this morning was, in fact, legislative counsel was working with the distinguished Democratic staff members on still another dairy amendment to the farm bill to supplant whatever was there, which bore no relationship to what we finally debated in committee.

I think the Senator's amendment is very constructive because neither he nor I have the slightest idea what is now in the farm bill that is before us, and particularly with regard to the dairy situation. We have scrambled, I admit to you, Mr. President, in terms of the amendment that I was about to offer and will offer subsequently to this dairy amendment, to find where, in relationship to the new bill that Senator DASCHLE has offered this morning, our amendment fits.

That is going to be a problem for everybody thinking about amendments today. I think we have rearranged the papers, but there are substantial numbers of new pages. I would estimate, just quickly, there are over 100 pages of new language, some of it pertaining to dairy—a lot of it, as a matter of fact, because that has been the major area of contention and scoring.

Fortunately, the Senator from Idaho, noting this situation, simply says, we just strike the dairy section, whatever its writing or reiteration. Whether it is the fourth or fifth or sixth try at this, we strike it, and we have a study of the situation, which is going to be much more healthy for every American consumer.

Any consumer of milk, listening to this debate, will be relieved that the cost of milk is not going to go up 26 cents a gallon or 5 cents or 10 cents a gallon or what have you. As a matter of fact, there will be a pretty economical milk situation without extraordinary subsidies piled on and redistributed in this way.

The Senator from Idaho has done a favor for every American consumer of milk, a humanitarian service for those who are poor, those who are being assisted in the Women, Infants and Children Program and the school lunch program. He certainly has assisted all of us as Senators to come out of the trenches of this sectional warfare over dairy, which has pitted Senators not only on the Agriculture Committee but on the floor in pitched battles for some time.

I can remember vividly 2 years ago this December when it was very difficult to close down the session of the Congress because the distinguished Senator from Wisconsin, Mr. KOHL, felt that somehow, despite his very best efforts, behind the scenes, somebody, trying to wind up the appropriations process, was, once again, renewing the New England Dairy Compact, which was supposed to be over at that point. The Senator's suspicions were correct. Amazingly, as we left town, the dairy compact was still alive. And Senator KOHL vowed that he would stop this sort of thing. He has tried valiantly to do so on behalf of Wisconsin dairymen and people from the Midwest but without visible success.

I would say to the distinguished Senator from Wisconsin, Mr. KOHL, if he had read the first dairy section coming out of the Agriculture Committee, he would have been even further outraged by the process. He may have read that and may have contributed, for all I know, to other iterations subsequently. But my hope is we will adopt the amendment offered by the distinguished Senator from Idaho. It is a clean-cut way of getting us back to some reality in the dairy area. Clearly, it will be useful for the Congress at this point—without the encumbrance of all of the layers of dairy programs that we have produced, plus some that we have not ever debated but have been produced somewhere else—to sort of clear the deck. The Senator's amendment does that magnificently and cleanly.

So I am hopeful that as we approach the time for final consideration of this amendment and a rollcall vote on the amendment, Senators will be found to have voted in the affirmative for it. I certainly will be. I commend the Senator for crafting this amendment.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. EDWARDS. Mr. President, I ask unanimous consent that I be allowed to speak as in morning business for up to 10 minutes.

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

WE MUST LIVE BY OUR PRINCIPLES

Mr. EDWARDS. Mr. President, today we are commemorating the anniversary of a despicable act against our country and against our people. We all pay tribute to those who died on September 11. At the same time, we salute those defending freedom today at home and halfway across the globe.

War brings out the best in America. The soldiers who stormed Omaha Beach are still our heroes. The firefighters who marched into the World Trade Center will be our grandchildren's heroes.

But the heat of battle and the crush of necessity can also bring out America's worst, especially here at home. And that is the risk I want to talk about today.

During World War II, one of our greatest Presidents authorized the internment of more than 100,000 innocent people, mostly United States citizens, simply on account of their ancestry.

Today, we are ashamed of that episode. And we are resolved that our actions should make our grandchildren proud, not ashamed.

President Bush himself has expressed that resolve. In his speech to the Congress on September 20, he said something that was very important. He said:

> We are in a fight for our principles, and our first responsibility is to live by them.

That is exactly right. One of our principles is vigorous debate. I was saddened when the Attorney General of the United States last week said that unidentified critics ''aid terrorists'' and ''give ammunition to America's enemies.'' Mr. Ashcroft did not offer any

evidence that terrorists benefit when Americans speak their mind.

In our American tradition, it is the responsibility of leaders to promote the free exchange of ideas, not stifle them. That responsibility carries over from peacetime to wartime. We don't encourage different ideas because we owe it to critics. We encourage different ideas because we owe it to ourselves. Robust debate has made America stronger for more than 200 years.

It is only because of open debate that we have a legal right to speak our minds at all. The way the Constitution was initially drafted back in 1787, there was no guarantee for free speech. There was no protection for religious freedom, for privacy, for individual liberty, for so many rights all Americans now take for granted. The original Constitution contained no Bill of Rights.

Without a Bill of Rights, many veterans of the American Revolution furiously opposed the original Constitution. My State of North Carolina flatly rejected it. The first Congress approved the Bill of Rights only after those patriots spoke their minds, spoke up and demanded it. Today, we are all grateful for their speaking their minds, for their patriotism that has meant so much to many Americans who followed.

A few years later, in the late 1790s, our Nation was on the brink of war. The French Government was torturing American soldiers and seizing American ships. At that point, an enraged Congress passed a sedition act criminalizing ''scandalous'' writing ''against the Government.'' Chief among the opponents of that legislation was Vice President Thomas Jefferson. As he put it, the country's critics should be allowed to ''stand undisturbed as monuments of the safety with which error of opinion may be tolerated where reason is left free to combat it.''

Closer to today, President Richard Nixon moved to expand the Subversive Activities Control Board's oversight of political protests during the Vietnam war. Sam Ervin, whose seat in the Senate I now hold, supported that war. But he challenged President Nixon's proposal. What he said on the floor echoed Jefferson:

> Our country has nothing to fear from the exercise of its freedoms as long as it leaves truth free to combat error.

I believe that is still true today. Like the vast majority of Americans, I strongly support America's war on terrorism overseas. Unlike some, I also support much of the administration's law enforcement effort here at home. We live in a new world after September 11. We simply must take steps that we would not have accepted 3 months ago.

I also believe that vigorously discussing each of those steps strengthens our war effort. Thanks to the courage and skill of our soldiers, we will win this war against al-Qaida. But there is a totally different question whether we will win the war for the minds and hearts of those around the world.

I believe we will do that if we hold true to our values—values such as justice, fairness, and the rule of law. Those are the values that make America the beacon of freedom for the rest of the world. And nothing reminds us of our values like open discussion.

The debate over military tribunals is a perfect example. The order of November 30 that authorized tribunals came with very little explanation. Many Americans, including many past Federal prosecutors, asked why our ordinary criminal justice system was not adequate. The administration responded with a much more detailed explanation for their action. That explanation built broad support for the use of tribunals in very narrow circumstances. In fact, I support the use of military tribunals under the right circumstances.

But even since that exchange, serious questions remained about the gap between the specific terms of the order and basic norms of fairness that Americans share and believe in deeply.

In answer to some of the questions last Thursday, Attorney General Ashcroft was able to clarify that many things apparently allowed on the face of the order will not happen. For example, secret trials, indefinite detentions, executive reversal of acquittals by the military tribunals.

Mr. Ashcroft could not rule out other disturbing possibilities. Could a lawful resident in this country be convicted and sentenced to death by a tribunal on a 2-to-1 vote? Could it happen under a burden of proof requiring only a 51-percent likelihood of guilt; that is, a lawful resident of this country being convicted and receiving the death penalty on 51 percent of the evidence? And could it happen without an independent review to see whether there was evidence that should have been admitted that was not admitted, evidence that would have shown that this particular defendant did not commit the crime?

Members of Congress and members of the general public have much more than a right to raise those questions. We have a responsibility to raise those questions.

The give and take over military tribunals hardly helps terrorists. I believe that it undercuts America's enemies, for open exchange ensures that our actions reflect our commitments. It signals that a great nation fears nothing from peaceful debate. We should welcome that debate. It is a proud, necessary tradition, both in peace and in war.

I yield the floor.

The PRESIDING OFFICER. What is the will of the Senate?

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

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

RECESS

Mr. REID. Mr. President, there is presently in effect an order that we would go into recess for the party conferences at 12:30. I ask unanimous consent that we expedite that by 3 minutes and start the recess for our conferences now.

There being no objection, the Senate, at 12:27 p.m., recessed until 2:15 p.m. and reassembled when called to order by the Presiding Officer (Mr. MILLER).

The PRESIDING OFFICER. The Senator from Nevada is recognized.

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

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

AGRICULTURE, CONSERVATION, AND RURAL ENHANCEMENT ACT OF 2001—Continued

Mr. BINGAMAN. Mr. President, I start by thanking Senator HARKIN for his hard work on this farm bill. I know he has a difficult task pulling people together to craft a bill. As chairman of the committee, he and his staff need to be complimented for the fine work they have done on the bill. It is important legislation for farmers in New Mexico, and I hope the Senate can move ahead to complete action on the farm bill.

The bill has several provisions important to my State. I thank the chairman for working with me on those. I also thank Senator HARKIN for the strong efforts he has made to improve the conservation programs in the bill which are particularly important to my State.

However, all that being true, I wish to express a serious concern about the dairy provisions in the bill. As I understand it, the substitute bill creates a totally new dairy program. I believe the new dairy scheme in the bill is wrong for the Nation's dairy farmers and wrong for consumers as well. That is why I support Senator CRAPO's amendment to strike this provision and to instead have a study to determine which, if any, of the proposals that are currently floating in the Senate ought to be considered in the future.

I do appreciate the effort that Senator HARKIN and Senator DASCHLE and others, as well as our staffs, have made to come up with a balanced dairy policy. The latest version I have seen is a dramatic improvement over previous versions, and I appreciate that.

My State of New Mexico is the 10th largest dairy producing State and one of the fastest growing dairy producing

States. Dairy production in my State has grown 200 percent in the past 10 years. We have large, efficient dairies which are clearly the big losers under this latest proposal. These are family-owned dairies, just as in other States. They are larger in my State because we have the land and the resources to support those larger dairies.

Because the latest version of the proposal has only been available a few hours, we do not know the full impact on milk prices and dairy farm income. However, I think it is fair to say that the legislation clearly favors certain regions and certain sizes of farms. Moreover, we do not know what the real impact will be on future production rates, prices the farmers receive for their milk, and nobody has had time to do proper analyses to consider all the complex ramifications of this dramatic change in policy.

We just received a very preliminary analysis of the new proposal. The analysis compares the subsidies to farmers in terms of Federal payments per hundred pounds of milk produced, and our analysis shows that States in the Northeast would receive on average a Federal payment of more than $2 per hundred pounds of milk. Farmers in my State would receive 40 cents, five times less than the Federal payments to farmers in the Northeast.

Based on this analysis, my State of New Mexico would be 50th out of 50 States in Federal payments per hundredweight. Arizona, Florida, Wyoming, California, Idaho, and Washington State would all receive less than $1 per hundredweight. Farmers in Georgia, North Carolina, Rhode Island, Louisiana, Oregon, and Arkansas would receive half as much as farmers in Northeastern States.

Mr. President, I ask unanimous consent that a table prepared for my office by Mr. Ben Yale be printed in the RECORD at the conclusion of my remarks. This table shows the Federal payments per hundred pounds of milk produced in each State. The table is based on the preliminary analysis performed by the Independent Food and Agriculture Policy Research Institute.

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

(See exhibit 1.)

Mr. BINGAMAN. Mr. President, I do not know of any other farm program that favors one region to this extent and has such a dramatic disparity in the use of taxpayers' dollars. In this case, one region will receive 25 percent of the Federal payments, though it produces less than 18 percent of the Nation's milk. Moreover, in one region, farmers are guaranteed a price of nearly $17 per hundredweight, while prices elsewhere are based on market rates and undoubtedly will be substantially lower.

In my view, this is not a balanced program. In addition, I am concerned that indirect payment schemes, such as that proposed here, would distort the market by encouraging overproduction. I know that is a point the Senator from Idaho made in his remarks. Overproduction drives down the prices that farmers receive for their milk. When there is overproduction, the Government will step in and purchase surplus dairy products in the form of cheese, butter, and nonfat dry milk.

We simply have not had the time to digest properly the dramatic new proposal and to make sure we know the implications of this new proposed scheme.

I do believe a market-oriented policy that includes a minimum dairy price support program and the Federal milk marketing orders is the basic approach we need for national dairy policy.

These are the programs that are currently in place. This amendment would simply ensure that these programs continue. I appreciate the efforts of the proponents of the new program to develop a national policy that benefits dairy farmers everywhere. I do not believe that what we have before us does that. I believe we should work toward a balanced national dairy policy that is fair to all farmers, not one that pits one State against another or one region against others. We need a policy that is fair to consumers and processors and promotes a market-oriented dairy policy, not a scheme that could dramatically affect milk prices and add new layers of Government regulation and control.

I want to continue working with Senator HARKIN, Senator LUGAR, and other interested Senators to ensure we end up with a dairy policy that is good for all regions of the country, and I am pleased to support the amendment Senator CRAPO is offering.

I ask unanimous consent that a letter from the National Milk Producers Federation in support of Senator CRAPO's amendment be printed in the RECORD.

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

NATIONAL MILK PRODUCERS FEDERATION,
Arlington, VA, December 11, 2001.

DEAR SENATOR:

WE'RE STICKING TO OUR PRINCIPLES

The National Milk Producers Federation has represented the interests of America's dairy farmers for 85 years, and is the only national policy voice for U.S. milk producers.

During the past two years, through a meticulous, inclusive grassroots outreach process involving dairy farmers across the country, we have developed a set of policy principles to help our members work with Congress in the preparation of the next Farm Bill. From these national ''Principles of Agreement,'' we developed a set of dairy-specific programs which have consistently guided our recommendations concerning the Farm Bill.

S. 1731 contains many of the programs that our members have identified as being important to them. These programs are national in scope and favorably impact dairy farmers in all regions of the country. They include:

Extending the Price Support Program;

Requiring importers to pay their fair share into National Dairy Promotion and Research Programs, as well as removing the sunset provision for the National Fluid Milk Promotion Program;

Extending the Dairy Export Incentive Program (DEIP).

Fixing the statutory mandatory inventory and price reporting language to prevent further costly reporting errors by the USDA, and;

Supporting increased Market Access Promotion (MAP) program funds.

These same provisions are also contained in the House version of the Farm Bill, and therefore we urge you to support their inclusion in the final version S. 1731.

It is our understanding that S. 1731 will also contain additional monies for dairy farmers beyond the House version. NMPF supports the authorization of added money *as long as those funds are equitably allocated*, and do not disrupt the orderly marketing of milk throughout the country. Since ''equitable'' is a relative term, NMPF has established the following principles to help assess whether a new dairy program meets that definition:

It must be national in scope.

It must not discriminate between states and regions.

It must not discriminate between farmers by limiting payments based on herd size.

It must not cause competitive disadvantages for advantages between dairy farmers.

It should not increase production to the point where overproduction eventually erodes the farm gate prices.

As you begin your debate on S. 1731, we urge you to apply these same principles that our dairy farmers are using in considering new programs. Otherwise, we fear that the additional money may do more harm than good.

We're sticking to our principles and we urge you to do the same!

Yours truly,

JERRY KOZAK,
President and CEO.

Mr. BINGAMAN. Mr. President, that letter makes some very strong points. The title of the letter is ''We're Sticking to Our Principles.'' It says the National Milk Producers Federation established the following principles to help assess whether a new dairy program meets that definition:

No. 1, it must be national.

No. 2, it must not discriminate between States and regions.

No. 3, it must not discriminate between farmers by limiting payments based on herd size.

No. 4, it must not cause competitive disadvantages or advantages between dairy farmers.

And No. 5, it should not increase production to the point where overproduction eventually erodes the farm gate prices.

On that basis they believe the amendment offered by Senator CRAPO is the proper course. I urge that course of action on my colleagues.

EXHIBIT 1

ESTIMATED FEDERAL PAYMENT PER CWT

State	Total production—2000(1000 lbs) [1]	Total government payments (millions) [2]	Rate/cwt	Rank in cwt payment
Pennsylvania	11,101,000	283.5	2.5538	1
New Hampshire	319,000	8.1	2.5392	2

ESTIMATED FEDERAL PAYMENT PER CWT—Continued

State	Total production—2000(1000 lbs) [1]	Total government payments (millions) [2]	Rate/cwt	Rank in cwt payment
Vermont	2,756,000	65.7	2.3839	3
Maine	680,000	16.2	2.3824	4
New York	12,118,000	281.1	2.3197	5
Maryland	1,339,000	30.2	2.2554	6
Connecticut	502,000	10.8	2.1514	7
New Jersey	270,000	5.6	2.0741	8
West Virginia	272,000	5.6	2.0588	9
Indiana	2,314,000	46.2	1.9965	10
Montana	308.000	5.9	1.9156	11
Massachusetts	412,000	7.7	1.8689	12
Delaware	172,300	3	1.7411	13
Kansas	1,450,000	24.1	1.6621	14
Ohio	4,522,000	73.5	1.6254	15
Nevada	471,000	7.6	1.6136	16
Iowa	3,864,000	62.2	1.6097	17
Illinois	2,057,000	33.1	1.6091	18
Virginia	1,921,000	30.7	1.5981	19
Michigan	5,518,000	87.2	1.5803	20
Kentucky	1,693,000	26.7	1.5771	21
Wisconsin	23,186,000	365.6	1.5768	22
Nebraska	1,201,000	18.8	1.5654	23
Alaska	12,870	0.2	1.5540	24
Tennessee	1,410,000	21.1	1.4965	25
Minnesota	9,540,000	141.3	1.4811	26
Missouri	2,244,000	33.1	1.4750	27
South Dakota	1,572,000	23.1	1.4695	28
Mississippi	551,000	7.9	1.4338	29
Oklahoma	1,269,000	17.5	1.3790	30
South Carolina	368,000	5	1.3587	31
Utah	1,659,000	22.4	1.3502	32
Georgia	1,443,000	19.3	1.3375	33
North Carolina	1,207,000	16.1	1.3339	34
Rhode Island	30,200	0.4	1.3245	35
Louisiana	711,000	9.3	1.3080	36
Oregon	1,689,000	21.8	1.2907	37
Arkansas	530,000	6.6	1.2453	38
North Dakota	702.000	8.7	1.2393	39
Hawaii	116,700	1.4	1.1997	40
Texas	5,712,000	66.2	1.1590	41
Alabama	365,000	4.1	1.1233	42
Colorado	1,841,000	19.2	1.0429	43
Washington	5,595,000	52.9	0.9455	44
Idaho	6,887,000	61.5	0.8930	45
California	31,604,000	239.5	0.7578	46
Wyoming	81,300	0.6	0.7380	47
Florida	2,413,000	17.3	0.7169	48
Arizona	3,030,000	13	0.4290	49
New Mexico	4,999,000	19.4	0.3881	50

[1] Source: USDA.
[2] Source: FAPRI Analysis on Scenario D total of 2002–2005.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Mr. President, we are going to move to a vote very shortly, and I will be moving to table the Crapo amendment. I am constrained to say I am a little, I guess—maybe I do not understand where my friend from New Mexico is coming from on this amendment.

Dairy is important. It is the second largest commodity produced in this country at a value of $23 billion, second only to beef. It is unique among all commodities because it is highly perishable. You cannot store it for long. A dairy farmer has to market it every day, regardless of the price. We have had a price support program for dairy over 50 years. Since 1949, we have had a price support program.

We have had market loss payments in each of the last 3 or 4 years for dairy. Every year we come in and we pass a market loss payment. On three occasions we have done that.

I would say to my friend from New Mexico and others, we made these market loss payments that went out nationwide. The last market loss payment that went out went to about 225 cows. That was it. We have put $2 billion more into this bill for dairy farmers all over the country. We took $500 million for the Northeast, everything west of Maryland, Delaware, northeast, to help them transition from the compact they have. They need that. Then we took the other $1.5 billion and we spread it around the country.

In working this out, in trying to make a balance between the smaller dairy farmers of Wisconsin and Michigan and Minnesota and places such as that, and the larger dairy farms in New Mexico and California and Idaho, places such as that, where they have these huge dairy herds of 10,000 cows, we tried to reach some level of balance. So if the market loss payments of the last 3 years were to 225 cows, we said, Where could we limit it? We went to 450 cows. We doubled, in this bill, the payments to dairy farmers on the cap from what it was last year—doubled it. That means the larger dairy farmers will get more.

Since we are working with a fixed pot of money, $1.5 billion, the more they get, the less someone else gets. So we had to reach some kind of balance. Obviously, if we had no caps at all, these large dairy farms in the West would get all the money and the dairy farmers in Michigan and Minnesota and Iowa and Wisconsin would get precious little. So we had to reach some balance.

Regarding the 450-cow limit we put in, I tell you a lot of Senators from the Midwest swallowed hard on it. They think it should be 225, where it was last year. We tried to make this balanced, so we raised the cap to 8 million pounds annual production, which I think is fair. It is equitable. I think it addresses needs all over the country.

Last, I do not understand what the Senator was saying in terms of New Mexico being last in the Nation. Frankly, New Mexico, I think, was going to get, in the next 3 years, $10.1 million in payments. As I look down the list of States, that is about right in the middle for the United States in terms of total payments. It is right in the middle of all the States.

California, I would point out, gets $143 million; New York gets $178 million; Pennsylvania gets $181 million; Wisconsin, $293 million. These are the big milk producing States and they get the most money. I understand that. But New Mexico is about right in the middle of all the States so I don't understand what he meant about it being last. It certainly is not in terms of the amount of money going to the individual States.

If there is no other debate, I was going to say to my friend from Idaho that I am prepared to move to table.

Mr. CRAPO. If the Senator will yield, I am aware of at least one other Senator who is trying to come to the floor who wants to say something. May we wait for a few minutes to see if he arrives?

Mr. HARKIN. 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. BAUCUS. Mr. President, I ask unanimous consent the order for the quorum call be dispensed with.

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

Mr. BAUCUS. Mr. President, I rise to commend the Senate for bringing the farm bill to the floor today. For my State of Montana, there is no one single issue that is more important than to get the farm bill passed this year, particularly a farm bill that makes sense and helps address the issues that our producers are facing.

Producers have faced drought for a couple of years. I must say, if we do not get relief in a farm bill passed this year, it is truly a fact, I question whether some farmers are going to be able to hang on. It is that important.

I think the farm bill we passed out of the committee is a good bill. It is not a great bill, but it is a good step, a good step in the right direction. I am pleased we will now have the opportunity to continue our negotiations in the Senate Chamber to make the bill as comprehensive and as strong as possible.

We need to support our Nation's agriculture, that is clear—our farmers and our ranchers. Other countries support their farmers and their ranchers, agriculture in their country, I might add, more strongly than we do in ours, and I might add that is not right.

We have an obligation to help people fend for themselves—those who depend upon the weather and who depend upon the market to do a lot better job. We cannot wait until the current program expires next year. We rely upon producers for our food. We have the lowest food prices in the world. We have the most efficient producers in the world. They are now relying upon us for survival.

Our agricultural producers are in as tough shape as I have ever seen. Years of very low prices and extreme drought have made it nearly impossible for farmers and ranchers to break even. Some areas in my State of Montana are experiencing their sixth year of drought.

This summer, I traveled across the high line—the northern part of our State—where a lot of grain is produced. I was astounded, saddened, and stunned. I was just sick at seeing the land in such poor shape. Some of the grain has barely come up. Most of it is just dust for miles and miles. There is no crop because there is no moisture. It is devastating. In about a square 2,000 miles of cropland there is nothing. We have strip farming in Montana because we haven't had a lot of moisture year after year but drought. A large portion of my State is as bad as I have seen it. It is worse, in my judgment, than the drought back in 1988 which was extremely severe. For about 2,000 square miles of central Montana, I hardly saw a combine.

Low prices and drought is disastrous not only to producers but surrounding communities. When producers are hurting, obviously the communities are

hurting. Farmers can't buy seed, fertilizer, and machinery, not to mention that they don't have much for clothes or for shoes. The whole economy suffers as well as farmers. The list goes on.

Agriculture is the No. 1 industry in my State. It has been for years. It is today. We are an agricultural State. When agriculture suffers, the entire State suffers. When agriculture suffers in America, the entire country suffers.

Often, agriculture leads to recession before other parts of the economy. Often agriculture tends to lead us out of recession. As we know, when the country is in recession and agriculture is also in recession, there is no way in the world one can say agriculture is leading our country out of recession. That is because they are in such bad shape.

Lenders and bankers in my State are cutting back. They are not granting that working capital to the farmer and to the rancher the way they were before. They are cutting back. Why? Because of the position of farmers.

The troubled agricultural economy not only affects our Nation but it also threatens relationships we have with other countries.

A strong domestic agricultural policy is the only way we are going to get a level playing field with our trading partners. We are at a disadvantage.

Eighty-some percent of the world's agricultural export subsidies are paid by the European Union. How are we going to get leverage to get those agricultural subsidies down so we have a level playing field? We cannot, unless we have leverage. The only leverage I know of is a very strong domestic agricultural policy where farmers are really strong. In fact, I think that is barely enough and is probably not enough if we are going to get the job done to get other countries to lower their agricultural export subsidies.

Clearly, if we don't pass this bill, and if our farmers are in a weakened position, that makes it even harder in world trade talks to get other countries to lower their export subsidies which very directly hurts American farmers.

The time has come to pass this bill, pass the changes in Freedom to Farm, which really turned out to be ''freedom to fail.'' Farmers at that time when those laws were enacted were gambling. They had an idea Freedom to Farm would work pretty well the first few years, but not after a few years later. We are here a few years later. It is not working. Farmers are in difficult shape.

We need a bill that is a commonsense bill, one that is right for Montana, and that is right for America. We need to work together to get this done now because that is the least we can do for our farmers. Our farmers want some help. We should give them the help they need because they have been doing so much for us and so much for the world with the food they are supplying.

Let us get to work and pass a strong, stable, comprehensive farm bill this year.

HOLDING THE CALIFORNIA DAIRY INDUSTRY HARMLESS

Mrs. FEINSTEIN. Mr. President, I thank the chairman of the Senate Agriculture Committee for working with me to find a way that the California dairy industry can be held harmless by the dairy provisions in the farm bill.

California is the largest dairy State in the Nation. Last year, California dairy farmers produced 32.2 billion pounds of milk—over 19 percent of the Nation's supply. With over 2,100 dairy farms in the State, California leads the Nation in total number of milk cows at approximately 1.5 million.

I spoke on the floor last week about how devastating the original farm bill would have been to the California dairy industry. And I have said California cannot be left out of any dairy equation. The original bill would have cost California dairy farmers $1.5 billion over 9 years and driven up prices for consumers by $1.5 billion over 9 years. I thank the Chairman for recognizing how much better California fares under this substitute versus the original proposal. I am delighted that he has agreed to see to it that California can be held harmless.

Under the compromise in this bill, and according to an analysis by the University of Missouri's Food and Agricultural Policy Research Institute, California dairymen will receive a net benefit $143.1 million in payments until the end of fiscal year 2005. This means California dairy farmers will receive $78.1 million in fiscal year 2002, $70.7 million in fiscal year 2003, and $19.4 million in fiscal year 2004. If these numbers are not accurate projections for California, it is my understanding that the dairy provisions will be worked out in conference so that California is ultimately not adversely impacted by the dairy provisions in this bill.

Mr. HARKIN. I thank the Senator very much for working with me and other Senators on this. It is not the intention of this bill to put California dairy farmers at a disadvantage. We will work to ensure the California dairy industry will be held harmless.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I thank the Chair.

I rise in opposition to the milk pricing mechanism, the last one we have seen. It is very hard to analyze because we have had four since we started. I wish I could be more precise and specific about the latest. But I want to just talk generally.

I am pleased to be a co-sponsor of Mr. CRAPO's amendment which would eliminate all elements of a National Dairy Plan.

The amendment I support today would continue the $9.90/cwt. price support, which the New Mexico dairy interests strongly support. This is the third or fourth proposal we have seen with regard to dairy policy and it still caters to the Northeast at the expense of the other states. This most recent proposal resembles an expanded Northeast Dairy Compact. It is expanded to include Delaware, Maryland, New Jersey, New York, Pennsylvania, and West Virginia which were not originally in the northeast Compact.

Under this recent proposal, marketing assistance loans apply to every producer except those in ''Participating States,'' which are Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, and West Virginia. The 12 States in the Northeast reap greater benefits than the other 38 dairy States. If we compare the numbers using today's payment rates, the Northeast States would get about 70 cents per hundredweight. Compare this to other States, such as New Mexico, which would receive only 40 to 60 cents per hundredweight.

Under this national plan as the rolling average decreases each year, the payments to producers decrease by about one-third. Yet under the same plan, payments to the northeast group stay the same. This is because there is a $16.94 target price built into the plan. It is time that the Senate understands that when it comes to setting dairy policy, it is not just Vermont versus the Upper Midwest. The West, including New Mexico, should have just as much to say about dairy policy.

New Mexico is currently the fifth largest diary State. Yet, under this new plan, estimates show New Mexico coming in dead last on payments. Policies that penalize the new and efficient while providing welfare to the inefficient are unacceptable. These are the types of policies that are being contemplated in the original Ag Committee bill. Additionally, policies intended to retard and reverse the growth of dairying in larger producing States such as New Mexico are also unacceptable.

We need to be setting sound policies that foster competition and the production of a good healthy product, not policies that are regionally divisive—pitting small-farm States against large-farm States—for example, West versus the East. Additionally, we should not be setting policies that punish consumers with higher prices for fluid milk. Decreased milk consumption is not helpful to any producer.

My colleague, Senator CRAPO, has done such a wonderful job in managing the opposition to this price fixing approach. He received a letter from the Secretary of Agriculture. It was gracious of him to ask me to put it in the RECORD. I will read one part of it, wherein the Secretary of Agriculture says:

Consumers will pay billions in additional costs. By raising prices, S. 1731 will also further exacerbate dairy overproduction. The Federal Government currently owns about

600 million pounds of non-fat dry milk—nearly a year's supply. The bill's effect of increased supply and reduced demand will create an even more enormous surplus that would adversely impact dairy farmers for many years to come.

I ask unanimous consent that the letter which includes that paragraph from the Secretary of Agriculture to Senator CRAPO be printed in the RECORD.

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

THE SECRETARY OF AGRICULTURE,
Washington, DC, December 11, 2001.

Hon. MICHAEL CRAPO,
Russell Senate Office Building, Washington, DC.

DEAR SENATOR CRAPO: We would like to commend the very constructive amendment you and Senator Bingaman are offering to the dairy title of S. 1731, the ''Agriculture, Conservation and Rural Enhancement Act of 2001''.

As you know, the Administration is strongly opposed to the dairy program proposed in S. 1731 as reported out of Committee. It will raise the cost of milk by 10–15 percent. In effect, this provision imposes a tax on each gallon of milk, which disproportionately impacts low and moderate-income American families. Consumers will pay billions in additional costs. By raising prices, S. 1731 will also further exacerbate dairy overproduction. The Federal government currently owns more than 600 million pounds of non-fat dry milk—nearly a year's supply. The bill's effect of increased supply and reduced demand will create an even more enormous surplus that would adversely impact dairy farmers for many years to come.

Your amendment to strike this section and provide for a study is consistent with the Administration's Statement of Administration Policy on S. 1731. We support forward-looking farm legislation that facilitates the long-term prosperity of our Nation's farmers and ranchers, promotes effective conservation efforts, and strengthens the nutrition safety net.

Sincerely,

ANN M. VENEMAN.

Mr. DOMENICI. Mr. President, I thank Senator CRAPO, a junior Member of the Senate. He is on the Agriculture Committee, and he is growing his way up from near the bottom in seniority. Today and yesterday, he has shown that he has a very good understanding of dairy and dairy prices in the United States.

I am very proud that he came to the floor and repeated his view of the remarks which Senator BINGAMAN of my State made.

I know if we were to ask the Senate to answer a quiz about dairy and milk production in America, they would never come close to an answer that said the State of New Mexico is the fifth largest producer of milk in America. Nobody would really think that because we don't look like a State that should produce a lot of milk. We are very dry. We are not a giant agricultural State. But what we have is a large group of dairy farmers who have moved to New Mexico with their families, and they have become very modern, entrepreneurial, and technologically ahead of the game in production of milk in the United States.

It is just an absolute joy to go see one of these dairy farms with 2,000 cows. It is unheard of in the parts of America where we are going to protect dairy and milk production with subsidies. We have many that have 1,000 head and many with 750 head. On average, we exceed 1,000 head per dairy farm. They produce large quantities of milk. In fact, year before last, the largest producing cow in America in terms of weight of milk was from the great State of New Mexico, which again causes people to wonder what are we doing right in New Mexico.

We have great competitive farmers. They are doing the right thing by way of matching entrepreneurial spirit, capitalism, and the production of dairy milk and milk-related products for America.

I think our national goal would be not to make it difficult or more difficult for that to happen as it is beginning to happen in the State of Idaho. We ought to encourage that. After all, what do we want? We want the cheapest price of solid, safe milk and related products coming from American dairy farmers for our children and for our families. We want a constant supply coming from competitive producers and marketers of milk.

Clearly, whether or not one understands the intimate details of the latest, the fourth amendment regarding dairy and milk production in America, it is clear that there is no intention to make it easier for those who are producing at competitive prices such as New Mexico and other States. If anything, there is a calculated effort to make their lives more difficult and to make the potential for them to grow and prosper less rather than more.

I can see where we ought to help one State versus another State if we have some really difficult problems on which they must have assistance. But just how much longer do we have to try to paint this picture, and then implement it, of trying to help one piece of America because they are having difficulty being competitive in the production of milk?

This has been going on for a long time. It is time that it end, not that it continue. It is time that that kind of allocation of American resources be on some kind of a slide that is going downward, not one that is going up, up, and away.

This year, the money that will be circulating around will exceed $2 billion, that will move from here to there and elsewhere in order to make one region, that obviously wants to continue producing milk but would have a difficult time competing, more assured of making money through the production of milk.

So I came to this Chamber to urge, when we vote in the Senate today, that we decide we are not going to pursue this policy any longer, that we are going to move in the opposite direction. If there is going to be a motion to table, which I think there is, I say to Senator CRAPO, I hope Senators will not vote to table and will leave this issue before us so we can have a vote on it.

I believe eventually an agriculture bill that has this provision in it—that is the latest, the fourth iteration of the amendment in the last few hours—if that is going to be in the bill, I think it is going to be difficult to pass this bill, get it through both Houses, and signed by the President. In fact, I do not see how that is possible.

So I am glad to be on what will ultimately be the right side. In the meantime, I yield the floor and wish the best for Americans in the future in terms of being able to supply plenty of milk to them at the most reasonable prices, coming from a competitive milk industry in the United States.

I yield the floor.

The PRESIDING OFFICER (Ms. STABENOW). The Senator from Iowa is recognized.

Mr. HARKIN. Madam President, to get to the point where we can vote, I ask unanimous consent the Senator from Louisiana be recognized for 2 minutes, the Senator from Idaho, the proponent of the amendment, be recognized for 2 minutes, and then I be recognized for a motion to table.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The Senator from Louisiana.

Ms. LANDRIEU. Madam President, with all due respect, I rise to oppose the amendment offered by the Senator from Idaho and urge my colleagues to table this particular amendment.

I congratulate the chairman of the committee, the Senator from Iowa, Mr. HARKIN, for his hard work. It is not easy to put together any major piece of legislation, let alone, as I have learned in my few years in the Senate, legislation regarding agriculture because, in different ways, all of our States participate in the infrastructure of agriculture, some of us more as producers but all of us as consumers. Weighing those interests between the consumers, the producers, and the processors, and all the international trade implications is quite complicated. So I thank the chairman and the ranking member for their extraordinary work in trying to put a bill together to which we can generally agree.

Representing the South and Louisiana, and speaking for the dairy farmers, let me say that when the original bill came out, it did not work for southern dairy farmers. The national pooling concept was really not very fair to many regions, including the dairy farmers in Louisiana. And we have been suffering. We have lost over 25 percent of our farms. If we do not do something, we are going to lose even more.

It is not right to not address this issue. So we proposed a compact—the same as the Northeast has—for the South that would have worked beautifully. But, unfortunately, there were

other regions of the country where that did not work. So we came up with yet another compromise.

In the underlying bill that we are considering, the Harkin-Lugar proposal, this compromise shows itself, and it is a countercyclical plan for dairy that will resemble the way we do countercyclical plans and proposals for other commodities that will work well for the majority of our dairy-producing States.

The PRESIDING OFFICER. The Senator's time has expired.

Ms. LANDRIEU. Madam President, I ask unanimous consent for 30 more seconds to wrap up.

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

Ms. LANDRIEU. Some of us have large dairy farms. Some of us have small and medium-sized dairy farms. I suggest that the proposal in the Harkin bill is one that benefits most of us most of the time, and I urge my colleagues to table the Crapo-Bingaman amendment. I support the committee compromise.

I thank the Chair.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. CRAPO. Madam President, today what we are being asked to do is adopt a massive new subsidy program in the dairy industry in the United States that will distort the price of milk, promote overproduction, and eventually cause dynamics in the economics of the dairy industry that will work to the detriment of dairy farmers nationwide.

I encourage everyone who comes to vote in a few minutes, when the vote will be called, to support the effort to strike section 132 from the farm bill and to oppose the motion to table.

I conclude by simply reading from correspondence we have received from the National Milk Producers Federation, which has already been made a part of the RECORD by the Senator from New Mexico. It clearly states what this entire debate is about.

They said they have established the following principles to help assess whether a new dairy program meets the needs of the dairy community in America and of the economy that we want to promote in the United States.

They state the program ''must be national in scope. It must not discriminate between States and regions. It must not discriminate between farmers by limiting payments based on herd size. It must not cause competitive disadvantages or advantages between dairy farmers. It should not increase production [in America] to the point where overproduction eventually erodes the farm gate prices.''

The provisions currently in the farm bill do not meet any of those objectives. The current provisions in the farm bill, in fact, create a managed economy for the dairy industry, establishing a floor price which is far above the market price in one region of the country, which will increase overproduction and promote a new subsidy program that benefits that region of the country much more than other regions of the country, to the detriment of farms in the other parts of the country. It is unfair to dairy producers nationwide. It is unfair to the consumers. We should strike these provisions from the farm bill.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Madam President, I move to table the amendment offered by the Senator from Idaho, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The question is on agreeing to the motion. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. REID. I announce that the Senator from South Carolina (Mr. HOLLINGS) is necessarily absent.

Mr. NICKLES. I announce that the Senator from Ohio (Mr. VOINOVICH) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 51, nays 47, as follows:

[Rollcall Vote No. 362 Leg.]

YEAS—51

Akaka	Dodd	Lincoln
Baucus	Dorgan	Mikulski
Biden	Durbin	Miller
Boxer	Edwards	Murray
Breaux	Feingold	Nelson (FL)
Byrd	Feinstein	Nelson (NE)
Cantwell	Harkin	Reed
Carnahan	Inouye	Reid
Carper	Jeffords	Rockefeller
Chafee	Johnson	Sarbanes
Cleland	Kennedy	Schumer
Clinton	Kerry	Snowe
Collins	Kohl	Specter
Conrad	Landrieu	Stabenow
Corzine	Leahy	Torricelli
Daschle	Levin	Wellstone
Dayton	Lieberman	Wyden

NAYS—47

Allard	Enzi	McCain
Allen	Fitzgerald	McConnell
Bayh	Frist	Murkowski
Bennett	Graham	Nickles
Bingaman	Gramm	Roberts
Bond	Grassley	Santorum
Brownback	Gregg	Sessions
Bunning	Hagel	Shelby
Burns	Hatch	Smith (NH)
Campbell	Helms	Smith (OR)
Cochran	Hutchinson	Stevens
Craig	Hutchison	Thomas
Crapo	Inhofe	Thompson
DeWine	Kyl	Thurmond
Domenici	Lott	Warner
Ensign	Lugar	

NOT VOTING—2

Hollings	Voinovich

The motion was agreed to.

Mr. GRAMM. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. MILLER). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. DASCHLE. I move to reconsider the vote.

Mr. HARKIN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DASCHLE. Mr. President, as I understand it, another amendment will be offered within the next half hour. I ask unanimous consent that the period between now and 4:30 be for debate only and divided equally between Republicans and Democrats, and that at that time the Senator from Indiana be recognized to offer an amendment.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Who yields time?

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

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

Mr. DORGAN. Mr. President, my understanding is we are in a period of general debate with no amendments to be offered. I wish to make a couple comments at this point that relate to some things that have been said during the debate on this farm bill.

First of all, I am pleased we are at this point. Many of us have struggled hard to make sure we get a farm bill on the floor of the Senate. We are here and we will have a good debate. My hope is we will be able to have some amendments offered and deal with those amendments. We have just had one amendment with a very close vote. I would like, very much, to see us finish this bill by at least tomorrow evening or the next evening and have a conference with the House of Representatives. I hope our goal might be to put a bill on the President's desk for signature before this Congress leaves for the year.

I know that is the goal of the Republican chairman of the House Agriculture Committee. He produced a bill in the House. He said very much that he wants to get to conference with us. So this would be a bipartisan effort with Chairman COMBEST in the House and those of us who wish to finish a farm bill this year in the Senate.

My hope is we can move forward very quickly. We should consider amendments, and have significant debate on amendments, but it will serve this country's best interests, and certainly the interests of farm families in America, if we produce a good farm bill.

Why are we here? We are here because we have a farm bill that does not work.

Freedom to Farm, which is now existing law, just doesn't work. Almost all of us concede this point. It is not unanimous, but it is about as close to unanimous as you can get on public

policy. There are still a couple of discordant voices who will insist that Freedom to Farm does work. For the last 4 years, we have had to do emergency bills at the end of the year to try to deal with the shortfall in farm revenue because commodity prices have collapsed and collapsed dramatically. If we didn't do something to respond to that, we would not have family farmers left.

I suppose that requires answering the question: Does it matter whether we have family farmers? Some would say it doesn't matter who farms the land. But, that is kind of an antiseptic view of the culture we live in. They would say the organization of our food production is really pretty irrelevant. We could have the largest corporate agrifactories farming America from California to Maine. They would just drive a tractor one way all day and then back the next day. They would just plow furrows and plant seeds, and giant agrifactories will certainly produce food. That is true. But as they produce that food, something else will be dying; that is a part of American culture that is very important to our country.

The seed bed of family values has always moved from our family farms to our small towns to our big cities and nourished and refreshed America. That has always been the case. It is not only important for social and economic reasons, it is important for security reasons to maintain a network of family farms. Europe has done that. Europe has been hungry in the past, and it decided: We will not be hungry again. We will not rely on some huge mammoth operation. We will have a network of family farms dotting the landscape of rural Europe. And they do. They have price supports. That is the kind of economy they want. Those are the kinds of food producers they want—a broad dispersed network of producers, families living on the land.

Small towns in Europe are radically different than small towns in this country these days. In most of Europe, small towns are thriving and growing and alive and have a heartbeat. In this country, across so much of our heartland, small towns are shrinking. They are shrinking inevitably.

My home county in my hometown is exactly the mirror of what is happening in so much of our country, going from 5,000 people to 3,000 people in 25 years. Maybe it doesn't matter to some. Does it matter in public policy? I believe it does. We ought to have a farm plan that reflects decent price supports, reasonable price supports, that gives family farms an opportunity to make a living during tough times. That is what this is about.

The legislation brought to us by the Senate Agriculture Committee is good legislation. It is certainly not perfect. I intend to offer an amendment as soon as I have the opportunity that will further target some of the benefits so that we don't give an amount of benefits that are inappropriate to the largest producers in this country which has happened in the past. I hope we can prevent that from happening now. I do intend to offer an amendment. I suspect others will as well.

My goal is that we aggressively debate the amendments, call for a vote, and then try to see if we can't finish the bill and get to a conference with the House of Representatives.

It is interesting that the Department of Agriculture was created in the 1860s by Abraham Lincoln. When the Department of Agriculture was created, they had nine employees in the early 1860s. It is now a behemoth organization. My belief about the Department of Agriculture is, no matter who is in charge of the administration, Republican or Democrat, we don't need a department if the end goal is not to support this statement: It is our goal to foster and maintain a network of family-based food producers in this country.

If that is not the goal of our agricultural policy, we don't need a U.S. Department of Agriculture; just let happen whatever happens. But if you believe, as the Europeans do and I do and others, that the economy that you will get is the economy that you want and that you construct instead of just letting something happen, you can have an economy that fosters and maintains a network of family producers.

Our family farmers produce more than just food. They produce communities. They produce a value system that is important. Each farm out there that lives under a yard life, trying to raise a family, represents a blood vessel that flows into a network of vessels that creates communities and a rural lifestyle. That is very important.

It is not the case that family farming is somehow irrelevant these days. It is not the case that food production is irrelevant. A substantial portion of the people in this world go to bed hungry because they don't have enough to eat. I am told that 500 million people in this world go to bed every night with a powerful ache in their belly because it hurts to be hungry. Yet in my home State and many others, our farmers are hauling freight to the elevator only to be told that the food they produce in such abundance has no value. There is a powerful disconnection there.

If you take a look at producers, family farm producers, and what happens to the grain they produce, you discover it is not that there is not value to it. It is the question of who is able to get the proceeds from that value.

If you have a kernel of wheat and the farmer hauls it to the elevator, the grain trade says, this wheat doesn't have any value, what you have produced is pretty irrelevant to the world; then someone buys that wheat and puts it into a grocery manufacturing plant, a cereal plant; they puff it up and that kernel of wheat is now puffed wheat. It is put into some cellophane, put in a box, and sent through to a grocery store somewhere. And that little box is going to sell for $4.50 for a box of puffed wheat.

Who made the money? The person that bought the tractor, bought the seed, bought the fuel, bought the fertilizer, spent the nights and days planting and then hoping and then harvesting? Did that family farmer make the money? No, it was the manufacturing plant that puffed it and put it in a box and sold it as breakfast cereal. They made the money. For the farmer, that food dollar has been shrinking and shrinking. We have fewer and fewer family farmers and more expensive grocery cereals and more people hungry overseas.

Somehow this is a puzzle the pieces of which don't fit. We need to make sense of it in the Senate with a farm bill that recognizes the value and the worth of families that produce America's food and produce food for a hungry world.

I have been places in the world where people were hungry. I have leaned over the crib in a neonatal clinic of a terribly poor country and had a young child who was starving reach up to me because I was the only one that young child had. I was only going to be there a couple of minutes. The doctor said to me: That child is going to die. I have been to refugee camps and hospitals in the worst parts of the world. I have seen hunger. I have seen death.

It needn't happen in this world that the winds of hunger blow every day and 45,000 children die. It needn't happen if we decide that we are going to use what we produce in such great abundance to help produce a more stable world. We send weapons around the world. We are the arms merchant to the world. We send more weapons than any other country under any other circumstance year after year.

Somehow that which the world needs most, food, we are not able to connect very well to meet the needs of the world and the needs of those who produce it here at home.

My hope is that we can decide with this farm bill that family farmers matter, families who struggle to make a living matter, and we are going to do something to help them when grain prices collapse.

There may well be others who want to speak. I will not go on except to say this: My family came to the prairies of Hettinger County, ND, many years ago. Many years ago, a Norwegian immigrant, recently widowed with six children, decided to move to the prairies of western North Dakota, pitch a tent and build a house and start a farm. One can only begin to think of the courage it took for a widow who just lost her husband to a heart attack, who had come over from Norway to decide to get on a train with her children and go homestead, with the promise of the Federal Government saying if you go and improve that land and you build a farm on that land and do the things that are necessary, we will give you the 160 acres. That was the homestead plan.

That woman, named Caroline, did that and she had a son who had a daughter who had me. That is how I was born in southwestern North Dakota. But I will bet that many, many serving in this Chamber have exactly the same stories of their heritage—people who decided they wanted to stake their dream and their hope on trying to raise food from a family farm and raise a family on a family farm, be independent, and do the things they wanted to do to make that soil produce bountiful food supplies.

Now, what we have seen in recent years is so many broken dreams and so many families deciding that which they have invested their life savings to do is now gone and they can't continue. We can do better than that as a country. That is what this debate is about. Some say it is about this amount of money—no, it is not about that. It is about whether this country wants family farmers in its future. Does it believe the production of its food supply ought to be done by families? Does that contribute to this country and promote security and strengthen this country? I think it does. People look at family farms and say they are like the old diners who came and went. It is nice to think of it, but it is really not part of tomorrow's economy. They are wrong.

Family farming is not out of favor. It is an important part of what this country is and what it can be in the future. That is why we have to pass this farm bill.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

The Senator from North Dakota, Mr. CONRAD.

Mr. CONRAD. Mr. President, might I inquire about the parliamentary situation?

The PRESIDING OFFICER. There is time for debate until the hour of 4:30. All time remaining is under the control of the Senator from Indiana.

Mr. CONRAD. So there is no time on our side?

The PRESIDING OFFICER. That is correct.

Mr. CONRAD. Mr. President, I would like to take a few minutes at this time. I don't want to use up the Senator's time.

Mr. LUGAR. I respond by saying I am pleased to yield time to the Senator. The allocation by the majority leader was equal time between the time he made the motion and 4:30. That is why we are in this particular situation. The previous speaker consumed the first half of the time. I will be recognized at 4:30 to offer an amendment, which I plan to do. I am pleased to yield to the Senator.

Mr. CONRAD. I thank the Senator for his courtesy. Once again, the Senator from Indiana demonstrates his generosity of spirit and the reason why he is held in high esteem by everyone. I thank him for his courtesy.

We have talked about why we are discussing a farm bill now, why it is critically important. I believe it is critically important because of the economic conditions we confront. We are faced with a circumstance in which the farm families I represent in the State of North Dakota are facing some of the most difficult times they have ever confronted.

I think this chart says it very well. This green line shows the prices the farmers have paid for the inputs they use to produce goods, what happened to those prices from 1991 to 2000. You can see that the prices farmers are paying have gone up considerably in this period. On the other hand, the red line shows the prices the farmers receive, and you can see what happened there. Since the 1996 farm bill, that line is almost straight down because prices have collapsed. That is the reality of what has happened in farm country. It is the reason why the new farm bill is so important to consider.

This shows the same pattern, just the prices that farmers have received for wheat. Again, we can see that the peak was at the time the last farm bill was considered. Look at what has happened. Since that time, since 1996, the red line shows the price of wheat over this period through and up until this moment. Wheat prices have absolutely collapsed. This black line is the cost of production for wheat at $4.26 a bushel. You can see we are at about $2.50. We are far below the cost of production. It is not just wheat, it is commodity after commodity.

One of the key reasons that agriculture in America is in crisis is because our major competitors are doing much more to support their producers than we are doing to support ours. This chart shows what the European Union is doing to support their farmers. This is support per acre. The red bar is what Europe is doing—$313 an acre of support. The blue bar on the chart represents what we are doing in the United States, which is $38 an acre. So they are outsupporting their farmers by a huge margin. By the way, these are not KENT CONRAD's numbers or the Agriculture Committee's numbers; those are the numbers of the Organization for Economic Cooperation and Development, the international scorekeepers. They are the recognized international scorekeepers. This tells the story. That is why it is so important we pass a new farm bill and that we do more to support our producers. If we want to level this playing field and we want our farmers not to be facing a stacked deck, then we have to act and act now.

It doesn't end there because this chart shows what has happened with world agricultural export subsidies. These are the most recent numbers worldwide. You can see that this pie chart represents all of the world's agricultural export subsidies. The blue part of the pie is Europe. They account for nearly 84 percent of all the world's agricultural export subsidies. The United States shares this tiny red piece of the pie, 2.7 percent—not 27 percent but 2.7 percent—less than 3 percent. So our friends in Europe are outsubsidizing us for exports by a factor of 28 to 1. It is no wonder there is hardship in American agriculture, when we see the Europeans buying markets that have traditionally been ours. They are going out and getting these markets the old-fashioned way. They are paying for them. Again, this is the World Trade Organization's information. It demonstrates conclusively what we are up against and the need for this farm bill to start to level the playing field.

There has been a lot of talk about the spending in this farm bill and that it represents an increase. This is the baseline for agricultural spending, this red line. You can see the baseline is coming down dramatically and would continue to decline under current law. This farm bill does represent an increase over the baseline. You can see that the green line here represents the Senate farm bill. But you can see that, while it is higher than current farm policy, it also will be in steady decline. Farm spending will take a smaller and smaller share of the Federal budget.

I might say, before we leave this chart, that while this is more money than current farm law provides, it is actually less money than current farm law plus the economic disaster payments we have made in each of the last 4 years.

This chart shows how important Government payments have become to farm income. If we look at each of these bars, the red part is Government payments as a part of overall farm income.

We can see back in 1992, farm income was just under $50 billion. In 1993, it actually went down. In 1994, it was about the same. In 1995, there was a big slip when prices were down. Then prices went up right at the time we wrote the last farm bill. Then we can see farm income started to decline, and decline quite markedly. As a result, Government payments increased as we passed in each of these 4 years economic disaster assistance to keep the farm sector from imploding, to keep the farm sector from mass bankruptcy.

We can see now what a big chunk of farm income is represented by Government payments. Again, that is the red part of each of these bars. Each of these bars represents net farm income, and we can see how critically important Government payments have been, again, largely as a result of what the Europeans are doing.

I believe we have arrived at the hour of 4:30 p.m. The agreement was we would turn to an additional amendment, so I will yield the floor. Again, I thank the Senator from Indiana, the ranking member of the Agriculture Committee, for his courtesy.

The PRESIDING OFFICER. The Senator from Indiana is recognized.

Mr. LUGAR. Mr. President, I thank the distinguished Senator for his remarks. He always makes an important

contribution in the Agriculture Committee and, of course, now serves as chairman of our Budget Committee in the Senate and has made an additional contribution because of the importance of that responsibility.

Mr. President, before I offer my amendment, I ask for the yeas and nays on the pending substitute amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

AMENDMENT NO. 2473

(Purpose: To provide a complete substitute for the commodity and nutrition titles)

Mr. LUGAR. Mr. President, I send an amendment to the desk and ask for its consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Indiana [Mr. LUGAR] proposes an amendment numbered 2473.

Mr. LUGAR. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

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

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

Mr. LUGAR. Mr. President, I rise to offer an amendment to the Agriculture Committee-passed farm bill and to the substitute that has been submitted. By adopting my amendment, the Federal safety net for low-income Americans will be strengthened through improvements in the Federal nutrition programs and will create a more effective market-oriented and broad-based safety net program for U.S. farmers and ranchers. Therefore, my proposal amends the commodity title and the nutrition title of the bill.

Since joining the Senate Agriculture Committee, I have fought for Federal nutrition programs and worked closely with my colleagues on both sides of the aisle to make improvements to those programs and to safeguard their existing resources to improve the safety net for low-income Americans and to support the goals of welfare reform.

The last time we looked at significant changes in the Federal nutrition programs was during welfare reform. Since that time, significant changes have occurred which require adaptations and improvements in the program's policies and operations.

Over the course of the re-authorization process, we have been able to achieve remarkable consensus among the client advocates, the States, and the administration as to changes that should be made to Federal nutrition programs. This consensus was reflected in the nutrition title of S. 1571, the farm bill proposal which I introduced.

I am pleased that Chairman HARKIN of the Agriculture Committee adopted a number of these proposals in the chairman's mark, and many are included as part of the committee-passed legislation. However, I believe strongly we can and should do more in the nutrition area, and this amendment will accomplish just that.

The second part of my amendment reforms the safety net for U.S. farmers and ranchers. The Senate Agriculture Committee and the House of Representatives have each passed legislation expanding dramatically U.S. farm program subsidies. The bills are not only costly, but each represents a wholesale retreat from the important reforms begun under the last farm bill.

My amendment will expand the base of the agriculture safety net and will institute much needed market-oriented reforms so the U.S. farm policy will comport with economic reality.

Americans can take pride in the assistance programs created to provide a strong nutrition safety net. The Food Stamp Program is the foundation of this safety net, and its re-authorization warrants our thoughtful and serious attention.

In our post-welfare-reform environment, the Food Stamp Program is particularly important. As families leave behind cash assistance for employment, they typically encounter minimum wages and modest, if any, fringe benefits and often unstable jobs. In the year 2001, a family of four with earnings equivalent to a full-time minimum wage job and the earned income tax credit needs food stamps just to reach the poverty line.

Dr. Ron Haskins, a key architect of welfare reform legislation, has stated:

There are millions of people who cannot earn enough to support their families. Even more than in the past, the Food Stamp Program has become a vital support to poor and low-income mothers who work.

Thus, one of the important questions we must address is whether or not the current Food Stamp Program effectively supports welfare reform goals.

There appears to be a number of indicators that point to the need for additional program changes. Some of these signals, such as the increased proportion of recipients who hold jobs, are clearly desirable but may suggest further steps to make the program more compatible with this evolving caseload profile.

Other findings, such as the decline in the percentage of financially eligible persons who participate, raise questions. Collectively, these shifts illustrate the need both to continue adapting and improving the Food Stamp Program.

As part of my farm bill proposal, I introduced a nutrition title embodying changes which would simplify food stamp rules for all stakeholders, increase State flexibility in administering the program, make the quality control system less punitive, support personal responsibility and work, and reduce the dependency of low-income persons on emergency food assistance.

This idea received public support from Michigan's Governor Engler when introduced, and the amendment which I offer today is intended to provide a more complete meal to low-income families in need of nutrition assistance and to States seeking administrative flexibility and simplicity.

I served as chairman of the Agriculture Committee in 1995 and 1996 when the committee wrote both the farm bill and the food stamp provisions of welfare reform. The committee faced a difficult budget reconciliation instruction for those years. The result was that spending on food stamps was significantly reduced.

For the years 1996 through 2001, the Congressional Budget Office (CBO) estimated that welfare reform would reduce food stamp spending by over $21 billion. Over that same time-frame, CBO estimated that farm program spending would be reduced by $2 billion due to the enactment of the 1996 farm bill.

Thus, over 90 percent of the budget cuts enacted in 1995 and 1996 pursuant to the Agriculture Committee's reconciliation instruction occurred in the Food Stamp Program. I make that point again because it is such a dramatic one. Reconciliation instructions came to our committee. We were compelled to act. The $23 billion of savings that was required came, $2 billion from farm commodity programs and $21 billion from food stamps.

As it turned out, CBO underestimated the effects of welfare reform on the Food Stamp Program. For the years 1996 through 2001, food stamp spending declined by about $50 billion, not the $21 billion CBO originally estimated or the $21 billion we anticipated as we responded to the reconciliation instruction. Around half of that reduction was due to the changes in law made by welfare reform and an economy that was stronger than CBO anticipated. The other half of the decline in food stamp participation occurred among eligible families and was due largely to the outdated restrictive nature of the current Food Stamp Program administration. Thus, food stamps provided the vast bulk of the savings needed in 1995 and 1996.

History has shown that the actual reductions were far bigger, in fact, dramatically larger than expected. Some of those reductions were reinstated in later bills. Specifically, about $2 billion has been restored to the Food Stamp Program, but an additional $30 billion has been added in commodity support over the same period. Given that such a large proportion of budget savings came from the Food Stamp Program, it seems equitable that with substantial new agricultural resources all of the legislation we are now considering, all the alternative bills produced, a significant share of the new money should go to restoration of a sound Food Stamp Program. I am not proposing that 90 percent, or even a majority of the new funding apparently available to the Agriculture Committee, go to the Food Stamp Program. The committee-reported bill, however, devotes

only 7.6 percent of its spending to nutrition. I am proposing to spend 19.2 percent of these new resources for nutrition. It seems to me it is only fair and right to vote a little less than one-fifth of the bill's new resources to support Americans in poverty and to further the goals of welfare reform.

The nutrition title in my amendment spends $6.3 billion more in budget authority over the next 10 years than the nutrition title in the farm bill now before the Senate. Senator HARKIN's title spends $5.6 billion in budget authority over baseline; my amendment spends $11.9 billion, an increase of $6.3 billion over the committee-passed bill.

I make it clear that the spending I am talking about goes to support the goals of welfare reform in addition to the Food Stamp Program.

Collectively, my proposed nutrition policy serves to replace complex food stamp rules with simpler ones, better integrate the food stamp, Medicaid, and cash assistance programs, offer many opportunities for State flexibility, and attempt to make the program more compatible with the needs of working families.

The nutrition package is constructed to make sure the Food Stamp Program promotes welfare reform objectives conveyed in the title of that legislation.

First, responsibility and work opportunities: My proposal includes almost twice as many provisions to simplify the Food Stamp Program. They cover eligibility rules and procedures, income adjustments, and reporting requirements. Most of the differences between the two titles—that is, the committee-passed bill and my proposal—occur in the first two categories. My proposal excludes vehicles and dedicated retirement savings from the asset limit thus reflecting what a household needs to assume personal responsibility today and in the future. Making these changes also simplifies application and eligibility determination procedures by reducing the documentation households must provide and some of the fine distinctions case workers have to apply now as to which assets are and are not excluded. The result is a set of realistic and uniform asset policies across all States.

Both titles—that is, the farm bill proposal of Senator HARKIN and my proposal—create new opportunities for State flexibility and innovation. My proposal offers substantially more. States have provided an additional discretion for using food stamp employment and training funds, as well as additional dollars. The Lugar title also opens the door for States to test their own ideas on program simplification through changes to demonstration waiver rules on cost neutrality and by funding a set of systematically evaluated projects. The outcomes of the stated initiative should provide the basis for continuing welfare reforms.

Finally, my nutrition title allows States to move beyond their successful demonstration experience of integrating a food stamp eligibility decision with an application for SSI benefits to more routine implementation for the one-stop approach. The two nutrition titles are similar to one another and to the House proposal for modifying the food stamp quality control system. The proposed changes result in targeting penalties to those States with repeated and exceptionally high levels of benefit payment error.

Our proposals differ, however, with respect to rewarding States for exceptionally good performance. The Lugar proposal introduces a large number and variety of performance standards that allow many states the opportunity to be meaningfully rewarded for outstanding operations and service.

Other improvements to the Food Stamp Program are intended to reduce dependency on emergency food assistance. Both the Lugar and committee proposals selectively remove some of the restrictions on the participation of legal aliens and able-bodied adults in the Food Stamp Program, as well as provide a modest benefit increase through a more generous standard reduction to family income.

The Lugar bill proposes reasonable periods of U.S. residence, 5 years, or a history of 4 years at work. The proposal was carefully designed to balance our obligation to those who legally emigrate to this country and subsequently face economic hardship against the concern that assistance program policy should not be so generous as to provide benefits immediately upon arrival, nor to create that expectation.

Finally, both titles link the standard income deduction to the poverty line which results in indexing by family size and adjusting for inflation. Under either proposal, the absolute benefit gain per household is modest. For example, after full phase in over 10 years, my proposal entitles a family of four to an additional $16 in benefits each month.

This increase is more generous than the committee proposal in terms of the amount of the change and the rate at which the increase occurs.

Many different organizations have sent letters of endorsement to both Senator HARKIN and to myself. Public support includes the Food Research and Action Center, Second Harvest, the Center on Budget and Policy Priorities, the Evangelical Lutheran Church, the Bishop's Council, Farmers Market Advocates, United Jewish Communities, the Quakers, the National Council of La Raza, the National Governors Association, the National Conference of State Legislatures, and the American Public Human Services Association. These organizations acknowledge the important steps Chairman HARKIN and the Agriculture Committee have taken to build on the provisions of the House title. But these same organizations note that nutrition funds provided by the committee's package provide the minimum budget necessary to make a difference. Many also indicate their preference for both the proposed policies in, and the funding for, my nutrition title ideas.

Individual groups identify specific but different provisions that they view as critical to fully implementing welfare reform. With our country's wealth and agricultural bounty, there is no justification for anyone to experience hunger or even uncertainty about the next meal. The Food Stamp Program continues to be fundamental in meeting the nutrition needs of low-income persons and families. It is particularly important now, as food stamp benefits help support families who leave cash assistance for entry-level jobs with uncertain futures and at the same time provide a direct stimulus to the Nation's economy. It is also important that we listen to the States and to the Governors who have asked us to simplify this complex program.

That brings us to the second part of my amendment which is reforming the safety net for U.S. farmers and ranchers. As we debate the farm bill, it is important to understand the shortcomings of current farm policy. Virtually all agricultural subsidies go to producers of just five program crops: corn, wheat, soybeans, cotton, and rice. As a result, 60 percent, three-fifths, of all farms are excluded from Federal farm benefits. Agricultural subsidies have been distributed according to acreage. This has resulted in the bulk of payments being distributed, understandably, to large farming enterprises. In fact, 47 percent of all payments during 1996–2000 went to just 8 percent of farmers, a very focused concentration for payments.

The cost of U.S. agricultural policy to taxpayers has been large and unpredictable, even as it has failed to alleviate the difficulties it is intended to address. Even with an overall net cash farm income for this year of $61 billion, many producers, particularly small family farms, struggle to survive. But that is paradise. Despite the rhetoric that has been heard on occasion during our farm bill debate this year, the facts are that we are enjoying—if that is the proper word—the highest net cash farm income ever for any year in American agriculture—$61 billion. Even the often cited year of 1996 did not exceed that amount, and this year's farm income is substantially greater than the years subsequent to 1996.

Yet, as we have heard from testimony, and from Senators about constituent farmers, large numbers of farmers are obviously short in terms of income and many are growing short in terms of hope. I think the Chair and I understand that. We have heard from a good number of farmers in our States.

The problem of course is that the benefits of the program, by tradition and history—and now that history is about to be repeated—go predominantly to five crops, so that almost half of the payments go to just 8 percent of the farmers. It is very difficult

to argue logically that the farm program—at least the one that came out of the Agriculture Committee this year or, for that matter, the one that came out of the Committee in 1996—is going to touch even a majority of farmers. It will certainly not reach a majority of those who are fairly small.

There may be an illusion that the program does this by chance, but there is certainly no program effort or focus involved. The current policy of Federal supports, in fact, defies economic logic. It perpetuates—I repeat that word—it perpetuates a cycle of low prices and overproduction, which is then reinforced by further emergency subsidies that create further low prices and overproduction. The history of these efforts to concentrate on five row crops and to attempt to guarantee prices that are clearly substantially above market prices, either in the United States or the world, creates incentives to produce for the Government program, not for the market. As a result, more is produced. Predictably, as demand in our country for major crops has not increased, the supplies overwhelm demand.

In the best of all worlds, we would have free flow of our agricultural commodities in world trade, but we do not. Someday we may. It is a very tough thing, as we have all found, to negotiate. Meanwhile, with the flow constricted abroad, supplies mounting at home, prices predictably go down. The bill that came out of committee, in my judgment, will pound them down further.

The promise of the committee bill, not economic reality, is, that notwithstanding what may be occurring in the market, farmers can count on prices that are much higher than the market and financed essentially by other taxpayers. So, in a 10-year period of time, it is estimated that with the so-called baseline expenditures plus the new expenditures, about $172 million will be transferred from all the taxpayers in the United States to a very few agricultural producers.

Why very few? Because 60 percent of farmers don't get anything at all. Most of the benefits go to six States. Within the six States, the same national averages are replicated; namely, 8 percent of the farms get half of the benefits.

There may be an illusion that somehow in agricultural America farms across all 50 States are being supported or rewarded by this bill. That simply is not the case. It has not been written that way this time nor has it been, really, since the New Deal days of the 1930s.

Large farm payments also have the faculty to inflate land values and cash rents derivative from that, particularly for program crop producing regions. Why there? Because, given the desire of the Federal Government to support prices that are well above the market, land values have an expectation of those sorts of returns. Country bankers have an expectation of those sorts of returns. Landowners become accustomed to those returns and increase the rents.

Why is that significant? Because 42 percent of farmers rent land. So they are losers in this process. So, on the one hand, we are hoping to boost income, while, in fact for the 42 percent of farmers who are renting, the land that is useful for farming program commodities increases in price and so does the rent for that land. This has especially unfortunate results for young farmers who typically must rent most of the land they farm unless they have inherited land or are part of a situation where they do not need the capital to buy in.

The commodity bill that came out of the Agriculture Committee increases the CCC Farm Program spending by an estimated total of $44 billion over 10 years. That bill raises nonrecourse marketing assistance loan rates significantly and across the board. The only exception is the soybean loan rate which would remain largely unchanged at its current high level.

These loan rights will be effective for 2002 through the 2006 crop.

Compared to current law adopted in 1996, the new Senate bill coming out of the committee raises marketing assistance loan rates by 16.2 percent for wheat, 10.1 percent for corn, 5.9 percent for cotton, and 5.1 percent for rice.

Without doubt, this will encourage even more production of these loan-eligible commodities given the attractive new loan rates that are available to those who produce them.

In addition, the committee-passed bill will provide direct and countercyclical payments for program crops based on updated acreage and yield history, in effect rewarding producers for recent decisions to increase production of these commodities, and, thus, encourage their production in the future regardless of market signals because of the guarantees that come quite apart from whatever is occurring in the market.

Altogether, these program crop provisions are expected to cost taxpayers about $34 billion in addition to the baseline expenditures over the next 10 years. Importantly, increased crop production will drive farm prices for these crops lower than they are today, thus further reducing crop market revenue received by farmers.

Dr. David Orden, professor of agriculture economics of Virginia Tech University, estimates that after including the production increasing effect of such subsidies, about 25 percent, or $8.5 billion—of the Senate Agriculture Committee's $34 billion—will be lost by crop farmers due to lower market revenues. That is an astonishing phenomenon that, on the one hand, we congratulate the committee for increasing farmers' income by $34 billion, but we fail to acknowledge that, even as we are overstimulating production, another $8.5 billion is being lost by crop farmers due to lower market revenue as prices are pounded down.

For the dairy industry, the committee-passed bill originally extended the milk price support at $9.90 per hundredweight through 2006. I say originally because, as with many, it has been hard to follow the changes and the chapters of this stock. I fear almost any figures that I quote from previous bills have been overtaken by events, perhaps even as we speak.

But, in any event, suffice it to say that with the programs and significant restructures and committee-approved bill, instead of newly constituted boards in each Federal marketing order region administering the program, it may now be administered by the Secretary through existing Federal milk marketing orders. Overall, the dairy provisions are expected to cost taxpayers $3 billion over the next 10 years.

A new target price and marketing loan support program is created in addition for peanut producers. The taxpayers' cost, therefore, is expected to be about $4.2 billion over 10 years, nearly $700 million more than the House-passed peanut provisions.

The distinguished occupant of the chair will recall discussions in the Committee on Agriculture in which some of our members were insistent for more attention to peanuts, and they received that. Peanut processors and manufacturers are expected to benefit substantially from lower farm prices for peanuts that will occur as a result of this taxpayer financed buyout but peanut users are not asked to share the cost.

The commodity title of this bill is expected to cost about $44 billion over baseline, and, if so, this would be only $4.8 billion less than the $48.8 billion the House spent on its commodity title over the same period.

Current farm programs, however, have some problems as well. Due to the current program's focus on program crops, as I mentioned, 60 percent of farmers are excluded from the program benefits. Furthermore, farm payments are distributed based largely on historical program crop acreage and yields in the case of the fixed payments, the so-called AMTA payments, and the volume of program crops produced in the case of the marketing assistance loan program and the sufficiency payment program.

I mentioned this because we have debated this issue during, as I recall, each of the three emergency or supplemental debates we had. Many Senators pointed out that technically a farmer might not now be farming but would receive an AMTA payment because the farmer was on the rolls in 1996 that established a history for program crops and, therefore, received the money.

The rationalization was made—I must confess I accepted this as a practical matter—that to reconstruct the rolls would be to eliminate any possibility for relief of the emergency that we are attempting to meet; namely, the only way that checks could be cut and money get to the farmers would be

to use the AMTA payment rolls from 1996, recognizing that each year that history became more dated.

In fact, we are sort of back to square one in the bill out of the Committee on Agriculture. There is a thought about updating—not necessarily eliminating—that we still have the 1996 situation for some farmers who may or may not update. I gather that would be optional. And 47 percent of the payments now go to 8 percent of the largest farmers. It is not clear, but it would appear at least to some that concentration might increase, given the fact that the landowners who are involved in the situation have an opportunity to enhance their situation by updating the acreage—acreage that has been planted in response to the rewards of the program which, in my judgment, has contributed to an overproduction and lower prices. But those who have been increasing their production have, by and large, been among our most efficient farmers.

They say we ought not to be penalized for using the benefits of research of our land grant colleges. The fact that we are good at it means we are able to produce for less than the loan deficiency payment, and, thus, finding it profitable to the last bushel to do so ought not be a consideration.

I believe the bill which came out of the Committee on Agriculture does not deal with the shortcomings in policy that I have been discussing. Therefore, we tried to find an alternative that would not be production distorting, would not distort land values, and would not discourage young farmers and those who rent, but would, in fact, bring much greater equity not only to the program crops but to farmers who produce livestock, fruits, and vegetables, or various other things on their farms. The commodity title of my farm bill offers such an alternative.

As the Chair may recall, I offered in the bill that I submitted an entire farm bill. It was the will of the committee, in which I was pleased to cooperate, that most of the titles were ones that we were able to adopt in a bipartisan colloquy, and all things considered, fairly rapidly, given the comprehensive nature of going into farm credit and conservation, and some very large issues. For example, energy, this time, is a very important issue.

(Mr. DAYTON assumed the chair.)

Mr. LUGAR. Therefore, I do not want to dwell on the committee product in its entirety because I support, as I recall, eight of the titles, if I remember how many we dealt with. But all of us around the table knew we would have some differences on policy and results with the commodity title, and we did. So this is a part of that extended argument.

At the time of the adoption of the nutrition title, I offered an amendment in the committee which was narrowly defeated that, in fact, traces the additions I wish to offer today.

In essence, for those who are attempting to keep some scoring as to how this is paid for without breaking out of the budget balance, the savings I obtain in my commodity title are more than are required to do the additional things I have chosen to do in the nutrition title. In the proposal that I make, beginning in the year 2003—and I stress that; not this year or the next year, 2002, but in 2003—a farmer or rancher with at least $20,000 in annual gross farm income, and who provides 5 consecutive years of Federal tax return information related to his or her farm business, regardless of commodities produced—that is a very large ''regardless''—for Senators or staff who may be listening to this debate, the question would be, for example, Does that mean strawberries? Yes, it does. Sheep and wool? Both. In essence, it means just what it says, all returns from farm business.

That total amount of revenue would qualify for a voucher to come from the Federal Government, redeemable to, first of all, help purchase a revenue insurance policy. This would not be crop insurance. This would be whole farm revenue insurance at an 80-percent level of coverage. Or it could be used to fund matching deposits for a farmer who chooses to participate in an income stabilization savings account. In essence, the farmer matches the voucher, and all of this goes into an interest-earning savings account for that farm family. Or it could be used to help purchase, in addition to the whole farm insurance idea, any other approved risk management tool, once again, to help insure 80 percent of normal market revenue.

An eligible farmer's annual voucher would be equal to 6 percent of the first $250,000 in average gross income from the farm from all sources. This would drop to 4 percent on the next $250,000 gross farm income up to $500,000, and 1 percent of the next $500,000 gross farm income up to $1 million, based on the tax return information as filed. Therefore, under this schedule, the maximum voucher would be $30,000.

I appreciate, for those listening to that figure, that is some distance from the estimates of the committee-passed bill that a farmer might, in fact, under some circumstances, gain as much as $500,000 from program subsidies.

Cynics, I point out to the Presiding Officer—and the Presiding Officer would not be one of these—but around the agriculture table in the past we have heard descriptions of what might be called ''the Christmas tree theory'' of the subsidies. In short, people who are very sophisticated point out that some farm families, who seem to have a lot of members, had so distributed their property into a number of farms, all of which seemed to qualify for the maximum amount. Ingenious Senators and Members of the House have tried to curtail this practice on occasion, but I do not see great success in doing that. Those who were able to contrive this had very good legal counsel and accounting counsel, as would befit the stature of the sums of money that were involved.

In any event, one of the arguments around the table for a long time has been a recognition that perhaps the payments were too concentrated, first of all, by crop, by certain States, to certain people. So as a result, in one fell swoop, my reform cures this.

First of all, every farmer in every State is on a level playing field. There are no historical program crops. A bushel of corn and revenue from that counts the same as a bushel of strawberries and the revenue that comes from that. I make that point because on the face of it the self-interests of Senators from most States would be to favor my bill.

Senators may not have studied my bill. That is why I am tedious in trying to make the case that they should. Because they will find that in many cases only a single digit of farmers receive any benefits in their State. California, for example—a very large agricultural State—only 9 percent of farmers in California receive anything from all of this.

So farmers in California, listening to this debate today, will know that the Lugar proposal means that they participate. Some farmers in California may say: We really don't want any of this in our lives. We have some testimony to that effect, that farm programs inevitably lead to more and more entrants into a market, overproduction, disastrous prices, and dependence on the Federal Government. So they would say: Thank goodness we were spared all of this.

So there may be Senators who have a majority of farmers who are asking to be spared the farm bill. But my recognition, at least during debates we have already had, is that many Senators have a different point of view. As a matter of fact, they want to know what is in any of this that may be helpful to their farm families.

So I am saying, first of all, all of your farm families, for the first time in American history, qualify for a farm program. And they all qualify on the same basis. Furthermore, we try to recognize it is important they qualify only to a certain extent; that is, that the purpose of these transfer payments, from all taxpayers to some taxpayers, is to bring about some income stability for family farmers.

You may say a 20-percent reduction in 1 year is not a great deal, but most of the arguments made to us come from people who have suffered weather disasters or trade disasters or extraordinary events in which really a much larger percentage of their income has been wiped out, and they hope to get some wholeness through emergency appropriations.

There are very few businesses in America that would be able to purchase whole business insurance and guarantee that their revenues would be at least 80 percent of their 5-year average, and to do so, in essence, with a

premium paid for by the Federal Government.

That is the proposition. And it brings stability to every farmer regardless of size. It recognizes that the bulk of the money must go to those farmers who have revenues of $1 million or less—even more pointedly, $500,000 or less. But that covers a prohibitive percentage of farmers in America, even though current farm programs are really geared to the very small percentage that it does not cover.

This comprehensive revenue-based program would replace most traditional farm program supports, the latter of which my bill would phase out over the 3-year, 2002–2005 crop-year period. Essentially, the program that remains through this period is the loan deficiency payment program which has been the safety net of the 1996 bill. That is important so that while this transition is occurring, people are establishing the 5-year average. During the transition, they have some certainty that a national loan program for corn and other program commodities will continue at whatever the support may be at the local elevator in each of our States and counties.

The risk management program supposes that a producer operates a farm that has $100,000 in average gross farm income at the start of his plan. Let's say $94,000 of that came from crop and livestock market receipts and $6,000 in government payments. The latter is likely to occur because of the hangover of the last AMTA payment of this bill, 2002, or loan deficiency payments that may come in the program crops that have those payments. But in any event, this farmer would be eligible for a $6,000 voucher beginning in the year 2003. The farmer could use the voucher to purchase the 80-percent whole farm revenue insurance.

Let me say that the premium is based upon the fact that the current farm bill and the committee-passed bill continue the basic crop insurance program with changes that we made last year. It is already a very generous crop insurance program. I will not go into anecdotal material with the Chair, but as one who has argued in favor of the program and in full disclosure, I have indicated that I have utilized the farm insurance program. It is possible the family of the distinguished Senator from Iowa, Mr. GRASSLEY, has used the program; that is, we have paid premiums to a commercial insurer. I have no idea of Senator GRASSLEY's level of coverage, but in the current crop-year, I selected the 85-percent policy, which is a very substantial policy. There is no other business in America in which I could have purchased that kind of insurance before my crop was even in, which gave me then the ability to go into the futures markets and to sell thousands of bushels that had not yet been planned, a reckless gesture without, in fact, the safety net that this insurance gives and thus some possibility of selling to the markets as opposed to the loan deficiency payment at the end of the trail.

Other farmers in America have done that; as a matter of fact, many people who are much more involved than I am. But it is there. It remains there.

Given the fact that already that premium has a very high Federal subsidy, some would estimate maybe 48 percent already paid for by the Federal Government, the voucher that comes, the $6,000 to our hypothetical $100,000 revenue farmer, solidly pays for the 80 percent. As this all works out in the fullness of time, it may buy more than that. But we shall see. I believe it is a conservative estimate. If it doesn't or he doesn't need the $6,000 entirely to buy the whole farm insurance, then there is money left over for the savings account. It is not lost.

The whole purpose of all of this from the beginning was to bring some assurance, some stability, and some financial security to the family farmer.

The aspects of this are reasonably clear. Yet I know, as I explain a complex program to many for the first time, that some would say we would need to walk around. The problem, as we all recognize, is that we are now debating a farm bill. Whether we should be walking around it longer is not for me to say. I am attempting to manage, with the distinguished chairman, and to expedite the passage of a good bill in a constructive way.

But it is important that we recognize the need for the change in course that I have tried to identify because the failure to adopt what amounts to a substantially new course is to exacerbate the problems of the past, which I still believe are overproduction, low prices, greater instability, a built-in bubble in land values for which we shall pay at some point. It has been my good fortune as a farmer to have land that went way up in value in the 1970s. As I didn't either buy it or sell it in that period, I could watch happily, but then would watch with dismay a crash and burn scenario in the early 1980s, as that same land lost perhaps 60 percent of value, years entirely stripped off, a breathtaking, heart-stopping experience that was extended, however, not over 6 months but over 6 or 7 years, followed by a tedious movement back up the scale.

If, in fact, you have a family farm that has longevity and you have the good fortune to last through all of this, it is interesting to talk about anecdotally, but it does not really affect your material prospects except on paper.

Most farmers do not have that opportunity. As a matter of fact, we really have to gear programs for persons likewise who want to enter agriculture as well as to exit the scene as gracefully as possible.

In short, my amendment strengthens very substantially the Federal safety net for low-income Americans, as I illustrated in the earlier part of this presentation. It has been crafted with the very generous help of those involved in the hunger movements all over our country and those who have had great experience and with whom it has been my privilege to work for the past 25 years on this committee.

They come in year after year to advocate for the poor; to talk about the problems that a low-income person has with the administrative hassles of pages of estimates that would be very difficult for a sophisticated businessperson to give; the growing problems of persons who are hungry because they really could not figure out how to contact the system despite advocates for the poor who tried to guide them in; the inequities of the vehicle laws or the problems of savings or things that may seem incidental to people who have middle-income situations but are very tragic for others; on top of this, the welfare reform law, which had very good effects for many Americans but at the same time, as we now know and we heard testimony from Second Harvest about food banks and food pantries throughout the country. We have a counterintuitive situation of a nation in prosperity and yet a nation whose food banks frequently are running dry. These are problems that the Agriculture, Forestry, and Nutrition Committee has to think about.

The political excitement of this debate comes in thinking about producers, although in fairness, most of us are also interested in nutrition ideas.

It is important the degree to which we are interested. I pointed out earlier in my talk that we had tough times in 1995 and 1996 as a committee. Under the so-called reconciliation procedure at that time, we were ordered to cut spending by $23 billion. We solved it by cutting producer programs by $2 billion and food stamps by 21. Now, we have the good fortune of history that prosperity occurred in the country, so as a result many people left the Food Stamp Program and the savings eventually were $50 billion. Correspondingly, however, the $2 billion in cuts in the producer programs did not last for long, and we spent not plus-30, but negative 50. So the disparities in our responsibilities have been substantial.

Finally, let me once again offer what almost comes as a common scold, and that is that none of us could have predicted precisely that our country would enter a mild economic recession, and we pray that it is mild and short. Certainly, at the time we were discussing the budget at the beginning of this year, we heard the President of the United States in the State of the Union Address describe $3 trillion of surpluses over 10 years of time—the solution, perhaps, of Social Security disability, Medicare reform, of important educational advances, and much more; and we saw our own Congressional Budget Office, I recall, prophesying in the fiscal year we are now in that started October 1 a surplus of over $300 billion. By summer, that had been tempered down to 176 before we left for the August recess. After September 11, it tempered

down to 50, double digits. Subsequently, a sober analysis has said, sadly enough, we will have a deficit this year.

This is reinforced by reports from the Treasury yesterday that in the first 2 months of the fiscal year, September and October, the deficit was $63 billion. In part, that is because of when receipts come and when expenditures come and not a chunk of income is coming in. But last year it was $35 billion in the same period. So that is $28 billion more.

There has not been this much of a rise in the first 2 months of the fiscal year in a long time. Last year, unfortunately, we suffered a budget deficit, year long. Perhaps we will recover, but most who are projecting say probably not for a few months.

This may not make any difference to Senators one way or another. The mood has changed because we have been talking about war expenditures, about expenditures for New York City and elsewhere, on rebuilding. We are talking on and off about a stimulus package that may contain everything from tax cuts to substantial safety net enhancements. Perhaps we are all now of a mood that, in fact, we are in deficit finance. Therefore, the problem of dealing with it is different. And farmers, after all, should not be discriminated if we are going to have deficit finance for other people. On the farm we ought to be thinking about that.

That would make more sense if this were a 1-year bill, but it is not. It is 5 years in the Senate version. The bill that passed the House is 10 years. I have no idea where the conference will come out on these things. We are not writing the final bill. The House bill assumes really a perpetual agricultural crisis for the entire decade. It was written with the thought that a portion of that $3 trillion surplus ought to be spoken for, and quickly, by agriculture. Many members on the House committee would still contend that if we do not speak quickly, it will be gone. We have had some testimony to that effect from Senators, and some tempering by the majority leader who said the other day, not right away.

We would have to act in a timely way, but on the other hand it would not disappear at midnight at the end of this year. Well, maybe not theoretically, but actually it is gone. We are in a deficit situation, and these will be expenditures on top of that.

Why do I bring all of this up? Because essentially the scoring by the budget authorities in the commodity section of the Harkin substitute is $27.6 billion for a 5-year bill—from 2002 to 2006. The Harkin substitute has about $1.8 billion on the nutrition side in that 5-year period.

Now, my bill has markedly different results, and I will try to explain some of them because this is not magic. My bill costs only $5.6 billion in the commodity title in the first 5 years—not 27.6, but 5.6. My nutrition section is $3.7 billion, roughly double the $1.8 billion in the Harkin substitute. The figure of 5.6 would seem dramatically low for any sort of safety net operation, but it comes through the scoring process because we are phasing out a number of agricultural subsidy programs. So with the cost of these 6-percent vouchers for every dollar of agricultural income, which mounts up to a lot of money, lots more people are being included, lots more States and farms. But as you subtract the cost of the current agricultural subsidy programs, the net of this comes down to 5.6 for the 5-year period of time.

I think that is an important contribution, in large part because I believe that theoretically my bill satisfies the safety net situation for more farmers and more States and more situations than does the Harkin substitute, however well motivated that might have been and generous in its payments. Clearly, demonstrably, tens of million of people are affected by this, and all the various States are going to be better off in the ripple effect of agricultural spending, farm families and farm communities.

Furthermore, I believe that at a fairly small cost in the aggregate of all of this, the humaneness of nutrition changes is very important. I believe they will lead to greater social justice as we continue with welfare reform and the thought that there ought to be a meal for every American, even as we try to work with Americans to find work and responsibility.

I appreciate the attention of the Chair to what has been an extended presentation. But this is a serious attempt to markedly change agricultural policy in this country. I appreciate that such changes are not easy to make, not easy to explain, and are worthy of a great deal of study. Nevertheless, I have attempted to do my best as one who has witnessed farm bills for 25 years and heard the debates and seen the results, and as one of perhaps a few Senators who actually experienced the results of these farm bills on my own farm property. It is not a large farm—604 acres, located now inside the city limits of Indianapolis, given the extension of our city on various occasions. But it is a corn farm, soybean farm, and a tree farm. It has made money for the last 45 years every year. We were fortunate. But, at the same time, I mention that because I will admit that the amount we have made is very small as a return on invested capital or what the farm was worth.

That is the problem for all farms in America. I recognize that acutely, as one whose small wealth is tied up in this sort of thing. A 4-percent return on invested capital is roughly what I see as sort of a gold standard that you work by. That is true whether it is the Lugar farm or all farm income in America. This past year was a bit over a trillion dollars, and with net-net farm income of something over $40 billion, the 4 percent bobs up even as you look at USDA's figures. That makes farming a difficult proposition, and it always will be.

These debates will continue because we are not talking about persons who are likely to be wealthy across the broad spectrum—a few cases, maybe deservedly so, from ingenuity, work, and perseverance—but the broad spectrum is mostly in difficulty.

Under those circumstances, I talk about a realistic safety net that I think can be perpetuated at fairly low cost and is unlikely to have the political reaction or re-reaction from other taxpayers at various points when they visit these programs.

Mr. President, I yield the floor, as others may have comments about this amendment. 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. REID. 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. REID. Mr. President, on behalf of the majority leader, I announce for the Senate there will be no more rollcall votes tonight.

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. HARKIN. 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. HARKIN. Mr. President, I want to speak for a little bit on the amendment now before us offered by the ranking member of our committee, Senator LUGAR.

The nutrition title is one of the most important titles in our farm bill. This is a part of the farm bill that talks about who we are and what we are about as a nation. To the extent we help people in lower income brackets, people who may be out of work, the elderly, the disabled, newly arrived immigrants, those who qualify because of income or status to have better nutrition, it helps all of us. It helps our health care system because these people are not always going off to an emergency room to get help; their health is better. It lessens the load on our health care system.

Second, it helps in education. Kids who are fed, if they have a good nutritious breakfast, learn better. We know that. It also helps our farmers. This is a market. As one of my friends from my old days in the House—God rest him—Jerry Litton used to always say—he was a great Irishman. He died tragically in a plane crash. He represented a rural part of Missouri across the State line from my district. He used to say, if you are going to give a dollar to someone in this country, give it to

someone who is poor. They will spend it on food and that helps my farmers and it helps all of the country. And that is still true today.

So to the extent we help these nutrition programs and bolster the nutrition programs, it helps our farmers. It is food. In any way you look at it, helping boost nutrition programs in this country is a win for everybody.

In light of some of the cuts we have had in spending, in light of the downturn in the economy that we are experiencing now, in many ways if you just looked at that, Senator LUGAR's proposal might make sense insofar as it expands spending on our nutrition programs. Keep in mind we have about $6.2 billion over 10 years for nutrition in our bill. The amount of money we have put in is about double what the House added in their nutrition program. I thought we did a good job in committee. Senator LUGAR's amendment doubles what we had. I can see a lot of people might want to support that. That is pretty enticing.

Keep in mind this bill is a balanced bill. We had to balance all the various interests with all the money we have. Therefore, when you look at that and try to balance the interests, you have to recognize you can't just boost one without drastically affecting the other. When you boost nutrition, it does help the farmers. But the Lugar amendment takes away loan rates. It phases them all out. Talk about something hurting our farmers, the occupant of the Chair knows how important loan rates are to farmers and to their livelihood. You cannot say, just by giving poor people more food this will more than make up for it. It will not.

The Lugar amendment also takes out all of the direct payments. We have to help farmers bolster their income. All of the price support programs for dairy, peanuts, sugar, will be phased out. Again, trying to keep a balance, we have to keep these programs for farmers, to help them and their families. We also have to meet our nutritional needs for low-income people. That is what we did in a responsible fashion in our bill.

Again, we have made changes. We opened it up more for immigrants, children, disabled, refugees, people seeking asylum. We have changed these things. We have opened it up and made it better. We had an increase in food stamp benefits to make up for the cuts that went on that we have endured over the last 5 years. Again, keep in mind the Food Stamp Program is an entitlement. If you qualify, you get it. Therefore, if there is more of a downturn in the economy and we have more people seeking assistance, they will not be denied food stamps.

There is no limit in our bill. We don't say just so much and no more. If you are entitled, you get it. I don't want anyone to think somehow if the recession deepens, if more people are out of work or they are out of work longer, that somehow they will be severely restricted in the food stamps they get. That is not so.

Mr. DORGAN. Will the Senator yield?

Mr. HARKIN. I am delighted to yield.

Mr. DORGAN. Mr. President, is it not the case that the piece of legislation that the Senator from Iowa brought to the floor of the Senate in both conservation and nutrition substantially improves what was written in the bill approved by the House of Representatives?

Mr. HARKIN. Doubles it.

Mr. DORGAN. If I might inquire further, the farm bill comes from the Senate Agriculture Committee, and in both areas of nutrition and conservation at a very substantial increase over present funding and over the funding of this proposal in the bill offered by the House of Representatives.

Mr. HARKIN. That is true.

Mr. DORGAN. Is it not the case that in the other area—we have nutrition, conservation, and then commodities—area, commodities, which is the support basically for that which the family farm is producing, that is the area where we need the help? The Senator from Iowa has produced a piece of legislation that in nutrition and conservation has substantial increases, and we are trying to preserve significant help for farmers who are out there trying to make a living during collapsed prices.

I ask, is it the belief of the Senator from Iowa that what we need to do is now make sure that we have a decent price support for family farmers during tough times, especially a countercyclical price support that kicks in when commodity prices collapse? Is that the Senator's intent?

Mr. HARKIN. I thank my friend from North Dakota for asking these questions. The Senator is absolutely right. We significantly increase both nutrition and conservation. As I mentioned earlier, we doubled it, and then we provided for a commodity program that has not only loan rates and direct payments but they are countercyclical. That is kind of a 50-cent word, but basically the prices really go down. We come in and help the farmers stay afloat. And we have a balance.

I believe we have met our responsibility in meeting the nutritional needs of the people of this country.

Senator LUGAR goes even farther, and I will talk a little bit more at length about that, but we have met our responsibility in nutrition. We have met it on conservation. As the Senator points out, we have to meet it on commodities. We have to meet our obligation to keep our family farmers afloat and in business all over this country. That is what we have done.

Quite frankly, the amendment of my friend from Indiana will phase out loan rates to zero. Not a little bit—to zero. It does away with all the direct payments that we had to our farmers, all price supports for dairy, peanuts, sugar—all are phased out. Everything is taken away. That is not in the best interests of people who are on food stamps or our kids who need nutrition. That is not in their best interests. We have to have a balance.

Mr. DORGAN. Mr. President, I know the Senator is in the middle of a presentation, but the description of the underlying amendment sounds very much like the current law, Freedom to Farm, which had at its roots the notion that farmers should essentially accept whatever the marketplace offers and we do not need a farm program, so they set up 7 years of declining payments, after which there is no farm program. The presumption was that this would ''transition''—that was the operative word in Freedom to Farm—farmers out of a farm program.

The experience of the past 6 years is it has been a miserable failure. It does not work. It sounds like the proposition here is to do less of the same. The old ''more of the same''—this is less of the same, and the same didn't work.

I ask the Senator from Iowa if he believes as I do that I do not give a hoot in terms of the commodity portion. I don't give a hoot about a bushel of grain. I care about a family who is trying to raise that grain or produce that grain on a farm. I care about the network of producers who represent family farmers living under this, trying to raise a family and raise a crop and whose hopes and dreams rest on the question of whether, when they get that crop off the field, everything is favorable that year when they take it to the elevator. It rests on the question, Is there a decent price somewhere above or near the cost of production? The answer in the past 5 or 6 years has been no. The more you sell, the more you raise; the more you produce, the more you are going to lose.

So isn't it the case that really, while conservation and nutrition are very important—and in my judgment no one fights harder for that than the Senator from Iowa; he takes a back seat to no one. But isn't it also the case that the so-called commodity title with respect to what it represents in support for families, support for those economic all-stars in America, family farmers, ranks right up there with all the other considerations? In my judgment, it is right at the top of the considerations of why we should do a farm bill. Would the Senator concur with that?

Mr. HARKIN. I like the way my friend from North Dakota has portrayed it because I think that is absolutely right, looking at both of them. I was just thinking about that when the Senator was asking the question.

When we think about the nutrition side of it, we think of the families; we think of the kids; we think of the people involved and what it does to help them in their lives. When we think of the commodity programs, we should not be thinking of a bushel of wheat or a bushel of corn or a bale of cotton or hundredweight of rice or whatever. We ought to be thinking about the families who are involved in production. What are they like? What are they doing?

What are they doing for our country? How are they living? What are they doing for rural America? And what are we going to do if we lose them all? What happens when they get wiped out?

I think the Senator from North Dakota has really, again, pointed out that we have to have this balance in this bill. The commodity title is one that does not go to support it. The Senator is absolutely right. It doesn't go to support a bushel of corn or a bushel of wheat. It goes to support a family farmer—their spouse, their kids, their livelihood, their communities all over rural America. The Senator is absolutely right on that.

(Mrs. CLINTON assumed the chair.)

Mr. DORGAN. Madam President, if the Senator will yield for one additional question, the commodity title is important here. We have an amendment that is now pending and I believe another major amendment that will follow it at some point, offered by two of our other colleagues. Both of these amendments tend to chip away at the commodity title and support for family farmers. The amendment pending does that. The amendment pending just eviscerates price supports for family farmers. But there is another one coming that is a major initiative that also just squeezes down this price support in a way that really doesn't provide much help at all to family farmers.

It is very important, in my judgment, for us to turn back these two amendments because if we don't, we will be here scratching and clawing and debating a farm bill that doesn't really have much merit with respect to the livelihood of families who are trying to make a living on American farms.

So our job, it seems to me, is to try to defeat the amendments that, in the commodities title, shrink that support for families who are trying to live on this country's farms.

If I might, I held a hearing in the State of Iowa with my colleague, Senator HARKIN. We had testimony about the big crop farms and all the big agrifactories in this country that are growing up, the behemoth enterprises. Everyplace a family farmer looks, they see somebody buying their grain, somebody buying their livestock, somebody hauling their grain. If they look at the railroads, mostly they are looking at monopolies. They say to the farmer: By the way, here is the price. If you don't like it, tough luck.

If I might take one moment to say to the Senator from Iowa, Do you know a farmer in North Dakota, my State, pays more to ship grain from North Dakota to the west coast than a farmer from Iowa does moving grain from Iowa through North Dakota to the west coast? Why? Because the railroad says they have to.

A farmer from Bismarck, ND, puts a carload of grain on the track at Bismarck and ships it to Chicago—let me give you the breakdown on the transaction here. If he ships a carload of grain 400 miles, Bismarck to Minneapolis, they charge him $2,300. But if a farmer in Minneapolis puts a carload of wheat on the track in Minneapolis and ships it to Chicago, about the same distance—$2,300? No, $1,000. So the North Dakota farmer pays $2,300 to send a carload of wheat 400 miles, and the farmer on the next segment, Minneapolis to Chicago, pays $1,000—less than half.

Why? Because on the second segment there is competition; on the first there is not. The monopoly says: Here is what you are going to pay, and you will pay through the nose, and if you don't like it, tough luck.

For chemicals—spray, fertilizer—it is the same thing: Here is what you pay. Farm equipment, same thing. Virtually everywhere the farmer looks, grain trade—they ship that kernel of wheat and puff it up or crisp it or shred it and put it on the shelf, and they sell the grain the farmer got nothing for for $4 for a small cardboard box. It is just the farmer who doesn't get a due return, but the people who crisp it and puff it are making money hand over fist.

The only people losing their shirts for 6 years are the family farmers because commodity prices have collapsed. The family farmers have taken a financial bath. They are hanging on by their financial fingertips, and everybody who touches the product that farmers produce has been making money with it. The railroads are making big money hauling it. The cereal manufacturers are making big money crisping it and popping it. It is just the farmer. And people say it doesn't matter.

It matters to this country. This country's character is formed by who we are, what we have as elements of producers.

The fact is, we need family farmers as part of our culture. They create the family values that move from family farms to small towns to big cities and nourish and refresh this country. They are a very important part of our economy.

The Senator from Iowa has been very generous with his time, but I want to say on—I know he is speaking against this amendment—this amendment takes the commodity title and says we are going to reduce support for families. That is not the right approach; it is exactly the wrong direction; and it means we have not learned anything in the last 6 years. What we should have learned in the last 6 years is that we need countercyclical price supports. As the Senator said, that is a 50-cent word, but what it means is you provide help to the people who need help—not Freedom to Farm—which says we provide help no matter what the price is. When people need help, we lend a helping hand because they are helping this country mightily. They are our all-stars.

I thank the Senator for his leadership and his help in opposing this amendment.

Mr. HARKIN. I thank the Senator for his eloquence and for his focus on what this is all about.

I know a lot of what the Senator from North Dakota said about shipping of the grain is hard to follow. I understand that. But I hope the Senator from North Dakota makes the point time and time and time again here in this debate on this farm bill. That is that the family farmer is at sort of the end of the whip out there. If we don't have a good competition title and if we don't have something that helps those family farmers to have more bargaining power, they are lost. They are lost.

I thank the Senator from North Dakota for pointing that out. I hope he continues to do that. I say to my friend from North Dakota also, actually the amendment by the Senator from Indiana would be less than Freedom to Farm. There would be less support there for agriculture than Freedom to Farm.

I did want to correct the statement I made. I said the Lugar amendment would phase out all of the loan rates. I guess that is not quite right. I guess I didn't read it closely enough. Actually, by 2006 they would phase it down to 1 percent.

I guess that is about nothing, now that I think about it. But there is 1 percent of the previous 5-year average, which really is kind of laughable when you think about it. But it was pointed out to me it wasn't zero, it was 1 percent of the previous 5-year price. Right now we are at about 85 percent, if I am not mistaken. So you go from 85 percent of the previous 5 years to 1 percent.

I want the record to be clear, the Lugar amendment does not completely phase out loan rates. It brings it down to 1 percent. So there, I just wanted to make sure that was correct.

I also wanted to point out that in talking about the support for families, for low-income families, to make sure they get enough nutrition, our bill provides $780 million additional money for commodity purchases for food assistance. So there is three-quarters of a billion dollars more to purchase fruits and vegetables, things such as that, meats, meat products, that would go to help low-income families meet their nutritional needs.

The Lugar amendment has much less in it than I have in mine.

Mr. REID. Madam President, will the Senator yield for a unanimous consent request?

Mr. HARKIN. Yes.

Mr. REID. This has been cleared with the chairman and ranking member of the committee. Following this unanimous consent agreement, anyone who wants to talk on this amendment can talk as long as they wish tonight.

Madam President, I ask unanimous consent that when the Senate resumes consideration of S. 1731 tomorrow morning, Wednesday, December 12, there be 60 minutes of debate

prior to a vote in relation to the Lugar amendment No. 2473 with the time equally divided and controlled in the usual form, that no second-degree amendments be in order, nor to the language proposed to be stricken prior to the vote.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. REID. I appreciate very much the Senator yielding for this important matter.

Mr. HARKIN. Madam President, I understand we will come in tomorrow morning and I will make my comments at that time on the Lugar amendment.

Mr. REID. Madam President, if the Senator will yield, the unanimous consent agreement didn't call for it, but the Senate will come in at 9:30 tomorrow morning, and the Senator from Iowa and the Senator from Indiana, Mr. LUGAR, will control the time.

Mr. HARKIN. There will be 1 hour for debate from 9:30 a.m. until 10:30 a.m. equally divided, and the vote will occur on the Lugar amendment at 10:30 tomorrow morning?

Mr. REID. Yes.

Mr. HARKIN. I thank the leader. I will have more to say about this tomorrow morning.

But the Lugar amendment takes away all of the programs that we have for farmers and gives them a voucher by which they can go out and purchase a whole farm revenue insurance program which will give them a guarantee of up to 80 percent. They can contribute an amount at least equal to the amount of the voucher to a risk management stabilization account, and they can redeem the voucher for cash payment and use the payment to carry out one or more risk management strategies that are sufficient to guarantee a net income from all agricultural enterprises of at least 80 percent.

That is pretty convoluted. Quite frankly, at a time when our farmers are just about at their wit's end right now to take what we carefully fashioned in a bipartisan fashion—and this is a bipartisan bill that we have on the floor—and just throw it out for an experiment, I think we just can't do that right now. That would disrupt all of agriculture and it would disrupt the markets. It would be chaos. The adoption of the Lugar amendment would just mean chaos. The markets would not know what to do. Farmers would not know what to do. Bankers would not know what to do. A farmer going in to get a loan early next year for seed and fertilizer or maybe to buy a piece of equipment or get the necessary funds to farm—that is the way people farm. They go in and get the credit. The banker says: I don't know what to do because I do not know what kind of program there is. With the Lugar amendment, they would have absolutely no idea what they would be doing.

I think the Lugar amendment is probably something you put out there to debate and people talk about it and they think about it. Maybe you massage it around for a while, but it is not something you just do all of a sudden and leap off the deep end.

We cannot take our loan rates down to 1 percent. We cannot do away with direct payments. We can't take away all of the price supports over the next 5 years for dairy and for peanuts, sugar and everything else. That would be catastrophic.

While I applaud Senator LUGAR for his strong support—and I know it is genuine and sincere—for nutrition and nutrition programs, the way he has gone about getting the money by devastating the commodity title is in no one's best interest. It is not in the best interests of low-income families; it is not in the best interests of our farm families; and certainly it is not in the best interests of our country.

I reserve my remarks for tomorrow morning. 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. SESSIONS. Madam President, I ask unanimous consent the order for the quorum call be rescinded.

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

Mr. SESSIONS. Madam President, I ask unanimous consent to be allowed to proceed as in morning business for 15 minutes.

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

(The remarks of Mr. SESSIONS pertaining to the introduction of S. 1804 are printed in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

Mr. SESSIONS. Madam President, I suggest the absence of a quorum.

Mr. PRESIDING OFFICER. The clerk will call the roll.

The senior assistant bill clerk proceeded to call the roll.

Mr. REID. 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. REID. Madam President, I ask unanimous consent that the previous order with respect to the debate time on the Lugar amendment No. 2473 be modified to provide for a reduction of 10 minutes—5 minutes from each side—with the remaining provision remaining in effect.

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

Mr. REID. Madam President, we will vote at approximately 10:20 tomorrow morning, maybe 10:25.

MORNING BUSINESS

Mr. REID. Madam President, I ask unanimous consent that the Senate proceed to a period for morning business, with Senators allowed to speak therein for a period not to exceed 5 minutes.

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

MODIFICATION OF COMMERCE, SCIENCE, AND TRANSPORTATION COMMITTEE RULES

Mr. HOLLINGS. Madam President, the Senate Committee on Commerce, Science, and Transportation has adopted modified rules governing its procedures for the 107th Congress. Pursuant to Rule XXVI, paragraph 2, of the Standing Rules of the Senate, on behalf of myself and Senator MCCAIN, I ask unanimous consent that a copy of the Committee rules be printed in the RECORD.

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

RULES OF THE U.S. SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

I. MEETINGS OF THE COMMITTEE

1. The regular meeting dates of the Committee shall be the first and third Tuesdays of each month. Additional meetings may be called by the Chairman as he may deem necessary or pursuant to the provisions of paragraph 3 of rule XXVI of the Standing Rules of the Senate.

2. Meetings of the Committee, or any Subcommittee, including meetings to conduct hearings, shall be open to the public, except that a meeting or series of meetings by the Committee, or any Subcommittee, on the same subject for a period of no more than 14 calendar days may be closed to the public on a motion made and seconded to go into closed session to discuss only whether the matters enumerated in subparagraphs (A) through (F) would require the meeting to be closed, followed immediately by a record vote in open session by a majority of the members of the Committee, or any Subcommittee, when it is determined that the matter to be discussed or the testimony to be taken at such meeting or meetings—

(A) will disclose matters necessary to be kept secret in the interests of national defense or the confidential conduct of the foreign relations of the United States;

(B) will relate solely to matters of Committee staff personnel or internal staff management or procedure;

(C) will tend to charge an individual with crime or misconduct, to disgrace or injure the professional standing of an individual, or otherwise to expose an individual to public contempt or obloquy, or will represent a clearly unwarranted invasion of the privacy of an individual;

(D) will disclose the identity of any informer or law enforcement agent or will disclose any information relating to the investigation or prosecution of a criminal offense that is required to be kept secret in the interests of effective law enforcement;

(E) will disclose information relating to the trade secrets of, or financial or commercial information pertaining specifically to, a given person if—

(1) an Act of Congress requires the information to be kept confidential by Government officers and employees; or

(2) the information has been obtained by the Government on a confidential basis, other than through an application by such person for a specific Government financial or other benefit, and is required to be kept secret in order to prevent undue injury to the competitive position of such person; or

(F) may divulge matters required to be kept confidential under other provisions of law or Government regulations.

3. Each witness who is to appear before the Committee or any Subcommittee shall file with the Committee, at least 24 hours in advance of the hearing, a written statement of his testimony in as many copies as the Chairman of the Committee or Subcommittee prescribes.

4. Field hearings of the full Committee, and any Subcommittee thereof, shall be scheduled only when authorized by the Chairman and ranking minority member of the full Committee.

II. QUORUMS

1. A majority of members shall constitute a quorum for official action of the Committee when reporting a bill, resolution, or nomination. Proxies shall not be counted in making a quorum.

2. Eight members shall constitute a quorum for the transaction of all business as may be considered by the Committee, except for the reporting of a bill, resolution, or nomination. Proxies shall not be counted in making a quorum.

3. For the purpose of taking sworn testimony a quorum of the Committee and each Subcommittee thereof, now or hereafter appointed, shall consist of one Senator.

III. PROXIES

When a record vote is taken in the Committee on any bill, resolution, amendment, or any other question, a majority of the members being present, a member who is unable to attend the meeting may submit his or her vote by proxy, in writing or by telephone, or through personal instructions.

IV. BROADCASTING OF HEARINGS

Public hearings of the full Committee, or any Subcommittee thereof, shall be televised or broadcast only when authorized by the Chairman and the ranking minority member of the full Committee.

V. SUBCOMMITTEES

1. Any member of the Committee may sit with any Subcommittee during its hearings or any other meeting but shall not have the authority to vote on any matter before the Subcommittee unless he or she is a Member of such Subcommittee.

2. Subcommittees shall be considered de novo whenever there is a change in the chairmanship, and seniority on the particular Subcommittee shall not necessarily apply.

VI. CONSIDERATION OF BILLS AND RESOLUTIONS

It shall not be in order during a meeting of the Committee to move to proceed to the consideration of any bill or resolution unless the bill or resolution has been filed with the Clerk of the Committee not less than 48 hours in advance of the Committee meeting, in as many copies as the Chairman of the Committee prescribes. This rule may be waived with the concurrence of the Chairman and the ranking minority member of the full Committee.

LOCAL LAW ENFORCEMENT ACT OF 2001

Mr. SMITH of Oregon. Madam President, I rise today to speak about hate crimes legislation I introduced with Senator KENNEDY in March of this year. The Local Law Enforcement Act of 2001 would add new categories to current hate crimes legislation sending a signal that violence of any kind is unacceptable in our society.

I would like to describe a terrible crime that occurred in August 1991 in San Francisco, CA. A gay person was assaulted while walking in the city's Castro neighborhood. The assailants, both 17-year-old females, were later found guilty on all counts of felony assault and hate crime violations in connection with the incident.

I believe that government's first duty is to defend its citizens, to defend them against the harms that come out of hate. The Local Law Enforcement Enhancement Act of 2001 is now a symbol that can become substance. I believe that by passing this legislation, we can change hearts and minds as well.

IN MEMORY OF STAFF SERGEANT BRIAN CODY PROSSER

Mrs. BOXER. Madam President, on December 5, three American soldiers: Staff Sergeant Brian Cody Prosser, Master Sergeant Jefferson Donald Davis, and Sergeant First Class Daniel Henry Petithory, all members of the Fifth Special Forces Group, lost their lives near Kandahar, Afghanistan. My heart goes out to their families, their loved ones, and many friends for this sudden and unexpected loss.

Cody Prosser was from Frazier Park, a small mountain community in my home State of California, where he is remembered as an idealistic young man and natural soldier, a patriot destined for military service. He was a local hero and star athlete, known for his leadership qualities on and off the football field. Cody joined the Army's Special Forces shortly after his high school graduation, and had served his country with pride and distinction for 10 years.

Staff Sergeant Prosser paid the supreme price defending liberty and justice, and his sacrifice will never be forgotten. His name joins the ranks of other members of the armed forces who bravely died for our Nation.

As America continues to respond to the horrific events of September 11, I ask my colleagues to join me in recognizing Cody Prosser's outstanding, singular service and offering our heartfelt thanks to him and the others who gave their lives in defense of the freedoms we hold so dear.

I extend my deepest condolences and the thanks of a grateful Nation to the family he left behind, his beloved wife Shawna, his brothers Mike, Reed and Jarudd Prosser, and loving parents Brian and Ingrid.

NOMINATION OF JORGE L. ARRIZURIETA

Mr. ALLEN. Madam President, I rise today in strong support of President Bush's nominee to be U.S. Alternative Executive Director to the Inter-American Development Bank, Jorge L. Arrizurieta. I ask unanimous consent that letters of support for this nomination from our colleagues, Senator GRAHAM and Senator FRIST, as well as letters of support from Governor Bush of Florida, the Undersecretary of the Treasury for International Affairs, Mr. John Taylor, and the Special Assistant to the Assistant Attorney General, Mr. Jeffrey Ross, be printed in the RECORD at the conclusion of my remarks.

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

(See Exhibit 1.)

Mr. ALLEN. Mr. Arrizurieta's background represents a strong combination of public service at the Federal, State, and local levels. Previously, Mr. Arrizurieta worked for five years as the Director of State Projects for our former colleague Senator Mack where he did an outstanding job. He was also appointed by Governor Jeb Bush of Florida to the Post Secondary Education Planning Commission, where he was elected Vice Chairman by his colleagues.

For the past eight years, Mr. Arrizurieta has been closely associated with corporate ventures of Mr. Wayne Huizenga, a southern Florida entrepreneur. As Vice President of Public Affairs for Huizenga Holdings, Mr. Arrizurieta has had the opportunity to meet and work with a broad variety of government and business leaders throughout the country and the Western Hemisphere. In this capacity he has worked on developing extensive business development outreach efforts in the Latin American and Caribbean region.

Aside from these commitments, Mr. Arrizurieta has devoted his time and effort to many charitable, community and business organizations, including the Make A Wish Foundation, the Florida Chamber of Commerce, La Liga Contra el Cancer, and the Florida FTAA, Free Trade Area of the Americas, initiative as a founding member of its Board of Directors.

Jorge Arrizurieta is the son of Cuban immigrants, is fluent in Spanish, and has a strong understanding of Latin American culture. His government affairs and community relations background will serve him well in a position where people and diplomatic skills are highly valued to advance the interests of the United States, and the efficacy of the bank as a political institution.

I would like to note that a misimpression may have been left by questions raised at Mr. Arrizurieta's nomination hearing before the Committee on Foreign Relations, regarding a bank on whose board he serves. I call my colleagues' attention to the very helpful letter of clarification from the Department of Justice which I have entered into the RECORD and which should resolve any questions that arose during the Committee hearing.

The nomination of Mr. Arrizurieta will come before the Committee on Foreign Relations soon. I urge my colleagues on the Committee to join me in voting to favorably report this nomination. Once the nomination has been reported from the Committee, I urge the Majority Leader to bring the nomination promptly before the Senate so that President Bush and the American people will have the benefit of Mr. Arrizurieta's strong background and

experience on the Inter-American Development Bank.

EXHIBIT 1

U.S. SENATE,
Washington, DC, November 27, 2001.

Hon. JOSEPH R. BIDEN, Jr.,
Chairman, Senate Foreign Relations Committee, Dirksen Building, U.S. Senate, Washington, DC.

DEAR CHAIRMAN BIDEN: I write today to support the Administration's nominee for U.S. Alternate Executive Director to the Inter-American Development Bank, Jorge Arrizurieta, and ask that you also support this nomination.

The son of Cuban immigrants, Jorge is a fellow Floridian, and an American success story. Coupled with his fluency in Spanish and strong understanding of the Latin American culture, Jorge has a strong background in government and community relations in Florida's large Latin-American community.

Mr. Arrizurieta's work with Senator Mack was well regarded and extremely valuable to the Senator and all Floridians. At the Huizenga organization he began his work as the Director of Community Relations for the Florida Marlins Baseball Club. The team's focus on marketing to Latin America and the Caribbean allowed Mr. Arrizurieta the opportunity to meet and work with many government and business leaders in the region and assist the team in their efforts to become ''The Team of the Americas.''

His current duties at Huizenga Holdings include managing the government relations for its business interests as diverse as the Miami Dolphins Football Club, Pro Player Stadium, and Autonation, Inc., the largest automotive retailer in the world.

Notwithstanding these responsibilities, Mr. Arrizurieta has continued to make time to give back to his community. His unselfish devotion to the Make A Wish Foundation, his work with the Annenberg Educational Challenge, his key role with the Florida FTAA (Free Trade Area of the Americas) effort as a member of its Board of Directors and his appointed position to the State of Florida's Post Secondary Education Planning Commission, where he was elected Vice Chairman by his colleagues, have prepared Mr. Arrizurieta very well for this important position.

Jorge Arrizurieta's proven background in community and government relations will serve him well in a position where people and diplomatic skills are highly valued to advance the partnership between the U.S. and in the Americas. I urge you to support his nomination.

Sincerely,

BOB GRAHAM,
U.S. Senator.

U.S. SENATE,
Washington, DC, December 5, 2001.

Hon. JOSEPH R. BIDEN, Jr.,
Committee on Foreign Relations, U.S. Senate, Washington, DC.

DEAR CHAIRMAN BIDEN: I write today to support the Administration's nominee for U.S. Alternate Executive Director to the Inter-American Development Bank, Jorge Arrizurieta.

Mr. Arrizurieta is currently Vice-President of Public Affairs for Huizenga Holding, Inc., managing government relations for its business interests as diverse as The Miami Dolphins Football Club, Pro-Player Stadium, various real estate holdings, and AutoNation, Inc., the largest automotive retailer in the world.

In addition, Mr. Arrizurieta is no stranger to public service. He served as Senator Connie Mack's Director of State Projects, and was Vice-Chairman of the State of Florida's Post Secondary Education Planning Commission. Mr. Arrizurieta has always distinguished himself as an accomplished and trusted leader. His integrity and commitment to his community will serve him well.

Mr. Arrizurieta has the talents and skills required to be an effective and respected representative for the United States at the InterAmerican Development Bank, and I urge your favorable consideration of him for U.S. Alternative Executive Director.

Sincerely,

BILL FRIST,
U.S. Senator.

GOVERNOR OF THE STATE OF FLORIDA,
November 30, 2001.

Hon. JOSEPH R. BIDEN, Jr.,
Chairman, Senate Foreign Relations Committee, Dirksen Building, U.S. Senate, Washington, DC.

DEAR CHAIRMAN BIDEN: I write today to strongly support the nomination of, Jorge Arrizurieta for US Alternate Executive Director of the InterAmerican Development Bank, and that you also support this nomination.

I have known Jorge for over 15 years. The Arrizurieta family was among the first families I came to know upon my move to Miami. I have watched Jorge for many years in a variety of political, business and community efforts. I can assure you Jorge has the ability, the integrity and dedication that will be required of him in this most important position.

Jorge's abilities and good work were very visible during his five years with Senator Connie Mack's office. For the last eight years he has been associated with Wayne Huizenga's organization in a variety of positions. From the Director of Community Relations position with the Florida Marlins, to the current position where he serves as the holding company's Vice President of Public Affairs, he has always been very effective and enjoyed the respect of his peers. These positions have prepared him very well for his return to public service.

I appointed Jorge to a position on the State's Post Secondary Education Planning Commission, where his colleagues elected him Vice Chairman. Here again he served successfully and with extreme dedication. Through his role on the commission, he was very helpful to our efforts in the reorganization of the state's education system.

Jorge has all the ingredients required to do an effective job in an area where diplomatic and business skills are required in equal measure. Jorge has always made me proud of his work and commitment to our nation. I know he will serve our country very successfully and effectively. I urge you to support this excellent nomination.

Sincerely,

JEB BUSH.

DEPARTMENT OF THE TREASURY,
Washington, DC, November 27, 2001.

Hon. JOSEPH R. BIDEN, Jr.,
Chairman, Senate Foreign Relations Committee, Dirksen Building, U.S. Senate, Washington, DC.

DEAR CHAIRMAN BIDEN: I write today to strongly support the Administration's nominee for U.S. Alternate Executive Director to the Inter-American Development Bank, Jorge Arrizurieta, and ask that you also support this nomination.

Mr. Arrizurieta's background is a strong combination of public service and government and community relations in Florida's Latin-American community. Previously, Mr. Arrizurieta performed public service in government as the Director of State Projects for Senator Connie Mack, in which I understand his work was extremely well regarded. He was also appointed to the State of Florida Post Secondary Education Planning Commission and was elected Vice Chairman by his colleagues.

Mr. Arrizurieta was also the Director of Community Relations for the Florida Marlins Baseball Club. The team's focus on marketing to Latin America and the Caribbean allowed Mr. Arrizurieta the opportunity to meet and work with many government and business leaders in the region and assist the team in their efforts to become ''The Team of the Americas.'' In this capacity he worked in developing extensive business development outreach efforts in the Latin American and Caribbean region.

His responsibilities at Huizenga Holdings include managing the government relations for its business interests as diverse as the Miami Dolphins Football Club, Pro Player Stadium, Autonation, Inc. (the largest automotive retailer in the world) and Alamo and National Rental Car.

Notwithstanding these commitments, Mr. Arrizurieta has donated his time and effort to our society through his devotion to many charitable, community and business organizations—including the Make A Wish Foundation and the Florida FTAA (Free Trade Area of the Americas) effort as a founding member of its Board of Directors.

To sum up, Jorge Arrizurieta is an accomplished Hispanic-American. He is the son of Cuban immigrants, is fluent in Spanish, and has a strong understanding of the Latin American culture. His proven background in government affairs and community relations will serve him well in a position where people and diplomatic skills are highly valued to advance the interests and influence of the U.S. The Atlantic U.S. Executive Director to the Inter-American Development Bank takes policy direction from the Treasury Department, and I hope to have the opportunity to work, and achieve success with, Mr. Arrizurieta in this capacity.

If you or your staff would like to meet Mr. Arrizurieta, he is available at any time. I urge you to support this excellent nomination.

Sincerely,

JOHN B. TAYLOR,
Under Secretary for International Affairs.

U.S. DEPARTMENT OF JUSTICE,
CRIMINAL DIVISION,
Washington, DC, June 12, 1998.

Mr. JAVIER AGUIRRE,
Chairman of the Board and Chief Executive Officer, International Finance Bank, Miami, FL.

DEAR MR. AGUIRRE: The purpose of this letter is to correct any misimpressions that might have resulted from the May 20, 1998, joint U.S. Department of the Treasury and Department of Justice press release captioned: ''Operation Casablanca Continues Its Sweep: Money Laundering Case Extends to Venezuela.'' The press release misidentified International Finance Bank as being a Venezuelan bank. Further, the press release should be read as stating only that accounts at International Finance Bank received funds wired through the undercover operation. Neither International Finance Bank nor any of its employees were the subject of the criminal indictments returned as a result of Operation Casablanca.

We understand that, despite this fact, you are concerned over downstream news accounts suggesting or even stating that your institution or its employees were involved in the laundering of drug money through accounts in your bank. The public material released from the Justice and Treasury Departments does not indicate that your bank or any bank employee was charged with any criminal wrongdoing. I know you feel the

public may reach a contrary conclusion because the name of your bank was mentioned in public documents, but I again assure you that the indictment and public statements convey nothing more than a list of the Venezuelan banks through which undercover drug funds were laundered.

Please feel free to circulate the contents of this letter as you deem appropriate.

Sincerely,

L. JEFFREY ROSS,
Special Assistant to the Assistant Attorney General.

DEPARTMENT OF DEFENSE APPROPRIATIONS

Mr. BINGAMAN. Madam President, Last week I offered an amendment on behalf of Senator DOMENICI and myself. It authorizes State and local transit authorities that receive Federal transit assistance to purchase transit buses through the General Services Administration. Because of GSA's limited experience with transit buses, the amendment provides for the pilot program to be managed by the Federal Transit Administration.

Currently only the Washington Metropolitan Area Transit Authority has the option to purchase buses through the General Services Administration. The pilot program would open up that option to other public transit agencies around the country that also receive Federal transit assistance. However, the pilot program is limited only to heavy-duty transit buses and intercity coaches. The initial pilot program would end on December 31, 2003.

The General Services Administration currently offers three heavy-duty transit buses and two intercity coaches. GSA selected these suppliers as a result of competitive solicitations, and the companies had to bid attractive terms and prices in order to win those 5-year contracts.

GSA intends to expand its existing sources of simply to a full multiple-award schedule with a larger variety of vehicles and choices of optional equipment. GSA indicates this process will take 12 to 18 months. Therefore, our amendment directs GSA to complete the multiple-award schedule by December 31, 2003, and authorizes state and local transit authorities that receive Federal transit assistance to purchase heavy-duty transit buses and intercity coaches off these GSA schedules. This authority would expire on December 31, 2006.

Allowing additional public transit agencies the option to purchase these buses from GSA could result in substantial options and prices would help streamline the procurement process, which could be especially valuable to some of the smaller communities. Purchasing buses through GSA will help stretch each dollar of Federal transit funding a little bit farther.

I believe it is very important to point out that this pilot program is limited only to transit buses and intercity coaches. It has no effect on companies that supply other types of buses or vehicles, pharmaceuticals, or any other product that currently can be purchased through the General Services Administration. I believe transit buses are a unique situation. Purchases through the GSA should be allowed. There are only a few bus manufacturers in America today and most buses for public transit are purchased using Federal funds provided by the Federal Transit Administration.

Our bus manufacturers are not having an easy time. Our amendment will help expedite bus purchases by eliminating the cost of responding to myriad requests for proposals from public transit agencies. Our amendment will also help the public transit agencies by reducing the cost of preparing the requests for proposals and assessing the responses. I do believe this is a meritorious amendment. It is one I would very much like to see adopted as part of this legislation. I urge my colleagues to support it. The amendment has the support of the Federal Transit Administration, bus manufacturers, and public transit agencies across the Nation.

I ask unanimous consent that a letter from the American Public Transportation Association be printed in the RECORD.

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

AMERICAN PUBLIC TRANSPORTATION ASSOCIATION,
Washington, DC, December 7, 2001.

Hon. JEFF BINGAMAN,
Chairman, Committee on Energy and Natural Resources, Dirksen Senate Office Building, Washington, DC.

DEAR MR. CHAIRMAN: I write regarding a provision the Senate is expected to take up as part of the defense appropriations bill that would allow recipients of funds under the federal transit program to purchase heavy-duty and intercity buses from the General Services Administration schedule of contracts.

The Business Member Board of Governors of the American Public Transportation Association (APTA) considered a similar provision in a meeting on Sunday, September 30, 2001. They voted in support of the measure.

Further, on December 7, 2001, APTA's Legislative Committee considered this new provision and unanimously agreed to support it. While APTA's governing body has not had an opportunity formally to consider the provision, our public transit members are supportive of measures that would simplify and standardize the federal procurement process, as this provision would do. We are particularly pleased to note that under the provision GSA, with assistance from the Federal Transit Administration, would be required to establish and publish a multiple award schedule for heavy-duty buses, which means that any heavy-duty or intercity bus manufacturer would be provided an opportunity to participate in the program.

Please have your staff contact Daniel Duff, APTA's Chief Counsel & Vice President, Government Affairs, should you have any questions about this matter. He may be reached at (202) 496–4860 or internet e-mail *dduff@apta.com.*

Sincerely yours,

WILLIAM W. MILLAR,
President.

D.C. FAMILY COURT REFORM

Ms. LANDRIEU. Madam President, I would like to take this opportunity to note for the record a few important points. As you may know, the fiscal year 2002 Appropriations Act for the District of Columbia, which is on its way to the President's desk as we speak, included a total of $24 million dollars for the purpose of funding the reforms provided for under the Family Court Reform Act of 2001. As Chairman and Ranking Member of the DC Appropriations Subcommittee, Senator DEWINE and I felt very strongly that these funds were a necessary prerequisite for the kind of change we envisioned. This money was provided to the Courts with the expectation that it would be used to affect this reform in the most immediate and effective way possible. Having worked with the Courts for the better part of this past year, we are confident that they will work diligently towards implementing a unified family court, staffed with highly trained and experienced judges, attorneys and court personnel. We expect that they will do their best to ensure that the this family court is structured in such a way as to reflect its founding principle, ''One family, One Judge'', a critical component in an effective child welfare system. And finally, we hope that the chief judge, the Child and Family Services Agency and others will go beyond the letter of the law and embrace its spirit, that the safety and well being of our children must remain our paramount concern.

With that said, I would like to make clear our intent in including language which restricts the total distribution of the $24 million until the family court reform plan is received and reviewed by Congress. It should be noted that one hundred percent of the DC Superior Court's operating budget is paid for with Federal funds. Therefore, Congress has a unique obligation to ensure that the day-to-day operations of this court reflect the best practices in each and every area of law under its jurisdiction. The Family Court Reform Act of 2001 lays out a broad set of guidelines for the reform of the family court in the District. Under the provisions of the DC Appropriations bill, within 90 days of the date of its enactment, the Courts are to submit to congress a plan for the immediate transition to a unified family court system. Within 30 days of receipt of this report, the General Accounting Office is to provide Congress with an independent review of this plan. Finally, after a 30 day review period in Congress, the funds earmarked for family court reform are to be distributed to the Court and to the Mayor to implement these reforms.

Our intent in arranging the distribution of funds in this way was to ensure that the money added to the Court's budget for the purpose of family court reform would remain available to carry out the reform plan. In the short time since the congress passed the DC Appropriations conference report, modification to the authorization bill have

expedited the time in which the Court's are required to hire magistrate judges and their support personnel. The DC Courts have the ability to use funds from their general operating budget to hire magistrates, their staff, or any other activity, before the family court reform funds are available. We recognize that certain requirements of the family Court Reform Act of 2001 require immediate action and we encourage the Court to take the necessary steps to provide for a seamless transition.

If the constraints on family court reform funds contained in the DC Appropriations bill prove to be unfeasible, I am committed to revisiting those constraints when Congress reconvenes in January. The Senate Appropriations Committee does not intend to hinder the implementation of the Family Court Reform Act in any way. We hope that we can work with our colleagues in the House to clarify this issue if necessary.

THE 60TH ANNIVERSARY OF THE DOVER AIR FORCE BASE

Mr. BIDEN. Madam President, on December 20, 1941, the 112th Observation Squadron of the Ohio National Guard arrived in Dover, DE, to begin conducting anti-submarine patrols. It was the first military unit to serve at what is now known as the Dover Air Force Base.

The history of the Base actually goes back 2 years further, to 1939, when in response to the Nazi invasion of Poland, the Civilian Aviation Administration, CAA, offered State and local governments on both coasts financial help to build municipal airports. The CAA offered to build one airfield in each of Delaware's three counties; the State did not pursue the offer, but New Castle and Sussex Counties accepted. Kent County passed the issue to the city of Dover, our State capital, and the Dover leaders agreed and purchased the land for a new airfield, in what has been hailed many times since as ''the best investment the city ever made.''

In addition to the anti-submarine mission during World War II, Dover's airfield was used, once the Corps of Engineers had done some of its magic, to train fighter squadrons and then, in 1944, as the site for classified air-launched rocket tests, experiments that led to the use of air-to-surface rockets in both the European and the Pacific Theaters.

After the war, the airfield was placed on caretaker status, and although it remained inactive for the rest of the 1940s, the name was officially changed to Dover Air Force Base in January 13, 1948. Control of the Base was transferred to the Ninth Air Force in February 1949. In February 1951, the Dover Air Force Base was reactivated and put under the jurisdiction of the Air Defense Command, ADC, with different fighter squadrons using the airfield over the course of the next 7 years.

The foundation for a permanent mission was laid when, recognizing Dover's strategic location, the Military Air Transport Service, MATS, assumed control and began, with an appropriation from Congress, to transform the Base into the East Coast embarkation point and foreign clearing base. Four units of the Atlantic Division were organized at Dover: the 1607th Air Base Group, the 1607th Air Base Squadron, the 1607th Maintenance and Supply Squadron, and the 1607th Medical Group. In November 1953, the first two transport squadrons were assigned, forming the core of the 1607th Air Transport Wing, and in December of that year, the Secretary of the Air Force designated the Dover Air Force Base as a permanent military installation.

In 1955, the Aerial Port Mortuary responsibilities were transferred to Dover, and many Americans have become familiar with the Base for its prominence and exceptional service in fulfilling that duty. To offer an incomplete list, the Port Mortuary has received the remains of casualties of the war in Vietnam, a number of plane and helicopter crashes involving military personnel, the mass suicide in Guyana, the attack on the Marine barracks in Beirut, the *Challenger* explosion, the USS *Stark*, Pan Am 103, the USS *Iowa*, the Khobar Towers bombing, the 1998 bombing in Kenya, and most recently, victims of the September 11 attack on the Pentagon.

From the mid-1950s to the mid-Sixties, to offer another incomplete list, Dover Air Force Base participated in Project Ice Cube to construct a Defense Early Warning Network in Northern Canada; the airlift to help combat a polio outbreak in Argentina; Operation Good Hope to Jordan; the Amigo Airlift in response to a devastating earthquake in Chile; an airlift of relief supplies to Honduras after Hurricane Hattie; the airlift of United Nations peacekeepers to the Belgian Congo; the Cuban Missile Crisis; the relief airlift following the Great Alaskan Earthquake; and the delivery of supplies to Guadeloupe Island after Hurricane Cleo, as well as supporting the deepening involvement in Vietnam.

In January 1966, a reorganization led to the designation of the Military Airlift Command and the activation of the 436th Military Airlift Wing to assume command of the Base. The 436th, by the way, has its own proud history, going back to the famed 436th Troop Carrier Group, TCG, which participated in just about every major European campaign of World War II, from Normandy to Operation Market Garden to Bastogne to Operation Varsity.

In 1968, the 912th Military Airlift Group, Associate, along with the 326th Military Airlift, the 912th Support, and the 912th Material Squadrons, were activated at Dover, giving the Base a total of four active and one reserve military airlift squadrons. In 1973, the 512th Military Airlift Wing, A, which is now the 512th Airlift Wing, A, was activated as a replacement to the 912th and its subordinates; the 512th AW remains a key part of Dover's mission. From 1971 to 1973, the transition was undertaken to make Dover home to the first all C–5 equipped wing in the Air Force.

During the Vietnam war, Dover aircrews participated in, among others, Operation Blue Light in January 1966 and Operation Eagle Thrust in 1967, an incredibly ambitious military airlift into a combat zone for which Dover personnel received their first Air Force Outstanding Unit Award.

Among other most notable missions in which Dover crews have participated are Operation Nickel Grass, during which Dover's C–5s flew 71 missions, more than 2,000 hours, delivering more than 5,000 tons of cargo. That operation is considered by many to have been the first real test of the C–5 aircraft. Dover crews also successfully dropped and test-fired a Minuteman I ICBM in 1974, and delivered a 40-ton superconducting magnet to Moscow in 1977 as part of a joint energy research program. The mission to Moscow earned the crew the Mackay Trophy for the most meritorious flight of the year. Missions to Zaire and, in the cause of joint verification, another to the Soviet Union also earned Mackay Trophies for Dover captains and crews.

Dover crews helped evacuate Americans from Iran in 1978, and supported the Marine operation in Lebanon in 1983–84. Dover's C–5s flew 27 missions in the invasion on Grenada also in 1983, and assisted with the clean-up after the *Valdez* oil spill in 1989. Eighteen missions were flown by Dover crews in Operation Just Cause in Panama, and in Operations Desert Shield and Desert Storm, the Persian Gulf War, Dover's C–5s logged more than 30,000 flying hours. Since then, Dover crews have flown in Operation Restore Hope in Somalia; in Operation Joint Endeavor in Bosnia-Herzegovina, in Operations Desert Thunder and Desert Fox in 1998; and in Operation Allied Force against the military structure of Slobodan Milosevic.

Among recent humanitarian missions have been the airlift to Central America following Hurricane Mitch; Joint Task Force Shining Hope to aid Kosovar refugees; airlifts to Turkey following the earthquakes of 1999; the 436 AW also responded to the earthquake that same year in Taiwan; and Operation Atlas Response in Mozambique after the devastating flooding there last year.

And, of course, there is Operation Enduring Freedom, our common cause in which our military men and women bear so much of the burden, the risk and the sacrifice. Our prayers and thanks are with them every day, including the 200 men and women from the 512 Air Reserve Wing who have been activated. I would also note that the 436th Airlift Wing received its 13th Air Force Outstanding Unity Award in October.

I share this history with my colleagues and with the Nation today, not only because the 60th anniversary of the Dover Air Force Base represents our proud military tradition so well, but also because the history of the Dover Air Force Base is very much a part of the history of Delaware. We do not merely co-exist with the Base; it is a part of our State family, a part of our community of friends and neighbors. And so we are especially proud, and so very grateful to those who have served.

Congratulations to Colonel Scott Wuesthoff, the current Commander of the 436th Airlift Wing, to Colonel Bruce Davis, who just assumed command of the 512th Airlift Wing, and to all personnel who serve out of Dover, on the 60th anniversary of the Air Force Base, with the respect and thanks of your neighbors in Delaware, and of all your fellow citizens.

