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Senate

The Senate met at 10:30 a.m. and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

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

Dear God, our Father, we thank You for the blessings You release when Your people pray. The President and Vice President and their families, the Justices of the Supreme Court, the Members of the House of Representatives, and the men and women of this Senate, along with those of us who are privileged to work with them, are recipients of the impact of the prayers of intercession prayed by millions of Americans around the clock. Help us to remember that You are seeking to answer these prayers as we receive Your wisdom and guidance. May we never feel alone or only dependent on our own strength. Your mighty power is impinging on us here as a result of people's prayers. An unlimited supply of supernatural strength, wisdom, and vision from You is ready to be released.

Also, remind us that our ability to receive is dependent on our willingness to pray for each other here as we work together in the Senate. We recommit ourselves to be channels of prayer power not only to our friends and those with whom we agree, but also for those with whom we disagree, those we consider our political adversaries, and especially those who test our patience, or those we need to forgive. So, lift our life together from a battle zone of combative words to a caring community of leaders who pray for and communicate esteem for one another. Thank You for giving us unity in spirit as we deal with diversity of ideas. In our Lord's name. Amen.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The able acting majority leader, Senator LOTT, is recognized.

Mr. LOTT. I thank the Chair.

THANKING THE SENATE CHAPLAIN

Mr. LOTT. Mr. President, we thank our Chaplain for his assistance and his daily prayers and for his efforts this very morning with the Congressional Prayer Breakfast. We assure him of our prayers for him and his loved ones. We know it is a difficult circumstance he is dealing with at this time.

SCHEDULE

Mr. LOTT. Mr. President, today, the Senate will resume consideration of S. 1541, the farm bill. Under the previous order, all Senators should be aware that there will be two cloture votes today beginning at 1:30 p.m. Additional rollcall votes can be expected in order to complete action on the farm bill today.

Also as a reminder, Senators have until 12 noon today to file first-degree amendments to the pending substitute and until 1 p.m. to file second-degree amendments.

Today, there will be a joint meeting of Congress at 11:45 a.m. to hear an address by the President of France, President Chirac. Members should be in the Chamber at 11:25 in order to proceed to the House of Representatives for the address.

Mr. President, I would like to also this morning make some brief remarks with regard to the need for truth in packaging on welfare reform. I observe the Senator from Indiana, the chairman of the Agriculture Committee is here. There may be a need for the others that are involved in the agriculture bill to come to the floor. So, if the Senator will indulge me just a couple minutes, I would like to talk with regard to what is happening with welfare reform.

WELFARE REFORM

Mr. LOTT. Mr. President, someday, perhaps a year from now, we will finally achieve genuine welfare reform to change welfare from the way we have known it, but it will not happen today. Indeed, it may not happen this year, not while President Clinton continues to brandish his veto pen against all efforts to clean up the welfare mess, to encourage work, and to help people who need assistance to get off welfare and get a job.

His first veto of welfare reform received little notice because it was part of our larger Balanced Budget Act. That legislation was long and complicated, touching upon many different programs. So the President was able to block welfare reform in the process of opposing other provisions in the bill.

His second veto of welfare reform likewise received scant attention because much of the country was distracted by the blizzard of 1996. It was vetoed late at night, and there was not much press coverage because most of official Washington was not paying attention. They were still concentrating on the overall budget agreement.

Now the President has promised a third veto of welfare reform, and he has done so in a way that blatantly violates his previous pledges on this issue. In an interview that appeared in yesterday's, that is Wednesday's, Washington Post, the President made clear that his earlier endorsement of the welfare reform bill that passed the Senate last fall is no longer operative.

The bill that passed the Senate was H.R. 4, which this body approved on September 19, 1995, by a strongly bipartisan vote of 87 to 12. It sailed through

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

the Senate with the strong personal support of the President. But that was then, and now I guess his position has changed, based on this interview in the Washington Post. This is what Ann Devroy and John Harris reported in the Post interview:

On welfare reform, Clinton said he has not given up hope that a compromise bill acceptable to him will be approved this year. But he set a new price for his signature on a welfare system overhaul, asserting that the Senate proposal he indicated he would support last fall will have to be changed for him to support it now. He called on Republicans to send him a revised bill that would contain fewer cuts in funding for food stamps, provide child care for welfare recipients who work and preserve current protections for disabled children.

This is another example of the President's acknowledged skill at packaging and repackaging his positions, but it is a far cry from what was actually involved in the legislation that we considered.

The truth, as every Member of the Senate knows, is that the bill we passed last September was a compromise. A lot of work was put into that legislation by members of the committees involved, including the Senator from Connecticut, Senator DODD. That is why it gathered 87 votes on the Senate floor. It is why few Senators on both sides of the aisle opposed it.

The truth is that the Senate-passed bill did provide additional funding for child care for welfare recipients. It earmarked $1 billion per year for child care assistance, and it provided another $3 billion over the next 4 fiscal years for child care in certain States. In sum, that was a few billion more than what President Clinton had called for in his budget.

The truth is that the Senate-passed bill provided a base amount of $16.8 billion in welfare funding in each of the next 5 years; an additional $879 million for States with higher growth; a $1.7 billion revolving fund for special borrowing; additional funds as incentive grants to States which make the most progress in getting persons off the welfare rolls; a $800 million emergency assistance fund; a contingency fund of up to $1 billion; $150 million for second chance homes for unwed mothers and more.

The truth is that by returning control of public assistance to the States, the Senate-passed bill did not weaken protections for disabled children. On the contrary, 87 Members of the Senate, from both sides of the political aisle, voted to give flexibility to States in meeting the needs of those children.

The truth is that the Senate-passed bill required an 80-percent maintenance of effort—80-percent maintenance of effort—by the States to allay any fears that benefits to the needy might be recklessly reduced.

In fact, we made so many changes, we put in so much more money, that it was just marginally possible for this Senator to even vote for the bill. But it was a compromise; it was a step in the right direction, and, like a lot of others on both sides, I went along with it.

But, based on what we are hearing from the administration, all that goes down the memory hole. The President is now upping the ante, demanding that the Congress give him a version of welfare reform not worthy of the name. His goal in doing so is obvious. Having campaigned on a promise to end welfare as we know it, he has done his utmost to end welfare reform as we know it, substituting in its place a gutted, toothless, costly sham.

As far as this Senator is concerned—and I am certain I speak for a number of other Members of Congress—that just cannot happen. We are not going to betray our promise to the American people in order to get the President's signature on a welfare bill.

There is nothing worse than for Congress to say, as we have too many times in the past, that we have accomplished something with a bill, giving it a glorious sounding title, when there is no substance to it—and when there will be no glorious results when it is actually implemented.

There are some things worse than no welfare reform. Phony reform is the main one. A welfare bill that leaves AFDC as an entitlement is phony reform. A welfare bill that keeps control of welfare in Washington in the Federal bureaucracy, in my opinion, is phony reform. A welfare bill that makes dependency more attractive by providing more benefits to more people is not genuine reform.

The President's latest comments on this subject present us with a stark choice between false reforms, misleading action, and nothing at all. He is probably hoping that, rather than return to the voters empty-handed, we will collude with him to give the public the appearance of reform, that we all declare victory, and it will be years before the taxpayers figure out they have been duped by what is called welfare reform.

I do not believe the majority in Congress is going to play that game. We are not going to break faith with the American people on this issue. If welfare reform has to wait until next year, I guess it will be worth the wait. If welfare reform must wait until the veto pen has been removed from the President, then so be it. But that delay is not necessary.

We can get genuine welfare reform. It can be one that will be supported in a bipartisan way, and it can be one that will be good for the people who now depend on the system and are looking for a way out. But that will take real cooperation. We must make sure that whatever we do is genuine reform that will produce the results we promised. Mr. President, I yield the floor.

AGRICULTURAL MARKET TRANSITION ACT OF 1996

The PRESIDING OFFICER (Mr. DEWINE). Under the previous order, the Senate will now resume consideration of S. 1541, which the clerk will report.

The assistant legislative clerk read as follows:

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

The Senate resumed consideration of the bill.

Pending:

Craig (for Leahy-Lugar) amendment No. 3184, in the nature of a substitute.

The PRESIDING OFFICER. The time for debate is equally divided between now and 11:25.

Mr. LUGAR addressed the Chair.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. LUGAR. Mr. President, I yield myself as much time as I may require.

The PRESIDING OFFICER. The Senator is recognized.

Mr. LUGAR. Mr. President, in beginning debate on S. 1541, the farm bill, let me just say that it is very important to farmers all over the country who have been notifying Senators and Members of the House that they want, certainly, a degree of certainty before they get into the fields to plant.

They would like, as a matter of fact, to see the Congress at work on this vital legislation. In response to that, the distinguished majority leader has, in fact, called us to that cause today, as Senators are aware.

This is a very important day. It is extraordinarily important legislation for all of America. Farmers want to know what is going to happen now. Hopefully, the Senate will provide that guidance through constructive action to completion and passage of this legislation today.

Over a year ago, at the beginning of the 1995—and now 1996—farm bill debate, I posed 53 questions about future agricultural policy in this country. The answers to those questions made it clear that a status quo farm policy was not a good idea. S. 1541, the legislation before us today, represents a bold new direction. It answers the 53 questions that I asked and that other Senators posed in a broad review of farm policy in this country.

There were five basic reasons to support Senate bill 1541.

First of all, a good reason to support it is its simplicity of approach. Traditional farm policy is so arcane that even many U.S. Department of Agriculture officials can barely comprehend all of its complexity. The bill we consider today offers a straightforward, commonsense policy.

Second, the bill offers certainty. Farmers who sign contracts will know their future payments for the next 7 years. Taxpayers, importantly, will know precisely what money is going to be spent during the next 7 years and that the budget savings we have already debated in this Chamber are certain.

That is especially important, Mr. President, because as you will recall,

we debated a farm bill that has just expired, estimating that the taxpayers' expense would be about $41 billion. In fact, the final cost to the bill was close to $57 billion due to all the contingencies, including the weather and foreign trade and demand. In this particular instance it was important for those of us who favor a balanced budget approach to know precisely how much was for agriculture, and for farmers to know precisely the payments that would come to them.

Third, the bill does provide very substantial savings for taxpayers. With this bill, agriculture has done its part to help balance the Federal budget in 7 years. Senate bill 1541 will reduce Federal spending by about $4.6 billion over the 7 years from a new baseline which reflects actual market prices in this country.

I might add, Mr. President, that baseline recognizes that outlays, as expenditures by taxpayers, to the farm community will be $7 to $8 billion less than earlier anticipated largely because market prices for many of the farm programs are very high this year and, therefore, the normal deficiency payments do not kick in under those formulas.

The fourth reason for supporting this legislation is its market orientation. Farmers' payments will be the same even if they plant alternate crops. As a matter of fact, they will make planting decisions based on market forces, on the signs of prices in the market. Today planting decisions affect eligibility for Government payments, and subsidies have driven much of the business planning of many farmers.

Under Senate bill 1541, farmers will have full planting freedom, thus, the label given to this act, the ''freedom to farm,'' the ability to manage your land, to make decisions for the market. We will end, in fact, Federal Government production controls. That is an important step forward all by itself.

A fifth reason for support is that farmers support Senate bill 1541. This long-term plan for U.S. agriculture has been endorsed by a wide range of farm groups. National groups such as the American Farm Bureau and the National Corn Growers and State groups such as the Kansas Wheat Growers and the North Dakota Grain Growers have given strong endorsement to this legislation.

Mr. President, the Senate has approved this bill once already as a part of the Balanced Budget Act. Unfortunately for our Nation, the President vetoed that act and thus vetoed the farm bill. That veto creates a problem for U.S. agriculture. Since commodity support programs were a part of the Balanced Budget Act, we are left with no workable farm program for many crops, except for the outdated 1949 and 1938 laws, which could cause price supports. For wheat, for example, for those farmers who had allotments in that period of time almost 50 years ago, those price supports could triple.

Now the Clinton administration confirms that implementing these old statutes, the 1949 and the 1938 acts, could add $10 to $12 billion to the cost of running farm programs for the 1996 crops alone. That is clearly intolerable. We have talked, Mr. President, about savings as a part of the Balanced Budget Act. Failure to enact this legislation could mean that $10 to $12 billion in only 1 year alone would be added to the deficit.

It is clear, Mr. President, that the Congress and the President will be ridiculed by the public for gridlock, for inactivity, for myopia, given the apparent crisis that lies immediately ahead of us. The new bill must be fiscally responsible.

Proposals to raise loan rates, as some of our colleagues want to do, potentially is a very expensive option. And some of our colleagues have charged, in fact, that we have delayed writing a farm bill and that the Senate bill 1541 was written without full participation, without hearings.

Mr. President, Congress did produce a farm bill. It passed two Houses and went as a part of the Balanced Budget Act to the President. President Clinton vetoed it, and only that veto has prevented timely passage of new farm laws.

Second, the Senate Agriculture Committee held thorough hearings. The committee held 15 farm bill hearings in 1995 involving 157 witnesses from all over our country. Additional and lengthy hearings were held on farm legislation in the Budget Committee. Every conceivable approach to farm policy was discussed in those hearings.

Much of the farm bill has, in fact, been developed in a bipartisan way. In July 1995, the Agriculture Committee of the Senate gave preliminary, but unanimous, approval to four titles of the farm bill. They cover trade, farm credit, research, and rural development. Since then, there have been further bipartisan efforts on a miscellaneous title and a conservation title.

Some of our colleagues have declined to be involved in the balanced budget amendment consideration. They informed us in the Agriculture Committee that they would not vote for the cuts required by the Balanced Budget Act. We were told that we would have to pass that act with Republican votes alone in the committee, and we did so. If some colleagues feel left out at this point, it is because they chose to be left out. They were within their rights to take that option, but it is strange now to hear complaints about a process that included 15 full hearings and very thorough debate before passage of the farm bill from the Senate Agriculture Committee.

I suspect the real complaint is with the substance of the bill. It calls for the end of Government planting controls. It calls for freedom to farm. It provides an entirely new outlook for American agriculture, which I find very exciting as a farmer, as somebody who has walked through this legislation not only as a legislator but as one who is subject to it.

I will say, Mr. President, parenthetically, with the exception of the distinguished Senator from Iowa, Senator GRASSLEY, I am the only farmer on the committee, the only one that might be visibly affected by this legislation and have some idea of how it actually works. So from that standpoint, I have a sense of liberation about the process, which is shared, I might say, by farmers in the State of Ohio, the State of the distinguished Chair, and Indiana, and, in large number, farmers in Iowa, whom I have been visiting the last 2 days. They want action, and that is why I am here as opposed to staying another day with friends in Iowa with whom I have been visiting.

Fundamentally, a few of our colleagues do not want to reduce spending on farm programs. That is their privilege, but most of us believe they are mistaken. Most farmers know that they, as well as other Americans, will benefit from a balanced budget. They know as well that our Nation will be stronger for that, and they know that S. 1541 defines exactly what the farm commitment is, and it is an acceptable commitment to farm groups.

Therefore, Mr. President, S. 1541 is a bold departure from the past. It is clearly a new direction. It will reduce Federal spending and Federal deficits with certainty. It will reform farm programs and give them both certainty and much greater simplicity, and it will prepare U.S. agriculture for what promises to be a very exciting new century.

One of the great ironies of consideration of farm legislation during the past year is that initially we talked in terms of Federal programs very similar to the ones which we now have. As the Chair knows, for the large program crops—corn, wheat, cotton, and rice—target prices are established. If the market prices are below those target prices, farmers may receive deficiency payments, the difference between the two, the target price and the market price, for the crop history on the covered acreage they have in the plan for which they have signed. These are the so-called deficiency payments. Others would call them subsidies. They have mounted up to very large totals in some years.

In this particular year of the farm bill, suddenly, export demand took off in a very dynamic way. The Chinese changed from becoming exporters to very strong importers. That provided new opportunities for the United States in Southeast Asia, but our traditional customers in Europe and in Japan come in for much stronger orders really across the border. Cattle feeders and hog producers throughout this country have continued to feed large herds of livestock and, despite the rising price of feed, have continued the size of those herds.

Mr. President, we have a situation unlike any that I have seen in agriculture in the last generation in which clearly the price in the market went way above the target price and remains there. If a farmer were to go into the futures market this morning and he was bold enough to know exactly what his crop was going to be for this year, the planting of 1996 or 1997, a farmer could sell both crops for prices higher than the target price for corn, for example. I addressed this issue, as I mentioned to the Chair a moment ago, in Iowa in the last few days, with farmers saying, ''What should we do? How much fertilizer should we buy, or other inputs, for our crop?''

My advice has been to take a look at the markets, take a look at the futures prices. Note that we are going to have strong demand for corn, for wheat, for soybeans, and at least it would appear for cotton for some time to come. Freedom to farm means that, that you plant for the market. I would advise farmers to do that.

Farmers, being prudent people, say, ''That is clearly the decision we are going to make anyway, but at the same time, we want to know what you legislators are going to do sort of postmortem, after those decisions. If you come back then and say, 'We really didn't mean freedom to farm. As a matter of fact, we wanted the same old status quo legislation with all of the controls, the set-asides, the planting decisions made in Washington,' if, in fact, that is what happens weeks, months, years down the trail after gridlock finally is gone and polarization is less intense, what would be the penalties for us if, in fact, we made sound decisions for our farms and for our country, for the general export thrust of a country that exports a great deal more in agriculture than it imports and with a balance of payments that grows stronger every year?''

That is the fundamental question. It is not that farmers need market signals. They are there and abundantly clear what we ought to be doing. They are worried about being undercut by legislators who are not farmers, who really do not understand what is going on out there but purport to do so in behalf of farmers, and by a President who has apparently, through the Secretary of Agriculture, threatened to veto almost all legislation that bears some idea of freedom to farm.

So this is why we are having this debate today to bring some certainty to the field. We are having it in the context, as the Chair knows, as the distinguished Senator from Mississippi has already announced, that we are going to have a cloture vote at 1:30 p.m. Why would we already understand we are going to have a cloture vote? It is because the distinguished Democratic leader, in conversations with Senators, has indicated that there is strong opposition on his side of many Senators to this legislation, such strong opposition that it might lead to extended debate, and, therefore, the cloture vote at 1:30 is very important.

If cloture is established, we are going to have farm legislation, probably today, but whenever the cloture procedure runs out. If we are not successful, as the Chair knows, another cloture vote will be held on freedom to farm, plus additional amendments that have been offered by the distinguished ranking member of the Agriculture Committee, Senator LEAHY. And, hopefully, we will bring debate to a conclusion in some orderly way on that proposition, in the event my legislation that I have introduced and am debating this morning should not pass.

In any event, this is a very important day for agriculture and for America. It is a privilege to lay before the Senate, I believe, remarkable legislation that I hope will find favor with the Senate today.

Mr. President, I yield the floor to the Senator from Mississippi, such a valued and important member of our committee and, in his own right, chairman of the Agriculture Subcommittee on Appropriations.

The PRESIDING OFFICER. The Chair advises the Senator he has 3 minutes, 30 seconds remaining.

Mr. LUGAR. I yield the remaining time to my distinguished colleague.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. COCHRAN. Mr. President, I thank my distinguished friend, the chairman of the Agriculture Committee, for yielding to me. I urge the Senate to approve this Agricultural Market Transition Act. We are confronted with an emergency. It is essential that farmers know immediately what the farm programs for this crop year will be. Farmers are unable to make the decisions that must be made about what to plant or how much to plant, with the current uncertainty of this year's farm law.

If we fail to pass a new farm bill, wheat and feed grain farmers will be operating under the provisions of the 1938 and 1949 agricultural acts. There will be no rice program. This forces the Secretary of Agriculture to announce a new rice program under the authority he has under the 1948 Commodity Credit Corporation. And while cotton, peanut, and sugar titles of the previous farm bill would continue for the 1996 crop-year, a great deal of confusion and possible economic hardship for many of our Nation's farmers could result.

The Department of Agriculture has even suggested that this chaos could add $10 to $12 billion to the cost of farm programs this year. This is just not acceptable for either farmers or the taxpayers.

So I urge the Senate to act favorably on this cloture vote so we can have a vote on the bill, S. 1541, to continue the commitment to protecting public and private investments in production agriculture and in rural America.

I am pleased that the bill includes, with the support of the chairman, the Marketing Loan Program that has proved so workable and helpful in the rice and cotton areas. There are also other provisions that have been tried and tested and proven to be helpful to your effort to compete effectively in the international marketplace with our strong agriculture sector.

Our farmers are ready to go to work, but they need to know what the programs are going to be so they can make rational and thoughtful decisions. The Government's role in providing stability and an orderly transition to a market economy in agriculture is very important and will be carried forward and implemented in this bill. It does it fairly and with a clear-cut commitment to curb spending.

I urge my colleagues to vote for cloture so we can get a vote on this bill.

Mr. LUGAR. Mr. President, I suggest the absence of a quorum.

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

The bill clerk proceeded to call the roll.

Mr. BOND. 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. BOND. Mr. President, I understand we are technically out of time on the farm bill, but I see no other Senators seeking the floor.

I ask unanimous consent that I be allotted the remaining time before the recess in order to make remarks about S. 1541, the farm legislation.

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

Mr. BOND. Mr. President, I believe S. 1541, the underlying legislation, which is the subject of discussion in the cloture motions today, presents a very important opportunity for the Senate to move forward in a bipartisan way to shape policy in behalf of our Nation's farmers and consumers. This modified freedom-to-farm legislation offers reform, opportunity, flexibility and predictability in a fiscally responsible way and with the growing support of Members on both sides of the aisle and, I would say most important, growing support from the people in America who are looking to the Congress to tell them what the Federal farm policy will be.

All of us, as Senators, should understand that farmers need to know what the Federal policy will be. For better or worse, the Federal Government has been a very large part of decisions made by farmers in deciding what to plant, where to plant, and how to plant. We know that a new, long-term plan is far better than an extension of the current law. We know that if we do not move this legislation, the alternative is delay, confusion, frustration, continuation of current law, or perhaps even the reinstitution of long-outdated policies still on the books.

We also should know, based on the discussions that have gone on here, that there is only one vehicle that has

been under the light, has been scrutinized, has met the test, and can bring a legislative bipartisan consensus. Simply put, I find no constituency for continuing the status quo. We cannot leave the Federal farm programs in the quandary in which they now find themselves. Farmers do not want it. Fiscal conservatives do not want it. Reformers do not want it. Urban Members who have been critical of the current farm programs, certainly they should not want it.

This process is terribly difficult under normal circumstances, but it is especially difficult when working under balanced budget constraints. It is even more difficult when the comprehensive proposal which has survived this legislative marathon represents significant change because change produces political anxiety. There is no question that this will be a very difficult measure, but it has been through the process and it has reached a consensus that I believe is absolutely essential.

I offer my thanks and congratulations, on behalf of farmers in my State and all those of us who want to put this country on a path towards a balanced budget, to the distinguished majority leader, Senator DOLE, to Chairman LUGAR, to Senator GRASSLEY, particularly to Senator LEAHY, the ranking member on the agriculture authorizing committee, and the others who have worked under difficult circumstances to find a bipartisan consensus for which the Senate now has an opportunity to move, to a post-cloture scenario that can get a bill to the President's desk.

I know the majority leader and Chairman LUGAR and their staffs have labored tirelessly to find a bipartisan solution and I applaud them for taking decisive action to answer the pressing need to produce a farm bill for the future.

I regret that some remain opposed to this legislation. I believe that the stage was set during consideration of the budget resolution when Congress voted cuts—not disproportionate cuts—but real cuts nonetheless. At that time, I think some on the other side decided that the cuts were too great and that any program that carried these cuts would be opposed.

I want to warn anyone listening, if you find yourself confused, there may be ample reason. You may hear from some that this legislation cuts farming too much and that it simultaneously pays farmers too much under the fixed market transition payments. We may also hear from some who have historically opposed existing law that this reform legislation should be defeated to preserve existing law.

Mr. President, I am hearing from my farmers that they want modified freedom to farm, and they do not want an extension of current law. Let me address this notion that we are cutting agriculture too much and paying farmers too much. In my State, farm prices may be better than they were last year, but to them, there is no way these prices are high. These prices are the same as they were 13 years ago while the cost of a pickup truck has doubled over that same period. ''High prices'' is a relative term. If you ask a rancher feeding steers corn—corn is high. If you ask a corn farmer, prices are not high—hardly enough to cover the costs of production. I read a wire story where Secretary Glickman observed from China that he was concerned that farmers will get a tremendous windfall.

I know the Secretary is doing marvelous work promoting trade and he should be applauded for that, but he would not want to sit down with farmers in my State and explain to them how this slimmed down program, combined with moderate prices is going to give them a windfall.

Additionally, prices may be higher than they were several years ago, but after this past year's flood, drought, and frost, many farmers had nothing or significantly less to sell. The existing program does not address that problem and this is a critically important point. You cannot tell my farmers who have little to sell while facing a refund of their advanced deficiency payments that the current program is a safety net and the modified freedom to farm is not.

I might also suggest to Members who are worried that farmers might get a payment when prices are higher than normal that farmers can allocate the money to prepare for the bad years—they do not need the Government to do it for them. I believe farmers can manage a predictable 7-year income stream to mitigate economic risk just as well or better than Washington can do it on their behalf. They can sock it away for the bad year, they can buy down their debt, they might buy a new used 15-year-old tractor to improve their efficiency.

Mr. President, I urge Members to take a look at this bill and recognize that it is an exciting new approach to the challenge of maintaining a healthy food-producing sector, promoting important environment practices, and doing so within the budget constraints that we are imposing on ourselves on behalf of future farmers who want our Nation to afford farm programs.

The first feature of this package is that it is responsible. As the other side has testified again and again, farmers were not exempt from the difficult choices necessary to balance a budget. Farmers have always been supportive of a balanced Federal budget and have proven their willingness to share in the sacrifice necessary to get there. Farmers are highly sensitive to the cost of capital and, according to FAPRI at the University of Missouri, stand to save over $15 billion over the next 7 years if we achieve a balanced budget.

This package provides predictability. Farmers, bankers, and the taxpayers know how much this program will cost over the next 7 years. It locks in spending to protect agriculture from the next round of budget cuts while simultaneously preventing the fluctuations that have shocked budgets in the past.

This package dramatically reduces burdensome paperwork and the perverse antimarket incentives that frustrate farmers who are aggressively competing for and securing growing international markets. Farmers would rather compete to feed Asia than protect their crop base necessary to maximize deficiency payments.

Simplicity, flexibility, predictability, and budgetary soundness are features—any one of which is a step forward in this debate—but together, they mark an historic effort to make the transition to the future.

Mr. President, I do not blame Members for being hesitant to embrace changes to a program that has lasted my lifetime. It was only after multiple meetings with farmers in my State that I was prepared to make this change. In this town, if one is in doubt, she or he is expected to stick with the status quo. But there are two things that have changed.

There is a recognition that the deficit must be addressed and farmers are ready to free themselves from the regulations of the current program.

There is one other observation I wish to share from my experience traveling in Missouri. As Senators know, the number of farmers is decreasing and the age of the average farmer is increasing. Most talented young rural people are moving to town. Of the young people who are endeavoring to be our next generation of farmers, there is a great optimism despite the difficulties in agriculture. These young farmers will tell you they want to farm for the market. They think the current system is old, outdated, complicated, frustrating, inflexible, bureaucratic, and costly. Our next generation of farmers tell me they want to turn the corner as we move into the next century and I think we owe these young farmers that opportunity.

Mr. President, this legislation has been out there since last summer and it was included in the Balanced Budget Act passed by Congress in November and vetoed by the President on December 6, 1996. It was carefully crafted after months of negotiations between House and Senate conferees. As all Members know, this was a difficult process and many delicate regional issues were addressed.

Since the veto, I know there have been bipartisan negotiations led by the distinguished majority leader, Chairman LUGAR, and Members on the other side. I must tell Senators, until the most recent bipartisan negotiations with Senator LEAHY, one of the more difficult press inquiries I have fielded is, ''Who are the Republicans negotiating with?'' I know that the distinguished minority leader introduced a bill on marketing loans and the House has a blue dog plan. The administration once hinted at 21 percent unpaid

flex but I see in a report off the wire that they now support a 2-year freedom to farm experiment and, here is the kicker, with dramatically reduced transition payments. I raise this point because there is simply no consensus alternative. There is, however, consensus in the agricultural community on this legislation and I believe it is time for us to join together to reflect that consensus.

Mr. President, we all share the goal of continuing to provide the safest, most abundant, and the most affordable supply of food and fiber in the world. I know there are some who may call this welfare. As farm State Senators know, we have argued until we are blue in the face that the current system is not welfare but people are not listening.

Farmers know it is not welfare and most Senators do not consider the existing program welfare, but try to pass that off on an editorial board or local chamber of commerce. You cannot argue that the reform program will be accused of welfare when the existing system is accused of welfare.

In my State, farmers are supportive. Over time, more and more of the commodity groups representing farmers have weighed in. Missouri's corngrowers were in this week to request that freedom to farm be adopted and a continuation of current law be rejected. Farm Bureau is asking us to move this legislation. The underlying bill represents serious reform, it moves us in the right direction and is fiscally responsible. This is why it has been endorsed by: the U.S. Chamber of Commerce; Citizens Against Government Waste; representatives of the Heritage Foundation; Citizens for a Sound Economy; National Taxpayers Union, Americans for Tax Reform, Consumer Alert; the Cato Institute; and the Competitive Enterprise Institute.

I understand that change is not easy and I congratulate again the efforts of the majority leader, Chairman LUGAR, and the bipartisan negotiators who have been searching for a way to move this legislation forward and get farmers a program that moves them into the next century. I think the President will see that farmers and citizens will be best served if he adopts this legislation and I am hopeful that Congress can continue to work on sensible regulatory reform, capital gains and estate tax relief and other measures that will help our farmers compete in the next century. I urge adoption of the bipartisan compromise.

I urge my colleagues to invoke cloture. The farmers of America deserve better than to be filibustered into uncertainty for the rest of the spring. We need to move forward on this bill.

JOINT MEETING OF THE TWO HOUSES—ADDRESS BY THE PRESIDENT OF THE FRENCH REPUBLIC

RECESS

The PRESIDING OFFICER. Under the previous order, the Senate will now stand in recess and proceed to the House of Representatives for a joint meeting.

Thereupon, the Senate, at 11:27 a.m., recessed until 12:45 p.m., and the Senate, preceded by the Secretary of the Senate, Kelly D. Johnston; the Deputy Sergeant at Arms, Joyce McCluney; the Vice President of the United States; and the President pro tempore of the Senate, Mr. STROM THURMOND, proceeded to the Hall of the House of Representatives to hear the address by His Excellency Jacques Chirac, President of the French Republic.

(The address delivered by the President of the French Republic to the joint meeting of the two Houses of Congress is printed in the Proceedings of the House of Representatives in today's RECORD.)

Thereupon, at 12:45 p.m., the Senate reassembled and was called to order by the Presiding Officer (Mr. COATS).

The PRESIDING OFFICER. The Presiding Officer, in his capacity as a Senator from Indiana, suggests the absence of a quorum. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. BROWN). Is there objection? Without objection, it is so ordered.

AGRICULTURAL MARKET TRANSITION ACT OF 1996

The Senate continued with the consideration of the bill.

Mr. GRASSLEY. Mr. President, how many minutes are left on our side of the aisle on debate of the farm bill at this time?

The PRESIDING OFFICER. There are 18 minutes 45 seconds remaining on the Republican side.

Mr. GRASSLEY. I yield myself 10 minutes. Before speaking, I ask unanimous consent that George Stickels, a fellow in my office, have access to the floor during the debate on the farm bill.

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

Mr. GRASSLEY. Mr. President, the issue before us is one of the utmost importance, the farm bill. We have to debate this now because, as everybody knows, the commodity provisions of the new farm bill were part of the Balanced Budget Act of 1995. That Budget Act was vetoed by the President. The farm bill provisions went down with that. We did not have the votes to overturn the President's veto on the Balanced Budget Act.

Consequently, the farmers of America do not know for the first time in 5 years, since we passed the 1990 farm bill, what the Government policy is toward agriculture. This is necessary information that must be factored in to a lot of business decisions that are made by farmers.

The legislation that is before us will guarantee an investment of $6 billion in rural America this crop year, an investment in rural America at a time when there is a tremendous transition from the agriculture of the last half of the 20th century to the more free market, international-trade-oriented agriculture of the 21st century. When this transition is going on, this is when we need to bring some certainty to the business decisions of agriculture as best we can.

There has been some fault found, particularly on the other side of the aisle, with the fact that we might be spending $6 billion in rural America as an investment when grain prices are high, even though there is not a profit in cattle, there is not a profit in livestock generally, particularly cattle and pigs, but right now there is some profit in grain.

Some people have said on the floor of this body that we are giving welfare to farmers at a time when there are high prices. The inclination is to say that there is too much money in this farm bill for agriculture. I have heard some of those same Members say that they could not vote for farm bills in the past because they did not do enough for agriculture. How ironic that we have the same people today suggesting that we might be passing a farm bill that is too good for agriculture. It just does not add up.

Not only does it guarantee an investment in agriculture of about $43.5 billion over the next 7 years in this transition from a Government-controlled agriculture to a free market agriculture, but it goes from an agriculture system inclined toward domestic production for domestic consumption to a farm program for production to meet the competition and the demand of international trade. There is no more important time to do that.

Also, this legislation locks in the agricultural baseline and guarantees an investment in rural America of this $43 billion. It is important to have that baseline out there because this legislation, like most legislation, does not provide for a farm program beyond the sunset year of 2002.

There will be plenty of time for Congress to enact legislation beyond that period of time. But if we are not careful, what we do today will preclude agriculture having a baseline, and then when we come up with a farm program beyond the year 2002, it may be impossible to raise the money for that baseline.

This bill before us locks in that baseline, guarantees payments to farmers and for other programs such as conservation programs and export programs. It provides a real safety net by

making sure that there are payments even when we have low yields that push prices higher.

Again, we have an ironic situation here where some people on the other side of the aisle are suggesting that because grain prices are high, there should not be any Government program. Do not forget about those farmers in west central Illinois, the northern third of Missouri, the southern third of Iowa, plus a lot of other places—I only mention those because they are close to the Midwest where I am from—who do have high prices but because of the wet spring and the flooding conditions could not plant their grains last year. They do not have grain to sell at a high price.

This program will help those people as well.

So it guarantees a 7-year payment. It will help a farmer in his cash flow situation have a steady, predictable cashflow. At least a portion of that would come in Government payments that will allow the farmers and their bankers to make long-term business decisions that are so important to the success of agriculture.

This legislation also maximizes farmers' profit potential. The Food and Agriculture Policy Research Institute—this is a combination research institute of the University of Missouri and Iowa State University—estimates that even though payments from the Treasury will decline 21 percent under this bill from the previous 5 years, gross farm income will increase by 13 percent and net farm income by 27 percent over the next 10 years.

We eliminate this process by which people in the urban areas can say farmers are getting paid for not tilling the soil. This eliminates the set-aside authority so that farmers can send a clear signal to our international competition that we are going to produce on every productive acre what we can to meet international trade demands, to meet the humanitarian demands of a growing population throughout the world that otherwise, without the productivity of the American farmer, could have more instances of famine.

We give increased flexibility to the farmers to make planting decisions. We take that decisionmaking out of the hands of Washington bureaucrats and public servants.

It will be in the mind and office of every farmer to decide how many acres of corn or how many acres of soybeans to plant. Presently, those decisions are made, to the greatest extent, by people in Washington, far removed from the reality of farming, ignoring the marketplace and trying to insert their judgment upon the people on the spot. Full flexibility means plant what you want to plant, not what some Washington bureaucrat says.

This legislation significantly reduces Government regulation and bureaucratic redtape, thus enabling our farmers to compete in the world marketplace. It increases flexibility, or the increased flexibility allows farmers to plant specifically beyond what they would normally plant, moving to other crops, particularly the emphasis in American agriculture today to have value-added products instead of simply the traditional commodities.

The PRESIDING OFFICER. The Senator's 10 minutes have expired.

Mr. GRASSLEY. I yield the floor.

The PRESIDING OFFICER. Who seeks recognition?

Mr. PRYOR addressed the Chair.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. PRYOR. I thank the Chair for yielding to me. I ask if the Chair will remind me when I reach the 4-minute mark. At that point, I will yield the floor.

The PRESIDING OFFICER. That is 4 minutes remaining on your time or 4 minutes——

Mr. PRYOR. No, I want to speak only 4 minutes, Mr. President, and then I will yield to the distinguished minority leader.

Mr. President, I was standing here listening a moment ago to my good friend from Iowa, Senator GRASSLEY. He talked about regulations and bureaucrats and freedom to farm and all of those things that we talk about generally when we have an agriculture bill on the floor. For us to have an agriculture bill on the floor for a 1996 program, I might say, is somewhat unique, because the normal process for the first time in 60 years did not work.

We did not draft this legislation in the Agriculture Committee. This legislation, basically, was born and drafted, passed from the Budget Committees of the House and the Senate. But when we talk about regulations and bureaucrats and freedom to farm and all of the constraints placed on farmers today in our country, let us also remember something else: That we today are the envy of the world with the production of food and fiber in our country for the rest of the world. We have the opportunity to feed the rest of the world. In many instances, had it not been for the American farmer and the American farm system, which we are about to annihilate, we would see that many areas of the world would have gone hungry.

I say this in all respect to those advocates for the freedom to farm legislation. If we pass this legislation, we will be going on a cheap drunk. We will be sorry, and we will rue the day that we totally dismantled the farm programs that have served this country and served this world so well.

The two people and the two groups of persons and the two entities, I think, who should be supporting the freedom to farm bill are those competitors of ours in the international market. They should be supporting the freedom to farm bill, because it is going to be a total disruption of farm ownership ultimately in our country. We are going to see the small fail and the large and the powerful prevail.

Second, the big landowners should love the freedom-to-farm bill. They should love the freedom to farm bill because their farms are going to get bigger, their farms are going to become richer, their farms are going to produce more and more, and the small family farmers are going to be there with less and less.

The other aspect of this legislation—and I hope my friend from Iowa will address this, or some other proponent of freedom to farm—does anyone in this Chamber feel that we can in this calendar year implement, have the regulations and administer a totally new farm program for all of America's farmers? This is not a 7-year farm bill. This is a bill that is going to last until the first show on ''60 Minutes'' embarrasses us, embarrasses farmers by showing that the farmer no longer has to produce in order to get a big paycheck from the Federal Government. It is a 7-year welfare program.

It is wrong, Mr. President, and we should be no part of it. We should defeat the motion for cloture. We should enact a farm bill only after we, in this Senate, and in the Senate Agriculture Committee, perhaps the House committee, have the opportunity to shape a farm bill that will look beyond 7 years and then to the next seven generations.

Mr. President, today we are considering what will prove to be one of the most important and most disastrous pieces of legislation affecting the State of Arkansas and family farms across this Nation. Agriculture has been and continues to be an integral part of the fabric that makes up rural America and is responsible, directly or indirectly, for about 1 out of every 5 jobs throughout America.

In Arkansas, from Texarkana to Blytheville, from Gentry to Eudora, families all across our State make enormous contributions to the world's food and fiber supply. In 1994 alone, Arkansas farmers harvested over 8 million acres of agricultural products: rice: 1.42 million acres produced over 175 million bushels of rice; cotton: 970,000 acres produced over 1.7 million bales of cotton; soybeans: 3.4 million acres produced 115.6 million bushels of soybeans; wheat: 880,000 acres produced 40.5 million bushels of wheat; and corn: 90,000 acres produced 10.8 million bushels of corn.

With crops, poultry, and livestock combined, Arkansas' farmers and ranchers were responsible for over $5 billion in economic activity for our State. So why am I concerned? Because, the legislation under consideration before the U.S. Senate is the beginning of the end for farm programs and the safety net function they perform. We can argue over whether it will happen in 2 years or in 7, but the undisputable fact is that the safety net will disappear.

Perhaps some of my colleagues favor this approach. Perhaps some Senators feel that farm programs are not a good deal. I would simply point out that for roughly one-half cent out of every Federal dollar, our farm programs provide

the safest, most affordable, and abundant supply of food and fiber in the world. Americans spend about 10 percent of their disposable income on food—compared to the French who spend 16 percent, the Japanese who spend 18 percent, Chinese who spend 48 percent, and Indians who spend 53 percent—it is hard to imagine a better deal.

My good friends may be wondering—how did this come to be, how could we pay so little and get so much? The answer, in large part, is due to just how productive our farmers and ranchers have become. The U.S. agriculture represents some 3 percent of the world's agriculture labor force, yet it produces about 40 percent of the world's corn, about 15 percent of the world's cotton, about 50 percent of the world's soybeans, about 10 percent of the world's wheat, about 25 percent of the world's beef, and about 11 percent of the world's pork.

Now, I can hear someone suggesting that if agriculture is so productive and costs so little, why do they need any support at all? Why should we help agriculture over other industries? Mr. President, agriculture is unique. It is like no other industry in our economy. Farmers are almost entirely at the mercy of Mother Nature, as well as the actions of foreign governments, both of which are entirely out of their control. But even worse, unlike most businesses, farmers and ranchers have no control over the prices they receive. They are price takers, not price setters. The weather and policy in China could, and usually does, have more control over how well an Arkansas cotton farmer does from one year to the next than anything the farmer could do.

Perhaps, there are other colleagues who are under illusions that agriculture spending has been like most other Federal programs that have grown ever larger. Perhaps they believe agriculture must be one of those programs where we debate what is a true cut or what is just a cut in the rate of increase.

Among many other points, a bipartisan group of Senators pointed out to the Budget Committee that agriculture spending has come down by about 60 percent in the last decade, from $26 billion in fiscal year 1986 to less than $11 billion fiscal year 1994.

Mr. President, I wanted to point out all of this information for one simple reason. It makes absolutely no sense to abandon these successes—and successes they are—for a policy that is irresponsible, irrational and, most importantly, indefensible.

The freedom-to-farm bill under consideration would pay farmers whether the market warranted it or not—despite the other side calling this a market-oriented bill. Under freedom to farm, it makes absolutely no difference what the market conditions are. The farmer gets his or her payment regardless. According to economists, prices are supposed to be good for the next couple of years, but as we all know, few years of high prices are most commonly followed by a few years of low prices as farmers around the world create an oversupply of a commodity chasing that higher price. The tragedy, in this scenario, is as follows: Suppose in 2 years farmers receive payments despite high market prices. The media and the public become outraged by the waste and the 105th Congress responds to the outcry by removing the remaining payments from the farmer. This could happen because the so-called contract doesn't bind a future Congress. The next time commodity prices plummet and farmers need a safety net, it will be gone.

Some proponents have called this a contract modeled after the popular CRP contract which paid farmers to remove land from production. They point out that over the 10-year life of these contracts, Congress always honored them. The difference, Mr. President, is that in return for funding a CRP contract the taxpayers receive a specific public benefit such as conservation, wildlife habitat, or water quality. The freedom-to-farm contract has nothing in it for the public or taxpayer. The taxpayer simply transfers money to the farmer for no other reason than that the farmer was in some sort of agriculture program in at least 1 out of the last 5 years.

The bill we are considering is a perfect script for a ''60 Minutes'' or a ''Prime Time Live'' show called the ''Fleecing of America,'' when it's discovered that under this bill a farmer can receive the freedom-to-farm payment and not do anything at all. That's right, Mr. President, under this legislation, a farmer can receive thousands upon thousands of tax dollars and spend the entire growing season in the Caribbean or Bahamas. In fact, the only restriction is that if they grow something it can't be fruits or vegetables. Other than that, sand and sun would be the only worries on the minds of farmers as the taxpayer would foot the bill.

But, a word of warning. For all those that would take this approach, may I suggest they invest your payments wisely. Find a good money manager or investment banker because they're going to need them. If what many predict will happen when word gets out about this program, you will have to make a couple of years worth of promised payments last a very long time.

Mr. President, supporters of this bill tout endorsements by agribusiness companies and big processors. This should not come as a surprise to my colleagues. It is very simple; this freedom-to-farm bill will ultimately drive the price of commodities down. Whether a big company is purchasing feed for livestock or grain to process and mill, they want to pay the family farmer as little as possible. They want to buy low and sell high like Wall Street speculators, with no concern for the future of farming.

The freedom-to-farm bill gets worse. By capping the programs based on economic projections and theoretically locking those in, we give no room for error. I would defy anyone to find an economist anywhere in the world who has accurately predicted the price of a commodity with any accuracy for a full 7-year stretch. It simply cannot be done. Yet, that is the logic embodied in this bill. We are entrusting the future of the farmers of this country with some guess by economists down at the Congressional Budget Office [CBO]. And, if they guess wrong about, for instance, the price of rice in the year 2001, the farmers in my State will be left with little recourse and less help.

The proponents of this legislation have said that it is important because of the baseline problem. Baselines in agriculture only matter in two circumstances: First, if you require ag to come up with unfair and unreasonable cuts, as the Republicans have; or second, if you cap the programs so the baseline can never adjust upward, which the Republicans also have done. So, there is a budget baseline problem, but only if you buy into the rest of the flawed Republican policy.

Although the Republicans did indeed manage to capture the baseline, I am at a loss to understand why they would want to capture it after a decade of reduction—over 60 percent. Conversely, why not wait until this bill forces a decline in market prices that will automatically raise the baseline again before we try to capture anything.

We will rue the day we pass a freedom-to-farm bill. What we must all realize is this ends farm programs. It unilaterally disarms our farmers against the rest of the world. In fact, the only farmers this bill is good for are those in France, Thailand, Argentina, and any other foreign country.

In the first years, this bill will prove to be a taxpayer ripoff. In the later years, it will prove to be false hope and empty promises as the safety net for American agriculture is destroyed. Let us at least change the name to reflect accuracy. Maybe we should call it the bait and switch act of 1995, or as others have suggested, the freedom-from-farming bill or the farmers death assistance act.

For all the reasons I have mentioned today and many more I have not had the opportunity to make, I cannot and will not be associated with ending the necessary safety net our farmers and our consumers depend on. Therefore, I will vote against the freedom-to-farm bill.

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

Mr. PRYOR. Mr. President, I ask unanimous consent that a letter sent to Senator DOMENICI be printed in the RECORD.

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

U.S. SENATE,
Washington, DC, February 6, 1995.

Hon. PETE DOMENICI,
Chairman, Senate Budget Committee, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: As the Senate Budget Committee begins consideration of the FY 1996 budget resolution, we understand it has under review a number of options, including possible reductions in agriculture-related spending. Difficult challenges are facing your committee as well as Congress as a whole. However, we believe it is important for a number of reasons that agriculture not be unfairly singled out to bear a disproportionate share of any required spending reduction as part of any budget proposal.

First, agriculture spending has already been reduced substantially in recent years as a result of the 1990 Omnibus Budget Reconciliation Act and subsequent legislation which reduced income and price supports; limited eligibility and participation; imposed new or higher fees and other assessments related to certain programs; and reduced the availability of funds for certain export and market promotion programs. As a result, Commodity Credit Corporation (CCC) outlays for farm commodity programs have declined from a high of $26 billion in FY 1986 to less than $11 billion in FY 1994, a reduction of almost 60 percent. Outlays are projected to remain below this level for FY 1995–2000. By contrast, total federal spending during this same period increased by approximately 50 percent, and entitlement programs nearly doubled. Such spending is projected to continue to increase significantly in the future.

Second, as a result of legislation relating to USDA reorganization, future agriculture outlays are further expected to decline by as much as $3.6 billion through FY 1999 with the closing of over 1,200 field offices, eliminating approximately 11,000 employees, and consolidating 43 separate agencies into 29. No other Department or federal agency has undergone such an extensive reorganization.

Third, while there may be opportunities for additional savings, it is important before any further reductions are required to ensure that such action does not jeopardize the continued ability of U.S. agriculture to meet the food and fiber needs of consumers at home and abroad. U.S. farmers are the most efficient and competitive in the world, and our government policies and programs should help maintain the technological advantages that will enable them to stay that way.

Under the recent Uruguay Round GATT agreement, the U.S. along with other countries, is required to reduce its support for domestic farm programs by 20 percent by the year 2000 from the 1986–88 base period. However, the U.S. has already more than achieved such reductions. To make further reductions in such programs without requiring similar corresponding reductions by the European Union and other foreign competitors would be unfair to U.S. farmers.

History has shown that our foreign competitors will utilize every possible resource to maintain and expand their share of the world market. The European Union (EU), for example, continues to significantly outspend the U.S. in terms of its support for agriculture and in competing for foreign markets. In 1994, outlays for domestic farm programs by the EU amounted to more than $30 billion, nearly three times the U.S. level of outlays.

In terms of export subsidies, the EU has outspent the U.S. 6 to 1 over the past 5 years. Although the GATT agreement will require a reduction in the use of such subsidies, the EU will be able to more than maintain its substantial advantage. Further, as export subsidies are reduced, the EU can be expected to redirect much of those resources into other GATT-allowable programs to maintain and strengthen the competitiveness of its agricultural sector.

Without asssistance from our government, U.S. agriculture will be at a competitive disadvantage. Not only would this adversely affect America's ability to capitalize on potential market opportunities as a result of GATT, but our ability to remain competitive in existing markets, both domestic and foreign, could be affected as well.

This could have significant consequences for both the economy and the budget. Nearly one million Americans have jobs which are dependent on agricultural exports alone. Exports now account for more than a third of total U.S. crop production and total over $43 billion. This results in a positive trade balance of nearly $18 billion. Such exports also account for approximately $100 billion in economic activity and, in turn, helps generate as much as $8 billion in related Federal tax revenues.

Overall, our agriculture and food industries account for nearly 16 percent of GDP and nearly 1 out of every 6 American jobs. Other sectors of the economy, including input manufacturing, handling, processing, marketing and transportation, are heavily dependent on a healthy agricultural economy. Any significant reduction in agriculture's balance sheet will have a corresponding effect on commercial banks and other lending institutions, including the farm credit system.

Finally, it is important to recognize why we have farm programs. Every nation has a responsibility to ensure that its citizens have access to a dependable supply of food. This is one of the basic purposes of U.S. farm programs. To meet this objective, farmers must receive a fair return on their productivity and investment in an industry characterized by continued subsidized foreign competition and subject to wide swings in production and prices due to weather and other related factors.

By any measure, U.S. farm programs have been successful and cost-effective. Currently, such programs represent less than one percent of the entire federal budget. And, for that, we have an agricultural system that is the envy of the world. It has provided our citizens with a dependable source of reasonably priced food and fiber. U.S. consumers, for example, spend the lowest percent of disposable personal income on food—approximately 11 percent—of any country in the world.

If other federal programs had been reduced by the same percentage as agriculture commodity programs, we would have a budget surplus.

As your Committee examines the options in the budget process, we hope you will consider the interests of U.S. agriculture.

Sincerely,

Thad Cochran, John Warner, Robert Kerrey, David Pryor, Howell Heflin, Jesse Helms, Tom Harkin, Dale Bumpers, Max Baucus, Trent Lott.

The PRESIDING OFFICER. The distinguished Democratic leader is recognized.

Mr. DASCHLE. Mr. President, let me begin by commending the distinguished Senator from Arkansas for his strong statement just now. I wish to associate myself completely with his remarks. I think it is fair to say that we all agree we are in a mess, we are in a big mess, and there are a lot of reasons why we find ourselves in the situation we are in this afternoon.

The last time we failed to produce a farm bill was the year I was born, 1947. Coincidentally, it was the last time Republicans controlled the Congress. We should have passed this legislation, as the distinguished Senator from Arkansas said, last year, but the bill did not even come to the floor. The bill was not even allowed up for debate. It was the first time in memory, and may be the first time ever—we are checking it now—that legislation this important passed out of the Senate Agriculture Committee on a strict party-line vote.

It was then, as everyone recalls, buried in the budget agreement, and it went absolutely nowhere. And now here we are in February of 1996 considering a farm bill for 1995. Even if we passed a piece of legislation as radical as this is, let there be no mistake, it will take months and months and months for the Department of Agriculture to get set up to administer it.

So the situation is very unfortunate. Farmers are out there clamoring, as the distinguished Senator from Iowa said, for some answers. They need to know the 1996 winter wheat crop has been planted, southern crops are going to be planted this month, and farmers should not be put in the untenable position of making huge investments in their agricultural operations without knowing anything about what farm policy will be this year or the next.

Last year, farmers were prevented from planting due to excessive rain. This year, they will be prevented from planting due to excessive politics.

There is only one option for 1996—only one. I do not like it. Not many people here would consider it their first option. It certainly is not mine. But there is no other alternative right now but to extend for 1 year at least current legislation. We need to extend current law only because we have to provide farmers with that certainty.

It is no secret that we have put a tremendous amount of effort and time into finding an alternative that we feel very excited about. It is no secret that there may not be a resolution between the Farm Security Act and the so-called freedom-to-farm bill. But there is a realization that we have to do something, and there is no possibility of doing anything with the mess we are in right now.

We have to do what the Senator from Iowa has suggested, and that is give farmers the maximum degree of flexibility. We need to extend current law but ensure that those farmers who have to have additional flexibility are given every opportunity to do so. Plant whatever their management dictates, whatever their desires may be given current marketing conditions.

There ought to be no constraints at all on their ability to make decisions for themselves. Farmers are familiar with the current legislation. Prices are relatively high. The administration infrastructure for the current farm bill is in place.

Most importantly, Mr. President, we can do it today. What some of my Republican colleagues want to do at this

late date is to pass the most radical farm bill in 60 years. They eliminate permanent law; they slash the conservation reserve, one of the most successful programs for conservation on the books this time or any time; they cut exports just when we need to expand the export markets abroad; we eliminate the farmer-owned reserve; we ignore completely the need for rural development, and we destroy research. And at the same time we do all of that, there are those on the other side who argue that we ought to be giving huge payments to farmers, whether or not they plant, regardless of whether they have good prices or not.

I would like my Republican colleagues to explain to a small businessman or a working family why a farmer is entitled to a quarter of a million dollar payment while they idle their land and spend a year in Hawaii. If a farmer could idle his land, not do a thing on it for an entire year, go to Hawaii and spend that quarter of a million dollars, why cannot a small businessman or a working family or anybody else do that?

How ironic that at this very time when we are trying to cut back and reduce the tremendous budgetary exposure we have in so many ways, we can find ways with which to give farmers huge payments whether they do anything to farm or not.

Mr. President, the closer you look, the worse this gets. Even with the laudable improvements Senator LEAHY has suggested that we make to the freedom to farm, this bill is a disaster.

I was very pleased for the letter we received just this morning from a large number of very reputable organizations—including the National Audubon Society; Environmental Working Group; Henry A. Wallace Institute for Alternative Agriculture; Sustainable Agriculture Coalition; Natural Resources Defense Council; National Rural Housing Coalition; National Family Farm Coalition—who are saying that even with the Leahy improvements, they are very strongly in opposition to passing this so-called freedom to farm.

Most important, Mr. President, the President has indicated that he will veto this legislation if we were to see it pass and sent to him for signature. He is making the right decision.

I ask unanimous consent that a letter from the Secretary of Agriculture, Secretary Glickman, laying out the President's grave concerns about this bill, be printed in the RECORD at this time.

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

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, DC, February 1, 1996.

Hon. THOMAS A. DASCHLE,
Democratic Leader, U.S. Senate, Washington, DC.

DEAR TOM: S. 1541, the Agricultural Market Transition Act of 1996, as well as several amendments to it, may be considered in the Senate today, and I want to take this opportunity to reiterate the Administration's position on a farm bill.

As discussed in the Statement of Administration Policy issued yesterday, I would recommend that the President veto S. 1541 if it were presented to the President in its current form. In my view, the bill fails to adequately address a number of basic requirements I believe should be included in the farm bill. These requirements include the preservation of the farm program ''safety net,'' continuation and enhancement of conservation programs and environmental protection, and enhancement of economic opportunities for rural America and production agriculture.

I understand that Senator Leahy may offer one of the amendments to S. 1541. This amendment appears to be a positive step in the direction of a farm bill that meets the Administration's priorities. For example, it contains authority to sign up new acres in the Conservation Reserve program, continues the option of offering permanent easements through the Wetlands Reserve Program, and reauthorizes food and nutrition programs. However, the amendment fails to address other needed improvements in S. 1541, such as changes to strengthen the safety net for farmers and increase support for rural development. Therefore, I would recommend that S. 1541, as amended by Senator Leahy, be vetoed by the President.

I want to reiterate my willingness to work with the Congress to enact a comprehensive farm bill as soon as possible that best serves American agriculture and the American people.

Sincerely,

DAN GLICKMAN,
Secretary.

Mr. DASCHLE. Mr. President, let us be clear. Win or lose on these cloture votes, we are no closer to an agreement if that is what happens today. Sooner or later, we are going to have to compromise. The House Republicans just do not seem to get it. So far, the 104th Congress could be summed up simply in two words: lost opportunity. On welfare, on reg reform, on the budget, and on appropriations, many in the House seem to think compromise is a four-letter word.

Let us not allow the farms to fall victim to this, too. We can work this out. We can find compromise. We can find a way to ensure that farmers are going to have the certainty that they are asking for this afternoon, and we can begin all of that by defeating both cloture motions in the next hour.

I yield the floor.

Mrs. BOXER. Mr. President, I rise today in opposition to the Lugar-Dole Agricultural Market Transition Act. This bill is not good for my State of California because it cuts and caps export promotion programs; excludes critically important agricultural research and nutrition programs, and phases out farmland conservation programs. The Lugar-Dole bill contains essentially the same provisions, with some changes, as the Agricultural Reconciliation Act of 1995 which was vetoed by President Clinton.

The most important positive aspect of this bill is that it preserves a provision in current law that is of enormous importance to fruit and vegetable growers in my State of California and across the Nation. Previous versions of this legislation included so-called ''flex acre'' provisions, which would have permitted the production of fruits and vegetables on up to 15 percent of a program crop farmer's former base acres.

Nationwide, there are approximately 11 million acres planted with fruits and vegetables. This acreage supplies U.S. and foreign consumers with a ready supply of high quality and affordable produce, while allowing fruit and vegetable producers to go about their business free of Government involvement or Federal subsidies.

The ''flex acres'' language would have resulted in nearly 32 million acres becoming eligible for fruit and vegetable production on subsidized farms that traditionally have been planted to program crops. If even a small number of those acres were to shift into fruits and vegetables, farm prices for many fruit and vegetable commodities were expected to drop abruptly and dramatically.

Republican budget negotiators originally argued that the ''flex acres'' provision would help balance the budget. However, they now concede that the provisions would have no impact on the deficit. They would, however, help subsidized commodity crop growers at the expense of nonsubsidized fruit and vegetable growers.

The California produce industry recognizes that should a 7-year phaseout of subsidies be enacted, growers will eventually have to compete in the marketplace with one and all. But in the interim, it would be grossly unfair to require unsupported fruit and vegetable growers to compete with their subsidized brethren.

I am pleased that we have won the flex-acre battle by fighting hard to keep current law on the books. Current law has now been reinstated in both the House bill and this Senate bill. However, I remain very concerned about the impact of flexible planting on California farmers in the long run—7 years from now.

Mr. President, we are in unprecedented times. The 1990 Farm Act expired in December, leaving only the permanent 1949 law in place. So clearly, the Congress needs to enact a farm bill.

But the Lugar-Dole bill is a radical departure from an American farm policy which for almost 5 decades has supported the world's most successful agricultural system—one that has resulted in consistently high quality produce and low consumer food prices.

Some changes are necessary in these tight budget times, to ensure that we are getting the most for every taxpayer dollar spent. But changes in a system that has been so enormously successful must be done carefully, thoughtfully, slowly, and responsibly. They must make the system better. We must not take chances that might result in weakening a terrifically successful system.

Farm policy is not just about supporting the growing of our crops. It is also about promoting exports of American farm products; promoting environmentally sound uses of farmlands; emergency food assistance programs; the distribution of surplus farm produce to soup kitchens and food banks; and critically important agricultural research programs such as research on the California Medfly and research on alternatives to methyl bromide.

The Lugar-Dole bill does not achieve these objectives. In fact it excludes most of them. It does not reauthorize nutrition and agricultural research programs; it phases out conservation programs; it cuts and caps export promotion programs.

If nutrition programs are not reauthorized, they will be in jeopardy during the appropriations process. Federal funding for domestic food assistance represents over 60 percent of the U.S. Department of Agriculture's budget and includes the food stamp program, child and elderly nutrition programs, the special and commodity supplemental food programs for women, infants and children [WIC and CSFP], commodities for soup kitchens and food banks, and the Temporary Emergency Food Assistance Program [TEFAP].

I oppose the provisions in the bill that cap the Market Promotion Program at $100 million per year and the Export Enhancement Program at levels far below the Congressional Budget Office baseline and the Uruguay round permitted levels for fiscal year 1996 through 1999. The Market Promotion Program is an important tool in expanding markets for our agricultural products. The Export Enhancement Program is used to subsidize export sales to more than 80 foreign countries. It is the primary means by which the United States has attempted to meet price competition in world markets when domestic policies supported prices above the world market or to counter subsidies used by foreign competitors.

The Conservation Reserve Program [CRP] is a voluntary program that enables producers to bid to retire highly erodible or environmentally sensitive land for 10 years. It is one of the most important conservation programs in the Nation. To date, about 36.5 million acres have been enrolled in 375,000 contracts. CRP saves soil, enhances wetlands, improves soil and water quality, expands wildlife habitat and populations, encourages tree planting, and helps balance commodity supply and demand.

The Lugar-Dole bill in effect phases out CPR by capping enrollment at the current 36.4 million acres and providing no new enrollment authority. Contracts on 24 million acres expire in 1996 and 1997. If they are not renewed, CRP would be reduced by 56 percent by 1997.

This bill also guts current law which allows acres to be enrolled permanently in the Wetlands Reserve Program. About 335,000 acres are currently enrolled permanently. The bill only allows 15 year easements and places a cap on enrollment. The 7-year savings of $387 million are false economy. Short term contracts may reduce outlays over next 7 years, but outlays would increase in subsequent years and no protections remain in place after contracts expire. Over half a million acres are bid into the Wetlands Reserve Program each year by farmers who want permanent easements. Congress should not take away this option for farmers.

Finally, I believe that the principal intention of the Lugar-Dole bill—to phase out Federal support for the ''program crops'', for example, rice, cotton, wheat, and feed grains—is bad policy for family farmers. Under current law, program crop farmers get ''safety net'' payments when market prices fall below a certain threshold. Under the Lugar-Dole bill, farmers will receive subsidy payments—decreasing over 7 years—based only on the production history of a farmer—with no relation to market prices or actual output. In other words, the nature of farm payments changes from being a ''safety net'' received only when prices are low, to a form of direct ''welfare payment'' received no matter what the market conditions and regardless of how profitable the farming operation. Although ''Freedom to Farm'' lowers the payment limitation from $50,000 to $40,000, it retains the ''three entity rule''. So, one farmer could theoretically earn $120,000 from the Federal Government in 1996 while on a year-long sabbatical.

Farmers need predictability in order to make planting decisions and secure financing from lending institutions. This bill is being sold to the agriculture community as the best vehicle to guarantee an income safety net to farmers through direct payments for 7 years. Many farmers believe that given the Federal deficit and efforts to balance the budget, this bill is the best way to look in Federal support payments. But decoupling makes no sense. Under this bill, one farmer could be receiving windfall gains while another hard-working farmer could go bankrupt in a bad year because of lack of assistance.

I urge my colleagues to oppose the Lugar-Dole bill.

Mr. CONRAD addressed the Chair.

The PRESIDING OFFICER. The Senator from North Dakota [Mr. CONRAD] is recognized.

Mr. CONRAD. Mr. President, I rise to urge my colleagues to defeat cloture so that we can come together in a bipartisan way to write a farm program that makes sense for the future. Mr. President, this could be a very dark day for farmers, for their families, and the future of American agriculture, because—make no mistake—if the so-called freedom-to-farm legislation is passed, it will be the death knell for farm programs in this country.

I have just come from my office and talked to a farmer who was urging me to vote for freedom to farm. He told me, ''Senator, we need the money and we know that the design of this program is to phase out farm program payments and kill the underlying law that allows us to have a farm program for the future.'' He said, ''Senator, we know you will not let us down in the future.''

Mr. President, I am just saying to that farmer that that is not what this plan is all about. They are making transition payments. You are getting that money for a reason. The reason is that they then ratchet them down and eliminate them and kill the permanent authority to have a farm program. I am saying to them, despite the best efforts we might make in the future, this will be the end, make no mistake about it. This will be the end. I told him that it is a little like the Rev. Jim Jones, who had all of his followers drink the Kool-Aid that was laced with poison, and then they died. I said it is a little like Reverend Jones and that Kool-Aid. It tastes good going down—just like those couple of years of initial payments look good—but it will kill you.

There is not a farmer I know that does not realize that sometimes prices are high and sometimes they are low. The purpose of a farm program is to be there as a safety net when prices are low. This program provides a payment, regardless of what the price is.

Mr. President, it is a scandal waiting to happen. Wait until ''60 Minutes'' gets a hold of this one. In the high-priced years, farmers are making good money, and, in addition, they get a payment from the Government. I do not think so, Mr. President. I think it would be a profound mistake, and it would kill farm programs and reduce, according to the State university in North Dakota, farm income by 30 percent.

Mr. President, I yield the floor so that my colleague might have a chance to speak as well.

Mr. DORGAN. Mr. President, it is my understanding that there are about 4 minutes remaining. At that point, the majority leader intends to use the remaining time on the Republican side.

This vote is going to be a cloture vote on a farm proposal. We did not have a debate on the floor of the Senate on a farm proposal last year. Last year was the time when we were supposed to have had a 5-year farm plan debated. We did not have a farm bill debated at all on the Senate floor. A farm bill was put in the reconciliation bill. Right now is the first time we have had a farm bill debated on the floor, and we started about an hour or two ago. We had an hour or two of debate and now there is a cloture vote at 1:30.

The issue is something called the freedom to farm, which is an attractive name. This plan is to disconnect farm program payments from production or prices. The interesting thing about the

freedom-to-farm proposal is you do not have to farm in order to receive payments.

All you have to have is land with a base, but you do not need a tractor. All you need is a bank account and some land, and you can get a payment. It is decoupling the support price from whether or not you produce, decoupling the support price from whether or not market prices are high.

You could have a bumper crop with very high market prices, and you still get a payment under this plan. Or you can have a circumstance where you have no crop because you just went off to Puerto Rico and had a vacation and did not plant a thing, and you can still get a big payment under freedom to farm. It defies logic to me to understand why you want to move in this direction.

For those who want to give a big payment to farmers, I say, fine, sign me up, let us try to recapitalize family farms. But if you want to do that, I disagree with coupling it with the notion that we must then repeal permanent farm law. That is the understanding—as Congressman ROBERTS said last evening on a program I was on—that we are going to transition you out of a farm program, make some payments up front, and there will be no farm program later. I am not willing to agree that there ought not be permanent farm law.

FAPRI says wheat prices go to $3.22 next year. USDA says grain prices are going down in 1998. What happens when grain prices are $3 a bushel for wheat and there is no support price at all, none at all? What happens to a family farmer? They are going to be washed away, and all of us know it.

Who will farm then? The big agrifactories will farm from California to Maine. This is great for a corporate farm bill. If you like corporate farms, and you want agrifactories to farm America, this is a great and quick way to get rid of family farmers.

They will get dollars maybe next year, maybe the year after, and every single year after that they will be worse off, and at the end of it they will have no support at all against the risk of low prices. Zero. No safety net at all. This takes a safety net we have had for 50 years and yanks it right out from under family farmers. If you like that, vote for this.

If all of you who want to add some extra money to farmers' pocketbooks, you want to do that now, I will support you in doing that now. However, I want you to join me in retaining some permanent law that provides some safety net for the risks that family farmers will inherit when prices become very low. Why would you want to pull out that rug and say, ''Well, the risk is your own; we do not care whether you succeed or fail''?

I had a farmer call me yesterday who said, ''I want the Freedom-To-Farm Act but I want you to make sure, that, if prices are low, you give me a farm program.'' I had a farm commodity group come in to see me that has endorsed the Freedom-To-Farm Act, and they said, ''We endorsed it with one condition: We have a farm program.'' I said, ''You do not understand; when Congressman ROBERTS talks about transitioning, when someone with a white shirt from Washington says we will transition you, you had better get your seat belt on the tractor seat and buckle up. Transitioning means you will get a payment up front in exchange for which they will abolish the farm program down the road.''

No debate about that. That is exactly what will happen. That is why many of us cannot support this. No one wants to be more generous than I to family-sized farms. I believe in the future of this country there ought to be a network of family sized farms. I also believe that we will not see a network of family sized farms in America if we decide that when market prices collapse to $2.50 a bushel there should be no program for a safety net to continue family farming. We will have corporate farming from California to Maine under this proposal.

I hope we will reach a compromise that is much better for the future of family farmers sometime this afternoon.

The PRESIDING OFFICER (Mr. COATS). The time on the Democratic side is expired. There are 8 minutes and 45 seconds remaining on the Republican side.

Mr. DOLE. Mr. President, here we go again, another farm debate. Winter wheat farmers have already planted. They could not wait any longer for Congress to act. It happens about the end of every 5-year farm program. There is always a little gap, and particularly winter wheat producers do not have much choice but to plant fence to fence and hope we will pass the farm bill, and then they can comply with the law at that time.

President Eisenhower was born in Kansas and raised in rural America. He hit the nail on head when he said, ''Farming looks mighty easy when your plow is a pencil, and you're 1,000 miles from a corn field.'' That statement was made a long time ago, but it has not changed over the years.

What I see happening here is we thought we had a pretty good compromise worked out, but now I understand the other side of the aisle, for the most part, has said, ''No, we are not going to let it happen. We do not believe in the freedom to farm. We do not believe in transition payments. We do not believe you ought to take a look at many farmers and say, OK, have this 7-year period also be a transition and during that period they will determine whether or not we ought to continue farm programs or whether we ought to bring them to an end.''

I must say, as I sat in a meeting here a while back with Secretary Glickman—a good friend of mine who is doing a good job as Secretary—one thing he said bothered me: ''Farm prices are so high in the market, people may not sign up for the program.'' I thought that was the goal—go back into the marketplace with high prices so farmers could rely on the market rather than the Government. Produce for the market. That is what the freedom to farm act is all about.

I do not know where we go from here if we do not get cloture on the so-called compromise. I want to congratulate the distinguished chairman of our committee, Senator LUGAR, and Senator LEAHY, the ranking Democrat on the committee, and others, Senator CRAIG from Idaho and Senator GRASSLEY from Iowa, my own staff and others who have been working, we thought, in sort of a bipartisan way so we can get to conference. If we do not go to conference, we will not have anything.

I know farm bills are difficult. We have had farm bill debates on this floor before and they are even more difficult on the House side. Normally you can pass a farm bill in the Senate. It is a little easier because most of us represent some farmers. Some may not fully realize it, but there are always a few farmers in every State. I know in my State we have a saying, ''if you do not eat, don't worry about the farm.'' A lot of people do eat, but not many worry about the farm.

We have the best food bargain in the world. We spend less of our disposable income on food in America than any other industrialized nation because of our farmers and ranchers in America, and now we are trying to have a little safety net here, a little farm bill, to make certain that certain things happen and there will be some protection there.

Farming looks pretty easy to some. But we know the tremendous amount of work required by not only farmers but their families. We know there is overregulation, overtaxation, and I have had farmers tell me if we get rid of some of the regulations and other things we could keep the subsidies. We would probably be better off. Farmers make a lot of sacrifices. They have hailstorms, winter kill, a lot of other things to contend with, sometimes they do not have any crop at all, sometimes they live from crop to crop, and sometimes they borrow money every year and every year and every year.

It is pretty important that we move ahead in this Chamber. They have enough uncertainties out there without the uncertainty of whether or not we will act. I believe on this side of the aisle we are prepared almost unanimously to act. It does not mean we think it is perfect. It does not mean we cannot address some of the concerns expressed by my distinguished colleagues on the other side, including the Democratic leader, who also understands agriculture, coming from South Dakota, and hopefully we will be able to work together on this.

While negotiations continue, as I said, Kansas farmers have planted their

crop without knowing any program details, and farmers of other crops will be in the same position unless we take action. We did take action last year, and we attached the legislation to our historic Balanced Budget Act. The legislation would have provided farmers with certainty, simplicity, and flexibility—three key words when you are on the farm. It would have allowed them to plant for the market and not for the Government. It would have set a policy that transitions our farmers into the next century, without disrupting the farm economy or land values. That act was vetoed by the President of the United States. I do not think the American farmer should forget that—or the farm families. That act was vetoed by President Clinton. That is why we are here today. That is why we are late. That is why we do not have our work done.

It seems to me that we ought to get together here, pass the legislation contained—the language we passed last year. That will be the first vote on cloture. I urge my colleagues to support that. I believe the plan is good for farmers and good for taxpayers and good for America. I have some reservations just as some of the others have reservations, that we could address in conference. I probably would be a conferee.

After that vote, we will also have a cloture vote on a bipartisan package, and I congratulate those who put that together. I think it does respond to the crisis. I thought we would have a third cloture vote but the Senator from North Dakota, Senator DORGAN, vitiated cloture, which really started all this—I do not quite understand that—on a 1-year extension. My view is we have two votes, we have two opportunities to move ahead for American agriculture. Stop the uncertainty right now.

I guess the good news for America's farmers is that this bipartisan agreement keeps intact the provisions farmers have overwhelmingly endorsed: Certainty, simplicity, and flexibility. We also have dairy provisions, nutrition, and conservation. I believe the Senate must provide leadership and keep faith with our commitment to rural America and move this farm bill forward. I believe it is good for farmers, it is good for America.

I finally say, if I can take a minute or two of leader's time, over 200 years ago, George Washington wrote: ''I know of no pursuit in which more real and important services can be rendered to any country than by improving its agriculture.''

I think those words were probably pretty good a couple hundred years ago and I think they are just as true today.

Now, I certainly hope that we could obtain cloture on both bills, if not on the bipartisan efforts put together by Democrats and Republicans—by Democrats and Republicans. Then let us go to conference, let us work together in a bipartisan way in the conference, come up with a package that the American farmer can live with, the American consumers will benefit from, and that the American taxpayers will also support.

Mr. DORGAN. Mr. President, will the majority leader allow me to respond to the point he made about vitiating?

Mr. DOLE. I thought we had an agreement about voting on yours first, then you vitiated the yeas and nays, and so there is nothing there.

Mr. DORGAN. Mr. President, if I might just mention to the majority leader, the Senate will now have two cloture votes. If cloture is invoked, of course, the issue of extending the current farm program will probably be moot. But if cloture is not invoked, then it would be my desire to offer the Senate an opportunity to vote on the question of whether we extend the current farm program or whether we provide for some Farm Security Act approach. But the only way we will get to that point is if we get past these two cloture votes. So we would still have an opportunity to vote on an extension of the farm program if there is not cloture invoked.

Mr. DOLE. Not today.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. CHAFEE. Mr. President, I ask unanimous consent I might be added as a cosponsor of both measures, S. 1541 and the Lugar-Leahy bill.

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

CLOTURE MOTION

The PRESIDING OFFICER. All time has expired. Pursuant to rule XXII, the Chair lays before the Senate the pending cloture motion, which the clerk will state.

The assistant legislative clerk read as follows:

CLOTURE MOTION

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

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

VOTE

The PRESIDING OFFICER. The question is, Is it the sense of the Senate that debate on S. 1541, the farm bill, shall be brought to a close?

The yeas and nays are required under the rule.

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. FORD. I announce that the Senator from West Virginia [Mr. ROCKEFELLER] is necessarily absent.

I further announce that, if present and voting, the Senator from West Virginia [Mr. ROCKEFELLER] would vote ''nay.''

The yeas and nays resulted—yeas 53, nays 45, as follows:

[Rollcall Vote No. 7 Leg.]

YEAS—53

Abraham	Frist	McCain
Ashcroft	Gorton	McConnell
Bennett	Gramm	Murkowski
Bond	Grams	Nickles
Brown	Grassley	Pell
Burns	Hatch	Pressler
Campbell	Hatfield	Roth
Chafee	Helms	Shelby
Coats	Hutchison	Simpson
Cochran	Inhofe	Snowe
Cohen	Jeffords	Specter
Coverdell	Johnston	Stevens
Craig	Kassebaum	Thomas
D'Amato	Kempthorne	Thompson
DeWine	Kyl	Thurmond
Dole	Lott	Warner
Domenici	Lugar	Wellstone
Faircloth	Mack	

NAYS—45

Akaka	Feingold	Leahy
Baucus	Feinstein	Levin
Biden	Ford	Lieberman
Bingaman	Glenn	Mikulski
Boxer	Graham	Moseley-Braun
Bradley	Gregg	Moynihan
Breaux	Harkin	Murray
Bryan	Heflin	Nunn
Bumpers	Hollings	Pryor
Byrd	Inouye	Reid
Conrad	Kennedy	Robb
Daschle	Kerrey	Santorum
Dodd	Kerry	Sarbanes
Dorgan	Kohl	Simon
Exon	Lautenberg	Smith

NOT VOTING—1

Rockefeller

The PRESIDING OFFICER. On this vote, the yeas are 53, the nays are 45. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the cloture motion is not agreed to.

Under the previous order, the clerk will report the motion to invoke cloture.

Mr. DOLE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. SMITH). The absence of a quorum is suggested. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

By unanimous consent the Senator may proceed.

Mr. PRESSLER. The farm bill is the most important legislation we have before us insofar as my State of South Dakota and insofar as our Nation is concerned. We forget that we are an agricultural Nation. Most of our exports in our Nation are agriculture. In fact, we pay our trade bills through agricultural exports.

Many economists have predicted that in the next few years commodity prices will be at an all-time high because of the demand in Asia and elsewhere for our farm products. Therefore, I hope this farm bill will take into account the key role that agriculture plays.

Mr. President, we seem to be split between two approaches here, temporarily: The freedom-to-farm approach and the traditional Department of Agriculture subsidy approach. It appears to me we will have to find a compromise between the two. In the long

run, this Senator likes the concept of freedom to farm, possibly with a cap, because it may be that new crops will be developed. A farmer might well experiment with a totally new crop. Right now with our bureaucratic approach, the Department of Agriculture basically defines what crops are appropriate.

However, I realize legislation is the art of the possible. It appears we will have to reach a compromise. I am very much anxious to be part of that compromise. I look forward to discussing this with my colleagues.

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

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

AUCTIONING THE TELECOMMUNICATIONS SPECTRUM

Mr. MCCAIN. Mr. President, I am informed that there is going to be, shortly, a unanimous-consent request to take up the telecommunications bill. I will not object to the unanimous-consent request, nor aspects of it.

I would like to point out that there have been letters exchanged between the members of the Federal Communications Commission and Chairman PRESSLER, chairman of the Committee on Commerce, Science, and Transportation, and also between Republican Members of the other body as well as the majority whip, to Senator DOLE, concerning the issue of spectrum auction, and a letter from Congressmen BLILEY and GINGRICH, Senator PRESSLER and Senator LOTT, to the Honorable Reed Hundt, Chairman of the Federal Communications Commission.

Mr. President, I ask unanimous consent these letters be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

FEDERAL COMMUNICATIONS COMMISSION,
Washington, DC, February 1, 1996.

Hon. LARRY PRESSLER,
Chairman, Committee on Commerce, Science and Transportation, U.S. Senate, Washington, DC.

DEAR CHAIRMAN PRESSLER: Thank you very much for your letter this morning about the concerns expressed by Senate Majority Leader Dole and others regarding the distribution of additional spectrum to television broadcasters. We share the determination of you, Senator Dole and others to protect American taxpayers. As you know, under current law and pursuant to the language of the Telecommunications Act of 1996 (should it become law), the Commission lacks authority to auction, or charge broadcasters for the use of, the spectrum that has been identified for the provision of these broadcast services. In addition, given the many administrative steps necessary to implement any assignment of digital broadcast licenses, we would not be in a position to issue those licenses any earlier than 1997.

We recognize the serious policy questions involved, and that you intend to hold hearings and enact legislation dealing with this issue as part of an overhaul of policies governing the electromagnetic spectrum. Any award of initial licenses or construction permits for Advanced Television Services will only be made in compliance with the express intent of Congress and only pursuant to additional legislation it may adopt resolving this issue.

Very truly yours,

REED E. HUNDT, *Chairman,*
JAMES H. QUELLO,
Commissioner,
ANDREW C. BARRETT,
Commissioner,
SUSAN NESS, *Commissioner,*
RACHELLE B. CHONG,
Commissioner.

CONGRESS OF THE UNITED STATES,
Washington, DC, January 31, 1996.

Hon. ROBERT J. DOLE,
Majority Leader, U.S. Senate, Washington, DC.

DEAR MR. LEADER: We appreciate your leadership on telecommunications reform. Clearly the next step in bolstering America's edge as we enter the Information Age will be to overhaul outdated policies governing the electromagnetic spectrum or airwaves.

We agree that you have raised legitimate concerns that must be addressed, and we share your determination to protect America's taxpayers. To this end we are committed to moving comprehensive legislation this year and plan to be ready for floor action this summer. As part of this reform, we believe it is of the utmost importance to closely examine and question the Federal Communications Commission's proposals to give additional spectrum to television broadcasters. Until action is completed on this legislation, we agree that the FCC should not issue any initial licenses or construction permits for Advance Television Services until Congress sets policy in this area.

The Commission is a creature of Congress and our committees have oversight over its operations. In the attached letter, we inform the Commission of our concerns and have requested that the Commission take no further action until instructed otherwise.

We agree this issue should be subject to full, public scrutiny, and we look forward to working with you to ensure that America's taxpayers are fairly compensated for this precious national resource.

Sincerely,

TOM BLILEY,
LARRY PRESSLER,
NEWT GINGRICH,
TRENT LOTT.

CONGRESS OF THE UNITED STATES,
Washington, DC, January 31, 1996.

Hon. REED E. HUNDT,
Chairman, Federal Communications Commission, Washington, DC.

DEAR MR. CHAIRMAN: As you are aware, Senate Majority Leader Dole and others have raised legitimate concerns about giving additional spectrum to television broadcasters. As you are aware, these concerns raise serious policy questions which include providing taxpayers fair compensation for the use of a national resource to the policy implications of giving preference to the broadcasters over all other potential competitors.

We share Senator Dole's determination to protect America's taxpayers, and to satisfactorily resolve this issue. We wish to inform the Commission that it is our intention to conduct open hearings and move legislation to overhaul our nation's policies governing the electromagnetic spectrum. We request that the Commission not issue any initial licenses or construction permits for Advance Television Services until legislation is completed. Furthermore, your input would be greatly appreciated as we work to solve this complicated issue.

We appreciate your cooperation in advance on this issue of the utmost importance.

Sincerely,

TOM BLILEY,
LARRY PRESSLER,
NEWT GINGRICH,
TRENT LOTT.

Mr. MCCAIN. Mr. President, the interesting thing about this is we are about to see what should have been done, not done, and what may happen is a loss to the taxpayers of, conservatively, about $30 billion in spectrum that would be auctioned off.

In the language of the bill that we will be considering, there is no authority for the Commission to auction or charge broadcasters for the use of the spectrum that has been identified for the provision of broadcast services.

I want to repeat. In the present bill we are about to consider, there is no provision for spectrum auction. The fair and decent thing to do for the American taxpayer was to strip that language out of the bill, thereby leaving it neutral, and saying that this issue will be taken up and the issue of spectrum auction will be decided through hearings and freestanding legislation.

I have been around here long enough to know what is going on here. What is going to probably happen is that we will not act on this issue this year; that sometime in 1997 the broadcasters will begin to sue for the provision of their spectrum, and in court will probably have standing because of this bill we are about to pass. I am not sure how any court could refuse when in the legislation it does not provide the Commission authority to auction off the spectrum.

I want to tell you what should have been done here. What should have been done is the language stripped out of the bill that does not give them authority and does allow them to give spectrum to the broadcasters.

About a month ago we had a vote around here on some spectrum that was about to be given away to a company. We had a vote here. It ended up, thanks to my colleague from Colorado and his cooperation and assistance, with a vote of 98 to 0 that mandated that this spectrum, which was about to be given away, be auctioned off. The estimates of the value of that spectrum at that time ranged between $150 to $170 million. The auction took place a little over 2 weeks ago, and the spectrum was auctioned off for $682 million.

Now, what we are about to do here is allow, over time, this spectrum to be given away to the broadcasters. I congratulate the broadcasters and their surrogates here in the Senate and the Congress. I congratulate them on prevailing. I congratulate them for their incredible influence that has prevented

us from mandating an auction of the spectrum which belongs to the taxpayers.

The estimates are that this spectrum is worth somewhere around $30 billion—''b,'' billion dollars. Now we are going to accept language which is exactly what the broadcasters wanted.