ADDITIONAL STATEMENTS

IDAHO TEACHER WINS PRESTIGIOUS AWARD

• Mr. CRAIG. Madam President, I rise today to recognize a teacher from Idaho who has achieved national recognition for her work in physical education. Danette Lansing, from Eagle, ID, has been chosen to receive the Disney American Teacher Award, one of only 36 teachers chosen for such an honor. In fact, she was chosen from among that select group as one of the top ten teachers in the Nation, and the top teacher in the ''Wellness/Sports'' category.

It is a great honor for the people of Idaho that a teacher from our State has won this award. It has always been my belief that the education system in Idaho is one of the finest in the Nation, and having a teacher from Idaho chosen for the Disney American Teacher Award only reinforces this belief. Our State has produced many fine teachers and students over the years, and this award is merely an outward indication of what Idahoans already know.

One look at her career shows why she was chosen for this award. As a physical education teacher, she has done much for the students of Eagle Elementary School to make them more active and increase their physical health. As Bart Roen of Disney said about Miss Lansing's selection: ''If I had to pick one thing, it's the creativity . . . the kinds of things she does and how well it ties in with what she teaches the kids.'' For example, her success in creating a walking club at Eagle Elementary School has not only students walking during lunch, but also teachers and neighbors.

Not surprisingly, this is not the first award Miss Lansing has won. In 1999, she was named Idaho's Physical Education Teacher of the Year. However, these awards pale in comparison to the high praise her students have for her. In fact, one of my own staff members had children who were students of Miss Lansing's, and he reports that she was one of their favorite teachers. It has been obvious to the people of Eagle and the State of Idaho that she is a great teacher, now it will be obvious to the Nation.

As you can see, Danette Lansing is truly a treasure for her school, for Idaho, and indeed for the Nation in general. Teachers like Miss Lansing make education a rewarding experience for students and parents alike. I am proud that she was chosen for the American Teacher Award. She is a great example for the rest of the State and the Nation, and I hope this award gives her a platform so she can help other teachers to have the same success she has.•

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Ms. Evans, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. BIDEN, from the Committee on Foreign Relations, without amendment:

S. 1803: An original bill to authorize appropriations under the Arms Export Control Act and the Foreign Assistance Act of 1961 for security assistance for fiscal years 2002 and 2003, and for other purposes. (Rept. No. 107–122).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. SARBANES for the Committee on Banking, Housing, and Urban Affairs.

*Eduardo Aguirre, Jr., of Texas, to be First Vice President of the Export-Import Bank of the United States for a term expiring January 20, 2005.

*J. Joseph Grandmaison, of New Hampshire, to be a Member of the Board of Directors of the Export-Import Bank of the United States for a term expiring January 20, 2005.

Kenneth M. Donohue, Sr., of Virginia, to be Inspector General, Department of Housing and Urban Development.

*Nomination was reported with recommendation that it be confirmed subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

(Nominations without an asterisk were reported with the recommendation that they be confirmed.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second times by unanimous consent, and referred as indicated:

By Mr. BREAUX:

S. 1795. A bill to suspend temporarily the duty on railway passenger coaches of stainless steel; to the Committee on Finance.

By Mr. BREAUX:

S. 1796. A bill to extend temporarily the duty on railway car body shells of stainless steel having an aggregate capacity of 140 passengers; to the Committee on Finance.

By Mr. BREAUX:

S. 1797. A bill to suspend temporarily the duty on railway car body shells for electric multiple unit gallery commuter coaches made of stainless steel; to the Committee on Finance.

By Mr. BREAUX:

S. 1798. A bill to extend temporarily the duty on railway car body shells of stainless steel; to the Committee on Finance.

By Mr. DURBIN (for himself, Mr. THOMPSON, and Mr. AKAKA):

S. 1799. A bill to strengthen the national security by encouraging and assisting in the expansion and improvement of educational programs to meet critical needs at the elementary, secondary, and higher education levels; to the Committee on Health, Education, Labor, and Pensions.

By Mr. DURBIN (for himself, Mr. THOMPSON, Mr. AKAKA, and Ms. COLLINS):

S. 1800. A bill to strengthen and improve the management of national security, encourage Government service in areas of critical national security, and to assist government agencies in addressing deficiencies in personnel possessing specialized skills important to national security and incorporating the goals and strategies for recruitment and retention for such skilled personnel into the strategic and performance management systems of Federal agencies; to the Committee on Governmental Affairs.

By Ms. LANDRIEU (for herself and Mr. BOND):

S. 1801. A bill to amend chapter 36 of title 39, United States Code, to provide for a permanent postal rate for certain educational bound printed matter, and for other purposes; to the Committee on Governmental Affairs.

By Ms. LANDRIEU:

S. 1802. A bill to accelerate the effective date for the expansion of adoption tax credit and the adoption assistance programs by 1 year; to the Committee on Finance.

By Mr. BIDEN:

S. 1803. An original bill to authorize appropriations under the Arms Export Control Act and the Foreign Assistance Act of 1961 for security assistance for fiscal years 2002 and 2003, and for other purposes; from the Committee on Foreign Relations; placed on the calendar.

By Mr. SESSIONS (for himself, Mr. ALLEN, Mr. HUTCHINSON, and Mr. SMITH of New Hampshire):

S. 1804. A bill to amend the Internal Revenue Code of 1986 to provide tax incentives for economic recovery and provide for the payment of emergency extended unemployment compensation; to the Committee on Finance.

By Mr. DEWINE (for himself, Mr. SCHUMER, Mr. VOINOVICH , Mrs. BOXER, Mr. WARNER, Mrs. CLINTON, Mr. ALLEN, Mrs. FEINSTEIN, Mr. FITZGERALD, and Mr. DURBIN):

S. 1805. A bill to convert certain temporary judgeships to permanent judgeships, extend a

judgeship, and for other purposes; to the Committee on the Judiciary.

By Mr. REED (for himself, Mr. ENZI, Mr. JOHNSON, Mr. CHAFEE, Mr. GRAHAM, Ms. COLLINS, Ms. LANDRIEU, Mr. HUTCHINSON, Mr. INOUYE, Mr. COCHRAN, and Mr. WELLSTONE):

S. 1806. A bill to amend the Public Health Service Act with respect to health professions programs regarding the practice of pharmacy; to the Committee on Health, Education, Labor, and Pensions.

By Mr. HATCH:

S. 1807. A bill to amend the National Capital Revitalization and Self-Government Improvement Act of 1997 to permit any Federal law enforcement to enter into a cooperative agreement with the Metropolitan Police Department of the District of Columbia to assist the Department in carrying out crime prevention and law enforcement activities in the District of Columbia if deemed appropriate by the Chief of the Department and the United States Attorney for the District of Columbia, and for other purposes; to the Committee on Governmental Affairs.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. MCCAIN:

S. Res. 189. A resolution to amend the rules of the Senate to improve legislative efficiency, and for other purposes; to the Committee on Rules and Administration.

By Mr. DASCHLE (for himself and Mr. LOTT):

S. Res. 190. A resolution authorizing the taking of a photograph in the Chamber of the United States Senate; considered and agreed to.

By Mr. HATCH (for himself, Mr. BIDEN, Mr. HELMS, Mr. KENNEDY, and Mr. SMITH of Oregon):

S. Con. Res. 92. A concurrent resolution recognizing Radio Free Europe/Radio Liberty's success in promoting democracy and its continuing contribution to United States national interests; to the Committee on Foreign Relations.

ADDITIONAL COSPONSORS

S. 170

At the request of Mr. REID, the name of the Senator from Wyoming (Mr. ENZI) was added as a cosponsor of S. 170, a bill to amend title 10, United States Code, to permit retired members of the Armed Forces who have a service-connected disability to receive both military retired pay by reason of their years of military service and disability compensation from the Department of Veterans Affairs for their disability.

S. 267

At the request of Mr. AKAKA, the name of the Senator from Washington (Ms. CANTWELL) was added as a cosponsor of S. 267, a bill to amend the Packers and Stockyards Act of 1921, to make it unlawful for any stockyard owner, market agency, or dealer to transfer or market nonambulatory livestock, and for other purposes.

S. 548

At the request of Mr. HARKIN, the name of the Senator from South Dakota (Mr. JOHNSON) was added as a cosponsor of S. 548, a bill to amend title XVIII of the Social Security Act to provide enhanced reimbursement for, and expanded capacity to, mammography services under the medicare program, and for other purposes.

S. 767

At the request of Mr. REED, the name of the Senator from Connecticut (Mr. DODD) was added as a cosponsor of S. 767, a bill to extend the Brady background checks to gun shows, and for other purposes.

S. 940

At the request of Mr. DODD, the name of the Senator from Rhode Island (Mr. REED) was added as a cosponsor of S. 940, a bill to leave no child behind.

S. 1125

At the request of Mr. MCCONNELL, the names of the Senator from Connecticut (Mr. DODD) and the Senator from Wisconsin (Mr. FEINGOLD) were added as cosponsors of S. 1125, a bill to conserve global bear populations by prohibiting the importation, exportation, and interstate trade of bear viscera and items, products, or substances containing, or labeled or advertised as containing, bear viscera, and for other purposes.

S. 1274

At the request of Mr. KENNEDY, the name of the Senator from Alabama (Mr. SHELBY) was added as a cosponsor of S. 1274, a bill to amend the Public Health Service Act to provide programs for the prevention, treatment, and rehabilitation of stroke.

S. 1478

At the request of Mr. SANTORUM, the name of the Senator from Massachusetts (Mr. KERRY) was added as a cosponsor of S. 1478, a bill to amend the Animal Welfare Act to improve the treatment of certain animals, and for other purposes.

S. 1675

At the request of Mr. BROWNBACK, the name of the Senator from Texas (Mr. GRAMM) was added as a cosponsor of S. 1675, a bill to authorize the President to reduce or suspend duties on textiles and textile products made in Pakistan until December 31, 2004.

S. 1704

At the request of Mr. WELLSTONE, the name of the Senator from Florida (Mr. NELSON) was added as a cosponsor of S. 1704, a bill to amend the Clayton Act to make the antitrust laws applicable to the elimination or relocation of major league baseball franchises.

S. 1707

At the request of Mr. JEFFORDS, the names of the Senator from Nevada (Mr. REID), the Senator from Alaska (Mr. MURKOWSKI), the Senator from South Dakota (Mr. DASCHLE), and the Senator from New York (Mr. SCHUMER) were added as cosponsors of S. 1707, a bill to amend title XVIII of the Social Security Act to specify the update for payments under the medicare physician fee schedule for 2002 and to direct the Medicare Payment Advisory Commission to conduct a study on replacing the use of the sustainable growth rate as a factor in determining such update in subsequent years.

S. 1749

At the request of Mr. KENNEDY, the names of the Senator from South Dakota (Mr. DASCHLE) and the Senator from Kentucky (Mr. BUNNING) were added as cosponsors of S. 1749, a bill to enhance the border security of the United States, and for other purposes.

S. 1752

At the request of Mr. CORZINE, the name of the Senator from California (Mrs. FEINSTEIN) was added as a cosponsor of S. 1752, a bill to amend the Public Health Service Act with respect to facilitating the development of microbicides for preventing transmission of HIV and other sexually transmitted diseases.

S. 1779

At the request of Mr. BIDEN, the name of the Senator from Nebraska (Mr. HAGEL) was added as a cosponsor of S. 1779, a bill to authorize the establishment of ''Radio Free Afghanistan'', and for other purposes.

S. 1788

At the request of Mr. SCHUMER, the name of the Senator from New York (Mrs. CLINTON) was added as a cosponsor of S. 1788, a bill to give the Federal Bureau of Investigation access to NICS records in law enforcement investigations, and for other purposes.

S. 1793

At the request of Ms. COLLINS, the names of the Senator from Nevada (Mr. ENSIGN), the Senator from Kansas (Mr. ROBERTS), and the Senator from South Dakota (Mr. JOHNSON) were added as cosponsors of S. 1793, a bill to provide the Secretary of Education with specific waiver authority to respond to conditions in the national emergency declared by the President on September 14, 2001.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. DURBIN (for himself, Mr. THOMPSON, and Mr. AKAKA):

S. 1799. A bill to strengthen the national security by encouraging and assisting in the expansion and improvement of educational programs to meet critical needs at the elementary, secondary, and higher education levels; to the Committee on Health, Education, Labor, and Pensions.

By Mr. DURBIN (for himself, Mr. THOMPSON, Mr. AKAKA, and Ms. COLLINS):

S. 1800. A bill to strengthen and improve the management of national security, encourage Government service in areas of critical national security, and to assist government agencies in addressing deficiencies in personnel possessing specialized skills important to national security and incorporating the goals and strategies for recruitment and retention for such skilled personnel into the strategic and performance management systems of Federal agencies; to the Committee on Governmental Affairs.

Mr. DURBIN. Madam President, in the fall of 1957, the United States received a national wake-up call. The Soviet Union launched sputnik into orbit. The space race was on, and we were already behind. Not only were we caught off guard by sputnik, it was suddenly clear that major changes had to be made to preserve our national security and to pull ahead in scientific and technological innovation.

One year later, Congress passed landmark legislation, the National Defense Education Act. The purpose of the act was to ''strengthen the national defense and to encourage and assist in the expansion and improvement of educational program to meet critical national needs.'' The National Defense Education Act provided assistance to State and local school systems to strengthen instruction in science, math, foreign languages, and other critical subjects. It also created low-interest student loan programs and fellowships to open the door to higher education to a greater number of young people. This coordinated national effort helped our Nation meet its goals.

By 1969, Americans had landed on the Moon. The United States was the most technologically advanced Nation in the world. A new generation of highly skilled mathematicians, scientists, and technology experts staffed laboratories, universities, and Federal agencies. Colleges and universities had established centers for foreign language study and research.

Sadly, this Nation received another wake-up call on September 11, 2001.

The week after the attacks, FBI Director Robert Mueller made a public plea for Arabic and Farsi speakers to assist as translators, illustrating the alarming deficiency in fluent speakers of languages crucial to our national security needs. It does our Nation no good to have sophisticated weapons programs if we don't have the scientists to back them up. It does our Nation no good to have expanded intelligence gathering capabilities if what we retrieve sits untranslated. The United States must have the brainpower to match its firepower.

Today I join Senators THOMPSON and AKAKA to introduce two initiatives that serve two important purposes, to meet the immediate needs of the Federal Government in areas of national security, and to make investments in our future through investments in education.

The Homeland Security Federal Workforce Act authorizes funds for key national security agencies to repay student loans for employees in national security positions who pledge to serve for a minimum of three years. This expands the existing loan forgiveness program for Federal employees by permitting these agencies to repay up to $10,000 per year in student loans.

The bill also establishes a National Security Fellowship Program for graduate students who agree to enter Federal service in a position key to national security upon the completion of their degree. The fellowship program will also be open to current Federal employees, encouraging the enhancement and development of their skills.

To give Federal employees more flexibility and experience, the bill creates a National Security Service Corps to allow Federal employees to serve in rotational assignments in other agencies with national security responsibilities.

Along with these immediate remedies, homeland security and preparedness depend on a well-educated citizenry who leave school with the tools they need to succeed in science, math, technology, and foreign languages. Unless broader education reforms are implemented, we will continue to find ourselves playing catch-up to secure the skilled professionals our government needs.

The Homeland Security Education Act would fund partnerships between local school districts and foreign language departments in institutions of higher education. These new foreign language partnerships will provide intensive professional development opportunities for foreign language teachers at every level from kindergarten to 12th grade. The partnerships will foster contact and communication between university faculty and K–12 teachers in order to improve teachers' knowledge of the languages they teach as well as their teaching skills. Partnerships would also use grant funds to recruit foreign language majors to the classroom. Our bill will give priority to partnerships that include high-need school districts and that put a focus on the less-commonly taught languages.

Our bill will encourage more undergraduates to complete degrees in mathematics, science, engineering, and the less-commonly taught foreign languages by establishing a program to forgive the interest on a borrower's student loans if he or she earns a degree in one of these subjects. The program aims to provide an incentive for students who are interested in these areas of study to earn their degrees.

The bill establishes grants for partnerships between school districts and private entities to help schools improve science and math curriculum, upgrade laboratory facilities, and purchase scientific equipment. In turn, the private sector partner will donate technology or equipment to the school district; provide scholarships for district students to study math, science, or engineering at college; establish internship or mentoring opportunities for district students; or sponsor programs aimed at young people who are underrepresented in the fields of math, science, and engineering.

In order to stay on top of innovations in science and technology, more professionals in these fields will have to also be proficient in a foreign language. This is imperative to our national security, even some scientific documents and articles in the public domain are beyond the translation capabilities of our government. The Homeland Security Education Act would make grants available to colleges and universities to establish programs in which students take courses in science, math and technology taught in a foreign language. Funds will also support immersion programs for students to take science and math courses in a non-English speaking country.

The Homeland Security Education Act authorizes $20 million for the National Flagship Language Initiative, which was funded as a one-year pilot program in this year's Defense Appropriations bill. The funds will be used to provide institutional grants to universities to graduate specific numbers of students with the foreign language proficiencies needed by the government. Participating institutions will make available a negotiated number of slots to student applicants who are Federal employees.

With these bills, we hope to address some of the gaps in homeland security that have been identified by numerous experts and panels, including the Hart-Rudman Commission on National Security in the 21st century. We must do everything possible to ensure that our intellectual preparedness is equal to that of our military preparedness. Without these investments, we may find that the war against terrorism is unwinnable, and our status in the global community severely diminished.

Our Nation has demonstrated that we have the moral resolve to fight a war to end terrorism. We must match that resolve with the willingness make investments in education and training that will pay off well into the next century.

Mr. AKAKA. Madam President, as chairman of the Subcommittee on International Security, Proliferation, and Federal Services, I am honored to work with my colleagues from the Governmental Affairs Committee, Senator DURBIN and Senator THOMPSON, to introduce the Homeland Security Federal Workforce Act and the Homeland Security Education Act.

Alarmed at the Soviet Union's successful launch of the first space vehicle, Congress passed the National Defense Education Act of 1958. Our country faced a changed national security landscape, and our Government was determined to make certain the United States never came up short again in the areas of math, science, technology and foreign languages.

Although we face new national security threats, our Government's response is built on the talents and dedication of our Federal workforce. Recently the U.S. Commission on National Security/21st Century, also known as the Hart-Rudman Commission, concluded that ''. . . the excellence of American public servants is the foundation upon which an effective national security strategy must rest . . . because future success will require

the mastery of advanced technology . . . as well as leading-edge concepts of governance.''

The recent terrorist attacks strengthened our will and exposed the weaknesses of our great country. We were quickly reminded of the importance of our Federal Government and its workforce. For every essential service these attacks disrupted, we expected our government to respond quickly and effectively, and those in government did.

However, the events of September 11 and the anthrax attacks through the mails underscored how much government needs people with the critical skills to fill critical national security positions. We need to recruit the best people with the best skills and ensure that government service remains attractive. Our legislation does that.

The Homeland Security Federal Workforce Act and the Homeland Security Education Act provide needed tools and resources to agencies expressly for hiring new employees in critical national security positions and establishes a student loan repayment program and fellowships to future and current federal employees in exchange for government service.

It provides additional training opportunities for the great people already committed to the Federal service whose expertise guide agencies daily in meeting their missions. For example, Federal employees in national security positions will be eligible to apply for fellowships, which includes full tuition and a stipend, to pursue degrees in fields deemed critical to national security.

Our bills also respond to future national security needs by helping schools better prepare students for the demands of the 21st century. We must act now to identify and develop the right balance of skills in science, math, and foreign languages. We must make resources available to our schools and their teachers so that our students graduate with a greater proficiency in these areas.

The bills will strengthen the specific foreign language skills that the Government has identified as critical to our national security. We would help establish an advanced foreign language program that matches foreign language program efforts in leading universities with national security requirements.

I would like to note that the University of Hawaii is recognized as a model university in foreign language instruction and is noted for the strength of its faculty and curriculum particularly in Mandarin Chinese, Korean, and Japanese, language deemed important by the Defense Language Institute. The University of Hawaii is also an authority in the development of enhanced foreign language teaching methods.

I look forward to working with my colleagues to see that this bipartisan legislation is passed.

By Mr. SESSIONS (for himself, Mr. ALLEN, Mr. HUTCHINSON, and Mr. SMITH of New Hampshire):

S. 1804. A bill to amend the Internal Revenue Code of 1986 to provide tax incentives for economic recovery and provide for the payment of emergency extended unemployment compensation; to the Committee on Finance.

Mr. SESSIONS. Madam President, the economy has been struggling for about a year now. We have had a number of difficulties that have made our economy not as healthy as we would like it to be. Oddly enough, for the week of September 11, according to the hearing we had in the Joint Economic Committee, unemployment actually dropped. There was an increase in employment that week. So maybe our economy was moving in the right direction. But immediately after September 11, and the shock this Nation went through, we slipped back into what has now been called a recession.

Factories are closing in a number of places. Quite a few have closed in my State. It has been quite discouraging that this tends to happen more often in small towns where you have just a few businesses. That is where you see more of the closings than in the urban areas.

The National Bureau of Economic Research has declared that we have slipped into recession. And the terrorist attacks have hurt us in a lot of different ways involving jobs for families in America. So I have been pushing for some time that we make sure we complete this Congress with a good, healthy stimulus package.

I have raised that observation with quite a number of people. But we are not, to my knowledge, making any progress. I have referred to the people who I understand are working on it as ''the masters of the universe.'' They are back there somewhere outside of this Chamber, working and manipulating and talking to people about what ought to be in the package. And, yes, they take input, and I have talked to them, and other people have talked to them—and I did not suggest it is not a tough job; it is a tough job—but we are getting close to the time when we should recess, and people are suggesting that we might even complete this Congress without a stimulus package. I think that would be a very bad mistake.

Even the most conservative economists have suggested we would have a one-half of 1 percent increase in the GDP if we have a stimulus package of $75 billion to $100 billion. I believe that is clearly worth the effort. That one-half of 1 percent, in an economy as large as ours, is very significant. It means many people will continue to have jobs that they would not have otherwise. It means that many people will be working and paying taxes to the Government which will help us with our deficit situation. It means many people will be working and taking care of their families and not going into debt and will be buying things, such as at the grocery store, that they would not otherwise be buying.

So I think we need to be sure we move in that direction. That is why I have offered today S. 1804, which is cosponsored by Senators TIM HUTCHINSON, GEORGE ALLEN, and BOB SMITH. And I intend to move this bill if we do not see progress. Really, I intend to seek a vote on it if it is in any way appropriate and possible this session.

Let me mention a few things that are in the bill which I think are common sense and would be good policy. One of the things I have been wrestling with is the earned-income tax credit. This is a program that began in 1975. It is now a $31 billion program that provides a tax credit to low-income working Americans. It is designed to make work more beneficial and more rewarding so that, particularly, families can live off of low-income jobs. In fact, the program is quite generous for a family of four or more who qualify appropriately. They can receive $4,000 a year. An average family with one qualifying child, that receives the earned-income tax credit, receives almost $2,000 a year. On average, it is over $1,900 per year that they receive.

This totals out, if you figure it on an hourly basis for the average family of four that receives the earned-income tax credit, to almost $1 an hour pay raise over whatever they are making. If they are making $6 an hour and they get another $1, that is a big increase. If you are at $5 an hour and you get $1 an hour, that is a 20-percent increase in your pay. It is more than that in take-home because you don't have any withholding out of a tax credit.

The way this thing has been working, however, is not healthy. The way this thing has been working is, the money goes to the worker when they fill out their income-tax return the next year. In February or March, when they fill out the tax return, they get this $1,900 in a lump sum check sometime in the spring after they worked.

Congress wrestled with that. They didn't believe that was furthering a policy of the Congress, and so they tried to provide the credit on the worker's paycheck. In years past, in the 1970s and all, when this passed, people didn't have the computers we have today, and requiring small businesses to calculate this and put it on the paycheck caused some grief. But today, because everything is automated, it is much easier to do.

In recent years, Congress tried to do something about it. In 1978, they passed legislation that said a worker could have it put on their paycheck if they want to. Oddly enough, only 5 percent of workers have chosen this or know they can.

Therein lies a problem, and there are several reasons. One, they probably don't know about it. Another one is that oftentimes they are told that if you get this advanced payment on your check instead of getting a refund next year, you may owe money to the Government next year. And that caused some to not take advantage of it. At

any rate, only 5 percent of Americans are taking advantage of this policy.

I believe it ought to be the policy. I believe the policy was founded to begin with, with the idea of helping people, encouraging people to go to work. If you are not making much more than the minimum wage, sometimes people may wonder if they are not better staying at home on welfare. The money should be put on there. Most economists, most good public policy students of the situation believe that.

That is one of the points of this stimulus bill that I have. Let me tell you why it is such a good stimulus package. It is good because the money for people who have worked this year, who receive the benefit of the earned-income tax credit, they will get their refund next year.

What my proposal says is in January, they would begin to receive next year's $1,900, on their paycheck. Current law allows a recipient to get about 60 percent of their earned income tax credit in advance, on their paycheck. We calculate, of the $31 billion that is annually being spent on the earned income tax credit, this proposal would bring to the average worker, infused into the economy next fiscal year, $15 billion, a year before the time it would normally be in the economy. I believe that is good public policy. It is good to encourage work. It will help people who need money now to take care of their families. It will be coming to them in a regular way, and it will help them take care of their families.

That would be a good stimulus package. It would help us next year when we have to balance the budget because we would have $15 billion less to spend on the tax refunds because it would have been paid out throughout this fiscal year. It would help us get back into a balanced budget which is important. This year, we are not going to be in a balanced budget. We are going to be in deficit unfortunately. Next year, we have an opportunity to get out. This package in that regard would help us do so.

I strongly believe that is a good thing that should be considered. It would infuse money into the economy and have a net drain on the economy of zero over a 2-year period, except perhaps some interest loss to the Government.

Another matter that we believe should be in this package is a proposal for relief for those who are unemployed. Everybody has been talking about that. We ought to be able to reach agreement on that. Senator BAUCUS had a proposal. The House Republicans had a proposal that came out of that chamber. A centrist proposal has been put forward by Senators COLLINS, SMITH and LANDRIEU that hits the area about right. It increases the weeks for unemployment for up to 13 additional weeks, and it begins calculating that for anybody who was unemployed at the time of September 11. It is more expansive in that regard. We have a good bipartisan unemployment compensation package.

Another thing it is time for us to do would be to complete the reduction of the 27-percent tax bracket down to the 25-percent tax bracket. We committed to doing that over the 10-year tax plan. This would accelerate that next year, and working Americans would receive a little more take-home money every week as a result of a reduction in that tax rate. That has a lot of support.

One thing that has not been mentioned, but I strongly believe would be one of the most beneficial proposals, is to advance the child tax credit. Under our current 10-year tax reduction package that passed, we will increase the child tax credit for families to $1,000, but it will take nine years for it to become $1,000. I believe for next year alone we ought to do that. So every family who obviously is hurt the most in a recessionary environment would receive an additional $400 per child tax credit that they could use to help their families. That would be a good impact.

The cost of that is about $20 billion in terms of estimated revenue lost to the Government, but it is a real stimulus into the economy, into the hands of families who will be spending it on their children. It will help keep the economy moving in a healthy way. That is a good step. It is good public policy. Families trying to raise children would have additional income to take care of them.

A lot of people are at a point where they have had to cash in stocks and other investments that they have and have taken losses for it. For individuals, this allows them to deduct those losses on their tax return, but the limit on loss deductions is $3,000 per year. We believe that, particularly in light of the fact that many people may be cashing in investments, we should at least raise it up to $5,000 per year which could be helpful to people in desperate circumstances.

One other thing that is important—and Senator ALLEN has been a champion of this and has won me over—is the need to provide a tax credit to encourage American families to become technologically literate, to encourage American families to purchase computers for children who are in school so they will have a computer at home so they can become a part of the high-tech world that is all about us today. He has proposed, and we have put as a part of this bill, a $500 tax credit for the purchase of software or computer systems for a family. To really get a jolt out of it, we are only going to propose that for a 3-month period. And the computer companies, I am sure, and all the marketing companies and the stores will be promoting that you have a $500 rebate on your purchase of a computer for your family, if you have a student in school.

I think that is a good step. The computer industry has been hurting badly, and having this money available could get them off the ground, get them moving again and, at the same time, help children, help them become educated and to become an active part of the high-tech world in which we now live.

Some of the matters that are in the legislation we proposed, I don't believe there is a single thing in it that somebody could say is a special interest. It has a business provision. It has Senator BAUCUS's 10-percent advance depreciation, which would encourage businesses to purchase equipment and allow them to depreciate a little faster, and encourage them, perhaps, to recapitalize in their business. That was Senator BAUCUS's 1-year proposal.

I don't believe there is anything in this bill that does violence to fairness or justice. I don't think there is anything in this bill that in any way could be considered special interest or unfair. I believe we have a simple package—myself and the three Senators who have introduced this with me—that would infuse $75 billion into the economy, with virtually no bureaucracy, virtually no overhead, targeted to middle and lower income America—putting $75 billion into their hands early, allowing them to spend it and get this economy going again.

I am not sure businesses—and I have heard a number of economists say this—are in a mood to do a lot of investing in new equipment to produce a lot more product if there is nobody to buy. So I think that the way we proceed would be to allow people who have families and who work every day, and who need every dollar they get to survive—give them a little bit more to take home. If they do, they will spend it and help get the economy moving again. If nothing else, it will help them get by, whether it improves the economy or not.

Of course, we do have $5 billion in grant money to the States that would allow them to deal with emergency situations in their States for people who are hurting also. That has been a bipartisan project, and it has a little more than has been proposed in the President's request. We think that is a good figure that everybody can rally around.

I believe getting a tax stimulus package together and passed is not that hard. It doesn't have to be lockstep the way everybody is negotiating now. They have dug in on every position. Some of the issues in my package they are dealing with and some of them they are not considering. My provisions do the job just as well—in fact, better than what I am hearing discussed in a lot of ways.

I think the majority leader needs to be sure we don't get to the end of this session without time to bring this up. If they can't reach an agreement, we are going to have a problem. The bill was up and amendments were being offered. When debate and amendments were not shut off, the bill was pulled down. It has gone behind closed doors and we are sitting around here saying: Maybe they will reach an agreement; maybe they will not reach an agreement.

I have a bill that I think we need to vote on if we can't get some agreement with which I and other Members are comfortable. We need to vote on this bill because it is a good bill. It is not that complicated in any way to administer or put together.

I thank the Chair for her attention. I look forward to further discussions on this issue. I certainly look forward to making sure before this Congress recesses we bring up and pass legislation that will help this economy. I don't know how much it would take to do it. The experts say $75 billion is worth half a GDP percentage point in growth. That is good news. I think it is exactly the kind of shot that might be helpful.

If we don't pass something, that could be a sad event also. In fact, the markets and people might lose confidence even more than they have already if we don't pass a stimulus package. It is a double burden to move that forward.

I thank the Chair for listening. I thank my colleagues in the Senate for their consideration of this legislation. We look forward to making sure a stimulus package clears before we recess.

I yield the floor.

By Mr. REED (for himself, Mr. ENZI, Mr. JOHNSON, Mr. CHAFEE, Mr. GRAHAM, Ms. COLLINS, Ms. LANDRIEU, Mr. HUTCHINSON, Mr. INOUYE, Mr. COCHRAN, and Mr. WELLSTONE):

S. 1806. A bill to amend the Public Health Service Act with respect to health professions programs regarding the practice of pharmacy; to the Committee on Health, Education, Labor, and Pensions.

Mr. REED. Madam President, I rise today, joined by my colleagues, Senator JOHNSON of South Dakota and Senator ENZI of Wyoming, to introduce legislation that will address the growing shortage of pharmacists.

The Pharmacists Education Act takes a multi-faceted approach to the problem of workforce shortages in the pharmacy sector. In December 2000, the Health Resources and Services Administration, HRSA, Bureau of Health Professions published a report entitled, ''The Pharmacist Workforce: A Study of the Supply and Demand for Pharmacists''. This study considered the factors influencing the demand for pharmacists in the health care sector and also looked at the ability of our academic institutions to supply the quantity of pharmacy students required to meet this growing demand. The report concluded that there was indeed evidence of a shortage in the field, due primarily to the rapid increase in demand for pharmacists and the array of services they provide, coupled with a constrained ability to expand the number of pharmacy education programs to accommodate the need for more practicing pharmacists. The study also indicated that the shortage was unlikely to abate in the future without significant changes to the current system.

Pharmacists represent the third largest health professional group in the United States with about 190,000 active pharmacists last year. This figure is expected to grow to 224, 500 by 2010. Yet, despite this anticipated increase in the number of practicing pharmacists, the demand for the services is expected to continue to outpace supply. A recent employment survey conducted by the National Association of Chain Drug stores found that the number of vacancies among their member companies had increased by 1,000 positions in the last six months alone.

Remarkable advancements in medical science have made treatments for diseases once thought impossible to treat a reality. And what is possible is quickly what is practiced in the medical profession. Many of these dynamic breakthroughs have been in the area of pharmaceuticals.

These remarkable changes in health care have resulted in dramatic upswings in the number of retail prescriptions dispensed annually, from 1.9 billion in 1992 to 2.8 billion in 1999. Moreover, as medications become more complex and diverse, and our population becomes older and sicker, the role of the pharmacist in the health care setting has become evermore important. For these reasons, my colleagues and I felt it was very important that steps be taken to avert a more serious shortage of these critical health professionals.

The Pharmacy Education Act seeks to enhance not only the supply of pharmacists, by providing much needed support to Colleges of Pharmacy, it also aims to improve the distribution of pharmacists by building upon the National Health Service Corps. Specifically, the bill expands eligibility of certain existing Federal grant programs to Colleges of Pharmacy to upgrade and expand facilities and laboratory space and recruit and retain talented faculty to educate pharmacy students.

The bill also provides a number of new sources of financial aid to students interested in pursuing a career in pharmacy. First, the bill allows students entering pharmacy school and students who have graduated with a PharmD degree to apply for National Health Service Corps, NHSC, Scholarship and Loan Repayment funds. Second, it allows students who demonstrate financial need to apply for scholarships to qualifying schools of pharmacy.

This bill is endorsed by a number of organizations, including the American Association of Colleges of Pharmacy, the National Association of Chain Drug Stores, National Community Pharmacists Association, American College of Clinical Pharmacy and American Society of Health-System Pharmacists.

Increasing demand for pharmacists makes it imperative that a proactive response to current trends be undertaken before the situation becomes critical. I hope my colleagues will join me in seeking expeditious consideration and passage of this timely and important legislation.

I ask unanimous consent that the text of the Pharmacy Education Act be printed in the RECORD.

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

S. 1806

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Pharmacy Education Aid Act of 2001''.

SEC. 2. FINDINGS.

Congress makes the following findings:

(1) Pharmacists are an important link in our Nation's health care system. A critical shortage of pharmacists is threatening the ability of pharmacies to continue to provide important prescription related services.

(2) In the landmark report entitled ''*To Err is Human: Building a Safer Health System*'', the Institute of Medicine reported that medication errors can be partially attributed to factors that are indicative of a shortage of pharmacists (such as too many customers, numerous distractions, and staff shortages).

(3) Congress acknowledged in the Healthcare Research and Quality Act of 1999 (Public Law 106-129) a growing demand for pharmacists by requiring the Secretary of Health and Human Services to conduct a study to determine whether there is a shortage of pharmacists in the United States and, if so, to what extent.

(4) As a result of Congress' concern about how a shortage of pharmacists would impact the public health, the Secretary of Health and Human Services published a report entitled ''*The Pharmacist Workforce: A Study in Supply and Demand for Pharmacists*'' in December of 2000.

(5) *The Pharmacist Workforce: A Study in Supply and Demand for Pharmacists*'' found that ''While the overall supply of pharmacists has increased in the past decade, there has been an unprecedented demand for pharmacists and for pharmaceutical care services, which has not been met by the currently available supply'' and that the ''evidence clearly indicates the emergence of a shortage of pharmacists over the past two years''.

(6) The same study also found that ''The factors causing the current shortage are of a nature not likely to abate in the near future without fundamental changes in pharmacy practice and education.'' The study projects that the number of prescriptions filled by community pharmacists will increase by 20 percent by 2004. In contrast, the number of community pharmacists is expected to increase by only 6 percent by 2005.

(7) The demand for pharmacists will increase as prescription drug use continues to grow.

SEC. 3. INCLUSION OF PRACTICE OF PHARMACY IN PROGRAM FOR NATIONAL HEALTH SERVICE CORPS.

(a) INCLUSION IN CORPS MISSION.—Section 331(a)(3) of the Public Health Service Act (42 U.S.C. 254d(a)(3)) is amended—

(1) in subparagraph (D), by adding at the end the following: ''Such term includes pharmacist services.''; and

(2) by adding at the end the following:

''(E)(i) The term 'pharmacist services' includes drug therapy management services furnished by a pharmacist, individually or on behalf of a pharmacy provider, and such services and supplies furnished incident to

the pharmacist's drug therapy management services, that the pharmacist is legally authorized to perform (in the State in which the individual performs such services) in accordance with State law (or the State regulatory mechanism provided for by State law).''.

(b) SCHOLARSHIP PROGRAM.—Section 338A of the Public Health Service Act (42 U.S.C. 254*l*) is amended—

(1) in subsection (a)(1), by inserting ''pharmacists,'' after ''physicians,''; and

(2) in subsection (b)(1), by inserting ''pharmacy'' after ''dentistry,''.

(c) LOAN REPAYMENT PROGRAM.—Section 338B of the Public Health Service Act (42 U.S.C. 254*l*–1) is amended—

(1) in subsection (a)(1), by inserting ''pharmacists,'' after ''physicians,''; and

(2) in subsection (b)(1), by inserting ''pharmacy,'' after ''dentistry,''.

(d) FUNDING.—Section 338H(b)(2) of the Public Health Service Act (42 U.S.C. 254q(b)(2)) is amended in subparagraph (A), by inserting before the period the following: '', which may include such contracts for individuals who are in a course of study or program leading to a pharmacy degree''.

SEC. 4. CERTAIN HEALTH PROFESSIONS PROGRAMS REGARDING PRACTICE OF PHARMACY.

(a) IN GENERAL.—Part E of title VII of the Public Health Service Act (42 U.S.C. 294n et seq) is amended—

(1) by redesignating section 770 as section 771; and

(2) by adding at the end the following subpart:

''Subpart 3—Certain Workforce Programs

''SEC. 771. PRACTICING PHARMACIST WORKFORCE.

''(a) RECRUITING AND RETAINING STUDENTS AND FACULTY.—

''(1) IN GENERAL.—The Secretary may make awards of grants or contracts to qualifying schools of pharmacy (as defined in subsection (f)) for the purpose of carrying out programs for recruiting and retaining students and faculty for such schools, including programs to provide scholarships for attendance at such schools to full-time students who have financial need for the scholarships and who demonstrate a commitment to becoming practicing pharmacists or faculty.

''(2) PREFERENCE IN PROVIDING SCHOLARSHIPS.—An award may not be made under paragraph (1) unless the qualifying school of pharmacy involved agrees that, in providing scholarships pursuant to the award, the school will give preference to students for whom the costs of attending the school would constitute a severe financial hardship.

''(b) LOAN REPAYMENT PROGRAM REGARDING FACULTY POSITIONS.—

''(1) IN GENERAL.—The Secretary may establish a program of entering into contracts with individuals described in paragraph (2) under which the individuals agree to serve as members of the faculties of qualifying schools of pharmacy in consideration of the Federal Government agreeing to pay, for each year of such service, not more than $20,000 of the principal and interest of the educational loans of such individuals.

''(2) ELIGIBLE INDIVIDUALS.—The individuals referred to in paragraph (1) are individuals who—

''(A) have a doctoral degree in pharmacy or the pharmaceutical sciences; or

''(B) are enrolled in a school of pharmacy and are in the final academic year of such school in a program leading to such a doctoral degree.

''(3) REQUIREMENTS REGARDING FACULTY POSITIONS.—The Secretary may not enter into a contract under paragraph (1) unless—

''(A) the individual involved has entered into a contract with a qualifying school of pharmacy to serve as a member of the faculty of the school for not less than 2 years;

''(B) the contract referred to in subparagraph (A) provides that, in serving as a member of the faculty pursuant to such subparagraph, the individual will—

''(i) serve full time; or

''(ii) serve as a member of the adjunct clinical faculty and in so serving will actively supervise pharmacy students for 25 academic weeks per year (or such greater number of academic weeks as may be specified in the contract); and

''(C) such contract provides that—

''(i) the school will, for each year for which the individual will serve as a member of the faculty under the contract with the school, make payments of the principal and interest due on the educational loans of the individual for such year in an amount equal to the amount of such payments made by the Secretary for the year;

''(ii) the payments made by the school pursuant to clause (i) on behalf of the individual will be in addition to the pay that the individual would otherwise receive for serving as a member of such faculty; and

''(iii) the school, in making a determination of the amount of compensation to be provided by the school to the individual for serving as a member of the faculty, will make the determination without regard to the amount of payments made (or to be made) to the individual by the Federal Government under paragraph (1).

''(4) APPLICABILITY OF CERTAIN PROVISIONS.—The provisions of sections 338C, 338G, and 338I shall apply to the program established in paragraph (1) to the same extent and in the same manner as such provisions apply to the National Health Service Corps Loan Repayment Program established in subpart III of part D of title III, including the applicability of provisions regarding reimbursements for increased tax liability and provisions regarding bankruptcy.

''(5) WAIVER REGARDING SCHOOL CONTRIBUTIONS.—The Secretary may waive the requirement established in paragraph (3)(C) if the Secretary determines that the requirement will impose an undue financial hardship on the school involved.

''(c) INFORMATION TECHNOLOGY.—The Secretary may make awards of grants or contracts to qualifying schools of pharmacy for the purpose of assisting such schools in acquiring and installing computer-based systems to provide pharmaceutical education. Education provided through such systems may be graduate education, professional education, or continuing education. The computer-based systems may be designed to provide on-site education, or education at remote sites (commonly referred to as distance learning), or both.

''(d) FACILITIES.—The Secretary may award grants under section 1610 for construction projects to expand, remodel, renovate, or alter existing facilities for qualifying schools of pharmacy or to provide new facilities for the schools.

''(e) REQUIREMENT REGARDING EDUCATION IN PRACTICE OF PHARMACY.—With respect to the qualifying school of pharmacy involved, the Secretary shall ensure that programs and activities carried out with Federal funds provided under this section have the goal of educating students to become licensed pharmacists, or the goal of providing for faculty to recruit, retain, and educate students to become licensed pharmacists.

''(f) QUALIFYING SCHOOL OF PHARMACY.—For purposes of this section, the term 'qualifying school of pharmacy' means a college or school of pharmacy (as defined in section 799B) that, in providing clinical experience for students, requires that the students serve in a clinical rotation in which pharmacist services (as defined in section 331(a)(3)(E)) are provided at or for—

''(1) a medical facility that serves a substantial number of individuals who reside in or are members of a medically underserved community (as so defined);

''(2) an entity described in any of subparagraphs (A) through (L) of section 340B(a)(4) (relating to the definition of covered entity);

''(3) a health care facility of the Department of Veterans Affairs or of any of the Armed Forces of the United States;

''(4) a health care facility of the Bureau of Prisons;

''(5) a health care facility operated by, or with funds received from, the Indian Health Service; or

''(6) a disproportionate share hospital under section 1923 of the Social Security Act.

''(g) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of carrying out this section, there are authorized to be appropriated such sums as may be necessary for each of the fiscal years 2002 through 2006.''.

(b) TECHNICAL AND CONFORM AMENDMENTS.—Section 1610(a) of the Public Health Service Act (42 U.S.C. 300r(a)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A)—

(i) in clause (i), by striking ''or'' at the end thereof;

(ii) in clause (ii), by striking the period and inserting ''; or''; and

(iii) by adding at the end the following:

''(iii) expand, remodel, renovate, or alter existing facilities for qualifying schools of pharmacy or to provide new facilities for the schools in accordance with section 771(d).'';

(B) in subparagraph (B)—

(i) in clause (i), by striking ''and'' at the end thereof;

(ii) in clause (ii)(II), by striking the period and inserting ''; or''; and

(iii) by adding at the end the following:

''(iii) a qualifying school of pharmacy (as defined in section 771(f)).'';

(2) by striking the first sentence of paragraph (3) and inserting the following: ''There are authorized to be appropriated for grants under paragraph (1)(A)(iii), such sums as may be necessary.''; and

(3) by adding at the end the following:

''(4) RECAPTURE OF PAYMENTS.—If, during the 20-year period beginning on the date of the completion of construction pursuant to a grant under paragraph (1)(A)(iii)—

''(A) the school of pharmacy involved, or other owner of the facility, ceases to be a public or nonprofit private entity; or

''(B) the facility involved ceases to be used for the purposes for which it was constructed (unless the Secretary determines, in accordance with regulations, that there is good cause for releasing the school or other owner from such obligation);

the United States is entitled to recover from the school or other owner of the facility the amount bearing the same ratio to the current value (as determined by an agreement between the parties or by action brought in the United States District Court for the district in which such facility is situated) of the facility as the amount of the Federal participation bore to the cost of the construction of such facility.''.

By Mr. HATCH:

S. 1807. A bill to amend the National Capital Revitalization and Self-Government Improvement Act of 1997 to permit any Federal law enforcement agency to enter into a cooperative agreement with the Metropolitan Police Department of the District of Columbia to assist the Department in carrying out crime prevention and law

enforcement activities in the District of Columbia if deemed appropriate by the Chief of the Department and the United States Attorney for the District of Columbia, and for other purposes; to the Committee on Governmental Affairs.

Mr. HATCH. Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 1807

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''District of Columbia Police Coordination Amendment Act of 2001''.

SEC. 2. PERMITTING ADDITIONAL FEDERAL LAW ENFORCEMENT AGENCY TO ENTER INTO COOPERATIVE AGREEMENTS WITH METROPOLITAN POLICE DEPARTMENT OF THE DISTRICT OF COLUMBIA.

Section 11712(d) of the National Capital Revitalization and Self-Government Improvement Act of 1997 (D.C. Code, sec. 4–192(d)) is amended by adding at the end the following:

''(33) Any other law enforcement agency of the Federal government that the Chief of the Metropolitan Police Department and the United States Attorney for the District of Columbia deem appropriate to enter into an agreement pursuant to this section.''.

STATEMENTS ON SUBMITTED RESOLUTIONS

SENATE RESOLUTION 189—TO AMEND THE RULES OF THE SENATE TO IMPROVE LEGISLATIVE EFFICIENCY, AND FOR OTHER PURPOSES

Mr. MCCAIN submitted the following resolution; which was referred to the Committee on Rules and Administration:

S. RES. 189

Resolved, That rule XXV of the Standing Rules of the Senate is amended to read as follows:

''RULE XXV

''STANDING COMMITTEES

''1. The following standing committees shall be appointed at the commencement of each Congress, and shall continue and have the power to act until their successors are appointed, with leave to report by bill or otherwise on matters within their respective jurisdictions:

''(a)(1) **Committee on National Priorities,** to which committee shall be referred all concurrent resolutions on the budget (as defined in section 3(4) of the Congressional Budget Act of 1974) and all other matters required to be referred to committee under titles III and IV of that Act, and messages, petitions, memorials, and other matters relating thereto.

''(2) Such committee shall have the duty—

''(A) to report the matters required to be reported by committee under titles III and IV of the Congressional Budget Act of 1974;

''(B) to make continuing studies of the effect on budget outlays of relevant existing and proposed legislation and to report the results of such studies to the Senate on a recurring basis;

''(C) to request and evaluate continuing studies of tax expenditures, to devise methods of coordinating tax expenditures, policies, and programs with direct budget outlays, and to report the results of such studies to the Senate on a recurring basis; and

''(D) to review, on a continuing basis, the conduct by the Congressional Budget Office of its functions and duties.

''(b)(1) **Committee on Agricultural Policy,** to which committee shall be referred all proposed legislation, messages, petitions, memorials, and other matters relating primarily to the following subjects:

''1. Agricultural economics and research.

''2. Agricultural extension services and experiment stations.

''3. Agricultural production, marketing, and stabilization of prices.

''4. Agriculture and agricultural commodities.

''5. Animal industry and diseases.

''6. Crop insurance and soil conservation.

''7. Farm credit and farm security.

''8. Food from fresh waters.

''9. Inspection of livestock, meat, and agricultural products.

''10. Pests and pesticides.

''11. Plant industry, soils, and agricultural engineering.

''12. Rural development, rural electrification, and watersheds.

''(2) There shall also be referred to such committee all proposed legislation, messages, petitions, memorials, and other matters relating to the appropriation, or to the rescission of the appropriation, of revenue for the support of Government programs, projects, or activities relating primarily to the subjects specified in paragraph (b)(1), except as provided in subparagraph (a).

''(c)(1) **Committee on Defense Policy,** to which committee shall be referred all proposed legislation, messages, petitions, memorials, and other matters relating primarily to the following subjects:

''1. Aeronautical and space activities peculiar to or primarily associated with the development of weapons systems or military operations.

''2. Common defense.

''3. Department of Defense, the Department of the Army, the Department of the Navy, and the Department of the Air Force, generally.

''4. Maintenance and operation of the Panama Canal, including administration, sanitation, and government of the Canal Zone.

''5. Military research and development.

''6. National security aspects of nuclear energy.

''7. Naval petroleum reserves, except those in Alaska.

''8. Pay, promotion, retirement, and other benefits and privileges of members of the Armed Forces, including overseas education of civilian and military dependents.

''9. Selective Service system.

''10. Strategic and critical materials necessary for the common defense.

''(2) There shall also be referred to such committee all proposed legislation, messages, petitions, memorials, and other matters relating to the appropriation, or to the rescission of the appropriation, of revenue for the support of Government programs, projects, or activities relating primarily to the subjects specified in paragraph (c)(1), except as provided in subparagraph (a).

''(d)(1) **Committee on Commercial Policy,** to which committee shall be referred all proposed legislation, messages, petitions, memorials, and other matters relating primarily to the following subjects:

''1. Coast Guard.

''2. Coastal zone management.

''3. Communications.

''4. Construction and maintenance of highways, and highway safety.

''5. Inland waterways, except construction.

''6. Interstate commerce.

''7. Marine and ocean navigation, safety, and transportation, including navigational aspects of deepwater ports.

''8. Marine fisheries.

''9. Merchant marine and navigation.

''10. Nonmilitary aeronautical and space sciences.

''11. Oceans, weather, and atmospheric activities.

''12. Regulation of consumer products and services, including testing related to toxic substances, other than pesticides.

''13. Regulation of interstate common carriers, including railroads, buses, trucks, vessels, pipelines, and civil aviation.

''14. Science, engineering, and technology research and development and policy.

''15. Sports.

''16. Standards and measurement.

''17. Transportation.

''18. Transportation and commerce aspects of Outer Continental Shelf lands.

''19. Regional economic development.

''20. Financial aid to commerce and industry.

''21. Public works, bridges, and dams.

''(2) There shall also be referred to such committee all proposed legislation, messages, petitions, memorials, and other matters relating to the appropriation, or to the rescission of the appropriation, of revenue for the support of Government programs, projects, or activities relating primarily to the subjects specified in paragraph (d)(1), except as provided in subparagraph (a).

''(e)(1) **Committee on Economic Policy,** to which committee shall be referred all proposed legislation, messages, petitions, memorials, and other matters relating primarily to the following subjects:

''1. Bonded debt of the United States, except as provided in the Congressional Budget Act of 1974.

''2. Deposits of public moneys.

''3. Revenue measures generally, except as provided in the Congressional Budget Act of 1974.

''4. Revenue measures relating to the insular possessions.

''5. Banks, banking, and financial institutions.

''6. Deposit insurance.

''7. Federal monetary policy, including the Federal Reserve System.

''8. Issuance and redemption of notes.

''9. Money and credit, including currency and coinage.

''(2) There shall also be referred to such committee all proposed legislation, messages, petitions, memorials, and other matters relating to the appropriation, or to the rescission of the appropriation, of revenue for the support of Government programs, projects, or activities relating primarily to the subjects specified in paragraph (e)(1), except as provided in subparagraph (a).

''(f)(1) **Committee on Energy Policy,** to which committee shall be referred all proposed legislation, messages, petitions, memorials, and other matters relating primarily to the following subjects:

''1. Coal production, distribution, and utilization.

''2. Energy policy.

''3. Energy regulation and conservation.

''4. Energy-related aspects of deepwater ports.

''5. Energy research and development.

''6. Extraction of minerals from oceans and Outer Continental Shelf lands.

''7. Hydroelectric power, irrigation, and reclamation.

''8. Mining education and research.

''9. Mining, mineral lands, mining claims, and mineral conservation.

''10. Naval petroleum reserves in Alaska.

''11. Nonmilitary development of nuclear energy.
''12. Oil and gas production and distribution.
''13. Solar energy systems.
''(2) There shall also be referred to such committee all proposed legislation, messages, petitions, memorials, and other matters relating to the appropriation, or to the rescission of the appropriation, of revenue for the support of Government programs, projects, or activities relating primarily to the subjects specified in paragraph (f)(1), except as provided in subparagraph (a).
''(g)(1) **Committee on Environmental Policy,** to which committee shall be referred all proposed legislation, messages, petitions, memorials, and other matters relating primarily to the following subjects:
''1. Air pollution.
''2. Environmental aspects of Outer Continental Shelf lands.
''3. Environmental effects of toxic substances, other than pesticides.
''4. Environmental policy.
''5. Environmental research and development.
''6. Fisheries and wildlife.
''7. Flood control and improvements of rivers and harbors, including environmental aspects of deepwater ports.
''8. Noise pollution.
''9. Nonmilitary environmental regulation and control of nuclear energy.
''10. Ocean dumping.
''11. Solid waste disposal and recycling.
''12. Water pollution.
''13. Water resources.
''14. Forestry, and forest reserves and wilderness areas.
''15. National parks, recreation areas, wild and scenic rivers, historical sites, military parks and battlefields, and on the public domain, preservation of prehistoric ruins and objects of interest.
''16. Public lands and forests, including farming and grazing thereon, and mineral extraction therefrom.
''(2) There shall also be referred to such committee all proposed legislation, messages, petitions, memorials, and other matters relating to the appropriation, or to the rescission of the appropriation, of revenue for the support of Government programs, projects, or activities relating primarily to the subjects specified in paragraph (g)(1), except as provided in subparagraph (a).
''(h)(1) **Committee on Foreign Policy,** to which committee shall be referred all proposed legislation, messages, petitions, memorials, and other matters relating primarily to the following subjects:
''1. Acquisition of land and buildings for embassies and legations in foreign countries.
''2. Boundaries of the United States.
''3. Diplomatic service.
''4. Foreign economic, military, technical, and humanitarian assistance.
''5. Foreign loans.
''6. International activities of the American Red Cross and the International Committee of the Red Cross.
''7. International aspects of nuclear energy, including nuclear transfer policy.
''8. International conferences and congresses.
''9. International law as it relates to foreign policy.
''10. International Monetary Fund and other international organizations established primarily for international monetary purposes.
''11. Intervention abroad and declarations of war.
''12. Measures to foster commercial intercourse with foreign nations and to safeguard American business interests abroad.
''13. Trusteeships of the United States, including territorial possessions of the United States.
''14. Oceans and international environmental and scientific affairs as they relate to foreign policy.
''15. Protection of United States citizens abroad and expatriation.
''16. Relations of the United States with foreign nations generally.
''17. Treaties and executive agreements.
''18. United Nations and its affiliated organizations.
''19. World Bank group, the regional development banks, and other international organizations established primarily for development assistance programs.
''20. Foreign trade promotion, export, and export controls.
''21. Interoceanic canals generally, unless otherwise provided.
''22. Customs and ports of entry and delivery.
''23. Reciprocal trade agreements.
''24. Tariffs and import quotas, and matters related thereto.
''25. Organization and management of United States nuclear export policy.
''(2) There shall also be referred to such committee all proposed legislation, messages, petitions, memorials, and other matters relating to the appropriation, or to the rescission of the appropriation, of revenue for the support of Government programs, projects, or activities relating primarily to the subjects specified in paragraph (h)(1), except as provided in subparagraph (a).
''(i)(1) **Committee on Governmental Policy,** to which committee shall be referred all proposed legislation, messages, petitions, memorials, and other matters relating primarily to the following subjects:
''1. Archives of the United States.
''2. Budget and accounting measures, except as provided in the Congressional Budget Act of 1974.
''3. Census and collection of statistics, including economic and social statistics.
''4. Congressional organizations, except for any part of the matter that amends the rules of order of the Senate.
''5. Federal Civil Service.
''6. Government information.
''7. Intergovernmental relations.
''8. Municipal affairs of the District of Columbia.
''9. Organization and reorganization of the executive branch of the Government.
''10. Postal Service.
''11. Status of officers of the United States, including their classification, compensation, and benefits.
''12. Renegotiation of governmental contracts.
''13. Public buildings and improved grounds of the United States generally, including Federal buildings in the District of Columbia.
''(2) There shall also be referred to such committee all proposed legislation, messages, petitions, memorials, and other matters relating to the appropriation, or to the rescission of the appropriation, of revenue for the support of Government programs, projects, or activities relating primarily to the subjects specified in paragraph (i)(1), except as provided in subparagraph (a).
''(j)(1) **Committee on Judicial Policy,** to which committee shall be referred all proposed legislation, messages, petitions, memorials, and other matters relating primarily to the following subjects:
''1. Apportionment of Representatives.
''2. Bankruptcy, mutiny, espionage, and counterfeiting.
''3. Civil liberties.
''4. Constitutional amendments.
''5. Federal courts and judges.
''6. Holidays and celebrations.
''7. Immigration and naturalization.
''8. Interstate compacts generally.
''9. Judicial proceedings, civil and criminal, generally.
''10. Local courts in the territories and possessions.
''11. Measures relating to claims against the United States.
''12. National penitentiaries.
''13. Patent Office.
''14. Patents, copyrights, and trademarks.
''15. Protection of trade and commerce against unlawful restraints and monopolies.
''16. Revisions and codification of the statutes of the United States.
''17. State and territorial boundary lines.
''(2) There shall also be referred to such committee all proposed legislation, messages, petitions, memorials, and other matters relating to the appropriation, or to the rescission of the appropriation, of revenue for the support of Government programs, projects, or activities relating primarily to the subjects specified in paragraph (j)(1), except as provided in subparagraph (a).
''(k)(1) **Committee on Social Policy,** to which committee shall be referred all proposed legislation, messages, petitions, memorials, and other matters relating primarily to the following subjects:
''1. Measures relating to education, labor, health, and public welfare.
''2. Arts and humanities.
''3. Biomedical research and development.
''4. Child labor.
''5. Domestic activities of the American Red Cross.
''6. Equal employment opportunity.
''7. Gallaudet College, Howard University, and Saint Elizabeth's Hospital.
''8. Handicapped individuals.
''9. Labor standards.
''10. Mediation and arbitration of labor disputes.
''11. Occupational safety and health, including the welfare of miners.
''12. Private pension plans.
''13. Public health.
''14. Railroad retirement program.
''15. Regulation of foreign laborers.
''16. Student loans.
''17. Wages and hours of labor.
''18. Food stamp programs.
''19. Human nutrition.
''20. School nutrition programs.
''21. Public housing.
''22. Nursing homes including construction.
''23. National social security.
''24. Public health programs, including health programs under the Social Security Act.
''(2) There shall also be referred to such committee all proposed legislation, messages, petitions, memorials, and other matters relating to the appropriation, or to the rescission of the appropriation, of revenue for the support of Government programs, projects, or activities relating primarily to the subjects specified in paragraph (k)(1), except as provided in subparagraph (a).
''(l)(1) **Committee on Native American Programs,** to which committee shall be referred all proposed legislation, messages, petitions, memorials, and other matters relating primarily to Native Americans generally, and Native American Programs.
''(2) There shall also be referred to such committee all proposed legislation, messages, petitions, memorials, and other matters relating to the appropriation, or to the rescission of the appropriation, of revenue for the support of government programs, projects, or activities relating primarily to the subjects specified in paragraph (l)(1), except as provided in subparagraph (a).
''(m)(1) **Committee on Senior American Programs,** to which committee shall be referred all proposed legislation, messages, petitions, memorials, and other matters relating primarily to senior Americans generally, and to the Older Americans Act.

''(2) There shall also be referred to such committee all proposed legislation, messages, petitions, memorials, and other matters relating to the appropriation, or to the rescission of the appropriation, of revenue for the support of Government programs, projects, or activities relating primarily to the subjects specified in paragraph (m)(1), except as provided in subparagraph (a).

''(n)(1) **Committee on Veteran American Programs,** to which committee shall be referred all proposed legislation, messages, petitions, memorials, and other matters relating primarily to the following subjects:

''1. Compensation of veterans.

''2. Life insurance issued by the Government on account of service in the Armed Forces.

''3. National cemeteries.

''4. Pensions of all wars of the United States, general and special.

''5. Readjustment of servicemen to civilian life.

''6. Soldiers and sailors civil relief.

''7. Veterans' hospitals, medical care and treatment of veterans.

''8. Veterans' measures generally.

''9. Vocational rehabilitation and education of veterans.

''(2) There shall also be referred to such committee all proposed legislation, messages, petitions, memorials, and other matters relating to the appropriation, or to the rescission of the appropriation, of revenue for the support of Government programs, projects, or activities relating primarily to the subjects specified in paragraph (n)(1), except as provided in subparagraph (a).

''(o)(1) **Committee on Entrepreneurial American Programs,** to which committee shall be referred all proposed legislation, messages, petitions, memorials, and other matters relating to the Small Business Administration.

''(2) Any proposed legislation reported by such committee which relates to matters other than the functions of the Small Business Administration shall, at the request of any standing committee having jurisdiction over the subject matter extraneous to the functions of the Small Business Administration, be considered and reported by such standing committee prior to its consideration by the Senate; and likewise measures reported by other committees directly relating to the Small Business Administration shall, at the request of the Committee on Entrepreneurial American Programs for its consideration of any portions of the measure dealing with the Small Business Administration, be considered and reported by this committee prior to its consideration by the Senate.

''(3) There shall also be referred to such committee all proposed legislation, messages, petitions, memorials, and other matters relating to the appropriation, or to the rescission of the appropriation, of revenue for the support of Government programs, projects, or activities relating primarily to the subjects specified in paragraphs (o)(1) and (o)(2), except as provided in subparagraph (a).

''(p)(1) **Committee on Senate Rules,** to which committee shall be referred all proposed legislation, messages, petitions, memorials, and other matters relating primarily to the following subjects:

''1. Administration of the Senate office buildings and the Senate wing of the Capitol, including the assignment of office space.

''2. Congressional organization relative to rules and procedures, and Senate rules and regulations, including floor and gallery rules.

''3. Corrupt practices.

''4. Credentials and qualifications of members of the Senate, contested elections, and acceptance of incompatible offices.

''5. Federal elections generally, including the election of the President, Vice President, and members of Congress.

''6. Government Printing Office, and the printing and correction of the Congressional Record, as well as those matters provided under rule XI.

''7. Meetings of the Congress and attendance of the members.

''8. Payments of money out of the contingent fund of the Senate or creating a charge upon the same (except that any resolution relating to substantive matter within the jurisdiction of any other standing committee of the Senate shall first be referred to such committee).

''9. Presidential succession.

''10. Purchase of books and manuscripts and erection of monuments to the memory of individuals.

''11. Senate Library and statuary, art, and pictures in the Capitol and Senate office buildings.

''12. Services to the Senate, including the Senate restaurant.

''13. United States Capitol and congressional office buildings, the Library of Congress, the Smithsonian Institution (and the incorporation of similar institutions), and the Botanic Gardens.

''(2) There shall also be referred to such committee all proposed legislation, messages, petitions, memorials, and other matters relating to the appropriation, or to the rescission of the appropriation, of revenue for the support of Government programs, projects, or activities relating primarily to the subjects specified in paragraph (p)(1), except as provided in subparagraph (a).

''2. (a) Except as otherwise provided by paragraph 4 of this rule, the Leadership Committee, known as the Committee on National Priorities, shall consist of not less than 28 Senators nor more than 33 Senators.

''(b) Except as otherwise provided by paragraph 4 of this rule, each of the following standing committees shall consist of not more than the number of Senators set forth in the following table on the line on which the name of that committee appears:

''LEGISLATIVE POLICY COMMITTEES

''Committee:	Members
Agricultural Policy	17
Defense Policy	17
Commercial Policy	17
Economic Policy	17
Energy Policy	17
Environmental Policy	17
Foreign Policy	17
Governmental Policy	17
Judicial Policy	17
Social Policy	17

''(c) Except as otherwise provided by paragraph 4 of this rule, each of the following standing committees shall consist of not more than the number of Senators set forth in the following table on the line on which the name of that committee appears:

''LEGISLATIVE PROGRAM COMMITTEES

''Committee:	Members
Native American Programs	9
Veteran American Programs	11
Senior American Programs	19
Entrepreneurial American Programs	19

''(d) Except as otherwise provided by paragraph 4 of this rule, each of the following committees and standing committees shall consist of the number of Senators set forth in the following table on the line on which the name of that committee appears:

''ADMINISTRATIVE COMMITTEES

''Committee:	Members
Senate Rules	15
Senate Ethics	6
Senate Intelligence	15

''3. (a) Notwithstanding the provisions of paragraph 4, and except as otherwise provided by this paragraph—

''(1) each Senator shall serve on no more than two committees listed in subparagraph 2(b).

''(2) each Senator serving as either a chairman or a ranking member of any committee listed in subparagraph 2(b) shall serve on the committee listed in subparagraph 2(a).

''(3) each Senator serving as either a chairman or a ranking member of any committee listed in subparagraph 2(c) shall also serve on the committee listed in subparagraph 2(a).

''(4) in addition to those Senators serving on the committee listed in subparagraph 2(a) by virtue of their serving as chairman or ranking member of a committee listed in subparagraph 2(b), not more than 5 Senators shall be appointed by the majority leader of the Senate to serve on the committee listed in subparagraph 2(a) for the purpose of making the overall balance of majority and minority members on the committee the same as the relative balance between the majority and minority members of the Senate.

''(5) service by a Senator on any committee listed in subparagraph 2(c) shall not limit the ability of such Senator to serve on any other committee or standing committee.

''(b) By agreement entered into by the majority leader and the minority leader, the membership of one or more standing committees may be increased temporarily from time to time by such number or numbers as may be required to accord to the majority party a majority of the membership of all standing committees. Members of the majority party in such numbers as may be required for that purpose may serve as members of three standing committees listed in subparagraph 2(b). No such temporary increase in the membership of any Standing committee under this subparagraph shall be continued in effect after the need therefore has ended. No standing committee may be increased in membership under this subparagraph by more than two members in excess of the number prescribed for that committee by paragraph 2(b).

''(c) No Senator shall serve at any one time as chairman of more than one subcommittee of each standing committee of the Senate.

''4. Notwithstanding any provision of rule XXIV of the Standing Rules of the Senate, the appointment of committees or standing committees as prescribed by this title shall be on the basis of each Senator's continuous service in the Senate, except that such appointment shall be in accordance with the following limitations:

''(a) Only those Senators who on the day preceding the effective date of this title were serving as members of the Committee on Agriculture, Nutrition, and Forestry or who were serving on the Subcommittee on Agriculture, Rural Development, and Related Agencies of the Committee on Appropriations may serve on the Committee on Agricultural Policy.

''(b) Only those Senators who on the day preceding the effective date of this title were serving as members of the Committee on Armed Services or who were serving on the Subcommittee on Defense or the Subcommittee on Military Construction of the Committee on Appropriations may serve on the Committee on Defense Policy.

''(c) Only those Senators who on the day preceding the effective date of this title were serving as members of the Committee on Commerce, Science, and Transportation or who were serving on the Subcommittee on Transportation and Related Agencies of the Committee on Appropriations may serve on the Committee on Commercial Policy.

''(d) Only those Senators who on the day preceding the effective date of this title were

serving as members of the Committee on Finance or the Committee on Banking, Housing and Urban Affairs may serve on the Committee on Economic Policy.

''(e) Only those Senators who on the day preceding the effective date of this title were serving as members of the Committee on Energy and Natural Resources or who were serving on the Subcommittee on Energy and Water Development of the Committee on Appropriations, may serve on the Committee on Energy Policy.

''(f) Only those Senators who on the day preceding the effective date of this title were serving as members of the Committee on Environment and Public Works or who were serving on the Subcommittee on Interior and Related Agencies of the Committee on Appropriations may serve on the Committee on Environmental Policy.

''(g) Only those Senators who on the day preceding the effective date of this title were serving as members of the Committee on Foreign Relations or who were serving on the Subcommittee on Foreign Operations of the Committee on Appropriations may serve on the Committee on Foreign Policy.

''(h) Only those Senators who on the day preceding the effective date of this title were serving as members of the Committee on Governmental Affairs or who were serving on the Subcommittee on Treasury, Postal Service, and General Government or the Subcommittee on the District of Columbia or on the Subcommittee on HUD-Independent Agencies of the Committee on Appropriations may serve on the Committee on Governmental Policy.

''(i) Only those Senators who on the day preceding the effective date of this title were serving as members of the Committee on the Judiciary or who were serving on the Subcommittee on Commerce, Justice, State, the Judiciary, and Related Agencies of the Committee on Appropriations may serve on the Committee on Judicial Policy.

''(j) Only those Senators who on the day preceding the effective date of this title were serving as members of the Committee on Labor and Human Resources or who were serving on the Subcommittee on Labor, Health and Human Services, Education, and Related Agencies of the Committee on Appropriations, may serve on the Committee on Social Policy.

''(k) Only those Senators who on the day preceding the effective date of this title were serving as members of the Committee on Rules and Administration or who were serving on the Subcommittee on Legislative Branch of the Committee on Appropriations may serve on the Committee on Senate Policy.

''(l) Only those Senators who on the day preceding the effective date of this title were serving as members of the Select Committee on Indian Affairs may serve on the Committee on Native American Programs.

''(m) Only those Senators who on the day preceding the effective date of this title were serving as members of the Committee on Veterans' Affairs may serve on the Committee on Veteran Programs.

''(n) Only those Senators who on the day preceding the effective date of this title were serving as members of the Special Committee on Aging may serve on the Committee on Senior American Programs.

''(o) Only those Senators who on the day preceding the effective date of this title were serving as members of the Committee on Small Business may serve on the Committee on Senior American Programs.

''5. Upon the effective date of this title, the Select Committee on Ethics shall become the Committee on Senate Ethics, and the Select Committee on Intelligence shall become the Committee on Intelligence Oversight. However, the membership, functions, and duties of such committees shall remain unchanged.''.

SEC. 2. Paragraphs 1, 2, 3, 4, 6, and 7 of rule XVI of the Standing Rules of the Senate are repealed, and paragraphs 5 and 8 are renumbered as paragraphs ''1'' and ''2'', respectively.

SEC. 3. Subparagraph (b) of paragraph 4 of rule XVII of the Standing Rules of the Senate is amended by striking out ''(except the Committee on Appropriations)''.

SEC. 4. Rule XXVI of the Standing Rules of the Senate is amended—

(a) by striking out ''(except the Committee on Appropriations)'' in each instance where it appears,

(b) by striking out ''(except the Committee on Appropriations and the Committee on the Budget)'' in each instance where it appears, and inserting in lieu thereof the following ''(except the Committee on National Priorities)'',

(c) by striking out ''The prohibition contained in the preceding sentence shall not apply to the Committee on Appropriations or the Committee on the Budget.'' in subparagraph 5(a) and inserting in lieu thereof ''The prohibition contained in the preceding sentence shall not apply to the Committee on National Priorities.'',

(d) by striking out the last sentence of subparagraph 10(b), and

(e) by striking out ''(except those by the Committee on Appropriations)'' in subparagraph 11(b).

SEC. 5. The provisions of this resolution shall take effect on the first day of the first Congress following the date of its adoption by the Senate.

Mr. MCCAIN. Madam President, for many years I have spoken at length, both on and off of the Senate floor, about the need to curb pork barrel spending and reduce overall government waste. Around this time each year, I often engage in lengthy debates over the latest excesses in the appropriations bills, which, almost invariably, are stuffed to the gills with earmarks and pet projects.

It was noted last week that H.R. 3338, this year's $317 billion Department of Defense Appropriations bill, was the most expensive appropriations bill to ever pass the United States Senate. Unlike some of my colleagues, I do not believe this is something for which we deserve praise. Bills like H.R. 3338, before it was modified due to the efforts of other Republican Senators who share my concern, are prime examples of how we are failing the American taxpayers who foot the bill for our excesses.

Time and again, I have called my colleagues' attention to the harmful practice of earmarking, of putting parochial interests before national ones, and of funding projects in an ad hoc manner devoid of a unifying policy or goal.

Last week, Secretary Rumsfeld, after briefing a group of Senators about the war effort, was asked what the Senate could do to help. One of several requests by the Secretary was that we in Senate stop funding projects the military did not ask for or need. As my colleague from Arizona, Senator KYL, recounted last Friday night during debate on the DoD appropriations bill, the reaction to this statement was ''other than that, what can we do?''

Today I offer an answer. It is premised on the recognition that part of the problem lies in the current structure of the Senate, which delegates to separate committees the functions of authorization and appropriating funds. Currently, there are no effective restrictions on funding projects that have not been considered by a single committee with technical expertise and broad policy perspective. I should mention that I do not necessarily think these are the authorizing committees.

To help provide a unified, uniform policy basis for our spending of taxpayers' money, I am introducing a resolution today to reorganize the committees of the United States Senate with the hope of helping to eliminate spending on unauthorized and unconsidered pet projects.

Under this Resolution most of the existing committees would be dissolved and reconstituted as policy, administrative, or leadership committees. The Resolution would merge the functions of the authorizing and appropriations committees by having members of the existing appropriations subcommittees serve with current members of the existing authorizing committee on newly created ''policy committees'' that correspond to the issues they currently cover.

This resolution is not a new idea. It was introduced during four previous Congresses by one of our former colleagues, Nancy Kassebaum. I was a proud cosponsor of this legislation then, and I find it particularly timely now. This is a sound proposal for real reform, and I hope that my colleagues will join me in supporting it.

SENATE RESOLUTION 190—AUTHORIZING THE TAKING OF A PHOTOGRAPH IN THE CHAMBER OF THE UNITED STATES SENATE

Mr. DASCHLE (for himself and Mr. LOTT) submitted the following resolution; which was considered and agreed to:

S. RES. 190

Resolved, That paragraph 1 of Rule IV of the Rules for the Regulation of the Senate Wing of the United States Capitol (prohibiting the taking of pictures in the Senate Chamber) be temporarily suspended for the sole and specific purpose of permitting the Senate Photographic Studio to photograph the United States Senate in actual session on Wednesday, January 23, 2002, at the hour of 2:30 p.m.

SEC. 2. The Sergeant at Arms of the Senate is authorized and directed to make the necessary arrangements therefor, which arrangements shall provide for a minimum of disruption to Senate proceedings.

SENATE CONCURRENT RESOLUTION 92—RECOGNIZING RADIO FREE EUROPE/RADIO LIBERTY'S SUCCESS IN PROMOTING DEMOCRACY AND ITS CONTINUING CONTRIBUTION TO UNITED STATES NATIONAL INTERESTS

Mr. HATCH (for himself, Mr. BIDEN, Mr. HELMS, Mr. KENNEDY, and Mr. SMITH of Oregon) submitted the following concurrent resolution; which was referred to the Committee on Foreign Relations:

S. CON. RES. 92

Whereas on May 1, 1951, Radio Free Europe inaugurated its full schedule of broadcast services to the people of Eastern Europe and, subsequently, Radio Liberty initiated its broadcast services to the peoples of the Soviet Union on March 1, 1953, just before the death of Stalin;

Whereas now fifty years later, Radio Free Europe/Radio Liberty (in this concurrent resolution referred to as ''RFE/RL'') continues to promote democracy and human rights and serve United States national interests by fulfilling its mission ''to promote democratic values and institutions by disseminating factual information and ideas'';

Whereas Radio Free Europe and Radio Liberty were established in the darkest days of the cold war as a substitute for the free media which no longer existed in the communist-dominated countries of Central and Eastern Europe and the Soviet Union;

Whereas Radio Free Europe and Radio Liberty developed a unique form of international broadcasting known as surrogate broadcasting by airing local news about the countries to which they broadcast as well as providing regional and international news, thus preventing the communist governments from establishing a monopoly on the dissemination of information and providing an alternative to the state-controlled, party dominated domestic media;

Whereas the broadcast of uncensored news and information by Radio Free Europe and Radio Liberty was a critical element contributing to the collapse of the totalitarian communist governments of Central and Eastern Europe and the Soviet Union;

Whereas since the fall of the Iron Curtain, RFE/RL has continued to inform and therefore strengthen democratic forces in Central Europe and the countries of the former Soviet Union, and has contributed to the development of a new generation of political and economic leaders who have worked to strengthen civil society, free market economies, and democratic government institutions;

Whereas United States Government funding established and continues to support international broadcasting, including RFE/RL, and this funding is among the most useful and effective in promoting and enhancing the Nation's national security over the past half century;

Whereas RFE/RL has successfully downsized in response to legislative mandate and adapted its programming to the changing international broadcast environment in order to serve a broad spectrum of target audiences—people living in fledgling democracies where private media are still weak and do not enjoy full editorial independence, transitional societies where democratic institutions and practices are poorly developed, as well as countries which still have tightly controlled state media;

Whereas RFE/RL continues to provide objective news, analysis, and discussion of domestic and regional issues crucial to democratic and free-market transformations in emerging democracies as well as strengthening civil society in these areas;

Whereas RFE/RL broadcasts seek to combat ethnic, racial, and religious intolerance and promote mutual understanding among peoples;

Whereas RFE/RL provides a model for local media, assists in training to encourage media professionalism and independence, and develops partnerships with local media outlets in emerging democracies;

Whereas RFE/RL is a unique broadcasting institution long regarded by its audience as an alternative national media that provides both credibility and security for local journalists who work as its stringers and editors in the broadcast region; and

Whereas RFE/RL fosters closer relations between the United States and other democratic states, and the states of Central Europe and the former Soviet republics: Now therefore be it

Resolved by the Senate (the House of Representatives concurring), That the Congress—

(1) congratulates the editors, journalists, and managers of Radio Free Europe/Radio Liberty on a half century of effort in promoting democratic values, and particularly their contribution to promoting freedom of the press and freedom of expression in areas of the world where such liberties have been denied or are not yet fully institutionalized; and

(2) recognizes the major contribution of Radio Free Europe/Radio Liberty to the growth of democracy throughout the world and its continuing efforts to advance the vital national interests of the United States in building a world community that is more peaceful, democratic, free, and stable.

Mr. HATCH. Madam President, amidst the focus and sustained attention we have all had on the matters of the first global war of the 21st century, we do not wish to miss the 50th year anniversary of one of the most important tools developed in our foreign policy arsenal in the 20th century. I am referring to the 50th anniversary of the inauguration of Radio Free Europe, which first broadcast its full schedule of radio programming into central and eastern Europe on May 1, International Workers' Day, one of the most famous communist holidays, in 1951.

Two years later, Radio Liberty began its broadcasting programs to the peoples of the Soviet Union. An era of puncturing the state-imposed silence of totalitarian regimes had begun.

Today, I am happy to submit a resolution commemorating the 50 years of the ''Radios,'' as they have come to be known. I am happy to have as co-sponsors the chairman and the ranking member of the Senate Foreign Relations Committee, as well as Senator KENNEDY and Senator SMITH of Oregon.

The Radios were the main component in what some would call America's propaganda efforts. Along with the Voice of America, which broadcasts about American affairs throughout the world, revealing to audiences restricted from freedom of the media the real stories of this country, the Radios were a central tool in broadcasting local news and information back into the captive countries of central and eastern Europe and Eurasia.

Totalitarian communism required complete government control of every aspect of society, that is what totalitarianism is. In addition to controlling every aspect of an individual's life, totalitarianism required that all information, be it cultural, educational or informational, must also be controlled. Totalitarianism cannot function, communism cannot dominate, tyranny cannot succeed, if they must compete with independent media that promotes a free exchange of ideas and views.

That was the role of the Radios. It was an understanding of this basic dynamic of totalitarian communism which led our policymakers, 50 years ago, to realize that one of the most effective, in fact, most threatening, tools we could deploy was the use of a free media. And thus was born the Radios, Radio Free Europe for broadcasting to eastern and central Europe and Radio Liberty for broadcasting into the Soviet Union's realm.

When peoples' minds can grasp differing views, news not controlled by the state, then the state does not completely own them. When the state cannot own them, the state will eventually have to serve, not dominate, its citizens.

It is the freedom of information, wedded to technology, originally radio, then television, now the Internet, that gave hope, that sustained resistance and that ultimately made one of the central contributions to the collapse of these regimes against which we waged a Cold War through the latter half of the 20th century.

Now, 50 years after their inception, it is fitting that we pass this resolution to honor the Radios and their many contributors, editors, journalists, broadcasters and technicians, who staffed them through all of these years.

It is also worthwhile, as we pause to honor this mission, to recognize that the Radios had bipartisan support throughout these years. America's foreign policy, after all, is most vibrant, most dynamic, most successful, when it operates with bipartisan support. That is why our colleagues in the House passed this concurrent resolution with 404 votes.

It is also worthwhile to note that there are very valuable lessons to be learned from this successful aspect of American foreign policy, and to recognize that the supporters of the Radios have, in fact, applied these lessons to the new post-Cold War context.

Yes, it has become a cliche in the past 10 years that we are in a ''post-Cold War'' era. The question that has remained largely unanswered, however, is how does the U.S. respond to this era? Some have suggested that we reached an ''end of history,'' where liberal democracy essentially triumphs around the globe. Some suggested that the end of geopolitical competition in a bipolar era would reduce America's role or obligations in the world.

In response, some have suggested, more caustically and in retrospect since that dark September 11 day, that America went on holiday for the last 10

years, eschewing our vigilance against global threats and riding on a historic wave of prosperity underlined by a false assumption that economic growth eliminated all global challenges and threats.

An American foreign policy expert noted, shortly after the end of the Cold War, that ''the world has changed the way it looks, but not the way it works.'' I agree. There still remain regimes that oppress their peoples; there still remain movements that see the United States as their enemy; there still remain forces that seek to destroy us.

It is no coincidence that these regimes and movements depend on controlling and suppressing freedom of thought and expression wherever they hold sway. None of the countries on our terrorism list has free media. And certainly one of the most repressive regimes in recent memory was that of the now defunct and despicable Taliban regime.

Our colleagues have introduced legislation promoting a ''Radio Free Afghanistan'' to assist the transition to a post-Taliban era for that nation we abandoned and neglected for the last decade. My colleague, Senator BIDEN, in response to the September 11 attacks, has correctly noted that there is much, much more that we can do in terms of broadcasting accurate news and information to large parts of the Arab and Islamic world. Senator BIDEN has a long-standing dedication to these broadcasting tools of our foreign policy. I have seen his first proposal for an enhanced international broadcasting function, and am anxious to support it.

As those who have always supported the Radios know, a lot of the lessons for our future use of surrogate broadcasting comes from the lessons learned through the Radios since 1989. The Radios themselves have evolved. No longer broadcasting into closed societies, they have adapted their mission to the changed circumstances, they have become key players in these societies in transition. As a result of congressional oversight and the leadership of the Radios, the Radios have reshaped their missions to support the transition to democracy of the many nations of the former communist bloc, who are all in various stages of transition, some fully democratic, others struggling, and even others backsliding.

One of the most disturbing aspects of America's temporary retreat following the end of the Cold War was the notion that, with communism defeated, these societies of the former Soviet bloc would inevitably blossom into stable democracies. This has proved contrary to history, and, as we saw in many cases during the 1990s, was contrary to fact. While communism is defeated, a stable democratic society must be developed and nurtured, often by well-meaning citizens with little experience of the societies they seek to achieve. Central in effecting this transition is a free media, and I am happy to say that the Radios are playing a key role, a role carefully calibrated to their stages of political and economic development.

In societies still governed by repressive regimes, such as Belarus and Turkmenistan, the Radios continue to broadcast news that the local populations can trust and continue to puncture state-controlled media with fresh and objective analysis. In transition societies, such as Russia and Serbia, the Radios, in addition to providing useful news and analysis, provide a model of modern, professional media that these societies study and use to advance their own nascent media institutions.

America does not have all of the ideas, nor all of the solutions, to the problems of the world. But our system is based on the fundamental conviction that there must be a free exchange of ideas. And history has demonstrated that we have worked best, most productively, most peacefully, with nations that share this conviction. The Radios both emulated this fundamental principle and applied it to advance our national security. Let us pause for a moment and recognize this by passing this resolution commemorating their 50th anniversary.

AMENDMENTS SUBMITTED AND PROPOSED

SA 2467. Mr. HUTCHINSON (for himself and Mrs. LINCOLN) submitted an amendment intended to be proposed by him to the bill S. 1731, to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table.

SA 2468. Mr. HUTCHINSON submitted an amendment intended to be proposed by him to the bill S. 1731, supra; which was ordered to lie on the table.

SA 2469. Mr. HUTCHINSON submitted an amendment intended to be proposed by him to the bill S. 1731, supra; which was ordered to lie on the table.

SA 2470. Mr. HUTCHINSON submitted an amendment intended to be proposed by him to the bill S. 1731, supra; which was ordered to lie on the table.

SA 2471. Mr. DASCHLE (for Mr. HARKIN) proposed an amendment to the bill S. 1731, supra.

SA 2472. Mr. CRAPO (for himself, Mr. BINGAMAN, Mr. DOMENICI, Mr. BROWNBACK, Mr. CRAIG, and Mr. VOINOVICH) proposed an amendment to amendment SA 2471 proposed by Mr. DASCHLE to the bill (S. 1731) supra.

SA 2473. Mr. LUGAR (for himself and Mr. DOMENICI) proposed an amendment to amendment SA 2471 proposed by Mr. DASCHLE to the bill (S. 1731) supra.

SA 2474. Mr. MURKOWSKI submitted an amendment intended to be proposed by him to the bill S. 1731, supra; which was ordered to lie on the table.

SA 2475. Mr. MURKOWSKI submitted an amendment intended to be proposed by him to the bill S. 1731, supra; which was ordered to lie on the table.

SA 2476. Mr. STEVENS submitted an amendment intended to be proposed by him to the bill S. 1731, supra; which was ordered to lie on the table.

SA 2477. Mr. STEVENS submitted an amendment intended to be proposed by him to the bill S. 1731, supra; which was ordered to lie on the table.

SA 2478. Mr. REID (for Mr. LIEBERMAN (for himself and Mr. THOMPSON)) proposed an amendment to the bill H.R. 2336, An act to extend for 4 years, through December 31, 2005, the authority to redact financial disclosure statements of judicial employees and judicial officers.

SA 2479. Mr. REID (for Mr. LIEBERMAN) proposed an amendment to the bill H.R. 2336, supra.

SA 2480. Mr. REID (for Mr. LIEBERMAN) proposed an amendment to the bill H.R. 2199, to amend the National Capital Revitalization and Self-Government Improvement Act of 1997 to permit any Federal law enforcement agency to enter into a cooperative agreement with the Metropolitan Police Department of the District of Columbia to assist the Department in carrying out crime prevention and law enforcement activities in the District of Columbia if deemed appropriate by the Chief of the Department and the United States Attorney for the District of Columbia, and for other purposes.

TEXT OF AMENDMENTS

SA 2467. Mr. HUTCHINSON (for himself and Mrs. LINCOLN) submitted an amendment intended to be proposed by him to the bill S. 1731, to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumes abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

Strike the period at the end of subtitle C of title X and insert the following:

SEC. 10___. ANIMAL AND PLANT HEALTH INSPECTION SERVICE.

(a) DEFINITIONS.—In this section:

(1) SECRETARY.—The term ''Secretary'' means the Secretary of Agriculture, acting through the Administrator of the Service.

(2) SERVICE.—The term ''Service'' means the Animal and Plant Health Inspection Service of the Department of Agriculture.

(b) EXEMPTION.—Notwithstanding any other provision of law, any migratory bird management carried out by the Secretary shall be exempt from the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) (including regulations).

(c) PERMITS; MANAGEMENT.—An agent, officer, or employee of the Service that carries out any activity relating to migratory bird management may, under the Migratory Bird Treaty Act (16 U.S.C. 703 et seq.)—

(1) issue a depredation permit to a stakeholder or cooperator of the Service; and

(2) manage and take migratory birds.

SA 2468. Mr. HUTCHINSON submitted an amendment intended to be proposed by him to the bill S. 1731, to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place insert the following:

SEC. . STUDY, EVALUATION AND REPORT ON THE CREATION OF A LITTER BANK BY THE DEPARTMENT OF AGRICULTURE AT THE UNIVERSITY OF ARKANSAS.

The Secretary shall conduct a study to evaluate and report back to Congress on the creation of a litter bank by the Department of Agriculture at the University of Arkansas for the purpose of enhancing health and viability of watersheds in areas with large concentrations of animal producing units. The Secretary shall evaluate the needs and means by which litter may be collected and distributed to other watersheds to reduce potential point source and non point source phosphorous pollution. The report shall be submitted to Congress no later than six months after the enactment of this Act.

SA 2469. Mr. HUTCHINSON submitted an amendment intended to be proposed by him to the bill S. 1731, to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place insert the following:

SEC. . OZARK FOOTHILLS RECREATION CONSERVATION & DEVELOPMENT COUNCIL FOR FOREST LANDOWNERS EDUCATION PROJECT IN BATESVILLE, ARKANSAS.

(a) AVAILABILITY OF FUNDS.—Of the amount authorized by this act, $200,000 is to be authorized for the Ozark Foothills Recreation Conservation & Development Council for the Forest Landowners Education Project in Batesville, Arkansas.

SA 2470. Mr. HUTCHINSON submitted an amendment intended to be proposed by him to the bill S. 1731, to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

TITLE ___—ANIMAL ENTERPRISE TERRORISM

SEC. ___01. ANIMAL ENTERPRISE TERRORISM.

(a) IN GENERAL.—Section 43(a) of title 18, United States Code, is amended to read as follows:

''(a) OFFENSE.—

''(1) IN GENERAL.—Whoever—

''(A) travels in interstate or foreign commerce, or uses or causes to be used the mail or any facility in interstate or foreign commerce for the purpose of causing physical disruption to the functioning of an animal enterprise; and

''(B) intentionally damages or causes the loss of any property (including animals or records) used by the animal enterprise, or conspires to do so,

shall be punished as provided for in subsection (b).

(b) PENALTIES.—Section 43(b) of title 18, United States Code, is amended to read as follows:

''(b) PENALTIES.—

''(1) ECONOMIC DAMAGE.—Any person who, in the course of a violation of subsection (a), causes economic damage not exceeding $10,000 to an animal enterprise shall be fined under this title or imprisoned not more than 6 months, or both.

''(2) MAJOR ECONOMIC DAMAGE.—Any person who, in the course of a violation of subsection (a), causes economic damage exceeding $10,000 to an animal enterprise shall be fined under this title or imprisoned not more than 3 years, or both.

''(3) SERIOUS BODILY INJURY.—Any person who, in the course of a violation of subsection (a), causes serious bodily injury to another individual shall be fined under this title or imprisoned not more than 20 years, or both.

''(4) DEATH.—Any person who, in the course of a violation of subsection (a), causes the death of an individual shall be fined under this title or imprisoned for life or for any term of years, or both.''.

(c) RESTITUTION.—Section 43(c) of title 18, United States Code, is amended—

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

(2) in paragraph (2), by striking the period at the end and inserting ''; and''; and

(3) by adding at the end the following:

''(3) for any other economic damage resulting from the offense.''.

SEC. ___02. NATIONAL ANIMAL TERRORISM INCIDENT CLEARINGHOUSE.

(a) DEFINITIONS.—In this section:

(1) ANIMAL ENTERPRISE.—The term ''animal enterprise'' has the same meaning as in section 43 of title 18, United States Code.

(2) CLEARINGHOUSE.—The term ''clearinghouse'' means the clearinghouse established under subsection (b).

(3) DIRECTOR.—The term ''Director'' means the Director of the Federal Bureau of Investigation.

(b) NATIONAL CLEARINGHOUSE.—The Director shall establish and maintain a national clearinghouse for information on incidents of violent crime and terrorism committed against or directed at any animal enterprise.

(c) CLEARINGHOUSE.—The clearinghouse shall—

(1) accept, collect, and maintain information on incidents described in subsection (b) that is submitted to the clearinghouse by Federal, State, and local law enforcement agencies, by law enforcement agencies of foreign countries, and by victims of such incidents;

(2) collate and index such information for purposes of cross-referencing; and

(3) upon request from a Federal, State, or local law enforcement agency, or from a law enforcement agency of a foreign country, provide such information to assist in the investigation of an incident described in subsection (b).

(d) SCOPE OF INFORMATION.—The information maintained by the clearinghouse for each incident shall, to the extent practicable, include—

(1) the date, time, and place of the incident;

(2) details of the incident;

(3) any available information on suspects or perpetrators of the incident; and

(4) any other relevant information.

(e) DESIGN OF CLEARINGHOUSE.—The clearinghouse shall be designed for maximum ease of use by participating law enforcement agencies.

(f) PUBLICITY.—The Director shall publicize the existence of the clearinghouse to law enforcement agencies by appropriate means.

(g) RESOURCES.—In establishing and maintaining the clearinghouse, the Director may—

(1) through the Attorney General, utilize the resources of any other department or agency of the Federal Government; and

(2) accept assistance and information from private organizations or individuals.

(h) COORDINATION.—The Director shall carry out the responsibilities of the Director under this section in cooperation with the Director of the Bureau of Alcohol, Tobacco, and Firearms.

SA 2471. Mr. DASCHLE (for Mr. HARKIN) proposed an amendment to the bill S. 1731, to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; 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 ''Agriculture, Conservation, and Rural Enhancement Act of 2001''.

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

TITLE I—COMMODITY PROGRAMS

SEC. 101. DEFINITIONS.

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

''SEC. 102. DEFINITIONS.

''In this title:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

''(12) PRODUCER.—

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

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

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

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

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

''(14) STATE.—The term 'State' means—

''(A) a State;

''(B) the District of Columbia;

''(C) the Commonwealth of Puerto Rico; and

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

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

Subtitle A—Direct and Counter-Cyclical Payments

SEC. 111. DIRECT AND COUNTER-CYCLICAL PAYMENTS.

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

''SEC. 111. AUTHORIZATION FOR CONTRACTS.

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

''(b) ELIGIBLE OWNERS AND PRODUCERS.—

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

''(2) TENANTS.—

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

''(B) CASH-RENT TENANTS.—

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

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

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

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

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

''(3) CASH-RENT OWNERS.—

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

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

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

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

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

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

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

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

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

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

''(e) ELIGIBLE CROPLAND.—

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

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

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

''(ii) a payment yield; or

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

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

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

''(f) CONTRACT ACREAGE.—

''(1) IN GENERAL.—Subject to subsection (h), for the purpose of making direct payments and counter-cyclical payments to eligible owners and producers on a farm, the Secretary shall provide the eligible owners and producers on the farm with an opportunity to elect 1 of the following methods as the method by which the contract acreages for the 2002 through 2006 crops of all contract commodities for a farm are determined:

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

''(B) The total of—

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

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

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

''(2) PREVENTION OF EXCESS CONTRACT ACREAGES.—

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

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

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

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

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

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

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

''(g) PAYMENT YIELDS.—

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

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

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

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

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

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

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

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

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

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

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

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

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

''(ii) payment yields determined under—

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

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

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

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

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

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

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

''SEC. 112. ELEMENTS OF CONTRACTS.

''(a) TIME FOR CONTRACTING.—

''(1) COMMENCEMENT.—To the extent practicable, the Secretary shall commence entering into contracts not later than 45 days after the date of enactment of the Agriculture, Conservation, and Rural Enhancement Act of 2001.

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

''(3) CONSERVATION RESERVE LAND.—

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

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

''(i) direct payments and counter-cyclical payments under sections 113 and 114, respectively, with respect to the acreage added to the farm under this paragraph; or

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

''(b) DURATION OF CONTRACT.—

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

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

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

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

''SEC. 113. DIRECT PAYMENTS.

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

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

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

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

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

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

''(1) WHEAT.—In the case of wheat:

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

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

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

''(2) CORN.—In the case of corn:

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

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

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

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

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

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

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

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

''(4) BARLEY.—In the case of barley:

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

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

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

''(5) OATS.—In the case of oats:

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

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

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

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

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

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

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

''(7) RICE.—In the case of rice:

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

''(B) For each of fiscal years 2004 through 2006, $2.40 per hundredweight.

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

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

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

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

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

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

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

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

''(d) TIME FOR PAYMENTS.—

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

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

''SEC. 114. COUNTER-CYCLICAL PAYMENTS.

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

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

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

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

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

''(c) PAYMENT RATES.—

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

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

''(B) the total of—

''(i) the higher of—

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

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

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

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

''(A) Wheat, $3.45 per bushel.

''(B) Corn, $2.35 per bushel.

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

''(D) Barley, $2.20 per bushel.

''(E) Oats, $1.55 per bushel.

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

''(G) Rice, $9.30 per hundredweight.

''(H) Soybeans, $5.75 per bushel.

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

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

SEC. 112. VIOLATIONS OF CONTRACTS.

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

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

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

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

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

(3) by adding at the end the following:

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

SEC. 113. PLANTING FLEXIBILITY.

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

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

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

''(A) Fruits.

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

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

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

Subtitle B—Nonrecourse Marketing Assistance Loans and Loan Deficiency Payments

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

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

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

SEC. 122. ELIGIBLE PRODUCTION.

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

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

SEC. 123. LOAN RATES.

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

''SEC. 132. LOAN RATES.

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

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

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

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

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

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

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

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

''(8) in the case of rice, $6.50 per hundredweight;

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

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

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

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

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

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

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

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

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

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

''(b) ADJUSTMENTS.—

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

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

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

SEC. 124. TERM OF LOANS.

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

''SEC. 133. TERM OF LOANS.

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

SEC. 125. REPAYMENT OF LOANS.

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

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

(2) in paragraph (2)—

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

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

(C) by adding at the end the following:

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

SEC. 126. LOAN DEFICIENCY PAYMENTS.

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

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

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

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

''(e) BENEFICIAL INTEREST.—

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

''(2) APPLICATION.—The Secretary shall make a payment under this section to the producers on a farm with respect to a quantity of a loan commodity as of the earlier of—

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

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

SEC. 127. SPECIAL MARKETING LOAN PROVISIONS FOR UPLAND COTTON.

Section 136(a) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7236(a)) is amended by adding at the end the following:

''(4) APPLICATION OF THRESHOLD.—During the period beginning on the date of this paragraph and ending on July 31, 2003, the Secretary shall make the calculations under paragraphs (1)(A) and (2) and subsection (b)(1)(B) without regard to the 1.25 cent threshold provided under those paragraphs and subsection.''.

Subtitle C—Other Commodities

CHAPTER 1—DAIRY

SEC. 131. MILK PRICE SUPPORT PROGRAM.

Section 141 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7251) (as amended by section 772(a) of Public Law 107–76) is amended in subsections (b)(5) and (h) by striking ''May 31, 2002'' each place it appears and inserting ''December 31, 2006''.

SEC. 132. NATIONAL DAIRY PROGRAM.

The Federal Agriculture Improvement and Reform Act of 1996 (as amended by section 772(b) of Public Law 107–76) is amended by inserting after section 141 (7 U.S.C. 7251) the following:

''SEC. 142. NATIONAL DAIRY PROGRAM.

''(a) DAIRY MARKET LOSS ASSISTANCE PROGRAM.—

''(1) DEFINITIONS.—In this subsection:

''(A) AVERAGE PRICE OF MILK.—The term 'average price of milk' means the blending of the prices of milk for use as fluid milk and in cheese, ice cream, butter, and nonfat dry milk in the marketing area where the milk was marketed, as determined by the Secretary.

''(B) PRODUCER.—The term 'producer' means an individual or entity that directly or indirectly (as determined by the Secretary) shares in the risk of producing milk.

''(2) PROGRAM.—Subject to paragraph (8), the Secretary shall provide market loss assistance payments to producers on a dairy farm with respect to the production of milk in a State other than a participating State (as defined in subsection (b)(1)) that is marketed during the period beginning on December 1, 2001, and ending on September 30, 2005.

''(3) AMOUNT.—Subject to paragraph (8), payments to a producer under this subsection shall be calculated by multiplying—

''(A) the payment quantity for the producer during the applicable quarter established under paragraph (4); by

''(B) the payment rate established under paragraph (5).

''(4) PAYMENT QUANTITY.—

''(A) IN GENERAL.—Subject to subparagraph (B), the payment quantity for a producer during the applicable quarter under this subsection shall be equal to the quantity of milk produced and marketed by the producer during the quarter.

''(B) LIMITATION.—The payment quantity for a producer during the applicable fiscal year under this subsection shall not exceed the milk marketing base for the producer established under subsection (c).

''(5) PAYMENT RATE.—The payment rate for a payment under this subsection shall be calculated by multiplying (as determined by the Secretary)—

''(A) 40 percent; by

''(B) the amount by which—

''(i) the average price of milk during the applicable quarter; is less than

''(ii) the average price of milk for the same quarter during each of the previous 5 years.

''(6) REPORTING OF PRODUCTION.—The Secretary may require producers that receive payments under this subsection to report the quantity of milk produced and marketed by the producer on the dairy farm of the producer, in a manner determined by the Secretary.

''(7) TIMING OF PAYMENTS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), payments made under this subsection shall be made on a quarterly basis.

''(B) PAYMENTS FOR FISCAL YEAR 2002.—Payments under this subsection for fiscal year 2002 shall not be made before October 1, 2002.

''(8) FUNDING.—The Secretary shall use not more than $1,500,000,000 of funds of the Commodity Credit Corporation to carry out this subsection.

''(b) NORTHEAST DAIRY MARKET LOSS PAYMENTS.—

''(1) DEFINITIONS.—In this subsection:

''(A) CLASS I MILK.—The term 'Class I milk' means milk (including milk components) classified as Class I milk under a Federal milk marketing order.

''(B) ELIGIBLE PRODUCTION.—The term 'eligible production' means milk produced by a producer in a participating State.

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

''(D) PARTICIPATING STATE.—The term 'participating State' means Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, and West Virginia.

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

''(i) shares in the risk of producing milk; and

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

''(2) PAYMENTS.—Subject to paragraph (9), the Secretary shall offer to enter into contracts with producers on a dairy farm located in a participating State under which the producers receive payments on eligible production in exchange for compliance on the farm with—

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

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

''(3) AMOUNT.—Payments to a producer under this subsection shall be calculated by multiplying (as determined by the Secretary)—

''(A) the payment quantity for the producer during the applicable month established under paragraph (4);

''(B) the amount equal to—

''(i) $16.94 per hundredweight; less

''(ii) the Class I milk price per hundredweight in Boston under the applicable Federal milk marketing order; by

''(C) 45 percent.

''(4) PAYMENT QUANTITY.—

''(A) IN GENERAL.—Subject to subparagraph (B), the payment quantity for a producer during the applicable month under this subsection shall be equal to the quantity of milk produced and marketed by the producer during the month.

''(B) LIMITATION.—The payment quantity for a producer during the applicable fiscal year under this subsection shall not exceed the milk marketing base for the producer established under subsection (c).

''(5) PAYMENTS.—A payment under a contract under this subsection shall be made on a monthly basis not later than 60 days after the last day of the month for which the payment is made.

''(6) SIGNUP.—The Secretary shall offer to enter into contracts under this subsection during the period beginning on December 1, 2001, and ending on September 30, 2005.

''(7) DURATION OF CONTRACT.—

''(A) IN GENERAL.—Except as provided in subparagraph (B) and paragraph (8), any contract entered into by producers on a dairy farm under this subsection shall cover eligible production marketed by the producers on the dairy farm during the period starting with the first day of month the producers on the dairy farm enter into the contract and ending on September 30, 2005.

''(B) VIOLATIONS.—If a producer violates the contract, the Secretary may—

''(i) terminate the contract and allow the producer to retain any payments received under the contract; or

''(ii) allow the contract to remain in effect and require the producer to repay a portion of the payments received under the contract based on the severity of the violation.

''(8) TRANSITION RULE.—In addition to any payment that is otherwise available under this subsection, if the producers on a dairy farm enter into a contract under this subsection by March 1, 2002, the Secretary shall make a payment under this subsection on the quantity of eligible production of the producer marketed during the period beginning on December 1, 2001, and ending on January 1, 2002.

''(9) FUNDING.—The Secretary shall use not more than $500,000,000 of funds of the Commodity Credit Corporation to carry out this subsection.

''(c) MILK MARKETING BASE.—

''(1) DEFINITION OF NEW PRODUCER.—In this subsection, the term 'new producer' means a producer of milk that did not have an interest in the production of milk during any of 1999 through 2001 fiscal years.

''(2) ESTABLISHED PRODUCERS.—In the case of a producer of milk other than a new producer, the milk marketing base of a producer for a fiscal year under this section shall be equal to the lesser of—

''(A) the average quantity of milk marketed for commercial use in which the producer has had a direct or indirect interest during each of the 1999 through 2001 fiscal years; or

''(B) 8,000,000 pounds.

''(3) NEW PRODUCERS.—In the case of a new producer, the milk marketing base of the new producer under this section shall be equal to—

''(A) during each of the first 3 fiscal years of milk production by the new producer, 1,500,000 pounds; and

''(B) during each subsequent year of milk production, the lesser of—

''(i) the average quantity of milk marketed for commercial use in which the producer has had a direct or indirect interest during the first 3 years of milk production by the new producer; or

''(ii) 8,000,000 pounds.

''(4) ADJUSTMENTS.—The Secretary may provide for the adjustment of any milk marketing base of a producer under this subsection—

''(A) if the production of milk used to determine the milk marketing base of the producer has been adversely affected by damaging weather or a related condition (as determined by the Secretary); or

''(B) if the adjustment is necessary to provide fair and equitable treatment to tenants and sharecroppers.

''(5) TRANSFERS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), a producer that is assigned a milk marketing base under this subsection may not transfer the base to any person.

''(B) FAMILY MEMBERS.—A producer that is assigned a milk marketing base under this subsection may irrevocably transfer all or part of the base to a family member of the producer.

''(6) SCHEMES OR DEVICES.—If the Secretary determines that any producer has adopted a scheme or device to increase the milk marketing base of the producer under this subsection, the producer shall become ineligible for any milk marketing base under this subsection.''.

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

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

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

SEC. 134. FLUID MILK PROMOTION.

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

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

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

''(B) any successor regulation.''.

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

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

(1) by striking subsection (a); and

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

SEC. 135. DAIRY PRODUCT MANDATORY REPORTING.

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

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

''(A) manufactured dairy products'';

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

(3) by adding at the end the following:

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

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

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

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

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

(3) by adding at the end the following:

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

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

''(2) butter and butterfat mixtures;

''(3) cheese; and

''(4) casein and mixtures;

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

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

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

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

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

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

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

''(6) IMPORTERS.—

''(A) REPRESENTATION.—The Secretary shall appoint not more than 2 members who represent importers of dairy products and are subject to assessments under the order, to reflect the proportion of domestic production and imports supplying the United States market, as determined by the Secretary on the basis of the average volume of domestic production of dairy products in proportion to the average volume of imports of dairy products in the United States during the immediately preceding 3 years.

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

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

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

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

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

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

(3) by adding at the end the following:

''(6) IMPORTERS.—

''(A) IN GENERAL.—The order shall provide that each importer of imported dairy products shall pay an assessment to the Board in the manner prescribed by the order.

''(B) TIME FOR PAYMENT.—

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

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

''(II) remitted by Customs to the Board.

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

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

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

''(II) a person that acts on behalf of other persons, as an agent, broker, or consignee, to secure the release of a dairy product from Customs and introduce the released dairy product into the stream of commerce.

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

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

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

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

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

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

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

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

(1) in the first sentence—

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

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

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

SEC. 137. DAIRY STUDIES.

(a) IN GENERAL.—The Secretary of Agriculture shall conduct—

(1) a study of the effects of terminating all Federal programs relating to price support and supply management for milk and granting the consent of Congress to cooperative efforts by States to manage milk prices and supply; and

(2) a study of the effects of including in the standard of identity for fluid milk a required minimum protein content that is commensurate with the average nonfat solids content of bovine milk produced in the United States.

(b) REPORTS.—Not later than September 30, 2002, the Secretary shall submit to the Committee on Agriculture of House of Representatives and the Committee on Agriculture, Nutrition, and Forestry a report describing the results of each of the studies required under subsection (a).

CHAPTER 2—SUGAR

SEC. 141. SUGAR PROGRAM.

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

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

(2) in paragraph (1)—

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

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

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

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

''(2) PROCESSOR ASSURANCES.—

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

''(B) MINIMUM PAYMENTS.—

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

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

''(C) BANKRUPTCY OR INSOLVENCY OF PROCESSORS.—

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

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

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

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

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

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

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

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

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

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

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

(2) by adding at the end the following:

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

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

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

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

''(f) LOANS FOR IN-PROCESS SUGAR.—

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

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

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

''(4) FURTHER PROCESSING ON FORFEITURE.—

''(A) IN GENERAL.—As a condition of the forfeiture of in-process sugars and syrups serving as collateral for a loan under paragraph (2), the processor shall, within such reasonable time period as the Secretary may prescribe and at no cost to the Commodity Credit Corporation, convert the in-process sugars and syrups into raw cane sugar or refined beet sugar of acceptable grade and quality for sugars eligible for loans under subsection (a) or (b).

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

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

''(i) the difference between—

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

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

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

''(5) LOAN CONVERSION.—If the processor does not forfeit the collateral as described in paragraph (4), but instead further processes the in-process sugars and syrups into raw cane sugar or refined beet sugar and repays the loan on the in-process sugars and syrups, the processor may obtain a loan under subsection (a) or (b) for the raw cane sugar or refined beet sugar, as appropriate.''.

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

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

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

''(2) INVENTORY DISPOSITION.—

''(A) IN GENERAL.—To carry out paragraph (1), the Commodity Credit Corporation may accept bids to obtain raw cane sugar or refined beet sugar in the inventory of the Commodity Credit Corporation from (or otherwise make available such commodities, on appropriate terms and conditions, to) processors of sugarcane and processors of sugar beets (acting in conjunction with the producers of the sugarcane or sugar beets processed by the processors) in return for the reduction of production of raw cane sugar or refined beet sugar, as appropriate.

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

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

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

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

''(2) DUTY OF PRODUCERS TO REPORT.—

''(A) PROPORTIONATE SHARE STATES.—As a condition of a loan made to a processor for the benefit of a producer, the Secretary shall require each producer of sugarcane located in a State (other than the Commonwealth of Puerto Rico) in which there are in excess of 250 producers of sugarcane to report, in the manner prescribed by the Secretary, the sugarcane yields and acres planted to sugarcane of the producer.

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

''(3) DUTY OF IMPORTERS TO REPORT.—

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

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

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

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

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

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

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

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

(2) by adding at the end the following:

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

SEC. 142. STORAGE FACILITY LOANS.

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

''SEC. 157. STORAGE FACILITY LOANS.

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

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

''(1) has a satisfactory credit history;

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

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

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

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

''(2) be in such amounts and on such terms and conditions (including terms and conditions relating to downpayments, collateral, and eligible facilities) as are normal, customary, and appropriate for the size and commercial nature of the borrower.''.

SEC. 143. FLEXIBLE MARKETING ALLOTMENTS FOR SUGAR.

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

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

(1) in the section heading—

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

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

(2) in subsection (a)—

(A) in paragraph (1)—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(III) by inserting after ''consumption'' the first place it appears the following: ''or to be used for the extraction of sugar for human consumption'';

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

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

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

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

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

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

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

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

(3) in subsection (b)—

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

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

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

(4) by striking subsection (c);

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

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

(A) by striking paragraph (2);

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

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

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

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

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

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

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

(3) in subsection (b)—

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

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

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

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

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

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

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

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

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

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

(6) by striking subsection (e);

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

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

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

''(1) IN GENERAL.—The allotment'';

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

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

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

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

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

''(2) OFFSHORE ALLOTMENT.—

''(A) COLLECTIVELY.—Prior to the allotment of sugar derived from sugarcane to any other State, 325,000 short tons, raw value shall be allotted to the offshore States.

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

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

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

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

''(3) MAINLAND ALLOTMENT.—The allotment for sugar derived from sugarcane, less the amount provided for under paragraph (2), shall be allotted among the mainland States in the United States in which sugarcane is produced, after a hearing (if requested by the affected sugarcane processors and growers) and on such notice as the Secretary by regulation may prescribe, in a fair and equitable manner on the basis of—

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

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

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

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

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

(10) in subsection (g)—

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

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

(C) in paragraph (3)—

(i) in the paragraph heading, by striking ''REDUCTIONS'' and inserting ''CARRY-OVER OF REDUCTIONS'';

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

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

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

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

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

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

below the level of 1,532,000 short tons (raw value equivalent).''.

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

(1) in subparagraph (A)—

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

''(i) IN GENERAL.—The Secretary'';

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

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

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

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

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

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

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

''(III) past processings of sugar from sugarcane, based on the average of the 3 highest years of production during the 1996 through 2000 crop years.

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

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

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

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

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

''(v) NEW ENTRANTS.—

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

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

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

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

(2) in subparagraph (B)—

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

''(i) IN GENERAL.—The Secretary'';

(B) in clause (i) (as so designated)—

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

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

(C) by adding at the end the following:

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

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

(1) in paragraph (1)—

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

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

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

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

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

(2) in paragraph (2)—

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

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

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

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

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

(1) in subsection (a)—

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

''(1) IN GENERAL.—If'';

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

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

''(2) ARBITRATION.—

''(A) IN GENERAL.—Any dispute''; and

(D) by adding at the end the following:

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

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

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

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

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

''(b) SUGAR BEET PROCESSING FACILITY CLOSURES.—

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

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

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

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

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

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

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

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

''(8) PROCESSING FACILITY CLOSURES.—

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

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

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

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

(g) CONFORMING AMENDMENTS.—

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

''PART VII—FLEXIBLE MARKETING ALLOTMENTS FOR SUGAR''.

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

''SEC. 359. DEFINITIONS.

''In this part:

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

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

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

''(A) a State;

''(B) the District of Columbia; and

''(C) the Commonwealth of Puerto Rico.

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

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

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

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

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

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

CHAPTER 3—PEANUTS

SEC. 151. PEANUT PROGRAM.

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

''**CHAPTER 3—PEANUTS**

''SEC. 158A. DEFINITIONS.

''In this chapter:

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

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

''(3) EFFECTIVE PRICE.—The term 'effective price' means the price calculated by the Secretary under section 158D for peanuts to determine whether counter-cyclical payments are required to be made under section 158D for a crop year.

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

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

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

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

''(8) PAYMENT YIELD.—The term 'payment yield' means the yield assigned to a farm by historical peanut producers on the farm pursuant to section 158B(b).

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

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

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

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

''(a) PAYMENT YIELDS AND PAYMENT ACRES.—

''(1) AVERAGE YIELD.—

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

''(B) ASSIGNED YIELDS.—If, for any of the crop years referred to in subparagraph (A) in which peanuts were planted on a farm by the historical peanut producer, the historical peanut producer has satisfied the eligibility criteria established to carry out section 1102 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1999 (7 U.S.C. 1421 note; Public Law 105–277), the Secretary shall assign to the historical peanut producer a yield for the farm for the crop year equal to 65 percent of the average yield for peanuts for the previous 5 crop years.

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

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

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

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

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

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

''(4) TIME FOR DETERMINATIONS; FACTORS.—

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

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

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

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

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

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

''(c) ELECTION.—Not later than 180 days after the date of enactment of this section, a historical peanut producer shall notify the Secretary of the assignments described in subsection (b).

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

''(e) PREVENTION OF EXCESS PEANUT ACRES.—

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

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

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

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

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

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

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

''SEC. 158C. DIRECT PAYMENTS FOR PEANUTS.

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

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

''(c) PAYMENT AMOUNT.—The amount of the direct payment to be paid to the peanut producers on a farm for peanuts for a fiscal year shall be equal to the product obtained by multiplying—

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

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

''(3) the payment yield for the farm.

''(d) TIME FOR PAYMENT.—

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

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

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

''(2) ADVANCE PAYMENTS.—

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

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

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

''(3) REPAYMENT OF ADVANCE PAYMENTS.—If any peanut producer on a farm that receives an advance direct payment for a fiscal year

ceases to be eligible for a direct payment before the date the direct payment would have been made by the Secretary under paragraph (1), the peanut producer shall be responsible for repaying the Secretary the full amount of the advance payment.

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

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

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

''(1) the greater of—

''(A) the national average market price received by peanut producers during the 12-month marketing year for peanuts, as determined by the Secretary; or

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

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

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

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

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

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

''(3) the payment yield for the farm.

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

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

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

''(f) TIME FOR PAYMENTS.—

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

''(2) PARTIAL PAYMENT.—

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

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

"SEC. 158E. PRODUCER AGREEMENTS.

''(a) COMPLIANCE WITH CERTAIN REQUIREMENTS.—

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

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

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

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

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

''(2) COMPLIANCE.—The Secretary may promulgate such regulations as the Secretary considers necessary to ensure peanut producer compliance with paragraph (1).

''(b) FORECLOSURE.—

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

''(2) COMPLIANCE WITH REQUIREMENTS.—

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

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

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

''(1) TERMINATION.—Except as provided in paragraph (5), a transfer of (or change in) the interest of the peanut producers on a farm in peanut acres for which direct payments or counter-cyclical payments are made shall result in the termination of the payments with respect to the peanut acres, unless the transferee or owner of the acreage agrees to assume all obligations under subsection (a).

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

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

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

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

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

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

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

"SEC. 158F. PLANTING FLEXIBILITY.

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

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

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

''(A) Fruits.

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

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

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

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

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

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

''(i) the quantity planted may not exceed the average annual planting history of the agricultural commodity by the peanut producers on the farm during the 1996 through 2001 crop years (excluding any crop year in which no plantings were made), as determined by the Secretary; and

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

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

''(a) NONRECOURSE LOANS AVAILABLE.—

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

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

''(3) ELIGIBLE PRODUCTION.—The producers on a farm shall be eligible for a marketing assistance loan under this section for any quantity of peanuts produced on the farm.

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

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

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

''(B) the Farm Service Agency; or

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

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

''(c) TERM OF LOAN.—

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

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

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

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

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

''(A) minimize potential loan forfeitures;

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

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

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

''(e) LOAN DEFICIENCY PAYMENTS.—

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

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

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

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

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

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

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

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

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

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

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

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

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

''(g) REIMBURSABLE AGREEMENTS AND PAYMENT OF EXPENSES.—To the maximum extent practicable, the Secretary shall implement any reimbursable agreements or provide for the payment of expenses under this chapter in a manner that is consistent with the implementation of the agreements or payment of the expenses for other commodities.

''SEC. 158H. QUALITY IMPROVEMENT.

''(a) OFFICIAL INSPECTION.—

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

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

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

''(c) ESTABLISHMENT OF PEANUT STANDARDS BOARD.—

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

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

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

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

(b) CONFORMING AMENDMENTS.—

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

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

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

(a) REPEAL OF MARKETING QUOTAS FOR PEANUTS.—Effective beginning with the 2002 crop of peanuts, part VI of subtitle B of title III of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1357 et seq.) is repealed.

(b) COMPENSATION OF QUOTA HOLDERS.—

(1) DEFINITIONS.—In this subsection:

(A) PEANUT QUOTA HOLDER.—

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

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

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

(III) is otherwise a farm that was eligible for such a quota as of the effective date of the amendments made by this section.

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

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

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

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

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

(5) PAYMENT AMOUNT.—The amount of the payment for a fiscal year to a peanut quota holder under a contract shall be equal to the product obtained by multiplying—

(A) $0.10 per pound; by

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

(6) ASSIGNMENT OF PAYMENTS.—

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

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

(c) CONFORMING AMENDMENTS.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Subtitle D—Administration

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

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

''(e) ADJUSTMENT AUTHORITY RELATED TO URUGUAY ROUND COMPLIANCE.—If the Secretary determines that expenditures under subtitles A through D that are subject to the total allowable domestic support levels under the Uruguay Round Agreements (as defined in section 2 of the Uruguay Round Agreements Act (19 U.S.C. 3501)), as in effect on the date of enactment of this subsection, will exceed the allowable levels for any applicable reporting period, the Secretary may make adjustments in the amount of the expenditures to ensure that the expenditures do not exceed, but are not less than, the allowable levels.''.

SEC. 162. SUSPENSION OF PERMANENT PRICE SUPPORT AUTHORITY.

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

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

(2) in subsection (a)(1)—

(A) by striking subparagraph (E); and

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

SEC. 163. COMMODITY PURCHASES.

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

''SEC. 191. COMMODITY PURCHASES.

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

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

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

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

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

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

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

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

''(d) PURCHASES FOR EMERGENCY FOOD ASSISTANCE PROGRAM.—The Secretary shall use not less than $40,000,000 for each fiscal year of the funds made available under subsection (a) to purchase agricultural commodities for distribution under the Emergency Food Assistance Act of 1983 (7 U.S.C. 7501 et seq.).''.

SEC. 164. HARD WHITE WHEAT INCENTIVE PAYMENTS.

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

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

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

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

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

SEC. 165. PAYMENT LIMITATIONS.

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

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

''(A) all contract commodities; and

''(B) peanuts.

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

''(A) all contract commodities;

''(B) wool and mohair;

''(C) honey; and

''(D) peanuts.

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

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

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

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

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

''(B) COUNTER-CYCLICAL PAYMENT.—The term 'counter-cyclical payment'' means a payment made under section 114 or 158D of that Act.

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

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

TITLE II—CONSERVATION

Subtitle A—Conservation Security

SEC. 201. CONSERVATION SECURITY PROGRAM.

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

''CHAPTER 2—CONSERVATION SECURITY AND FARMLAND PROTECTION

''Subchapter A—Conservation Security Program

''SEC. 1238. DEFINITIONS.

''In this subchapter:

''(1) BASE PAYMENT.—The term 'base payment' means the amount paid to an producer under a conservation security contract that is equal to the total of the amounts described in clauses (i) and (ii) of subparagraphs (C), (D), or (E) of section 1238C(b)(1), as appropriate.

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

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

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

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

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

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

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

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

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

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

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

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

''(B) to minimize the potential for loss of environmental quality, including soil, water, fish and wildlife habitat, and air and water quality; or

''(C) to reduce energy consumption.

''(11) PRODUCER.—

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

''(i) shares in the risk of producing any crop or livestock; and

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

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

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

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

''(A) a perennial grass;

''(B) a legume grown for use as—

''(i) forage;

''(ii) seed for planting; or

''(iii) green manure;

''(C) a legume-grass mixture;

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

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

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

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

''(B) reduces erosion;

''(C) improves soil fertility and tilth; and

''(D) interrupts pest cycles.

''(15) RESOURCE MANAGEMENT SYSTEM.—The term 'resource management system' means a

system of conservation practices and management relating to land or water use that is designed to prevent resource degradation and permit sustained use of land and water, as defined in accordance with the technical guide of the Natural Resources Conservation Service.

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

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

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

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

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

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

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

''SEC. 1238A. CONSERVATION SECURITY PROGRAM.

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

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

''(2) soil quality protection and improvement;

''(3) water quality protection and improvement;

''(4) air quality protection and improvement;

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

''(6) diversity of flora and fauna;

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

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

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

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

''(11) environmentally sound management of invasive species; or

''(12) any similar conservation purpose (as determined by the Secretary).

''(b) ELIGIBILITY.—

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

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

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

''(2) ELIGIBLE LAND.—

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

''(B) FORESTED LAND.—Private forested land shall be eligible for enrollment in the conservation security program if the forested land is part of the agricultural land described in subparagraph (A), including land that is used for—

''(i) alley cropping;

''(ii) forest farming;

''(iii) forest buffers;

''(iv) windbreaks;

''(v) silvopasture systems; and

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

''(C) EXCLUSIONS.—

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

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

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

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

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

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

''(c) CONSERVATION SECURITY PLANS.—

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

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

''(B) describe—

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

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

''(I) a base payment; and

''(II) a bonus amount;

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

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

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

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

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

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

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

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

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

''(3) STATE AND LOCAL CONSERVATION PRIORITIES.—

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

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

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

''(ii) approved by the Secretary.

''(4) SUBMISSION OF PLAN.—

''(A) IN GENERAL.—During the development of a conservation security plan by a producer, at the request of the producer, the Secretary shall supply to the producer a statement of the minimum number, type, and scope of conservation practices described in paragraph (1)(B)(ii).

''(B) APPROVAL FOR BASE PAYMENTS.—If a conservation security plan submitted to the Secretary contains, at least, the conservation practices referred to in paragraph (1)(B)(ii)—

''(i) the Secretary shall approve the conservation security plan; and

''(ii) the producer of the conservation security plan, on approval of and compliance with the plan, as determined by the Secretary, shall be eligible to receive a base payment.

''(C) APPROVAL FOR BONUS AMOUNTS.—If a conservation security plan submitted to the Secretary contains a proposal for the implementation, maintenance, or improvement of a conservation practice that qualifies for a bonus amount under section 1238C(b)(1)(C)(iii), the Secretary may increase the base payment of the producer by such bonus amount as the Secretary determines is appropriate.

''(d) CONSERVATION CONTRACTS AND PRACTICES.—

''(1) IN GENERAL.—

''(A) ESTABLISHMENT OF TIERS.—The Secretary shall establish 3 tiers of conservation contracts under which a payment under this subchapter may be received.

''(B) ELIGIBLE CONSERVATION PRACTICES.—

''(i) IN GENERAL.—The Secretary shall make eligible for payment under a conservation security contract land management, vegetative, and structural practices that—

''(I) are necessary to achieve the purposes of the conservation security plan; and

''(II) primarily provide for, and have as a primary purpose, resource protection and environmental improvement.

''(ii) DETERMINATION.—

''(I) IN GENERAL.—Subject to subclause (II), in determining the eligibility of a practice described in clause (i), the Secretary shall require, to the maximum extent practicable, the lowest cost alternatives be used to fulfill the purposes of the conservation security plan, as determined by the Secretary.

''(II) INNOVATIVE TECHNOLOGIES.—Subclause (I) shall not apply, to the maximum extent practicable, to the adoption of innovative technologies.

''(2) ON-FARM RESEARCH AND DEMONSTRATION.—With respect to land enrolled in the conservation security program that will be maintained using a Tier II conservation practice or a Tier III conservation practice, the Secretary may approve a conservation security plan that includes on-farm conservation research and demonstration activities, including—

''(A) total farm planning;

''(B) total resource management;

''(C) integrated farming systems;

''(D) germplasm conservation and regeneration;

''(E) greenhouse gas reduction and carbon sequestration;

''(F) agroecological restoration and wildlife habitat restoration;

''(G) agroforestry;

''(H) invasive species control;

''(I) energy conservation and management;

''(J) farm and environmental results monitoring and evaluation; or

''(K) participation in research projects relating to water conservation and management through—

''(i) recycling or reuse of water; or

''(ii) more efficient irrigation of farmland.

''(3) USE OF HANDBOOK AND GUIDES.—

''(A) IN GENERAL.—In determining eligible conservation practices under the conservation security program, the Secretary shall use the National Handbook of Conservation Practices of the Natural Resources Conservation Service.

''(B) CONSERVATION PRACTICE STANDARDS.—To the maximum extent practicable, the Secretary shall establish guidance standards for implementation of eligible conservation practices that shall include measurable goals for enhancing and preventing degradation of resources.

''(C) ADJUSTMENTS.—

''(i) IN GENERAL.—After providing notice and an opportunity for public participation, the Secretary shall make such adjustments to the National Handbook of Conservation Practices, and the field office technical guides, of the Natural Resources Conservation Service as are necessary to carry out this chapter.

''(ii) EFFECT ON PLAN.—If the Secretary makes an adjustment to a practice under clause (i), the Secretary may require an adjustment to a conservation security plan in effect as of the date of the adjustment if the Secretary determines that the plan, without the adjustment, would significantly interfere with achieving the purposes of the conservation security program.

''(D) PILOT TESTING.—

''(i) IN GENERAL.—Under any of the 3 tiers of conservation practices established under paragraph (4), the Secretary may approve requests by a producer for pilot testing of new technologies and innovative conservation practices and systems.

''(ii) INCORPORATION INTO STANDARDS.—

''(I) IN GENERAL.—After evaluation by the Secretary and provision of notice and an opportunity for public participation, the Secretary may, as expeditiously as practicable, approve new technologies and innovative conservation practices and systems.

''(II) INCORPORATION.—If the Secretary approves a new technology or innovative conservation practice under subclause (I), the Secretary shall, as expeditiously as practicable, incorporate the technology or practice into the standards for implementation of conservation practices established under paragraph (3).

''(4) TIERS.—Subject to paragraph (5), to carry out this subsection, the Secretary shall establish the following 3 tiers of conservation contracts:

''(A) TIER I CONSERVATION CONTRACTS.—

''(i) IN GENERAL.—A conservation security plan for land enrolled in the conservation security program under a Tier I conservation security contract shall be maintained using Tier I conservation practices and shall, at a minimum—

''(I) if applicable, address at least 1 resource of concern to the particular agricultural operation;

''(II) apply to the total agricultural operation or to a particular unit of the agricultural operation;

''(III) cover—

''(aa) conservation practices that are being implemented as of the date on which the conservation security contract is entered into; and

''(bb) conservation practices that are implemented after the date on which the conservation security contract is entered into; and

''(IV) meet applicable standards for implementation of conservation practices established under paragraph (3).

''(ii) CONSERVATION PRACTICES.—Tier I conservation practices shall consist of, as appropriate for the agricultural operation of a producer, 1 or more of the following basic conservation activities:

''(I) Nutrient management.

''(II) Integrated pest management.

''(III) Irrigation, water conservation, and water quality management.

''(IV) Grazing pasture and rangeland management.

''(V) Soil conservation, quality, and residue management.

''(VI) Invasive species management.

''(VII) Fish and wildlife habitat management, with special emphasis on species identified by any natural heritage program of the applicable State or the appropriate State agency.

''(VIII) Fish and wildlife conservation and enhancement.

''(IX) Air quality management.

''(X) Energy conservation measures.

''(XI) Biological resource conservation and regeneration.

''(XII) Animal health management.

''(XIII) Plant and animal germplasm conservation, evaluation, and development.

''(XIV) Contour farming.

''(XV) Strip cropping.

''(XVI) Cover cropping.

''(XVII) Sediment dams.

''(XVIII) Any other conservation practice that the Secretary determines to be appropriate and comparable to other conservation practices described in this clause.

''(iii) TIER II CONSERVATION CONTRACTS.—A conservation security plan for land enrolled in the conservation security program that will be maintained using Tier I conservation contracts may include Tier II conservation practices.

''(B) TIER II CONSERVATION PRACTICES.—

''(i) IN GENERAL.—A conservation security plan for land enrolled in the conservation security program under a Tier II conservation security contract shall be maintained using Tier II conservation practices and shall, at a minimum—

''(I) as applicable to the particular agricultural operation, address at least I resource of concern;

''(II) cover—

''(aa) conservation practices that are being implemented as of the date on which the conservation security contract is entered into; and

''(bb) conservation practices that are implemented after the date on which the conservation security contract is entered into; and

''(III) meet applicable resource management system criteria for 1 or more resources of concern of the agricultural operation, as specified in the conservation security contract.

''(ii) CONSERVATION PRACTICES.—Tier II conservation practices shall consist of, as appropriate for the agricultural operation of a producer, any of the Tier I conservation practices and 1 or more of the following land use adjustment or protection practices:

''(I) Resource-conserving crop rotations.

''(II) Controlled, rotational grazing.

''(III) Conversion of portions of cropland from a soil-depleting use to a soil-conserving use, including production of cover crops.

''(IV) Partial field conservation practices (including windbreaks, grass waterways, shelter belts, filter strips, riparian buffers, wetland buffers, contour buffer strips, living snow fences, crosswind trap strips, field borders, grass terraces, wildlife corridors, and critical area planting appropriate to the agricultural operation).

''(V) Fish and wildlife habitat conservation and restoration.

''(VI) Native grassland and prairie protection and restoration.

''(VII) Wetland protection and restoration.

''(VIII) Agroforestry practices and systems.

''(IX) Any other conservation practice involving modification of the use of land that the Secretary determines to be appropriate and comparable to other conservation practices described in this clause.

''(C) TIER III CONSERVATION CONTRACTS.—

''(i) IN GENERAL.—A conservation security plan for land enrolled in the conservation security program under a Tier III conservation security contract shall be maintained using Tier III conservation contracts and shall, at a minimum—

''(I) address all applicable resources of concern in the total agricultural operation;

''(II) cover—

''(aa) conservation practices that are being implemented as of the date on which the conservation security contract is entered into; and

''(bb) conservation practices that are implemented after the date on which the conservation security contract is entered into; and

''(III) meet applicable resource management system criteria for 1 or more resources of concern of the agricultural operation, as specified in the conservation security contract.

''(ii) CONSERVATION PRACTICES.—Tier III conservation practices shall consist of, as appropriate for the agricultural operation of a producer (in addition to appropriate Tier I conservation practices and Tier II conservation practices), development, implementation, and maintenance of a conservation security plan that, over the term of the conservation security contract—

''(I) integrates all necessary conservation practices to foster environmental enhancement and the long-term sustainability of the natural resource base of an agricultural operation; and

''(II) improves profitability and sustainability associated with the agricultural operation.

''(5) MINIMUM REQUIREMENTS.—The minimum requirements for each tier of conservation practices described in paragraph (4) shall be—

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

''(ii) approved by the Secretary.

''(e) CONSERVATION SECURITY CONTRACTS.—

''(1) CONTRACTS.—

''(A) IN GENERAL.—On approval of a conservation security plan of a producer, the Secretary shall enter into a conservation security contract with the producer to enroll the land covered by the conservation security plan in the conservation security program.

''(B) REQUIRED COMPONENTS.—A conservation security contract shall specifically describe the practices that are required under subsection (c)(1)(B).

''(2) TERM.—Subject to paragraphs (3) and (4)—

''(A) a conservation security contract for land enrolled in the conservation security program of a producer that will be maintained using 1 or more Tier I conservation contracts shall have a term of 5 years; and

''(B) a conservation security contract for land enrolled in the conservation security program that will be maintained using a Tier II conservation contract or Tier III conservation contract shall have a 5-year to 10-year term, as determined by the producer.

''(3) MODIFICATIONS.—

''(A) OPTIONAL MODIFICATIONS.—

''(i) IN GENERAL.—An owner or operator may apply to the Secretary to modify the conservation security plan to effectuate the purposes of the conservation security program.

''(ii) APPROVAL BY THE SECRETARY.—To be effective, any modification under clause (i)—

''(I) shall be approved by the Secretary; and

''(II) shall authorize the Secretary to redetermine, if necessary, the amount and timing of the payments under the conservation security contract and subsections (a) and (b) of section 1238C.

''(B) OTHER MODIFICATIONS.—

''(i) IN GENERAL.—The Secretary may, in writing, require a producer to modify a conservation security contract before the expiration of the conservation security contract if—

''(I) the Secretary determines that a change made to the type, size, management, or other aspect of the agricultural operation of the producer would, without the modification of the contract, significantly interfere with achieving the purposes of the conservation security program; or

''(II) the Secretary makes a change to the National Handbook of Conservation Practices of the Natural Resource Conservation Service under subsection (d)(3)(C).

''(ii) PAYMENTS.—The Secretary may adjust the amount and timing of the payment schedule under the conservation security contract to reflect any modifications made under this subparagraph.

''(iii) DEADLINE.—The Secretary may terminate a conservation security contract if a modification required under this subparagraph is not submitted to the Secretary in the form of an amended conservation security contract by the date that is 90 days after the date on which the Secretary issues a written request for the modification.

''(iv) TERMINATION.—a producer that is required to modify a conservation security contract under this subparagraph may, in lieu of modifying the contract—

''(I) terminate the conservation security contract; and

''(II) retain payments received under the conservation security contract, if the producer fully complied with the terms and conditions of the conservation security contract before termination of the contract.

''(4) RENEWAL.—

''(A) IN GENERAL.—At the option of a producer, the conservation security contract of the producer may be renewed, for a term described in subparagraph (B), if—

''(i) the producer agrees to any modification of the applicable conservation security contract that the Secretary determines to be necessary to achieve the purposes of the conservation security program;

''(ii) the Secretary determines that the producer has complied with the terms and conditions of the conservation security contract, including the conservation security plan; and

''(iii) in the case of a Tier I conservation security contract, the producer agrees to increase the conservation practices on land enrolled in the conservation security program by—

''(I) adopting new conservation practices; or

''(II) expanding existing practices to meet the resource management systems criteria.