In exchange for it, we get letters. We get letters which have no standing in law, which have no standing anywhere. I have grown a bit cynical in the years that I have spent here in Congress, not to recognize what is happening.

I can only speak for people on this side of the aisle about our philosophy of the role of Government. When something is owned by the taxpayer and is of great value and we are facing debts of incredible proportions, $4, $5 trillion, annual deficits of $150 billion, and we have a way of taking that very valuable commodity that is owned by the taxpayers and auctioning it off, and now we are being prevented basically from doing so—despite the fig leaf of these letters—I think it is a very sad day. Because in this legislation the broadcasters are well represented. The taxpayers of America are not represented at all.

So, as we adopt this legislation, and these letters, which I could describe in somewhat graphic terms but will not—they are entered into the RECORD—let us have no illusions about what is happening here. What is happening here is the odds are the taxpayers of America will never receive that $30 billion in return for the auctioning off of a commodity which they own.

Mr. President, I had a lot of problems with the telecommunications bill, as is well known here. I proposed numerous amendments which were defeated. But all of them pale in comparison to what we are talking about here, especially since we already have proof, with a $682 million auction of a small amount of spectrum that took place a couple of weeks ago, of the value which we are not addressing in this legislation today.

Mr. President, I yield the floor.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. DOLE. Mr. President, I first want to thank the Senator from Arizona for his statement. I can assure him that if the FCC means what they say in the letter, ''only pursuant to additional legislation it may adopt resolving this issue''—I think both the Senator from Arizona and the Senator from Kansas are going to be around. And there will not be any legislation unless it resolves the issue fairly for the American taxpayer.

I think this is very important. I know there are Members on each side of the aisle who are concerned about it. It is not a partisan issue. Here we are, trying to balance the budget, cutting welfare, cutting other programs, and about to give a big handout here to the rich, the powerful.

We have not seen a single story on any of the networks about this issue. We see a lot of stories on the networks about some Member of Congress going somewhere on a ''junket,'' they always like to say on the networks. But I have not seen anybody, except for CNN, not a single story on what could be the biggest giveaway of the century—not one.

I think we could have done better in the discussions, myself, yesterday.

I talked to the Speaker, and the Speaker said, ''You got rolled.'' Everybody got rolled. But that is history. It will not happen again. I think this is a very important issue. You will not see it on television. You will not see it on the networks. You probably will not see it in any newspaper that owns television because this affects them. We should not raise things, in effect, for the rich and the powerful.

So I appreciate the concerns expressed, and we will continue to pursue this matter.

Mr. MCCAIN. Mr. President, will the majority leader yield for a comment?

Mr. DOLE. I am happy to yield.

Mr. MCCAIN. I want to thank the majority leader for his efforts on the spectrum auction. It would have sailed right through, because the fix was in. Had it not been for his efforts—I am sorry that he was out of town yesterday. I am sorry that we did not get, as the leader said, a better deal.

The thing I worry about, of course, is that with the present language in the bill, which should have been stripped out, next year sometime someone will sue and go to court with the FCC and force the FCC to be in compliance with the law that we are about to pass today. That is what I worry about.

But I do want to thank the majority leader sincerely for his efforts for bringing this issue to the attention at least to the print media. As the majority leader mentioned, we will not see this story on any television or hear it on any radio broadcast because it directly affects them.

But I want to thank the majority leader for his efforts. I take in good faith his commitment for us to try to get it up. I just know that the forces that are represented—the special interests here in Washington—have won. I regret it because it is the American taxpayer who now may be losing $30 billion. If we had done the right thing and stripped that language out of the bill, there was no chance that anything else would have happened.

I thank the majority leader for his efforts.

AGRICULTURAL MARKET TRANSITION ACT OF 1996

The Senate continued with the consideration of the bill.

Mr. DOLE. Mr. President, what is the pending business?

The PRESIDING OFFICER. The cloture motion.

Mr. DOLE. I ask unanimous consent that the pending cloture vote be temporarily laid aside.

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

THE TELECOMMUNICATIONS BILL

Mr. DOLE. I think the managers on each side of the aisle are here. We do not want to take a lot of time. We are trying to work out something on the agriculture bill, a bipartisan solution, if you please. Senator LUGAR, Senator LEAHY, and others on both sides have been active. We had a meeting in Senator DASCHLE's office, including myself, Senator DASCHLE, Senator LEAHY, and Senator LUGAR. We believe there can be a resolution. But rather than keep people here late, late tonight, we would like to move ahead and have the debate on the telecommunications conference report.

I understand that is agreeable to the Senators from South Dakota and South Carolina. I think there is a need to get consent on the other side of the aisle before we can proceed. There is no time limit. We hope to get an hour or two for a time limit. We said we cannot get that at the present time. But we would like to ask consent—I will not make the request now, but if we can get it cleared, I would simply ask consent that, notwithstanding the absence of official papers, the Senate now turn to the consideration of the conference report to accompany S. 652, the telecommunications bill, and the conference report be considered read.

That would just permit us to go ahead and have the debate.

I ask unanimous consent, notwithstanding the absence of official papers——

The PRESIDING OFFICER. Is there objection?

Mr. HARKIN addressed the Chair.

Mr. DOLE. I have not made the request yet. I will repeat what I said and make the request.

Mr. HARKIN. I understand that there is a consent request to move right now to the conference report on the telecommunications bill. Mr. President, I ask that the bill be read.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The majority leader has not yet finished the request.

Mr. DOLE. Let me repeat the request.

Mr. LEAHY. Mr. President, will the distinguished majority leader yield for a moment?

Mr. DOLE. Yes.

THE FARM BILL

Mr. LEAHY. Mr. President, without going into the issue of the telecommunications bill—which I will not—I just want to emphasize what the distinguished majority leader said. As my colleagues know, he, I, and some others had an amendment at the desk. We would have voted cloture under normal circumstances. Following the first cloture vote today, the distinguished majority leader, the distinguished Democratic leader, Senator LUGAR, and I have met. I want to emphasize one thing.

In the 21 years that I have been here, the most successful farm legislation has been bipartisan farm legislation. The most successful farm legislation has been that where we have worked together. There are a lot of issues in this, from the normal crops to issues of nutrition, conservation, reserve areas, which are very important to me. I know that the only kind of legislation we are ever actually going to see go into law is something we all work together on.

I commend Senator DOLE and Senator DASCHLE and Senator LUGAR and others for working so hard to bring us together. I think we will shortly be in a position to put before the body a piece of legislation that we can at least all vote cloture on and then go on in the normal course of things on the farm bill.

But I commend those Senators again on both sides of the aisle who have been willing to work together on legislation to protect the farmers of our country, to require the production of food and fiber and allow family farms to continue, but also to protect the environment of this country and to feed the people of this country through the nutrition programs. Those programs work best when we come together to pass it. I think we are coming very close to that.

I thank the distinguished majority leader for yielding to me.

THE TELECOMMUNICATIONS BILL

Mr. DOLE. Mr. President, I think the Senator from Iowa has a legitimate request here. We are trying to clarify that now with the Senator from South Dakota. If we can do that, then we will start the debate on the telecommunications bill. I have read the colloquy. I do not see any problem with it. But I am not on the committee. I am not the committee chairman. So I hope we can work that out.

THE FARM BILL

Mr. BUMPERS. Mr. President, will the majority leader yield for a question?

The majority leader may have already covered this. I am concerned about this. I am vitally interested in the farm bill. I have no objection whatever going to the telecommunications bill. But if at some point this afternoon some sort of a compromise is reached, I hope that we will not have any difficulty setting the telecommunications bill aside and then get back to the farm bill and, hopefully, dispose of it this evening.

Mr. DOLE. We would like to dispose of it this evening. We are hoping there can be an agreement and that we have 80 votes on cloture—not 61 or 59, or whatever. I know some Members have to depart fairly soon. We are trying to accommodate everyone. It is difficult to do. But I think they are meeting as we speak in a bipartisan group.

Mr. LEAHY. Mr. President, if the leader will yield, his staff, mine, Senator LUGAR'S, and Senator DASCHLE'S are meeting. I think we are going to have very soon a package on the farm bill before us, at least the original package most of us can vote for and, obviously, subject to amendment after that. But the desire, I think, of the principals—those of us on both sides of the aisle who are handling this—is to get something that we can compress in time, if at all possible, and protect the legitimate interests reflected not only geographically but politically.

Mr. BUMPERS. My concern, Mr. President, to the majority leader was, I wish we could incorporate into the unanimous-consent request that the majority leader will have a right to automatically set the telecommunications bill aside. I do not want somebody to object to that and get us bogged down here so that we cannot get back to the farm bill.

Mr. DOLE. I will assure the Senator I am interested, too, just as the Senator from Arkansas is. If we get bogged down on this, we could set it aside. We have regular order to bring it back.

TELECOMMUNICATIONS ACT OF 1996—CONFERENCE REPORT

Mr. DOLE. Mr. President, I now ask unanimous consent that notwithstanding the absence of the official papers—they are somewhere else—the Senate now turn to the consideration of the conference report to accompany S. 652, the telecommunications bill, and the conference report be considered read.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The report will be stated.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill S. 652, to provide for a procompetitive, deregulatory national policy framework designed to accelerate rapid private sector deployment of advanced telecommunications and information technologies and services to all Americans by opening all telecommunications markets to competition, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. The Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of January 31, 1996.)

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

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

Mr. PRESSLER. Mr. President, it is with a sense of relief and pride that we bring to the Senate floor the conference report on the telecommunications bill. I wish to commend my colleague, Senator HOLLINGS, for his outstanding leadership and bipartisan spirit throughout this debate. This long debate has brought us to the point today where we have a conference report that is very positive. It is procompetitive and deregulatory. The Telecommunications Act of 1996 will get everybody into everybody else's business.

The purpose of this bill is to update the 1934 Communications Act. This is the first complete rewrite of the telecommunications law in our country. It is very much needed.

I predict that this will be succeeded someday as we get into the wireless age by another act, maybe in 10 or 15 years. But this Telecommunications Act will provide us with a road map into the wireless age and into the next century.

Mr. President, what has occurred in our country is that through court decisions and through the 1934 act we have developed an economic apartheid regarding telecommunications, that is, the regional Bell companies have the local telephone service, the long-distance companies have the long-distance service, the cable companies have their section, the broadcast companies have their section.

This bill attempts to get everybody into everybody else's business and let in new entrants. For example, at President Clinton's recent White House conference on small business many small business people wrote and said, we want the Telecommunications Act of 1996 to pass because it will allow small business people to get into local telephone service, it will allow small business people to get into different segments of telecommunications.

Mr. President, this conference report we bring here today is a vast bill. It covers everything from the rules of entry into local telephone service by other competitors—it deals with long distance, it deals with cable, it deals with broadcast, it deals with the public utilities getting into telecommunications, it deals with burglar alarm issues, it deals with the authority of State and local governments over their rights of way, and it deals with the rules of satellite communication.

It will result in many things for consumers. For example, I believe it will accelerate an explosion of new devices, an explosion of new investment. What has happened in our country is that we have forced our regional Bell companies to invest overseas because we limit what they can manufacture. We have limited many of our companies in what they can do in our country. This legislation unleashes them, makes them competitive and is deregulatory in nature.

It will do a great deal for consumers. For example, and specifically, it will lower prices on local telephone calls

through competition. It will lower prices on long-distance calls through competition. It will lower cable TV rates through competition. It will provide an explosion of new devices, services and inventions.

Mr. LOTT. Mr. President, will the distinguished Senator from South Dakota yield? I hate to interrupt.

Mr. PRESSLER. I do yield.

UNANIMOUS-CONSENT AGREEMENT

Mr. LOTT. Mr. President, we have a unanimous-consent agreement I believe we are ready to enter. It is a very important effort to complete this legislation.

After consultation with the Democratic leadership, Mr. President, I ask unanimous consent that there now be 90 minutes on the conference report to be equally divided in the usual form, and following the conclusion or yielding back of the time, the Senate proceed to the adoption of the conference report without any intervening action or debate.

Mr. FORD. Reserving the right to object, Mr. President, I ask that my friend allow the ranking Member to have equal time for what the chairman has had, say 5 minutes, and add that to that.

Mr. LOTT. I amend my unanimous-consent request to that effect.

Mr. FORD. I thank my friend.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. LOTT. I thank the Senator for yielding.

Mr. PRESSLER. I thank my colleagues and my colleague from Kentucky.

So, Mr. President, this bill is an industrial restructuring. It will be like the Oklahoma land rush because many investors have not had a road map as to what to do. It will mean we will be more competitive internationally, and it will mean many of our companies can form alliances internationally.

Some have said, well, will this just allow one or two companies to take everything over? No, it will not. I think it will prove to be the age of the small, nimble business. I believe that we will see small businesses emerging. We have seen AT&T break up into three companies. I think that is going to happen more and more.

This bill does not affect our antitrust laws. The antitrust laws stay in place. But this bill will encourage small, nimble companies and entrepreneurs to enter the telecommunications area.

It will also bring us to a point where many of our companies that have not been able to get into other areas can do so. For example, the public utilities will be able to get into telecommunications.

What does this mean to the average consumer? I have already mentioned I think it will mean lower prices through competition. It also will mean many new devices for senior citizens who might be living alone and want to summon emergency help with some of the wireless technologies that will be available. They can stay in their own homes longer with the security of mind of being able to call for help by pushing a button.

For the home, I believe we will see the computer and TV and telephone blended into one source of education, news, and entertainment. For the small town hospital, it will mean telemedicine, new devices and investment, where a large hospital can partner with a small hospital in research.

For the small business located in a smaller town, it will mean that a small businessman there will be on an equal footing with a bigger businessman in an urban center in terms of access to research and the ability to partner.

As a member of the Finance Committee, I have asked my staff to help find ways that when big universities get a research grant for cancer research, for example, that they use telecommunications to partner with a small university. That will make the research more accurate at lower cost.

So there are a number of benefits to consumers, farmers, small business people, and universities. There are many new devices that will come online that we have not even heard of yet. This bill will be like the Oklahoma land rush in terms of investment, inventions and development. We have just begun imagining what the telecommunications revolution will be like.

This will be the starting gun. We have kept our companies in bondage. Those companies will break free and there will be a whole group of new small entrepreneurs coming forth to participate in the telecommunications revolution.

Another area that it will help our country is jobs. This is the biggest jobs bill ever to pass this Congress. It will result in a creation of thousands of jobs, good jobs, good-paying jobs across our country.

We read about layoffs every day, but they are frequently in industries that have grown obsolete. This bill will allow an unleashing of new high-technology jobs in the information age. And it is very important.

This bill is a jobs bill without spending any Federal money. It will go down in history as the largest jobs bill in American history.

So, Mr. President, I shall, to save time, because I know some of my colleagues wish to speak—I want to pay tribute to both the Republicans and Democrats who have worked on this bipartisan bill, to my colleague, Senator HOLLINGS, to my colleague, Senator DASCHLE, who is on the floor, and many others on both sides of the aisle, Republicans and Democrats.

This is a bipartisan bill. It has been all the way through the Senate. First of all, this bill has been simmering for many years. We have worked on it first in the Senate and then in the House. There were bipartisan staff meetings.

We have brought the White House into the conference discussions. I spoke with President Clinton and Vice President GORE on a number of occasions throughout this process. I thank them for their participation. Mr. Simon of Vice President GORE's staff was a guest speaker at the conference staff's first meeting. We invited him so we could bring this together on a bipartisan basis.

This bill is not one that could be partisan. I think it is one of the most bipartisan pieces of legislation in the Congress. Mr. President, I shall have additional remarks as time goes on. I yield the floor.

Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, today the Senate considers the conference agreement to S. 652, the Telecommunications Act of 1996. This bill is intended to promote competition in every sector of the communications industry, including the broadcast, cable, wireless, long distance, local telephone, manufacturing, pay telephone, electronic publishing, cable equipment, and direct broadcast satellite industries. This legislation has the support of the Clinton administration and almost every sector of the communications industry. I urge my colleagues to pass this comprehensive legislation.

Mr. President, this conference agreement comes before the Senate for final passage after years of debate. In 1991, I authored legislation to allow the Regional Bell Operating Companies [RBOC's] into manufacturing. That bill passed the Senate by almost ¾ of the Senate, but the House could not pass it. Several other bills were offered, but at each stage, one industry blocked the other. As a result, communications policy has been set by the courts, not by Congress and not by the Federal Communications Commission [FCC], the expert agency.

In 1994, I introduced S. 1822, the Communications Act of 1994, which contained the most comprehensive revision of the communications law since 1934. In that year, the committee held 31 hours of testimony in 11 days of hearings from 86 witnesses. Though that bill was reported by the Commerce Committee by a vote of 18 to 2, there was not enough time in the 103d Congress to complete our work.

Senator PRESSLER and I decided earlier this year to pick up where we left off in the last Congress. We jointly introduced S. 652 early in 1995 and succeeded in passing the bill out of the Commerce Committee by a vote of 17–2 on March 23 of last year. The bill passed the Senate in June by an overwhelming vote of 81–18. After the House passed its version of the legislation in August, the two Houses entered into the difficult task of reconciling the two bills over several months through the fall and winter.

I am pleased that the conferees have succeeded in reconciling these bills. I

believe that the conference report that is brought before the Senate today is a fair and balanced compromise between the bills passed by the two Houses. It retains many of the concepts contained in my legislation from the 103d Congress. For instance, it promotes competition, it retains strong protections for universal service and rural telephone companies, it promotes consumer privacy, and it allows the RBOC's into long distance and manufacturing under certain safeguards.

At the same time, this legislation contains many more deregulatory provisions than were contained in my legislation from last year. It allows greater media concentration than I would have preferred. It deregulates cable on a date certain, rather than upon a determination that there is actual competition. Nevertheless, I believe that this legislation on the whole presents a balanced package that deserves the support of every Member of this body.

The basic thrust of the bill is clear: competition is the best regulator of the marketplace. Until that competition exists, monopoly providers of services must not be able to exploit their monopoly power to the consumer's disadvantage. Timing is everything. Telecommunications services should be deregulated after, not before, markets become competitive.

Competition is spurred by the bill's provisions specifying the criteria for entry into various markets. For example, on a broad scale, cable companies soon will provide telephone service, and telephone companies will offer video services. Consumers will soon be able to purchase local telephone service from several competitors, and vice versa. Electric utility companies will offer telecommunications services. The RBOC's will engage in manufacturing activities. All these participants will foster competition to each other and create jobs along the way.

We should not attempt to micromanage the marketplace; rather, we must set the rules in a way that neutralizes any party's inherent market power, so that robust and fair competition can ensue. This is Congress' responsibility, and so the bill transfers jurisdiction over the modification of final judgment [MFJ] from the courts to the FCC. Judge Greene, who has been overseeing the MFJ, has been doing yeoman's work in attempting to ensure that monopolies do not abuse their market power. But it is time for Congress to reassert its responsibilities in this area, and this conference agreement does just that.

Mr. President, let me address some of the specific areas of important in the bill.

UNIVERSAL SERVICE

The need to protect and advance universal service is one of the fundamental concerns of the conferees in drafting this conference agreement. Universal service must be guaranteed; the world's best telephone system must continue to grow and develop, and we must attempt to ensure the widest availability of telephone service.

The conference agreement retains the provision in the Senate bill that requires all telecommunications carriers to contribute to universal service. A Federal-State joint board will define universal service, and this definition will evolve over time as technologies change so that consumers have access to the best possible services. Special provisions in the legislation address universal service in rural areas to guarantee that harm to universal service is avoided there.

RBOC ENTRY INTO LONG DISTANCE

One of the most contentious issues in this whole discussion has been when, or if, the RBOC's should be allowed to enter the long-distance market. I share the concern of many consumers that the RBOC's should not be permitted to enter the long-distance market while they retain a monopoly over local telephone service. For this reason, I strongly opposed the idea that the RBOC's should be permitted to enter the long-distance market on a date certain, whether they face competition or not. I am pleased that the conference agreement recognizes that the RBOC's must open their networks to competition prior to their entry into long distance.

CABLE RATE DEREGULATION

The 1992 Cable Act was a great success. The rate regulation provisions of that legislation have saved consumers about $3 billion a year. The 1992 law also stimulated competition for cable service by wireless cable providers and direct broadcast satellite [DBS]. For these reason, I have agreed to go along with the provisions in the final conference agreement what would deregulate the upper tiers of cable service on March 31, 1999. By that time, we expect that competition from DBS and wireless cable, and perhaps from the telephone companies, will provide enough restraint on further cable rate increases. I believe that this is a fair compromise that serves the interests of consumers and the cable industry.

BROADCAST ISSUES

The conference agreement changes some of the current rules and statutory provisions concerning media concentration. I share the concerns of the Clinton administration and others that excessive media concentration could harm the diversity of voices in the communications marketplace. At the same time, that marketplace has undergone several changes since many of these rules were first adopted in the 1970's. As a result, I have agreed to some changes in the ownership rules to allow the broadcast and cable industries to compete on more equal footing.

IMPORTANCE OF MUST-CARRY

I would like to add one more point concerning the importance of must-carry. Broadcast stations are important sources of local news, public affairs programming and other local broadcast services. This category of service will be an important part of the public interest determination to be made by the Commission when deciding whether a broadcast renewal application shall be granted by the Commission. To prevent local television broadcast signals from being subject to noncarriage or repositioning by cable television systems and those providing cable services, we must recognize and reaffirm the importance of mandatory carriage of local commercial television stations, as implemented by Commission rules and regulations.

CONCLUSION

This comprehensive bill strikes a balance between competition and regulation. New markets will be opened, competitors will begin to offer services, and consumers will be better served by having choices among providers of services. I urge my colleagues to adopt this bill. I myself would go further in several areas covered by the legislation, and not as far in other areas. But I have seen that, unless we adopt a comprehensive approach to legislation, any one sector of the telecommunications industry can stop this bill and checkmate the others. Telecommunications reform is too important to let this opportunity go by. This conference agreement is an equitable approach to most of the areas covered by the bill, and I urge my colleagues to support it.

Mr. President, I ask unanimous consent that a ''Resolved Issues'' table be printed in the RECORD.

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

TELECOMMUNICATIONS BILL RESOLVED ISSUES

1. Long Distance.

a. FCC decides whether to allow a Regional Bell Operating Company to provide long distance under the following conditions:

i. FCC gives substantial weight to the DOJ;

ii. RBOC application must be in the public interest;

iii. RBOC must face a facilities-based competitor or must have received approval from the State that it has met the unbundling requirements;

iv. RBOC must have opened and unbundled its network using a specific checklist;

v. RBOC must apply on a state-by-state basis;

vi. RBOC must use a separate subsidiary for long distance;

b. RBOCs can provide long distance outside their region immediately upon enactment;

c. RBOCs can provide incidental long distance (i.e. long distance related to cellular, information services cable services, cable services) immediately after enactment;

d. the RBOC can jointly market local and long distance service immediately after enactment;

2. Media Ownership:

a. nationwide reach raised from 25% to 35%—no waivers

b. duopoly rule—FCC will study whether to change duopoly rule. Current rule prohibits ownership of two TV stations in the same market. If it changes the rule, there should be a higher standard on V–V combinations than U–U or U–V combinations

c. Local Radio—raise the limits on the number of stations one person can own as follows:

NUMBER OF STATIONS IN A MARKET

	Current limit	New limit
1–14	3	5
15–29	4	6
30–44	4	7
45 or more	4	8

This also includes raising the current 49% limit on small markets (1–14 stations) to 50%.

d. Cable-Broadcast: remove statutory ban, direct the FCC to review its rule that has the same effect without prejudice.

e. Dual Network: allow someone to own a second network if it is starting a new network

f. One-to-a-market: allow someone to own one TV, one AM radio, and one FM radio in the top 50 markets (current rule allows common ownership in top 25 markets). Allow existing waiver process to continue.

g. Network-cable: allow networks to buy cable systems subject to FCC safeguards.

h. Cable-MMDS: allow cable operator that face effective competition to buy an MMDS system in the same market; but a cable system that retains its monopoly cannot buy an MMDS system in the same market.

3. Cable-telephone: allow telephone companies to provide cable service in their regions.

4. Cable-telephone buyouts: allow a telephone company and cable company to buy each other in markets below 50,000 and outside an urbanized area.

5. Cable rates: deregulate small cable companies of fifty thousand or less immediately; deregulate upper tier rates as of March 31, 1999; no change to the regulation of the basic tier.

6. Universal Service: universal telephone service shall evolve over time, and the rates should be affordable. An FCC-State Joint Board will recommend changes to the current system to insure that all providers contribute.

7. Rural Telephone Company Protections: States may protect rural telephone companies from competition; only essential carriers will be eligible to receive universal service support.

8. Snowe-Rockefeller: give schools and hospitals discounted rates for telephone services.

9. V-chip: require TV sets to include a chip to screen out programs; encourage broadcasters to develop rating codes for violent programs.

10. Foreign Ownership: provisions taken out. No agreement was reached on how to enforce the reciprocity approach.

11. Cyberporn: require operators of computer networks to screen out indecent material for children; carriers of indecent information will not be liable for the content of information generated by others; expedited judicial review.

12. Set-top Box: allows consumers to purchase the cable set-top box on a retail basis from stores; cable companies will no longer have a monopoly over set-top boxes.

13. DBS Taxation: Cities are preempted from taxing the services provided by Direct Broadcast Satellite.

14. Pole Attachments: Cable companies may continue to pay the same rate as long as they provide only cable service; once cable companies start to provide telephone service, a higher rate will phase in over 10 years.

15. Electronic Publishing: The RBOCs must use a separate subsidiary when they provide electronic publishing in their regions. Electronic publishing includes generating stock information, sports scores, newspaper stories, and other databases of information.

16. Manufacturing: The RBOCs are allowed into manufacturing after they are permitted into long distance in any one State in their region. The RBOC must use a separate affiliate.

17. Privacy Information: All telecommunications companies must protest the privacy of customer information.

18. Anti-redlining: amends Section 1 of the Communications Act to prohibit discrimination based upon race, national origin, religion, sex; applies to broadcasters, common carriers and cable.

19. Disabilities: ensures access by disabled persons to telecommunications equipment and services, if readily achievable.

20. Pricing Flexibility: provisions taken out. The provisions in both bills would have told the States to adopt price cap regulation with consumer safeguards. Companies and consumers are better off leaving these issues to the States.

Specturm Flexibility: allows broadcasters to provide ancillary and supplementary services once they deploy HDTV.

22. Preemption of state and local entry barriers: allows competition for local telephone service.

23. Infrastructure Sharing: allows small telephone companies to share the infrastructure provided by the RBOCS; parties may negotiate the rates for such sharing.

24. Payphones: prohibit the RBOCs from cross-subsidizing their payphone business.

25. Broadcast License Renewal: extends radio license terms from 7 years to 8 years; extends television license terms from 5 years to 8 years.

26. Anti-slamming: requires long distance companies to be liable for charges if they switch a customer to its long distance service unlawfully.

27. Regulatory Forbearance: allows the FCC to forbear from applying any provision of the Act in the public interest.

28. Educational Technology Corporation: Sen. Moseley-Braun sponsored this provision to allow this corporation to receive federal funds to provide technologies to schools.

29. Telecommunications Development Fund: makes funds available for small telecommunications businesses; sponsored by Rep. Towns.

ALARM MONITORING INDUSTRY

Mr. HARKINS. Mr. President, I want to begin by making a comment to the Senator from South Dakota, the distinguished chairman of the Commerce Committee, and chairman of the Senate-House conference which labored long and hard to produce this bill. I want to thank the Senator for the attention he has personally given to the small business alarm industry. I know that on several occasions we have talked about the impact of this bill on the alarm industry, and when the bill was on the Senate floor last year we worked out an agreement on the waiting period prior to Bell entry into alarm monitoring.

I also want to express my gratitude to the distinguished ranking member, the Senator from South Carolina, who has taken a special interest in the economic vitality of small businesses that comprise the alarm industry.

There is one issue that deserves some additional clarification. The bill and the report language clearly prohibit any Bell company already in the industry from purchasing another alarm company for 5 years from date of enactment. However, it is not entirely clear whether such a Bell could circumvent the prohibition by purchasing the underlying customer accounts and assets of an alarm company, but not the company itself. It was my understanding that the conferees intended to prohibit for 5 years the acquisition of other alarm companies in any form, including the purchases of customer accounts and assets. I would ask both the chairman and ranking member whether my understanding is correct?

Mr. PRESSLER. Yes; the understanding of the Senator is correct. The language in the bill designed to prevent further acquisitions by a Bell engaged in alarm monitoring services as of November 30, 1995, is intended to include a prohibition on the acquisition of the underlying customer accounts and assets by a Bell during the 5-year waiting period.

This would not prohibit, as is stated in the bill, the so-called swap of accounts on a comparable basis, whereby a Bell which was engaged in alarm monitoring as of November 30, 1995, would be allowed to swap, or exchange, existing customer accounts for a similar number and value of customer accounts with a non-Bell alarm company.

I thank the Senator for helping the committee to further clarify the meaning of the legislation in the area of alarm monitoring services.

Mr. HOLLINGS. I would agree with the explanation given by the chairman and am pleased to have this opportunity to further clarify our intent in the alarm industry provisions.

Mr. President, I am trying to save time and yield to our distinguished colleague from North Dakota. While he is coming to the floor, let me first acknowledge the leadership and the understanding and, more than anything else, the persistence of our distinguished chairman.

Senator PRESSLER has been a dogged fighter all last year. He set history, there is no question in my mind, in this particular measure. I have been here 28 years, now in my 29th year. I have been chairman of the Budget Committee, and on the Budget Committee for over 20 years, and this measure is far more complex than any annual budget or any nonsensical 7-year budget plan. It is totally ludicrous to think that we could bind Congresses into the next century. That is gamesmanship that has been going on.

On the contrary, here is a bipartisan measure that was reported out overwhelmingly from our Commerce Committee, not only 2 years ago under S. 1822, but again this year under S. 652. I will acknowledge and then get back to two leaders in this particular cause, in addition to our distinguished chair.

The former chairman of our Communications Subcommittee and now ranking member, Senator DANIEL INOUYE of Hawaii, has been in the trenches all the time giving his leadership, and also most particularly to Judge Harold Greene. I do not see how, having worked intimately on this particular measure, one Federal judge could do

the remarkable job that has been done by Judge Greene.

Now we move from the judiciary back over to the jurisdiction of the Federal Communications Commission, let it be noted, not on account of any inadequacy of the court in the person of Judge Harold Greene, but rather because no single entity could possibly enunciate and pursue the policy of communications of the national Congress.

Mr. President, I reserve the remainder of my time and yield 10 minutes, under our agreement, to the distinguished Senator from North Dakota.

Mr. DORGAN addressed the Chair.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DORGAN. Mr. President, the conference report on the telecommunications reform legislation embodies a unique characterization. While this report is, in many respects, a substantial improvement from either the Senate or House versions, it also invites one of the most serious policy errors of this Congress.

This dramatic overhaul of our Nation's communications laws will, in my judgement, lead to many significant advancements for American consumers and help spur an already explosive industry. Indeed, consumers will, in many areas, have more choices and lower prices. Also, there will, without a doubt, be thousands of new jobs created by the accelerated expansion of the telecommunications industry.

The legislation that came out of the conference report is better than the bill that left the Senate and better than the bill that left the House. That is pretty unusual. We seldom ever see that in the Congress, but this is better.

Last June, I voted against the telecommunications bill when it left the Senate for a number of reasons. One reason being the lack of the role of the Justice Department in determining when there is competition in the local exchange before the baby Bells will be allowed to go out and compete in the long distance service areas.

As some may recall, a couple of us stood on the Senate floor and led the fight for a role of the Justice Department. We lost that vote, and I made the case then that this bill is supposed to be a bill about competition, a bill to promote, expand and foster competition when, in fact, if we do not have a Justice Department role, it is and can be increasingly a bill about monopolies and concentration.

In the conference, they did address a Justice Department role. There will now be a strong role for the Justice Department in evaluating competition in local exchanges before allowing the Bell Companies to go out and compete in long distance service. The role provided for the Department of Justice will ensure that competition and antitrust issues will be reviewed adequately. This is an important guarantee that competition, and the innovation that results from healthy market forces, will be the centerpiece of our telecommunications policy.

The conference report contains a bulk of the key rural provisions that are designed to protect rural areas. One provision will maintain the universal service system which ensures that rural and high cost areas will continue to receive affordable phone services. This issue is of enormous importance to those of us from small States.

We have always felt that way about telephone service. A telephone in the smallest city in North Dakota or the smallest town in North Dakota is as important as a telephone in lower Manhattan in New York because one makes the other more valuable. The lack of universal opportunity and universal communications services is very troublesome. That is why we have a universal service fund. This conference report protects that and does so in a meaningful way.

The conference report contains important provisions that will help link our schools, libraries, and rural hospitals with advanced telecommunications services.

I do not want to oversell this piece of legislation either. There are deficiencies in it. There is one which gives me enormous pause and almost persuaded me to continue voting against it. This report makes some serious steps toward concentration in broadcasting by eliminating the television ownership cap.

We now say you can own no more than 12 television stations covering no more than 25 percent of the population of the country. This report says, ''By the way, we've changed that; you can own as many television stations as you want covering up to 35 percent of the population of this country.'' I guarantee you, if that stands, a dozen years from now we will have six, maybe eight major companies owning most of the television stations in America. That is not a march toward competition; that is a march backwards towards concentration. It makes no sense. I almost voted against this bill because of that defect.

Today, Senators HOLLINGS, DASCHLE, KERREY, and I are introducing a piece of legislation that will call for the restoration of those ownership limits. I believe very strongly that we ought not remove the ownership caps.

Upon enactment of the conference report cable rates for 20 percent of Americans will go up. While the bill maintains controls on cable rates for the next 3 years, the fine print immediately lifts all controls for so-called small systems. Under this definition, over 60 percent of all North Dakota cable subscribers will likely see their rates increased.

Again, I want to say we have seen a virtual explosion in the telecommunications area of this country. It has changed everything. I grew up in a town of 300 people. Every day that I went to school I understood, and everybody in our town understood, our major disadvantage was that we lived too far from everybody. We could not have a manufacturing plant because we were too remote, we were too far.

Mr. President, do you know what telecommunications has done? Telecommunications makes Regent, ND, as close to Manhattan as is the Hudson River. The telecommunications revolution has eliminated a whole range of products and services, and the disadvantage of geography.

We see telecommunications firms springing up all over the country in rural areas. Why? Because geography is no longer a disadvantage. We see breathtaking changes occurring all over this country with firms that have innovative approaches to transmitting information, to new telephone services.

We are going to see cable companies compete with new telephone services and new transmission of data. We are going to see broadcast signals change dramatically to be able to transmit information services. Everything is changing. There will be circumstances in our future in which you will have access to every corner of this country and probably every corner of the globe with the latest information and with the most breathtaking technology that any of us can imagine. All of this is occurring despite the fact that our communications laws are 61 years old and in desperate need of revision.

Again, let me say that it is unusual to come to the floor and say this is a better bill than the bill that left the Senate, or the House last year, and this advances the interests of telecommunications in this country. The people who worked on this bill did awfully good work, and I commend them.

I yield the floor.

Mr. HOLLINGS. Mr. President, I thank the distinguished Senator from North Dakota for his leadership and participation within the committee. Throughout the entire debate, it was his influence, and he almost won a vote on the floor. At one time, it seemed down in the well here he had prevailed. That kind of pressure I welcome, because I happen to have agreed with him. But you have to get together in a bipartisan fashion in order to get things done. I emphasize that. I will also join as a cosponsor on the bill of the distinguished Senator. I think the Senator from Vermont momentarily is proceeding to the floor.

Mr. DORGAN. If I might ask a question, Mr. President, the Senator is correct. I did prevail on a vote on the Senate floor, and dinner intervened, and about eight people came back with arms in slings and we had another vote and it turns out that some people changed their minds over dinner, and I lost. Some of that was remedied later.

One additional comment. The reason competition is so important—and the Senator has talked about it—is that we have seen the result in long distance. We have 500 companies in long distance competing aggressively in this country, and prices have dropped 60 percent.

That is good for this country. We want to make sure the companies competing in those circumstances do not face unfair competition. That is why we were so concerned about the Justice role. I appreciate the work the Senator did to restore the role of the Justice Department in conference.

Mr. STEVENS. Mr. President, I ask that the chairman yield me 10 minutes.

Mr. PRESSLER. I yield the Senator 10 minutes.

Mr. STEVENS. Mr. President, I think this is among one of the most significant days I have been here on the floor of the Senate. The 1934 Communications Act has served this Nation well. It brought us from a country with a fledgling communications system to the age of telecommunications. And now with the advent of digital communications becoming universal, this bill is absolutely necessary to assure the expansion of these industries that depend upon telecommunications.

This is not a total deregulation bill. It is not time yet for a total deregulation bill. We are dealing with a bill that lessens regulation. But it is not a re-regulation bill. It begins to bring into our present system the total power of competition, with the approval of the National Government.

I think one needs only to look at the definitions to see the scope of this bill as compared to the 1934 act. Look at it: Dialing parity, exchange access, information service, interLATA services, local exchange carriers, network elements, number portability, rural telephone companies, telecommunications, telecommunications carrier. If you look at the scope of the definitions alone, it signifies the changes in our system that are driven by telecommunications.

I am particularly pleased to be here with the two leaders of our committee, who have worked so hard—Senator PRESSLER, as chairman and Senator HOLLINGS, the ranking member and former chairman. We have worked many years now to bring us to this day, where we could literally say that we are ready now to take the telecommunications industry of the United States into the 21st century.

In doing so, we have been careful to recognize that there are places in the country that have not been totally served by the existing telephone and information communications system. This bill has extensive universal service concepts. It has specific provisions regarding telecommunications services for health care providers, education providers, education and secondary schools. It is a bill, the scope of which I think every American is going to have, at some time, reason to understand.

I am going to present here, soon, a unanimous-consent request to assure that there will be sufficient copies printed so that we can immediately send a copy of this conference report to those people in our individual States that must have this law available as soon as it is signed.

I believe you could literally say, without being thought of as improper at all, that this is going to be the telecommunications ''bible.'' This is a bill that sets new parameters. It sets new requirements. It changes the authority of the Federal Communications Commission. It deals with the scope of the authority of the State commissioners, as well as with the regulation of utilities. In some places, it preempts State and local authorities, which is something I am very, very slow to do, but in this instance, I agree that it is necessary.

The real reason, I think, for the application of this now relates back to the suggestion I made to the Congress many years ago that we ought to stop having lotteries for the excess capacity on the broadcast spectrum. In days gone by, Mr. President, for $20, you would file an application without having any interest at all in the broadcast system or the telecommunications system, and if there was a spectrum available, there would be a lottery. If you were lucky, you then got the spectrum license, and immediately the world beat a path to your door to get the certificate that you had just won in a lottery.

We thought, and I thought, that we ought to auction that available spectrum, which is, after all, something that belongs to the public. I felt it had a substantial chance to bring in revenue. Mr. President, the first estimate we got from the Congressional Budget Office, if memory serves me, was that it would bring in about $250 million if we auctioned these licenses rather than having lotteries. I remember a conversation very well with the Chairman of the FCC, Reed Hunt, where he told me they had taken in $12 billion last year from the auction of spectrum licenses.

We now are in the budget process of planning additional amounts to come in from spectrum. As we do so—and there has been discussions here on the floor—we have to keep in mind the equities of the situation and the fact that the telecommunications system is not all going to transition to digital concepts immediately. It is going to take time, and it is going to take the formation of a substantial amount of capital to be able to utilize the powers and privileges that are available to the American business and American public under this bill.

I hope everyone realizes it is not going to happen overnight. There may be some substantial challenges in court to some of these provisions. We are not unanimous here, and certainly the industry is not unanimous in terms of every provision in the bill. But I view this bill as an interim measure, Mr. President. I hope that our successors in the Senate, within 10 or 15 years, will move forward and take us into an era where there is even greater impact of competition and of the marketplace, and a reduced need for any Government involvement in this system. I described once to a friend of mine that I believe the current system is a series of playing fields, but they are on different levels. It is like they are on different levels of a very tall building. We have been talking, in the past, about trying to level the playing field. But you could not do it because some were on one floor and some on another, and now we have tried to find a way to literally level the playing field and set down the rules for competition. I do believe that we have succeeded. Even though I still have some reservation as to portions of this bill, as I know others do. We have succeeded.

There was a reluctance on the part of many people to present this bill to the Congress. I am glad it has come because I think its time has come. We have spent, those of us on the Commerce Committee now, I think, the last 4 years working on a version of this bill. This means, now, that we have the chance to send to the President an advanced telecommunications and information bill that is generally accepted. There is a general consensus that this is timely and that the provisions are right. Those who have reservations, I hope they will be careful, because I think to force this country back to relying once again on the 1934 Act would be wrong.

The Members of the House who worked on this bill, particularly Chairman BLILEY, I think deserve substantial credit. And we ought to have credit here for the staff. I hope my staff assistant joins me soon, but Earl Comstock, who has worked with the Commerce Committee as one of the draftsmen on this bill, joins the ranks of a few members of the staff who literally deserve credit for what they have done to bring us together by getting the language that meets our needs and eliminates the controversy among us over particular provisions.

I am very pleased to be able to present this bill and be part of the group that presents this bill to the Senate. I have signed the conference report. Not all of us did. I do think it is imperative we act, and I congratulate the leader for being willing to bring this bill forward under these circumstances today.

Let me once again thank Senator PRESSLER for his leadership on our side, for the hard work that he has done. As he pointed out to others, he has been on call and so have the rest of us, literally daily and through the weekends and on holidays as our staff people labor to carry out the instructions that we had given them and to reflect the decisions we made accurately in the text of this bill.

I have followed drafting of legislative bills now for a substantial portion of my life, Mr. President. I think this is the finest drafted bill I have been able to participate in. I congratulate the staff members who worked so hard and so long.

Let me say to my good friend, the former chairman of the committee,

Senator HOLLINGS, I know how hard he worked in the last session, and Senator PRESSLER and I joined and worked hard with him, trying to get the bill during the period that he was chairman. This is a bipartisan bill. I think, by passing this bill, we may send a signal to the Congress. It is time we stop the fighting among us and start getting down to passing the laws that the Nation needs to provide the new job opportunities for the next century.

As Chairman PRESSLER has said, this is the largest jobs bill that has ever been before the Senate. This has more to do with developing new technologies, implementing new technologies, and stimulating the growth of new business than any bill I have ever been involved with.