''(B) TERMS OF RENEWAL.—Under subparagraph (A)—

''(i) a conservation security contract for land enrolled in the conservation security program that will be maintained using Tier I conservation contracts may be renewed for 5-year terms;

''(ii) in the case of a Tier II conservation security contract or a Tier III conservation security contract, the contract shall be renewed for 5-year to 10-year terms, at the option of the producer; and

''(iii) participation in the conservation security program prior to the renewal of the conservation security contract shall not bar renewal more than once.

''(f) NONCOMPLIANCE DUE TO CIRCUMSTANCES BEYOND THE CONTROL OF PRODUCERS.—The Secretary shall include in the conservation security contract a provision, and may modify a conservation security contract under subsection (e)(3)(B), to ensure that a producer shall not be considered in violation of a conservation security contract for failure to comply with the conservation security contract due to circumstances beyond the control of the producer, including a disaster or related condition, as determined by the Secretary.

''SEC. 1238B. DUTIES OF PRODUCERS.

''Under a conservation security contract, a producer shall agree, during the term of the conservation security contract—

''(1) to implement the applicable conservation security plan approved by the Secretary;

''(2) to maintain, and make available to the Secretary at such times as the Secretary may request, appropriate records showing the effective and timely implementation of the conservation security plan;

''(3) not to engage in any activity that would interfere with the purposes of the conservation security plan; and

''(4) on the violation of a term or condition of the conservation security contract—

''(A) if the Secretary determines that the violation warrants termination of the conservation security contract—

''(i) to forfeit all rights to receive payments under the conservation security contract; and

''(ii) to refund to the Secretary all or a portion of the payments received by the producer under the conservation security contract, including any advance payment and interest on the payments, as determined by the Secretary; or

''(B) if the Secretary determines that the violation does not warrant termination of the conservation security contract, to refund to the Secretary, or accept adjustments to, the payments provided to the producer, as the Secretary determines to be appropriate.

''SEC. 1238C. DUTIES OF THE SECRETARY.

''(a) ADVANCE PAYMENT.—At the time at which a producer enters into a conservation security contract, the Secretary shall, at the option of the producer, make an advance payment to the producer in an amount not to exceed—

''(1) in the case of a Tier I conservation security contract, the greater of—

''(A) $1,000; or

''(B) 20 percent of the value of the annual payment under the contract, as determined by the Secretary;

''(2) in the case of a Tier II conservation security contract, the greater of—

''(A) $2,000; or

''(B) 20 percent of the value of the annual payment under the contract, as determined by the Secretary; and

''(3) in the case of a Tier III conservation security contract, the greater of—

''(A) $3,000; or

''(B) 20 percent of the value of the annual payment under the contract, as determined by the Secretary.

''(b) ANNUAL PAYMENTS.—

''(1) CRITERIA FOR DETERMINING AMOUNT OF PAYMENTS.—

''(A) BASE RATE.—In this paragraph, the term 'base rate' means the average county rental rate for the specific land use during the 2001 crop year, or another appropriate average county rate for the 2001 crop year, that ensures regional equity, as determined by the Secretary.

''(B) PAYMENTS.—A payment for a conservation practice under this paragraph shall be determined in accordance with subparagraphs (C) through (F).

''(C) TIER I CONSERVATION CONTRACTS.—The payment for a Tier I conservation security contract shall be comprised of the total of the following amounts:

''(i) An amount equal to 6 percent of the base rate for land covered by the contract.

''(ii) An amount equal to the following costs of practices covered by the conservation security contract, based on the average county costs for such practices for the 2001 crop year, as determined by the Secretary:

''(I) 100 percent of the cost of—

''(aa) the adoption of new management practices; and

''(bb) the maintenance of new and existing management practices.

''(II) 100 percent of the cost of maintenance of existing land-based structural practices approved by the Secretary.

''(III)(aa) 75 percent (or, in the case of a limited resource producer (as determined by the Secretary) or a beginning farmer or rancher, 90 percent) of the cost of adoption of new land-based structural practices; or

''(bb) 75 percent (or, in the case of a limited resource producer (as determined by the Secretary) or a beginning farmer or rancher, 90 percent) of the cost of the adoption of a structural practice for which a similar structural practice under the environmental quality incentives program established under chapter 4 would require maintenance, if the producer agrees to provide, without reimbursement, substantially equivalent maintenance.

''(iii) A bonus amount determined by the Secretary for implementing or adopting 1 or more of the following practices:

''(I) A practice adopted or maintained that maximizes the purposes of the conservation security program beyond the minimum requirements of the practices adopted or maintained.

''(II) A practice adopted or maintained to address eligible resource and conservation concerns beyond those identified as State or local conservation priorities.

''(III) A practice adopted or maintained to address national priority concerns, as determined by the Secretary.

''(IV) Participation by the producer in a conservation research, demonstration, or pilot project.

''(V) Participation by the producer in a watershed or regional resource conservation

plan that involves at least 75 percent of producers in a targeted area.

''(VI) Recordkeeping, monitoring, and evaluation carried out by the producer that furthers the purposes of the conservation security program.

''(iv) A bonus amount determined by the Secretary that reflects the status of a producer as a beginning farmer or rancher.

''(D) TIER II CONSERVATION CONTRACTS.—The payment for a Tier II conservation security contract shall be comprised of the total of the following amounts:

''(i) An amount equal to 11 percent of the base rate for land covered by the conservation security contract.

''(ii) An amount equal to the cost of practices covered by the conservation security contract, based on the average county costs for practices for the 2001 crop year, described in subparagraph (C)(ii).

''(iii) A bonus amount determined by the Secretary in accordance with clauses (iii) and (iv) of subparagraph (C), except that the bonus amount under this clause may include any amount for the adoption or maintenance by the producer of any practice that exceeds resource management system standards.

''(E) TIER III CONSERVATION CONTRACTS.—The payment for a Tier III conservation security contract shall be comprised of the total of the following amounts:

''(i) An amount equal to 20 percent of the base rate for land covered by the conservation security contract.

''(ii) An amount equal to the cost of practices covered by the conservation security contract, based on the average county costs for practices for the 2001 crop year, described in subparagraph (C)(ii).

''(iii) A bonus amount determined by the Secretary in accordance with subparagraph (D)(iii).

''(F) EXCLUSION OF COSTS FOR PURCHASE OR MAINTENANCE OF EQUIPMENT OR NON-LAND BASED STRUCTURES.—A payment under this subchapter shall not include any amount for the purchase or maintenance of equipment or a non-land based structure.

''(2) TIME OF PAYMENT.—The Secretary shall provide payments under a conservation security contract as soon as practicable after October 1 of each fiscal year.

''(3) LIMITATION ON PAYMENTS.—

''(A) IN GENERAL.—Subject to paragraphs (1), (2), (4), and (5), the Secretary shall, in amounts and for a term specified in a conservation security contract and taking into account any advance payments, make an annual payment, directly or indirectly, to the individual or entity covered by the conservation security contract in an amount not to exceed—

''(i) in the case of a Tier I conservation security contract, $20,000;

''(ii) in the case of a Tier II conservation security contract, $35,000; or

''(iii) in the case of a Tier III conservation security contract, $50,000.

''(B) LIMITATION ON NONBONUS PAYMENTS.—In applying the payment limitation under each of clauses (i), (ii), and (iii) of subparagraph (A), an individual or entity may not receive, directly or indirectly, payments described in clauses (i) and (ii) of paragraph (1)(C), (1)(D), or (1)(E), as appropriate, in an amount that exceeds 75 percent of the applicable payment limitation.

''(C) OTHER USDA PAYMENTS.—If a producer has the same practices on the same land enrolled in the conservation security program and 1 or more other conservation programs administered by the Secretary, the Secretary shall include all payments from the conservation security program and the other conservation programs, other than payments for conservation easements, in applying the annual payment limitations under this paragraph.

''(D) NON-USDA PAYMENTS.—

''(i) IN GENERAL.—A payment described in clause (ii) shall not be considered an annual payment for purposes of the annual payment limitations under this paragraph.

''(ii) PAYMENT.—A payment referred to in clause (i) is a payment that—

''(I) is for the same practice on the same land enrolled in the conservation security program; and

''(II) is received from a Federal program that is not administered by the Secretary, or that is administered by any State, local, or private agricultural agency or organization.

''(E) COMMENSURATE SHARE.—To be eligible to receive a payment under this chapter, an individual or entity shall make contributions (including contributions of land, labor, management, equipment, or capital) to the operation of the farm that are at least commensurate with the share of the proceeds of the operation of the individual or entity.

''(4) LAND ENROLLED IN OTHER CONSERVATION PROGRAMS.—Notwithstanding any other provision of law, if a producer has land enrolled in another conservation program administered by the Secretary and has applied to enroll the same land in the conservation security program, the producer may elect to—

''(A) convert the contract under the other conservation program to a conservation security contract, without penalty, except that this subparagraph shall not apply to a contract entered into under—

''(i) the conservation reserve program under subchapter B of chapter 1; or

''(ii) the wetlands reserve program under subchapter C of chapter 1; or

''(B) have each annual payment to the producer under this subsection reduced to reflect payment for practices the producer receives under the other conservation program, except that the annual payment under this subsection shall not be reduced by the amount of any incentive received under a program referred to in section 1231(b)(6) for qualified practices that enhance or extend the conservation benefit achieved under the other conservation program.

''(5) WASTE STORAGE OR TREATMENT FACILITIES.—A payment to a producer under this subchapter shall not be provided for the purpose of construction or maintenance of animal waste storage or treatment facilities or associated waste transport or transfer devices for animal feeding operations.

''(c) MINIMUM PRACTICE REQUIREMENT.—In determining a payment under subsection (a) or (b) for an owner, operator, or producer that receives a payment under another program administered by the Secretary that is contingent on complying with requirements under subtitle B or C of title XII of the Food Security Act of 1985 (16 U.S.C. 3811 et seq.) relating to the use of highly erodible land or wetland, a payment under this chapter for 1 or more practices on land subject to those requirements shall be for practices that exceed minimum requirements for the owner, operator, or producer under those subtitles, as determined by the Secretary.

''(d) REGULATIONS.—

''(1) IN GENERAL.—The Secretary shall promulgate regulations that—

''(A) provide for adequate safeguards to protect the interests of tenants and sharecroppers, including provision for sharing payments, on a fair and equitable basis; and

''(B) prescribe such other rules as the Secretary determines to be necessary to ensure a fair and reasonable application of the limitations established under subsections (a) and (b).

''(2) PENALTIES FOR SCHEMES OR DEVICES.—

''(A) IN GENERAL.—If the Secretary determines that an individual or entity has adopted a scheme or device to evade, or that has the purpose of evading, the regulations promulgated under paragraph (1), the individual or entity shall be ineligible to participate in the conservation security program for—

''(i) the year for which the scheme or device was adopted; and

''(ii) each of the following 5 years.

''(B) FRAUD.—If the Secretary determines that fraud was committed in connection with the scheme or device, the individual or entity shall be ineligible to participate in the conservation security program for—

''(i) the year for which the scheme or device was adopted; and

''(ii) each of the following 10 years.

''(e) TERMINATION.—

''(1) IN GENERAL.—Subject to section 1238B, the Secretary shall allow a producer to terminate the conservation security contract.

''(2) PAYMENTS.—the producer may retain any or all payments received under a terminated conservation security contract if—

''(A) the producer is in full compliance with the terms and conditions (including any maintenance requirements) of the conservation security contract as of the date of the termination; and

''(B) the Secretary determines that termination of the contract will not defeat the purposes of the conservation security plan of the producer.

''(f) TRANSFER OR CHANGE OF INTEREST IN LAND SUBJECT TO CONSERVATION SECURITY CONTRACT.—

''(1) IN GENERAL.—Except as provided in paragraph (2), the transfer, or change in the interest, of a producer in land subject to a conservation security contract shall result in the termination of the conservation security contract.

''(2) TRANSFER OF DUTIES AND RIGHTS.—Paragraph (1) shall not apply if, not later than 60 days after the date of the transfer or change in the interest in land, the transferee of the land provides written notice to the Secretary that all duties and rights under the conservation security contract have been transferred to the transferee.

''(g) TECHNICAL ASSISTANCE.—

''(1) IN GENERAL.—For each of fiscal years 2003 through 2006, the Secretary shall provide technical assistance to producers for the development and implementation of conservation security contracts, in an amount not to exceed 20 percent of amounts expended for the fiscal year.

''(2) COORDINATION BY THE SECRETARY.—The Secretary shall provide overall technical coordination and leadership for the conservation security program, including final approval of all conservation security plans.

''(h) CONSERVATION SECURITY PILOT PROGRAM.—

''(1) IN GENERAL.—Effective October 1, 2004, the Secretary, in cooperation with appropriate State agencies, may establish a program in 1 State to demonstrate and evaluate the implementation of a conservation security program by a State described in paragraph (2).

''(2) ELIGIBLE STATE.—The State referred to in paragraph (1) shall be a State selected by the Secretary—

''(A) in consultation with—

''(i) the Committee on Agriculture of the House of Representatives; and

''(ii) the Committee on Agriculture, Nutrition, and Forestry of the Senate; and

''(B) after taking into consideration—

''(i) the percentage of private land in agricultural production in the State; and

''(ii) infrastructure in the State that is available to implement the pilot program under paragraph (1).''.

SEC. 202. FUNDING.

Section 1241 of the Food Security Act of 1985 (16 U.S.C. 3841) is amended by adding at the end the following:

''(c) CONSERVATION SECURITY PROGRAM.—Of the funds of the Commodity Credit Corporation, the Corporation shall make available for each of fiscal years 2002 through 2006 such sums as are necessary to carry out subchapter A of chapter 2 (including the provision of technical assistance).''.

SEC. 203. PARTNERSHIPS AND COOPERATION.

Section 1243 of the Food Security Act of 1985 (16 U.S.C. 3843) is amended by adding at the end the following:

''(f) PARTNERSHIPS AND COOPERATION.—

''(1) IN GENERAL.—In carrying out any program under subtitle D, the Secretary may designate special projects, as recommended by the State Conservationist, after consultation with the State technical committee, to enhance technical and financial assistance provided to owners, operators, and producers to address environmental issues affected by agricultural production with respect to—

''(A) meeting the purposes of—

''(i) the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.) or comparable State laws in impaired or threatened watersheds;

''(ii) the Safe Drinking Water Act (42 U.S.C. 300f et seq.) or comparable State laws in watersheds providing water for drinking water supplies; or

''(iii) the Clean Air Act (42 U.S.C. 7401 et seq.) or comparable State laws; or

''(B) watersheds of special significance, conservation priority areas described in section 1230(c), or other geographic areas of environmental sensitivity, such as wetland, including State or multi-State projects—

''(i) to facilitate surface and ground water conservation;

''(ii) to protect water quality;

''(iii) to protect endangered or threatened species or habitat, such as conservation corridors;

''(iv) to improve methods of irrigation;

''(v) to convert acreage from irrigated production; or

''(vi) to reduce nutrient loads of watersheds.''.

''(2) INCENTIVES.—To realize the purposes of the special projects under paragraph (1), the Secretary may provide incentives to owners, operators, and producers participating in the special projects to encourage partnerships, enrollments of exceptional environmental value, and sharing of technical and financial resources among owners, operators, and producers and among owners, operators, and producers and governmental and nongovernmental organizations.

''(3) FLEXIBILITY.—

''(A) IN GENERAL.—The Secretary may enter into agreements with States (including State agencies and units of local government) and nongovernmental organizations to allow greater flexibility to adjust the application of eligibility criteria, approved practices, innovative conservation practices, and other elements of the programs under this title to better reflect unique local circumstances and purposes in a manner that is consistent with—

''(i) environmental enhancement and long-term sustainability of the natural resource base; and

''(ii) the purposes of this title.

''(B) PLAN.—Each party to an agreement under subparagraph (A) shall submit to the Secretary, for approval by the Secretary, a special project area or priority area program plan for each program to be carried out by the party that includes—

''(i) a description of the proposed adjustments to program implementation (including a description of how those adjustments will accelerate the achievement of environmental benefits);

''(ii) an analysis of the contribution those adjustments will make to the effectiveness of programs in achieving the purposes of the special project or priority area program;

''(iii) a timetable for reevaluating the need for or performance of the proposed adjustments;

''(iv) a description of non-Federal programs and resources that will contribute to achieving the purposes of the special project or priority area program; and

''(v) a plan for regular monitoring, evaluation, and reporting of progress toward the purposes of the special project or priority area program.

''(4) PURPOSES OF SPECIAL PROJECTS.—The Secretary may carry out special projects, the purposes of which are to encourage—

''(A) producers to cooperate in the installation and maintenance of conservation systems that affect multiple agricultural operations;

''(B) the sharing of information and technical and financial resources;

''(C) cumulative environmental benefits across operations of producers; and

''(D) the development and demonstration of innovative conservation methods.

''(5) FUNDING.—

''(A) IN GENERAL.—In addition to resources from programs under subtitle D, subject to subparagraph (B), the Secretary shall use 5 percent of the funds made available for each fiscal year under section 1241(b) to carry out activities that are authorized under the environmental quality incentives program established under chapter 4 of subtitle D.

''(B) UNUSED FUNDING.—Any funds made available for a fiscal year under subparagraph (A) that are not obligated by April 1 of the fiscal year may be used to carry out other activities under the environmental quality incentives program during the fiscal year in which the funding becomes available.''.

SEC. 204. ADMINISTRATIVE REQUIREMENTS FOR CONSERVATION PROGRAMS.

Subtitle E of title XII of the Food Security Act of 1985 (16 U.S.C. 3841 et seq.) is amended by adding at the end the following:

''SEC. 1244. ADMINISTRATIVE REQUIREMENTS FOR CONSERVATION PROGRAMS.

''(a) GOOD FAITH RELIANCE.—

''(1) IN GENERAL.—Notwithstanding any other provision of law, except as provided in paragraph (4), the Secretary shall provide equitable relief to an owner, operator, or producer that has entered into a contract under a conservation program administered by the Secretary, and that is subsequently determined to be in violation of the contract, if the owner, operator, or producer, in attempting to comply with the terms of the contract and enrollment requirements—

''(A) took actions in good faith reliance on the action or advice of an employee of the Secretary; and

''(B) had no knowledge that the actions taken were in violation of the contract.

''(2) TYPES OF RELIEF.—The Secretary shall—

''(A) to the extent the Secretary determines that an owner, operator, or producer has been injured by good faith reliance described in paragraph (1), allow the owner, operator, or producer—

''(i) to retain payments received under the contract;

''(ii) to continue to receive payments under the contract;

''(iii) to keep all or part of the land covered by the contract enrolled in the applicable program;

''(iv) to reenroll all or part of the land covered by the contract in the applicable program; or

''(v) to receive any other equitable relief the Secretary considers appropriate; and

''(B) require the owner, operator, or producer to take such actions as are necessary to remedy any failure to comply with the contract.

''(3) RELATIONSHIP TO OTHER LAW.—The authority to provide relief under this subsection shall be in addition to any other authority provided in this or any other Act.

''(4) EXCEPTIONS.—This section shall not apply to—

''(A) any pattern of conduct in which an employee of the Secretary takes actions or provides advice with respect to an owner, operator, or producer that the employee and the owner, operator, or producer know are inconsistent with applicable law (including regulations); or

''(B) an owner, operator, or producer takes any action, independent of any advice or authorization provided by an employee of the Secretary, that the owner, operator, or producer knows or should have known to be inconsistent with applicable law (including regulations).

''(5) APPLICABILITY OF RELIEF.—Relief under this section shall be available for contracts in effect on or after the date of enactment of this section.

''(b) EDUCATION, OUTREACH, MONITORING, AND EVALUATION.—In carrying out any conservation program administered by the Secretary, the Secretary—

''(1) shall provide education, outreach, training, monitoring, evaluation, technical assistance, and related services to agricultural producers (socially disadvantaged agricultural producers, beginning farmers and ranchers, Indian tribes (as those terms are defined in section 1238), and limited resource agricultural producers);

''(2) may enter into contracts with States (including State agencies and units of local government), private nonprofit, community-based organizations, and educational institutions with demonstrated experience in providing the services described in paragraph (1), to provide those services; and

''(3) shall use such sums as are necessary from funds of the Commodity Credit Corporation to carry out activities described in paragraphs (1) and (2).

''(c) BEGINNING FARMERS AND RANCHERS AND INDIAN TRIBES.—In carrying out any conservation program administered by the Secretary, the Secretary may provide to beginning farmers and ranchers and Indian tribes (as those terms are defined in section 1238) and limited resource agricultural producers incentives to participate in the conservation program to—

''(1) foster new farming opportunities; and

''(2) enhance environmental stewardship over the long term.

''(d) PROGRAM EVALUATION.—The Secretary shall maintain data concerning conservation security plans, conservation practices planned or implemented, environmental outcomes, economic costs, and related matters under conservation programs administered by the Secretary.

''(e) MEDIATION AND INFORMAL HEARINGS.—If the Secretary makes a decision under a conservation program administered by the Secretary that is adverse to an owner, operator, or producer, at the request of the owner, operator, or producer, the Secretary shall provide the owner, operator, or producer with mediation services or an informal hearing on the decision.

''(f) TECHNICAL ASSISTANCE.—

''(1) IN GENERAL.—Under any conservation program administered by the Secretary, subject to paragraph (2), technical assistance

provided by persons certified under paragraph (3) (including farmers and ranchers) may include—

''(A) conservation planning;

''(B) design, installation, and certification of conservation practices;

''(C) conservation training for producers; and

''(D) such other conservation activities as the Secretary determines to be appropriate.

''(2) OUTSIDE ASSISTANCE.—

''(A) IN GENERAL.—The Secretary may contract directly with qualified persons not employed by the Department to provide conservation technical assistance.

''(B) PAYMENT BY SECRETARY.—Subject to subparagraph (C), the Secretary may provide a payment to an owner, operator, or producer enrolled in a conservation program administered by the Secretary if the owner, operator, or producer elects to obtain technical assistance from a person certified to provide technical assistance under this subsection.

''(C) NONPRIVATE PROVIDERS.—In determining whether to provide a payment under subparagraph (B) to a nonprivate provider, the Secretary shall provide a payment if the provision of the payment would result in an increase in the total amount of technical assistance available to producers, as determined by the Secretary.

''(3) CERTIFICATION OF PROVIDERS OF TECHNICAL ASSISTANCE.—

''(A) PROCEDURES.—

''(i) IN GENERAL.—The Secretary shall establish procedures for certifying persons not employed by the Department to provide technical assistance in planning, designing, or certifying activities to participate in any conservation program administered by the Secretary to agricultural producers and landowners participating, or seeking to participate, in conservation programs administered by the Secretary.

''(ii) NON-FEDERAL ASSISTANCE.—The Secretary may request the services of, and enter into a cooperative agreement with, a State water quality agency, State fish and wildlife agency, State forestry agency, or any other governmental or nongovernmental organization or person considered appropriate to assist in providing the technical assistance necessary to develop and implement conservation plans under this title.

''(B) STANDARDS.—The Secretary shall establish standards for the conduct of—

''(i) the certification process conducted by the Secretary; and

''(ii) periodic recertification by the Secretary of providers.

''(C) CERTIFICATION REQUIRED.—

''(i) IN GENERAL.—A provider may not provide to any producer technical assistance described in paragraph (3)(A)(i) unless the provider is certified by the Secretary.

''(ii) WAIVER.—The Secretary may exempt a provider from any requirement of this subparagraph if the Secretary determines that the provider has been certified or recertified to provide technical assistance through a program the standards of which meet or exceed standards established by the Secretary under subparagraph (B).

''(D) FEE.—

''(i) IN GENERAL.—In exchange for certification or recertification, a provider shall pay a fee to the Secretary in an amount determined by the Secretary.

''(ii) ACCOUNT.—A fee paid to the Secretary under clause (i) shall be—

''(I) credited to the account in the Treasury that incurs costs relating to implementing this subsection; and

''(II) made available to the Secretary for use for conservation programs administered by the Secretary, without further appropriation, until expended.

''(iii) WAIVER.—The Secretary may waive any requirement of any provider to pay a fee under this subparagraph if the provider qualifies for a waiver under subparagraph (C)(ii).

''(E) OTHER REQUIREMENTS.—The Secretary may establish such other requirements as the Secretary determines are necessary to carry out this subsection.

''(g) PRIVACY OF PERSONAL INFORMATION RELATING TO NATURAL RESOURCES CONSERVATION PROGRAMS.—

''(1) INFORMATION RECEIVED FOR TECHNICAL AND FINANCIAL ASSISTANCE.—

''(A) IN GENERAL.—In accordance with section 1770 and section 552(b)(3) of title 5, United States Code, except as provided in subparagraph (C) and paragraph (3), information described in subparagraph (B)—

''(i) shall not be considered to be public information; and

''(ii) shall not be released to any person or Federal, State, local agency or Indian tribe (as defined in section 1238) outside the Department of Agriculture.

''(B) INFORMATION.—The information referred to in subparagraph (A) is information—

''(i) provided to, or developed by, the Secretary (including a contractor of the Secretary) for the purpose of providing technical or financial assistance to an owner, operator, or producer with respect to any natural resources conservation program administered by the Natural Resources Conservation Service or the Farm Service Agency; and

''(ii) that is proprietary to the agricultural operation or land that is a part of an agricultural operation of the owner, operator, or producer.

''(C) EXCEPTION.—Information compiled by the Secretary, such as a list of owners, operators, or producers that have received payments from the Secretary and the amounts received, shall be—

''(i) considered to be public information; and

''(ii) may be released to any—

''(I) person;

''(II) Indian tribe (as defined in section 1238); or

''(III) Federal, State, local agency outside the Department of Agriculture.

''(2) INVENTORY, MONITORING, AND SITE SPECIFIC INFORMATION.—Except as provided in paragraph (3) and notwithstanding any other provision of law, in order to maintain the personal privacy, confidentiality, and cooperation of owners, operators, and producers, and to maintain the integrity of sample sites, the specific geographic locations of data gathering sites of the National Resources Inventory of the Department of Agriculture, and the information generated by those sites—

''(A) shall not be considered to be public information; and

''(B) shall not be released to any person or Federal, State, local, or tribal agency outside the Department.

''(3) EXCEPTIONS.—

''(A) RELEASE AND DISCLOSURE FOR ENFORCEMENT.—The Secretary may release or disclose to the Attorney General information covered by paragraph (1) or (2) to the extent necessary to enforce the natural resources conservation programs referred to in paragraph (1).

''(B) DISCLOSURE TO COOPERATING PERSONS AND AGENCIES.—

''(i) IN GENERAL.—The Secretary may release or disclose information covered by paragraph (1) or (2) to a person or Federal, State, local, or tribal agency working in cooperation with the Secretary in providing technical and financial assistance described in paragraph (1)(B)(i) or collecting information from National Resources Inventory data gathering sites.

''(ii) USE OF INFORMATION.—The person or Federal, State, local, or tribal agency that receives information described in clause (i) may release the information only for the purpose of assisting the Secretary—

''(I) in providing the requested technical or financial assistance; or

''(II) in collecting information from National Resources Inventory data gathering sites.

''(C) STATISTICAL AND AGGREGATE INFORMATION.—Information covered by paragraph (1) or (2) may be disclosed to the public if the information has been transformed into a statistical or aggregate form that does not allow the identification of any—

''(i) individual owner, operator, or producer; or

''(ii) specific data gathering site.

''(D) CONSENT OF OWNER, OPERATOR, OR PRODUCER.—

''(i) IN GENERAL.—An owner, operator, or producer may consent to the disclosure of information described in paragraph (1) or (2).

''(ii) CONDITION OF OTHER PROGRAMS.—The participation of the owner, operator, or producer in, and the receipt of any benefit by the owner, operator, or producer under, this title or any other program administered by the Secretary may not be conditioned on the owner, operator, or producer providing consent under this paragraph.

''(4) VIOLATIONS; PENALTIES.—Section 1770(c) shall apply with respect to the release of information collected in any manner or for any purpose prohibited by this subsection.

''(h) INDIAN TRIBES.—In carrying out any conservation program administered by the Secretary on land under the jurisdiction of an Indian tribe (as defined in section 1238), the Secretary shall cooperate with the tribal government of the Indian tribe to ensure, to the maximum extent practicable, that the program is administered in a fair and equitable manner.''.

SEC. 205. REFORM AND ASSESSMENT OF CONSERVATION PROGRAMS.

(a) IN GENERAL.—The Secretary of Agriculture shall develop a plan for—

(1) coordinating conservation programs administered by the Secretary that are targeted at agricultural land to—

(A) eliminate redundancy; and

(B) improve delivery;

(2) to the maximum extent practicable—

(A) designing forms that are applicable to all conservation programs administered by the Secretary;

(B) reducing and consolidating paperwork requirements for the programs;

(C) developing universal classification systems for all information obtained on the forms that can be used by other agencies of the Department of Agriculture;

(D) ensuring that the information and classification systems developed under this paragraph can be shared with other agencies of the Department through computer technologies used by agencies; and

(E) developing 1 format for a conservation plan that can be applied to all conservation programs targeted at agricultural land; and

(3) to the maximum extent practicable, improving the delivery of conservation programs to Indian tribes (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)), including programs for the delivery of conservation programs to Indian tribes under plans carried out in conjunction with the Secretary of the Interior.

(b) REPORT.—Not later than 180 days after the date of enactment of this Act, the Secretary of Agriculture shall submit to the Committee on Agriculture of the House of

Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes the plan developed under subsection (a), including any recommendations for implementation of the plan.

(c) NATIONAL CONSERVATION PLAN.—

(1) IN GENERAL.—Not later than 180 days after the date of enactment of this Act, the Secretary of Agriculture shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a plan and estimated budget for implementing the appraisal of the soil, water, and related resources of the United States contained in the national conservation program under sections 5 and 6 of the Soil and Water Resources Conservation Act of 1977 (16 U.S.C. 2004, 2005) as the primary vehicle for managing conservation on agricultural land in the United States.

(2) REPORT ON IMPLEMENTATION.—Not later than April 30, 2005, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and Committee on Agriculture, Nutrition, and Forestry of the Senate a report that—

(A) describes the status of the implementation of the plan described in paragraph (1);

(B) contains an evaluation of the scope, quality, and outcomes of the conservation practices carried out under the plan; and

(C) makes recommendations for achieving specific and quantifiable improvements for the purposes of programs covered by the plan.

(d) CONSERVATION PRACTICE STANDARDS.—The Secretary of Agriculture shall—

(1) revise standards and, if necessary, establish standards, for eligible conservation practices to include measurable goals for enhancing natural resources, including innovative practices;

(2) not later than 180 days after the date of enactment of this Act, revise the National Handbook of Conservation Practices and field office technical guides of the Natural Resources Conservation Service; and

(3) not less frequently than once every 5 years, update the Handbook and technical guides.

SEC. 206. CONSERVATION SECURITY PROGRAM REGULATIONS.

Beginning on the date of enactment of this Act, the Secretary of Agriculture may promulgate regulations and carry out other actions relating to the implementation of the conservation security program under subchapter A of chapter 2 of subtitle D of title XII of the Food Security Act of 1985 (as added by section 201).

SEC. 207. CONFORMING AMENDMENTS.

(a) Chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3830 et seq.) is amended in the chapter heading by striking ''**ENVIRONMENTAL CONSERVATION ACREAGE RESERVE PROGRAM**'' and inserting ''**COMPREHENSIVE CONSERVATION ENHANCEMENT PROGRAM**''.

(b) Section 1230 of the Food Security Act of 1985 (16 U.S.C. 3830) is amended—

(1) in the section heading, by striking ''**ENVIRONMENTAL CONSERVATION ACREAGE RESERVE PROGRAM**'' and inserting ''**COMPREHENSIVE CONSERVATION ENHANCEMENT PROGRAM**'';

(2) in subsection (a)(1), by striking ''an environmental conservation acreage reserve program'' and inserting ''a comprehensive conservation enhancement program''; and

(3) by striking ''ECARP'' each place it appears and inserting ''CCEP''.

(c) Section 1230A of the Food Security Act of 1985 (16 U.S.C. 3830a) is repealed.

(d) Section 1243 of the Food Security Act of 1985 (16 U.S.C. 3843) is amended by striking the section heading and inserting the following:

''SEC. 1243. ADMINISTRATION OF CCEP.''.

Subtitle B—Program Extensions

SEC. 211. COMPREHENSIVE CONSERVATION ENHANCEMENT PROGRAM.

(a) IN GENERAL.—Section 1230(a) of the Food Security Act of 1985 (16 U.S.C. 3830(a)) is amended—

(1) in paragraph (1), by striking ''2002'' and inserting ''2006''; and

(2) in paragraph (3)—

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

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

''(C) the grassland reserve program established under subchapter C of chapter 2;

''(D) the environmental quality incentives program established under chapter 4;

''(E) the wildlife habitat incentive program established under section 1240M; and

''(F) the program for conservation of private grazing land established under section 1240P.''.

(b) PRIORITY.—Section 1230(c) of the Food Security Act of 1985 (16 U.S.C. 3830(c)) is amended by adding at the end the following:

''(4) PRIORITY.—In designating conservation priority areas under paragraph (1), the Secretary shall give priority to areas in which designated land would facilitate the most rapid completion of projects that—

''(A) are ongoing as of the date of the application; and

''(B) meet the purposes of a program established under this title.''.

(c) FUNDING.—Section 1241(a) of the Food Security Act of 1985 (16 U.S.C. 3841(a)) is amended—

(1) by striking ''2002'' and inserting ''2006'';

(2) by inserting ''(including the provision of technical assistance)'' after ''the programs'';

(3) in paragraph (2)—

(A) by striking ''subchapter C'' and inserting ''subchapters C and D''; and

(B) by striking ''and'' at the end;

(4) in paragraph (3), by striking the period at the end and inserting ''; and''; and

(5) by adding at the end the following:

''(4) chapter 6 of subtitle D.''.

SEC. 212. CONSERVATION RESERVE PROGRAM.

(a) REAUTHORIZATION.—

(1) IN GENERAL.—Section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831) is amended in subsections (a), (b)(3), and (d), by striking ''2002'' each place it appears and inserting ''2006'.

(2) DUTIES OF OWNERS AND OPERATORS.—Section 1232(c) of the Food Security Act of 1985 (16 U.S.C. 3832(c)) is amended by striking ''2002'' and inserting ''2006''.

(b) CONSERVATION PRIORITY AREAS.—

(1) ELIGIBILITY.—Section 1231(b) of the Food Security Act of 1985 (16 U.S.C. 3831(b)) is amended—

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

''(1) highly erodible cropland that—

''(A)(i) if permitted to remain untreated could substantially reduce the production capability for future generations; or

''(ii) cannot be farmed in accordance with a conservation plan that complies with the requirements of subtitle B; and

''(B) the Secretary determines had a cropping history or was considered to be planted for 3 of the 6 years preceding the date of enactment of the Agriculture, Conservation, and Rural Enhancement Act of 2001 (except for land enrolled in the conservation reserve program as of that date);''; and

(B) by adding at the end the following:

''(5) the portion of land in a field not enrolled in the conservation reserve in a case in which more than 50 percent of the land in the field is enrolled as a buffer under a program described in paragraph (6)(A), if the land is enrolled as part of the buffer; and

''(6) land (including land that is not cropland) enrolled through continuous signup—

''(A) to establish conservation buffers as part of the program described in a notice issued on March 24, 1998 (63 Fed. Reg. 14109) or a successor program; or

''(B) into the conservation reserve enhancement program described in a notice issued on May 27, 1998 (63 Fed. Reg. 28965) or a successor program.''.

(2) CRP PRIORITY AREAS.—Section 1231(f) of the Food Security Act of 1985 (16 U.S.C. 3831(f)) is amended by adding at the end the following:

''(5) PRIORITY.—In designating conservation priority areas under paragraph (1), the Secretary shall give priority to areas in which designated land would facilitate the most rapid completion of projects that—

''(A) are ongoing as of the date of the application; and

''(B) meet the purposes of the program established under this subchapter.''.

(c) MAXIMUM ENROLLMENT.—Section 1231(d) of the Food Security Act of 1985 (16 U.S.C. 3831(d)) is amended by striking ''36,400,000'' and inserting ''41,100,000''.

(d) DURATION OF CONTRACTS; HARDWOOD TREES.—Section 1231(e)(2) of the Food Security Act of 1985 (16 U.S.C. 3831(e)(2)) is amended—

(1) by striking ''In the'' and inserting the following:

''(A) IN GENERAL.—In the'';

(2) by striking ''The Secretary'' and inserting the following:

''(B) EXISTING HARDWOOD TREE CONTRACTS.—The Secretary''; and

''(3) by adding at the end the following:

''(C) EXTENSION OF HARDWOOD TREE CONTRACTS.—

''(i) IN GENERAL.—In the case of land devoted to hardwood trees under a contract entered into under this subchapter before the date of enactment of this subparagraph, the Secretary may extend the contract for a term of not more than 15 years.

''(ii) RENTAL PAYMENTS.—The amount of a rental payment for a contract extended under clause (i)—

''(I) shall be determined by the Secretary; but

''(II) shall not exceed 50 percent of the rental payment that was applicable to the contract before the contract was extended.''.

(e) PILOT PROGRAM FOR ENROLLMENT OF WETLAND AND BUFFER ACREAGE IN CONSERVATION RESERVE.—Section 1231(h) of the Food Security Act of 1985 (16 U.S.C. 3831(h)) is amended—

(1) in the subsection heading, by striking ''PILOT'';

(2) in paragraph (1), by striking ''During the 2001 and 2002 calendar years, the Secretary shall carry out a pilot program'' and inserting ''During the 2002 through 2006 calendar years, the Secretary shall carry out a program'';

(3) in paragraph (2), by striking ''pilot''; and

(4) in paragraph (3)(D)(i), by striking ''5 contiguous acres.'' and inserting ''10 contiguous acres, of which—

''(I) not more than 5 acres shall be eligible for payment; and

''(II) all acres (including acres that are ineligible for payment) shall be covered by the conservation contract.''.

(f) IRRIGATED LAND.—Section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831) is amended by adding at the end the following:

''(i) IRRIGATED LAND.—Irrigated land shall be enrolled in the programs described in subsection (b)(6) at irrigated land rates unless the Secretary determines that other compensation is appropriate.''.

(g) VEGETATIVE COVER; HAYING AND GRAZING; WIND TURBINES.—Section 1232(a) of the

Food Security Act of 1985 (16 U.S.C. 3832(a)) is amended—

(1) in paragraph (4)—

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

(B) in subparagraph (B), by inserting ''and'' after the semicolon at the end; and

(C) by adding at the end the following:

''(C) in the case of marginal pasture land, an owner or operator shall not be required to plant trees if the land is to be restored—

''(i) as wetland; or

''(ii) with appropriate native riparian vegetation;'';

(2) in paragraph (7)—

(A) by striking ''except that the Secretary—'' and inserting ''except that—'';

(B) in subparagraph (A)—

(i) by striking ''(A) may'' and inserting ''(A) the Secretary may''; and

(ii) by striking ''and'' at the end;

(C) in subparagraph (B)—

(i) by striking ''(B) shall'' and inserting ''(B) the Secretary shall''; and

(ii) by striking the period at the end and inserting a semicolon;

(D) in subparagraph (C), by striking the period at the end and inserting ''; and''; and

(E) by adding at the end the following:

''(D) for maintenance purposes, the Secretary may permit harvesting or grazing or other commercial uses of forage, in a manner that is consistent with the purposes of this subchapter and a conservation plan approved by the Secretary, on acres enrolled—

''(i) to establish conservation buffers as part of the program described in a notice issued on March 24, 1998 (63 Fed. Reg. 14109) or a successor program; and

''(ii) into the conservation reserve enhancement program described in a notice issued on May 27, 1998 (63 Fed. Reg. 28965) or a successor program.'';

(3) in paragraph (9), by striking ''and'' at the end;

(4) by redesignating paragraph (10) as paragraph (11); and

(5) by inserting after paragraph (9) the following:

''(10) with respect to any contract entered into after the date of enactment of the Agriculture, Conservation, and Rural Enhancement Act of 2001—

''(A) not to produce a crop for the duration of the contract on any other highly erodible land that the owner or operator owns unless the highly erodible land—

''(i) has a history of being used to produce a crop other than a forage crop, as determined by the Secretary; or

''(ii) is being used as a homestead or building site at the time of purchase; and

''(B) on a violation of a contract described in subparagraph (A), to be subject to the requirements of paragraph (5); and''.

(h) WIND TURBINES.—Section 1232 of the Food Security Act of 1985 (8906 U.S.C. 3832) is amended by adding at the end the following:

''(f) WIND TURBINES.—

''(1) IN GENERAL.—Subject to paragraph (2), the Secretary may permit an owner or operator of land that is enrolled in the conservation reserve program, but that is not enrolled under continuous signup (as described in section 1231(b)(6)), to install wind turbines on the land.

''(2) NUMBER; LOCATION.—The Secretary shall determine the number and location of wind turbines that may be installed on a tract of land under paragraph (1), taking into account—

''(A) the location, size, and other physical characteristics of the land;

''(B) the extent to which the land contains wildlife and wildlife habitat; and

''(C) the purposes of the conservation reserve program.

''(3) PAYMENT LIMITATION.—Notwithstanding the amount of a rental payment limited by section 1234(c)(2) and specified in a contract entered into under this chapter, the Secretary shall reduce the amount of the rental payment paid to an owner or operator of land on which 1 or more wind turbines are installed under this subsection by an amount determined by the Secretary to be commensurate with the value of the reduction of benefit gained by enrollment of the land in the conservation reserve program.''.

(i) ADDITIONAL ELIGIBLE PRACTICES.—Section 1234 of the Food Security Act of 1985 (16 U.S.C. 3834) is amended by adding at the end the following:

''(i) PAYMENTS.—

''(1) IN GENERAL.—Subject to paragraph (2), the Secretary shall provide signing and practice incentive payments under the conservation reserve program to owners and operators that implement a practice under—

''(A) the program to establish conservation buffers described in a notice issued on March 24, 1998 (63 Fed. Reg. 14109) or a successor program; or

''(B) the conservation reserve enhancement program described in a notice issued on May 27, 1998 (63 Fed. Reg. 28965) or a successor program.

''(2) OTHER PRACTICES.—The Secretary shall administer paragraph (1) in a manner that does not reduce the amount of payments made by the Secretary for other practices under the conservation reserve program.''.

(j) PAYMENTS.—Section 1239C(f) of the Food Security Act of 1985 (16 U.S.C. 3839c(f)) is amended by adding at the end the following:

''(5) EXCEPTION.—Paragraph (1) shall not apply to any land enrolled in—

''(A) the program to establish conservation buffers described in a notice issued on March 24, 1998 (63 Fed. Reg. 14109) or a successor program; or

''(B) the conservation reserve enhancement program described in a notice issued on May 27, 1998 (63 Fed. Reg. 28965) or a successor program.''.

(k) COUNTY PARTICIPATION.—Section 1243(b)(1) of the Food Security Act of 1985 (16 U.S.C. 3843(b)(1)) is amended by striking ''The Secretary'' and inserting ''Except for land enrolled under continuous signup (as described in section 1231(b)(6)), the Secretary''.

(l) STUDY ON ECONOMIC EFFECTS.—Not later than 270 days after the date of enactment of this Act, the Secretary of Agriculture shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes the economic effects on rural communities resulting from the conservation reserve program established under subchapter B of chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3831 et seq.).

SEC. 213. ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.

(a) IN GENERAL.—Chapter 4 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3839aa et seq.) is amended to read as follows:

''SEC. 1240. PURPOSES.

''The purposes of the environmental quality incentives program established by this chapter are to promote agricultural production and environmental quality as compatible national goals, and to maximize environmental benefits per dollar expended, by—

''(1) assisting producers in complying with—

''(A) this title;

''(B) the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.);

''(C) the Safe Drinking Water Act (42 U.S.C. 300f et seq.);

''(D) the Clean Air Act (42 U.S.C. 7401 et seq.); and

''(E) other Federal, State, and local environmental laws (including regulations);

''(2) avoiding, to the maximum extent practicable, the need for resource and regulatory programs by assisting producers in protecting soil, water, air, and related natural resources and meeting environmental quality criteria established by Federal, State, and local agencies;

''(3) providing flexible technical and financial assistance to producers to install and maintain conservation systems that enhance soil, water, related natural resources (including grazing land and wetland), and wildlife while sustaining production of food and fiber;

''(4) assisting producers to make beneficial, cost effective changes to cropping systems, grazing management, nutrient management associated with livestock, pest or irrigation management, or other practices on agricultural land;

''(5) facilitating partnerships and joint efforts among producers and governmental and nongovernmental organizations; and

''(6) consolidating and streamlining conservation planning and regulatory compliance processes to reduce administrative burdens on producers and the cost of achieving environmental goals.

''SEC. 1240A. DEFINITIONS.

''In this chapter:

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

''(2) COMPREHENSIVE NUTRIENT MANAGEMENT.—

''(A) IN GENERAL.—The term 'comprehensive nutrient management' means any combination of structural practices, land management practices, and management activities associated with crop or livestock production described in subparagraph (B) that collectively ensure that the purposes of crop or livestock production and preservation of natural resources (especially the preservation and enhancement of water quality) are compatible.

''(B) ELEMENTS.—For the purpose of subparagraph (A), structural practices, land management practices, and management activities associated with livestock production are—

''(i) manure and wastewater handling and storage;

''(ii) manure processing, composting, or digestion for purposes of capturing emissions, concentrating nutrients for transport, destroying pathogens or otherwise improving the environmental safety and beneficial uses of manure;

''(iii) land treatment practices;

''(iv) nutrient management;

''(v) recordkeeping;

''(vi) feed management; and

''(vii) other waste utilization options.

''(C) PRACTICE.—

''(i) PLANNING.—The development of a comprehensive nutrient management plan shall be a practice that is eligible for incentive payments and technical assistance under this chapter.

''(ii) IMPLEMENTATION.—The implementation of a comprehensive nutrient plan shall be accomplished through structural and land management practices identified in the plan.

''(3) ELIGIBLE LAND.—The term 'eligible land' means agricultural land (including cropland, grassland, rangeland, pasture, private nonindustrial forest land, and other land on which crops or livestock are produced), including agricultural land that the Secretary determines poses a serious threat

to soil, water, or related resources by reason of the soil types, terrain, climatic, soil, topographic, flood, or saline characteristics, or other factors or natural hazards.

''(4) INNOVATIVE TECHNOLOGY.—The term 'innovative technology' means a new conservation technology that, as determined by the Secretary—

''(A) maximizes environmental benefits;

''(B) complements agricultural production; and

''(C) may be adopted in a practical manner.

''(5) LAND MANAGEMENT PRACTICE.—The term 'land management practice' means a site-specific nutrient or manure management, integrated pest management, irrigation management, tillage or residue management, grazing management, air quality management, or other land management practice carried out on eligible land that the Secretary determines is needed to protect from degradation, in the most cost-effective manner, water, soil, or related resources.

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

''(7) MANAGED GRAZING.—The term 'managed grazing' means the application of 1 or more practices that involve the frequent rotation of animals on grazing land to—

''(A) enhance plant health;

''(B) limit soil erosion;

''(C) protect ground and surface water quality; or

''(D) benefit wildlife.

''(8) MAXIMIZE ENVIRONMENTAL BENEFITS PER DOLLAR EXPENDED.—

''(A) IN GENERAL.—The term 'maximize environmental benefits per dollar expended' means to maximize environmental benefits to the extent the Secretary determines is practicable and appropriate, taking into account the amount of funding made available to carry out this chapter.

''(B) LIMITATION.—The term 'maximize environmental benefits per dollar expended' does not require the Secretary—

''(i) to require the adoption of the least cost practice or technical assistance; or

''(ii) to require the development of a plan under section 1240E as part of an application for payments or technical assistance.

''(9) PRACTICE.—The term 'practice' means 1 or more structural practices, land management practices, and comprehensive nutrient management planning practices.

''(10) PRODUCER.—

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

''(i) shares in the risk of producing any crop or livestock; and

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

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

''(11) PROGRAM.—The term 'program' means the environmental quality incentives program comprised of sections 1240 through 1240J.

''(12) STRUCTURAL PRACTICE.—The term 'structural practice' means—

''(A) the establishment on eligible land of a site-specific animal waste management facility, terrace, grassed waterway, contour grass strip, filterstrip, tailwater pit, permanent wildlife habitat, constructed wetland, or other structural practice that the Secretary determines is needed to protect, in the most cost-effective manner, water, soil, or related resources from degradation; and

''(B) the capping of abandoned wells on eligible land.

''SEC. 1240B. ESTABLISHMENT AND ADMINISTRATION OF ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.

''(a) ESTABLISHMENT.—

''(1) IN GENERAL.—During each of the 2002 through 2006 fiscal years, the Secretary shall provide technical assistance, cost-share payments, and incentive payments to producers that enter into contracts with the Secretary under the program.

''(2) ELIGIBLE PRACTICES.—

''(A) STRUCTURAL PRACTICES.—A producer that implements a structural practice shall be eligible for any combination of technical assistance, cost-share payments, and education.

''(B) LAND MANAGEMENT PRACTICES.—A producer that performs a land management practice shall be eligible for any combination of technical assistance, incentive payments, and education.

''(C) COMPREHENSIVE NUTRIENT MANAGEMENT PLANNING.—A producer that develops a comprehensive nutrient management plan shall be eligible for any combination of technical assistance, incentive payments, and education.

''(3) EDUCATION.—The Secretary may provide conservation education at national, State, and local levels consistent with the purposes of the program to—

''(A) any producer that is eligible for assistance under the program; or

''(B) any producer that is engaged in the production of an agricultural commodity.

''(b) APPLICATION AND TERM.—With respect to practices implemented under the program—

''(1) a contract between a producer and the Secretary may—

''(A) apply to 1 or more structural practices, land management practices, and comprehensive nutrient management planning practices; and

''(B) have a term of not less than 3, nor more than 10, years, as determined appropriate by the Secretary, depending on the practice or practices that are the basis of the contract; and

''(2) a producer may not enter into more than 1 contract for structural practices involving livestock nutrient management during the period of fiscal years 2002 through 2006.

''(c) APPLICATION AND EVALUATION.—

''(1) IN GENERAL.—The Secretary shall establish an application and evaluation process for awarding technical assistance, cost-share payments, and incentive payments to a producer in exchange for the performance of 1 or more practices that maximize environmental benefits per dollar expended.

''(2) COMPARABLE ENVIRONMENTAL VALUE.—

''(A) IN GENERAL.—The Secretary shall establish a process for selecting applications for technical assistance, cost-share payments, and incentive payments in any case in which there are numerous applications for assistance for practices that would provide substantially the same level of environmental benefits.

''(B) CRITERIA.—The process under subparagraph (A) shall be based on—

''(i) a reasonable estimate of the projected cost of the proposals described in the applications; and

''(ii) the priorities established under the program, and other factors, that maximize environmental benefits per dollar expended.

''(3) CONSENT OF OWNER.—If the producer making an offer to implement a structural practice is a tenant of the land involved in agricultural production, for the offer to be acceptable, the producer shall obtain the consent of the owner of the land with respect to the offer.

''(4) BIDDING DOWN.—If the Secretary determines that the environmental values of 2 or more applications for technical assistance, cost-share payments, or incentive payments are comparable, the Secretary shall not assign a higher priority to the application only because it would present the least cost to the program established under the program.

''(d) COST-SHARE PAYMENTS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), the cost-share payments provided to a producer proposing to implement 1 or more practices under the program shall be not more than 75 percent of the cost of the practice, as determined by the Secretary.

''(2) EXCEPTIONS.—

''(A) LIMITED RESOURCE AND BEGINNING FARMERS.—The Secretary may increase the amount provided to a producer under paragraph (1) to not more than 90 percent if the producer is a limited resource or beginning farmer or rancher, as determined by the Secretary.

''(B) COST-SHARE ASSISTANCE FROM OTHER SOURCES.—Except as provided in paragraph (3), any cost-share payments received by a producer from a State or private organization or person for the implementation of 1 or more practices on eligible land of the producer shall be in addition to the payments provided to the producer under paragraph (1).

''(3) OTHER PAYMENTS.—A producer shall not be eligible for cost-share payments for practices on eligible land under the program if the producer receives cost-share payments or other benefits for the same practice on the same land under chapter 1 and the program.

''(e) INCENTIVE PAYMENTS.—The Secretary shall make incentive payments in an amount and at a rate determined by the Secretary to be necessary to encourage a producer to perform 1 or more practices.

''(f) TECHNICAL ASSISTANCE.—

''(1) IN GENERAL.—The Secretary shall allocate funding under the program for the provision of technical assistance according to the purpose and projected cost for which the technical assistance is provided for a fiscal year.

''(2) AMOUNT.—The allocated amount may vary according to—

''(A) the type of expertise required;

''(B) the quantity of time involved; and

''(C) other factors as determined appropriate by the Secretary.

''(3) LIMITATION.—Funding for technical assistance under the program shall not exceed the projected cost to the Secretary of the technical assistance provided for a fiscal year.

''(4) OTHER AUTHORITIES.—The receipt of technical assistance under the program shall not affect the eligibility of the producer to receive technical assistance under other authorities of law available to the Secretary.

''(5) INCENTIVE PAYMENTS FOR TECHNICAL ASSISTANCE.—

''(A) IN GENERAL.—A producer that is eligible to receive technical assistance for a practice involving the development of a comprehensive nutrient management plan may obtain an incentive payment that can be used to obtain technical assistance associated with the development of any component of the comprehensive nutrient management plan.

''(B) PURPOSE.—The purpose of the payment shall be to provide a producer the option of obtaining technical assistance for developing any component of a comprehensive nutrient management plan from a certified provider.

''(C) PAYMENT.—The incentive payment shall be—

''(i) in addition to cost-share or incentive payments that a producer would otherwise

receive for structural practices and land management practices;

''(ii) used only to procure technical assistance from a certified provider that is necessary to develop any component of a comprehensive nutrient management plan; and

''(iii) in an amount determined appropriate by the Secretary, taking into account—

''(I) the extent and complexity of the technical assistance provided;

''(II) the costs that the Secretary would have incurred in providing the technical assistance; and

''(III) the costs incurred by the private provider in providing the technical assistance.

''(D) ELIGIBLE PRACTICES.—The Secretary may determine, on a case by case basis, whether the development of a comprehensive nutrient management plan is eligible for an incentive payment under this paragraph.

''(E) CERTIFICATION BY SECRETARY.—

''(i) IN GENERAL.—Only persons that have been certified by the Secretary under section 1244(f)(3) shall be eligible to provide technical assistance under this subsection.

''(ii) QUALITY ASSURANCE.—The Secretary shall ensure that certified providers are capable of providing technical assistance regarding comprehensive nutrient management in a manner that meets the specifications and guidelines of the Secretary and that meets the needs of producers under the program.

''(F) ADVANCE PAYMENT.—On the determination of the Secretary that the proposed comprehensive nutrient management of a producer is eligible for an incentive payment, the producer may receive a partial advance of the incentive payment in order to procure the services of a certified provider.

''(G) FINAL PAYMENT.—The final installment of the incentive payment shall be payable to a producer on presentation to the Secretary of documentation that is satisfactory to the Secretary and that demonstrates—

''(i) completion of the technical assistance; and

''(ii) the actual cost of the technical assistance.

''(g) MODIFICATION OR TERMINATION OF CONTRACTS.—

''(1) VOLUNTARY MODIFICATION OR TERMINATION.—The Secretary may modify or terminate a contract entered into with a producer under this chapter if—

''(A) the producer agrees to the modification or termination; and

''(B) the Secretary determines that the modification or termination is in the public interest.

''(2) INVOLUNTARY TERMINATION.—The Secretary may terminate a contract under this chapter if the Secretary determines that the producer violated the contract.

''SEC. 1240C. EVALUATION OF OFFERS AND PAYMENTS.

''(a) IN GENERAL.—In evaluating applications for technical assistance, cost-share payments, and incentive payments, the Secretary shall accord a higher priority to assistance and payments that—

''(1) maximize environmental benefits per dollar expended; and

''(2)(A) address national conservation priorities, including—

''(i) meeting Federal, State, and local environmental purposes focused on protecting air and water quality;

''(ii) comprehensive nutrient management;

''(iii) water quality, particularly in impaired watersheds;

''(iv) soil erosion;

''(v) air quality; or

''(vi) pesticide and herbicide management or reduction;

''(B) are provided in conservation priority areas established under section 1230(c);

''(C) are provided in special projects under section 1243(f)(4) with respect to which State or local governments have provided, or will provide, financial or technical assistance to producers for the same conservation or environmental purposes; or

''(D) an innovative technology in connection with a structural practice or land management practice.

''SEC. 1240D. DUTIES OF PRODUCERS.

''To receive technical assistance, cost-share payments, or incentive payments under the program, a producer shall agree—

''(1) to implement an environmental quality incentives program plan that describes conservation and environmental purposes to be achieved through 1 or more practices that are approved by the Secretary;

''(2) not to conduct any practices on the farm or ranch that would tend to defeat the purposes of the program;

''(3) on the violation of a term or condition of the contract at any time the producer has control of the land—

''(A) if the Secretary determines that the violation warrants termination of the contract—

''(i) to forfeit all rights to receive payments under the contract; and

''(ii) to refund to the Secretary all or a portion of the payments received by the owner or operator under the contract, including any interest on the payments, as determined by the Secretary; or

''(B) if the Secretary determines that the violation does not warrant termination of the contract, to refund to the Secretary, or accept adjustments to, the payments provided to the owner or operator, as the Secretary determines to be appropriate;

''(4) on the transfer of the right and interest of the producer in land subject to the contract, unless the transferee of the right and interest agrees with the Secretary to assume all obligations of the contract, to refund all cost-share payments and incentive payments received under the program, as determined by the Secretary;

''(5) to supply information as required by the Secretary to determine compliance with the 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 program plan.

''SEC. 1240E. ENVIRONMENTAL QUALITY INCENTIVES PROGRAM PLAN.

''(a) IN GENERAL.—To be eligible to receive technical assistance, cost-share payments, or incentive payments under the program, a producer of a livestock or agricultural operation shall submit to the Secretary for approval a plan of operations that specifies practices covered under the program, and is based on such terms and conditions, as the Secretary considers necessary to carry out the program, including a description of the practices to be implemented and the purposes to be met by the implementation of the plan.

''(b) AVOIDANCE OF DUPLICATION.—The Secretary shall, to the maximum extent practicable, eliminate duplication of planning activities under the program and comparable conservation programs.

''SEC. 1240F. DUTIES OF THE SECRETARY.

''To the extent appropriate, the Secretary shall assist a producer in achieving the conservation and environmental goals of a program plan by—

''(1) providing technical assistance in developing and implementing the plan;

''(2) providing technical assistance, cost-share payments, or incentive payments for developing and implementing 1 or more practices, as appropriate;

''(3) providing the producer with information, education, and training to aid in implementation of the plan; and

''(4) encouraging the producer to obtain technical assistance, cost-share payments, or grants from other Federal, State, local, or private sources.

''SEC. 1240G. LIMITATION ON PAYMENTS.

''(a) IN GENERAL.—An individual or entity may not receive, directly or indirectly, payments under the program that exceed—

''(1) $50,000 for any fiscal year; or

''(2) $150,000 for any multiyear contract.

''(b) VERIFICATION.—The Secretary shall identify individuals and entities that are eligible for a payment under the program using social security numbers and taxpayer identification numbers, respectively.

''SEC. 1240H. CONSERVATION INNOVATION GRANTS.

''(a) IN GENERAL.—From funds made available to carry out the program, for each of the 2003 through 2006 fiscal years, the Secretary shall use not more than $100,000,000 for each fiscal year to pay the cost of competitive grants that are intended to stimulate innovative approaches to leveraging Federal investment in environmental enhancement and protection, in conjunction with agricultural production, through the program.

''(b) USE.—The Secretary may award grants under this section to governmental and nongovernmental organizations and persons, on a competitive basis, to carry out projects that—

''(1) involve producers that are eligible for payments or technical assistance under the program;

''(2) implement innovative projects, such as—

''(A) market systems for pollution reduction;

''(B) promoting agricultural best management practices, including the storing of carbon in the soil;

''(C) protection of source water for human consumption; and

''(D) reducing nutrient loss through the reduction of nutrient inputs by an amount that is at least 15 percent less than the established agronomic application rate, as determined by the Secretary; and

''(3) leverage funds made available to carry out the program with matching funds provided by State and local governments and private organizations to promote environmental enhancement and protection in conjunction with agricultural production.

''(c) COST SHARE.—The amount of a grant made under this section to carry out a project shall not exceed 50 percent of the cost of the project.

''(d) UNUSED FUNDING.—Any funds made available for a fiscal year under this section that are not obligated by April 1 of the fiscal year may be used to carry out other activities under this chapter during the fiscal year in which the funding becomes available.

''SEC. 1240I. SOUTHERN HIGH PLAINS AQUIFER GROUNDWATER CONSERVATION.

''(a) DEFINITIONS.—In this section:

''(1) ELIGIBLE ACTIVITY.—

''(A) IN GENERAL.—The term 'eligible activity' means an activity carried out to conserve groundwater.

''(B) INCLUSIONS.—The term 'eligible activity' includes an activity to—

''(i) improve an irrigation system;

''(ii) reduce the use of water for irrigation (including changing from high-water intensity crops to low-water intensity crops); or

''(iii) convert from farming that uses irrigation to dryland farming.

''(2) SOUTHERN HIGH PLAINS AQUIFER.—The term 'Southern High Plains Aquifer' means the portion of the groundwater reserve under

Kansas, New Mexico, Oklahoma, and Texas depicted as Figure 1 in the United States Geological Survey Professional Paper 1400–B, entitled 'Geohydrology of the High Plains Aquifer in Parts of Colorado, Kansas, Nebraska, New Mexico, Oklahoma, South Dakota, Texas, and Wyoming'.

''(b) CONSERVATION MEASURES.—

''(1) IN GENERAL.—Subject to paragraph (2), the Secretary shall provide cost-share payments, incentive payments, and groundwater education assistance to producers that draw water from the Southern High Plains Aquifer to carry out eligible activities.

''(2) LIMITATIONS.—The Secretary shall provide a payment to a producer under this section only if the Secretary determines that the payment will result in a net savings in groundwater resources on the land of the producer.

''(3) COOPERATION.—In accordance with this subtitle, in providing groundwater education under this subsection, the Secretary shall cooperate with—

''(A) States;

''(B) land-grant colleges and universities;

''(C) educational institutions; and

''(D) private organizations.

''(c) FUNDING.—

''(1) IN GENERAL.—Of the funds made available under section 1241(b)(1) to carry out the program, the Secretary shall use to carry out this section—

''(A) $15,000,000 for fiscal year 2003;

''(B) $25,000,000 for each of fiscal years 2004 and 2005;

''(C) $35,000,000 for fiscal year 2006; and

''(D) $0 for fiscal year 2007.

''(2) OTHER FUNDS.—Subject to paragraph (3), the funds made available under this subsection shall be in addition to any other funds provided under the program.

''(3) UNUSED FUNDING.—Any funds made available for a fiscal year under paragraph (1) that are not obligated by April 1 of the fiscal year shall be used to carry out other activities in other States under the program.

''SEC. 1240J. PILOT PROGRAMS.

''(a) DRINKING WATER SUPPLIERS PILOT PROGRAM.—

''(1) IN GENERAL.—For each fiscal year, the Secretary may carry out, in watersheds selected by the Secretary, in cooperation with local water utilities, a pilot program to improve water quality.

''(2) IMPLEMENTATION.—The Secretary may select the watersheds referred to in paragraph (1), and make available funds (including funds for the provision of incentive payments) to be allocated to producers in partnership with drinking water utilities in the watersheds, if the drinking water utilities agree to measure water quality at such intervals and in such a manner as may be determined by the Secretary.

''(b) NUTRIENT REDUCTION PILOT PROGRAM.—

''(1) IN GENERAL.—For each of fiscal years 2003 through 2006, the Secretary shall use funds made available to carry out the program, in the amounts specified in paragraph (3), in the Chesapeake Bay watershed to provide incentives for agricultural producers in each State to reduce negative effects on watersheds, including through the significant reduction in nutrient applications, as determined by the Secretary.

''(2) PAYMENTS.—Incentive payments made to a producer under paragraph (1) shall reflect the extent to which the producer reduces nutrient applications.

''(3) FUNDING.—

''(A) IN GENERAL.—Of the amounts made available under section 1241(b) to carry out the program, the Secretary shall use to carry out this subsection—

''(i) $10,000,000 for fiscal year 2003;

''(ii) $15,000,000 for fiscal year 2004;

''(iii) $20,000,000 for fiscal year 2005;

''(iv) $25,000,000 for fiscal year 2006; and

''(v) $0 for fiscal year 2007.

''(B) UNEXPENDED FUNDS.—Any funds made available for a fiscal year under subparagraph (A) that are not obligated by April 1 of the fiscal year shall be used to carry out other activities outside the Chesapeake Bay watershed under this chapter.

''(c) CONSISTENCY WITH WATERSHED PLAN.—In allocating funds for the pilot programs under subsections (a) and (b) and any other pilot programs carried out under the program, the Secretary shall take into consideration the extent to which an application for the funds is consistent with—

''(1) any applicable locally developed watershed plan; and

''(2) the factors established by section 1240C.

''(d) CONTRACTS.—

''(1) IN GENERAL.—In carrying out this section, in addition to other requirements under the program, the Secretary shall enter into contracts in accordance with this section with producers the activities of which affect water quality (including the quality of public drinking water supplies) to implement and maintain—

''(A) nutrient management;

''(B) pest management;

''(C) soil erosion practices; and

''(D) other conservation activities that protect water quality and human health.

''(2) REQUIREMENTS.—A contract described in paragraph (1) shall—

''(A) describe the specific nutrient management, pest management, soil erosion, or other practices to be implemented, maintained, or improved;

''(B) contain a schedule of implementation for those practices;

''(C) to the maximum extent practicable, address water quality priorities of the watershed in which the operation is located; and

''(D) contain such other terms as the Secretary determines to be appropriate.''.

(b) FUNDING.—Section 1241 of the Food Security Act of 1985 (16 U.S.C. 3841) is amended by striking subsection (b) and inserting the following:

''(b) ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.—Subject to section 241 of the Agriculture, Conservation, and Rural Enhancement Act of 2001, of the funds of the Commodity Credit Corporation, the Secretary shall make available to provide technical assistance, cost-share payments, incentive payments, bonus payments, grants, and education under the environmental quality incentives program under chapter 4 of subtitle D, to remain available until expended—

''(1) $500,000,000 for fiscal year 2002;

''(2) $1,300,000,000 for fiscal year 2003;

''(3) $1,450,000,000 for each of fiscal years 2004 and 2005;

''(4) $1,500,000,000 for fiscal year 2006; and

''(5) $850,00,000 for fiscal year 2007.''.

(c) REIMBURSEMENTS.—Section 11 of the Commodity Credit Corporation Charter Act (15 U.S.C. 714i) is amended in the last sentence by inserting ''but excluding transfers and allotments for conservation technical assistance'' after ''activities''.

SEC. 214. WETLANDS RESERVE PROGRAM.

(a) TECHNICAL ASSISTANCE.—Section 1237(a) of the Food Security Act of 1985 (16 U.S.C. 3837(a)) is amended by inserting ''(including the provision of technical assistance)'' before the period at the end.

(b) MAXIMUM ENROLLMENT.—Section 1237(b) of the Food Security Act of 1985 (16 U.S.C. 3837(b)) is amended by striking paragraph (1) and inserting the following:

''(1) MAXIMUM ENROLLMENT.—

''(A) IN GENERAL.—The total number of acres enrolled in the wetlands reserve program shall not exceed 2,225,000 acres, of which, to the maximum extent practicable subject to subparagraph (B), the Secretary shall enroll 250,000 acres in each calendar year.

''(B) WETLANDS RESERVE ENHANCEMENT ACREAGE.—Of the acreage enrolled under subparagraph (A) for a calendar year, not more than 25,000 acres may be enrolled in the wetlands reserve enhancement program described in subsection (h).''.

(c) REAUTHORIZATION.—Section 1237(c) of the Food Security Act of 1985 (16 U.S.C. 3837(c)) is amended by striking ''2002'' and inserting ''2006''.

(d) WETLANDS RESERVE ENHANCEMENT PROGRAM.—Section 1237 of the Food Security Act of 1985 (16 U.S.C. 3837) is amended by adding at the end the following:

''(h) WETLANDS RESERVE ENHANCEMENT PROGRAM.—

''(1) IN GENERAL.—Notwithstanding the Federal Grant and Cooperative Agreement Act of 1977 (41 U.S.C. 501 et seq.), the Secretary may enter into cooperative agreements with State or local governments, and with private organizations, to develop, on land that is enrolled, or is eligible to be enrolled, in the wetland reserve established under this subchapter, wetland restoration activities in watershed areas.

''(2) PURPOSE.—The purpose of the agreements shall be to address critical environmental issues.

''(3) RELATIONSHIP TO OTHER AUTHORITIES.—Nothing in this subsection limits the authority of the Secretary to enter into a cooperative agreement with a party under which agreement the Secretary and the party—

''(A) share a mutual interest in the program under this subchapter; and

''(B) contribute resources to accomplish the purposes of that program.''.

(e) MONITORING AND MAINTENANCE.—Section 1237C(a)(2) of the Food Security Act of 1985 (16 U.S.C. 3837c(a)(2)) is amended by striking ''assistance'' and inserting ''assistance (including monitoring and maintenance)''.

SEC. 215. WATER CONSERVATION PROGRAM.

Subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3831 et seq.) is amended by adding at the end the following:

''CHAPTER 6—WATER CONSERVATION PROGRAM

''SEC. 1240R. DEFINITIONS.

''In this subchapter:

''(1) ELIGIBLE LAND.—The term 'eligible land' means any land the enrollment in the program of which will further the conservation of threatened and endangered species, or species which may become threatened or endangered if actions are not taken to conserve that species, and the habitat of such species.

''(2) ENDANGERED SPECIES.—The term 'endangered species' has the meaning given the term in section 3 of the Endangered Species Act of 1973 (16 U.S.C. 1532).

''(3) LANDOWNER.—The term 'landowner' means an owner of eligible land.

''(4) PROGRAM.—The term 'program' means the water conservation program established under section 1240S(a).

''(5) SENSITIVE SPECIES.—The term 'sensitive species' has the meaning given the term 'candidate species' within the meaning of section 424.02(b) of title 50, Code of Federal Regulations (or a successor regulation) or a species which may become threatened or endangered if conservation actions are not taken to conserve that species.

''(6) THREATENED SPECIES.—The term 'threatened species' has the meaning given the term in section 3 of the Endangered Species Act of 1973 (16 U.S.C. 1532).

''(7) WATER RIGHT.—The term 'water right' means any right or entitlement to water delivery that is—

''(A) exercised via contract, agreement, permit, license, or other arrangement; and

''(B) available for acquisition or transfer.

''SEC. 1240S. PROGRAM.

''(a) ESTABLISHMENT.—Effective for each of the 2003 through 2006 calendar years, the Secretary shall establish, and carry out the enrollment of eligible land described in subsection (b) through the use of contracts in, a water conservation program to provide for the acquisition and temporary transfer of water or water rights, or permanent acquisition of water or water rights, from willing sellers that would otherwise be entitled to use the water in accordance with a State-approved water right or a contract with the Secretary, or by other lawful means (including willing sellers in the San Francisco Bay-Delta, the Truckee-Carson Basin, and the Walker River Basin).

''(b) ENROLLMENT OF ELIGIBLE LAND.—

''(1) CRP ACREAGE LIMIT.—The Secretary shall enroll in the program not more than 1,100,000 acres, which acreage shall count against the number of acres authorized to be enrolled in the conservation reserve program under section 1231(d).

''(2) TIMING.—To the maximum extent practicable, an enrollment under paragraph (1) shall occur during the enrollment period for the conservation reserve program.

''(3) PRIORITY IN ENROLLMENT.—In enrolling eligible land in the program, the Secretary shall give priority to land with associated water or water rights that—

''(A) could be used to significantly advance the goals of Federal, State, Tribal and local fish, wildlife, and plant conservation plans, including—

''(i) plans that address multiple endangered species, sensitive species, or threatened species; or

''(ii) agreements entered into, or conservation plans submitted, under section 6 or 10(a)(2)(A) of the Endangered Species Act of 1973 (16 U.S.C. 1535, 1539(a)(2)(A)), respectively; or

''(B) would benefit fish, wildlife, or plants of 1 or more refuges within the National Wildlife Refuge System.

''(4) ENROLLMENT AUTHORITY.—The priority system described in paragraph (3), and not the priority system and bidding system established by the Secretary under subchapter B of chapter 1, shall govern the enrollment of land in the program.

''SEC. 1240T. DURATION AND NATURE OF CONTRACTS.

''(a) IN GENERAL.—In enrolling eligible land in the program, the Secretary shall enter into a contract described in subparagraph (b) or (c), as appropriate, with a willing landowner.

''(b) TRANSFER OF WATER OR WATER RIGHTS.—In enrolling eligible land in the program, for the purpose of transferring water or water rights associated with eligible land or providing dry year options on such water or water rights, the Secretary shall, in accordance with the water law of the State in which eligible land sought to be enrolled is located—

''(1) except as provided in subsection (c), enter into a contract with the landowner for the transfer of those rights that has a term of not less than 1, nor more than 5, years; or

''(2) provide for a dry year option contract or other similar agreement that effectuates the purposes of this section.

''(c) PERMANENT ACQUISITION OF WATER OR WATER RIGHTS.—

''(1) IN GENERAL.—Subject to paragraph (2), in enrolling eligible land in the program, for the purpose of permanently acquiring water or water rights associated with the eligible land, the Secretary may enter into a contract or agreement for the acquisition of that water or those water rights with—

''(A) the landowner; and

''(B) to the extent that matching funds are provided for the acquisition of the water or water rights—

''(i) a State (including a political subdivision);

''(ii) a nonprofit organization; or

''(iii) an Indian tribe.

''(2) LIMITATION.—Of the acres of eligible land authorized to be enrolled in the program under section 1240S(b)(1)(A), not more than 200,000 acres may be enrolled for the permanent acquisition of water or water rights under paragraph (1).

''(d) TRANSFER OF PARTIAL WATER OR WATER RIGHTS.—A contract or agreement under this section may provide for the transfer or sale of a portion of the total acre-feet of water associated with land enrolled in the program if—

''(1) the landowner agrees in the contract or agreement to adopt a change in practice that reduces the use of water for agricultural purposes;

''(2) the transfer or sale meets the requirements of the program; and

''(3) the contract or agreement and the purchase price for enrollment of land in the program reflect the fact that only a portion of the water or water rights associated with the eligible land are being transferred or sold.

''SEC. 1240U. DUTIES OF LANDOWNERS.

''(a) IN GENERAL.—A landowner that is a party to a contract described in subsection (b) or (c) of section 1238B shall, in accordance with the contract—

''(1) agree to transfer to the Secretary water or water rights associated with enrolled eligible land;

''(2) agree to take no action that would interfere with the quantity or quality of water transferred or acquired under the contract; and

''(3) on violation of any term of the contract that the Secretary determines is of such a nature as to warrant termination of the contract—

''(A) forfeit all rights to receive payments under the contract; and

''(B) refund to the Secretary any payments received as of the date of the violation (including interest on the payments, as determined by the Secretary).

''(b) TRANSFER OF ELIGIBLE LAND BY LANDOWNER.—

''(1) IN GENERAL.—If a landowner transfers any right or interest in eligible land subject to a contract described in subsection (b) or (c) of section 1240T, the landowner shall—

''(A) forfeit all rights to receive payments under the contract; and

''(B)(i) refund to the Secretary any payments received as of the date of the violation (including interest on the payments, as determined by the Secretary); or

''(ii) accept such payment adjustments or make such refunds as the Secretary determines to be appropriate.

''(2) EXCEPTIONS.—Paragraph (1) shall not apply in any case in which—

''(A) a transferee of eligible land or an interest in eligible land described in paragraph (1) agrees with the Secretary—

''(i) to assume all obligations under a contract described in subsection (b) or (c) of section 1240T to which the transferred eligible land is subject; or

''(ii) to modify the contract in a manner that is consistent with this section; or

''(B) eligible land or an interest in eligible land described in paragraph (1) is purchased by or for the United States Fish and Wildlife Service, an Indian tribe, or any other person (including a governmental agency).

''SEC. 1240V. DUTIES OF THE SECRETARY.

''(a) PAYMENTS.—The Secretary shall make payments for eligible land enrolled in the program in accordance with section 1240W.

''(b) USE OF WATER.—The Secretary may direct a landowner to use, or transfer or sell to an entity approved by the Secretary, water described in section 1240U(a)(1) to protect 1 or more endangered species, sensitive species, or threatened species.

''(c) STATE APPLICATIONS AND PROCESS.—At the request of a landowner, the Secretary shall submit any necessary State application, and complete any applicable State legal process, for the transfer or acquisition of water under a contract described in subsection (b) or (c) of section 1240T.

''SEC. 1240W. PAYMENTS.

''(a) IN GENERAL.—

''(1) TEMPORARY TRANSFER OF WATER OR WATER RIGHTS.—In a case in which the Secretary enters into a contract described in section 1240T(b), for each year of the term of the contract or agreement, the Secretary shall pay to the landowner a payment in such amount as the Secretary and the landowner jointly determine is appropriate to compensate the landowner for the use of the water or water rights transferred under the contract.

''(2) PERMANENT ACQUISITION OF WATER OR WATER RIGHTS.—In a case in which the Secretary enters into a contract described in section 1240T(c), the Secretary shall make a single payment to the landowner in such amount as the Secretary and the landowner jointly determine is appropriate to compensate for the acquisition of water or water rights associated with the enrolled eligible land.

''(b) TIMING.—The Secretary shall make payments for obligations incurred during the fiscal year by the Secretary under this section as soon as practicable after October 1 of the fiscal year.

''(c) DETERMINATION OF PAYMENT AMOUNT.—The Secretary may determine the amount to be paid to a landowner under paragraph (1) or (2) of subsection (a) by—

''(1) taking into consideration such minimum amount as the Secretary determines is necessary to encourage landowners to participate in the program;

''(2) soliciting and reviewing bids for enrollment contracts from landowners in such manner as the Secretary may prescribe, except that the bidding process for eligible land enrolled under the program shall be separate from the bidding process for eligible land under the conservation reserve program under section 1234; or

''(3) using such other means as the Secretary determines to be appropriate.

''(d) ACCEPTANCE OF CONTRACT OFFERS.—In determining whether to accept an offer for a contract from a landowner to enroll eligible land in the program, the Secretary shall—

''(1) to the maximum extent practicable as determined by the Secretary, subject to paragraphs (3) and (4) of section 1240S(b), incorporate the applicable provisions of priority system established under section 1230(c); and

''(2) explicitly encourage, and give priority to the permanent and long-term acquisition of water or water rights that accompany the eligible land to be enrolled in the program by providing enhanced payments for—

''(A) the permanent acquisition of water or water rights; or

''(B) the transfer of water or water rights for terms of 5 years.

''SEC. 1240X. CONSULTATION.

''In enrolling eligible land in the program, to ensure, to the maximum extent practicable, that all water and water rights transferred or acquired under this section

are used to protect endangered species, sensitive species, and threatened species, the Secretary shall consult with—

''(1) the Secretary of the Interior;

''(2) the head of the lead water agency of the State in which the enrolled eligible land is located; and

''(3) any affected Indian tribes.

''SEC. 1240Y. ADDITIONAL PROVISIONS.

''(a) IN GENERAL.—The terms and conditions of subsections (e), (g), and (h) of section 1234 and subsections (a) through (d) of section 1235 apply to the enrollment of eligible land in the program, to the extent determined to be appropriate by the Secretary.

''(b) STATE WATER LAW.—

''(1) IN GENERAL.—Nothing in this chapter—

''(A) preempts any State water law;

''(B) affects any litigation concerning the entitlement to, or lack of entitlement to, water that is ongoing as of the date of enactment of this chapter; or

''(C) expands, changes, or otherwise affects the existence or scope of any water right of any individual.

''(2) IMPLEMENTATION.—In carrying out the program, the Secretary shall—

''(A) ensure, to the maximum extent practicable, that the program does not undermine the implementation of any law in effect as of the date of enactment of this chapter that concerns the transfer or acquisition of water or water rights on a permanent basis; and

''(B) implement the program in accordance with the purposes of such laws described in subparagraph (A) as are applicable.

''(c) LEASE OF WATER AND WATER RIGHTS IN KLAMATH RIVER BASIN.—In accordance with the program, the Secretary may temporarily lease water or water rights in the Klamath River basin, Oregon and California, if the lease is consistent with State water law (including any provisions of State water law intended to protect water users from economic injury).

''SEC. 1240Z. TERMINATION OF AUTHORITY.

''The authority of the Secretary to enroll new acres under this chapter terminates on October 1, 2006.''.

SEC. 216. RESOURCE CONSERVATION AND DEVELOPMENT PROGRAM.

Subtitle H of title XV of the Agriculture and Food Act of 1981 (16 U.S.C. 3451 et seq.) is amended to read as follows:

''Subtitle H—Resource Conservation and Development Program

''SEC. 1528. DEFINITIONS.

''In this subtitle:

''(1) AREA PLAN.—The term 'area plan' means a resource conservation and use plan that is developed by a council for a designated area of a State or States through a planning process and that includes 1 or more of the following elements:

''(A) A land conservation element, the purpose of which is to control erosion and sedimentation.

''(B) A water management element that provides 1 or more clear environmental or conservation benefits, the purpose of which is to provide for—

''(i) the conservation, use, and quality of water, including irrigation and rural water supplies;

''(ii) the mitigation of floods and high water tables;

''(iii) the repair and improvement of reservoirs;

''(iv) the improvement of agricultural water management; and

''(v) the improvement of water quality.

''(C) A community development element, the purpose of which is to improve—

''(i) the development of resources-based industries;

''(ii) the protection of rural industries from natural resource hazards;

''(iii) the development of adequate rural water and waste disposal systems;

''(iv) the improvement of recreation facilities;

''(v) the improvement in the quality of rural housing;

''(vi) the provision of adequate health and education facilities;

''(vii) the satisfaction of essential transportation and communication needs; and

''(viii) the promotion of food security, economic development, and education.

''(D) A land management element, the purpose of which is—

''(i) energy conservation;

''(ii) the protection of agricultural land, as appropriate, from conversion to other uses;

''(iii) farmland protection; and

''(iv) the protection of fish and wildlife habitats.

''(2) BOARD.—The term 'Board' means the Resource Conservation and Development Policy Advisory Board established under section 1533(a).

''(3) COUNCIL.—The term 'council' means a nonprofit entity (including an affiliate of the entity) operating in a State that is—

''(A) established by volunteers or representatives of States, local units of government, Indian tribes, or local nonprofit organizations to carry out an area plan in a designated area; and

''(B) designated by the chief executive officer or legislature of the State to receive technical assistance and financial assistance under this subtitle.

''(4) DESIGNATED AREA.—The term 'designated area' means a geographic area designated by the Secretary to receive technical assistance and financial assistance under this subtitle.

''(5) FINANCIAL ASSISTANCE.—The term 'financial assistance' means a grant or loan provided by the Secretary (or the Secretary and other Federal agencies) to, or a cooperative agreement entered into by the Secretary (or the Secretary and other Federal agencies) with, a council, or association of councils, to carry out an area plan in a designated area, including assistance provided for planning, analysis, feasibility studies, training, education, and other activities necessary to carry out the area plan.

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

''(7) LOCAL UNIT OF GOVERNMENT.—The term 'local unit of government' means—

''(A) any county, city, town, township, parish, village, or other general-purpose subdivision of a State; and

''(B) any local or regional special district or other limited political subdivision of a State, including any soil conservation district, school district, park authority, and water or sanitary district.

''(8) NONPROFIT ORGANIZATION.—The term 'nonprofit organization' means any organization that is—

''(A) described in section 501(c) of the Internal Revenue Code of 1986; and

''(B) exempt from taxation under section 501(a) of the Internal Revenue Code of 1986.

''(9) PLANNING PROCESS.—The term 'planning process' means actions taken by a council to develop and carry out an effective area plan in a designated area, including development of the area plan, goals, purposes, policies, implementation activities, evaluations and reviews, and the opportunity for public participation in the actions.

''(10) PROJECT.—The term 'project' means a project that is carried out by a council to achieve any of the elements of an area plan.

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

''(12) STATE.—The term 'State' means—

''(A) any State;

''(B) the District of Columbia; or

''(C) any territory or possession of the United States.

''(13) TECHNICAL ASSISTANCE.—The term 'technical assistance' means any service provided by the Secretary or agent of the Secretary, including—

''(A) inventorying, evaluating, planning, designing, supervising, laying out, and inspecting projects;

''(B) providing maps, reports, and other documents associated with the services provided;

''(C) providing assistance for the long-term implementation of area plans; and

''(D) providing services of an agency of the Department of Agriculture to assist councils in developing and carrying out area plans.

''SEC. 1529. RESOURCE CONSERVATION AND DEVELOPMENT PROGRAM.

''The Secretary shall establish a resource conservation and development program under which the Secretary shall provide technical assistance and financial assistance to councils to develop and carry out area plans and projects in designated areas—

''(1) to conserve and improve the use of land, develop natural resources, and improve and enhance the social, economic, and environmental conditions in primarily rural areas of the United States; and

''(2) to encourage and improve the capability of State, units of government, Indian tribes, nonprofit organizations, and councils to carry out the purposes described in paragraph (1).

''SEC. 1530. SELECTION OF DESIGNATED AREAS.

''The Secretary shall select designated areas for assistance under this subtitle on the basis of the elements of area plans.

''SEC. 1531. POWERS OF THE SECRETARY.

''In carrying out this subtitle, the Secretary may—

''(1) provide technical assistance to any council to assist in developing and implementing an area plan for a designated area;

''(2) cooperate with other departments and agencies of the Federal Government, States, local units of government, local Indian tribes, and local nonprofit organizations in conducting surveys and inventories, disseminating information, and developing area plans;

''(3) assist in carrying out an area plan approved by the Secretary for any designated area by providing technical assistance and financial assistance to any council; and

''(4) enter into agreements with councils in accordance with section 1532.

''SEC. 1532. ELIGIBILITY; TERMS AND CONDITIONS.

''(a) ELIGIBILITY.—Technical assistance and financial assistance may be provided by the Secretary under this subtitle to any council to assist in carrying out a project specified in an area plan approved by the Secretary only if—

''(1) the council agrees in writing—

''(A) to carry out the project; and

''(B) to finance or arrange for financing of any portion of the cost of carrying out the project for which financial assistance is not provided by the Secretary under this subtitle;

''(2) the project is included in an area plan and is approved by the council;

''(3) the Secretary determines that assistance is necessary to carry out the area plan;

''(4) the project provided for in the area plan is consistent with any comprehensive plan for the area;

''(5) the cost of the land or an interest in the land acquired or to be acquired under the

plan by any State, local unit of government, Indian tribe, or local nonprofit organization is borne by the State, local unit of government, Indian tribe, or local nonprofit organization, respectively; and

''(6) the State, local unit of government, Indian tribe, or local nonprofit organization participating in the area plan agrees to maintain and operate the project.

''(b) LOANS.—

''(1) IN GENERAL.—Subject to paragraphs (2) and (3), a loan made under this subtitle shall be made on such terms and conditions as the Secretary may prescribe.

''(2) TERM.—A loan for a project made under this subtitle shall have a term of not more than 30 years after the date of completion of the project.

''(3) INTEREST RATE.—A loan made under this subtitle shall bear interest at the average rate of interest paid by the United States on obligations of a comparable term, as determined by the Secretary of the Treasury.

''(c) APPROVAL BY SECRETARY.—Technical assistance and financial assistance under this subtitle may not be made available to a council to carry out an area plan unless the area plan has been submitted to and approved by the Secretary.

''(d) WITHDRAWAL.—The Secretary may withdraw technical assistance and financial assistance with respect to any area plan if the Secretary determines that the assistance is no longer necessary or that sufficient progress has not been made toward developing or implementing the elements of the area plan.

''(e) USE OF OTHER ENTITIES AND PERSONS.—A council may use another person or entity to assist in developing and implementing an area plan and otherwise carrying out this subtitle.

''SEC. 1533. RESOURCE CONSERVATION AND DEVELOPMENT POLICY ADVISORY BOARD.

''(a) ESTABLISHMENT.—The Secretary shall establish within the Department of Agriculture a Resource Conservation and Development Policy Advisory Board.

''(b) COMPOSITION.—

''(1) IN GENERAL.—The Board shall be composed of at least 7 employees of the Department of Agriculture selected by the Secretary.

''(2) CHAIRPERSON.—A member of the Board shall be designated by the Secretary to serve as chairperson of the Board.

''(c) DUTIES.—The Board shall advise the Secretary regarding the administration of this subtitle, including the formulation of policies for carrying out this subtitle.

''SEC. 1534. EVALUATION OF PROGRAM.

''(a) IN GENERAL.—The Secretary, in consultation with councils, shall evaluate the program established under this subtitle to determine whether the program is effectively meeting the needs of, and the purposes identified by, States, units of government, Indian tribes, nonprofit organizations, and councils participating in, or served by, the program.

''(b) REPORT.—Not later than June 30, 2005, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report describing the results of the evaluation, together with any recommendations of the Secretary for continuing, terminating, or modifying the program.

''SEC. 1535. LIMITATION ON ASSISTANCE.

''In carrying out this subtitle, the Secretary shall provide technical assistance and financial assistance with respect to not more than 450 active designated areas.

''SEC. 1536. SUPPLEMENTAL AUTHORITY OF THE SECRETARY.

''The authority of the Secretary under this subtitle to assist councils in the development and implementation of area plans shall be supplemental to, and not in lieu of, any authority of the Secretary under any other provision of law.

''SEC. 1537. AUTHORIZATION OF APPROPRIATIONS.

''(a) IN GENERAL.—There are authorized to be such sums as are necessary to carry out this subtitle.

''(b) LOANS.—The Secretary shall not use more than $15,000,000 of any funds made available for a fiscal year to make loans under this subtitle.

''(c) AVAILABILITY.—Funds appropriated to carry out this subtitle shall remain available until expended.''.

SEC. 217. WILDLIFE HABITAT INCENTIVE PROGRAM.

(a) IN GENERAL.—Chapter 5 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3839bb et seq.) is amended to read as follows:

''CHAPTER 5—OTHER CONSERVATION PROGRAMS

''SEC. 1240M. WILDLIFE HABITAT INCENTIVE PROGRAM.

''(a) DEFINITIONS.—In this section:

''(1) ENDANGERED SPECIES.—The term 'endangered species' has the meaning given the term in section 3 of the Endangered Species Act of 1973 (16 U.S.C. 1532).

''(2) PROGRAM.—The term 'program' means the wildlife habitat incentive program established under subsection (b).

''(3) SENSITIVE SPECIES.—The term 'sensitive species' has the meaning given the term 'candidate species' within the meaning of section 424.02(b) of title 50, Code of Federal Regulations (or a successor regulation) or a species which may become threatened or endangered if conservation actions are not taken to conserve that species.

''(4) THREATENED SPECIES.—The term 'threatened species' has the meaning given the term in section 3 of the Endangered Species Act of 1973 (16 U.S.C. 1532).

''(b) ESTABLISHMENT.—In consultation with the State technical committees established under section 1261 of the Food Security Act of 1985 (16 U.S.C. 3861), the Secretary shall establish the wildlife habitat incentive program.

''(c) COST-SHARE PAYMENTS.—

''(1) IN GENERAL.—Under the program, the Secretary shall make cost-share payments, and provide technical assistance, to landowners of eligible land to develop and enhance wildlife habitat approved by the Secretary.

''(2) ENDANGERED AND THREATENED SPECIES.—Of the funds made available to carry out this subsection, the Secretary shall use at least 15 percent to make cost-share payments to carry out projects and activities relating to endangered species, threatened species, and sensitive species.

''(d) PILOT PROGRAM FOR ESSENTIAL PLANT AND ANIMAL HABITAT.—Under the program, the Secretary may establish procedures to use not more than 15 percent of funds made available to acquire and enroll eligible land for periods of at least 15 years to protect and restore essential (as determined by the Secretary) plant and animal habitat.

''(e) ELIGIBLE PARTIES.—After consulting, to the maximum extent practicable, with State wildlife officials, the Secretary may provide grants under this section to individuals and nonprofit organizations that lease public land.

''(f) NEXUS TO PRIVATE LAND.—Funds from a grant provided under subsection (e) may be used, as determined by the Secretary, for a purpose on public land if the purpose benefits private land.

''(g) FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out this section (including the provision of technical assistance), to remain available until expended—

''(1) $50,000,000 for fiscal year 2002;

''(2) $225,000,000 for fiscal year 2003;

''(3) $275,000,000 for fiscal year 2004;

''(4) $325,000,000 for fiscal years 2005;

''(5) $375,000 for fiscal year 2006; and

''(6) $50,000 for fiscal year 2007.''.

''SEC. 1240N. WATERSHED RISK REDUCTION.

''(a) IN GENERAL.—The Secretary, acting through the Natural Resources Conservation Service (referred to in this section as the 'Secretary'), in cooperation with landowners and land users, may carry out such projects and activities (including the purchase of floodplain easements for runoff retardation and soil erosion prevention) as the Secretary determines to be necessary to safeguard lives and property from floods, drought, and the products of erosion on any watershed in any case in which fire, flood, or any other natural occurrence has caused, is causing, or may cause a sudden impairment of that watershed.

''(b) PRIORITY.—In carrying out this section, the Secretary shall give priority to any project or activity described in subsection (a) that is carried out on a floodplain adjacent to a major river, as determined by the Secretary.

''(c) PROHIBITION ON DUPLICATIVE FUNDS.—No project or activity under subsection (a) that is carried out using funds made available under this section may be carried out using funds made available under any Federal disaster relief program administered by the Secretary relating to floods.

''(d) FUNDING.—There is authorized to be appropriated to carry out this section $15,000,000 for each of fiscal years 2002 through 2006.

''SEC. 1240O. GREAT LAKES BASIN PROGRAM FOR SOIL EROSION AND SEDIMENT CONTROL.

''(a) IN GENERAL.—The Secretary, in consultation with the Great Lakes Commission created by Article IV of the Great Lakes Basin Compact (82 Stat. 415) and in cooperation with the Administrator of the Environmental Protection Agency and the Secretary of the Army, may carry out the Great Lakes basin program for soil erosion and sediment control (referred to in this section as the 'program').

''(b) ASSISTANCE.—In carrying out the program, the Secretary may—

''(1) provide project demonstration grants, provide technical assistance, and carry out information and education programs to improve water quality in the Great Lakes basin by reducing soil erosion and improving sediment control; and

''(2) provide a priority for projects and activities that directly reduce soil erosion or improve sediment control.

''(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $5,000,000 for each of fiscal years 2002 through 2006.

''SEC. 1240P. CONSERVATION OF PRIVATE GRAZING LAND.

''(a) FINDINGS.—Congress finds that—

''(1) private grazing land constitutes nearly ½ of the non-Federal land of the United States and is basic to the environmental, social, and economic stability of rural communities;

''(2) private grazing land contains a complex set of interactions among soil, water, air, plants, and animals;

''(3) grazing land constitutes the single largest watershed cover type in the United

States and contributes significantly to the quality and quantity of water available for all of the many uses of the land;

''(4) private grazing land constitutes the most extensive wildlife habitat in the United States;

''(5) private grazing land can provide opportunities for improved nutrient management from land application of animal manures and other by-product nutrient resources;

''(6) landowners and managers of private grazing land need to continue to recognize conservation problems when the problems arise and receive sound technical assistance to improve or conserve grazing land resources to meet ecological and economic demands;

''(7) new science and technology must continually be made available in a practical manner so owners and managers of private grazing land may make informed decisions concerning vital grazing land resources;

''(8) agencies of the Department with private grazing land responsibilities are the agencies that have the expertise and experience to provide technical assistance, education, and research to owners and managers of private grazing land for the long-term productivity and ecological health of grazing land;

''(9) although competing demands on private grazing land resources are greater than ever before, assistance to private owners and managers of private grazing land is limited and does not meet the demand and basic need for adequately sustaining or enhancing the private grazing land resources; and

''(10) private grazing land can be enhanced to provide many benefits to all citizens of the United States through voluntary cooperation among owners and managers of the land, local conservation districts, and the agencies of the Department responsible for providing assistance to owners and managers of land and to conservation districts.

''(b) PURPOSE.—The purpose of this section is to authorize the Secretary to provide a coordinated technical, educational, and related assistance program to conserve and enhance private grazing land resources and provide related benefits to all citizens of the United States by—

''(1) establishing a coordinated and cooperative Federal, State, and local grazing conservation program for management of private grazing land;

''(2) strengthening technical, educational, and related assistance programs that provide assistance to owners and managers of private grazing land;

''(3) conserving and improving wildlife habitat on private grazing land;

''(4) conserving and improving fish habitat and aquatic systems through grazing land conservation treatment;

''(5) protecting and improving water quality;

''(6) improving the dependability and consistency of water supplies;

''(7) identifying and managing weed, noxious weed, and brush encroachment problems on private grazing land; and

''(8) integrating conservation planning and management decisions by owners and managers of private grazing land, on a voluntary basis.

''(c) DEFINITION OF PRIVATE GRAZING LAND.—In this section, the term 'private grazing land land' means rangeland, pastureland, grazed forest land, hay land, and any other non-federally owned land that is—

''(1) private;

''(2) owned by a State; or

''(3) under the jurisdiction of an Indian tribe .

''(d) PRIVATE GRAZING LAND CONSERVATION ASSISTANCE.—

''(1) IN GENERAL.—Subject to the availability of appropriations for this section, the Secretary shall establish a voluntary program to provide technical, educational, and related assistance to owners and managers of private grazing land and public agencies, through local conservation districts, to enable the landowners, managers, and public agencies to voluntarily carry out activities that are consistent with this section, including—

''(A) maintaining and improving private grazing land and the multiple values and uses that depend on private grazing land;

''(B) implementing grazing land management technologies;

''(C) managing resources on private grazing land, including—

''(i) planning, managing, and treating private grazing land resources;

''(ii) ensuring the long-term sustainability of private grazing land resources;

''(iii) harvesting, processing, and marketing private grazing land resources; and

''(iv) identifying and managing weed, noxious weed, and brush encroachment problems;

''(D) protecting and improving the quality and quantity of water yields from private grazing land;

''(E) maintaining and improving wildlife and fish habitat on private grazing land;

''(F) enhancing recreational opportunities on private grazing land;

''(G) maintaining and improving the aesthetic character of private grazing land; and

''(H) identifying the opportunities and encouraging the diversification of private grazing land enterprises.

''(2) PROGRAM ELEMENTS.—

''(A) FUNDING.—Funds may be used to carry out this section only if the funds are provided through a specific line-item in the annual appropriations for the Natural Resources Conservation Service.

''(B) TECHNICAL ASSISTANCE AND EDUCATION.—Personnel of the Department of Agriculture trained in pasture and range management shall be made available under the program to deliver and coordinate technical assistance and education to owners and managers of private grazing land, at the request of the owners and managers.

''(e) GRAZING TECHNICAL ASSISTANCE SELF-HELP.—

''(1) FINDINGS.—Congress finds that—

''(A) there is a severe lack of technical assistance for farmers and ranchers that graze livestock;

''(B) Federal budgetary constraints preclude any significant expansion, and may force a reduction of, levels of technical support; and

''(C) farmers and ranchers have a history of cooperatively working together to address common needs in the promotion of their products and in the drainage of wet areas through drainage districts.

''(2) ESTABLISHMENT OF GRAZING DEMONSTRATION DISTRICTS.—In accordance with paragraph (3), the Secretary may establish 2 grazing management demonstration districts on the recommendation of the grazing land conservation initiative steering committee.

''(3) PROCEDURE.—

''(A) PROPOSAL.—Within a reasonable time after the submission of a proposal of an organization of farmers or ranchers engaged in grazing in a district, subject to subparagraphs (B) through (F), the Secretary establish a grazing management district in accordance with the proposal.

''(B) FUNDING.—The terms and conditions of the funding and operation of the grazing management district shall be proposed by the farmers and ranchers engaged in grazing in the district.

''(C) APPROVAL.—The Secretary shall approve the proposal if the Secretary determines that the proposal—

''(i) is reasonable;

''(ii) will promote sound grazing practices; and

''(iii) contains provisions similar to the provisions contained in the beef promotion and research order issued under section 4 of the Beef Research and Information Act (7 U.S.C. 2903) in effect on April 4, 1996.

''(D) AREA INCLUDED.—The area proposed to be included in a grazing management district shall be determined by the Secretary on the basis of the proposal submitted by farmers or ranchers under subparagraph (A).

''(E) AUTHORIZATION.—The Secretary may use authority under the Agricultural Adjustment Act (7 U.S.C. 601 et seq.), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, to operate, on a demonstration basis, a grazing management district.

''(F) ACTIVITIES.—The activities of a grazing management district shall be scientifically sound activities, as determined by the Secretary in consultation with a technical advisory committee composed of farmers, ranchers, and technical experts.

''(f) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $60,000,000 for each of fiscal years 2002 through 2006.''.

(b) CONFORMING AMENDMENT.—Section 386 of the Federal Agriculture Improvement and Reform Act of 1996 (16 U.S.C. 2005b) is repealed.''.

SEC. 218. FARMLAND PROTECTION PROGRAM.

(a) IN GENERAL.—Chapter 2 of the Food Security Act of 1985 (as added by section 201) is amended by adding at the end the following:

''Subchapter B—Farmland Protection Program

''SEC. 1238H. DEFINITIONS.

''In this subchapter:

''(1) ELIGIBLE LAND.—

''(A) IN GENERAL.—The term 'eligible land' means land on a farm or ranch that—

''(i)(I) has prime, unique, or other productive soil; or

''(II) contains historical or archaeological resources; and

''(ii) is subject to a pending offer for purchase from—

''(I) any agency of any State or local government or an Indian tribe (including a farmland protection board or land resource council established under State law); or

''(II) any organization that—

''(aa) is organized for, and at all times since the formation of the organization, has been operated principally for, 1 or more of the conservation purposes specified in clause (i), (ii), or (iii) of section 170(h)(4)(A) of the Internal Revenue Code of 1986;

''(bb) is an organization described in section 501(c)(3) of that Code that is exempt from taxation under section 501(a) of that Code; or

''(cc) is described in section 509(a)(3), and is controlled by an organization described in section 509(a)(2), of that Code.

''(B) INCLUSIONS.—The term 'eligible land' includes—

''(i) cropland;

''(ii) rangeland;

''(iii) grassland;

''(iv) pasture land; and

''(iii) forest land that is part of an agricultural operation, as determined by the Secretary.

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

''(3) PROGRAM.—The term 'program' means the farmland protection program established under section 1238I(a).

''SEC. 1238I. FARMLAND PROTECTION.

''(a) IN GENERAL.—The Secretary shall establish and carry out a farmland protection program under which the Secretary shall purchase conservation easements or other interests in eligible land for the purpose of protecting topsoil by limiting nonagricultural uses of the land.

''(b) CONSERVATION PLAN.—Any highly erodible cropland for which a conservation easement or other interest is purchased under this subchapter shall be subject to the requirements of a conservation plan that requires, at the option of the Secretary, the conversion of the cropland to less intensive uses.

''SEC. 1238J. MARKET VIABILITY PROGRAM.

''For each year for which funds are made available to carry out this subchapter, the Secretary may use not more than $10,000,000 to provide matching market viability grants and technical assistance to farm and ranch operators that participate in the program.''.

(b) FUNDING.—Section 1241 of the Food Security Act of 1985 (16 U.S.C. 3841) (as amended by section 202) is amended by adding at the end the following:

''(d) FARMLAND PROTECTION PROGRAM.—

''(1) IN GENERAL.—Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out subchapter B of chapter 2 (including the provision of technical assistance), to remain available until expended—

''(1) $150,000,000 in fiscal year 2002;

''(2) $250,000,000 in fiscal year 2003;

''(3) $400,000,000 in fiscal year 2004;

''(4) $450,000,000 in fiscal year 2005;

''(5) $500,000,000 in fiscal year 2006; and

''(6) $100,000,000 in fiscal year 2007.''

''(2) COST SHARING.—

''(A) FARMLAND PROTECTION.—

''(i) IN GENERAL.—The share of the cost of purchasing a conservation easement or other interest described in section 1238I(a) provided under this subsection shall not exceed 50 percent of the appraised fair market value of the conservation easement or other interest.

''(ii) STATE AND LOCAL CONTRIBUTIONS.—In a case in which a State or local government purchases an easement under section 1238I(a), not more than 25 percent of the share of the cost of the easement contributed by the State or local government may be provided—

''(I) by a private landowner; or

''(II) in the form of in-kind goods or services.

''(B) MARKET VIABILITY CONTRIBUTIONS.—As a condition of receiving a grant under section 1238J(a), a grantee shall provide funds in an amount equal to the amount of the grant.''.

(c) CONFORMING AMENDMENT.—

(1) IN GENERAL.—Section 388 of the Federal Agriculture Improvement and Reform Act of 1996 (16 U.S.C. 3830 note) is repealed.

(2) EFFECT ON CONTRACTS.—The amendment made by paragraph (1) shall have no effect on any contract entered into under section 388 of the Federal Agriculture Improvement and Reform Act of 1996 (16 U.S.C. 3830 note) that is in effect as of the date of enactment of this Act.

SEC. 219. EXPANSION OF STATE MARKETING PROGRAMS.

(a) IN GENERAL.—Section 204(b) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1623) is amended by striking ''such sums as he may deem appropriate'' and inserting ''$10,000,000 from the Commodity Credit Corporation for each of fiscal years 2003 through 2006''.

(b) MARKET DEVELOPMENT GRANTS.—Section 203(e)(1) of the Agricultural Marketing Act of 1964 (7 U.S.C. 1622(e)(1)) is amended by adding at the end the following: ''The Secretary shall transfer to State departments of agriculture and other State marketing offices at least 10 percent of the funds appropriated for a fiscal year for this subsection to facilitate the development of local and regional markets for agricultural products, including direct farm-to-consumer markets.''.

(c) TERMINATION OF AUTHORITY.—Subtitle A of the Agricultural Marketing Act of 1946 (7 U.S.C. 1621 et seq.) is amended by adding at the end the following:

''SEC. 209. TERMINATION OF AUTHORITY.

''The authority of the Secretary of Agriculture to make funds available under section 204, and to otherwise carry out this subtitle, terminates on October 1, 2006.''.

SEC. 220. GRASSLAND RESERVE PROGRAM.

Chapter 2 of the Food Security Act of 1985 (as amended by section 218) is amended by adding at the end the following:

''Subchapter C—Grassland Reserve Program

''SEC. 1238N. GRASSLAND RESERVE PROGRAM.

''(a) ESTABLISHMENT.—The Secretary, acting through the Natural Resource Conservation Service, shall establish a grassland reserve program (referred to in this subchapter as the 'program') to assist owners in restoring and protecting eligible land described in subsection (c).

''(b) ENROLLMENT CONDITIONS.—

''(1) IN GENERAL.—The Secretary shall enroll in the program, from willing owners, not less than—

''(A) 100 contiguous acres of land west of the 98th meridian; or

''(B) except as provided in paragraph (2), 40 contiguous acres of land east of the 98th meridian.

''(2) MAXIMUM ENROLLMENT.—The total number of acres enrolled in the program shall not exceed 2,000,000 acres, of which not more than 500,000 acres shall be available for enrollment of tracts of native grassland of 40 acres or less.

''(3) METHODS OF ENROLLMENT.—The Secretary shall enroll land in the program through—

''(A) permanent easements or 30-year easements;

''(B) in a State that imposes a maximum duration for such an easement, an easement for the maximum duration allowed under State law; or

''(C) a 30-year rental agreement.

''(c) ELIGIBLE LAND.—Land shall be eligible to be enrolled in the program if the Secretary determines that the land is private land that is—

''(1) natural grassland (including prairie and land that contains shrubs or forb) that is indigenous to the locality;

''(2) land that—

''(A) is located in an area that has been historically dominated by natural grassland; and

''(B) has potential to serve as habitat for animal or plant populations of significant ecological value if the land is restored to a natural condition; or

''(3) land that is incidental to land described in paragraph (1) or (2), if the incidental land is determined by the Secretary to be necessary for the efficient administration of an easement.

''SEC. 1238O. EASEMENTS AND AGREEMENTS.

''(a) IN GENERAL.—To be eligible to enroll land in the program, the owner of the land shall enter into an agreement with the Secretary—

''(1) if the agreement is for an easement—

''(A) to grant an easement that applies to the land to the Secretary;

''(B) to create and record an appropriate deed restriction in accordance with applicable State law to reflect the easement;

''(C) to provide a written statement of consent to the easement signed by persons holding a security interest or any vested interest in the land;

''(D) to provide proof of unencumbered title to the underlying fee interest in the land that is the subject of the easement; and

''(E) to comply with the terms of the easement and restoration agreement; and

''(2) if the agreement is for a rental agreement described in section 1238N(b)(3)(C), that specifies the terms and conditions applicable to—

''(A) the Secretary; and

''(B) the owner of the land.

''(b) TERMS OF EASEMENT OF RENTAL AGREEMENT.—An easement or rental agreement under subsection (a) shall—

''(1) permit—

''(A) grazing on the land in a manner that is consistent with maintaining the viability of natural grass, shrub, forb, and wildlife species indigenous to that locality;

''(B) haying (including haying for seed production) or mowing, except during the nesting and brood-rearing seasons for birds in the area that are in significant decline, as determined by the Natural Resources Conservation Service State conservationist, or are protected Federal or State law; and

''(C) fire rehabilitation, construction of fire breaks, and fences (including placement of the posts necessary for fences);

''(2) prohibit—

''(A) the production of row crops, fruit trees, vineyards, or any other agricultural commodity that requires breaking the soil surface; and

''(B) except as permitted under paragraph (1)(C), the conduct of any other activities that would disturb the surface of the land covered by the easement, including—

''(i) plowing; and

''(ii) disking; and

''(3) include such additional provisions as the Secretary determines are appropriate to carry out this subchapter or to facilitate the administration of this subchapter.

''(c) EVALUATION AND RANKING OF EASEMENT AND RENTAL AGREEMENT APPLICATIONS.—

''(1) IN GENERAL.—The Secretary, in conjunction with State technical committees, shall establish criteria to evaluate and rank applications for easements and rental agreements under this subchapter.

''(2) CRITERIA.—In establishing the criteria, the Secretary shall emphasize support for grazing operations, plant and animal biodiversity, and grassland and land containing shrubs or forb under the greatest threat of conversion.

''(d) RESTORATION AGREEMENTS.—

''(1) IN GENERAL.—The Secretary shall prescribe the terms of a restoration agreement by which grassland and shrubland subject to an easement or rental agreement entered into under the program shall be restored.

''(2) REQUIREMENTS.—The restoration agreement shall describe the respective duties of the owner and the Secretary (including paying the share of the cost of restoration provided by the Secretary and the provision of technical assistance).

''(e) VIOLATIONS.—

''(1) IN GENERAL.—On the violation of the terms or conditions of an easement, rental agreement, or restoration agreement entered into under this section—

''(A) the easement or rental agreement shall remain in force; and

''(B) the Secretary may require the owner to refund all or part of any payments received by the owner under this subchapter,

with interest on the payments as determined appropriate by the Secretary.

''(2) PERIODIC INSPECTIONS.—

''(A) IN GENERAL.—After providing notice to the owner, the Secretary shall conduct periodic inspections of land subject to easements and rental agreements under this subchapter to ensure compliance with the terms of the easement, rental agreement, and applicable restoration agreement.

''(B) LIMITATION.—The Secretary may not prohibit the owner, or a representative of the owner, from being present during a periodic inspection.

''SEC. 1238P. DUTIES OF SECRETARY.

''(a) IN GENERAL.—In return for the granting of an easement, or the execution of a rental agreement, by an owner under this subchapter, the Secretary shall, in accordance with this section—

''(1) make easement or rental agreement payments;

''(2) pay a share of the cost of restoration; and

''(3) provide technical assistance to the owner.

''(b) PAYMENT SCHEDULE.—

''(1) EASEMENT PAYMENTS.—

''(A) AMOUNT.—In return for the granting of an easement by an owner under this subchapter, the Secretary shall make easement payments to the owner in an amount equal to—

''(i) in the case of a permanent easement, the fair market value of the land less the grazing value of the land encumbered by the easement; and

''(ii) in the case of a 30-year easement or an easement for the maximum duration allowed under applicable State law, 30 percent of the fair market value of the land less the grazing value of the land for the period during which the land is encumbered by the easement.

''(B) SCHEDULE.—Easement payments may be provided in not less than 1 payment nor more than 10 annual payments of equal or unequal amount, as agreed to by the Secretary and the owner.

''(2) RENTAL AGREEMENT PAYMENTS.—

''(A) AMOUNT.—If an owner enters into a 30-year rental agreement authorized under section 1238N(b)(3)(C), the Secretary shall make 30 annual rental payments to the owner in an amount that equals, to the maximum extent practicable, the 30-year easement payment amount under paragraph (1)(A)(ii).

''(B) ASSESSMENT.—Not less than once every 5 years throughout the 30-year rental period, the Secretary shall assess whether the value of the rental payments under subparagraph (A) equals, to the maximum extent practicable, the total amount of 30-year easement payments as of the date of the assessment.

''(C) ADJUSTMENT.—If on completion of the assessment under subparagraph (B), the Secretary determines that the rental payments do not equal, to the maximum extent practicable, the value of payments under a 30-year easement, the Secretary shall adjust the amount of the remaining payments to equal, to the maximum extent practicable, the value of a 30-year easement over the entire 30-year rental period.

''(c) COST OF RESTORATION.—The Secretary shall make payments to the owner of not more than 75 percent of the cost of carrying out measures and practices necessary to restore grassland and shrubland functions and values.

''(d) TECHNICAL ASSISTANCE.—The Secretary shall provide owners with technical assistance to execute easement documents and restore the grassland and shrubland.

''(e) PAYMENTS TO OTHERS.—If an owner that is entitled to a payment under this subchapter dies, becomes incompetent, is otherwise unable to receive the payment, or is succeeded by another person who renders or completes the required performance, the Secretary shall make the payment, in accordance with regulations promulgated by the Secretary and without regard to any other provision of law, in such manner as the Secretary determines is fair and reasonable in light of all the circumstances.

''(f) OTHER PAYMENTS.—Easement or rental agreement payments received by an owner under this subchapter shall be in addition to, and not affect, the total amount of payments that the owner is otherwise eligible to receive under other Federal laws (except for funds provided to achieve similar purposes).

''(g) REGULATIONS.—Not later than 180 days after the date of enactment of this subchapter, the Secretary shall promulgate such regulations as are necessary to carry out this subchapter.''.

(b) FUNDING.—Section 1241 of the Food Security Act of 1985 (16 U.S.C. 3841) (as amended by section 219(b)) is amended by adding at the end the following:

''(e) GRASSLAND RESERVE PROGRAM.—The Secretary shall use such sums of the Commodity Credit Corporation as are necessary to carry out subchapter C of chapter 2 (including the provision of technical assistance).''.

SEC. 221. STATE TECHNICAL COMMITTEES.

Subtitle G of title XII of the Food Security Act of 1985 (16 U.S.C. 3861 et seq.) is amended to read as follows:

''Subtitle G—State Technical Committees

''SEC. 1261. ESTABLISHMENT.

''(a) IN GENERAL.—The Secretary shall establish in each State a technical committee to assist the Secretary in the technical considerations relating to implementation of any private land conservation program administered by the Secretary.

''(b) STANDARDS.—Not later than 180 days after the date of enactment of the Agriculture, Conservation, and Rural Enhancement Act of 2001, the Secretary shall develop standards to be used by each State technical committee in the development of technical guidelines under section 1262(b) for the implementation of the conservation programs under this title.

''(c) COMPOSITION.—Each State technical committee established under subsection (a) shall be composed of professional resource managers that represent a variety of disciplines in the soil, water, wetland, forest, and wildlife sciences, including representatives from among—

''(1) the Natural Resources Conservation Service (a representative of which shall serve as Chair of the Committee);

''(2) the Farm Service Agency;

''(3) the Forest Service;

''(4) the Extension Service;

''(5) the Fish and Wildlife Service;

''(6) such State departments and agencies as the Secretary determines to be appropriate, including—

''(A) a State fish and wildlife agency;

''(B) a State forester or equivalent State official;

''(C) a State water resources agency;

''(D) a State department of agriculture;

''(E) a State soil conservation agency;

''(F) a State association of soil and water conservation districts; and

''(G) land grant colleges and universities;

''(7) other individuals or agency personnel with expertise in soil, water, wetland, and wildlife or forest management as the Secretary determines to be appropriate;

''(8) agricultural producers with demonstrable conservation expertise;

''(9) nonprofit organizations with demonstrable conservation or forestry expertise;

''(10) persons knowledgeable about conservation or forestry techniques; and

''(11) agribusinesses.

''SEC. 1262. RESPONSIBILITIES.

''(a) INFORMATION.—

''(1) PROVISION.—

''(A) IN GENERAL.—Each State technical committee established under section 1261 shall meet regularly to provide information, analyses, and recommendations to the Secretary.

''(B) MANNER; FORM.—Information, analyses, and recommendations described in subparagraph (A) shall—

''(i) be provided in writing, in a manner that assists the Secretary in determining matters of fact, technical merit, or scientific question; and

''(ii) reflect the best professional information and judgment of the committee.

''(2) COORDINATION.—The Secretary shall coordinate activities conducted under this section with activities conducted under section 1628 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5831).

''(3) PUBLIC PARTICIPATION.—Each State technical committee shall—

''(A) provide public notice of, and permit public attendance at, meetings considering issues of concern related to any program under this title; and

''(B) distribute meeting minutes to each person attending a meeting described in subparagraph (A).

''(4) COMMUNICATION.—Each State conservationist shall communicate regularly with members of the State technical committee concerning status of action on recommendations of the committee.

''(b) OTHER DUTIES.—Each State technical committee shall provide assistance and offer recommendations with respect to the technical aspects of—

''(1) wetland protection, restoration, and mitigation requirements;

''(2) criteria to be used in evaluating bids for enrollment of environmentally-sensitive land in the conservation reserve program established under subchapter B of chapter 1;

''(3) guidelines for haying or grazing and the control of weeds to protect nesting wildlife on designated acreage relating to—

''(A) highly erodible land conservation under subtitle B;

''(B) wetland conservation under subtitle C; or

''(C) other conservation requirements

''(4) addressing common weed and pest problems and programs to control weeds and pests found on acreage enrolled in the conservation reserve program;

''(5) guidelines for planting perennial cover for water quality and wildlife habitat improvement on designated land;

''(6) establishing criteria and priorities for State initiatives under the environmental quality incentives program under chapter 4 of subtitle D;

''(7) establishing State and local conservation priorities under the conservation security program under subchapter A of chapter 2 of subtitle D;

''(8) establishing and maintaining natural resource indicators and conservation program monitoring and evaluation systems;

''(9) developing conservation program education and outreach activities;

''(10) evaluating innovative practices and systems under consideration for inclusion in the field office technical guides; and

''(11) other matters, as determined to be appropriate by the Secretary.

''(c) AUTHORITY.—

''(1) IN GENERAL.—Each State technical committee established under section 1261 shall—

''(A) serve in an advisory capacity; and

''(B) have no implementation or enforcement authority.

''(2) CONSIDERATION BY SECRETARY.—In carrying out any program under this title, the Secretary shall give strong consideration to the recommendations of a State technical committee (including factual, technical, or scientific findings and recommendations relating to areas in which the State technical committee bears responsibility).

''(d) FACA REQUIREMENTS.—A State technical committee established under section 1261 shall be exempt from the Federal Advisory Committee Act (5 U.S.C. App.).

''(e) ADVISORY SUBCOMMITTEES.—

''(1) IN GENERAL.—Any State or local work group, task force, or other advisory body authorized by any Federal law (including a regulation) to advise the Secretary on issues that are within the areas of responsibility of a State technical committee established under section 1261 shall be considered to be a subcommittee of the State technical committee.

''(2) COMPOSITION.—A person eligible to serve on a State technical committee under section 1261(c) shall also be eligible to serve on 1 or more subcommittees of a State technical committee.

''(3) LOCAL WORKING GROUPS.—A local working group shall be considered to be a subcommittee of a State technical committee established under section 1261.''.

SEC. 222. USE OF SYMBOLS, SLOGANS, AND LOGOS.

Section 356 of the Federal Agriculture Improvement Act of 1996 (16 U.S.C. 5801 et seq.) is amended—

(1) in subsection (c)—

(A) by redesignating paragraphs (4) through (7) as paragraphs (5) through (8), respectively; and

(B) by inserting after paragraph (3) the following:

''(4) on the written approval of the Secretary, to use, license, or transfer symbols, slogans, and logos of the Department;''; and

(2) in subsection (d), by adding at the end the following:

''(3) USE OF SYMBOLS, SLOGANS, AND LOGOS.—

''(A) IN GENERAL.—The Secretary may authorize the Foundation to use, license, or transfer symbols, slogans, and logos of the Department.

''(B) INCOME.—

''(i) IN GENERAL.—All revenue received by the Foundation from the use, licensing, or transfer of symbols, slogans, and logos of the Department shall be transferred to the Secretary.

''(ii) CONSERVATION OPERATIONS.—The Secretary shall transfer all revenue received under clause (i) to the account within the Natural Resources Conservation Service that is used to carry out conservation operations.''.

Subtitle C—Organic Farming

SEC. 231. ORGANIC AGRICULTURE RESEARCH TRUST FUND.

(a) ESTABLISHMENT.—There is established in the Treasury of the United States a fund to be known as the ''Organic Agriculture Research Trust Fund'' (referred to in this section as the ''Fund''), consisting of—

(1) such amounts as are transferred to the Fund under subsection (b); and

(2) any interest earned on investment of amounts in the Fund under subsection (d).

(b) TRANSFER TO FUND.—During fiscal year 2003, the Commodity Credit Corporation shall transfer $50,000,000 to the Fund, which shall remain available until expended.

(c) EXPENDITURES FROM FUND.—On request by the Secretary of Agriculture, the Secretary of the Treasury shall transfer from the Fund to the Secretary of Agriculture such amounts as the Secretary of Agriculture determines are necessary—

(1) to carry out section 1672B of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925b); and

(2) for the board of trustees of the National Organic Research Endowment Institute established under section 232(a) (referred to in this subtitle as the ''Institute'') to implement a program of organic products research designed by the Institute and approved by the Secretary.

(d) INVESTMENT OF AMOUNTS.—

(1) IN GENERAL.—

(A) INVESTMENT.—The Secretary of the Treasury shall invest such portion of the Fund as is not, in the judgment of the Secretary of the Treasury, required to meet current withdrawals.

(B) TYPES OF INVESTMENTS.—Investments may be made only in—

(i) an obligation of the United States or an agency of the United States;

(ii) a general obligation of a State or a political subdivision of a State;

(iii) an interest-bearing account or certificate of deposit of a bank that is a member of the Federal Reserve System; or

(iv) an obligation fully guaranteed as to principal and interest by the United States.

(2) ACQUISITION OF OBLIGATIONS.—For the purpose of investments under paragraph (1), obligations may be acquired—

(A) on original issue at the issue price; or

(B) by purchase of outstanding obligations at the market price.

(3) SALE OF OBLIGATIONS.—Any obligation acquired by the Fund may be sold by the Secretary of the Treasury at the market price.

(4) CREDITS TO FUND.—The interest and dividends on, and the proceeds from the sale or redemption of, any obligations, interest-bearing accounts, or certificates of deposit held in the Fund shall be credited to and form a part of the Fund.

SEC. 232. ESTABLISHMENT OF NATIONAL ORGANIC RESEARCH ENDOWMENT INSTITUTE.

(a) IN GENERAL.—The Secretary of Agriculture, in consultation with the National Organic Standards Board, shall establish in the Department of Agriculture an institute to be known as the ''National Organic Research Endowment Institute'' (referred to in this section as the ''Institute'').

(b) BOARD OF TRUSTEES.—The Institute shall be headed by a board of trustees composed of the members of the National Organic Promotion and Research Board.

(c) DUTIES.—The duties of the Institute shall be to aid the organically grown and processed agricultural commodities industry through the development and implementation of a plan for organic products research described in subsection (d)(1).

(d) IMPLEMENTATION OF PLAN.—

(1) IN GENERAL.—The board of trustees of the Institute shall implement a plan for organic products research, to be carried out using funds made available to the board of trustees of the Institute from the Organic Agriculture Research Trust Fund established by section 231.

(2) EXPANSION OF MARKETS.—In implementing the plan described in paragraph (1), the board of trustees of the Institute shall provide a permanent system for funding research activities (as defined in section 1672B of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925b).

(e) EXECUTIVE COMMITTEE.—

(1) IN GENERAL.—The board of trustees of the Institute may appoint an executive committee from among the members of the board.

(2) MEMBERSHIP.—The membership of the executive committee shall reflect equally each of the various regions in the United States in which organically grown and processed agricultural commodities are produced.

(3) DUTIES AND POWERS.—The executive committee shall have such duties and powers as are delegated to the executive committee by the board of trustees of the Institute.

(f) COMPENSATION OF MEMBERS.—A member of the board of trustees of the Institute shall serve without compensation.

(g) TRAVEL EXPENSES.—To the extent recommended by the board of trustees of the Institute and approved by the Secretary of Agriculture, a member of the board shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for an employee of an agency under subchapter I of chapter 57 of title 5, United States Code, while away from the home or regular place of business of the member in the performance of the duties of the Institute.

Subtitle D—Regional Equity

SEC. 241. ALLOCATION OF CONSERVATION FUNDS BY STATE.

(a) STATE ALLOCATION.—

(1) IN GENERAL.—To the maximum extent practicable, in each of fiscal years 2002 through 2006, the Secretary of Agriculture (referred to in this section as the ''Secretary''), subject to requirements of the conservation programs administered by the Secretary, shall ensure that each State receives, at a minimum, the share of the funds made available under this title (and amendments made by this title) that equals, at a minimum, $12,000,000 for each State, for use in accordance with paragraph (2), for purposes consistent with this title.

(2) USE OF FUNDS.—Of the minimum amount made available to each State under paragraph (1)—

(A) $5,000,000 shall be used in accordance with the environmental quality incentives program under chapter 4 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3839aa et seq.); and

(B) $7,000,000 shall be used in accordance with other conservation programs administered by the Secretary.

(3) UNUSED FUNDING.—Any funds made available for a fiscal year under paragraph (1) that are not obligated by April 1 of the fiscal year may be used to carry out other activities under subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3801 et seq.).

Subtitle E—Advisory Council and Federal Interagency Working Group on Upper Mississippi River

SEC. 251. DEFINITIONS.

In this subtitle:

(1) ADVISORY COUNCIL.—The term ''Advisory Council'' means the Advisory Council on the Upper Mississippi River Stewardship Initiative established under section 252(a).

(2) BASIN.—

(A) IN GENERAL.—The term ''Basin'' means the watershed portion of the Upper Mississippi River and Illinois River basins, from Cairo, Illinois to the headwaters of the Mississippi River.

(B) INCLUSION.—The term ''Basin'' includes—

(i) the Kaskaskia watershed along the Illinois River; and

(ii) the Meramec watershed along the Missouri River.

(3) INITIATIVE.—The term ''Initiative'' means activities carried out to monitor and reduce nutrient and sediment loss in the Basin.

(4) INTERAGENCY WORKING GROUP.—The term ''Interagency working group'' means the Federal Interagency Working Group established under section 263(a).

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

SEC. 252. ESTABLISHMENT OF ADVISORY COUNCIL ON THE UPPER MISSISSIPPI RIVER STEWARDSHIP INITIATIVE.

(a) ESTABLISHMENT.—The Secretary, in consultation with the Governors specified in subsection (c), shall establish an advisory body, to be known as the ''Advisory Council on the Upper Mississippi River Stewardship Initiative''.

(b) MEMBERSHIP.—

(1) VOTING MEMBERS.—The Advisory Council shall be composed of at least 15 voting members, of which—

(A) 2 members that are representative of nongovernmental agricultural, natural resources, recreational, or environmental groups or other persons having an interest in the natural resources of the Basin shall be appointed by each of the Governors of the States of Illinois, Iowa, Minnesota, Missouri, and Wisconsin; and

(B) 1 member representing each of the State Technical Committees established under section 1261 of the Food Security Act of 1985 (16 U.S.C. 3861) for the States of Illinois, Iowa, Minnesota, Missouri, and Wisconsin shall be appointed by the Secretary.

(2) NONVOTING MEMBERS.—Each of the Governors referred to in paragraph (1)(A) shall appoint to the Advisory Council 1 nonvoting member to serve as a representative of the Governor.

(c) CHAIRPERSON.—

(1) IN GENERAL.—Voting members of the Advisory Council shall elect 1 member appointed under subsection (b)(1) to serve as Chairperson of the Advisory Council.

(2) TERM.—The Chairperson shall serve for a term of not to exceed 1 year.

(d) DUTIES.—The Advisory Council shall—

(1) serve as a means for coordination, communication, and information sharing with respect to issues concerning the Basin, including—

(A) science and technology concerning conservation practices;

(B) monitoring and modeling needs;

(C) strategies for implementing conservation assistance and programs;

(D) performance assessment; and

(E) evaluation and reporting;

(2)(A) prepare an annual report regarding publicly-financed efforts to reduce sediment and nutrient loss in the Basin; and

(B) submit the report to—

(i) the State legislatures of each of the States of Arkansas, Illinois, Iowa, Kentucky, Louisiana, Minnesota, Mississippi, Missouri, Tennessee, and Wisconsin; and

(ii) the Upper Mississippi River Basin Association; and

(iii) Congress;

(3) establish (and, at the appropriate time, dissolve), in consultation with the Interagency Working Group and appropriate State agencies, such issue-specific task forces as are necessary to effectively carry out the responsibilities of the Advisory Council;

(4) hold annual public meetings, at which at least 2 or the 3 members of the Advisory Council from a State are present, in each of the States of Illinois, Iowa, Minnesota, Missouri, and Wisconsin to develop recommendations and seek public input regarding methods and priorities to reduce sediment and nutrient loss in the Basin; and

(5) in cooperation with the Secretary, coordinate outreach activities in the Basin that relate to technologies and other methods to reduce sediment and nutrient loss.

(e) STAFF DIRECTOR.—

(1) IN GENERAL.—The Secretary shall appoint an employee of the Natural Resources Conservation Service to serve as Staff Director of the Advisory Council.

(2) DUTIES.—The Staff Director shall work in conjunction with the Chairperson of the Advisory Council to assist in coordinating the activities of the Advisory Council.

(f) TRAVEL EXPENSES.—A member of the Advisory Council shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for an employee of an agency under subchapter I of chapter 57 of title 5, United States Code, while away from the home or regular place of business of the member in the performance of the duties of the Commission.

(g) POLICY.—The Secretary and the heads of other Federal agencies that are members of the Interagency Working Group shall give significant consideration to recommendations of the Advisory Council in administering any natural resource program in the Basin, despite the facts that the Advisory Council—

(1) has no implementation or enforcement authority; and

(2) is authorized to act only in an advisory capacity.

SEC. 253. FEDERAL INTERAGENCY WORKING GROUP.

(a) ESTABLISHMENT.—The Secretary of Agriculture and the Secretary of the Interior shall establish an Interagency Working Group to coordinate Federal nutrient and sediment reduction efforts carried out in the Basin under the Initiative.

(b) CHAIRPERSON; ADDITIONAL INPUT AND PARTICIPATION.—The Secretary of Agriculture (or a designee of the Secretary)—

(1) shall serve as Chairperson of the Interagency Working Group; and

(2) may solicit input and participation by other Federal agencies engaged in sediment and nutrient reduction efforts in the Basin.

(c) ANNUAL WORK PLAN AND BUDGET.—The Interagency Working Group shall annually develop a coordinated work plan and budget for the Federal agencies participating in the Initiative—

(1) to better coordinate Federal efforts to address sediment and nutrient reduction in the Basin;

(2) to encourage Federal agencies responsible for sediment and nutrient reduction efforts to leverage Federal, State, and local resources;

(3) to identify deficiencies and redundancies in programs; and

(4) to better prioritize existing Federal spending to address major sources of sediment and nutrient loss.

(d) COORDINATION.—The Interagency Working Group shall coordinate any recommendations to be included in the work plan and budget under subsection (c) with any similar recommendations of individual member agencies.

(e) SUBMISSION OF WORK PLAN AND BUDGET.—Not later than September 15 of each year, the Interagency Working Group shall submit to the Office of Management and Budget the work plan and budget required by subsection (c).

SEC. 254. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated to carry out this subtitle $400,000 for each of fiscal years 2003 through 2006.

Subtitle F—Miscellaneous

SEC. 261. CRANBERRY ACREAGE RESERVE PROGRAM.

(a) DEFINITIONS.—In this section:

(1) ELIGIBLE AREA.—The term ''eligible area'' means a wetland or buffer strip adjacent to a wetland that, as determined by the Secretary—

(A)(i) is used, and has a history of being used, for the cultivation of cranberries; or

(ii) is an integral component of a cranberry-growing operation;

(B) is located in an environmentally sensitive area.

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

(b) PROGRAM.—The Secretary shall establish a program to purchase permanent easements in eligible areas from willing sellers.

(c) PURCHASE PRICE.—The Secretary shall ensure, to the maximum extent practicable, that each easement purchased under this section is for an amount that appropriately reflects the range of values for agricultural and nonagricultural land in the region in which the eligible area subject to the easement is located (including whether that land is located in 1 or more environmentally sensitive areas, as determined by the Secretary).

(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $10,000,000.

SEC. 262. KLAMATH BASIN.

(a) DEFINITIONS.—In this section:

(1) TASK FORCE.—The term ''Task Force'' means the Klamath Basin Interagency Task Force established under subsection (b).

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

(b) INTERAGENCY TASK FORCE.—

(1) ESTABLISHMENT.—

(A) IN GENERAL.—The Secretary of Agriculture shall establish the Klamath Basin Interagency Task Force.

(B) APPROVAL OF MEMBER.—A decision of the Task Force that affects any area under the jurisdiction of a member of the Task Force described in paragraph (2) shall not be implemented without the consent of the member.

(2) MEMBERSHIP.—The Task Force shall include representatives of—

(A) the Natural Resources Conservation Service;

(B) the Farm Services Agency;

(C) the United States Fish and Wildlife Service;

(D) the Bureau of Reclamation;

(E) the National Marine Fisheries Service;

(F) the Council on Environmental Quality;

(G) the Bureau of Indian Affairs;

(H) the Federal Energy Regulatory Commission;

(I) the Environmental Protection Agency; and

(J) the United States Geological Survey.

(3) DUTIES.—The Task Force shall use conservation programs of the Department of Agriculture and other Federal programs in the Klamath Basin in Oregon and California for the purposes of—

(A) development of a coordinated Federal effort for the management of water resources throughout the Klamath Basin;

(B) water conservation and improved agricultural practices;

(C) aquatic ecosystem restoration;

(D) improvement of water quality and quantity;

(E) recovery and enhancement of endangered species, including anadromous fish species and resident fish species; and

(F) restoration of the national wildlife refuges.

(4) COOPERATIVE AGREEMENT.—The Secretary of Agriculture, Secretary of the Interior, and Secretary of Commerce shall enter into a cooperative agreement to—

(A) provide funding to the Task Force; and

(B) use conservation programs administered by the Secretary of Agriculture and other Federal programs administered by the Secretary of the Interior and Secretary of Commerce in carrying out the purposes described in subsection (b)(3).

(5) GRANT PROGRAM.—The Task Force shall establish a grant program (including appropriate cost-share, monitoring, and enforcement requirements) under which the Secretary of Agriculture, Secretary of the Interior, or Secretary of Commerce may enter into 1 or more agreements or contracts with

non-Federal entities, Indian tribes (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)), environmental organizations, and water districts in the Klamath Basin to carry out the purposes described in subsection (b)(3).

(c) PLAN.—

(1) DEVELOPMENT.—

(A) DRAFT PLAN.—Not later than 180 days after the date of enactment of this Act, the Task Force shall develop, and provide public notice of and an opportunity for comment on, a draft 5-year plan to perform the duties of the Task Force under subsection (b)(3).

(B) FINAL PLAN.—Not later than 1 year after the date of enactment of this Act, the Task Force shall finalize the plan described in subparagraph (A).

(2) MATTERS TO BE CONSIDERED.—In developing the plan under paragraph (1), the Task Force shall consider—

(A) the purchase of water conservation easements;

(B) purchase of agricultural land from willing sellers, with priority given to land that will enhance water storage capabilities;

(C) benefits to the agricultural economy through incentives for the use of irrigation efficiency, water conservation, or other agricultural practices;

(D) wetland restoration;

(E) feasibility studies for alternative water storage, water conservation, demand reduction, and restoration of endangered species;

(F) improvement of upper Klamath Basin watershed and water quality;

(G) improvement of habitat on the Tule Lake National Wildlife Refuge, the Lower Klamath National Wildlife Refuge, and the Upper Klamath Lake National Wildlife Refuge;

(H) fish screening and water metering;

(I) other activities in the Basin that may significantly affect water resources in the Basin, as determined by the Task Force; and

(J) other matters that the Task Force considers appropriate.

(d) COOPERATION WITH NON-FEDERAL ENTITIES.—In carrying out the duties of the Task Force under this section, the Task Force shall—

(1) consult with—

(A) environmental, fishing, and agricultural interests; and

(B) on a government-to-government basis, the Klamath, Hoopa, Yurok, and Karuk Tribes; and

(2) provide appropriate opportunities for public participation.

(e) FUNDING.—

(1) IN GENERAL.—To carry out the purposes and activities described in subsection (b)(3), the Secretary shall use $175,000,000 of the funds of the Commodity Credit Corporation for the period of fiscal years 2003 through 2006, of which—

(A) $15,000,000 shall be made available to the Klamath, Yurok, Hoopa, and Karuk Tribes for use in the State of California; and

(B) $15,000,000 shall be made available to those Tribes for use in the State of Oregon.

(2) OTHER FUNDS.—The funds made available under subparagraphs (A) and (B) of paragraph (1) shall be in addition to funds available to the States of California and Oregon under other provisions of this Act (including amendments made by this Act).

(3) EXPIRATION OF AUTHORITY TO OBLIGATE FUNDS.—The Secretary may not obligate funds made available under this paragraph after September 30, 2006.

(4) UNUSED FUNDING.—Any funds made available for a fiscal year under paragraph (1) that are not obligated by April 1 of the fiscal year may be used to carry out other activities under subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3801 et seq.).

(f) SAVINGS PROVISION.—Nothing in this section regarding the Klamath Basin affects any right or obligation of any party under any treaty or any provision of Federal or State law.

(g) COOPERATIVE AGREEMENTS.—Notwithstanding the Federal Grant and Cooperative Agreement Act of 1977 (41 U.S.C. 501 et seq.), the Secretary may enter into cooperative agreements under this section.

TITLE III—TRADE

Subtitle A—Agricultural Trade Development and Assistance Act of 1954 and Related Statutes

SEC. 301. UNITED STATES POLICY.

Section 2(2) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691(2)) is amended by inserting before the semicolon at the end the following: ''and conflict prevention''.

SEC. 302. PROVISION OF AGRICULTURAL COMMODITIES.

Section 202 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1722) is amended—

(1) in subsection (b), by adding at the end the following:

''(3) PROGRAM DIVERSITY.—The Administrator shall—

''(A) encourage eligible organizations to propose and implement program plans to address 1 or more aspects of the program under section 201; and

''(B) consider proposals that incorporate a variety of program objectives and strategic plans based on the identification by eligible organizations of appropriate activities to assist development in foreign countries.'';

(2) in subsection (e)(1), by striking ''not less than $10,000,000, and not more than $28,000,000,'' and inserting ''not less than 5 percent nor more than 10 percent of the funds''; and

(3) by adding at the end the following:

''(h) CERTIFIED INSTITUTIONAL PARTNERS.—

''(1) IN GENERAL.—The Administrator or the Secretary, as applicable, shall promulgate regulations and issue guidelines to permit private voluntary organizations and cooperatives to be certified as institutional partners.

''(2) REQUIREMENTS.—To become a certified institutional partner, a private voluntary organization or cooperative shall submit to the Administrator a certification of organizational capacity that describes—

''(A) the financial, programmatic, commodity management, and auditing abilities and practices of the organization or cooperative; and

''(B) the capacity of the organization or cooperative to carry out projects in particular countries.

''(3) MULTI-COUNTRY PROPOSALS.—A certified institutional partner shall be eligible to—

''(A) submit a single proposal for 1 or more countries that are the same as, or similar to, those countries in which the certified institutional partner has already demonstrated organizational capacity;

''(B) receive expedited review and approval of the proposal; and

''(C) receive commodities and assistance under this section for use in 1 or more countries.''.

SEC. 303. GENERATION AND USE OF CURRENCIES BY PRIVATE VOLUNTARY ORGANIZATIONS AND COOPERATIVES.

Section 203 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1723) is amended—

(1) in the section heading, by striking **''foreign''**;

(2) in subsection (a), by striking ''the recipient country, or in a country'' and inserting ''1 or more recipient countries, or 1 or more countries'';

(3) in subsection (b)—

(A) by striking ''in recipient countries, or in countries'' and inserting ''1 or more recipient countries, or in 1 or more countries''; and

(B) by striking ''foreign currency'';

(4) in subsection (c)—

(A) by striking ''foreign currency''; and

(B) by striking ''the recipient country, or in a country'' and inserting ''1 or more recipient countries, or in 1 or more countries''; and

(5) in subsection (d)—

(A) by striking ''Foreign currencies'' and inserting ''Proceeds'';

(B) in paragraph (2)—

(i) by striking ''income generating'' and inserting ''income-generating''; and

(ii) by striking ''the recipient country or within a country'' and inserting ''1 or more recipient countries or within 1 or more countries''; and

(C) in paragraph (3)—

(i) by inserting a comma after ''invested''; and

(ii) by inserting a comma after ''used''.

SEC. 304. LEVELS OF ASSISTANCE.

Section 204 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1724) is amended—

(1) in subsection (a)—

(A) in paragraph (1), by striking ''that for each of fiscal years 1996 through 2002 is not less than 2,025,000 metric tons.'' and inserting ''that is not less than—

''(A) 2,100,000 metric tons for fiscal year 2002;

''(B) 2,200,000 metric tons for fiscal year 2003;

''(C) 2,300,000 metric tons for fiscal year 2004;

''(D) 2,400,000 metric tons for fiscal year 2005; and

''(E) 2,500,000 metric tons for fiscal year 2006.''; and

(B) in paragraph (2), by striking ''1996 through 2002'' and inserting ''2002 through 2006''; and

(2) in subsection (b)(1), by inserting ''(including crude degummed soybean oil)'' after ''bagged commodities''.

SEC. 305. FOOD AID CONSULTATIVE GROUP.

Section 205 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1725) is amended—

(1) in subsection (a), by inserting '', policies, guidelines,'' after ''regulations'';

(2) in subsection (d), by inserting ''policies,'' after ''regulations,'' each place it appears; and

(3) in subsection (f), by striking ''2002'' and inserting ''2006''.

SEC. 306. MAXIMUM LEVEL OF EXPENDITURES.

Section 206(a) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1726(a)) is amended by striking ''$1,000,000,000'' and inserting ''$2,000,000,000''.

SEC. 307. ADMINISTRATION.

Section 207 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1726a) is amended—

(1) in subsection (a)—

(A) by redesignating paragraph (2) as paragraph (3); and

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

''(1) RECIPIENT COUNTRIES.—A proposal to enter into a nonemergency food assistance agreement under this title shall identify the recipient country or countries that are the subject of the agreement.

''(2) TIMING.—Not later than 120 days after the date of submission to the Administrator of a proposal submitted by an eligible organization under this title, the Administrator

shall determine whether to accept the proposal.'';

(2) in subsection (b), by striking ''guideline'' each place it appears and inserting ''guideline or policy determination'';

(3) in subsection (d), by striking ''a United States field mission'' and inserting ''an eligible organization with an approved program under this title''; and

(4) by adding at the end the following:

''(e) TIMELY APPROVAL.—

''(1) IN GENERAL.—The Administrator shall finalize program agreements and resource requests for programs under this section before the beginning of each fiscal year.

''(2) REPORT.—Not later than December 1 of each year, the Administrator shall submit to the Committee on Agriculture and the Committee on International Relations of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that contains—

''(A) a list of programs, countries, and commodities approved to date for assistance under this section; and

''(B) a statement of the total amount of funds approved to date for transportation and administrative costs under this section.

''(f) DIRECT DELIVERY.—In addition to practices in effect on the date of enactment of this subsection, the Secretary may approve an agreement that provides for direct delivery of agricultural commodities to milling or processing facilities more than 50 percent of the interest in which is owned by United States citizens in foreign countries, with the proceeds of transactions transferred in cash to eligible organizations described in section 202(d) to carry out approved projects.''.

SEC. 308. ASSISTANCE FOR STOCKPILING AND RAPID TRANSPORTATION, DELIVERY, AND DISTRIBUTION OF SHELF-STABLE PREPACKAGED FOODS.

Section 208(f) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1726b(f)) is amended by striking ''and 2002'' and inserting ''through 2006''.

SEC. 309. SALE PROCEDURE.

Section 403 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1733) is amended by adding at the end the following:

''(l) SALE PROCEDURE.—

''(1) IN GENERAL.—Subsection (b) shall apply to sales of commodities in recipient countries to generate proceeds to carry out projects under—

''(A) section 416(b) of the Agricultural Act of 1949 (7 U.S.C. 1431(b)); and

''(B) title VIII of the Agricultural Trade Act of 1978.

''(2) CURRENCIES.—Sales of commodities described in paragraph (1) may be in United States dollars or in a different currency.

''(3) SALE PRICE.—Sales of commodities described in paragraph (1) shall be made at a reasonable market price in the economy where the commodity is to be sold, as determined by the Secretary or the Administrator, as appropriate.''.

SEC. 310. PREPOSITIONING.

Section 407(c)(4) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736a(c)(4)) is amended by striking ''and 2002'' and inserting ''through 2006''.

SEC. 311. EXPIRATION DATE.

Section 408 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736b) is amended by striking ''2002'' and inserting ''2006''.

SEC. 312. MICRONUTRIENT FORTIFICATION PROGRAM.

Section 415 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736g–2) is amended—

(1) in subsection (a)—

(A) in the first sentence, by striking ''a micronutrient fortification pilot program'' and inserting ''micronutrient fortification programs''; and

(B) in the second sentence—

(i) by striking ''the program'' and inserting ''a program'';

(ii) in paragraph (1), by striking ''and'' at the end;

(iii) in paragraph (2)—

(I) by striking ''whole''; and

(II) by striking the period at the end and inserting ''; and''; and

(iv) by adding at the end the following:

''(3) encourage technologies and systems for the improved quality and safety of fortified grains and other commodities that are readily transferable to developing countries.'';

(2) in the first sentence of subsection (c)—

(A) by striking ''the pilot program, whole'' and inserting ''a program,'';

(B) by striking ''the pilot program may'' and inserting ''a program may''; and

(C) by striking ''including'' and inserting ''such as''; and

(3) in subsection (d), by striking ''2002'' and inserting ''2006''.

SEC. 313. FARMER-TO-FARMER PROGRAM.

Section 501(c) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1737(c)) is amended—

(1) by striking ''0.4'' and inserting ''0.5,''; and

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

Subtitle B—Agricultural Trade Act of 1978

SEC. 321. EXPORT CREDIT GUARANTEE PROGRAM.

(a) TERM OF SUPPLIER CREDIT PROGRAM.—Section 202(a)(2) of the Agricultural Trade Act of 1978 (7 U.S.C. 5622(a)(2)) is amended by striking ''180'' and inserting ''360''.

(b) PROCESSED AND HIGH-VALUE PRODUCTS.—Section 202(k)(1) of the Agricultural Trade Act of 1978 (7 U.S.C. 5622(k)(1)) is amended by striking '', 2001, and 2002'' and inserting ''through 2006''.

(c) REPORT.—Section 202 of the Agricultural Trade Act of 1978 (7 U.S.C. 5622) is amended by adding at the end the following:

''(l) REPORT ON AGRICULTURAL EXPORT CREDIT PROGRAMS.—

''(1) IN GENERAL.—Not later than 1 year after the date of enactment of this subsection, and annually thereafter, the Secretary shall submit to the Committee on Agriculture and the Committee on International Relations of the House of Representatives and the Committee on Agriculture, Nutrition and Forestry of the Senate a report on the status of multilateral negotiations regarding agricultural export credit programs at the World Trade Organization and the Organization of Economic Cooperation and Development in fulfillment of Article 10.2 of the Agreement on Agriculture (as described in section 101(d)(2) of the Uruguay Round Agreements Act (19 U.S.C. 3511(d)(2))).

''(2) CLASSIFIED INFORMATION.—The report under paragraph (1) shall be submitted in unclassified form, but may contain a classified annex.''.

(d) REAUTHORIZATION.—Section 211(b)(1) of the Agricultural Trade Act of 1978 (7 U.S.C. 5641(b)(1)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 322. MARKET ACCESS PROGRAM.

(a) IN GENERAL.—Section 211(c) of the Agricultural Trade Act of 1978 (7 U.S.C. 5641(c)) is amended—

(1) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively, and indenting appropriately;

(2) by striking ''The Commodity'' and inserting the following:

''(1) IN GENERAL.—The Commodity'';

(3) by striking subparagraph (A) (as so redesignated) and inserting the following:

''(A) in addition to any funds that may be specifically appropriated to implement a market access program, not more than $100,000,000 for fiscal year 2002, $120,000,000 for fiscal year 2003, $140,000,000 for fiscal year 2004, $180,000,000 for fiscal year 2005, and $200,000,000 for fiscal year 2006, of the funds of, or an equal value of commodities owned by, the Commodity Credit Corporation, except that this paragraph shall not apply to section 203(h); and''; and

(4) by adding at the end the following:

''(2) PROGRAM PRIORITIES.—Of funds made available under paragraph (1)(A) in excess of $90,000,000 for any fiscal year, priority shall be given to proposals—

''(A) made by eligible trade organizations that have never participated in the market access program under this title; or

''(B) for market access programs in emerging markets.''.

(b) UNITED STATES QUALITY EXPORT INITIATIVE.—

(1) FINDINGS.—Congress finds that—

(A) the market access program established under section 203 of the Agricultural Trade Act of 1978 (7 U.S.C. 5623) and foreign market development cooperator program established under title VII of that Act (7 U.S.C. 7251 et seq.) target generic and value-added agricultural products, with little emphasis on the high quality of United States agricultural products; and

(B) new promotional tools are needed to enable United States agricultural products to compete in higher margin, international markets on the basis of quality.

(2) INITIATIVE.—Section 203 of the Agricultural Trade Act of 1978 (7 U.S.C. 5623) is amended by adding at the end the following:

''(h) UNITED STATES QUALITY EXPORT INITIATIVE.—

''(1) IN GENERAL.—Subject to the availability of appropriations, using the authorities under this section, the Secretary shall establish a program under which, on a competitive basis, using practical and objective criteria, several agricultural products are selected to carry the 'U.S. Quality' seal.

''(2) PROMOTIONAL ACTIVITIES.—Agricultural products selected under paragraph (1) shall be promoted using the 'U.S. Quality' seal at trade fairs in key markets through electronic and print media.

''(3) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this subsection.''.

SEC. 323. EXPORT ENHANCEMENT PROGRAM.

(a) IN GENERAL.—Section 301(e)(1)(G) of the Agricultural Trade Act of 1978 (7 U.S.C. 5651(e)(1)(G)) is amended by striking ''fiscal year 2002'' and inserting ''each of fiscal years 2002 through 2006''.

(b) UNFAIR TRADE PRACTICES.—Section 102(5)(A) of the Agricultural Trade Act of 1978 (7 U.S.C. 5602(5)(A)) is amended—

(1) in clause (i), by striking ''or'' at the end;

(2) in clause (ii), by striking the period at the end and inserting '', including, in the case of a state trading enterprise engaged in the export of an agricultural commodity, pricing practices that are not consistent with sound commercial practices conducted in the ordinary course of trade; or''; and

(3) by adding at the end the following:

''(iii) changes United States export terms of trade through a deliberate change in the dollar exchange rate of a competing exporter.''.

SEC. 324. FOREIGN MARKET DEVELOPMENT COOPERATOR PROGRAM.

Section 703 of the Agricultural Trade Act of 1978 (7 U.S.C. 5723) is amended to read as follows:

''SEC. 703. FUNDING.

''(a) IN GENERAL.—To carry out this title, the Secretary shall use funds of the Commodity Credit Corporation, or commodities of the Commodity Credit Corporation of a comparable value, in the following amounts:

''(1) For fiscal year 2002, $37,500,000.

''(2) For fiscal year 2003, $40,000,000.

''(3) For fiscal year 2004 and each subsequent fiscal year, $42,500,000.

''(b) PROGRAM PRIORITIES.—Of funds or commodities provided under subsection (a) in excess of $35,000,000 for any fiscal year, priority shall be given to proposals—

''(1) made by eligible trade organizations that have never participated in the program established under this title; or

''(2) for programs established under this title in emerging markets.''.

SEC. 325. FOOD FOR PROGRESS AND EDUCATION PROGRAMS.

(a) IN GENERAL.—The Agricultural Trade Act of 1978 (7 U.S.C. 5601 et seq.) is amended by adding at the end the following:

''TITLE VIII—FOOD FOR PROGRESS AND EDUCATION PROGRAMS

''SEC. 801. DEFINITIONS.

''In this title:

''(1) COOPERATIVE.—The term 'cooperative' means a private sector organization the members of which—

''(A) own and control the organization;

''(B) share in the profits of the organization; and

''(C) are provided services (such as business services and outreach in cooperative development) by the organization.

''(2) CORPORATION.—The term 'Corporation' means the Commodity Credit Corporation.

''(3) DEVELOPING COUNTRY.—The term 'developing country' means a foreign country that has—

''(A) a shortage of foreign exchange earnings; and

''(B) difficulty meeting all of the food needs of the country through commercial channels and domestic production.

''(4) ELIGIBLE COMMODITY.—The term 'eligible commodity' means an agricultural commodity (including vitamins and minerals) acquired by the Secretary or the Corporation for disposition in a program authorized under this title through—

''(A) commercial purchases; or

''(B) inventories of the Corporation.

''(5) ELIGIBLE ORGANIZATION.—The term 'eligible organization' means a private voluntary organization, cooperative, nongovernmental organization, or foreign country, as determined by the Secretary.

''(6) EMERGING AGRICULTURAL COUNTRY.—The term 'emerging agricultural country' means a foreign country that—

''(A) is an emerging democracy; and

''(B) has made a commitment to introduce or expand free enterprise elements in the agricultural economy of the country.

''(7) FOOD SECURITY.—The term 'food security' means access by all people at all times to sufficient food and nutrition for a healthy and productive life.

''(8) NONGOVERNMENTAL ORGANIZATION.—

''(A) IN GENERAL.—The term 'nongovernmental organization' means an organization that operates on a local level to solve development problems in a foreign country in which the organization is located.

''(B) EXCLUSION.—The term 'nongovernmental organization' does not include an organization that is primarily an agency or instrumentality of the government of a foreign country.

''(9) PRIVATE VOLUNTARY ORGANIZATION.—The term 'private voluntary organization' means a nonprofit, nongovernmental organization that—

''(A) receives—

''(i) funds from private sources; and

''(ii) voluntary contributions of funds, staff time, or in-kind support from the public;

''(B) is engaged in or is planning to engage in nonreligious voluntary, charitable, or development assistance activities; and

''(C) in the case of an organization that is organized under the laws of the United States or a State, is an organization described in section 501(c)(3) of the Internal Revenue Code of 1986 that is exempt from taxation under section 501(a) of that Code.

''(10) PROGRAM.—The term 'program' means a food or nutrition assistance or development initiative proposed by an eligible organization and approved by the Secretary under this title.

''(11) RECIPIENT COUNTRY.—The term 'recipient country' means an emerging agricultural country that receives assistance under a program.

''SEC. 802. FOOD FOR PROGRESS AND EDUCATION PROGRAMS.

''(a) IN GENERAL.—To provide agricultural commodities to support the introduction or expansion of free trade enterprises in national economies in recipient countries, and to provide food or nutrition assistance in recipient countries, the Secretary shall establish food for progress and education programs under which the Secretary may enter into agreements (including multiyear agreements and for programs in more than 1 country) with—

''(1) the governments of emerging agricultural countries;

''(2) private voluntary organizations;

''(3) nonprofit agricultural organizations and cooperatives;

''(4) nongovernmental organizations; and

''(5) other private entities.

''(b) CONSIDERATIONS.—In determining whether to enter into an agreement to establish a program under subsection (a), the Secretary shall take into consideration whether an emerging agricultural country is committed to carrying out, or is carrying out, policies that promote—

''(1) economic freedom;

''(2) private production of food commodities for domestic consumption; and

''(3) the creation and expansion of efficient domestic markets for the purchase and sale of those commodities.

''(c) INTERNATIONAL FOOD FOR EDUCATION AND NUTRITION PROGRAM.—

''(1) IN GENERAL.—In cooperation with other countries, the Secretary shall establish an initiative within the food for progress and education programs under this title to be known as the 'International Food for Education and Nutrition Program', through which the Secretary may provide to eligible organizations agricultural commodities and technical and nutritional assistance in connection with education programs to improve food security and enhance educational opportunities for preschool age and primary school age children in recipient countries.

''(2) AGREEMENTS.—In carrying out this subsection, the Secretary—

''(A) shall administer the programs under this subsection in manner that is consistent with this title; and

''(B) may enter into agreements with eligible organizations—

''(i) to purchase, acquire, and donate eligible commodities to eligible organizations to carry out agreements in recipient countries; and

''(ii) to provide technical and nutritional assistance to carry out agreements in recipient countries.

''(3) OTHER DONOR COUNTRIES.—The Secretary shall encourage other donor countries, directly or through eligible organizations—

''(A) to donate goods and funds to recipient countries; and

''(B) to provide technical and nutritional assistance to recipient countries.

''(4) PRIVATE SECTOR.—The President and the Secretary are urged to encourage the support and active involvement of the private sector, foundations, and other individuals and organizations in programs and activities assisted under this subsection.

''(5) GRADUATION.—An agreement with an eligible organization under this subsection shall include provisions—

''(A)(i) to sustain the benefits to the education, enrollment, and attendance of children in schools in the targeted communities when the provision of commodities and assistance to a recipient country under the program under this subsection terminates; and

''(ii) to estimate the period of time required until the recipient country or eligible organization is able to provide sufficient assistance without additional assistance under this subsection; or

''(B) to provide other long-term benefits to targeted populations of the recipient country.

''(6) ANNUAL REPORT.—The Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate an annual report that describes—

''(A) the results of the implementation of this subsection during the year covered by the report, including the impact on the enrollment, attendance, and performance of children in preschools and primary schools targeted under the program under this subsection; and

''(B) the level of commitments by, and the potential for obtaining additional goods and assistance from, other countries for subsequent years.

''(d) TERMS.—

''(1) IN GENERAL.—The Secretary may provide agricultural commodities under this title on—

''(A) a grant basis; or

''(B) subject to paragraph (2), credit terms.

''(2) CREDIT TERMS.—Payment for agricultural commodities made available under this title that are purchased on credit terms shall be made on the same basis as payments made under section 103 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1703).

''(3) NO EFFECT ON DOMESTIC PROGRAMS.—The Secretary shall not make an agricultural commodity available for disposition under this section in any amount that will reduce the amount of the commodity that is traditionally made available through donations to domestic feeding programs or agencies, as determined by the Secretary.

''(e) REPORTS.—Each eligible organization that enters into an agreement under this title shall submit to the Secretary, at such time as the Secretary may request, a report containing such information as the Secretary may request relating to the use of agricultural commodities and funds provided to the eligible organization under this title.

''(f) COORDINATION.—To ensure that the provision of commodities under this section is coordinated with and complements other foreign assistance provided by the United States, assistance under this section shall be coordinated through the mechanism designated by the President to coordinate assistance under the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.).

''(g) QUALITY ASSURANCE.—

''(1) IN GENERAL.—The Secretary shall ensure, to the maximum extent practicable,

that each eligible organization participating in 1 or more programs under this section—

''(A) uses eligible commodities made available under this title—

''(i) in an effective manner;

''(ii) in the areas of greatest need; and

''(iii) in a manner that promotes the purposes of this title;

''(B) in using eligible commodities, assesses and takes into account the needs of recipient countries and the target populations of the recipient countries;

''(C) works with recipient countries, and indigenous institutions or groups in recipient countries, to design and carry out mutually acceptable programs authorized in subsection (h)(2)(C)(i);

''(D) monitors and reports on the distribution or sale of eligible commodities provided under this title using methods that, as determined by the Secretary, facilitate accurate and timely reporting;

''(E) periodically evaluates the effectiveness of the program of the eligible organization, including, as applicable, an evaluation of whether the development or food and nutrition purposes of the program can be sustained in a recipient country if the assistance provided to the recipient country is reduced and eventually terminated; and

''(F) considers means of improving the operation of the program of the eligible organization.

''(2) CERTIFIED INSTITUTIONAL PARTNERS.—

''(A) IN GENERAL.—The Secretary shall promulgate regulations and guidelines to permit private voluntary organizations and cooperatives to be certified as institutional partners.

''(B) REQUIREMENTS.—To become a certified institutional partner, a private voluntary organization or cooperative shall submit to the Secretary a certification of organizational capacity that describes—

''(i) the financial, programmatic, commodity management, and auditing abilities and practices of the organization or cooperative; and

''(ii) the capacity of the organization or cooperative to carry out projects in particular countries.

''(C) MULTICOUNTRY PROPOSALS.—A certified institutional partner shall be eligible to—

''(i) submit a single proposal for 1 or more countries that are the same as, or similar to, those countries in which the certified institutional partner has already demonstrated organizational capacity;

''(ii) receive expedited review and approval of the proposal; and

''(iii) request commodities and assistance under this section for use in 1 or more countries.

''(D) MULTIYEAR AGREEMENTS.—In carrying out this title, on request and subject to the availability of commodities, the Secretary is encouraged to approve agreements that provide for commodities to be made available for distribution on a multiyear basis, if the agreements otherwise meet the requirements of this title.

''(h) TRANSSHIPMENT AND RESALE.—

''(1) IN GENERAL.—The transshipment or resale of an eligible commodity to a country other than a recipient country shall be prohibited unless the transshipment or resale is approved by the Secretary.

''(2) MONETIZATION.—

''(A) IN GENERAL.—Subject to subparagraphs (B) through (D), an eligible commodity provided under this section may be sold for foreign currency or United States dollars or bartered, with the approval of the Secretary.

''(B) SALE OR BARTER OF FOOD ASSISTANCE.—The sale or barter of eligible commodities under this title may be conducted only within (as determined by the Secretary)—

''(i) a recipient country or country nearby to the recipient country; or

''(ii) another country, if—

''(I) the sale or barter within the recipient country or nearby country is not practicable; and

''(II) the sale or barter within countries other than the recipient country or nearby country will not disrupt commercial markets for the agricultural commodity involved.

''(C) HUMANITARIAN OR DEVELOPMENT PURPOSES.—The Secretary may authorize the use of proceeds or exchanges to reimburse, within a recipient country or other country in the same region, the costs incurred by an eligible organization for—

''(i)(I) programs targeted at hunger and malnutrition; or

''(II) development programs involving food security or education;

''(ii) transportation, storage, and distribution of eligible commodities provided under this title; and

''(iii) administration, sales, monitoring, and technical assistance.

''(D) EXCEPTION.—The Secretary shall not approve the use of proceeds described in subparagraph (C) to fund any administrative expenses of a foreign government.

''(E) PRIVATE SECTOR ENHANCEMENT.—As appropriate, the Secretary may provide eligible commodities under this title in a manner that uses commodity transactions as a means of developing in the recipient countries a competitive private sector that can provide for the importation, transportation, storage, marketing, and distribution of commodities.

''(i) DISPLACEMENT OF COMMERCIAL SALES.—In carrying out this title, the Secretary shall, to the maximum extent practicable consistent with the purposes of this title, avoid—

''(1) displacing any commercial export sale of United States agricultural commodities that would otherwise be made;

''(2) disrupting world prices of agricultural commodities; or

''(3) disrupting normal patterns of commercial trade of agricultural commodities with foreign countries.

''(j) DEADLINE FOR PROGRAM ANNOUNCEMENTS.—

''(1) IN GENERAL.—Before the beginning of the applicable fiscal year, the Secretary shall, to the maximum extent practicable—

''(A) make all determinations concerning program agreements and resource requests for programs under this title; and

''(B) announce those determinations.

''(2) REPORT.—Not later than November 1 of the applicable fiscal year, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a list of programs, countries, and commodities, and the total amount of funds for transportation and administrative costs, approved to date under this title.

''(k) MILITARY DISTRIBUTION OF ASSISTANCE.—

''(1) IN GENERAL.—The Secretary shall ensure, to the maximum extent practicable, that agricultural commodities made available under this title are provided without regard to—

''(A) the political affiliation, geographic location, ethnic, tribal, or religious identity of the recipient; or

''(B) any other extraneous factors, as determined by the Secretary.

''(2) PROHIBITION ON HANDLING OF COMMODITIES BY THE MILITARY.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), the Secretary shall not enter into an agreement under this title to provide agricultural commodities if the agreement requires or permits the distribution, handling, or allocation of agricultural commodities by the military forces of any foreign government or insurgent group.

''(B) EXCEPTION.—The Secretary may authorize the distribution, handling, or allocation of commodities by the military forces of a country in exceptional circumstances in which—

''(i) nonmilitary channels are not available for distribution, handling, or allocation;

''(ii) the distribution, handling, or allocation is consistent with paragraph (1); and

''(iii) the Secretary determines that the distribution, handling, or allocation is necessary to meet the emergency health, safety, or nutritional requirements of the population of a recipient country.

''(3) ENCOURAGEMENT OF SAFE PASSAGE.—In entering into an agreement under this title that involves 1 or more areas within a recipient country that is experiencing protracted warfare or civil unrest, the Secretary shall, to the maximum extent practicable, encourage all parties to the conflict to—

''(A) permit safe passage of the commodities and other relief supplies; and

''(B) establish safe zones for—

''(i) medical and humanitarian treatment; and

''(ii) evacuation of injured persons.

''(l) LEVEL OF ASSISTANCE.—The cost of commodities made available under this title, and the expenses incurred in connection with the provision of those commodities shall be in addition to the level of assistance provided under the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.).

''(m) COMMODITY CREDIT CORPORATION.—

''(1) IN GENERAL.—Subject to paragraphs (6) through (8), the Secretary may use the funds, facilities, and authorities of the Corporation to carry out this title.

''(2) MINIMUM TONNAGE.—Subject to paragraphs (5) and (7)(B), not less than 400,000 metric tons of commodities may be provided under this title for each of fiscal years 2002 through 2006.

''(3) AUTHORIZATION OF APPROPRIATIONS.—In addition to tonnage authorized under paragraph (2), there are authorized to be appropriated such sums as are necessary to carry out this title.

''(4) TITLE I FUNDS.—In addition to tonnage and funds authorized under paragraphs (2), (3), and (7)(B), the Corporation may use funds appropriated to carry out title I of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1701 et seq.)) in carrying out this section with respect to commodities made available under this title.

''(5) INTERNATIONAL FOOD FOR EDUCATION AND NUTRITION PROGRAM.—

''(A) IN GENERAL.—Of the funds that would be available to carry out paragraph (2), the Secretary may use not more than $200,000,000 for each fiscal year to carry out the initiative established under subsection (c).

''(B) REALLOCATION.—Tons not allocated under subsection (c) by June 30 of each fiscal year shall be made available for proposals submitted under the food for progress and education programs under subsection (a).

''(6) LIMITATION ON PURCHASES OF COMMODITIES.—The Corporation may purchase agricultural commodities for disposition under this title only if Corporation inventories are insufficient to satisfy commitments made in agreements entered into under this title.

''(7) ELIGIBLE COSTS AND EXPENSES.—

''(A) IN GENERAL.—Subject to subparagraph (B), with respect to an eligible commodity

made available under this title, the Corporation may pay—

''(i) the costs of acquiring the eligible commodity;

''(ii) the costs associated with packaging, enriching, preserving, and fortifying of the eligible commodity;

''(iii) the processing, transportation, handling, and other incidental costs incurred before the date on which the commodity is delivered free on board vessels in United States ports;

''(iv) the vessel freight charges from United States ports or designated Canadian transshipment ports, as determined by the Secretary, to designated ports of entry abroad;

''(v) the costs associated with transporting the eligible commodity from United States ports to designated points of entry abroad in a case in which—

''(I) a recipient country is landlocked;

''(II) ports of a recipient country cannot be used effectively because of natural or other disturbances;

''(III) carriers to a specific country are unavailable; or

''(IV) substantial savings in costs or time may be gained by the use of points of entry other than ports;

''(vi) the transportation and associated distribution costs incurred in moving the commodity (including repositioned commodities) from designated points of entry or ports of entry abroad to storage and distribution sites;

''(vii) in the case of an activity under subsection (c), the internal transportation, storage, and handling costs incurred in moving the eligible commodity, if the Secretary determines that payment of the costs is appropriate and that the recipient country is a low income, net food-importing country that—

''(I) meets the poverty criteria established by the International Bank for Reconstruction and Development for Civil Works Preference; and

''(II) has a national government that is committed to or is working toward, through a national action plan, the World Declaration on Education for All convened in 1990 in Jomtien, Thailand, and the followup Dakar Framework for Action of the World Education Forum in 2000;

''(viii) the charges for general average contributions arising out of the ocean transport of commodities transferred; and

''(ix) the costs, in addition to costs authorized by clauses (i) through (viii), of providing—

''(I) assistance in the administration, sale, and monitoring of food assistance activities under this title; and

''(II) technical assistance for monetization programs.

''(B) FUNDING.—Except for costs described in subparagraph (A)(i), not more than $80,000,000 of funds that would be made available to carry out paragraph (2) may be used to cover costs under this paragraph unless authorized in advance in an appropriation Act.

''(8) PAYMENT OF ADMINISTRATIVE COSTS.—An eligible organization that receives payment for administrative costs through monetization of the eligible commodity under subsection (h)(2) shall not be eligible to receive payment for the same administrative costs through direct payments under paragraph (7)(A)(ix)(I).''.

(b) CONFORMING AMENDMENTS.—

(1) Section 416(b)(7)(D)(iii) of the Agricultural Act of 1949 (7 U.S.C. 1431(b)(7)(D)(iii)) is amended by striking ''the Food for Progress Act of 1985'' and inserting ''title VIII of the Agricultural Trade Act of 1978''.

(2) The Act of August 19, 1958 (7 U.S.C. 1431 note; Public Law 85–683) is amended by striking ''the Food for Progress Act of 1985'' and inserting ''title VIII of the Agricultural Trade Act of 1978''.

(3) Section 1110 of the Food Security Act of 1985 (7 U.S.C. 1736o) is repealed.

SEC. 326. EXPORTER ASSISTANCE INITIATIVE.

(a) FINDINGS.—Congress find that—

(1) information in the possession of Federal agencies other than the Department of Agriculture that is necessary for the export of agricultural commodities and products is available only from multiple disparate sources; and

(2) because exporters often need access to information quickly, exporters lack the time to search multiple sources to access necessary information, and exporters often are unaware of where the necessary information can be located.

(b) INITIATIVE.—Title I of the Agricultural Trade Act of 1978 (7 U.S.C. 5601 et seq.) is amended by adding at the end the following:

''SEC. 107. EXPORTER ASSISTANCE INITIATIVE.

''(a) IN GENERAL.—In order to create a single source of information for exports of United States agricultural commodities, the Secretary shall develop a website on the Internet that collates onto a single website all information from all agencies of the Federal Government that is relevant to the export of United States agricultural commodities.

''(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out subsection (a)—

''(1) $1,000,000 for each of fiscal years 2002 through 2004; and

''(2) $500,000 for each of fiscal years 2005 and 2006.''.

Subtitle C—Miscellaneous Agricultural Trade Provisions

SEC. 331. BILL EMERSON HUMANITARIAN TRUST.

Section 302 of the Bill Emerson Humanitarian Trust Act (7 U.S.C. 1736f–1) is amended by striking ''2002'' each place it appears in subsection (b)(2)(B)(i) and paragraphs (1) and (2) of subsection (h) and inserting ''2006''.

SEC. 332. EMERGING MARKETS.

Section 1542 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5622 note; Public Law 101–624) is amended by striking ''2002'' each place it appears in subsections (a) and (d)(1)(A)(i) and inserting ''2006''.

SEC. 333. BIOTECHNOLOGY AND AGRICULTURAL TRADE PROGRAM.

Section 1542 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5622 note; Public Law 101–624) is amended by adding at the end the following:

''(g) BIOTECHNOLOGY AND AGRICULTURAL TRADE PROGRAM.—

''(1) IN GENERAL.—The Secretary of Agriculture shall establish a program to enhance foreign acceptance of agricultural biotechnology and United States agricultural products developed through biotechnology.

''(2) FOCUS.—The program shall address the continuing and increasing market access, regulatory, and marketing issues relating to export commerce of United States agricultural biotechnology products.

''(3) EDUCATION AND OUTREACH.—

''(A) FOREIGN MARKETS.—Support for United States agricultural market development organizations to carry out education and other outreach efforts concerning biotechnology shall target such educational initiatives directed toward—

''(i) producers, buyers, consumers, and media in foreign markets through initiatives in foreign markets; and

''(ii) government officials, scientists, and trade officials from foreign countries through exchange programs.

''(B) FUNDING FOR EDUCATION AND OUTREACH.—Funding for activities under subparagraph (A) may be—

''(i) used through—

''(I) the emerging markets program under this section; or

''(II) the Cochran Fellowship Program under section 1543; or

''(ii) applied directly to foreign market development cooperators through the foreign market development cooperator program established under section 702.

''(4) RAPID RESPONSE.—

''(A) IN GENERAL.—The Secretary shall assist exporters of United States agricultural commodities in cases in which the exporters are harmed by unwarranted and arbitrary barriers to trade due to—

''(i) marketing of biotechnology products;

''(ii) food safety;

''(iii) disease; or

''(iv) other sanitary or phytosanitary concerns.

''(B) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this paragraph $1,000,000 for each of fiscal years 2002 through 2006.

''(5) FUNDING.—

''(A) COMMODITY CREDIT CORPORATION.—The Secretary shall use the funds, facilities, and authorities of the Commodity Credit Corporation to carry out this subsection (other than paragraph (4)).

''(B) FUNDING AMOUNT.—Of the funds of the Commodity Credit Corporation, the Secretary shall make available to carry out this subsection (other than paragraph (4)) $15,000,000 for each of fiscal years 2002 through 2006.''.

SEC. 334. SURPLUS COMMODITIES FOR DEVELOPING OR FRIENDLY COUNTRIES.

(a) USE OF CURRENCIES.—Section 416(b)(7)(D) of the Agricultural Act of 1949 (7 U.S.C. 1431(b)(7)(D)) is amended—

(1) in clauses (i) and (iii), by striking ''foreign currency'' each place it appears;

(2) in clause (ii)—

(A) in the first sentence, by striking ''Foreign currencies'' and inserting ''Proceeds''; and

(B) in the second sentence, by striking ''foreign currency''; and

(3) in clause (iv)—

(A) by striking ''Foreign currency proceeds'' and inserting ''Proceeds''; and

(B) by striking ''; or'' and all that follows and inserting a period.

(b) IMPLEMENTATION OF AGREEMENTS.—Section 416(b)(8) of the Agricultural Act of 1949 (7 U.S.C. 1431(b)(8)) is amended by striking ''(8)(A)'' and all that follows through ''(B) The Secretary'' and inserting the following:

''(8) ADMINISTRATIVE PROVISIONS.—

''(A) DIRECT DELIVERY.—In addition to practices in effect on the date of enactment of this subparagraph, the Secretary may approve an agreement that provides for direct delivery of eligible commodities to milling or processing facilities more than 50 percent of the interest in which is owned by United States citizens in recipient countries, with the proceeds of transactions transferred in cash to eligible organizations to carry out approved projects.

''(B) REGULATIONS.—The Secretary''.

(c) CERTIFIED INSTITUTIONAL PARTNERS.—Section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431) is amended by adding at the end the following:

''(c) CERTIFIED INSTITUTIONAL PARTNERS.—

''(1) IN GENERAL.—The Secretary shall promulgate regulations and guidelines to permit private voluntary organizations and cooperatives to be certified as institutional partners.

''(2) REQUIREMENTS.—To become a certified institutional partner, a private voluntary organization or cooperative shall submit to the

Secretary a certification of organizational capacity that describes—

''(A) the financial, programmatic, commodity management, and auditing abilities and practices of the organization or cooperative; and

''(B) the capacity of the organization or cooperative to carry out projects in particular countries.

''(3) MULTI-COUNTRY PROPOSALS.—A certified institutional partner shall be eligible to—

''(A) submit a single proposal for 1 or more countries that are the same as, or similar to, those countries in which the certified institutional partner has already demonstrated organizational capacity;

''(B) receive expedited review and approval of the proposal; and

''(C) request commodities and assistance under this section for use in 1 or more countries.''.

SEC. 335. AGRICULTURAL TRADE WITH CUBA.

(a) IN GENERAL.—Section 908 of the Agriculture, Rural Development, Food and Drug Administration and Related Agencies Appropriations Act, 2001 (22 U.S.C. 7207), is amended by striking subsection (b).

(b) CONFORMING AMENDMENTS.—Section 908(a) of the Agriculture, Rural Development, Food and Drug Administration and Related Agencies Appropriations Act, 2001 (22 U.S.C. 7207(a)) (as amended by subsection (a)), is amended—

(1) by striking ''(a)'' and all that follows through ''Notwithstanding'' and inserting the following:

''(a) IN GENERAL.—Notwithstanding'';

(2) by striking ''(2) RULE OF CONSTRUCTION.—Nothing in paragraph (1)'' and inserting the following:

''(b) RULE OF CONSTRUCTION.—Nothing in subsection (a)''; and

(3) by striking ''(3) WAIVER.—The President may waive the application of paragraph (1)'' and inserting the following:

''(c) WAIVER.—The President may waive the application of subsection (a)''.

SEC. 336. SENSE OF CONGRESS CONCERNING AGRICULTURAL TRADE.

(a) AGRICULTURE TRADE NEGOTIATING OBJECTIVES.—It is the sense of Congress that the principal negotiating objective of the United States with respect to agricultural trade in all multilateral, regional, and bilateral negotiations is to obtain competitive opportunities for the export of United States agricultural commodities in foreign markets substantially equivalent to the competitive opportunities afforded foreign exports in United States markets and to achieve fairer and more open conditions of agricultural trade in bulk and value-added commodities by—

(1) reducing or eliminating, by a date certain, tariffs or other charges that decrease market opportunities for the export of United States agricultural commodities, giving priority to United States agricultural commodities that are subject to significantly higher tariffs or subsidy regimes of major producing countries;

(2) immediately eliminating all export subsidies on agricultural commodities worldwide while maintaining bona fide food aid and preserving United States agricultural market development and export credit programs that allow the United States to compete with other foreign export promotion efforts;

(3) leveling the playing field for United States agricultural producers by disciplining domestic supports such that no other country can provide greater support, measured as a percentage of total agricultural production value, than the United States does while preserving existing green box category to support conservation activities, family farms, and rural communities;

(4) developing, strengthening, and clarifying rules and effective dispute settlement mechanisms to eliminate practices that unfairly decrease United States market access opportunities for United States agricultural commodities or distort agricultural markets to the detriment of the United States, including—

(A) unfair or trade-distorting activities of state trading enterprises and other administrative mechanisms, with emphasis on—

(i) requiring price transparency in the operation of state trading enterprises and such other mechanisms; and

(ii) ending discriminatory pricing practices for agricultural commodities that amount to de facto export subsidies so that the enterprises or other mechanisms do not (except in cases of bona fide food aid) sell agricultural commodities in foreign markets at prices below domestic market prices or prices below the full costs of acquiring and delivering agricultural commodities to the foreign markets;

(B) unjustified trade restrictions or commercial requirements affecting new agricultural technologies, including biotechnology;

(C) unjustified sanitary or phytosanitary restrictions, including restrictions that are not based on scientific principles, in contravention of the Agreement on the Application of Sanitary and Phytosanitary Measures (as described in section 101(d)(3) of the Uruguay Round Agreements Act (19 U.S.C. 3511(d)(3)));

(D) other unjustified technical barriers to agricultural trade; and

(E) restrictive and nontransparent rules in the administration of tariff rate quotas;

(5) improving import relief mechanisms to recognize the unique characteristics of perishable agricultural commodities;

(6) taking into account whether a party to negotiations with respect to trading in an agricultural commodity has—

(A) failed to adhere to the provisions of an existing bilateral trade agreement with the United States;

(B) circumvented obligations under a multilateral trade agreement to which the United States is a signatory; or

(C) manipulated its currency value to the detriment of United States agricultural producers or exporters; and

(7) otherwise ensuring that countries that accede to the World Trade Organization—

(A) have made meaningful market liberalization commitments in agriculture; and

(B) make progress in fulfilling those commitments over time.

(b) PRIORITY FOR AGRICULTURE TRADE.—It is the sense of Congress that—

(1) reaching a successful agreement on agriculture should be the top priority of United States negotiators in World Trade Organization talks; and

(2) if the primary export competitors of the United States fail to reduce their trade distorting domestic supports and eliminate export subsidies in accordance with the negotiating objectives expressed in this section, the United States should take steps to increase the leverage of United States negotiators and level the playing field for United States producers, within existing World Trade Organization commitments.

(c) CONSULTATION WITH CONGRESSIONAL COMMITTEES.—It is the sense of Congress that—

(1) before the United States Trade Representative negotiates a trade agreement that would reduce tariffs on agricultural commodities or require a change in United States agricultural law, the United States Trade Representative should consult with the Committee on Agriculture and the Committee on Ways and Means of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry and the Committee on Finance of the Senate;

(2) not less than 48 hours before initialing an agreement relating to agricultural trade negotiated under the auspices of the World Trade Organization, the United States Trade Representative should consult closely with the committees referred to in paragraph (1) regarding—

(A) the details of the agreement;

(B) the potential impact of the agreement on United States agricultural producers; and

(C) any changes in United States law necessary to implement the agreement; and

(3) any agreement or other understanding (whether verbal or in writing) that relates to agricultural trade that is not disclosed to Congress before legislation implementing a trade agreement is introduced in either the Senate or the House of Representatives should not be considered to be part of the agreement approved by Congress and should have no force and effect under Unites States law or in any dispute settlement body.

TITLE IV—NUTRITION PROGRAMS

SEC. 401. SHORT TITLE.

This title may be cited as the ''Food Stamp Reauthorization Act of 2001''.

Subtitle A—Food Stamp Program

SEC. 411. ENCOURAGEMENT OF PAYMENT OF CHILD SUPPORT.

(a) EXCLUSION.—Section 5(d)(6) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)(6)) is amended by adding at the end the following: ''and child support payments made by a household member to or for an individual who is not a member of the household if the household member is legally obligated to make the payments,''.

(b) SIMPLIFIED PROCEDURE.—Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended—

(1) in subsection (e), by striking paragraph (4) and inserting the following:

''(4) DEDUCTION FOR CHILD SUPPORT PAYMENTS.—

''(A) IN GENERAL.—In lieu of providing an exclusion for legally obligated child support payments made by a household member under subsection (d)(6), a State agency may elect to provide a deduction for the amount of the payments.

''(B) ORDER OF DETERMINING DEDUCTIONS.—A deduction under this paragraph shall be determined before the computation of the excess shelter expense deduction under paragraph (6).''; and

(2) by adding at the end the following:

''(n) STATE OPTIONS TO SIMPLIFY DETERMINATION OF CHILD SUPPORT PAYMENTS MADE BY HOUSEHOLD MEMBERS.—

''(1) IN GENERAL.—Regardless of whether a State agency elects to provide a deduction under subsection (e)(4), the Secretary shall establish simplified procedures to allow State agencies, at the option of the State agencies, to determine the amount of the legally obligated child support payments made, including procedures to allow the State agency to rely on information from the agency responsible for implementing the program under part D of title IV of the Social Security Act (42 U.S.C. 661 et seq.) concerning payments made in prior months in lieu of obtaining current information from the household.

''(2) DURATION OF DETERMINATION OF AMOUNT OF SUPPORT PAYMENTS.—If a State agency makes a determination of the amount of support payments of a household under paragraph (1), the State agency may provide that the amount of the exclusion or deduction for the household shall not change until the eligibility of the household is next redetermined under section 11(e)(4).''.

SEC. 412. SIMPLIFIED DEFINITION OF INCOME.

Section 5(d) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)) is amended—

(1) by striking ''and (15)'' and inserting ''(15)''; and

(2) by inserting before the period at the end the following: '', (16) at the option of the State agency, any educational loans on which payment is deferred, grants, scholarships, fellowships, veterans' educational benefits, and the like (other than loans, grants, scholarships, fellowships, veterans' educational benefits, and the like excluded under paragraph (3)), to the extent that they are required to be excluded under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.), (17) at the option of the State agency, any State complementary assistance program payments that are excluded for the purpose of determining eligibility for medical assistance under section 1931 of the Social Security Act (42 U.S.C. 1396u–1), and (18) at the option of the State agency, any types of income that the State agency does not consider when determining eligibility for (A) cash assistance under a program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) or the amount of such assistance, or (B) medical assistance under section 1931 of the Social Security Act (42 U.S.C. 1396u–1), except that this paragraph does not authorize a State agency to exclude wages or salaries, benefits under title I, II, IV, X, XIV, or XVI of the Social Security Act (42 U.S.C. 1381 et seq.), regular payments from a government source (such as unemployment benefits and general assistance), worker's compensation, child support payments made to a household member by an individual who is legally obligated to make the payments, or such other types of income the consideration of which the Secretary determines by regulation to be essential to equitable determinations of eligibility and benefit levels''.

SEC. 413. INCREASE IN BENEFITS TO HOUSEHOLDS WITH CHILDREN.

Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended by striking paragraph (1) and inserting the following:

''(1) STANDARD DEDUCTION.—

''(A) IN GENERAL.—Subject to the other provisions of this paragraph, the Secretary shall allow for each household a standard deduction that is equal to the greater of—

''(i) the applicable percentage specified in subparagraph (D) of the applicable income standard of eligibility established under subsection (c)(1); or

''(ii) the minimum deduction specified in subparagraph (E).

''(B) GUAM.—The Secretary shall allow for each household in Guam a standard deduction that is—

''(i) equal to the applicable percentage specified in subparagraph (D) of twice the income standard of eligibility established under subsection (c)(1) for the 48 contiguous States and the District of Columbia; but

''(ii) not less than the minimum deduction for Guam specified in subparagraph (E).

''(C) HOUSEHOLDS OF 6 OR MORE MEMBERS.—The income standard of eligibility established under subsection (c)(1) for a household of 6 members shall be used to calculate the standard deduction for each household of 6 or more members.

''(D) APPLICABLE PERCENTAGE.—For the purpose of subparagraph (A), the applicable percentage shall be—

''(i) 8 percent for each of fiscal years 2002 through 2007;

''(ii) 8.25 percent for fiscal year 2008;

''(iii) 8.5 percent for each of fiscal years 2009 and 2010; and

''(iv) 9 percent for fiscal year 2011 and each fiscal year thereafter.

''(E) MINIMUM DEDUCTION.—The minimum deduction shall be $134, $229, $189, $269, and $118 for the 48 contiguous States and the District of Columbia, Alaska, Hawaii, Guam, and the Virgin Islands of the United States, respectively.''.

SEC. 414. SIMPLIFIED DETERMINATION OF HOUSING COSTS.

(a) IN GENERAL.—Section 5(e)(7) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)(7)) is amended—

(1) in subparagraph (A)—

(A) by striking ''A household'' and inserting the following:

''(i) IN GENERAL.—A household''; and

(B) by adding at the end the following:

''(ii) INCLUSION OF CERTAIN PAYMENTS.—In determining the shelter expenses of a household under this paragraph, the State agency shall include any required payment to the landlord of the household without regard to whether the required payment is designated to pay specific charges.''; and

(2) by adding at the end the following:

''(D) HOMELESS HOUSEHOLDS.—

''(i) ALTERNATIVE DEDUCTION.—In lieu of the deduction provided under subparagraph (A), a State agency may elect to allow a household in which all members are homeless individuals, but that is not receiving free shelter throughout the month, to receive a deduction of $143 per month.

''(ii) INELIGIBILITY.—The State agency may make a household with extremely low shelter costs ineligible for the alternative deduction under clause (i).''.

(b) CONFORMING AMENDMENTS.—Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended—

(1) in subsection (e)—

(A) by striking paragraph (5); and

(B) by redesignating paragraphs (6) and (7) as paragraphs (5) and (6), respectively; and

(2) in subsection (k)(4)(B), by striking ''subsection (e)(7)'' and inserting ''subsection (e)(6)''.

SEC. 415. SIMPLIFIED UTILITY ALLOWANCE.

Section 5(e)(6)(C)(iii) of the Food Stamp Act of 1977 (as amended by section 414(b)(1)(B)) is amended—

(1) in subclause (I)(bb), by inserting ''(without regard to subclause (III))'' after ''Secretary finds''; and

(2) by adding at the end the following:

''(III) INAPPLICABILITY OF CERTAIN RESTRICTIONS.—Clauses (ii)(II) and (ii)(III) shall not apply in the case of a State agency that has made the use of a standard utility allowance mandatory under subclause (I).''.

SEC. 416. SIMPLIFIED PROCEDURE FOR DETERMINATION OF EARNED INCOME.

Section 5(f)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2014(f)(1)) is amended by adding at the end the following:

''(C) SIMPLIFIED DETERMINATION OF EARNED INCOME.—

''(i) IN GENERAL.—A State agency may elect to determine monthly earned income by multiplying weekly income by 4 and biweekly income by 2.

''(ii) ADJUSTMENT OF EARNED INCOME DEDUCTION.—A State agency that makes an election described in clause (i) shall adjust the earned income deduction under subsection (e)(2)(B) to the extent necessary to prevent the election from resulting in increased costs to the food stamp program, as determined consistent with standards promulgated by the Secretary.''.

SEC. 417. SIMPLIFIED DETERMINATION OF DEDUCTIONS.

Section 5(f)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2014(f)(1)) (as amended by section 416) is amended by adding at the end the following:

''(D) SIMPLIFIED DETERMINATION OF DEDUCTIONS.—

''(i) IN GENERAL.—Except as provided in clause (ii), for the purposes of subsection (e), a State agency may elect to disregard until the next redetermination of eligibility under section 11(e)(4) 1 or more types of changes in the circumstances of a household that affect the amount of deductions the household may claim under subsection (e).

''(ii) CHANGES THAT MAY NOT BE DISREGARDED.—Under clause (i), a State agency may not disregard—

''(I) any reported change of residence; or

''(II) under standards prescribed by the Secretary, any change in earned income.''.

SEC. 418. SIMPLIFIED DEFINITION OF RESOURCES.

Section 5(g) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)) is amended by adding at the end the following:

''(6) EXCLUSION OF TYPES OF FINANCIAL RESOURCES NOT CONSIDERED UNDER CERTAIN OTHER FEDERAL PROGRAMS.—

''(A) IN GENERAL.—Subject to subparagraph (B), the Secretary shall promulgate regulations under which a State agency may, at the option of the State agency, exclude from financial resources under this subsection any types of financial resources that the State agency does not consider when determining eligibility for—

''(i) cash assistance under a program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); or

''(ii) medical assistance under section 1931 of the Social Security Act (42 U.S.C. 1396u–1).

''(B) LIMITATIONS.—Subparagraph (A) does not authorize a State agency to exclude—

''(i) cash;

''(ii) licensed vehicles;

''(iii) amounts in any account in a financial institution that are readily available to the household; or

''(iv) any other similar type of resource the inclusion in financial resources of which the Secretary determines by regulation to be essential to equitable determinations of eligibility under the food stamp program, except to the extent that any of those types of resources are excluded under another paragraph of this subsection.''.

SEC. 419. ALTERNATIVE ISSUANCE SYSTEMS IN DISASTERS.

Section 5(h)(3)(B) of the Food Stamp Act of 1977 (7 U.S.C. 2014(h)(3)(B)) is amended—

(1) in the first sentence, by inserting ''issuance methods and'' after ''shall adjust''; and

(2) in the second sentence, by inserting '', any conditions that make reliance on electronic benefit transfer systems described in section 7(i) impracticable,'' after ''personnel''.

SEC. 420. STATE OPTION TO REDUCE REPORTING REQUIREMENTS.

Section 6(c)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2015(c)(1)) is amended—

(1) in subparagraph (B), by striking ''on a monthly basis''; and

(2) by adding at the end the following:

''(D) FREQUENCY OF REPORTING.—

''(i) IN GENERAL.—Except as provided in subparagraphs (A) and (C), a State agency may require households that report on a periodic basis to submit reports—

''(I) not less often than once each 6 months; but

''(II) not more often than once each month.

''(ii) REPORTING BY HOUSEHOLDS WITH EXCESS INCOME.—A household required to report less often than once each 3 months shall, notwithstanding subparagraph (B), report in a manner prescribed by the Secretary if the income of the household for any month exceeds the standard established under section 5(c)(2).''.

SEC. 421. BENEFITS FOR ADULTS WITHOUT DEPENDENTS.

(a) IN GENERAL.—Section 6(o) of the Food Stamp Act of 1977 (7 U.S.C. 2015(o)) is amended—

(1) in paragraph (1)—

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

(B) in subparagraph (C)—

(i) by striking ''subsection (d)(4),'' and inserting ''subsection (d)(4)''; and

(ii) by striking the period at the end and inserting ''; and''; and

(C) by adding at the end the following:

''(D) a job search program or job search training program if—

''(i) the program meets standards established by the Secretary to ensure that the participant is continuously and actively seeking employment in the private sector; and

''(ii) no position is currently available for the participant in an employment or training program that meets the requirements of subparagraph (C).'';

(2) in paragraph (2)—

(A) by striking ''36-month'' and inserting ''24-month''; and

(B) by striking ''3'' and inserting ''6'';

(3) by striking paragraph (5) and inserting the following:

''(5) ELIGIBILITY OF INDIVIDUALS WHILE MEETING WORK REQUIREMENT.—Notwithstanding paragraph (2), an individual who would otherwise be ineligible under that paragraph shall be eligible to participate in the food stamp program during any period in which the individual meets the work requirement of subparagraph (A), (B), or (C) of that paragraph.''; and

(4) in paragraph (6)(A)(ii)—

(A) in subclause (III), by adding ''and'' at the end;

(B) in subclause (IV)—

(i) by striking ''3'' and inserting ''6''; and

(ii) by striking ''; and'' and inserting a period; and

(C) by striking subclause (V).

(b) IMPLEMENTATION OF AMENDMENTS.—For the purpose of implementing the amendments made by subsection (a), a State agency shall disregard any period during which an individual received food stamp benefits before the effective date of this title.

SEC. 422. PRESERVATION OF ACCESS TO ELECTRONIC BENEFITS.

(a) IN GENERAL.—Section 7(i)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2016(i)(1)) is amended by adding at the end the following:

''(E) ACCESS TO EBT SYSTEMS.—

''(i) IN GENERAL.—No benefits shall be taken off-line or otherwise made inaccessible because of inactivity until at least 180 days have elapsed since a household last accessed the account of the household.

''(ii) NOTICE TO HOUSEHOLD.—In a case in which benefits are taken off-line or otherwise made inaccessible, the household shall be sent a notice that—

''(I) explains how to reactivate the benefits; and

''(II) offers assistance if the household is having difficulty accessing the benefits of the household.''.

(b) APPLICABILITY.—The amendment made by subsection (a) shall apply with respect to each State agency beginning on the date on which the State agency, after the date of enactment of this Act, enters into a contract to operate an electronic benefit transfer system.

SEC. 423. COST NEUTRALITY FOR ELECTRONIC BENEFIT TRANSFER SYSTEMS.

Section 7(i)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2016(i)(2)) is amended—

(1) by striking subparagraph (A); and

(2) by redesignating subparagraphs (B) through (I) as subparagraphs (A) through (H), respectively.

SEC. 424. ALTERNATIVE PROCEDURES FOR RESIDENTS OF CERTAIN GROUP FACILITIES.

(a) IN GENERAL.—Section 8 of the Food Stamp Act of 1977 (7 U.S.C. 2017) is amended by adding at the end the following:

''(f) SIMPLIFIED PROCEDURES FOR RESIDENTS OF CERTAIN GROUP FACILITIES.—

''(1) IN GENERAL.—At the option of the State agency, allotments for residents of facilities described in subparagraph (B), (C), (D), or (E) of section 3(i)(5) may be determined and issued under this subsection in lieu of subsection (a).

''(2) AMOUNT OF ALLOTMENT.—The allotment for each eligible resident described in paragraph (1) shall be calculated in accordance with standardized procedures established by the Secretary that take into account the allotments typically received by residents of facilities described in paragraph (1).

''(3) ISSUANCE OF ALLOTMENT.—

''(A) IN GENERAL.—The State agency shall issue an allotment determined under this subsection to the administration of a facility described in paragraph (1) as the authorized representative of the residents of the facility.

''(B) ADJUSTMENT.—The Secretary shall establish procedures to ensure that a facility described in paragraph (1) does not receive a greater proportion of a resident's monthly allotment than the proportion of the month during which the resident lived in the facility.

''(4) DEPARTURES OF COVERED RESIDENTS.—

''(A) NOTIFICATION.—Any facility described in paragraph (1) that receives an allotment for a resident under this subsection shall—

''(i) notify the State agency promptly on the departure of the resident; and

''(ii) notify the resident, before the departure of the resident, that the resident—

''(I) is eligible for continued benefits under the food stamp program; and

''(II) should contact the State agency concerning continuation of the benefits.

''(B) ISSUANCE TO DEPARTED RESIDENTS.—On receiving a notification under subparagraph (A)(i) concerning the departure of a resident, the State agency—

''(i) shall promptly issue the departed resident an allotment for the days of the month after the departure of the resident (calculated in a manner prescribed by the Secretary) unless the departed resident reapplies to participate in the food stamp program; and

''(ii) may issue an allotment for the month following the month of the departure (but not any subsequent month) based on this subsection unless the departed resident reapplies to participate in the food stamp program.

''(C) STATE OPTION.—The State agency may elect not to issue an allotment under subparagraph (B)(i) if the State agency lacks sufficient information on the location of the departed resident to provide the allotment.

''(D) EFFECT OF REAPPLICATION.—If the departed resident reapplies to participate in the food stamp program, the allotment of the departed resident shall be determined without regard to this subsection.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 3(i) of the Food Stamp Act of 1977 (7 U.S.C. 2012(i)) is amended—

(A) by striking ''(i) 'Household' means (1) an'' and inserting the following:

''(i)(1) 'Household' means—

''(A) an'';

(B) in the first sentence, by striking ''others, or (2) a group'' and inserting the following: ''others; or

''(B) a group'';

(C) in the second sentence, by striking ''Spouses'' and inserting the following:

''(2) Spouses'';

(D) in the third sentence, by striking ''Notwithstanding'' and inserting the following:

''(3) Notwithstanding'';

(E) in paragraph (3) (as designated by subparagraph (D)), by striking ''the preceding sentences'' and inserting ''paragraphs (1) and (2)'';

(F) in the fourth sentence, by striking ''In no event'' and inserting the following:

''(4) In no event'';

(G) in the fifth sentence, by striking ''For the purposes of this subsection, residents'' and inserting the following:

''(5) For the purposes of this subsection, the following persons shall not be considered to be residents of institutions and shall be considered to be individual households:

''(A) Residents''; and

(H) in paragraph (5) (as designated by subparagraph (G))—

(i) by striking ''Act, or are individuals'' and inserting the following: ''Act.

''(B) Individuals'';

(ii) by striking ''such section, temporary'' and inserting the following: ''that section.

''(C) Temporary'';

(iii) by striking ''children, residents'' and inserting the following: ''children.

''(D) Residents'';

(iv) by striking ''coupons, and narcotics'' and inserting the following: ''coupons.

''(E) Narcotics''; and

(v) by striking ''shall not'' and all that follows and inserting a period.

(2) Section 5(a) of the Food Stamp Act of 1977 (7 U.S.C. 2014(a)) is amended by striking ''the third sentence of section 3(i)'' each place it appears and inserting ''section 3(i)(4)''.

(3) Section 8(e)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2017(e)(1)) is amended by striking ''the last sentence of section 3(i)'' and inserting ''section 3(i)(5)''.

(4) Section 17(b)(1)(B)(iv)(III)(aa) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)(B)(iv)(III)(aa)) is amended by striking ''the last 2 sentences of section 3(i)'' and inserting ''paragraphs (4) and (5) of section 3(i)''.

SEC. 425. AVAILABILITY OF FOOD STAMP PROGRAM APPLICATIONS ON THE INTERNET.

Section 11(e)(2)(B)(ii) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(2)(B)(ii)) is amended—

(1) by inserting ''(I)'' after ''(ii)'';

(2) in subclause (I) (as designated by paragraph (1)), by adding ''and'' at the end; and

(3) by adding at the end the following:

''(II) if the State agency maintains a website for the State agency, shall make the application available on the website in each language in which the State agency makes a printed application available;''.

SEC. 426. SIMPLIFIED DETERMINATIONS OF CONTINUING ELIGIBILITY.

(a) IN GENERAL.—Section 11(e) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)) is amended—

(1) by striking paragraph (4) and inserting the following:

''(4)(A) that the State agency shall periodically require each household to cooperate in a redetermination of the eligibility of the household.

''(B) A redetermination under subparagraph (A) shall—

''(i) be based on information supplied by the household; and

''(ii) conform to standards established by the Secretary.

''(C) The interval between redeterminations of eligibility under subparagraph (A) shall not exceed the eligibility review period;'' and

(2) in paragraph (10)—

(A) by striking ''within the household's certification period''; and

(B) by striking ''or until'' and all that follows through ''occurs earlier''.

(b) CONFORMING AMENDMENTS.—

(1) Section 3(c) of the Food Stamp Act of 1977 (7 U.S.C. 2012(c)) is amended—

(A) by striking ''Certification period'' and inserting ''Eligibility review period''; and

(B) by striking ''certification period'' each place it appears and inserting ''eligibility review period''.

(2) Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended—

(A) in subsection (d)(2), by striking ''in the certification period which'' and inserting ''that''; and

(B) in subsection (e) (as amended by section 414(b)(1)(B))—

(i) in paragraph (5)(B)(ii)—

(I) in subclause (II), by striking ''certification period'' and inserting ''eligibility review period''; and

(II) in subclause (III), by striking ''has been anticipated for the certification period'' and inserting ''was anticipated when the household applied or at the most recent redetermination of eligibility for the household''; and

(ii) in paragraph (6)(C)(iii)(II), by striking ''the end of a certification period'' and inserting ''each redetermination of the eligibility of the household''.

(3) Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) is amended—

(A) in subsection (c)(1)(C)(iv), by striking ''certification period'' each place it appears and inserting ''interval between required redeterminations of eligibility''; and

(B) in subsection (d)(1)(D)(v)(II), by striking ''a certification period'' and inserting ''an eligibility review period''.

(4) Section 8(c) of the Food Stamp Act of 1977 (7 U.S.C. 2017(c)) is amended—

(A) in the second sentence of paragraph (1), by striking ''within a certification period''; and

(B) in paragraph (2)(B), by striking ''expiration of'' and all that follows through ''during a certification period,'' and inserting ''termination of benefits to the household,''.

(5) Section 11(e)(16) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(16)) is amended by striking ''the certification or recertification'' and inserting ''determining the eligibility''.

SEC. 427. CLEARINGHOUSE FOR SUCCESSFUL NUTRITION EDUCATION EFFORTS.

Section 11(f) of the Food Stamp Act of 1977 (7 U.S.C. 2020(f)) is amended by striking paragraph (2) and inserting the following:

''(2) NUTRITION EDUCATION CLEARINGHOUSE.—The Secretary shall—

''(A) request State agencies to submit to the Secretary descriptions of successful nutrition education programs designed for use in the food stamp program and other nutrition assistance programs;

''(B) make the descriptions submitted under subparagraph (A) available on the website of the Department of Agriculture; and

''(C) inform State agencies of the availability of the descriptions on the website.''.

SEC. 428. TRANSITIONAL FOOD STAMPS FOR FAMILIES MOVING FROM WELFARE.

(a) IN GENERAL.—Section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2020) is amended by adding at the end the following:

''(s) TRANSITIONAL BENEFITS OPTION.—

''(1) IN GENERAL.—A State agency may provide transitional food stamp benefits to a household that ceases to receive cash assistance under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

''(2) TRANSITIONAL BENEFITS PERIOD.—Under paragraph (1), a household may continue to receive food stamp benefits for a period of not more than 6 months after the date on which cash assistance is terminated.

''(3) AMOUNT OF BENEFITS.—During the transitional benefits period under paragraph (2), a household shall receive an amount of food stamp benefits equal to the allotment received in the month immediately preceding the date on which cash assistance was terminated, adjusted for—

''(A) the change in household income as a result of the termination of cash assistance; and

''(B) any changes in circumstances that may result in an increase in the food stamp allotment of the household and that the household elects to report.

''(4) DETERMINATION OF FUTURE ELIGIBILITY.—In the final month of the transitional benefits period under paragraph (2), the State agency may—

''(A) require the household to cooperate in a redetermination of eligibility; and

''(B) initiate a new eligibility review period for the household without regard to whether the preceding eligibility review period has expired.

''(5) LIMITATION.—A household shall not be eligible for transitional benefits under this subsection if the household—

''(A) loses eligibility under section 6;

''(B) is sanctioned for a failure to perform an action required by Federal, State, or local law relating to a cash assistance program described in paragraph (1); or

''(C) is a member of any other category of households designated by the State agency as ineligible for transitional benefits.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 3(c) of the Food Stamp Act of 1977 (7 U.S.C. 2012(c)) is amended by adding at the end the following: ''The limits specified in this section may be extended until the end of any transitional benefit period established under section 11(s).''.

(2) Section 6(c) of the Food Stamp Act of 1977 (7 U.S.C. 2015(c)) is amended by striking ''No household'' and inserting ''Except in a case in which a household is receiving transitional benefits during the transitional benefits period under section 11(s), no household''.

SEC. 429. DELIVERY TO RETAILERS OF NOTICES OF ADVERSE ACTION.

Section 14(a) of the Food Stamp Act of 1977 (7 U.S.C. 2023(a)) is amended by striking paragraph (2) and inserting the following:

''(2) DELIVERY OF NOTICES.—A notice under paragraph (1) shall be delivered by any form of delivery that the Secretary determines will provide evidence of the delivery.''.

SEC. 430. REFORM OF QUALITY CONTROL SYSTEM.

(a) IN GENERAL.—Section 16(c) of the Food Stamp Act of 1977 (7 U.S.C. 2025(c)) is amended—

(1) in paragraph (1)—

(A) by striking ''enhances payment accuracy'' and all that follows through ''(A) the Secretary'' and inserting the following: ''enhances payment accuracy and that has the following elements:

''(A) ENHANCED ADMINISTRATIVE FUNDING.—With respect to fiscal year 2001, the Secretary'';

(B) in subparagraph (A)—

(i) by striking ''one percentage point to a maximum of 60'' and inserting ''½ of 1 percentage point to a maximum of 55''; and

(ii) by striking the semicolon at the end and inserting a period; and

(C) by striking subparagraph (B) and all that follows and inserting the following:

''(B) INVESTIGATION AND INITIAL SANCTIONS.—

''(i) INVESTIGATION.—Except as provided under subparagraph (C), for any fiscal year in which the Secretary determines that a 95 percent statistical probability exists that the payment error rate of a State agency exceeds the national performance measure for payment error rates announced under paragraph (6) by more than 1 percentage point, other than for good cause shown, the Secretary shall investigate the administration by the State agency of the food stamp program unless the Secretary determines that sufficient information is already available to review the administration by the State agency.

''(ii) INITIAL SANCTIONS.—If an investigation under clause (i) results in a determination that the State agency has been seriously negligent (as determined under standards promulgated by the Secretary), the State agency shall pay the Secretary an amount that reflects the extent of such negligence (as determined under standards promulgated by the Secretary), not to exceed 5 percent of the amount provided to the State agency under subsection (a) for the fiscal year.

''(C) ADDITIONAL SANCTIONS.—If, for any fiscal year, the Secretary determines that a 95 percent statistical probability exists that the payment error rate of a State agency exceeds the national performance measure for payment error rates announced under paragraph (6) by more than 1 percentage point, other than for good cause shown, and that the State agency was sanctioned under this paragraph or was the subject of an investigation or review under subparagraph (B)(i) for each of the 2 immediately preceding fiscal years, the State agency shall pay to the Secretary an amount equal to the product obtained by multiplying—

''(i) the value of all allotments issued by the State agency in the fiscal year;

''(ii) the lesser of—

''(I) the ratio that—

''(aa) the amount by which the payment error rate of the State agency for the fiscal year exceeds by more than 1 percentage point the national performance measure for the fiscal year; bears to

''(bb) 10 percent; or

''(II) 1; and

''(iii) the amount by which the payment error rate of the State agency for the fiscal year exceeds by more than 1 percentage point the national performance measure for the fiscal year.

''(D) CORRECTIVE ACTION PLANS.—The Secretary shall foster management improvements by the States by requiring State agencies to develop and implement corrective action plans to reduce payment errors.'';

(2) in paragraph (2)(A), by inserting before the semicolon the following: '', as adjusted downward as appropriate under paragraph (10)'';

(3) in paragraph (4), by striking ''(4)'' and all that follows through the end of the first sentence and inserting the following:

''(4) REPORTING REQUIREMENTS.—The Secretary may require a State agency to report any factors that the Secretary considers necessary to determine a State agency's payment error rate, enhanced administrative funding, claim for payment error under paragraph (1), or performance under the performance measures under paragraph (11).'';

(4) in paragraph (5), by striking ''(5)'' and all that follows through the end of the second sentence and inserting the following:

''(5) PROCEDURES.—To facilitate the implementation of this subsection, each State agency shall expeditiously submit to the Secretary data concerning the operations of the State agency in each fiscal year sufficient for the Secretary to establish the payment error rate for the State agency for the fiscal year, to comply with paragraph (10), and to determine the amount of enhanced

administrative funding under paragraph (1)(A), high performance bonus payments under paragraph (11), or claims under subparagraph (B) or (C) of paragraph (1).'';

(5) in paragraph (6)—

(A) in the first and third sentences, by striking ''paragraph (5)'' each place it appears and inserting ''paragraph (8)''; and

(B) in the first sentence, by inserting ''(but determined without regard to paragraph (10))'' before ''times that''; and

(6) by adding at the end the following:

''(10) ADJUSTMENTS OF PAYMENT ERROR RATE.—

''(A) FISCAL YEAR 2002.—

''(i) ADJUSTMENT FOR HIGHER PERCENTAGE OF HOUSEHOLDS WITH EARNED INCOME.—Subject to subparagraph (B), with respect to fiscal year 2002, in applying paragraph (1), the Secretary shall adjust the payment error rate determined under paragraph (2)(A) as necessary to take into account any increases in errors that result from the State agency's serving a higher percentage of households with earned income than the lesser of—

''(I) the percentage of households with earned income that receive food stamps in all States; or

''(II) the percentage of households with earned income that received food stamps in the State in fiscal year 1992.

''(ii) ADJUSTMENT FOR HIGHER PERCENTAGE OF HOUSEHOLDS WITH NONCITIZEN MEMBERS.—Subject to subparagraph (B), with respect to fiscal year 2002, in applying paragraph (1), the Secretary shall adjust the payment error rate determined under paragraph (2)(A) as necessary to take into account any increases in errors that result from the State agency's serving a higher percentage of households with 1 or more members who are not United States citizens than the lesser of—

''(I) the percentage of households with 1 or more members who are not United States citizens that receive food stamps in all States; or

''(II) the percentage of households with 1 or more members who are not United States citizens that received food stamps in the State in fiscal year 1998.

''(B) EXPANDED APPLICABILITY TO STATE AGENCIES SUBJECT TO SANCTIONS.—In the case of a State agency subject to sanctions for fiscal year 2001 or any fiscal year thereafter under paragraph (1), the adjustments described in subparagraph (A) shall apply to the State agency for the fiscal year.

''(C) ADDITIONAL ADJUSTMENTS.—For fiscal year 2003 and each fiscal year thereafter, the Secretary may make such additional adjustments to the payment error rate determined under paragraph (2)(A) as the Secretary determines to be consistent with achieving the purposes of this Act.''.

(b) APPLICABILITY.—Except as otherwise provided in the amendments made by subsection (a), the amendments made by subsection (a) shall apply to fiscal year 2001 and each fiscal year thereafter.

SEC. 431. IMPROVEMENT OF CALCULATION OF STATE PERFORMANCE MEASURES.

(a) IN GENERAL.—Section 16(c)(8) of the Food Stamp Act of 1977 (7 U.S.C. 2025(c)(8)) is amended—

(1) in subparagraph (B), by striking ''180 days after the end of the fiscal year'' and inserting ''the first May 31 after the end of the fiscal year referred to in subparagraph (A)''; and

(2) in subparagraph (C), by striking ''30 days thereafter'' and inserting ''the first June 30 after the end of the fiscal year referred to in subparagraph (A)''.

(b) EFFECTIVE DATE.—The amendments made by this section take effect on the date of enactment of this Act.

SEC. 432. BONUSES FOR STATES THAT DEMONSTRATE HIGH PERFORMANCE.

(a) IN GENERAL.—Section 16(c) of the Food Stamp Act of 1977 (7 U.S.C. 2025(c)) (as amended by section 430(a)(6)) is amended by adding at the end the following:

''(11) HIGH PERFORMANCE BONUS PAYMENTS.—

''(A) IN GENERAL.—The Secretary shall—

''(i) with respect to fiscal year 2002 and each fiscal year thereafter, measure the performance of each State agency with respect to each of the performance measures specified in subparagraph (B); and

''(ii) in fiscal year 2003 and each fiscal year thereafter, subject to subparagraphs (C) and (D), make high performance bonus payments to the State agencies with the highest or most improved performance with respect to those performance measures.

''(B) PERFORMANCE MEASURES.—The performance measures specified in this subparagraph are—

''(i) the ratio, expressed as a percentage, that—

''(I) the number of households in the State that—

''(aa) receive food stamps;

''(bb) have incomes less than 130 percent of the poverty line (as defined in section 673 of the Community Services Block Grant Act (42 U.S.C. 9902));

''(cc) have annual earnings equal to at least 1000 times the Federal minimum hourly rate under the Fair Labor Standards Act of 1938 (29 U.S.C. 201 et seq.); and

''(dd) have children under age 18; bears to

''(II) the number of households in the State that meet the criteria specified in items (bb) through (dd) of subclause (I); and

''(ii) 4 additional performance measures, established by the Secretary in consultation with the National Governors Association, the American Public Human Services Association, and the National Conference of State Legislatures not later than 180 days after the date of enactment of this paragraph, of which not less than 1 performance measure shall relate to provision of timely and appropriate services to applicants for and recipients of food stamp benefits.

''(C) HIGH PERFORMANCE BONUS PAYMENTS.—

''(i) DEFINITION OF CASELOAD.—In this subparagraph, the term 'caseload' has the meaning given the term in section 6(o)(6)(A).

''(ii) AMOUNT OF PAYMENTS.—

''(I) IN GENERAL.—In fiscal year 2003 and each fiscal year thereafter, the Secretary shall—

''(aa) make 1 high performance bonus payment of $6,000,000 for each of the 5 performance measures under subparagraph (B); and

''(bb) allocate the high performance bonus payment with respect to each performance measure in accordance with subclauses (II) and (III).

''(II) PAYMENTS FOR PERFORMANCE MEASURES.—In fiscal year 2003 and each fiscal year thereafter, the Secretary shall allocate, in accordance with subclause (III), the high performance bonus payment made for each performance measure under subparagraph (B) among the 6 State agencies with, as determined by the Secretary by regulation—

''(aa) the greatest improvement in the level of performance with respect to the performance measure between the 2 most recent years for which the Secretary determines that reliable data are available;

''(bb) the highest performance in the performance measure for the most recent year for which the Secretary determines that reliable data are available; or

''(cc) a combination of the greatest improvement described in item (aa) and the highest performance described in item (bb).

''(III) ALLOCATION AMONG STATE AGENCIES ELIGIBLE FOR PAYMENTS.—A high performance bonus payment under subclause (II) made for a performance measure shall be allocated among the 6 State agencies eligible for the payment in the ratio that—

''(aa) the caseload of each of the 6 State agencies eligible for the payment; bears to

''(bb) the caseloads of the 6 State agencies eligible for the payment.

''(D) PROHIBITION ON RECEIPT OF HIGH PERFORMANCE BONUS PAYMENTS BY STATE AGENCIES SUBJECT TO SANCTIONS.—If, for any fiscal year, a State agency is subject to a sanction under paragraph (1), the State agency shall not be eligible for a high performance bonus payment for the fiscal year.

''(E) PAYMENTS NOT SUBJECT TO JUDICIAL REVIEW.—A determination by the Secretary whether, and in what amount, to make a high performance bonus payment under this paragraph shall not be subject to judicial review.''.

(b) APPLICABILITY.—The amendment made by subsection (a) takes effect on the date of enactment of this Act.

SEC. 433. EMPLOYMENT AND TRAINING PROGRAM.

(a) LEVELS OF FUNDING.—Section 16(h)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)(1)) is amended—

(1) in subparagraph (A)—

(A) by striking '', to remain available until expended,''; and

(B) by striking clause (vii) and inserting the following:

''(vii) for each of fiscal years 2002 through 2006, $90,000,000, to remain available until expended.'';

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

''(B) ALLOCATION.—Funds made available under subparagraph (A) shall be made available to and reallocated among State agencies under a reasonable formula that—

''(i) is determined and adjusted by the Secretary; and

''(ii) takes into account the number of individuals who are not exempt from the work requirement under section 6(o).''; and

(3) by striking subparagraphs (E) through (G) and inserting the following:

''(E) ADDITIONAL ALLOCATIONS FOR STATES THAT ENSURE AVAILABILITY OF WORK OPPORTUNITIES.—

''(i) IN GENERAL.—In addition to the allocations under subparagraph (A), from funds made available under section 18(a)(1), the Secretary shall allocate not more than $25,000,000 for each of fiscal years 2002 through 2006 to reimburse a State agency that is eligible under clause (ii) for the costs incurred in serving food stamp recipients who—

''(I) are not eligible for an exception under section 6(o)(3); and

''(II) are placed in and comply with a program described in subparagraph (B) or (C) of section 6(o)(2).

''(ii) ELIGIBILITY.—To be eligible for an additional allocation under clause (i), a State agency shall—

''(I) exhaust the allocation to the State agency under subparagraph (A) (including any reallocation that has been made available under subparagraph (C)); and

''(II) make and comply with a commitment to offer a position in a program described in subparagraph (B) or (C) of section 6(o)(2) to each applicant or recipient who—

''(aa) is in the last month of the 6-month period described in section 6(o)(2);

''(bb) is not eligible for an exception under section 6(o)(3);

''(cc) is not eligible for a waiver under section 6(o)(4); and

''(dd) is not eligible for an exemption under section 6(o)(6).''.

(b) RESCISSION OF CARRYOVER FUNDS.—Notwithstanding any other provision of law,

funds provided under section 16(h)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)(1)(A)) for any fiscal year before fiscal year 2002 shall cease to be available on the date of enactment of this Act, unless obligated by a State agency before that date.

(c) PARTICIPANT EXPENSES.—Section 6(d)(4)(I)(i)(I) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4)(I)(i)(I)) is amended by striking ''$25 per month'' and inserting ''$50 per month''.

(d) FEDERAL REIMBURSEMENT.—Section 16(h)(3) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)(3)) is amended by striking ''$25'' and inserting ''$50''.

(e) EFFECTIVE DATE.—The amendments made by this section take effect on the date of enactment of this Act.

SEC. 434. REAUTHORIZATION OF FOOD STAMP PROGRAM AND FOOD DISTRIBUTION PROGRAM ON INDIAN RESERVATIONS.

(a) REDUCTIONS IN PAYMENTS FOR ADMINISTRATIVE COSTS.—Section 16(k)(3) of the Food Stamp Act of 1977 (7 U.S.C. 2025(k)(3)) is amended—

(1) in the first sentence of subparagraph (A), by striking ''2002'' and inserting ''2006''; and

(2) in subparagraph (B)(ii), by striking ''2002'' and inserting ''2006''.

(b) CASH PAYMENT PILOT PROJECTS.—Section 17(b)(1)(B)(vi) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)(B)(vi)) is amended by striking ''2002'' and inserting ''2006''.

(c) GRANTS TO IMPROVE FOOD STAMP PARTICIPATION.—Section 17(i)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2026(i)(1)(A)) is amended in the first sentence by striking ''2002'' and inserting ''2006''.

(d) AUTHORIZATION OF APPROPRIATIONS.—Section 18(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2027(a)(1)) is amended in the first sentence by striking ''2002'' and inserting ''2006''.

SEC. 435. COORDINATION OF PROGRAM INFORMATION EFFORTS.

Section 16(k)(5) of the Food Stamp Act of 1977 (7 U.S.C. 2025(k)(5)) is amended—

(1) in subparagraph (A), by striking ''No funds'' and inserting ''Except as provided in subparagraph (C), no funds''; and

(2) by adding at the end the following:

''(C) FOOD STAMP INFORMATIONAL ACTIVITIES.—Subparagraph (A) shall not apply to any funds or expenditures described in clause (i) or (ii) of subparagraph (B) used to pay the costs of any activity that is eligible for reimbursement under subsection (a)(4).''.

SEC. 436. EXPANDED GRANT AUTHORITY.

Section 17(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2026(a)(1)) is amended—

(1) by striking '', by way of making contracts with or grants to public or private organizations or agencies,'' and inserting ''enter into contracts with or make grants to public or private organizations or agencies under this section to''; and

(2) by adding at the end the following: ''The waiver authority of the Secretary under subsection (b) shall extend to all contracts and grants under this section.''.

SEC. 437. ACCESS AND OUTREACH PILOT PROJECTS.

Section 17 of the Food Stamp Act of 1977 (7 U.S.C. 2026) is amended by striking subsection (h) and inserting the following:

''(h) ACCESS AND OUTREACH PILOT PROJECTS.—

''(1) IN GENERAL.—The Secretary shall make grants to State agencies and other entities to pay the Federal share of the eligible costs of projects to improve—

''(A) access by eligible individuals to benefits under the food stamp program; or

''(B) outreach to individuals eligible for those benefits.

''(2) FEDERAL SHARE.—The Federal share shall be 75 percent.

''(3) TYPES OF PROJECTS.—To be eligible for a grant under this subsection, a project may consist of—

''(A) establishing a single site at which individuals may apply for—

''(i) benefits under the food stamp program; and

''(ii)(I) supplemental security income benefits under title XVI of the Social Security Act (42 U.S.C. 1381 et seq.);

''(II) benefits under the medicaid program under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.);

''(III) benefits under the State children's health insurance program under title XXI of the Social Security Act (42 U.S.C. 1397aa et seq.);

''(IV) benefits under the special supplemental nutrition program for women, infants, and children under section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786); or

''(V) benefits under such other programs as the Secretary determines to be appropriate;

''(B) developing forms that allow an individual to apply for more than 1 of the programs referred to in subparagraph (A);

''(C) dispatching State agency personnel to conduct outreach and enroll individuals in the food stamp program and other programs in nontraditional venues (such as shopping malls, schools, community centers, county fairs, clinics, food banks, and job training centers);

''(D) developing systems to enable increased participation in the provision of benefits under the food stamp program through farmers' markets, roadside stands, and other community-supported agriculture programs, including wireless electronic benefit transfer systems and other systems appropriate to open-air settings where farmers and other vendors sell directly to consumers;

''(E) allowing individuals to submit applications for the food stamp program by means of the telephone or the Internet, in particular individuals who live in rural areas, elderly individuals, and individuals with disabilities;

''(F) encouraging consumption of fruit and vegetables by developing a cost-effective system for providing discounts for purchases of fruit and vegetables made through use of electronic benefit transfer cards;

''(G) reducing barriers to participation by individuals, with emphasis on working families, eligible immigrants, elderly individuals, and individuals with disabilities;

''(H) developing training materials, guidebooks, and other resources to improve access and outreach;

''(I) conforming verification practices under the food stamp program with verification practices under other assistance programs; and

''(J) such other activities as the Secretary determines to be appropriate.

''(4) SELECTION.—

''(A) IN GENERAL.—The Secretary shall develop criteria for selecting recipients of grants under this subsection that include the consideration of—

''(i) the demonstrated record of a State agency or other entity in serving low-income individuals;

''(ii) the ability of a State agency or other entity to reach hard-to-serve populations;

''(iii) the level of innovative proposals in the application of a State agency or other entity for a grant; and

''(iv) the development of partnerships between public and private sector entities and linkages with the community.

''(B) PREFERENCE.—In selecting recipients of grants under paragraph (1), the Secretary shall provide a preference to any applicant that consists of a partnership between a State and a private entity, such as—

''(i) a food bank;

''(ii) a community-based organization;

''(iii) a public school;

''(iv) a publicly-funded health clinic;

''(v) a publicly-funded day care center; and

''(vi) a nonprofit health or welfare agency.

''(C) GEOGRAPHICAL DISTRIBUTION OF RECIPIENTS.—

''(i) IN GENERAL.—Subject to clause (ii), the Secretary shall select, from all eligible applications received, at least 1 recipient to receive a grant under this subsection from—

''(I) each region of the Department of Agriculture administering the food stamp program; and

''(II) each additional rural or urban area that the Secretary determines to be appropriate.

''(ii) EXCEPTION.—The Secretary shall not be required to select grant recipients under clause (i) to the extent that the Secretary determines that an insufficient number of eligible grant applications has been received.

''(5) PROJECT EVALUATIONS.—

''(A) IN GENERAL.—The Secretary shall conduct evaluations of projects funded by grants under this subsection.

''(B) LIMITATION.—Not more than 10 percent of funds made available to carry out this subsection shall be used for project evaluations described in subparagraph (A).

''(6) MAINTENANCE OF EFFORT.—A State agency or other entity shall provide assurances to the Secretary that funds provided to the State agency or other entity under this subsection will be used only to supplement, not to supplant, the amount of Federal, State, and local funds otherwise expended to carry out access and outreach activities in the State under this Act.

''(7) FUNDING.—There is authorized to be appropriated to carry out this subsection $3,000,000 for the period of fiscal years 2003 through 2005.''.

SEC. 438. CONSOLIDATED BLOCK GRANTS AND ADMINISTRATIVE FUNDS.

(a) CONSOLIDATED FUNDING.—Section 19(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2028(a)(1)) is amended—

(1) in subparagraph (A)—

(A) by striking ''the Commonwealth of Puerto Rico'' and inserting ''governmental entities specified in subparagraph (D)'';

(B) in clause (ii), by striking ''and'' at the end; and

(C) by striking clause (iii) and all that follows and inserting the following:

''(iii) for fiscal year 2002, $1,356,000,000; and

''(iv) for each of fiscal years 2003 through 2006, the amount provided in clause (iii), as adjusted by the percentage by which the thrifty food plan has been adjusted under section 3(o)(4) between June 30, 2001, and June 30 of the immediately preceding fiscal year;

to pay the expenditures for nutrition assistance programs for needy persons as described in subparagraphs (B) and (C).'';

(2) in subparagraph (B)—

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

''(B) MAXIMUM PAYMENTS TO COMMONWEALTH OF PUERTO RICO.—

''(i) IN GENERAL.—The'';

(B) by inserting ''of Puerto Rico'' after ''Commonwealth'' each place it appears; and

(C) by adding at the end the following:

''(ii) EXCEPTION FOR EXPENDITURES FOR CERTAIN SYSTEMS.—Notwithstanding subparagraph (A) and clause (i), the Commonwealth of Puerto Rico may spend not more than $6,000,000 of the amount required to be paid to the Commonwealth for fiscal year 2002 under subparagraph (A) to pay 100 percent of the costs of—

''(I) upgrading and modernizing the electronic data processing system used to carry out nutrition assistance programs for needy persons;

''(II) implementing systems to simplify the determination of eligibility to receive that nutrition assistance; and

''(III) operating systems to deliver benefits through electronic benefit transfers.''; and

(3) by adding at the end the following:

''(C) AMERICAN SAMOA.—For each fiscal year, the Secretary shall reserve 0.4 percent of the funds made available under subparagraph (A) for payment to American Samoa to pay 100 percent of the expenditures for a nutrition assistance program extended under section 601(c) of Public Law 96–597 (48 U.S.C. 1469d(c)).

''(D) GOVERNMENTAL ENTITY.—A governmental entity specified in this subparagraph is—

''(i) the Commonwealth of Puerto Rico; and

''(ii) for fiscal year 2003 and each fiscal year thereafter, American Samoa.''.

(b) CONFORMING AMENDMENT.—Section 24 of the Food Stamp Act of 1977 (7 U.S.C. 2033) is repealed.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section take effect on October 1, 2002.

(2) EXCEPTION FOR EXPENDITURES FOR CERTAIN SYSTEMS.—The amendments made by subsection (a)(2) take effect on the date of enactment of this Act.

SEC. 439. ASSISTANCE FOR COMMUNITY FOOD PROJECTS.

Section 25 of the Food Stamp Act of 1977 (7 U.S.C. 2034) is amended—

(1) in subsection (b)(2)(B), by striking ''2002'' and inserting ''2006'';

(2) in subsection (d)—

(A) in paragraph (3), by striking ''or'' at the end; and

(B) by striking paragraph (4) and inserting the following:

''(4) encourage long-term planning activities, and multisystem, interagency approaches with multistakeholder collaborations, that build the long-term capacity of communities to address the food and agriculture problems of the communities, such as food policy councils and food planning associations; or

''(5) meet, as soon as practicable, specific neighborhood, local, or State food and agriculture needs, including needs for—

''(A) infrastructure improvement and development;

''(B) planning for long-term solutions; or

''(C) the creation of innovative marketing activities that mutually benefit farmers and low-income consumers.''; and

(3) in subsection (e)(1), by striking ''50'' and inserting ''75''.

SEC. 440. AVAILABILITY OF COMMODITIES FOR THE EMERGENCY FOOD ASSISTANCE PROGRAM.

(a) IN GENERAL.—Section 27 of the Food Stamp Act of 1977 (7 U.S.C. 2036) is amended—

(1) in subsection (a)—

(A) by striking ''1997 through 2002'' and inserting ''2002 through 2006''; and

(B) by striking ''$100,000,000'' and inserting ''$110,000,000''; and

(2) by adding at the end the following:

''(c) USE OF FUNDS FOR RELATED COSTS.—

''(1) IN GENERAL.—For each of fiscal years 2002 through 2006, the Secretary shall use $10,000,000 of the funds made available under subsection (a) to pay the direct and indirect costs of States relating to the processing, storing, transporting, and distributing to eligible recipient agencies of—

''(A) commodities purchased by the Secretary under subsection (a); and

''(B) commodities acquired from other sources, including commodities acquired by gleaning (as defined in section 111(a) of the Hunger Prevention Act of 1988 (7 U.S.C. 612c note; Public Law 100–435)).

''(2) ALLOCATION OF FUNDS.—The amount required to be used in accordance with paragraph (1) shall be allocated in accordance with section 204(a) of the Emergency Food Assistance Act of 1983 (7 U.S.C. 7508(a)).''.

(b) EFFECTIVE DATE.—The amendments made by this section take effect on the date of enactment of this Act.

SEC. 441. INNOVATIVE PROGRAMS FOR ADDRESSING COMMON COMMUNITY PROBLEMS.

The Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) is amended by adding at the end the following:

''SEC. 28. INNOVATIVE PROGRAMS FOR ADDRESSING COMMON COMMUNITY PROBLEMS.

''(a) IN GENERAL.—The Secretary shall offer to enter into a contract with a nongovernmental organization described in subsection (b) to coordinate with Federal agencies, States, political subdivisions, and nongovernmental organizations (referred to in this section as 'targeted entities') to develop, and recommend to the targeted entities, innovative programs for addressing common community problems, including loss of farms, rural poverty, welfare dependency, hunger, the need for job training, juvenile crime prevention, and the need for self-sufficiency by individuals and communities.

''(b) NONGOVERNMENTAL ORGANIZATION.—The nongovernmental organization referred to in subsection (a)—

''(1) shall be selected on a competitive basis; and

''(2) as a condition of entering into the contract—

''(A) shall be experienced in working with targeted entities, and in organizing workshops that demonstrate programs to targeted entities;

''(B) shall be experienced in identifying programs that effectively address problems described in subsection (a) that can be implemented by other targeted entities;

''(C) shall agree—

''(i) to contribute in-kind resources toward the establishment and maintenance of programs described in subsection (a); and

''(ii) to provide to targeted entities, free of charge, information on the programs;

''(D) shall be experienced in, and capable of, receiving information from, and communicating with, targeted entities throughout the United States; and

''(E) shall be experienced in operating a national information clearinghouse that addresses 1 or more of the problems described in subsection (a).

''(c) AUDITS.—The Secretary shall establish auditing procedures and otherwise ensure the effective use of funds made available under this section.

''(d) FUNDING.—

''(1) IN GENERAL.—Not later than 30 days after the date of enactment of this section, and on October 1, 2002, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture to carry out this section $200,000, to remain available until expended.

''(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under paragraph (1), without further appropriation.''.

SEC. 442. REPORT ON USE OF ELECTRONIC BENEFIT TRANSFER SYSTEMS.

Not later than 1 year after the date of enactment of this Act, the Secretary of Agriculture shall submit to Congress a report on—

(1) difficulties relating to use of electronic benefit transfer systems in issuance of food stamp benefits under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.);

(2) the extent to which there exists fraud, and the types of fraud that exist, in use of the electronic benefit transfer systems; and

(3) the efforts being made by the Secretary of Agriculture, retailers, electronic benefit transfer system contractors, and States to address the problems described in paragraphs (1) and (2).

SEC. 443. VITAMIN AND MINERAL SUPPLEMENTS.

(a) IN GENERAL.—Section 3(g)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2012(g)(1)) is amended by striking ''or food product'' and inserting '', food product, or dietary supplement that provides exclusively 1 or more vitamins or minerals''.

(b) IMPACT STUDY.—

(1) IN GENERAL.—Not later than April 1, 2003, the Secretary of Agriculture shall enter into a contract with a scientific research organization to study and develop a report on the technical issues, economic impacts, and health effects associated with allowing individuals to use benefits under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) to purchase dietary supplements that provide exclusively 1 or more vitamins or minerals (referred to in this subsection as ''vitamin-mineral supplements'').

(2) REQUIRED ELEMENTS.—At a minimum, the study shall examine—

(A) the extent to which problems arise in the purchase of vitamin-mineral supplements with electronic benefit transfer cards;

(B) the extent of any difficulties in distinguishing vitamin-mineral supplements from herbal and botanical supplements for which food stamp benefits may not be used;

(C) whether participants in the food stamp program spend more on vitamin-mineral supplements than nonparticipants;

(D) to what extent vitamin-mineral supplements are substituted for other foods purchased with use of food stamp benefits;

(E) the proportion of the average food stamp allotment that is being used to purchase vitamin-mineral supplements; and

(F) the extent to which the quality of the diets of participants in the food stamp program has changed as a result of allowing participants to use food stamp benefits to purchase vitamin-mineral supplements.

(3) REPORT.—The report required under paragraph (1) shall be submitted to the Secretary of Agriculture not later than 2 years after the date on which the contract referred to in that paragraph is entered into.

(4) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated $3,000,000 to carry out this subsection.

Subtitle B—Miscellaneous Provisions

SEC. 451. REAUTHORIZATION OF COMMODITY PROGRAMS.

(a) COMMODITY DISTRIBUTION PROGRAM.—Section 4(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note; Public Law 93–86) is amended in the first sentence by striking ''2002'' and inserting ''2006''.

(b) COMMODITY SUPPLEMENTAL FOOD PROGRAM.—Section 5 of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note; Public Law 93–86) is amended—

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

''(a) GRANTS PER ASSIGNED CASELOAD SLOT.—

''(1) IN GENERAL.—In carrying out the program under section 4 (referred to in this section as the 'commodity supplemental food program'), for each of fiscal years 2003 through 2006, the Secretary shall provide to each State agency from funds made available to carry out that section (including any such

funds remaining available from the preceding fiscal year), a grant per assigned caseload slot for administrative costs incurred by the State agency and local agencies in the State in operating the commodity supplemental food program.

''(2) AMOUNT OF GRANTS.—For each of fiscal years 2003 through 2006, the amount of each grant per caseload slot shall be equal to $50, adjusted by the percentage change between—

''(A) the value of the State and local government price index, as published by the Bureau of Economic Analysis of the Department of Commerce, for the 12-month period ending June 30 of the second preceding fiscal year; and

''(B) the value of that index for the 12-month period ending June 30 of the preceding fiscal year.''; and

(2) in subsection (d)(2), by striking ''2002'' each place it appears and inserting ''2006''.

(c) DISTRIBUTION OF SURPLUS COMMODITIES TO SPECIAL NUTRITION PROJECTS.—Section 1114(a)(2)(A) of the Agriculture and Food Act of 1981 (7 U.S.C. 1431e(2)(A)) is amended in the first sentence by striking ''2002'' and inserting ''2006''.

(d) EMERGENCY FOOD ASSISTANCE.—Section 204(a)(1) of the Emergency Food Assistance Act of 1983 (7 U.S.C. 7508(a)(1)) is amended in the first sentence—

(1) by striking ''2002'' and inserting ''2006'';

(2) by striking ''administrative''; and

(3) by inserting ''storage,'' after ''processing,''.

SEC. 452. PARTIAL RESTORATION OF BENEFITS TO LEGAL IMMIGRANTS.

(a) RESTORATION OF BENEFITS TO ALL QUALIFIED ALIEN CHILDREN.—

(1) IN GENERAL.—Section 402(a)(2)(J) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)(J)) is amended by striking ''who'' and all that follows through ''is under'' and inserting ''who is under''.

(2) CONFORMING AMENDMENTS.—

(A) Section 403(c)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1613(c)(2)) is amended by adding at the end the following:

''(L) Assistance or benefits under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.).''.

(B) Section 421(d) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1631(d)) is amended by adding at the end the following:

''(3) This section shall not apply to assistance or benefits under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) to the extent that a qualified alien is eligible under section 402(a)(2)(J).''.

(C) Section 5(i)(2)(E) of the Food Stamp Act of 1977 (7 U.S.C. 2014(i)(2)(E)) is amended by inserting before the period at the end the following: '', or to any alien who is under 18 years of age''.

(3) APPLICABILITY.—The amendments made by this subsection shall apply to fiscal year 2004 and each fiscal year thereafter.

(b) WORK REQUIREMENT FOR LEGAL IMMIGRANTS.—

(1) WORKING IMMIGRANT FAMILIES.—Section 402(a)(2)(B)(ii)(I) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)(B)(ii)(I)) is amended by striking ''40'' and inserting ''40 (or 16, in the case of the specified Federal program described in paragraph (3)(B))''.

(2) CONFORMING AMENDMENTS.—

(A) Section 213A(a)(3)(A) of the Immigration and Nationality Act (8 U.S.C. 1183a(a)(3)(A)) is amended by striking ''40'' and inserting ''40 (or 16, in the case of the specified Federal program described in section 402(a)(3)(B) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(3)(B)))''.

(B) Section 421(b)(2)(A) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1631(b)(2)(A)) is amended by striking ''40'' and inserting ''40 (or 16, in the case of the specified Federal program described in section 402(a)(3)(B))''.

(c) RESTORATION OF BENEFITS TO REFUGEES AND ASYLEES.—Section 402(a)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)) is amended—

(1) in subparagraph (A), by striking ''programs described in paragraph (3)'' and inserting ''program described in paragraph (3)(A)''; and

(2) by adding at the end the following:

''(L) FOOD STAMP EXCEPTION FOR REFUGEES AND ASYLEES.—With respect to eligibility for benefits for the specified Federal program described in paragraph (3)(B), paragraph (1) shall not apply to an alien with respect to which an action described in subparagraph (A) was taken and was not revoked.''.

(d) RESTORATION OF BENEFITS TO DISABLED ALIENS.—Section 402(a)(2)(F) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)(F)) is amended by striking ''(i) was'' and all that follows through ''(II) in the case'' and inserting the following:

''(i) in the case of the specified Federal program described in paragraph (3)(A)—

''(I) was lawfully residing in the United States on August 22, 1996; and

''(II) is blind or disabled, as defined in paragraph (2) or (3) of section 1614(a) of the Social Security Act (42 U.S.C. 1382c(a)); and

''(ii) in the case''.

SEC. 453. COMMODITIES FOR SCHOOL LUNCH PROGRAMS.

(a) IN GENERAL.—Section 6(e)(1)(B) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1755(e)(1)(B)) is amended by striking ''2001'' and inserting ''2003''.

(b) EFFECTIVE DATE.—The amendment made by this section takes effect on the date of enactment of this Act.

SEC. 454. ELIGIBILITY FOR FREE AND REDUCED PRICE MEALS.

(a) IN GENERAL.—Section 9(b) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1758(b)) is amended by adding at the end the following:

''(7) EXCLUSION OF CERTAIN MILITARY HOUSING ALLOWANCES.—For each of fiscal years 2002 and 2003, the amount of a basic allowance provided under section 403 of title 37, United States Code, on behalf of a member of a uniformed service for housing that is acquired or constructed under subchapter IV of chapter 169 of title 10, United States Code, or any related provision of law, shall not be considered to be income for the purpose of determining the eligibility of a child who is a member of the household of the member of a uniformed service for free or reduced price lunches under this Act.''.

(b) EFFECTIVE DATE.—The amendment made by this section takes effect on the date of enactment of this Act.

SEC. 455. ELIGIBILITY FOR ASSISTANCE UNDER THE SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN.

(a) IN GENERAL.—Section 17(d)(2)(B)(i) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(d)(2)(B)(i)) is amended—

(1) by striking ''basic allowance for housing'' and inserting the following: ''basic allowance—

''(I) for housing'';

(2) by striking ''and'' at the end and inserting ''or''; and

(3) by adding at the end the following:

''(II) provided under section 403 of title 37, United States Code, for housing that is acquired or constructed under subchapter IV of chapter 169 of title 10, United States Code, or any related provision of law; and''.

(b) EFFECTIVE DATE.—The amendments made by this section take effect on the date of enactment of this Act.

SEC. 456. SENIORS FARMERS' MARKET NUTRITION PROGRAM.

(a) ESTABLISHMENT.—The Secretary of Agriculture shall carry out and expand a seniors farmers' market nutrition program.

(b) PROGRAM PURPOSES.—The purposes of the seniors farmers' market nutrition program are—

(1) to provide to low-income seniors resources in the form of fresh, nutritious, unprepared, locally grown fruits, vegetables, and herbs from farmers' markets, roadside stands, and community-supported agriculture programs;

(2) to increase domestic consumption of agricultural commodities by expanding or assisting in the expansion of domestic farmers' markets, roadside stands, and community-supported agriculture programs; and

(3) to develop or aid in the development of new farmers' markets, roadside stands, and community-supported agriculture programs.

(c) REGULATIONS.—The Secretary of Agriculture may promulgate such regulations as the Secretary considers necessary to carry out the seniors farmers' market nutrition program under this section.

(d) FUNDING.—

(1) IN GENERAL.—Not later than 30 days after the date of enactment of this Act, and on October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture to carry out this section $15,000,000.

(2) RECEIPT AND ACCEPTANCE.—The Secretary of Agriculture shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under paragraph (1), without further appropriation.

SEC. 457. FRUIT AND VEGETABLE PILOT PROGRAM.

(a) IN GENERAL.—In the school year beginning July 2002, the Secretary of Agriculture shall use funds made available under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c), to conduct a pilot program to make available to students, in 25 elementary or secondary schools in each of 4 States, and in elementary or secondary schools on 1 Indian reservation, free fruits and vegetables throughout the school day in—

(1) a cafeteria;

(2) a student lounge; or

(3) another designated room of the school.

(b) PUBLICITY.—A school that participates in the pilot program shall widely publicize within the school the availability of free fruits and vegetables under the pilot program.

(c) EVALUATION OF PILOT PROGRAM.—

(1) IN GENERAL.—The Secretary of Agriculture shall conduct an evaluation of the results of the pilot program to determine—

(A) whether students took advantage of the pilot program;

(B) whether interest in the pilot program increased or lessened over time; and

(C) what effect, if any, the pilot program had on vending machine sales.

(2) FUNDING.—The Secretary shall use $200,000 of the funds described in subsection (a) to carry out the evaluation under this subsection.

SEC. 458. CONGRESSIONAL HUNGER FELLOWS PROGRAM.

(a) SHORT TITLE.—This section may be cited as the ''Congressional Hunger Fellows Act of 2001''.

(b) FINDINGS.—Congress finds that—

(1) there are—

(A) a critical need for compassionate individuals who are committed to assisting people who suffer from hunger; and

(B) a need for those individuals to initiate and administer solutions to the hunger problem;

(2) Bill Emerson, the distinguished late Representative from the 8th District of Missouri, demonstrated—

(A) his commitment to solving the problem of hunger in a bipartisan manner;

(B) his commitment to public service; and

(C) his great affection for the institution and the ideals of Congress;

(3) George T. (Mickey) Leland, the distinguished late Representative from the 18th District of Texas, demonstrated—

(A) his compassion for individuals in need;

(B) his high regard for public service; and

(C) his lively exercise of political talents;

(4) the special concern that Mr. Emerson and Mr. Leland demonstrated during their lives for the hungry and poor was an inspiration for others to work toward the goals of equality and justice for all; and

(5) since those 2 outstanding leaders maintained a special bond of friendship regardless of political affiliation and worked together to encourage future leaders to recognize and provide service to others, it is especially appropriate to honor the memory of Mr. Emerson and Mr. Leland by establishing a fellowship program to develop and train the future leaders of the United States to pursue careers in humanitarian service.

(c) DEFINITIONS.—In this section:

(1) APPROPRIATE CONGRESSIONAL COMMITTEES.—The term ''appropriate congressional committees'' means—

(A) the Committee on Agriculture and the Committee on International Relations of the House of Representatives; and

(B) the Committee on Agriculture, Nutrition, and Forestry and the Committee on Foreign Relations of the Senate.

(2) BOARD.—The term ''Board'' means the Board of Trustees of the Program.

(3) FUND.—The term ''Fund'' means the Congressional Hunger Fellows Trust Fund established by subsection (g).

(4) PROGRAM.—The term ''Program'' means the Congressional Hunger Fellows Program established by subsection (d).

(d) ESTABLISHMENT.—There is established as an independent entity of the legislative branch of the United States Government an entity to be known as the ''Congressional Hunger Fellows Program''.

(e) BOARD OF TRUSTEES.—

(1) IN GENERAL.—The Program shall be subject to the supervision and direction of a Board of Trustees.

(2) MEMBERS OF THE BOARD.—

(A) APPOINTMENT.—

(i) IN GENERAL.—The Board shall be composed of 6 voting members appointed under clause (ii) and 1 nonvoting ex-officio member designated by clause (iii).

(ii) VOTING MEMBERS.—The voting members of the Board shall be the following:

(I) 2 members appointed by the Speaker of the House of Representatives.

(II) 1 member appointed by the minority leader of the House of Representatives.

(III) 2 members appointed by the majority leader of the Senate.

(IV) 1 member appointed by the minority leader of the Senate.

(iii) NONVOTING MEMBER.—The Executive Director of the Program shall serve as a nonvoting ex-officio member of the Board.

(B) TERMS.—

(i) IN GENERAL.—Each member of the Board shall serve for a term of 4 years.

(ii) INCOMPLETE TERM.—If a member of the Board does not serve the full term of the member, the individual appointed to fill the resulting vacancy shall be appointed for the remainder of the term of the predecessor of the individual.

(C) VACANCY.—A vacancy on the Board—

(i) shall not affect the powers of the Board; and

(ii) shall be filled in the same manner as the original appointment was made.

(D) CHAIRPERSON.—As the first order of business of the first meeting of the Board, the members shall elect a Chairperson.

(E) COMPENSATION.—

(i) IN GENERAL.—Subject to clause (ii), a member of the Board shall not receive compensation for service on the Board.

(ii) TRAVEL.—A member of the Board shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for an employee of an agency under subchapter I of chapter 57 of title 5, United States Code, while away from the home or regular place of business of the member in the performance of the duties of the Board.

(3) DUTIES.—

(A) BYLAWS.—

(i) ESTABLISHMENT.—The Board shall establish such bylaws and other regulations as are appropriate to enable the Board to carry out this section, including the duties described in this paragraph.

(ii) CONTENTS.—Bylaws and other regulations established under clause (i) shall include provisions—

(I) for appropriate fiscal control, accountability for funds, and operating principles;

(II) to prevent any conflict of interest, or the appearance of any conflict of interest, in—

(aa) the procurement and employment actions taken by the Board or by any officer or employee of the Board; and

(bb) the selection and placement of individuals in the fellowships developed under the Program;

(III) for the resolution of a tie vote of the members of the Board; and

(IV) for authorization of travel for members of the Board.

(iii) SUBMISSION TO CONGRESS.—Not later than 90 days after the date of the first meeting of the Board, the Chairperson of the Board shall submit to the appropriate congressional committees a copy of the bylaws established by the Board.

(B) BUDGET.—For each fiscal year in which the Program is in operation—

(i) the Board shall determine a budget for the Program for the fiscal year; and

(ii) all spending by the Program shall be in accordance with the budget unless a change is approved by the Board.

(C) PROCESS FOR SELECTION AND PLACEMENT OF FELLOWS.—The Board shall review and approve the process established by the Executive Director for the selection and placement of individuals in the fellowships developed under the Program.

(D) ALLOCATION OF FUNDS TO FELLOWSHIPS.—The Board shall determine—

(i) the priority of the programs to be carried out under this section; and

(ii) the amount of funds to be allocated for the fellowships established under subsection (f)(3)(A).

(f) PURPOSES; AUTHORITY OF PROGRAM.—

(1) PURPOSES.—The purposes of the Program are—

(A) to encourage future leaders of the United States to pursue careers in humanitarian service;

(B) to recognize the needs of people who are hungry and poor;

(C) to provide assistance and compassion for people in need;

(D) to increase awareness of the importance of public service; and

(E) to provide training and development opportunities for the leaders through placement in programs operated by appropriate entities.

(2) AUTHORITY.—The Program may develop fellowships to carry out the purposes of the Program, including the fellowships described in paragraph (3).

(3) FELLOWSHIPS.—

(A) IN GENERAL.—The Program shall establish and carry out the Bill Emerson Hunger Fellowship and the Mickey Leland Hunger Fellowship.

(B) CURRICULUM.—

(i) IN GENERAL.—The fellowships established under subparagraph (A) shall provide experience and training to develop the skills and understanding necessary to improve the humanitarian conditions and the lives of individuals who suffer from hunger, including—

(I) training in direct service to the hungry in conjunction with community-based organizations through a program of field placement; and

(II) experience in policy development through placement in a governmental entity or nonprofit organization.

(ii) FOCUS.—

(I) BILL EMERSON HUNGER FELLOWSHIP.—The Bill Emerson Hunger Fellowship shall address hunger and other humanitarian needs in the United States.

(II) MICKEY LELAND HUNGER FELLOWSHIP.—The Mickey Leland Hunger Fellowship shall address international hunger and other humanitarian needs.

(iii) WORK PLAN.—To carry out clause (i) and to assist in the evaluation of the fellowships under paragraph (4), the Program shall, for each fellow, approve a work plan that identifies the target objectives for the fellow in the fellowship, including the specific duties and responsibilities relating to the objectives.

(C) PERIOD OF FELLOWSHIP.—

(i) EMERSON FELLOWSHIP.—A Bill Emerson Hunger Fellowship awarded under this paragraph shall be for a period of not more than 1 year.

(ii) LELAND FELLOWSHIP.—A Mickey Leland Hunger Fellowship awarded under this paragraph shall be for a period of not more than 2 years, of which not less than 1 year shall be dedicated to fulfilling the requirement of subparagraph (B)(i)(I).

(D) SELECTION OF FELLOWS.—

(i) IN GENERAL.—A fellowship shall be awarded through a nationwide competition established by the Program.

(ii) QUALIFICATION.—A successful applicant shall be an individual who has demonstrated—

(I) an intent to pursue a career in humanitarian service and outstanding potential for such a career;

(II) leadership potential or leadership experience;

(III) diverse life experience;

(IV) proficient writing and speaking skills;

(V) an ability to live in poor or diverse communities; and

(VI) such other attributes as the Board determines to be appropriate.

(iii) AMOUNT OF AWARD.—

(I) IN GENERAL.—Each individual awarded a fellowship under this paragraph shall receive a living allowance and, subject to subclause (II), an end-of-service award as determined by the Program.

(II) REQUIREMENT FOR SUCCESSFUL COMPLETION OF FELLOWSHIP.—Each individual awarded a fellowship under this paragraph shall be entitled to receive an end-of-service award at an appropriate rate for each month of satisfactory service as determined by the Executive Director.

(iv) RECOGNITION OF FELLOWSHIP AWARD.—

(I) EMERSON FELLOW.—An individual awarded a Bill Emerson Hunger Fellowship shall be known as an ''Emerson Fellow''.

(II) LELAND FELLOW.—An individual awarded a Mickey Leland Hunger Fellowship shall be known as a ''Leland Fellow''.

(4) EVALUATIONS.—

(A) IN GENERAL.—The Program shall conduct periodic evaluations of the Bill Emerson and Mickey Leland Hunger Fellowships.

(B) REQUIRED ELEMENTS.—Each evaluation shall include—

(i) an assessment of the successful completion of the work plan of each fellow;

(ii) an assessment of the impact of the fellowship on the fellows;

(iii) an assessment of the accomplishment of the purposes of the Program; and

(iv) an assessment of the impact of each fellow on the community.

(g) TRUST FUND.—

(1) ESTABLISHMENT.—There is established in the Treasury of the United States a fund to be known as the ''Congressional Hunger Fellows Trust Fund'', consisting of—

(A) amounts appropriated to the Fund under subsection (k);

(B) any amounts earned on investment of amounts in the Fund under paragraph (2); and

(C) amounts received under subsection (i)(3)(A).

(2) INVESTMENT OF AMOUNTS.—

(A) IN GENERAL.—

(i) AUTHORITY TO INVEST.—The Secretary of the Treasury shall invest such portion of the Fund as is not, in the judgment of the Secretary of the Treasury, required to meet current withdrawals.

(ii) TYPES OF INVESTMENTS.—Each investment may be made only in an interest-bearing obligation of the United States or an obligation guaranteed as to principal and interest by the United States that, as determined by the Secretary of the Treasury in consultation with the Board, has a maturity suitable for the Fund.

(B) ACQUISITION OF OBLIGATIONS.—For the purpose of investments under subparagraph (A), obligations may be acquired—

(i) on original issue at the issue price; or

(ii) by purchase of outstanding obligations at the market price.

(C) SALE OF OBLIGATIONS.—Any obligation acquired by the Fund may be sold by the Secretary of the Treasury at the market price.

(D) CREDITS TO FUND.—The interest on, and the proceeds from the sale or redemption of, any obligations held in the Fund shall be credited to and form a part of the Fund.

(3) TRANSFERS OF AMOUNTS.—

(A) IN GENERAL.—The amounts required to be transferred to the Fund under this subsection shall be transferred at least monthly from the general fund of the Treasury to the Fund on the basis of estimates made by the Secretary of the Treasury.

(B) ADJUSTMENTS.—Proper adjustment shall be made in amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

(h) EXPENDITURES; AUDITS.—

(1) IN GENERAL.—The Secretary of the Treasury shall transfer to the Program from the amounts described in subsections (g)(2)(D) and (i)(3)(A) such sums as the Board determines to be necessary to enable the Program to carry out this section.

(2) LIMITATION.—The Secretary may not transfer to the Program the amounts appropriated to the Fund under subsection (k).

(3) USE OF FUNDS.—Funds transferred to the Program under paragraph (1) shall be used—

(A) to provide a living allowance for the fellows;

(B) to defray the costs of transportation of the fellows to the fellowship placement sites;

(C) to defray the costs of appropriate insurance of the fellows, the Program, and the Board;

(D) to defray the costs of preservice and midservice education and training of fellows;

(E) to pay staff described in subsection (i);

(F) to make end-of-service awards under subsection (f)(3)(D)(iii)(II); and

(G) for such other purposes as the Board determines to be appropriate to carry out the Program.

(4) AUDIT BY COMPTROLLER GENERAL.—

(A) IN GENERAL.—The Comptroller General of the United States shall conduct an annual audit of the accounts of the Program.

(B) BOOKS.—The Program shall make available to the Comptroller General all books, accounts, financial records, reports, files, and other papers, things, or property belonging to or in use by the Program and necessary to facilitate the audit.

(C) REPORT TO CONGRESS.—The Comptroller General shall submit to the appropriate congressional committees a copy of the results of each audit under subparagraph (A).

(i) STAFF; POWERS OF PROGRAM.—

(1) EXECUTIVE DIRECTOR.—

(A) IN GENERAL.—The Board shall appoint an Executive Director of the Program who shall—

(i) administer the Program; and

(ii) carry out such other functions consistent with this section as the Board shall prescribe.

(B) RESTRICTION.—The Executive Director may not serve as Chairperson of the Board.

(C) COMPENSATION.—The Executive Director shall be paid at a rate not to exceed the rate payable for level V of the Executive Schedule under section 5316 of title 5, United States Code.

(2) STAFF.—

(A) IN GENERAL.—With the approval of a majority of the Board, the Executive Director may appoint and fix the pay of such additional personnel as the Executive Director considers necessary to carry out this section.

(B) COMPENSATION.—An individual appointed under subparagraph (A) shall be paid at a rate not to exceed the rate payable for level GS–15 of the General Schedule.

(3) POWERS.—

(A) GIFTS.—

(i) IN GENERAL.—The Program may solicit, accept, use, and dispose of gifts, bequests, or devises of services or property, both real and personal, for the purpose of aiding or facilitating the work of the Program.

(ii) USE OF GIFTS.—Gifts, bequests, or devises of money and proceeds from sales of other property received as gifts, bequests, or devises shall—

(I) be deposited in the Fund; and

(II) be available for disbursement on order of the Board.

(B) PROCUREMENT OF TEMPORARY AND INTERMITTENT SERVICES.—To carry out this section, the Program may procure temporary and intermittent services in accordance with section 3109(b) of title 5, United States Code, at rates for individuals that do not exceed the daily equivalent of the annual rate of basic pay payable for level GS–15 of the General Schedule.

(C) CONTRACT AUTHORITY.—To carry out this section, the Program may, with the approval of a majority of the members of the Board, contract with and compensate Government and private agencies or persons without regard to section 3709 of the Revised Statutes (41 U.S.C. 5).

(D) OTHER NECESSARY EXPENDITURES.—

(i) IN GENERAL.—Subject to clause (ii), the Program may make such other expenditures as the Program considers necessary to carry out this section.

(ii) PROHIBITION.—The Program may not expend funds to develop new or expanded projects at which fellows may be placed.

(j) REPORT.—Not later than December 31 of each year, the Board shall submit to the appropriate congressional committees a report on the activities of the Program carried out during the preceding fiscal year that includes—

(1) an analysis of the evaluations conducted under subsection (f)(4) during the fiscal year; and

(2) a statement of—

(A) the total amount of funds attributable to gifts received by the Program in the fiscal year under subsection (i)(3)(A); and

(B) the total amount of funds described in subparagraph (A) that were expended to carry out the Program in the fiscal year.

(k) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $18,000,000.

(l) EFFECTIVE DATE.—This section takes effect on October 1, 2002.

SEC. 459. NUTRITION INFORMATION AND AWARENESS PILOT PROGRAM.

(a) ESTABLISHMENT.—The Secretary of Agriculture may establish, in not more than 15 States, a pilot program to increase the domestic consumption of fresh fruits and vegetables.

(b) PURPOSE.—The purpose of the program shall be to provide funds to States to assist eligible public and private sector entities with cost-share assistance to carry out demonstration projects—

(1) to increase fruit and vegetable consumption; and

(2) to convey related health promotion messages.

(c) PRIORITY.—To the maximum extent practicable, the Secretary shall—

(1) establish the program in States in which the production of fruits or vegetables is a significant industry, as determined by the Secretary; and

(2) base the program on strategic initiatives, including—

(A) health promotion and education interventions;

(B) public service and paid advertising or marketing activities;

(C) health promotion campaigns relating to locally grown fruits and vegetables; and

(D) social marketing campaigns.

(d) PARTICIPANT ELIGIBILITY.—In selecting States to participate in the program, the Secretary shall take into consideration, with respect to projects and activities proposed to be carried out by the State under the program—

(1) experience in carrying out similar projects or activities;

(2) innovation; and

(3) the ability of the State—

(A) to conduct marketing campaigns for, promote, and track increases in levels of, produce consumption; and

(B) to optimize the availability of produce through distribution of produce.

(e) FEDERAL SHARE.—The Federal share of the cost of any project or activity carried out using funds provided under this section shall be 50 percent.

(f) USE OF FUNDS.—Funds made available to carry out this section shall not be made available to any foreign for-profit corporation.

(g) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $25,000,000 for each of fiscal years 2002 through 2006.

SEC. 460. EFFECTIVE DATE.

Except as otherwise provided in this title, the amendments made by this title take effect on September 1, 2002, except that a State agency may, at the option of the State agency, elect not to implement any or all of the amendments until October 1, 2002.

TITLE V—CREDIT

Subtitle A—Farm Ownership Loans

SEC. 501. DIRECT LOANS.

Section 302(b)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922(b)(1)) is amended by striking ''operated'' and inserting ''participated in the business operations of''.

SEC. 502. FINANCING OF BRIDGE LOANS.

Section 303(a)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1923(a)(1)) is amended—

(1) in subparagraph (C), by striking ''or'' at the end;

(2) in subparagraph (D), by striking the period at the end and inserting ''; or''; and

(3) by adding at the end the following:

''(E) refinancing, during a fiscal year, a short-term, temporary bridge loan made by a commercial or cooperative lender to a beginning farmer or rancher for the acquisition of land for a farm or ranch, if—

''(i) the Secretary approved an application for a direct farm ownership loan to the beginning farmer or rancher for acquisition of the land; and

''(ii) funds for direct farm ownership loans under section 346(b) were not available at the time at which the application was approved.''.

SEC. 503. LIMITATIONS ON AMOUNT OF FARM OWNERSHIP LOANS.

Section 305 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1925) is amended by striking subsection (a) and inserting the following:

''(a) IN GENERAL.—The Secretary shall not make or insure a loan under section 302, 303, 304, 310D, or 310E that would cause the unpaid indebtedness under those sections of any 1 borrower to exceed the lesser of—

''(1) the value of the farm or other security; or

''(2)(A) in the case of a loan made by the Secretary—

''(i) to a beginning farmer or rancher, $250,000, as adjusted (beginning with fiscal year 2003) by the inflation percentage applicable to the fiscal year in which the loan is made; or

''(ii) to a borrower other than a beginning farmer or rancher, $200,000; or

''(B) in the case of a loan guaranteed by the Secretary, $700,000, as—

''(i) adjusted (beginning with fiscal year 2000) by the inflation percentage applicable to the fiscal year in which the loan is guaranteed; and

''(ii) reduced by the amount of any unpaid indebtedness of the borrower on loans under subtitle B that are guaranteed by the Secretary.''.

SEC. 504. JOINT FINANCING ARRANGEMENTS.

Section 307(a)(3)(D) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1927(a)(3)(D)) is amended—

(1) by striking ''If'' and inserting the following:

''(i) IN GENERAL.—Subject to clause (ii), if''; and

(2) by adding at the end the following:

''(ii) BEGINNING FARMERS AND RANCHERS.—The interest rate charged a beginning farmer or rancher for a loan described in clause (i) shall be 50 basis points less than the rate charged farmers and ranchers that are not beginning farmers or ranchers.''.

SEC. 505. GUARANTEE PERCENTAGE FOR BEGINNING FARMERS AND RANCHERS.

Section 309(h)(6) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1929(h)(6)) is amended by striking ''GUARANTEED UP'' and all that follows through ''more than'' and inserting ''GUARANTEED AT 95 PERCENT.—The Secretary shall guarantee''.

SEC. 506. GUARANTEE OF LOANS MADE UNDER STATE BEGINNING FARMER OR RANCHER PROGRAMS.

Section 309 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1929) is amended by adding at the end the following:

''(j) GUARANTEE OF LOANS MADE UNDER STATE BEGINNING FARMER OR RANCHER PROGRAMS.—The Secretary may guarantee under this title a loan made under a State beginning farmer or rancher program, including a loan financed by the net proceeds of a qualified small issue agricultural bond for land or property described in section 144(a)(12)(B)(ii) of the Internal Revenue Code of 1986.''.

SEC. 507. DOWN PAYMENT LOAN PROGRAM.

Section 310E of the Consolidated Farm and Rural Development Act (7 U.S.C. 1935) is amended—

(1) in subsection (b)—

(A) in paragraph (1), by striking ''30 percent'' and inserting ''40 percent''; and

(B) in paragraph (3), by striking ''10 years'' and inserting ''20 years''; and

(2) in subsection (c)(3)(B), by striking ''10-year'' and inserting ''20-year''.

SEC. 508. BEGINNING FARMER AND RANCHER CONTRACT LAND SALES PROGRAM.

Subtitle A of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922 et seq.) is amended by adding at the end the following:

''SEC. 310F. BEGINNING FARMER AND RANCHER CONTRACT LAND SALES PROGRAM.

''(a) IN GENERAL.—Not later than October 1, 2002, the Secretary shall carry out a pilot program in not fewer than 10 geographically dispersed States, as determined by the Secretary, to guarantee up to 5 loans per State in each of fiscal years 2003 through 2006 made by a private seller of a farm or ranch to a qualified beginning farmer or rancher on a contract land sale basis, if the loan meets applicable underwriting criteria and a commercial lending institution agrees to serve as escrow agent.

''(b) DATE OF COMMENCEMENT OF PROGRAM.—The Secretary shall commence the pilot program on making a determination that guarantees of contract land sales present a risk that is comparable with the risk presented in the case of guarantees to commercial lenders.''.

Subtitle B—Operating Loans

SEC. 511. DIRECT LOANS.

Section 311(c)(1)(A) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1941(c)(1)(A)) is amended by striking ''who has not'' and all that follows through ''5 years''.

SEC. 512. AMOUNT OF GUARANTEE OF LOANS FOR TRIBAL FARM OPERATIONS; WAIVER OF LIMITATIONS FOR TRIBAL OPERATIONS AND OTHER OPERATIONS.

(a) AMOUNT OF GUARANTEE OF LOANS FOR TRIBAL OPERATIONS.—Section 309(h) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1929(h)) is amended—

(1) in paragraph (4), by striking ''paragraphs (5) and (6)'' and inserting ''paragraphs (5), (6), and (7)''; and

(2) by adding at the end the following:

''(7) AMOUNT OF GUARANTEE OF LOANS FOR TRIBAL OPERATIONS.—In the case of an operating loan made to a farmer or rancher who is a member of an Indian tribe and whose farm or ranch is within an Indian reservation (as defined in section 335(e)(1)(A)(ii)), the Secretary shall guarantee 95 percent of the loan.''.

(b) WAIVER OF LIMITATIONS.—Section 311(c) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1941(c)) is amended—

(1) in paragraph (1), by striking ''paragraph (3)'' and inserting ''paragraphs (3) and (4)''; and

(2) by adding at the end the following:

''(4) WAIVERS.—

''(A) TRIBAL FARM AND RANCH OPERATIONS.—The Secretary shall waive the limitation under paragraph (1)(C) or (3) for a direct loan made under this subtitle to a farmer or rancher who is a member of an Indian tribe and whose farm or ranch is within an Indian reservation (as defined in section 335(e)(1)(A)(ii)) if the Secretary determines that commercial credit is not generally available for such farm or ranch operations.

''(B) OTHER FARM AND RANCH OPERATIONS.—On a case-by-case determination not subject to administrative appeal, the Secretary may grant a borrower a waiver, 1 time only for a period of 2 years, of the limitation under paragraph (1)(C) or (3) for a direct operating loan if the borrower demonstrates to the satisfaction of the Secretary that—

''(i) the borrower has a viable farm or ranch operation;

''(ii) the borrower applied for commercial credit from at least 2 commercial lenders;

''(iii) the borrower was unable to obtain a commercial loan (including a loan guaranteed by the Secretary); and

''(iv) the borrower successfully has completed, or will complete within 1 year, borrower training under section 359 (from which requirement the Secretary shall not grant a waiver under section 359(f)).''.

Subtitle C—Administrative Provisions

SEC. 521. ELIGIBILITY OF LIMITED LIABILITY COMPANIES FOR FARM OWNERSHIP LOANS, FARM OPERATING LOANS, AND EMERGENCY LOANS.

(a) IN GENERAL.—Sections 302(a), 311(a), and 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922(a), 1941(a), 1961(a)) are amended by striking ''and joint operations'' each place it appears and inserting ''joint operations, and limited liability companies''.

(b) CONFORMING AMENDMENT.—Section 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(a)) is amended by striking ''or joint operations'' each place it appears and inserting ''joint operations, or limited liability companies''.

SEC. 522. DEBT SETTLEMENT.

Section 331(b)(4) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981(b)(4)) is amended by striking ''carried out—'' and all that follows through ''(B) after'' and inserting ''carried out after''.

SEC. 523. TEMPORARY AUTHORITY TO ENTER INTO CONTRACTS; PRIVATE COLLECTION AGENCIES.

(a) IN GENERAL.—Section 331 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981) is amended by striking subsections (d) and (e).

(b) APPLICATION.—The amendment made by subsection (a) shall not apply to a contract entered into before the effective date of this Act.

SEC. 524. INTEREST RATE OPTIONS FOR LOANS IN SERVICING.

Section 331B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981b) is amended—

(1) by striking ''lower of (1) the'' and inserting the following: ''lowest of—

''(1) the''; and

(2) by striking ''original loan or (2) the'' and inserting the following: ''original loan;

''(2) the rate being charged by the Secretary for loans, other than guaranteed loans, of the same type at the time at which the borrower applies for a deferral, consolidation, rescheduling, or reamortization; or

''(3) the''.

SEC. 525. ANNUAL REVIEW OF BORROWERS.

Section 333 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1983) is amended by striking paragraph (2) and inserting the following:

''(2) except with respect to a loan under section 306, 310B, or 314—

''(A) an annual review of the credit history and business operation of the borrower; and

''(B) an annual review of the continued eligibility of the borrower for the loan;''.

SEC. 526. SIMPLIFIED LOAN APPLICATIONS.

Section 333A(g)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1983a(g)(1)) is amended by striking ''of loans the principal amount of which is $50,000 or less'' and inserting ''of farmer program loans the principal amount of which is $100,000 or less''.

SEC. 527. INVENTORY PROPERTY.

Section 335(c) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985(c)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (B)—

(i) in clause (i), by striking ''75 days'' and inserting ''135 days''; and

(ii) by adding at the end the following:

''(iv) COMBINING AND DIVIDING OF PROPERTY.—To the maximum extent practicable, the Secretary shall maximize the opportunity for beginning farmers and ranchers to purchase real property acquired by the Secretary under this title by combining or dividing inventory parcels of the property in such manner as the Secretary determines to be appropriate.''; and

(B) in subparagraph (C)—

(i) by striking ''75 days'' and inserting ''135 days''; and

(ii) by striking ''75-day period'' and inserting ''135-day period'';

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

''(2) PREVIOUS LEASE.—In the case of real property acquired before April 4, 1996, that the Secretary leased before April 4, 1996, not later than 60 days after the lease expires, the Secretary shall offer to sell the property in accordance with paragraph (1).''; and

(3) in paragraph (3)—

(A) in subparagraph (A), by striking ''subparagraph (B)'' and inserting ''subparagraphs (B) and (C)''; and

(B) by adding at the end the following:

''(C) OFFER TO SELL OR GRANT FOR FARMLAND PRESERVATION.—For the purpose of farmland preservation, the Secretary shall—

''(i) in consultation with the State Conservationist of each State in which inventory property is located, identify each parcel of inventory property in the State that should be preserved for agricultural use; and

''(ii) offer to sell or grant an easement, restriction, development right, or similar legal right to each parcel identified under clause (i) to a State, a political subdivision of a State, or a private nonprofit organization separately from the underlying fee or other rights to the property owned by the United States.''.

SEC. 528. DEFINITIONS.

(a) QUALIFIED BEGINNING FARMER OR RANCHER.—Section 343(a)(11)(F) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)(11)(F)) is amended by striking ''25 percent'' and inserting ''30 percent''.

(b) DEBT FORGIVENESS.—Section 343(a)(12) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)(12)) is amended by striking subparagraph (B) and inserting the following:

''(B) EXCEPTIONS.—The term 'debt forgiveness' does not include—

''(i) consolidation, rescheduling, reamortization, or deferral of a loan; or

''(ii) any write-down provided as part of a resolution of a discrimination complaint against the Secretary.''.

SEC. 529. LOAN AUTHORIZATION LEVELS.

Section 346 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1994) is amended—

(1) in subsection (b)—

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

''(1) IN GENERAL.—The Secretary may make or guarantee loans under subtitles A and B from the Agricultural Credit Insurance Fund provided for in section 309 for not more than $3,750,000,000 for each of fiscal years 2002 through 2006, of which, for each fiscal year—

''(A) $750,000,000 shall be for direct loans, of which—

''(i) $200,000,000 shall be for farm ownership loans under subtitle A; and

''(ii) $550,000,000 shall be for operating loans under subtitle B; and

''(B) $3,000,000,000 shall be for guaranteed loans, of which—

''(i) $1,000,000,000 shall be for guarantees of farm ownership loans under subtitle A; and

''(ii) $2,000,000,000 shall be for guarantees of operating loans under subtitle B.''; and

(B) in paragraph (2)(A)(ii), by striking ''farmers and ranchers'' and all that follows and inserting ''farmers and ranchers 35 percent for each of fiscal years 2002 through 2006.''; and

(2) in subsection (c), by striking the last sentence.