I am delighted to be able to be here. As a matter of fact—again, I will yield in a moment, but I want to reserve a portion of the time to be able to ask later for agreement to the unanimous consent agreements being framed that will make available immediately an additional 5,000 copies of this as a Senate document so we can distribute this as soon as it is available.

I come from a State, Mr. President, one-fifth the size of the United States. It is rural in nature. We have a small population. We have people in our State who are just now getting telephone service as known to the rest of the country for the whole century, almost. Now, what we have assured here, as this program goes forward, is that universal service will be available to rural areas. It will be the state-of-the-art telecommunications system. It will mean that the small schools in rural America will have access to modern technology, and can participate through telecommunications. It means that telemedicine will now come to my State.

My State, when I first came here, had no assistance whatever for people in small villages. They had to find their way to Indian hospitals in regional areas. We created a system of clinics. Those clinics are, by and large, operated by young women from the villages who have a high school education and some technical training now. This bill means telecommunications will bring telemedicine in. They will be able to have a direct exposure of patients to doctors miles and miles away. They will be able to get assistance in dealing with mothers who have complications in pregnancies.

This bill, above all the things I have dealt with—in particular universal service, eligible telecommunications carriers, and rate integration, opens the whole horizon of telecommunications to the people of this country, and it does so on a fair basis. It has been criticized by some, but the universal service provisions that I mentioned when I first started my comments here, I think are the most important to me. They mean that rural America will come into the 21st century with everyone else as far as telecommunications is concerned. I could not be more happy that the bill is here. I could not be more proud of those who have worked on it and to be able to be part of the group that presents it to the Senate. I urge its early approval.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. PRESSLER. I pay tribute to Senator STEVENS of Alaska. He is the father of spectrum auctions. In my opinion, he is a real U.S. Senator. Everybody seems to be leaving the Senate, and they get a 21-gun salute when they leave. Some stay and do the hard work on difficult bills. TED STEVENS is such a man. He and Senator HOLLINGS are examples of people who stay and do public service—honest, hard-working experts on this technical legislation.

Some day I will be a professor in a university, I hope, out in western South Dakota. One of my lectures will be on real U.S. Senators—those who are not necessarily media stars, but who do the hard, honest work on the technical things, the real U.S. Senators. Certainly TED STEVENS is one of those, along with Senator HOLLINGS. I believe both are in about their fifth term, and if they announced they were retiring, they would get a 21-gun salute.

I thank TED STEVENS, the father of spectrum auctions and one of the originators of this legislation.

Mr. HOLLINGS. Mr. President, let me join in the comments of my chairman. There is not any question that we would not have this bill if we did not have TED STEVENS and his wonderful leadership and work. He took over the so-called farm team.

We have been working for 4 years, as the Senator from South Dakota knows. The farm team, the rural areas—we wanted to protect those. We learned in airline deregulation that we did not protect the rural areas, sparsely settled areas. So we made, under the leadership of Senator STEVENS, requirements that any competition, any competitor coming in must serve the entire area, and the States had the authority to say how that competition would develop in the rural areas.

We provided infrastructure sharing with the RBOC's, and on down the list. That is all attributed to the wisdom of our distinguished Senator and colleague from Alaska. I join in the complimentary remarks made by my distinguished chairman.

The Senator from Vermont has given leadership to this from the very beginning and has had various provisions in the bill while we debated it on the floor, and I want to thank him publicly for his leadership. I yield now 10 minutes under our time agreement.

Mr. LEAHY. Mr. President, I thank my good friend from South Carolina, a man whom I have been privileged to serve with in my whole Senate career. He was already a senior Member of the Senate when I came here. I appreciate all the help he has given me. I appreciate the fact that he and the chairman were able to protect the Breaux-Leahy amendment on 1-plus dialing parity as part of the conference report to permit intraLATA toll dialing parity requirements to stand in States that already ordered it by December 19, 1995, and in single-LATA States like Vermont. Preserving this amendment, which Senator BREAUX and I worked out on this floor, has helped my State.

There are so many things I like about this bill. For example, the conference agreement places restrictions on buyouts between phone companies and cable. The conference agreement also includes a very strong savings clause to make clear that mergers between companies in the media and communications markets are subject to a thorough antitrust review.

Competition, not concentration, is the surest way to assure lower prices and greater choices for consumers. So, while there are some improvements in this legislation that I support, I will not be voting in favor.

I have expressed my concern on the lack of a stronger Department of Justice role in evaluating the anticompetitive effect of a Bell operating company's entry into the long-distance market, as well as my concern that this legislation is placing censorship restrictions on the Internet. As a user of the Internet and as one who communicates electronically with constituents and others around the country, I am concerned this legislation places restrictions on the Internet that will come back to haunt us.

I know these provisions were done with the best of intentions. All of us, 100 Members of the U.S. Senate, oppose the idea of child pornography. All of us abhor child pornographers and child abusers. I am one person who has prosecuted, convicted, and sent to prison child abusers. We do not have to demonstrate our adherence to that principle. But I am concerned we have not upheld our adherence to the first amendment with the proposed restrictions on the Internet. That creates an overwhelming barrier for me.

I am also concerned that after passing the 1992 Cable Act over a Presidential veto, that we are now taking the lid off all cable rates in 3 years, whether or not there is competition in cable service. Before the 1992 Cable Act was passed, cable rates were rising three times faster than inflation rates. I do not think you can name a consumer in this country who did not feel that he or she was being gouged.

But the law worked. Since passage of the law, consumers have saved an estimated $3.5 billion in their monthly bills. And, as the rates have gone down, more people have signed up. In 1994 alone, nearly 2.5 million new customers have signed up for cable service.

I do not want to see a repeat of the skyrocketing cable rates that prompted passage of that law. It is too easy to see what might happen if the cable companies are not restrained, either by competition or by laws.

I do not have cable in my home in Vermont. I live out in the country where we get 1½ channels. I think sometimes I am blessed by that because I actually get to read, which is a good way of obtaining the news. You can make up your own mind. You can read in detail or not, and not be limited by the photographs selected by multimillion-dollar news media.

But I digress.

With the cable company I subscribe to here, you get these $2 remote controls but they charge you $3 a month, or something like that. They can give you antiquated equipment and charge as though you were getting good equipment and even make it impossible to watch one show and tape another one. All the things that sound great are not available because there is no competition. We are about to make that even worse. We had some restrictions in the cable bill, but I am afraid we are going to let them go before we have the protections provided by effective competition.

I must admit, having said all that, I do not envy the managers of this bill. This is probably the most complex piece of legislation I think I have seen in 21 years. It has probably had more conflicting interests that had to be reconciled than I have seen in 21 years.

I commend the Senators who had the ability to stick it out and bring it this far. Senators still have to determine whether they will vote for it or not, but whether you like or dislike different parts, we can all appreciate the hard work and long hours it took.

The telecommunications legislation that has emerged from the conference will have an enormous impact on multibillion dollar cable, phone and broadcast industries and, most importantly, on the American consumer. This legislation will affect how much we pay and from whom we can obtain cable, TV, phone, fax, and information services. It will also, unfortunately, affect what we can say online.

We have heard a lot about the support for this legislation by the Bell phone companies, AT&T and other long-distance phone companies, the giant cable companies and other media interests. But while they have been arguing over business advantages, who have been advocates for American consumers and fundamental American values, like first amendment free speech rights?

Most of us have no choice who gives us cable TV service or our local phone service. Whether or not the service is good, we are stuck with our local phone or cable company. And, if the price is too high, our only choice is to drop the service altogether. The goal of this telecommunications legislation must be to foster competition, not just for the short term, but over the long haul. Competition will give consumers lower prices and more choices than simply dropping a service.

I raised a number of questions about the Senate-passed bill, and fought for several amendments that in my view would have made the bill more consumer-friendly, pro-competitive and constitutional. I commend the conferees for the progress they made in several of these areas, which I detail below.

First, the bill proposed by the Commerce Committee would have permitted our local phone monopoly to buy out our local cable monopoly so that consumers have even less choice rather than more. Senator THURMOND, the distinguished chairman of the Judiciary Committee's Antitrust Subcommittee, and I raised concerns that allowing such unlimited buyouts between monopoly phone companies and cable companies could result in giant monopolies providing both phone and video programming services.

The conference agreement makes a significant improvement in these provisions by limiting buy-outs between cable and phone companies to rural areas where fewer than 35,000 people live. The conference agreement also limits a phone company's purchase of cable systems to less than 10 percent of the households in its service area. This will insure that a single large phone company cannot simply buy up all the small cable systems serving the small towns in its service area. This part of the conference agreement helps fulfill the promise of the bill to maximize competition between local phone companies and cable companies.

The conference agreement also contains a very strong ''savings clause'' to make clear that mergers between cable and telephone companies, or between independent telephone companies or between any companies in the media and communications markets are subject to a thorough antitrust review under the normal Hart-Scott-Rodino process. Nothing in this conference agreement even impliedly preempts our Federal antitrust laws. Mega-mergers between telecommunications giants, such as the rumored merger between NYNEX and Bell Atlantic, or the gigantic network mergers now underway, raise obvious concerns about concentrating control in a few gigantic companies of both the content and means of distributing the information and entertainment American consumers receive. Competition, not concentration, is the surest way to assure lower prices and greater choices for consumers. Rigorous oversight and enforcement by our antitrust agencies is more important than ever to insure that such megamergers do not harm consumers.

I have been particularly concerned about how well the telecommunications legislation protects universal service. Vermont is among the most rural States in the country, but those of us who live there do not want to be denied access to the advanced telecommunications services our urban neighbors enjoy. I, therefore, commend the conference report for including the Snowe-Rockefeller-Exon-Kerry provision requiring preferential rates for telecommunications services provided to schools, libraries, and hospitals in rural areas, which I supported. This requirement provides an important building block to ensure universal access to advanced telecommunications services. Students whose families cannot afford sophisticated hi-technology services at home will be able to use those services at school or at their neighborhood public library. Rural hospitals will be able to use advanced technology to provide better treatment at lower costs to their patients. This provision assures the broadest possible access to advanced telecommunications services.

I am also pleased to see that the conference report includes the addition of a State-appointed consumer advocate to the newly created Federal-State joint board. This board will have the critical task of preserving and expanding universal service, and I agree with the conference that a consumer advocate will bring a necessary and important perspective to that task.

The conference agreement also adopts a provision designed to make cable equipment cheaper and easier to use for all consumers, who are tired of paying rent for cable converter boxes and struggling with multiple clickers for the TV set-top box and their video machines. This provision is one that Senator THURMOND and I urged to be included as part of the telecommunications legislation in the last Congress. Under the conference agreement, the FCC is directed to assure the competitive availability to consumers of converter boxes and other electronic equipment used to access cable video programming services.

As a member of the Judiciary Committee, I remain ready to address the copyright issues that will arise as a result of this legislation. There was no consideration of copyright matters during the debate over this legislation and I commend the conferees for not prejudging these matters.

The bill proposed by the Commerce Committee would have unnecessarily preempted State efforts to promote the development of competition in local phone service. Richard Cowart, the chairman of the Vermont Public Service Board, provided invaluable testimony to the Antitrust Subcommittee last year about the detrimental preemption provisions in the bill.

For example, this bill rolled-back State requirements to implement ''1+'' dialing parity for short-haul toll calls. A number of States already require dialing parity. Without ''1+'' dialing parity, consumers must dial lengthy access codes to use carriers other than the local phone company for in-State toll calls. IntraLATA ''1+'' dialing parity encourages competition in the in-State toll market and helps consumers.

As I noted before, I am pleased that the Breaux-Leahy amendment on ''1+'' dialing parity is part of the conference report. The report permits dialing parity requirements to stand in the States

that already ordered it by December 19, 1995, and in single-LATA States, including Vermont. The prohibition against ''1+'' dialing parity for intraLATA calls in nongrandfathered States expires at a date certain 3 years after enactment.

In addition, the Commerce Committee bill would have prohibited State regulators from using rate-of-return regulation for large phone companies. As Chairman Cowart of the Vermont Public Service Board made clear when he testified, this prohibition would have tied the hands of State regulators trying to adopt different forms of pricing regulation to stimulate local phone service competition. The conference agreement took a constructive step by dropping the prohibition on rate-of-return regulation.

Despite this significant progress, the conference agreement still suffers from such serious flaws that I cannot support it.

First, and foremost, the conference agreement contains unconstitutional provisions that would impose far-reaching new Federal crimes for so-called indecent speech. I do not often agree with Speaker GINGRICH, but I share his view that this legislation violates free speech rights.

Apparently, the conferees also have serious doubts about its constitutionality. They added a section to speed up judicial review to see if the legislation passes constitutional muster. In my view, this legislation will not pass that test.

You would think the telecommunications conference would have their hands full with just the task of changing our communications laws to allow new competition among phone companies, broadcasters, cable operators, and wireless systems while also protecting universal service and other appropriate consumer protections. Yet, they also decided to add new Federal crimes, despite the absence of any hearings on these provisions, or any Senate Judiciary Committee members on the conference. I called for an in-depth, fast-track study of these issues before we took precipitous action in legislation. That study was included in the House-passed bill but dropped by the conference, in favor of provisions that will ban constitutionally protected speech on the Internet.

I note that the explanatory statement accompanying the conference report refers to a July 24, 1995 hearing, at which I participated, before the Senate Judiciary Committee on ''online indecency, obscenity, and child endangerment.'' This hearing did not address the constitutionality of the indecency standard adopted by the conference report, nor the least restrictive means by which to implement such a standard, particularly in an electronic environment like the Internet. The hearing referred to in the statement of the conference committee dealt with stalking, obscenity and indecency with regard to an entirely different bill, S. 892. No witnesses at the hearing defended the constitutionality of the indecency standard in the telecommunications bill. Nor did any witness testifying in support of S. 892 examine in detail whether the indecency standard as applied to online communications complies with the least restrictive means test. On the contrary, several witnesses questioned whether any indecency standard could be constitutional as applied to online communications. Thus, Congress has opted to appear tough on pornography without examining the constitutional implications of this unprecedented restriction on freedom of expression.

Let us make no mistake about what these provisions in the conference agreement will do and how it could affect you.

The bill will make it a felony crime to send a private e-mail message with an indecent or filthy word that you hope will annoy another person, even if you were responding in kind to an e-mail message you received. Who knows when you might annoy another person with your e-mail message? To avoid liability under this legislation, users of e-mail will have to ban curse words and other expressions that might be characterized as offensive from their online vocabulary.

The bill will punish with 2-year jail terms any Internet user who uses one of the seven dirty words in a message to a minor. You will risk criminal liability by using a computer to share with a child any material containing indecent passages. In some areas of the country, a copy of Seventeen magazine, could be viewed as indecent because it contains information on sex and sexuality. Indeed, this magazine is among the 10 most frequently challenged school library materials in the country.

This legislation sweeps more broadly than just regulating e-mail messages sent to children. It will impose felony penalties for using an indecent four-letter word, or discussing material deemed to be indecent, on electronic bulletin boards or Internet chat areas accessible to children.

Once this bill becomes law, no longer will Internet users be able to engage in free-wheeling discussions in news groups and other areas on the Internet accessible to minors. They will have to limit all language used and topics discussed to that appropriate for kindergartners, just in case a minor clicks onto the discussion. No literary quotes from racy parts of Catcher in the Rye or Ulysses will be allowed. Certainly online discussions of safe sex practices, of birth control methods, and of AIDS prevention methods will be suspect. Any user who crosses the vague and undefined line of indecency will be subject to two years in jail and fines.

Imagine if the Whitney Museum, which currently operates a Web page, were dragged into court for permitting representations of Michelangelo's David to be looked at by kids.

The conferees call this a display prohibition and explain that it ''applies to content providers who post indecent material for online display without taking precautions that shield that material from minors.''

What precautions are the conferees talking about? What precautions will Internet users have to take to avoid criminal liability? These users, after all, are the ones who provide the content read in news groups and on electronic bulletin boards. The legislation gives the FCC authority to describe the precautions that can be taken to avoid criminal liability. All Internet users will have to wait and look to the FCC for what they must do to protect themselves from criminal liability.

We have already seen the chilling effect that even the prospect of this legislation has had on online service providers. A few weeks ago, America Online deleted the profile of a Vermonter who communicated with fellow breast cancer survivors online. Why? Because, according to AOL, she used the vulgar word ''breast''. AOL later apologized and indicated it would permit the use of that word where appropriate.

Complaints by German prosecutors prompted another online service provider to cut off subscriber access to over 200 Internet news groups with the words ''sex'', ''gay'' or ''erotica'' in the name. They censored such groups as ''clarinet.news.gays,'' which is an online newspaper focused on gay issues, and ''gay-net.coming-out'', which is a support group for gay men and women dealing with going public with their sexual orientation.

What is next? The Washington Post reports today that one software program used to protect children from offensive material blocked the White House home page because it showed pictures of two couples together. Those two couples happened to be the President and Mrs. Clinton and the Vice-President and Mrs. Gore. Will Federal Government censors do any better when they dictate blocking technologies?

The Communications Decency Act is the U.S. Government's answer to the problem that China is dealing with by creating an intranet. According to news reports, this censored version of the Internet allows Chinese users online access to each other, but an official censor controls all outside access to the world-wide Internet.

We already have crimes on the books that apply to the Internet, by banning obscenity, child pornography, and threats from being distributed over computers. In fact, just before Christmas, the President signed a new law we passed last year sharply increasing penalties for child pornography and sexual exploitation crimes.

Unlike these current laws, which do not regulate constitutionally protected speech, this legislation would censor indecent speech. While the proponents of the proposals claim that they do not ban indecency—only prohibit making it available to minors—the practical result of such a restriction on the

Internet is the criminalization of all indecent speech.

Because indecency means very different things to different people, an unimaginable amount of valuable political, artistic, scientific and other speech will disappear in this new medium. What about, for example, the university health service that posts information online about birth control and protections against the spread of AIDS? With many students in college under 18, this information would likely disappear under threat of prosecution. In bookstores and on library shelves the protection of indecent speech is clear, and the courts are unwavering. Altering the protections of the first amendment for online communications could cripple this new mode of communication.

The Internet is a great new communications medium. We should not underestimate the effect that the heavy-hand of Government regulation will have on its future growth both here and abroad. With the passage of this bill the U.S. Government is paving the way for the censorship of Internet speech. Apparently, China already censors weather predictions from foreigners. What do we think the Iranian Government will make illegal? What could Libya ban and criminalize?

Also, as I alluded earlier, I continue to have grave concerns about letting the Bell operating companies, with their monopoly control over the phone wires going into our homes, enter the long-distance market even when the Department of Justice finds an anticompetitive impact. I supported efforts to amend the bill and give the Justice Department the authority to review the Bell companies' long-distance entry in advance. These efforts were unsuccessful.

The conference report requires the FCC to consult with the Justice Department and give substantial weight to the Justice Department's opinion, in determining whether to permit entry of a Bell company into long-distance service. Although this provision strengthens the Senate-passed bill, it does not go far enough. It fails to achieve the balance proposed by the Commerce Committee in 1994. In the end, the FCC is the final decision maker and can decide to disregard the Justice Department's evaluation of the anticompetitive effect of letting the Bell companies offer long-distance service.

The conference agreement would permit a Bell company to offer long distance service in its own region, upon approval by the FCC and after satisfying an in-region checklist. This checklist could be satisfied by the presence of a competitor with its own networking facilities. Despite recognition by the conferees that building local telephone network facilities will require a significant investment in time and money, the bill allows only 10 months after enactment for facilities-based competitors to get established and apply for interconnection and access to the Bell company's network. Absent a facilities-based competitor in those 10 months, I fear that the language of this bill could be interpreted broadly to allow the Bell operating company to seek approval to enter long-distance service, and authorize the FCC to grant that approval, even without any actual competition in local phone service. The short timeframe provided in the bill to establish a facilities-based competitor, compounded by the lack of a dispositive Justice Department role in the approval process, could provide the incumbent Bell company with the ability to use its stranglehold monopoly on local service to leverage its new long-distance service, to the detriment of consumers. Regulators will have to be vigilant to this potential consequence.

As I noted, the conference agreement takes the lid off all cable rates in 3 years, whether or not there is any competition in cable service.

We passed the 1992 Cable Act over a Presidential veto because consumers were being gouged by cable company monopolists. Cable rates were rising three times faster than the inflation rate. Consumers demanded action to stop the rising cable rates. This law worked. Since passage of that law, consumers have saved an estimated $3.5 billion in their monthly rates. As rates have gone down, more people have signed up.

Congress has already responded once to complaints of cable subscribers in the 1992 Cable Act. I, for one, do not want to see a repeat of the sky-rocketing cable rates that prompted passage of that law. The conferees must be predicting that, in 3 years, cable companies will face plenty of competition from satellite systems and phone companies offering video services. But if their prediction is accurate, and the cable companies faced effective competition, they would be deregulated under the 1992 Cable Act anyway. This is a precipitous action to sunset a law that worked to reduce cable rates on the hope that effective competition will grow over the next 3 years.

Finally, the conference report requires the FCC to preempt State or local rules that may have the effect of barring any entity from providing telecommunications services. Although the report says this is not supposed to affect local management of public rights-of-way or local safeguards for the rights of consumers, in Vermont, citizens are rightly concerned that rules designed to protect our environment and health may be preempted by bureaucrats at the FCC who are focused on helping entrants in the telecommunications business.

I recognize the need for an over-haul of our communications laws. We have not kept up with the dramatic technological changes that are fueling the Information Age. But I cannot support this bill, which threatens fundamental constitutional rights of free speech over the Internet and provides insufficient consumer protection from monopolistic pricing for cable and telephone service.

The PRESIDING OFFICER. The Senator from South Dakota.

COMMENDING STAFF

Mr. PRESSLER. Mr. President, I should pay tribute to the staff on both sides who have worked so hard on this.

On our side of the aisle there has been Paddy Link, Katie King, Donald McClellan and Earl Comstock. On the Democratic side, Kevin Curtin, John Windhausen, Kevin Joseph and Chris McClean. The committee's legislative counsel, Lloyd Ator. All this staff has done a magnificent job.

Let me also mention the dilligent efforts of David Wilson, Mark Buse, Brett Scott, Jeanne Bumpus, Dave Hoppe, Kevin Pritchett, Margaret Cummisky, Tom Zoeller and Cheryl Bruner.

I do not know if people know it, but the only days the staff got off were Thanksgiving Day, Christmas Day and barely Christmas Eve, in drafting this technical legislation and in all the negotiations. This piece of legislation was drafted entirely by Senators and staff. Many times there have been accusations that legislation was drafted by outsiders, but this technical piece of legislation was drafted line by line by Senators and staff. Many times we would have to call a Senator on the weekends and ask about a line or word change.

I do not know if people realize how hard these staff people work. I just wanted to pay tribute to them because, to me this technical document is a remarkable achievement. They did it as public servants.

One day I went in on a Sunday and bought them some pizza. I said, ''Someday a judge may look down upon you from his bench and say, 'Obviously, counsel does not know what he or she is talking about.' And you can look up at the judge and say, 'Oh, yes, I do. I wrote that.' ''

That is not their motive. But these young people should be heralded. Again, I pay tribute to the staff on both sides of the aisle.

The PRESIDING OFFICER. The Senator from South Carolina.

COMMENDING STAFF

Mr. HOLLINGS. Mr. President, awaiting the attendance here, to deliver his comments, of the distinguished Senator from Nebraska, Senator KERREY, let me join with my distinguished chairman in thanking the hardest-working staff I have ever been associated with during my years.

The truth is, as the Senator from South Dakota has said, they only had that 1 day off at Thanksgiving. We worked all weekends and everything else. But this started, really, in October 1993. We had worked very hard, gotten a three-fourths vote of the U.S. Senate on a manufacturing bill. We learned the hard way that these entities, the various disciplines in telecommunications, had the power to obviate or cancel out the enactment or

passage of any measure, once they got determined to do so. With a three-fourths vote, we still could not pass the simple manufacturing bill, the text of which is already in this measure here as a minor item compared to being a single bill.

So we agreed to work in a bipartisan fashion and bring in every week the various interests involved—every Friday the regional Bell companies, the principals involved, and thereupon on every Monday, the various long distance carriers. They have been doing this now for the past almost 3 years.

So, I thank, as I pointed out, Paddy Link, Don McClellan over on the minority side—as well as Katie King and Earl Comstock. I particularly want to thank for their guidance and counseling Kevin Curtin, John Windhausen, and Kevin Joseph on our Commerce Committee Democratic side—because I never really would be able to imbibe this entire measure without their help. They have really been in the trenches over the many years. They have given expert advice. They have listened to all the parties. They know all the lawyers.

This town has 60,000 lawyers registered to practice before the District of Columbia bar. I think 59,000 of them are in the communications discipline. And I think we met all 59,000, I am convinced, in the last 3 years.

I also want to thank Jim Drewry, Yvonne Portee, Sylvia Cikins, Pierre Golpira, Lloyd Ator, and Joyce Kennedy of our Commerce Committee staff; Jim Weber of Senator DASCHLE's leadership staff; Greg Simon for Vice President GORE; Steve Richetti for the White House; Carol Ann Bischoff for Senator KERREY; and the staff members of our Commerce Committee members. These include Margaret Cummisky for Senator INOUYE, Tom Zoeller and the late Martha Moloney for Senator FORD, Chris McLean for Senator EXON, Cheryl Bruner for Senator ROCKEFELLER, Scott Bunton and Carole Grunberg for Senator KERRY, Mark Ashby and Thomas Moore for Senator BREAUX, Andy Vermilye for Senator BRYAN, and Greg Rohde for Senator DORGAN.

Let me also thank, Mr. President, talking about the bipartisan nature, the leadership over on the House side that we have the privilege to work with. Because Chairman DREIER on the House side was a tiger on this measure. He was determined that we get this bill passed. In fact, we were ready really before Christmas. And working with him, Mr. MARKEY, Mr. DINGELL, Mr. FIELDS—all on that Communications Committee, a major committee over on the Judiciary Committee—Mr. HYDE, and Mr. CONYERS, they all worked hand in glove to make sure that the public interest was protected.

Particularly, since I mentioned the Judiciary Committee feature of this measure, the Department of Justice was protected in the sense that what we did was have the savings clause for all antitrust laws included, positive language, and the substantial weight of the Department of Justice be given by the Federal Communications Commission in their decision.

I yield now to our distinguished colleague from Nebraska, Senator BOB KERREY, who has worked intimately with us. He was not on our Communications Committee, but I thought he was by the way he attended the meetings, and his staff was in there making suggestions and making sure that the public interest was protected.

So it is a particular pleasure for me at this time to yield to the distinguished Senator from Nebraska, Senator KERREY.

The PRESIDING OFFICER (Mr. GREGG). The Senator from Nebraska.

Mr. KERREY. Mr. President, I thank the Senator from South Carolina and the Senator from South Dakota.

I believe this conference report is substantially improved from both the House and the Senate bill. I voted against the bill when it left here, and I intend to support the conference report in its current form.

I appreciate in particular the language that provides a more meaningful role for the Department of Justice. I, frankly, would have preferred the language which the Commerce Committee produced last year. I think that would have been better than the 14-part interconnection competitive checklist requirement that is in there. But I think that a meaningful role, including the substantial weight requirement for the Department of Justice, will make it more likely that we will see competition at the local level.

I appreciate very much the concern of both the chairman and the ranking member, concern about including some good consumer protection provisions as well as the inclusion of interconnectivity language, incidental interLATA relief for the RBOC's to provide Internet and interactive distance learning services to K through 12 schools, and the so-called Snowe-Rockefeller-Exon-Kerrey, et al, language that will allow the K through 12 schools to be able to go either to the Public Service Commission or the FCC. They will now have the force of law to be able to argue for subsidized rates.

I particularly appreciate as well, finally, the inclusion of the so-called farm team provisions in the conference report.

Mr. President, when the request came for a unanimous consent on a time agreement, I asked for 15 minutes. I do not know if it will take that long given where I am right now in my comments.

I will observe, as I did on a number of occasions during the debate earlier on the bill, that this is a very unusual piece of legislation in that the demand for it is not coming from the citizens; it is really coming from corporations, the whole range of corporations—I do not mean the RBOC's; I mean RBOC's, long-distance, cable, broadcast; all of them are in this business—that feel the current law, which does not allow them to do a variety of things, is too restrictive. And they say, if you change the law and allow us to do these things, you are going to generate a lot of new economic activity and create new jobs. We have heard all kinds of representations about all the good things that are going to happen.

I am an advocate for embracing the future and changing the current law. So there is no question in my mind that the Communications Act needs to be changed. But I am very mindful and very aware that the demand for this change does not come from at least the citizens of Nebraska, whom I represent. I did not hear any question in my reelection campaign in 1994 coming from citizens saying, ''Well, Senator, how do you feel about the regulation of local telephone, long distance, and so forth, because I do not like the structure? I am unhappy with my phone, I am unhappy with my cable, or I am unhappy with my network service, whatever it is I am buying.'' Yes. They might complain sometimes about the rates and have concerns about that sort of thing, and a lot of concern about the content, pornography, violence, and so forth. But nobody was really coming to me asking for this change. This is Congress initiating change and saying it is going to be good for the people.

It must be said, Mr. President, that that requires a substantial amount of courage at the beginning. It is not my intention to come here and say that Members who are enthusiastic about this change are under the influence of special interest money. That is not my point at all. I am not trying to say that any Member has been bought out or anything like that. The problem, though, when you once cross the line, is saying, OK, we are going to try to do something that is good for the people. It seems to me that you have to do, in an irrationally cold-blooded way, an analysis of what the impact is going to be.

There are about 100 million households in the United States of America, and we have achieved, over the 60 years of this Communications Act, a remarkable degree of not just penetration, but of universal service. Ninety-four percent of all households today have a telephone. It may be significantly lower than that when the Communications Act was passed in 1934. But we did not do it by saying let us let the market run wild. We did it by monopoly, by creating a monopoly and giving monopoly rights in 1934. We changed it substantially by divestiture. But even with divestiture, we retained monopoly rights for local telephone service. We have accomplished a remarkable thing.

Yes, there are market forces. There is lots of private capital. Most of these companies are private shareowner companies. But we have achieved not just universal service, but by all accounts the best telephone and telecommunications system in the world, an active, vibrant industry, competitive industry, and it is a great success story.

So when we radically alter the landscape, as we are with this legislation, it seems to me appropriate to sort of ask ourselves: What is the consumer going to get out of it? I know the one thing that is going to happen is that the subsidy that has been in place for all these years at the local level in order to achieve universal service is going to begin to come off. Say I have a market. If I am going to be out there trying to compete with a long distance company, to compete with a cable company, whoever, at the local level, that subsidy is going to come off.

Indeed, the regional Bell operating company in our region has already indicated they would like to increase the residential rate by a $2 State subscriber-line charge in order to provide lower costs for long distance. For those of us whose incomes are over $100,000, that sounds like a pretty good deal. We have a lot of long distance charges. But there are, I would surmise, a majority of Americans for whom long distance is still a bit of a luxury. They budget it. They watch it. They are careful about it. They do not have unlimited long distance service. They may not come out so good in that transaction.

In fact, one of the things that is very often not understood in this whole debate about universal service is there still is a substantial means test on it. Ninety-nine percent of the households in America with incomes over $100,000, which includes all of us in Congress, have telephones. Only 75 percent with incomes under $5,000 have telephones, largely because of cost. They probably would say, ''I cannot afford it. I cannot afford to buy it. So I am not going to have a telephone connected to my house.''

There is a means test on these services. There is a means test as these dollar figures go up for the cost of local service. I think you are going to see people say, ''I cannot afford it any longer. I cannot afford to pay the price.'' Though we have some protection in the farm team universal service provisions, I think that we are going to have to be alert in the first instance that there are going to be households out there currently able to afford the fare who are going to find themselves saying, ''I cannot afford it any longer.''

I think, on the basis of policy, if the market does not get the job done, we as Members of Congress are going to have to ask ourselves a question: Well, what is it like if you are in a household without a telephone? How essential is it? How important, how valuable is it? One measure is going to be: Can I get out and talk to the people who may need to come to my household and haul me to the hospital if I have a heart attack or some other sort of health problem?

But increasingly the question is going to be not only if I do not have the dial tone, but if I do not have the volume, the enhanced services, I may not be able to get as good an education as my neighbor, I may not be able to get as good a break with the economy, I may not be able to have a home-based company. One out of seven jobs in the State of Nebraska are self-employed today. We are seeing an increasing number of households that, in fact, are taking advantage of enhanced telecommunications services. I think we are going to have to be alert to that in the second instance. Many Americans are not going to be able to buy enhanced services.

I think there is general agreement among Republicans and Democrats, before you ever get to the point of are we going to spend money, that this land of opportunity ought to be a land of opportunity for everybody. That opportunity does not necessarily fall equally as a consequence of your birth.

The next thing, Mr. President, that I think we are going to have to be alert to is this question of the control of content. I have heard the concentration debate. I appreciate very much the language changes made in the legislation on media concentration. I think that we do have to worry about this even though there are all kinds of other choices out there.

All of us know it is the networks that dominate this deal. If the networks decide they want to raise a stink about something, they will raise a stink about something and they will drive it into the household. If they decide they are not going to, as the distinguished majority leader said earlier about the sale of digital spectrum, they are not going to say anything about it. They are not going to talk about that ripoff. They are not going to talk about something that might have an impact upon them.

This concentration issue is a very important issue, and we, it seems to me, are going to have to be alert to it and watch it very carefully in the aftermath of passing this conference report, and watch what happens to universal service. Is there change in rural America? Are there people who are genuinely not going to get service? We have accomplished a great thing in the United States of America with universal service.

Second, we are going to have to watch very carefully as to whether or not people can afford to buy enhanced services. The laws of this land ought to provide equal opportunity for all Americans who are willing to make the effort. It ought to reward people who work hard and are determined through self-discipline to be a success. We need to be careful over this legislation and watch in the aftermath and see what the impact is going to be.

Finally, whether it is in education or whether it is in health care or whether it is merely trying to find out what is going on in your country with the budget and other sorts of things, we are going to have to pay a great deal of attention to content. Content determines what an individual receives in their household. We do not want to follow this legislation sort of blindly in presuming it is going to in all cases do good.

Again, I intend to vote for the conference report. I appreciate very much the efforts made by the distinguished chairman, the Senator from South Dakota, and the distinguished ranking member, the Senator from South Carolina. I think this conference report is substantially better than the bill that we earlier passed. I believe it will in the main be good for the economy, but there is a great deal of scrutiny that is going to have to occur in the aftermath of this legislation being enacted and signed by the President.

Mr. President, the conference report before us is substantially better than the bill that this body considered last summer for competition and consumers, for a number of reasons.

First, the House and Senate bills did not contain a meaningful role for the Department of Justice [DOJ] in safeguarding competition before local telephone companies are allowed to enter new markets. Under the conference report, the DOJ's opinion on regional Bell operating company [RDOC] entry will be accorded substantial weight by the Federal Communications Commission [FCC] in its proceeding and will be included in the official record of decision.

Neither bill had sufficient provisions to ensure that the local telephone market was open to competition before the RBOC's entered long distance. The conference report provides that before RBOC's can enter long distance, they must complete an interconnection checklist, have a facilities-based competitor and satisfy a public interest analysis at the FCC. They are required to offer long distance through a separate subsidiary for 3 years, which the FCC can extend for a longer period.

The underlying legislation also would have preempted the States from using rate-of-return regulation and forced them to use price caps or alternative rate regulation. Under the conference report, States continue to regulate local phone rates as they choose.

I strongly supported retention in the final bill of the Snowe-Rockefeller-Exon-Kerrey [SREK] provision—which was not included in the House bill—that will ensure that K–12 schools, libraries, and rural hospitals have access to advanced telecommunications services. SREK was retained in the conference report, and there are important provisions to help rural areas, health care providers, libraries, and citizens with disabilities.

Both House and Senate bills permitted waiver of the cable-telco buyout provision. These were overly broad, and would have permitted an excessive number of in-region buyouts between telephone companies and cable operators. The conference report limits cable-telco mergers to communities with fewer than 35,000 inhabitants that are outside of urban areas according to the Census Bureau.

Both bills also deregulated cable monopolies before there was effective

competition. The conference report deregulates small cable systems only immediately, and does not deregulate enhanced basic programming for all cable systems until March 31, 1999.

And both bills permitted excessive concentration in ownership of local TV and radio stations. The conference report retains the cross-ownership ban on newspaper/broadcast and cable/broadcast; retains limits prohibiting one person from owning two stations in one market; expands the limits on local radio stations but retains numeric limits on the number of stations in a market; dropped the provision allowing a loophole in the ownership attribution rules for TV stations; and expands the national limit on TV ownership to 35 percent national market reach, but drops the provision allowing waivers.

''MEANINGFUL ROLE'' FOR DOJ

Mr President, I would like to elaborate further on the role afforded the Department of Justice in the conference report. The final bill appropriately includes a strong role for the Justice Department in evaluating applications by regional bell operating companies to provide interLATA telecommunications.

The Antitrust Division has unrivaled expertise in assessing marketplace effects, particularly so in telecommunications, where it has been deeply involved continuously for more than 20 years.

During floor debate on S. 652, we worked hard to secure an independence role for the Antitrust Division in determining when and to what extent to remove the consent decrees's core restriction, the long distance or interLATA restriction.

Independent DOJ role narrowly lost in the Senate, but conferees were persuaded to give DOJ a special, strong advisory role within FCC procedure, almost equivalent protection for competitive freedom. Thirty-six Senators cosigned a letter supporting this meaningful role.

As I earlier indicated, the FCC is required by the conference report to consult with the Attorney General and give the Attorney General's evaluation substantial weight.

In conjunction with this evaluation, the Attorney General may submit any comments and supporting materials under any standard she believes appropriate. Through its work in investigating the telecommunications industry and enforcing the MFJ, DOJ has important knowledge, evidence, and experience that will be of critical importance in evaluating proposed long-distance entry—which, as I indicated earlier, requires an FCC finding that such entry is in the public interest, and that a facilities-based competitor is present. On both of these issues, the DOJ's expertise in telecommunications and competitive issues generally should be of great value to the FCC.

While the substantial-weight requirement does not preclude FCC departure from the Attorney General's recommendation if sufficiently indicated by other evidence on the record, this additional legal requirement means that the FCC's decision must be appropriately mindful of the Antitrust Division's special expertise in competition matters generally and in making predictive judgments regarding marketplace effects in particular.

This requirement will ensure that DOJ's position is given serious substantive consideration on the merits—by the courts on appeal as well as by the FCC. DOJ also retains its full statutory authority to represent the interests of the United States before the courts on appeal.

Moreover, even after entry occurs, there are important separate affiliate requirements—section 271—that will apply for at least 3 years.

The conference report further contains an absolute savings clause for antitrust laws. No authority that is given to the FCC, and no authorization that is given to any private entity, will diminish in any way the full applicability of the antitrust laws. This is an important guarantee that competition, and the innovation that results from healthy market forces, will be the centerpiece of our telecommunications policy. In addition, telco-cable, broadcast and other media mergers are subject to full antitrust scrutiny, regardliess of how they are treated by the FCC.

REPEAL OF ANTITRUST EXEMPTION

Finally, the conference report repeals a provision (47 U.S.C. Sec. 221(a)) that exempts mergers between telephone companies from antitrust review—a provision left over from the 1920's, a bygone era when Federal telecommunications policy was actually to promote monopoly over competition.

If not repealed, this provision could have taken on a new meaning under the bill, since the provision did not define telephone company. And, as a result of the walls brought down and the forces unleashed by the bill, it is not clear what will constitute a telephone company in the future—perhaps every firm that transmits information by any electronic means. Absent repeal of this provision, the entire communications industry might have merged into one vast monopoly without ever being subject to antitrust review.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who seeks recognition?

Who yields time?

Mr. LOTT. Mr. President, on behalf of the distinguished chairman, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from Mississippi has 21 minutes.

Mr. LOTT. We have 21 minutes remaining. I will take then 5.

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

Mr. LOTT. Mr. President, I would like to begin by sincerely thanking and congratulating the members of the Commerce Committee in the Senate and also our House colleagues for the outstanding work that has been put into this legislation. But I particularly have to recognize the dogged, determined, tenacious, informed effort by the chairman of the Senate Commerce, Science and Transportation Committee. We would not be here without question if he had not continued to work on this legislation to try to find ways to keep informed all the Members on both sides of the Capitol on both sides of the aisle. He has been willing to accept some compromises, and, after all, that is the art of legislating. He has done a fantastic job. He has made history with this legislation.

I believe we will pass this conference report overwhelmingly in a few minutes, and I venture to say right now there will not be a bigger, more important piece of legislation that passes the Congress this year and probably not one in the last decade in terms of the impact this is going to have in the creation of jobs and bringing legislation out of the Edsel era of the 1934 Communications Act into a modern Explorer because that is what this legislation is going to do—open up tremendous horizons for our people.

So I just have to say I take my hat off to the chairman, Senator PRESSLER, from the great State of South Dakota. He has done a fantastic job.

I also have to say we would not be here without the leadership and effort of the ranking member on the committee, Senator HOLLINGS. He has been good to his word. He has worked hard. He has been tough. He even thought I was trying to game him one time, which I might have been trying to do. But he was always open. He was always willing to talk with us. When he has made commitments, he has kept those commitments. He has continued to work with the chairman to move this thing forward. He has worked to keep his Members informed, and we have been informed on this side.

I just think they have done a fantastic job. I think we will look back in years ahead and call this truly a historic activity and piece of legislation. I also have to say that Chairman BLILEY in the House took some real risks with his leadership, and the ranking member there, Congressman DINGELL, who is obviously a very experienced, long-time, tough negotiator. But they have all done a great job.

I wish to also commend the staff. There have been times, I am sure, when our staffs on both sides of the aisle were ready to throw in the towel or did not want to see us come in again. They worked hard, long hours, weekends, and they produced outstanding legislation.

Let me take a minute to talk just a bit about the process. There were those who thought we could not get this bill through the Senate. There were those who thought we could not get it through the House. There were those who thought we could not get it through the conference. There were those who did not want a conference

agreement. But we moved it forward, and we reached a point where some decisions had to be made, and the leaders of the committees in the House and Senate stepped up and made a decision.

It has been suggested that maybe some Senators or some Congressmen or some of us got rolled. In some respects, all of us got rolled a little bit. I have some things I would like to change in this conference report that are important to me and my State. But when you look at the entire package, this is good legislation. It took a little extra effort during the past couple days to push it to where it could be completed today. And so while it is not perfect, it certainly is very good legislation that is going to be good for our country and good for the economy.