SEC. 530. INTEREST RATE REDUCTION PROGRAM.

Section 351 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1999) is amended—

(1) in subsection (a)—

(A) by striking ''PROGRAM.—'' and all that follows through ''The Secretary'' and inserting ''PROGRAM.—The Secretary''; and

(B) by striking paragraph (2);

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

''(c) AMOUNT OF INTEREST RATE REDUCTION.—

''(1) IN GENERAL.—In return for a contract entered into by a lender under subsection (b) for the reduction of the interest rate paid on a loan, the Secretary shall make payments to the lender in an amount equal to not more than 100 percent of the cost of reducing the annual rate of interest payable on the loan, except that such payments shall not exceed the cost of reducing the rate by more than—

''(A) in the case of a borrower other than a beginning farmer or rancher, 3 percent; and

''(B) in the case of a beginning farmer or rancher, 4 percent.

''(2) BEGINNING FARMERS AND RANCHERS.—The percentage reduction of the interest rate for which payments are authorized to be made for a beginning farmer or rancher under paragraph (1) shall be 1 percent more than the percentage reduction for farmers and ranchers that are not beginning farmers or ranchers.''; and

(3) in subsection (e), by striking paragraph (2) and inserting the following:

''(2) MAXIMUM AMOUNT OF FUNDS.—

''(A) IN GENERAL.—The total amount of funds used by the Secretary to carry out this section for a fiscal year shall not exceed $750,000,000.

''(B) BEGINNING FARMERS AND RANCHERS.—

''(i) IN GENERAL.—The Secretary shall reserve not less than 25 percent of the funds used by the Secretary under subparagraph (A) to make payments for guaranteed loans made to beginning farmers and ranchers.

''(ii) DURATION OF RESERVATION OF FUNDS.—Funds reserved for beginning farmers or ranchers under clause (i) for a fiscal year shall be reserved only until April 1 of the fiscal year.''.

SEC. 531. OPTIONS FOR SATISFACTION OF OBLIGATION TO PAY RECAPTURE AMOUNT FOR SHARED APPRECIATION AGREEMENTS.

(a) IN GENERAL.—Section 353(e)(7) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2001(e)(7)) is amended—

(1) in subparagraph (C), by redesignating clauses (i) and (ii) as subclauses (I) and (II), respectively, and adjusting the margins appropriately;

(2) by redesignating subparagraphs (A) through (C) as clauses (i) through (iii), respectively, and adjusting the margins appropriately;

(3) by striking the paragraph heading and inserting the following:

''(7) OPTIONS FOR SATISFACTION OF OBLIGATION TO PAY RECAPTURE AMOUNT.—

''(A) IN GENERAL.—As an alternative to repaying the full recapture amount at the end of the term of the shared appreciation agreement (as determined by the Secretary in accordance with this subsection), a borrower may satisfy the obligation to pay the amount of recapture by—

''(i) financing the recapture payment in accordance with subparagraph (B); or

''(ii) granting the Secretary an agricultural use protection and conservation easement on the property subject to the shared appreciation agreement in accordance with subparagraph (C).

''(B) FINANCING OF RECAPTURE PAYMENT.—''; and

(4) by adding at the end the following:

''(C) AGRICULTURAL USE PROTECTION AND CONSERVATION EASEMENT.—

''(i) IN GENERAL.—Subject to clause (iii), the Secretary shall accept an agricultural use protection and conservation easement from the borrower for all of the real security property subject to the shared appreciation agreement in lieu of payment of the recapture amount.

''(ii) TERM.—The term of an easement accepted by the Secretary under this subparagraph shall be 25 years.

''(iii) CONDITIONS.—The easement shall require that the property subject to the easement shall continue to be used or conserved for agricultural and conservation uses in accordance with sound farming and conservation practices, as determined by the Secretary.

''(iv) REPLACEMENT OF METHOD OF SATISFYING OBLIGATION.—A borrower that has begun financing of a recapture payment under subparagraph (B) may replace that financing with an agricultural use protection and conservation easement under this subparagraph.''.

(b) APPLICABILITY.—The amendments made by subsection (a) shall apply to a shared appreciation agreement entered into under section 353(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2001(e)) that—

(1) matures on or after the date of enactment of this Act; or

(2) matured before the date of enactment of this Act, if—

(A) the recapture amount was reamortized under section 353(e)(7) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2001(e)(7)) (as in effect on the day before the date of enactment of this Act); or

(B)(i) the recapture amount had not been paid before the date of enactment of this Act because of circumstances beyond the control of the borrower; and

(ii) the borrower acted in good faith (as determined by the Secretary) in attempting to repay the recapture amount.

SEC. 532. WAIVER OF BORROWER TRAINING CERTIFICATION REQUIREMENT.

Section 359 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2006a) is amended by striking subsection (f) and inserting the following:

''(f) WAIVERS.—

''(1) IN GENERAL.—The Secretary may waive the requirements of this section for an

individual borrower if the Secretary determines that the borrower demonstrates adequate knowledge in areas described in this section.

''(2) CRITERIA.—The Secretary shall establish criteria providing for the application of paragraph (1) consistently in all counties nationwide.''.

SEC. 533. ANNUAL REVIEW OF BORROWERS.

Section 360(d)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2006b(d)(1)) is amended by striking ''biannual'' and inserting ''annual''.

Subtitle D—Farm Credit

SEC. 541. REPEAL OF BURDENSOME APPROVAL REQUIREMENTS.

(a) BANKS FOR COOPERATIVES.—Section 3.1(11)(B) of the Farm Credit Act of 1971 (12 U.S.C. 2122(11)(B)) is amended—

(1) by striking clause (iii); and

(2) by redesignating clause (iv) as clause (iii).

(b) OTHER SYSTEM BANKS; ASSOCIATIONS.—Section 4.18A of the Farm Credit Act of 1971 (12 U.S.C. 2206a) is amended—

(1) in subsection (a)(1), by striking ''3.1(11)(B)(iv)'' and inserting ''3.1(11)(B)(iii)''; and

(2) by striking subsection (c).

SEC. 542. BANKS FOR COOPERATIVES.

Section 3.7(b) of the Farm Credit Act of 1971 (12 U.S.C. 2128(b)) is amended—

(1) in paragraphs (1) and (2)(A)(i), by striking ''farm supplies'' each place it appears and inserting ''agricultural supplies''; and

(2) by adding at the end the following:

''(4) DEFINITION OF AGRICULTURAL SUPPLY.—In this subsection, the term 'agricultural supply' includes—

''(A) a farm supply; and

''(B)(i) agriculture-related processing equipment;

''(ii) agriculture-related machinery; and

''(iii) other capital goods related to the storage or handling of agricultural commodities or products.''.

SEC. 543. INSURANCE CORPORATION PREMIUMS.

(a) REDUCTION IN PREMIUMS FOR GSE-GUARANTEED LOANS.—

(1) IN GENERAL.—Section 5.55 of the Farm Credit Act of 1971 (12 U.S.C. 2277a–4) is amended—

(A) in subsection (a)—

(i) in paragraph (1)—

(I) in subparagraph (A), by striking ''government-guaranteed loans provided for in subparagraph (C)'' and inserting ''loans provided for in subparagraphs (C) and (D)'';

(II) in subparagraph (B), by striking ''and'' at the end;

(III) in subparagraph (C), by striking the period at the end and inserting ''; and''; and

(IV) by adding at the end the following:

''(D) the annual average principal outstanding for such year on the guaranteed portions of Government Sponsored Enterprise-guaranteed loans made by the bank that are in accrual status, multiplied by a factor, not to exceed 0.0015, determined by the Corporation at the sole discretion of the Corporation.''; and

(ii) by adding at the end the following:

''(4) DEFINITION OF GOVERNMENT SPONSORED ENTERPRISE-GUARANTEED LOAN.—In this section and sections 1.12(b) and 5.56(a), the term 'Government Sponsored Enterprise-guaranteed loan' means a loan or credit, or portion of a loan or credit, that is guaranteed by an entity that is chartered by Congress to serve a public purpose and the debt obligations of which are not explicitly guaranteed by the United States, including the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank System, and the Federal Agricultural Mortgage Corporation, but not including any other institution of the Farm Credit System.''; and

(B) in subsection (e)(4)(B), by striking ''government-guaranteed loans described in subsection (a)(1)(C)'' and inserting ''loans described in subparagraph (C) or (D) of subsection (a)(1)''.

(2) CONFORMING AMENDMENTS.—

(A) Section 1.12(b) of the Farm Credit Act of 1971 (12 U.S.C. 2020(b)) is amended—

(i) in paragraph (1), by inserting ''and Government Sponsored Enterprise-guaranteed loans (as defined in section 5.55(a)(4)) provided for in paragraph (4)'' after ''government-guaranteed loans (as defined in section 5.55(a)(3)) provided for in paragraph (3)'';

(ii) in paragraph (2), by striking ''and'' at the end;

(iii) in paragraph (3), by striking the period at the end and inserting ''; and''; and

(iv) by adding at the end the following:

''(4) the annual average principal outstanding for such year on the guaranteed portions of Government Sponsored Enterprise-guaranteed loans (as so defined) made by the association, or by the other financing institution and funded by or discounted with the Farm Credit Bank, that are in accrual status, multiplied by a factor, not to exceed 0.0015, determined by the Corporation for the purpose of setting the premium for such guaranteed portions of loans under section 5.55(a)(1)(D).''.

(B) Section 5.56(a) of the Farm Credit Act of 1971 (12 U.S.C. 2277a–5(a)) is amended—

(i) in paragraph (1), by inserting ''and Government Sponsored Enterprise-guaranteed loans (as defined in section 5.55(a)(4))'' after ''government-guaranteed loans'';

(ii) by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively; and

(iii) by inserting after paragraph (3) the following:

''(4) the annual average principal outstanding on the guaranteed portions of Government Sponsored Enterprise-guaranteed loans (as defined in section 5.55(a)(4)) that are in accrual status;''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) take effect on the date on which Farm Credit System Insurance Corporation premiums are due from insured Farm Credit System banks under section 5.55 of the Farm Credit Act of 1971 (12 U.S.C. 2277a–4) for calendar year 2001.

SEC. 544. BOARD OF DIRECTORS OF THE FEDERAL AGRICULTURAL MORTGAGE CORPORATION.

Section 8.2(b) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–2(b)) is amended—

(1) in paragraph (2)—

(A) by striking ''15'' and inserting ''17'';

(B) in subparagraph (A), by striking ''common stock'' and all that follows and inserting ''Class A voting common stock;'';

(C) in subparagraph (B), by striking ''common stock'' and all that follows and inserting ''Class B voting common stock;'';

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

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

''(C) 2 members shall be elected by holders of Class A voting common stock and Class B voting common stock, 1 of whom shall be the chief executive officer of the Corporation and 1 of whom shall be another executive officer of the Corporation; and'';

(2) in paragraph (3), by striking ''(2)(C)'' and inserting ''(2)(D)'';

(3) in paragraph (4)—

(A) in subparagraph (A), by striking ''(A) or (B)'' and inserting ''(A), (B), or (C)''; and

(B) in subparagraph (B), by striking ''(2)(C)'' and inserting ''(2)(D)'';

(4) in paragraph (5)(A)—

(A) by inserting ''executive officers of the Corporation or'' after ''from among persons who are''; and

(B) by striking ''such a representative'' and inserting ''such an executive officer or representative'';

(5) in paragraph (6)(B), by striking ''(A) and (B)'' and inserting ''(A), (B), and (C)'';

(6) in paragraph (7), by striking ''8 members'' and inserting ''Nine members'';

(7) in paragraph (8)—

(A) in the paragraph heading, by inserting ''OR EXECUTIVE OFFICERS OF THE CORPORATION'' after ''EMPLOYEES''; and

(B) by inserting ''or executive officers of the Corporation'' after ''United States''; and

(8) by striking paragraph (9) and inserting the following:

''(9) CHAIRPERSON.—

''(A) ELECTION.—The permanent board shall annually elect a chairperson from among the members of the permanent board.

''(B) TERM.—The term of the chairperson shall coincide with the term served by elected members of the permanent board under paragraph (6)(B).''.

Subtitle E—General Provisions

SEC. 551. INAPPLICABILITY OF FINALITY RULE.

Section 281(a)(1) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 7001(a)(1)) is amended—

(1) by striking ''This subsection'' and inserting the following:

''(A) IN GENERAL.—Except as provided in subparagraph (B), this subsection''; and

(2) by adding at the end the following:

''(B) AGRICULTURAL CREDIT DECISIONS.—This subsection shall not apply with respect to an agricultural credit decision made by such a State, county, or area committee, or employee of such a committee, under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.).''.

SEC. 552. TECHNICAL AMENDMENTS.

(a) Section 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(a)) is amended by striking ''Disaster Relief and Emergency Assistance Act'' each place it appears and inserting ''Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.)''.

(b) Section 336(b) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1986(b)) is amended in the second sentence by striking ''provided for in section 332 of this title''.

(c) Section 359(c)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2006a(c)(1)) is amended by striking ''established pursuant to section 332,''.

(d) Section 360(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2006b(a)) is amended by striking ''established pursuant to section 332''.

SEC. 553. EFFECTIVE DATE.

(a) IN GENERAL.—Except as provided in subsection (b) and section 543(b), this title and the amendments made by this title take effect on October 1, 2001.

(b) BOARD OF DIRECTORS OF THE FEDERAL AGRICULTURAL MORTGAGE CORPORATION.—The amendments made by section 544 take effect on the date of enactment of this Act.

TITLE VI—RURAL DEVELOPMENT

Subtitle A—Empowerment of Rural America

SEC. 601. NATIONAL RURAL COOPERATIVE AND BUSINESS EQUITY FUND.

The Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) is amended by adding at the end the following:

''Subtitle G—National Rural Cooperative and Business Equity Fund

''SEC. 383A. SHORT TITLE.

''This subtitle may be cited as the 'National Rural Cooperative and Business Equity Fund Act'.

"SEC. 383B. PURPOSE.

"The purpose of this subtitle is to revitalize rural communities and enhance farm income through sustainable rural business development by providing Federal funds and credit enhancements to a private equity fund in order to encourage investments by institutional and noninstitutional investors for the benefit of rural America.

"SEC. 383C. DEFINITIONS.

"In this subtitle:

"(1) AUTHORIZED PRIVATE INVESTOR.—The term 'authorized private investor' means an individual, legal entity, or affiliate or subsidiary of an individual or legal entity that—

"(A) is eligible to receive a loan guarantee under this title;

"(B) is eligible to receive a loan guarantee under the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.);

"(C) is created under the National Consumer Cooperative Bank Act (12 U.S.C. 3011 et seq.);

"(D) is an insured depository institution subject to section 383E(b)(2);

"(E) is a Farm Credit System institution described in section 1.2(a) of the Farm Credit Act of 1971 (12 U.S.C. 2002(a)); or

"(F) is determined by the Board to be an appropriate investor in the Fund.

"(2) BOARD.—The term 'Board' means the board of directors of the Fund established under section 383G.

"(3) FUND.—The term 'Fund' means the National Rural Cooperative and Business Equity Fund established under section 383D.

"(4) GROUP OF SIMILAR AUTHORIZED PRIVATE INVESTORS.—The term 'group of similar investors' means any 1 of the following:

"(A) Insured depository institutions with total assets of more than $250,000,000.

"(B) Insured depository institutions with total assets equal to or less than $250,000,000.

"(C) Farm Credit System institutions described in section 1.2(a) of the Farm Credit Act of 1971 (12 U.S.C. 2002(a)).

"(D) Cooperative financial institutions (other than Farm Credit System institutions).

"(E) Private investors, other than those described in subparagraphs (A) through (D), authorized by the Secretary.

"(F) Other nonprofit organizations, including credit unions.

"(5) INSURED DEPOSITORY INSTITUTION.—The term 'insured depository institution' means any bank or savings association the deposits of which are insured under the Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.).

"(6) RURAL BUSINESS.—The term 'rural business' means a rural cooperative, a value-added agricultural enterprise, or any other business located or locating in a rural area.

"SEC. 383D. ESTABLISHMENT.

"(a) AUTHORITY.—

"(1) IN GENERAL.—On certification by the Secretary that, to the maximum extent practicable, the parties proposing to establish a fund provide a broad representation of all of the groups of similar authorized private investors described in subparagraphs (A) through (F) of section 383C(4), the parties may establish a non-Federal entity under State law to purchase shares of, and manage a fund to be known as the 'National Rural Cooperative and Business Equity Fund', to generate and provide equity capital to rural businesses.

"(2) OWNERSHIP.—

"(A) IN GENERAL.—To the maximum extent practicable, equity ownership of the Fund shall be distributed among authorized private investors representing all of the groups of similar authorized private investors described in subparagraphs (A) through (F) of section 383C(4).

"(B) EXCLUSION OF GROUPS.—No group of authorized private investors shall be excluded from equity ownership of the Fund during any period during which the Fund is in existence if an authorized private investor representative of the group is able and willing to invest in the Fund.

"(b) PURPOSES.—The purposes of the Fund shall be—

"(1) to strengthen the economy of rural areas;

"(2) to further sustainable rural business development;

"(3) to encourage—

"(A) start-up rural businesses;

"(B) increased opportunities for small and minority-owned rural businesses; and

"(C) the formation of new rural businesses;

"(4) to enhance rural employment opportunities;

"(5) to provide equity capital to rural businesses, many of which have difficulty obtaining equity capital; and

"(6) to leverage non-Federal funds for rural businesses.

"(c) ARTICLES OF INCORPORATION AND BYLAWS.—The articles of incorporation and bylaws of the Fund shall set forth purposes of the Fund that are consistent with the purposes described in subsection (b).

"SEC. 383E. INVESTMENT IN THE FUND.

"(a) IN GENERAL.—Of the funds made available under section 383H, the Secretary shall—

"(1) subject to subsection (b)(1), make available to the Fund $150,000,000;

"(2) subject to subsection (c), guarantee 50 percent of each investment made by an authorized private investor in the Fund; and

"(3) subject to subsection (d), guarantee the repayment of principal of, and accrued interest on, debentures issued by the Fund to authorized private investors.

"(b) PRIVATE INVESTMENT.—

"(1) MATCHING REQUIREMENT.—Under subsection (a)(1), the Secretary shall make an amount available to the Fund only after an equal amount has been invested in the Fund by authorized private investors in accordance with this subtitle and the terms and conditions set forth in the bylaws of the Fund.

"(2) INSURED DEPOSITORY INSTITUTIONS.—

"(A) IN GENERAL.—Subject to subparagraphs (B) and (C)—

"(i) an insured depository institution may be an authorized private investor in the Fund; and

"(ii) an investment in the Fund may be considered to be part of the record of an institution in meeting the credit needs of the community in which the institution is located under any applicable Federal law.

"(B) INVESTMENT LIMIT.—The total investment in the Fund of an insured depository institution shall not exceed 5 percent of the capital and surplus of the institution.

"(C) REGULATORY AUTHORITY.—An appropriate Federal banking agency may, by regulation or order, impose on any insured depository institution investing in the Fund, any safeguard, limitation, or condition (including an investment limit that is lower than the investment limit under subparagraph (B)) that the Federal banking agency considers to be appropriate to ensure that the institution operates—

"(i) in a financially sound manner; and

"(ii) in compliance with all applicable law.

"(c) GUARANTEE OF PRIVATE INVESTMENTS.—

"(1) IN GENERAL.—The Secretary shall guarantee, under terms and conditions determined by the Secretary, 50 percent of any loss of the principal of an investment made in the Fund by an authorized private investor.

"(2) MAXIMUM TOTAL GUARANTEE.—The aggregate potential liability of the Secretary with respect to all guarantees under paragraph (1) shall not apply to more than $300,000,000 in private investments in the Fund.

"(3) REDEMPTION OF GUARANTEE.—

"(A) DATE.—An authorized private investor in the Fund may redeem a guarantee under paragraph (1), with respect to the total investments in the Fund and the total losses of the authorized private investor as of the date of redemption—

"(i) on the date that is 5 years after the date of the initial investment by the authorized private investor; or

"(ii) annually thereafter.

"(B) EFFECT OF REDEMPTION.—On redemption of a guarantee under subparagraph (A)—

"(i) the shares in the Fund of the authorized private investor shall be redeemed; and

"(ii) the authorized private investor shall be prohibited from making any future investment in the Fund.

"(d) DEBT SECURITIES.—

"(1) IN GENERAL.—The Fund may, at the discretion of the Board, generate additional capital through—

"(A) the issuance of debt securities; and

"(B) other means determined to be appropriate by the Board.

"(2) GUARANTEE OF DEBT BY SECRETARY.—

"(A) IN GENERAL.—The Secretary shall guarantee 100 percent of the principal of, and accrued interest on, debentures issued by the Fund that are approved by the Secretary.

"(B) MAXIMUM DEBT GUARANTEED BY SECRETARY.—The outstanding value of debentures issued by the Fund and guaranteed by the Secretary shall not exceed the lesser of—

"(i) the amount equal to twice the value of the assets held by the Fund; or

"(ii) $500,000,000.

"(C) RECAPTURE OF GUARANTEE PAYMENTS.—If the Secretary makes a payment on a debt security issued by the Fund as a result of a guarantee of the Secretary under this paragraph, the Secretary shall have priority over other creditors for repayment of the debt security.

"(3) AUTHORIZED PRIVATE INVESTORS.—An authorized private investor may purchase debt securities issued by the Fund.

"SEC. 383F. INVESTMENTS AND OTHER ACTIVITIES OF THE FUND.

"(a) INVESTMENTS.—

"(1) IN GENERAL.—

"(A) TYPES.—Subject to subparagraphs (B) and (C), the Fund may—

"(i) make equity investments in a rural business that meets—

"(I) the requirements of paragraph (6); and

"(II) such other requirements as the Board may establish; and

"(ii) extend credit to the rural business in—

"(I) the form of mezzanine debt or subordinated debt; or

"(II) any other form of quasi-equity.

"(B) LIMITATIONS ON INVESTMENTS.—

"(i) TOTAL INVESTMENTS BY A SINGLE RURAL BUSINESS.—Subject to clause (ii), investment by the Fund in a single rural business shall not exceed the greater of—

"(I) an amount equal to 7 percent of the capital of the Fund; or

"(II) $2,000,000.

"(ii) WAIVER.—The Secretary may waive the limitation in clause (i) in any case in which an investment exceeding the limits specified in clause (i) is necessary to preserve prior investments in the rural business.

"(iii) TOTAL NONEQUITY INVESTMENTS.—Except in the case of a project to assist a rural cooperative, the total amount of nonequity investments described in subparagraph (A)(ii) that may be provided by the Fund shall not exceed 20 percent of the total investments of the Fund in the project.

''(C) LIMITATION.—Notwithstanding subparagraph (B), the amount of any investment by the Fund in a rural business shall not exceed the aggregate amount invested in like securities by other private entities in that rural business.

''(2) PROCEDURES.—The Fund shall implement procedures to ensure that—

''(A) the financing arrangements of the Fund meet the Fund's primary focus of providing equity capital; and

''(B) the Fund does not compete with conventional sources of credit.

''(3) DIVERSITY OF PROJECTS.—The Fund—

''(A) shall seek to make equity investments in a variety of viable projects, with a significant share of investments—

''(i) in smaller enterprises (as defined in section 384A) in rural communities of diverse sizes; and

''(ii) in cooperative and noncooperative enterprises; and

''(B) shall be managed in a manner that diversifies the risks to the Fund among a variety of projects.

''(4) LIMITATION ON RURAL BUSINESSES ASSISTED.—The Fund shall not invest in any rural business that is primarily retail in nature (as determined by the Board), other than a purchasing cooperative.

''(5) INTEREST RATE LIMITATIONS.—Returns on investments in and by the Fund and returns on the extension of credit by participants in projects assisted by the Fund, shall not be subject to any State or Federal law establishing a maximum allowable interest rate.

''(6) REQUIREMENTS FOR RECIPIENTS.—

''(A) OTHER INVESTMENTS.—Any recipient of amounts from the Fund shall make or obtain a significant investment from a source of capital other than the Fund.

''(B) SPONSORSHIP.—To be considered for an equity investment from the Fund, a rural business investment project shall be sponsored by a regional, State, or local sponsoring or endorsing organization such as—

''(i) a financial institution;

''(ii) a development organization; or

''(iii) any other established entity engaging or assisting in rural business development, including a rural cooperative.

''(b) TECHNICAL ASSISTANCE.—The Fund, under terms and conditions established by the Board, shall use not less than 2 percent of capital provided by the Federal Government to provide technical assistance to rural businesses seeking an equity investment from the Fund.

''(c) ANNUAL AUDIT.—

''(1) IN GENERAL.—The Board shall authorize an annual audit of the financial statements of the Fund by a nationally recognized auditing firm using generally accepted accounting principles.

''(2) AVAILABILITY OF AUDIT RESULTS.—The results of the audit required by paragraph (1) shall be made available to investors in the Fund.

''(d) ANNUAL REPORT.—The Board shall prepare and make available to the public an annual report that—

''(1) describes the projects funded with amounts from the Fund;

''(2) specifies the recipients of amounts from the Fund;

''(3) specifies the coinvestors in all projects that receive amounts from the Fund; and

''(4) meets the reporting requirements, if any, of the State under the law of which the Fund is established.

''(e) OTHER AUTHORITIES.—

''(1) IN GENERAL.—The Board may exercise such other authorities as are necessary to carry out this subtitle.

''(2) OVERSIGHT.—The Secretary shall enter in to a contract with the Administrator of the Small Business Administration under which the Administrator of the Small Business Administration shall be responsible for the routine duties of the Secretary in regard to the Fund.

''SEC. 383G. GOVERNANCE OF THE FUND.

''(a) IN GENERAL.—The Fund shall be governed by a board of directors that represents all of the authorized private investors in the Fund and the Federal Government and that consists of—

''(1) a designee of the Secretary;

''(2) 2 members who are appointed by the Secretary and are not Federal employees, including—

''(A) 1 member with expertise in venture capital investment; and

''(B) 1 member with expertise in cooperative development;

''(3) 8 members who are elected by the authorized private investors with investments in the Fund; and

''(4) 1 member who is appointed by the Board and who is a community banker from an insured depository institution that has—

''(A) total assets equal to or less than $250,000,000; and

''(B) an investment in the Fund.

''(b) LIMITATION ON VOTING CONTROL.—No individual investor or group of authorized investors may control more than 25 percent of the votes on the Board.

''SEC. 383H. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated such sums as are necessary to carry out this subtitle.''.

SEC. 602. RURAL BUSINESS INVESTMENT PROGRAM.

The Consolidated Farm and Rural Development Act (as amended by section 601) is amended by adding at the end the following:

''Subtitle H—Rural Business Investment Program

''SEC. 384A. DEFINITIONS.

''In this subtitle:

''(1) ARTICLES.—The term 'articles' means articles of incorporation for an incorporated body or the functional equivalent or other similar documents specified by the Secretary for other business entities.

''(2) DEVELOPMENTAL VENTURE CAPITAL.—The term 'developmental venture capital' means capital in the form of equity capital investments in Rural Business Investment Companies with an objective of fostering economic development in rural areas.

''(3) EMPLOYEE WELFARE BENEFIT PLAN; PENSION PLAN.—

''(A) IN GENERAL.—The terms 'employee welfare benefit plan' and 'pension plan' have the meanings given the terms in section 3 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002).

''(B) INCLUSIONS.—The terms 'employee welfare benefit plan' and 'pension plan' include—

''(i) public and private pension or retirement plans subject to this subtitle; and

''(ii) similar plans not covered by this subtitle that have been established and that are maintained by the Federal Government or any State (including by a political subdivision, agency, or instrumentality of the Federal Government or a State) for the benefit of employees.

''(4) EQUITY CAPITAL.—The term 'equity capital' means common or preferred stock or a similar instrument, including subordinated debt with equity features.

''(5) LEVERAGE.—The term 'leverage' includes—

''(A) debentures purchased or guaranteed by the Secretary;

''(B) participating securities purchased or guaranteed by the Secretary; and

''(C) preferred securities outstanding as of the date of enactment of this subtitle.

''(6) LICENSE.—The term 'license' means a license issued by the Secretary as provided in section 384D(c).

''(7) LIMITED LIABILITY COMPANY.—The term 'limited liability company' means a business entity that is organized and operating in accordance with a State limited liability company law approved by the Secretary.

''(8) MEMBER.—The term 'member' means, with respect to a Rural Business Investment Company that is a limited liability company, a holder of an ownership interest or a person otherwise admitted to membership in the limited liability company.

''(9) OPERATIONAL ASSISTANCE.—The term 'operational assistance' means management, marketing, and other technical assistance that assists a rural business concern with business development.

''(10) PARTICIPATION AGREEMENT.—The term 'participation agreement' means an agreement, between the Secretary and a Rural Business Investment Company granted final approval under section 384D(d), that requires the Rural Business Investment Company to make investments in smaller enterprises in rural areas.

''(11) PRIVATE CAPITAL.—

''(A) IN GENERAL.—The term 'private capital' means the total of—

''(i) the paid-in capital and paid-in surplus of a corporate Rural Business Investment Company, the contributed capital of the partners of a partnership Rural Business Investment Company, or the equity investment of the members of a limited liability company Rural Business Investment Company; and

''(ii) unfunded binding commitments, from investors that meet criteria established by the Secretary to contribute capital to the Rural Business Investment Company, except that unfunded commitments may be counted as private capital for purposes of approval by the Secretary of any request for leverage, but leverage shall not be funded based on the commitments.

''(B) EXCLUSIONS.—The term 'private capital' does not include—

''(i) any funds borrowed by a Rural Business Investment Company from any source;

''(ii) any funds obtained through the issuance of leverage; or

''(iii) any funds obtained directly or indirectly from the Federal Government or any State (including by a political subdivision, agency, or instrumentality of the Federal Government or a State), except for—

''(I) 50 percent of funds from the National Rural Cooperative and Business Equity Fund;

''(II) funds obtained from the business revenues (excluding any governmental appropriation) of any federally chartered or government-sponsored enterprise established prior to the date of enactment of this subtitle;

''(III) funds invested by an employee welfare benefit plan or pension plan; and

''(IV) any qualified nonprivate funds (if the investors of the qualified nonprivate funds do not control, directly or indirectly, the management, board of directors, general partners, or members of the Rural Business Investment Company).

''(12) QUALIFIED NONPRIVATE FUNDS.—The term 'qualified nonprivate funds' means any—

''(A) funds directly or indirectly invested in any applicant or Rural Business Investment Company on or before the date of enactment of this subtitle, by any Federal agency, other than the Department of Agriculture, under a provision of law explicitly mandating the inclusion of those funds in the definition of the term 'private capital'; and

''(B) funds invested in any applicant or Rural Business Investment Company by 1 or more entities of any State (including by a political subdivision, agency, or instrumentality of the State and including any guarantee extended by those entities) in an aggregate amount that does not exceed 33 percent of the private capital of the applicant or Rural Business Investment Company.

''(13) RURAL BUSINESS CONCERN.—The term 'rural business concern' means—

''(A) a public, private, or cooperative for-profit or nonprofit organization;

''(B) a for-profit or nonprofit business controlled by an Indian tribe on a Federal or State reservation or other federally recognized Indian tribal group; or

''(C) any other person or entity;

that primarily operates in a rural area, as determined by the Secretary.

''(14) RURAL BUSINESS INVESTMENT COMPANY.—The term 'Rural Business Investment Company' means a company that—

''(A) has been granted final approval by the Secretary under section 384D(d); and

''(B) has entered into a participation agreement with the Secretary.

''(15) SMALLER ENTERPRISE.—The term 'smaller enterprise' means any rural business concern that, together with its affiliates—

''(A) has—

''(i) a net financial worth of not more than $6,000,000, as of the date on which assistance is provided under this subtitle to the rural business concern; and

''(ii) an average net income for the 2-year period preceding the date on which assistance is provided under this subtitle to the rural business concern, of not more than $2,000,000, after Federal income taxes (excluding any carryover losses) except that, for purposes of this clause, if the rural business concern is not required by law to pay Federal income taxes at the enterprise level, but is required to pass income through to the shareholders, partners, beneficiaries, or other equitable owners of the business concern, the net income of the business concern shall be determined by allowing a deduction in an amount equal to the total of—

''(I) if the rural business concern is not required by law to pay State (and local, if any) income taxes at the enterprise level, the net income (determined without regard to this clause), multiplied by the marginal State income tax rate (or by the combined State and local income tax rates, as applicable) that would have applied if the business concern were a corporation; and

''(II) the net income (so determined) less any deduction for State (and local) income taxes calculated under subclause (I), multiplied by the marginal Federal income tax rate that would have applied if the rural business concern were a corporation; or

''(B) satisfies the standard industrial classification size standards established by the Administrator of the Small Business Administration for the industry in which the rural business concern is primarily engaged.

''SEC. 384B. PURPOSES.

''The purposes of the Rural Business Investment Program established under this subtitle are—

''(1) to promote economic development and the creation of wealth and job opportunities in rural areas and among individuals living in those areas by encouraging developmental venture capital investments in smaller enterprises primarily located in rural areas; and

''(2) to establish a developmental venture capital program, with the mission of addressing the unmet equity investment needs of small enterprises located in rural areas, by authorizing the Secretary—

''(A) to enter into participation agreements with Rural Business Investment Companies;

''(B) to guarantee debentures of Rural Business Investment Companies to enable each Rural Business Investment Company to make developmental venture capital investments in smaller enterprises in rural areas; and

''(C) to make grants to Rural Business Investment Companies, and to other entities, for the purpose of providing operational assistance to smaller enterprises financed, or expected to be financed, by Rural Business Investment Companies.

''SEC. 384C. ESTABLISHMENT.

''In accordance with this subtitle, the Secretary shall establish a Rural Business Investment Program, under which the Secretary may—

''(1) enter into participation agreements with companies granted final approval under section 384D(d) for the purposes set forth in section 384B;

''(2) guarantee the debentures issued by Rural Business Investment Companies as provided in section 384E; and

''(3) make grants to Rural Business Investment Companies, and to other entities, under section 384H.

''SEC. 384D. SELECTION OF RURAL BUSINESS INVESTMENT COMPANIES.

''(a) ELIGIBILITY.—A company shall be eligible to apply to participate, as a Rural Business Investment Company, in the program established under this subtitle if—

''(1) the company is a newly formed for-profit entity or a newly formed for-profit subsidiary of such an entity;

''(2) the company has a management team with experience in community development financing or relevant venture capital financing; and

''(3) the company will invest in enterprises that will create wealth and job opportunities in rural areas, with an emphasis on smaller businesses.

''(b) APPLICATION.—To participate, as a Rural Business Investment Company, in the program established under this subtitle, a company meeting the eligibility requirements of subsection (a) shall submit an application to the Secretary that includes—

''(1) a business plan describing how the company intends to make successful developmental venture capital investments in identified rural areas;

''(2) information regarding the community development finance or relevant venture capital qualifications and general reputation of the management of the company;

''(3) a description of how the company intends to work with community organizations and to seek to address the unmet capital needs of the communities served;

''(4) a proposal describing how the company intends to use the grant funds provided under this subtitle to provide operational assistance to smaller enterprises financed by the company, including information regarding whether the company intends to use licensed professionals, when necessary, on the staff of the company or from an outside entity;

''(5) with respect to binding commitments to be made to the company under this subtitle, an estimate of the ratio of cash to in-kind contributions;

''(6) a description of the criteria to be used to evaluate whether and to what extent the company meets the purposes of the program established under this subtitle;

''(7) information regarding the management and financial strength of any parent firm, affiliated firm, or any other firm essential to the success of the business plan of the company; and

''(8) such other information as the Secretary may require.

''(c) ISSUANCE OF LICENSE.—

''(1) SUBMISSION OF APPLICATION.—Each applicant for a license to operate as a Rural Business Investment Company under this subtitle shall submit to the Secretary an application, in a form and including such documentation as may be prescribed by the Secretary.

''(2) PROCEDURES.—

''(A) STATUS.—Not later than 90 days after the initial receipt by the Secretary of an application under this subsection, the Secretary shall provide the applicant with a written report describing the status of the application and any requirements remaining for completion of the application.

''(B) APPROVAL OR DISAPPROVAL.—Within a reasonable time after receiving a completed application submitted in accordance with this subsection and in accordance with such requirements as the Secretary may prescribe by regulation, the Secretary shall—

''(i) approve the application and issue a license for the operation to the applicant, if the requirements of this section are satisfied; or

''(ii) disapprove the application and notify the applicant in writing of the disapproval.

''(3) MATTERS CONSIDERED.—In reviewing and processing any application under this subsection, the Secretary—

''(A) shall determine whether—

''(i) the applicant meets the requirements of subsection (d); and

''(ii) the management of the applicant is qualified and has the knowledge, experience, and capability necessary to comply with this subtitle;

''(B) shall take into consideration—

''(i) the need for and availability of financing for rural business concerns in the geographic area in which the applicant is to commence business;

''(ii) the general business reputation of the owners and management of the applicant; and

''(iii) the probability of successful operations of the applicant, including adequate profitability and financial soundness; and

''(C) shall not take into consideration any projected shortage or unavailability of grant funds or leverage.

''(d) APPROVAL; DESIGNATION.—The Secretary may approve an applicant to operate as a Rural Business Investment Company under this subtitle and designate the applicant as a Rural Business Investment Company, if—

''(1) the Secretary determines that the application satisfies the requirements of subsection (b);

''(2) the area in which the Rural Business Investment Company is to conduct its operations, and establishment of branch offices or agencies (if authorized by the articles), are approved by the Secretary; and

''(3) the applicant enters into a participation agreement with the Secretary.

''SEC. 384E. DEBENTURES.

''(a) IN GENERAL.—The Secretary may guarantee the timely payment of principal and interest, as scheduled, on debentures issued by any Rural Business Investment Company.

''(b) TERMS AND CONDITIONS.—The Secretary may make guarantees under this section on such terms and conditions as the Secretary considers appropriate, except that the term of any debenture guaranteed under this section shall not exceed 15 years.

''(c) FULL FAITH AND CREDIT OF THE UNITED STATES.—Section 381H(i) shall apply to any guarantee under this section.

''(d) MAXIMUM GUARANTEE.—Under this section, the Secretary may—

''(1) guarantee the debentures issued by a Rural Business Investment Company only to the extent that the total face amount of outstanding guaranteed debentures of the Rural Business Investment Company does not exceed 300 percent of the private capital of the Rural Business Investment Company, as determined by the Secretary; and

''(2) provide for the use of discounted debentures.

''SEC. 384F. ISSUANCE AND GUARANTEE OF TRUST CERTIFICATES.

''(a) ISSUANCE.—The Secretary may issue trust certificates representing ownership of all or a fractional part of debentures issued by a Rural Business Investment Company and guaranteed by the Secretary under this subtitle, if the certificates are based on and backed by a trust or pool approved by the Secretary and composed solely of guaranteed debentures.

''(b) GUARANTEE.—

''(1) IN GENERAL.—The Secretary may, under such terms and conditions as the Secretary considers appropriate, guarantee the timely payment of the principal of and interest on trust certificates issued by the Secretary or agents of the Secretary for purposes of this section.

''(2) LIMITATION.—Each guarantee under this subsection shall be limited to the extent of principal and interest on the guaranteed debentures that compose the trust or pool.

''(3) PREPAYMENT OR DEFAULT.—

''(A) IN GENERAL.—In the event a debenture in a trust or pool is prepaid, or in the event of default of such a debenture, the guarantee of timely payment of principal and interest on the trust certificates shall be reduced in proportion to the amount of principal and interest the prepaid debenture represents in the trust or pool.

''(B) INTEREST.—Interest on prepaid or defaulted debentures shall accrue and be guaranteed by the Secretary only through the date of payment of the guarantee.

''(C) REDEMPTION.—At any time during its term, a trust certificate may be called for redemption due to prepayment or default of all debentures.

''(c) FULL FAITH AND CREDIT OF THE UNITED STATES.—Section 381H(i) shall apply to any guarantee of a trust certificate issued by the Secretary under this section.

''(d) SUBROGATION AND OWNERSHIP RIGHTS.—

''(1) SUBROGATION.—If the Secretary pays a claim under a guarantee issued under this section, the claim shall be subrogated fully to the rights satisfied by the payment.

''(2) OWNERSHIP RIGHTS.—No Federal, State, or local law shall preclude or limit the exercise by the Secretary of the ownership rights of the Secretary in a debenture residing in a trust or pool against which 1 or more trust certificates are issued under this section.

''(e) MANAGEMENT AND ADMINISTRATION.—

''(1) REGISTRATION.—The Secretary shall provide for a central registration of all trust certificates issued under this section.

''(2) CREATION OF POOLS.—The Secretary may—

''(A) maintain such commercial bank accounts or investments in obligations of the United States as may be necessary to facilitate the creation of trusts or pools backed by debentures guaranteed under this subtitle; and

''(B) issue trust certificates to facilitate the creation of those trusts or pools.

''(3) FIDELITY BOND OR INSURANCE REQUIREMENT.—Any agent performing functions on behalf of the Secretary under this paragraph shall provide a fidelity bond or insurance in such amount as the Secretary considers to be necessary to fully protect the interests of the United States.

''(4) REGULATION OF BROKERS AND DEALERS.—The Secretary may regulate brokers and dealers in trust certificates issued under this section.

''(5) ELECTRONIC REGISTRATION.—Nothing in this subsection prohibits the use of a book-entry or other electronic form of registration for trust certificates issued under this section.

''SEC. 384G. FEES.

''(a) IN GENERAL.—The Secretary may charge such fees as the Secretary considers appropriate with respect to any guarantee or grant issued under this subtitle.

''(b) TRUST CERTIFICATE.—Notwithstanding subsection (a), the Secretary shall not collect a fee for any guarantee of a trust certificate under section 384F, except that any agent of the Secretary may collect a fee approved by the Secretary for the functions described in section 384F(e)(2).

''(c) LICENSE.—

''(1) IN GENERAL.—The Secretary may prescribe fees to be paid by each applicant for a license to operate as a Rural Business Investment Company under this subtitle.

''(2) USE OF AMOUNTS.—Fees collected under this subsection—

''(A) shall be deposited in the account for salaries and expenses of the Secretary; and

''(B) are authorized to be appropriated solely to cover the costs of licensing examinations.

''SEC. 384H. OPERATIONAL ASSISTANCE GRANTS.

''(a) IN GENERAL.—

''(1) AUTHORITY.—In accordance with this section, the Secretary may make grants to Rural Business Investment Companies and to other entities, as authorized by this subtitle, to provide operational assistance to smaller enterprises financed, or expected to be financed, by the entities.

''(2) TERMS.—Grants made under this subsection shall be made over a multiyear period (not to exceed 10 years) under such other terms as the Secretary may require.

''(3) USE OF FUNDS.—The proceeds of a grant made under this paragraph may be used by the Rural Business Investment Company receiving the grant only to—

''(A) provide operational assistance in connection with an equity investment (made with capital raised after the effective date of this subtitle) in a business located in a rural area; or

''(B) pay operational expenses of the Rural Business Investment Company.

''(4) SUBMISSION OF PLANS.—A Rural Business Investment Company shall be eligible for a grant under this section only if the Rural Business Investment Company submits to the Secretary, in such form and manner as the Secretary may require, a plan for use of the grant.

''(5) GRANT AMOUNT.—

''(A) RURAL BUSINESS INVESTMENT COMPANIES.—The amount of a grant made under this subsection to a Rural Business Investment Company shall be equal to the lesser of—

''(i) 50 percent of the amount of resources (in cash or in kind) raised by the Rural Business Investment Company; or

''(ii) $1,000,000.

''(B) OTHER ENTITIES.—The amount of a grant made under this subsection to any entity other than a Rural Business Investment Company shall be equal to the resources (in cash or in kind) raised by the entity in accordance with the requirements applicable to Rural Business Investment Companies under this subtitle.

''(b) SUPPLEMENTAL GRANTS.—

''(1) IN GENERAL.—The Secretary may make supplemental grants to Rural Business Investment Companies and to other entities, as authorized by this subtitle under such terms as the Secretary may require, to provide additional operational assistance to smaller enterprises financed, or expected to be financed, by the Rural Business Investment Companies and other entities.

''(2) MATCHING REQUIREMENT.—The Secretary may require, as a condition of any supplemental grant made under this subsection, that the Rural Business Investment Company or entity receiving the grant provide from resources (in cash or in kind), other than resources provided by the Secretary, a matching contribution equal to the amount of the supplemental grant.

''SEC. 384I. RURAL BUSINESS INVESTMENT COMPANIES.

''(a) ORGANIZATION.—For the purpose of this subtitle, a Rural Business Investment Company shall—

''(1) be an incorporated body, a limited liability company, or a limited partnership organized and chartered or otherwise existing under State law solely for the purpose of performing the functions and conducting the activities authorized by this subtitle;

''(2)(A) if incorporated, have succession for a period of not less than 30 years unless earlier dissolved by the shareholders of the Rural Business Investment Company; and

''(B) if a limited partnership or a limited liability company, have succession for a period of not less than 10 years; and

''(3) possess the powers reasonably necessary to perform the functions and conduct the activities.

''(b) ARTICLES.—The articles of any Rural Business Investment Company—

''(1) shall specify in general terms—

''(A) the purposes for which the Rural Business Investment Company is formed;

''(B) the name of the Rural Business Investment Company;

''(C) the area or areas in which the operations of the Rural Business Investment Company are to be carried out;

''(D) the place where the principal office of the Rural Business Investment Company is to be located; and

''(E) the amount and classes of the shares of capital stock of the Rural Business Investment Company;

''(2) may contain any other provisions consistent with this subtitle that the Rural Business Investment Company may determine appropriate to adopt for the regulation of the business of the Rural Business Investment Company and the conduct of the affairs of the Rural Business Investment Company; and

''(3) shall be subject to the approval of the Secretary.

''(c) CAPITAL REQUIREMENTS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), the private capital of each Rural Business Investment Company shall be not less than—

''(A) $5,000,000; or

''(B) $10,000,000, with respect to each Rural Business Investment Company authorized or seeking authority to issue participating securities to be purchased or guaranteed by the Secretary under this subtitle.

''(2) EXCEPTION.—The Secretary may, in the discretion of the Secretary and based on a showing of special circumstances and good cause, permit the private capital of a Rural Business Investment Company described in paragraph (1)(B) to be less than $10,000,000, but not less than $5,000,000, if the Secretary determines that the action would not create or otherwise contribute to an unreasonable risk of default or loss to the Federal Government.

''(3) ADEQUACY.—In addition to the requirements of paragraph (1), the Secretary shall—

''(A) determine whether the private capital of each Rural Business Investment Company is adequate to ensure a reasonable prospect

that the Rural Business Investment Company will be operated soundly and profitably, and managed actively and prudently in accordance with the articles of the Rural Business Investment Company;

''(B) determine that the Rural Business Investment Company will be able to comply with the requirements of this subtitle; and

''(C) require that at least 75 percent of the capital of each Rural Business Investment Company is invested in rural business concerns.

''(d) DIVERSIFICATION OF OWNERSHIP.—The Secretary shall ensure that the management of each Rural Business Investment Company licensed after the date of enactment of this subtitle is sufficiently diversified from and unaffiliated with the ownership of the Rural Business Investment Company so as to ensure independence and objectivity in the financial management and oversight of the investments and operations of the Rural Business Investment Company.

''SEC. 384J. FINANCIAL INSTITUTION INVESTMENTS.

''(a) IN GENERAL.—Except as otherwise provided in this section and notwithstanding any other provision of law, the following banks, associations, and institutions may invest in any Rural Business Investment Company or in any entity established to invest solely in Rural Business Investment Companies:

''(1) Any national bank.

''(2) Any member bank of the Federal Reserve System.

''(3) Any Federal savings association.

''(4) Any Farm Credit System institution described in section 1.2(a) of the Farm Credit Act of 1971 (12 U.S.C. 2002(a)).

''(5) Any insured bank that is not a member of the Federal Reserve System, to the extent permitted under applicable State law.

''(b) LIMITATION.—No bank, association, or institution described in subsection (a) may make investments described in subsection (a) that are greater than 5 percent of the capital and surplus of the bank, association, or institution.

''(c) LIMITATION ON RURAL BUSINESS INVESTMENT COMPANIES CONTROLLED BY FARM CREDIT SYSTEM INSTITUTIONS.—If a Farm Credit System institution described in section 1.2(a) of the Farm Credit Act of 1971 (12 U.S.C. 2002(a)) holds more than 30 percent of the voting shares of a Rural Business Investment Company, either alone or in conjunction with other System institutions (or affiliates), the Rural Business Investment Company shall not provide equity investments in, or provide other financial assistance to, entities that are not otherwise eligible to receive financing from the Farm Credit System under that Act (12 U.S.C. 2001 et seq.).

''SEC. 384K. REPORTING REQUIREMENT.

''Each Rural Business Investment Company that participates in the program established under this subtitle shall provide to the Secretary such information as the Secretary may require, including—

''(1) information relating to the measurement criteria that the Rural Business Investment Company proposed in the program application of the Rural Business Investment Company; and

''(2) in each case in which the Rural Business Investment Company under this subtitle makes an investment in, or a loan or grant to, a business that is not located in a rural area, a report on the number and percentage of employees of the business who reside in those areas.

''SEC. 384L. EXAMINATIONS.

''(a) IN GENERAL.—Each Rural Business Investment Company that participates in the program established under this subtitle shall be subject to examinations made at the direction of the Secretary in accordance with this section.

''(b) ASSISTANCE OF PRIVATE SECTOR ENTITIES.—An examination under this section may be conducted with the assistance of a private sector entity that has the qualifications and the expertise necessary to conduct such an examination.

''(c) COSTS.—

''(1) IN GENERAL.—The Secretary may assess the cost of an examination under this section, including compensation of the examiners, against the Rural Business Investment Company examined.

''(2) PAYMENT.—Any Rural Business Investment Company against which the Secretary assesses costs under this paragraph shall pay the costs.

''(d) DEPOSIT OF FUNDS.—Funds collected under this section shall—

''(1) be deposited in the account that incurred the costs for carrying out this section;

''(2) be made available to the Secretary to carry out this section, without further appropriation; and

''(3) remain available until expended.

''SEC. 384M. INJUNCTIONS AND OTHER ORDERS.

''(a) IN GENERAL.—

''(1) APPLICATION BY SECRETARY.—Whenever, in the judgment of the Secretary, a Rural Business Investment Company or any other person has engaged or is about to engage in any act or practice that constitutes or will constitute a violation of a provision of this subtitle (including any rule, regulation, order, or participation agreement under this subtitle), the Secretary may apply to the appropriate district court of the United States for an order enjoining the act or practice, or for an order enforcing compliance with the provision, rule, regulation, order, or participation agreement.

''(2) JURISDICTION; RELIEF.—The court shall have jurisdiction over the action and, on a showing by the Secretary that the Rural Business Investment Company or other person has engaged or is about to engage in an act or practice described in paragraph (1), a permanent or temporary injunction, restraining order, or other order, shall be granted without bond.

''(b) JURISDICTION.—

''(1) IN GENERAL.—In any proceeding under subsection (a), the court as a court of equity may, to such extent as the court considers necessary, take exclusive jurisdiction over the Rural Business Investment Company and the assets of the Rural Business Investment Company, wherever located.

''(2) TRUSTEE OR RECEIVER.—The court shall have jurisdiction in any proceeding described in paragraph (1) to appoint a trustee or receiver to hold or administer the assets.

''(c) SECRETARY AS TRUSTEE OR RECEIVER.—

''(1) AUTHORITY.—The Secretary may act as trustee or receiver of a Rural Business Investment Company.

''(2) APPOINTMENT.—On the request of the Secretary, the court shall appoint the Secretary to act as a trustee or receiver of a Rural Business Investment Company unless the court considers the appointment inequitable or otherwise inappropriate by reason of any special circumstances involved.

''SEC. 384N. ADDITIONAL PENALTIES FOR NONCOMPLIANCE.

''(a) IN GENERAL.—With respect to any Rural Business Investment Company that violates or fails to comply with this subtitle (including any rule, regulation, order, or participation agreement under this subtitle), the Secretary may, in accordance with this section—

''(1) void the participation agreement between the Secretary and the Rural Business Investment Company; and

''(2) cause the Rural Business Investment Company to forfeit all of the rights and privileges derived by the Rural Business Investment Company under this subtitle.

''(b) ADJUDICATION OF NONCOMPLIANCE.—

''(1) IN GENERAL.—Before the Secretary may cause a Rural Business Investment Company to forfeit rights or privileges under subsection (a), a court of the United States of competent jurisdiction must find that the Rural Business Investment Company committed a violation, or failed to comply, in a cause of action brought for that purpose in the district, territory, or other place subject to the jurisdiction of the United States, in which the principal office of the Rural Business Investment Company is located.

''(2) PARTIES AUTHORIZED TO FILE CAUSES OF ACTION.—Each cause of action brought by the United States under this subsection shall be brought by the Secretary or by the Attorney General.

''SEC. 384O. UNLAWFUL ACTS AND OMISSIONS; BREACH OF FIDUCIARY DUTY.

''(a) PARTIES DEEMED TO COMMIT A VIOLATION.—Whenever any Rural Business Investment Company violates this subtitle (including any rule, regulation, order, or participation agreement under this subtitle), by reason of the failure of the Rural Business Investment Company to comply with this subtitle or by reason of its engaging in any act or practice that constitutes or will constitute a violation of this subtitle, the violation shall also be deemed to be a violation and an unlawful act committed by any person that, directly or indirectly, authorizes, orders, participates in, causes, brings about, counsels, aids, or abets in the commission of any acts, practices, or transactions that constitute or will constitute, in whole or in part, the violation.

''(b) FIDUCIARY DUTIES.—It shall be unlawful for any officer, director, employee, agent, or other participant in the management or conduct of the affairs of a Rural Business Investment Company to engage in any act or practice, or to omit any act or practice, in breach of the fiduciary duty of the officer, director, employee, agent, or participant if, as a result of the act or practice, the Rural Business Investment Company suffers or is in imminent danger of suffering financial loss or other damage.

''(c) UNLAWFUL ACTS.—Except with the written consent of the Secretary, it shall be unlawful—

''(1) for any person to take office as an officer, director, or employee of any Rural Business Investment Company, or to become an agent or participant in the conduct of the affairs or management of a Rural Business Investment Company, if the person—

''(A) has been convicted of a felony, or any other criminal offense involving dishonesty or breach of trust; or

''(B) has been found civilly liable in damages, or has been permanently or temporarily enjoined by an order, judgment, or decree of a court of competent jurisdiction, by reason of any act or practice involving fraud, or breach of trust; and

''(2) for any person to continue to serve in any of the capacities described in paragraph (1), if—

''(A) the person is convicted of a felony, or any other criminal offense involving dishonesty or breach of trust; or

''(B) the person is found civilly liable in damages, or is permanently or temporarily enjoined by an order, judgment, or decree of a court of competent jurisdiction, by reason of any act or practice involving fraud or breach of trust.

''SEC. 384P. REMOVAL OR SUSPENSION OF DIRECTORS OR OFFICERS.

''Using the procedures established by the Secretary for removing or suspending a director or an officer of a Rural Business Investment Company, the Secretary may remove or suspend any director or officer of any Rural Business Investment Company.

''SEC. 384Q. CONTRACTING OF FUNCTIONS.

''Notwithstanding any other provision of law, the Secretary shall enter into an interagency agreement with the Administrator of the Small Business Administration to carry out, on behalf of the Secretary, the day-to-day management and operation of the program authorized by this subtitle.

''SEC. 384R. REGULATIONS.

''The Secretary may promulgate such regulations as the Secretary considers necessary to carry out this subtitle.

''SEC. 384S. FUNDING.

''(a) IN GENERAL.—Not later than 30 days after the date of enactment of this Act, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture—

''(1) such sums as may be necessary for the cost of guaranteeing $350,000,000 of debentures under this subtitle; and

''(2) $50,000,000 to make grants under this subtitle.

''(b) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under subsection (a), without further appropriation.

''(c) AVAILABILITY OF FUNDS.—Funds transferred under subsection (a) shall remain available until expended.''.

SEC. 603. FULL FUNDING OF PENDING RURAL DEVELOPMENT LOAN AND GRANT APPLICATIONS.

(a) DEFINITION OF APPLICATION.—In this section, the term ''application'' does not include an application for a loan, loan guarantee, or grant that, as of the date of enactment of this Act, is in the preapplication phase of consideration under regulations of the Secretary of Agriculture in effect on the date of enactment of this Act.

(b) ACCOUNT.—There is established in the Treasury of the United States an account to be known as the ''Rural America Infrastructure Development Account'' (referred to in this section as the ''Account'') to fund rural development loans, loan guarantees, and grants described in subsection (d) that are pending on the date of enactment of this Act.

(c) FUNDING.—

(1) IN GENERAL.—Not later than 30 days after the date of enactment of this Act, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture such sums as are necessary to carry out this section, to remain available until expended.

(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under paragraph (1), without further appropriation.

(d) USE OF FUNDS.—

(1) ELIGIBLE PROGRAMS.—Subject to paragraph (2), the Secretary shall use the funds in the Account to provide funds for applications that are pending on the date of enactment of this Act for—

(A) community facility direct loans under section 306(a)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(1));

(B) community facility grants under paragraph (19), (20), or (21) of section 306(a) of that Act (7 U.S.C. 1926(a));

(C) water or waste disposal grants or direct loans under paragraph (1) or (2) of section 306(a) of that Act (7 U.S.C. 1926(a));

(D) rural water or wastewater technical assistance and training grants under section 306(a)(14) of that Act (7 U.S.C. 1926(a)(14));

(E) emergency community water assistance grants under section 306A of that Act (7 U.S.C. 1926a);

(F) business and industry guaranteed loans authorized under section 310B(a)(1)(A) of that Act (7 U.S.C. 1932(a)(1)(A)); and

(G) solid waste management grants under section 310B(b) of that Act (7 U.S.C. 1932(b)).

(2) LIMITATIONS.—

(A) APPROPRIATED AMOUNTS.—Funds in the Account shall be available to the Secretary to provide funds for pending applications for loans, loan guarantees, and grants described in paragraph (1) only to the extent that funds for the loans, loan guarantees, and grants appropriated in the annual appropriations Act for fiscal year 2002 have been exhausted.

(B) PROGRAM REQUIREMENTS.—The Secretary may use the Account to provide funds for a pending application for a loan, loan guarantee, or grant described in paragraph (1) only if the Secretary processes, reviews, and approves the application in accordance with regulations in effect on the date of enactment of this Act.

SEC. 604. RURAL ENDOWMENT PROGRAM.

(a) IN GENERAL.—The Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) (as amended by section 602) is amended by adding at the end the following:

''Subtitle I—Rural Endowment Program

''SEC. 385A. PURPOSE.

''The purpose of this subtitle is to provide rural communities with technical and financial assistance to implement comprehensive community development strategies to reduce the economic and social distress resulting from poverty, high unemployment, outmigration, plant closings, agricultural downturn, declines in the natural resource-based economy, or environmental degradation.

''SEC. 385B. DEFINITIONS.

''In this subtitle:

''(1) COMPREHENSIVE COMMUNITY DEVELOPMENT STRATEGY.—The term 'comprehensive community development strategy' means a community development strategy described in section 385C(e).

''(2) ELIGIBLE RURAL AREA.—

''(A) IN GENERAL.—The term 'eligible rural area' means an area with a population of 25,000 inhabitants or less, as determined by the Secretary using the most recent decennial census.

''(B) EXCLUSIONS.—The term 'eligible rural area' does not include—

''(i) any area designated by the Secretary as a rural empowerment zone or rural enterprise community; or

''(ii) an urbanized area immediately adjacent to an incorporated city or town with a population of more than 25,000 inhabitants.

''(3) ENDOWMENT FUND.—The term 'endowment fund' means a long-term fund that an approved program entity is required to establish under section 385C(f)(3).

''(4) PERFORMANCE-BASED BENCHMARKS.—The term 'performance-based benchmarks' means a set of annualized goals and tasks established by a recipient of a grant under the Program, in collaboration with the Secretary, for the purpose of measuring performance in meeting the comprehensive community development strategy of the recipient.

''(5) PROGRAM.—The term 'Program' means the Rural Endowment Program established under section 385C(a).

''(6) PROGRAM ENTITY.—The term 'program entity' means—

''(A) a private nonprofit community-based development organization;

''(B) a unit of local government (including a multijurisdictional unit of local government);

''(C) an Indian tribe (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b));

''(D) a consortium comprised of an organization described in subparagraph (A) and a unit of local government; or

''(E) a consortium of entities specified in subparagraphs (A) through (D);

that serves an eligible rural area.

''(7) PROGRAM-RELATED INVESTMENT.—The term 'program-related investment' means—

''(A) a loan, loan guarantee, grant, payment of a technical fee, or other expenditure provided for an affordable housing, community facility, small business, environmental improvement, or other community development project that is part of a comprehensive community development strategy; and

''(B) support services relating to a project described in subparagraph (A).

''SEC. 385C. RURAL ENDOWMENT PROGRAM.

''(a) ESTABLISHMENT.—

''(1) IN GENERAL.—The Secretary may establish a program, to be known as the 'Rural Endowment Program', to provide approved program entities with assistance in developing and implementing comprehensive community development strategies for eligible rural areas.

''(2) PURPOSES.—The purposes of the Program are—

''(A) to enhance the ability of an eligible rural area to engage in comprehensive community development;

''(B) to leverage private and public resources for the benefit of community development efforts in eligible rural areas;

''(C) to make available staff of Federal agencies to directly assist the community development efforts of an approved program entity or eligible rural area; and

''(D) to strengthen the asset base of an eligible rural area to further long-term, ongoing community development.

''(b) APPLICATIONS.—

''(1) IN GENERAL.—To receive an endowment grant under the Program, the eligible entity shall submit an application at such time, in such form, and containing such information as the Secretary may require.

''(2) REGIONAL APPLICATIONS.—

''(A) IN GENERAL.—Where appropriate, the Secretary shall encourage regional applications from program entities serving more than 1 eligible rural area.

''(B) CRITERIA FOR APPLICATIONS.—To be eligible for an endowment grant for a regional application, the program entities that submit the application shall demonstrate that—

''(i) a comprehensive community development strategy for the eligible rural areas is best accomplished through a regional approach; and

''(ii) the combined population of the eligible rural areas covered by the comprehensive community development strategy is 75,000 inhabitants or less.

''(C) AMOUNT OF ENDOWMENT GRANTS.—For the purpose of subsection (f)(2), 2 or more program entities that submit a regional application shall be considered to be a single program entity.

''(3) PREFERENCE.—The Secretary shall give preference to a joint application submitted by a private, nonprofit community development corporation and a unit of local government.

''(c) ENTITY APPROVAL.—The Secretary shall approve a program entity to receive grants under the Program, if the program entity meets criteria established by the Secretary, including the following:

''(1) DISTRESSED RURAL AREA.—The program entity shall serve a rural area that suffers from economic or social distress resulting from poverty, high unemployment, outmigration, plant closings, agricultural downturn, declines in the natural resource-based economy, or environmental degradation.

''(2) CAPACITY TO IMPLEMENT STRATEGY.—The program entity shall demonstrate the capacity to implement a comprehensive community development strategy.

''(3) GOALS.—The goals described in the application submitted under subsection (b) shall be consistent with this section.

''(4) PARTICIPATION PROCESS.—The program entity shall demonstrate the ability to convene and maintain a multi-stakeholder, community-based participation process.

''(d) PLANNING GRANTS TO CONDITIONALLY APPROVED PROGRAM ENTITIES.—

''(1) IN GENERAL.—The Secretary may award supplemental grants to approved program entities to assist the approved program entities in the development of a comprehensive community development strategy under subsection (e).

''(2) ELIGIBILITY FOR SUPPLEMENTAL GRANTS.—In determining whether to award a supplemental grant to an approved program entity, the Secretary shall consider the economic need of the approved program entity.

''(3) LIMITATIONS ON AMOUNT OF GRANTS.—Under this subsection, an approved program entity may receive a supplemental grant in an amount of not more than $100,000.

''(e) ENDOWMENT GRANT AWARD.—

''(1) IN GENERAL.—To be eligible for an endowment grant under the Program, an approved program entity shall develop, and obtain the approval of the Secretary for, a comprehensive community development strategy that—

''(A) is designed to reduce economic or social distress resulting from poverty, high unemployment, outmigration, plant closings, agricultural downturn, declines in the natural resource-based economy, or environmental degradation;

''(B) addresses a broad range of the development needs of a community, including economic, social, and environmental needs, for a period of not less than 10 years;

''(C) is developed with input from a broad array of local governments and business, civic, and community organizations;

''(D) specifies measurable performance-based outcomes for all activities; and

''(E) includes a financial plan for achieving the outcomes and activities of the comprehensive community development strategy that identifies sources for, or a plan to meet, the requirement for a non-Federal share under subsection (f)(4)(B).

''(2) FINAL APPROVAL.—

''(A) IN GENERAL.—An approved program entity shall receive final approval if the Secretary determines that—

''(i) the comprehensive community development strategy of the approved program entity meets the requirements of this section;

''(ii) the management and organizational structure of the approved program entity is sufficient to oversee fund and development activities;

''(iii) the approved program entity has established an endowment fund; and

''(iv) the approved program entity will be able to provide the non-Federal share required under subsection (f)(4)(B).

''(B) CONDITIONS.—As part of the final approval, the approved program entity shall agree to—

''(i) achieve, to the maximum extent practicable, performance-based benchmarks; and

''(ii) comply with the terms of the comprehensive community development strategy for a period of not less than 10 years.

''(f) ENDOWMENT GRANTS.—

''(1) IN GENERAL.—Under the Program, the Secretary may make endowment grants to approved program entities with final approval to implement an approved comprehensive community development strategy.

''(2) AMOUNT OF GRANTS.—An endowment grant to an approved program entity shall be in an amount of not more than $6,000,000, as determined by the Secretary based on—

''(A) the size of the population of the eligible rural area for which the endowment grant is to be used;

''(B) the size of the eligible rural area for which the endowment grant is to be used;

''(C) the extent of the comprehensive community development strategy to be implemented using the endowment grant award; and

''(D) the extent to which the community suffers from economic or social distress resulting from—

''(i) poverty;

''(ii) high unemployment;

''(iii) outmigration;

''(iv) plant closings;

''(v) agricultural downturn;

''(vi) declines in the natural resource-based economy; or

''(vii) environmental degradation.

''(3) ENDOWMENT FUNDS.—

''(A) ESTABLISHMENT.—On notification from the Secretary that the program entity has been approved under subsection (c), the approved program entity shall establish an endowment fund.

''(B) FUNDING OF ENDOWMENT.—Federal funds provided in the form of an endowment grant under the Program shall—

''(i) be deposited in the endowment fund;

''(ii) be the sole property of the approved program entity;

''(iii) be used in a manner consistent with this subtitle; and

''(iv) be subject to oversight by the Secretary for a period of not more than 10 years.

''(C) INTEREST.—Interest earned on Federal funds in the endowment fund shall be—

''(i) retained by the grantee; and

''(ii) treated as Federal funds are treated under subparagraph (B).

''(D) LIMITATION.—The Secretary shall promulgate regulations on matching funds and returns on program-related investments only to the extent that such funds or proceeds are used in a manner consistent with this subtitle.

''(4) CONDITIONS.—

''(A) DISBURSEMENT.—

''(i) IN GENERAL.—Each endowment grant award shall be disbursed during a period not to exceed 5 years beginning during the fiscal year containing the date of final approval of the approved program entity under subsection (e)(3).

''(ii) MANNER OF DISBURSEMENT.—Subject to subparagraph (B), the Secretary may disburse a grant award in 1 lump sum or in incremental disbursements made each fiscal year.

''(iii) INCREMENTAL DISBURSEMENTS.—If the Secretary elects to make incremental disbursements, for each fiscal year after the initial disbursement, the Secretary shall make a disbursement under clause (i) only if the approved program entity—

''(I) has met the performance-based benchmarks of the approved program entity for the preceding fiscal year; and

''(II) has provided the non-Federal share required for the preceding fiscal year under subparagraph (B).

''(iv) ADVANCE DISBURSEMENTS.—The Secretary may make disbursements under this paragraph notwithstanding any provision of law limiting grant disbursements to amounts necessary to cover expected expenses on a term basis.

''(B) NON-FEDERAL SHARE.—

''(i) IN GENERAL.—Except as provided in clause (ii), for each disbursement under subparagraph (A), the Secretary shall require the approved program entity to provide a non-Federal share in an amount equal to 50 percent of the amount of funds received by the approved program entity under the disbursement.

''(ii) LOWER NON-FEDERAL SHARE.—In the case of an approved program entity that serves a small, poor rural area (as determined by the Secretary), the Secretary may—

''(I) reduce the non-Federal share to not less than 20 percent; and

''(II) allow the non-Federal share to be provided in the form of in-kind contributions.

''(iii) BINDING COMMITMENTS; PLAN.—For the purpose of meeting the non-Federal share requirement with respect to the first disbursement of an endowment grant award to the approved program entity under the Program, an approved program entity shall—

''(I) have, at a minimum, binding commitments to provide the non-Federal share required with respect to the first disbursement of the endowment grant award; and

''(II) if the Secretary is making incremental disbursements of a grant, develop a viable plan for providing the remaining amount of the required non-Federal share.

''(C) LIMITATIONS.—

''(i) IN GENERAL.—Subject to clause (ii), of each disbursement, an approved program entity shall use—

''(I) not more than 10 percent for administrative costs of carrying out program-related investments;

''(II) not more than 20 percent for the purpose of maintaining a loss reserve account; and

''(III) the remainder for program-related investments contained in the comprehensive community development strategy.

''(ii) LOSS RESERVE ACCOUNT.—If all disbursed funds available under a grant are expended in accordance with clause (i) and the grant recipient has no expected losses to cover for a fiscal year, the recipient may use funds in the loss reserve account described in clause (i)(II) for program-related investments described in clause (i)(III) for which no reserve for losses is required.

''(g) FEDERAL AGENCY ASSISTANCE.—Under the Program, the Secretary shall provide and coordinate technical assistance for grant recipients by designated field staff of Federal agencies.

''(h) PRIVATE TECHNICAL ASSISTANCE.—

''(1) IN GENERAL.—Under the Program, the Secretary may make grants to qualified intermediaries to provide technical assistance and capacity building to approved program entities under the Program.

''(2) DUTIES.—A qualified intermediary that receives a grant under this subsection shall—

''(A) provide assistance to approved program entities in developing, coordinating, and overseeing investment strategy;

''(B) provide technical assistance in all aspects of planning, developing, and managing the Program; and

''(C) facilitate Federal and private sector involvement in rural community development.

''(3) ELIGIBILITY.—To be considered a qualified intermediary under this subsection, an intermediary shall—

''(A) be a private, nonprofit community development organization;

''(B) have expertise in Federal or private rural community development policy or programs; and

''(C) have experience in providing technical assistance, planning, and capacity building

assistance to rural communities and nonprofit entities in eligible rural areas.

''(4) MAXIMUM AMOUNT OF GRANTS.—A qualified intermediary may receive a grant under this subsection of not more than $100,000.

''(5) FUNDING.—Of the amounts made available under section 385D, the Secretary may use to carry out this subsection not more than $2,000,000 for each of not more than 2 fiscal years.

''SEC. 385D. FUNDING.

''(a) FISCAL YEARS 2002 AND 2003.—

''(1) IN GENERAL.—Not later than 30 days after the date of enactment of this subtitle, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture to carry out this subtitle $82,000,000 for the period of fiscal years 2002 and 2003, to remain available until expended.

''(2) SCHEDULE FOR OBLIGATIONS.—Of the amounts made available under paragraph (1)—

''(A) not more than $5,000,000 shall be obligated to carry out section 385C(d);

''(B) not less than $75,000,000 shall be obligated to carry out section 385C(f); and

''(C) not less than $2,000,000 shall be obligated to carry out section 385C(h).

''(3) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this subtitle the funds transferred under paragraph (1), without further appropriation.

''(b) FISCAL YEARS 2004 THROUGH 2006.—There are authorized to be appropriated such sums as are necessary to carry out this subtitle for each of fiscal years 2004 through 2006.''.

SEC. 605. ENHANCEMENT OF ACCESS TO BROADBAND SERVICE IN RURAL AREAS.

The Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.) is amended by adding at the end the following:

''TITLE VI—RURAL BROADBAND ACCESS

''SEC. 601. ACCESS TO BROADBAND TELECOMMUNICATIONS SERVICES IN RURAL AREAS.

''(a) PURPOSE.—The purpose of this section is to provide grants, loans, and loan guarantees to provide funds for the costs of the construction, improvement, and acquisition of facilities and equipment for broadband service in eligible rural communities.

''(b) DEFINITIONS.—In this section:

''(1) BROADBAND SERVICE.—The term 'broadband service' means any technology identified by the Secretary as having the capacity to transmit data to enable a subscriber to the service to originate and receive high-quality voice, data, graphics, or video.

''(2) ELIGIBLE RURAL COMMUNITY.—The term 'eligible rural community' means any incorporated or unincorporated place that—

''(A) has not more than 20,000 inhabitants, based on the most recent available population statistics of the Bureau of the Census; and

''(B) is not located in an area designated as a standard metropolitan statistical area.

''(c) GRANTS.—The Secretary shall make grants to eligible entities described in subsection (e) to provide funds for the construction, improvement, or acquisition of facilities and equipment for the provision of broadband service in eligible rural communities.

''(d) LOANS AND LOAN GUARANTEES.—The Secretary shall make or guarantee loans to eligible entities described in subsection (e) to provide funds for the construction, improvement, or acquisition of facilities and equipment for the provision of broadband service in eligible rural communities.

''(e) ELIGIBLE ENTITIES.—To be eligible to obtain a grant under this section, an entity must—

''(1) be eligible to obtain a loan or loan guarantee to furnish, improve, or extend a rural telecommunications service under this Act; and

''(2) submit to the Secretary a proposal for a project that meets the requirements of this section.

''(f) BROADBAND SERVICE.—The Secretary shall, from time to time as advances in technology warrant, review and recommend modifications of rate-of-data transmission criteria for purposes of the identification of broadband service technologies under subsection (b)(1).

''(g) TECHNOLOGICAL NEUTRALITY.—For purposes of determining whether or not to make a grant, loan, or loan guarantee for a project under this section, the Secretary shall not take into consideration the type of technology proposed to be used under the project.

''(h) TERMS AND CONDITIONS FOR LOANS AND LOAN GUARANTEES.—A loan or loan guarantee under subsection (d) shall—

''(1) be made available in accordance with the requirements of the Federal Credit Reform Act of 1990 (2 U.S.C. 661 et seq.);

''(2) bear interest at an annual rate of, as determined by the Secretary—

''(A) 4 percent per annum; or

''(B) the current applicable market rate; and

''(3) have a term not to exceed the useful life of the assets constructed, improved, or acquired with the proceeds of the loan or extension of credit.

''(i) USE OF LOAN PROCEEDS TO REFINANCE LOANS FOR DEPLOYMENT OF BROADBAND SERVICE.—Notwithstanding any other provision of this Act, the proceeds of any loan made by the Secretary under this Act may be used by the recipient of the loan for the purpose of refinancing an outstanding obligation of the recipient on another telecommunications loan made under this Act if the use of the proceeds for that purpose will further the construction, improvement, or acquisition of facilities and equipment for the provision of broadband service in eligible rural communities.

''(j) FUNDING.—

''(1) IN GENERAL.—Not later than 30 days after the date of enactment of this Act, and on October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture to carry out this section $100,000,000, to remain available until expended.

''(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under paragraph (1), without further appropriation.

''(3) ALLOCATION OF FUNDS.—

''(A) IN GENERAL.—From amounts made available for each fiscal year under paragraph (1), the Secretary shall—

''(i) establish a national reserve for grants, loans, and loan guarantees to eligible entities in States under this section; and

''(ii) allocate amounts in the reserve to each State for each fiscal year for grants, loans, and loan guarantees to eligible entities in the State.

''(B) AMOUNT.—The amount of an allocation made to a State for a fiscal year under subparagraph (A) shall bear the same ratio to the amount of allocations made for all States for the fiscal year as the number of communities with a population of 2,500 inhabitants or less in the State bears to the number of communities with a population of 2,500 inhabitants or less in all States, as determined on the basis of the last available census.

''(C) UNOBLIGATED AMOUNTS.—Any amounts in the reserve established for a State for a fiscal year under subparagraph (B) that are not obligated by April 1 of the fiscal year shall be available to the Secretary to make grants, loans, and loan guarantees under this section to eligible entities in any State, as determined by the Secretary.

''(k) TERMINATION OF AUTHORITY.—

''(1) IN GENERAL.—No grant, loan, or loan guarantee may be made under this section after September 30, 2006.

''(2) EFFECT ON VALIDITY OF GRANT, LOAN, OR LOAN GUARANTEE.—Notwithstanding paragraph (1), any grant, loan, or loan guarantee made under this section before the date specified in paragraph (1) shall be valid.''.

SEC. 606. VALUE-ADDED AGRICULTURAL PRODUCT MARKET DEVELOPMENT GRANTS.

Section 231 of the Agricultural Risk Protection Act of 2000 (7 U.S.C. 1621 note; Public Law 106–224) is amended—

(1) by redesignating subsections (b) through (d) as subsections (c) through (e), respectively;

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

''(a) DEFINITION OF VALUE-ADDED AGRICULTURAL PRODUCT.—The term 'value-added agricultural product' means any agricultural commodity or product that—

''(1)(A) has undergone a change in physical state; or

''(B) was produced in a manner that enhances the value of the agricultural commodity or product, as demonstrated through a business plan that shows the enhanced value, as determined by the Secretary; and

''(2) as a result of the change in physical state or the manner in which the agricultural commodity or product was produced—

''(A) the customer base for the agricultural commodity or product has been expanded; and

''(B) a greater portion of the revenue derived from the processing of the agricultural commodity or product is available to the producer of the commodity or product.

''(b) GRANT PROGRAM.—

''(1) PURPOSES.—The purposes of this subsection are—

''(A) to increase the share of the food and agricultural system profit received by agricultural producers;

''(B) to increase the number and quality of rural self-employment opportunities in agriculture and agriculturally-related businesses and the number and quality of jobs in agriculturally-related businesses;

''(C) to help maintain a diversity of size in farms and ranches by stabilizing the number of small and mid-sized farms;

''(D) to increase the diversity of food and other agricultural products available to consumers, including nontraditional crops and products and products grown or raised in a manner that enhances the value of the products to the public; and

''(E) to conserve and enhance the quality of land, water, and energy resources, wildlife habitat, and other landscape values and amenities in rural areas.

''(2) GRANTS.—From amounts made available under paragraph (6), the Secretary shall make award competitive grants—

''(A) to an eligible independent producer (as determined by the Secretary) of a value-added agricultural product to assist the producer—

''(i) to develop a business plan for viable marketing opportunities for the value-added agricultural product; or

''(ii) to develop strategies that are intended to create marketing opportunities for the producer; and

''(B) to an eligible nonprofit entity (as determined by the Secretary) to assist the entity—

''(i) to develop a business plan for viable marketing opportunities in emerging markets for a value-added agricultural product; or

''(ii) to develop strategies that are intended to create marketing opportunities in emerging markets for the value-added agricultural product.

''(3) AMOUNT OF GRANT.—

''(A) IN GENERAL.—The total amount provided under this subsection to a grant recipient may not exceed $500,000.

''(B) PRIORITY.—The Secretary shall give priority to grant proposals for less than $200,000 submitted under this subsection.

''(4) GRANTEE STRATEGIES.—A grantee under paragraph (2) shall use the grant—

''(A) to develop a business plan or perform a feasibility study to establish a viable marketing opportunity for a value-added agricultural product; or

''(B) to provide capital to establish alliances or business ventures that allow the producer of the value-added agricultural product to better compete in domestic or international markets.

''(5) GRANTS FOR MARKETING OR PROCESSING CERTIFIED ORGANIC AGRICULTURAL PRODUCTS.—

''(A) IN GENERAL.—Out of any amount that is made available to the Secretary for a fiscal year under paragraph (2), the Secretary shall use not less than 5 percent of the amount for grants to assist producers of certified organic agricultural products in post-farm marketing or processing of the products through a business or cooperative ventures that—

''(i) expand the customer base of the certified organic agricultural products; and

''(ii) increase the portion of product revenue available to the producers.

''(B) CERTIFIED ORGANIC AGRICULTURAL PRODUCT.—For the purposes of this paragraph, a certified organic agricultural product does not have to meet the requirements of the definition of 'value-added agricultural product' under subsection (a).

''(C) INSUFFICIENT APPLICATIONS.—If, for any fiscal year, the Secretary receives an insufficient quantity of applications for grants described in subparagraph (A) to use the funds reserved under subparagraph (A), the Secretary may use the excess reserved funds to make grants for any other purpose authorized under this subsection.

''(6) FUNDING.—

''(A) IN GENERAL.—Not later than 30 days after the date of enactment of this paragraph, and on October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture to carry out this subsection $75,000,000, to remain available until expended.

''(B) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this subsection the funds transferred under subparagraph (A), without further appropriation.'';

(3) in subsection (c)(1) (as redesignated)—

(A) by striking ''subsection (a)(2)'' and inserting ''subsection (b)(2)'';

(B) by striking ''$5,000,000'' and inserting ''7.5 percent''; and

(C) by striking ''subsection (a)'' and inserting ''subsection (b)''; and

(4) in subsection (d) (as redesignated), by striking ''subsections (a) and (b)'' and inserting ''subsections (b) and (c)''.

SEC. 607. NATIONAL RURAL DEVELOPMENT INFORMATION CLEARINGHOUSE.

Section 2381 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 3125b) is amended to read as follows:

''SEC. 2381. NATIONAL RURAL DEVELOPMENT INFORMATION CLEARINGHOUSE.

''(a) ESTABLISHMENT.—The Secretary shall establish and maintain, within the rural development mission area of the Department of Agriculture, a National Rural Development Information Clearinghouse (referred to in this section as the 'Clearinghouse') to perform the functions specified in subsection (b).

''(b) FUNCTIONS.—The Clearinghouse shall collect information and data from, and disseminate information and data to, any person or public or private entity about programs and services provided by Federal, State, local, and tribal agencies, institutions of higher education, and private, for-profit, and nonprofit organizations and institutions under which a person or public or private entity residing or operating in a rural area may be eligible for any kind of financial, technical, or other assistance, including business, venture capital, economic, credit and community development assistance, health care, job training, education, and emotional and financial counseling.

''(c) MODES OF COLLECTION AND DISSEMINATION OF INFORMATION.—In addition to other modes for the collection and dissemination of the types of information and data specified under subsection (b), the Secretary shall ensure that the Clearinghouse maintains an Internet website that provides for dissemination and collection, through voluntary submission or posting, of the information and data.

''(d) FEDERAL AGENCIES.—On request of the Secretary and to the extent permitted by law, the head of a Federal agency shall provide to the Clearinghouse such information as the Secretary may request to enable the Clearinghouse to carry out this section.

''(e) STATE, LOCAL, AND TRIBAL AGENCIES, INSTITUTIONS OF HIGHER EDUCATION, AND NONPROFIT AND FOR-PROFIT ORGANIZATIONS.—The Secretary shall request State, local, and tribal agencies, institutions of higher education, and private, for-profit, and nonprofit organizations and institutions to provide to the Clearinghouse information concerning applicable programs or services described in subsection (b).

''(f) PROMOTION OF CLEARINGHOUSE.—The Secretary prominently shall promote the existence and availability of the Clearinghouse in all activities of the Department of Agriculture relating to rural areas of the United States.

''(g) FUNDING.—

''(1) IN GENERAL.—Subject to paragraph (2), the Secretary shall use to operate and maintain the Clearinghouse not more than $600,000 of the funds available to the Rural Housing Service, the Rural Utilities Service, and the Rural Business-Cooperative Service for each fiscal year.

''(2) LIMITATION.—Funds available to the Rural Housing Service, the Rural Utilities Service, and the Rural Business-Cooperative Service for the payment of loan costs (as defined in section 502 of Federal Credit Reform Act of 1990 (2 U.S.C. 661a)) shall not be used to operate and maintain the Clearinghouse.''.

Subtitle B—National Rural Development Partnership

SEC. 611. SHORT TITLE.

This subtitle may be cited as the ''National Rural Development Partnership Act of 2001''.

SEC. 612. NATIONAL RURAL DEVELOPMENT PARTNERSHIP.

Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981 et seq.) is amended by adding at the end the following:

''SEC. 377. NATIONAL RURAL DEVELOPMENT PARTNERSHIP.

''(a) DEFINITIONS.—In this section:

''(1) AGENCY WITH RURAL RESPONSIBILITIES.—The term 'agency with rural responsibilities' means any executive agency (as defined in section 105 of title 5, United States Code) that—

''(A) implements Federal law targeted at rural areas, including—

''(i) the Act of April 24, 1950 (commonly known as the 'Granger-Thye Act') (64 Stat. 82, chapter 9);

''(ii) the Intergovernmental Cooperation Act of 1968 (82 Stat. 1098);

''(iii) section 41742 of title 49, United States Code;

''(iv) the Rural Development Act of 1972 (86 Stat. 657);

''(v) the Rural Development Policy Act of 1980 (94 Stat. 1171);

''(vi) the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.);

''(vii) amendments made to section 334 of the Public Health Service Act (42 U.S.C. 254g) by the Rural Health Clinics Act of 1983 (97 Stat. 1345); and

''(viii) the Rural Housing Amendments of 1983 (97 Stat. 1240) and the amendments made by the Rural Housing Amendments of 1983 to title V of the Housing Act of 1949 (42 U.S.C. 1471 et seq.); or

''(B) administers a program that has a significant impact on rural areas, including—

''(i) the Appalachian Regional Commission;

''(ii) the Department of Agriculture;

''(iii) the Department of Commerce;

''(iv) the Department of Defense;

''(v) the Department of Education;

''(vi) the Department of Energy;

''(vii) the Department of Health and Human Services;

''(viii) the Department of Housing and Urban Development;

''(ix) the Department of the Interior;

''(x) the Department of Justice;

''(xi) the Department of Labor;

''(xii) the Department of Transportation;

''(xiii) the Department of the Treasury;

''(xiv) the Department of Veterans Affairs;

''(xv) the Environmental Protection Agency;

''(xvi) the Federal Emergency Management Administration;

''(xvii) the Small Business Administration;

''(xviii) the Social Security Administration;

''(xix) the Federal Reserve System;

''(xx) the United States Postal Service;

''(xxi) the Corporation for National Service;

''(xxii) the National Endowment for the Arts and the National Endowment for the Humanities; and

''(xxiii) other agencies, commissions, and corporations.

''(2) COORDINATING COMMITTEE.—The term 'Coordinating Committee' means the National Rural Development Coordinating Committee established by subsection (c).

''(3) PARTNERSHIP.—The term 'Partnership' means the National Rural Development Partnership continued by subsection (b).

''(4) STATE RURAL DEVELOPMENT COUNCIL.—The term 'State rural development council' means a State rural development council that meets the requirements of subsection (d).

''(b) PARTNERSHIP.—

''(1) IN GENERAL.—The Secretary shall continue the National Rural Development Partnership composed of—

''(A) the Coordinating Committee; and

''(B) State rural development councils.

''(2) PURPOSES.—The purposes of the Partnership are—

''(A) to empower and build the capacity of States and rural communities within States

to design unique responses to their own special rural development needs, with local determinations of progress and selection of projects and activities;

''(B) to encourage participants to be flexible and innovative in establishing new partnerships and trying fresh, new approaches to rural development issues, with responses to rural development that use different approaches to fit different situations; and

''(C) to encourage all partners in the Partnership (Federal, State, local, and tribal governments, the private sector, and nonprofit organizations) to be fully engaged and share equally in decisions.

''(3) GOVERNING PANEL.—

''(A) IN GENERAL.—A panel consisting of representatives of the Coordinating Committee and State rural development councils shall be established to lead and coordinate the strategic operation, policies, and practices of the Partnership.

''(B) ANNUAL REPORTS.—In conjunction with the Coordinating Committee and State rural development councils, the panel shall prepare and submit to Congress an annual report on the activities of the Partnership.

''(4) ROLE OF FEDERAL GOVERNMENT.—The role of the Federal Government in the Partnership shall be that of a partner and facilitator, with Federal agencies authorized—

''(A) to cooperate with States to implement the Partnership;

''(B) to provide States with the technical and administrative support necessary to plan and implement tailored rural development strategies to meet local needs;

''(C) to ensure that the head of each agency referred to in subsection (a)(1)(B) designates a senior-level agency official to represent the agency on the Coordinating Committee and directs appropriate field staff to participate fully with the State rural development council within the jurisdiction of the field staff; and

''(D) to enter into cooperative agreements with, and to provide grants and other assistance to, State rural development councils.

''(5) ROLE OF PRIVATE AND NONPROFIT SECTOR ORGANIZATIONS.—Private and nonprofit sector organizations are encouraged—

''(A) to act as full partners in the Partnership and State rural development councils; and

''(B) to cooperate with participating government organizations in developing innovative approaches to the solution of rural development problems.

''(c) NATIONAL RURAL DEVELOPMENT COORDINATING COMMITTEE.—

''(1) ESTABLISHMENT.—The Secretary shall establish a National Rural Development Coordinating Committee.

''(2) COMPOSITION.—The Coordinating Committee shall be composed of—

''(A) 1 representative of each agency with rural responsibilities that elects to participate in the Coordinating Committee; and

''(B) representatives, approved by the Secretary, of—

''(i) national associations of State, regional, local, and tribal governments and intergovernmental and multijurisdictional agencies and organizations;

''(ii) national public interest groups;

''(iii) other national nonprofit organizations that elect to participate in the activities of the Coordinating Committee; and

''(iv) the private sector.

''(3) DUTIES.—The Coordinating Committee shall—

''(A) provide support for the work of the State rural development councils;

''(B) facilitate coordination among Federal programs and activities, and with State, local, tribal, and private programs and activities, affecting rural development;

''(C) enhance the effectiveness, responsiveness, and delivery of Federal programs in rural areas;

''(D) gather and provide to Federal authorities information and input for the development and implementation of Federal programs impacting rural economic and community development;

''(E) notwithstanding any other provision of law, review and comment on policies, regulations, and proposed legislation that affect or would affect rural areas;

''(F) provide technical assistance to State rural development councils for the implementation of Federal programs;

''(G) notwithstanding any other provision of law, develop and facilitate strategies to reduce or eliminate administrative and regulatory impediments; and

''(H) require each State receiving funds under this section to submit an annual report on the use of the funds by the State, including a description of strategic plans, goals, performance measures, and outcomes for the State rural development council of the State.

''(4) ELECTION NOT TO PARTICIPATE.—An agency with rural responsibilities that elects not to participate in the Partnership and the Coordinating Committee shall submit to Congress a report that describes—

''(A) how the programmatic responsibilities of the Federal agency that target or have an impact on rural areas are better achieved without participation by the agency in the Partnership; and

''(B) a more effective means of partnership-building and collaboration to achieve the programmatic responsibilities of the agency.

''(d) STATE RURAL DEVELOPMENT COUNCILS.—

''(1) ESTABLISHMENT.—Notwithstanding chapter 63 of title 31, United States Code, each State may elect to participate in the Partnership by entering into an agreement with the Secretary to establish a State rural development council.

''(2) STATE DIVERSITY.—Each State rural development council shall—

''(A) have a nonpartisan membership that is broad and representative of the economic, social, and political diversity of the State; and

''(B) carry out programs and activities in a manner that reflects the diversity of the State.

''(3) DUTIES.—A State rural development council shall—

''(A) facilitate collaboration among Federal, State, local, and tribal governments and the private and nonprofit sectors in the planning and implementation of programs and policies that target or have an impact on rural areas of the State;

''(B) enhance the effectiveness, responsiveness, and delivery of Federal and State programs in rural areas of the State;

''(C) gather and provide to the Coordinating Committee and other appropriate organizations information on the condition of rural areas in the State;

''(D) monitor and report on policies and programs that address, or fail to address, the needs of the rural areas of the State;

''(E) provide comments to the Coordinating Committee and other appropriate organizations on policies, regulations, and proposed legislation that affect or would affect the rural areas of the State;

''(F) notwithstanding any other provision of law, in conjunction with the Coordinating Committee, facilitate the development of strategies to reduce or eliminate conflicting or duplicative administrative or regulatory requirements of Federal, State, local, and tribal governments;

''(G) use grant or cooperative agreement funds provided by the Partnership under an agreement entered into under paragraph (1) to—

''(i) retain an Executive Director and such support staff as are necessary to facilitate and implement the directives of the State rural development council; and

''(ii) pay expenses associated with carrying out subparagraphs (A) through (F); and

''(H)(i) provide to the Coordinating Committee an annual plan with goals and performance measures; and

''(ii) submit to the Coordinating Committee an annual report on the progress of the State rural development council in meeting the goals and measures.

''(4) AUTHORITIES.—A State rural development council may—

''(A) solicit funds to supplement and match funds provided under paragraph (3)(G); and

''(B) engage in activities, in addition to those specified in paragraph (3), appropriate to accomplish the purposes for which the State rural development council is established.

''(5) COMMENTS OR RECOMMENDATIONS.—A State rural development council may provide comments and recommendations to an agency with rural responsibilities related to the activities of the State rural development council within the State.

''(6) ACTIONS OF STATE RURAL DEVELOPMENT COUNCIL MEMBERS.—When carrying out a program or activity authorized by a State rural development council or this subtitle, a member of the council shall be regarded as a full-time employee of the Federal Government for purposes of chapter 171 of title 28, United States Code, and the Federal Advisory Committee Act (5 U.S.C. App.).

''(7) FEDERAL PARTICIPATION IN STATE RURAL DEVELOPMENT COUNCILS.—

''(A) IN GENERAL.—The State Director for Rural Development of a State, other employees of the Department of Agriculture, and employees of other Federal agencies that elect to participate in the Partnership shall fully participate in the governance and operations of State rural development councils on an equal basis with other members of the State rural development councils.

''(B) CONFLICTS.—A Federal employee who participates in a State rural development council shall not participate in the making of any council decision if the agency represented by the Federal employee has any financial or other interest in the outcome of the decision.

''(C) FEDERAL GUIDANCE.—The Office of Government Ethics, in consultation with the Attorney General, shall issue guidance to all Federal employees that participate in State rural development councils that describes specific decisions that—

''(i) would constitute a conflict of interest for the Federal employee; and

''(ii) from which the Federal employee must recuse himself or herself.

''(e) ADMINISTRATIVE SUPPORT OF THE PARTNERSHIP.—

''(1) DETAIL OF EMPLOYEES.—

''(A) IN GENERAL.—In order to provide experience in intergovernmental collaboration, the head of an agency with rural responsibilities that elects to participate in the Partnership may, and is encouraged to, detail an employee of the agency with rural responsibilities to the Partnership without reimbursement for a period of up to 12 months.

''(B) CIVIL SERVICE STATUS.—The detail shall be without interruption or loss of civil service status or privilege.

''(2) ADDITIONAL SUPPORT.—The Secretary shall provide for any additional support staff to the Partnership as the Secretary determines to be necessary to carry out the duties of the Partnership.

''(f) FUNDING.—

''(1) AUTHORIZATION OF APPROPRIATIONS.—

''(A) IN GENERAL.—There are authorized to be appropriated such sums as are necessary to carry out this section.

''(B) AMOUNT OF FINANCIAL ASSISTANCE.—In providing financial assistance to State rural development councils, the Secretary and heads of other Federal agencies shall provide assistance that, to the maximum extent practicable, is—

''(i) uniform in amount; and

''(ii) targeted to newly created State rural development councils.

''(C) FEDERAL SHARE.—The Secretary shall develop a plan to decrease, over time, the Federal share of the cost of the core operations of State rural development councils.

''(2) FEDERAL AGENCIES.—

''(A) IN GENERAL.—Notwithstanding any other provision of law limiting the ability of an agency to provide funds to the Partnership with other agencies, in order to carry out the purposes described in subsection (b)(2), the Partnership shall be eligible to receive grants, gifts, contributions, or technical assistance from, or enter into contracts with, any Federal agency.

''(B) ASSISTANCE.—Federal agencies are encouraged to use funds made available for programs that target or have an impact on rural areas to provide assistance to, and enter into contracts with, the Partnership, as described in subparagraph (A).

''(3) CONTRIBUTIONS.—The Partnership may accept private contributions.

''(4) FEDERAL FINANCIAL SUPPORT FOR STATE RURAL DEVELOPMENT COUNCILS.—Notwithstanding any other provision of law, a Federal agency may use funds made available under paragraph (1) or (2) to enter into a cooperative agreement, contract, or other agreement with a State rural development council to support the core operations of the State rural development council, regardless of the legal form of organization of the State rural development council.

''(g) MATCHING REQUIREMENTS FOR STATE RURAL DEVELOPMENT COUNCILS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), a State rural development council shall provide matching funds, or in-kind goods or services, to support the activities of the State rural development council in an amount that is not less than 33 percent of the amount of Federal funds received under an agreement under subsection (d)(1).

''(2) EXCEPTIONS TO MATCHING REQUIREMENT FOR CERTAIN FEDERAL FUNDS.—Paragraph (1) shall not apply to funds, grants, funds provided under contracts or cooperative agreements, gifts, contributions, or technical assistance received by a State rural development council from a Federal agency that are used—

''(A) to support 1 or more specific program or project activities; or

''(B) to reimburse the State rural development council for services provided to the Federal agency providing the funds, grants, funds provided under contracts or cooperative agreements, gifts, contributions, or technical assistance.

''(h) TERMINATION.—The authority provided under this section shall terminate on the date that is 5 years after the date of enactment of this section.''.

Subtitle C—Consolidated Farm and Rural Development Act

SEC. 621. WATER OR WASTE DISPOSAL GRANTS.

Section 306(a)(2) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(2)) is amended—

(1) by striking ''(2) The'' and inserting the following:

''(2) WATER, WASTE DISPOSAL, AND WASTEWATER FACILITY GRANTS.—

''(A) AUTHORITY.—

''(i) IN GENERAL.—The'';

(2) by striking ''$590,000,000'' and inserting ''$1,500,000,000'';

(3) by striking ''The amount'' and inserting the following:

''(ii) AMOUNT.—The amount'';

(4) by striking ''paragraph'' and inserting ''subparagraph'';

(5) by striking ''The Secretary shall'' and inserting the following:

''(iii) GRANT RATE.—The Secretary shall''; and

(6) by adding at the end the following:

''(B) REVOLVING FUNDS FOR FINANCING WATER AND WASTEWATER PROJECTS.—

''(i) IN GENERAL.—The Secretary may make grants to qualified private, nonprofit entities to capitalize revolving funds for the purpose of providing loans to eligible borrowers for—

''(I) predevelopment costs associated with proposed water and wastewater projects or with existing water and wastewater systems; and

''(II) short-term costs incurred for replacement equipment, small-scale extension services, or other small capital projects that are not part of the regular operations and maintenance activities of existing water and wastewater systems.

''(ii) ELIGIBLE BORROWERS.—To be eligible to obtain a loan from a revolving fund under clause (i), a borrower shall be eligible to obtain a loan, loan guarantee, or grant under paragraph (1) or this paragraph.

''(iii) MAXIMUM AMOUNT OF LOANS.—The amount of a loan made to an eligible borrower under this subparagraph shall not exceed—

''(I) $100,000 for costs described in clause (i)(I); and

''(II) $100,000 for costs described in clause (i)(II).

''(iv) TERM.—The term of a loan made to an eligible borrower under this subparagraph shall not exceed 10 years.

''(v) ADMINISTRATION.—The Secretary shall limit the amount of grant funds that may be used by a grant recipient for administrative costs incurred under this subparagraph.

''(vi) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subparagraph $30,000,000 for each of fiscal years 2002 through 2006.''.

SEC. 622. RURAL BUSINESS OPPORTUNITY GRANTS.

Section 306(a)(11)(D) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(11)(D)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 623. RURAL WATER AND WASTEWATER CIRCUIT RIDER PROGRAM.

Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) is amended by added at the end the following:

''(22) RURAL WATER AND WASTEWATER CIRCUIT RIDER PROGRAM.—

''(A) IN GENERAL.—The Secretary shall establish a national rural water and wastewater circuit rider program that is based on the rural water circuit rider program of the National Rural Water Association that (as of the date of enactment of this paragraph) receives funding from the Secretary, acting through the Rural Utilities Service.

''(B) RELATIONSHIP TO EXISTING PROGRAM.—The program established under subparagraph (A) shall not affect the authority of the Secretary to carry out the circuit rider program for which funds are made available under the heading ''RURAL COMMUNITY ADVANCEMENT PROGRAM'' of title III of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2002.

''(C) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this paragraph $15,000,000 for each of fiscal years 2003 through 2006.''.

SEC. 624. MULTIJURISDICTIONAL REGIONAL PLANNING ORGANIZATIONS.

Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) (as amended by section 623) is amended by added at the end the following:

''(23) MULTIJURISDICTIONAL REGIONAL PLANNING ORGANIZATIONS.—

''(A) GRANTS.—The Secretary shall provide grants to multijurisdictional regional planning and development organizations to pay the Federal share of the cost of providing assistance to local governments to improve the infrastructure, services, and business development capabilities of local governments and local economic development organizations.

''(B) PRIORITY.—In determining which organizations will receive a grant under this paragraph, the Secretary shall provide a priority to an organization that—

''(i) serves a rural area that, during the most recent 5-year period—

''(I) had a net out-migration of inhabitants, or other population loss, from the rural area that equals or exceeds 5 percent of the population of the rural area; or

''(II) had a median household income that is less than the nonmetropolitan median household income of the applicable State; and

''(ii) has a history of providing substantive assistance to local governments and economic development organizations.

''(C) FEDERAL SHARE.—A grant provided under this paragraph shall be for not more than 75 percent of the cost of providing assistance described in subparagraph (A).

''(D) MAXIMUM AMOUNT OF GRANTS.—The amount of a grant provided to an organization under this paragraph shall not exceed $100,000.

''(E) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this paragraph $30,000,000 for each of fiscal years 2003 through 2006.''.

SEC. 625. CERTIFIED NONPROFIT ORGANIZATIONS SHARING EXPERTISE.

Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) (as amended by section 624) is amended by added at the end the following:

''(24) CERTIFIED NONPROFIT ORGANIZATIONS SHARING EXPERTISE.—

''(A) CERTIFIED ORGANIZATIONS.—

''(i) IN GENERAL.—To be certified by the Secretary to provide technical assistance in 1 or more rural development fields, an organization shall—

''(I) be a nonprofit organization (which may include an institution of higher education) with experience in providing technical assistance in the applicable rural development field;

''(II) develop a plan, approved by the Secretary, describing the manner in which grant funds will be used and the source of non-Federal funds; and

''(III) meet such other criteria as the Secretary may establish, based on the needs of eligible entities for the technical assistance.

''(ii) LIST.—The Secretary shall make available to the public a list of certified organizations in each area that the Secretary determines have substantial experience in providing the assistance described in subparagraph (B).

''(B) GRANTS.—The Secretary may provide grants to certified organizations to pay for costs of providing technical assistance to local governments and nonprofit entities to improve the infrastructure, services, and business development capabilities of local governments and local economic development organizations.

''(C) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to

carry out this paragraph $20,000,000 for each of fiscal years 2003 through 2006.''.

SEC. 626. LOAN GUARANTEES FOR CERTAIN RURAL DEVELOPMENT LOANS.

(a) LOAN GUARANTEES FOR WATER, WASTEWATER, AND ESSENTIAL COMMUNITY FACILITIES LOANS.—Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1925(a)) (as amended by section 625) is amended by adding at the end the following:

''(25) LOAN GUARANTEES FOR WATER, WASTEWATER, AND ESSENTIAL COMMUNITY FACILITIES LOANS.—

''(A) IN GENERAL.—The Secretary may guarantee under this title a loan made to finance a community facility or water or waste facility project, including a loan financed by the net proceeds of a bond described in section 144(a)(12)(B)(ii) of the Internal Revenue Code of 1986.

''(B) REQUIREMENTS.—To be eligible for a loan guarantee under subparagraph (A), an individual or entity offering to purchase the loan must demonstrate to the Secretary that the person has—

''(i) the capabilities and resources necessary to service the loan in a manner that ensures the continued performance of the loan, as determined by the Secretary; and

''(ii) the ability to generate capital to provide borrowers of the loan with the additional credit necessary to properly service the loan.''.

(b) LOAN GUARANTEES FOR CERTAIN LOANS.—Section 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932) is amended by adding at the end the following:

''(h) LOAN GUARANTEE FOR CERTAIN LOANS.—The Secretary may guarantee loans made in subsection (a) to finance the issuance of bonds for the projects described in section 306(a)(25).''.

SEC. 627. RURAL FIREFIGHTERS AND EMERGENCY PERSONNEL GRANT PROGRAM.

Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) (as amended by section 626(a)) is amended by adding at the end the following:

''(26) RURAL FIREFIGHTERS AND EMERGENCY MEDICAL PERSONNEL GRANT PROGRAM.—

''(A) IN GENERAL.—The Secretary may make grants to units of general local government and Indian tribes (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)) to pay the cost of training firefighters and emergency medical personnel in firefighting, emergency medical practices, and responding to hazardous materials and bioagents in rural areas.

''(B) USE OF FUNDS.—

''(i) SCHOLARSHIPS.—

''(I) IN GENERAL.—Not less than 60 percent of the amounts made available for competitively awarded grants under this paragraph shall be used to provide grants to fund partial scholarships for training of individuals at training centers approved by the Secretary.

''(II) PRIORITY.—In awarding grants under this clause, the Secretary shall give priority to grant applicants with relatively low transportation costs considering the location of the grant applicant and the proposed location of the training.

''(ii) GRANTS FOR TRAINING CENTERS.—

''(I) EXISTING CENTERS.—

''(aa) IN GENERAL.—A grant under subparagraph (A) may be used to provide financial assistance to State and regional centers that provide training for firefighters and emergency medical personnel for improvements to the training facility, equipment, curricula, and personnel.

''(bb) LIMITATION.—Not more than $2,000,000 shall be provided to any single training center for any fiscal year under this subclause.

''(II) ESTABLISHMENT OF NEW CENTERS.—

''(aa) IN GENERAL.—A grant under subparagraph (A) may be used to provide the Federal share of the costs of establishing a regional training center for firefighters and emergency medical personnel.

''(bb) FEDERAL SHARE.—The amount of a grant under this subclause for a training center shall not exceed 50 percent of the cost of establishing the training center.

''(C) FUNDING.—

''(i) IN GENERAL.—Out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture to carry out this paragraph—

''(I) not later than 30 days after the date of enactment of this Act, $10,000,000; and

''(II) on October 1, 2002, and each October 1 thereafter through October 1, 2005, $30,000,000.

''(ii) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under clause (i), without further appropriation.

''(iii) AVAILABILITY OF FUNDS.—Funds transferred under clause (i) shall remain available until expended.''.

SEC. 628. EMERGENCY COMMUNITY WATER ASSISTANCE GRANT PROGRAM.

Section 306A(i) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926a(i)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 629. WATER AND WASTE FACILITY GRANTS FOR NATIVE AMERICAN TRIBES.

Section 306C of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926c(e)) is amended by striking subsection (e) and inserting the following:

''(e) AUTHORIZATION OF APPROPRIATIONS.—

''(1) IN GENERAL.—Subject to paragraph (2), there is authorized to be appropriated—

''(A) for grants under this section, $30,000,000 for each fiscal year;

''(B) for loans under this section, $30,000,000 for each fiscal year; and

''(C) for grants under this section to benefit Indian tribes (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)), $20,000,000 for each fiscal year.

''(2) EXCEPTION.—An entity eligible to receive funding through a grant made under section 306D shall not be eligible for a grant from funds made available under subparagraph (1)(C).''.

SEC. 630. WATER SYSTEMS FOR RURAL AND NATIVE VILLAGES IN ALASKA.

Section 306D(d)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926d(d)(1)) is amended by striking ''and 2002'' and inserting ''through 2006''.

SEC. 631. RURAL COOPERATIVE DEVELOPMENT GRANTS.

Section 310B(e)(9) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(e)(9)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 632. GRANTS TO BROADCASTING SYSTEMS.

Section 310B(f) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(f)) is amended by adding at the end the following:

''(3) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection $5,000,000 for each of fiscal years 2002 through 2006.''.

SEC. 633. BUSINESS AND INDUSTRY LOAN MODIFICATIONS.

Section 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932) is amended by striking subsection (g) and inserting the following:

''(g) BUSINESS AND INDUSTRY DIRECT AND GUARANTEED LOANS.—

''(1) LOAN GUARANTEES FOR THE PURCHASE OF COOPERATIVE STOCK.—

''(A) NEW AND EXPANDING COOPERATIVES.—

''(i) IN GENERAL.—The Secretary may guarantee a loan under subsection (a) to farmers, ranchers, or cooperatives for the purpose of purchasing start-up capital stock for the expansion or creation of a cooperative venture that will process agricultural commodities or otherwise process value-added agricultural products.

''(ii) FINANCIAL CONDITION.—In determining the appropriateness of a loan guarantee under this subparagraph, the Secretary—

''(I) shall fully review the feasibility and other relevant aspects of the cooperative venture to be established;

''(II) may not require a review of the financial condition or statements of any individual farmer or rancher involved in the cooperative, other than the applicant for a guarantee under this subparagraph; and

''(III) shall base any guarantee, to the maximum extent practicable, on the merits of the cooperative venture to be established.

''(iii) COLLATERAL.—As a condition of making a loan guarantee under this subparagraph, the Secretary may not require additional collateral by a farmer or rancher, other than stock purchased or issued pursuant to the loan and guarantee of the loan.

''(iv) ELIGIBILITY.—To be eligible for a loan guarantee under this subparagraph, a farmer or rancher must produce the agricultural commodity that will be processed by the cooperative.

''(v) PROCESSING CONTRACTS DURING INITIAL PERIOD.—The cooperative, for which a farmer or rancher receives a guarantee to purchase stock under this subparagraph, may contract for services to process agricultural commodities, or otherwise process value-added agricultural products, during the 5-year period beginning on the date of the startup of the cooperative in order to provide adequate time for the planning and construction of the processing facility of the cooperative.

''(B) EXISTING COOPERATIVES.—The Secretary may guarantee a loan under subsection (a) to a farmer or rancher to join a cooperative in order to sell the agricultural commodities or products produced by the farmer or rancher.

''(C) FINANCIAL INFORMATION.—Financial information required by the Secretary from a farmer or rancher as a condition of making a loan guarantee under this paragraph shall be provided in the manner generally required by commercial agricultural lenders in the area.

''(2) LOANS TO COOPERATIVES.—

''(A) IN GENERAL.—The Secretary may make or guarantee a loan under subsection (a) to a cooperative that is headquartered in a metropolitan area if the loan is used for a project or venture described in subsection (a) that is located in a rural area.

''(B) REFINANCING.—A cooperative organization owned by farmers or ranchers that is eligible for a business and industry loan under made or guaranteed under subsection (a) shall be eligible to refinance an existing loan with a lender if—

''(i) the cooperative organization—

''(I) is current and performing with respect to the existing loan; and

''(II) is not, and has not been, in default with respect to the existing loan; and

''(ii) there is adequate security or full collateral for the refinanced loan.

''(3) BUSINESS AND INDUSTRY LOAN APPRAISALS.—The Secretary may require that any appraisal made in connection with a business and industry loan made or guaranteed under subsection (a) be conducted by a specialized

appraiser that uses standards that are similar to standards used for similar purposes in the private sector, as determined by the Secretary.

''(4) FEES.—The Secretary may assess a 1-time fee for any loan guaranteed under subsection (a) in an amount that does not exceed 2 percent of the guaranteed principal portion of the loan.''.

SEC. 634. VALUE-ADDED INTERMEDIARY RELENDING PROGRAM.

Section 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932) (as amended by section 626(b)) is amended by adding at the end the following:

''(i) VALUE-ADDED INTERMEDIARY RELENDING PROGRAM.—

''(1) IN GENERAL.—In accordance with this subsection, the Secretary shall make loans under the terms and conditions of the intermediary relending program established under section 1323(b)(2)(C) of the Food Security Act of 1985 (7 U.S.C. 1932 note; Public Law 99–198).

''(2) LOANS.—Using funds made available to carry out this subsection, the Secretary shall make loans to eligible intermediaries to make loans to ultimate recipients, under the terms and conditions of the intermediary relending program, for projects to establish, enlarge, and operate enterprises that add value to agricultural commodities and products of agricultural commodities.

''(3) ELIGIBLE INTERMEDIARIES.—Intermediaries that are eligible to receive loans under paragraph (2) shall include State agencies.

''(4) PREFERENCE FOR BIOENERGY PROJECTS.—In making loans using loan funds made available under paragraph (2), an eligible intermediary shall give preference to bioenergy projects in accordance with regulations promulgated by the Secretary.

''(5) COMPOSITION OF CAPITAL.—The capital for a project carried out by an ultimate recipient and assisted with loan funds made available under paragraph (2) shall be comprised of—

''(A) not more than 15 percent of the total cost of a project; and

''(B) not less than 50 percent of the equity funds provided by agricultural producers.

''(6) LOAN CONDITIONS.—

''(A) TERMS OF LOANS.—A loan made to an intermediary using loan funds made available under paragraph (2) shall have a term of not to exceed 30 years.

''(B) INTEREST.—The interest rate on such a loan shall be—

''(i) in the case of each of the first 2 years of the loan period, 0 percent; and

''(ii) in the case of each of the remaining years of the loan period, 2 percent.

''(7) LIMITATIONS ON AMOUNT OF LOAN FUNDS PROVIDED.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), an intermediary or ultimate recipient shall be eligible to receive not more than $2,000,000 of the loan funds made available under paragraph (2).

''(B) STATE AGENCIES.—Subparagraph (A) shall not apply in the case of a State agency with respect to loan funds provided to the State agency as an intermediary.

''(8) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection $15,000,000 for each of fiscal years 2003 through 2006.''.

SEC. 635. USE OF RURAL DEVELOPMENT LOANS AND GRANTS FOR OTHER PURPOSES.

Subtitle A of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) (as amended by section 508) is amended by adding at the end the following:

''SEC. 310G. USE OF RURAL DEVELOPMENT LOANS AND GRANTS FOR OTHER PURPOSES.

''If, after making a loan or a grant described in section 381E(d), the Secretary determines that the circumstances under which the loan or grant was made have sufficiently changed to make the project or activity for which the loan or grant was made available no longer appropriate, the Secretary may allow the loan borrower or grant recipient to use property (real and personal) purchased or improved with the loan or grant funds, or proceeds from the sale of property (real and personal) purchased with such funds, for another project or activity that (as determined by the Secretary)—

''(1) will be carried out in the same area as the original project or activity;

''(2) meets the criteria for a loan or a grant described in section 381E(d); and

''(3) satisfies such additional requirements as are established by the Secretary.''.

SEC. 636. SIMPLIFIED APPLICATION FORMS FOR LOAN GUARANTEES.

Section 333A of the Consolidated Farm and Rural Development Act (7 U.S.C. 1983a) (as amended by section 526) is amended by striking subsection (g) and inserting the following:

''(g) SIMPLIFIED APPLICATION FORMS FOR LOAN GUARANTEES.—

''(1) IN GENERAL.—The Secretary shall provide to lenders a short, simplified application form for guarantees under this title of—

''(A) farmer program loans the principal amount of which is $100,000 or less; and

''(B) business and industry guaranteed loans under section 310B(a)(1) the principal amount of which is—

''(i) in the case of a loan guarantee made during fiscal year 2002 or 2003, $400,000 or less; and

''(ii) in the case of a loan guarantee made during any subsequent fiscal year—

''(I) $400,000 or less; or

''(II) if the Secretary determines that there is not a significant increased risk of a default on the loan, $600,000 or less.

''(2) WATER AND WASTE DISPOSAL GRANTS AND LOANS.—The Secretary shall develop an application process that accelerates, to the maximum extent practicable, the processing of applications for water and waste disposal grants or direct or guaranteed loans under paragraph (1) or (2) of section 306(a) the grant award amount or principal loan amount, respectively, of which is $300,000 or less.

''(3) ADMINISTRATION.—In developing an application under this subsection, the Secretary shall—

''(A) consult with commercial and cooperative lenders; and

''(B) ensure that—

''(i) the form can be completed manually or electronically, at the option of the lender;

''(ii) the form minimizes the documentation required to accompany the form;

''(iii) the cost of completing and processing the form is minimal; and

''(iv) the form can be completed and processed in an expeditious manner.''.

SEC. 637. DEFINITION OF RURAL AND RURAL AREA.

(a) IN GENERAL.—Section 343(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)) is amended by adding at the end the following:

''(13) RURAL AND RURAL AREA.—

''(A) IN GENERAL.—Except as otherwise provided in this paragraph, the terms 'rural' and 'rural area' mean a city, town, or unincorporated area that has a population of 50,000 inhabitants or less, other than an urbanized area immediately adjacent to a city, town, or unincorporated area that has a population in excess of 50,000 inhabitants.

''(B) WATER AND WASTE DISPOSAL GRANTS AND DIRECT AND GUARANTEED LOANS.—For the purpose of water and waste disposal grants and direct and guaranteed loans provided under paragraphs (1) and (2) of section 306(a), the terms 'rural' and 'rural area' mean a city, town, or unincorporated area that has a population of no more than 10,000 inhabitants.

''(C) COMMUNITY FACILITY LOANS AND GRANTS.—For the purpose of community facility direct and guaranteed loans and grants under paragraphs (1), (19), (20), and (21) of section 306(a), the terms 'rural' and 'rural area' mean a city, town, or unincorporated area that has a population of no more than 50,000 inhabitants.

''(D) BUSINESS AND INDUSTRY DIRECT AND GUARANTEED LOANS.—For the purpose of business and industry direct and guaranteed loans under section 310B(a)(1), the terms 'rural' and 'rural area' mean any area other than a city or town that has a population of greater than 50,000 inhabitants and the immediately adjacent urbanized area of such city or town.

''(E) MULTIJURISDICTIONAL REGIONAL PLANNING ORGANIZATIONS; NATIONAL RURAL DEVELOPMENT PARTNERSHIP.—In sections 306(a)(23) and 377, the term 'rural area' means—

''(i) all the territory of a State that is not within the boundary of any standard metropolitan statistical area; and

''(ii) all territory within any standard metropolitan statistical area within a census tract having a population density of less than 20 persons per square mile, as determined by the Secretary according to the most recent census of the United States as of any date.

''(F) RURAL ENTREPRENEURS AND MICROENTERPRISE ASSISTANCE PROGRAM; NATIONAL RURAL COOPERATIVE AND BUSINESS EQUITY FUND.—In section 378 and subtitle G, the term 'rural area' means an area that is located—

''(i) outside a standard metropolitan statistical area; or

''(ii) within a community that has a population of 50,000 inhabitants or less.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) is amended by striking paragraph (7).

(2) Section 381A of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009) is amended—

(A) by striking paragraph (1); and

(B) by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively.

SEC. 638. RURAL ENTREPRENEURS AND MICROENTERPRISE ASSISTANCE PROGRAM.

Subtitle D of the Consolidated Farm and Rural Development Act (as amended by section 612) is amended by adding at the end the following:

''SEC. 378. RURAL ENTREPRENEURS AND MICROENTERPRISE ASSISTANCE PROGRAM.

''(a) DEFINITIONS.—In this section:

''(1) ECONOMICALLY DISADVANTAGED MICROENTREPRENEUR.—The term 'economically disadvantaged microentrepreneur' means an owner, majority owner, or developer of a microenterprise that has the ability to compete in the private sector but has been impaired due to diminished capital and credit opportunities, as compared to other microentrepreneurs in the industry.

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

''(3) INTERMEDIARY.—The term 'intermediary' means a private, nonprofit entity that provides assistance—

''(A) to a microenterprise development organization; or

''(B) for a microenterprise development program.

''(4) LOW-INCOME INDIVIDUAL.—The term 'low-income individual' means an individual with an income (adjusted for family size) of not more than the greater of—

''(A) 80 percent of median income of an area; or

''(B) 80 percent of the statewide nonmetropolitan area median income.

''(5) MICROCREDIT.—The term 'microcredit' means a business loan or loan guarantee of not more than $35,000 provided to a rural entrepreneur.

''(6) MICROENTERPISE.—The term 'microenterprise' means a sole proprietorship, joint enterprise, limited liability company, partnership, corporation, or cooperative that—

''(A) has 5 or fewer employees; and

''(B) is unable to obtain sufficient credit, equity, or banking services elsewhere, as determined by the Secretary.

''(7) MICROENTERPRISE DEVELOPMENT ORGANIZATION.—

''(A) IN GENERAL.—The term 'microenterprise development organization' means a nonprofit entity that provides training and technical assistance to rural entrepreneurs and access to capital or another service described in subsection (c) to rural entrepreneurs.

''(B) INCLUSIONS.—The term 'microenterprise development organization' includes an organization described in subparagraph (A) with a demonstrated record of delivering services to economically disadvantaged microentrepreneurs.

''(8) MICROENTERPRISE DEVELOPMENT PROGRAM.—The term 'microenterprise development organization' means a program administered by a organization serving a rural area.

''(9) MICROENTREPRENEUR.—The term 'microentrepreneur' means the owner, operator, or developer of a microenterprise.

''(10) PROGRAM.—The term 'program' means the rural entrepreneur and microenterprise program established under subsection (b)(1).

''(11) QUALIFIED ORGANIZATION.—The term 'qualified organization' means—

''(A) a microenterprise development organization or microenterprise development program that has a demonstrated record of delivering microenterprise services to rural entrepreneurs, as demonstrated by the development of an effective plan of action and the possession of necessary resources to deliver microenterprise services to rural entrepreneurs effectively, as determined by the Secretary;

''(B) an intermediary that has a demonstrated record of delivery assistance to microenterprise development organizations or microenterprise development programs;

''(C) a microenterprise development organization or microenterprise development program that—

''(i) serves rural entrepreneurs; and

''(ii) enters into an agreement with a local community, in conjunction with a State or local government or Indian tribe, to provide assistance described in subsection (c);

''(D) an Indian tribe, the tribal government of which certifies to the Secretary that no microenterprise development organization or microenterprise development program exists under the jurisdiction of the Indian tribe; or

''(E) a group of 2 or more organizations or Indian tribes described in subparagraph (A), (B), (C), or (D) that agree to act jointly as a qualified organization under this section.

''(12) RURAL CAPACITY BUILDING SERVICE.—The term 'rural capacity building service' means a service provided to an organization that—

''(A) is, or is in the process of becoming, a microenterprise development organization or microenterprise development program; and

''(B) serves rural areas for the purpose of enhancing the ability of the organization to provide training, technical assistance, and other related services to rural entrepreneurs.

''(13) RURAL ENTREPRENEUR.—The term 'rural entrepreneur' means a microentrepreneur, or prospective microentrepreneur—

''(A) the principal place of business of which is in a rural area; and

''(B) that is unable to obtain sufficient training, technical assistance, or microcredit elsewhere, as determined by the Secretary.

''(14) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture, acting through the Rural Business-Cooperative Service.

''(15) TRAINING AND TECHNICAL ASSISTANCE.—

''(A) IN GENERAL.—The term 'training and technical assistance' means assistance provided to rural entrepreneurs to develop the skills the rural entrepreneurs need to plan, market, and manage their own business.

''(B) INCLUSIONS.—The term 'training and technical assistance' includes assistance provided for the purpose of—

''(i) enhancing business planning, marketing, management, or financial management skills; and

''(ii) obtaining microcredit.

''(16) TRIBAL GOVERNMENT.—The term 'tribal government' means the governing body of an Indian tribe.

''(b) ESTABLISHMENT.—

''(1) IN GENERAL.—From amounts made available under subsection (h), the Secretary shall establish a rural entrepreneur and microenterprise program.

''(2) PURPOSE.—The purpose of the program shall be to provide low- and moderate-income individuals with—

''(A) the skills necessary to establish new small businesses in rural areas; and

''(B) continuing technical assistance as the individuals begin operating the small businesses.

''(c) ASSISTANCE.—

''(1) IN GENERAL.—The Secretary may make a grant under this section to a qualified organization to—

''(A) provide training, technical assistance, or microcredit to a rural entrepreneur;

''(B) provide training, operational support, or a rural capacity building service to a qualified organization to assist the qualified organization in developing microenterprise training, technical assistance, and other related services;

''(C) assist in researching and developing the best practices in delivering training, technical assistance, and microcredit to rural entrepreneurs; and

''(D) to carry out such other projects and activities as the Secretary determines are consistent with the purposes of this section.

''(2) ALLOCATION.—

''(A) IN GENERAL.—Subject to subparagraphs (B) and (C), of the amount of funds made available for a fiscal year to make grants under this section, the Secretary shall ensure that—

''(i) not less than 75 percent of funds are used to carry out activities described in paragraph (1)(A); and

''(ii) not more than 25 percent of the funds are used to carry out activities described in subparagraphs (B) through (D) of paragraph (1).

''(B) LIMITATION ON GRANT AMOUNT.—No single qualified organization may receive more than 10 percent of the total funds that are made available for a fiscal year to carry out this section.

''(C) ADMINISTRATIVE EXPENSES.—Not more than 15 percent of assistance received by a qualified organization for a fiscal year under this section may be used for administrative expenses.

''(d) SUBGRANTS.—Subject to such regulations as the Secretary may promulgate, a qualified organization that receives a grant under this section may use the grant to provide assistance to other qualified organizations, such as small or emerging qualified organizations.

''(e) LOW-INCOME INDIVIDUALS.—The Secretary shall ensure that not less than 50 percent of the grants made under this section is used to benefit low-income individuals identified by the Secretary, including individuals residing on Indian reservations.

''(f) DIVERSITY.—In making grants under this section, the Secretary shall ensure, to the maximum extent practicable, that grant recipients include qualified organizations—

''(1) of varying sizes; and

''(2) that serve racially and ethnically diverse populations.

''(g) COST SHARING.—

''(1) FEDERAL SHARE.—The Federal share of the cost of a project carried out using funds from a grant under this section shall be 75 percent.

''(2) FORM OF NON-FEDERAL SHARE.—The non-Federal share of the cost of a project described in paragraph (1) may be provided—

''(A) in cash (including through fees, grants (including community development block grants), and gifts); or

''(B) in kind.

''(h) FUNDING.—

''(1) IN GENERAL.—Not later than 30 days after the date of enactment of this Act, and on October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture to carry out this section $10,000,000, to remain available until expended.

''(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under paragraph (1), without further appropriation.''.

SEC. 639. RURAL SENIORS.

(a) INTERAGENCY COORDINATING COMMITTEE FOR RURAL SENIORS.—Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981 et seq.) (as amended by section 638) is amended by adding at the end the following:

''SEC. 379. INTERAGENCY COORDINATING COMMITTEE FOR RURAL SENIORS.

''(a) IN GENERAL.—The Secretary shall establish an interagency coordinating committee (referred to in this section as the 'Committee') to examine the special problems of rural seniors.

''(b) MEMBERSHIP.—The Committee shall be comprised of—

''(1) the Undersecretary of Agriculture for Rural Development, who shall serve as chairperson of the Committee;

''(2) 2 representatives of the Secretary of Health and Human Services, of whom—

''(A) 1 shall have expertise in the field of health care; and

''(B) 1 shall have expertise in the field of programs under the Older Americans Act of 1965 (42 U.S.C. 3001 et seq.);

''(3) 1 representative of the Secretary of Housing and Urban Development;

''(4) 1 representative of the Secretary of Transportation; and

''(5) representatives of such other Federal agencies as the Secretary may designate.

''(c) DUTIES.—The Committee shall—

''(1) study health care, transportation, technology, housing, accessibility, and other areas of need of rural seniors;

''(2) identify successful examples of senior care programs in rural communities that could serve as models for other rural communities; and

''(3) not later than 1 year after the date of enactment of this section, submit to the Secretary, the Committee on Agriculture of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry of the Senate recommendations for legislative and administrative action.

''(d) FUNDING.—Funds available to any Federal agency may be used to carry out interagency activities under this section.''.

(b) GRANTS FOR PROGRAMS FOR RURAL SENIORS.—Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981 et seq.) (as amended by subsection (a)) is amended by adding at the end the following:

''SEC. 379A. GRANTS FOR PROGRAMS FOR RURAL SENIORS.

''(a) IN GENERAL.—The Secretary shall make grants to nonprofit organizations (including cooperatives) to pay the Federal share of the cost of programs that—

''(1) provide facilities, equipment, and technology for seniors in a rural area; and

''(2) may be replicated in other rural areas.

''(b) FEDERAL SHARE.—The Federal share of a grant under this section shall be not more than 20 percent of the cost of a program described in subsection (a).

''(c) LEVERAGING.—In selecting programs to receive grants under section, the Secretary shall give priority to proposals that leverage resources to meet multiple rural community goals.

''(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $25,000,000 for each of fiscal years 2003 through 2006.''.

(c) RESERVATION OF COMMUNITY FACILITIES PROGRAM FUNDS FOR SENIOR FACILITIES.—Section 306(a)(19) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(19)) is amended by adding at the end the following:

''(C) RESERVATION OF FUNDS FOR SENIOR FACILITIES.—

''(i) IN GENERAL.—For each fiscal year, not less than 12.5 percent of the funds made available to carry out this paragraph shall be reserved for grants to pay the Federal share of the cost of developing and constructing senior facilities, or carrying out other projects that mainly benefit seniors, in rural areas.

''(ii) RELEASE.—Funds reserved under clause (i) for a fiscal year shall be reserved only until April 1 of the fiscal year.''.

SEC. 640. CHILDREN'S DAY CARE FACILITIES.

Section 306(a)(19) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(19)) (as amended by section 639(c)) is amended by adding at the end the following:

''(D) RESERVATION OF FUNDS FOR CHILDREN'S DAY CARE FACILITIES.—

''(i) IN GENERAL.—For each fiscal year, not less than 10 percent of the funds made available to carry out this paragraph shall be reserved for grants to pay the Federal share of the cost of developing and constructing day care facilities for children in rural areas.

''(ii) RELEASE.—Funds reserved under clause (i) for a fiscal year shall be reserved only until April 1 of the fiscal year.''.

SEC. 641. RURAL TELEWORK.

Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981 et seq.) (as amended by section 639(b)) is amended by adding at the end the following:

''SEC. 379B. RURAL TELEWORK.

''(a) DEFINITIONS.—In this section:

''(1) ELIGIBLE ORGANIZATION.—The term 'eligible organization' means a nonprofit entity, an educational institution, an Indian tribe (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)), or any other organization that meets the requirements of this section and such other requirements as are established by the Secretary.

''(2) INSTITUTE.—The term 'institute' means a regional rural telework institute established using a grant under subsection (b).

''(3) TELEWORK.—The term 'telework' means the use of telecommunications to perform work functions at a rural work center located outside the place of business of an employer.

''(b) RURAL TELEWORK INSTITUTE.—

''(1) IN GENERAL.—The Secretary shall make a grant to an eligible organization to pay the Federal share of the cost of establishing and operating a national rural telework institute to carry out projects described in paragraph (4).

''(2) ELIGIBLE ORGANIZATIONS.—The Secretary shall establish criteria that an organization shall meet to be eligible to receive a grant under this subsection.

''(3) DEADLINE FOR INITIAL GRANT.—Not later than 1 year after the date on which funds are first made available to carry out this subsection, the Secretary shall make the initial grant under this subsection.

''(4) PROJECTS.—The institute shall use grant funds obtained under this subsection to carry out a 5-year project—

''(A) to serve as a clearinghouse for telework research and development;

''(B) to conduct outreach to rural communities and rural workers;

''(C) to develop and share best practices in rural telework throughout the United States;

''(D) to develop innovative, market-driven telework projects and joint ventures with the private sector that employ workers in rural areas in jobs that promote economic self-sufficiency;

''(E) to share information about the design and implementation of telework arrangements;

''(F) to support private sector businesses that are transitioning to telework;

''(G) to support and assist telework projects and individuals at the State and local level; and

''(H) to perform such other functions as the Secretary considers appropriate.

''(5) NON-FEDERAL SHARE.—

''(A) IN GENERAL.—As a condition of receiving a grant under this subsection, an eligible organization shall agree to obtain, after the application of the eligible organization has been approved and notice of award has been issued, contributions from non-Federal sources that are equal to—

''(i) during each of the first, second, and third years of a project, 50 percent of the amount of the grant; and

''(ii) during each of the fourth and fifth years of the project, 100 percent of the amount of the grant.

''(B) INDIAN TRIBES.—Notwithstanding subparagraph (A), an Indian tribe may use Federal funds made available to the tribe for self-governance to pay the non-Federal contributions required under subparagraph (A).

''(C) FORM.—The non-Federal contributions required under subparagraph (A) may be in the form of in-kind contributions, including office equipment, office space, and services.

''(c) TELEWORK GRANTS.—

''(1) IN GENERAL.—Subject to paragraphs (2) through (5), the Secretary shall make grants to eligible entities to pay the Federal share of the cost of—

''(A) obtaining equipment and facilities to establish or expand telework locations in rural areas; and

''(B) operating telework locations in rural areas.

''(2) ELIGIBLE ORGANIZATIONS.—To be eligible to receive a grant under this subsection, an eligible entity shall—

''(A) be a nonprofit organization or educational institution in a rural area; and

''(B) submit to, and receive the approval of, the Secretary of an application for the grant that demonstrates that the eligible entity has adequate resources and capabilities to establish or expand a telework location in a rural area.

''(3) NON-FEDERAL SHARE.—

''(A) IN GENERAL.—As a condition of receiving a grant under this subsection, an eligible organization shall agree to obtain, after the application of the eligible organization has been approved and notice of award has been issued, contributions from non-Federal sources that are equal to 50 percent of the amount of the grant.

''(B) INDIAN TRIBES.—Notwithstanding subparagraph (A), an Indian tribe may use Federal funds made available to the tribe for self-governance to pay the non-Federal contributions required under subparagraph (A).

''(C) SOURCES.—The non-Federal contributions required under subparagraph (A)—

''(i) may be in the form of in-kind contributions, including office equipment, office space, and services; and

''(ii) may not be made from funds made available for community development block grants under title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.).

''(4) DURATION.—The Secretary may not provide a grant under this subsection to establish, expand, or operate a telework location in a rural area after the date that is 2 years after the establishment of the telework location.

''(5) MAXIMUM AMOUNT OF GRANT.—The amount of a grant provided to an eligible entity under this subsection shall not exceed $500,000.

''(d) APPLICABILITY OF CERTAIN FEDERAL LAW.—An entity that receives funds under this section shall be subject to the provisions of Federal law (including regulations), administered by the Secretary of Labor or the Equal Employment Opportunity Commission, that govern the responsibilities of employers to employees.

''(e) REGULATIONS.—Not later than 180 days after the date of enactment of this section, the Secretary shall promulgate regulations to carry out this section.

''(f) AUTHORIZATION OF APPROPRIATION.—There is authorized to be appropriated to carry out this section $30,000,000 for each of fiscal years 2002 through 2006, of which $5,000,000 shall be provided to establish an institute under subsection (b).''.

SEC. 642. HISTORIC BARN PRESERVATION.

Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981 et seq.) (as amended by section 641) is amended by adding at the end the following:

''SEC. 379C. HISTORIC BARN PRESERVATION.

''(a) DEFINITIONS.—In this section:

''(1) BARN.—The term 'barn' means a building (other than a dwelling) on a farm, ranch, or other agricultural operation for—

''(A) housing animals;

''(B) storing or processing crops;

''(C) storing and maintaining agricultural equipment; or

''(D) serving an essential or useful purpose related to agriculture on the adjacent land.

''(2) ELIGIBLE APPLICANT.—The term 'eligible applicant' means—

''(A) a State department of agriculture (or a designee);

''(B) a national or State nonprofit organization that—

''(i) is exempt from tax under section 501(c)(3) of the Internal Revenue Code of 1986; and

''(ii) has experience or expertise, as determined by the Secretary, in the identification, evaluation, rehabilitation, preservation, or protection of historic barns; and

''(C) a State historic preservation office.

''(3) HISTORIC BARN.—The term 'historic barn' means a barn that—

''(A) is at least 50 years old;

''(B) retains sufficient integrity of design, materials, and construction to clearly identify the barn as an agricultural building; and

''(C) meets the criteria for listing on National, State, or local registers or inventories of historic structures.

''(4) SECRETARY.—The term 'Secretary' means the Secretary, acting through the Undersecretary of Rural Development.