This legislation is deregulatory. Just take a look at what it does in terms of opening up markets; the local markets, the cable industry. We are going to have competition. Local telephone companies will be able to get into long-distance business and long distance will be able to get into local telephone service. They will be able to get into the cable area. Cable will be able to provide phone service. What it is going to mean is great competition and choices for the people. It is so fundamental to what America is all about. It is amazing to me it has been so hard to make this happen. But it is a bill that opens up markets. It is about more competition. It is deregulatory. I think that we should say that over and over again and recognize that is what we have here.

There are all kinds of people who are supporting this legislation now.

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

Mr. LOTT. Mr. President, I ask the Chairman, could I have an additional 5 minutes?

Mr. PRESSLER. Yes.

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

Mr. LOTT. The telephone companies are supporting this legislation. The long-distance companies are supporting this legislation—both of them would like to have a little more in their sections, but basically they know this is good legislation—the cable industry, the broadcasters. The utility industry is going to be able to be involved and provide another option, more competition. We made sure that the public utilities law on the books did not keep the utilities from offering the services they could offer. We made sure that it was a fair bill even for the burglar alarm industry.

There is going to be a tremendous explosion in technology. It will help education. It will help health care. We will have manufacturing. I hope we are going to have manufacturing of telephone equipment in America. But there will be more of it. At least now our companies that have been prohibited over the past 15 or 20 years will be able to get in there, get into manufacturing and offer additional equipment and create some jobs.

But most of all, the beneficiaries of this bill will be the people. They are going to be staggered by the choices, Mr. President, that they are going to have to choose between on their telephones and on their television sets. There is going to be an absolute revolution occurring in the next 10 years in the telecommunications industry.

It was a question, frankly, of would the Congress step up and acknowledge what was happening. Would the Congress take off the shackles and allow the telecommunications industry to move forward aggressively, or would we retard and restrain and regulate that potential?

We have decided in this legislation to open it up. The people will be the beneficiaries. There are adequate safeguards in this legislation for consumers. Some people might say too much. But I think that they are there. I think they are important. We are going to get jobs creation from this legislation. The people will get choice in how they get their services. They can choose to have one company in the future to give them their local service, their long-distance service, their television.

There is no end to the ideas that will come as a result of this legislation. It is going to provide opportunities for growth and development and lower prices. Competition will give us more choices, tremendous developments and activities at lower prices.

So I just wanted to say briefly how important I think this legislation is. We are changing 60 years of law with it. It is going to have a tremendous impact.

I have been honored to be a part of the process through the committee, on the floor of the Senate, in conference. I thank the distinguished majority leader for allowing us to get this legislation up this afternoon. Without his being willing to step up and say we should go forward with this, it would not be happening.

He raises legitimate questions about the spectrum question. But the chairman and the ranking Member have made a commitment we are going to have hearings on this. We are going to see what can be done there. We are going to make sure we do it right. The FCC is not going to go forward with giving away spectrum until we have taken an additional look at it. But I have to say it is a very complicated area, and one we need to be careful about.

We should not break our word, and we should not say we can get more money than we can get. And we should not take actions that slow down or stop the move to digital, the next step in the very pure picture that we can get. So we are going to get this legislation, and we are going to get additional action on spectrum. We are going to do it, and we are going to do it properly.

Mr. President, I thank the Chair for recognizing me at this time. I thank the chairman for yielding it to me. I am anxiously awaiting the final vote on this historic legislation.

Mr. PRESSLER. Mr. President, may I say to the Senator from Mississippi that this legislation would not have happened without him. He has been a valued member of the committee and a valuable friend. He has taken great personal risks. I have seen him in meetings really perform as a leader. I am very proud to have him as a friend. This legislation would not have happened without him. I pay tribute to Senator LOTT of Mississippi who made this happen. I thank him very, very much.

The PRESIDING OFFICER. The Senator from South Dakota has 11 minutes. The Senator from South Carolina has 14 minutes.

Mr. PRESSLER. I yield 4 minutes to the Senator from Montana.

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. BURNS. Mr. President, I thank my chairman and the Chair.

First of all, I rise today to join my colleague in pledging my support for this piece of legislation, the Telecommunications Act of 1995. Let me first start out talking about the leadership that Senator PRESSLER has shown on this particular piece of legislation.

As you know, we have gotten the reform of telecommunications further than it has come since I have been in this body. In 1989, we started working on telecommunications in the reform, the deregulation of it, to do one thing, and that was to push new technologies into areas where we desperately needed those new technologies, because all one has to do is to look around and say we are going to do things differently when it comes to educating our kids, we are going to do things differently when we talk about telemedicine.

I can remember almost 5 years ago I joined with then-Senator Gore to introduce a series of telecommunications infrastructure bills. I remember that day. I think the ranking member of the Commerce Committee was chairman at that time. I can remember that situation. We both strongly believed at that time in the need to unleash the digital revolution through the substitution of competition for excessive regulation. The bill basically achieves that basic goal, and because of this, it will accelerate by decades the deployment of advanced telecommunications infrastructure.

This is not to say, Mr. President, that the conference report is perfect or the best it could possibly be. In some places I would like to change it. But, you know, you do not get everything you want, but at least you want everything that you got. I think basically that is the position we are in. We cannot let the best become the enemy of the good. It is time that we take what we can get now and move forward with this piece of legislation.

Under this bill, the nature of regulation will change. Instead of regulating the profits of telephone companies, regulation will now focus on ensuring that competition can take root in all

aspects of the telecommunications markets. Once full and effective competition can take root, it will protect the consumer interests and the need for regulation will end. This process of using regulation to embrace and advance the cause of competition toward an ultimate goal of deregulation will require the conscience and the constant vigilance of this Congress and Congresses to come. Cooperation between the FCC and the States will also be mandatory.

We all must be vigilant to ensure that competition can take root and that it grow and it prosper. If it does not, then this bill will be a failure. I believe this bill will not be a failure. I am proud of most of the agreements that were made and reached in this conference.

I believe that a good deal was struck where both rural and urban interests are well served. My home State of Montana will benefit greatly from the universal services provisions and lower telephone rates, better cable services, and increased competition in all segments of telecommunications across the board.

What does it do? It removes almost all State and local government restrictions on competition and local exchange telephone, video services, wireless, and other communications markets. It also reforms the broadcast license renewal process to forestall strike units or other abusive practices by self-styled consumer groups and community activists, removing network cable owner limits and raising current radio and television station ownership caps. It restructures the remaining FCC procedures and requires speedy action on complaints, petitions for forbearance, applications and other requests, and establishes a permanent biennial regulatory review of the process.

It also removes and relaxes the restrictions on the ability of public utility holding companies to engage in competitive telecommunications activities.

Furthermore, the report's rules on interconnection will empower competitors by ensuring that they can gain access on fair and reasonable terms to existing local telephone facilities without imposing unreasonable burdens on rural telephone companies.

The report also protects the continuation of universal service, an essential feature, especially for rural areas where competition will be slow to evolve.

And, a backup provision, the so-called advanced telecommunications provision, was included in the report to ensure that competition and, hence, infrastructure deployment evolve in a reasonable and timely manner. If competition is stalled, the report gives the FCC authority to quicken the pace of competition and deregulation to accelerate the deployment of advanced telecommunications infrastructure.

These provisions, taken together, will ensure that all Americans—in urban, suburban, rural, and remote areas—gain access to the most advanced telecommunications capability as quickly as market forces will allow.

Finally, I also support the radio ownership deregulation provision included in the report. The provision is a good compromise between those who wanted complete deregulation and those who were concerned about concentration in radio ownership in local markets. By deregulating radio ownership rules, we are setting the groundwork for our Nation's radio operators to compete and survive in this new telecommunications environment.

For these reasons, I support the conference report and hope that my colleagues will as well in the confidence that its enactment will ensure the rapid deployment of advanced telecommunications capability to the benefit to all Americans.

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

Mr. BURNS. Again, I want to congratulate the leadership of Senator PRESSLER and the many people that it took to put this together, because we know that it was frustrating at times. It was frustrating to all of us at times. But, nonetheless, I think it is a good piece of legislation. I yield the floor.

COMMERCIAL AVAILABILITY OF NAVIGATION DEVICES

Mr. FAIRCLOTH. The competitive availability of navigation devices provision, section 304, instructs the FCC to consult with appropriate voluntary industry standards setting organizations for the purpose of promulgating a regulation. Given that the FCC is not a standards setting organization, do you agree that this legislation does not authorize the FCC to set a standard for interactive video equipment?

Mr. BURNS. I agree. Moreover, FCC involvement in the emerging digital market could have the effect of freezing or chilling the development of that market. If private industry groups are able to develop sufficient standards on their own, there is no need for the FCC to intervene. One such example of this policy approach is the so-called Eshoo amendment which leaves the development of ''features, functions, protocols, and other product and service options'' for analog cable equipment to the private sector.

Mr. FAIRCLOTH. Do you also agree that the intent of this provision is that the use of rate regulated services to subsidize equipment might unfairly penalize the general rate-payer?

Mr. BURNS. I agree. However, when those services are no longer rate regulated such subsidy cannot be sustained and the prohibition on bundling is no longer necessary. The bill's prohibition on bundling and subsidization no longer applies when cable rates are deregulated. Consumers should have the option of obtaining digital devices through commercial outlets, but this does not mean that network operators must make each type of equipment available through commercial outlets. Network operators should have the flexibility to package and bundle equipment and services.

Mr. WELLSTONE. Mr. President, I speak today in opposition to the conference report on S. 652, the Telecommunications Deregulation Act of 1995. I regret that I cannot support this legislation, because it contains important protections for parents to be able to monitor what their children are viewing. I support the language in the conference report that requires manufacturers to include V-chips in new televisions. I also hope that the television industry will voluntarily develop ratings for video programming. Parents need this rating system so that they can more fully monitor what their kids are viewing.

This bill also represents so much for our country. I can imagine workers in rural Minnesota telecommuting to and from work as far away as New York or Washington without ever having to leave their homes or families. As a teacher the possibilities really excite me—schoolchildren in Minneapolis reading the latest publications at the Library of Congress via thin glowing fiber cables or rural health care providers on the iron range consulting with the top medical researchers at the Mayo Clinic in Rochester to better treat their patients. All of this is before us.

When the Senate debated this bill in June, I felt then and still feel now that this bill presents to each Senator a daunting responsibility. The concern that I still have now that we are voting on the conference report, has to do with whether or not we can make sure that there will be true competition, and that this technology and information will truly be available to everyone in the Nation, not just the most privileged or the most wealthy.

The conferees maintained some very important Senate provisions, including language to keep telecommunication rates low for schools and hospitals. This will help to ensure that our communication technologies are affordable for future generations. I was proud to support this provision when opponents tried to strip this provision in the Senate.

The conferees also kept language requiring V-chips in new televisions. I am proud to say that I supported this provision that will help keep adult-oriented video programs away from children. I believe that this will give those who know best, parents, the ability to control the flow of new services into their homes.

What disappoints me the most is that this bill did not go far enough to assure competition and therefor does not go far enough to protect consumers. I am not just concerned about the alphabet soup corporations. I am concerned about the people that live in Eveleth or Fergus Falls or Virginia or St. Paul or Northfield or Pipestone. I was hoping that at least we could build in more protection for consumers and more

guarantees that there would in fact be the competition that we all talk about.

I ask my colleagues, after you remove the protections against huge rate increases, against monopoly, against service just for the privileged, what would you replace them with? Words, Mr. President. Promises, guarantees, reassurances that this time, although many of these companies have misbehaved in the past, and have been fined repeatedly for violating promises to protect consumers, that this time the corporations promise to behave themselves and to conduct themselves in the consumer's best interest.

Mr. President, I have said it before, and I will say it again. I do not buy it. I would rather put my trust in solid protections, written in law, to make sure that rates remain affordable, services are available for everyone, and no one is left behind in the stampede for corporate profits. Protections that ensure affordability, fairness, and access in local and long distance phone service and cable TV.

Mr. President, the need for the continuation of consumer protections and antitrust circuit breakers is clear. With every passing day, we see more integration in the telecommunications and information marketplace. Over the summer, we saw the Lotus Corp. agree to a friendly takeover by IBM. AT&T and McCaw Cellular will be joining forces, as will other companies, in preparing for this newly deregulated telecommunications environment. I am concerned that this integration will mean a broadcast concentration where consumers will get their news and information from fewer and fewer sources.

This integration at the top corporate level and the market position of many of these companies demands that consumers be given a voice—a trusted voice—to speak for them in the coming years. No more trusted voice could be found on this subject than that of the Department of Justice. It was through that Department's courageous leadership that the old AT&T Ma Bell monopoly was broken apart—it was a long, tough fight, but this experience gained by the DOJ has been invaluable in guiding the breakup of the Bell system, and the development of competition in long distance and other services. It only makes sense that we allow the DOJ to put this experience to use again as we move into an exciting, but potentially risky, new market. I believe that DOJ oversight is essential to ensure competition and consumer protection to keep telephone monopolies from reassembling themselves.

While I fully appreciate the potential of this legislation, I am really worried about where we are heading because I think there is going to be entirely too much concentration of power. The New York Times reported in a December 19, 1995, article:

> For Wall Street, a frenzy of deals would be a bonanza. For many consumers though, the activity is unlikely to make much difference in the price of quality of their phone service. Only in large metropolitan areas, where the lure of lucrative markets might intensify competition, could the average phone customer expect to see much benefit.

The article goes on to report from one investment analyst that ''What you need to have is a large footprint to reach more customers with one network.'' He went on to say ''There's no reason on God's Earth why you have to have seven bell companies.''

Well this may be true if the only bottom line is to make money. But my bottom line is to ensure that consumers all over America have access to affordable, quality telecommunications services.

I believe that this legislation will lead to too much concentration of power in a very, very important and decisive area of public life in the United States of America. I think we are making a mistake if we pass this piece of legislation. I will therefore, vote against it.

Mr. GRAHAM. Mr. President, there is language within S. 652 which requires all must carry challenges filed with the FCC to be resolved within 120 days. Let me further state that broadcast stations are important sources of local news, public affairs programming, and other local broadcast services. This category of service will be an important part of the public interest determination to be made by the Commission when deciding whether a broadcast renewal application shall be granted by the Commission. To prevent local television broadcast signals from being subject to noncarriage or repositioning by cable television systems and those providing cable services, we must recognize and reaffirm the importance of mandatory carriage of local commercial television stations, as implemented by Commission rules and regulations.

Mr. GLENN. Mr. President, I rise to discuss the telecom conference report and its adherence to procedures we set up with passage of S. 1, the Unfunded Mandates Reform Act of 1995.

We passed S. 1 one year ago with overwhelming bipartisan support. It was one of the two major items in the Contract with America that has actually been enacted. I am proud to be its coauthor along with my colleague, Senator KEMPTHORNE.

S. 1 sets up a process where, first, we would understand the cost of future Federal mandates on State and local governments before we voted to enact them. We would get this cost information from CBO and, to do so, we secured an additional $1.4 million in fiscal year 1996 funds for CBO to hire the needed analysts. Second, S. 1 ensures that we would pay for those mandates or otherwise face a possible point of order on the floor. We set a date of January 1, 1996 for the act's cost estimating and funding requirements to take effect.

This telecom conference report violates S. 1's spirit, intent and requirements. Section 424(d) of the act stipulates that ''the conference committee shall ensure, to the greatest extent practicable'' that CBO shall perform cost estimates on conference reports containing Federal mandates. This provision was an amendment to S. 1 by Senator GRAMM from Texas that was unanimously adopted by the Senate. It is meant to address the possibility of Federal mandates all of a sudden showing up in conference reports.

State and local government groups alerted Members to three sections of the report, section 302, 303, and 602 that restricted or limited their authority to raise revenues through licensing and franchising fees. Section 421(3) of the act defines direct costs to mean ''the aggregate estimated amounts that all State, local, and tribal governments would be prohibited from raising in revenues in order to comply with the Federal intergovernmental mandate.'' So the State and local groups were right to raise these concerns and ask that CBO do a scoring of the conference report as required under S. 1.

Unfortunately, CBO did not receive the conference report until this morning. Earlier efforts by the CBO analysts to get copies of earlier versions of the conference report were also unsuccessful. Apparently, they were ignored by the conference committee staff. That's not the process we envisioned under S. 1.

I understand that the rights of way provisions in section 303 were altered to address State and local concerns. Those were the provisions that were of the greatest concern to them. However, that still leaves sections 302 and 602. Those sections are being looked at right now by CBO for their cost on State and local governments, but I'm afraid it's too late. We are going to pass this conference report shortly without having any estimate of what those costs might be.

When we passed S. 1, I talked on the floor about how Congress and its committees would have to change the way they do business in order for the act to work. That change didn't happen on this conference report. I hope there is a better effort at compliance next time.

I support this conference report because it makes long-needed and important reforms in the telecom industry. But in terms of following S. 1's rules and procedures, it falls far short.

Mr. CONRAD. Mr. President, I am very pleased that the Senate will vote today on final passage of S. 652, the Telecommunications Competition and Deregulation Act of 1995—one of the most important bills to be considered by the 104th Congress. While there are many issues that have been addressed in this legislation, most notably to ensure that there is competition among the telecommunications technologies of the 21st century, I have been particularly concerned about one important issue associated with telecommunications reform—the impact of television programming on our children, and the importance of ensuring

that parents have information and the technology necessary to make an informed decision about television programming for their children.

In this regard, I am very pleased that conferees have agreed to accept the Parental Choice in Television Programming provisions—the V-chip—that was adopted by both the House of Representatives and Senate by overwhelming margins during consideration of S. 652 and H.R. 1555 last summer. The importance of this parental choice technology for parents was underscored by President Clinton last week in his State of the Union Message to the Nation.

In that message, the President called on Congress to pass the V-chip requirement in S. 652 that would permit parents to screen out television programming inappropriate for children. The President also called on the entertainment media to create movies, CD's, and television programming that members of the entertainment community would want their children to view. He further challenged the broadcast industry to help parents protect their children by providing families with more information about TV programming through improved advisories or rating system. To accomplish this goal, the President invited leaders of the major entertainment media to the White House later this month to discuss and work on ways to improve what children view in entertainment programming.

Mr. President, I commend President Clinton for strongly endorsing the V-chip in his State of the Union Message, as well as for his leadership on behalf of parental choice chip technology during consideration of telecommunications reform legislation in the Senate and House. President Clinton remarked that the V-chip represents a reasonable solution—not censorship—to the concerns of parents who have little control over the television programming that is available to their children, and want more information on the content of this programming. The President said, ''when parents control what their children see, that's not censorship. That's enabling parents to assume more responsibility for their children's upbringing''. I agree with President Clinton.

Regrettably, the reaction of the broadcast media to President Clinton's support for the V-chip technology and appeal to the media to work together to make the V-chip technology effective, has not been encouraging. Despite broad public support among parents, the medical community, educators and other children advocates for this technology, and successful tests of this technology in Canada, broadcasters say the V-chip proposal is unworkable, and unconstitutional on free-speech grounds. According to press reports, the broadcasters intend to oppose the V-chip in court. I believe this decision is unfortunate—children will be the losers if this technology does not become available to parents. Unfortunately, many in the television broadcast industry continue to misrepresent the provisions adopted in the conference agreement to S. 652.

As adopted in the conference report (Section 551—Parental Choice in Television Programming), manufacturers of television sets (13 inches or larger), both domestic and foreign, would be required to install technology—the V-chip—that would allow parents to block the display of programming with a common rating. The Federal Communications Commission, following consultation with the electronics industry, would determine a date for the implementation of this provision. There is also a provision under section 551 that would prohibit the shipping of television sets in interstate commerce that do not meet the requirements for the manufacture of television sets with blocking technology. These are the only mandates under section 551.

To make the parental choice chip technology an effective tool for parents, section 551 calls on television broadcasters, cable operators, and other video programmers to work with concerned interest groups, including parents, over a 12-month period—before any of the provisions of section 551 become effective—to voluntarily develop rules for rating television programming with violent, sexual, or other indecent content. Broadcasters and cable operators during this same period would also be encouraged to voluntarily develop rules for the transmission of signals encoding the ratings that would block certain television programming.

Effective voluntary rating systems have already been developed for television programming in Canada. In addition, as I noted during the telecommunications debate last summer, the Recreational Software Advisory Council and the Interactive Digital Software Association on behalf of video game manufacturers have voluntarily adopted a rating system that is included with most video games sold in the United States. A voluntary rating system is workable.

Mr. President, following the 12-month period from the date of enactment of S. 652, if the television broadcasters, cable operators have not taken the opportunity to voluntarily develop a rating system to guide parents, the Federal Communications Commission (FCC) would be authorized to establish an advisory committee to develop recommendations and guidelines for the identification and rating of television programming. The advisory committee would include industry representatives, parents, and public interest groups. Any guidelines or recommendations established by the advisory committee could serve as a model for the television broadcast industry in the development of a rating system.

Section 551 does not mandate a government rating system, or that a program be rated if a broadcaster refuses to rate programming. Nor does this legislation establish a government entity to rate television programming. There is also no authority or suggestion to rate or identify in any way religious or political programming. No penalties are established by this provision if a television broadcaster's cable operator refuses to develop ratings, or apply whatever ratings or identification system is established voluntarily, or by the advisory committee under the FCC. The development of any rating or other television program identification is entirely voluntary—the effectiveness of the V-chip technology as an aid for parents rests with television broadcasters and cable operators, not the Federal Government.

Mr. President, 90 percent of the public supports the installation of the V-chip on television sets—parents want more information on the contents of television programming, and to be able to block that programming if they consider it inappropriate for children. They should have that right. In Canada, recent trials of V-chip technology that were conducted in Toronto and other communities have shown that the V-chip is popular, and workable. More than 80 percent of the families that participated in the demonstration felt positively toward the V-chip, and more than 70 percent thought the system effective and should be maintained.

I urge television broadcasters, cable operators, and other video programmers to take advantage of the 12-month period provided under section 551 to voluntarily develop an identification or rating system that will help parents to make informed decisions about television programming that is appropriate for children. I hope that media executives will view the upcoming White House meeting on violence and children's programming as an opportunity for constructive dialog on this important issue for children, and to make this new parental choice technology an effective tool for parents and families. The time has come to work together.

I applaud House and Senate conferees on S. 652 for including the V-chip provisions in the final conference agreement. I also want to express my appreciation to Senator HOLLINGS for his leadership on behalf of children's television programming, and for his strong support of the V-chip provision in conference. I urge my colleagues to lend their strong support for passage of this important telecommunications reform conference report.

Mr. DOMENICI. Mr. President, as we approach the end of the 20th century, it becomes increasingly clear that our telecommunications industry has outgrown the Communications Act of 1934. Changes in technology and in consumer demands since then mean that it is now time to pass the Telecommunications Competition and Deregulation Act of 1995. This legislation will foster technological growth, bring more choices and lower prices to consumers,

increase productivity, jobs, and international competitiveness.

The Telecommunications Competition and Deregulation Act of 1995 will provide consumers with more choices and lower prices in long distance phone service and television programming. And it will do so in a way that protects rural customers: This legislation explicitly preserves the universal service fund which subsidizes telephone services to rural areas.

Right now, consumers have a choice among long distance phone companies. After this legislation takes effect, consumers will also be able to choose among companies that offer them local phone service.

This legislation will also give consumers more choices in how they receive television programming. Currently, if a consumer's area is served by cable, a consumer may choose between the cable company and Direct Broadcast Satellite [DBS] service. This legislation will allow the phone company to offer television over phone lines, so consumers will be able to choose television services from among cable companies, phone companies, and DBS.

The Telecommunications Competition and Deregulation Act of 1995 will also encourage investment in domestic telecommunications industries. By requiring that local telephone service be provided solely through regulated monopolies, the Communications Act of 1934 has forced U.S. companies wanting to invest in local phone markets to invest overseas.

The President's Council of Economic Advisors estimates that as a result of deregulation, by 2003, 1.4 million service sector, U.S.-based jobs will be created.

Over the next 10 years, a total of 3.4 million jobs will be created, and, according to telecommunications analyst George Gilder, the gross domestic product will increase by as much as $2 trillion.

Increased investment in telecommunications products and services will bring a better quality of life to rural New Mexico. With fiber optic cable connections, doctors in Shiprock, NM, can consult with specialists at the University of New Mexico Medical Center or any medical center across the country.

These new technologies will enable students in Hidalgo County, NM, in towns like Lordsburg and Animas, to share teachers through a video and fiber optic link. This legislation will remove the regulations that currently prevent local phone companies from making the investments necessary to provide such technologies.

Mr. President, I support this legislation because it will help improve rural education and rural health care, enhance local and long distance phone services, and speed up the development of new technology and new jobs for Americans. I believe this legislation represents a key step forward toward achieving these valuable objectives.

As with any effort at serious, large-scale reform, this legislation leaves a few important policy questions unresolved. I am pleased that we have agreed to separate those issues out from this bill so that we can give them the full attention they deserve in the future.

I wish to commend the managers of this bill, and their staffs for their tireless work to craft this legislation. In particular, I appreciate the legislative skill of Chairman PRESSLER, Majority Leader DOLE, Senator STEVENS, and ranking member Senator HOLLINGS, as well as their commitment to real reform of obsolete and burdensome regulations.

The public ought to be proud that by working together, Democrats and Republicans have succeeded in crafting legislation that will enhance the capacity of our economy to respond to the new, and rapidly growing challenges of the information age.

Mr. HEFLIN, Mr. President, telecommunications technology has undergone a major evolution in the six decades since Congress passed the landmark ''Communications Act'' in 1934. Enacted during the Great Depression, the ''Communications Act'' alleviated the turf disputes which emerged when AT&T entered the broadcasting arena to compete with the well-established radio networks. The New Deal approach to this problem was to erect strict walls between public utility communication providers and broadcasters. Amazingly, though, the regulatory approach established 62 years ago is still the law of the land.

Mr. President, it is my belief that cellular telephones, fax machines, cable television, direct broadcast satellites, and computers have rendered obsolete the Nation's aging telecommunications regulatory framework. Therefore, I believe the time has come to overhaul that framework as we prepare to enter the 21st century. But as my friends on the Commerce Committee can attest, the task of rewriting the antiquated Communications Act of 1934 is much easier said than done.

I suspect that we all agree that the present regulatory structure needs revision, but forming a consensus on just how to create a new regulatory environment that acknowledges and fosters competition while at the same time protects the public interest has proven to be elusive. After reviewing the conference report on the Telecommunications Act, though, I feel that the conferees have done a commendable job in finding an equitable balance between these two competing goals.

The past few months have been witness to some historic agreements. For instance, those who negotiated the Dayton Peace Accord deserve credit for a job well done, but the conferees who were able to broker an agreement between the long distance industry and the Bell operating companies deserve the Nobel Peace Price. The ability of these two divergent interests to come to terms in regards to the Baby Bell's entry into the long distance market is one of the reasons I plan to support the bill.

In addition, I am pleased that the bill will provide independent, rural cable systems with the option to merge or be bought out by their local exchange carrier if the cable system in question decides it can not compete head-to-head. I specifically want to thank Senator HOLLINGS for his help on this section of the bill.

One other issue worth mentioning in regards to the telecommunications bill is the spectrum flexibility issue. All television stations will soon be making the transition from an analog signal to a digital signal. This will provide the consumer with a better signal and will give television stations new sources of revenue, such as digital paging and data transmission. In that broadcasters provide their services to the viewing public for free, I think it would be a mistake to require them to pay for spectrum on which to start digital broadcasts, particularly since they will turn their analog spectrum back to the Government once the transition to digital is complete. This bill would not actually give spectrum to broadcasters, but it would leave the decision on how best to handle the transition to digital in the hands of the FCC, where it should be.

Mr. President, in closing this bill is good for the consumer because it will open the floodgates of competition among communications providers. As we all know, increased competition means lower prices and new services in the marketplace. In addition, the bill is supported by the regional Bell companies, the long distance industry, the cable industry, and broadcasters. Therefore, I intend to vote in favor of this bill, and I urge my colleagues to do the same.

Mr. FORD. Mr. President, today, I am pleased to join the distinguished Senator from South Dakota, Senator PRESSLER, and the Senator from South Carolina, Senator HOLLINGS, in supporting the conference report to S. 652, the telecommunications reform bill. As a conferee on this historic piece of legislation, I firmly believe that this bill is a balanced approach to the overhaul of our telecommunications laws and regulations and towards a de-regulated and competitive telecommunications industry.

In the last several months, the Congress has been highly criticized for the partisan nature of our debates. And it is true that a significant number of legislative initiatives are caught in intense partisan differences. But at the same time, there have been a number of developments where both sides of the aisle have come together, where both sides have been able to reach an accommodation of differing views and opinions. I believe that this conference report is just one example of how this Congress can work in a bi-partisan manner to produce solid legislation.

That is not to say that it is easy. This conference has been working throughout the fall and early winter to produce this conference report. Our negotiations were long and difficult ones. But, Mr. President, I am by nature a compromiser. I guess that is because I am from Kentucky. And Kentucky produced many fine legislators and statesmen, including the great compromiser, Henry Clay. And Henry Clay once said that compromise is ''a mutual sacrifice.'' Well, let me tell you Mr. President, that we conferees have made many sacrifices in order to reach a bipartisan conference report.

When the House passed its version of telecommunications reform last August, I was asked what the significance of that event meant. I stated then that I was fairly confident that we could produce a final bill—but that it was not going to be easy. There were significant differences between the Senate and House bills. In particular, I know I and many of my colleagues on this side of the aisle were concerned about the scope of the deregulation contained in the House bill. But something significant happened in this conference. We sat down and we listened to each other. Throughout numerous discussions and informal meetings of conferees, we were able to state our concerns and have those concerns understood and appreciated. And more importantly, we were able to have those concerns addressed in a satisfactory manner. I do not think that any one side prevailed over the other. This conference was one of significant negotiations and compromises. But the result is that today we have a bi-partisan bill. I believe that this conference report is a fair, logical, and balanced approach towards reforming our Nation's telecommunications law and policies.

There is no question that we need to pass a reform bill. Not since the passage of the 1934 Communications Act has the Congress taken a step towards a major overhaul of that law. The 1934 Act has served its purpose in guiding our telecommunications policy for the last 60 years. But we are at a crossroads in terms of policy and technology. Our telecommunications industry has been in a state of complex transformation that began in 1984 with the divestiture of AT&T. Since that time, the seven regional telephone companies have actively sought permission to enter into other areas of business. And as the regional Bell companies have sought to expand, other companies and industries have sought to enter into the local telephone market. Clearly, these changes cannot be made through court rulings and petitions to the Federal Communications Commission.

The slow and haphazard de-regulation that has been on-going since 1984 has frustrated the ability for real and effective competition. In turn, I think that has also frustrated the ability for the telecommunications industry to develop and improve technology. In fact, Mr. President, I would argue that an initial and almost immediate effect of this legislation will be rapid advances in telecommunications technology.

Our telecommunications industry is on the cutting edge of technology. Research and development and existing technologies are inhibited by rules created several years ago, if not several decades ago. The reforms contained in this conference report will help ensure America remains competitive.

Throughout my experience in this legislation, I always hear people talking about the so-called ''information superhighway''. If we want to make that ''information superhighway'' a reality for all Americans, then I think we need to spur competition which will encourage investments.

Mr. President, competition and investments can only mean one thing—jobs. This conference report is not just a regulatory reform bill. It is a job creation bill as well. Today, the telecommunications industry is 15 percent of the GDP. And it is also a sector with high-growth potential which will create high-skill and high-paying jobs.

In fact, in a recent study conducted by the Wharton School of Business, the Wharton Econometrics Forecasting Association (''The WEFA Group'') found that full competition in telecommunications has the potential to create 3.4 million jobs by the year 2005. And the potential to cause a $298 billion increase in the gross domestic product within 10 years.

In Kentucky, it is estimated that over 32,000 new jobs will be created during this same period. Telecommunications reform in Kentucky could mean the distribution of 1,000 new jobs in the mining industry; 2,900 jobs in the construction industry; 7,300 new jobs in manufacturing; 1,200 new jobs in the transportation and utilities sector; 11,200 new jobs in the wholesale and retail trade sector; 1,300 new jobs to the financial services industry; and, 7,500 new jobs to other services in general.

Mr. President, this telecommunications reform bill is also a pro-consumer bill because it will create more competition, and in turn, lower prices. It is estimated that telecommunications reform will lower rates by 22 percent, saving consumers nearly $550 billion over the next 10 years. Lower long distance rates alone will yield $333 billion in consumer savings. With lower local telephone rates, consumers can expect to save another $32 billion. Lower cellular rates could generate another $107 billion and lower cable television rates will yield another $78 billion in consumer savings.

But this bill is not simply about jobs and money. This bill also contains important provisions which will enhance access to advanced services in our public schools. I am pleased that this conference report retains the provisions of the Senate bill known as the Snowe-Rockefeller Amendment. Because of this provision in the legislation, our classrooms are going to be able to link with other institutions and other programs to enhance education. This is most important for a state like Kentucky with a large rural population. Students and teachers in rural areas will gain access to sources of information and libraries in other locations across Kentucky and the Nation. The reforms contained in this bill will hasten the pace by which schools in rural areas will receive comparable access to the Internet, just like those schools in more urban areas. Access to advanced services can lead to improvements and efficiencies in the administration of education. In fact, this is already occurring in Kentucky. Our State government has contracted for the establishment of the Kentucky Information Highway. Schools and school district offices are linked together on the network and advanced services are made available at preferential rates.

Mr. President, as I have mentioned, this conference report includes important changes to our telecommunications laws which enable the development of new technologies. I am pleased to say that the conference report includes a provision which will limit the role of the Federal Communications Commission in setting standards that may affect the computer and home automation technologies. Section 301(f) of the bill provides that the FCC may only set minimal standards for cable equipment compatibility, to maximize marketplace competition for all features and protocols unrelated to descrambling of cable programming, and to ensure that the FCC's cable compatibility regulations do not affect computer network services, home automation, or other types of telecommunications equipment. In short, this section keeps the government out of setting high technological standards and prevents the FCC from setting standards for the computer and communications services of the future.

I believe that this section is a small but important aspect of this historic bill: to embrace the future by allowing new technologies to flourish with minimal government interference. Just as this bill will help open markets by eliminating the barriers to long-distance and equipment manufacturing competition, Section 301(f) ensures that our vital computer and high-tech markets remain open and competitive by ensuring that the FCC's technical standards are kept to a minimum. Since almost all standards in the communications and computer industries are voluntary, private standards, this section of the bill maintains that this practice shall continue. This is very important as we see the accelerating pace of the convergence of the computer and the communications industries.

Section 301(f) modifies the FCC's authority in order to reign in the Commission's ongoing rulemaking on cable equipment compatibility. This is a problem that arises out of the 1992

Cable Act, which directed the FCC to assure compatibilitybetween televisions, VCR's and cable systems. But, I believe that the FCC has gone beyond the directions contained in that 1992 law. This section of the conference report prevents the FCC from standardizing any feature or protocols that are not necessary for descrambling, by preventing the selection of an other home automation protocol as part of the FCC's cable compatibility regulations. It further prevents the FCC from affecting products in the computer or home automation industry in any way. Simply put, Section 301(f) leaves these standards to be set, as they should be, by competition in the marketplace.

I understand that some have questioned whether the term ''affect'' is too broad. Indeed it is a broad term in order to effectively implement the principle that the FCC regulations should not interfere in competitive markets. Because there is no reason to affect computers or home automation products, and because even inadvertent or relatively small effects on emerging and rapidly changing markets can easily displace technological innovation, this section 301(f) is weighted toward protecting competition and open markets. The accompanying Statement of Managers states that any material influence on unrelated markets is prohibited. Because it is impossible for agencies or courts to judge whether the impact of technical standards in emerging markets would be harmful or substantial, Section 301(f) draws a bright line to avoid any regulatory impact whatsoever.

I think this is an important policy. The risk associated with wide regulatory powers over technological issues in a time when we are seeing rapid technical change is that premature or overbroad FCC standards may interfere in the market-driven process of standardization or impede technological innovation itself.

It is interesting to note that the industry itself has been able to solve compatibility problems, and create workable standards in the VCR, personal computer, compact discs and other products without any government involvement. I believe that the inclusion of Section 301(f) continues that tradition and will permit the industry to set the standards, not the FCC. That is in keeping with the nature of this legislation as a whole.

Mr. President, in addition to reforms of the local and long distance telephone companies, this conference report includes a number of overdue revisions to the laws regulating the broadcasters. I believe that these changes are necessary to respond to the changing competitive nature of the broadcast industry, in the same manner as the changes this conference report foresees for the telephone industry. One of the changes in this legislation includes directions to the Federal Communications Commission to conduct a rule-making on the so-called duopoly rule.

The duopoly rule was last revised by the FCC in 1964. And it prevents the ownership of more than one television station in a local market. This regulation served a useful purpose by ensuring there would be competition and a diversity of media voices in a television market.

However, in the last 32 years, the local media have gained so many new competitors that I have begun to question whether the duopoly rule still promotes good policy. That is why I endorse the provisions of the conference report which direct the FCC to conduct a rule-making to determine whether to retain, modify, or eliminate this rule.

Today, consumers have access to many more broadcast stations than a generation ago, let alone, a decade ago. More significantly, consumers today have access to a host of non-broadcast station video providers, all of which offer dozens or even hundreds of channels. Competition to broadcasters is coming from the cable industry, wireless cable systems, satellite systems, and video dialtone networks. With such competition, I believe that we may have reached the point where the viability of free over-the-air programming, provided by single-channel broadcasters, may be threatened by the new multi-channel competitors.

Too many local broadcasters, particularly in smaller markets, are already losing money. This is a concern to me, and should be a concern to other Members, because I believe that local television broadcasters are just as important as local radio stations and local newspapers. Together, these local broadcasters help to develop a sense of community through the coverage of local events. It is my hope that the FCC will examine this matter thoroughly and revise the duopoly rule appropriately.

In addition to the duopoly rule, I am also pleased to see that this conference report grandfathers local marketing agreements, or LMA's. Many local broadcasters have stayed competitive by entering into these LMA's with one another. These innovative joint ventures allow separately owned stations to function cooperatively, achieving economies of scale through combined sales and advertising efforts, and shared technical facilities. These local marketing agreements have served their communities in a number of ways: some have increased coverage of local news; others have increased coverage of local sports, particularly college sports; and, many LMA's have provided outlets for innovative local programming and children's programming.

Together, a review of the duopoly rule and the grandfathering of LMA's, these provisions will help ensure that consumers always have access to free local television programming.

Mr. President, it is clear that the reform of our communications laws is long overdue. This conference report is a comprehensive and balanced approach to rewrite our National telecommunications policy for the 21st Century and beyond. After years of debate, negotiations and compromise, we have finally reached the point where we can make the promises of the advanced telecommunications into realities.

I applaud the efforts of the Chairman and Ranking Member for their determination and persistence in bringing together a comprehensive and bi-partisan bill to the floor. We would not be here today without their combined leadership. We would not have bi-partisan support on the conference. As a result, it has earned the support of many on both sides of the aisle and the support of the President. S. 652 deserves to become law and I urge my colleagues to join in supporting final passage.

CLARIFICATION OF LOCAL STATION OWNERSHIP PROVISIONS

Mr. INOUYE. Will the gentleman from South Carolina, the ranking member of the Commerce Committee, yield for a colloquy?

Mr. HOLLINGS. I'd be delighted to yield to the gentleman from Hawaii.

Mr. INOUYE. The conference report directs the FCC to conduct a rulemaking proceeding to determine whether to retain, modify or eliminate its duopoly rule, which prevents ownership of more than one television station in a market. Is it the intent of Congress that in reviewing the duopoly rule the FCC should consider whether broadcasters are able to compete fairly with other media providers while ensuring that the public receives information from a diversity of media voices?

Mr. HOLLINGS. The gentleman's interpretation is my interpretation as well.

Mr. INOUYE. I'd appreciate my colleague's help in clarifying the conference report's effect on the Hawaiian television market. No one needs a geography lesson to learn that my state is located in the middle of the Pacific Ocean. As such, interference with adjacent television markets is not a concern and, unlike every other market in the United States, every VHF channel is utilized somewhere in Hawaii's market.

I'd ask of the gentleman, when the FCC considers the duopoly rule, does he agree that the FCC should strongly consider that Hawaii's unique situation represents an example of compelling circumstances that could permit the combination between two VHF stations in that market?

Mr. HOLLINGS. The gentleman from Hawaii is correct. His state's local television market developed differently from continental markets because of its unique geography and terrain, and thus is characterized by many VHF stations. Many of our concerns about combinations involving two VHF stations in local markets in the continental United States do not apply to Hawaii. The FCC should recognize this

distinction when considering the duopoly rule.

Mr. INOUYE. I thank my colleague for his clarifications and for his expertise and leadership on this historic revision of our telecommunications law.

Today's local marketplace is characterized by an abundance of media outlets that were not present or contemplated when the rule was last revised, and the FCC should take this development into consideration.

This new competition, such as from clustered cable systems offering advertisers the same buy as local broadcasters (but on multiple channels), threatens the very viability of free, over-the-air programming. Broadcasters have searched for creative solutions to these marketplace changes, and one proven solution has been Local Marketing Agreements. These LMAs are innovative joint ventures which enable separately owned stations in the same market to find economies of scale through combined operations.

The need to relax the duopoly rule is illustrated by broadcasters' experience with LMAs. These joint ventures have generated substantial rewards for both competition and diversity, and improved the quality and quantity of free local programming. In Hawaii, an LMA has made possible a significant increase in local programming, including an in-depth local news program at 9 p.m., extensive coverage of the University of Hawaii's sporting events, weekly programs on Hawaiian culture and local issues, and a doubling of children's programming.

It is my understanding that Sec. 202(g) allows LMAs currently in existence to continue as long as they are consistent with FCC rules. These LMAs give stations the flexibility to meet the challenge of the multi-channel marketplace.

Again, I thank the ranking member of the Commerce Committee for clarifying the intent of the conference report regarding the duopoly rule.

Mr. GRASSLEY. Mr. President, I rise today in strong support of one portion of the telecommunications legislation we are currently considering. In particular, I wish to speak on the cyberporn provisions of the bill. I believe that it is high time that Congress apply the same rules to protect children on the Internet that have laws applied to other communications media. Since 1934, indecency has been regulated in broadcast. And when it became clear that children were vulnerable to sexually explicit material over the telephone, Congress prohibited providing indecency to children via the telephone. Today, we are taking the next step in protecting children from child molesters and unscrupulous porn merchants.