''(b) PROGRAM.—The Secretary shall establish a historic barn preservation program—

''(1) to assist States in developing a listing of historic barns;

''(2) to collect and disseminate information on historic barns;

''(3) to foster educational programs relating to the history, construction techniques, rehabilitation, and contribution to society of historic barns; and

''(4) to sponsor and conduct research on—

''(A) the history of barns; and

''(B) best practices to protect and rehabilitate historic barns from the effects of decay, fire, arson, and natural disasters.

''(c) GRANTS.—

''(1) IN GENERAL.—The Secretary may make grants to, or enter into contracts or cooperative agreements with, eligible applicants to carry out an eligible project under paragraph (2).

''(2) ELIGIBLE PROJECTS.—A grant under this subsection may be made to an eligible entity for a project—

''(A) to rehabilitate or repair a historic barn;

''(B) to preserve a historic barn through—

''(i) the installation of a fire protection system, including fireproofing or fire detection system and sprinklers; and

''(ii) the installation of a system to prevent vandalism; and

''(C) to identify, document, and conduct research on a historic barn to develop and evaluate appropriate techniques or best practices for protecting historic barns.

''(3) REQUIREMENTS.—An eligible applicant that receives a grant for a project under this subsection shall comply with any standards established by the Secretary of the Interior for historic preservation projects.

''(d) FUNDING.—There is authorized to be appropriated to carry out this section, $25,000,000 for the period of fiscal years 2002 through 2006, to remain available until expended.''.

SEC. 643. GRANTS FOR EMERGENCY WEATHER RADIO TRANSMITTERS.

Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981 et seq.) (as amended by section 642)) is amended by adding at the end the following:

''SEC. 379D. GRANTS FOR EMERGENCY WEATHER RADIO TRANSMITTERS.

''(a) IN GENERAL.—The Secretary, acting through the Administrator of the Rural Utilities Service, may make grants to public and nonprofit entities for the Federal share of the cost of acquiring radio transmitters to increase coverage of rural areas by the emergency weather radio broadcast system of the National Oceanic and Atmospheric Administration.

''(b) ELIGIBILITY.—To be eligible for a grant under this section, an applicant shall provide to the Secretary—

''(1) a binding commitment from a tower owner to place the transmitter on a tower; and

''(2) a description of how the tower placement will increase coverage of a rural area by the emergency weather radio broadcast system of the National Oceanic and Atmospheric Administration.

''(c) FEDERAL SHARE.—A grant provided under this section shall be not more than 75 percent of the cost of acquiring a radio transmitter described in subsection (a).

''(d) AUTHORIZATION.—There is authorized to be appropriated to carry out this section $2,000,000 for each of fiscal years 2002 through 2006.''.

SEC. 644. BIOENERGY AND BIOCHEMICAL PROJECTS.

Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981 et seq.) (as amended by section 643) is amended by adding at the end the following:

''SEC. 379E. BIOENERGY AND BIOCHEMICAL PROJECTS.

''In carrying out rural development loan, loan guarantee, and grant programs under this title, the Secretary shall provide a priority for bioenergy and biochemical projects.''.

SEC. 645. DELTA REGIONAL AUTHORITY.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 382M(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009aa–12(a)) is amended by striking ''2002'' and inserting ''2006''.

(b) TERMINATION OF AUTHORITY.—Section 382N of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009aa–13) is amended by striking ''2002'' and inserting ''2006''.

SEC. 646. SEARCH GRANTS FOR SMALL COMMUNITIES.

The Consolidated Farm and Rural Development Act (as amended by section 604) is amended by adding at the end the following:

''Subtitle J—SEARCH Grants for Small Communities

''SEC. 386A. DEFINITIONS.

''In this subtitle:

''(1) COUNCIL.—The term 'council' means an independent citizens' council established by section 386B(d).

''(2) ENVIRONMENTAL PROJECT.—

''(A) IN GENERAL.—The term 'environmental project' means a project that—

''(i) improves environmental quality; and

''(ii) is necessary to comply with an environmental law (including a regulation).

''(B) INCLUSION.—The term 'environmental project' includes an initial feasibility study of a project.

''(3) REGION.—The term 'region' means a geographic area of a State, as determined by the Governor of the State.

''(4) SEARCH GRANT.—The term 'SEARCH grant' means a grant for special environmental assistance for the regulation of communities and habitat awarded under section 386B(e)(3).

''(5) SMALL COMMUNITY.—The term 'small community' means an incorporated or unincorporated rural community with a population of 2,500 inhabitants or less.

''(6) STATE.—The term 'State' has the meaning given the term in section 381A(1).

''SEC. 386B. SEARCH GRANT PROGRAM.

''(a) IN GENERAL.—There is established the SEARCH Grant Program.

''(b) APPLICATION.—

''(1) IN GENERAL.—Not later than October 1 of each fiscal year, a State may submit to the Secretary an application to receive a grant under subsection (c) for the fiscal year.

''(2) REQUIREMENTS.—An application under paragraph (1) shall contain—

''(A) a certification by the State that the State has appointed members to the council of the State under subsection (c)(2)(C); and

''(B) such information as the Secretary may reasonably require.

''(c) GRANTS TO STATES.—

''(1) IN GENERAL.—Not later than 60 days after the date on which the Office of Management and Budget apportions any amounts made available under this subtitle, for each fiscal year after the date of enactment of this subtitle, the Secretary shall, on request by a State—

''(A) determine whether any application submitted by the State under subsection (b) meets the requirements of subsection (b)(2); and

''(B) subject to paragraph (2), subsection (e)(4)(B)(ii), and section 386D(b), if the Secretary determines that the application meets the requirements of subsection (b)(2), award a grant of not to exceed $1,000,000 to the State, to be used by the council of the State to award SEARCH grants under subsection (e).

''(2) GRANTS TO CERTAIN STATES.—The aggregate amount of grants awarded to States other than Alaska, Hawaii, or 1 of the 48 contiguous States, under this subsection shall not exceed $1,000,000 for any fiscal year.

''(d) INDEPENDENT CITIZENS' COUNCIL.—

''(1) ESTABLISHMENT.—There is established in each State an independent citizens' council to carry out the duties described in this section.

''(2) COMPOSITION.—

''(A) IN GENERAL.—Each council shall be composed of 9 members, appointed by the Governor of the State.

''(B) REPRESENTATION; RESIDENCE.—Each member of a council shall—

''(i) represent an individual region of the State, as determined by the Governor of the State in which the council is established;

''(ii) reside in a small community of the State; and

''(iii) be representative of the populations of the State.

''(C) APPOINTMENT.—Before a State receives funds under this subtitle, the State shall appoint members to the council for the fiscal year, except that not more than 1 member shall be an agent, employee, or official of the State government.

''(D) CHAIRPERSON.—Each council shall select a chairperson from among the members of the council, except that a member who is an agent, employee, or official of the State government shall not serve as chairperson.

''(E) FEDERAL REPRESENTATION.—

''(i) IN GENERAL.—An officer, employee, or agent of the Federal Government may participate in the activities of the council—

''(I) in an advisory capacity; and

''(II) at the invitation of the council.

''(ii) RURAL DEVELOPMENT STATE DIRECTORS.—On the request of the council of a State, the State Director for Rural Development of the State shall provide advice and consultation to the council.

''(3) SEARCH GRANTS.—

''(A) IN GENERAL.—Each council shall review applications for, and recommend awards of, SEARCH grants to small communities that meet the eligibility criteria under subsection (c).

''(B) RECOMMENDATIONS.—In awarding a SEARCH grant, a State—

''(i) shall follow the recommendations of the council of the State;

''(ii) shall award the funds for any recommended environmental project in a timely and expeditious manner; and

''(iii) shall not award a SEARCH grant to a grantee or project in violation of any law of the State (including a regulation).

''(C) NO MATCHING REQUIREMENT.—A small community that receives a SEARCH grant under this section shall not be required to provide matching funds.

''(e) SEARCH GRANTS FOR SMALL COMMUNITIES.—

''(1) ELIGIBILITY.—A SEARCH grant shall be awarded under this section only to a

small community for 1 or more environmental projects for which the small community—

''(A) needs funds to carry out initial feasibility or environmental studies before applying to traditional funding sources; or

''(B) demonstrates, to the satisfaction of the council, that the small community has been unable to obtain sufficient funding from traditional funding sources.

''(2) APPLICATION.—

''(A) DATE.—The council shall establish such deadline by which small communities shall submit applications for grants under this section as will permit the council adequate time to review and make recommendations relating to the applications.

''(B) LOCATION OF APPLICATION.—A small community shall submit an application described in subparagraph (A) to the council in the State in which the small community is located.

''(C) CONTENT OF APPLICATION.—An application described in subparagraph (A) shall include—

''(i) a description of the proposed environmental project (including an explanation of how the project would assist the small community in complying with an environmental law (including a regulation));

''(ii) an explanation of why the project is important to the small community;

''(iii) a description of all actions taken with respect to the project, including a description of any attempt to secure funding and a description of demonstrated need for funding for the project, as of the date of the application; and

''(iv) a SEARCH grant application form provided by the council, completed and with all required supporting documentation.

''(3) REVIEW AND RECOMMENDATION.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), not later than March 5 of each fiscal year, each council shall—

''(i) review all applications received under paragraph (2); and

''(ii) recommend for award SEARCH grants to small communities based on—

''(I) an evaluation of the eligibility criteria under paragraph (1); and

''(II) the content of the application.

''(B) EXTENSION OF DEADLINE.—The State may extend the deadline described in subparagraph (A) by not more than 10 days in a case in which the receipt of recommendations from a council under subparagraph (A)(ii) is delayed because of circumstances beyond the control of the council, as determined by the State.

''(4) UNEXPENDED FUNDS.—

''(A) IN GENERAL.—If, for any fiscal year, any unexpended funds remain after SEARCH grants are awarded under subsection (d)(3)(B), the council may repeat the application and review process so that any remaining funds may be recommended for award, and awarded, not later than July 30 of the fiscal year.

''(B) RETENTION OF FUNDS.—

''(i) IN GENERAL.—Any unexpended funds that are not awarded under subsection (d)(3)(B) or subparagraph (A) shall be retained by the State for award during the following fiscal year.

''(ii) LIMITATION.—A State that accumulates a balance of unexpended funds described in clause (i) of more than $3,000,000 shall be ineligible to apply for additional funds for SEARCH grants until such time as the State expends the portion of the balance that exceeds $3,000,000.

''SEC. 386C. REPORT.

''Not later than September 1 of the first fiscal year for which a SEARCH grant is awarded by a council, and annually thereafter, the council shall submit to the Secretary a report that—

''(1) describes the number of SEARCH grants awarded during the fiscal year;

''(2) identifies each small community that received a SEARCH grant during the fiscal year;

''(3) describes the project or purpose for which each SEARCH grant was awarded, including a statement of the benefit to public health or the environment of the environmental project receiving the grant funds; and

''(4) describes the status of each project or portion of a project for which a SEARCH grant was awarded, including a project or portion of a project for which a SEARCH grant was awarded for any fiscal year before the fiscal year in which the report is submitted.

''SEC. 386D. FUNDING.

''(a) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out section 386B(c) $51,000,000, of which not to exceed $1,000,000 shall be used to make grants under section 386B(c)(2).

''(b) ACTUAL APPROPRIATION.—If funds to carry out section 386B(c) are made available for a fiscal year in an amount that is less than the amount authorized under subsection (a) for the fiscal year, the appropriated funds shall be divided equally among the 50 States.

''(c) UNUSED FUNDS.—If, for any fiscal year, a State does not apply, or does not qualify, to receive funds under section 386B(b), the funds that would have been made available to the State under section 386B(c) on submission by the State of a successful application under section 386B(b) shall be redistributed for award under this subtitle among States, the councils of which awarded 1 or more SEARCH grants during the preceding fiscal year.

''(d) OTHER EXPENSES.—There are authorized to be appropriated such sums as are necessary to carry out the provisions of this subtitle (other than section 386B(c)).''.

SEC. 647. NORTHERN GREAT PLAINS REGIONAL AUTHORITY.

The Consolidated Farm and Rural Development Act (as amended by section 646) is amended by adding at the end the following:

''Subtitle K—Northern Great Plains Regional Authority

''SEC. 387A. DEFINITIONS.

''In this subtitle:

''(1) AUTHORITY.—The term 'Authority' means the Northern Great Plains Regional Authority established by section 387B.

''(2) FEDERAL GRANT PROGRAM.—The term 'Federal grant program' means a Federal grant program to provide assistance in—

''(A) acquiring or developing land;

''(B) constructing or equipping a highway, road, bridge, or facility; or

''(C) carrying out other economic development activities.

''(3) REGION.—The term 'region' means the States of Iowa, Minnesota, Nebraska, North Dakota, and South Dakota.

''SEC. 387B. NORTHERN GREAT PLAINS REGIONAL AUTHORITY.

''(a) ESTABLISHMENT.—

''(1) IN GENERAL.—There is established the Northern Great Plains Regional Authority.

''(2) COMPOSITION.—The Authority shall be composed of—

''(A) a Federal member, to be appointed by the President, with the advice and consent of the Senate; and

''(B) the Governor (or a designee of the Governor) of each State in the region that elects to participate in the Authority.

''(3) COCHAIRPERSONS.—The Authority shall be headed by—

''(A) the Federal member, who shall serve—

''(i) as the Federal cochairperson; and

''(ii) as a liaison between the Federal Government and the Authority; and

''(B) a State cochairperson, who—

''(i) shall be a Governor of a participating State in the region; and

''(ii) shall be elected by the State members for a term of not less than 1 year.

''(b) ALTERNATE MEMBERS.—

''(1) STATE ALTERNATES.—The State member of a participating State may have a single alternate, who shall be—

''(A) a resident of that State; and

''(B) appointed by the Governor of the State.

''(2) ALTERNATE FEDERAL COCHAIRPERSON.—The President shall appoint an alternate Federal cochairperson.

''(3) QUORUM.—A State alternate shall not be counted toward the establishment of a quorum of the Authority in any instance in which a quorum of the State members is required to be present.

''(4) DELEGATION OF POWER.—No power or responsibility of the Authority specified in paragraphs (2) and (3) of subsection (c), and no voting right of any Authority member, shall be delegated to any person—

''(A) who is not an Authority member; or

''(B) who is not entitled to vote in Authority meetings.

''(c) VOTING.—

''(1) IN GENERAL.—A decision by the Authority shall require a majority vote of the Authority (not including any member representing a State that is delinquent under subsection (g)(2)(C)) to be effective.

''(2) QUORUM.—A quorum of State members shall be required to be present for the Authority to make any policy decision, including—

''(A) a modification or revision of an Authority policy decision;

''(B) approval of a State or regional development plan; and

''(C) any allocation of funds among the States.

''(3) PROJECT AND GRANT PROPOSALS.—The approval of project and grant proposals shall be—

''(A) a responsibility of the Authority; and

''(B) conducted in accordance with section 387I.

''(4) VOTING BY ALTERNATE MEMBERS.—An alternate member shall vote in the case of the absence, death, disability, removal, or resignation of the Federal or State representative for which the alternate member is an alternate.

''(d) DUTIES.—The Authority shall—

''(1) develop, on a continuing basis, comprehensive and coordinated plans and programs to establish priorities and approve grants for the economic development of the region, giving due consideration to other Federal, State, and local planning and development activities in the region;

''(2) not later than 220 days after the date of enactment of this subtitle, establish priorities in a development plan for the region (including 5-year regional outcome targets);

''(3) assess the needs and assets of the region based on available research, demonstrations, investigations, assessments, and evaluations of the region prepared by Federal, State, and local agencies, universities, local development districts, and other nonprofit groups;

''(4) formulate and recommend to the Governors and legislatures of States that participate in the Authority forms of interstate cooperation;

''(5) work with State and local agencies in developing appropriate model legislation;

''(6)(A) enhance the capacity of, and provide support for, local development districts in the region; or

''(B) if no local development district exists in an area in a participating State in the region, foster the creation of a local development district;

''(7) encourage private investment in industrial, commercial, and other economic development projects in the region; and

''(8) cooperate with and assist State governments with economic development programs of participating States.

''(e) ADMINISTRATION.—In carrying out subsection (d), the Authority may—

''(1) hold such hearings, sit and act at such times and places, take such testimony, receive such evidence, and print or otherwise reproduce and distribute a description of the proceedings and reports on actions by the Authority as the Authority considers appropriate;

''(2) authorize, through the Federal or State cochairperson or any other member of the Authority designated by the Authority, the administration of oaths if the Authority determines that testimony should be taken or evidence received under oath;

''(3) request from any Federal, State, or local department or agency such information as may be available to or procurable by the department or agency that may be of use to the Authority in carrying out duties of the Authority;

''(4) adopt, amend, and repeal bylaws and rules governing the conduct of Authority business and the performance of Authority duties;

''(5) request the head of any Federal department or agency to detail to the Authority such personnel as the Authority requires to carry out duties of the Authority, each such detail to be without loss of seniority, pay, or other employee status;

''(6) request the head of any State department or agency or local government to detail to the Authority such personnel as the Authority requires to carry out duties of the Authority, each such detail to be without loss of seniority, pay, or other employee status;

''(7) provide for coverage of Authority employees in a suitable retirement and employee benefit system by—

''(A) making arrangements or entering into contracts with any participating State government; or

''(B) otherwise providing retirement and other employee benefit coverage;

''(8) accept, use, and dispose of gifts or donations of services or real, personal, tangible, or intangible property;

''(9) enter into and perform such contracts, leases, cooperative agreements, or other transactions as are necessary to carry out Authority duties, including any contracts, leases, or cooperative agreements with—

''(A) any department, agency, or instrumentality of the United States;

''(B) any State (including a political subdivision, agency, or instrumentality of the State); or

''(C) any person, firm, association, or corporation; and

''(10) establish and maintain a central office and field offices at such locations as the Authority may select.

''(f) FEDERAL AGENCY COOPERATION.—A Federal agency shall—

''(1) cooperate with the Authority; and

''(2) provide, on request of the Federal cochairperson, appropriate assistance in carrying out this subtitle, in accordance with applicable Federal laws (including regulations).

''(g) ADMINISTRATIVE EXPENSES.—

''(1) IN GENERAL.—Administrative expenses of the Authority (except for the expenses of the Federal cochairperson, including expenses of the alternate and staff of the Federal cochairperson, which shall be paid solely by the Federal Government) shall be paid—

''(A) by the Federal Government, in an amount equal to 50 percent of the administrative expenses; and

''(B) by the States in the region participating in the Authority, in an amount equal to 50 percent of the administrative expenses.

''(2) STATE SHARE.—

''(A) IN GENERAL.—The share of administrative expenses of the Authority to be paid by each State shall be determined by the Authority.

''(B) NO FEDERAL PARTICIPATION.—The Federal cochairperson shall not participate or vote in any decision under subparagraph (A).

''(C) DELINQUENT STATES.—If a State is delinquent in payment of the State's share of administrative expenses of the Authority under this subsection—

''(i) no assistance under this subtitle shall be furnished to the State (including assistance to a political subdivision or a resident of the State); and

''(ii) no member of the Authority from the State shall participate or vote in any action by the Authority.

''(h) COMPENSATION.—

''(1) FEDERAL COCHAIRPERSON.—The Federal cochairperson shall be compensated by the Federal Government at level III of the Executive Schedule in subchapter II of chapter 53 of title 5, United States Code.

''(2) ALTERNATE FEDERAL COCHAIRPERSON.—The alternate Federal cochairperson—

''(A) shall be compensated by the Federal Government at level V of the Executive Schedule described in paragraph (1); and

''(B) when not actively serving as an alternate for the Federal cochairperson, shall perform such functions and duties as are delegated by the Federal cochairperson.

''(3) STATE MEMBERS AND ALTERNATES.—

''(A) IN GENERAL.—A State shall compensate each member and alternate representing the State on the Authority at the rate established by law of the State.

''(B) NO ADDITIONAL COMPENSATION.—No State member or alternate member shall receive any salary, or any contribution to or supplementation of salary from any source other than the State for services provided by the member or alternate to the Authority.

''(4) DETAILED EMPLOYEES.—

''(A) IN GENERAL.—No person detailed to serve the Authority under subsection (e)(6) shall receive any salary or any contribution to or supplementation of salary for services provided to the Authority from—

''(i) any source other than the State, local, or intergovernmental department or agency from which the person was detailed; or

''(ii) the Authority.

''(B) VIOLATION.—Any person that violates this paragraph shall be fined not more than $5,000, imprisoned not more than 1 year, or both.

''(C) APPLICABLE LAW.—The Federal cochairperson, the alternate Federal cochairperson, and any Federal officer or employee detailed to duty on the Authority under subsection (e)(5) shall not be subject to subparagraph (A), but shall remain subject to sections 202 through 209 of title 18, United States Code.

''(5) ADDITIONAL PERSONNEL.—

''(A) COMPENSATION.—

''(i) IN GENERAL.—The Authority may appoint and fix the compensation of an executive director and such other personnel as are necessary to enable the Authority to carry out the duties of the Authority.

''(ii) EXCEPTION.—Compensation under clause (i) shall not exceed the maximum rate for the Senior Executive Service under section 5382 of title 5, United States Code, including any applicable locality-based comparability payment that may be authorized under section 5304(h)(2)(C) of that title.

''(B) EXECUTIVE DIRECTOR.—The executive director shall be responsible for—

''(i) the carrying out of the administrative duties of the Authority;

''(ii) direction of the Authority staff; and

''(iii) such other duties as the Authority may assign.

''(C) NO FEDERAL EMPLOYEE STATUS.—No member, alternate, officer, or employee of the Authority (except the Federal cochairperson of the Authority, the alternate and staff for the Federal cochairperson, and any Federal employee detailed to the Authority under subsection (e)(5)) shall be considered to be a Federal employee for any purpose.

''(i) CONFLICTS OF INTEREST.—

''(1) IN GENERAL.—Except as provided under paragraph (2), no State member, alternate, officer, or employee of the Authority shall participate personally and substantially as a member, alternate, officer, or employee of the Authority, through decision, approval, disapproval, recommendation, the rendering of advice, investigation, or otherwise, in any proceeding, application, request for a ruling or other determination, contract, claim, controversy, or other matter in which, to knowledge of the member, alternate, officer, or employee—

''(A) the member, alternate, officer, or employee;

''(B) the spouse, minor child, partner, or organization (other than a State or political subdivision of the State) of the member, alternate, officer, or employee, in which the member, alternate, officer, or employee is serving as officer, director, trustee, partner, or employee; or

''(C) any person or organization with whom the member, alternate, officer, or employee is negotiating or has any arrangement concerning prospective employment;

has a financial interest.

''(2) DISCLOSURE.—Paragraph (1) shall not apply if the State member, alternate, officer, or employee—

''(A) immediately advises the Authority of the nature and circumstances of the proceeding, application, request for a ruling or other determination, contract, claim, controversy, or other particular matter presenting a potential conflict of interest;

''(B) makes full disclosure of the financial interest; and

''(C) before the proceeding concerning the matter presenting the conflict of interest, receives a written determination by the Authority that the interest is not so substantial as to be likely to affect the integrity of the services that the Authority may expect from the State member, alternate, officer, or employee.

''(3) VIOLATION.—Any person that violates this subsection shall be fined not more than $10,000, imprisoned not more than 2 years, or both.

''(j) VALIDITY OF CONTRACTS, LOANS, AND GRANTS.—The Authority may declare void any contract, loan, or grant of or by the Authority in relation to which the Authority determines that there has been a violation of any provision under subsection (h)(4), subsection (i), or sections 202 through 209 of title 18, United States Code.

''SEC. 387C. ECONOMIC AND COMMUNITY DEVELOPMENT GRANTS.

''(a) IN GENERAL.—The Authority may approve grants to States, local governments, and public and nonprofit organizations for projects, approved in accordance with section 387I—

''(1) to develop the transportation and telecommunication infrastructure of the region for the purpose of facilitating economic development in the region (except that grants for this purpose may only be made to States,

local governments, and nonprofit organizations);

''(2) to assist the region in obtaining the job training, employment-related education, and business development (with an emphasis on entrepreneurship) that are needed to build and maintain strong local economies;

''(3) to provide assistance to severely distressed and underdeveloped areas that lack financial resources for improving basic public services;

''(4) to provide assistance to severely distressed and underdeveloped areas that lack financial resources for equipping industrial parks and related facilities; and

''(5) to otherwise achieve the purposes of this subtitle.

''(b) FUNDING.—

''(1) IN GENERAL.—Funds for grants under subsection (a) may be provided—

''(A) entirely from appropriations to carry out this section;

''(B) in combination with funds available under another Federal or Federal grant program; or

''(C) from any other source.

''(2) PRIORITY OF FUNDING.—To best build the foundations for long-term economic development and to complement other Federal and State resources in the region, Federal funds available under this subtitle shall be focused on the activities in the following order or priority:

''(A) Basic public infrastructure in distressed counties and isolated areas of distress.

''(B) Transportation and telecommunication infrastructure for the purpose of facilitating economic development in the region.

''(C) Business development, with emphasis on entrepreneurship.

''(D) Job training or employment-related education, with emphasis on use of existing public educational institutions located in the region.

''(3) FEDERAL SHARE IN GRANT PROGRAMS.—Notwithstanding any provision of law limiting the Federal share in any grant program, funds appropriated to carry out this section may be used to increase a Federal share in a grant program, as the Authority determines appropriate.

''SEC. 387D. SUPPLEMENTS TO FEDERAL GRANT PROGRAMS.

''(a) FINDING.—Congress finds that certain States and local communities of the region, including local development districts, may be unable to take maximum advantage of Federal grant programs for which the States and communities are eligible because—

''(1) they lack the economic resources to meet the required matching share; or

''(2) there are insufficient funds available under the applicable Federal grant law authorizing the program to meet pressing needs of the region.

''(b) FEDERAL GRANT PROGRAM FUNDING.—In accordance with subsection (c), the Federal cochairperson may use amounts made available to carry out this subtitle, without regard to any limitations on areas eligible for assistance or authorizations for appropriation under any other Act, to fund all or any portion of the basic Federal contribution to a project or activity under a Federal grant program in the region in an amount that is above the fixed maximum portion of the cost of the project otherwise authorized by applicable law, but not to exceed 90 percent of the costs of the project (except as provided in section 387F(b)).

''(c) CERTIFICATION.—

''(1) IN GENERAL.—In the case of any program or project for which all or any portion of the basic Federal contribution to the project under a Federal grant program is proposed to be made under this section, no Federal contribution shall be made until the Federal official administering the Federal law authorizing the contribution certifies that the program or project—

''(A) meets the applicable requirements of the applicable Federal grant law; and

''(B) could be approved for Federal contribution under the law if funds were available under the law for the program or project.

''(2) CERTIFICATION BY AUTHORITY.—

''(A) IN GENERAL.—The certifications and determinations required to be made by the Authority for approval of projects under this subtitle in accordance with section 387I—

''(i) shall be controlling; and

''(ii) shall be accepted by the Federal agencies.

''(B) ACCEPTANCE BY FEDERAL COCHAIRPERSON.—Any finding, report, certification, or documentation required to be submitted to the head of the department, agency, or instrumentality of the Federal Government responsible for the administration of any Federal grant program shall be accepted by the Federal cochairperson with respect to a supplemental grant for any project under the program.

''SEC. 387E. LOCAL DEVELOPMENT DISTRICTS; CERTIFICATION AND ADMINISTRATIVE EXPENSES.

''(a) DEFINITION OF LOCAL DEVELOPMENT DISTRICT.—In this section, the term 'local development district' means an entity that—

''(1) is—

''(A) a planning district in existence on the date of enactment of this subtitle that is recognized by the Economic Development Administration of the Department of Commerce; or

''(B) where an entity described in subparagraph (A) does not exist—

''(i) organized and operated in a manner that ensures broad-based community participation and an effective opportunity for other nonprofit groups to contribute to the development and implementation of programs in the region;

''(ii) governed by a policy board with at least a simple majority of members consisting of elected officials or employees of a general purpose unit of local government who have been appointed to represent the government;

''(iii) certified to the Authority as having a charter or authority that includes the economic development of counties or parts of counties or other political subdivisions within the region—

''(I) by the Governor of each State in which the entity is located; or

''(II) by the State officer designated by the appropriate State law to make the certification; and

''(iv)(I) a nonprofit incorporated body organized or chartered under the law of the State in which the entity is located;

''(II) a nonprofit agency or instrumentality of a State or local government;

''(III) a public organization established before the date of enactment of this subtitle under State law for creation of multi-jurisdictional, area-wide planning organizations; or

''(IV) a nonprofit association or combination of bodies, agencies, and instrumentalities described in subclauses (I) through (III); and

''(2) has not, as certified by the Federal cochairperson—

''(A) inappropriately used Federal grant funds from any Federal source; or

''(B) appointed an officer who, during the period in which another entity inappropriately used Federal grant funds from any Federal source, was an officer of the other entity.

''(b) GRANTS TO LOCAL DEVELOPMENT DISTRICTS.—

''(1) IN GENERAL.—The Authority may make grants for administrative expenses under this section.

''(2) CONDITIONS FOR GRANTS.—

''(A) MAXIMUM AMOUNT.—The amount of any grant awarded under paragraph (1) shall not exceed 80 percent of the administrative expenses of the local development district receiving the grant.

''(B) MAXIMUM PERIOD.—No grant described in paragraph (1) shall be awarded to a State agency certified as a local development district for a period greater than 3 years.

''(C) LOCAL SHARE.—The contributions of a local development district for administrative expenses may be in cash or in kind, fairly evaluated, including space, equipment, and services.

''(c) DUTIES OF LOCAL DEVELOPMENT DISTRICTS.—A local development district shall—

''(1) operate as a lead organization serving multicounty areas in the region at the local level; and

''(2) serve as a liaison between State and local governments, nonprofit organizations (including community-based groups and educational institutions), the business community, and citizens that—

''(A) are involved in multijurisdictional planning;

''(B) provide technical assistance to local jurisdictions and potential grantees; and

''(C) provide leadership and civic development assistance.

''SEC. 387F. DISTRESSED COUNTIES AND AREAS AND NONDISTRESSED COUNTIES.

''(a) DESIGNATIONS.—Not later than 90 days after the date of enactment of this subtitle, and annually thereafter, the Authority, in accordance with such criteria as the Authority may establish, shall designate—

''(1) as distressed counties, counties in the region that are the most severely and persistently distressed and underdeveloped and have high rates of poverty, unemployment, or outmigration;

''(2) as nondistressed counties, counties in the region that are not designated as distressed counties under paragraph (1); and

''(3) as isolated areas of distress, areas located in nondistressed counties (as designated under paragraph (2)) that have high rates of poverty, unemployment, or outmigration.

''(b) DISTRESSED COUNTIES.—

''(1) IN GENERAL.—The Authority shall allocate at least 75 percent of the appropriations made available under section 387M for programs and projects designed to serve the needs of distressed counties and isolated areas of distress in the region.

''(2) FUNDING LIMITATIONS.—The funding limitations under section 387D(b) shall not apply to a project providing transportation or telecommunication or basic public services to residents of 1 or more distressed counties or isolated areas of distress in the region.

''(c) NONDISTRESSED COUNTIES.—

''(1) IN GENERAL.—Except as provided in this subsection, no funds shall be provided under this subtitle for a project located in a county designated as a nondistressed county under subsection (a)(2).

''(2) EXCEPTIONS.—

''(A) IN GENERAL.—The funding prohibition under paragraph (1) shall not apply to grants to fund the administrative expenses of local development districts under section 387E(b).

''(B) MULTICOUNTY PROJECTS.—The Authority may waive the application of the funding prohibition under paragraph (1) to—

''(i) a multicounty project that includes participation by a nondistressed county; or

''(ii) any other type of project;

if the Authority determines that the project could bring significant benefits to areas of the region outside a nondistressed county.

''(C) ISOLATED AREAS OF DISTRESS.—For a designation of an isolated area of distress for assistance to be effective, the designation shall be supported—

''(i) by the most recent Federal data available; or

''(ii) if no recent Federal data are available, by the most recent data available through the government of the State in which the isolated area of distress is located.

''(d) TRANSPORTATION, TELECOMMUNICATION, AND BASIC PUBLIC INFRASTRUCTURE.—The Authority shall allocate at least 50 percent of any funds made available under section 387M for transportation, telecommunication, and basic public infrastructure projects authorized under paragraphs (1) and (3) of section 387C(a).

''SEC. 387G. DEVELOPMENT PLANNING PROCESS.

''(a) STATE DEVELOPMENT PLAN.—In accordance with policies established by the Authority, each State member shall submit a development plan for the area of the region represented by the State member.

''(b) CONTENT OF PLAN.—A State development plan submitted under subsection (a) shall reflect the goals, objectives, and priorities identified in the regional development plan developed under section 387B(d)(2).

''(c) CONSULTATION WITH INTERESTED LOCAL PARTIES.—In carrying out the development planning process (including the selection of programs and projects for assistance), a State may—

''(1) consult with—

''(A) local development districts; and

''(B) local units of government; and

''(2) take into consideration the goals, objectives, priorities, and recommendations of the entities described in paragraph (1).

''(d) PUBLIC PARTICIPATION.—

''(1) IN GENERAL.—The Authority and applicable State and local development districts shall encourage and assist, to the maximum extent practicable, public participation in the development, revision, and implementation of all plans and programs under this subtitle.

''(2) REGULATIONS.—The Authority shall develop guidelines for providing public participation described in paragraph (1), including public hearings.

''SEC. 387H. PROGRAM DEVELOPMENT CRITERIA.

''(a) IN GENERAL.—In considering programs and projects to be provided assistance under this subtitle, and in establishing a priority ranking of the requests for assistance provided by the Authority, the Authority shall follow procedures that ensure, to the maximum extent practicable, consideration of—

''(1) the relationship of the project or class of projects to overall regional development;

''(2) the per capita income and poverty and unemployment and outmigration rates in an area;

''(3) the financial resources available to the applicants for assistance seeking to carry out the project, with emphasis on ensuring that projects are adequately financed to maximize the probability of successful economic development;

''(4) the importance of the project or class of projects in relation to other projects or classes of projects that may be in competition for the same funds;

''(5) the prospects that the project for which assistance is sought will improve, on a continuing rather than a temporary basis, the opportunities for employment, the average level of income, or the economic development of the area served by the project; and

''(6) the extent to which the project design provides for detailed outcome measurements by which grant expenditures and the results of the expenditures may be evaluated.

''(b) NO RELOCATION ASSISTANCE.—No financial assistance authorized by this subtitle shall be used to assist a person or entity in relocating from one area to another, except that financial assistance may be used as otherwise authorized by this title to attract businesses from outside the region to the region.

''(c) REDUCTION OF FUNDS.—Funds may be provided for a program or project in a State under this subtitle only if the Authority determines that the level of Federal or State financial assistance provided under a law other than this subtitle, for the same type of program or project in the same area of the State within the region, will not be reduced as a result of funds made available by this subtitle.

''SEC. 387I. APPROVAL OF DEVELOPMENT PLANS AND PROJECTS.

''(a) IN GENERAL.—A State or regional development plan or any multistate subregional plan that is proposed for development under this subtitle shall be reviewed by the Authority.

''(b) EVALUATION BY STATE MEMBER.—An application for a grant or any other assistance for a project under this subtitle shall be made through and evaluated for approval by the State member of the Authority representing the applicant.

''(c) CERTIFICATION.—An application for a grant or other assistance for a project shall be approved only on certification by the State member that the application for the project—

''(1) describes ways in which the project complies with any applicable State development plan;

''(2) meets applicable criteria under section 387H;

''(3) provides adequate assurance that the proposed project will be properly administered, operated, and maintained; and

''(4) otherwise meets the requirements of this subtitle.

''(d) VOTES FOR DECISIONS.—On certification by a State member of the Authority of an application for a grant or other assistance for a specific project under this section, an affirmative vote of the Authority under section 387B(c) shall be required for approval of the application.

''SEC. 387J. CONSENT OF STATES.

''Nothing in this subtitle requires any State to engage in or accept any program under this subtitle without the consent of the State.

''SEC. 387K. RECORDS.

''(a) RECORDS OF THE AUTHORITY.—

''(1) IN GENERAL.—The Authority shall maintain accurate and complete records of all transactions and activities of the Authority.

''(2) AVAILABILITY.—All records of the Authority shall be available for audit and examination by the Comptroller General of the United States and the Inspector General of the Department of Agriculture (including authorized representatives of the Comptroller General and the Inspector General of the Department of Agriculture).

''(b) RECORDS OF RECIPIENTS OF FEDERAL ASSISTANCE.—

''(1) IN GENERAL.—A recipient of Federal funds under this subtitle shall, as required by the Authority, maintain accurate and complete records of transactions and activities financed with Federal funds and report on the transactions and activities to the Authority.

''(2) AVAILABILITY.—All records required under paragraph (1) shall be available for audit by the Comptroller General of the United States, the Inspector General of the Department of Agriculture, and the Authority (including authorized representatives of the Comptroller General, the Inspector General of the Department of Agriculture, and the Authority).

''(c) ANNUAL AUDIT.—The Inspector General of the Department of Agriculture shall audit the activities, transactions, and records of the Authority on an annual basis.

''SEC. 387L. ANNUAL REPORT.

''Not later than 180 days after the end of each fiscal year, the Authority shall submit to the President and to Congress a report describing the activities carried out under this subtitle.

''SEC. 387M. AUTHORIZATION OF APPROPRIATIONS.

''(a) IN GENERAL.—There is authorized to be appropriated to the Authority to carry out this subtitle $30,000,000 for each of fiscal years 2002 through 2006, to remain available until expended.

''(b) ADMINISTRATIVE EXPENSES.—Not more than 5 percent of the amount appropriated under subsection (a) for a fiscal year shall be used for administrative expenses of the Authority.

''(c) MINIMUM STATE SHARE OF GRANTS.—Notwithstanding any other provision of this subtitle, for any fiscal year, the aggregate amount of grants received by a State and all persons or entities in the State under this subtitle shall be not less than ⅓ of the product obtained by multiplying—

''(1) the aggregate amount of grants under this subtitle for the fiscal year; and

''(2) the ratio that—

''(A) the population of the State (as determined by the Secretary of Commerce based on the most recent decennial census for which data are available); bears to

''(B) the population of the region (as so determined).

''SEC. 387N. TERMINATION OF AUTHORITY.

''This subtitle and the authority provided under this subtitle expire on October 1, 2006.''.

Subtitle D—Food, Agriculture, Conservation, and Trade Act of 1990

SEC. 651. ALTERNATIVE AGRICULTURAL RESEARCH AND COMMERCIALIZATION CORPORATION.

(a) REPEAL OF CORPORATION AUTHORIZATION.—Subtitle G of title XVI of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5901 et seq.) is repealed.

(b) DISPOSITION OF ASSETS.—On the date of enactment of this Act—

(1) the assets, both tangible and intangible, of the Alternative Agricultural Research and Commercialization Corporation (referred to in this section as the ''Corporation''), including the funds in the Alternative Agricultural Research and Commercialization Revolving Fund as of the date of enactment of this Act, are transferred to the Secretary of Agriculture; and

(2) notwithstanding the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.), the Secretary shall have authority to manage and dispose of the assets transferred under paragraph (1) in a manner that, to the maximum extent practicable, provides the greatest return on investment.

(c) USE OF ASSETS.—

(1) IN GENERAL.—Funds transferred under subsection (b), and any income from assets or proceeds from the sale of assets transferred under subsection (b), shall be deposited into an account in the Treasury, and shall remain available to the Secretary until expended, without further appropriation, to pay—

(A) any outstanding claims or obligations of the Corporation; and

(B) the costs incurred by the Secretary in carrying out this section.

(2) FINAL DISPOSITION.—On final disposition of all assets transferred under subsection (b),

any funds remaining in the account described in paragraph (1) shall be transferred into miscellaneous receipts in the Treasury.

(d) CONFORMING AMENDMENTS.—

(1) The following provisions are repealed:

(A) Section 730 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 5902 note; Public Law 104–127).

(B) Section 9101(3)(Q) of title 31, United States Code.

(2) Section 401(c) of the Agricultural Research, Education, and Extension Reform Act of 1998 (7 U.S.C. 7621(c)) is amended by striking paragraph (1) and inserting the following:

''(1) CRITICAL EMERGING ISSUES.—Subject to paragraph (2), the Secretary shall use the funds in the Account for research, extension, and education grants (referred to in this section as 'grants') to address critical emerging agricultural issues related to—

''(A) future food production;

''(B) environmental quality and natural resource management; or

''(C) farm income.''.

(3) Section 793(c)(1)(A)(ii)(II) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 2204f(c)(1)(A)(ii)(II)) is amended by striking ''subtitle G of title XVI and''.

SEC. 652. TELEMEDICINE AND DISTANCE LEARNING SERVICES IN RURAL AREAS.

(a) IN GENERAL.—Section 2335A of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 950aaa–5) is amended by striking ''2002'' and inserting ''2006''.

(b) CONFORMING AMENDMENT.—Section 1(b) of Public Law 102–551 (7 U.S.C. 950aaa note) is amended by striking ''1997'' and inserting ''2006''.

Subtitle E—Rural Electrification Act of 1936

SEC. 661. BIOENERGY AND BIOCHEMICAL PROJECTS.

Title I of the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.) is amended by adding at the end the following:

''SEC. 20. BIOENERGY AND BIOCHEMICAL PROJECTS.

''In carrying out rural electric loan, loan guarantee, and grant programs under this Act, the Secretary shall provide a priority for bioenergy and biochemical projects.''.

SEC. 662. GUARANTEES FOR BONDS AND NOTES ISSUED FOR ELECTRIFICATION OR TELEPHONE PURPOSES.

(a) IN GENERAL.—The Rural Electrification Act of 1936 is amended by inserting after section 313 (7 U.S.C. 940c) the following:

''SEC. 313A. GUARANTEES FOR BONDS AND NOTES ISSUED FOR ELECTRIFICATION OR TELEPHONE PURPOSES.

''(a) IN GENERAL.—Subject to subsection (b), the Secretary shall guarantee payments on bonds or notes issued by cooperative or other lenders organized on a not-for-profit basis if the proceeds of the bonds or notes are used for electrification or telephone projects eligible for assistance under this Act, including the refinancing of bonds or notes issued for such projects.

''(b) LIMITATIONS.—

''(1) OUTSTANDING LOANS.—A lender shall not receive a guarantee under this section for a bond or note if, at the time of the guarantee, the total principal amount of such guaranteed bonds or notes outstanding of the lender would exceed the principal amount of outstanding loans of the lender for electrification or telephone purposes that have been made concurrently with loans approved for such purposes under this Act.

''(2) GENERATION OF ELECTRICITY.—The Secretary shall not guarantee payment on a bond or note issued by a lender, the proceeds of which are used for the generation of electricity.

''(3) QUALIFICATIONS.—The Secretary may deny the request of a lender for the guarantee of a bond or note under this section if the Secretary determines that—

''(A) the lender does not have appropriate expertise or experience or is otherwise not qualified to make loans for electrification or telephone purposes;

''(B) the bond or note issued by the lender is not of reasonable and sufficient quality; or

''(C) the lender has not provided sufficient evidence that the proceeds of the bond or note are used for eligible projects described in subsection (a).

''(4) INTEREST RATE REDUCTION.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), a lender may not use any amount obtained from the reduction in funding costs as a result of the guarantee of a bond or note under this section to reduce the interest rate on a new or outstanding loan.

''(B) CONCURRENT LOANS.—A lender may use any amount described in subparagraph (A) to reduce the interest rate on a loan if the loan is—

''(i) made by the lender for electrification or telephone projects that are eligible for assistance under this Act; and

''(ii) made concurrently with a loan approved by the Secretary under this Act for such a project, as provided in section 307.

''(c) FEES.—

''(1) IN GENERAL.—A lender that receives a guarantee issued under this section on a bond or note shall pay a fee to the Secretary.

''(2) AMOUNT.—The amount of an annual fee paid for the guarantee of a bond or note under this section shall be equal to 30 basis points of the amount of the unpaid principal of the bond or note guaranteed under this section.

''(3) PAYMENT.—A lender shall pay the fees required under this subsection on a semiannual basis.

''(4) RURAL ECONOMIC DEVELOPMENT SUBACCOUNT.—Subject to subsection (e)(2), fees collected under this subsection shall be—

''(A) deposited into the rural economic development subaccount maintained under section 313(b)(2)(A), to remain available until expended; and

''(B) used for the purposes described in section 313(b)(2)(B).

''(d) GUARANTEES.—

''(1) IN GENERAL.—A guarantee issued under this section shall—

''(A) be for the full amount of a bond or note, including the amount of principal, interest, and call premiums;

''(B) be fully assignable and transferable; and

''(C) represent the full faith and credit of the United States.

''(2) LIMITATION.—To ensure that the Secretary has the resources necessary to properly examine the proposed guarantees, the Secretary may limit the number of guarantees issued under this section if the number of such guarantees exceeds 5 per year.

''(3) DEPARTMENT OPINION.—On the timely request of an eligible lender, the General Counsel of the Department of Agriculture shall provide the Secretary with an opinion regarding the validity and authority of a guarantee issued to the lender under this section.

''(e) AUTHORIZATION OF APPROPRIATIONS.—

''(1) IN GENERAL.—There are authorized to be appropriated such sums as are necessary to carry out this section.

''(2) FEES.—To the extent that the amount of funds appropriated for a fiscal year under paragraph (1) are not sufficient to carry out this section, the Secretary may use up to ⅓ of the fees collected under subsection (c) for the cost of providing guarantees of bonds and notes under this section before depositing the remainder of the fees into the rural economic development subaccount maintained under section 313(b)(2)(A).

''(f) TERMINATION.—The authority provided under this section shall terminate on September 30, 2006.''.

(b) ADMINISTRATION OF CUSHION OF CREDIT PAYMENTS PROGRAM.—Section 313(b)(2)(B) of the Rural Electrification Act of 1936 (7 U.S.C. 940c)(b)(2)(B)) is amended by inserting '', acting through the Rural Utilities Service,'' after ''Secretary''.

(c) ADMINISTRATION.—

(1) REGULATIONS.—Not later than 180 days after the date of enactment of this Act, the Secretary of Agriculture shall promulgate regulations to carry out the amendments made by this section.

(2) IMPLEMENTATION.—Not later than 240 days after the date of enactment of this Act, the Secretary shall implement the amendment made by this section.

SEC. 663. EXPANSION OF 911 ACCESS.

Title III of the Rural Electrification Act of 1936 (7 U.S.C. 931 et seq.) is amended by adding the following:

''SEC. 315. EXPANSION OF 911 ACCESS.

''(a) IN GENERAL.—Subject to such terms and conditions as the Secretary may prescribe, the Secretary may make telephone loans under this title to State or local governments, Indian tribes (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)), or other public entities for facilities and equipment to expand 911 access in underserved rural areas.

''(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section.''.

TITLE VII—AGRICULTURAL RESEARCH, EDUCATION, AND EXTENSION AND RELATED MATTERS

Subtitle A—National Agricultural Research, Extension, and Teaching Policy Act of 1977

SEC. 701. DEFINITIONS.

(a) IN GENERAL.—Section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103) is amended—

(1) by redesignating paragraphs (10) through (17) as paragraphs (11) through (18), respectively;

(2) by inserting after paragraph (9) the following:

''(10) INSULAR AREA.—The term 'insular area' means—

''(A) the Commonwealth of Puerto Rico;

''(B) Guam;

''(C) American Samoa;

''(D) the Commonwealth of the Northern Mariana Islands;

''(E) the Federated States of Micronesia;

''(F) the Republic of the Marshall Islands;

''(G) the Republic of Palau; and

''(H) the Virgin Islands of the United States.''; and

(3) by striking paragraph (13) (as so redesignated) and inserting the following:

''(13) STATE.—The term 'State' means—

''(A) a State;

''(B) the District of Columbia; and

''(C) any insular area.''.

(b) EFFECT OF AMENDMENTS.—The amendments made by subsection (a) shall not affect any basis for distribution of funds by formula (in effect on the date of enactment of this Act) to—

(1) the Federated States of Micronesia;

(2) the Republic of the Marshall Islands; or

(3) the Republic of Palau.

SEC. 702. NATIONAL AGRICULTURAL RESEARCH, EXTENSION, EDUCATION, AND ECONOMICS ADVISORY BOARD.

Section 1408(h) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123(h)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 703. GRANTS AND FELLOWSHIPS FOR FOOD AND AGRICULTURAL SCIENCES EDUCATION.

Section 1417 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152) is amended—

(1) in subsection (a)—

(A) by striking ''and'' after ''economics,''; and

(B) by inserting '', and rural economic, community, and business development'' before the period;

(2) in subsection (b)—

(A) in paragraph (1), by inserting '', or in rural economic, community, and business development'' before the semicolon;

(B) in paragraph (2), by inserting '', or in rural economic, community, and business development'' before the semicolon;

(C) in paragraph (3), by inserting '', or teaching programs emphasizing rural economic, community, and business development'' before the semicolon;

(D) in paragraph (4), by inserting '', or programs emphasizing rural economic, community, and business development,'' after ''programs''; and

(E) in paragraph (5), by inserting '', or professionals in rural economic, community, and business development'' before the semicolon;

(3) in subsection (d)—

(A) in paragraph (1), by inserting '', or in rural economic, community, and business development,'' after ''sciences''; and

(B) in paragraph (2), by inserting '', or in the rural economic, community, and business development workforce,'' after ''workforce''; and

(4) in subsection (l), by striking ''2002'' and inserting ''2006''.

SEC. 704. COMPETITIVE RESEARCH FACILITIES GRANT PROGRAM.

The National Agricultural Research, Extension, and Teaching Policy Act of 1977 is amended by inserting after section 1417 (7 U.S.C. 3152) the following:

''SEC. 1417A. COMPETITIVE RESEARCH FACILITIES GRANT PROGRAM.

''(a) AUTHORITY.—The Secretary may award grants to eligible institutions on a competitive basis for the construction, acquisition, modernization, renovation, alteration, and remodeling of food and agricultural research facilities such as buildings, laboratories, and other capital facilities (including acquisition of fixtures and equipment) in accordance with this section.

''(b) ELIGIBLE INSTITUTIONS.—The following institutions are eligible to compete for grants under subsection (a):

''(1) A State cooperative institution.

''(2) A Hispanic-serving institution.

''(c) CRITERIA FOR AWARD.—The Secretary shall award grants to support the national research purposes specified in section 1402 in a manner determined by the Secretary.

''(d) MATCHING.—

''(1) IN GENERAL.—The Secretary may establish such matching requirements for grants under subsection (a) as the Secretary considers appropriate.

''(2) FORM OF MATCH.—Matching requirements established by the Secretary may be met with unreimbursed indirect costs and in-kind contributions.

''(3) EVALUATION PREFERENCE.—The Secretary may include an evaluation preference for projects for which the applicant proposes funds for the direct costs of a project to meet the required match.

''(e) TARGETED INSTITUTIONS.—The Secretary may determine that a portion of funds made available to carry out this section shall be targeted to particular eligible institutions to enhance the capacity of the eligible institutions to carry out research.

''(f) ADMINISTRATION.—

''(1) REGULATIONS.—The Secretary shall promulgate such regulations as are necessary to carry out this section.

''(2) STATES WITH MORE THAN 1 ELIGIBLE INSTITUTION.—In a State having more than 1 eligible institution, the Secretary shall establish procedures in accordance with the purposes specified in section 1402 to ensure that the facility proposals of the eligible institutions in the State provide for a coordinated food and agricultural research program among eligible institutions in the State.

''(g) APPLICABILITY OF THE FEDERAL ADVISORY COMMITTEE ACT.—The Federal Advisory Committee Act (5 U.S.C. App.) and title XVIII of the Food and Agriculture Act of 1977 (7 U.S.C. 2281 et seq.) shall not apply to a panel or board created solely for the purpose of reviewing applications or proposals submitted under this section.

''(h) ADVISORY BOARD.—In carrying out this section, the Secretary shall consult with the Advisory Board.

''(i) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section for each of fiscal years 2002 through 2006.''.

SEC. 705. GRANTS FOR RESEARCH ON THE PRODUCTION AND MARKETING OF ALCOHOLS AND INDUSTRIAL HYDROCARBONS FROM AGRICULTURAL COMMODITIES AND FOREST PRODUCTS.

Section 1419(d) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3154(d)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 706. POLICY RESEARCH CENTERS.

Section 1419A of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3155) is amended—

(1) in subsection (c)(3), by striking ''collect and analyze'' and inserting ''collect, analyze, and disseminate''; and

(2) in subsection (d), by striking ''2002'' and inserting ''2006''.

SEC. 707. HUMAN NUTRITION INTERVENTION AND HEALTH PROMOTION RESEARCH PROGRAM.

Section 1424(d) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3174(d)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 708. PILOT RESEARCH PROGRAM TO COMBINE MEDICAL AND AGRICULTURAL RESEARCH.

Section 1424A(d) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3174a(d)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 709. NUTRITION EDUCATION PROGRAM.

Section 1425(c)(3) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3175(c)(3)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 710. ANIMAL HEALTH AND DISEASE RESEARCH PROGRAMS.

Section 1433(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3195(a)) is amended in the first sentence by striking ''2002'' and inserting ''2006''.

SEC. 711. RESEARCH ON NATIONAL OR REGIONAL PROBLEMS.

Section 1434(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3196(a)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 712. EDUCATION GRANTS PROGRAMS FOR HISPANIC-SERVING INSTITUTIONS.

Section 1455(c) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3241(c)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 713. COMPETITIVE GRANTS FOR INTERNATIONAL AGRICULTURAL SCIENCE AND EDUCATION PROGRAMS.

Section 1459A(c) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3292b(c)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 714. INDIRECT COSTS.

Section 1462 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3310) is amended—

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

(2) by striking ''19 percent'' and all that follows and inserting ''the negotiated indirect cost rate established for an institution by the cognizant Federal audit agency for the institution.''; and

(3) by adding at the end the following:

''(b) EXCEPTION.—Subsection (a) shall not apply to a grant awarded competitively under section 9 of the Small Business Act (15 U.S.C. 638).''.

SEC. 715. RESEARCH EQUIPMENT GRANTS.

The National Agricultural Research, Extension, and Teaching Policy Act of 1977 is amended by inserting after section 1462 (7 U.S.C. 3310) the following:

''SEC. 1462A. RESEARCH EQUIPMENT GRANTS.

''(a) IN GENERAL.—The Secretary may make competitive grants for the acquisition of special purpose scientific research equipment for use in the food and agricultural sciences programs of eligible institutions described in subsection (b).

''(b) ELIGIBLE INSTITUTIONS.—The Secretary may make a grant under this section to—

''(1) a college or university; or

''(2) a State cooperative institution.

''(c) MAXIMUM AMOUNT.—The amount of a grant made to an eligible institution under this section may not exceed $500,000.

''(d) PROHIBITION ON CHARGE OF EQUIPMENT AS INDIRECT COSTS.—The cost of acquisition or depreciation of equipment purchased with a grant under this section shall not be—

''(1) charged as an indirect cost against another Federal grant; or

''(2) included as part of the indirect cost pool for purposes of calculating the indirect cost rate of an eligible institution.

''(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $50,000,000 for each of fiscal years 2002 through 2006.''.

SEC. 716. AGRICULTURAL RESEARCH PROGRAMS.

Section 1463 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3311) is amended—

(1) in subsection (a), by striking ''$850,000,000 for each of the fiscal years 1991 through 2002'' and inserting ''$1,500,000,000 for each of fiscal years 2002 through 2006''; and

(2) in subsection (b), by striking ''2002'' and inserting ''2006''.

SEC. 717. EXTENSION EDUCATION.

Section 1464 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3312) is amended by striking ''$420,000,000'' and all that follows and inserting the following: ''$500,000,000 for each of fiscal years 2002 through 2006.''.

SEC. 718. AVAILABILITY OF COMPETITIVE GRANT FUNDS.

The National Agricultural Research, Extension, and Teaching Policy Act of 1977 is amended by inserting after section 1469 (7 U.S.C. 3315) the following:

''SEC. 1469A. AVAILABILITY OF COMPETITIVE GRANT FUNDS.

''Except as otherwise provided by law, funds made available to the Secretary to carry out a competitive agricultural research, education, or extension grant program under this or any other Act shall be

available for obligation for a 2-year period beginning on October 1 of the fiscal year for which the funds are made available.''.

SEC. 719. JOINT REQUESTS FOR PROPOSALS.

(a) PURPOSES.—The purposes of this section are—

(1) to reduce the duplication of administrative functions relating to grant awards and administration among Federal agencies conducting similar types of research, education, and extension programs;

(2) to maximize the use of peer review resources in research, education, and extension programs; and

(3) to reduce the burden on potential recipients that may offer similar proposals to receive competitive grants under different Federal programs in overlapping subject areas.

(b) AUTHORITY.—The National Agricultural Research, Extension, and Teaching Policy Act of 1977 is amended by inserting after section 1473A (7 U.S.C. 3319a) the following:

''SEC. 1473B. JOINT REQUESTS FOR PROPOSALS.

''(a) IN GENERAL.—In carrying out any competitive agricultural research, education, or extension grant program authorized under this or any other Act, the Secretary may cooperate with 1 or more other Federal agencies (including the National Science Foundation) in issuing joint requests for proposals, awarding grants, and administering grants, for similar or related research, education, or extension projects or activities.

''(b) TRANSFER OF FUNDS.—

''(1) SECRETARY.—The Secretary may transfer funds to, or receive funds from, a cooperating Federal agency for the purpose of carrying out the joint request for proposals, making awards, or administering grants.

''(2) COOPERATING AGENCY.—The cooperating Federal agency may transfer funds to, or receive funds from, the Secretary for the purpose of carrying out the joint request for proposals, making awards, or administering grants.

''(3) LIMITATIONS.—Funds transferred or received under this subsection shall be—

''(A) used only in accordance with the laws authorizing the appropriation of the funds; and

''(B) made available by grant only to recipients that are eligible to receive the grant under the laws.

''(c) ADMINISTRATION.—

''(1) SECRETARY.—The Secretary may delegate authority to issue requests for proposals, make grant awards, or administer grants, in whole or in part, to a cooperating Federal agency.

''(2) COOPERATING FEDERAL AGENCY.—The cooperating Federal agency may delegate to the Secretary authority to issue requests for proposals, make grant awards, or administer grants, in whole or in part.

''(d) REGULATIONS; RATES.—The Secretary and a cooperating Federal agency may agree to make applicable to recipients of grants—

''(1) the post-award grant administration regulations and indirect cost rates applicable to recipients of grants from the Secretary; or

''(2) the post-award grant administration regulations and indirect cost rates applicable to recipients of grants from the cooperating Federal agency.

''(e) JOINT PEER REVIEW PANELS.—Subject to section 1413B, the Secretary and a cooperating Federal agency may establish joint peer review panels for the purpose of evaluating grant proposals.''.

SEC. 720. SUPPLEMENTAL AND ALTERNATIVE CROPS.

Section 1473D(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3319d(a)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 721. AQUACULTURE.

Section 1477 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3324) is amended in the first sentence by striking ''2002'' and inserting ''2006''.

SEC. 722. RANGELAND RESEARCH.

Section 1483(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3336(a)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 723. BIOSECURITY PLANNING AND RESPONSE PROGRAMS.

(a) IN GENERAL.—The National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101 et seq.) is amended by adding at the end the following:

''Subtitle N—Biosecurity

''CHAPTER 1—AGRICULTURE INFRASTRUCTURE SECURITY

''SEC. 1484. DEFINITIONS.

''In this chapter:

''(1) AGRICULTURAL RESEARCH FACILITY.—The term 'agricultural research facility' means a facility—

''(A) at which agricultural research is regularly carried out or proposed to be carried out; and

''(B) that is—

''(i)(I) an Agricultural Research Service facility;

''(II) a Forest Service facility; or

''(III) an Animal and Plant Health Inspection Service facility;

''(ii) a Federal agricultural facility in the process of being planned or being constructed; or

''(iii) any other facility under the full control of the Secretary.

''(2) COMMISSION.—The term 'Commission' means the Agriculture Infrastructure Security Commission established under section 1486.

''(2) FUND.—The term 'Fund' means the Agriculture Infrastructure Security Fund Account established by section 1485.

''SEC. 1485. AGRICULTURE INFRASTRUCTURE SECURITY FUND.

''(a) ESTABLISHMENT.—There is established in the Treasury of the United States an account, to be known as the 'Agriculture Infrastructure Security Fund Account', consisting of funds appropriated to, or deposited into, the Fund under subsection (c).

''(b) PURPOSES.—The purposes of the Fund are to provide funding to protect and strengthen the Federal food safety and agricultural infrastructure that—

''(1) safeguards against animal and plant diseases and pests;

''(2) ensures the safety of the food supply; and

''(3) ensures sound science in support of food and agricultural policy.

''(c) DEPOSITS INTO FUND.—

''(1) IN GENERAL.—There are authorized to be appropriated to the Fund such sums as are necessary for each of fiscal years 2002 through 2006.

''(2) CONTRIBUTIONS AND OTHER PROCEEDS.—The Secretary shall deposit into the Fund any funds received—

''(A) as proceeds from the sale of assets under subsection (e); or

''(B) as gifts under subsection (f).

''(3) AVAILABILITY OF FUNDS.—Amounts in the Fund shall remain available until expended without further Act of appropriation.

''(4) ADDITIONAL FUNDS.—Funds made available under paragraph (1) shall be in addition to funds otherwise available to the Secretary to receive gifts and bequests or dispose of property (real, personal, or intangible).

''(d) EXPENDITURES FROM FUND.—

''(1) IN GENERAL.—Subject to paragraph (2), on request by the Secretary, the Secretary of the Treasury shall transfer from the Fund to the Secretary, and the Secretary shall accept and use without further appropriation, such amounts as the Secretary determines to be necessary to pay—

''(A) the costs of planning, design, development, construction, acquisition, modernization, leasing, and disposal of facilities, equipment, and technology used by the Department in carrying out programs relating to the purposes specified in subsection (b), notwithstanding the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.) or any other law that prescribes procedures for the procurement, use, or disposal of property or services by a Federal agency;

''(B) the costs of specialized services relating to the purposes specified in subsection (b);

''(C) the costs of cooperative arrangements authorized to be entered into (notwithstanding chapter 63 of title 31, United States Code) with State, local and tribal governments, and other public and private entities, to carry out programs relating to the purposes specified in subsection (b); and

''(D) administrative costs incurred in carrying out subparagraphs (A) through (C).

''(2) LIMITATIONS.—

''(A) FEDERAL EMPLOYEES.—Amounts in the Fund shall not be used to create any new full or part-time permanent Federal employee position.

''(B) ADMINISTRATIVE EXPENSES.—Beginning in fiscal year 2003, not more than 1 percent of the amounts in the Fund on October 1 of a fiscal year may be used in the fiscal year for administrative expenses of the Secretary in carrying out the activities described in paragraph (1).

''(e) SALE OF ASSETS.—

''(1) DISPOSAL AUTHORITY.—Notwithstanding the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.), the Secretary by sale may dispose of all or any part of any right or title in land (excluding National Forest System land), facilities, or equipment in the full control of the Department (including land and facilities at the Beltsville Agricultural Research Center) used for the purposes specified in subsection (b).

''(2) DISPOSITION OF PROCEEDS.—Proceeds from any sale conducted by the Secretary under paragraph (1) shall be deposited into the Fund in accordance with subsection (c)(2)(A).

''(f) GIFTS.—

''(1) IN GENERAL.—To carry out the purposes specified in subsection (b), the Secretary may accept gifts and bequests of funds, property (real, personal, and intangible), equipment, services, and other in-kind contributions from State, local, and tribal governments, colleges and universities, individuals, and other public and private entities.

''(2) PROHIBITED SOURCE.—

''(A) IN GENERAL.—For the purposes of this subsection, the Secretary shall not consider a State or local government, Indian tribe (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)), other public entity, or college or university, to be a prohibited source under any Department rule or policy that prohibits the acceptance of gifts from individuals and entities that do business with the Department.

''(B) EXCEPTION.—Notwithstanding any Department rule or policy that prohibits the acceptance of gifts by the Department from individuals or private entities that do business with the Department or that, for any other reason, are considered to be prohibited

sources, the Secretary may accept gifts under this subsection if the Secretary determines that it is in the public interest to accept the gift.

''(3) DISPOSITION OF GIFTS.—The Secretary shall deposit any gift of funds under this subsection into the Fund in accordance with subsection (c)(2)(B).

''SEC. 1486. AGRICULTURE INFRASTRUCTURE SECURITY COMMISSION.

''(a) ESTABLISHMENT.—The Secretary shall establish a commission to be known as the 'Agriculture Infrastructure Security Commission' to carry out the duties described in subsection (f).

''(b) MEMBERSHIP.—

''(1) APPOINTMENT.—

''(A) VOTING MEMBERS.—

''(i) IN GENERAL.—The Commission shall be composed of 15 voting members, appointed by the Secretary in accordance with clause (ii), based on nominations solicited from the public.

''(ii) QUALIFICATIONS.—The Secretary shall appoint members that—

''(I) represent a balance of the public and private sectors; and

''(II) have combined expertise in—

''(aa) facilities development, modernization, construction, security, consolidation, and closure;

''(bb) plant diseases and pests;

''(cc) animal diseases and pests;

''(dd) food safety;

''(ee) biosecurity;

''(ff) the needs of farmers and ranchers;

''(gg) public health;

''(hh) State, local, and tribal government; and

''(ii) any other area related to agriculture infrastructure security, as determined by the Secretary.

''(B) NONVOTING MEMBERS.—The Commission shall be composed of the following nonvoting members:

''(i) The Secretary.

''(ii) 4 representatives appointed by the Secretary of Health and Human Services, 1 each from—

''(I) the Public Health Service;

''(II) the National Institutes of Health;

''(III) the Centers for Disease Control and Prevention; and

''(IV) the Food and Drug Administration.

''(iii) 1 representative appointed by the Attorney General.

''(iv) 1 representative appointed by the Director of Homeland Security.

''(v) Not more than 4 representatives of the Department appointed by the Secretary.

''(2) DATE OF APPOINTMENT.—The appointment of each member of the Commission shall be made not later than 90 days after the date of enactment of this subtitle.

''(c) TERM; VACANCIES.—

''(1) TERM.—The term of office of a member of the Commission shall be 4 years, except that the members initially appointed shall be appointed to serve staggered terms (as determined by the Secretary).

''(2) VACANCIES.—A vacancy on the Commission shall be filled in the same manner as the original appointment was made.

''(d) MEETINGS.—

''(1) IN GENERAL.—The Commission shall meet at the call of—

''(A) the Chairperson;

''(B) a majority of the voting members of the Commission; or

''(C) the Secretary.

''(2) FEDERAL ADVISORY COMMITTEE ACT.—

''(A) IN GENERAL.—The Federal Advisory Committee Act (5 U.S.C. App.) and title XVIII of the Food and Agriculture Act of 1977 (7 U.S.C. 2281 et seq.) shall not apply to the Commission.

''(B) OPEN MEETINGS; RECORDS.—Subject to subparagraph (C)—

''(i) a meeting of the Commission shall be—

''(I) publicly announced in advance; and

''(II) open to the public; and

''(ii) the Commission shall—

''(I) keep detailed minutes of each meeting and other appropriate records of the activities of the Commission; and

''(II) make the minutes and records available to the public on request.

''(C) EXCEPTION.—When required in the interest of national security—

''(i) the Chairperson may choose not to give public notice of a meeting;

''(ii) the Chairperson may close all or a portion of any meeting to the public, and the minutes of the meeting, or portion of a meeting, shall not be made available to the public; and

''(iii) by majority vote, the Commission may redact the minutes of a meeting that was open to the public.

''(e) CHAIRPERSON.—The Secretary shall select a Chairperson from among the voting members of the Commission.

''(f) DUTIES.—

''(1) IN GENERAL.—The Commission shall—

''(A) advise the Secretary on the uses of the Fund;

''(B) review all agricultural research facilities for—

''(i) research importance; and

''(ii) importance to agriculture infrastructure security;

''(C) identify any agricultural research facility that should be closed, realigned, consolidated, or modernized to carry out the research agenda of the Secretary and protect agriculture infrastructure security;

''(D) develop recommendations concerning agricultural research facilities; and

''(E)(i) evaluate the agricultural research facilities acquisition and modernization system (including acquisitions by gift, grant, or any other form of agreement) used by the Department; and

''(ii) based on the evaluation, recommend improvements to the system.

''(2) STRATEGIC PLAN.—To assist the Commission in carrying out the duties described in paragraph (1), the Commission shall use the 10-year strategic plan prepared by the Strategic Planning Task Force established under section 4 of the Research Facilities Act (7 U.S.C. 390b).

''(3) REPORT.—

''(A) IN GENERAL.—Not later than 240 days after the date of enactment of this subtitle, and each June 1 thereafter, the Commission shall prepare and submit to the Secretary, the Committee on Agriculture and the Committee on Appropriations of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry and the Committee on Appropriations of the Senate, a report on the findings and recommendations under paragraph (1).

''(B) WRITTEN RESPONSE.—Not later than 90 days after the date of receipt of a report from the Commission under subparagraph (A), the Secretary shall provide to the Commission a written response concerning the manner and extent to which the Secretary will implement the recommendations in the report.

''(C) PUBLIC AVAILABILITY.—

''(i) IN GENERAL.—Subject to clause (ii), the report submitted by the Commission, and any response made by the Secretary, under this subsection shall be available to the public.

''(ii) EXCEPTION.—

''(I) NATIONAL SECURITY.—The Commission or the Secretary may determine that any report or response, or any portion of a report or response, shall not be publicly released in the interest of national security.

''(II) FREEDOM OF INFORMATION ACT.—On such a determination, the report or response, a portion of the report or response, or any records relating to the report or response, shall not be released under section 552 of title 5, United States Code.

''(g) COMMISSION PERSONNEL MATTERS.—

''(1) COMPENSATION OF MEMBERS.—

''(A) NON-FEDERAL EMPLOYEES.—A voting member of the Commission who is not a regular full-time employee of the Federal Government shall, while attending meetings of the Commission or otherwise engaged in the business of the Commission (including travel time), be entitled to receive compensation at a rate fixed by the Secretary, but not exceeding the daily equivalent of the annual rate specified at the time of such service under GS–15 of the General Schedule established under section 5332 of title 5, United States Code.

''(B) TRAVEL EXPENSES.—A voting member of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for an employee of an agency under subchapter I of chapter 57 of title 5, United States Code, while away from the home or regular place of business of the member in the performance of the duties of the Commission.

''(2) STAFF.—The Secretary shall provide the Commission with any personnel and other resources as the Secretary determines appropriate.

''(h) FUNDING.—

''(1) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as are necessary for each of fiscal years 2002 through 2006.

''(2) AGRICULTURE INFRASTRUCTURE SECURITY FUND.—For the purpose of establishing the Commission, the Secretary shall use such sums from the Fund as the Secretary determines to be appropriate.

''CHAPTER 2—OTHER BIOSECURITY PROGRAMS

''SEC. 1487. SPECIAL AUTHORIZATION FOR BIOSECURITY PLANNING AND RESPONSE.

''(a) AUTHORIZATION OF APPROPRIATIONS.—In addition to amounts for agricultural research, extension, and education under this Act, there are authorized to be appropriated for agricultural research, education, and extension activities for biosecurity planning and response such sums as are necessary for each of fiscal years 2002 through 2006.

''(b) USE OF FUNDS.—Using any authority available to the Secretary, the Secretary shall use funds made available under this section to carry out agricultural research, education, and extension activities (including through competitive grants) necessary—

''(1) to reduce the vulnerability of the United States food and agricultural system to chemical or biological attack;

''(2) to continue joint research initiatives between the Agricultural Research Service, universities, and industry on counterbioterrorism efforts (including continued funding of a consortium in existence on the date of enactment of this subtitle of which the Agricultural Research Service and universities are members);

''(3) to make competitive grants to universities and qualified research institutions for research on counterbioterrorism; and

''(4) to counter or otherwise respond to chemical or biological attack.

''SEC. 1488. AGRICULTURE BIOTERRORISM RESEARCH FACILITIES.

''(a) DEFINITIONS.—In this section:

''(1) CONSTRUCTION.—The term 'construction' includes—

''(A) the construction of new buildings; and

''(B) the expansion, renovation, remodeling, and alteration of existing buildings.

''(2) COST.—

''(A) IN GENERAL.—The term 'cost' means any construction cost, including architects' fees.

''(B) EXCLUSIONS.—The term 'cost' does not include the cost of—

''(i) acquiring land or an interest in land; or

''(ii) constructing any offsite improvement.

''(3) ELIGIBLE ENTITY.—The term 'eligible entity' means a college or university that—

''(A) is a land grant college or university (as defined in section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103)); and

''(B) as determined by the Secretary, has—

''(i) demonstrated expertise in the area of animal and plant diseases;

''(ii) substantial animal and plant diagnostic laboratories; and

''(iii) well-established working relationships with—

''(I) the agricultural industry; and

''(II) farm and commodity organizations.

''(b) MODERNIZATION AND CONSTRUCTION OF FACILITIES.—

''(1) IN GENERAL.—To enhance the security of agriculture in the United States against threats posed by bioterrorism, the Secretary shall make construction grants, on a competitive basis, to eligible entities.

''(2) LIMITATION ON GRANTS.—An eligible entity shall not receive grant funds under this section that, in any fiscal year, exceed $10,000,000.

''(c) REQUIREMENTS FOR GRANTS.—

''(1) IN GENERAL.—The Secretary shall make a grant to an eligible entity under this section only if, with respect to any facility constructed using grant funds, the eligible entity—

''(A) submits to the Secretary, in such form, in such manner, and containing such agreements, assurances, and information as the Secretary may require, an application for the grant;

''(B) is determined by the Secretary to be competent to engage in the type of research for which the facility is proposed to be constructed;

''(C) provides such assurances as the Secretary determines to be satisfactory that—

''(i) for not less than 20 years after the date of completion of the facility, the facility shall be used for the purposes of the research for which the facility was constructed, as described in the grant application;

''(ii) sufficient funds are available to pay the non-Federal share of the cost of constructing the facility;

''(iii) sufficient funds will be available, as of the date of completion of the construction, for the effective use of the facility for the purposes of the research for which the facility was constructed; and

''(iv) the proposed construction—

''(I) will increase the capability of the eligible entity to conduct research for which the facility was constructed; or

''(II) is necessary to improve or maintain the quality of the research of the eligible entity;

''(D) meets such reasonable qualifications as may be established by the Secretary with respect to—

''(i) the relative scientific and technical merit of the applications, and the relative effectiveness of facilities proposed to be constructed, in expanding the quality of, and the capacity of eligible entities to carry out, biosecurity research;

''(ii) the quality of the research to be carried out in each facility constructed;

''(iii) the need for the research activities to be carried out within the facility as those activities relate to research needs of the United States in securing, and ensuring the safety of, the food supply of the United States;

''(iv) the age and condition of existing research facilities of the eligible entity; and

''(v) biosafety and biosecurity requirements necessary to protect facility staff, members of the public, and the food supply; and

''(E) has demonstrated a commitment to enhancing and expanding the research productivity of the eligible entity.

''(2) PRIORITY.—In providing grants under this section, the Secretary shall give priority to an eligible entity that, as determined by the Secretary, has demonstrated expertise in—

''(A) animal and plant disease prevention;

''(B) pathogen and toxin mitigation;

''(C) cereal disease resistance;

''(D) grain milling and processing;

''(E) livestock production practices;

''(F) vaccine development;

''(G) meat processing;

''(H) pathogen detection and control; or

''(I) food safety.

''(d) AMOUNT OF GRANT.—The amount of a grant awarded under this section shall be determined by the Secretary.

''(e) FEDERAL SHARE.—The Federal share of the cost of any construction carried out using funds from a grant provided under this section shall not exceed 50 percent.

''(f) GUIDELINES.—Not later than 180 days after the date of enactment of this subtitle, the Secretary shall issue guidelines with respect to the provision of grants under this section.

''(g) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $100,000,000 for each of fiscal years 2003 through 2005.''.

(b) SENSE OF CONGRESS ON INCREASING CAPACITY FOR RESEARCH ON BIOSECURITY AND ANIMAL AND PLANT HEALTH DISEASES.—It is the sense of Congress that funding for the Agricultural Research Service, the Animal and Plant Health Inspection Service, and other agencies of the Department of Agriculture with responsibilities for biosecurity should be increased as necessary to improve the capacity of the agencies to conduct research and analysis of, and respond to, bioterrorism and animal and plant diseases.

Subtitle B—Food, Agriculture, Conservation, and Trade Act of 1990

SEC. 731. NATIONAL GENETIC RESOURCES PROGRAM.

Section 1635(b) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5844(b)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 732. BIOTECHNOLOGY RISK ASSESSMENT RESEARCH.

Section 1668 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5921) is amended—

(1) by redesignating subsections (e) through (g) as subsections (f) through (h), respectively; and

(2) by inserting after subsection (d) the following:

''(e) GRANT PRIORITY.—In selecting projects for which grants shall be made under this section, the Secretary shall give priority to public and private research or educational institutions and organizations the goals of which include—

''(1) formation of interdisciplinary teams to review or conduct research on the environmental effects of the release of new genetically modified agricultural products;

''(2) conduct of studies relating to biosafety of genetically modified agricultural products;

''(3) evaluation of the cost and benefit for development of an identity preservation system for genetically modified agricultural products;

''(4) establishment of international partnerships for research and education on biosafety issues; or

''(5) formation of interdisciplinary teams to renew and conduct research on the nutritional enhancement and environmental benefits of genetically modified agricultural products.''.

SEC. 733. HIGH-PRIORITY RESEARCH AND EXTENSION INITIATIVES.

Section 1672 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925) is amended

(1) in subsection (e), by adding at the end the following:

''(25) ANIMAL INFECTIOUS DISEASES RESEARCH AND EXTENSION.—

''(A) IN GENERAL.—Research and extension grants may be made under this section for the purpose of developing—

''(i) prevention and control methodologies for animal infectious diseases that impact trade, including vesicular stomatitis, bovine tuberculosis, transmissible spongiform encephalopathy, brucellosis, and E. coli 0157:H7 infection;

''(ii) laboratory tests for quicker detection of infected animals and presence of diseases among herds;

''(iii) prevention strategies, including vaccination programs; and

''(iv) rapid diagnostic techniques for, and evaluation of, animal disease agents considered to be risks for agricultural bioterrorism attack.

''(B) COLLABORATION.—Research under subparagraph (A) may be conducted in collaboration with scientists from the Department, other Federal agencies, universities, and industry.

''(C) EVALUATION OF DIAGNOSTIC TECHNIQUES AND VACCINES.—Any research on or evaluation of diagnostic techniques and vaccines under subparagraph (A) shall include evaluation of diagnostic techniques and vaccines under field conditions in countries in which the animal disease occurs.

''(26) PROGRAM TO COMBAT CHILDHOOD OBESITY.—Research and extension grants may be made under this section to consortia of institutions of higher education that specialize in obesity and nutrition research to develop and implement effective strategies to reduce the incidence of childhood obesity.

''(27) INTEGRATED PEST MANAGEMENT.—Research and extension grants may be made under this section to land grant colleges and universities, other Federal agencies, and other interested persons to coordinate and improve research, education, and outreach on, and implementation on farms of, integrated pest management.

''(28) BEEF CATTLE GENETICS.—

''(A) IN GENERAL.—Research and extension grants for beef cattle genetics evaluation research may be made under this section to institutions of higher education, or consortia of institutions of higher education, that—

''(i) have expertise in beef cattle genetic evaluation research and technology; and

''(ii) have been actively involved, for at least 20 years, in the estimation and prediction of progeny differences for publication and use by seed stock producer breed associations.

''(B) PRIORITY.—In making grants under subparagraph (A), the Secretary shall give priority to proposals to—

''(i) establish and coordinate priorities for genetic evaluation of domestic beef cattle;

''(ii) consolidate research efforts to reduce duplication of effort and maximize the return to beef industry;

''(iii) streamline the process between the development and adoption of new genetic evaluation methodologies by the industry;

''(iv) identify new traits and technologies for inclusion in genetic programs in order to—

''(I) reduce the costs of beef production; and

''(II) provide consumers with a high nutritional value, healthy, and affordable protein source; or

''(v) create decisionmaking tools that incorporate the increasing number of traits being evaluated and the increasing amount of information from DNA technology into genetic improvement programs, with the goal of optimizing the overall efficiency, product quality and safety, and health of the domestic beef cattle herd resource.''; and

(2) in subsection (h), by striking ''2002'' and inserting ''2006''.

SEC. 734. NUTRIENT MANAGEMENT RESEARCH AND EXTENSION INITIATIVE.

Section 1672A(g) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925a(g)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 735. ORGANIC AGRICULTURE RESEARCH AND EXTENSION INITIATIVE.

Section 1672B of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925b) is amended—

(1) in subsection (a)—

(A) by inserting after ''Board,'' the following: ''and the National Organic Standards Board,'';

(B) in paragraph (2), by striking ''and'' at the end;

(C) in paragraph (3), by striking the period at the end and inserting a semicolon; and

(D) by adding at the end the following:

''(4) determining desirable traits for organic commodities using advanced genomics;

''(5) pursuing classical and marker-assisted breeding for publicly held varieties of crops and animals optimized for organic systems;

''(6) identifying marketing and policy constraints on the expansion of organic agriculture; and

''(7) conducting advanced on-farm research and development that emphasizes observation of, experimentation with, and innovation for working organic farms, including research relating to production and to socioeconomic conditions.''; and

(2) in subsection (e), by striking ''2002'' and inserting ''2006''.

SEC. 736. AGRICULTURAL TELECOMMUNICATIONS PROGRAM.

Section 1673(h) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5926(h)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 737. ASSISTIVE TECHNOLOGY PROGRAM FOR FARMERS WITH DISABILITIES.

Section 1680(c)(1) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5933(c)(1)) is amended by striking ''2002'' and inserting ''2006''.

Subtitle C—Agricultural Research, Extension, and Education Reform Act of 1998

SEC. 741. INITIATIVE FOR FUTURE AGRICULTURE AND FOOD SYSTEMS.

Section 401 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7621) is amended—

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

''(b) FUNDING.—

''(1) IN GENERAL.—Out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Account to carry out this section—

''(A) on October 1, 1998 and each October 1 thereafter through October 1, 2001, $120,000,000; and

''(B) on October 1, 2002, and each October 1 thereafter through October 1, 2005, $145,000,000.

''(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under paragraph (1), without further appropriation.''; and

(2) in subsection (e), by adding at the end the following:

''(3) MINORITY-SERVING INSTITUTIONS.—The Secretary shall consider reserving, to the maximum extent practicable, 10 percent of the funds made available to carry out this section for a fiscal year for grants to minority-serving institutions.''.

SEC. 742. PARTNERSHIPS FOR HIGH-VALUE AGRICULTURAL PRODUCT QUALITY RESEARCH.

Section 402(g) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7622(g)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 743. PRECISION AGRICULTURE.

Section 403(i)(1) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7623(i)(1)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 744. BIOBASED PRODUCTS.

Section 404 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7624) is amended—

(1) in subsection (e)(2), by striking ''2001'' and inserting ''2006''; and

(2) in subsection (h), by striking ''2002'' and inserting ''2006''.

SEC. 745. THOMAS JEFFERSON INITIATIVE FOR CROP DIVERSIFICATION.

Section 405(h) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7625(h)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 746. INTEGRATED RESEARCH, EDUCATION, AND EXTENSION COMPETITIVE GRANTS PROGRAM.

Section 406 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7626) is amended—

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

(2) by inserting after subsection (d) the following:

''(e) TERM OF GRANT.—A grant under this section shall have a term of not more than 5 years.''; and

(3) in subsection (f) (as so redesignated), by striking ''2002'' and inserting ''2006''.

SEC. 747. SUPPORT FOR RESEARCH REGARDING DISEASES OF WHEAT AND BARLEY CAUSED BY FUSARIUM GRAMINEARUM.

Section 408(e) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7628(e)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 748. OFFICE OF PEST MANAGEMENT POLICY.

Section 614(f) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7653(f)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 749. SENIOR SCIENTIFIC RESEARCH SERVICE.

Subtitle B of title VI of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7651 et seq.) is amended by adding at the end the following:

''SEC. 620. SENIOR SCIENTIFIC RESEARCH SERVICE.

''(a) IN GENERAL.—There is established in the Department of Agriculture the Senior Scientific Research Service (referred to in this section as the 'Service').

''(b) MEMBERS.—

''(1) IN GENERAL.—Subject to paragraphs (2) through (4), the Secretary shall appoint the members of the Service.

''(2) QUALIFICATIONS.—To be eligible for appointment to the Service, an individual shall—

''(A) have conducted outstanding research in the field of agriculture or forestry;

''(B) have earned a doctoral level degree at an institution of higher education (as defined in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001)); and

''(C) meet qualification standards prescribed by the Director of the Office of Personnel Management for appointment to a position at level GS–15 of the General Schedule.

''(3) NUMBER.—Not more than 100 individuals may serve as members of the Service at any 1 time.

''(4) OTHER REQUIREMENTS.—

''(A) IN GENERAL.—Subject to subparagraph (B) and subsection (d)(2), the Secretary may appoint and employ a member of the Service without regard to—

''(i) the provisions of title 5, United States Code, governing appointments in the competitive service;

''(ii) the provisions of subchapter I of chapter 35 of title 5, United States Code, relating to retention preference;

''(iii) the provisions of chapter 43 of title 5, United States Code, relating to performance appraisal and performance actions;

''(iv) the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification and General Schedule pay rates; and

''(v) the provisions of chapter 75 of title 5, United States Code, relating to adverse actions.

''(B) EXCEPTION.—A member of the Service appointed and employed by the Secretary under subparagraph (A) shall have the same right of appeal to the Merit Systems Protection Board and the same right to file a complaint with the Office of Special Counsel as an employee appointed to a position at level GS–15 of the General Schedule.

''(c) PERFORMANCE APPRAISAL SYSTEM.—The Secretary shall develop a performance appraisal system for members of the Service that is designed to—

''(1) provide for the systematic appraisal of the employment performance of the members; and

''(2) encourage excellence in employment performance by the members.

''(d) COMPENSATION.—

''(1) IN GENERAL.—Subject to paragraph (2), the Secretary shall determine the compensation of members of the Service.

''(2) LIMITATIONS.—The rate of pay for a member of the Service shall—

''(A) not be less than the minimum rate payable for a position at level GS–15 of the General Schedule; and

''(B) not be more than the rate payable for a position at level I of the Executive Schedule, unless the rate is approved by the President under section 5377(d)(2) of title 5, United States Code.

''(e) RETIREMENT CONTRIBUTIONS.—

''(1) IN GENERAL.—On the request of a member of the Service who was an employee of an institution of higher education (as defined in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001)) immediately prior to appointment as a member of the Service and who retains the right to continue to make contributions to the retirement system of the institution, the Secretary may contribute an amount not to exceed 10 percent of the basic pay of the member to the retirement system of the institution on behalf of the member.

''(2) FEDERAL RETIREMENT SYSTEM.—

''(A) IN GENERAL.—Subject to subparagraph (B), a member for whom a contribution is made under paragraph (1) shall not, as a result of serving as a member of the Service, be covered by, or earn service credit under, chapter 83 or 84 of title 5, United States Code.

''(B) ANNUAL LEAVE.—Service of a member of the Service described in subparagraph (A) shall be creditable for determining years of

service under section 6303(a) of title 5, United States Code.

''(f) INVOLUNTARY SEPARATION.—

''(1) IN GENERAL.—Subject to paragraph (2) and notwithstanding the provisions of title 5, United States Code, governing appointment in the competitive service, in the case of an individual who is separated from the Service involuntarily and without cause—

''(A) the Secretary may appoint the individual to a position in the competitive civil service at level GS–15 of the General Schedule; and

''(B) the appointment shall be a career appointment.

''(2) EXCEPTED CIVIL SERVICE.—In the case of an individual described in paragraph (1) who immediately prior to appointment as a member of the Service was not a career appointee in the civil service or the Senior Executive Service, the appointment of the individual under paragraph (1)—

''(A) shall be to the excepted civil service; and

''(B) may not exceed a period of 2 years.''.

Subtitle D—Land-Grant Funding

CHAPTER 1—1862 INSTITUTIONS

SEC. 751. CARRYOVER.

Section 7 of the Hatch Act of 1887 (7 U.S.C. 361g) is amended by striking subsection (c) and inserting the following:

''(c) CARRYOVER.—

''(1) IN GENERAL.—The balance of any annual funds provided under this Act to a State agricultural experiment station for a fiscal year that remains unexpended at the end of the fiscal year may be carried over for use during the following fiscal year.

''(2) FAILURE TO EXPEND FULL ALLOTMENT.—If any unexpended balance carried over by a State is not expended by the end of the second fiscal year, an amount equal to the unexpended balance shall be deducted from the next succeeding annual allotment to the State.''.

SEC. 752. REPORTING OF TECHNOLOGY TRANSFER ACTIVITIES.

Section 7(e) of the Hatch Act of 1887 (7 U.S.C. 361g(e)) is amended by adding at the end the following:

''(5) The technology transfer activities conducted with respect to federally-funded agricultural research.''.

SEC. 753. COMPLIANCE WITH MULTISTATE AND INTEGRATION REQUIREMENTS.

(a) MULTISTATE COOPERATIVE EXTENSION ACTIVITIES.—Section 3 of the Smith-Lever Act (7 U.S.C. 343) is amended by striking subsection (h) and inserting the following:

''(h) MULTISTATE COOPERATIVE EXTENSION ACTIVITIES.—

''(1) DEFINITION OF MULTISTATE ACTIVITY.—In this subsection, the term 'multistate activity' means a cooperative extension activity in which 2 or more States cooperate to resolve problems that concern more than 1 State.

''(2) REQUIREMENT.—

''(A) IN GENERAL.—To receive funding under subsections (b) and (c) for a fiscal year, a State must have expended on multistate activities, in the preceding fiscal year, an amount equivalent to not less than 25 percent of the funds paid to the State under subsections (b) and (c) for the preceding fiscal year.

''(B) DETERMINATION OF AMOUNT.—In determining compliance with subparagraph (A), the Secretary shall include all cooperative extension funds expended by the State in the preceding fiscal year, including Federal, State, and local funds.

''(3) REDUCTION OF PERCENTAGE.—The Secretary may reduce the minimum percentage required to be expended for multistate activities under paragraph (2) by a State in a case of hardship, unfeasibility, or other similar circumstances beyond the control of the State, as determined by the Secretary.

''(4) PLAN OF WORK.—The State shall include in the plan of work of the State required under section 4 a description of the manner in which the State will meet the requirements of this subsection.

''(5) APPLICABILITY.—This subsection does not apply to funds provided—

''(A) to a 1994 Institution (as defined in section 532 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382)); or

''(B) to the Commonwealth of Puerto Rico, the Virgin Islands, or Guam.''.

(b) INTEGRATED RESEARCH AND EXTENSION ACTIVITIES.—Section 3 of the Hatch Act of 1887 (7 U.S.C. 361c) is amended by striking subsection (i) and inserting the following:

''(i) INTEGRATED RESEARCH AND EXTENSION ACTIVITIES.—

''(1) IN GENERAL.—

''(A) REQUIREMENT.—To receive funding under this Act and subsections (b) and (c) of section 3 of the Smith-Lever Act (7 U.S.C. 343) for a fiscal year, a State must have expended on activities that integrate cooperative research and extension (referred to in this section as 'integrated activities'), in the preceding fiscal year, an amount equivalent to not less than 25 percent of the funds paid to the State under this section and subsections (b) and (c) of section 3 of the Smith-Lever Act (7 U.S.C. 343) for the preceding fiscal year.

''(B) DETERMINATION OF AMOUNT.—In determining compliance with subparagraph (A), the Secretary shall include all cooperative research and extension funds expended by the State in the prior fiscal year, including Federal, State, and local funds.

''(2) REDUCTION OF PERCENTAGE.—The Secretary may reduce the minimum percentage required to be expended for integrated activities under paragraph (1) by a State in a case of hardship, unfeasibility, or other similar circumstances beyond the control of the State, as determined by the Secretary.

''(3) PLAN OF WORK.—The State shall include in the plan of work of the State required under section 7 of this Act and under section 4 of the Smith-Lever Act (7 U.S.C. 344), as applicable, a description of the manner in which the State will meet the requirements of this subsection.

''(4) APPLICABILITY.—This subsection does not apply to funds provided—

''(A) to a 1994 Institution (as defined in section 532 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382)); or

''(B) to the Commonwealth of Puerto Rico, the Virgin Islands, or Guam.

''(5) RELATIONSHIP TO OTHER REQUIREMENTS.—Funds described in paragraph (1)(B) that a State uses to calculate the required amount of expenditures for integrated activities under paragraph (1)(A) may also be used in the same fiscal year to calculate the amount of expenditures for multistate activities required under subsection (c)(3) of this section and section 3(h) of the Smith-Lever Act (7 U.S.C. 343(h)).''.

(c) EFFECTIVE DATE.—The amendments made by this section take effect on October 1, 2002.

CHAPTER 2—1994 INSTITUTIONS

SEC. 754. EXTENSION AT 1994 INSTITUTIONS.

Section 3(b) of the Smith-Lever Act (7 U.S.C. 343(b)) is amended by striking paragraph (3) and inserting the following:

''(3) EXTENSION AT 1994 INSTITUTIONS.—

''(A) IN GENERAL.—There are authorized to be appropriated for fiscal year 2002 and each subsequent fiscal year, for payment to 1994 Institutions (as defined in section 532 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382)), such sums as are necessary for the purposes set forth in section 2, to remain available until expended.

''(B) DISTRIBUTION.—Amounts made available under subparagraph (A)—

''(i) shall be distributed on the basis of a formula to be developed and implemented by the Secretary, in consultation with the 1994 Institutions; and

''(ii) may include payments for extension activities carried out during 1 or more fiscal years.

''(C) COOPERATIVE AGREEMENT.—In accordance with such regulations as the Secretary may promulgate, a 1994 Institution may administer funds received under this paragraph through a cooperative agreement with an 1862 Institution or an 1890 Institution (as those terms are defined in section 2 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7601)).''.

SEC. 755. EQUITY IN EDUCATIONAL LAND-GRANT STATUS ACT OF 1994.

(a) TECHNICAL AMENDMENT TO REFLECT NAME CHANGES.—Section 532 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended by striking paragraphs (1) through (30) and inserting the following:

''(1) Bay Mills Community College.
''(2) Blackfeet Community College.
''(3) Cankdeska Cikana Community College.
''(4) College of Menominee Nation.
''(5) Crownpoint Institute of Technology.
''(6) D-Q University.
''(7) Diné College.
''(8) Dull Knife Memorial College.
''(9) Fond du Lac Tribal and Community College.
''(10) Fort Belknap College.
''(11) Fort Berthold Community College.
''(12) Fort Peck Community College.
''(13) Haskell Indian Nations University.
''(14) Institute of American Indian and Alaska Native Culture and Arts Development.
''(15) Lac Courte Oreilles Ojibwa Community College.
''(16) Leech Lake Tribal College.
''(17) Little Big Horn College.
''(18) Little Priest Tribal College.
''(19) Nebraska Indian Community College.
''(20) Northwest Indian College.
''(21) Oglala Lakota College.
''(22) Salish Kootenai College.
''(23) Sinte Gleska University.
''(24) Sisseton Wahpeton Community College.
''(25) Si Tanka/Huron University.
''(26) Sitting Bull College.
''(27) Southwestern Indian Polytechnic Institute.
''(28) Stone Child College.
''(29) Turtle Mountain Community College.
''(30) United Tribes Technical College.
''(31) White Earth Tribal and Community College.''.

(b) ACCREDITATION REQUIREMENT FOR RESEARCH GRANTS.—Section 533(a)(3) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended by striking ''sections 534 and 535'' and inserting ''sections 534, 535, and 536''.

(c) LAND-GRANT STATUS FOR 1994 INSTITUTIONS.—Section 533(b) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended by striking ''$4,600,000 for each of fiscal years 1996 through 2002'' and inserting ''such sums as are necessary for each of fiscal years 2002 through 2006''.

(d) CHANGE OF INDIAN STUDENT COUNT FORMULA.—Section 533(c)(4)(A) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended by striking ''(as defined in section 390(3) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C.

2397h(3)) for each 1994 Institution for the fiscal year'' and inserting ''(as defined in section 2(a) of the Tribally Controlled College or University Assistance Act of 1978 (25 U.S.C. 1801(a)))''.

(e) INCREASE IN INSTITUTIONAL PAYMENTS.—Section 534(a)(1)(A) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended by striking ''$50,000'' and inserting ''$100,000''.

(f) INSTITUTIONAL CAPACITY BUILDING GRANTS.—Section 535 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended—

(1) in subsection (b)(1), by striking ''2002'' and inserting ''2006''; and

(2) in subsection (c), by striking ''$1,700,000 for each of fiscal years 1996 through 2002'' and inserting ''such sums as are necessary for each of fiscal years 2002 through 2006''.

(g) RESEARCH GRANTS.—Section 536(c) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended by striking ''2002'' and inserting ''2006''.

SEC. 756. ELIGIBILITY FOR INTEGRATED GRANTS PROGRAM.

Section 406(b) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7626(b)) is amended by inserting ''and 1994 Institutions'' before ''on a competitive basis''.

CHAPTER 3—1890 INSTITUTIONS

SEC. 757. AUTHORIZATION PERCENTAGES FOR RESEARCH AND EXTENSION FORMULA FUNDS.

(a) EXTENSION.—Section 1444(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3221(a)) is amended—

(1) by striking ''(a) There'' and inserting the following:

''(a) AUTHORIZATION OF APPROPRIATIONS.—

''(1) IN GENERAL.—There'';

(2) by striking the second sentence; and

(3) in the third sentence, by striking ''Beginning'' through ''6 per centum'' and inserting the following:

''(2) MINIMUM AMOUNT.—Beginning with fiscal year 2002, there shall be appropriated under this section for each fiscal year an amount that is not less than 15 percent'';

(3) by striking ''Funds appropriated'' and inserting the following:

''(3) USES.—Funds appropriated''; and

(4) by striking ''No more'' and inserting the following:

''(4) CARRYOVER.—No more''.

(b) RESEARCH.—Section 1445(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222(a)) is amended—

(1) by striking ''(a) There'' and inserting the following:

''(a) AUTHORIZATION OF APPROPRIATIONS.—

''(1) IN GENERAL.—There'';

(2) by striking the second sentence and inserting the following:

''(2) MINIMUM AMOUNT.—Beginning with fiscal year 2002, there shall be appropriated under this section for each fiscal year an amount that is not less than 25 percent of the total appropriations for the fiscal year under section 3 of the Hatch Act of 1887 (7 U.S.C. 361c).'';

(3) by striking ''Funds appropriated'' and inserting the following:

''(3) USES.—Funds appropriated'';

(4) by striking ''The eligible'' and inserting the following:

''(4) COORDINATION.—The eligible''; and

(5) by striking ''No more'' and inserting the following:

''(5) CARRYOVER.—No more''.

SEC. 758. CARRYOVER.

Section 1445(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222(a) (as amended by section 757(b)) is amended by striking paragraph (5) and inserting the following:

''(5) CARRYOVER.—

''(A) IN GENERAL.—The balance of any annual funds provided to an eligible institution for a fiscal year under this section that remains unexpended at the end of the fiscal year may be carried over for use during the following fiscal year.

''(B) FAILURE TO EXPEND FULL AMOUNT.—If any unexpended balance carried over by an eligible institution is not expended by the end of the second fiscal year, an amount equal to the unexpended balance shall be deducted from the next succeeding annual allotment to the eligible institution.''.

SEC. 759. REPORTING OF TECHNOLOGY TRANSFER ACTIVITIES.

Section 1445(c)(3) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222(c)(3)) is amended by adding at the end the following:

''(F) The technology transfer activities conducted with respect to federally-funded agricultural research.''.

SEC. 760. GRANTS TO UPGRADE AGRICULTURAL AND FOOD SCIENCES FACILITIES AT 1890 LAND-GRANT COLLEGES, INCLUDING TUSKEGEE UNIVERSITY.

Section 1447(b) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222b(b)) is amended by striking ''$15,000,000 for each of fiscal years 1996 through 2002'' and inserting ''$25,000,000 for each of fiscal years 2002 through 2006''.

SEC. 761. NATIONAL RESEARCH AND TRAINING CENTENNIAL CENTERS.

Section 1448 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222c) is amended by striking ''2002'' each place it appears in subsections (a)(1) and (f) and inserting ''2006''.

SEC. 762. MATCHING FUNDS REQUIREMENT FOR RESEARCH AND EXTENSION ACTIVITIES.

Section 1449 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222d) is amended by striking subsections (c) and (d) and inserting the following:

''(c) MATCHING FORMULA.—

''(1) IN GENERAL.—For each of fiscal years 2003 through 2006, the State shall provide matching funds from non-Federal sources.

''(2) AMOUNT.—The amount of the matching funds shall be equal to not less than—

''(A) for fiscal year 2003, 60 percent of the formula funds to be distributed to the eligible institution; and

''(B) for each of fiscal years 2004 through 2006, 110 percent of the amount required under this paragraph for the preceding fiscal year.

''(d) WAIVERS.—Notwithstanding subsection (f), for any of fiscal years 2003 through 2006, the Secretary may waive the matching funds requirement under subsection (c) for any amount above the level of 50 percent for an eligible institution of a State if the Secretary determines that the State will be unlikely to meet the matching requirement.''.

CHAPTER 4—LAND-GRANT INSTITUTIONS

Subchapter A—General

SEC. 771. PRIORITY-SETTING PROCESS.

Section 102(c)(1) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7612(c)(1)) is amended—

(1) by striking ''establish and implement a process for obtaining'' and inserting ''obtain public''; and

(2) by striking the period at the end and inserting the following: ''through a process that reflects transparency and opportunity for input from producers of diverse agricultural crops and diverse geographic and cultural communities.''.

SEC. 772. TERMINATION OF CERTAIN SCHEDULE A APPOINTMENTS.

(a) TERMINATION.—Not later than 60 days after the date of enactment of this Act, the Secretary of Agriculture shall terminate each appointment listed as an excepted position under schedule A of the General Schedule made by the Secretary to the Federal civil service of an individual who holds dual government appointments, and who carries out agricultural extension work in a program at a college or university eligible to receive funds, under—

(1) the Smith-Lever Act (7 U.S.C. 341 et seq.);

(2) section 1444 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3221); or

(3) section 208(e) of the District of Columbia Public Postsecondary Education Reorganization Act (88 Stat. 1428).

(b) CONTINUATION OF CERTAIN FEDERAL BENEFITS.—

(1) IN GENERAL.—Notwithstanding title 5, United States Code, and subject to paragraph (2), an individual described in subsection (a), during the period the individual is employed in an agricultural extension program described in subsection (a) without a break in service, shall continue to—

(A) be eligible to participate, to the same extent that the individual was eligible to participate (on the day before the date of enactment of this Act), in—

(i) the Federal Employee Health Benefits Program;

(ii) the Federal Employee Group Life Insurance Program;

(iii) the Civil Service Retirement System;

(iv) the Federal Employee Retirement System; and

(v) the Thrift Savings Plan; and

(B) receive Federal Civil Service employment credit to the same extent that the individual was receiving such credit on the day before the date of enactment of this Act.

(2) LIMITATIONS.—An individual may continue to be eligible for the benefits described in paragraph (1) if—

(A) in the case of an individual who remains employed in the agricultural extension program described in subsection (a) on the date of the enactment of this Act, the employing college or university continues to fulfill the administrative and financial responsibilities (including making agency contributions) associated with providing those benefits, as determined by the Secretary of Agriculture; and

(B) in the case of an individual who changes employment to a second college or university described in subsection (a)—

(i) the individual continues to work in an agricultural extension program described in subsection (a), as determined by the Secretary of Agriculture;

(ii) the second college or university—

(I) fulfills the administrative and financial responsibilities (including making agency contributions) associated with providing those benefits, as determined by the Secretary of Agriculture; and

(II) within 120 days before the date of the employment of the individual, had employed a different individual described in subsection (a) who had performed the same duties of employment; and

(iii) the individual was eligible for those benefits on the day before the date of enactment of this Act.

Subchapter B—Land-Grant Institutions in Insular Areas

SEC. 775. DISTANCE EDUCATION GRANTS PROGRAM FOR INSULAR AREA LAND-GRANT INSTITUTIONS.

The National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101 et seq.) (as amended by section 723) is amended by adding at the end the following:

''Subtitle 0—Land Grant Institutions in Insular Areas

''SEC. 1489. DISTANCE EDUCATION GRANTS FOR INSULAR AREAS.

''(a) IN GENERAL.—The Secretary may make competitive or noncompetitive grants to State cooperative institutions in insular areas to strengthen the capacity of State cooperative institutions to carry out distance food and agricultural education programs using digital network technologies.

''(b) USE.—Grants made under this section shall be used—

''(1) to acquire the equipment, instrumentation, networking capability, hardware and software, digital network technology, and infrastructure necessary to teach students and teachers about technology in the classroom;

''(2) to develop and provide educational services (including faculty development) to prepare students or faculty seeking a degree or certificate that is approved by the State or a regional accrediting body recognized by the Secretary of Education;

''(3) to provide teacher education, library and media specialist training, and preschool and teacher aid certification to individuals who seek to acquire or enhance technology skills in order to use technology in the classroom or instructional process;

''(4) to implement a joint project to provide education regarding technology in the classroom with a local educational agency, community-based organization, national nonprofit organization, or business, including a minority business or a business located in a HUBZone established under section 31 of the Small Business Act (15 U.S.C. 657a); or

''(5) to provide leadership development to administrators, board members, and faculty of eligible institutions with institutional responsibility for technology education.

''(c) LIMITATION ON USE OF GRANT FUNDS.—Funds provided under this section shall not be used for the planning, acquisition, construction, rehabilitation, or repair of a building or facility.

''(d) ADMINISTRATION OF PROGRAM.—The Secretary may carry out this section in a manner that recognizes the different needs and opportunities for State cooperative institutions in the Atlantic and Pacific Oceans.

''(e) MATCHING REQUIREMENT.—

''(1) IN GENERAL.—The Secretary may establishment a requirement that a State cooperative institution receiving a grant under this section shall provide matching funds from non-Federal sources in an amount equal to not less than 50 percent of the grant.

''(2) WAIVERS.—If the Secretary establishes a matching requirement under paragraph (1), the requirement shall include an option for the Secretary to waive the requirement for an insular area State cooperative institution for any fiscal year if the Secretary determines that the institution will be unlikely to meet the matching requirement for the fiscal year.

''(f) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $4,000,000 for each of fiscal years 2002 through 2006.''.

SEC. 776. MATCHING REQUIREMENTS FOR RESEARCH AND EXTENSION FORMULA FUNDS FOR INSULAR AREA LAND-GRANT INSTITUTIONS.

(a) EXPERIMENT STATIONS.—Section 3(d) of the Hatch Act of 1887 (7 U.S.C. 361c(d)) is amended by striking paragraph (4) and inserting the following:

''(4) EXCEPTION FOR INSULAR AREAS.—

''(A) IN GENERAL.—Effective beginning for fiscal year 2003, in lieu of the matching funds requirement of paragraph (1), the insular areas of the Commonwealth of Puerto Rico, Guam, and the Virgin Islands of the United States shall provide matching funds from non-Federal sources in an amount equal to not less than 50 percent of the formula funds distributed by the Secretary to each of the insular areas, respectively, under this section.

''(B) WAIVERS.—The Secretary may waive the matching fund requirement of subparagraph (A) for any fiscal year if the Secretary determines that the government of the insular area will be unlikely to meet the matching requirement for the fiscal year.''.

(b) COOPERATIVE AGRICULTURAL EXTENSION.—Section 3(e) of the Smith-Lever Act (7 U.S.C. 343(e)) is amended by striking paragraph (4) and inserting the following:

''(4) EXCEPTION FOR INSULAR AREAS.—

''(A) IN GENERAL.—Effective beginning for fiscal year 2003, in lieu of the matching funds requirement of paragraph (1), the insular areas of the Commonwealth of Puerto Rico, Guam, and the Virgin Islands of the United States shall provide matching funds from non-Federal sources in an amount equal to not less than 50 percent of the formula funds distributed by the Secretary to each of the insular areas, respectively, under this section.

''(B) WAIVERS.—The Secretary may waive the matching fund requirement of subparagraph (A) for any fiscal year if the Secretary determines that the government of the insular area will be unlikely to meet the matching requirement for the fiscal year.''.

Subtitle E—Other Laws

SEC. 781. CRITICAL AGRICULTURAL MATERIALS.

Section 16(a) of the Critical Agricultural Materials Act (7 U.S.C. 178n(a)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 782. RESEARCH FACILITIES.

Section 6(a) of the Research Facilities Act (7 U.S.C. 390d(a)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 783. FEDERAL AGRICULTURAL RESEARCH FACILITIES.

Section 1431 of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1985 (Public Law 99–198; 99 Stat. 1556) is amended by striking ''2002'' and inserting ''2006''.

SEC. 784. COMPETITIVE, SPECIAL, AND FACILITIES RESEARCH GRANTS.

The Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 450i) is amended in subsection (b)—

(1) in paragraph (2), by striking ''in—'' and all that follows and inserting '', as those needs are determined by the Secretary, in consultation with the National Agricultural Research, Extension, Education, and Economics Advisory Board, not later than July 1 of each fiscal year for the purposes of the following fiscal year.''; and

(2) in paragraph (10), by striking ''2002'' and inserting ''2006''.

SEC. 785. RISK MANAGEMENT EDUCATION FOR BEGINNING FARMERS AND RANCHERS.

(a) IN GENERAL.—Section 524(a)(3) of the Federal Crop Insurance Act (7 U.S.C. 1524(a)(3)) is amended by striking subparagraph (A) and inserting the following:

''(A) AUTHORITY.—The Secretary, acting through the Cooperative State Research, Education, and Extension Service, shall establish a program under which competitive grants are made to qualified public and private entities (including land-grant colleges and universities, cooperative extension services, colleges or universities, and community colleges), as determined by the Secretary, for the purpose of—

''(i) educating producers generally about the full range of risk management activities, including futures, options, agricultural trade options, crop insurance, cash forward contracting, debt reduction, production diversification, farm resources risk reduction, and other risk management strategies; or

''(ii) educating beginning farmers and ranchers—

''(I) in the areas described in clause (i); and

''(II) in risk management strategies, as part of programs that are specifically targeted at beginning farmers and ranchers.''.

(b) TECHNICAL CORRECTION.—Section 524(b) of the Federal Crop Insurance Act (7 U.S.C. 1524(b)) is amended by redesignating the second paragraph (2) and paragraph (3) as paragraphs (3) and (4), respectively.

SEC. 786. AQUACULTURE.

Section 10 of the National Aquaculture Act of 1980 (16 U.S.C. 2809) is amended by striking ''2002'' each place it appears and inserting ''2006''.

Subtitle F—New Authorities

SEC. 791. DEFINITIONS.

In this subtitle:

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

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

SEC. 792. REGULATORY AND INSPECTION RESEARCH.

(a) DEFINITIONS.—In this section:

(1) INSPECTION OR REGULATORY AGENCY OF THE DEPARTMENT.—The term ''inspection or regulatory agency of the Department'' includes—

(A) the Animal and Plant Health Inspection Service;

(B) the Food Safety and Inspection Service;

(C) the Grain Inspection, Packers, and Stockyards Administration; and

(D) the Agricultural Marketing Service.

(2) URGENT APPLIED RESEARCH NEEDS.—The term ''urgent applied research needs'' includes research necessary to carry out—

(A) agricultural marketing programs;

(B) programs to protect the animal and plant resources of the United States; and

(C) educational programs or special studies to improve the safety of the food supply of the United States.

(b) TIMELY, COST-EFFECTIVE RESEARCH.—To meet the urgent applied research needs of inspection or regulatory agencies of the Department, the Secretary—

(1) may use a public or private source; and

(2) shall use the most practicable source to provide timely, cost-effective means of providing the research.

(c) CONFLICTS OF INTEREST.—The Secretary shall establish guidelines to prevent any conflict of interest that may arise if an inspection or regulatory agency of the Department obtains research from any Federal agency the work or technology transfer efforts of which are funded in part by an industry subject to the jurisdiction of the inspection or regulatory agency of the Department.

(d) REGULATIONS.—The Secretary may promulgate such regulations as are necessary to carry out this section.

SEC. 793. EMERGENCY RESEARCH TRANSFER AUTHORITY.

(a) IN GENERAL.—Subject to subsection (b), in addition to any other authority that the Secretary may have to transfer appropriated funds, the Secretary may transfer up to 2

percent of any appropriation made available to an office or agency of the Department for a fiscal year for agricultural research, extension, marketing, animal and plant health, nutrition, food safety, nutrition education, or forestry programs to any other appropriation for an office or agency of the Department for emergency research, extension, or education activities needed to address imminent threats to animal and plant health, food safety, or human nutrition, including bioterrorism.

(b) LIMITATIONS.—The Secretary may transfer funds under subsection (a) only—

(1) on a determination by the Secretary that the need is so imminent that the need will not be timely met by annual, supplemental, or emergency appropriations;

(2) in an aggregate amount that does not exceed $5,000,000 for any fiscal year; and

(3) with the approval of the Director of the Office of Management and Budget.

SEC. 794. REVIEW OF AGRICULTURAL RESEARCH SERVICE.

(a) IN GENERAL.—The Secretary shall conduct a review of the purpose, efficiency, effectiveness, and impact on agricultural research of the Agricultural Research Service.

(b) ADMINISTRATION.—In conducting the review, the Secretary shall use persons outside the Department, including—

(1) Federal scientists;

(2) college and university faculty;

(3) private and nonprofit scientists; or

(4) other persons familiar with the role of the Agricultural Research Service in conducting agricultural research in the United States.

(c) REPORT.—Not later than September 30, 2004, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the results of the review.

(d) FUNDING.—The Secretary shall use to carry out this section not more than 0.1 percent of the amount of appropriations made available to the Agricultural Research Service for each of fiscal years 2002 through 2004.

SEC. 795. TECHNOLOGY TRANSFER FOR RURAL DEVELOPMENT.

(a) IN GENERAL.—The Secretary, acting through the Rural Business-Cooperative Service and the Agricultural Research Service, shall establish a program to promote the availability of technology transfer opportunities of the Department to rural businesses and residents.

(b) COMPONENTS OF PROGRAM.—The program shall, to the maximum extent practicable, include—

(1) a website featuring information about the program and technology transfer opportunities of the Department;

(2) an annual joint program for State economic development directors and Department rural development directors regarding technology transfer opportunities of the Agricultural Research Service and other offices and agencies of the Department; and

(3) technology transfer opportunity programs at each Agricultural Research Service laboratory, conducted at least biennially, which may include participation by other local Federal laboratories, as appropriate.

(c) FUNDING.—The Secretary shall use to carry out this section—

(1) amounts made available to the Agricultural Research Service; and

(2) amounts made available to the Rural Business-Cooperative Service for salaries and expenses.

SEC. 796. BEGINNING FARMER AND RANCHER DEVELOPMENT PROGRAM.

(a) DEFINITION OF BEGINNING FARMER OR RANCHER.—In this section, the term ''beginning farmer or rancher'' means a person that—

(1)(A) has not operated a farm or ranch; or

(B) has operated a farm or ranch for not more than 10 years; and

(2) meets such other criteria as the Secretary may establish.

(b) PROGRAM.—The Secretary shall establish a beginning farmer and rancher development program to provide training, education, outreach, and technical assistance initiatives for beginning farmers or ranchers.

(c) GRANTS.—

(1) IN GENERAL.—In carrying out this section, the Secretary shall make competitive grants to support new and established local and regional training, education, outreach, and technical assistance initiatives for beginning farmers or ranchers, including programs and services (as appropriate) relating to—

(A) mentoring, apprenticeships, and internships;

(B) resources and referral;

(C) assisting beginning farmers or ranchers in acquiring land from retiring farmers and ranchers;

(D) innovative farm and ranch transfer strategies;

(E) entrepreneurship and business training;

(F) model land leasing contracts;

(G) financial management training;

(H) whole farm planning;

(I) conservation assistance;

(J) risk management education;

(K) diversification and marketing strategies;

(L) curriculum development;

(M) understanding the impact of concentration and globalization;

(N) basic livestock and crop farming practices;

(O) the acquisition and management of agricultural credit;

(P) environmental compliance;

(Q) information processing; and

(R) other similar subject areas of use to beginning farmers or ranchers.

(2) ELIGIBILITY.—To be eligible to receive a grant under this subsection, the recipient shall be a collaborative State, local, or regionally-based network or partnership of public or private entities, which may include—

(A) a State cooperative extension service;

(B) a Federal or State agency;

(C) a community-based and nongovernmental organization;

(D) a college or university (including an institution awarding an associate's degree) or foundation maintained by a college or university; or

(E) any other appropriate partner, as determined by the Secretary.

(3) TERM OF GRANT.—The term of a grant under this subsection shall not exceed 3 years.

(4) MATCHING REQUIREMENT.—To be eligible to receive a grant under this subsection, a recipient shall provide a match in the form of cash or in-kind contributions in an amount equal to 25 percent of the funds provided by the grant.

(5) SET-ASIDE.—Not less than 25 percent of funds used to carry out this subsection for a fiscal year shall be used to support programs and services that address the needs of—

(A) limited resource beginning farmers or ranchers (as defined by the Secretary);

(B) socially disadvantaged beginning farmers or ranchers (as defined in section 355(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2003(e)); and

(C) farmworkers desiring to become farmers or ranchers.

(6) PROHIBITION.—A grant made under this subsection may not be used for the planning, repair, rehabilitation, acquisition, or construction of a building or facility.

(7) ADMINISTRATIVE COSTS.—The Secretary shall use not more than 4 percent of the funds made available to carry out this section for administrative costs incurred by the Secretary in carrying out this section.

(d) EDUCATION TEAMS.—

(1) IN GENERAL.—In carrying out this section, the Secretary shall establish beginning farmer and rancher education teams to develop curricula and conduct educational programs and workshops for beginning farmers or ranchers in diverse geographical areas of the United States.

(2) CURRICULUM.—In promoting the development of curricula, the Secretary shall, to the maximum extent practicable, include modules tailored to specific audiences of beginning farmers or ranchers, based on crop or regional diversity.

(3) COMPOSITION.—In establishing an education team for a specific program or workshop, the Secretary shall, to the maximum extent practicable—

(A) obtain the short-term services of specialists with knowledge and expertise in programs serving beginning farmers or ranchers; and

(B) use officers and employees of the Department with direct experience in programs of the Department that may be taught as part of the curriculum for the program or workshop.

(4) COOPERATION.—

(A) IN GENERAL.—In carrying out this subsection, the Secretary shall cooperate, to the maximum extent practicable, with—

(i) State cooperative extension services;

(ii) Federal and State agencies;

(iii) community-based and nongovernmental organizations;

(iv) colleges and universities (including an institution awarding an associate's degree) or foundations maintained by a college or university; and

(v) other appropriate partners, as determined by the Secretary.

(B) COOPERATIVE AGREEMENT.—Notwithstanding chapter 63 of title 31, United States Code, the Secretary may enter into a cooperative agreement to reflect the terms of any cooperation under subparagraph (A).

(e) CURRICULUM AND TRAINING CLEARINGHOUSE.—The Secretary shall establish an online clearinghouse that makes available to beginning farmers or ranchers education curricula and training materials and programs, which may include online courses for direct use by beginning farmers or ranchers.

(f) STAKEHOLDER INPUT.—In carrying out this section, the Secretary shall seek stakeholder input from—

(1) beginning farmers and ranchers;

(2) national, State, and local organizations and other persons with expertise in operating beginning farmer and rancher programs; and

(3) the Advisory Committee on Beginning Farmers and Ranchers established under section 5 of the Agricultural Credit Improvement Act of 1992 (7 U.S.C. 1929 note; Public Law 102–554).

(g) PARTICIPATION BY OTHER FARMERS AND RANCHERS.—Nothing in this section prohibits the Secretary from allowing farmers and ranchers who are not beginning farmers or ranchers from participating in programs authorized under this section to the extent that the Secretary determines that such participation is appropriate and will not detract from the primary purpose of educating beginning farmers and ranchers.

(h) FUNDING.—

(1) FEES AND CONTRIBUTIONS.—

(A) IN GENERAL.—The Secretary may—

(i) charge a fee to cover all or part of the costs of curriculum development and the delivery of programs or workshops provided by—

(I) a beginning farmer and rancher education team established under subsection (d); or

(II) the online clearinghouse established under subsection (e); and

(ii) accept contributions from cooperating entities under a cooperative agreement entered into under subsection (d)(4)(B) to cover all or part of the costs for the delivery of programs or workshops by the beginning farmer and rancher education teams.

(B) AVAILABILITY.—Fees and contributions received by the Secretary under subparagraph (A) shall—

(i) be deposited in the account that incurred the costs to carry out this section;

(ii) be available to the Secretary to carry out the purposes of the account, without further appropriation;

(iii) remain available until expended; and

(iv) be in addition to any funds made available under paragraph (2).

(2) TRANSFERS.—

(A) IN GENERAL.—Not later than 30 days after the date of enactment of this Act, and on October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary to carry out this section $15,000,000, to remain available for 2 fiscal years.

(B) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under subparagraph (A), without further appropriation.

SEC. 797. SENSE OF CONGRESS REGARDING DOUBLING OF FUNDING FOR AGRICULTURAL RESEARCH.

It is the sense of Congress that—

(1) Federal funding for food and agricultural research has been essentially constant for 2 decades, putting at risk the scientific base on which food and agricultural advances have been made;

(2) the resulting increase in the relative proportion of private sector, industry investments in food and agricultural research has led to questions about the independence and objectivity of research and outreach conducted by the Federal and university research sectors; and

(3) funding for food and agricultural research should be at least doubled over the next 5 fiscal years—

(A) to restore the balance between public and private sector funding for food and agricultural research; and

(B) to maintain the scientific base on which food and agricultural advances are made.

SEC. 798. RURAL POLICY RESEARCH.

(a) IN GENERAL.—There is established in the Treasury of the United States an account to be known as the ''Rural Research Fund Account'' (referred to in this section as the ''Account'') to provide funds for activities described in subsection (c).

(b) FUNDING.—

(1) IN GENERAL.—Not later than 30 days after the date of enactment of this Act, and on October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Account to carry out this section $15,000,000, to remain available for 2 fiscal years.

(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under paragraph (1), without further appropriation.

(c) PURPOSES.—The Secretary shall use the funds in the Account to make competitive research grants for applied and outcome oriented research and policy research and analysis of rural issues relating to—

(1) rural sociology;

(2) effects of demographic change, including aging population, outmigration, and labor resources;

(3) needs of groups of rural citizens, including senior citizens, families, youth, children, and socially disadvantaged individuals;

(4) rural community development;

(5) rural infrastructure, including water and waste, community facilities, telecommunications, electricity, and high-speed broadband services;

(6) rural business development, including credit, venture capital, cooperatives, value-added enterprises, new and alternative markets, farm and rural enterprise formation, and entrepreneurship;

(7) farm management, including strategic planning, business and marketing opportunities, risk management, natural resources and environmental management, organic and sustainable farming systems, and intergenerational transfer strategies;

(8) rural education and extension programs, including methods of delivery, availability of resources, and use of distance learning; and

(9) rural health, including mental health, on-farm safety, and food safety.

(d) REQUIREMENTS.—In making grants under this section, the Secretary shall—

(1) solicit and consider public input from persons who conduct or use agricultural research, extension, education, or rural development programs; and

(2) ensure that funded proposals will provide high-quality research that may be of use to public policymakers and private entities in making decisions that affect development in rural areas.

(e) ELIGIBLE GRANTEES.—The Secretary may make a grant under this section to—

(1) an individual;

(2) a college or university or a foundation maintained by a college or university;

(3) a State cooperative institution;

(4) a community college;

(5) a nonprofit organization, institution, or association;

(6) a business association;

(7) an agency of a State, local, or tribal government; or

(8) a regional partnership of public and private agencies.

(f) TERM.—A grant under this section shall have a term that does not exceed 5 years.

(g) MATCHING FUNDS.—

(1) IN GENERAL.—Subject to paragraph (2), the Secretary may require as a condition of the grant that the grant funding be matched, in whole or in part, with matching funds from a non-Federal source.

(2) BUSINESS ASSOCIATIONS.—The Secretary shall require that a grant to a business association be matched with equal matching funds from a non-Federal source.

(h) ADMINISTRATIVE COSTS.—The Secretary may use not more than 4 percent of the funds made available for grants under this section to pay administrative costs incurred by the Secretary in carrying out this section.

SEC. 798A. PRIORITY FOR FARMERS AND RANCHERS PARTICIPATING IN CONSERVATION PROGRAMS.

In carrying out new on-farm research or extension programs or projects authorized by this Act, an amendment made by this Act, or any Act enacted after the date of enactment of this Act, the Secretary shall give priority in carrying out the programs or projects to using farms or ranches of farmers or ranchers that participate in Federal agricultural conservation programs.

SEC. 798B. ORGANIC PRODUCTION AND MARKET DATA INITIATIVES.

The Secretary shall ensure that segregated data on the production and marketing of organic agricultural products is included in the ongoing baseline of data collection regarding agricultural production and marketing.

SEC. 798C. ORGANICALLY PRODUCED PRODUCT RESEARCH AND EDUCATION.

Not later than July 1, 2002, the Secretary, shall prepare, in consultation with the Advisory Committee on Small Farms, and submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, a report on—

(1) the implementation of the organic rule promulgated under the Organic Foods Production Act of 1990 (7 U.S.C. 6501 et seq.); and

(2) the impact of the organic rule program on small farms (as defined by the Advisory Committee on Small Farms).

SEC. 798D. INTERNATIONAL ORGANIC RESEARCH COLLABORATION.

The Secretary, acting through the Agricultural Research Service (including the National Agriculture Library), shall facilitate access by research and extension professionals in the United States to, and the use by those professionals of, organic research conducted outside the United States.

TITLE VIII—FORESTRY

SEC. 801. OFFICE OF INTERNATIONAL FORESTRY.

Section 2405(d) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 6704(d)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 802. MCINTIRE-STENNIS COOPERATIVE FORESTRY RESEARCH PROGRAM.

It is the sense of Congress to reaffirm the importance of Public Law 87–88 (16 U.S.C. 582a et seq.), commonly known as the ''McIntire-Stennis Cooperative Forestry Act''.

SEC. 803. SUSTAINABLE FORESTRY OUTREACH INITIATIVE; RENEWABLE RESOURCES EXTENSION ACTIVITIES.

(a) SUSTAINABLE FORESTRY OUTREACH INITIATIVE.—The Renewable Resources Extension Act of 1978 is amended by inserting after section 5A (16 U.S.C. 1674a) the following:

''SEC. 5B. SUSTAINABLE FORESTRY OUTREACH INITIATIVE.

''The Secretary shall establish a program, to be known as the 'Sustainable Forestry Outreach Initiative', to educate landowners concerning—

''(1) the value and benefits of practicing sustainable forestry;

''(2) the importance of professional forestry advice in achieving sustainable forestry objectives; and

''(3) the variety of public and private sector resources available to assist the landowners in planning for and practicing sustainable forestry.''.

(b) RENEWABLE RESOURCES EXTENSION ACTIVITIES.—

(1) AUTHORIZATION OF APPROPRIATIONS.—Section 6 of the Renewable Resources Extension Act of 1978 (16 U.S.C. 1675) is amended by striking the first sentence and inserting the following: ''There is authorized to be appropriated to carry out this Act $30,000,000 for each of fiscal years 2002 through 2006.''.

(2) TERMINATION DATE.—Section 8 of the Renewable Resources Extension Act of 1978 (16 U.S.C. 1671 note; Public Law 95–306) is amended by striking ''2000'' and inserting ''2006''.

SEC. 804. FORESTRY INCENTIVES PROGRAM.

Section 4(j) of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2103(j)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 805. SUSTAINABLE FORESTRY COOPERATIVE PROGRAM.

The Cooperative Forestry Assistance Act of 1978 is amended by inserting after section 5 (16 U.S.C. 2103a) the following:

"SEC. 5A. SUSTAINABLE FORESTRY COOPERATIVE PROGRAM.

''(a) DEFINITIONS.—In this section:

''(1) FARMER OR RANCHER.—The term 'farmer or rancher' means a person engaged in the production of an agricultural commodity (including livestock).

''(2) FORESTRY COOPERATIVE.—The term 'forestry cooperative' means an association that is—

''(A) owned and operated by nonindustrial private forest landowners; and

''(B) comprised of members—

''(i) of which at least 51 percent are farmers or ranchers; and

''(ii) that use sustainable forestry practices on nonindustrial private forest land to create a long-term, sustainable income stream.

''(3) NONINDUSTRIAL PRIVATE FOREST LAND.—The term 'nonindustrial private forest land' has the meaning given the term 'nonindustrial private forest lands' in section 5(c).

''(b) ESTABLISHMENT.—The Secretary shall establish a program, to be known as the 'sustainable forestry cooperative program', under which the Secretary shall provide, to nonprofit organizations on a competitive basis, grants to establish, and develop and support, sustainable forestry practices carried out by members of, forestry cooperatives.

''(c) USE OF FUNDS.—

''(1) IN GENERAL.—Subject to paragraph (2), funds from a grant provided under this section shall be used for—

''(A) predevelopment, development, startup, capital acquisition, and marketing costs associated with a forestry cooperative; or

''(B) the development or support of a sustainable forestry practice of a member of a forestry cooperative.

''(2) CONDITIONS.—

''(A) DEVELOPMENT.—The Secretary shall provide funds under paragraph (1)(A) only to a nonprofit organization with demonstrated expertise in cooperative development, as determined by the Secretary.

''(B) COMPLIANCE WITH PLAN.—A sustainable forestry practice developed or supported through the use of funds from a grant under this section shall comply with any applicable standards for sustainable forestry contained in a management plan that—

''(i) meets the requirements of section 6A(g); and

''(ii) is approved by the State forester (or equivalent State official).

''(d) FUNDING.—

''(1) IN GENERAL.—Not later than 30 days after the date of enactment of this section, and on October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture to carry out this section $2,000,000, to remain available until expended.

''(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under paragraph (1), without further appropriation.''.

SEC. 806. SUSTAINABLE FOREST MANAGEMENT PROGRAM.

(a) FINDINGS AND PURPOSES.—

(1) FINDINGS.—Congress finds that—

(A) the United States is becoming increasingly dependent on nonindustrial private forest land to supply necessary market commodities and nonmarket conservation values;

(B) there is a strong demand for expanded assistance programs for owners of nonindustrial private forest land because the majority of the wood supply of the United States comes from nonindustrial private forest land;

(C) soil, water, and air quality, fish and wildlife habitat, aesthetic values, and opportunities for outdoor recreation in the United States would be maintained and improved through good stewardship of nonindustrial private forest land;

(D) the products and services resulting from stewardship of nonindustrial private forest land contribute to the economic, social, and ecological health and diversity of rural communities;

(E) catastrophic wildfires threaten human lives, property, forests, and other resources;

(F) Federal and State cooperation in forest fire prevention and control has proven effective and valuable because properly managed forest stands are less susceptible to catastrophic fire, as demonstrated by the catastrophic fire seasons of 1998 and 2000;

(G) owners of nonindustrial private forest land face increased pressure to make that land available for development and other uses, resulting in forest land loss and fragmentation that reduces the ability of private forest land to provide a full range of societal benefits;

(H) complex investments in the management of long-rotation forest stands, including sustainable hardwood management, are often the most difficult commitments for owners of nonindustrial private forest land;

(I) the investment of a single Federal dollar in State and private forestry programs is estimated to leverage, on the average, $9 from State, local, and private sources; and

(J) comprehensive, multiresource planning assistance made available to each landowner before the provision of technical assistance would provide an opportunity to ensure that the landowner is aware of the many projects and activities eligible for cost-share assistance.

(2) PURPOSES.—The purposes of this section are—

(A) to strengthen the commitment of the Secretary to sustainable forest management to enhance the productivity of timber, fish and wildlife habitat, soil and water quality, wetland, recreational resources, and aesthetic values of forest land; and

(B) to establish a coordinated and cooperative Federal, State, and local sustainable forestry program for the establishment, management, maintenance, enhancement, and restoration of forests on nonindustrial private forest land.

(b) PROGRAM.—The Cooperative Forestry Assistance Act of 1978 is amended by inserting after section 6 (16 U.S.C. 2103b) the following:

"SEC. 6A. SUSTAINABLE FOREST MANAGEMENT PROGRAM.

''(a) DEFINITIONS.—In this section:

''(1) COMMITTEE.—The term 'Committee' means a State Forest Stewardship Coordinating Committee established under section 19(b).

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

''(3) PROGRAM.—The term 'program' means the sustainable forest management program established under subsection (b)(1).

''(4) NONINDUSTRIAL PRIVATE FOREST LAND.—The term 'nonindustrial private forest land' has the meaning given the term 'nonindustrial private forest lands' in section 5(c).

''(5) OWNER.—The term 'owner' means an owner of nonindustrial private forest land.

''(6) STATE FORESTER.—The term 'State forester' means the director or other head of a State forestry agency (or an equivalent State official).

''(b) ESTABLISHMENT.—

''(1) IN GENERAL.—The Secretary shall establish a sustainable forest management program to—

''(A) provide financial assistance to State foresters; and

''(B) encourage the long-term sustainability of nonindustrial private forest land in the United States by assisting the owners of nonindustrial private forest land, through State foresters, in more actively managing the nonindustrial private forest land and related resources of those owners through the use of State, Federal, and private sector resource management expertise, financial assistance, and educational programs.

''(2) COORDINATION.—The Secretary, acting through State foresters, shall implement the program—

''(A) in coordination with the Committees; and

''(B) in consultation with—

''(i) other Federal, State, and local natural resource management agencies;

''(ii) institutions of higher education; and

''(iii) a broad range of private sector interests.

''(c) STATE PRIORITY PLAN.—

''(1) IN GENERAL.—Subject to paragraph (3), as a condition of receipt of funding under the program, a State Forester and the Committee of the State shall jointly develop and submit to the Secretary a 5-year plan that describes the funding priorities of the State in meeting the purposes of the program.

''(2) PUBLIC PARTICIPATION.—The plan submitted to the Secretary under paragraph (1) shall include documentation of the efforts of the State to provide for public participation in the development of the plan.

''(3) STATE PRIORITIES.—The Secretary shall ensure, to the maximum extent practicable, that the need for expanded technical assistance programs for owners is met in the annual funding priorities of each State described in paragraph (1).

''(d) PURPOSES.—The Secretary shall allocate resources of the Secretary among States in accordance with subsection (j) to encourage, in accordance with the plan of each State described in subsection (c)—

''(1) the investment in practices to establish, restore, protect, manage, maintain, and enhance the health and productivity of the nonindustrial private forest land in the United States;

''(2) the occurrence of afforestation, reforestation, improvement of poorly stocked stands, timber stand improvement, practices necessary to improve seedling growth and survival, and growth enhancement practices as needed to enhance and sustain the long-term productivity of timber and nontimber forest resources to—

''(A) meet projected public demand for forest resources; and

''(B) provide environmental benefits;

''(3) the protection of riparian buffers and forest wetland;

''(4) the maintenance and enhancement of fish and wildlife habitat;

''(5) the enhancement of soil, air, and water quality;

''(6) through the use of agroforestry practices, the reduction of soil erosion and maintenance of soil quality;

''(7) the maintenance and enhancement of the forest landbase;

''(8) the reduction of the threat of catastrophic wildfires; and

''(9) the preservation of aesthetic quality and opportunities for outdoor recreation.

''(e) ELIGIBILITY.—

''(1) COST-SHARE ASSISTANCE.—

''(A) IN GENERAL.—Except as provided in paragraph (2), an owner shall be eligible to receive cost-share assistance from a State forester under the program if the owner—

''(i) develops a management plan in accordance with subsection (f) that—

''(I) addresses site-specific activities and practices; and

''(II) is approved by the State forester;

''(ii) agrees to implement approved activities in accordance with the management plan for a period of not less than 10 years, unless the State forester approves a modification to the management plan; and

''(iii) except as provided in subparagraph (B), owns not more than 1,000 acres of nonindustrial private forest land.

''(B) EXCEPTION FOR SIGNIFICANT PUBLIC BENEFITS.—The Secretary may approve the provision of cost-share assistance to an owner that owns more than 1,000 but less than 5,000 acres of nonindustrial private forest land if the Secretary, in consultation with the State forester, determines that significant public benefits will accrue as a result of the approval.

''(2) PAYMENT FOR PLAN DEVELOPMENT.—The Secretary, acting through a State forester, may provide cost-share assistance to an owner to develop a management plan.

''(3) LIMITATIONS.—An owner shall receive no cost-share assistance for management of nonindustrial private forest land under this section if the owner receives cost-share assistance for that land under—

''(A) the forestry incentives program under section 4;

''(B) the stewardship incentives program under section 6; or

''(C) any conservation program administered by the Secretary.

''(4) RATE; SCHEDULE.—Subject to paragraph (5), the Secretary, in consultation with the State forester, shall determine the rate and timing of cost-share payments.

''(5) AMOUNT.—

''(A) PERCENTAGE OF COST.—Subject to subparagraph (B), a cost-share payment shall not exceed the lesser of an amount equal to—

''(i) 75 percent of the total cost of implementing the project or activity; or

''(ii) such lesser percentage of the total cost of implementing the project or activity as is determined by the appropriate State forester.

''(B) AGGREGATE PAYMENT LIMIT.—The Secretary shall determine the maximum aggregate amount of cost-share payments that an owner may receive under this section.

''(f) MANAGEMENT PLAN.—An owner that seeks to participate in the program shall—

''(1) submit to the State forester a management plan that—

''(A) meets the requirements of this section; and

''(B)(i) is prepared by, or in consultation with, a professional resource manager;

''(ii) identifies and describes projects and activities to be carried out by the owner to protect soil, water, air, range, and aesthetic quality, recreation, timber, water, wetland, and fish and wildlife resources on the land in a manner that is compatible with the objectives of the owner;

''(iii) addresses any criteria established by the applicable State and the applicable Committee; and

''(iv)(I) at a minimum, applies to the portion of the land on which any project or activity funded under the program will be carried out; or

''(II) in a case in which a project or activity described in subclause (I) may affect acreage outside the portion of the land on which the project or activity is carried out, applies to all land of the owner that is in forest cover and that may be affected by the project or activity; and

''(2) agree that all projects and activities conducted on the land shall be consistent with the management plan.

''(g) APPROVED ACTIVITIES.—

''(1) IN GENERAL.—The Secretary, in consultation with the State forester and the appropriate Committee, shall develop for each State a list of approved forest activities and practices eligible for cost-share assistance that meets the purposes of the program described in subsection (d).

''(2) TYPES OF ACTIVITIES.—Approved activities and practices under paragraph (1) may consist of activities and practices for—

''(A) the establishment, management, maintenance, and restoration of forests for shelterbelts, windbreaks, aesthetic quality, and other conservation purposes;

''(B) the sustainable growth and management of forests for timber production;

''(C) the restoration, use, and enhancement of forest wetland and riparian areas;

''(D) the protection of water quality and watersheds through—

''(i) the planting of trees in riparian areas; and

''(ii) the enhanced management and maintenance of native vegetation on land vital to water quality;

''(E) the preservation, restoration, or development of habitat for plants, fish, and wildlife;

''(F)(i) the control, detection, monitoring, and prevention of the spread of invasive species and pests on nonindustrial private forest land; and

''(ii) the restoration of nonindustrial private forest land affected by invasive species and pests;

''(G) the conduct of other management activities, such as the reduction of hazardous fuel use, that reduce the risks to forests posed by, and that restore, recover, and mitigate the damage to forests caused by, fire or any other catastrophic event, as determined by the Secretary;

''(H) the development of management plans;

''(I) the acquisition by the State of permanent easements to maintain forest cover and protect important forest values; and

''(J) the conduct of other activities approved by the Secretary, in consultation with the State forester and the appropriate Committees.

''(h) FAILURE TO COMPLY.—

''(1) IN GENERAL.—The Secretary shall establish a procedure to recover cost-share payments made under this section in any case in which the recipient of the payment fails—

''(A) to implement a project or activity in accordance with the management plan; or

''(B) comply with any requirement of this section.

''(2) ADDITIONAL AUTHORITY.—The authority under paragraph (1) shall be in addition to, and not in lieu of, any other authority available to the Secretary.

''(i) REPORTS.—

''(1) INTERIM REPORT.—Not later than 2½ years after the date on which funds are made available to implement a State priority plan under subsection (c), the State implementing the plan shall submit to the Secretary an interim report describing the status of projects and activities funded under the plan as of that date.

''(2) FINAL REPORT.—Not later than 5 years after the date on which funds are made available to implement a State priority plan under subsection (c), the State implementing the plan shall submit to the Secretary a final report describing the status of all projects and activities funded under the plan as of that date.

''(j) DISTRIBUTION.—

''(1) IN GENERAL.—The Secretary, acting through State foresters, shall distribute funds available for cost sharing under the program based on a nationwide funding formula developed under paragraph (2).

''(2) FORMULA.—In developing the formula referred to in paragraph (1), the Secretary shall—

''(A) assess public benefits that would result from the distribution; and

''(B) consider—

''(i) the total acreage of nonindustrial private forest land in each State;

''(ii) the potential productivity of that land, as determined by the Secretary;

''(iii) the number of owners eligible for cost sharing in each State;

''(iv) the opportunities to enhance nontimber resources on that land, including—

''(I) the protection of riparian buffers and forest wetland;

''(II) the preservation of fish and wildlife habitat;

''(III) the enhancement of soil, air, and water quality; and

''(IV) the preservation of aesthetic quality and opportunities for outdoor recreation;

''(v) the anticipated demand for timber and nontimber resources in each State;

''(vi) the need to improve forest health to minimize the damaging effects of catastrophic fire, insects, disease, or weather;

''(vii) the need and demand for agroforestry practices in each State;

''(viii) the need to maintain and enhance the forest landbase; and

''(ix) the need for afforestation, reforestation, and timber stand improvement.

''(k) FUNDING.—

''(1) IN GENERAL.—Not later than 30 days after the date of enactment of this section, and on October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture to carry out this section $48,000,000, to remain available until expended.

''(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under paragraph (1), without further appropriation.''.

SEC. 807. FOREST FIRE RESEARCH CENTERS.

(a) FINDINGS.—Congress finds that—

(1) there is an increasing threat of fire to millions of acres of forest land and rangeland throughout the United States;

(2) this threat is especially great in the interior States of the western United States, where the Forest Service estimates that 39,000,000 acres of National Forest System land are at high risk of catastrophic wildfire;

(3)(A) the degraded condition of forest land and rangeland is often the consequence of land management practices that emphasize the control and prevention of fires; and

(B) the land management practices disrupted the occurrence of frequent low-intensity fires that periodically remove flammable undergrowth;

(4) as a result of the land management practices—

(A) some forest land and rangeland in the United States no longer function naturally as ecosystems; and

(B) drought cycles and the invasion of insects and disease have resulted in vast areas of dead or dying trees, overstocked stands, and the invasion of undesirable species;

(5)(A) population movement into wildland-urban interface areas exacerbate the fire danger;

(B) the increasing number of larger, more intense fires pose grave hazards to human health, safety, property, and infrastructure in the areas; and

(C) smoke from wildfires, which contain fine particulate matter and other hazardous pollutants, pose substantial health risks to people living in the areas;

(6)(A) the budgets and resources of Federal, State, and local entities supporting firefighting efforts have been stretched to their limits;

(B) according to the Comptroller General, the average cost of attempting to put out fires in the interior West grew by 150 percent, from $134,000,000 in fiscal year 1986 to $335,000,000 in fiscal year 1994; and

(C) the costs of preparedness, including the costs of maintaining a readiness force to fight fires, rose about 70 percent, from $189,000,000 in fiscal year 1992 to $326,000,000 in fiscal year 1997;

(7) diminishing Federal resources (including the availability of personnel) have limited the ability of Federal fire researchers—

(A) to respond to management needs; and

(B) to use technological advancements for analyzing fire management costs;

(8) the Federal fire research program is funded at approximately ⅓ of the amount that is required to address emerging fire problems, resulting in the lack of a cohesive strategy to address the threat of catastrophic wildfires; and

(9) there is a critical need for cost-effective investments in improved fire management technologies.

(b) FOREST FIRE RESEARCH CENTERS.—The Forest and Rangeland Renewable Resources Research Act of 1978 (16 U.S.C. 1641 et seq.) is amended by adding at the end the following:

"SEC. 11. FOREST FIRE RESEARCH CENTERS.

''(a) IN GENERAL.—Subject to the availability of appropriations, the Secretary of Agriculture, acting through the Chief of the Forest Service (referred to in this section as the 'Secretary') shall establish at least 2 forest fire research centers at institutions of higher education (which may include research centers in existence on the date of enactment of this section) that—

''(1) have expertise in natural resource development; and

''(2) are located in close proximity to other Federal natural resource, forest management, and land management agencies.

''(b) LOCATIONS.—Of the forest fire research centers established under subsection (a)—

''(1) at least 1 center shall be located in Arizona, California, New Mexico, Oregon, or Washington; and

''(2) at least 1 center shall be located in Colorado, Idaho, Montana, Nevada, or Wyoming.

''(c) DUTIES.—At each of the forest fire research centers established under subsection (a), the Secretary shall provide for—

''(1) the conduct of integrative, interdisciplinary research into the ecological, socioeconomic, and environmental impact of fire control and the use of management of ecosystems and landscapes to facilitate fire control; and

''(2) the development of mechanisms to rapidly transfer new fire control and management technologies to fire and land managers.

''(d) ADVISORY COMMITTEE.—

''(1) IN GENERAL.—The Secretary, in consultation with the Secretary of the Interior, shall establish a committee composed of fire and land managers and fire researchers to determine the areas of emphasis and establish priorities for research projects conducted at forest fire research centers established under subsection (a).

''(2) ADMINISTRATION.—The Federal Advisory Committee Act (5 U.S.C. App.) and section 102 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7612) shall not apply to the committee established under paragraph (1).

''(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section.''.

SEC. 808. WILDFIRE PREVENTION AND HAZARDOUS FUEL PURCHASE PROGRAM.

(a) FINDINGS.—Congress finds that—

(1) the damage caused by wildfire disasters has been equivalent in magnitude to the damage resulting from the Northridge earthquake, Hurricane Andrew, and the recent flooding of the Mississippi River and the Red River;

(2) more than 20,000 communities in the United States are at risk from wildfire and approximately 11,000 of those communities are located near Federal land;

(3) the accumulation of heavy forest fuel loads continues to increase as a result of disease, insect infestations, and drought, further increasing the risk of fire each year;

(4) modification of forest fuel load conditions through the removal of hazardous fuels would—

(A) minimize catastrophic damage from wildfires;

(B) reduce the need for emergency funding to respond to wildfires; and

(C) protect lives, communities, watersheds, and wildlife habitat;

(5) the hazardous fuels removed from forest land represent an abundant renewable resource, as well as a significant supply of biomass for biomass-to-energy facilities;

(6) the United States should invest in technologies that promote economic and entrepreneurial opportunities in processing forest products removed through hazardous fuel reduction activities; and

(7) the United States should—

(A) develop and expand markets for traditionally underused wood and other biomass as an outlet for value-added excessive forest fuels; and

(B) commit resources to support planning, assessments, and project reviews to ensure that hazardous fuels management is accomplished expeditiously and in an environmentally sound manner.

(b) WILDFIRE PREVENTION AND HAZARDOUS FUEL PURCHASE PROGRAM.—The Cooperative Forestry Assistance Act of 1978 is amended by inserting after section 6A (as added by section 806(b)) the following:

"SEC. 6B. WILDFIRE PREVENTION AND HAZARDOUS FUEL PURCHASE PROGRAM.

''(a) DEFINITIONS.—In this section:

''(1) BIOMASS-TO-ENERGY FACILITY.—The term 'biomass-to-energy facility' means a facility that uses forest biomass or other biomass as a raw material to produce electric energy, useful heat, or a transportation fuel.

''(2) ELIGIBLE COMMUNITY.—The term 'eligible community' means—

''(A) any town, township, municipality, or other similar unit of local government (as determined by the Secretary), or any area represented by a nonprofit corporation or institution organized under Federal or State law to promote broad-based economic development, that—

''(i) has a population of not more than 10,000 individuals;

''(ii) is located within a county in which at least 15 percent of the total primary and secondary labor and proprietor income is derived from forestry, wood products, and forest-related industries, such as recreation, forage production, and tourism; and

''(iii) is located adjacent to public or private forest land, the condition of which land the Secretary determines poses a substantial present or potential hazard to the safety of—

''(I) a forest ecosystem;

''(II) wildlife; or

''(III) in the case of a wildfire, human, community, or firefighter safety, in a year in which drought conditions are present; and

''(B) any county that is not contained within a metropolitan statistical area that meets the conditions described in clauses (ii) and (iii) of subparagraph (A).

''(3) FOREST BIOMASS.—The term 'forest biomass' means fuel and biomass accumulation from precommercial thinnings, slash, and brush on public or private forest land.

''(4) HAZARDOUS FUEL.—The term 'hazardous fuel' means any excessive accumulation of forest biomass on public or private forest land (especially land in an urban-wildland interface area or in an area that is located near an eligible community and designated as condition class 2 or 3 under the report of the Forest Service entitled 'Protecting People and Sustainable Resources in Fire-Adapted Ecosystems', dated October 13, 2000) that the Secretary determines poses a substantial present or potential hazard—

''(A) to the safety of a forest ecosystem;

''(B) to the safety of wildlife; or

''(C) in the case of wildfire in a year in which drought conditions are present, to human, community, or firefighter safety.

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

''(6) SECRETARY.—The term 'Secretary' means—

''(A) the Secretary of Agriculture (or a designee), with respect to National Forest System land and private land in the United States; and

''(B) the Secretary of the Interior (or a designee) with respect to Federal land under the jurisdiction of the Secretary of the Interior or an Indian tribe.

''(b) HAZARDOUS FUEL GRANT PROGRAM.—

''(1) GRANTS.—

''(A) IN GENERAL.—Subject to the availability of appropriations, the Secretary may make grants to persons that operate biomass-to-energy facilities to offset the costs incurred by those persons in purchasing hazardous fuels derived from public and private forest land adjacent to eligible communities.

''(B) SELECTION CRITERIA.—The Secretary shall select recipients for grants under subparagraph (A) based on—

''(i) planned purchases by the recipients of hazardous fuels, as demonstrated by the recipient through the submission to the Secretary of such assurances as the Secretary may require; and

''(ii) the level of anticipated benefits of those purchases in reducing the risk of wildfires.

''(2) GRANT AMOUNTS.—

''(A) IN GENERAL.—A grant under this subsection shall—

''(i) be based on—

''(I) the distance required to transport hazardous fuels to a biomass-to-energy facility; and

''(II) the cost of removal of hazardous fuels; and

''(ii) be in an amount that is at least equal to the product obtained by multiplying—

''(I) the number of tons of hazardous fuels delivered to a grant recipient; by

''(II) an amount that is at least $5 but not more than $10 per ton of hazardous fuels, as determined by the Secretary taking into consideration the factors described in clause (i).

''(B) LIMITATION ON INDIVIDUAL GRANTS.—

''(i) IN GENERAL.—Except as provided in clause (ii), a grant under subparagraph (A) shall not exceed $1,500,000 for any biomass-to-energy facility for any fiscal year.

''(ii) SMALL BIOMASS-TO-ENERGY FACILITIES.—A biomass-to-energy facility that has an annual production of 5 megawatts or less shall not be subject to the limitation under clause (i).

''(3) MONITORING OF GRANT RECIPIENT ACTIVITIES.—

''(A) IN GENERAL.—As a condition of receipt of a grant under this subsection, a grant recipient shall keep such records as the Secretary may require, including records that—

''(i) completely and accurately disclose the use of grant funds; and

''(ii) describe all transactions involved in the purchase of hazardous fuels.

''(B) ACCESS.—On notice by the Secretary, the operator of a biomass-to-energy facility that purchases and uses hazardous fuels with funds from a grant under this subsection shall provide the Secretary with—

''(i) reasonable access to the biomass-to-energy facility; and

''(ii) an opportunity to examine the inventory and records of the biomass-to-energy facility.

''(4) MONITORING OF EFFECT OF TREATMENTS.—The Secretary shall monitor Federal land from which hazardous fuels are removed and sold to a biomass-to-energy facility under this subsection to determine and document the reduction in fire hazards on that land.

''(5) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection $50,000,000 for each of fiscal years 2002 through 2006.

''(c) LONG-TERM FOREST STEWARDSHIP CONTRACTS FOR HAZARDOUS FUELS REMOVAL.—

''(1) ANNUAL ASSESSMENT OF TREATMENT ACREAGE.—

''(A) IN GENERAL.—Subject to the availability of appropriations, not later than March 1 of each of fiscal years 2002 through 2006, the Secretary of Agriculture and the Secretary of Energy shall jointly submit to Congress an assessment of the number of acres of Federal forest land recommended to be treated during the subsequent fiscal year using stewardship end result contracts authorized by paragraph (3).

''(B) COMPONENTS.—The assessment shall—

''(i) be based on the treatment schedules contained in the report entitled 'Protecting People and Sustaining Resources in Fire-Adapted Ecosystems', dated October 13, 2000, and incorporated into the National Fire Plan (as identified by the Secretary);

''(ii) identify the acreage by condition class, type of treatment, and treatment year to achieve the restoration goals outlined in the report within 10-, 15-, and 20-year time periods;

''(iii) give priority to condition class 3 areas (as described in subsection (a)(4)(A)), including modifications in the restoration goals based on the effects of—

''(I) fire;

''(II) hazardous fuel treatments under the National Fire Plan (as identified by the Secretary); or

''(III) updates in data;

''(iv) provide information relating to the type of material and estimated quantities and range of sizes of material that shall be included in the treatments;

''(v) describe the management area prescriptions in the applicable land and resource management plan for the land on which the treatment is recommended; and

''(vi) give priority to areas described in subsection (a)(4)(A).

''(2) FUNDING RECOMMENDATION.—The Secretary shall include in the annual assessment under paragraph (1) a request for funds sufficient to implement the recommendations contained in the assessment using stewardship end result contracts described in paragraph (3) in any case in which the Secretary determines that the objectives of the National Fire Plan (as identified by the Secretary) would best be accomplished through forest stewardship end result contracting.

''(3) STEWARDSHIP END RESULT CONTRACTING.—

''(A) IN GENERAL.—Subject to the availability of appropriations, the Secretary may enter into stewardship end result contracts to implement the National Fire Plan (as identified by the Secretary) on National Forest System land based on the treatment schedules provided in the annual assessments conducted under paragraph (1)(B)(i).

''(B) PERIOD OF CONTRACTS.—The contracting goals and authorities described in subsections (b) through (g) of section 347 of the Department of the Interior and Related Agencies Appropriations Act, 1999 (commonly known as the 'Stewardship End Result Contracting Demonstration Project') (16 U.S.C. 2104 note; Public Law 105–277), shall apply to contracts entered into under this paragraph, except that the period of each such contract shall not exceed 10 years.

''(C) STATUS REPORT.—Beginning with the assessment required under paragraph (1) for fiscal year 2003, the Secretary shall include in the annual assessment under paragraph (1) a status report of the stewardship end result contracts entered into under this paragraph.

''(4) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subsection such sums as are necessary for each of fiscal years 2002 through 2006.

''(d) TERMINATION OF AUTHORITY.—The authority provided under this section shall terminate on September 30, 2006.''.

SEC. 809. ENHANCED COMMUNITY FIRE PROTECTION.

(a) FINDINGS.—Congress finds that—

(1) the severity and intensity of wildfires have increased dramatically over the past few decades as a result of past fire and land management policies;

(2) the record 2000 fire season is a prime example of what can be expected if action is not taken to reduce the risk of catastrophic wildfires;

(3) wildfires threaten not only the forested resources of the United States, but also the thousands of communities intermingled with wildland in the wildland-urban interface;

(4) wetland forests provide essential ecological services, such as filtering pollutants, buffering important rivers and estuaries, and minimizing flooding, that make the protection and restoration of those forests worthy of special focus;

(5) the National Fire Plan, if implemented to achieve appropriate priorities, is the proper, coordinated, and most effective means to address the issue of wildfires;

(6) while adequate authorities exist to address the problem of wildfires at the landscape level on Federal land, there is limited authority to take action on most private land where the largest threat to life and property lies; and

(7) there is a significant Federal interest in enhancing the protection of communities from wildfire.

(b) ENHANCED COMMUNITY FIRE PROTECTION.—The Cooperative Forestry Assistance Act of 1978 is amended by inserting after section 10 (16 U.S.C. 2106) the following:

''SEC. 10A. ENHANCED COMMUNITY FIRE PROTECTION.

''(a) COOPERATIVE MANAGEMENT RELATING TO WILDFIRE THREATS.—Notwithstanding section 7 of the Federal Fire Prevention and Control Act of 1974 (15 U.S.C. 2206), the Secretary may cooperate with State foresters and equivalent State officials to—

''(1) assist in the prevention, control, suppression, and prescribed use of fires (including through the provision of financial, technical, and related assistance);

''(2) protect communities from wildfire threats;

''(3) enhance the growth and maintenance of trees and forests in a manner that promotes overall forest health; and

''(4) ensure the continued production of all forest resources, including timber, outdoor recreation opportunities, wildlife habitat, and clean water, through conservation of forest cover on watersheds, shelterbelts, and windbreaks.

''(b) COMMUNITY AND PRIVATE LAND FIRE ASSISTANCE PROGRAM.—

''(1) IN GENERAL.—The Secretary shall establish a program to be known as the 'community and private land fire assistance program' (referred to in this section as the 'Program')—

''(A) to focus the Federal role in promoting optimal firefighting efficiency at the Federal, State, and local levels;

''(B) to provide increased assistance to Federal projects that establish landscape level protection from wildfires;

''(C) to expand outreach and education programs concerning fire prevention to homeowners and communities; and

''(D) to establish defensible space against wildfires around the homes and property of private landowners.

''(2) ADMINISTRATION AND IMPLEMENTATION.—The Program shall be administered by the Secretary and, with respect to non-Federal land described in paragraph (3), carried out through the State forester or equivalent State official.

''(3) COMPONENTS.—The Secretary may carry out under the Program, on National Forest System land and non-Federal land determined by the Secretary in consultation with State foresters and Committees—

''(A) fuel hazard mitigation and prevention;

''(B) invasive species management;

''(C) multiresource wildfire and community protection planning;

''(D) community and landowner education enterprises, including the program known as 'FIREWISE';

''(E) market development and expansion;

''(F) improved use of wood products; and

''(G) restoration projects.

''(4) PRIORITY.—In entering into contracts to carry out projects under the Program, the Secretary shall give priority to contracts with local persons or entities.

''(c) AUTHORITY.—The authority provided under this section shall be in addition to any authority provided under section 10.

''(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary to carry out this section $35,000,000 for each of fiscal years 2002 through 2006.''.

SEC. 810. WATERSHED FORESTRY ASSISTANCE PROGRAM.

(a) FINDINGS.—Congress finds that—

(1) there has been a dramatic shift in public attitudes and perceptions about forest management, particularly in the understanding and practice of sustainable forest management;

(2) it is commonly recognized that proper stewardship of forest land is essential to—

(A) sustain and restore watershed health;

(B) produce clean water; and

(C) maintain healthy aquatic systems;

(3) forests are increasingly important to the protection and sustainability of drinking water supplies for more than 1/2 of the population of the United States;

(4) forest loss and fragmentation in urbanizing areas are contributing to flooding, degradation of urban stream habitat and water quality, and public health concerns;

(5) scientific evidence and public awareness with respect to the manner in which forest management can positively affect water quality and quantity, and the manner in which trees, forests, and forestry practices (such as forest buffers) can serve as solutions to water quality problems in rural and urban areas, are increasing;

(6) the application of forestry best management practices developed at the State level has been found to greatly facilitate the achievement of water quality goals;

(7) significant efforts are underway to revisit and make improvements on needed forestry best management practices;

(8) according to the report of the Forest Service numbered FS–660 and entitled ''Water and the Forest Service'', forests are a requirement for maintenance of clean water because—

(A) approximately 66 percent of the freshwater resources of the United States originate on forests; and

(B) forests cover approximately 1/3 of the land area of the United States;

(9) because almost 500,000,000 acres, or approximately 2/3, of the forest land of the United States is owned by non-Federal entities, a significant burden is placed on private forest landowners to provide or maintain the clean water needed by the public for drinking, swimming, fishing, and a number of other water uses;

(10) because the decisions made by individual landowners and communities will affect the ability to maintain the health of rural and urban watersheds in the future, there is a need to integrate forest management, conservation, restoration, and stewardship in watershed management;

(11) although water management is the primary responsibility of States, the Federal Government has a responsibility to promote and encourage the ability of States and private forest landowners to sustain the delivery of clean, abundant water from forest land;

(12) as of the date of enactment of this Act, the availability of Federal assistance to support forest landowners to achieve the water goals identified in many Federal laws (including regulations) is lacking; and

(13) increased research for, education for, and technical and financial assistance provided to, forest landowners and communities that relate to the protection of watersheds and improvement of water quality, are needed to realize the expectations of the general public for clean water and healthy aquatic systems.

(b) PURPOSES.—The purposes of this section are to—

(1) improve the understanding of landowners and the public with respect to the relationship between water quality and forest management;

(2) encourage landowners to maintain tree cover and use tree plantings and vegetative treatments as creative solutions to water quality and quantity problems associated with varying land uses;

(3) enhance and complement source water protection in watersheds that provide drinking water for municipalities;

(4) establish new partnerships and collaborative watershed approaches to forest management, stewardship, and protection; and

(5) provide technical and financial assistance to States to deliver a coordinated program that through the provision of technical, financial, and educational assistance to qualified individuals and entities—

(A) enhances State forestry best management practices programs; and

(B) protects and improves water quality on forest land.

(c) PROGRAM.—The Cooperative Forestry Assistance Act of 1978 is amended by inserting after section 5A (as added by section 805) the following:

''SEC. 5B. WATERSHED FORESTRY ASSISTANCE PROGRAM.

''(a) ESTABLISHMENT.—Subject to the availability of appropriations, the Secretary shall establish a watershed forestry assistance program (referred to in this section as the 'program') to provide to States, through State foresters (as defined in section 6A), technical, financial, and related assistance to—

''(1) expand forest stewardship capacities and activities through State forestry best management practices and other means at the State level; and

''(2) prevent water quality degradation, and address watershed issues, on non-Federal forest land.

''(b) WATERSHED FORESTRY EDUCATION, TECHNICAL ASSISTANCE, AND PLANNING.—

''(1) PLAN.—

''(A) IN GENERAL.—In carrying out the program, the Secretary shall cooperate with State foresters to develop a plan, to be administered by the Secretary and implemented by State foresters, to provide technical assistance to assist States in preventing and mitigating water quality degradation.

''(B) PARTICIPATION.—In developing the plan under subparagraph (A), the Secretary shall encourage participation of interested members of the public (including nonprofit private organizations and local watershed councils).

''(2) COMPONENTS.—The plan described in paragraph (1) shall include provisions to—

''(A) build and strengthen watershed partnerships focusing on forest land at the national, State, regional, and local levels;

''(B) provide State forestry best management practices and water quality technical assistance directly to private landowners;

''(C) provide technical guidance relating to water quality management through forest management in degraded watersheds to land managers and policymakers;

''(D)(i) complement State nonpoint source assessment and management plans established under section 319 of the Federal Water Pollution Control Act (33 U.S.C. 1329); and

''(ii) provide enhanced opportunities for coordination and cooperation among Federal and State agencies having responsibility for water and watershed management under that Act; and

''(E) provide enhanced forest resource data and support for improved implementation of State forestry best management practices, including—

''(i) designing and conducting effectiveness and implementation studies; and

''(ii) meeting in-State water quality assessment needs, such as the development of water quality models that correlate the management of forest land to water quality measures and standards.

''(c) WATERSHED FORESTRY COST-SHARE PROGRAM.—

''(1) ESTABLISHMENT.—In carrying out the program, the Secretary shall establish a watershed forestry cost-share program, to be administered by the Secretary and implemented by State foresters, to provide grants and other assistance for eligible programs and projects described in paragraph (2).

''(2) ELIGIBLE PROGRAMS AND PROJECTS.—A community, nonprofit group, or landowner may receive a grant or other assistance under this subsection to carry out a State forestry best management practices program or a watershed forestry project if the program or project, as determined by the Secretary—

''(A) is consistent with—

''(i) State nonpoint source assessment and management plan objectives established under section 319 of the Federal Water Pollution Control Act (33 U.S.C. 1329); and

''(ii) the cost-share requirements of this section; and

''(B) is designed to address critical forest stewardship, watershed protection, and restoration needs of a State through—

''(i) the use of trees and forests as solutions to water quality problems in urban and agricultural areas;

''(ii) community-based planning, involvement, and action through State, local and nonprofit partnerships;

''(iii) the application of and dissemination of information on forestry best management practices relating to water quality;

''(iv) watershed-scale forest management activities and conservation planning; and

''(v) the restoration of wetland and stream side forests and establishment of riparian vegetative buffers.

''(3) ALLOCATION.—

''(A) IN GENERAL.—After taking into consideration the criteria described in subparagraph (B), the Secretary shall allocate among States, for award by State foresters under paragraph (4), the amounts made available to carry out this subsection.

''(B) CRITERIA.—The criteria referred to in subparagraph (A) are—

''(i) the number of acres of forest land, and land that could be converted to forest land, in each State;

''(ii) the nonpoint source assessment and management plans of each State, as developed under section 319 of the Federal Water Pollution Control Act (33 U.S.C. 1329);

''(iii) the acres of wetland forests that have been lost or degraded or cases in which forests may play a role in restoring wetland resources;

''(iv) the number of non-Federal forest landowners in each State; and

''(v) the extent to which the priorities of States are designed to achieve a reasonable range of the purposes of the program and, as a result, contribute to the water-related goals of the United States.

''(4) AWARD OF GRANTS AND ASSISTANCE.—

''(A) IN GENERAL.—In implementing the program under this subsection, the State forester, in coordination with the State Coordinating Committee established under section 19(b), shall provide annual grants and cost-share assistance to communities, nonprofit groups, and landowners to carry out eligible programs and projects described in paragraph (2).

''(B) APPLICATION.—A community, nonprofit group, or landowner that seeks to receive cost-share assistance under this subsection shall submit to the State forester an application, in such form and containing such information as the State forester may prescribe, for the assistance.

''(C) PRIORITIZATION.—In awarding cost-share assistance under this subsection, the Secretary shall give priority to eligible programs and projects that are identified by the State foresters and the State Stewardship Committees as having a greater need for assistance.

''(D) AWARD.—On approval by the Secretary of an application under subparagraph (B), the State forester shall award to the applicant, from funds allocated to the State under paragraph (3), such amount of cost-share assistance as is requested in the application.

''(5) COST SHARING.—

''(A) FEDERAL SHARE.—The Federal share of the cost of carrying out any eligible program or project under this subsection shall not exceed 75 percent, of which not more than 50 percent may be in the form of assistance provided under this subsection.

''(B) NON-FEDERAL SHARE.—The non-Federal share of the cost of carrying out any eligible program or project under this subsection may be provided in the form of cash, services, or in-kind contributions.

''(d) WATERSHED FORESTER.—A State may use a portion of the funds made available to the State under subsection (e) to establish and fill a position of 'Watershed Forester' to

lead State-wide programs and coordinate watershed-level projects.

''(e) FUNDING.—

''(1) IN GENERAL.—There are authorized to be appropriated to carry out this section $20,000,000 for each of fiscal years 2002 through 2006.

''(2) ALLOCATION.—Of the funds made available under paragraph (1)—

''(A) 75 percent shall be used to carry out subsection (c); and

''(B) 25 percent shall be used to carry out provisions of this section other than subsection (c).''.

SEC. 811. GENERAL PROVISIONS.

Section 13 of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2109) is amended by striking subsection (f) and inserting the following:

''(f) GRANTS, CONTRACTS, AND OTHER AGREEMENTS.—

''(1) IN GENERAL.—In accordance with paragraph (2), the Secretary may make such grants and enter into such contracts, agreements, or other arrangements as the Secretary determines are necessary to carry out this Act.

''(2) ASSISTANCE.—Notwithstanding any other provision of this Act, the Secretary, with the concurrence of the applicable State forester or equivalent State official, may provide assistance under this Act directly to any public or private entity, organization, or individual—

''(A) through a grant; or

''(B) by entering into a contract or cooperative agreement.''.

SEC. 812. STATE FOREST STEWARDSHIP COORDINATING COMMITTEES.

Section 19(b) of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2113(b)) is amended—

(1) in paragraph (1)(B)(i), by inserting ''United States Fish and Wildlife Service,'' before ''Forest Service''; and

(2) in paragraph (2)—

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

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

(C) by adding at the end the following:

''(E) submit to the Secretary, the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, an annual report that provides—

''(i) the list of members on the Committee described in paragraph (1)(B); and

''(ii) for those members that may be included on the Committee, but are not included because a determination that it is not practicable to include the members has been made, an explanation of the reasons for that determination.''.

TITLE IX—ENERGY

SEC. 901. FINDINGS.

Congress finds that—

(1) there are many opportunities for the agricultural sector and rural areas to produce renewable energy and increase energy efficiency;

(2) investments in renewable energy and energy efficiency—

(A) enhance the energy security and independence of the United States;

(B) increase farmer and rancher income;

(C) promote rural economic development;

(D) provide environmental and public health benefits such as cleaner air and water; and

(E) improve electricity grid reliability, thereby reducing the likelihood of blackouts and brownouts, particularly during peak usage periods;

(3) the public strongly supports renewable energy generation and energy efficiency improvements as an important component of a national energy strategy;

(4)(A) the Federal Government is the country's largest consumer of a vast array of products, spending in excess of $200,000,000,000 per year;

(B) purchases and use of products by the Federal Government have a significant effect on the environment; and

(C) accordingly, the Federal Government should lead the way in purchasing biobased products so as to minimize environmental impacts while supporting domestic producers of biobased products;

(5) the agricultural sector is a leading producer of biobased products to meet domestic and international needs;

(6) agriculture can play a significant role in the development of fuel cell and hydrogen-based energy technologies, which are critical technologies for a clean energy future;

(7)(A) wind energy is 1 of the fastest growing clean energy technologies; and

(B) there are tremendous economic development and environmental quality benefits to be achieved by developing both large-scale and small-scale wind power projects on farms and in rural communities;

(8) farm-based renewable energy generation can become one of the major cash crops of the United States, improving the livelihoods of hundreds of thousands of family farmers, ranchers, and others and revitalizing rural communities;

(9)(A) evidence continues to mount that increases in atmospheric concentrations of greenhouse gases are contributing to global climate change; and

(B) agriculture can help in climate change mitigation by—

(i) storing carbon in soils, plants, and forests;

(ii) producing biofuels, chemicals, and power to replace fossil fuels and petroleum-based products; and

(iii) reducing emissions by capturing gases from animal feeding operations, changing agricultural land practices, and becoming more energy efficient;

(10) because agricultural production is energy-intensive, it is incumbent on the Federal Government to aid the agricultural sector in reducing energy consumption and energy costs;

(11)(A) one way to help farmers, ranchers, and others reduce energy use is through professional energy audits;

(B) energy audits provide recommendations for improved energy efficiency that, when acted on, offer an effective means of reducing overall energy use and saving money; and

(C) energy savings of 10 to 30 percent can typically be achieved, and greater savings are often realized;

(12) rural electric utilities are often geographically well situated to develop renewable and distributed energy supplies, enabling the utilities to diversify their energy portfolios and afford their members or customers alternative energy sources, which many such members and customers desire;

(13) fuel cells are a highly efficient, clean, and flexible technology for generating electricity from hydrogen that promises to improve the environment, electricity reliability, and energy security;

(14)(A) because fuel cells can be made in any size, fuel cells can be used for a wide variety of farm applications, including powering farm vehicles, equipment, houses, and other operations; and

(B) much of the initial use of fuel cells is likely to be in remote and off-grid applications in rural areas; and

(15) hydrogen is a clean and flexible fuel that can play a critical role in storing and transporting energy produced on farms from renewable sources (including biomass, wind, and solar energy).

SEC. 902. CONSOLIDATED FARM AND RURAL DEVELOPMENT ACT.

The Consolidated Farm and Rural Development Act (as amended by section 647) is amended by adding at the end the following:

''Subtitle L—Clean Energy

''SEC. 388A. DEFINITIONS.

''In this subtitle:

''(1) BIOMASS.—

''(A) IN GENERAL.—The term 'biomass' means any organic material that is available on a renewable or recurring basis.

''(B) INCLUSIONS.—The term 'biomass' includes—

''(i) dedicated energy crops;

''(ii) trees grown for energy production;

''(iii) wood waste and wood residues;

''(iv) plants (including aquatic plants, grasses, and agricultural crops);

''(v) residues;

''(vi) fibers;

''(vii) animal wastes and other waste materials; and

''(viii) fats and oils.

''(C) EXCLUSIONS.—The term 'biomass' does not include—

''(i) old-growth timber (as determined by the Secretary);

''(ii) paper that is commonly recycled; or

''(iii) unsegregated garbage.

''(2) RENEWABLE ENERGY.—The term 'renewable energy' means energy derived from a wind, solar, biomass, geothermal, or hydrogen source.

''(3) RURAL SMALL BUSINESS.—The term 'rural small business' has the meaning that the Secretary shall prescribe by regulation.

''CHAPTER 1—BIOBASED PRODUCT DEVELOPMENT

''SEC. 388B. BIOBASED PRODUCT PURCHASING REQUIREMENT.

''(a) DEFINITIONS.—In this section:

''(1) ADMINISTRATOR.—The term 'Administrator' means the Administrator of the Environmental Protection Agency.

''(2) BIOBASED PRODUCT.—The term 'biobased product' means a commercial or industrial product, as determined by the Secretary (other than food or feed), that uses biological products or renewable domestic agricultural materials (including plant, animal, and marine materials) or forestry materials.

''(3) ENVIRONMENTALLY PREFERABLE.—The term 'environmentally preferable', with respect to a biobased product, refers to a biobased product that has a lesser or reduced effect on human health and the environment when compared with competing nonbiobased products that serve the same purpose.

''(b) BIOBASED PRODUCT PURCHASING.—

''(1) MANDATORY PURCHASING REQUIREMENT FOR LISTED BIOBASED PRODUCTS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), not later than 180 days after the date of enactment of this subtitle, the head of each Federal agency shall ensure that, in purchasing any product, the Federal agency purchases a biobased product, rather than a comparable nonbiobased product, if the biobased product is listed on the list of biobased products published under subsection (c)(1).

''(B) BIOBASED PRODUCT NOT REASONABLY COMPARABLE.—A Federal agency shall not be required to purchase a biobased product under subparagraph (A) if the purchasing employee submits to the Secretary and the Administrator of the Office of Federal Procurement Policy a written determination that the biobased product is not reasonably comparable to nonbiobased products in price, performance, or availability.

''(C) CONFLICTING REQUIREMENTS.—The Secretary and the Administrator shall jointly promulgate regulations with which Federal agencies shall comply in cases of a conflict

between the biobased product purchasing requirement under subparagraph (A) and a purchasing requirement under any other provision of law.

''(2) PURCHASING OF NONLISTED BIOBASED PRODUCTS.—The head of each Federal agency is encouraged to purchase, to the maximum extent practicable, available biobased products that are not listed on the list of biobased products published under subsection (c)(1) when the Federal agency is not required to purchase a biobased product that is on the list.

''(c) ADMINISTRATIVE ACTION.—

''(1) LIST OF BIOBASED PRODUCTS.—

''(A) IN GENERAL.—Not later than 180 days after the date of enactment of this subtitle, and annually thereafter, the Secretary, in consultation with the Administrator and the Director of the National Institute of Standards and Technology, shall publish a list of biobased products.

''(B) ENVIRONMENTALLY PREFERABLE BIOBASED PRODUCTS.—The Secretary shall not include on the list under paragraph (1) biobased products that are not environmentally preferable, as determined by the Secretary.

''(C) GRANTS.—The Secretary may award grants to, or enter into contracts or cooperative agreements with, eligible persons, businesses, or institutions (as determined by the Secretary) to assist in collecting data concerning the evaluation of and lifecycle analyses of biobased products for use in making the determinations necessary to carry out this paragraph.

''(2) GUIDANCE.—Not later than 240 days after the date of enactment of this subtitle, the Office of Federal Procurement Policy and Federal Acquisition Regulation Council shall make the Federal Acquisition Regulation consistent with subsection (b).

''(d) EDUCATION AND OUTREACH PROGRAM.—The Secretary, in cooperation with the Defense Acquisition University and the Federal Acquisition Institute, shall conduct education programs for all Federal procurement officers regarding biobased products and the requirements of subsection (b).

''(e) LABELING.—

''(1) IN GENERAL.—The Secretary shall develop a program, similar to the Energy Star program of the Department of Energy and the Environmental Protection Agency, under which the Secretary authorizes producers of environmentally preferable biobased products to use a label that identifies the products as environmentally preferable biobased products.

''(2) ENVIRONMENTALLY PREFERABLE BIOBASED PRODUCTS.—The Secretary shall monitor and take appropriate action regarding the use of labels under paragraph (1) to ensure that the biobased products using the labels do not include biobased products that are not environmentally preferable, as determined by the Secretary.

''(3) CONTRACTING.—In carrying out paragraph (1), the Secretary may contract with appropriate entities with expertise in product labeling and standard setting.

''(f) GOAL.—It shall be the goal of each Federal agency for each fiscal year to purchase biobased products of an aggregate value that is not less than 5 percent of the aggregate value of all products purchased by the Federal agency during the preceding fiscal year.

''(g) REPORTS.—As soon as practicable after the end of each fiscal year, the Secretary and the Office of Federal Procurement Policy shall jointly submit to Congress an annual report that, for the fiscal year, describes the extent of—

''(1) compliance by each Federal agency with subsection (b); and

''(2) the success of each Federal agency in achieving the goal established under subsection (f).

''(h) FUNDING.—

''(1) IN GENERAL.—Not later than 30 days after the date of enactment of this subtitle, and on October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary to carry out this section $2,000,000, to remain available until expended.

''(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under paragraph (1), without further appropriation.

''SEC. 388C. BIOREFINERY DEVELOPMENT GRANTS.

''(a) PURPOSE.—The purpose of this section is to assist in the development of new and emerging technologies for the conversion of biomass into petroleum substitutes, so as to—

''(1) develop transportation and other fuels and chemicals from renewable sources;

''(2) reduce the dependence of the United States on imported oil;

''(3) reduce greenhouse gas emissions;

''(4) diversify markets for raw agricultural and forestry products; and

''(5) create jobs and enhance the economic development of the rural economy.

''(b) DEFINITIONS.—In this section:

''(1) ADVISORY COMMITTEE.—The term 'Advisory Committee' means the Biomass Research and Development Technical Advisory Committee established by section 306 of the Biomass Research and Development Act of 2000 (7 U.S.C. 7624 note; Public Law 106–224).

''(2) BIOREFINERY.—The term 'biorefinery' means equipment and processes that—

''(A) convert biomass into bioenergy fuels and chemicals; and

''(B) may produce electricity as a byproduct.

''(3) BOARD.—The term 'Board' means the Biomass Research and Development Board established by section 305 of the Biomass Research and Development Act of 2000 (7 U.S.C. 7624 note; Public Law 106–224).

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

''(c) GRANTS.—The Secretary shall award grants to eligible entities to assist in paying the cost of development and construction of biorefineries to carry out projects to demonstrate the commercial viability of 1 or more processes for converting biomass to fuels or chemicals.

''(d) ELIGIBLE ENTITIES.—A corporation, farm cooperative, association of farmers, national laboratory, university, State energy agency or office, Indian tribe, or consortium comprised of any of those entities shall be eligible to receive a grant under subsection (c).

''(e) COMPETITIVE BASIS FOR AWARDS.—

''(1) IN GENERAL.—The Secretary shall award grants under subsection (c) on a competitive basis in consultation with the Board and Advisory Committee.

''(2) SELECTION CRITERIA.—

''(A) IN GENERAL.—The Secretary shall select projects to receive grants under subsection (c) based on—

''(i) the likelihood that the projects will demonstrate the commercial viability of a process for converting biomass to fuels or chemicals; and

''(ii) the likelihood that the projects will produce electricity.

''(B) FACTORS.—The factors to be considered under subparagraph (A) shall include—

''(i) the potential market for the product or products;

''(ii) the quantity of petroleum the product will displace;

''(iii) the level of financial participation by the applicants;

''(iv) the availability of adequate funding from other sources;

''(v) the beneficial impact on resource conservation and the environment;

''(vi) the participation of producer associations and cooperatives;

''(vii) the timeframe in which the project will be operational;

''(viii) the potential for rural economic development; and

''(ix) the participation of multiple eligible entities.

''(f) COST SHARING.—

''(1) IN GENERAL.—Except as provided in paragraph (2), the amount of a grant for a project awarded under subsection (c) shall not exceed 30 percent of the cost of the project.

''(2) INCREASED GRANT AMOUNT.—The Secretary may increase the amount of a grant for a project under subsection (c) to not more than 50 percent in the case of a project that the Secretary finds particularly meritorious.

''(3) FORM OF GRANTEE SHARE.—

''(A) IN GENERAL.—The grantee share of the cost of a project may be made in the form of cash or the provision of services, material, or other in-kind contributions.

''(B) LIMITATION.—The amount of the grantee share of the cost of a project that is made in the form of the provision of services, material, or other in-kind contributions shall not exceed 25 percent of the amount of the grantee share determined under paragraph (1).

''(g) FUNDING.—

''(1) IN GENERAL.—Not later than 30 days after the date of enactment of this subtitle, and on October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary to carry out this section $15,000,000, to remain available until expended.

''(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under paragraph (1), without further appropriation.

''SEC. 388D. BIODIESEL FUEL EDUCATION PROGRAM.

''(a) FINDINGS.—Congress finds that—

''(1) biodiesel fuel use can help reduce greenhouse gas emissions and public health risks associated with air pollution;

''(2) biodiesel fuel use enhances energy security by reducing petroleum consumption;

''(3) biodiesel fuel is nearing the transition from the research and development phase to commercialization;

''(4) biodiesel fuel is still relatively unknown to the public and even to diesel fuel users; and

''(5) education of, and provision of technical support to, current and future biodiesel fuel users will be critical to the widespread use of biodiesel fuel.

''(b) ESTABLISHMENT.—The Secretary shall, under such terms and conditions as are appropriate, offer 1 or more competitive grants to eligible entities to educate Federal, State, regional, and local government entities and private entities that operate vehicle fleets, other interested entities (as determined by the Secretary), and the public about the benefits of biodiesel fuel use.

''(c) ELIGIBLE ENTITIES.—To receive a grant under subsection (b), an entity—

''(1) shall be a nonprofit organization; and

''(2) shall have demonstrated expertise in biodiesel fuel production, use, and distribution.

''(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $5,000,000 for each of fiscal years 2002 through 2006, to remain available until expended.

''CHAPTER 2—RENEWABLE ENERGY DEVELOPMENT AND ENERGY EFFICIENCY

''SEC. 388E. RENEWABLE ENERGY DEVELOPMENT LOAN AND GRANT PROGRAM.

''(a) IN GENERAL.—The Secretary, acting through the Rural Business Cooperative Service, in addition to exercising authority to make loans and loan guarantees under other law, shall establish a program under which the Secretary shall make loans and loan guarantees and competitively award grants to assist farmers and ranchers in projects to establish new, or expand existing, farmer or rancher cooperatives, or other rural business ventures (as determined by the Secretary), to—

''(1) enable farmers and ranchers to become owners of sources of renewable electric energy and marketers of electric energy produced from renewable sources;

''(2) provide new income streams for farmers and ranchers;

''(3) increase the quantity of electricity available from renewable energy sources; and

''(4) provide environmental and public health benefits to rural communities and the United States as a whole.

''(b) OWNERSHIP REQUIREMENT.—At least 51 percent of the interest in a rural business venture assisted with a grant under subsection (a) shall be owned by farmers or ranchers.

''(c) MAXIMUM AMOUNT OF LOANS AND GRANTS.—

''(1) LOANS.—The amount of a loan made or guaranteed for a project under subsection (a) shall not exceed $10,000,000.

''(2) GRANTS.—The amount of a grant made for a project under subsection (a) shall not exceed $200,000 for a fiscal year.

''(d) COST SHARING.—

''(1) IN GENERAL.—The total amount of loans made or guaranteed or grants awarded under subsection (a) for a project shall not exceed 50 percent of the cost of the activity funded by the loan or grant.

''(2) FORM OF GRANTEE SHARE.—

''(A) IN GENERAL.—The grantee share of the cost of the activity may be made in the form of cash or the provision of services, material, or other in-kind contributions.

''(B) LIMITATION.—The amount of the grantee share of the cost of an activity that is made in the form of the provision of services, material, or other in-kind contributions shall not exceed 25 percent of the amount of the grantee share, as determined under paragraph (1).

''(e) INTEREST RATE.—A loan made or guaranteed under subsection (a) shall bear an interest rate that does not exceed 4 percent.

''(f) USE OF FUNDS.—

''(1) PERMITTED USES.—

''(A) GRANTS.—A recipient of a grant awarded under subsection (a) may use the grant funds to develop a business plan or perform a feasibility study to establish a viable marketing opportunity for renewable electric energy generation and sale.

''(B) LOANS.—A recipient of a loan or loan guarantee under subsection (a) may use the loan funds to provide capital for start-up costs associated with the rural business venture or the promotion of the aggregation of renewable electric energy sources.

''(2) PROHIBITED USES.—A recipient of a loan, loan guarantee, or grant under subsection (a) shall not use the loan or grant funds for planning, repair, rehabilitation, acquisition, or construction of a building.

''(g) FUNDING.—

''(1) IN GENERAL.—Not later than 30 days after the date of enactment of this subtitle, and on October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary to carry out this section $16,000,000, to remain available until expended.

''(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under paragraph (1), without further appropriation.

''(3) LOAN AND INTEREST SUBSIDIES.—In the case of a loan or loan guarantee under subsection (a), the Secretary shall use funds under paragraph (1) to pay the cost of loan and interest subsidies necessary to carry out this section.

''SEC. 388F. ENERGY AUDIT AND RENEWABLE ENERGY DEVELOPMENT PROGRAM.

''(a) IN GENERAL.—The Secretary, acting through the Rural Business Cooperative Service, shall make competitive grants to eligible entities to enable the eligible entities to carry out a program to assist farmers, and ranchers, and rural small businesses (as determined by the Secretary) in becoming more energy efficient and in using renewable energy technology.

''(b) ELIGIBLE ENTITIES.—Entities eligible to carry out a program under subsection (a) include—

''(1) a State energy or agricultural office;

''(2) a regional or State-based energy organization or energy organization of an Indian tribe (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b));

''(3) a land-grant college or university (as defined in section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103)) or other college or university;

''(4) a farm bureau or organization;

''(5) a rural electric cooperative or utility;

''(6) a nonprofit organization; and

''(7) any other entity, as determined by the Secretary.

''(c) MERIT REVIEW.—

''(1) MERIT REVIEW PANEL.—The Secretary shall establish a merit review panel to review applications for grants under subsection (a) that uses the expertise of other Federal agencies (including the Department of Energy and the Environmental Protection Agency), industry, and nongovernmental organizations.

''(2) SELECTION CRITERIA.—In reviewing applications of eligible entities to receive grants under subsection (a), the merit review panel shall consider—

''(A) the ability and expertise of the eligible entity in providing professional energy audits and renewable energy assessments;

''(B) the geographic scope of the program proposed by the eligible entity;

''(C) the number of farmers, ranchers, and rural small businesses to be assisted by the program;

''(D) the potential for energy savings and environmental and public health benefits resulting from the program; and

''(E) the plan of the eligible entity for educating farmers, ranchers, and rural small businesses on the benefits of energy efficiency and renewable energy development.

''(d) USE OF GRANT FUNDS.—A recipient of a grant under subsection (a) shall use the grant funds to—

''(1)(A) conduct energy audits for farmers, ranchers, and rural small businesses to provide farmers, ranchers, and rural small businesses recommendations for energy efficiency and renewable energy development opportunities; and

''(B) conduct workshops on that subject as appropriate;

''(2) make farmers, ranchers, and rural small businesses aware of, and ensure that they have access to—

''(A) financial assistance under section 388G; and

''(B) other Federal, State, and local financial assistance programs for which farmers, ranchers, and rural small businesses may be eligible; and

''(3) arrange private financial assistance to farmers, ranchers, and rural small businesses on favorable terms.

''(e) COST SHARING.—

''(1) IN GENERAL.—A recipient of a grant under subsection (a) that conducts an energy audit for a farmer, rancher, or rural small business under subsection (d)(1) shall require that, as a condition to the conduct of the energy audit, the farmer, rancher, or rural small business pay at least 25 percent of the cost of the audit.

''(2) IMPLEMENTATION OF RECOMMENDATIONS.—If a farmer, rancher, or rural small business substantially implements the recommendations made in connection with an energy audit, the Secretary may reimburse the farmer, rancher, or rural small business the amount that is equal to the share of the cost paid by the farmer, rancher, or rural small business under paragraph (1).

''(f) REPORTS.—The Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate an annual report on the implementation of this section.

''(g) FUNDING.—

''(1) IN GENERAL.—Not later than 30 days after the date of enactment of this subtitle, and on October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary to carry out this section $15,000,000, to remain available until expended.

''(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under paragraph (1), without further appropriation.

''SEC. 388G. LOANS, LOAN GUARANTEES, AND GRANTS TO FARMERS, RANCHERS, AND RURAL SMALL BUSINESSES FOR RENEWABLE ENERGY SYSTEMS AND ENERGY EFFICIENCY IMPROVEMENTS.

''(a) IN GENERAL.—In addition to exercising authority to make loans and loan guarantees under other law, the Secretary shall make loans, loan guarantees, and grants to farmers, ranchers, and rural small businesses to—

''(1) purchase renewable energy systems; and

''(2) make energy efficiency improvements.

''(b) ELIGIBILITY OF FARMERS AND RANCHERS.—To be eligible to receive a grant under subsection (a) for a fiscal year, a farmer or rancher shall have produced not more than $1,000,000 in market value of agricultural products during the preceding fiscal year, as determined by the Secretary.

''(c) COST SHARING.—

''(1) RENEWABLE ENERGY SYSTEMS.—

''(A) IN GENERAL.—

''(i) GRANTS.—The amount of a grant made under subsection (a) for a renewable energy system shall not exceed 15 percent of the cost of the renewable energy system.

''(ii) LOANS.—The amount of a loan made or guaranteed under subsection (a) for a renewable energy system shall not exceed 35 percent of the cost of the renewable energy system.

''(B) FACTORS.—In determining the amount of a grant or loan under subparagraph (A), the Secretary shall take into consideration—

''(i) the type of renewable energy system to be purchased;

''(ii) the estimated quantity of energy to be generated or displaced by the renewable energy system;

''(iii) the expected environmental benefits of the renewable energy system;

''(iv) the extent to which the renewable energy system will be replicable; and

''(v) other factors as appropriate.

''(2) ENERGY EFFICIENCY IMPROVEMENTS.—

''(A) IN GENERAL.—

''(i) GRANTS.—The amount of a grant made under subsection (a) for an energy efficiency improvement shall not exceed 15 percent of the cost of the energy efficiency improvement.

''(ii) LOANS.—The amount of a loan made or guaranteed under subsection (a) for an energy efficiency project shall not exceed 35 percent of the cost of the energy efficiency improvement.

''(B) FACTORS.—In determining the amount of a grant or loan under subparagraph (A), the Secretary shall take into consideration—

''(i) the estimated length of time it would take for the energy savings generated by the improvement to equal the cost of the improvement;

''(ii) the amount of energy savings expected to be derived from the improvement; and

''(iii) other factors as appropriate.

''(d) INTEREST RATE.—A loan made or guaranteed under subsection (a) shall bear interest at a rate not exceeding 4 percent.

''(e) ENERGY AUDIT AND RENEWABLE ENERGY DEVELOPMENT PROGRAM.—

''(1) PREFERENCE.—In making loans, loan guarantees, and grants under subsection (a), the Secretary shall give preference to participants in the energy audit and renewable energy development program under section 388F.

''(2) RESERVATION OF FUNDING.—The Secretary shall reserve at least 25 percent of the funds made available to carry out this section for each of fiscal years 2002 through 2006 to participants in the energy audit and renewable energy development program under section 388F.

''(f) FUNDING.—

''(1) IN GENERAL.—Not later than 30 days after the date of enactment of this subtitle, and on October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary to carry out this section $33,000,000, to remain available until expended.

''(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under paragraph (1), without further appropriation.

''(3) LOAN AND INTEREST SUBSIDIES.—In the case of a loan or loan guarantee under subsection (a), the Secretary shall use funds under paragraph (1) to pay the cost of loan and interest subsidies necessary to carry out this section.

''SEC. 388H. HYDROGEN AND FUEL CELL TECHNOLOGIES PROGRAM.

''(a) IN GENERAL.—The Secretary of Agriculture, in consultation with the Secretary of Energy, shall establish a program under which the Secretary of Agriculture shall competitively award grants to, or enter into contracts or cooperative agreements with, eligible entities for—

''(1) projects to demonstrate the use of hydrogen technologies and fuel cell technologies in farm, ranch, and rural applications; and

''(2) as appropriate, studies of the technical, environmental, and economic viability, in farm, ranch, and rural applications, of innovative hydrogen and fuel cell technologies not ready for demonstration.

''(b) ELIGIBLE ENTITIES.—Under subsection (a), the Secretary may make a grant to or enter into a contract or cooperative agreement with—

''(1) a Federal research agency;

''(2) a national laboratory;

''(3) a college or university or a research foundation maintained by a college or university;

''(4) a private research organization with an established and demonstrated capacity to perform research or technology transfer;

''(5) a State agricultural experiment station; or

''(6) an individual.

''(c) SELECTION CRITERIA.—In selecting projects for grants, contracts, and cooperative agreements under subsection (a)(1), the Secretary shall give preference to projects that demonstrate technologies that—

''(1) are innovative;

''(2) use renewable energy sources;

''(3) produce multiple sources of energy;

''(4) provide significant environmental benefits;

''(5) are likely to be economically competitive; and

''(6) have potential for commercialization as mass-produced, farm- or ranch-sized systems.

''(d) COST SHARING.—The amount of financial assistance provided for a project under a grant, contract, or cooperative agreement under subsection (a) shall not exceed 50 percent of the cost of the project.

''(e) FUNDING.—

''(1) IN GENERAL.—Not later than 30 days after the date of enactment of this subtitle, and on October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary to carry out this section $5,000,000, to remain available until expended.

''(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under paragraph (1), without further appropriation.

''SEC. 388I. TECHNICAL ASSISTANCE FOR FARMERS AND RANCHERS TO DEVELOP RENEWABLE ENERGY RESOURCES.

''(a) IN GENERAL.—The Secretary, acting through the Cooperative State Research, Education, and Extension Service in consultation with the Natural Resources Conservation Service, regional biomass programs under the Department of Energy, and other entities as appropriate, may provide for education and technical assistance to farmers and ranchers for the development and marketing of renewable energy resources.

''(b) ADMINISTRATIVE EXPENSES.—The Secretary may retain up to 4 percent of the amounts made available for each fiscal year to carry out this section to pay administrative expenses incurred in carrying out this section.

''CHAPTER 3—CARBON SEQUESTRATION RESEARCH, DEVELOPMENT, AND DEMONSTRATION PROGRAM

''SEC. 388J. RESEARCH.

''(a) BASIC RESEARCH.—

''(1) IN GENERAL.—Subject to the availability of appropriations, the Secretary shall carry out research to promote understanding of—

''(A) the net sequestration of organic carbon in soils and plants (including trees); and

''(B) net emissions of other greenhouse gases from agriculture.

''(2) AGRICULTURAL RESEARCH SERVICE.—The Secretary, acting through the Agricultural Research Service, shall collaborate with other Federal agencies in developing data and carrying out research addressing carbon losses and gains in soils and plants (including trees) and net emissions of methane and nitrous oxide from cultivation and animal management activities.

''(3) COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE.—

''(A) IN GENERAL.—The Secretary, acting through the Cooperative State Research, Education, and Extension Service, shall establish a competitive grant program to carry out research on the matters described in paragraph (1) by eligible entities.

''(B) ELIGIBLE ENTITIES.—Under subparagraph (A), the Secretary may make a grant to—

''(i) a Federal research agency;

''(ii) a national laboratory;

''(iii) a college or university or a research foundation maintained by a college or university;

''(iv) a private research organization with an established and demonstrated capacity to perform research or technology transfer;

''(v) a State agricultural experiment station; or

''(vi) an individual.

''(C) CONSULTATION ON RESEARCH TOPICS.—Before issuing a request for proposals for basic research under paragraph (1), the Cooperative State Research, Education, and Extension Service shall consult with the Agricultural Research Service and the Forest Service to ensure that proposed research areas are complementary with and do not duplicate other research projects funded by the Department or other Federal agencies.

''(D) ADMINISTRATIVE EXPENSES.—The Secretary may retain up to 4 percent of the amounts made available for each fiscal year to carry out this subsection to pay administrative expenses incurred in carrying out this subsection.

''(b) APPLIED RESEARCH.—

''(1) IN GENERAL.—The Secretary shall carry out applied research in the areas of soil science, agronomy, agricultural economics, forestry, and other agricultural sciences to—

''(A) promote understanding of—

''(i) how agricultural and forestry practices affect the sequestration of organic and inorganic carbon in soils and plants (including trees) and net emissions of other greenhouse gases;

''(ii) how changes in soil carbon pools in soils and plants (including trees) are cost-effectively measured, monitored, and verified; and

''(iii) how public programs and private market approaches can be devised to incorporate carbon sequestration in a broader societal greenhouse gas emission reduction effort;

''(B) develop methods for establishing baselines for measuring the quantities of carbon and other greenhouse gases sequestered; and

''(C) evaluate leakage and performance issues.

''(2) REQUIREMENTS.—To the maximum extent practicable, applied research under paragraph (1) shall—

''(A) use existing technologies and methods; and

''(B) provide methodologies that are accessible to a nontechnical audience.

''(3) MINIMIZATION OF ADVERSE ENVIRONMENTAL IMPACTS.—All applied research under paragraph (1) shall be conducted with an emphasis on minimizing adverse environmental impacts.

''(4) NATURAL RESOURCES AND THE ENVIRONMENT.—The Secretary, acting through the Natural Resources Conservation Service and the Forest Service, shall collaborate with other Federal agencies in developing new

measuring techniques and equipment or adapting existing techniques and equipment to enable cost-effective and accurate monitoring and verification, for a wide range of agricultural and forestry practices, of—

''(A) changes in carbon content in soils and plants (including trees); and

''(B) net emissions of other greenhouse gases.

''(5) COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE.—

''(A) IN GENERAL.—The Secretary, acting through the Cooperative State Research, Education, and Extension Service and the Forest Service, shall establish a competitive grant program to encourage research on the matters described in paragraph (1) by eligible entities.

''(B) ELIGIBLE ENTITIES.—Under subparagraph (A), the Secretary may make a grant to—

''(i) a Federal research agency;

''(ii) a national laboratory;

''(iii) a college or university or a research foundation maintained by a college or university;

''(iv) a private research organization with an established and demonstrated capacity to perform research or technology transfer;

''(v) a State agricultural experiment station; or

''(vi) an individual.

''(C) CONSULTATION ON RESEARCH TOPICS.—Before issuing a request for proposals for applied research under paragraph (1), the Cooperative State Research, Education, and Extension Service and the Forest Service shall consult with the Natural Resources Conservation Service and the Agricultural Research Service to ensure that proposed research areas are complementary with and do not duplicate research projects funded by the Department of Agriculture or other Federal agencies.

''(D) ADMINISTRATIVE EXPENSES.—The Secretary, acting through the Cooperative State Research, Education, and Extension Service, may retain up to 4 percent of the amounts made available for each fiscal year to carry out this subsection to pay administrative expenses incurred in carrying out this subsection.

''(c) RESEARCH CONSORTIA.—

''(1) IN GENERAL.—The Secretary may designate not more than 2 research consortia to carry out research projects under this section, with the requirement that the consortia propose to conduct basic research under subsection (a) and applied research under subsection (b) .

''(2) SELECTION.—The consortia shall be selected on a competitive basis by the Cooperative State Research, Education, and Extension Service.

''(3) ELIGIBLE CONSORTIUM PARTICIPANTS.—Entities eligible to participate in a consortium include—

''(A) a land-grant college or university (as defined in section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103));

''(B) a private research institution;

''(C) a State agency;

''(D) an Indian tribe (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b));

''(E) an agency of the Department of Agriculture;

''(F) a research center of the National Aeronautics and Space Administration, the Department of Energy, or any other Federal agency;

''(G) an agricultural business or organization with demonstrated expertise in areas covered by this section; and

''(H) a representative of the private sector with demonstrated expertise in the areas.

''(4) RESERVATION OF FUNDING.—If the Secretary designates 1 or 2 consortia, the Secretary shall reserve for research projects carried out by the consortium or consortia not more than 25 percent of the amounts made available to carry out this section for a fiscal year.

''(d) STANDARDS FOR MEASURING CARBON AND OTHER GREENHOUSE GAS CONTENT.—

''(1) CONFERENCE.—Not later than 3 years after the date of enactment of this subtitle, the Secretary shall convene a conference of key scientific experts on carbon sequestration from various sectors (including the government, academic, and private sectors) to—

''(A) discuss and establish benchmark standards for measuring the carbon content of soils and plants (including trees) and net emissions of other greenhouse gases;

''(B) propose techniques and modeling approaches for measuring carbon content with a level of precision that is agreed on by the participants in the conference; and

''(C) evaluate results of analyses on baseline, permanence, and leakage issues.

''(2) REPORT.—Not later than 180 days after the conclusion of the conference under paragraph (1), the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the results of the conference.

''(e) AUTHORIZATION OF APPROPRIATIONS.—

''(1) IN GENERAL.—There is authorized to be appropriated to carry out this section $25,000,000 for each of fiscal years 2002 through 2006.

''(2) ALLOCATION.—

''(A) IN GENERAL.—Of the amounts made available to carry out this section for a fiscal year, at least 50 percent shall be allocated for competitive grants by the Cooperative State Research, Education, and Extension Service.

''(B) ADMINISTRATIVE EXPENSES.—The Secretary may retain up to 4 percent of the amounts made available for each fiscal year to carry out this section to pay administrative expenses incurred in carrying out this section.

''SEC. 388K. DEMONSTRATION PROJECTS AND OUTREACH.

''(a) DEMONSTRATION PROJECTS.—

''(1) DEVELOPMENT OF MONITORING PROGRAMS.—

''(A) IN GENERAL.—The Secretary, in cooperation with local extension agents, experts from land grant universities, and other local agricultural or conservation organizations, shall develop user-friendly programs that combine measurement tools and modeling techniques into integrated packages to monitor the carbon sequestering benefits of conservation practices and net changes in greenhouse gas emissions.

''(B) BENCHMARK LEVELS OF PRECISION.—The Secretary shall administer programs developed under subparagraph (A) in a manner that achieves, to the maximum extent practicable, benchmark levels of precision in the measurement, in a cost-effective manner, of benefits and changes described in subparagraph (A).

''(2) PROJECTS.—

''(A) IN GENERAL.—The Secretary shall establish a program under which the monitoring programs developed under paragraph (1) are used in projects to demonstrate the feasibility of methods of measuring, verifying, and monitoring—

''(i) changes in organic carbon content and other carbon pools in soils and plants (including trees); and

''(ii) net changes in emissions of other greenhouse gases.

''(B) EVALUATION OF IMPLICATIONS.—The projects under subparagraph (A) shall include evaluation of the implications for reassessed baselines, carbon or other greenhouse gas leakage, and the permanence of sequestration.

''(C) SUBMISSION OF PROPOSALS.—Proposals for projects under subparagraph (A) shall be submitted by the appropriate agency of each State, in consultation with interested local jurisdictions and State agricultural and conservation organizations.

''(D) LIMITATION.—Not more than 10 projects under subparagraph (A) may be approved in conjunction with applied research projects under section 388J(b) until benchmark measurement and assessment standards are established under section 388J(d).

''(b) OUTREACH.—

''(1) IN GENERAL.—The Secretary, acting through the Cooperative State Research, Education, and Extension Service, shall widely disseminate information about the economic and environmental benefits that can be generated by adoption of conservation practices that increase sequestration of carbon and reduce emission of other greenhouse gases.

''(2) PROJECT RESULTS.—The Secretary, acting through the Cooperative State Research, Education, and Extension Service, shall provide for the dissemination to farmers, ranchers, private forest landowners, and appropriate State agencies in each State of information concerning—

''(A) the results of demonstration projects under subsection (a)(2); and

''(B) the manner in which the methods demonstrated in the projects might be applicable to the operations of the farmers and ranchers.

''(3) POLICY OUTREACH.—The Secretary, acting through the Cooperative State Research, Education, and Extension Service, shall disseminate information on the connection between global climate change mitigation strategies and agriculture and forestry, so that farmers and ranchers may better understand the global implications of the activities of farmers and ranchers.

''(c) AUTHORIZATION OF APPROPRIATIONS.—

''(1) IN GENERAL.—There is authorized to be appropriated to carry out this section $10,000,000 for each of fiscal years 2002 through 2006.

''(2) ALLOCATION.—Of the amounts made available to carry out this section for a fiscal year, at least 50 percent shall be allocated for demonstration projects under subsection (a)(2).''.

SEC. 903. BIOMASS RESEARCH AND DEVELOPMENT ACT OF 2000.

(a) FUNDING.—The Biomass Research and Development Act of 2000 (7 U.S.C. 7624 note; Public Law 106–224) is amended—

(1) in section 307, by striking subsection (f);

(2) by redesignating section 310 as section 311; and

(3) by inserting after section 309 the following:

''SEC. 310. FUNDING.

''(a) IN GENERAL.—Not later than 30 days after the date of enactment of this subsection, and on October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary to carry out this title $15,000,000, to remain available until expended.

''(b) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this title the funds transferred under subsection (a), without further appropriation.''.

(b) TERMINATION OF AUTHORITY.—Section 311 of the Biomass Research and Development Act of 2000 (7 U.S.C. 7624 note; Public Law 106–224) (as redesignated by subsection (a)) is amended by striking ''December 31, 2005'' and inserting ''September 30, 2006''.

SEC. 904. RURAL ELECTRIFICATION ACT OF 1936.

Title I of the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.) (as amended by section 661) is amended by adding at the end the following:

"SEC. 21. FINANCIAL AND TECHNICAL ASSISTANCE FOR RENEWABLE ENERGY PROJECTS.

''(a) DEFINITION OF RENEWABLE ENERGY.—In this section, the term 'renewable energy' means energy derived from a wind, solar, biomass, geothermal, or hydrogen source.

''(b) LOANS, LOAN GUARANTEES, AND GRANTS.—The Secretary shall make loans, loan guarantees, and grants to rural electric cooperatives and other rural electric utilities to promote the development of economically and environmentally sustainable renewable energy projects to serve the needs of rural communities or for rural economic development.

''(c) INTEREST RATE.—A loan made or guaranteed under subsection (b) shall bear interest at a rate not exceeding 4 percent.

''(d) USE OF FUNDS.—

''(1) GRANTS.—A recipient of a grant under subsection (a) may use the grant funds to pay up to 75 percent of the cost of an economic feasibility study or technical assistance for a renewable energy project.

''(2) LOANS.—If a renewable energy project is determined to be economically feasible, a recipient of a loan or loan guarantee under subsection (a) may use the loan funds to pay a percentage of the cost of the project determined by the Secretary.

''(e) FUNDING.—

''(1) IN GENERAL.—Not later than 30 days after the date of enactment of this section, and on October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary to carry out this section $9,000,000, to remain available until expended.

''(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under paragraph (1), without further appropriation.

''(3) LOAN AND INTEREST SUBSIDIES.—In the case of a loan or loan guarantee under subsection (a), the Secretary shall use funds under paragraph (1) to pay the cost of loan and interest subsidies necessary to carry out this section.''.

SEC. 905. CARBON SEQUESTRATION DEMONSTRATION PROGRAM.

(a) FINDINGS.—Congress finds that—

(1) greenhouse gas emissions resulting from human activity present potential risks and potential opportunities for agricultural and forestry production;

(2) there is a need to identify cost-effective methods that can be used in the agricultural and forestry sectors to reduce the threat of climate change;

(3) deforestation and other land use changes account for approximately 1,600,000,000 of the 7,900,000,000 metric tons of the average annual worldwide quantity of carbon emitted during the 1990s;

(4) ocean and terrestrial systems each sequestered approximately 2,300,000,000 metric tons of carbon annually, resulting in a sequestration of 60 percent of the annual human-induced emissions of carbon during the 1990s;

(5) there are opportunities for increasing the quantity of carbon that can be stored in terrestrial systems through improved, human-induced agricultural and forestry practices;

(6) increasing the carbon content of soil helps to reduce erosion, reduce flooding, minimize the effects of drought, prevent nutrients and pesticides from washing into water bodies, and contribute to water infiltration, air and water holding capacity, and good seed germination and plant growth;

(7) tree planting and wetland restoration could play a major role in sequestering carbon and reducing greenhouse gas concentrations in the atmosphere;

(8) nitrogen management is a cost-effective method of addressing nutrient overenrichment in the estuaries of the United States and of reducing emissions of nitrous oxide;

(9) animal feed and waste management can be cost-effective methods to address water quality issues and reduce emissions of methane; and

(10) there is a need to—

(A) demonstrate that carbon sequestration in soils, plants, and forests and reductions in greenhouse gas emissions through nitrogen and animal feed and waste management can be measured and verified; and

(B) develop and refine quantification, verification, and auditing methodologies for carbon sequestration and greenhouse gas emission reductions on a project by project basis.

(b) PROGRAM.—Title IV of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7621 et seq.) is amended by adding at the end the following:

"SEC. 409. CARBON SEQUESTRATION DEMONSTRATION PROGRAM.

''(a) DEFINITIONS.—In this section:

''(1) ELIGIBLE PROJECT.—The term 'eligible project' means a project that is likely to result in—

''(A) demonstrable reductions in net emissions of greenhouse gases; or

''(B) demonstrable net increases in the quantity of carbon sequestered in soils and forests.

''(2) ENVIRONMENTAL TRADE.—The term 'environmental trade' means a transaction between an emitter of a greenhouse gas and an agricultural producer under which the emitter pays to the agricultural producer a fee to sequester carbon or otherwise reduce emissions of greenhouse gases.

''(3) PANEL.—The term 'panel' means the panel of experts established under subsection (b)(4)(A).

''(4) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture, acting in consultation with—

''(A) the Under Secretary of Agriculture for Natural Resources and Environment;

''(B) the Under Secretary of Agriculture for Research, Education, and Economics;

''(C) the Chief Economist of the Department; and

''(D) the panel.

''(b) DEMONSTRATION PROGRAM.—

''(1) ESTABLISHMENT.—Subject to the availability of appropriations, the Secretary shall establish a program to provide grants, on a competitive, cost-shared basis, to agricultural producers to assist in paying the costs incurred in measuring, estimating, monitoring, verifying, auditing, and testing methodologies involved in environmental trades (including costs incurred in employing certified independent third persons to carry out those activities).

''(2) CONDITIONS FOR RECEIPT OF GRANT.—As a condition of the acceptance of a grant under paragraph (1), an agricultural producer shall—

''(A) establish a carbon and greenhouse gas monitoring, verification, and reporting system that meets such requirements as the Secretary shall prescribe; and

''(B) under the system and through the use of an independent third party for any necessary monitoring, verifying, reporting, and auditing, measure and report to the Secretary the quantity of carbon sequestered, or the quantity of greenhouse gas emissions reduced, as a result of the conduct of an eligible project.

''(3) CRITERIA FOR AWARD OF GRANT.—

''(A) IN GENERAL.—In awarding a grant for an eligible project under paragraph (1), the Secretary shall take into consideration—

''(i) the likelihood of the eligible project in succeeding in achieving greenhouse gas emissions reductions and net carbon sequestration increases; and

''(ii) the usefulness of the information to be obtained from the eligible project in determining how best to quantify, monitor, and verify sequestered carbon or reductions in greenhouse gas emissions.

''(B) PRIORITY CRITERIA.—The Secretary shall give priority in awarding a grant under paragraph (1) to an eligible project that—

''(i) involves multiple parties, a whole farm approach, or any other approach, such as the aggregation of land areas, that would—

''(I) increase the environmental benefits or reduce the transaction costs of the eligible project; and

''(II) reduce the costs of measuring, monitoring, and verifying any net sequestration of carbon or net reduction in greenhouse gas emissions;

''(ii) is designed to achieve long-term sequestration of carbon or long-term reductions in greenhouse gas emissions;

''(iii) is designed to address concerns concerning leakage;

''(iv) provides certain other benefits, such as improvements in—

''(I) soil fertility;

''(II) wildlife habitat;

''(III) water quality;

''(IV) soil erosion management;

''(V) the use of renewable resources to produce energy;

''(VI) the avoidance of ecosystem fragmentation; and

''(VII) the promotion of ecosystem restoration with native species; or

''(v) does not involve—

''(I) the reforestation of land that has been deforested since 1990; or

''(II) the conversion of native grassland.

''(4) PANEL.—

''(A) IN GENERAL.—The Secretary shall establish a panel to provide advice and recommendations to the Secretary with respect to criteria for awarding grants under this subsection.

''(B) COMPOSITION.—The panel shall be composed of the following representatives, to be appointed by the Secretary:

''(i) Experts from each of—

''(I) the Department;

''(II) the Environmental Protection Agency; and

''(III) the Department of Energy.

''(ii) Experts from nongovernmental and academic entities.

''(5) PAYMENT OF GRANT FUNDS.—The Secretary shall provide a grant awarded under this section in such number of installments as is necessary to ensure proper implementation of an eligible project.

''(c) METHODOLOGY GRANT PROGRAM.—

''(1) ESTABLISHMENT.—The Secretary shall establish a program to provide grants to determine the best methodologies for estimating and measuring increases or decreases in—

''(A) agricultural greenhouse gas emissions; and

''(B) the quantity of carbon sequestered in soils, forests, and trees.

''(2) ELIGIBLE RECIPIENTS.—The Secretary shall award a grant under paragraph (1), on a competitive basis, to a college or university, or other research institution, that seeks to demonstrate the viability of a methodology described in paragraph (1).

''(d) DISSEMINATION OF INFORMATION.—As soon as practicable after the date of enactment of this section, the Secretary shall establish an Internet site through which agricultural producers may obtain information concerning—

''(1) potential environmental trades; and

''(2) activities of the Secretary under this section.

''(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $20,000,000 for each of fiscal years 2002 through 2006.''.

SEC. 906. SENSE OF CONGRESS CONCERNING NATIONAL RENEWABLE FUELS STANDARD.

It is the sense of Congress that—

(1) Congress supports and encourages adoption of a national renewable fuels program, under which the motor vehicle fuel placed into commerce by a refiner, blender, or importer shall be composed of renewable fuel measured according to a statutory formula for specified calendar years; and

(2) the Secretary of Agriculture should ensure that the policies and programs of the Department of Agriculture promote the production of fuels from renewable fuel sources.

SEC. 907. SENSE OF CONGRESS CONCERNING THE BIOENERGY PROGRAM OF THE DEPARTMENT OF AGRICULTURE.

It is the sense of Congress that—

(1) ethanol and biofuel production capacity will be needed to phase out the use of methyl tertiary butyl ether in gasoline and the dependence of the United States on foreign oil; and

(2) the bioenergy program of the Department of Agriculture under part 1424 of title 7, Code of Federal Regulations, should be continued and expanded.

TITLE X—MISCELLANEOUS

Subtitle A—Country of Origin and Quality Grade Labeling

SEC. 1001. COUNTRY OF ORIGIN LABELING.

The Agricultural Marketing Act of 1946 (7 U.S.C. 1621 et seq.) is amended by adding at the end the following:

''Subtitle C—Country of Origin Labeling

''SEC. 271. DEFINITIONS.

''In this subtitle:

''(1) BEEF.—The term 'beef' means meat produced from cattle (including veal).

''(2) COVERED COMMODITY.—

''(A) IN GENERAL.—The term 'covered commodity' means—

''(i) muscle cuts of beef, lamb, and pork;

''(ii) ground beef, ground lamb, and ground pork;

''(iii) farm-raised fish;

''(iv) a perishable agricultural commodity; and

''(v) peanuts.

''(B) EXCLUSIONS.—The term 'covered commodity' does not include—

''(i) processed beef, lamb, and pork food items; and

''(ii) frozen entrees containing beef, lamb, and pork.

''(3) FARM-RAISED FISH.—The term 'farm-raised fish' includes—

''(A) farm-raised shellfish; and

''(B) fillets, steaks, nuggets, and any other flesh from a farm-raised fish or shellfish.

''(4) FOOD SERVICE ESTABLISHMENT.—The term 'food service establishment' means a restaurant, cafeteria, lunch room, food stand, saloon, tavern, bar, lounge, or other similar facility operated as an enterprise engaged in the business of selling food to the public.

''(5) LAMB.—The term 'lamb' means meat, other than mutton, produced from sheep.

''(6) PERISHABLE AGRICULTURAL COMMODITY; RETAILER.—The terms 'perishable agricultural commodity' and 'retailer' have the meanings given the terms in section 1(b) of the Perishable Agricultural Commodities Act, 1930 (7 U.S.C. 499a(b)).

''(7) PORK.—The term 'pork' means meat produced from hogs.

''(8) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture, acting through the Agricultural Marketing Service.

''SEC. 272. NOTICE OF COUNTRY OF ORIGIN.

''(a) IN GENERAL.—

''(1) REQUIREMENT.—Except as provided in subsection (b), a retailer of a covered commodity shall inform consumers, at the final point of sale of the covered commodity to consumers, of the country of origin of the covered commodity.

''(2) UNITED STATES COUNTRY OF ORIGIN.—A retailer of a covered commodity may designate the covered commodity as having a United States country of origin only if the covered commodity—

''(A) in the case of beef, lamb, and pork, is exclusively from an animal that is exclusively born, raised, and slaughtered in the United States; and

''(B) in the case of farm-raised fish, is hatched, raised, harvested, and processed in the United States; and

''(C) in the case of a perishable agricultural commodities or peanut, is exclusively produced in the United States.

''(b) EXEMPTION FOR FOOD SERVICE ESTABLISHMENTS.—Subsection (a) shall not apply to a covered commodity if the covered commodity is—

''(1) prepared or served in a food service establishment; and

''(2)(A) offered for sale or sold at the food service establishment in normal retail quantities; or

''(B) served to consumers at the food service establishment.

''(c) METHOD OF NOTIFICATION.—

''(1) IN GENERAL.—The information required by subsection (a) may be provided to consumers by means of a label, stamp, mark, placard, or other clear and visible sign on the covered commodity or on the package, display, holding unit, or bin containing the commodity at the final point of sale to consumers.

''(2) LABELED COMMODITIES.—If the covered commodity is already individually labeled for retail sale regarding country of origin, the retailer shall not be required to provide any additional information to comply with this section.

''(d) AUDIT VERIFICATION SYSTEM.—The Secretary may require that any person that prepares, stores, handles, or distributes a covered commodity for retail sale maintain a verifiable recordkeeping audit trail that will permit the Secretary to ensure compliance with the regulations promulgated under section 274.

''(e) INFORMATION.—Any person engaged in the business of supplying a covered commodity to a retailer shall provide information to the retailer indicating the country of origin of the covered commodity.

''(f) CERTIFICATION OF ORIGIN.—

''(1) MANDATORY IDENTIFICATION.—The Secretary shall not use a mandatory identification system to verify the country of origin of a covered commodity.

''(2) EXISTING CERTIFICATION PROGRAMS.—To certify the country of origin of a covered commodity, the Secretary may use as a model certification programs in existence on the date of enactment of this Act, including—

''(A) the carcass grading and certification system carried out under this Act;

''(B) the voluntary country of origin beef labeling system carried out under this Act;

''(C) voluntary programs established to certify certain premium beef cuts;

''(D) the origin verification system established to carry out the child and adult care food program established under section 17 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1766); or

''(E) the origin verification system established to carry out the market access program under section 203 of the Agricultural Trade Act of 1978 (7 U.S.C. 5623).

''SEC. 273. ENFORCEMENT.

''(a) IN GENERAL.—Except as provided in subsection (b), section 253 shall apply to a violation of this subtitle.

''(b) WARNINGS.—If the Secretary determines that a retailer is in violation of section 272, the Secretary shall—

''(1) notify the retailer of the determination of the Secretary; and

''(2) provide the retailer a 30-day period, beginning on the date on which the retailer receives the notice under paragraph (1) from the Secretary, during which the retailer may take necessary steps to comply with section 272.

''(c) FINES.—If, on completion of the 30-day period described in subsection (c)(2), the Secretary determines that the retailer has willfully violated section 272, after providing notice and an opportunity for a hearing before the Secretary with respect to the violation, the Secretary may fine the retailer in an amount determined by the Secretary.

''SEC. 274. REGULATIONS.

''(a) IN GENERAL.—The Secretary may promulgate such regulations as are necessary to carry out this subtitle.

''(b) PARTNERSHIPS WITH STATES.—In promulgating the regulations, the Secretary shall, to the maximum extent practicable, enter into partnerships with States with enforcement infrastructure to carry out this subtitle.

''SEC. 275. APPLICATION.

''This subtitle shall apply to the retail sale of a covered commodity beginning on the date that is 180 days after the date of the enactment of this subtitle.''.

SEC. 1002. QUALITY GRADE LABELING OF IMPORTED MEAT AND MEAT FOOD PRODUCTS.

The Agricultural Marketing Act of 1946 (7 U.S.C. 1621 et seq.) (as amended by section 1001) is amended by adding at the end the following:

''Subtitle D—Commodity-Specific Grading Standards

''SEC. 281. DEFINITION OF SECRETARY.

''In this subtitle, the term 'Secretary' means the Secretary of Agriculture.

''SEC. 282. QUALITY GRADE LABELING OF IMPORTED MEAT AND MEAT FOOD PRODUCTS.

''An imported carcass, part thereof, meat, or meat food product (as defined by the Secretary) shall not bear a label that indicates a quality grade issued by the Secretary.

''SEC. 283. REGULATIONS.

''The Secretary shall promulgate such regulations as are necessary to ensure compliance with, and otherwise carry out, this subtitle.''.

Subtitle B—Crop Insurance

SEC. 1011. CONTINUOUS COVERAGE.

Section 508(e)(4) of the Federal Crop Insurance Act (7 U.S.C. 1508(e)(4)) is amended—

(1) in the paragraph heading, by striking ''TEMPORARY PROHIBITION'' and inserting ''PROHIBITION''; and

(2) by striking ''through 2005'' and inserting ''and subsequent''.

SEC. 1012. QUALITY LOSS ADJUSTMENT PROCEDURES.

Section 508(m)(3) of the Federal Crop Insurance Act (7 U.S.C. 1508(m)(3)) is amended—

(1) by striking ''The Corporation'' and inserting the following:

''(A) REVIEW.—The Corporation''; and

(2) by striking ''Based on'' and inserting the following:

''(B) PROCEDURES.—Effective beginning not later than the 2003 reinsurance year, based on''.

SEC. 1013. CONSERVATION REQUIREMENTS.

(a) HIGHLY ERODIBLE LAND CONSERVATION.—Section 1211(1) of the Food Security Act of 1985 (16 U.S.C. 3811(1)) is amended—

(1) in subparagraph (A), by striking ''production flexibility'';

(2) by redesignating subparagraphs (C) and (D) as subparagraphs (D) and (E), respectively; and

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

''(C) an indemnity payment under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.);''.

(b) WETLAND CONSERVATION.—Section 1221(b) of the Food Security Act of 1985 (16 U.S.C. 3821(b)) is amended—

(1) in paragraph (1), by striking ''production flexibility'';

(2) by redesignating paragraphs (2) and (3) as paragraphs (5) and (6), respectively; and

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

''(2) A farm storage facility loan made under section 4(h) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b(h)).

''(3) A disaster payment.

''(4) An indemnity payment under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.).''.

(c) CONTROLLED SUBSTANCES PRODUCTION CONTROL.—Section 519(b) of the Controlled Substances Act (21 U.S.C. 889(b)) is amended—

(1) in paragraph (1)—

(A) by striking subparagraph (A) and inserting the following:

''(A) contract payments under a contract, marketing assistance loans, and any type of price support or payment made available under the Agricultural Market Transition Act (7 U.S.C. 7201 et seq.), the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), or any other Act;'';

(B) by striking subparagraphs (C) and (D) and inserting the following:

''(C) an indemnity payment under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.);

''(D) a disaster payment; or'';

(2) in paragraph (2), by striking the period at the end and inserting ''; or''; and

(3) by adding at the end the following:

''(3) during the crop year—

''(A) a payment made pursuant to a contract entered into under the environmental quality incentives program under chapter 4 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3839aa et seq.);

''(B) a payment under any other provision of subtitle D of title XII of that Act (16 U.S.C. 3830 et seq.);

''(C) a payment under section 401 or 402 of the Agricultural Credit Act of 1978 (16 U.S.C. 2201, 2202); or

''(D) a payment, loan, or other assistance under section 3 or 8 of the Watershed Protection and Flood Prevention Act (16 U.S.C. 1003 and 1006a).''.

Subtitle C—General Provisions

SEC. 1021. UNLAWFUL STOCKYARD PRACTICES INVOLVING NONAMBULATORY LIVESTOCK.

(a) IN GENERAL.—Title III of the Packers and Stockyards Act, 1921, is amended by inserting after section 317 (7 U.S.C. 217a) the following:

''SEC. 318. UNLAWFUL STOCKYARD PRACTICES INVOLVING NONAMBULATORY LIVESTOCK.

''(a) DEFINITIONS.—In this section:

''(1) HUMANELY EUTHANIZED.—The term 'humanely euthanized' means to kill an animal by mechanical, chemical, or other means that immediately render the animal unconscious, with this state remaining until the animal's death.

''(2) NONAMBULATORY LIVESTOCK.—The term 'nonambulatory livestock' means any livestock that is unable to stand and walk unassisted.

''(b) UNLAWFUL PRACTICES.—

''(1) IN GENERAL.—It shall be unlawful under section 312 for any stockyard owner, market agency, or dealer to buy, sell, give, receive, transfer, market, hold, or drag any nonambulatory livestock unless the nonambulatory livestock has been humanely euthanized.

''(2) EXCEPTIONS.—

''(A) NON-GIPSA FARMS.—Paragraph (1) shall not apply to any farm the animal care practices of which are not subject to the authority of the Grain Inspection, Packers, and Stockyards Administration.

''(B) VETERINARY CARE.—Paragraph (1) shall not apply in a case in which nonambulatory livestock receive veterinary care intended to render the livestock ambulatory.''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by subsection (a) takes effect 1 year after the date of the enactment of this Act.

(2) REGULATIONS.—Not later than 1 year after the date of enactment of this Act, the Secretary of Agriculture shall promulgate regulations consistent with the amendment, relating to the handling, treatment, and disposition of nonambulatory livestock at livestock marketing facilities or by dealers.

SEC. 1022. COTTON CLASSIFICATION SERVICES.

The first sentence of section 3a of the Act of March 3, 1927 (commonly known as the ''Cotton Statistics and Estimates Act'') (7 U.S.C. 473), is amended by striking ''2002'' and inserting ''2006''.

SEC. 1023. PROTECTION FOR PURCHASERS OF FARM PRODUCTS.

Section 1324 of the Food Security Act of 1985 (7 U.S.C. 1631) is amended—

(1) in subsection (c)(4)—

(A) in subparagraph (B), by striking ''signed,'' and inserting ''signed, authorized, or otherwise authenticated by the debtor,'';

(B) by striking subparagraph (C);

(C) in subparagraph (D)—

(i) in clause (iii), by adding ''and'' after the semicolon at the end; and

(ii) in clause (iv), by striking ''applicable;'' and all that follows and inserting ''applicable, and the name of each county or parish in which the farm products are growing or located;''; and

(D) by redesignating subparagraphs (D) through (I) as subparagraphs (C) through (H), respectively;

(2) in subsection (e)—

(A) in paragraph (1)(A)—

(i) in clause (ii)—

(I) in subclause (III), by adding ''and'' after the semicolon at the end; and

(II) in subclause (IV), by striking ''crop year,'' and all that follows and inserting ''crop year, and the name of each county or parish in which the farm products are growing or located;''; and

(iii) in clause (v), by inserting ''contains'' before ''any payment''; and

(B) in paragraph (3)—

(i) in subparagraph (A), by striking ''subparagraph'' and inserting ''subsection''; and

(ii) in subparagraph (B), by striking ''; and'' and inserting a period; and

(3) subsection (g)(2)(A)—

(A) in clause (ii)—

(i) in subclause (III), by adding ''and'' after the semicolon at the end; and

(ii) in subclause (IV), by striking ''crop year,'' and all that follows and inserting ''crop year, and the name of each county or parish in which the farm products are growing or located;''; and

(B) in clause (v), by inserting ''contains'' before ''any payment''.

SEC. 1024. PENALTIES AND FOREIGN COMMERCE PROVISIONS OF THE ANIMAL WELFARE ACT.

(a) PENALTIES AND FOREIGN COMMERCE PROVISIONS OF THE ANIMAL WELFARE ACT.—Section 26 of the Animal Welfare Act (7 U.S.C. 2156) is amended—

(1) in subsection (e)—

(A) by inserting ''PENALTIES.—'' after ''(e)'';

(B) by striking ''$5,000'' and inserting ''$15,000''; and

(C) by striking ''1 year'' and inserting ''2 years''; and

(2) in subsection (g)(2)(B), by inserting at the end before the semicolon the following: ''or from any State into any foreign country''.

(b) EFFECTIVE DATE.—The amendments made by this section take effect 30 days after the date of the enactment of this Act.

SEC. 1025. PROHIBITION ON INTERSTATE MOVEMENT OF ANIMALS FOR ANIMAL FIGHTING.

(a) PROHIBITION ON INTERSTATE MOVEMENT OF ANIMALS FOR ANIMAL FIGHTING.—Section 26(d) of the Animal Welfare Act (7 U.S.C. 2156(d)) is amended to read as follows:

''(d) ACTIVITIES NOT SUBJECT TO PROHIBITION.—This section does not apply to the selling, buying, transporting, or delivery of an animal in interstate or foreign commerce for any purpose, so long as the purpose does not include participation of the animal in an animal fighting venture.''.

(b) EFFECTIVE DATE.—The amendment made by this section take effect 30 days after the date of the enactment of this Act.

SEC. 1026. OUTREACH AND ASSISTANCE FOR SOCIALLY DISADVANTAGED FARMERS AND RANCHERS.

Section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279) is amended by striking subsection (a) and inserting the following:

''(a) OUTREACH AND ASSISTANCE.—

''(1) DEFINITIONS.—In this subsection:

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

''(B) ELIGIBLE ENTITY.—The term 'eligible entity' means—

''(i) any community-based organization, network, or coalition of community-based organizations that—

''(I) has demonstrated experience in providing agricultural education or other agriculturally related services to socially disadvantaged farmers and ranchers;

''(II) has provided to the Secretary documentary evidence of work with socially disadvantaged farmers and ranchers during the 2-year period preceding the submission of an application for assistance under this subsection; and

''(III) has not engaged in activities prohibited under section 501(c)(3) of the Internal Revenue Code of 1986;

''(ii)(I) an 1890 institution (as defined in section 2 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7601)), including West Virginia State College;

''(II) a 1994 institution (as defined in section 2 of that Act);

''(III) an Indian tribal community college;

''(IV) an Alaska Native cooperative college;

''(V) a Hispanic-serving institution (as defined in section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103)); and

''(VI) any other institution of higher education (as defined in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001)) that has demonstrated experience in providing agriculture education or other agriculturally related services to socially disadvantaged farmers and ranchers in a region; and

''(iii) an Indian tribe (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)) or a national tribal organization that has demonstrated experience in providing agriculture education or other agriculturally related services to socially disadvantaged farmers and ranchers in a region.

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

''(2) PROGRAM.—The Secretary shall carry out an outreach and technical assistance program to encourage and assist socially disadvantaged farmers and ranchers—

''(A) in owning and operating farms and ranches; and

''(B) in participating equitably in the full range of agricultural programs offered by the Department.

''(3) REQUIREMENTS.—The outreach and technical assistance program under paragraph (2) shall—

''(A) enhance coordination of the outreach, technical assistance, and education efforts authorized under various agriculture programs; and

''(B) include information on, and assistance with—

''(i) commodity, conservation, credit, rural, and business development programs;

''(ii) application and bidding procedures;

''(iii) farm and risk management;

''(iv) marketing; and

''(v) other activities essential to participation in agricultural and other programs of the Department.

''(4) GRANTS AND CONTRACTS.—

''(A) IN GENERAL.—The Secretary may make grants to, and enter into contracts and other agreements with, an eligible entity to provide information and technical assistance under this subsection.

''(B) RELATIONSHIP TO OTHER LAW.—The authority to carry out this section shall be in addition to any other authority provided in this or any other Act.

''(5) FUNDING.—

''(A) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection $25,000,000 for each of fiscal years 2002 through 2006.

''(B) INTERAGENCY FUNDING.—In addition to funds authorized to be appropriated under subparagraph (A), any agency of the Department may participate in any grant, contract, or agreement entered into under this section by contributing funds, if the agency determined that the objectives of the grant, contract, or agreement will further the authorized programs of the contributing agency.''.

SEC. 1027. PUBLIC DISCLOSURE REQUIREMENTS FOR COUNTY COMMITTEE ELECTIONS.

Section 8(b)(5) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)(5)) is amended by striking subparagraph (B) and inserting the following:

''(B) ESTABLISHMENT AND ELECTIONS FOR COUNTY, AREA, OR LOCAL COMMITTEES.—

''(i) ESTABLISHMENT.—

''(I) IN GENERAL.—In each county or area in which activities are carried out under this section, the Secretary shall establish a county or area committee.

''(II) LOCAL ADMINISTRATIVE AREAS.—The Secretary may designate local administrative areas within a county or a larger area under the jurisdiction of a committee established under subclause (I).

''(ii) COMPOSITION OF COUNTY, AREA, OR LOCAL COMMITTEES.—A committee established under clause (i) shall consist of not fewer than 3 nor more than 5 members that—

''(I) are fairly representative of the agricultural producers within the area covered by the county, area, or local committee; and

''(II) are elected by the agricultural producers that participate or cooperate in programs administered within the area under the jurisdiction of the county, area, or local committee.

''(iii) ELECTIONS.—

''(I) IN GENERAL.—Subject to subclauses (II) through (V), the Secretary shall establish procedures for nominations and elections to county, area, or local committees.

''(II) NONDISCRIMINATION STATEMENT.—Each solicitation of nominations for, and notice of elections of, a county, area, or local committee shall include the nondiscrimination statement used by the Secretary.

''(III) NOMINATIONS.—

''(aa) ELIGIBILITY.—To be eligible for nomination and election to the applicable county, area, or local committee, as determined by the Secretary, an agricultural producer shall be located within the area under the jurisdiction of a county, area, or local committee, and participate or cooperate in programs administered within that area.

''(bb) OUTREACH.—In addition to such nominating procedures as the Secretary may prescribe, the Secretary shall solicit and accept nominations from organizations representing the interests of socially disadvantaged groups (as defined in section 355(e)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2003(e)(1)).

''(IV) OPENING OF BALLOTS.—

''(aa) PUBLIC NOTICE.—At least 10 days before the date on which ballots are to be opened and counted, a county, area, or local committee shall announce the date, time, and place at which election ballots will be opened and counted.

''(bb) OPENING OF BALLOTS.—Election ballots shall not be opened until the date and time announced under item (aa).

''(cc) OBSERVATION.—Any person may observe the opening and counting of the election ballots.

''(V) REPORT OF ELECTION.—Not later than 20 days after the date on which an election is held, a county, area, or local committee shall file an election report with the Secretary and the State office of the Farm Service Agency that includes—

''(aa) the number of eligible voters in the area covered by the county, area, or local committee;

''(bb) the number of ballots cast in the election by eligible voters (including the percentage of eligible voters that cast ballots);

''(cc) the number of ballots disqualified in the election;

''(dd) the percentage that the number of ballots disqualified is of the number of ballots received;

''(ee) the number of nominees for each seat up for election;

''(ff) the race, ethnicity, and gender of each nominee, as provided through the voluntary self-identification of each nominee; and

''(gg) the final election results (including the number of ballots received by each nominee).

''(VI) NATIONAL REPORT.—Not later than 90 days after the date on which the first election of a county, area, or local committee that occurs after the date of enactment of the Agriculture, Conservation, and Rural Enhancement Act of 2001 is held, the Secretary shall complete a report that consolidates all the election data reported to the Secretary under subclause (V).

''(VII) ELECTION REFORM.—

''(aa) ANALYSIS.—If determined necessary by the Secretary after analyzing the data contained in the report under subclause (VI), the Secretary shall promulgate and publish in the Federal Register proposed uniform guidelines for conducting elections for members and alternate members of county, area, and local committees not later than 1 year after the date of completion of the report.

''(bb) INCLUSION.—The procedures promulgated by the Secretary under item (aa) shall ensure fair representation of socially disadvantaged groups described in subclause (III)(bb) in an area covered by the county, area, or local committee, in cases in which those groups are underrepresented on the county, area, or local committee for that area.

''(cc) METHODS OF INCLUSION.—Notwithstanding clause (ii), the Secretary may ensure inclusion of socially disadvantaged farmers and ranchers through provisions allowing for appointment of additional voting members to a county, area, or local committee or through other methods.

''(iv) TERM OF OFFICE.—The term of office for a member of a county, area, or local committee shall not exceed 3 years.''.

SEC. 1028. PSEUDORABIES ERADICATION PROGRAM.

Section 2506(d) of the Food, Agriculture, Conservation, and Trade Act of 1990 (21 U.S.C. 114i(d)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 1029. TREE ASSISTANCE PROGRAM.

(a) IN GENERAL.—Section 194 of the Federal Agriculture Improvement and Reform Act of 1996 (Public Law 104–127; 110 Stat. 945) is amended to read as follows:

''SEC. 194. TREE ASSISTANCE PROGRAM.

''(a) DEFINITIONS.—In this section:

''(1) ELIGIBLE ORCHARDIST.—The term 'eligible orchardist' means a person that produces annual crops from trees for commercial purposes,

''(2) NATURAL DISASTER.—The term 'natural disaster' means plant disease, insect infestation, drought, fire, freeze, flood, earthquake, and other natural occurrences, as determined by the Secretary.

''(3) TREE.—The term 'tree' includes trees, bushes, and vines.

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

''(b) ELIGIBILITY.—

''(1) LOSS.—Subject to paragraph (2), the Secretary shall provide assistance in accordance with subsection (c) to eligible orchardists that, as determined by the Secretary—

''(A) planted trees for commercial purposes; and

''(B) lost those trees as a result of a natural disaster.

''(2) LIMITATION.—An eligible orchardist shall qualify for assistance under subsection (c) only if the tree mortality rate of the orchardist, as a result of the natural disaster, exceeds 15 percent (adjusted for normal mortality), as determined by the Secretary.

''(c) ASSISTANCE.—

''(1) IN GENERAL.—Assistance provided by the Secretary to eligible orchardists for losses described in subsection (b) shall consist of—

''(A) reimbursement of 75 percent of the cost of replanting trees lost due to a natural disaster, as determined by the Secretary, in excess of 15 percent mortality (adjusted for normal mortality); or

''(B) at the discretion of the Secretary, sufficient tree seedlings to reestablish the stand.

''(2) LIMITATION ON ASSISTANCE.—

''(A) LIMITATION.—The total amount of payments that a person may receive under this section shall not exceed—

''(i) $100,000; or

''(ii) an equivalent value in tree seedlings.

''(B) REGULATIONS.—The Secretary shall promulgate regulations that—

''(i) define the term 'person' for the purposes of this section (which definition shall conform, to the extent practicable, to the regulations defining the term 'person' promulgated under section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308); and

''(ii) prescribe such rules as the Secretary determines are necessary to ensure a fair and reasonable application of the limitation established under this section.

''(d) AUTHORIZATION OF APPROPRIATIONS.—Notwithstanding section 161, there is authorized to be appropriated such sums as are necessary to carry out this section for each of fiscal years 2002 through 2006.''.

(b) APPLICATION DATE.—The amendment made by subsection (a) shall apply to tree losses that are incurred as a result of a natural disaster after January 1, 2000.

SEC. 1030. NATIONAL ORGANIC CERTIFICATION COST-SHARE PROGRAM.

(a) IN GENERAL.—The Secretary of Agriculture (acting through the Agricultural Marketing Service) shall use $3,500,000 of funds of the Commodity Credit Corporation for fiscal year 2002 to establish a national organic certification cost-share program to assist producers and handlers of agricultural products in obtaining certification under the national organic production program established under the Organic Foods Production Act of 1990 (7 U.S.C. 6501 et seq.).

(b) FEDERAL SHARE.—

(1) IN GENERAL.—Subject to paragraph (2), the Secretary shall pay under this section not more than 75 percent of the costs incurred by a producer or handler in obtaining certification under the national organic production program, as certified to and approved by the Secretary.

(2) MAXIMUM AMOUNT.—The maximum amount of a payment made to a producer or handler under this section shall be $500.

SEC. 1031. FOOD SAFETY COMMISSION.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—There is established a commission to be known as the ''Food Safety Commission'' (referred to in this section as the ''Commission'').

(2) MEMBERSHIP.—

(A) COMPOSITION.—The Commission shall be composed of 15 members, of whom—

(i) 4 shall be appointed by the Majority Leader of the Senate;

(ii) 3 shall be appointed by the Minority Leader of the Senate;

(iii) 4 shall be appointed by the Speaker of the House of Representatives;

(iv) 3 shall be appointed by the Minority Leader of the House of Representatives; and

(v) 1 shall—

(I) be appointed jointly by the Speaker of the House of Representatives and the Majority Leader of the Senate; and

(II) serve as chairperson.

(B) ELIGIBILITY.—Members of the Commission—

(i) shall be knowledgeable or have expertise or training in matters under the jurisdiction of the Commission;

(ii) shall represent, at a minimum—

(I) consumer groups;

(II) food processors, producers, and retailers;

(III) public health professionals;

(IV) food inspectors;

(V) former or current food safety regulators;

(VI) members of academia; or

(VII) any other interested individuals; and

(iii) shall not be Federal employees.

(C) DATE OF APPOINTMENTS.—The appointment of a member of the Commission shall be made not later than 60 days after the date of enactment of this Act.

(D) CONSULTATION.—The Speaker of the House of Representatives, the Minority Leader of the House of Representatives, the Majority Leader of the Senate, and the Minority Leader of the Senate shall consult among themselves prior to appointing the members of the Commission under subparagraph (A) to achieve, to the maximum extent practicable—

(i) consensus on the appointments; and

(ii) fair and equitable representation of various points of view with respect to matters reviewed by the Commission.

(E) VACANCIES.—A vacancy on the Commission—

(i) shall not affect the powers of the Commission; and

(ii) shall be filled—

(I) not later than 60 days after the date on which the vacancy occurs; and

(II) in the same manner as the original appointment was made.

(3) MEETINGS.—

(A) INITIAL MEETING.—The initial meeting of the Commission shall be conducted not later than 30 days after the later of—

(i) the date of appointment of the final member of the Commission; or

(ii) the date on which funds authorized to be appropriated under subsection (f)(1) are made available.

(B) OTHER MEETINGS.—The Commission shall meet at the call of the Chairperson.

(4) QUORUM; STANDING RULES.—

(A) QUORUM.—A majority of the members of the Commission shall constitute a quorum to conduct business.

(B) STANDING RULES.—At the first meeting of the Commission, the Commission shall adopt standing rules of the Commission to guide the conduct of business and decision-making of the Commission.

(C) CONSENSUS.—

(i) IN GENERAL.—To the maximum extent practicable, the Commission shall carry out the duties of the Commission by reaching consensus.

(ii) VOTING.—

(I) IN GENERAL.—If the Commission is unable to achieve consensus with respect to a particular decision, the Commission shall vote on the decision.

(II) AUTHORITY.—Each member of the Commission shall have 1 vote, which vote shall be accorded the same weight as a vote of each other voting member.

(b) DUTIES.—

(1) RECOMMENDATIONS.—

(A) IN GENERAL.—The Commission shall make specific recommendations that build on and implement, to the maximum extent practicable, the recommendations contained in the report of the National Academy of Sciences entitled ''Ensuring Safe Food from Production to Consumption'' and that shall serve as the basis for draft legislative language to—

(i) improve the food safety system;

(ii) improve public health;

(iii) create a harmonized, central framework for managing Federal food safety programs (including outbreak management, standard-setting, inspection, monitoring, surveillance, risk assessment, enforcement, research, and education);

(iv) enhance the effectiveness of Federal food safety resources; and

(v) eliminate, to the maximum extent practicable, gaps, conflicts, duplication, and failures in the food safety system.

(B) COMPONENTS.—Recommendations made by the Commission under subparagraph (A) shall, at a minimum, address—

(i) all food available commercially in the United States, including meat, poultry, eggs, seafood, and produce;

(ii) the application of all resources based on risk, including resources for inspection, research, enforcement, and education;

(iii) shortfalls, redundancy, and inconsistency in laws (including regulations); and

(iv) the use of science-based methods, performance standards, and preventative control systems to ensure the safety of the food supply of the United States.

(2) REPORT.—Not later than 1 year after the date on which the Commission first meets, the Commission shall submit to the President and Congress a comprehensive report that includes—

(A) the findings, conclusions, and recommendations of the Commission;

(B) a summary of any reports submitted to the Commission under subsection (e) by—

(i) the Advisory Commission on Intergovernmental Relations; and

(ii) the National Academy of Sciences;

(C) a summary of any other material used by the Commission in the preparation of the report under this paragraph; and

(D) if requested by 1 or more members of the Commission, a statement of the minority views of the Commission.

(c) POWERS OF THE COMMISSION.—

(1) HEARINGS.—The Commission or, at the direction of the Commission, any subcommittee or member of the Commission, may, for the purpose of carrying out this section hold such hearings, meet and act at such times and places, take such testimony, receive such evidence, and administer such oaths, as the Commission or such subcommittee or member considers advisable.

(2) WITNESS ALLOWANCES AND FEES.—

(A) IN GENERAL.—Section 1821 of title 28, United States Code, shall apply to a witness requested to appear at a hearing of the Commission.

(B) EXPENSES.—The per diem and mileage allowances for a witness shall be paid from funds available to pay the expenses of the Commission.

(3) INFORMATION FROM FEDERAL AGENCIES.—

(A) IN GENERAL.—The Commission may secure directly, from any Federal Department or agency, such information as the Commission considers necessary to carry out the duties of the Commission under subsection (b).

(B) PROVISION OF INFORMATION.—

(i) IN GENERAL.—Subject to subparagraph (C), on the request of the Commission, the head of a department or agency described in subparagraph (A) shall furnish information requested by the Commission to the Commission.

(ii) ADMINISTRATION.—The furnishing of information by a department or agency to the Commission shall not be considered a waiver of any exemption available to the department or agency under section 552 of title 5, United States Code.

(C) INFORMATION TO BE KEPT CONFIDENTIAL.—

(i) IN GENERAL.—For purposes of section 1905 of title 18, United States Code—

(I) the Commission shall be considered an agency of the Federal Government; and

(II) any individual employed by an individual, entity, or organization that is a party to a contract with the Commission under subsection (e) shall be considered an employee of the Commission.

(ii) PROHIBITION ON DISCLOSURE.—Information obtained by the Commission, other than information that is available to the public, shall not be disclosed to any person in any manner except—

(I) to an employee of the Commission described in clause (i), for the purpose of receiving, reviewing, or processing the information;

(II) in compliance with a court order; or

(III) in any case in which the information is publicly released by the Commission in an aggregate or summary form that does not directly or indirectly disclose—

(aa) the identity of any person or business entity; or

(bb) any information the release of which is prohibited under section 1905 of title 18, United States Code.

(d) COMMISSION PERSONNEL MATTERS.—

(1) COMPENSATION OF MEMBERS.—A member of the Commission shall be compensated at a rate equal to the daily equivalent of the annual rate of basic pay prescribed for level IV of the Executive Schedule under section 5315 of title 5, United States Code, for each day (including travel time) during which the member is engaged in the performance of the duties of the Commission.

(2) TRAVEL EXPENSES.—A member of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for an employee of an agency under subchapter I of chapter 57 of title 5, United States Code, while away from the home or regular place of business of the member in the performance of the duties of the Commission.

(3) STAFF.—

(A) IN GENERAL.—The Chairperson of the Commission may, without regard to the civil service laws (including regulations), appoint and terminate an executive director and such other additional personnel as are necessary to enable the Commission to perform the duties of the Commission.

(B) CONFIRMATION OF EXECUTIVE DIRECTOR.—The employment of an executive director shall be subject to confirmation by the Commission.

(C) COMPENSATION.—

(i) IN GENERAL.—Except as provided in clause (ii), the Chairperson of the Commission may fix the compensation of the executive director and other personnel without regard to the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification of positions and General Schedule pay rates.

(ii) MAXIMUM RATE OF PAY.—The rate of pay for the executive director and other personnel shall not exceed the rate payable for level V of the Executive Schedule under section 5316 of title 5, United States Code.

(4) DETAIL OF FEDERAL GOVERNMENT EMPLOYEES.—

(A) IN GENERAL.—Notwithstanding any other provision of law (including an Act of appropriation), an employee of the Federal Government may be detailed to the Commission, without reimbursement, for such period of time as the Commission may require.

(B) CIVIL SERVICE STATUS.—The detail of the employee shall be without interruption or loss of civil service status or privilege.

(5) PROCUREMENT OF TEMPORARY AND INTERMITTENT SERVICES.—The Chairperson of the Commission may procure temporary and intermittent services in accordance with section 3109(b) of title 5, United States Code, at rates for individuals that do not exceed the daily equivalent of the annual rate of basic pay prescribed for level V of the Executive Schedule under section 5316 of that title.

(e) CONTRACTS FOR RESEARCH.—

(1) ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS.—

(A) IN GENERAL.—In carrying out the duties of the Commission under subsection (b), the Commission may enter into contracts with the Advisory Commission on Intergovernmental Relations under which the Advisory Commission on Intergovernmental Relations shall conduct a thorough review of, and shall catalogue, all applicable Federal, State, local, and tribal laws, regulations, and ordinances that pertain to food safety in the United States.

(B) REPORT.—A contract under subparagraph (A) shall require that, not later than 240 days after the date on which the Commission first meets, the Advisory Commission on Intergovernmental Relations shall submit to the Commission a report that describes the results of the services rendered by the Advisory Commission on Intergovernmental Relations under the contract.

(2) NATIONAL ACADEMY OF SCIENCES.—

(A) IN GENERAL.—In carrying out the duties of the Commission under subsection (b), the Commission may enter in contracts with the National Academy of Sciences to obtain research or other assistance.

(B) REPORT.—A contract under subparagraph (A) shall require that, not later than 240 days after the date on which the Commission first meets, the National Academy of Sciences shall submit to the Commission a report that describes the results of the services to be rendered by the National Academy of Sciences under the contract.

(3) OTHER ORGANIZATIONS.—Nothing in this subsection limits or otherwise affects the ability of the Commission to enter into a contract with an entity or organization that is not described in paragraph (1) or (2) to obtain assistance in conducting research necessary to carry out the duties of the Commission under subsection (b).

(f) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—There is authorized to be appropriated to carry out this section $3,000,000.

(2) LIMITATION.—No payment may be made under subsection (d) or (e) except to the extent provided for in advance in an appropriations Act.

(g) TERMINATION.—The Commission shall terminate on the date that is 60 days after the date on which the Commission submits the recommendations and report under subsection (b).

SEC. 1032. HUMANE METHODS OF ANIMAL SLAUGHTER.

It is the sense of Congress that—

(1) the Secretary of Agriculture should—

(A) resume tracking the number of violations of Public Law 85–765 (7 U.S.C. 1901 et seq.) and report the results and relevant trends annually to Congress; and

(B) fully enforce Public Law 85–765 by ensuring that humane methods in the slaughter of livestock—

(i) prevent needless suffering;

(ii) result in safer and better working conditions for persons engaged in the slaughtering of livestock;

(iii) bring about improvement of products and economies in slaughtering operations; and

(iv) produce other benefits for producers, processors, and consumers that tend to expedite an orderly flow of livestock and livestock products in interstate and foreign commerce; and

(2) it should be the policy of the United States that the slaughtering of livestock and the handling of livestock in connection with slaughter shall be carried out only by humane methods.

SEC. 1033. PENALTIES FOR VIOLATIONS OF PLANT PROTECTION ACT.

Section 424 of the Plant Protection Act (7 U.S.C. 7734) is amended—

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

''(a) CRIMINAL PENALTIES.—

''(1) IN GENERAL.—A person that knowingly violates this title shall be subject to criminal penalties in accordance with this subsection.

''(2) FELONIES.—

''(A) IN GENERAL.—Subject to subparagraphs (B) and (C), a person shall be imprisoned not more than 5 years, fined not more than $25,000, or both, in the case of a violation of this title involving—

''(i) plant pests;

''(ii) more than 50 pounds of plants;

''(iii) more than 5 pounds of plant products;

''(iv) more than 50 pounds of noxious weeds;

''(v) possession with intent to distribute or sell items described in clause (i), (ii), (iii), or (iv), knowing the items have been involved in a violation of this title; or

''(vi) forging, counterfeiting, or without authority from the Secretary, using, altering, defacing, or destroying a certificate, permit, or other document provided under this title.

''(B) MULTIPLE VIOLATIONS.—On the second and any subsequent conviction of a person of a violation of this title described in subparagraph (A), the person shall be imprisoned not more than 10 years or fined not more than $50,000, or both.

''(C) INTENT TO HARM AGRICULTURE OF UNITED STATES.—In the case of a knowing movement in violation of this title by a person of a plant, plant product, biological control organism, plant pest, noxious weed, article, or means of conveyance into, out of, or within the United States, with the intent to harm the agriculture of the United States by introduction into the United States or dissemination of a plant pest or noxious weed within the United States, the person shall be imprisoned not less than 10 nor more than 20 years, fined not more than $500,000, or both.

''(3) MISDEMEANORS.—

''(A) IN GENERAL.—Subject to subparagraph (B), a person shall be imprisoned not more than 1 year, fined not more than $1,000, or both, in the case of a violation of this title involving—

''(i) 50 pounds or less of plants;

''(ii) 5 pounds or less of plant products; or

''(iii) 50 pounds or less of noxious weeds.

''(B) MULTIPLE VIOLATIONS.—On the second and any subsequent conviction of a person of a violation of this title described in subparagraph (A), the person shall be imprisoned not more than 3 years, fined not more than $10,000, or both.'';

(2) by redesignating subsections (b), (c), and (d) as subsections (c), (e), (f), respectively;

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

''(b) CRIMINAL FORFEITURE.—

''(1) IN GENERAL.—In imposing a sentence on a person convicted of a violation of this title, in addition to any other penalty imposed under this section and irrespective of any provision of State law, a court shall order that the person forfeit to the United States—

''(A) any of the property of the person used to commit or to facilitate the commission of the violation (other than a misdemeanor); and

''(B) any property, real or personal, constituting, derived from, or traceable to any proceeds that the person obtained directly or indirectly as a result of the violation.

''(2) PROCEDURES.—All property subject to forfeiture under this subsection, any seizure and disposition of the property, and any proceeding relating to the forfeiture shall be subject to the procedures of section 413 of the Comprehensive Drug Abuse Prevention and Control Act of 1970 (21 U.S.C. 853), other than subsections (d) and (q).

''(3) PROCEEDS.—The proceeds from the sale of any forfeited property, and any funds forfeited, under this subsection shall be used—

''(A) first, to reimburse the Department of Justice, the United States Postal Service, and the Department of the Treasury for any costs incurred by the Departments and the Service to initiate and complete the forfeiture proceeding;

''(B) second, to reimburse the Office of Inspector General of the Department of Agriculture for any costs incurred by the Office

in the law enforcement effort resulting in the forfeiture;

''(C) third, to reimburse any Federal or State law enforcement agency for any costs incurred in the law enforcement effort resulting in the forfeiture; and

''(D) fourth, by the Secretary to carry out the functions of the Secretary under this title.''; and

(4) by inserting after subsection (c) (as redesignated by paragraph (2)) the following:

''(d) CIVIL FORFEITURE.—

''(1) IN GENERAL.—There shall be subject to forfeiture to the United States any property, real or personal—

''(A) used to commit or to facilitate the commission of a violation (other than a misdemeanor) described in subsection (a); or

''(B) constituting, derived from, or traceable to proceeds of a violation described in subsection (a).

''(2) PROCEDURES.—

''(A) IN GENERAL.—Subject to subparagraph (B), the procedures of chapter 46 of title 18, United States Code, relating to civil forfeitures shall apply to a seizure or forfeiture under this subsection, to the extent that the procedures are applicable and consistent with this subsection.

''(B) PERFORMANCE OF DUTIES.—Duties imposed on the Secretary of the Treasury under chapter 46 of title 18, United States Code, shall be performed with respect to seizures and forfeitures under this subsection by officers, employees, agents, and other persons designated by the Secretary of Agriculture.'.

SEC. 1034. CONNECTICUT RIVER ATLANTIC SALMON COMMISSION.

(a) EFFECTIVE PERIOD.—Section 3(2) of Public Law 98–138 (Public Law 98–138; 97 Stat. 870) is amended by striking ''twenty'' and inserting ''40''.

(b) AUTHORIZATION OF APPROPRIATIONS.—Public Law 98–138 (97 Stat. 866) is amended by adding at the end the following:

''SEC. 6. AUTHORIZATION OF APPROPRIATIONS.

''There is authorized to be appropriated to the Secretary of the Interior to carry out the activities of the Connecticut River Atlantic Salmon Commission $9,000,000 for each of fiscal years 2002 through 2010.''.

Subtitle D—Administration

SEC. 1041. REGULATIONS.

(a) IN GENERAL.—The Secretary of Agriculture may promulgate such regulations as are necessary to implement this Act and the amendments made by this Act.

(b) PROCEDURE.—The promulgation of the regulations and administration of title I and sections 456 and 508 and the amendments made by title I and sections 456 and 508 shall be made without regard to—

(1) the notice and comment provisions of section 553 of title 5, United States Code;

(2) the Statement of Policy of the Secretary of Agriculture effective July 24, 1971 (36 Fed. Reg. 13804), relating to notices of proposed rulemaking and public participation in rulemaking; and

(3) chapter 35 of title 44, United States Code (commonly known as the ''Paperwork Reduction Act'').

(c) CONGRESSIONAL REVIEW OF AGENCY RULEMAKING.—In carrying out subsection (b), the Secretary shall use the authority provided under section 808 of title 5, United States Code.

SEC. 1042. EFFECT OF AMENDMENTS.

(a) IN GENERAL.—Except as otherwise specifically provided in this Act and notwithstanding any other provision of law, this Act and the amendments made by this Act shall not affect the authority of the Secretary of Agriculture to carry out an agricultural market transition, price support, or production adjustment program for any of the 1996 through 2001 crop, fiscal, or calendar years under a provision of law in effect immediately before the date of enactment of this Act.

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

SA 2472. Mr. CRAPO (for himself, Mr. BINGAMAN, Mr. DOMENICI, Mr. BROWNBACK, Mr. CRAIG, and Mr. VOINOVICH) proposed an amendment to amendment SA 2471 proposed by Mr. DASCHLE to the bill (S. 1731) to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; as follows:

Strike section 132 and insert the following:

SEC. 132. STUDY OF NATIONAL DAIRY POLICY.

(a) STUDY REQUIRED.—Not later than April 30, 2002, the Secretary of Agriculture shall submit to Congress a comprehensive economic evaluation of the potential direct and indirect effects of the various elements of the national dairy policy, including an examination of the effect of the national dairy policy on—

(1) farm price stability, farm profitability and viability, and local rural economies in the United States;

(2) child, senior, and low-income nutrition programs, including impacts on schools and institutions participating in the programs, on program recipients, and other factors; and

(3) the wholesale and retail cost of fluid milk, dairy farms, and milk utilization.

(b) NATIONAL DAIRY POLICY DEFINED.—In this section, the term ''national dairy policy'' means the dairy policy of the United States as evidenced by the following policies and programs:

(1) Federal Milk Marketing Orders.

(2) Interstate dairy compacts (including proposed compacts described in H.R. 1827 and S. 1157, as introduced in the 107th Congress).

(3) Over-order premiums and State pricing programs.

(4) Direct payments to milk producers.

(5) Federal milk price support program.

(6) Export programs regarding milk and dairy products, such as the Dairy Export Incentive Program.

SA 2473. Mr. LUGAR (for himself and Mr. DOMENICI) proposed an amendment to amendment SA 2471 proposed by Mr. DASCHLE to the bill (S. 1731) to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; as follows:

Beginning on page 985, strike subtitle D and all that follows through page 987, line 2 and insert the following:

TITLE XI—COMMODITY PROGRAMS

SEC. 1101. SHORT TITLE.

This title may be cited as the ''Farm Financial Protection Act''.

SEC. 1102. PURPOSES.

The purposes of this title are—

(1) to encourage producers to select strategies for managing risk in the farming or ranching operation of the producer by providing financial assistance that can be applied to the risk management strategy that the producer believes best addresses the unique financial, business, and agricultural conditions of the farm or ranch of the producer; and

(2) to provide new programs that—

(A) allow producers to address the risk management strategies that best suit the farming or ranching operation of the producer; and

(B) do not distort commercial markets and are consistent with international obligations of the United States.

Subtitle A—Farm Financial Protection

SEC. 1111. DEFINITIONS.

In this subtitle:

(1) ADJUSTED GROSS REVENUE.—The term ''adjusted gross revenue'' means the adjusted gross income for all agricultural enterprises of a producer in an applicable year, excluding revenue earned from nonagricultural sources, as determined by the Secretary—

(A) by taking into account gross receipts from the sale of crops and livestock on all agricultural enterprises of the producer, including insurance indemnities resulting from losses in the agricultural enterprises;

(B) by including all farm payments paid by the Secretary for all agricultural enterprises of the producer, including—

(i) a voucher received under section 1112; and

(ii) any marketing loan gains described in section 1001(3)(A) of the Food Security Act of 1985 (7 U.S.C. 1308(3)(A));

(C) by deducting the cost or basis of livestock or other items purchased for resale, such as feeder livestock, on all agricultural enterprises of the producer; and

(D) as represented on—

(i) a schedule F of the Federal income tax returns of the producer; or

(ii) a comparable tax form related to the agricultural enterprises of the producer, as approved by the Secretary.

(2) AGRICULTURAL COMMODITY.—The term ''agricultural commodity'' means any agricultural commodity, food, feed, fiber, or livestock.

(3) AGRICULTURAL ENTERPRISE.—The term ''agricultural enterprise'' means the production and marketing of all agricultural commodities (including livestock but excluding tobacco) on a farm or ranch.

(4) APPLICABLE YEAR.—The term ''applicable year'' means the year during which the producer elects to receive a voucher under a risk management contract.

(5) AVERAGE ADJUSTED GROSS REVENUE.—The term ''average adjusted gross revenue'' means—

(A) the average of the adjusted gross revenue of a producer for each of the preceding 5 taxable years; or

(B) in the case of a beginning farmer or rancher or other producer that does not have adjusted gross revenue for each of the preceding 5 taxable years, the estimated income of the producer that will be earned from all agricultural enterprises for the applicable year, as determined by the Secretary.

(6) PRODUCER.—The term ''producer'' means an individual or entity, as determined by the Secretary for an applicable year, that—

(A) shares in the risk of producing, or provides a material contribution in producing, an agricultural commodity for the applicable year;

(B) has a substantial beneficial interest in the agricultural enterprise in which the agricultural commodity is produced;

(C)(i) during each of the preceding 5 taxable years, has filed—

(I) a schedule F of the Federal income tax returns; or

(II) a comparable tax form related to the agricultural enterprises of the individual or entity, as approved by the Secretary; or

(ii) is a beginning farmer or rancher or other producer that does not have adjusted gross revenue for each of the preceding 5 taxable years, as determined by the Secretary; and

(D)(i) has earned at least $20,000 in average adjusted gross revenue for each of the preceding 5 taxable years;

(ii) is a limited resource farmer or rancher, as determined by the Secretary; or

(iii) in the case of a beginning farmer or rancher or other producer that does not have adjusted gross revenue for each of the preceding 5 taxable years, has at least $20,000 in estimated income from all agricultural enterprises for the applicable year, as determined by the Secretary.

(7) RISK MANAGEMENT CONTRACT.—The term ''risk management contract'' means a contract entered into under section 1112 annually for each applicable year.

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

SEC. 1112. RISK MANAGEMENT CONTRACT.

(a) OFFER.—The Secretary shall offer to enter into a risk management contract annually for each of the 2003 through 2006 crops with each producer that is engaged in the production of an agricultural commodity for an applicable year.

(b) VOUCHER.—

(1) IN GENERAL.—Under a risk management contract, the Secretary shall pay to a producer a voucher that is equivalent in value to the average adjusted gross revenue of the producer.

(2) PAYMENT RATE.—The payment rate for a voucher each year shall be equal to the total of—

(A) 6 percent for the amount of the average adjusted gross revenue of a producer that is less than $250,000;

(B) 4 percent for the amount of the average adjusted gross revenue of a producer that is $250,000 or more but less than $500,000;

(C) 1 percent for the amount of the average adjusted gross revenue of a producer that is $500,000 or more but less than $1,000,000; and

(D) 0 percent for the amount of the average adjusted gross revenue of a producer that is $1,000,000 or more.

(c) ELIGIBILITY.—

(1) IN GENERAL.—An individual or entity may not receive directly or indirectly a voucher that is equal in value to more than $30,000 in a year.

(2) INELIGIBLE ENTITIES.—An entity shall be ineligible to receive a voucher under this section if the entity is—

(A) an agency of the Federal Government, a State, or a political subdivision of a State;

(B) an entity that has shares traded on a public stock exchange; or

(C) another entity, as determined by the Secretary.

(3) VERIFICATION.—The Secretary shall determine which individuals or entities are eligible for a voucher under this section by using social security numbers or taxpayer identification numbers, respectively.

(d) TERMS.—

(1) IN GENERAL.—In exchange for a voucher under a risk management contract, a producer shall—

(A) purchase whole farm revenue insurance coverage under section 525 of the Federal Crop Insurance Act (as added by section 1113(a)) that provides a revenue guarantee of at least 80 percent of the average adjusted gross revenue of the producer at a payment rate of 100 percent;

(B) contribute an amount that is at least equal to the amount of the voucher to an Account established under section 1114; or

(C) redeem the voucher for a cash payment and use the payment to carry out 1 or more risk management strategies for the farm under section 1115 that are sufficient to guarantee a net income from all agricultural enterprises of the producer for the applicable year that is at least 80 percent of the average adjusted gross revenue of the producer.

(2) CONSERVATION COMPLIANCE.—In addition to implementing 1 of the risk management strategies under paragraph (1), a producer shall agree, in exchange for a voucher, to—

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

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

(3) EXCESS VOUCHER AMOUNTS.—

(A) WHOLE FARM REVENUE INSURANCE COVERAGE.—If a producer elects to use a voucher to purchase whole farm revenue insurance coverage under section 525 of the Federal Crop Insurance Act (as added by section 1113(a)) and the amount of the voucher exceeds the premium for the coverage, the producer may only deposit the amount of the voucher that exceeds the premium into an Account in accordance with section 1114.

(B) RISK MANAGEMENT OPTIONS.—If a producer elects to use a voucher to carry out 1 or more risk management strategies under section 1115 and the amount of the voucher exceeds the amount necessary to carry out the strategies, the producer may only deposit the amount of the voucher that exceeds the amount necessary to carry out the strategies into an Account in accordance with section 1114.

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

(e) ADMINISTRATION.—

(1) APPLICATION.—A producer that elects to enter into a risk management contract for an applicable year shall submit an application to the Secretary prior to the beginning of the calendar year in which the voucher would be paid.

(2) PAYMENT OF VOUCHER.—The Secretary shall make available to the producer the full amount of the voucher required to be paid for the applicable year not earlier than October 1 of the applicable year.

(3) INTERNET.—The Secretary shall facilitate the contract process required under this section, to the maximum extent practicable, by using the Internet.

(4) COMPLIANCE.—The Secretary shall perform random audits of producers that enter into risk management contracts to ensure that the producers comply with the risk management contracts.

(5) VIOLATIONS.—If a producer has accepted a risk management payment for an applicable year and the producer fails to comply with subsection (d) with respect to the applicable year, the producer—

(A) shall refund to the Secretary an amount equal to the amount of the voucher; and

(B) may be determined to be ineligible to receive a voucher under this subtitle for a period of not to exceed 5 years, as determined by the Secretary.

(f) SHARING OF BENEFITS.—The Secretary shall provide for the sharing of benefits under this subtitle among all producers on a farm on a fair and equitable basis.

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

SEC. 1113. WHOLE FARM REVENUE INSURANCE.

(a) IN GENERAL.—The Federal Crop Insurance Act (7 U.S.C. 1501 et. seq.) is amended by adding at the end the following:

''SEC. 525. WHOLE FARM REVENUE INSURANCE.

''(a) DEFINITIONS.—In this section:

''(1) ADJUSTED GROSS REVENUE.—The term 'adjusted gross revenue' means the adjusted gross income for all agricultural enterprises of a producer, excluding revenue earned from nonagricultural sources, as determined by the Secretary—

''(A) by taking into account gross receipts from the sale of all crops and livestock on all agricultural enterprises of the producer;

''(B) by deducting the cost or basis of livestock or other items purchased for resale, such as feeder livestock, on all agricultural enterprises of the producer; and

''(C) as represented on—

''(i) a schedule F of the Federal income tax returns; or

''(ii) a comparable tax form related to the agricultural enterprises of the producer, as approved by the Secretary.

''(2) AGRICULTURAL COMMODITY.—The term 'agricultural commodity' means any agricultural commodity, livestock (as defined in section 523(b)(1)), food, feed, or fiber.

''(3) AGRICULTURAL ENTERPRISE.—The term 'agricultural enterprise' means the production and marketing of all agricultural commodities (including livestock) on a farm or ranch.

''(4) AVERAGE ADJUSTED GROSS REVENUE.—The term 'average adjusted gross revenue' means—

''(A) the average adjusted gross revenue of a producer for the preceding 5 taxable years; or

''(B) in the case of a beginning farmer or rancher or other producer that does not have adjusted gross revenue for each of the preceding 5 taxable years, the estimated income of the producer that will be earned from all agricultural enterprises for the applicable year, as determined by the Secretary.

''(b) REVENUE INSURANCE.—If a producer elects to use a voucher in accordance with section 1112(d)(1)(A) of the Farm and Ranch Equity Act of 2001, the producer may use the voucher to obtain insurance that provides a revenue guarantee for all agricultural enterprises of the producer.

''(c) REVENUE GUARANTEE.—The amount of the revenue guarantee for a policy of revenue insurance under this section for the agricultural enterprises of a producer shall be equal to the product obtained by multiplying—

''(1) the coverage level; by

''(2) the average adjusted gross revenue of the producer.

''(d) COVERAGE LEVEL.—The coverage level for whole farm revenue insurance under this section shall be 80 percent of the average adjusted gross revenue of a producer.

''(e) PURCHASE OF MULTIPERIL OR REVENUE COVERAGES.—A producer that purchases coverage under this section shall not be required to purchase other policies of multiperil or revenue coverage under this title.

''(f) ADMINISTRATION.—In providing a policy of whole farm revenue insurance to a producer under this section, the Secretary shall—

''(1) offer the policy through a reinsurance agreement with a private insurance company;

''(2) ensure that the policy is actuarially sound;

''(3) require the producer to pay administrative fees and premiums for the policy in accordance with subsections (c)(10) and (d), respectively, of section 508; and

''(4) pay a portion of the premium for the policy in an amount that does not exceed the amount authorized under section 508(e)(2)(F).

''(g) DELIVERY REQUIRED.—Notwithstanding any other provision of law, each insurance company that is reinsured under the Standard Reinsurance Agreement shall offer a whole farm revenue insurance policy described in this section.

''(h) REINSURANCE YEARS.—This section shall apply to each of the 2003 through 2006 reinsurance years.''.

(b) CONFORMING AMENDMENT.—Section 508(e)(2)(F) of the Federal Crop Insurance Act (7 U.S.C. 1508(e)(2)(F)) is amended by inserting ''(including whole farm revenue insurance)'' after ''not based on individual yield''.

SEC. 1114. RISK MANAGEMENT STABILIZATION ACCOUNTS.

(a) DEFINITION OF ACCOUNT.—In this section, the term ''Account'' means a Risk Management Stabilization Account that is established in the name of a participating producer in a bank or financial institution that is selected by the producer and approved by the Secretary, consisting of—

(1) contributions of the producer; and

(2) matching contributions of the Secretary.

(b) ESTABLISHMENT.—If a producer elects to use a voucher in accordance with section 1112(d)(1)(B), the producer shall establish an Account under which—

(1) the producer shall provide monetary contributions to the Account;

(2) the Secretary shall provide a matching contribution to the Account not to exceed an amount equal to the amount of the voucher of the producer; and

(3) the producer may withdraw accumulated funds from the Account.

(c) DEPOSITS.—

(1) PRODUCER CONTRIBUTION.—A producer shall deposit an amount that is at least equal to the amount of the voucher determined under section 1112(b).

(2) MATCHING CONTRIBUTION.—

(A) IN GENERAL.—Subject to subparagraph (C), the Secretary shall provide a matching contribution that is equal to, and may not exceed, the amount deposited by the producer into the Account.