It is important to note that despite the best efforts of the liberal establishment, the Supreme Court has never—not even once—ruled that the indecency standard is unconstitutional. So the vocal opponents of the legislation before us today are going to have a very hard time to challenge it in court. Just a few weeks ago, in the Act III case, the Supreme Court was asked to review the constitutionality of the indecency standard. But the Supreme Court declined to do so, indicating to many constitutional lawyers that the indecency standard is on firmer footing than ever.

I predict that the left-wing free-speech absolutists who have promised to challenge the cyberporn provisions will have no more success with their antifamily efforts than they have had in the past.

This summer, I had the opportunity to chair the first-ever congressional hearings on cyberporn. During that hearing, I had the opportunity to hear from parents who had discovered that their children had been sent pornography or solicited by adults. One teenager girl was even stalked on-line by someone who was later arrested—but had to be released because his conduct was not illegal.

That's why, with the assistance of the distinguished chairman of the Commerce Committee, Senator PRESSLER, I worked to include a cyberstalking provision in the conference committee report. That section makes it a crime to use computers to seduce or lure children. I believe that this is an important step. As with indecency on computers, America's children should be given the same protections in the on-line world that they have in the real world.

In my hearing this summer, I asked each parent that appeared before the Judiciary Committee—do you believe that a technical solution alone, without Federal legislation, is enough to protect their children. Without exception these parents said no, that the technology is part of the Answer, but not the whole answer. So for those who claim that Congress has no role at all to play in protecting America's children from on-line pornography and child stalking, I say ask America's parents about that. The parents of America, who have to try to use cumbersome and highly technical computer programs to block out cyberporn and on-line child stalkers believe that congressional assistance is crucial and that there simply is no other way to keep America's children safe.

Finally, let me say that me of the most perplexing misrepresentations during the conference deliberations on this matter involved the so-called harmful to minors standard as opposed to the indecency standard. The harmful-to-minors standard is a creature of State law, and there has never, during the entire history of our Nation, been a Federal harmful-to-minors law. On the other hand, Congress has had indecency regulations on the books since 1934, the beginning of the mass communications era. So, despite statements to the contrary, the harmful-to-minors standard, which has never been the subject to congressional action, is too uncertain, too new to be applied to the dynamic medium of computer communications. I believe that the harmful-to-minors standards would unduly chill the kind of freewheeling discussions we have become used to on the Internet. The tired-and-true indecency standard is much better, in the opinion of this Senator and noted constitutional scholars like Bruce Fein.

I would like to take my hat off to Senator EXON, Senator COATS, and Senator HELMS for their work and leadership on this issue. I yield the floor.

Mr. HELMS. Mr. President, I am pleased that the Senate finally is going to pass this important telecommunications bill (S. 652). There have been many attempts down through the years to reform the telecommunications law, and I am happy that the Republicans have been able to get the job done this year.

This bill will remove barriers to competition and lead to lower prices for consumers. It can create as many as 100,000 jobs in North Carolina, help spur the economy, lead to innovative developments in technology, and provide children with greater access to educational opportunities. In addition, in the near future, millions of consumers will be able to shop and bank from their homes through the use of their computers or television sets.

Mr. President, one study conducted by the WEFA group projected that open competition could very well lead to 3.4 million new jobs in 10 years. It further concluded that consumers could pay $550 billion less in communications rates.

There have been many hard fought battles on this bill. But in the end this legislation is a very carefully crafted balance. For example, earlier versions of this bill would have allowed for an unhealthy concentration of media power. These proposals could have made local community broadcasting a thing of the past; but this concern has been resolved.

Perhpas most importantly, this bill will help protect children from computer pornography, which today is readily accessible on the Internet and elsewhere. I have been notified of numerous instances in which unscrupulous, sleazy individuals have used the Internet as a tool to distribute pornography to minors. This legislation provides tough prison terms for any smut peddler who uses a computer to send or display child pornography. This bill upholds standards of morality and decency as well as protects children and families from the peddlers of sleaze. This is a victory for families and children.

Mr. President, the Telecommunications Competition and Deregulation Act of 1995 provides the American consumer with less expensive prices, more competitive opportunities, and better service. Chairman LARRY PRESSLER and all of his colleagues on the Senate Commerce Committee deserve the gratitude and respect of all Americans for a job well done.

Mr. COATS. Mr. President, I stand before you today to urge my colleagues to support final passage of this telecommunications reform legislation. It is truly a monumental piece of work. The competitive forces that this legislation will unleash will create an explosion of new jobs, new technology. It will secure for this Nation, well into the future, its rightful place in the forefront of industry and technological development and utilization.

I am pleased that the conference report contains strong protections for America's children. This provision reflects the concern of our Nation to ensure that, as we establish the framework for the rising tide of the technology society, we take care to establish an environment safe for our children. I am speaking about the provision, sponsored by myself and Senator EXON, that deals with the issue of pornographic material on the internet.

Mr. President, sometimes our technology races beyond our reflection, and we are left with a dangerous gap—a period when society is unprepared to deal with the far-reaching results of rapid change. This is the situation we have on the internet. This is the situation which this legislation will address.

The type of pornography currently available on the internet includes images and text dealing with the sexual abuse of children, the torture of women and images of perversion and brutality beyond normal imagination, and beyond the boundaries of human civilization.

Childhood must be defended by parents and society as a safe harbor of innocence. It is a privileged time to develop values in an environment that is not hostile to them. But this foul material on the internet invades that place and destroys that innocence. It takes the worst excesses of that redlight district and places it directly into a child's bedroom, on the computer their parents bought them to help them with their homework.

Let me take a moment to outline exactly what this legislation will do:

Those who utilize a computer to persuade, include entice, or coerce a minor to engage in prostitution or any sexual act will be prosecuted, fined, and imprisoned up to 10 years.

If you use your computer to contact and harass another individual, you will be prosecuted under this bill.

This legislation would prosecute those who utilize an interactive computer service to send indecent material directly to a minor or use an interactive computer service to display indecent material in a manner easily available to a minor.

On-line services and access software providers are liable where they are conspirators with, advertise for, are involved in the creation of or knowing distribution of obscene material or indecent material to minors.

This legislation leaves unchanged E-mail privacy laws.

Simply put, this legislation extends the same protections for children that exist everywhere else in our society to the internet.

The bottom line is simple: we are removing indecency from areas of cyberspace easily accessible to children, if individuals want to provide that material, it must be in areas with barriers to minors, if adults want to access that material, they must make a positive effort to get it.

Our warning is equally clear: if you post indecent material on the internet in areas accessible to children, you will be held to account.

Mr. President, one of the most urgent questions in any modern society is how we humanize our technology—how we make it serve us. America is at the frontier of human knowledge, but it is incomplete without applying human values. And one of our most important values is the protection of our children—not only the protection of their bodies from violence, but the protection of their minds and souls from abuse.

We can not, and should not, resist change. But our brave new world must not be hostile to the innocence of our children.

Mr. President I am proud that we have taken this very important step. I am proud that as we usher in this information age, America has placed the protection of our children as a central issue in this landmark legislation.

Mr. HATCH. Mr. President, telecommunications technology is evolving at a speed that is unprecedented, and it has been and will continue to be difficult to keep up with these revolutionary developments. However, without a vehicle that allows us to at least attempt to keep pace with these changes, we cannot even hope to take full advantage of the benefits that today's technology potentially affords us.

That is why I am pleased to support the telecommunications conference report that we are considering today. It has been a very long and difficult process over a number of years in order to get to this point today. There have been many hearings held in several committees, long debates in both houses of Congress, and extensive hours spent in conference meetings. And, as is always the case with legislation that is as important and far-reaching, the conference report we will vote on shortly is not perfect.

As we have already heard on the floor today during this final debate, there are still a number of issues upon which total consensus has not been reached. In fact, we can expect to be revisiting a number of issues in the not too distant future, and I look forward to that.

Nevertheless, I believe we can all agree that this legislation establishes some basic principles that will provide a gateway to the future of communications in our country. I am convinced that the basic policy changes contained in this conference report will not only positively impact our Nation's economy be enhancing competition within a number of communications markets but will also result in noticeable benefits for individual consumers throughout the United States.

I do not wish to take up too much time, but I want to commend the distinguished chairman of the Senate Commerce Committee for his leadership over the past year in bringing this historic legislation to the floor of the Senate. I especially want to thank him and his committee colleagues for effectively keeping the conference focused on the communications issues under its jurisdiction. Implementation of the legislation will raise issues in the area of intellectual property, which will need to be addressed in the future. These issues are best left to the appropriate committees of jurisdiction and expertise. As the chairman of the Senate Judiciary Committee, which is the committee of jurisdiction over intellectual property issues in the Senate, I look forward to working on these matters. We can support the efforts of the conference and to increase the opportunities the legislation makes available to creators and users of intellectual property.

Again, let me commend the conferees for their work in the communications arena and thank them for not prejudicing the Judiciary Committee's work on any relevant intellectual property issues.

I am pleased to support this bill. It is a major step forward.

Ms. SNOWE. Mr. President, I rise today to speak in favor of the conference report to S. 652, the Telecommunications Competition and Deregulation Act. This legislation will revolutionize our telecommunications industry as broadly as telecommunications have revolutionized our society.

And I am pleased that it contains the Snowe-Rockefeller provision that was included in the original Senate bill—a provision of significant importance to rural regions and rural Americans.

I would first like to thank my friend and colleague, the distinguished chairman of the Senate Commerce Committee who also served as chairman of the House-Senate conference committee on this legislation, Senator PRESSLER.

For over a year now, he has worked tirelessly to shepherd this legislation through the Commerce Committee, the full Senate, and the House-Senate conference committee. In the process, he has worked to ensure that telecommunications reform remains a priority for our Nation as we enter the next century—a century that is certain to bring even greater advancements in technology and telecommunications.

I also want to congratulate the distinguished Senate majority leader, Senator DOLE, for his outstanding efforts in bringing this critical legislation to the floor of the Senate.

Telecommunications is an increasingly important part of our daily life. Over the past few years, most of us have become dependent on communications services as diverse as wireless

telephones, fax machines, information services, computers, pagers, alarm monitoring services, and cable television. In many cases, it is hard to imagine functioning without them. We are clearly witnessing a revolution in the way we do business and in the way we live, a telecommunications and information revolution as important to our future as the industrial revolution was in the last century.

As I stated during debate on the legislation last summer, my State of Maine has, for more than a century, faced serious economic challenges in attracting business and industry. Thus, the revolution in telecommunications technologies which has opened the door to the information age continues to be especially important for Maine.

At 60 miles an hour, the speed of truck transportation, Maine's geography can be an economic disadvantage. At the speed of light—the speed with which information can be transmitted over Maine's state-of-the-art telecommunications networks—Maine's location becomes an asset. Information technology coupled with our outstanding quality of life has created substantial business and employment opportunities in my State.

Recognizing the importance of telecommunications to Maine, the Maine State Legislature adopted legislation that established the policy goal of ensuring that all of Maine's businesses and citizens have affordable access to an integrated telecommunications infrastructure capable of providing voice, data and image-based services.

Furthermore, Maine intends to adopt policies that encourage the development and deployment of new technologies, and encourages service applications that support economic development initiatives or otherwise improve the well-being of Maine citizens.

Mr. President, this conference report will bring unprecedented competition and development to the telecommunications industry. And while competition can bring an array of improved services at a lower cost, we must ensure that competition ultimately achieves this goal for all Americans, in both urban and rural areas.

I am, therefore, particularly pleased that the conference report before us recognizes that strong universal service provisions are a necessary and important part of telecommunications reform.

Residents of rural areas should bear no more cost for essential telecommunications services than residents of densely populated areas. Just as extending basic telephone service and electrification to rural areas rose to the top of our national agenda in the 1930's and 1940's, so telecommunications must be a top priority today. No American citizen should be left out of the communications revolution.

Indeed, the concept of universal service was established in the 1934 Communication Act, to establish widely available basic telephone service at reasonable rates. The rationale for this policy is that telephone service is essential to link Americans together, so that all Americans can communicate with each other on approximately equal footing. It was an important economic development tool, as well.

Everyone in our country must be able to engage in commerce using the tools and technologies necessary to interact with buyers and sellers, and be able to be informed and to inform others of emergency situations and to access emergency services.

Presently, every telephone can interconnect with every telephone, but every computer cannot hook up with every computer. If in the future, computers replace telephones and become the basic standard equipment for communication, a mechanism must to be in place to ensure that all Americans can continue to be interconnected as they are presently via the telephone.

Central to the concept of universal service is access for public institutions, which provide services to a broad segment of our population. We must ensure that key institutions in our society—schools, libraries, and rural hospitals—are also assured affordable access to telecommunications services.

That can not be done when schools and libraries are paying business rates for educational services like access to the Internet. Business rates are frequently beyond these institutions' ability to pay—and without access, I am concerned about the consequences.

The Internet, the ''information highway,'' is increasingly critical to our children and our Nation. How can we hope to compete in the world economy if our educational institutions are unable to link with a critical telecommunications link?

I strongly believe that the economic future of our children is inexorably tied to their education. In turn, education is becoming increasingly entwined with the use of emerging technologies and the information these services carry and provide.

Our schools need access to educational telecommunications services to prepare our children for economic success. In the 21st century, our children will be competing in a global economy where knowledge is power. Their future depends on their ability to master the tools and skills needed in that economy.

Unfortunately, there is a widening gap between the high expectations of an increasingly technologically driven society and the inability of most schools—particularly rural schools—to prepare students adequately for the high-technology future. Almost 90 percent of kindergarten through 12th grade classrooms lack even basic access to telephone service.

Telecommunications can help us provide a world class education to children across America. If we want young people to actively use the technology of the future so it becomes second nature to them, then we must ensure that schools are part of the national information infrastructure.

For starters, telecommunications will enable students and teachers to do research in libraries across the country and the world, and to connect to experts and other students across the country. It will ensure that small schools in remote rural areas, and schools with limited financial resources have access to the same rich learning resources.

Consider that only 30 percent of schools with enrollments of less than 300 have Internet access, while 58 percent of schools with enrollments of 1,000 or more reported having Internet access. Only 3 percent of classrooms in public schools are connected to the Internet, and cost is cited as a major barrier to access.

Rural schools and libraries usually pay more for access to information services than schools and libraries in urban areas because the information service providers do not have access points in local calling regions, meaning that rural schools and libraries must make a long distance telephone call to access the Internet and other information services. It is imperative that access the information superhighway be affordable, because America's schools and public libraries operate on very slim, inflexible budgets.

And it is an area where we need the strength and innovation of the private sector as well. That's why I am especially pleased to note that NYNEX and the independent telephone companies that serve Maine have already taken steps to deploy and encourage the utilization of needed telecommunications services throughout Maine. As a result of a unique agreement with Maine's telephone companies—all Maine libraries and schools are now eligible to receive substantially discounted long distance services that will now allow access to a broad range of information services.

But schools and libraries in Maine and across America will not be the only ones to benefit from this provision. So does our health care system through telemedicine. When I served in the House of Representatives, I cowrote the Rural Health Care Coalition's ''Rural Health Care Bill of Rights.''

The paper argued that Congress should adopt policies that seek to ensure that those who live in rural areas receive the same quality of health care as other Americans. All Americans, regardless of their age, income, employment status, medical history or geographic location, have a right to access affordable, quality health care.

Telemedicine can help us achieve this goal by enabling physicians in rural areas to communicate through state-of-the-art telecommunications networks with providers and specialists in other areas.

With Telemedicine, a burn victim in Presque Isle, ME, may be able to get care from some of the Nation's best

burn specialists, without ever leaving the local hospital. Rural doctors will be able to connect directly to major hospital centers for consultation, diagnostic assistance, and ongoing professional education. However, rural areas pay significantly more than urban areas for transmission of Telemedicine services.

Mr. President, I believe that the Snowe-Rockefeller provision is fundamentally important to assuring that we do not end up with a two-tiered telecommunications system in America.

The Snowe-Rockefeller provision is fundamental to assuring that all areas in America have access to the essential telecommunications services of the future. And it is fundamental to ensuring that this legislation provides a solid foundation for the future.

Mr. President, I believe that this legislation offers tremendous promise, making this among the most exciting and meaningful bills we will vote on this session.

By promoting true competition in telecommunications while providing necessary safeguards that further the goal of competition and serve the public interest, this conference report offers a strong framework on which the technological future of America can be built. I believe that this bill strikes the right balance that is needed, and offer my strong support. Thank you, Mr. President. I yield the floor.

Mr. DASCHLE. Mr. President, I am pleased that after years of struggle, the Senate has before it, a telecommunications reform conference report that represents the dawning of a new telecommunications era in this country.

I want to commend the Commerce Committee chairman, Senator PRESSLER, and the ranking member, Senator HOLLINGS, for their hard work and efforts in bringing a measure before us today that will enhance true competition in telecommunications without shortchanging American consumes.

This is complex and potentially far-reaching legislation, that will affect an economic sector that constitutes 20 percent of our economy, and whose services reach virtually every American.

Mr. President, this bill is all about competition in telephone services, cable services, information and data services, and broadcasting services. By unleashing these competitive forces, innovation and progress will flourish in the rapidly expanding telecommunications field, and will greatly increase the opportunity for every citizen to affordably access the rapidly changing world of advanced telecommunications technology.

While this legislation focuses on competition and deregulation, the conference report contains essential rural safeguards in the form of universal service provisions that will benefit our rural communities and greatly increase their ability to persevere in the 21st century.

There is little doubt that our urban areas can and will sustain the enormous expansion of telecommunications services in the years ahead. We must make certain that our rural areas are not left behind as services expand and new products come on line. In the long run, universal service at high standards nationwide is in the best interests of the entire economy.

I believe that telecommunications reform is essential in preserving the economic vitality of rural America and am optimistic that the affordable accessibility to these new telecommunications services will be the harbinger for a new renaissance among the main street economies in communities throughout rural America.

Already, many in my home State of South Dakota are beginning to realize the importance and value of telecommunications services. Many small, rural medical clinics and hospitals are linking together with larger, more urban hospitals via telemedicine to provide their citizens with a higher quality of care. Children in schools that are hundreds of miles from the nearest population center can now have access to the world's greatest libraries at their fingertips. An increasing number of South Dakota agricultural producers are determining weather forecasts and market reports with a simple keystroke. And all across main street South Dakota, small businesses are reducing their overhead via networking services, reducing their paper work through electronic mail, and saving thousands of dollars a year in travel expenses through their use of teleconferencing.

And all of this is just the beginning, As these technologies continue to develop, the playing field for economic development will begin to level. South Dakota is already enjoying the benefits of advanced telecommunications and they can only stand to benefit from further telecommunications reform.

The bill before us also recognizes the important role that must be played by Public Utilities Commissions [PUC's] in rural States. PUC's are the best entities to judge whether a given market within their State can support competition. That's not a judgment we should make from Washington.

Nor is it something we can or should leave to the unbridled, unsupervised judgment of the private sector. Those who have taken the risks and made the investments to extend cable or phone services to smaller rural communities should not be placed a risk of being overwhelmed by larger, better-financed companies.

I want to note, Mr. President, that consideration of this conference report was delayed by the concerns raised by Senator DOLE and others about the future use of broadcast spectrum. There is no question that the issues surrounding national spectrum management policy are complex, and worthy of full debate and thorough consideration in the Congress. I am pleased that the telecommunications conference report, which in my view is not a spectrum giveaway bill, will move to the President's desk for his signature.

Mr. President, let me once again congratulate the distinguished chairman and ranking member for their efforts in producing this telecommunications reform conference report.

Having been raised in a small community in rural South Dakota, I can truly remark with wonder and appreciation at the rapid pace in which our communities are being brought together through the use of telecommunications services. The changes that have occurred in our lives due to these services have been remarkable, and have benefited society greatly. I believe that the telecommunications reform conference report before us today strikes the balance needed between deregulation and consumer protection to allow these services to continue their remarkable advances in improving our society and preparing us for the challenges ahead.

Mr. KERRY. Mr. President, the United States and, indeed, the world have embarked upon a new technological revolution. Like previous revolutions sparked by technological innovation, this one has the potential to change dramatically our daily lives. It will certainly transform the way we communicate with each other.

What we are witnessing is the development of a fully interactive nationwide and, indeed, worldwide communications network. It has the potential to bring our Nation and our world enormous good; without appropriate groundrules to assure fair competition, however, this revolution could create giant monopolies. It could hurt workers and families. We bear a tremendous responsibility to assure that does not happen with this legislation. The communications policy framework we create here will determine whether many voices and views flourish, or few voices dominate our society.

The impact of this new age communications revolution on the way we send and receive information, and the way we will view ourselves and the world, is profound. Even more staggering is its potential impact on our economy. We could be seeing the largest market opportunity in history. Some forecasters, including the WEFA Group in Burlington, MA, predict an opening of the telecommunications market this year to full competition would create 3.4 million new jobs, increase GDP by $298 billion, save consumers nearly $550 billion in lower communications rates and increase the average household's annual disposable income by $850 over the next ten years. As the Communications Workers of America have underscored, delaying free and fair competition means fewer new high-wage, high-skill jobs.

For workers and companies in Massachusetts, which has a significant comparative advantage in technology or knowledge-intensive industries, this

legislation is good news. It should expand opportunities for our current telecommunications companies, it should create a fertile climate for the creation of new companies and it should create more family-wage jobs. The telecommunications industry in Massachusetts is well situated to take advantage of the communications and information revolution.

New telecommunications-related or dependent technologies and industries seem to be emerging and merging almost daily. They range from such sectors as entertainment and education to broadcasting, advertising, home shopping and publishing. One key player in this revolution is the Internet—the global computer cooperative with a current subscriber base of approximately 37 million in North America alone and a 10–15 percent monthly growth rate. One billion people are expected to have access to the ''net'' by the end of the decade. While some may consider the ''net'' to be the revolution, it is only one of many players in the new communications network game.

We see examples of this new era almost daily, such as someone driving a car while talking on a cellularphone. In the future, we are likely to see more Americans accessing video dialtone, choosing their television programs through their telephone service. Likewise, cable franchises may enter the local telephone service market. Residents of Springfield, MA, may be able to watch their state legislators in Boston debate an education bill and instantaneously communicate with those legislators about how to vote on an amendment.

As we consider this brave new age of communications, it is clear the current law, the 1934 Communications Act, is not a sufficiently sturdy foundation upon which to build a communications system for the 21st Century. Moreover, although the courts on occasion properly have intervened to halt monopoly abuse—most notably a little over a decade ago in the telephone industry—we should no longer leave the fundamentals of telecommunications policy to the courts.

The conference report on S. 652, the Telecommunications Competition and Deregulation Act of 1996, is not perfect. In some respects, I would have preferred S. 1822, the bill crafted so ably by Senator HOLLINGS and reported by the committee in 1994. However, the conference report before the Senate now is preferable to the status quo. It will foster competition and establish fair and reasonable groundrules for the intense competition that will continue in the communications sector as we enter the next century.

This legislation sets forth a national policy framework to promote the private sector's deployment of new and advanced telecommunications and information technologies and services to all Americans by opening all telecommunications markets to competition. Free and fair competition and maintaining universal service are the twin pillars of this new framework.

The bill seeks to assure that no competitor, no business and no technology may use its existing market strength to gain an advantage on the competition. The legislation requires that a company or group of companies satisfy certain competitive tests before being able to offer a new service or enter a new market. Entry into new services and new areas is contingent upon a demonstration that competition exists in the market in which the business currently competes. But once competition has been achieved, most Federal and State regulation is replaced by consumer demand to regulate the market.

These fundamental features of the conference report on S. 652 are designed to create a level playing field where every player will be able to compete on the basis of price, quality, and service, rather than on the basis of monopoly control of the market.

The conference report also maintains universal service as a cornerstone of our Nation's communications system. With many new entrants in the communications market, the legislation provides that every player is to pay his fair share to continue universal service throughout our Nation.

I am also pleased the conference report includes three amendments which I sponsored. The first deals with the cable broadcast rates for public, educational and governmental entities, known as ''PEG'' access groups. These are the local channels that produce and broadcast such things as town council meetings, Chamber of Commerce seminars and little league baseball games. My amendment will assure the continued production and broadcast of these important community events by guaranteeing that the PEG access groups are not charged more than local broadcasters to air their programs.

The second amendment will establish a level playing field for independent payphone providers. For too long, these small, independent entrepreneurs have gone toe-to-toe against some of the biggest players in the telecommunications market. We have in Massachusetts about 75 independent payphone providers, employing several hundred people. They range from ''mom and pop'' operations with a handful of payphones to several that have more than 1,000 payphones. Virtually all of them have invested their own capital in their businesses, from life savings to the proceeds of mortgages on their homes, and it is a tribute to their perseverance that they now own ten percent of the payphone market in Massachusetts. My amendment will allow all the players in the payphone market to compete against each other on the basis of price, quality and service, rather than on marketshare and subsidies.

The third amendment will make sure that as we build the information highway, the builders do not bypass poor rural or urban communities. When interstate highways were built through cities across our Nation, oftentimes they went directly through poor neighborhoods. Construction of the technology interstate system must not be allowed to detour around children and families in the same or similar areas who already face enormous challenges. My amendment is designed to assure that the telecommunications network will reach every neighborhood, offering access to those who need it most for a decent education, to upgrade their job skills or to connect them to medical help they need.

Another provision that I am pleased was included in the final hours of negotiations on the conference report relates to local regulation of public rights-of-way. The language added to the conference report brings needed clarification to this area. It retains for local authorities the right to regulate public rights-of-way while at the same time guaranteeing that if local authorities exercise that latitude, they do so in a manner that is non-discriminatory and competitively neutral. A cable or phone company that needs to tear up a street to lay new line should not be allowed to disturb a neighborhood in the middle of the night. The clarifying language on public rights-of-way should help in this regard.

Through the debate we have had on this legislation, I believe we have crafted a solid telecommunications policy framework for the next century. Today, each of us is in a sense a pioneer heading out on the new information highway. Each of us is not only a witness to, but a participant in, one of the most amazing technological revolutions in history. We, as legislators, bear a special responsibility to assure that competition in this new era is fair and that every American in this and future generations may enjoy the fruits of this competition. This is truly one of the greatest challenges we face as we enter the 21st century.

I want to express my deep admiration for the outstanding work my good friend and colleague from South Carolina, Senator HOLLINGS, has done on this landmark legislation. He has exercised visionary leadership throughout this long and arduous process. I also want to extend my appreciation to his very able staff, particularly Kevin Curtin, John Windhausen and Kevin Joseph, for their tireless efforts and the good humour they always brought to the task. I also want to thank Chairman PRESSLER and his staff for their hard work on this legislation.

Mr. THURMOND. Mr. President, I rise to commend the leadership, the distinguished chairman of the Commerce Committee, Senator PRESSLER, and the distinguished ranking member, Senator HOLLINGS, for their extensive efforts and good work on the Telecommunications Act of 1996. I am pleased that the Senate is now giving consideration to final passage of this legislation.

I have seen the telephone business develop from its infancy, when obtaining a party-line telephone was a truly amazing step for many Americans, to today's tremendous range of telecommunications products and services. It is impossible to predict what the future holds in this dynamic sector of our economy, but it is clear that telecommunications is among the most critical and far-reaching issues before the Congress.

As the chairman of the Judiciary Committee's Antitrust, Business Rights, and Competition Subcommittee, two important antitrust issues deserve mention as we consider final passage of this historic legislation.

First, I am pleased that the legislation now includes a meaningful role for the Department of Justice in determining when the Bell Operating Companies should be permitted to provide long distance telecommunications. As I have previously stated, the Bell companies certainly should be allowed to enter long distance markets under appropriate circumstances, for it is generally desirable to have as many competitors as possible in each market. The issue is how to determine the point at which entry by Bell companies will help rather than harm competition. That question, quite simply, is an antitrust matter which will be informed by the antitrust expertise and specialization of the Antitrust Division of the Justice Department.

The Justice Department's Antitrust Division has been deeply involved in nurturing and protecting a competitive environment in this industry for more than 20 years, through five administrations. The Justice Department was responsible for the breakup of the AT&T telephone monopoly, which created the current Bell companies. The Antitrust Division has been evaluating the potential competitive effects—positive and negative—of Bell entry into long distance since that time. Through this work, the Division has achieved unparalled expertise which is bolstered by its experience and perspective gained from evaluating numerous markets throughout our economy.

Anticompetitive conduct in long distance markets was at the heart of the Antitrust Division's case against the old Bell system monopoly, and it has been a central concern in the current legislation. During the debate over the telecommunications bill in the Senate in June 1995, I was on the floor for several days with an amendment to give the Department of Justice primary responsibility to determine when the Bell operating companies should be permitted to enter long distance markets, and to avoid duplicative efforts by the Federal Communications Commission.

My amendment to give the Antitrust Division independent authority only narrowly failed on the Senate floor last June, while in August a similar amendment received the support of more than one-third of the House of Representatives. When it became clear that there would be one consolidated procedure within the FCC to decide on Bell applications for long distance authorization, it became important to ensure that the antitrust expertise of the Antitrust Division would be given adequate weight in the decision.

I am pleased that in the final legislation we are considering today, proposed long distance entry is determined by the FCC subject to judicial review, but only after the FCC consults with the Attorney General on the application, and gives the Attorney General's evaluation substantial weight. This process, which permits the Attorney General to submit any comments and supporting materials deemed appropriate, is critical to making accurate and proper determinations about long distance entry. Through its work in investigating the telecommunications industry and enforcing the MFJ, the Antitrust Division has accumulated important knowledge, evidence, and experience that can be constructively brought to bear on these evaluations.

The substantial weight requirement will also ensure that the expertise of the Antitrust Division will be brought to bear in any appeal of a decision made on long distance entry. If the FCC rejects the Antitrust Division's recommendation, the court must look to the weight the FCC accorded the Attorney General's evaluation in ascertaining whether the FCC correctly followed the law.

Review of this legal requirement should be governed by the standard that generally applies to questions of law. As a practical matter, this legal requirement ensures that the reviewing court will consider the Antitrust Division's position on the merits—and will assess for itself the views and evidence put forward in support of that position—and will not discount that position out of customary judicial deference to the FCC's decision. Moreover, the Antitrust Division retains its full authority to represent the interests of the United States on appeal, which permits it to contribute its unique antitrust expertise and perspective to the judicial process.

The second important antitrust issue in this legislation is the unequivocal antitrust savings clause that explicitly maintains the full force of the antitrust laws in this vital industry. Today we take for granted that the antitrust laws apply to the communications sector. During the Antitrust Division's antitrust case in the 1970's against the Bell system, however, some argued that the existence of FCC regulations displaced the antitrust laws and made them inapplicable. The courts emphatically rejected that challenge them, and the antitrust savings clause in the bill today makes clear that that question cannot be reopened. A strong, competitive communications sector is essential to continued American prosperity in the next century. Application of the antitrust laws is the most reliable, time-tested means of ensuring that competition, and the innovation it fosters, can flourish to benefit consumers and the economy.

The antitrust savings clause makes clear, for example, that the antitrust enforcement agencies are not barred from scrutinizing, under appropriate circumstances, the home satellite broadcasting market, even though the new provision in section 205 of the bill gives the FCC exclusive jurisdiction to regulate the provision of direct-to-home satellite services. While some might have been tempted to read that provision to mean that the antitrust enforcement agencies would not have any jurisdiction over these activities, the antitrust savings clause makes clear that that is not the case. The same is true of other provisions of the bill, including those concerning access requirements for commercial mobile providers—section 705—limits on telco-cable buyouts—section 302—and broadcast ownership—section 202—and the joint marketing of commercial mobile services—section 601(d). In each case, the antitrust laws will continue to apply fully.

Continued application of the antitrust laws is also the rule where the Bell companies' entry into the long distance market is concerned. The fact that the Attorney General is given a defined role in the FCC proceeding to decide Bell entry does not in any way supplant or limit the separate applicability of the antitrust laws or the Justice Department's antitrust enforcement authority—either pre-entry or post-entry. For example, if a Bell operating company sought to enter long distance markets through a merger or acquisition, that merger or acquisition would be fully subject to review under the Clayton Act. Likewise, if a Bell operating company were to engage in anticompetitive conduct after being granted entry into the long distance market, the Antitrust Division would not be precluded from addressing that conduct through the antitrust laws.

The importance of the antitrust savings clause is underscored by the decision to repeal section 221(a) of the Communications Act of 1934. That provision, a relic from the period when Federal policy sought to promote monopoly over competition, exempts mergers between telephone companies from antitrust review. That is an era I believe all of us agree should be put behind us, and the fact that this exemption has been eliminated in this legislation is another confirmation that the Congress intends for the antitrust laws to be the means by which free markets are maintained in telecommunications.

Finally, the hearing of the Antitrust, Business Rights, and Competition Subcommittee, which I chaired in May 1995, confirmed the importance of competition to achieve lower prices, better services, and products, and more innovation in telecommunication markets for the benefit of consumers and our Nation. I am pleased, therefore, that this legislation preserves the role of

the Antitrust Division in applying the antitrust laws—which have protected free enterprise for over 100 years—in the telecommunications industry.

Mr. President, enacting legislation of this magnitude, where the stakes are so high for so many businesses and other interested groups, inevitably requires the resolution of many conflicts. I would like to commend all those who worked on this legislation and kept focused on the ultimate objective—replacing regulation and monopoly with healthy free market forces. This is the role that the Congress should play to assist this industry, as well as American consumers and the entire American economy. I urge the Senate to pass this important legislation.

UNFUNDED MANDATES

Mr. KEMPTHORNE. The majority leader is aware that State and local governments had previously raised an issue with this Senator that certain provisions of the conference report on S. 562 may violate the Unfunded Mandates Reform Act of 1995 regarding local governments' ability to manage their rights-of-ways. The majority leader is also aware that I have worked with the Senate and House conferees for several days to resolve those difficulties and insert language to the satisfaction of the local representatives of State and local governments.

Mr. DOLE. The Senator from Idaho is correct. I am aware that he has worked to represent the interests of State and local governments to assure that there is no unfunded mandates impact on them in this bill.

Mr. KEMPTHORNE. The majority leader is aware that the Unfunded Mandates Reform Act of 1995 does not require the Congressional Budget Office to prepare an estimate of the impact of mandates on State and local governments for conference reports and that the Congressional Budget Office is currently preparing an estimate on this conference report. Based on discussions my staff have had with CBO, it is my understanding that this conference report does not include unfunded mandates.

Mr. DOLE. That is correct.

Mr. KEMPTHORNE. Will the majority leader agree that in the event the Congressional Budget Office determines that there are any unfunded mandates in S. 562 that he will work with me to make technical corrections in the bill to eliminate those mandates.

Mr. DOLE. Yes.

Mr. KEMPTHORNE. Will the majority leader agree that in the event such technical corrections bill comes from the House which corrects any unfunded mandates found by the Congressional Budget Office that he will seek to have the Senate take up the bill to make those corrections.

Mr. DOLE. Yes, I do agree.

Mr. FEINGOLD. Mr. President, I rise in opposition to the conference report on S. 652, the Telecommunications Act of 1996.

I know, Mr. President, that the conferees have made a number of improvements to this legislation and that many of the stakeholders in this bill are pleased with the results.

And it is with regret that I must oppose this bill. But I cannot in good conscience cast a vote for legislation that I believe violates our fundamental first amendment rights to freedom of expression.

The Internet indecency provisions of S.652, as passed in the Senate, remain virtually intact in the conference report. I am referring to the sections of this bill which would subject to criminal penalties constitutionally protected speech via interactive telecommunications networks—the so-called Internet Indecency provisions.

The sponsors of the Internet provisions have good intentions —to protect children from those who might use the Internet to harm them. Sadly, there are those who will use the Internet, as they will use any tool, to victimize children. The sponsors of the Internet provisions of this bill have pointed to the obscene materials and child pornography that can be accessed via the Internet. To be sure, Mr. President, it is out there.

Unfortunately, the provisions in this bill will do very little, if anything to protect children. That is because much of what the proponents of this legislation wish to banish from cyberspace is already subject to criminal penalties—obscenity, child pornography and child exploitation via computer networks are already criminal acts.

So, if that is the case, what exactly does the provision in the conference report cover? It covers ''indecent'' speech which is afforded far greater constitutional protection than obscenity which is not protected by the first amendment. What is indecent speech? Indecent speech may include mild profanity that children hear on the playground well before they read it on a computer screen. While that language may be offensive to some, it is protected by the first amendment.

Mr. President, I have found the rhetoric of the Internet debate interesting. The terms obscenity and indecency have been used interchangeably even though they have very different meanings. I have heard parents voice legitimate concerns about the obscene materials available via computer networks. I have heard them express outrage that their children are solicited by adults for exploitative purposes. But I have never heard a parent say there is too much profanity on the Internet. And yet, that is precisely what this bill covers. Rather than addressing the enforcement needs of existing law, it adds unnecessary to provisions to criminal statutes.

That is a fundamental flaw, Mr. President. The legislation does not address the problem it seeks to solve. This does nothing more than current law does to prevent obscenity on the Internet. Instead, this bill steps in and decides for parents which speech is appropriate for their children and which is not. I would contend, Mr. President, that is the role of parents, not the federal government, particularly given that technology exists for parents to block objectionable material.

I think, Mr. President, this legislation will do more harm than good. Will parents become less observant of their childrens' use of the Internet now that they think the government has solved the problem? Will they fail to use the technology available to them to regulate their children's access to sites on the Internet? I fear that they will because the U.S. Congress has led them to believe that these new provisions protect children when in fact, they do not.

This legislation which provides no additional protection for children comes at a great cost—our rights to free speech over the Internet. This legislation, when it becomes law, will establish different standards for the same speech appearing in different media. More protection will be afforded for profanity that appears in a library book than for the same text which appears on-line. Equally important, this legislation will require all adults to self censor the speech on public newsgroups on USENET to what is appropriate for children in the most conservative American communities. This legislation will bring about the immediate demise of many socially valuable forums on the Internet. It will likely happen as quickly as CompuServe dumped some 200 newsgroups from their network after a German prosecutor suggested they might violate German law.

I have come to this floor many times to speak on this topic and I will not take the Senate's time to reiterate the many arguments against these provisions.

I do think, Mr. President, that this is a sad day on the Senate floor. That the Internet indecency provisions have met with the barest resistance in this chamber, indicates how quickly this Congress is willing to abandon the United States Constitution in favor of political expediency.

My hope, Mr. President, is that the expedited judicial review process provided for in this bill, will quickly lead to a judgment that the Internet indecency provisions are unconstitutional. In the meantime, Mr. President, I will work toward solutions that will protect children on the Internet without trampling on the first amendment.

Mr. REID. Mr. President, the conference report on S. 652 is finally being considered by the Senate. We have heard much about the positive changes to this bill and the ramifications for the telecommunications industry. But I must still express my concern about the absence of a provision that I see as vital to the protection of the American consumer. I am referring to the capability of telecommunication entities to

develop monopolies and dominate marketplaces to the detriment of the consumer.

This Nation learned through long and hard experience that laissez-faire attitudes towards industries does not protect smaller entities when larger competition comes along and certainly does not provide safeguards where consumers are concerned. I acknowledge the roles of government oversight that the bill does now provide. But the larger corporations will not be constrained in their ability, should they desire, to monopolize media and various telecommunication mediums. And in our effort to allow such an environment do we want to place the consumer on the altar of deregulation?

Nevertheless, my constituents from Nevada believe this bill will provide genuine competition. And I note with some pride, their foresight and fairness in establishing a telephony commission to watch over the changes within the industry. Mr. President, the telecommunications industry is clearly evolving. Everyday we read of new emerging technologies that will directly impact all that this bill is trying to accomplish. While we should give it freedom to compete; we must, as is our responsibility, watch carefully to protect the consumers and small businesses so that this sphere of our economy is truly competitive. Despite my reservations, I will vote for this bill because there are positives and I hope that steadfast government oversight will preserve the competitive marketplace.

Mr. BREAUX. Mr. President, anyone who has followed the debate over telecommunications legislation in recent years knows that much of it has been over when and under what conditions the Bell companies will be allowed to compete in the long distance market S. 652 resolves this issue.

Congress has determined that removing all court ordered barriers to competition—including the MFJ interLATA restriction—will benefit consumers by lowering prices and accelerating innovation. The legislation contemplates that the FCC should act favorably and expeditiously on Bell company petitions to compete in the long distance business. There are various conditions for interLATA relief. These include the establishment of Sate-by-State interconnection agreements that satisfy the 14 point check list outlined in Sec. 271 of the bill. Bell companies also have to show they face competition from a facilities based carrier. They can also show that they have not received a legitimate request for interconnection from a competing service provider within three months of enactment.

In short, interLATA relief should be granted as soon as competing communications service providers reach an interconnection agreement. In some States these agreements have already been put in place with the approval of state public service commissions. In those instances, we see no reason why the FCC should not act immediately and favorably on a Bell company's petition to compete, once the test for facilities based competition is satisfied.

Congress fully expects the FCC to recognize and further its intent to open all communications markets to competition at the earliest possible date. The debate over removing legal and regulatory barriers to competition has been resolved with this legislation. Unnecessary delays will do nothing more than invite vested interests to ''game'' the regulatory process to prevent or delay competition.

The time has come to let consumers—not bureaucrats—choose.

Mr. HARKIN. Mr. President, today we are voting on the approval of historic telecommunications legislation that will reshape the landscape of the entire communications industry and affect every household in this country. The future success of America's economy and society is inextricably linked to the universe of telecommunications. After a decade of intense debate, this legislation rewrites the Nation's communications laws from top to bottom.

The bill before us, S. 652, has come a long way and survived many battles. It is not a perfect bill in the sense that no one got everything they wanted—but I believe it will unleash a new era in telecommunications that will forever change our society and make our Nation a key driver on the information superhighway. We should applaud this amazing effort and support the conference report to S. 562.

The debate over this measure has never been about the need for reform—everyone agrees that it's time. The real debate has been over how we reform our telecommunications law. The 1934 Communications Act serves our country as the cornerstone of communications law in the United States. The current regulatory structure set up by the 1934 act is based on the premise that information transmitted over wires can be easily distinguished from information transmitted through the air. So regulations were put in place to treat cable, broadcast, and telephone industries separately and for the most part, to preclude competition.

However, advances in technology have brought us to a melding of telephone, video, computers, and cable. Digital technology allows all media to speak the same language. These once neat regulatory categories between telecommunications industries have started to blur and the assumptions upon which they are based are fast becoming obsolete.

The essential purpose of this measure is to foster competition by removing barriers between distinct telecommunications industries and allowing everyone to compete in each other's business. But how do we increase competition while simultaneously ensuring that everyone is playing on a level playing field?