(B) VALUE.—Before a voucher is deposited into an Account under subparagraph (A), the voucher shall have no value during the applicable year.

(C) CONTRIBUTIONS EXCEEDING VOUCHER.—The amount of any producer contributions into the Account that exceed the amount of the voucher shall not be eligible for matching contributions.

(3) INTEREST.—Funds deposited into the Account may earn interest at the commercial rates provided by the bank or financial institution in which the Account is established.

(d) MAXIMUM ACCOUNT BALANCE.—The balance of an Account of a producer may not exceed 150 percent of the average adjusted gross revenue of the producer.

(e) USE.—Funds credited to the Account—

(1) shall be available for withdrawal by a producer, in accordance with subsection (f); and

(2) may be used for purposes determined by the producer.

(f) WITHDRAWAL.—

(1) IN GENERAL.—Subject to paragraphs (2) and (3), a producer may withdraw funds from the Account if the estimated net income for an applicable year from the agricultural enterprises of the producer is less than the average adjusted gross revenue of the producer.

(2) AMOUNT.—The amount of a withdrawal by a producer from an Account may not exceed the difference between (as determined by the Secretary)—

(A) the average adjusted gross revenue of the producer; and

(B) the estimated net income for the agricultural enterprises of the producer for the year for which a withdrawal occurs.

(3) RETIREMENT.—A producer that ceases to be actively engaged in farming, as determined by the Secretary—

(A) may withdraw the full balance from, and close, the Account; and

(B) may not establish another Account.

(g) ADMINISTRATION.—The Secretary shall administer this section through the Farm Service Agency and local and county offices of the Department of Agriculture.

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

SEC. 1115. RISK MANAGEMENT OPTIONS AVAILABLE IN MARKETPLACE.

(a) DEFINITION OF REGULATED EXCHANGE.—The term ''regulated exchange'' means a board of trade (as defined in section 1a of the Commodity Exchange Act (7 U.S.C. 1a)) that is designated as a contract market under section 2(a)(1)(C) of that Act (7 U.S.C. 2a(a)(1)(C)).

(b) FARM PRICE PROTECTION.—If a producer elects to use a voucher in accordance with section 1112(d)(1)(C), the producer shall redeem the voucher for a cash payment and use the payment to carry out 1 or more risk management strategies for the farm described in subsection (c) during the applicable year that are sufficient to guarantee a net income from all agricultural enterprises of the producer for the applicable year that is at least 80 percent of the average adjusted gross revenue of the producer.

(c) RISK MANAGEMENT STRATEGIES.—A producer may use a cash payment obtained under subsection (b) to purchase—

(1) crop or revenue insurance available under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) (other than whole farm revenue insurance under section 525 of that Act) or private insurance (such as hail coverage);

(2) a future or option on a regulated exchange, as determined by the Secretary;

(3) an agricultural trade option, purchased other than on a regulated exchange, for an agricultural commodity produced by the producer that is—

(A) an equity option (as defined in section 1256(g) of the Internal Revenue Code of 1986); or

(B) a hedging transaction (as defined in section 1256(e)(2) of that Code);

(4) a cash forward or other marketing contract;

(5) a trust that is authorized by Federal law for eligible farming businesses that may be established to accept tax deductible contributions; or

(6) other type of farm price protection that is available in the private sector and approved by the Secretary.

SEC. 1116. CONFORMING AMENDMENTS.

Section 506(m) of the Federal Crop Insurance Act (7 U.S.C. 1506(m)) is amended—

(1) in paragraph (1), by striking ''participation in the multiple peril crop insurance program'' and inserting ''a covered person to participate in the multiple peril crop insurance program (including whole farm revenue insurance under section 525) or entering into a risk management contract under section 1112 of the Farm Financial Protection Act'';

(2) by striking ''policyholder'' each place it appears and inserting ''covered person''; and

(3) in paragraph (2), by striking ''POLICYHOLDERS'' and inserting ''COVERED PERSONS''.

Subtitle B—Phase Out of Commodity Programs

SEC. 1121. PROHIBITION ON AGRICULTURAL PRICE SUPPORT AND PRODUCTION ADJUSTMENT.

(a) IN GENERAL.—Notwithstanding any other provision of law, except as otherwise provided in this subtitle and effective beginning with the 2003 crop or the 2003 marketing, reinsurance, fiscal, or calendar year (as applicable) for each agricultural commodity, the Secretary of Agriculture and the Commodity Credit Corporation may not provide loans, purchases, payments, or other operations or take any other action to support the price, or adjust or control the production, of an agricultural commodity by using the funds, facilities, and authorities of the Commodity Credit Corporation or under the authority of any law.

(b) EXCEPTIONS.—Subsection (a) shall not apply to—

(1) any activities under the Agricultural Adjustment Act (7 U.S.C. 601 et seq.), reenacted with amendments by the Agricultural Marketing Act of 1937;

(2) section 32 of the Act of August 24, 1935 (7 U.S.C. 612c; 49 Stat. 774, chapter 641);

(3) part I of subtitle B of title III of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1311 et seq.); and

(4) sections 106, 106A, and 106B of the Agricultural Act of 1949 (7 U.S.C. 1445, 1445–1, 1445–2).

SEC. 1122. AGRICULTURAL MARKET TRANSITION ACT.

(a) REPEALS.—

(1) 2003 AND SUBSEQUENT CROPS.—Effective beginning with the 2003 crop, the Agricultural Market Transition Act (7 U.S.C. 7201 et seq.) is repealed, other than the following:

(A) Subtitle A (7 U.S.C. 7201 et seq.).

(B) Sections 131, 132, and 133 (7 U.S.C. 7231, 7232, 7233).

(C) Subsections (a) through (d) of section 134 (7 U.S.C. 7234).

(D) Section 135 (7 U.S.C. 7235).

(E) Sections 141 and 142 (7 U.S.C. 7251, 7252).

(F) Chapter 2 of subtitle D (7 U.S.C. 7271 et seq.).

(G) Sections 161 through 165 (7 U.S.C. 7281 et seq.).

(H) Subtitle H (7 U.S.C. 7331 et seq.).

(2) 2003 AND SUBSEQUENT CALENDAR YEARS.—Effective January 1, 2003, sections 141 and 142 of the Agricultural Market Transition Act (7 U.S.C. 7251, 7252) are repealed.

(3) 2006 AND SUBSEQUENT CROPS.—Effective beginning with the 2006 crop, the following provisions of the Agricultural Market Transition Act (7 U.S.C. 7231 et seq.) are repealed:

(A) Subtitle C (7 U.S.C. 7231 et seq.), other than sections 131 through 134.

(B) Chapter 2 of subtitle D (7 U.S.C. 7271 et seq.), other than section 156(f) (7 U.S.C. 7272(f)).

(b) AVAILABILITY OF NONRECOURSE MARKETING ASSISTANCE LOANS.—Section 131 of the Agricultural Market Transition Act (7 U.S.C. 7231) is amended —

(1) in subsection (a) by striking ''2002'' and inserting ''2006''; and

(2) by striking subsection (b) and inserting the following:

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

(c) LOAN RATES FOR MARKETING ASSISTANCE LOANS.—Section 132 of the Agricultural Market Transition Act (7 U.S.C. 7232) is amended to read as follows:

''SEC. 132. LOAN RATES FOR MARKETING ASSISTANCE LOANS.

''(a) WHEAT.—The loan rate for a marketing assistance loan under section 131 for wheat shall be 90 percent for the 2003 crop, 85 percent for the 2004 crop, 80 percent for the 2005 crop, and 1 percent for the 2006 crop, 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.

''(b) FEED GRAINS.—

''(1) CORN.—The loan rate for a marketing assistance loan under section 131 for corn shall be 90 percent for the 2003 crop, 85 percent for the 2004 crop, 80 percent for the 2005 crop, and 1 percent for the 2006 crop, 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.

''(2) OTHER FEED GRAINS.—The loan rate for a marketing assistance loan under section 131 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.

''(c) UPLAND COTTON.—The loan rate for a marketing assistance loan under section 131 for upland cotton shall be 90 percent for the 2003 crop, 85 percent for the 2004 crop, 80 percent for the 2005 crop, and 1 percent for the 2006 crop, of the simple average price received by producers of upland cotton, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of upland cotton, 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.

''(d) EXTRA LONG STAPLE COTTON.—The loan rate for a marketing assistance loan under section 131 for extra long staple cotton shall be 90 percent for the 2003 crop, 85 percent for the 2004 crop, 80 percent for the 2005 crop, and 1 percent for the 2006 crop, of the simple average price received by producers of extra long staple cotton, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of extra long staple cotton, 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.

''(e) RICE.—The loan rate for a marketing assistance loan under section 131 for rice shall be 90 percent for the 2003 crop, 85 percent for the 2004 crop, 80 percent for the 2005 crop, and 1 percent for the 2006 crop, of the simple average price received by producers of rice, 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.

''(f) OILSEEDS.—

''(1) SOYBEANS.—The loan rate for a marketing assistance loan under section 131 for soybeans shall be 90 percent for the 2003 crop, 85 percent for the 2004 crop, 80 percent for the 2005 crop, and 1 percent for the 2006 crop, 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.

''(2) SUNFLOWER SEED, CANOLA, RAPESEED, SAFFLOWER, MUSTARD SEED, AND FLAXSEED.—The loan rate for a marketing assistance loan under section 131 for sunflower seed, canola, rapeseed, safflower, mustard seed, and flaxseed, individually, shall be 90 percent for the 2003 crop, 85 percent for the 2004 crop, 80 percent for the 2005 crop, and 1 percent for the 2006 crop, of the simple average price received by producers of sunflower seed, individually, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of sunflower seed, individually, 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.

''(3) OTHER OILSEEDS.—The loan rates for a marketing assistance loan under section 131 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.''.

(d) PEANUT PROGRAM.—Section 155 of the Agricultural Market Transition Act (7 U.S.C. 7271) is amended by striking subsections (h) and (i) and inserting the following:

''(h) PHASED REDUCTION OF LOAN RATE.—

''(1) IN GENERAL.—For each of the 2003, 2004, and 2005 crops of quota and additional peanuts, the Secretary shall lower the loan rate for each succeeding crop in a manner that progressively and uniformly lowers the loan rate for quota and additional peanuts to $0 for the 2006 crop.

''(2) MARKETING ASSOCIATION COOPERATIVES.—The Secretary shall allow the marketing association cooperatives to set up type pools (specifically Valencia) for peanuts and, if loans are available, they will be able to provide loan storage for peanuts.

''(i) CROPS.—This section shall be effective only for the 1996 through 2005 crops.''.

(e) SUGAR PROGRAM.—Section 156 of the Agricultural Market Transition Act (7 U.S.C. 7272) is amended—

(1) in subsection (e), by striking paragraph (1) and inserting the following:

''(1) LOANS.—The Secretary shall carry out this section through the use of recourse loans.'';

(2) in subsection (f), by striking ''2003'' each place it appears and inserting ''2006'';

(3) by redesignating subsection (i) as subsection (j);

(4) by inserting after subsection (h) the following:

''(i) PHASED REDUCTION OF LOAN RATE.—For each of the 2003, 2004, and 2005 crops of sugar beets and sugarcane, the Secretary shall lower the loan rate for each succeeding crop in a manner that progressively and uniformly lowers the loan rate for sugar beets and sugarcane to $0 for the 2006 crop.''; and

(5) in subsection (j) (as redesignated), by striking ''2002'' and inserting ''2005''.

(f) CONFORMING AMENDMENT.—Section 1240M of the Food Security Act of 1985 (16 U.S.C. 3839bb) is repealed.

SEC. 1123. AGRICULTURAL ADJUSTMENT ACT OF 1938.

(a) REPEALS.—

(1) 2003 AND SUBSEQUENT MARKETING YEARS AND CROPS.—Effective beginning with the 2003 marketing or crop year (as applicable), the Agricultural Adjustment Act of 1938 (7 U.S.C. 1281 et seq.) is repealed, other than the following:

(A) The first section (7 U.S.C. 1281).

(B) Section 301 (7 U.S.C. 1301).

(C) Part I of subtitle B of title III (7 U.S.C. 1311 et seq.).

(D) Part VI of subtitle B of title III (7 U.S.C. 1357 et seq.).

(E) Subtitle C of title III (7 U.S.C. 1361 et seq.).

(F) Subtitle F of title III (7 U.S.C. 1381 et seq.).

(G) Title V (7 U.S.C. 1501 et seq.).

(2) 2006 AND SUBSEQUENT MARKETING YEARS AND CROPS.—Effective beginning with the 2006 marketing year or crop year (as applicable), part VI of subtitle B of title III (7 U.S.C. 1357 et seq.) is repealed.

(b) PEANUT QUOTA.—

(1) EXTENSION.—Sections 358–1, 358b(c), 358c(d), and 358e(i) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358–1, 1358b(c), 1358c(d), 1359a(i)) are amended by striking ''2002'' each place it appears and inserting ''2005''.

(2) PEANUT QUOTA.—Part VI of subtitle B of title III of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1357 et seq.) is amended by adding at the end the following:

''SEC. 358f. PHASED INCREASE IN QUOTA.

''For each of the 2003, 2004, and 2005 crops of quota peanuts, the Secretary shall increase the marketing quota and allotment for each succeeding marketing year in a manner that progressively and uniformly increases the marketing quota to anticipate the elimination of the marketing quota for the 2006 crop.''.

(c) CONFORMING AMENDMENTS.—

(1) REFERENCES TO PARITY PRICES.—Section 302 of the Agricultural Act of 1948 (7 U.S.C. 1301a) is amended by striking subsection (f).

(2) TRANSFER OF ACREAGE ALLOTMENTS.—Section 706 of the Food and Agriculture Act of 1965 (7 U.S.C. 1305) is repealed.

(3) PROJECTED YIELDS.—Section 708 of the Food and Agriculture Act of 1965 (7 U.S.C. 1306) is repealed.

(4) WHEAT DIVERSION PROGRAMS.—Section 327 of the Food and Agriculture Act of 1962 (7 U.S.C. 1339b) is repealed.

(5) FARM MARKETING QUOTAS.—The Joint Resolution entitled ''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), is repealed.

(6) COTTON ACREAGE ALLOTMENTS.—The Act of March 29, 1949 (63 Stat. 17, chapter 38; 7 U.S.C. 1344a), is repealed.

(7) RECONCENTRATION OF COTTON.—The Act of June 16, 1938 (52 Stat. 762, chapter 480; 7 U.S.C. 1383a), is repealed.

(8) REQUIREMENTS FOR CORN.—Section 308 of the Agricultural Act of 1956 (7 U.S.C. 1442) is repealed.

(9) FIELD MEASUREMENT.—Section 1112 of the Omnibus Budget Reconciliation Act of 1987 (101 Stat. 1330–8) is amended by striking subsection (c).

SEC. 1124. COMMODITY CREDIT CORPORATION CHARTER ACT.

(a) IN GENERAL.—Section 5 of the Commodity Credit Corporation Charter Act (15 U.S.C. 714c) is amended—

(1) by striking subsection (a); and

(2) by redesignating subsections (b) through (g) as subsections (a) through (f), respectively.

(b) CONFORMING AMENDMENT.—Section 619 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1738r) is amended by striking ''section 5(f) of the Commodity Credit Corporation Charter Act'' and inserting ''section 5(e) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714c(e))''.

(c) CROPS.—The amendments made by this section apply beginning with the 2006 crop.

SEC. 1125. AGRICULTURAL ACT OF 1949.

(a) IN GENERAL.—The Agricultural Act of 1949 (7 U.S.C. 1421 et seq.) is repealed, other than the following:

(1) The first section (7 U.S.C. 1421 note).

(2) Sections 106, 106A, and 106B (7 U.S.C. 1445, 1445–1, 1445–2).

(3) Section 416 (7 U.S.C. 1431)

(b) CONFORMING AMENDMENTS.—

(1) AMOUNT OF ASSESSMENTS.—Section 4609 of the Omnibus Trade and Competitiveness Act of 1988 (7 U.S.C. 624 note; Public Law 100–418) is repealed.

(2) AMERICAN AGRICULTURE PROTECTION PROGRAM.—Section 1002 of the Food and Agriculture Act of 1977 (7 U.S.C. 1310) is repealed.

(3) ADVANCE RECOURSE LOANS.—Section 13 of the Food Security Improvements Act of 1986 (7 U.S.C. 1433c–1) is repealed.

(4) CONVERSION INTO FUELS.—Section 2001 of the Food and Agriculture Act of 1977 (7 U.S.C. 1435) is amended—

(A) by striking subsection (a); and

(B) in subsection (b)—

(i) by striking the subsection designation;

(ii) by redesignating paragraphs (1) through (4) as subsections (a) through (d), respectively;

(iii) in subsection (a) (as so redesignated), by striking ''During'' and all that follows through ''1949, the'' and inserting ''The''; and

(iv) by striking ''subsection'' each place it appears and inserting ''section''.

(5) REIMBURSEMENT OF CCC.—Section 412 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736f) is amended by striking subsection (d).

(6) HONEY ASSESSMENTS.—

(A) Section 9 of the Honey Research, Promotion, and Consumer Information Act (7 U.S.C. 4608) is amended—

(i) by striking subsection (d);

(ii) by redesignating subsections (e) through (i) as subsections (d) through (h), respectively;

(iii) in subsection (a), by striking ''(d), (e), and (i)'' and inserting ''(d) and (h)'';

(iv) in subsection (f) (as so redesignated), by striking ''(f)'' and inserting ''(e)''; and

(v) in subsection (g)(1) (as so redesignated)—

(I) in subparagraph (A), by striking ''(A)''; and

(II) by striking subparagraph (B).

(B) Section 13(b)(2) of the Honey Research, Promotion, and Consumer Information Act (7 U.S.C. 4612(b)(2)) is amended—

(i) in subparagraph (A)(ii), by striking ''4608(h)(1)'' and inserting ''4608(g)(1)''; and

(ii) in subparagraph (B)(ii), by striking ''4608(h)(1)'' and inserting ''4608(g)(1)''.

(7) ESSENTIAL AGRICULTURAL USE.—Section 273 of the Biomass Energy and Alcohol Fuels Act of 1980 (15 U.S.C. 3391a) is amended—

(A) by adding ''and'' at the end of paragraph (1);

(B) by striking paragraph (2); and

(C) by redesignating paragraph (3) as paragraph (2).

(8) INTEREST PENALTIES.—Section 3902(h) of title 31, United States Code, is amended—

(A) by striking paragraph (2); and

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

(9) COLORADO RIVER STORAGE PROJECT.—Section 4 of the Act of April 11, 1956 (70 Stat. 107, chapter 203; 43 U.S.C. 620c), is amended by striking '', as defined in the Agricultural Act of 1949, or any amendment thereof,''.

(10) SURPLUS CROPS.—Section 212 of the Reclamation Projects Authorization and Adjustment Act of 1992 (Public Law 102–575; 106 Stat. 4625) is repealed.

SEC. 1126. AGRICULTURAL ADJUSTMENT ACT.

Effective January 1, 2003, 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) MILK CLASSES.—

''(i) IN GENERAL.—Notwithstanding any other provision of this subsection, the Secretary shall establish—

''(I) 1 class of milk for fluid milk; and

''(II) 1 class of milk for other uses of milk.

''(ii) COMPONENT PRICES.—The classes of milk established under clause (i) shall be used to determine the prices of milk components.''.

SEC. 1127. AGRICULTURAL ACT OF 1970.

Section 813 of the Agricultural Act of 1970 (7 U.S.C. 1427a) is repealed.

SEC. 1128. GENERAL COMMODITY PROVISIONS.

(a) PAYMENT LIMITATIONS.—Section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308) is amended by striking paragraph (1) and inserting the following:

''(1) LIMITATION ON VOUCHERS AND PAYMENTS.—

''(A) VOUCHERS.—The total amount of vouchers made under section 1112 of the Farm Financial Protection Act made directly or indirectly to an individual or entity during any applicable year may not exceed $30,000.

''(B) ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.—The total amount of payments made under chapter 4 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3839aa et seq.) made directly or indirectly to an individual or entity during any applicable year may not exceed $50,000.

''(C) ADMINISTRATION.—Notwithstanding any other paragraph of this section, sections 1001A(b), 1001B, and 1001C shall apply to an individual or entity that receives a voucher or payment described in this paragraph.''.

(b) NORMALLY PLANTED ACREAGE.—Section 1001 of the Food and Agriculture Act of 1977 (7 U.S.C. 1309) is repealed.

(c) NORMAL SUPPLY.—Section 1019 of the Food Security Act of 1985 (7 U.S.C. 1310a) is repealed.

(d) DETERMINATIONS OF THE SECRETARY.—Section 1017 of the Food Security Act of 1985 (7 U.S.C. 1385 note; Public Law 99–198) is repealed.

(e) FINANCIAL IMPACT STUDY.—Section 1147 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 1421a) is repealed.

(f) PLANTING ON SET-ASIDE ACREAGE.—Section 814 of the Agricultural Act of 1970 (7 U.S.C. 1434) is repealed.

(g) COST OF PRODUCTION STUDY.—Section 808 of the Agricultural Act of 1970 (7 U.S.C. 1441a) is repealed.

(h) STORAGE PAYMENTS.—Section 1124 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 1445e note; Public Law 101–624) is repealed.

(i) COMPUTATION OF CARRYOVER.—Section 105 of the Agricultural Act of 1954 (7 U.S.C. 1745) is repealed.

(j) ADJUSTMENT OF LOANS.—Section 2(b) of the Act of December 20, 1944 (12 U.S.C. 1150a(b)), is amended—

(1) by striking ''Agricultural Adjustment Act (of 1933);''; and

(2) by striking ''sections 303'' and all that follows through ''adjustment payments;''.

(k) TARGETED OPTION PAYMENTS.—Section 121 of the Food, Agriculture, Conservation, and Trade Act Amendments of 1991 (105 Stat. 1843) is repealed.

SEC. 1129. SPECIFIC COMMODITY PROVISIONS.

(a) MILK.—Section 101 of the Agriculture and Food Act of 1981 (7 U.S.C. 608c note; Public Law 97–98) is amended by striking subsection (b).

(b) FEED GRAINS.—

(1) RECOURSE LOAN PROGRAM FOR SILAGE.—Section 403 of the Food Security Act of 1985 (7 U.S.C. 1444e–1) is repealed.

(2) CALCULATION OF REFUNDS.—Section 405 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 1445j note; Public Law 101–624) is repealed.

(3) ACREAGE DIVERSION PROGRAMS.—Section 328 of the Food and Agriculture Act of 1962 (7 U.S.C. 1339c) is repealed.

SEC. 1130. EFFECT OF AMENDMENTS.

(a) IN GENERAL.—Except as otherwise specifically provided in this title and notwithstanding any other provision of law, this subtitle and the amendments made by this subtitle shall not affect the authority of the Secretary of Agriculture to carry out an agricultural market transition, price support, or production adjustment program for any of the 1996 through 2002 crops, or for any of the 1996 through 2002 marketing, reinsurance, fiscal, or calendar years, as applicable, under a provision of law in effect immediately before the enactment of this subtitle.

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

SEC. 1131. CROP.

This subtitle and the amendments made by this subtitle apply beginning with the 2003 crop of each agricultural commodity or the 2003 marketing, reinsurance, fiscal, or calendar year, as applicable.

SEC. 1132. EFFECTIVENESS OF OTHER COMMODITY TITLE.

Title I and the amendments made by title I shall have no effect.

TITLE XII—NUTRITION PROGRAMS

SEC. 1201. SHORT TITLE.

This title may be cited as the ''Food Stamp Simplification Act of 2001''.

Subtitle A—Food Stamp Program

SEC. 1211. CATEGORICAL ELIGIBILITY FOR RECIPIENTS OF CASH ASSISTANCE.

Section 5(a) of the Food Stamp Act of 1977 (7 U.S.C. 2014(a)) is amended—

(1) in the second sentence, by striking ''receives benefits'' and inserting ''receives cash assistance''; and

(2) in the third sentence, by striking ''receives benefits'' and inserting ''receives cash assistance''.

SEC. 1212. DISREGARDING OF INFREQUENT AND UNANTICIPATED INCOME.

Section 5(d)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)(2)) is amended by striking ''$30'' and inserting ''$100''.

SEC. 1213. SIMPLIFIED TREATMENT OF INDIVIDUALS COMPLYING WITH CHILD SUPPORT ORDERS.

(a) EXCLUSION.—Section 5(d)(6) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)(6)) is amended by adding at the end the following: ''including child support payments made by a household member to or for an individual who is not a member of the household if the household member is legally obligated to make the payments,''.

(b) SIMPLIFIED PROCEDURE.—Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended—

(1) in subsection (e), by striking paragraph (4) and inserting the following:

''(4) DEDUCTION FOR CHILD SUPPORT PAYMENTS.—

''(A) IN GENERAL.—In lieu of providing an exclusion for legally obligated child support payments made by a household member under subsection (d)(6), a State agency may elect to provide a deduction for the amount of the payments.

''(B) ORDER OF DETERMINING DEDUCTIONS.—A deduction under this paragraph shall be determined before the computation of the excess shelter expense deduction under paragraph (6).''; and

(2) by adding at the end the following:

''(n) STATE OPTIONS TO SIMPLIFY DETERMINATION OF CHILD SUPPORT PAYMENTS MADE BY HOUSEHOLD MEMBERS.—

''(1) IN GENERAL.—Regardless of whether a State agency elects to provide a deduction under subsection (e)(4), the Secretary shall establish simplified procedures to allow State agencies to determine the amount of the legally obligated child support payments made, including procedures to allow the State agency to rely on information from the agency responsible for implementing the program under part D of title IV of the Social Security Act (42 U.S.C. 661 et seq.) concerning payments made in prior months in lieu of obtaining current information from the household.

''(2) DURATION OF DETERMINATION OF AMOUNT OF SUPPORT PAYMENTS.—If a State agency makes a determination of the amount of support payments of a household under paragraph (1), the State agency may provide that the amount of the exclusion or deduction for the household shall not change until the eligibility of the household is next redetermined under section 11(e)(4).''.

SEC. 1214. COORDINATED AND SIMPLIFIED DEFINITION OF INCOME.

Section 5(d) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)) is amended—

(1) by striking ''and (15)'' and inserting ''(15)''; and

(2) by inserting before the period at the end the following: '', (16) at the option of the State agency, any educational loans on which payment is deferred, grants, scholarships, fellowships, veterans' educational benefits, and the like (other than loans, grants, scholarships, fellowships, veterans' educational benefits, and the like excluded under paragraph (3)), to the extent that they are required to be excluded under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.), (17) at the option of the State agency, any State complementary assistance program payments that are excluded for the purpose of determining eligibility for medical assistance under section 1931 of the Social Security Act (42 U.S.C. 1396u–1), (18) at the option of the State agency, any types of income that the State agency does not consider when determining eligibility for, or the amount of, cash assistance under a program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) or medical assistance under section 1931 of the Social Security Act (42 U.S.C. 1396u–1), except that this paragraph does not authorize a State agency to exclude wages or salaries, benefits under title I, II, IV, X, XIV, or XVI of the Social Security Act (42 U.S.C. 1381 et seq.), regular payments from a government source (such as unemployment benefits and general assistance), worker's compensation, child support payments made to a household member by an individual who is legally obligated to make the payments, or such other types of income the consideration of which the Secretary determines by regulation to be essential to equitable determinations of eligibility and benefit levels''.

SEC. 1215. EXCLUSION OF INTEREST AND DIVIDEND INCOME.

Section 5(d) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)) (as amended by section 1214(2)) is amended by inserting before the period at the end the following: '', and (19) any interest or dividend income received by a member of the household''.

SEC. 1216. ALIGNMENT OF STANDARD DEDUCTION WITH POVERTY LINE.

Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended by striking paragraph (1) and inserting the following:

''(1) STANDARD DEDUCTION.—

''(A) IN GENERAL.—Subject to the other provisions of this paragraph, the Secretary shall allow a standard deduction for each household that is—

''(i) equal to the applicable percentage specified in subparagraph (D) of the income standard of eligibility established under subsection (c)(1); but

''(ii) not less than the minimum deduction specified in subparagraph (E).

''(B) GUAM.—The Secretary shall allow a standard deduction for each household in Guam that is—

''(i) equal to the applicable percentage specified in subparagraph (D) of twice the income standard of eligibility established under subsection (c)(1) for the 48 contiguous States and the District of Columbia; but

''(ii) not less than the minimum deduction for Guam specified in subparagraph (E).

''(C) HOUSEHOLDS OF 6 OR MORE MEMBERS.—The income standard of eligibility established under subsection (c)(1) for a household of 6 members shall be used to calculate the standard deduction for each household of 6 or more members.

''(D) APPLICABLE PERCENTAGE.—For the purpose of subparagraph (A), the applicable percentage shall be—

''(i) 8 percent for fiscal year 2002;

''(ii) 8.5 percent for each of fiscal years 2003 through 2005;

''(iii) 9 percent for each of fiscal years 2006 through 2008;

''(iv) 9.5 percent for each of fiscal years 2009 and 2010; and

''(v) 10 percent for each fiscal year thereafter.

''(E) MINIMUM DEDUCTION.—The minimum deduction shall be $134, $229, $189, $269, and $118 for the 48 contiguous States and the District of Columbia, Alaska, Hawaii, Guam, and the Virgin Islands of the United States, respectively.''.

SEC. 1217. SIMPLIFIED DEPENDENT CARE DEDUCTION.

Section 5(e)(3) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)(3)) is amended by adding at the end the following:

''(C) STANDARD DEPENDENT CARE ALLOWANCES.—

''(i) ESTABLISHMENT OF ALLOWANCES.—

''(I) IN GENERAL.—In determining the dependent care deduction under this paragraph, in lieu of requiring the household to establish the actual dependent care costs of the household, a State agency may use standard dependent care allowances established under subclause (II) for each dependent for whom the household incurs costs for care.

''(II) AMENDMENT TO STATE PLAN.—A State agency that elects to use standard dependent care allowances under subclause (I) shall submit for approval by the Secretary an amendment to the State plan of operation under section 11(d) that—

''(aa) describes the allowances that the State agency will use; and

''(bb) includes supporting documentation.

''(ii) HOUSEHOLD ELECTION.—

''(I) IN GENERAL.—Except as provided in clause (iii), a household may elect to have the dependent care deduction of the household based on actual dependent care costs rather that the allowances established under clause (i).

''(II) FREQUENCY.—The Secretary may by regulation limit the frequency with which households may make the election described in subclause (I) or reverse the election.

''(iii) MANDATORY DEPENDENT CARE ALLOWANCES.—The State agency may make the use of standard dependent care allowances established under clause (i) mandatory for all households that incur dependent care costs.''.

SEC. 1218. SIMPLIFIED DETERMINATION OF HOUSING COSTS.

(a) IN GENERAL.—Section 5(e)(7) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)(7)) is amended—

(1) in subparagraph (A)—

(A) by striking ''A household'' and inserting the following:

''(i) IN GENERAL.—A household''; and

(B) by adding at the end the following:

''(ii) INCLUSION OF CERTAIN PAYMENTS.—In determining the shelter expenses of a household under this paragraph, the State agency shall include any required payment to the landlord of the household without regard to whether the required payment is designated to pay specific charges.''; and

(2) by adding at the end the following:

''(D) HOMELESS HOUSEHOLDS.—

''(i) ALTERNATIVE DEDUCTION.—In lieu of the deduction provided under subparagraph (A), a State agency may elect to allow a household in which all members are homeless individuals, but that is not receiving free shelter throughout the month, to receive a deduction of $143 per month.

''(ii) INELIGIBILITY.—The State agency may make a household with extremely low shelter costs ineligible for the alternative deduction under clause (i).''.

(b) CONFORMING AMENDMENTS.—Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended—

(1) in subsection (e)—

(A) by striking paragraph (5); and

(B) by redesignating paragraphs (6) and (7) as paragraphs (5) and (6), respectively; and

(2) in subsection (k)(4)(B), by striking ''subsection (e)(7)'' and inserting ''subsection (e)(6)''.

SEC. 1219. SIMPLIFIED DETERMINATION OF UTILITY COSTS.

Section 5(e)(6)(C)(iii) of the Food Stamp Act of 1977 (as amended by section 1218(b)(1)(B)) is amended—

(1) in subclause (I)(bb), by inserting ''(without regard to subclause (III))'' after ''Secretary finds''; and

(2) by adding at the end the following:

''(III) INAPPLICABILITY OF CERTAIN RESTRICTIONS.—Clauses (ii)(II) and (ii)(III) shall not apply in the case of a State agency that has made the use of a standard utility allowance mandatory under subclause (I).''.

SEC. 1220. SIMPLIFIED DETERMINATION OF EARNED INCOME.

Section 5(f)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2014(f)(1)) is amended by adding at the end the following:

''(C) SIMPLIFIED DETERMINATION OF EARNED INCOME.—

''(i) IN GENERAL.—A State agency may elect to determine monthly earned income by multiplying weekly income by 4 and biweekly income by 2.

''(ii) ADJUSTMENT OF EARNED INCOME DEDUCTION.—A State agency that makes an election described in clause (i) shall adjust the earned income deduction under subsection (e)(2)(B) to the extent necessary to prevent the election from resulting in increased costs to the food stamp program, as determined consistent with standards promulgated by the Secretary.''.

SEC. 1221. SIMPLIFIED DETERMINATION OF DEDUCTIONS.

Section 5(f)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2014(f)(1)) (as amended by section 1220) is amended by adding at the end the following:

''(D) SIMPLIFIED DETERMINATION OF DEDUCTIONS.—

''(i) IN GENERAL.—Except as provided in clause (ii), for the purposes of subsection (e), a State agency may elect to disregard until the next redetermination of eligibility under section 11(e)(4) 1 or more types of changes in the circumstances of a household that affect the amount of deductions the household may claim under subsection (e).

''(ii) CHANGES THAT MAY NOT BE DISREGARDED.—Under clause (i), a State agency may not disregard—

''(I) any reported change of residence; or

''(II) under standards prescribed by the Secretary, any change in earned income.''.

SEC. 1222. SIMPLIFIED RESOURCE ELIGIBILITY LIMIT.

Section 5(g)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)(1)) is amended by striking ''a member who is 60 years of age or older'' and inserting ''an elderly or disabled member''.

SEC. 1223. EXCLUSION OF LICENSED VEHICLES FROM FINANCIAL RESOURCES.

(a) IN GENERAL.—Section 5(g)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)(2)) is amended—

(1) in subparagraph (B)—

(A) in clause (iii), by adding ''and'' at the end;

(B) by striking clause (iv); and

(C) by redesignating clause (v) as clause (iv);

(2) by striking subparagraph (C) and inserting the following:

''(C) EXCLUDED VEHICLES.—The Secretary shall exclude from financial resources any licensed vehicle used for household transportation.''; and

(3) by striking subparagraph (D).

(b) CONFORMING AMENDMENT.—Section 17 of the Food Stamp Act of 1977 (7 U.S.C. 2026) is amended by striking subsection (h).

SEC. 1224. EXCLUSION OF RETIREMENT ACCOUNTS FROM FINANCIAL RESOURCES.

Section 5(g)(2)(B) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)(2)(B)) (as amended by section 1223(a)(1)) is amended by striking clause (iv) and inserting the following:

''(iv) any savings account (other than a retirement account (including an individual account)).''.

SEC. 1225. COORDINATED AND SIMPLIFIED DEFINITION OF RESOURCES.

Section 5(g) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)) is amended by adding at the end the following:

''(6) EXCLUSION OF TYPES OF FINANCIAL RESOURCES NOT CONSIDERED UNDER CERTAIN OTHER FEDERAL PROGRAMS.—

''(A) IN GENERAL.—Subject to subparagraph (B), the Secretary shall promulgate regulations under which a State agency may, at the option of the State agency, exclude from financial resources under this subsection any types of financial resources that the State agency does not consider when determining eligibility for—

''(i) cash assistance under a program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); or

''(ii) medical assistance under section 1931 of the Social Security Act (42 U.S.C. 1396u–1).

''(B) LIMITATIONS.—Subparagraph (A) does not authorize a State agency to exclude—

''(i) cash;

''(ii) amounts in any account in a financial institution that are readily available to the household; or

''(iii) any other similar type of resource the inclusion in financial resources of which the Secretary determines by regulation to be essential to equitable determinations of eligibility under the food stamp program, except to the extent that any of those types of resources are excluded under another paragraph of this subsection.''.

SEC. 1226. ALTERNATIVE ISSUANCE SYSTEMS IN DISASTERS.

Section 5(h)(3)(B) of the Food Stamp Act of 1977 (7 U.S.C. 2014(h)(3)(B)) is amended—

(1) in the first sentence, by inserting ''issuance methods and'' after ''shall adjust''; and

(2) in the second sentence, by inserting '', any conditions that make reliance on electronic benefit transfer systems described in section 7(i) impracticable,'' after ''personnel''.

SEC. 1227. SIMPLIFIED REPORTING SYSTEMS.

Section 6(c)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2015(c)(1)) is amended—

(1) in subparagraph (B), by striking ''on a monthly basis''; and

(2) by adding at the end the following:

''(D) FREQUENCY OF REPORTING.—

''(i) IN GENERAL.—Except as provided in subparagraphs (A) and (C), a State agency may require households that report on a periodic basis to submit reports—

''(I) not less often than once each 6 months; but

''(II) not more often than once each month.

''(ii) REPORTING BY HOUSEHOLDS WITH EXCESS INCOME.—A household required to report less often than once each 3 months shall, notwithstanding subparagraph (B), report in a manner prescribed by the Secretary if the income of the household for any month exceeds the standard established under section 5(c)(2).''.

SEC. 1228. SIMPLIFIED TIME LIMIT.

(a) IN GENERAL.—Section 6(o) of the Food Stamp Act of 1977 (7 U.S.C. 2015(o)) is amended—

(1) in paragraph (2)—

(A) by striking ''36-month'' and inserting ''12-month'';

(B) by striking ''3'' and inserting ''6''; and

(C) in subparagraph (D), by striking ''(4), (5), or (6)'' and inserting ''(4), or (5)'';

(2) by striking paragraph (5);

(3) in paragraph (6)(A)(ii)—

(A) in subclause (III), by adding ''and'' at the end;

(B) in subclause (IV), by striking ''; and'' and inserting a period; and

(C) by striking subclause (V); and

(4) by redesignating paragraphs (6) and (7) as paragraphs (5) and (6), respectively.

(b) IMPLEMENTATION OF AMENDMENTS.—For the purpose of implementing the amendments made by subsection (a), a State agency shall disregard any period during which an individual received food stamp benefits before the effective date of this title.

SEC. 1229. PRESERVATION OF ACCESS TO ELECTRONIC BENEFITS.

(a) IN GENERAL.—Section 7(i)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2016(i)(1)) is amended by adding at the end the following:

''(E) ACCESS TO ELECTRONIC BENEFIT TRANSFER SYSTEMS.—

''(i) IN GENERAL.—No benefits shall be taken off-line or otherwise made inaccessible because of inactivity until at least 180 days have elapsed since a household last accessed the account of the household.

''(ii) NOTICE TO HOUSEHOLD.—In a case in which benefits are taken off-line or otherwise made inaccessible, the household shall be sent a notice that—

''(I) explains how to reactivate the benefits; and

''(II) offers assistance if the household is having difficulty accessing the benefits of the household.''.

(b) APPLICABILITY.—The amendment made by subsection (a) shall apply with respect to each State agency beginning on the date on which the State agency, after the date of enactment of this Act, enters into a contract to operate an electronic benefit transfer system.

SEC. 1230. COST-NEUTRALITY FOR ELECTRONIC BENEFIT TRANSFER SYSTEMS.

Section 7(i)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2016(i)(2)) is amended—

(1) by striking subparagraph (A); and

(2) by redesignating subparagraphs (B) through (I) as subparagraphs (A) through (H), respectively.

SEC. 1231. SIMPLIFIED PROCEDURES FOR RESIDENTS OF CERTAIN GROUP FACILITIES.

(a) IN GENERAL.—Section 8 of the Food Stamp Act of 1977 (7 U.S.C. 2017) is amended by adding at the end the following:

''(f) SIMPLIFIED PROCEDURES FOR RESIDENTS OF CERTAIN GROUP FACILITIES.—

''(1) IN GENERAL.—At the option of the State agency, allotments for residents of facilities described in subparagraph (B), (C), (D), or (E) of section 3(i)(5) may be determined and issued under this subsection in lieu of subsection (a).

''(2) AMOUNT OF ALLOTMENT.—The allotment for each eligible resident described in paragraph (1) shall be calculated in accordance with standardized procedures established by the Secretary that take into account the allotments typically received by residents of facilities described in paragraph (1).

''(3) ISSUANCE OF ALLOTMENT.—

''(A) IN GENERAL.—The State agency shall issue an allotment determined under this subsection to the administration of a facility described in paragraph (1) as the authorized representative of the residents of the facility.

''(B) ADJUSTMENT.—The Secretary shall establish procedures to ensure that a facility described in paragraph (1) does not receive a greater proportion of a resident's monthly allotment than the proportion of the month during which the resident lived in the facility.

''(4) DEPARTURES OF COVERED RESIDENTS.—

''(A) NOTIFICATION.—Any facility described in paragraph (1) that receives an allotment for a resident under this subsection shall—

''(i) notify the State agency promptly on the departure of the resident; and

''(ii) notify the resident, before the departure of the resident, that the resident—

''(I) is eligible for continued benefits under the food stamp program; and

''(II) should contact the State agency concerning continuation of the benefits.

''(B) ISSUANCE TO DEPARTED RESIDENTS.—On receiving a notification under subparagraph (A)(i) concerning the departure of a resident, the State agency—

''(i) shall promptly issue the departed resident an allotment for the days of the month after the departure of the resident (calculated in a manner prescribed by the Secretary) unless the departed resident reapplies to participate in the food stamp program; and

''(ii) may issue an allotment for the month following the month of the departure (but not any subsequent month) based on this subsection unless the departed resident reapplies to participate in the food stamp program.

''(C) STATE OPTION.—The State agency may elect not to issue an allotment under subparagraph (B)(i) if the State agency lacks sufficient information on the location of the departed resident to provide the allotment.

''(D) EFFECT OF REAPPLICATION.—If the departed resident reapplies to participate in the food stamp program, the allotment of the departed resident shall be determined without regard to this subsection.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 3(i) of the Food Stamp Act of 1977 (7 U.S.C. 2012(i)) is amended—

(A) by striking ''(i) 'Household' means (1) an'' and inserting the following:

''(i)(1) 'Household' means—

''(A) an'';

(B) in the first sentence, by striking ''others, or (2) a group'' and inserting the following: ''others; or

''(B) a group'';

(C) in the second sentence, by striking ''Spouses'' and inserting the following:

''(2) Spouses'';

(D) in the third sentence, by striking ''Notwithstanding'' and inserting the following:

''(3) Notwithstanding'';

(E) in paragraph (3) (as designated by subparagraph (D)), by striking ''the preceding sentences'' and inserting ''paragraphs (1) and (2)'';

(F) in the fourth sentence, by striking ''In no event'' and inserting the following:

''(4) In no event'';

(G) in the fifth sentence, by striking ''For the purposes of this subsection, residents'' and inserting the following:

''(5) For the purposes of this subsection, the following persons shall not be considered to be residents of institutions and shall be considered to be individual households:

''(A) Residents''; and

(H) in paragraph (5) (as designated by subparagraph (G))—

(i) by striking ''Act, or are individuals'' and inserting the following: ''Act.

''(B) Individuals'';

(ii) by striking ''such section, temporary'' and inserting the following: ''that section.

''(C) Temporary'';

(iii) by striking ''children, residents'' and inserting the following: ''children.

''(D) Residents'';

(iv) by striking ''coupons, and narcotics'' and inserting the following: ''coupons.

''(E) Narcotics''; and

(v) by striking ''shall not'' and all that follows and inserting a period.

(2) Section 5(a) of the Food Stamp Act of 1977 (7 U.S.C. 2014(a)) is amended by striking ''the third sentence of section 3(i)'' each place it appears and inserting ''section 3(i)(4)''.

(3) Section 8(e)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2017(e)(1)) is amended by striking ''the last sentence of section 3(i)'' and inserting ''section 3(i)(5)''.

(4) Section 17(b)(1)(B)(iv)(III)(aa) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)(B)(iv)(III)(aa)) is amended by striking ''the last 2 sentences of section 3(i)'' and inserting ''paragraphs (4) and (5) of section 3(i)''.

SEC. 1232. REDEMPTION OF BENEFITS THROUGH GROUP LIVING ARRANGEMENTS.

Section 10 of the Food Stamp Act of 1977 (7 U.S.C. 2019) is amended by inserting after the first sentence the following: ''Notwithstanding the preceding sentence, a center, organization, institution, shelter, group living arrangement, or establishment described in that sentence may be authorized to redeem coupons through a financial institution described in that sentence if the center, organization, institution, shelter, group living arrangement, or establishment is equipped with 1 or more point-of-sale devices and is operating in an area in which an electronic benefit transfer system described in section 7(i) has been implemented.''.

SEC. 1233. SIMPLIFIED DETERMINATIONS OF CONTINUING ELIGIBILITY.

(a) IN GENERAL.—Section 11(e) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)) is amended—

(1) by striking paragraph (4) and inserting the following:

''(4)(A) that the State agency shall periodically require each household to cooperate in a redetermination of the eligibility of the household.

''(B) A redetermination under subparagraph (A) shall—

''(i) be based on information supplied by the household; and

''(ii) conform to standards established by the Secretary.

''(C) The interval between redeterminations of eligibility under subparagraph (A) shall not exceed the eligibility review period;'' and

(2) in paragraph (10)—

(A) by striking ''within the household's certification period''; and

(B) by striking ''or until'' and all that follows through ''occurs earlier''.

(b) CONFORMING AMENDMENTS.—

(1) Section 3(c) of the Food Stamp Act of 1977 (7 U.S.C. 2012(c)) is amended—

(A) by striking ''Certification period'' and inserting ''Eligibility review period''; and

(B) by striking ''certification period'' each place it appears and inserting ''eligibility review period''.

(2) Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended—

(A) in subsection (d)(2), by striking ''in the certification period which'' and inserting ''that''; and

(B) in subsection (e) (as amended by section 1218(b)(1)(B))—

(i) in paragraph (5)(B)(ii)—

(I) in subclause (II), by striking ''certification period'' and inserting ''eligibility review period''; and

(II) in subclause (III), by striking ''has been anticipated for the certification period'' and inserting ''was anticipated when the household applied or at the most recent redetermination of eligibility for the household''; and

(ii) in paragraph (6)(C)(iii)(II), by striking ''the end of a certification period'' and inserting ''each redetermination of the eligibility of the household''.

(3) Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) is amended—

(A) in subsection (c)(1)(C)(iv), by striking ''certification period'' each place it appears and inserting ''interval between required redeterminations of eligibility''; and

(B) in subsection (d)(1)(D)(v)(II), by striking ''a certification period'' and inserting ''an eligibility review period''.

(4) Section 8(c) of the Food Stamp Act of 1977 (7 U.S.C. 2017(c)) is amended—

(A) in the second sentence of paragraph (1), by striking ''within a certification period''; and

(B) in paragraph (2)(B), by striking ''expiration of'' and all that follows through ''during a certification period,'' and inserting ''termination of benefits to the household,''.

(5) Section 11(e)(16) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(16)) is amended by striking ''the certification or recertification'' and inserting ''determining the eligibility''.

SEC. 1234. SIMPLIFIED APPLICATION PROCEDURES FOR THE ELDERLY AND DISABLED.

(a) IN GENERAL.—Section 11(i) of the Food Stamp Act of 1977 (7 U.S.C. 2020(i)) is amended—

(1) in paragraph (1)—

(A) by striking ''income shall be informed'' and inserting the following: ''income shall be—

''(A) informed'';

(B) by striking ''program and be assisted'' and inserting the following: ''program;

''(B) assisted''; and

(C) by striking ''office and be certified'' and inserting the following: ''office; and

''(C) certified''; and

(2) by adding at the end the following:

''(3) DUAL-PURPOSE APPLICATIONS.—

''(A) IN GENERAL.—Under regulations promulgated by the Secretary after consultation with the Commissioner of Social Security, a State agency may enter into a memorandum of understanding with the Commissioner under which an application for supplemental security income benefits under title XVI of the Social Security Act (42 U.S.C. 1381 et seq.) from a household composed entirely of applicants for or recipients of those benefits shall also be considered to be an application for benefits under the food stamp program.

''(B) CERTIFICATION; REPORTING REQUIREMENTS.—A household covered by a memorandum of understanding under subparagraph (A)—

''(i) shall be certified based exclusively on information provided to the Commissioner, including such information as the Secretary shall require to be collected under the terms of any memorandum of understanding under this paragraph; and

''(ii) shall not be subject to any reporting requirement under section 6(c).

''(C) EXCEPTIONS TO VALUE OF ALLOTMENT.—The Secretary shall provide by regulation for such exceptions to section 8(a) as are necessary because a household covered by a memorandum of understanding under subparagraph (A) did not complete an application under subsection (e)(2).

''(D) COVERAGE.—In accordance with standards promulgated by the Secretary, a memorandum of understanding under subparagraph (A) need not cover all classes of applicants and recipients referred to in subparagraph (A).

''(E) EXEMPTION FROM CERTAIN APPLICATION PROCEDURES.—In the case of any member of a household covered by a memorandum of understanding under subparagraph (A), the Commissioner shall not be required to comply with—

''(i) subparagraph (B) or (C) of paragraph (1); or

''(ii) subsection (j)(1)(B).

''(F) RIGHT TO APPLY UNDER REGULAR PROGRAM.—The Secretary shall ensure that each household covered by a memorandum of understanding under subparagraph (A) is informed that the household may—

''(i)(I) submit an application under subsection (e)(2); and

''(II) have the eligibility and value of the allotment of the household under the food stamp program determined without regard to this paragraph; or

''(ii) decline to participate in the food stamp program.

''(G) TRANSITION PROVISION.—Notwithstanding the requirement for the promulgation of regulations under subparagraph (A), the Secretary may approve a request from a State agency to enter into a memorandum of understanding in accordance with this paragraph during the period—

''(i) beginning on the date of enactment of this paragraph; and

''(ii) ending on the earlier of—

''(I) the date of promulgation of the regulations; or

''(II) the date that is 3 years after the date of enactment of this paragraph.''.

(b) CONFORMING AMENDMENTS.—Section 11(j)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2020(j)(1)) is amended—

(1) by striking ''shall be informed'' and inserting the following: ''shall be—

''(A) informed''; and

(2) by striking ''program and informed'' and inserting the following: ''program; and

''(B) informed''.

SEC. 1235. TRANSITIONAL FOOD STAMPS FOR FAMILIES MOVING FROM WELFARE.

(a) IN GENERAL.—Section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2020) is amended by adding at the end the following:

''(s) TRANSITIONAL BENEFITS OPTION.—

''(1) IN GENERAL.—A State agency may provide transitional food stamp benefits to a household that ceases to receive cash assistance under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

''(2) TRANSITIONAL BENEFITS PERIOD.—Under paragraph (1), a household may continue to receive food stamp benefits for a period of not more than 6 months after the date on which cash assistance is terminated.

''(3) AMOUNT OF BENEFITS.—During the transitional benefits period under paragraph (2), a household shall receive an amount of food stamp benefits equal to the allotment received in the month immediately preceding the date on which cash assistance was terminated, adjusted for—

''(A) the change in household income as a result of the termination of cash assistance; and

''(B) any changes in circumstances that may result in an increase in the food stamp allotment of the household and that the household elects to report.

''(4) DETERMINATION OF FUTURE ELIGIBILITY.—In the final month of the transitional benefits period under paragraph (2), the State agency may—

''(A) require the household to cooperate in a redetermination of eligibility; and

''(B) initiate a new eligibility review period for the household without regard to whether the preceding eligibility review period has expired.

''(5) LIMITATION.—A household shall not be eligible for transitional benefits under this subsection if the household—

''(A) loses eligibility under section 6;

''(B) is sanctioned for a failure to perform an action required by Federal, State, or local law relating to a cash assistance program described in paragraph (1); or

''(C) is a member of any other category of households designated by the State agency as ineligible for transitional benefits.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 3(c) of the Food Stamp Act of 1977 (7 U.S.C. 2012(c)) is amended by adding at the end the following: ''The limits specified in this section may be extended until the end of any transitional benefit period established under section 11(s).''.

(2) Section 6(c) of the Food Stamp Act of 1977 (7 U.S.C. 2015(c)) is amended by striking ''No household'' and inserting ''Except in a case in which a household is receiving transitional benefits during the transitional benefits period under section 11(s), no household''.

SEC. 1236. QUALITY CONTROL.

(a) IN GENERAL.—Section 16(c) of the Food Stamp Act of 1977 (7 U.S.C. 2025(c)) is amended—

(1) in paragraph (1), by striking ''enhances payment accuracy'' and all that follows through ''(A) the Secretary'' and inserting the following: ''enhances payment accuracy and that has the following elements:

''(A) CORRECTIVE ACTION PLANS.—The Secretary shall foster management improvements by the States by requiring State agencies to develop and implement corrective action plans to reduce payment errors.

''(B) INVESTIGATION AND INITIAL SANCTIONS.—

''(i) INVESTIGATION.—Except as provided under subparagraph (C), for any fiscal year in which the Secretary determines that a 95 percent statistical probability exists that the payment error rate of a State agency exceeds the national performance measure for payment error rates announced under paragraph (6) by more than 1 percentage point, other than for good cause shown, the Secretary shall investigate the administration by the State agency of the food stamp program unless the Secretary determines that sufficient information is already available to review the administration by the State agency.

''(ii) INITIAL SANCTIONS.—If an investigation under clause (i) results in a determination that the State agency has been seriously negligent (as determined under standards promulgated by the Secretary), the State agency shall pay the Secretary an amount that reflects the extent of such negligence (as determined under standards promulgated by the Secretary), not to exceed 5 percent of the amount provided to the State agency under subsection (a) for the fiscal year.

''(C) ADDITIONAL SANCTIONS.—If, for any fiscal year, the Secretary determines that a 95 percent statistical probability exists that the payment error rate of a State agency exceeds the national performance measure for payment error rates announced under paragraph (6) by more than 1 percentage point, other than for good cause shown, and that the State agency was sanctioned under this paragraph or was the subject of an investigation or review under subparagraph (B)(i) for each of the 2 immediately preceding fiscal years, the State agency shall pay to the Secretary an amount equal to the product obtained by multiplying—

''(i) the value of all allotments issued by the State agency in the fiscal year;

''(ii) the lesser of—

''(I) the ratio that—

''(aa) the amount by which the payment error rate of the State agency for the fiscal year exceeds by more than 1 percentage point the national performance measure for the fiscal year; bears to

''(bb) 10 percent; or

''(II) 1; and

''(iii) the amount by which the payment error rate of the State agency for the fiscal year exceeds by more than 1 percentage point the national performance measure for the fiscal year.'';

(2) in paragraph (2)(A), by inserting before the semicolon the following: '', as adjusted downward as appropriate under paragraph (10)'';

(3) in the first sentence of paragraph (4), by striking '', enhanced administrative funding,'' and all that follows and inserting ''under this subsection, high performance bonus payment under paragraph (11), or claim for payment error under paragraph (1).'';

(4) in the first sentence of paragraph (5), by striking ''to establish'' and all that follows and inserting the following: ''to establish the payment error rate for the State agency for the fiscal year, to comply with paragraph (10), and to determine the amount of any high performance bonus payment of the State agency under paragraph (11) or claim under paragraph (1).'';

(5) in the first sentence of paragraph (6), by striking ''incentive payments or claims pursuant to paragraphs (1)(A) and (1)(C),'' and inserting ''claims under paragraph (1),''; and

(6) by adding at the end the following:

''(10) ADJUSTMENTS OF PAYMENT ERROR RATE.—

''(A) IN GENERAL.—

''(i) FISCAL YEAR 2002.—Subject to clause (ii), for fiscal year 2002, in applying paragraph (1), the Secretary shall adjust the payment error rate determined under paragraph (2)(A) as necessary to eliminate any increases in errors that result from the State agency's serving a higher percentage of households with earned income, households with 1 or more members who are not United States citizens, or both, than the lesser of, as the case may be—

''(I) the percentage of households of the corresponding type that receive food stamps nationally; or

''(II) the percentage of—

''(aa) households with earned income that received food stamps in the State in fiscal year 1992; or

''(bb) households with members who are not United States citizens that received food stamps in the State in fiscal year 1998.

''(ii) EXPANDED APPLICABILITY TO STATE AGENCIES SUBJECT TO SANCTIONS.—In the case of a State agency subject to sanctions for fiscal year 2001 or any fiscal year thereafter under paragraph (1), the adjustments described in clause (i) shall apply to the State agency for the fiscal year.

''(B) CONTINUATION OR MODIFICATION OF ADJUSTMENTS.—For fiscal year 2003 and each fiscal year thereafter, the Secretary may determine whether the continuation or modification of the adjustments described in subparagraph (A)(i) or the substitution of other adjustments is most consistent with achieving the purposes of this Act.''.

(b) CONFORMING AMENDMENT.—Section 22(h) of the Food Stamp Act of 1977 (7 U.S.C. 2031(h)) is amended by striking the last sentence.

(c) APPLICABILITY.—Except as otherwise provided in the amendments made by subsection (a), the amendments made by subsection (a) shall apply to fiscal year 2001 and each fiscal year thereafter.

SEC. 1237. IMPROVEMENT OF CALCULATION OF STATE PERFORMANCE MEASURES.

(a) IN GENERAL.—Section 16(c)(8) of the Food Stamp Act of 1977 (7 U.S.C. 2025(c)(8)) is amended—

(1) in subparagraph (B), by striking ''180 days after the end of the fiscal year'' and inserting ''the first May 31 after the end of the fiscal year referred to in subparagraph (A)''; and

(2) in subparagraph (C), by striking ''30 days thereafter'' and inserting ''the first June 30 after the end of the fiscal year referred to in subparagraph (A)''.

(b) EFFECTIVE DATE.—The amendments made by this section take effect on the date of enactment of this Act.

SEC. 1238. BONUSES FOR STATES THAT DEMONSTRATE HIGH PERFORMANCE.

(a) IN GENERAL.—Section 16(c) of the Food Stamp Act of 1977 (7 U.S.C. 2025(c)) (as amended by section 1236(a)(6)) is amended—

(1) in the first sentence of paragraph (1), by striking ''enhanced administrative funding to States with the lowest error rates.'' and inserting ''bonus payments to States that demonstrate high levels of performance.''; and

(2) by adding at the end the following:

''(11) HIGH PERFORMANCE BONUS PAYMENTS.—

''(A) IN GENERAL.—For each fiscal year, the Secretary shall—

''(i) measure the performance of each State agency with respect to each of the performance measures specified in subparagraph (B); and

''(ii) subject to subparagraph (D), make high performance bonus payments to the State agencies with the highest achievement with respect to those performance measures.

''(B) PERFORMANCE MEASURES.—The performance measures specified in this subparagraph are—

''(i)(I) the greatest dollar amount of total claims collected in the fiscal year as a proportion of the overpayment dollar amount in the previous fiscal year; and

''(II) the greatest percentage point improvement under clause (i)(I) from the previous fiscal year to the fiscal year;

''(ii) the greatest improvement from the previous fiscal year to the fiscal year in the ratio, expressed as a percentage, that—

''(I) the number of households in the State that—

''(aa) have incomes less than 130 percent of the poverty line (as defined in section 673 of the Community Services Block Grant Act (42 U.S.C. 9902));

''(bb) are eligible for food stamp benefits; and

''(cc) receive food stamps benefits; bears to

''(II) the number of households in the State that—

''(aa) have incomes less than 130 percent of the poverty line (as so defined); and

''(bb) are eligible for food stamp benefits;

''(iii) the lowest overpayment error rate;

''(iv) the greatest percentage point improvement from the previous fiscal year to the fiscal year in the overpayment error rate;

''(v) the lowest negative error rate;

''(vi) the greatest percentage point improvement from the previous year to the fiscal year in the negative error rate;

''(vii) the lowest underpayment error rate;

''(viii) the greatest percentage point improvement from the previous year to the fiscal year in the underpayment error rate;

''(ix) the greatest percentage of new applications processed within the deadlines established under paragraphs (3) and (9) of section 11(e); and

''(x) the least average period of time needed to process applications under paragraphs (3) and (9) of section 11(e).

''(C) HIGH PERFORMANCE BONUS PAYMENTS.—

''(i) DEFINITION OF CASELOAD.—In this subparagraph, the term 'caseload' has the meaning given the term in section 6(o)(5)(A).

''(ii) AMOUNT OF PAYMENTS.—

''(I) IN GENERAL.—For each fiscal year, the Secretary shall—

''(aa) make 1 high performance bonus payment of $10,000,000 for each of the 10 performance measures under subparagraph (B); and

''(bb) allocate the high performance bonus payment with respect to each performance measure in accordance with subclauses (II) and (III).

''(II) PAYMENT FOR PERFORMANCE MEASURE CONCERNING CLAIMS COLLECTED.—For each fiscal year, the Secretary shall allocate the high performance bonus payment made for the performance measure under subparagraph (B)(i) among the 20 State agencies with the highest performance in the performance measure in the ratio that—

''(aa) the caseload of each such State agency; bears to

''(bb) the caseloads of all such State agencies.

''(III) PAYMENTS FOR OTHER PERFORMANCE MEASURES.—For each fiscal year, the Secretary shall allocate the high performance bonus payment made for the performance measure under each of clauses (ii) through (x) of subparagraph (B) among the 10 State agencies with the highest performance in the performance measure in the ratio that—

''(aa) the caseload of each such State agency; bears to

''(bb) the caseloads of all such State agencies.

''(iii) DETERMINATION OF HIGHEST PERFORMERS.—

''(I) IN GENERAL.—In determining the highest performers under clause (ii), the Secretary shall calculate applicable percentages to 2 decimal places.

''(II) DETERMINATION IN EVENT OF A TIE.—If, under subclause (I), 2 or more State agencies have the same percentage with respect to a performance measure, the Secretary shall calculate the percentage for the performance measure to as many decimal places as are necessary to determine which State agency has the greatest percentage.

''(D) LIMITATIONS FOR STATE AGENCIES SUBJECT TO SANCTIONS.—If, for any fiscal year, a State agency is subject to a sanction under paragraph (1)—

''(i) the State agency shall not be eligible for a high performance bonus payment under clause (iii), (iv), (vii), or (viii) of subparagraph (B) for the fiscal year; and

''(ii) the State agency shall not receive a high performance bonus payment for which the State agency is otherwise eligible under this paragraph for the fiscal year until the obligation of the State agency under the sanction has been satisfied (as determined by the Secretary).

''(E) PAYMENTS NOT SUBJECT TO JUDICIAL REVIEW.—A determination by the Secretary whether, and in what amount, to make a high performance bonus payment under this paragraph shall not be subject to judicial review.''.

(b) APPLICABILITY.—The amendment made by subsection (a) shall apply to fiscal year 2003 and each fiscal year thereafter.

SEC. 1239. SIMPLIFIED FUNDING RULES FOR EMPLOYMENT AND TRAINING PROGRAMS.

(a) LEVELS OF FUNDING.—Section 16(h)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)(1)) is amended—

(1) in subparagraph (A)—

(A) by striking '', to remain available until expended,''; and

(B) by striking clause (vii) and inserting the following:

''(vii) to remain available until expended—

''(I) for fiscal year 2002, $122,000,000;

''(II) for fiscal year 2003, $129,000,000;

''(III) for fiscal year 2004, $135,000,000;

''(IV) for fiscal year 2005, $142,000,000; and

''(V) for fiscal year 2006, $149,000,000.'';

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

''(B) ALLOCATION.—Funds made available under subparagraph (A) shall be made available to and reallocated among State agencies under a reasonable formula that—

''(i) is determined and adjusted by the Secretary; and

''(ii) takes into account the number of individuals who are not exempt from the work requirement under section 6(o).''; and

(3) by striking subparagraphs (E) through (G).

(b) RESCISSION OF CARRYOVER FUNDS.—Notwithstanding any other provision of law, funds provided under section 16(h)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)(1)(A)) for any fiscal year before fiscal year 2002 shall cease to be available on the date of enactment of this Act, unless obligated by a State agency before that date.

(c) PARTICIPANT EXPENSES.—Section 6(d)(4)(I)(i)(I) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4)(I)(i)(I)) is amended by striking ''$25 per month'' and inserting ''an amount not less than $25 per month''.

(d) FEDERAL REIMBURSEMENT.—Section 16(h)(3) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)(3)) is amended by striking ''$25'' and inserting ''the limit established by the State agency under section 6(d)(4)(I)(i)(I)''.

SEC. 1240. REAUTHORIZATION OF FOOD STAMP PROGRAM.

(a) REDUCTIONS IN PAYMENTS FOR ADMINISTRATIVE COSTS.—Section 16(k)(3) of the Food Stamp Act of 1977 (7 U.S.C. 2025(k)(3)) is amended—

(1) in the first sentence of subparagraph (A), by striking ''2002'' and inserting ''2006''; and

(2) in subparagraph (B)(ii), by striking ''2002'' and inserting ''2006''.

(b) CASH PAYMENT PILOT PROJECTS.—Section 17(b)(1)(B)(vi) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)(B)(vi)) is amended by striking ''2002'' and inserting ''2006''.

(c) GRANTS TO IMPROVE FOOD STAMP PARTICIPATION.—Section 17(i)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2026(i)(1)(A)) is amended in the first sentence by striking ''2002'' and inserting ''2006''.

(d) AUTHORIZATION OF APPROPRIATIONS.—Section 18(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2027(a)(1)) is amended in the first sentence by striking ''2002'' and inserting ''2006''.

SEC. 1241. EXPANDED GRANT AUTHORITY.

Section 17(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2026(a)(1)) is amended—

(1) by striking '', by way of making contracts with or grants to public or private organizations or agencies,'' and inserting ''enter into contracts with or make grants to public or private organizations or agencies under this section to''; and

(2) by adding at the end the following: ''The waiver authority of the Secretary under subsection (b) shall extend to all contracts and grants under this section.''.

SEC. 1242. EXEMPTION OF WAIVERS FROM COST-NEUTRALITY REQUIREMENT.

Section 17(b)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)) is amended by adding at the end the following:

''(E) COST NEUTRALITY.—

''(i) REQUIREMENTS FOR WAIVERS.—

''(I) ESTIMATION OF COSTS AND SAVINGS OF WAIVERS.—Before approving a waiver for any demonstration project proposed under this subsection, the Secretary shall estimate the costs or savings likely to result from the waiver.

''(II) APPROVAL OF WAIVERS.—The Secretary shall not approve any waiver that the Secretary estimates will increase costs to the Federal Government unless—

''(aa) exigent circumstances require the approval of the waiver;

''(bb) the increase in costs is insignificant; or

''(cc) the increase in costs is necessary for a designated research demonstration project under clause (ii).

''(III) MULTIYEAR COST NEUTRALITY.—A waiver shall not be considered to increase costs to the Federal Government based on the impact of the waiver in any 1 fiscal year if the waiver is not expected to increase costs to the Federal Government over any 3-fiscal year period that includes the fiscal year.

''(ii) EXEMPTION FROM COST-NEUTRALITY REQUIREMENT FOR CERTAIN PROJECTS.—

''(I) IN GENERAL.—For each fiscal year, the Secretary may designate research demonstration projects that—

''(aa) have a substantial likelihood of producing information on important issues of food stamp program design or operation; and

''(bb) the Secretary estimates are likely to increase costs to the Federal Government by a total of not more than $50,000,000 during the period of fiscal years 2002 through 2006.

''(II) EXEMPTION.—A project described in subclause (I) shall be exempt from clause (i).

''(iii) OFFSETS IN OTHER PROGRAMS.—In making determinations of costs to the Federal Government under this subparagraph, the Secretary shall estimate and consider savings to the Federal Government in other programs in such a manner as the Secretary determines to be appropriate.

''(iv) NO LOOK-BACK.—The Secretary shall not be required to adjust any estimate made under this subparagraph to reflect the actual costs of a demonstration project as implemented by a State agency.''.

SEC. 1243. PROGRAM SIMPLIFICATION DEMONSTRATION PROJECTS.

(a) ENHANCED WAIVER AUTHORITY.—Section 17 of the Food Stamp Act of 1977 (7 U.S.C. 2026) is amended by striking subsection (e) and inserting the following:

''(e) PROGRAM SIMPLIFICATION DEMONSTRATION PROJECTS.—

''(1) IN GENERAL.—With the approval of the Secretary, not more than 5 State agencies may carry out demonstration projects to test, for a period of not more than 3 years, promising approaches to simplifying the food stamp program.

''(2) TYPES OF DEMONSTRATION PROJECTS.—Each demonstration project under paragraph (1) shall test changes in food stamp program rules in not more than 1 of the following 2 areas:

''(A)(i) Reporting requirements under section 6(c).

''(ii) Verification methods under section 11(e)(3) (including reliance on data from preceding periods that can be obtained or verified electronically).

''(iii) A combination of reporting requirements and verification methods.

''(B) The income standard of eligibility established under section 5(c)(1), deductions under section 5(e), and income budgeting procedures under section 5(f).

''(3) SELECTION OF DEMONSTRATION PROJECTS.—

''(A) IN GENERAL.—The Secretary shall establish a competitive process to select, from all projects proposed by State agencies, the demonstration projects to be carried out under this subsection based on which

projects have the greatest likelihood of producing useful information on important issues of food stamp program design or operation, as determined by the Secretary.

''(B) GOALS.—In selecting demonstration projects, the Secretary shall seek, at a minimum, to achieve a balance between—

''(i) simplifying the food stamp program;

''(ii) reducing administrative burdens on State agencies, households, and other individuals and entities;

''(iii) providing nutrition assistance to individuals most in need; and

''(iv) improving access to nutrition assistance.

''(C) PROJECTS NOT ELIGIBLE FOR SELECTION.—The Secretary shall not select any demonstration project under this subsection that the Secretary determines does not have a strong likelihood of producing useful information on important issues of food stamp program design or operation.

''(D) DIVERSITY OF APPROACHES AND AREAS.—In selecting demonstration projects to be carried out under this subsection, the Secretary shall seek to include—

''(i) projects that take diverse approaches;

''(ii) at least 1 project that will operate in an urban area; and

''(ii) at least 1 project that will operate in a rural area.

''(E) MAXIMUM AGGREGATE COST OF PROJECTS.—The estimated aggregate cost of projects selected by the Secretary under this subsection shall not exceed $90,000,000.

''(4) SIZE OF AREA.—Each demonstration project selected under this subsection shall be carried out in an area that contains not more than the greater of—

''(A) one-third of the total households receiving allotments in the State; or

''(B) the minimum number of households needed to measure the effects of the demonstration projects.

''(5) EVALUATIONS.—

''(A) IN GENERAL.—The Secretary shall provide, through contract or other means, for detailed, statistically valid evaluations to be conducted of each demonstration project carried out under this subsection.

''(B) MINIMUM REQUIREMENTS.—Each evaluation under subparagraph (A)—

''(i) shall include the study of control groups or areas; and

''(ii) shall analyze, at a minimum, the effects of the project design on—

''(I) costs of the food stamp program;

''(II) State administrative costs;

''(III) the integrity of the food stamp program, including errors as measured under section 16(c);

''(IV) participation by households in need of nutrition assistance; and

''(V) changes in allotment levels experienced by—

''(aa) households of various income levels;

''(bb) households with elderly, disabled, and employed members;

''(cc) households with high shelter costs relative to the incomes of the households; and

''(dd) households receiving subsidized housing, child care, or health insurance.

''(C) FUNDING.—From funds made available to carry out this Act, the Secretary shall reserve not more than $6,000,000 to conduct evaluations under this paragraph.

''(6) REPORT TO CONGRESS.—Not later than January 1, 2006, the Secretary shall submit to Congress a report on the impact of the demonstration projects carried out under this subsection on the food stamp program, including the effectiveness of the demonstration projects in—

''(A) delivering nutrition assistance to households most at risk; and

''(B) reducing administrative burdens.''.

(b) CONFORMING AMENDMENT.—Section 17(b)(1)(B)(iv)(III)(ii) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)(B)(iv)(III)(ii)) is amended by striking ''paragraph'' and inserting ''section''.

SEC. 1244. CONSOLIDATED BLOCK GRANTS.

(a) CONSOLIDATED FUNDING.—Section 19(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2028(a)(1)) is amended—

(1) in subparagraph (A)—

(A) by striking ''the Commonwealth of Puerto Rico'' and inserting ''governmental entities specified in subparagraph (D)'';

(B) in clause (ii), by striking ''and'' at the end; and

(C) by striking clause (iii) and all that follows and inserting the following:

''(iii) for fiscal year 2002, $1,356,000,000; and

''(iv) for each of fiscal years 2003 through 2006, the amount provided in clause (iii), as adjusted by the percentage by which the thrifty food plan has been adjusted under section 3(o)(4) between June 30, 2001, and June 30 of the immediately preceding fiscal year;

to pay the expenditures for nutrition assistance programs for needy persons as described in subparagraphs (B) and (C).'';

(2) in subparagraph (B), by inserting ''of Puerto Rico'' after ''Commonwealth'' each place it appears; and

(3) by adding at the end the following:

''(C) AMERICAN SAMOA.—For each fiscal year, the Secretary shall reserve 0.4 percent of the funds made available under subparagraph (A) for payment to American Samoa to pay the expenditures for a nutrition assistance program extended under section 601(c) of Public Law 96–597 (48 U.S.C. 1469d(c)).

''(D) GOVERNMENTAL ENTITY.—A governmental entity specified in this subparagraph is—

''(i) the Commonwealth of Puerto Rico; and

''(ii) for fiscal year 2003 and each fiscal year thereafter, American Samoa.''.

(b) CONFORMING AMENDMENT.—Section 24 of the Food Stamp Act of 1977 (7 U.S.C. 2033) is repealed.

(c) EFFECTIVE DATE.—The amendments made by this section take effect on October 1, 2002.

SEC. 1245. EXPANDED AVAILABILITY OF COMMODITIES.

(a) IN GENERAL.—Section 27 of the Food Stamp Act of 1977 (7 U.S.C. 2036) is amended—

(1) in subsection (a)—

(A) by striking ''From amounts'' and inserting the following:

''(1) IN GENERAL.—From amounts'';

(B) by striking ''for each of fiscal years 1997 through 2002, the Secretary shall purchase $100,000,000 of'' and inserting ''the Secretary shall use the amount specified in paragraph (2) to purchase''; and

(C) by adding at the end the following:

''(2) AMOUNTS.—The amounts specified in this paragraph are—

''(A) for each of fiscal years 1997 through 2001, $100,000,000; and

''(B) for each of fiscal years 2002 through 2006, $140,000,000.''; and

(2) by adding at the end the following:

''(c) USE OF FUNDS FOR RELATED COSTS.—

''(1) IN GENERAL.—For each of fiscal years 2002 through 2006, the Secretary shall use $10,000,000 of the funds made available under subsection (a) to pay the direct and indirect costs of States relating to the processing, storing, transporting, and distributing to eligible recipient agencies of—

''(A) commodities purchased by the Secretary under subsection (a); and

''(B) commodities acquired from other sources, including commodities acquired by gleaning (as defined in section 111(a) of the Hunger Prevention Act of 1988 (7 U.S.C. 612c note; Public Law 100–435)).

''(2) ALLOCATION OF FUNDS.—The amount required to be used in accordance with paragraph (1) shall be allocated in accordance with section 204(a) of the Emergency Food Assistance Act of 1983 (7 U.S.C. 7508(a)).''.

(b) EFFECTIVE DATE.—The amendments made by this section take effect on the date of enactment of this Act.

Subtitle B—Miscellaneous Provisions

SEC. 1251. REAUTHORIZATION OF COMMODITY PROGRAMS.

(a) COMMODITY DISTRIBUTION PROGRAM.—Section 4(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note; Public Law 93–86) is amended in the first sentence by striking ''2002'' and inserting ''2006''.

(b) COMMODITY SUPPLEMENTAL FOOD PROGRAM.—Section 5 of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note; Public Law 93–86) is amended—

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

''(a) GRANTS PER ASSIGNED CASELOAD SLOT.—

''(1) IN GENERAL.—In carrying out the program under section 4 (referred to in this section as the 'commodity supplemental food program'), for each of fiscal years 2003 through 2006, the Secretary shall provide to each State agency from funds made available to carry out that section (including any such funds remaining available from the preceding fiscal year), a grant per assigned caseload slot for administrative costs incurred by the State agency and local agencies in the State in operating the commodity supplemental food program.

''(2) AMOUNT OF GRANTS.—For each of fiscal years 2003 through 2006, the amount of each grant per caseload slot shall be equal to $50, adjusted by the percentage change between—

''(A) the value of the State and local government price index, as published by the Bureau of Economic Analysis of the Department of Commerce, for the 12-month period ending June 30 of the second preceding fiscal year; and

''(B) the value of that index for the 12-month period ending June 30 of the preceding fiscal year.''; and

(2) in subsection (d)(2), by striking ''2002'' each place it appears and inserting ''2006''.

(c) DISTRIBUTION OF SURPLUS COMMODITIES TO SPECIAL NUTRITION PROJECTS.—Section 1114(a)(2)(A) of the Agriculture and Food Act of 1981 (7 U.S.C. 1431e(2)(A)) is amended in the first sentence by striking ''2002'' and inserting ''2006''.

(d) EMERGENCY FOOD ASSISTANCE.—Section 204(a)(1) of the Emergency Food Assistance Act of 1983 (7 U.S.C. 7508(a)(1)) is amended in the first sentence—

(1) by striking ''2002'' and inserting ''2006'';

(2) by striking ''administrative''; and

(3) by inserting ''storage,'' after ''processing,''.

SEC. 1252. WORK REQUIREMENT FOR LEGAL IMMIGRANTS.

(a) WORKING IMMIGRANT FAMILIES.—Section 402(a)(2)(B)(ii)(I) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)(B)(ii)(I)) is amended by striking ''40'' and inserting ''40 (or, in the case of the specified Federal program described in paragraph (3)(B), 16)''.

(b) CONFORMING AMENDMENTS.—

(1) Section 213A(a)(3)(A) of the Immigration and Nationality Act (8 U.S.C. 1183a(a)(3)(A)) is amended by striking ''40'' and inserting ''40 (or, in the case of the specified Federal program described in section 402(a)(3)(B) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(3)(B)), 16)''.

(2) Section 403(c)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1613(c)(2)) is amended by adding at the end the following:

''(L) Assistance or benefits under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.).''.

(3) Section 421(b)(2)(A) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1631(b)(2)(A)) is amended by striking ''40'' and inserting ''40 (or, in the case of the specified Federal program described in section 402(a)(3)(B), 16)''.

SEC. 1253. QUALIFIED ALIENS.

Section 402(a)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)) is amended by adding at the end the following:

''(L) FOOD STAMP EXCEPTION FOR CERTAIN QUALIFIED ALIENS.—With respect to eligibility for benefits for the specified Federal program described in paragraph (3)(B), paragraph (1) shall not apply to any individual who has continuously resided in the United States as a qualified alien for a period of 5 years or more.''.

SEC. 1254. COMMODITIES FOR SCHOOL LUNCH PROGRAMS.

(a) IN GENERAL.—Section 6(e)(1)(B) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1755(e)(1)(B)) is amended by striking ''2001'' and inserting ''2003''.

(b) EFFECTIVE DATE.—The amendment made by this section takes effect on the date of enactment of this Act.

SEC. 1255. ELIGIBILITY FOR FREE AND REDUCED PRICE MEALS.

(a) IN GENERAL.—Section 9(b) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1758(b)) is amended by adding at the end the following:

''(7) EXCLUSION OF CERTAIN MILITARY HOUSING ALLOWANCES.—For each of fiscal years 2002 and 2003, the amount of a basic allowance provided under section 403 of title 37, United States Code, on behalf of a member of a uniformed service for housing that is acquired or constructed under subchapter IV of chapter 169 of title 10, United States Code, or any related provision of law, shall not be considered to be income for the purpose of determining the eligibility of a child who is a member of the household of the member of a uniformed service for free or reduced price lunches under this Act.''.

(b) EFFECTIVE DATE.—The amendment made by this section takes effect on the date of enactment of this Act.

SEC. 1256. SENIORS FARMERS' MARKET NUTRITION PROGRAM.

(a) ESTABLISHMENT.—The Secretary of Agriculture shall carry out and expand a seniors farmers' market nutrition program.

(b) PROGRAM PURPOSES.—The purposes of the seniors farmers' market nutrition program are—

(1) to provide to low-income seniors resources in the form of fresh, nutritious, unprepared, locally grown fruits, vegetables, and herbs from farmers' markets, roadside stands, and community-supported agriculture programs;

(2) to increase domestic consumption of agricultural commodities by expanding or assisting in the expansion of domestic farmers' markets, roadside stands, and community-supported agriculture programs; and

(3) to develop or aid in the development of new farmers' markets, roadside stands, and community-supported agriculture programs.

(c) REGULATIONS.—The Secretary of Agriculture may promulgate such regulations as the Secretary considers necessary to carry out the seniors farmers' market nutrition program under this section.

(d) FUNDING.—

(1) IN GENERAL.—Not later than 30 days after the date of enactment of this Act, and on October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture to carry out this section $15,000,000.

(2) RECEIPT AND ACCEPTANCE.—The Secretary of Agriculture shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under paragraph (1), without further appropriation.

SEC. 1257. ELIGIBILITY FOR ASSISTANCE UNDER THE SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN.

(a) IN GENERAL.—Section 17(d)(2)(B)(i) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(d)(2)(B)(i)) is amended—

(1) by striking ''basic allowance for housing'' and inserting the following: ''basic allowance—

''(I) for housing'';

(2) by striking ''and'' at the end and inserting ''or''; and

(3) by adding at the end the following:

''(II) provided under section 403 of title 37, United States Code, for housing that is acquired or constructed under subchapter IV of chapter 169 of title 10, United States Code, or any related provision of law; and''.

(b) EFFECTIVE DATE.—The amendments made by this section take effect on the date of enactment of this Act.

SEC. 1258. CONGRESSIONAL HUNGER FELLOWS PROGRAM.

(a) SHORT TITLE.—This section may be cited as the ''Congressional Hunger Fellows Act of 2001''.

(b) FINDINGS.—Congress finds that—

(1) there are—

(A) a critical need for compassionate individuals who are committed to assisting people who suffer from hunger; and

(B) a need for those individuals to initiate and administer solutions to the hunger problem;

(2) Bill Emerson, the distinguished late Representative from the 8th District of Missouri, demonstrated—

(A) his commitment to solving the problem of hunger in a bipartisan manner;

(B) his commitment to public service; and

(C) his great affection for the institution and the ideals of Congress;

(3) George T. (Mickey) Leland, the distinguished late Representative from the 18th District of Texas, demonstrated—

(A) his compassion for individuals in need;

(B) his high regard for public service; and

(C) his lively exercise of political talents;

(4) the special concern that Mr. Emerson and Mr. Leland demonstrated during their lives for the hungry and poor was an inspiration for others to work toward the goals of equality and justice for all; and

(5) since those 2 outstanding leaders maintained a special bond of friendship regardless of political affiliation and worked together to encourage future leaders to recognize and provide service to others, it is especially appropriate to honor the memory of Mr. Emerson and Mr. Leland by establishing a fellowship program to develop and train the future leaders of the United States to pursue careers in humanitarian service.

(c) DEFINITIONS.—In this section:

(1) APPROPRIATE CONGRESSIONAL COMMITTEES.—The term ''appropriate congressional committees'' means—

(A) the Committee on Agriculture and the Committee on International Relations of the House of Representatives; and

(B) the Committee on Agriculture, Nutrition, and Forestry and the Committee on Foreign Relations of the Senate.

(2) BOARD.—The term ''Board'' means the Board of Trustees of the Program.

(3) FUND.—The term ''Fund'' means the Congressional Hunger Fellows Trust Fund established by subsection (g).

(4) PROGRAM.—The term ''Program'' means the Congressional Hunger Fellows Program established by subsection (d).

(d) ESTABLISHMENT.—There is established as an independent entity of the legislative branch of the United States Government an entity to be known as the ''Congressional Hunger Fellows Program''.

(e) BOARD OF TRUSTEES.—

(1) IN GENERAL.—The Program shall be subject to the supervision and direction of a Board of Trustees.

(2) MEMBERS OF THE BOARD.—

(A) APPOINTMENT.—

(i) IN GENERAL.—The Board shall be composed of 6 voting members appointed under clause (ii) and 1 nonvoting ex-officio member designated by clause (iii).

(ii) VOTING MEMBERS.—The voting members of the Board shall be the following:

(I) 2 members appointed by the Speaker of the House of Representatives.

(II) 1 member appointed by the minority leader of the House of Representatives.

(III) 2 members appointed by the majority leader of the Senate.

(IV) 1 member appointed by the minority leader of the Senate.

(iii) NONVOTING MEMBER.—The Executive Director of the Program shall serve as a nonvoting ex-officio member of the Board.

(B) TERMS.—

(i) IN GENERAL.—Each member of the Board shall serve for a term of 4 years.

(ii) INCOMPLETE TERM.—If a member of the Board does not serve the full term of the member, the individual appointed to fill the resulting vacancy shall be appointed for the remainder of the term of the predecessor of the individual.

(C) VACANCY.—A vacancy on the Board—

(i) shall not affect the powers of the Board; and

(ii) shall be filled in the same manner as the original appointment was made.

(D) CHAIRPERSON.—As the first order of business of the first meeting of the Board, the members shall elect a Chairperson.

(E) COMPENSATION.—

(i) IN GENERAL.—Subject to clause (ii), a member of the Board shall not receive compensation for service on the Board.

(ii) TRAVEL.—A member of the Board shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for an employee of an agency under subchapter I of chapter 57 of title 5, United States Code, while away from the home or regular place of business of the member in the performance of the duties of the Board.

(3) DUTIES.—

(A) BYLAWS.—

(i) ESTABLISHMENT.—The Board shall establish such bylaws and other regulations as are appropriate to enable the Board to carry out this section, including the duties described in this paragraph.

(ii) CONTENTS.—Bylaws and other regulations established under clause (i) shall include provisions—

(I) for appropriate fiscal control, accountability for funds, and operating principles;

(II) to prevent any conflict of interest, or the appearance of any conflict of interest, in—

(aa) the procurement and employment actions taken by the Board or by any officer or employee of the Board; and

(bb) the selection and placement of individuals in the fellowships developed under the Program;

(III) for the resolution of a tie vote of the members of the Board; and

(IV) for authorization of travel for members of the Board.

(iii) SUBMISSION TO CONGRESS.—Not later than 90 days after the date of the first meeting of the Board, the Chairperson of the Board shall submit to the appropriate congressional committees a copy of the bylaws established by the Board.

(B) BUDGET.—For each fiscal year in which the Program is in operation—

(i) the Board shall determine a budget for the Program for the fiscal year; and

(ii) all spending by the Program shall be in accordance with the budget unless a change is approved by the Board.

(C) PROCESS FOR SELECTION AND PLACEMENT OF FELLOWS.—The Board shall review and approve the process established by the Executive Director for the selection and placement of individuals in the fellowships developed under the Program.

(D) ALLOCATION OF FUNDS TO FELLOWSHIPS.—The Board shall determine—

(i) the priority of the programs to be carried out under this section; and

(ii) the amount of funds to be allocated for the fellowships established under subsection (f)(3)(A).

(f) PURPOSES; AUTHORITY OF PROGRAM.—

(1) PURPOSES.—The purposes of the Program are—

(A) to encourage future leaders of the United States to pursue careers in humanitarian service;

(B) to recognize the needs of people who are hungry and poor;

(C) to provide assistance and compassion for people in need;

(D) to increase awareness of the importance of public service; and

(E) to provide training and development opportunities for the leaders through placement in programs operated by appropriate entities.

(2) AUTHORITY.—The Program may develop fellowships to carry out the purposes of the Program, including the fellowships described in paragraph (3).

(3) FELLOWSHIPS.—

(A) IN GENERAL.—The Program shall establish and carry out the Bill Emerson Hunger Fellowship and the Mickey Leland Hunger Fellowship.

(B) CURRICULUM.—

(i) IN GENERAL.—The fellowships established under subparagraph (A) shall provide experience and training to develop the skills and understanding necessary to improve the humanitarian conditions and the lives of individuals who suffer from hunger, including—

(I) training in direct service to the hungry in conjunction with community-based organizations through a program of field placement; and

(II) experience in policy development through placement in a governmental entity or nonprofit organization.

(ii) FOCUS.—

(I) BILL EMERSON HUNGER FELLOWSHIP.—The Bill Emerson Hunger Fellowship shall address hunger and other humanitarian needs in the United States.

(II) MICKEY LELAND HUNGER FELLOWSHIP.—The Mickey Leland Hunger Fellowship shall address international hunger and other humanitarian needs.

(iii) WORK PLAN.—To carry out clause (i) and to assist in the evaluation of the fellowships under paragraph (4), the Program shall, for each fellow, approve a work plan that identifies the target objectives for the fellow in the fellowship, including the specific duties and responsibilities relating to the objectives.

(C) PERIOD OF FELLOWSHIP.—

(i) EMERSON FELLOWSHIP.—A Bill Emerson Hunger Fellowship awarded under this paragraph shall be for a period of not more than 1 year.

(ii) LELAND FELLOWSHIP.—A Mickey Leland Hunger Fellowship awarded under this paragraph shall be for a period of not more than 2 years, of which not less than 1 year shall be dedicated to fulfilling the requirement of subparagraph (B)(i)(I).

(D) SELECTION OF FELLOWS.—

(i) IN GENERAL.—A fellowship shall be awarded through a nationwide competition established by the Program.

(ii) QUALIFICATION.—A successful applicant shall be an individual who has demonstrated—

(I) an intent to pursue a career in humanitarian service and outstanding potential for such a career;

(II) leadership potential or leadership experience;

(III) diverse life experience;

(IV) proficient writing and speaking skills;

(V) an ability to live in poor or diverse communities; and

(VI) such other attributes as the Board determines to be appropriate.

(iii) AMOUNT OF AWARD.—

(I) IN GENERAL.—Each individual awarded a fellowship under this paragraph shall receive a living allowance and, subject to subclause (II), an end-of-service award as determined by the Program.

(II) REQUIREMENT FOR SUCCESSFUL COMPLETION OF FELLOWSHIP.—Each individual awarded a fellowship under this paragraph shall be entitled to receive an end-of-service award at an appropriate rate for each month of satisfactory service as determined by the Executive Director.

(iv) RECOGNITION OF FELLOWSHIP AWARD.—

(I) EMERSON FELLOW.—An individual awarded a Bill Emerson Hunger Fellowship shall be known as an ''Emerson Fellow''.

(II) LELAND FELLOW.—An individual awarded a Mickey Leland Hunger Fellowship shall be known as a ''Leland Fellow''.

(4) EVALUATIONS.—

(A) IN GENERAL.—The Program shall conduct periodic evaluations of the Bill Emerson and Mickey Leland Hunger Fellowships.

(B) REQUIRED ELEMENTS.—Each evaluation shall include—

(i) an assessment of the successful completion of the work plan of each fellow;

(ii) an assessment of the impact of the fellowship on the fellows;

(iii) an assessment of the accomplishment of the purposes of the Program; and

(iv) an assessment of the impact of each fellow on the community.

(g) TRUST FUND.—

(1) ESTABLISHMENT.—There is established in the Treasury of the United States a fund to be known as the ''Congressional Hunger Fellows Trust Fund'', consisting of—

(A) amounts appropriated to the Fund under subsection (k);

(B) any amounts earned on investment of amounts in the Fund under paragraph (2); and

(C) amounts received under subsection (i)(3)(A).

(2) INVESTMENT OF AMOUNTS.—

(A) IN GENERAL.—

(i) AUTHORITY TO INVEST.—The Secretary of the Treasury shall invest such portion of the Fund as is not, in the judgment of the Secretary of the Treasury, required to meet current withdrawals.

(ii) TYPES OF INVESTMENTS.—Each investment may be made only in an interest-bearing obligation of the United States or an obligation guaranteed as to principal and interest by the United States that, as determined by the Secretary of the Treasury in consultation with the Board, has a maturity suitable for the Fund.

(B) ACQUISITION OF OBLIGATIONS.—For the purpose of investments under subparagraph (A), obligations may be acquired—

(i) on original issue at the issue price; or

(ii) by purchase of outstanding obligations at the market price.

(C) SALE OF OBLIGATIONS.—Any obligation acquired by the Fund may be sold by the Secretary of the Treasury at the market price.

(D) CREDITS TO FUND.—The interest on, and the proceeds from the sale or redemption of, any obligations held in the Fund shall be credited to and form a part of the Fund.

(3) TRANSFERS OF AMOUNTS.—

(A) IN GENERAL.—The amounts required to be transferred to the Fund under this subsection shall be transferred at least monthly from the general fund of the Treasury to the Fund on the basis of estimates made by the Secretary of the Treasury.

(B) ADJUSTMENTS.—Proper adjustment shall be made in amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

(h) EXPENDITURES; AUDITS.—

(1) IN GENERAL.—The Secretary of the Treasury shall transfer to the Program from the amounts described in subsections (g)(2)(D) and (i)(3)(A) such sums as the Board determines to be necessary to enable the Program to carry out this section.

(2) LIMITATION.—The Secretary may not transfer to the Program the amounts appropriated to the Fund under subsection (k).

(3) USE OF FUNDS.—Funds transferred to the Program under paragraph (1) shall be used—

(A) to provide a living allowance for the fellows;

(B) to defray the costs of transportation of the fellows to the fellowship placement sites;

(C) to defray the costs of appropriate insurance of the fellows, the Program, and the Board;

(D) to defray the costs of preservice and midservice education and training of fellows;

(E) to pay staff described in subsection (i);

(F) to make end-of-service awards under subsection (f)(3)(D)(iii)(II); and

(G) for such other purposes as the Board determines to be appropriate to carry out the Program.

(4) AUDIT BY COMPTROLLER GENERAL.—

(A) IN GENERAL.—The Comptroller General of the United States shall conduct an annual audit of the accounts of the Program.

(B) BOOKS.—The Program shall make available to the Comptroller General all books, accounts, financial records, reports, files, and other papers, things, or property belonging to or in use by the Program and necessary to facilitate the audit.

(C) REPORT TO CONGRESS.—The Comptroller General shall submit to the appropriate congressional committees a copy of the results of each audit under subparagraph (A).

(i) STAFF; POWERS OF PROGRAM.—

(1) EXECUTIVE DIRECTOR.—

(A) IN GENERAL.—The Board shall appoint an Executive Director of the Program who shall—

(i) administer the Program; and

(ii) carry out such other functions consistent with this section as the Board shall prescribe.

(B) RESTRICTION.—The Executive Director may not serve as Chairperson of the Board.

(C) COMPENSATION.—The Executive Director shall be paid at a rate not to exceed the rate payable for level V of the Executive Schedule under section 5316 of title 5, United States Code.

(2) STAFF.—

(A) IN GENERAL.—With the approval of a majority of the Board, the Executive Director may appoint and fix the pay of such additional personnel as the Executive Director considers necessary to carry out this section.

(B) COMPENSATION.—An individual appointed under subparagraph (A) shall be paid at a rate not to exceed the rate payable for level GS–15 of the General Schedule.

(3) POWERS.—

(A) GIFTS.—

(i) IN GENERAL.—The Program may solicit, accept, use, and dispose of gifts, bequests, or devises of services or property, both real and personal, for the purpose of aiding or facilitating the work of the Program.

(ii) USE OF GIFTS.—Gifts, bequests, or devises of money and proceeds from sales of other property received as gifts, bequests, or devises shall—

(I) be deposited in the Fund; and

(II) be available for disbursement on order of the Board.

(B) PROCUREMENT OF TEMPORARY AND INTERMITTENT SERVICES.—To carry out this section, the Program may procure temporary and intermittent services in accordance with section 3109(b) of title 5, United States Code, at rates for individuals that do not exceed the daily equivalent of the annual rate of basic pay payable for level GS–15 of the General Schedule.

(C) CONTRACT AUTHORITY.—To carry out this section, the Program may, with the approval of a majority of the members of the Board, contract with and compensate Government and private agencies or persons without regard to section 3709 of the Revised Statutes (41 U.S.C. 5).

(D) OTHER NECESSARY EXPENDITURES.—

(i) IN GENERAL.—Subject to clause (ii), the Program may make such other expenditures as the Program considers necessary to carry out this section.

(ii) PROHIBITION.—The Program may not expend funds to develop new or expanded projects at which fellows may be placed.

(j) REPORT.—Not later than December 31 of each year, the Board shall submit to the appropriate congressional committees a report on the activities of the Program carried out during the preceding fiscal year that includes—

(1) an analysis of the evaluations conducted under subsection (f)(4) during the fiscal year; and

(2) a statement of—

(A) the total amount of funds attributable to gifts received by the Program in the fiscal year under subsection (i)(3)(A); and

(B) the total amount of funds described in subparagraph (A) that were expended to carry out the Program in the fiscal year.

(k) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $18,000,000.

(l) EFFECTIVE DATE.—This section takes effect on October 1, 2002.

SEC. 1259. EFFECTIVE DATE.

Except as otherwise provided in this title, the amendments made by this title take effect on July 1, 2002, except that a State agency may, at the option of the State agency, elect not to implement the amendments until October 1, 2002.

SEC. 1260. EFFECTIVENESS OF OTHER NUTRITION TITLE.

Title IV and the amendments made by title IV shall have no effect.

TITLE XIII—ADMINISTRATION

SEC. 1301. REGULATIONS.

(a) IN GENERAL.—The Secretary of Agriculture may promulgate such regulations as are necessary to implement this Act and the amendments made by this Act.

(b) PROCEDURE.—The promulgation of the regulations and administration of title XI and sections 508 and 1256 and the amendments made by title XI and sections 508 and 1256 shall be made without regard to—

(1) the notice and comment provisions of section 553 of title 5, United States Code;

(2) the Statement of Policy of the Secretary of Agriculture effective July 24, 1971 (36 Fed. Reg. 13804), relating to notices of proposed rulemaking and public participation in rulemaking; and

(3) chapter 35 of title 44, United States Code (commonly known as the ''Paperwork Reduction Act'').

(c) CONGRESSIONAL REVIEW OF AGENCY RULEMAKING.—In carrying out subsection (b), the Secretary shall use the authority provided under section 808 of title 5, United States Code.

SEC. 1302. EFFECT OF AMENDMENTS.

(a) IN GENERAL.—Except as otherwise specifically provided in this Act and notwithstanding any other provision of law, this Act and the amendments made by this Act shall not affect the authority of the Secretary of Agriculture to carry out an agricultural market transition, price support, or production adjustment program for any of the 1996 through 2001 crop, fiscal, or calendar years under a provision of law in effect immediately before the date of enactment of this Act.

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

SA 2474. Mr. MURKOWSKI submitted an amendment intended to be proposed by him to the bill S. 1731, to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, add the following new section:

''SEC. . WILD FISH AND SHELLFISH.

''Section 2106 of the Organic Foods Production Act of 1990 (7 U.S.C. 6505) is amended by adding the following new subsection (c) and renumbering accordingly:

'' '(c) Notwithstanding section 6506(a)(1)(A)), domestically produced wild fish and shellfish products may be labeled as organic if the secretary finds that they meet standards for wholesomeness that are equivalent to standards adopted for fish and shellfish produced from certified organic farms. In the event that standards do not exist for fish and shellfish produced from certified organic farms, the Secretary shall establish appropriate standards to allow labeling of wild fish and shellfish as organic. In establishing such standards for wild fish and shellfish, the Secretary shall consult with wild fish and shellfish producers, processors and sellers, as well as other interested members of the public.' ''

SA 2475. Mr. MURKOWSKI submitted an amendment intended to be proposed by him to the bill S. 1731, to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, add the following new section:

''SEC. . FOREIGN MARKET DEVELOPMENT AMENDMENT.

''Section 5 of the Act of June 29, 1948 (62 Stat. 1072, Ch. 704) is amended by inserting ', and fur animals and products without regard to whether such animals are harvested in agricultural operations' after the phrase 'aquacultural operations'; and

''Section 602 of the Agricultural Act of 1949 (7 U.S.C. 1471) is amended by striking 'fish used for food,' and inserting 'fish used for food, fur animals and products,'.''

SA 2476. Mr. STEVENS submitted an amendment intended to be proposed by him to the bill S. 1731, to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

S. 1731 is amended—

(1) on page 877, by inserting after line 5 the following:

''(9) WILD FISH.—The term wild fish includes naturally-born and hatchery-raised fish and shellfish harvested in the wild, including fillets, steaks, nuggets, and any other flesh from wild fish or shellfish, and does not include net-pen aquacultural or other farm-raised fish'';

(2) on page 877, line 22 by inserting ''(I)'' after ''(B)'';

(3) on page 877, by inserting after line 23 the following:

''(II) in the case of wild fish, is harvested in waters of the United States, its territories, or a State and is processed in the United States, its territories, or a State, including the waters thereof; and''; and

(4) on page 878, by inserting after line 3 the following:

''(3) WILD AND FARM-RAISED FISH.—The notice of country of origin for wild fish and farm-raised fish shall distinguish between wild fish and farm-raised fish, and in the case of wild salmon shall indicate State of origin.''.

SA 2477. Mr. STEVENS submitted an amendment intended to be proposed by him to the bill S. 1731, to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following new section:

SEC. . REPORT TO CONGRESS ON POUCHED AND CANNED SALMON.

Not later than 120 days from the date of enactment of this Act, the Secretary shall issue a report to Congress on efforts to expand the promotion, marketing and purchase of pouched and canned salmon harvested and processed in the United States within the food and nutrition programs under his jurisdiction. The report shall include: an analysis of existing pouched and canned salmon inventories in the United States available for purchase; an analysis of the demand for pouched and canned salmon as well as for value-added products such as salmon ''nuggets'' by the Department's partners, including other appropriate Federal agencies, and

customers; a marketing strategy to stimulate and increase that demand; and, a purchasing strategy to ensure that adequate supplies of pouched and canned salmon as well as other value-added salmon products are available to meet that demand.

SA 2478. Mr. REID (for Mr. LIEBERMAN (for himself and Mr. THOMPSON) proposed an amendment to the bill H.R. 2336, An act to extend for 4 years, through December 31, 2005, the authority to redact financial disclosure statements of judicial employees and judicial officers; as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. EXTENSION OF SUNSET PROVISION.

Section 105(b)(3)(E) of the Ethics in Government Act of 1978 (5 U.S.C. App.) is amended by striking ''2001'' each place it appears and inserting ''2005''.

SA 2479. Mr. REID (for Mr. LIEBERMAN) proposed an amendment to the bill H.R. 2336, An act to extend for 4 years, through December 31, 2005, the authority to redact financial disclosure statements of judicial employees and judicial officers; as follows:

Amend the title so as to read: ''An Act to extend for 4 years, through December 31, 2005, the authority to redact financial disclosure statements of judicial employees and judicial officers.''.

SA 2480. Mr. REID (for Mr. LIEBERMAN) proposed an amendment to the bill H.R. 2199, to amend the National Capital Revitalization and Self-Government Improvement Act of 1997 to permit any Federal law enforcement agency to enter into a cooperative agreement with the Metropolitan Police Department of the District of Columbia to assist the Department in carrying out crime prevention and law enforcement activities in the District of Columbia if deemed appropriate by the Chief of the Department and the United States Attorney for the District of Columbia, and for other purposes; as follows:

On page 2, line 11, strike ''sec. 4–192(d)'' and insert ''sec. 5–133.17(d)''.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON ARMED SERVICES

Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet during the session of the Senate on Tuesday, December 11, 2001, at 10:30 a.m., in executive session to discuss the status of conference on S. 1438, the National Defense Authorization Act for Fiscal Year 2002.

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

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

Mr. REID. Mr. President, I ask unanimous consent that the Committee on Banking, Housing, and Urban Affairs be authorized to meet during the session of the Senate on Tuesday, December 11, 2001, immediately following the first rollcall vote, to conduct a markup on the nominations of Mr. Eduardo Aguirre, Jr., of Texas, to be First Vice President of the Export-Import Bank of the United States; Mr. J. Joseph Grandmaison, of New Hampshire, to be a member of the Board of Directors of the Export-Import Bank of the United States; and Mr. Kenneth M. Donohue, of Virginia, to be Inspector General of the Department of Housing and Urban Development.

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

COMMITTEE ON FOREIGN RELATIONS

Mr. REID. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Tuesday, December 11, 2001, at 3 p.m., to hold a nomination hearing.

Agenda

Nominee: Francis Ricciardone, Jr., of New Hampshire, to be Ambassador to the Philippines and to serve concurrently and without additional compensation as Ambassador to the Republic of Palau.

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

COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. REID. Mr. President, I ask unanimous consent that the Committee on Governmental Affairs be authorized to meet on Tuesday, December 11, 2001, at 9 a.m., to hold a hearing entitled ''The Local Role in Homeland Security.''

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

SUBCOMMITTEE ON ADMINISTRATIVE OVERSIGHT AND THE COURTS

Mr. REID. I ask unanimous consent that the Committee on the Judiciary Subcommittee on Administrative Oversight and the Courts be authorized to meet to conduct a hearing on Tuesday, December 11, 2001, at 10 a.m., in Dirksen 226.

Tentative Witness List: Mr. Bernard B. Kerik, Police Commissioner, New York, New York; the Honorable Martin O'Malley, Mayor, Baltimore, MD; Mr. Chuck Canterbury, National Vice President, Fraternal Order of Police, Myrtle Beach, SC; and Mr. John Greiner, President, Utah Chief of Police Association, Ogden, Utah.

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

PRIVILEGE OF THE FLOOR

Mr. HARKIN. Mr. President, I ask unanimous consent that Kevin Brown, Jay Klug, Bill Burton, and Karl Hampton, all detailees on my staff, be allowed floor privileges during debate on S. 1731.

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

NATIONAL CIVIC PARTICIPATION WEEK

On December 10, 2001, the Senate passed S. Res. 140, as follows:

S. RES. 140

Whereas the United States embarks on this new millennium as the world's model of democratic ideals, economic enterprise, and technological innovation and discovery;

Whereas our Nation's preeminence is a tribute to our great 2-century-old experiment in representative government that nurtures those ideals, fosters economic vitality, and encourages innovation and discovery;

Whereas representative government is dependent on the exercise of the privileges and responsibilities of its citizens, and that has been in decline in recent years in both civic and political participation;

Whereas Alexis de Tocqueville, the 19th century French chronicler of our Nation's political behavior, observed that the people of the United States had successfully resisted democratic apathy and mild despotism by using what he called ''schools of freedom''—local institutions and associations where citizens learn to listen and trust each other;

Whereas civic and political participation remains the school in which citizens engage in the free, diverse, and positive political dialogue that guides our Nation toward common interests, consensus, and good governance;

Whereas it is in the public interest for our Nation's leaders to foster civic discourse, education, and participation in Federal, State, and local affairs;

Whereas the advent of revolutionary Internet technology offers new mechanisms for empowering our citizens and fostering greater civic engagement than at any time in our peacetime history; and

Whereas the use of new technologies can bring people together in civic forums, educate citizens on their roles and responsibilities, and promote citizen participation in the political process through volunteerism, voting, and the elevation of voices in public discourse: Now, therefore, be it

Resolved,

SECTION 1. DESIGNATION OF NATIONAL CIVIC PARTICIPATION WEEK.

The Senate—

(1) designates the week beginning September 15, 2002, as ''National Civic Participation Week'';

(2) proclaims National Civic Participation Week as a week of inauguration of programs and activities that will lead to greater participation in elections and the political process; and

(3) requests that the President issue a proclamation calling upon interested organizations and the people of the United States to promote programs and activities that take full advantage of the technological resources available in fostering civic participation through the dissemination of information.

CONGRATULATING BARRY BONDS

On December 10, 2001, the Senate amended and passed S. Res. 178, as follows:

S. RES. 178

Whereas Barry Bonds has brought distinction to Major League Baseball and excellence to the San Francisco Giants, following in the baseball footsteps of his father, Bobby Bonds, and his godfather, Willie Mays;

Whereas Barry Bonds has had an outstanding career that so far includes an unprecedented 4 Most Valuable Player awards, 10 All-Star Game appearances, 8 Rawlings Gold Glove awards, and the distinction of being named Player of the Decade for the 1990s by the Sporting News;

Whereas in 2001, Barry Bonds had 1 of the greatest seasons in Major League Baseball

history, achieving 73 home runs, a slugging average of .863, and an on-base percentage of .515;

Whereas Barry Bonds has established himself as the most prolific single-season home run hitter in Major League Baseball history, hitting his 73d home run on October 7, 2001, eclipsing the previous record of 70 home runs set by Mark McGwire in 1998;

Whereas Barry Bonds has attained the rank of 7th place on the all-time Major League Baseball home run list with 567;

Whereas Barry Bonds drove in 136 runs to set a Giants franchise record for runs batted in by a left fielder, and has recorded at least 100 RBI's in each of 10 different seasons;

Whereas of Barry Bonds's 73 home runs, 24 gave San Francisco the lead and 7 tied the game;

Whereas Barry Bonds also hit the 500th home run of his career during the 2001 season, a 2-run game-winning home run which landed in the waters of McCovey Cove, San Francisco;

Whereas Barry Bonds, at age 37, is the oldest player in Major League Baseball history to hit more than 50, 60, and 70 home runs in a single season;

Whereas Barry Bonds has recorded 484 stolen bases in his career, becoming the only Major League Baseball player to both hit more than 400 home runs and steal more than 400 bases;

Whereas Barry Bonds's 233 stolen bases achieved while playing for San Francisco place him 6th on the Giants franchise list behind his father, Bobby, who is 5th with 263 stolen bases;

Whereas Barry Bonds has proven himself to be an active leader not only in the Giants clubhouse but also in the community, donating approximately $100,000 to the September 11th Fund to aid the victims of the terrorist attacks in New York, Washington, D.C., and Pennsylvania; and

Whereas Barry Bonds has also devoted his time and money to support the Link & Learn Program of the United Way, and has been an active participant in numerous other San Francisco Bay area community efforts: Now, therefore, be it

Resolved, That the Senate—

(1) congratulates Barry Bonds on his spectacular record-breaking season in 2001 and outstanding career in Major League Baseball;

(2) wishes Barry Bonds continued success in the seasons to come; and

(3) thanks Barry Bonds for his contributions to baseball and to his community.

AUTHORIZATION OF SENATE CHAMBER PHOTOGRAPH

Mr. REID. Madam President, I ask unanimous consent that the Senate proceed to a resolution which is at the desk, submitted earlier today by the majority and Republican leaders.

The PRESIDING OFFICER. The clerk will report the resolution by title.

The assistant legislative clerk read as follows:

A resolution (S. Res. 190) authorizing the taking of a photograph in the Chamber of the United States Senate.

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

Mr. REID. Madam President, I ask unanimous consent that the resolution be agreed to and the motion to reconsider be laid upon the table, with no intervening action.

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

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

MAKING PERMANENT AUTHORITY TO REDACT FINANCIAL DISCLOSURE STATEMENTS

Mr. REID. Madam President, I ask unanimous consent that the Senate proceed to Calendar No. 263, H.R. 2336.

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

The assistant legislative clerk read as follows:

A bill (H.R. 2336) to make permanent the authority to redact financial disclosure statements of judicial employees and judicial officers.

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

Mr. REID. Madam President, there is a Lieberman-Thompson amendment at the desk. I ask unanimous consent that the amendment be agreed to, that the bill as amended, be read a third time, passed, the title amendment be agreed to, the motion to reconsider be laid upon the table, with no intervening action or debate, and that any statements relating to the bill be printed in the RECORD.

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

The amendment (No. 2478) was agreed to, as follows:

AMENDMENT NO. 2478

(Purpose: To extend for 4 years the authority to redact financial disclosure statements of judicial employees and judicial officers)

Strike all after the enacting clause and insert the following:

SECTION 1. EXTENSION OF SUNSET PROVISION.

Section 105(b)(3)(E) of the Ethics in Government Act of 1978 (5 U.S.C. App.) is amended by striking ''2001'' each place it appears and inserting ''2005''.

The bill (H.R. 2336), as amended, was read the third time and passed.

The title amendment (No. 2479) was agreed to, as follows:

Amend the title so as to read: ''An Act to extend for 4 years, through December 31, 2005, the authority to redact financial disclosure statements to judicial employees and judicial officers.''.

HONORING 19 UNITED STATES SERVICEMEN WHO DIED IN TERRORIST BOMBING OF THE KHOBAR TOWERS IN SAUDI ARABIA

Mr. REID. Madam President, I ask unanimous consent that the Senate proceed to Calendar No. 261, S. Con. Res. 55.

The PRESIDING OFFICER. The clerk will report the concurrent resolution by title.

The assistant legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 55) honoring the 19 United States servicemen who died in the terrorist bombing of the Khobar Towers in Saudi Arabia, on June 25, 1996.

There being no objection, the Senate proceeded to consider the concurrent resolution.

Mr. REID. Madam President, I ask unanimous consent that the concurrent resolution be agreed to, the preamble be agreed to, the motion to reconsider be laid upon the table, and any statements relating to the concurrent resolution be printed in the RECORD.

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

The concurrent resolution (S. Con. Res. 55) was agreed to.

The preamble was agreed to.

The concurrent resolution, with its preamble, reads as follows:

S. CON. RES. 55

Whereas June 25, 2001, marks the fifth anniversary of the tragic terrorist bombing of the Khobar Towers in Saudi Arabia;

Whereas this act of senseless violence took the lives of 19 brave United States servicemen, and wounded 500 others;

Whereas these nineteen men killed while serving their country were Captain Christopher Adams, Sergeant Daniel Cafourek, Sergeant Millard Campbell, Sergeant Earl Cartrette, Jr., Sergeant Patrick Fennig, Captain Leland Haun, Sergeant Michael Heiser, Sergeant Kevin Johnson, Sergeant Ronald King, Sergeant Kendall Kitson, Jr., Airman First Class Christopher Lester, Airman First Class Brent Marthaler, Airman First Class Brian McVeigh, Airman First Class Peter Morgera, Sergeant Thanh Nguyen, Airman First Class Joseph Rimkus, Senior Airman Jeremy Taylor, Airman First Class Justin Wood, and Airman First Class Joshua Woody;

Whereas those guilty of this attack have yet to be brought to justice;

Whereas the families of these brave servicemen still mourn their loss and await the day when those guilty of this act are brought to justice; and

Whereas terrorism remains a constant and ever-present threat around the world: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That the Congress, on the occasion of the fifth anniversary of the terrorist bombing of the Khobar Towers in Saudi Arabia, recognizes the sacrifice of the 19 servicemen who died in that attack, and calls upon every American to pause and pay tribute to these brave soldiers and to remain ever vigilant for signs which may warn of a terrorist attack.

ZIMBABWE DEMOCRACY AND ECONOMIC RECOVERY ACT OF 2001

Mr. REID. Madam President, I ask unanimous consent that the Chair lay before the Senate a message from the House on S. 494.

The PRESIDING OFFICER laid before the Senate a message from the House, as follows:

Resolved, That the bill from the Senate (S. 494) entitled ''An Act to provide for a transition to democracy and to promote economic recovery in Zimbabwe'', do pass with the following amendment:

Strike out all after the enacting clause and insert:

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Zimbabwe Democracy and Economic Recovery Act of 2001''.

SEC. 2. STATEMENT OF POLICY.

It is the policy of the United States to support the people of Zimbabwe in their struggle to effect peaceful, democratic change, achieve broad-based and equitable economic growth, and restore the rule of law.

SEC. 3. DEFINITIONS.

In this Act:

(1) INTERNATIONAL FINANCIAL INSTITUTIONS.—The term ''international financial institutions'' means the multilateral development banks and the International Monetary Fund.

(2) MULTILATERAL DEVELOPMENT BANKS.—The term ''multilateral development banks'' means the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Inter-American Development Bank, the Asian Development Bank, the Inter-American Investment Corporation, the African Development Bank, the African Development Fund, the European Bank for Reconstruction and Development, and the Multilateral Investment Guaranty Agency.

SEC. 4. SUPPORT FOR DEMOCRATIC TRANSITION AND ECONOMIC RECOVERY.

(a) FINDINGS.—Congress makes the following findings:

(1) Through economic mismanagement, undemocratic practices, and the costly deployment of troops to the Democratic Republic of the Congo, the Government of Zimbabwe has rendered itself ineligible to participate in International Bank for Reconstruction and Development and International Monetary Fund programs, which would otherwise be providing substantial resources to assist in the recovery and modernization of Zimbabwe's economy. The people of Zimbabwe have thus been denied the economic and democratic benefits envisioned by the donors to such programs, including the United States.

(2) In September 1999 the IMF suspended its support under a ''Stand By Arrangement'', approved the previous month, for economic adjustment and reform in Zimbabwe.

(3) In October 1999, the International Development Association (in this section referred to as the ''IDA'') suspended all structural adjustment loans, credits, and guarantees to the Government of Zimbabwe.

(4) In May 2000, the IDA suspended all other new lending to the Government of Zimbabwe.

(5) In September 2000, the IDA suspended disbursement of funds for ongoing projects under previously-approved loans, credits, and guarantees to the Government of Zimbabwe.

(b) SUPPORT FOR DEMOCRATIC TRANSITION AND ECONOMIC RECOVERY.—

(1) BILATERAL DEBT RELIEF.—Upon receipt by the appropriate congressional committees of a certification described in subsection (d), the Secretary of the Treasury shall undertake a review of the feasibility of restructuring, rescheduling, or eliminating the sovereign debt of Zimbabwe held by any agency of the United States Government.

(2) MULTILATERAL DEBT RELIEF AND OTHER FINANCIAL ASSISTANCE.—It is the sense of Congress that, upon receipt by the appropriate congressional committees of a certification described in subsection (d), the Secretary of the Treasury should—

(A) direct the United States executive director of each multilateral development bank to propose that the bank should undertake a review of the feasibility of restructuring, rescheduling, or eliminating the sovereign debt of Zimbabwe held by that bank; and

(B) direct the United States executive director of each international financial institution to which the United States is a member to propose to undertake financial and technical support for Zimbabwe, especially support that is intended to promote Zimbabwe's economic recovery and development, the stabilization of the Zimbabwean dollar, and the viability of Zimbabwe's democratic institutions.

(c) MULTILATERAL FINANCING RESTRICTION.—Until the President makes the certification described in subsection (d), and except as may be required to meet basic human needs or for good governance, the Secretary of the Treasury shall instruct the United States executive director to each international financial institution to oppose and vote against—

(1) any extension by the respective institution of any loan, credit, or guarantee to the Government of Zimbabwe; or

(2) any cancellation or reduction of indebtedness owed by the Government of Zimbabwe to the United States or any international financial institution.

(d) PRESIDENTIAL CERTIFICATION THAT CERTAIN CONDITIONS ARE SATISFIED.—A certification under this subsection is a certification transmitted to the appropriate congressional committees of a determination made by the President that the following conditions are satisfied:

(1) RESTORATION OF THE RULE OF LAW.—The rule of law has been restored in Zimbabwe, including respect for ownership and title to property, freedom of speech and association, and an end to the lawlessness, violence, and intimidation sponsored, condoned, or tolerated by the Government of Zimbabwe, the ruling party, and their supporters or entities.

(2) ELECTION OR PRE-ELECTION CONDITIONS.—Either of the following two conditions is satisfied:

(A) PRESIDENTIAL ELECTION.—Zimbabwe has held a presidential election that is widely accepted as free and fair by independent international monitors, and the president-elect is free to assume the duties of the office.

(B) PRE-ELECTION CONDITIONS.—In the event the certification is made before the presidential election takes place, the Government of Zimbabwe has sufficiently improved the pre-election environment to a degree consistent with accepted international standards for security and freedom of movement and association.

(3) COMMITMENT TO EQUITABLE, LEGAL, AND TRANSPARENT LAND REFORM.—The Government of Zimbabwe has demonstrated a commitment to an equitable, legal, and transparent land reform program consistent with agreements reached at the International Donors' Conference on Land Reform and Resettlement in Zimbabwe held in Harare, Zimbabwe, in September 1998.

(4) FULFILLMENT OF AGREEMENT ENDING WAR IN DEMOCRATIC REPUBLIC OF CONGO.—The Government of Zimbabwe is making a good faith effort to fulfill the terms of the Lusaka, Zambia, agreement on ending the war in the Democratic Republic of Congo.

(5) MILITARY AND NATIONAL POLICE SUBORDINATE TO CIVILIAN GOVERNMENT.—The Zimbabwean Armed Forces, the National Police of Zimbabwe, and other state security forces are responsible to and serve the elected civilian government.

(e) WAIVER.—The President may waive the provisions of subsection (b)(1) or subsection (c), if the President determines that it is in the national interest of the United States to do so.

SEC. 5. SUPPORT FOR DEMOCRATIC INSTITUTIONS, THE FREE PRESS AND INDEPENDENT MEDIA, AND THE RULE OF LAW.

(a) IN GENERAL.—The President is authorized to provide assistance under part I and chapter 4 of part II of the Foreign Assistance Act of 1961 to—

(1) support an independent and free press and electronic media in Zimbabwe;

(2) support equitable, legal, and transparent mechanisms of land reform in Zimbabwe, including the payment of costs related to the acquisition of land and the resettlement of individuals, consistent with the International Donors' Conference on Land Reform and Resettlement in Zimbabwe held in Harare, Zimbabwe, in September 1998, or any subsequent agreement relating thereto; and

(3) provide for democracy and governance programs in Zimbabwe.

(b) FUNDING.—Of the funds authorized to be appropriated to carry out part I and chapter 4 of part II of the Foreign Assistance Act of 1961 for fiscal year 2002—

(1) $20,000,000 is authorized to be available to provide the assistance described in subsection (a)(2); and

(2) $6,000,000 is authorized to be available to provide the assistance described in subsection (a)(3).

(c) SUPERSEDES OTHER LAWS.—The authority in this section supersedes any other provision of law.

SEC. 6. SENSE OF CONGRESS ON THE ACTIONS TO BE TAKEN AGAINST INDIVIDUALS RESPONSIBLE FOR VIOLENCE AND THE BREAKDOWN OF THE RULE OF LAW IN ZIMBABWE.

It is the sense of Congress that the President should begin immediate consultation with the governments of European Union member states, Canada, and other appropriate foreign countries on ways in which to—

(1) identify and share information regarding individuals responsible for the deliberate breakdown of the rule of law, politically motivated violence, and intimidation in Zimbabwe;

(2) identify assets of those individuals held outside Zimbabwe;

(3) implement travel and economic sanctions against those individuals and their associates and families; and

(4) provide for the eventual removal or amendment of those sanctions.

Mr. REID. I ask unanimous consent that the Senate concur in the amendment of the House.

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

DISTRICT OF COLUMBIA POLICE COORDINATION AMENDMENT ACT OF 2001

Mr. REID. I ask consent that the Senate proceed to the consideration of Calendar No. 246, H.R. 2199.

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

The assistant legislative clerk read as follows:

A bill (H.R. 2199) to amend the National Capital Revitalization and Self-Government Improvement Act of 1997 to permit any Federal law enforcement agency to enter into a cooperative agreement with the Metropolitan Police Department of the District of Columbia to assist the Department in carrying out crime prevention and law enforcement activities in the District of Columbia if deemed appropriate by the Chief of the Department and the United States Attorney for the District of Columbia, and for other purposes.

There being no objection, the Senate proceeded to the immediate consideration of the bill.

Mr. REID. I understand Senator LIEBERMAN has an amendment at the desk, and I therefore ask for its consideration, that the amendment be agreed to, and the motion to reconsider be laid upon the table.

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

The amendment (No. 2480) was agreed to, as follows:

AMENDMENT NO. 2480

(Purpose: To make a technical correction)

On page 2, line 13, strike ''sec. 4–192(d)'' and insert ''sec. 5–133.17(d)''.

Mr. REID. I ask consent that the bill, as amended, be read the third time, passed, the motion to reconsider be laid upon the table, with no intervening action or debate, and any statements related thereto be printed in the RECORD.

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

The bill (H.R. 2199), as amended, was read the third time and passed.

CONSOLIDATED FARM AND RURAL DEVELOPMENT ACT AMENDMENTS

Mr. REID. I ask consent that the Senate proceed to Calendar No. 260, S. 1519.

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

The assistant legislative clerk read as follows:

A bill (S. 1519) to amend the Consolidated Farm and Rural Development Act to provide farm credit assistance for activated reservists.

There being no objection, the Senate proceeded to the immediate consideration of the bill.

Mr. REID. I ask consent the bill be considered read the third time, passed, the motion to reconsider be laid upon the table, with no intervening action or debate, and any statements related thereto be printed in the RECORD.

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

The bill (S. 1519) was read the third time and passed, as follows:

S. 1519

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. FARM CREDIT ASSISTANCE FOR ACTIVATED RESERVISTS.

Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981 et seq.) is amended by adding at the end the following:

''SEC. 376. FARM CREDIT ASSISTANCE FOR ACTIVATED RESERVISTS.

''(a) DEFINITIONS.—In this section:

''(1) ACTIVATED RESERVIST.—The term 'activated reservist' means—

''(A) a member of a reserve component of any of the Armed Forces of the United States who is serving on active duty in support of a contingency operation (as defined in section 101(a)(13) of title 10, United States Code) pursuant to a call or order issued on or after September 11, 2001, under a provision of law referred to in subparagraph (B) of that section; and

''(B) a member of the National Guard of a State not in Federal service who is ordered to duty under the laws of the State in support of any operation to protect persons or property from an act of terrorism or a threat of attack by a hostile force during the period of a national emergency declared by the President or Congress on or after September 11, 2001.

''(2) ELIGIBLE PERSON.—The term 'eligible person' means—

''(A) an activated reservist who owns or operates a farm or ranch;

''(B) an owner or operator of the farm or ranch who is a member of the family of the activated reservist; and

''(C) an owner or operator of a farm or ranch on which an activated reservist is employed.

''(b) PROGRAM.—The Secretary shall establish a program to provide assistance to any borrower of a farmer program loan who is an eligible person.

''(c) MODIFICATION OF LOAN TERMS.—The Secretary shall modify the terms and conditions of a farmer program loan (including a loan in which any participant in the loan is an eligible person) made to an eligible person for a farm or ranch under this title, or purchased under section 309B, to the extent necessary, as determined by the Secretary, to alleviate conditions of distress related to the activation of the activated reservist and to assist in maintaining the farm or ranch for such period of time as the Secretary determines is fair and equitable.

''(d) DEBT RESTRUCTURING.—The Secretary may modify farmer program loans, including delinquent loans, by deferring principal or interest scheduled payments, reducing interest rates or accumulated interest charges, reamortizing or consolidating loans, reducing the amount of scheduled principal or interest payments, releasing additional income, reducing collateral requirements, or taking any other restructuring actions determined appropriate by the Secretary, to alleviate conditions of distress related to the activation of the activated reservist and to assist in maintaining the farm or ranch for such period of time as the Secretary determines is fair and equitable.

''(e) EMERGENCY LOANS.—

''(1) IN GENERAL.—The Secretary shall make an emergency loan under subtitle C to an eligible person for a farm or ranch that has suffered, or that is likely to suffer, substantial economic injury as the result of the activation of an activated reservist, as determined by the Secretary.

''(2) ADMINISTRATION.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), an emergency loan made under this subsection shall be made under the terms and conditions of subtitle C.

''(B) EXCEPTIONS.—An emergency loan made under this subsection shall not be subject to—

''(i) the requirements of section 321(a) for a finding by the Secretary that the applicants' farming, ranching, or aquaculture operations have been substantially affected by a natural disaster in the United States or by a major disaster or emergency designated by the President;

''(ii) section 321(b); or

''(iii) any other requirement of subtitle C that the Secretary waives to carry out this subsection.

''(3) PERIOD OF ELIGIBILITY.—To obtain an emergency loan under this subsection, an eligible person shall apply for the emergency loan during the period—

''(A) beginning on the date on which the activated reservist is activated; and

''(B) ending 180 days after the date on which the activated reservist is discharged or released from active duty.

''(f) NOTICE.—The Secretary shall develop a program to notify eligible persons of assistance that is available under this section.

''(g) SPOUSES OR RELATIVES.—

''(1) IN GENERAL.—The Secretary may provide for procedures under which the spouse or other close relative (as determined by the Secretary) of an activated reservist may participate in, or make decisions related to, a program administered by the Secretary under this title.

''(2) REPRESENTATION.—The Secretary may rely on the representation of the spouse or close relative (even in the absence of a power of attorney) made under the procedures described in paragraph (1) if the Secretary—

''(A) determines that the reliance is appropriate in order to prevent undue hardship and to provide equitable treatment for the activated reservist; and

''(B) has no reason to believe that the representation of the spouse or close relative is not in accordance with the intent and interests of the activated reservist.''.

SEC. 2. REGULATIONS.

(a) IN GENERAL.—As soon as practicable after the date of enactment of this Act, the Secretary of Agriculture shall promulgate such regulations as are necessary to implement the amendment made by section 1.

(b) PROCEDURE.—The promulgation of the regulations and administration of the amendment made by section 1 shall be made without regard to—

(1) the notice and comment provisions of section 553 of title 5, United States Code;

(2) the Statement of Policy of the Secretary of Agriculture effective July 24, 1971 (36 Fed. Reg. 13804), relating to notices of proposed rulemaking and public participation in rulemaking; and

(3) chapter 35 of title 44, United States Code (commonly known as the ''Paperwork Reduction Act'').

(c) CONGRESSIONAL REVIEW OF AGENCY RULEMAKING.—In carrying out this section, the Secretary shall use the authority provided under section 808 of title 5, United States Code.

ORDERS FOR WEDNESDAY, DECEMBER 12, 2001

Mr. REID. Madam President, I ask unanimous consent that when the Senate completes its business today, it adjourn until the hour of 9:30 a.m., Wednesday, December 12; that immediately following the prayer and pledge, the Journal of proceedings be approved, the morning hour be deemed expired, the time for the two leaders be reserved for their use later in the day, and the Senate resume consideration of the farm bill.

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

PROGRAM

Mr. REID. Madam President, there will, as I have announced, be a recorded vote on the Lugar amendment at approximately 10:20 or 10:25 in the morning.

ADJOURNMENT UNTIL 9:30 A.M. TOMORROW

Mr. REID. Madam President, if there is no further business to come before the Senate, I ask unanimous consent that the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 6:58 p.m., adjourned until Wednesday, December 12, 2001, at 9:30 a.m.

NOMINATIONS

Executive nominations received by the Senate December 11, 2001:

DEPARTMENT OF ENERGY

RAYMOND L. ORBACH, OF CALIFORNIA, TO BE DIRECTOR OF THE OFFICE OF SCIENCE, DEPARTMENT OF ENERGY, VICE MILDRED SPIEWAK DRESSELHAUS.

DEPARTMENT OF JUSTICE

JAMES DUANE DAWSON, OF WEST VIRGINIA, TO BE UNITED STATES MARSHAL FOR THE SOUTHERN DISTRICT OF WEST VIRGINIA FOR THE TERM OF FOUR YEARS, VICE CHARLES M. ADKINS.

WILLIAM CAREY JENKINS, OF LOUISIANA, TO BE UNITED STATES MARSHAL FOR THE MIDDLE DISTRICT OF LOUISIANA FOR THE TERM OF FOUR YEARS, VICE RONALD JOSEPH BOUDREAUX, RESIGNED.

DWIGHT MACKAY, OF MONTANA, TO BE UNITED STATES MARSHAL FOR THE DISTRICT OF MONTANA FOR THE TERM OF FOUR YEARS, VICE WILLIAM STEPHEN STRIZICH, RESIGNED.

RONALD RICHARD MCCUBBIN, JR., OF KENTUCKY, TO BE UNITED STATES MARSHAL FOR THE WESTERN DISTRICT OF KENTUCKY FOR THE TERM OF FOUR YEARS, VICE E. DOUGLAS HAMILTON.

DAVID REID MURTAUGH, OF INDIANA, TO BE UNITED STATES MARSHAL FOR THE NORTHERN DISTRICT OF INDIANA FOR THE TERM OF FOUR YEARS, VICE MICHAEL D. CARRINGTON.

IN THE AIR FORCE

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN
THE UNITED STATES AIR FORCE UNDER TITLE 10, U.S.C., SECTION 624:

To be colonel

GERARD W. STALNAKER, 0000
EVERETT G. WILLARD JR., 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES AIR FORCE AND FOR REGULAR APPOINTMENT (IDENTIFIED BY AN ASTERISK(*)) UNDER TITLE 10, U.S.C., SECTIONS 624 AND 531:

To be lieutenant colonel

JAMES A. BARLOW, 0000
MICHAEL J. BARNES, 0000
JUDY M. GIST, 0000
JEFFREY L.* HAMILTON, 0000
WILLIAM S. JONES, 0000
GLENN S. ROBERTS, 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES AIR FORCE UNDER TITLE 10, U.S.C., SECTION 624:

To be major

CYNTHIA M. CADET, 0000
CHARLES L. CAMPBELL, 0000
YVONNE M. DIETRICH, 0000
WILLIAM A. RANDALL, 0000
JEFFREY H. SEDGEWICK, 0000
TEDDI J. STEIL, 0000
MARIA E. WHITE, 0000
DAVID G. YOUNG III, 0000

IN THE ARMY

THE FOLLOWING NAMED ARMY NATIONAL GUARD OF THE UNITED STATES OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE RESERVE OF THE ARMY UNDER TITLE 10, U.S.C., SECTIONS 12203 AND 12211:

To be colonel

JOSEPH L. CULVER, 0000
CHARLES R. JAMES JR., 0000

THE FOLLOWING NAMED ARMY NATIONAL GUARD OF THE UNITED STATES OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE RESERVE OF THE ARMY UNDER TITLE 10, U.S.C., SECTIONS 12203 AND 12211:

To be colonel

BARRY D. KEELING, 0000
ERNESTO E. MARRA, 0000

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES ARMY UNDER TITLE 10, U.S.C., SECTION 624:

To be lieutenant colonel

JAMES J. WALDECK III, 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES ARMY IN THE NURSE CORPS UNDER TITLE 10, U.S.C., SECTIONS 624 AND 3064:

To be colonel

LAURA R BROSCH, 0000
MARIA T BRYANT, 0000
SUSANNE J CLARK, 0000
TIMOTHY A COFFEY, 0000
MICHAEL H CUSTER, 0000
ANGELIA E DURRANCE, 0000
GAIL E FORD, 0000
LEANA A FOXJOHNSON, 0000
VINCENT E GLIDDEN, 0000
ELIZABETH E HILL, 0000
PATRICIA D HOROHO, 0000
CHRISTOPHER A KRUPP, 0000
CAROL A MCNEILL, 0000
ALLISON L MIRAKIAN, 0000
ELIZABETH A MITTELSTAEDT, 0000
LU A PERALTA, 0000
CHRISTINE M PIPER, 0000
LINDA D ROBINETTE, 0000
GAIL J WILLIAMSON, 0000
CONNORS A WOLFORD, 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES ARMY AND FOR REGULAR APPOINTMENT IN THE MEDICAL SERVICE CORPS (IDENTIFIED BY AN ASTERISK(*)) UNDER TITLE 10, U.S.C., SECTIONS 624, 531, AND 3064:

To be colonel

GARRY F ATKINS, 0000
THOMAS M BAILEY, 0000
LOUIE M * BANKS III, 0000
RICHARD L BOND, 0000
ZANKL D CARAWAY, 0000
JOHN J CIESLA, 0000
DAVID W CRAFT, 0000
DOUGLAS R DUDEVOIR, 0000
VICTOR C EILENFIELD, 0000
RONALD E ESKEW, 0000
DEBRA D FRANCO, 0000
SAMUEL D FRANCO, 0000
WILLIAM R FRY, 0000
FREDERICK J GARGIULO, 0000
ROBERT W GOMBESKI, 0000
JAMES E GORDON, 0000
JOHN D GRABENSTEIN, 0000
ISIAH M HARPER JR., 0000
CHARLES C HUME, 0000
LARRY C JAMES, 0000
DAVID E JONES, 0000
CHARLES S KELLER, 0000
PAULINE KNAPP, 0000
WALTER S * LORING, 0000
DENISE M MCCOLLUM, 0000
WENDELL A MOORE, 0000
THOMAS G MUNDIE, 0000
CARMEN L RINEHART, 0000
WILLIAM H RIVARD III, 0000
DARYL L SPENCER, 0000

CONFIRMATIONS

Executive nominations confirmed by the Senate December 11, 2001:

THE JUDICIARY

JOHN D. BATES, OF MARYLAND, TO BE UNITED STATES DISTRICT JUDGE FOR THE DISTRICT OF COLUMBIA.

KURT D. ENGELHARDT, OF LOUISIANA, TO BE UNITED STATES DISTRICT JUDGE FOR THE EASTERN DISTRICT OF LOUISIANA.

JULIE A. ROBINSON, OF KANSAS, TO BE UNITED STATES DISTRICT JUDGE FOR THE DISTRICT OF KANSAS.