Coming from a rural State, this was an especially important question for me. The overall goal of this legislation is to increase competition and I wholeheartedly believe that increased competition will benefit consumers. However, we must also recognize that telecommunications competition is limited in some areas, especially in many rural areas. The high cost of providing telecommunications to rural areas is prohibitive for most telecommunications service providers without some incentive. The 1934 communications bill understood this and adopted a principle called universal service, which was thankfully maintained and updated in S. 652.

The universal service concept charged the FCC with responsibility for ''making available, so far as possible to all people of the United States a rapid, efficient, nationwide, and world-wide wire and radio communications service with adequate facilities at reasonable charges.'' So far we have done a heck of a job: 98 percent of American homes have television and radio, 94 percent have telephone, close to 80 percent have a VCR, while 65 percent subscribe to cable TV—96 percent have the option.

Without universal service protections, advanced telecommunications will blow right by rural America creating a society of information haves and have nots. S.652 recognizes that the definition of universal service is evolving as the technology changes. S. 652 requires the FCC to establish a Federal-State joint board to recommend rules to reform the universal service system. The Joint Board will base its policies on principles which understands that access to quality, advanced telecommunications services should be provided to all Americans at a reasonable cost.

I was particularly pleased to support an amendment, now in the bill before us, which guarantees that our nation's K–12 schools, libraries and rural health care providers have affordable access to advanced telecommunications services for education. As Congress moves forward on this bold legislation it is vital to provide a mechanism to assure that children and other community users have access to the information superhighway. The information superhighway must be available and affordable to all Americans through schools and libraries.

And in the midst of the great battles among corporate titans like the Baby Bells and the major long distance carriers it's also important to balance the needs of the little guy. Small businesses are the backbone of economic and community life in this country. I was proud to put forward two provisions, included in this bill, which maintained the integrity of small businesses in the telecommunications revolution.

My first provision amended the telecommunications bill to allow companies with under 5 percent of the market nationally, to continue offering joint marketing services. Under current law, joint marketing companies can approach a business and offer to provide

them local and long distance service together, at a low rate. The business therefore gets a low cost integrated service, with the convenience of having only one vendor and one bill to deal with for all their telephone service. In an effort to prevent the big long distance companies from having a competitive advantage, the original telecommunications bill would have prohibited joint marketing.

Such a prohibition would have put small company owners like Clark McLeod out of business. Mr. McLeod has been offering joint marketing services to businesses in Iowa for several years. In the process he has created thousands of jobs and filled a need for service. While I think any prohibition on joint marketing is anti-competitive, my proposal will at least allow the many innovative companies like Mr. McLeod, to continue their operations and continue to provide the services valued by so many Iowans.

My other small business provision prevents the Bell Operating companies from entering into the alarm industry before a level playing field exists. The burglar and alarm industry is unique among small businesses in the telecommunications industry. It is the only information service which is competitively available in every community across the nation. This highly competitive $10 billion industry is not dominated by large companies. Instead, it is dominated by approximately 13,000 small businesses employing, on average, less than ten workers. Vigorous competition among alarm industry companies benefits consumers by providing high quality service at lower prices.

Lastly, I am pleased that the Senate unanimously adopted two amendments I wrote to crack down on phone scams where enterprising swindlers have used the telephone to scam unsuspecting customers out of their hard earned money.

Today, it is all too easy for telemarketing rip-off artists to profit from the current system. The operators of many of these promotions set up telephone boiler rooms for a few months, stealing thousands of dollars from innocent victims. These scam artists often prey on our senior citizens. Then they simply disappear. They take the money and run—moving on to another location to start all over again.

My provision will protect consumers by providing law enforcement the authority to more quickly obtain the name, address, and physical location of businesses suspected of telemarketing fraud. It makes it easier for officers to identify and locate these operations and close them down. This change was requested by the U.S. Postal Inspection Service—our chief mail and wire fraud enforcement agency. They do a very good job and this provision gives them an important new tool to protect the elderly and other Americans from scam artists and swindlers.

I also succeeded in adopting a provision to help stop another outrageous phone scam that has added hundreds, even thousands of dollars, to a family's phone bill. Worst of all, this ripoff exposes young people to dial-a-porn phone sex services—even when families take the step of placing a block on extra cost 900-number calls from their home.

Companies promoting phone sex, psychic readings and other questionable services—often targeted at adolescents—use 800-numbers for calls and then patch them through to 900-number service via access codes. My amendment closes the loophole that allows these unseemly services to swindle families and restores public confidence in toll free 800-numbers.

If we pass this bill today, these provisions will become the law of the land. As Microsoft giant, Bill Gates said in a recent interview with Newsweek,

> The revolution in communications is just beginning. It is crucial that a broad set of people participate in the debate about how this technology should be shaped. If that can be done the highway will serve the purposes users want. Then it will * * * become a reality.

This bill is a starting point, a gateway to the revolution, that allows all Americans to participate. I urge my colleagues to support this conference report.

Mr. LEVIN. Mr. President, I would like to engage my colleague from Nebraska, the author of Title V of the telecommunications conference report, in a colloquy. I have a number of questions I hope you can answer to help clarify the intent of title V.

Is a company such as Compuserve which provides access to all mainframes on the Internet liable for anything on those mainframes which its users view?

Is a company like Compuserve which maintains its own mainframe and which allows people to post material on its mainframe liable for prohibited material that other people post there in the absence of an intent that it be used for a posting of prohibited material?

Is the entity that maintains a mainframe, such as a university, that allows a person to post material on its mainframe liable for prohibited material that other people post there in the absence of an intent that it be used for a posting of prohibited material?

When a user accesses prohibited material on a mainframe that was posted by a third party, does that constitute an ''initiation'' of transmission for which the entity maintaining the mainframe or the entity providing access to the mainframe is liable?

Mr. EXON. I appreciate the questions raised by my colleague, Senator LEVIN. These questions are important and helpful. In general, the legislation is directed at the creators and senders of obscene and indecent information. For instance, new section 223(d)(1) holds liable those persons who knowingly use an interactive computer service to send indecent information or to display indecent information to persons under 18 years of age. You can't use a computer to give pornography to children.

The legislation generally does not hold liable any entity that acts like a common carrier without knowledge of messages it transmits or hold liable an entity which provides access to another system over which the access provider has no ownership of content. Just like in other pornography statutes, Congress does not hold the mailman liable for the mail that he/she delivers. Nothing in CDA repeals the protections of the Electronic Message Privacy Act.

For instance, new section 223(e)(1) states that ''no person shall be held to have violated subsection (a) or (d) solely for providing access or connection to or from a facility, system, or network not under that person's control, * * * that does not include the creation of the content of the communication.'' In other words, the telephone companies, the computer services such as Compuserve, universities that provide access to sites on Internet which they do not control, are not liable.

There are some circumstances, however, in which a computer service or telephone company or university could be held liable. If, for instance, the access provider is a conspirator with an entity actively involved in creating the proscribed information (223(e)(2)), or if the access provider owns or controls a facility, system, or network engaged in providing that information (223(e)(3)), the access provider could potentially be held liable. Access providers are responsible for what's on their system. They are generally not responsible for what's on someone else's system.

Even in these cases, however, an access provider that is involved in providing access to minors can take advantage of an affirmative defense against any liability if the entity takes ''good faith, reasonable, effective, and appropriate actions * * * to restrict or prevent access by minors to such communications ''(223(e)(5)). The Federal Communications Commission may describe procedures which would be taken as evidence of good faith. One such good faith method is set forth in the legislation itself—the access provider will not be liable if it has restricted access to such communications by requiring use of a verified credit card or adult access code (223(e)(5)(B)). This affirmative defense is similar to the defense provided under current law for so-called ''dial-a-porn'' providers.

I hope that this response provides clarification to the Senator.

Mr. LEVIN. Yes; it does, and I thank my friend from Nebraska for that clarification.

Mr. President, when the telecommunications reform bill was before the Senate in June, I supported giving the Justice Department a role to ensure that existing monopoly powers are not used to take advantage of the new markets being entered. While

the effort to give the Justice Department a role in this process was not successful at that time, I'm pleased to see a Justice Department role included in the final version of the bill. This is good news for American consumers.

In addition to including a role for the Justice Department in determining when there is adequate competition in the local exchange, some of the other problems I had with the earlier bill have also been addressed in the conference report. For example, it protects the right of local governments to maintain access to their rights-of-way.

I believe we should try to keep obscene material from being transmitted on the Internet and by other electronic media. That is a constitutional standard that is well known. But the words used in title V of the bill dealing with this matter include ''filthy'' and ''indecent,'' broad and vague enough so they are unlikely to meet the constitutional test. These words do, however, exist in current law covering telephone calls. That's why it's useful to have an expedited review to test the constitutionality of this provision which the bill provides for.

I don't think the intent of Title V is to hold Internet service providers liable for content they did not create or initiate. The previous colloquy with my colleague from Nebraska who is the sponsor of this provision developed this in greater detail.

While there are some problems with the bill, on the whole, it strikes a better balance between making needed regulatory changes to encourage technological innovations while maintaining adequate protections of the public interest than earlier versions of the bill. I will therefore vote for the conference report before the Senate today.

Mr. MOYNIHAN. Mr. President, I rise in support of the conference report to S. 652, the Telecommunications Competition and Deregulation Act. This legislation will promote significant new investment in and improvement of our Nation's telecommunications infrastructure. It will heighten opportunities to export American goods overseas. It will increase competition in many industries—the telephone industry, cable television, utilities, long-distance telephone service providers, telecommunications equipment manufacturers, and the alarm industry, to name several—leading to greater economic efficiency. Above all, the telecommunications bill marks a victory for consumers, who will enjoy lower prices and better services.

Mr. President, I voted against the bill when the Senate first considered it last June because I was concerned about a provision which purported to prohibit computer transmission of obscene or indecent material, particularly to minors. Such activity is, of course, reprehensible. But I voted against that amendment, No. 1362, which the Senate adopted, because I feared that we were taking action improvidently and without adequate consideration for its constitutional and practical implications.

I remain concerned that the conference report's provisions dealing with computer transmission of obscene or indecent material and language may be overly broad, but this is a matter for the courts to decide and the conferees have paved the way for expedited judicial review of the measure's constitutionality. Therefore, if this language is determined to be troublesome when put into practice, the courts will be able to correct it at the earliest possible moment.

Notwithstanding my concern about this particular matter, the bill on balance is meritorious and I urge the adoption of the conference report.

Mr. WARNER. Mr. President, today I rise to associate myself with the comments of the distinguished chairman of the Commerce Committee, Senator PRESSLER, and with the comments of the able majority leader, Mr. DOLE, regarding the conference report to S. 652, the Telecommunications Competition and Deregulation Act of 1995.

Mr. President, this is indeed a historic day in the annals of the Senate. By an overwhelming vote of 91 yeas to 5 nays, the Senate passed legislation which will revolutionize the telecommunications industry.

This landmark legislation will promote increased competition among telecommunications service providers and will remove Depression-era restrictions which have impaired the growth of this dynamic industry.

This bill will enact much needed reforms so that the telecommunications industry is prepared to meet the challenges, and opportunities, of the 21st century. The conference report language, while not perfect, represents a marked improvement over current law.

Consumers and firms in my own Commonwealth of Virginia will gain under this landmark legislation. Virginia is home to a rapidly developing high-technology and telecommunications industry. Northern Virginia, in particular, is at the forefront of this technological revolution and is poised to build on that lead under the bill.

Virginia's consumers will benefit from increased services and benefits at a lower cost as telecommunications providers compete for their business. At the same time, this legislation is pro-family and will assist parents in overseeing the type of programming that their children view.

In short, Mr. President, both consumers and industry will benefit from the passage of this historic bill. I would like to take this occasion to commend the distinguished chairman of the Senate Commerce Committee, Senator PRESSLER, and Chairman BLILEY of the House Commerce Committee, and the distinguished majority leader, Senator DOLE, for their leadership in bringing this critical legislation to the floor of the U.S. Senate. Most importantly, I want to thank the numerous Virginians who, over the past year, have provided me with their views and guidance on this issue.

Mr. President, I yield the floor.

Mrs. FEINSTEIN. Mr. President, I rise in support of the conference report for the Telecommunications Act of 1995. This legislation establishes real progress on important issues and I am pleased to provide my support.

This legislation creates a new regulatory structure for the rapidly evolving communications technology and fills an important need. The current regulatory scheme divides industries, like local telephone service and long-distance service, broadcast television, and cable television.

A new regulatory framework is needed, to permit the creation of new companies, new services, and promote competition between the previously separated lines of business. Stronger competition in the communications industry will bring new services to the market, present more choices for the public and lower prices to consumers. This bill significantly deregulates the communications industry to permit that competition to take place.

During consideration of the bill, I joined many of my colleagues in urging several components and I was pleased to see that a number of these important proposals were able to be incorporated in this legislation. Among the issues included were:

The V-Chip requirement, which will assist families to monitor television in their homes to protect children from unsuitable and inappropriate TV programming, including sex or violence. During the state of the union speech, President Clinton called for passage of the telecommunications legislation with the V-chip and a content ratings system for television programming. I am pleased Congress could address the concerns of families across America and incorporate these provisions.

The cable scrambling amendment I offered with Senator LOTT requiring cable companies to scramble indecent or sexually explicit materials to assist parents to protect minors.

Senator EXON's provisions to control access to indecent materials will require the operators of computer networks, like America Online, to screen out indecent materials for children. Conferees had a difficult time reconciling different proposals and I am pleased the provisions could be accommodated.

Assisting high-technology industry from inappropriate standards and requirements: During consideration of the bill, some of California's leading high-technology firms and computer companies raised a concern that regulations prepared by the FCC would deny flexibility and limit the computer industries' ability to develop standards based on market needs. Computer companies including Apple, Motorola, and Echelon, urge adoption of a provision prohibiting the FCC from developing overbroad regulations that could impede progress in the computer industry. I was pleased these provisions to

allow the computer industry to develop and meet the needs of the market were incorporated.

I know my colleagues on both sides of the aisle don't want to stand in the way of technological innovation or consumer choice. When the Senate initially considered the legislation last May, Chairman PRESSLER observed that the computer industry has transformed America and that computer industry competition has brought huge benefits to our homes, schools and workplaces. These provisions preserve that competition, and keeps the government away from premature standards setting.

Adoption of a stronger role for the Justice Department to review competition in the telecommunications industry: In the years since the break-up of AT&T, the Justice Department has developed the expertise to promote competition in the communications industry and protect consumers. It would be a shame to squander that expertise just as new concerns for competition and fairness arise under this bill. With the passage of this legislation, we will enter a new era of telecommunications policy and the experience of the Justice Department will be critical in protecting strong competition and consumer interests.

Important steps to promote universal service: In the 1930's, the nation's universal service goals involved providing telephone service to everyone, but as communications have evolved, the concept of universal service also must develop and evolve as well. The bill recognizes the need to modernize the concept of universal service and will provide for telephone service discounts for schools, libraries and hospitals to protect against our station splitting into the high-technology haves and have-nots.

When this legislation came before the Senate last spring, I joined with our colleague Senator KEMPTHORNE raising concerns about the impact on our Nation's cities and counties. As a former mayor, I know how important it is to protect the cities' bridges, roads and other public rights-of-way. I know the local government officials remain concerned about the bill and the preemption provisions.

While legislative adjustments addressed some of the concerns of State and local governments, cities, counties and States remain concerned about the future and the possibility they could be brought to Washington before the Federal Communications Commission to defend local laws, regulations or fee.

The revised language clarifies that cities can impose fees on communications providers like cable companies, as long as the fees are imposed in a way that does not discriminate between different competitors and the fees are fair and reasonable. Further, the preemption authority only applies to communications issues and if the cities have other authority to regulate communications provider, they may continue to charge fees.

I am pleased that section 253(c) recognizes the historic authority of State and local governments to regulate and require compensation for the use of public rights-of-way. It further recognizes that State and local governments may apply different management and compensation requirements to different telecommunications providers' to the extent that they make different use of the public rights-of-way. Section 253 (c) also makes clear that section 253 (a) is inapplicable to right-of-way management and compensation requirements so long as those entities that make similar demands on the public rights-of-way are treated in a competitively neutral and nondiscriminatory manner.

As for the issue of FCC preemption, while I favored the complete elimination of the preemption provision, I am pleased that the committee could accept the view that authorizes the Commission to preempt the enforcement only of State or local requirements that violate subsection (a) or (b), but not (c). The courts, not the Commission, will address disputes under section 253(c).

The overwhelming vote in the House on the amendment offered by Representative BARTON and Representative STUPAK, as well as the unanimous acceptance of Senator GORTON's amendment in the Senate, indicate that the Congress wishes to protect the legitimate authority of local governments to manage and receive compensation for use of the rights-of-way.

I am concerned that mayors, county commissioners, and State utility commissioners, including California Public Utility Commissioner, are concerned that State telephone regulations will be preeempted. This is an important issue in California where 31 companies have applied to begin offering services in July. Under the bill, California's efforts to license more competitors to offer local phone service could be preempted and slowed down if the Federal Government acts or declines to act. Under the bill, the State will be preempted and prohibited from acting contrary to the Federal decision.

I am troubled by the significant uncertainty which remains regarding the role of cities, counties, and States who may face added burdens. Earlier, the unfunded mandates legislation was signed into law, yet the Congressional Budget Office acknowledges that the legislation includes unfunded mandates for State and local governments. Further, CBO recognizes it lacks the ability to evaluate the potential cost. I will continue to monitor this issue and, if necessary, Congress may need to return to evaluate the balance between our State and local governments and the Federal Government on telecommunications policy.

Mr. President, the legislation raises important issues and represents important progress for the Nation. As a result of the bill, we can move forward with new technology, new products, and new services. The bill will open up exciting new challenges and opportunities and we should embrace them. I look forward to these exciting new challenges. While I remain concerned about mandates and the role of cities, States, and counties in our telecommunication policy, I am pleased by the exciting opportunities presented by the legislation. I am pleased to lend my support.

The PRESIDING OFFICER. Who yields time? The Senator from South Carolina has 14 minutes. The Senator from South Dakota has 6 minutes.

Mr. HOLLINGS. Mr. President, let me, as we acknowledge the contributions of so many—specifically on Senator STEVENS' staff, I meant to mention our friend Earl Comstock. I worked with him throughout the years on our Commerce Committee, and he was really diligent, along with Senator LOTT's staff, in the early days, Chip Pickering and now Kevin Pritchett, and, of course, Senator LOTT himself over there, along with Senator STEVENS.

On our side, you would have to comment on the contribution of Senator FORD, who has been down there helping us orchestrate everything. He was been there since the early times helping us, along with Senator EXON and his contribution on cyberporn and its control; Senator ROCKEFELLER, along with Senator SNOWE in the Snowe-Rockefeller particular amendment relative to the discounted rates of the schools, the libraries, the hospitals.

Senator BREAUX of Louisiana has been very, very active on this measure. I certainly want to thank him.

The reason we do this, Mr. President, to go right to the point while we have a minute, is so the public can understand the involvement.

We had involved in this particular measure and in the conference report, which has just been adopted, incidentally, over on the House side by a vote of 414 to 16. I do not know what happened to 16 people, how they got misled. I do not see why we did not get a unanimous vote, but, in any event, it shows the wonderful work done by Chairman BLILEY, Congressman MARKEY, and the others over on the House side.

Look at the entities involved: The regional Bell operating companies. They have a tremendous interest and influence, and the long-distance companies. I think that was the real contest. I mentioned earlier that on every Friday, we got together the RBOC's, the regional companies, and every Monday the staff would work. It was all on top of the table. There was no downtown lawyering and that kind of thing. It was all on top of the table with the long-distance companies. Necessarily, the long-distance companies had been thrown into competition at the time of the divestiture back some 10 years ago. And Bob Allen, chairman of AT&T said, ''Look, I have a third less personnel. I am doing a third more work and

making an increased profit.'' So as they downsized, as they call it, and became competitive, the best proof that competition has worked is with MCI and Sprint and AT&T and the rest of them that come in under that particular description.

But the long-distance companies have been so aggressive that they were beginning to move into the local exchange. I know of one particular concern this Senator had in the southern region where our friends at MCI said they were going to move into Atlanta with our friends of Bell South. Bell South is, yes, a monopoly, but it was a control monopoly whereby they could not get into long distance.

It was to our interest and the public interest, of course, that they not be cherry picked. In other words, take off the wonderful market of Atlanta and just leave the rest of the State wanting. That had occurred in downtown New York City with Teleport. So we wanted them to come in on an even-steven, balanced basis. Trying to work that out was really the task to bring them on board where they all approved of this particular bill and supported this particular bill. Not that they are 100 percent in agreement with every feature, obviously, but they realize this is a mammoth step forward in trying to bring the communications law of America into the modern technological age.

So we had the guidance of the 8(c) test from our friend Judge Greene where he ruled that there be no substantial possibility of using monopoly power to impede competition. Every word meant something to every communications lawyer. So we had to really get a checklist of ''unbundling'' and ''dialing parity'' and ''access,'' and all these things to be agreed upon.

It took actually weeks on every one of those particular measures all last year where we worked around the clock to get it balanced and not overweighted one way and not let long distance come in and market without the ability, let us say, of our Bell companies to joint market also.

So we were educated about that and came around to a balance in this particular measure and now have the support of, and can you imagine of all of these entities supporting this particular measure: The regional Bell operating companies, the long-distance companies, the broadcasters, the cable TV companies, the cellular, satellite companies, the newspapers, burglar alarm, electronic publishing, public utilities, pay phones, minority groups, computers were vitally interested in the outcome of this particular measure, the schools, libraries, the hospitals. Snowe-Rockefeller, the Secretary of Education, Dick Reilly, and the administration were strong in this information superhighway of our distinguished Vice President.

The Department of Justice worked diligently to make sure it was not just a casual thing to send a letter or opinion over to the Federal Communications Commission and just be thrown in the wastebasket; that it should be given substantial weight to their opinion to make sure that no monopolistic tendencies and actual entities develop in opening up the markets for competition. The State public service commissions had to be coached and brought along. The cities, the retailers of equipment, the privacy groups, the local competition or competitors like Teleport, the manufacturers, the rural telephone companies, the independent program producers. I can go on and on. But we now have the support of every one of these groups.

I think we have it because we feel very strongly that the public interest has been protected in the long-distance section, in the broadcast section and carried over from the 1934 Telecommunications Act. The antitrust laws have been protected, as I pointed out.

One of the big disputes that we had was the takeover of 50 percent of the broadcast market in the United States. Mr. President, I could be President if I had that. I would call up Madison Avenue and say, ''You're not going to advertise your Miller High Life unless,'' and then I would complete my thought. You can control 50 percent of the television advertising in this country, and we also already saw a tendency by cable news—CNN did not want to carry certain parts of advertisements because it was against their interest. We tried to protect against that.

But if you had 50 percent, you might as well forget it, because the money is there, they buy it out, they control it. You could become the President, as we can see right now on the buying of the Presidency up in the distinguished State of New Hampshire where the distinguished Presiding Officer lives. I as a candidate, if I take the public moneys, am limited to $600,000. But if I have millions, I have spent millions, go to Channel 5 in Boston and cover Highway 128 going up to Nashua where half of the population of that great State resides.

It is not so much the flat tax as it is the sweep of the television control and the purchase. We will get to that later on with campaign financing, because I have a one-line constitutional amendment: The Congress of the United States is hereby empowered to control expenditures in Federal elections.

We have had bipartisan support, a majority vote. All we lack is two-thirds for that particular amendment. I go back to the day when our colleague from Louisiana, Senator Russell Long, was elocuting in 1974 about the Federal Election Campaign Practices Act and said every mother's son was going to be able to run for President. Nobody was going to be able to buy it. Now they are buying it. But let me go back to communications.

We are about to vote. We protected the 50 percent. We never would yield on that. That would be embarrassing for anybody to stand on the floor and ask for it. To tell you, the only reason I agreed to 35 percent is CBS. Westinghouse already has 32 percent, and we did not want to have to go backwards. Twenty-five percent is enough.

We protected the rural areas. The distinguished chairman of our committee, Senator PRESSLER, Senator STEVENS of Alaska, and Senator BURNS of Montana and all, they protected those rural areas. Any competitor that comes in must serve the entire rural area. They cannot just come in and take a part. The public service commissions or authorities will determine how competition will occur in those rural areas. The infrastructure sharing is provided for from the regional Bell operating companies to help them sustain. We learned a lot with that blooming airline deregulation.

I see I have a colleague who wants a few minutes. I want to yield to make sure he can comment.

The RBOC's, the checklist, and the long distance I have touched on. Universal service: Every carrier, Mr. President, coming into the local market shall contribute.

We have the Rockefeller provision and Senator EXON's cyberporn provision, which he is momentarily ready to address.

How much time do I have left?

The PRESIDING OFFICER. About 3 minutes 10 seconds.

Mr. HOLLINGS. I yield that to my colleague from Nebraska.

Mr. EXON. I thank my friend from South Carolina. My heartiest congratulations to Senator PRESSLER, the chairman of the committee, and my friend and colleague from South Carolina, the ranking member, for a job well done under some extreme circumstances. I congratulate you. I understand that the House has just agreed to the conference report by an overwhelming majority. I think the same thing will happen here.

Mr. President, I am pleased to voice my enthusiastic support for this most significant piece of telecommunications legislation since the enactment of the Communications Act of 1934.

As a Conference Committee member and author and backer of key provisions of the bill I believe that this legislation is good for American families, children and citizens in rural America.

Too often progress and discussions of this legislation has been segregated to the business pages of many of America's newspapers. Too much attention has been paid to how this bill affects large corporations. This legislation is not only about large corporations. It is legislation which will touch every person's life. It will open unprecedented economic, educational and information opportunities for all Americans.

Few pieces of legislation considered by this or any other Congress have so embraced the concerns and needs of America's children and families as has this legislation. I am very proud of the fact that this legislation includes the

Communications Decency Act which I introduced earlier this Congress and in the last Congress to protect children from indecent, pornographic communications on the Internet and other computer services and to protect all Americans from computer obscenity and electronic stalking. With the passage of this bill, the Congress will help make the Information Superhighway safer for kids and families to travel. The current lawlessness on the Internet has opened a virtual Triple-X (XXX)-rated bookstore in the bedrooms of every child with a computer. This law alone will not clean up the Internet. Parental supervision, industry cooperation along with strict law enforcement, need to work together to make this exciting new technology the family friendly resource that it should be.

I am especially pleased that the conference report also included legislation Senator GRASSLEY and I put forward to crack down on those who use various means of communications to lure children into illegal sexual activity.

Concurrent with our efforts to make the Internet and other computer services safe for families and children, this bill includes legislation which will help turn the information revolution to the benefit of all Americans but especially for America's children. The Snowe-Rockefeller-Exon-Kerrey amendment which is part of this bill creates a unique partnership with private industry. It will ensure discount telecommunications rates for schools, libraries and rural health care facilities. This landmark provision will, perhaps, give children in Harvard and Cambridge, NE, opportunities to use telecommunications technologies to learn from libraries and scholars at Harvard and Cambridge Universities.

Another area of critical importance is in enacting legislation to require new televisions to contain the so-called V-chip which will give families an opportunity to block violent, vulgar or other objectionable entertainment programming from their TV set. If successfully implemented, this legislation will lead to the objective rating of programs and give to parents the power to bar from their homes those programs which assault their values. I was proud to co-sponsor the Senate V-chip amendment.

Mr. President, this legislation also represents a major victory for rural America. The conference report gives approval to the so-called farm-team provisions. These provisions assure that rural citizens enjoy telephone technologies and prices which are comparable to those in urban areas. The provisions also allow rural phone companies to pool resources with each other and with cable companies to share new technologies and to give states the power to prevent unfair cherry-picking competition in rural markets. Under the farm-team provisions States can require new telephone competitors to offer service to an entire community rather than just a select few highly profitable rural phone users. The provisions also give the Federal and State regulators flexibility in dealing with small and mid-sized phone companies. Too often, one-size-fits-all regulation needlessly pushes up costs for Nebraska's home town phone companies.

The farm team, by the way, is a group of rural Senators which pushed a package of rural-oriented reforms during last year's consideration of telecommunications legislation. As a charter member of the farm team along with Senators BOB KERREY, JAY ROCKEFELLER, BYRON DORGAN, TED STEVENS, and the current chairman of the Commerce Committee Senator LARRY PRESSLER, it is very gratifying that our ideas on universal service, rural markets, regulatory flexibility and preferential rates for schools, libraries and rural health care facilities are now central principles of America's future telecommunications policies.

In a real sense this legislation is less about big corporation and more about changing the way Americans live, work and learn. No one will be untouched by this legislation. New options may confuse and frustrate some consumers at first, but will bring new services, new choices and more affordable prices to all Americans.

The barriers to investment and innovation have been removed while protecting the essential elements of a free market. The telecommunications reform bill does not disrupt the Nation's antitrust laws and does not change the Justice Department's role in policing unfair competition and predatory pricing.

Mr. President, most importantly this legislation illustrates that a Congress can make revolutionary change when it puts party labels aside and works together not as Democrats and Republicans but as Americans. I congratulate Senators HOLLINGS and PRESSLER and all the members of both parties and both Houses who brought this complex piece of legislation together.

Thank you, Mr. President.

Mrs. BOXER. I would like to congratulate Senator EXON and the other members of the conference on bringing this very important conference report to the floor today. However, I would like to bring their attention to one section that is very troubling to me.

Section 507 amends a preexisting section of the Criminal Code, 18 U.S.C. 1462, and applies to the Internet. Now, it is my understanding that your intent behind adopting this provision was to place reasonable restrictions on obscenity on the Internet. I support this goal. However, a section of this act may be construed to curb discussions about abortion. It seems to me this provision would certainly be unconstitutional.

Mr. EXON. I appreciate the Senator's raising the issue of this provision. I certainly agree with her that any discussion about abortion is protected by the first amendment guarantee of free speech. I certainly agree that nothing in this title should be interpreted to inhibit free speech about the topic of abortion.

Further, she is quite right that our interest in adopting this provision was to curb the spread of obscenity—speech that is not protected by the first amendment—from the Internet in order to protect our children.

Mrs. BOXER. Mr. President, with that assurance, I feel comfortable supporting this bill. And I hope that my colleagues who were also concerned about this provision will now feel comfortable supporting this bill. Once again, I thank the Senator for clarifying this point, and for his hard work on this bill.

Mr. EXON. Mr. President, those who have fought all efforts to bring some level of decency to the Internet have employed all sorts of rhetorical devices to defeat the Communications Decency Act.

The latest attack comes from those who suggest that amendments originally in the House bill to title 18 section 1462 somehow revive obsolete provisions of the Comstock Act—(related in information on abortion)—which courts have essentially determined to be unconstitutional. The amendments to title 18 merely clarify that the current laws which prohibit the importation, transportation, or distribution of obscene materials apply to computers.

The conference committee went to great lengths in section 507(c) to underline that the changes to the Criminal Code are clarifying and do not change the substantive coverage of the current law. The Congress last amended section 1463 in 1994 by increasing penalties for violations of this section. Nothing in this legislation prohibits constitutionally protected speech and this legislation does not revive other-wise dead provisions of that law any more than the 1994 amendment revived those very provisions.

I thank the Chair and I thank again those who put this act together. I am pleased that it is about to pass the U. S. Senate.

I yield the floor.

Mr. DOLE. Mr. President, we are on the verge of passing the most important piece of legislation in this Congress. By unleashing competition in the communications industry, America will have more jobs, a stronger economy, and more opportunity. It is a real economic stimulus package with one big difference: It relies on private-sector America, and not big government.

Mr. President, this bill has been in the works for over a decade. It has stumped Congress after Congress. I know that because I introduced the first deregulation bill after the breakup of the old ''Ma Bell'' system back in 1986, 10 years ago.

There is no doubt about it. This conference report was crafted in a bipartisan, I think nonpartisan, manner. It could not have been accomplished

without the hard work of Chairman PRESSLER and his staff. Senator HOLLINGS has played a key role for years on this important issue.

I want to say an additional word about Senator PRESSLER. I know the committee chairman sometimes gets a little anxious and comes to the leader quite often about, ''When are you going to take up my bill?'' And I can report that I did not get by one day without Senator PRESSLER asking me that at least two or three times.

So I want to congratulate Senator PRESSLER for his dogged determination. I am very proud of the work he has done and the work of the other Members in the conference. We have some differences. We think there are still some things that should be addressed.

I am satisfied with the letter which I have received from the FCC with reference to spectrum. I do not have any desire to put a roadblock in the way of the spectrum option. But I wish to make certain the taxpayers get their money's worth. If it is not worth anything, that is fine. Let us have public hearings. Let us get it all out in the open. Let us make a decision, and then let us make that determination.

I am proud of the fact that this bill willl pass in a Republican Congress. It is no small feat. It was only 3 years ago Congress reregulated the cable TV industry. That is not to say that cable TV did not have its problems, because it certainly did. The difference is Republicans believe competition and not Government is the best regulator of the marketplace. Competition also means more choices for the American people. And choice provides the highest level of consumer protection.

It has been a tough bill to put together and some issues were resolved and some were not resolved. Important issues like the foreign ownership provision that were dropped, they would have helped American corporations pry open foreign markets that have been closed for too long. Or maybe it was the relaxation of the broadcast ownership rule which would have given the little guy access to capital and thereby be a stronger competitor. There could have also been language included that would have forbidden the FCC from regulating the Internet. At the same time, we did take steps to help parents protect their children from indecent material that is prevalent on this new service.

I do not mean to take anything away from the bill and how it will propel our country into the next century. Instead, I wish to point out there is still much to be done. I think everybody has agreed to that.

I have also been openly critical of the provision in the telecommunications bill that would junk all television sets in the country and create a giant welfare program for television broadcasters. I have worked closely with Chairman PRESSLER, who has also been critical of this issue for some time, Senator MCCAIN, the Speaker, and many others.

So we have the letter. I am satisfied with it. They said, in any event, they would not be prepared until 1997, and it seems to me we are not going to retard progress in any way. We are just going to find out what the facts are. If it is worth $10 billion, $20 billion, $30 billion, $70 billion, or zero, the public will know after public hearings. We think the American taxpayers are entitled to at least that assurance. When we are talking about reducing the rate of growth of certain programs—Medicaid, Medicare, welfare—we ought to make certain we are not going at the bottom and giving somebody at the top a windfall. And again maybe someday, if we live long enough, this may be covered by the networks, the spectrum. I doubt it. They will be covering Members of Congress who might be going overseas on important business. But it could be that they might cover this, how much it is worth to them and how much it is worth to broadcasting generally.

I think it should happen. There should not be a double standard is what they keep telling us. I agree with them. So I expect we would have objective reporting on this particular issue.

Today we secured a letter signed by all five Commissioners at the Federal Communications Commission. These Commissioners stood with me, despite intense lobbying to do otherwise. That is courage and we owe them our thanks.

In that letter, these Commissioners committed to Congress,

> Any award of initial licenses or construction permits for advanced television services will only be made in compliance with the express intent of Congress and only pursuant to additional legislation it may resolving this issue.

I am determined to turn the FCC's commitment to us into a victory for the American taxpayer. But Congress will conduct hearings in the full light of day on this issue. We will follow through and address this issue. For those who think this is an idle threat, guess again. Because we will give this our utmost scrutiny.

Now, those may sound like tough words, but, Mr. President, taxpayers deserve nothing less.

In closing, let me also assure those skeptics that these letters are not—I repeat, are not—about saving face. It is about saving the American taxpayer billions of dollars and stopping a giveaway, a giant corporate welfare program.

Mr. President, despite this profound flaw, which we will fix, this legislation will create jobs and benefits that we yet cannot imagine.

I ask unanimous consent that the FCC letter be printed in the RECORD.

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

FEDERAL COMMUNICATIONS COMMISSION,
Washington, DC, February 1, 1996.

Hon. LARRY PRESSLER,
Chairman, Committee on Commerce, Science and Transportation, U.S. Senate, Hart Senate Office Building, Washington, DC.

DEAR CHAIRMAN PRESSLER: Thank you very much for your letter this morning about the concerns expressed by Senate Majority Leader Dole and others regarding the distribution of additional spectrum to television broadcasters. We share the determination of you, Senator Dole and others to protect American taxpayers. As you know, under current law and pursuant to the language of the Telecommunications Act of 1996 (should it become law), the Commission lacks authority to auction, or charge broadcasters for the use of, the spectrum that has been identified for the provision of these broadcast services. In addition, given the many administrative steps necessary to implement any assignment of digital broadcast licenses, we would not be in a position to issue those licenses any earlier than 1997.

We recognize the serious policy questions involved, and that you intend to hold hearings and enact legislation dealing with this issue as part of an overhaul of policies governing the electromagnetic spectrum. Any award of initial licenses or construction permits for Advanced Television Services will only be made in compliance with the express intent of Congress and only pursuant to additional legislation it may adopt resolving this issue.

Very truly yours,

REED E. HUNDT,
Chairman.
JAMES H. QUELLO,
Commissioner.
ANDREW C. BARRETT,
Commissioner.
SUSAN NESS,
Commissioner.
RACHELLE B. CHONG,
Commissioner.

Mr. PRESSLER. How much time is remaining?

The PRESIDING OFFICER. Senator HOLLING's time has expired, and the Senator from South Dakota has 5 minutes 58 seconds.

Mr. PRESSLER. Mr. President, I yield 3 minutes to my colleague from Washington. I thank him very much for his work on this bill. It would not have happened without him.

Mr. GORTON. Mr. President, in dealing with highly complex and technical legislation, two requirements seem to me to be essential. The first is that those who have an interest in the legislation and have conflicts among themselves over what is most desirable, express their views so that Members can evaluate conflicting arguments and attempt to reach the truth.

Each of these interest groups gives lip service to the consumer interest and to competition, but it is only by testing the groups' competing ideas against one another that the consumer interest and competition can truly be served. That has clearly been the case in connection with the many year debate over telecommunications legislation. There were myriad interest groups. They had highly conflicting interests. I believe that we have reached good accommodations in connection with almost every one of those conflicts.

But the second and even more important requirement for dealing with legislation of this type is that the Members who deal with the issue in the committees, and particularly those who are in charge, keep the public interest as their objective. In this connection, I want to say how much that has been the case with the junior Senator from South Carolina [Mr. HOLLINGS] during his leadership in this process. Most particularly, however, I offer my appreciation to Senator PRESSLER, who was willing to listen to everybody, but be the prisoner of no one, in arriving at the right answers in connection with this bill. He did so in the Senate proceedings, and he did so as chairman of the conference committee. The fact that we are here today passing, nearly unanimously, this important piece of legislation is a real tribute to him.

Personally, Mr. President, I should like to note two aspects of this comprehensive legislation. I have a great interest in the competitive nature of the wireless industry, and I am gratified that most of my suggestions in that connection, to strengthen the industry's competitive position, have been accepted. I am also delighted that we were able to protect our American children and the power of our American parents through the V-chip provisions and through other provisions, which will give more authority to family members to supervise what their children see.

Other details, obviously, cannot be gone into at the present time. This is a fine piece of legislation. As a result of the great work of our leaders, it will create employment for many tens of thousands of Americans, and ensure that telecommunications will be a cutting-edge industry in this country for many years to come.

I would like to clarify, and express my understanding, of a somewhat confusing provision in the bill regarding uniform pricing of cable rates. The conference report changes the uniform rate requirement in two essential ways. First, section 301(b)(2) of the legislation sunsets the uniform rate structure requirement in markets where the cable operator faces effective competition.

The second change to the uniform rate requirement is the addition of language that permits cable operators to offer bulk discounts to multiple dwelling units or MDU's. The language in this section permits cable operators to offer bulk discounts to MDU's, ''except that a cable operator of a cable system that is not subject to effective competition may not charge predatory prices to a multiple dwelling unit.''

I understand that there has been concern that this somewhat awkwardly worded section implicitly condones predatory pricing once there is competition in a market, or for subscribers who do not live in MDU's. Clearly it is not the intent of Congress to supersede the Sherman Act by allowing cable operators to engage in predatory pricing at any time or under any circumstances. In fact, the legislation includes a general antitrust savings clause in section 601(b). This clause guarantees that antitrust concerns still will be addressed in the telecommunications industry.

Mr. PRESSLER. I join in that praise of Senator DASCHLE and also Senator DOLE.

Mr. President, in closing this debate, let me say that we are passing a historic telecommunications bill that will have a sweeping impact. It is prospective, deregulatory, and it will affect every single American. It will have a great international impact. I know that our citizens will benefit greatly. There will be new devices and new technologies, and there will be lower prices. We are entering an era that is going to be like the Oklahoma land rush. There will be an explosion of new telecommunications opportunities for our citizens.

I thank all the Senators. I have had the privilege of visiting with all 100 Senators about this legislation. I also pay tribute to Congressman BLILEY, Congressman FIELDS, Congressman MARKEY, Congressman DINGELL, and others, whom I have had a chance, as chairman of the joint House-Senate conference, to become acquainted with. I have come to appreciate the work of a House-Senate conference. I want to pay tribute to our House colleagues who worked so hard on this legislation.

UNANIMOUS-CONSENT AGREEMENT

Mr. STEVENS. Mr. President, I ask unanimous-consent that, consistent with the law and the rules of the Senate Rules Committee, the maximum amount of copies of the Senate version of this conference report be printed and, if possible, that 50 copies be delivered to each Senator's office.

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

Mr. PRESSLER. Mr. President, I want to thank everyone. I yield the remaining time to the Senator from South Carolina.

Mr. HOLLINGS. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the conference report accompanying S. 652. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. LOTT. I announce that the Senator from Texas [Mr. GRAMM] is necessarily absent.

Mr. FORD. I announce that the Senator from Connecticut [Mr. DODD] and the Senator from West Virginia [Mr. ROCKEFELLER] are necessarily absent.

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

The result was announced—yeas 91, nays 5, as follows:

[Rollcall Vote No. 8 Leg.]

YEAS—91

Abraham	Faircloth	Lott
Akaka	Feinstein	Lugar
Ashcroft	Ford	Mack
Baucus	Frist	McConnell
Bennett	Glenn	Mikulski
Biden	Gorton	Moseley-Braun
Bingaman	Graham	Moynihan
Bond	Grams	Murkowski
Boxer	Grassley	Murray
Bradley	Gregg	Nickles
Breaux	Harkin	Nunn
Brown	Hatch	Pell
Bryan	Hatfield	Pressler
Bumpers	Heflin	Pryor
Burns	Helms	Reid
Byrd	Hollings	Robb
Campbell	Hutchison	Roth
Chafee	Inhofe	Santorum
Coats	Inouye	Sarbanes
Cochran	Jeffords	Shelby
Cohen	Johnston	Simpson
Conrad	Kassebaum	Smith
Coverdell	Kempthorne	Snowe
Craig	Kennedy	Specter
D'Amato	Kerrey	Stevens
Daschle	Kerry	Thomas
DeWine	Kohl	Thompson
Dole	Kyl	Thurmond
Domenici	Lautenberg	Warner
Dorgan	Levin	
Exon	Lieberman	

NAYS—5

Feingold	McCain	Wellstone
Leahy	Simon	

NOT VOTING—3

Dodd	Gramm	Rockefeller

So the conference report was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

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

The motion to lay on the table was agreed to.

CONFERENCE REPORT ON S. 652, THE TELECOMMUNICATIONS REFORM BILL

Mr. CHAFEE. Mr. President, I congratulate the managers of this bill and the leadership of the House and Senate on bringing to the floor this complex, overdue effort to bring our Nation's telecommunications laws into the 21st century. Although this legislation does not receive the attention in the media as do issues such as the Federal budget and tax cuts, its importance to our economy, to the livelihoods of all Americans, and to continued technological progress cannot be overstated. In fact, it has been said that the telecommunications reform bill is the most important piece of legislation we will pass in this Congress.

This bill recognizes that market forces and competition are the fuels that drive our Nation's economy. For too long, most sectors of our telecommunications industry, particularly the telephone industry, have been hamstrung by outdated laws that limit access to the marketplace. The great bulk of law in this area is actually some 61 years old. It should be obvious to everyone that communications technology has been revolutionized during these 61 years, and our laws ought to keep up with these changes in technology.

Since the 104th Congress began consideration of telecommunications reform early last year, there have been

countless forces pulling the authors of this legislation is many different directions. There have been industry groups, individual companies, consumer groups, unions, think tanks, the administration, and many, many more all with an interest in this bill who have rightfully voiced their concerns as this process has gone forward. I admire the long hours of hard work performed by the Commerce Committee and its staff in sorting through the maze of this highly complex issue and producing this conference report. I certainly did not envy these individuals as they tackled this extraordinary difficult task.

While, as I have said, we all respect the ability of the free market to produce jobs and foster economic growth, there are many in Congress who are reluctant to let the marketplace operate completely freely in all telecommunications industries. For example, many of my colleagues are concerned that the regional Bell companies will take undue advantage of their ownership of local telephone networks to compete unfairly in the long distance market. On the other hand, many other colleagues are equally adamant that we should place very few restrictions on Bell companies as they are permitted to offer long distance service.

This debate over long distance represents just one of the many, many difficult balancing acts the managers of this bill struggled with. In short, my colleagues had to reconcile the views of those who wanted to let the marketplace more or less reign free with those who sought regulatory protection for industries and for consumers. And let me tell you, this was no easy task for the authors of this bill; I commend them for their legislative ability. No one is 100 percent happy with the final product, but I am confident that the benefits we will realize in enacting this bill in the way of job creation and technological progress are real. We can all be proud of the job done by the authors of this legislation.

Mr. WARNER. Mr. President, I wish to associate myself with the remarks made by the distinguished Senator from Rhode Island. Those of us who have worked with the distinguished chairman and ranking member on this bill wish to acknowledge the great credit for their leadership, and for our distinguished majority leader and the minority leader for their backup assistance.

CLOTURE VOTE POSTPONED ON THE FARM BILL

Mr. DOLE. Mr. President, if I could have the attention of my colleagues, I ask that the cloture vote be postponed.

Let me indicate what we believe is in progress. We have been working for the last 2 or 3 hours with a number of Members on each side of the aisle and with Chairman LUGAR and the ranking member, Senator LEAHY, on the Senate Agriculture Committee. I am not certain if there is an agreement yet, but we may be close to an agreement. We think it would save a considerable amount of time if we could suspend it temporarily. I understand the Democrats have a conference at 5:30.

Mr. DASCHLE. Assuming we have an agreement to talk about, but I was told that we were close to an agreement. I felt it was important that we set a time, if it were possible to do that, and then immediately go back to the floor and continue our work.

Mr. DOLE. I know a number of Members have other engagements. I will be in a position, maybe by 6 o'clock, to indicate whether we have an agreement or do not have an agreement. If we do not have an agreement, we will vote on cloture. If we do have an agreement, we will try to get a time agreement and consider all amendments—en bloc?

Mr. DASCHLE. Hopefully.

The PRESIDING OFFICER. Is there objection to the request to set aside the cloture vote and to come back at 6 o'clock on this issue? Without objection, it is so ordered.

Mr. DOLE. Mr. President, I can tell Members now that there will not be any votes for a while. We will try to give an a announcement at 6 o'clock. We hope we can have a short time agreement. If there is an agreement overall on the agriculture bill, we would not be here too late this evening. If not, we would have to come back tomorrow or sometime next week.

So I say to my colleagues that we will let you know as soon as we have any information. And I appreciate your cooperation.

Mr. DASCHLE addressed the Chair.

The PRESIDING OFFICER. The minority leader.

Mr. DASCHLE. Let me commend the distinguished Senator from South Dakota, and in particular our minority ranking member, the Senator from South Carolina [Mr. HOLLINGS] for the remarkable job he has done in bringing us to the point we achieved today. Were it not for his contribution and leadership and incredible determination over the last several months, we would simply not have achieved what we achieved this afternoon. Senator HOLLINGS deserves commendation on both sides of the aisle. I publicly want to again thank him for the effort that he put forth, for the remarkable teamwork that he demonstrated in allowing us the opportunity to at long last achieve what we have all hoped we could achieve.

So I commend Senator HOLLINGS and others who were involved, certainly the Senator from South Dakota, and I am very pleased with the result this afternoon.

I yield the floor.

RECOGNITION OF RONALD REAGAN'S 85TH BIRTHDAY

Mr. DOLE. Mr. President, I understand a resolution I am about to offer has been cleared on each side. I send it to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

A resolution (S. Res. 220) in recognition of Ronald Reagan's 85th birthday.

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

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

Mr. DOLE. Mr. President, 16 years ago, America was flat on her back. Our economy was a disaster. The only things up were inflation, interest rates, and unemployment—all in or near double digits. Abroad, our resolve was questioned by our allies and doubted by our adversaries.

Many so-called experts—including some in the Government—surveyed the situation, wrung their hands, shook their heads, and pronounced that the United States was in decline: That our best days were far behind us.

But one man knew better. And that man was Ronald Reagan.

Ronald Reagan knew that power belonged with the people, not with the Government. He knew that the best solutions to our problems came not from bureaucrats on the Potomac, but from men and women on the Mississippi, the Colorado, and the Columbia.

Ronald Reagan knew that economic recovery could be achieved not through regulations and redtape, but by allowing the magic of the marketplace to work its wonders.

Ronald Reagan knew that America was right far more often than she was wrong.

Ronald Reagan knew that military strength was not the means to war, but the key to peace.

Ronald Reagan knew that world respect came not from appeasement, but from standing by your friends, by speaking up for freedom, and by drawing the line against dictators.

Ronald Reagan knew that America was still a shining city on a hill, and that our Nation's best days were truly yet to come.

It was this vision that Ronald Reagan presented in 1980 and 1984.

It was this vision that the voters approved in overwhelming margins.

It was this vision that brought hope and opportunity to millions.

It was this vision that revitalized America, and changed the world.

Mr. President, next Tuesday is Ronald Reagan's 85th birthday. And the resolution we pass today will extend to President Reagan the greetings and best wishes of the U.S. Senate.

And I know I speak for all Members of the Senate, when I say that our thoughts and prayers are with the President and Nancy.

Mr. WARNER. Mr. President, I rise tonight to wish Ronald Reagan, one of this country's, indeed, one of the world's, great leaders, a happy 85th birthday. The ''Gipper'' and his family—and friends joining across the

world—will celebrate his birthday on Saturday.

As a Senator in my first term, when President Reagan came to Washington, I found his vision, forthrightness and high principles, to be measures by which all elected officials can aspire. Ronald Reagan's faith in God and his tremendous belief in the common sense of the American people, were sources of great strength and wisdom. His courage and willingness to stand up for what he believed in were admired by friend and foe alike.

I am proud to say that I consider Ronald Reagan not just a friend, but a teacher and mentor to me and many other Senators back in our early Senate career.

I fondly recall our times together, especially while we were riding horses over my Atoka farm. Our conversations varied from personal stories to serious discussions about the threat of the former Soviet Empire and America's place in the world as a protector of freedom and Democracy. His humor paralleled that of Will Rogers.

Mr. President, I am very proud of the fact that next year, in my home State, the Newport News Shipyard will lay the keel of the Navy's newest aircraft carrier, the U.S.S. *Ronald Reagan*. I wish to join with my good friend from Idaho, Senator KEMPTHORNE, for together we sponsored the legislation that designated the ship with President Reagan's name. It is a rightful designation for his contribution to the demise of the Soviet Union.

I am also pleased that the Reagan Presidency will be honored just a few blocks from the Capitol. The Federal Triangle project under construction at 14th Street and Pennsylvania Avenue, Northwest, will be designated as the Ronald Reagan Building and International Trade Center, thanks to legislation introduced by Majority Leader ROBERT DOLE. I am proud to have been a co-sponsor of this legislation, which has been passed by the Congress and signed into law by the President.

I would like to close my remarks, Mr. President, by paying tribute to Nancy Reagan, a truly magnificent First Lady. In the White House and since President Reagan left office, Nancy Reagan has been a strong voice on significant public issues. Americans everywhere owe her a debt of gratitude for the outstanding work she has done and continues to do to educate the children and youth of this Nation, particularly about the tragedy of drug abuse.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 220) was agreed to.

The preamble was agreed to.

The resolution and its preamble are as follows:

S. RES. 220

Whereas, February 6, 1996 is the 85th Birthday of Ronald Wilson Reagan;

And Whereas, Ronald Reagan was twice elected by overwhelming margins as President of the United States;

And Whereas, Ronald Reagan is loved and admired by millions of Americans, and by countless others around the world;

And Whereas, Ronald Reagan, with the leadership of his wife, Nancy, led a national crusade against illegal drugs;

And Whereas, Ronald Reagan's eloquence united Americans in times of triumph and tragedy;

And Whereas, the thoughts and prayers of the Senate and the country are with Ronald Reagan in his courageous battle with Alzheimer's Disease; Therefore, be it

Resolved, That the Senate of the United States extends its birthday greetings and best wishes to Ronald Reagan.

SEC. 2. That the Secretary of the Senate shall transmit a copy of this resolution to Ronald Reagan.

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

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

THE D.C. APPROPRIATIONS CONFERENCE REPORT

Mr. JEFFORDS. Mr. President, it is with some sadness that I come to the floor this evening. Those of us who have been on the District of Columbia conference committee have now worked some 90 days in trying to get a conference agreement. We have had a very difficult time. We have at times reached an agreement and then had those agreements disappear.

This Congress has placed itself in a special relationship with the District of Columbia by recognizing the incredible problems it has, both with its financing as well with education. We have taken the responsibility of doing what we can to make this city proud and to give it the wherewithal in order to improve its educational system.

I think we have a conference report that certainly, although it is not perfect—and that is obvious from the situation we find ourselves in—is nevertheless one which could bring about a resolution of the problems involved with the educational system. It could also, in a noncontroversial manner, provide the economic wherewithal for the District to be able to move forward.

This is an appropriations bill that includes nearly $5 billion in spending authority for the city of Washington. We were held up by disagreement over a provision of $5 million for a scholarship program, that represents one-tenth of 1 percent of the money involved with this bill. Yet, it does reach such an emotional state with respect to those people who feel one way or the other about the utilization of Federal funds for scholarships to allow young people to go and seek another school in order to, hopefully, advance their education. However, this disagreement over the scholarship program is such a matter.

I had hoped very much, and had expected, that we would be able to take up the D.C. appropriations conference report today. The House passed it yesterday. They did so with a fairly good vote. But I find now, after having verified with my counterpart on the other side of the aisle, what would happen in the event that I attempted to bring up the conference report this evening. There would be no time agreement at all, there would be a filibuster, and there would not be any desire to move that conference agreement, in its present state out of this body.

I wish that we would stop damaging the District of Columbia's efforts to revitalize itself. And keeping in mind that by grabbing control as we have—and I do not disagree with that—over the power to do things, we have taken the responsibility, and I am only thinking of the kids. I have spent many, many hours of my own time in this city by going around from school to school.

I spend every Tuesday reading to a young man in the third grade whom I have seen change and he has become so much more able to participate in class in a meaningful way through knowing English. He is a student to whom English is a second language, I am incredibly impressed with his progress. We have 200 Senate staff members who are going every Tuesday and reading to kids. This program is going on. We are trying to do the best we can. But there is a lot that cannot be done without the ability to reorganize what is going on in the school system.

So I just stand before you very, very discouraged at all the effort that we have put forth to try to bring about a resolution which this body could consider, and hopefully adopt, to now find that that cannot be considered. So I will continue to do all I can to find the answers. I know that they will not be easy. But I also will do everything in my power to assure that we can proceed as best we can under the circumstances. I will work to pass the conference report at some later date, but if that cannot be done, I will do my best to work within the structure we have created with the Control Board and others to see what we can do while we wait for this legislation to pass.

I know the school board in Washington, DC, met today and had some concerns. Before I learned those concerns, I had initiated a call and a meeting with the chairwoman of the school board for tomorrow. I will be meeting with her tomorrow and we will look toward the future.

I am hopeful still that we will find this matter, which is of great national concern, should not be used to deprive those who want to help the schools to move forward. We are nearly halfway through the school year now, much needs to be done, and I hope both sides of this issue will calm down and let us proceed in some manner so that we can help the children of this city.

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

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

The assistant legislative 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 ask unanimous consent to speak as in morning business.

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

FARM BILL

Mr. HARKIN. Mr. President, the Senate is in session at this late hour—we just finished the telecom bill, a very important bill for our country—but we are in session now because we do not have a farm bill.

I have been on the Agriculture Committee now for 22 years, 10 in the House, 12 in the Senate. I have seen a lot of farm bills. I have worked on a lot of farm bills. Some were contentious, some sort of passed easily. But in every instance—in every single instance—in the House and in the Senate, we worked diligently on both sides of the aisle to try to reach accommodations to get a farm bill through before the end of the year. In most cases, we got it through long before the end of the year.

But I remember some particular ones. I remember the 1981 farm bill when I was in the House. We passed it in the early morning hours of December 17. Why do I remember that? Because my daughter was born about 2 hours later, and I remember being on the floor trying to get the farm bill passed.

The reason I recall that, aside from the fact my daughter was born a couple of hours after we finished the farm bill, was that it was late in the year. It was 1981, a very contentious year in agriculture regarding what kind of farm policy we were going to develop under the leadership of the new administration that had taken over that year. But we got our work done, and we got the farm bill passed and down to the President before the end of the year.

That was with a Democratic House and a Republican Senate and a Republican President. We did not filibuster, we did not hold it up. We did our work, and we got it through before the end of the year.

The hue and cry that came from around the country was that we had waited too long. A lot of the finger pointing was at the Democrats, because we allegedly had waited too long and we did not get the bill through by the end of the year. But we got it through.

Now here we are in February of 1996, and we still do not have a farm bill for this year. I do not want to engage in finger pointing, but I do want to say at least that no Democrat on this side has filibustered a farm bill. We have not held it up.

We passed a farm bill out of the Ag Committee in late September. We could have brought it out on the floor in the month of October. We could have brought it out in the month of November. We could have brought it out in the month of December. But, no, it was not brought up. No, instead, it was taken and put in the budget reconciliation bill so that we did not have an opportunity to really debate it and amend it and fashion a farm program for the future. The President vetoed that bill, as he should have.

So here we are in February, and once again, a farm bill was laid down yesterday. Immediately, a cloture motion was filed to cut off debate, to cut off amendments, to limit the time.

Well, I am not here to filibuster, but I do want some time to speak on the bill, to lay out what it would mean to farmers and rural communities in my State. I want some time to be able to offer amendments that I think are worthwhile. I may not win them, but at least I feel an obligation to my farmers in Iowa to try to craft and fashion a farm bill in their best interests.

Now I understand that at this late hour we are being told that the House is going to go out. The Senate wants to adjourn and come back at the end of February, and we have to pass a farm bill tonight, or we will not be able to get it done because the Senate is going to adjourn for another month. What kind of nonsense is that? We are elected to come here and get the people's legislation passed. I do not know of any compelling reason why we cannot bring the farm bill up, debate it tomorrow, or Saturday if need be. We do not need to be here Saturday; we can debate it Monday and Tuesday, and probably get it done by Tuesday night. At least everybody would have ample opportunity to speak, offer amendments, and have their amendments voted on. Then we can have a final vote on the passage of the bill and send it to conference.

Yet, somehow a gun is being held to our heads tonight, and we are told that if we do not rubberstamp some farm bill that has been crafted in the back rooms—and we do not even know what is in it—that we are going to be held to blame because a farm bill was not passed here on February 1. I am telling you, Mr. President, I find this whole process contrary to everything I believe in, in terms of a democratic Government, and in terms of what I believe in, in terms of the processes here of open and free debate, with amendments, and allowing us to state our case and to try to make the best case we can for our constituents.

So I am sorry, I am just not going to be a part of caving in and rubberstamping something simply because it is late, it is in February, and we have to get a farm bill passed. Our farmers need to know what to do. For Heaven's sake, they need to know what to do. But it was not this Senator, or any Senator on this side of the aisle, that kept the farm bill from coming to the floor in October, November, or December. That was not our call to make. It was not brought up on the floor. It should have been brought up. It should have been brought up in October. Then we could have finished our work and sent it to conference. It may not have been what I wanted, but at least the process would have been fair and open and I could not complain.

I am complaining now because the process is not fair and it is not open. I intend to make it so. I will use whatever power I have as a Senator to make sure we have that kind of an open process here on the farm bill and not be asked to rubberstamp something when we do not even know what is in it.

But the people that are really suffering are our farmers, along with others involved in agriculture. My farmers in Iowa and throughout the Midwest right now have to make decisions, and they are doing it in the blind—what seed to buy, what to plant, how much credit do they need, how much fertilizer they need. How can they make those decisions when they do not even know what kind of farm program we have? They should have known this and could have known this in December or earlier. We could have had a farm bill passed in December. It may not have been what I would have liked, but at least the process could have been fair and open.

We owe it, I believe, to our farmers and rural communities to act in a deliberate manner. We have a 1990 farm bill that was crafted here in a bipartisan fashion. I was not one of those preferring to extend the 1990 farm bill, I must admit. But at this late hour, it seems almost inevitable that some type of extension is probably the most realistic thing we can do. We can make some changes, I believe, that both sides of the aisle would agree with, such as more planting flexibility and getting rid of base acreage restrictions. We could do that. Then farmers would at least have some idea what the rules are because they have already operated under the 1990 farm bill for the past 5 years. They would know what to expect, what to do, and there would be some certainty out there. Perhaps we would have to come back this year, or maybe even next year. Maybe we should extend it 2 years because it looks like this is going to be a short year with everybody out campaigning. Then maybe we can come back next year and craft a longer term farm bill that would take care of us for the next 5 to 7 years. But this process of saying we have to do something tonight because we are going to adjourn in the Senate for the next month and, therefore, bang, we have to do something quickly tonight—we cannot debate it, look at it, or examine it—what kind of nonsense is that?

So I hope we do not have to adjourn tonight. I see no reason why we cannot be in next week. Those who want to vote to adjourn had better be ready to go back and tell their farmers, no, we thought it was more important to take time off than to debate this farm bill fully, in an open and free debate, with opportunity for amendments to it.

So, Mr. President, perhaps I am just venting frustration, but I believe a lot of others share those frustrations. I hope that in some way I am representing the frustrations of the farmers I represent, because they are frustrated. They do not know what to expect. They would like to have a little certainty, too. Right now, all we are giving them is uncertainty. If we adjourn for a month tonight, they have another month of uncertainty. It is unfair and unconscionable that we would walk out of this place tonight and adjourn without having a full, fair, and open debate on amendments to a farm bill, which cannot take place in 3 hours tonight. It may take tomorrow and it might take Monday. That is fair. I do not know how many days the 1990 farm bill took. I am informed that it took 7 days. The 1985 farm bill took about the same amount of time. We had the telecom bill. How many days did that take? I think a couple of weeks. The farm bill is every bit as important to our farmers as the telecom bill is to the people in telecommunications. I do not think the farm bill needs 7 days, but at least 2 or 3 days, to debate and amend it and have final passage. I do not see why we cannot do that tomorrow, Monday, and Tuesday. There is no reason we cannot do it.

I yield the floor.

Mr. FORD. Mr. President, 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. EXON. 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. EXON. Mr. President, I ask unanimous consent that I be allowed to speak for approximately 5 minutes on the matter of the agricultural bill.

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

AGRICULTURE

Mr. EXON. Mr. President, I have listened to my distinguished colleague from the neighboring State of Iowa. I want to share with the Senate the fact that my frustrations run very deep, as deep as so eloquently expressed by my colleague from the State of Iowa, Senator HARKIN.

Here we are, Mr. President, 10 minutes after 7:00 on the 1st day of February, and there is rapid talk in this body about adjourning this evening until sometime around February 28. Now, obviously, adjourning here without taking any action whatever on a farm bill is not only wrong, it is not only bad policy, but it is ridiculous.

How do we work ourselves out of the dilemma we find ourselves in right now? Mr. President, it would seem to me that it would be a time for cooler heads to prevail. I think we have two basic options: Either we stay here and work and not adjourn, as has been contemplated, and I suspect that would be the best possible course of action of all the options that we have; or the second option, it seems to me, would be if we are going to adjourn tonight, and if we adjourn I suspect we will have a rollcall vote on adjournment so that we will all know in this body and elsewhere as to who wanted to adjourn when we have important work that we should remain here doing. The other option of not staying here, if we are bound and determined to adjourn, which I will oppose, but if that happens, we are going to leave here without any resolution whatever on the farm bill, would be the worse of all possible worlds. If we are not going to continue to stay here and work and hammer out a compromise of some kind, then I think the next best option would be for a simple 1-year extension of the present farm bill.

The only significant changes that I suggest that we should make in that regard is to accept and provide a simplification of the rules, regulations, and red tape, and truly allow the farmers of America, for the most part, to farm for the 1996 year without all of the complicated restraints that they have. I simply say the simplification of the rules and allowing the farmers more freedom is one part of the Freedom to Farm Act that I generally have supported.

I hope that all would realize and recognize that we either have the option of trying to work out something tonight, which I think is going to be extremely difficult. If we cannot do that, I think we should schedule to be here tomorrow and Saturday, if necessary, and again next week, in an effort to try and come to some kind of a workable compromise that can get the required number of votes, and/or tonight stand to face reality and say it is going to be very difficult to come to some kind of an agreement. Probably the best thing for all sides to do would simply be to recognize and realize that the best thing to do under the circumstances in consideration to the farmers of America, who are anxiously awaiting what we are going to do here with regard to a farm bill, is to have a 1-year extension of the present farm bill with the caveats I have just expressed.

Mr. President, it seems to me, therefore, we once again are up against time constraints—some of them real, some of them imaginary. By and large, I see no reason why we should be adjourning when we should be here working. If adjournment is the way we are going to go, I appeal for all sides to realize and recognize, in the interests of agriculture, while extending the present farm bill for 1 year is not the way I would like to go, it may be the only way for us to go and provide a measure of assurance to the food producers of America that we do, indeed, care and appreciate what they are going through.

Here we are in February talking about a farm bill that should have been passed no later than the beginning of the new fiscal year last October 1. Here we are, Mr. President, as the ranking Democrat on the Budget Committee, starting to make plans for the budget discussions in 1996, and we have not even finished the budget from last year. We are sadly behind what we should be doing—doing it right or wrong.

I think that, by and large, most of the minority, and I hope a large portion of the majority, in the Senate would realize it is time to fish or cut bait. If we cannot come to an agreement, I suggest it would make sense and be reasonable for all sides to agree to an extension of 1 year, with the caveats I have outlined.

FEDERAL TEA TASTERS REPEAL ACT OF 1996

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of calendar 306, S. 1518.

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

The clerk will report.

The bill clerk read as follows:

A bill (S. 1518) to eliminate the Board of Tea Experts by prohibiting funding for the Board and by repealing the Tea Importation Act of 1897.

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

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

Mr. DOLE. I ask unanimous consent that the bill be deemed read a third time, passed, the motion to reconsider be laid upon the table, and that any statements be placed at the appropriate place in the RECORD.

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

So the bill (S. 1518) was deemed read the third time and passed, as follows:

S. 1518

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 ''Federal Tea Tasters Repeal Act of 1996''.

SEC. 2. PROHIBITION OF FUNDING.

None of the funds appropriated or made available to the Federal Drug Administration shall be used to operate the Board of Tea Experts and related activities.

SEC. 3. REPEAL OF TEA IMPORTATION ACT OF 1897.

The Tea Importation Act (21 U.S.C. 41 et seq.) is repealed.

SEC. 4. EFFECTIVE DATE.

This Act shall take effect on the date of enactment of this Act.

AWARDING THE CONGRESSIONAL GOLD MEDAL TO RUTH AND BILLY GRAHAM

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of H.R. 2657 just received from the House.

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

The clerk will report.

The bill clerk read as follows:

A bill (H.R. 2657) to award a Congressional Gold Medal to Ruth and Billy Graham.

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

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

AMENDMENT NO. 3315

(Purpose: To strike section 5 of the bill)

Mr. DOLE. Mr. President, I send an amendment to the desk on behalf of Senator FAIRCLOTH and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Kansas [Mr. DOLE], for Mr. FAIRCLOTH, proposes an amendment numbered 3315.

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

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

The amendment is as follows:

On page 4, following the period on line 7, strike all that follows:

Mr. DOLE. Mr. President, I ask unanimous consent that the amendment be agreed to, that the bill be deemed read a third time and passed, as amended, the motion to reconsider be laid upon the table, and that any statements relating to the bill appear at the appropriate place in the RECORD.

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

The amendment (No. 3315) was agreed to.

The bill (H.R. 2657) was deemed read the third time and passed.

THE FARM BILL

Mr. DOLE. Mr. President, let me indicate, while we are waiting for another matter here, we have not been able to reach an agreement on the farm bill. We have had discussions throughout the day. We have had one cloture vote.

What I would propose we do is postpone that cloture vote until after the leaders have conferred on Tuesday and, hopefully by that time, get some paper out there so that people can see what is proposed by Members on each side; if we cannot get an agreement, then have that cloture vote Tuesday and decide what to do after that. But I know there are Members probably waiting around in their offices. I would say there will probably be no further votes this evening, but there may be votes on next Tuesday. We will go out tonight and over until Tuesday; pro forma Monday.

The PRESIDING OFFICER. The Democratic leader.

Mr. DASCHLE. Mr. President, I want to commend those who have been involved in these discussions. I think we have made a lot of progress in the last several hours. We just had a caucus. I think it is fair to say that much of what we reported to them was very well received. I think the question is whether or not, without having finalized the agreement and without knowing for sure just how it all affects current law, whether or not we are in a position yet tonight to come to closure.

I think we are getting closer. I hope we can continue these negotiations, have an agreement that we could send out to everybody so in the next couple of days they could take a look at it, and then have a vote within a very limited timeframe on Tuesday. I would like to see if we can finish this on Tuesday and limit the votes and try to move this process along.

So, I share the leader's desire to come to closure and his expressed hope that we could do it as early as next Tuesday.

Mr. CRAIG. Will the leader yield?

Mr. DOLE. I will be happy to yield.

The PRESIDING OFFICER. The Senator from Idaho.

A CLEAR FARM POLICY

Mr. CRAIG. Mr. President, I think I and a lot of other Senators are very frustrated at this moment as we have tried to move this issue over the last several weeks.

All of us agree that the agricultural community deserves to hear a clear message from the Congress of the United States that relates to farm policy. I am terribly disappointed that this afternoon we could not gain cloture, that the other side chose to kill freedom to farm. We also put up an excellent alternative to that and that—we could not work with that issue.

Obviously, farm policy in its formation has always been bipartisan. I was confident this afternoon, or at least I thought I could be, that we had worked for several days to build that bipartisan compromise and still maintain the kind of levels of expenditure that sent a clear message to American agriculture that there would be some safety nets but, at the same time, that they were going to move toward the market as they have told us—week after week, month after month, as we have held hearings in the Senate Agriculture Committee this year—that a reinstatement of current policy simply would not work anymore and it should not work.

While I know none of us at this moment are working on a reinstatement of current policy, I am very concerned to see us edging back toward it at a time when agriculture has said to us that is not where we ought to head.

So I hope we can arrive at something over the weekend and into next week. It is my understanding the House may not be able to get there, as we had hoped, so we could at least show the American farm community a timetable that we are all going to be sensitive to. But I am disappointed, and I think we all are, that this cannot be resolved in the fashion we had hoped.

I am going to have to, as I think others on this side are, look a great deal more closely at the deals that are being put together. We, in my opinion—certainly from this Senator's point of view—have gone as far as I know is possible to go without saying to Idaho agriculture we have decided not to do what we told you we were going to do and what most of you had agreed to. I presented legislation yesterday that had the full endorsement of the American Farm Bureau and a variety of other organizations, wheat growers, corn growers and others. I had hoped we could arrive at that in a timely fashion.

It appears we are not there. I hope we are closer than I am led to believe we might be. But, to the leader who, I know, has worked today, and the minority leader, I hope we can get this accomplished and the final plans worked out. Timing is of the essence, that we resolve it. It should have been resolved today.

TEMPORARY EXTENSION IN STATUTORY DEBT LIMIT

Mr. MOYNIHAN. Mr. President, H.R. 2924 is, in effect, a temporary increase in the debt ceiling.

Under the bill, the Secretary of the Treasury may issue Treasury securities in excess of the current $4.9 trillion ceiling in order to pay the March 1996 Social Security benefits. Coupled with the normal end of month redeeming of Treasury securities held by the Social Security trust funds, this bill permits the Federal Government to meet all of its financial obligations on March 1.

The bill provides much-needed time to consider a longer and perhaps permanent increase in the debt ceiling. Congress may not take up this issue again until the week of February 26, and, without this legislation, action would be required almost immediately to prevent default on February 29 or March 1. That is cutting it too close. Under this bill, we will have until March 15 to work out a long-term increase in the debt ceiling.

And, importantly, this legislation commits the Congress to timely action. Item 1 in the bill's ''FINDINGS'' states:

(1) Congress intends to pass an increase in the public debt limit before March 1, 1996.

This is a welcome statement of good faith. It will shortly pass the House of Representatives. I urge the Senate to concur.

GUARANTEEING THE TIMELY PAYMENT OF SOCIAL SECURITY BENEFITS IN MARCH 1996

Mr. DOLE. Mr. President, I ask unanimous consent the Senate proceed to the immediate consideration of S. 1555, introduced today by Senators ROTH and DOLE, and that the bill be considered read a third time.

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

The bill (S. 1555) was considered read a third time.

Mr. DOLE. Further, I ask unanimous consent that the Senate proceed now to the consideration of H.R. 2924, the bill be considered, deemed read a third time and passed, the motion to reconsider be laid upon the table, that any statements relating to these measures appear at this point in the RECORD, and that S. 1555 be indefinitely postponed; provided, of course, that H.R. 2924 as received from the House is the same text that I now send to the desk and ask to be printed in the RECORD.

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

The bill (H.R. 2924) was considered, deemed read a third time and passed.

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

H.R. 2924

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. TIMELY PAYMENT OF MARCH 1996 SOCIAL SECURITY BENEFITS GUARANTEED.

(a) FINDINGS.—

(1) Congress intends to pass an increase in the public debt limit before March 1, 1996.

(2) In the interim, social security beneficiaries should be assured that social security benefits will be paid on a timely basis in March 1996.

(b) ASSURANCE OF SOCIAL SECURITY BENEFIT PAYMENTS.—In addition to any other authority provided by law, the Secretary of the Treasury may issue obligations of the United States before March 1, 1996, in an amount equal to the monthly insurance benefits payable under title II of the Social Security Act in March 1996.

(c) OBLIGATIONS EXEMPT FROM PUBLIC DEBT LIMIT.—

(1) IN GENERAL.—Obligations issued under subsection (b) shall not be taken into account in applying the limitation in section 3101(b) of title 31, United States Code.

(2) TERMINATION OF EXEMPTION—Paragraph (1) shall cease to apply on the earlier of—

(A) the date of the enactment of the first increase in the limitation in section 3101(b) of title 31, United States Code, after the date of the enactment of this Act, or

(B) March 15, 1996.

Mr. ROTH. Mr. President, during the past few weeks, we have been advised in writing by the Secretary of the Treasury, Robert Rubin, that it is unlikely that the Government can continue to meet its obligations on or about March 1, 1996. The Secretary believes that he will not have any difficulty meeting the Government's obligations prior to that time. In view of these circumstances, some have suggested that the March social security payments—not the current checks, for February, but those for March—will not be payable. In order to allay any concerns, I am pleased to join the majority leader along with Senator MCCAIN, in introducing this legislation to ensure Government solvency and payment of all Social Security benefits on a timely basis in March.

I urge my colleagues to support swift passage of this legislation. Two important findings are stated at the beginning of this legislation. Two important findings are stated at the beginning of this piece of legislation which help explain our position. First, Congress intends to pass an increase in the public debt limit before March 1, 1996. Second, in the interim, Social Security beneficiaries should be assured that social security benefits will be paid on a timely basis in March 1996.

Let me be clear, it is this Senator's intention to work toward passage of a debt limit extension before March 1. We will not default on our debts. That I find unthinkable. What this legislation does is simply ensure that timely payment of the March Social Security benefit payments and allow these checks to be mailed and cashed without any delay.

The bill provides temporary relief from the current $4.9 trillion debt limit, and creates new legal borrowing authority not subject to the debt limit for a short period of time. The amount of this new legal borrowing authority is equal to the amount of the full Social Security benefit payments for March, approximately $28 billion.

By creating new borrowing authority, this bill also allows full payment of all other U.S. Government obligations due on March 1, 1996, including veterans benefits, Medicare and SSI payments, Federal employee pay, and military and civil service retirement payments.

Mr. DOLE. What this does do is it makes certain there will be timely payments made. There will not be any delay of payments of Social Security.

I ask unanimous consent a summary of H.R. 2924 and S. 1555 be printed in the RECORD at this point.

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

SUMMARY OF H.R. 2924, SOCIAL SECURITY BENEFIT PAYMENT GUARANTEE

Findings: Congress intends to pass an increase in the public debt limit before March 1, 1996.

Bill ensures the timely payment of the March Social Security benefit payments and allows these checks to be mailed and cashed without any delay.

Bill provides temporary relief from the current $4.9 trillion limit, and creates new legal borrowing authority not subject to the debt limit until March 15, 1996.

The amount of this new legal borrowing authority is equal to the amount of the full Social Security benefit payments for March (approximately $28 billion).

By creating new borrowing authority, this bill also allows full payment of all other U.S. Government obligations due on March 1, 1996, including veterans benefits, Medicare payments and military and civil service retirement payments.

THE FARM BILL

Mr. DOLE. Mr. President, I will yield the floor in just a moment. Farm bills are very difficult to pass. I can recall other years when we have had this same tug of war.

There was a time when farm bills were bipartisan. I am not certain that is the case. There is some bipartisanship now. Many years ago, we sat down in the Ag Committee, we worked out a bill, brought it to the floor, and the committee never wavered. Now most things are done on a party-line basis.

But I want the record to reflect that the President vetoed a farm bill. So, for those on the other side who say ''What is going on?'' they want us here next week and next week and next week, we are prepared to do anything we can. But if we cannot accomplish anything—we had a cloture vote today. We could have been on the farm bill right now. We could have had a second cloture vote. We had a bipartisan agreement led by Senators LUGAR and LEAHY. We were advised that some of the Members on the other side had been peeled off and we probably could not get cloture on that vote.

So, as we normally try to do, we sat down in a bipartisan way. Was there any progress made? I do not know. But I would share the views expressed by the Senator from Idaho that I think we have gone the extra mile in an effort to go to conference.

The House has not passed a bill. We would like to pass a bill in the Senate. But we are not going to be torpedoed by rhetoric on the other side. And keep in mind, we could have had a farm bill. The President vetoed it. That is why the farmers are concerned. That is why there is a lot of disarray in rural America. We could have had another farm bill today, but I think only two Democrats joined in a cloture vote. So, if we want to get partisan about farm legislation, that is fine. I have heard some very partisan statements this afternoon. But the bottom line is, we ought to go back where we used to be on farm legislation, sit down, work it out on a bipartisan basis.

Do I think that will happen by Tuesday? I do not know. I will be happy to try to help. But I am not very optimistic, as I see some partisanship setting in around here. Maybe there is some reason for it. But our farmers' winter wheat is planted. Winter wheat had to be planted. We could not wait. We planted our wheat. Now we are relying on the 1949 act. I assume farmers may conclude maybe that act is not so bad when they look at what the prices might be. But that is not how we ought to resolve it.

So we are prepared to accommodate the Democratic leader, who I think certainly in good faith will present something in writing, and see what happens by next Tuesday. If we cannot agree, then we will have another cloture vote. I do not know what will happen with that cloture vote. Hopefully, we will have enough support at that point to get enough votes to go on to the Leahy-Lugar compromise bill.

So I hope my colleagues on both sides will keep in mind that farmers really do not care about the politics. They do not care who stands up and shouts the loudest about who is at fault. All they know is that there is no farm bill. They

would like to see us sit down and work it out. There are different philosophies in agriculture like most everything else, but we are prepared to try to accommodate some of the requests of our colleagues on both sides, particularly on the Democratic side, in an effort to get a bill done as quickly as possible.

Mr. FORD addressed the Chair.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. FORD. Mr. President, I understand the frustration. I am a little frustrated, too. I would like to get a farm bill out. But let me make an observation or two.

I do not know, in my 21 years, that we have ever failed to renew a farm bill within the year that it expired. Now we are in the year after the 1990 farm bill expired. This bill should have been completed last September.

We also hear that the President vetoed a farm bill. Well, that farm bill that the President vetoed in reconciliation was a bill that they could not pass out of the Agriculture Committee in the House. So they take that bill and stick it in reconciliation. That was not passed out of the Agriculture Committee. Now, in the Senate, we have not passed an agriculture bill out of the Senate Agriculture Committee that I know of.

So here we are arguing over an agriculture bill that really has never gone through the process. And we are October, November, December, January, and February later. We finally bring it to the floor without knowing exactly what is in it and want cloture on it so we cannot debate it and so we cannot amend it.

The Senator from Vermont, when he was chairman of the Agriculture Committee in 1990, set a record. He completed the agriculture bill in 7 days of debate on the floor—7 days of debate on the floor. Now we want to bring it up 1 day, vote cloture on it, and get it out. No wonder some people are digging their heels in. What might be good for Kentucky may not be good for Utah. But it is a regional bill that we have to bring together and satisfy generally the farmers in those areas. If I were farming, I would be frustrated, too. We have been begging for a farm bill; begging for a farm bill. And all of a sudden we get it on Thursday, want to complete it on Thursday, and go out for 3 weeks.

I say to my friends that they can blame whoever they want to, but this bill is 5 months late, at least 5 months late.

Mr. LEAHY. Mr. President, will the Senator yield?

Mr. FORD. Mr. President, I will yield for a question without losing my right to the floor.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. LEAHY. Mr. President, I will note that the distinguished Senator from Kentucky is absolutely right. In the 1985 farm bill—I see my good friend from North Dakota here, and I think he recalls the numbers—but the 1985 farm bill took something like 11 or 12 weeks to complete. There were a lot of sessions, as my friend from Kentucky will recall, until midnight or later. The 1990 farm bill set a record. And with the House, the Senator from Kentucky, the Senator from North Dakota, and others, we passed it in 7 days with the distinguished Senator from Indiana—in 7 days. That was an all-time record. But that was 7 days, as my friends will recall, of very intensive debate on some major policy issues involving tens of billions of dollars.

Today I know is a long day. People may be tired. I know I am. I finished work in Vermont about 1:30 this morning and was on a flight right after 6 o'clock this morning to come down here for this.

The distinguished majority leader speaks of partisanship. It really has not been. Farm legislation, to my recollection, has always been bipartisan. We have worked it today. We had one vote of which everybody knew the outcome, the first vote today on cloture. Everybody knew. That was no surprise. The Republican leader, the Democratic leader, and all knew what that was going to be. We had a second one set up where there was a bipartisan coalition seeking it. But then we sought to make it better and to make it more bipartisan—I say to the distinguished presiding officers and others—by Republicans and Democrats. The Republican leader, the Democratic leader, the Republican chairman of the committee, the Democratic ranking member of the committee, and myself sat down and worked out at least some parameters to get us moving forward. I am convinced there is a bipartisan solution here.

This is very complex legislation. Farmers who have to deal with it know it is very complex. I wish it had been done last year. I urged that it be done last year. I understand the other body had difficulty and could not get a bill out of committee at first. We have not had one out of our committee for a number of reasons. It was not done last year. We can easily do it this year, but it would take a little bit of time to work this out.

There are distinguished Members on both sides of the aisle who have strong views who want to have votes. I have not heard a single one say they want to delay it. But at least they want to explain their amendments and have a vote on it. I might have some of my own. We ought to be able to do that. None is asking to hold it up. It takes a few days.

Somebody raised the novel idea today about working out some kind of compromise and maybe we could see it in writing and read it before we voted on it. I do not think that is a bad idea. That is an idea that might actually catch on around here—that we read a piece of legislation and then vote on it. Who knows what the results might be?

So I tell my friends on the other side of the aisle that this is something where Democrats and Republicans can work together. But while it should have been done last year, let us not make the problem worse by rushing it so much this year that it does not get done right.

I thank the Senator from Kentucky for yielding.

Mr. FORD. Mr. President, I ask unanimous consent that I yield to the Senator from North Dakota for a question, or a statement, without my losing the right to the floor.

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

Mr. CONRAD. I thank the Chair. I thank my colleague from Kentucky.

Mr. President, the Senator from Kansas indicated that the President had vetoed the farm bill. I ask the Senator from Kentucky, is not it a more accurate description that the President vetoed what we call reconciliation which contained the farm bill and which contained a lot more than the farm bill? It had $270 billion of cuts to Medicare, $182 billion of cuts to Medicaid, and a $245 billion tax reduction aimed disproportionately to the wealthiest among us.

Is it not the case that that bill had lots of things in it other than the farm bill?

Mr. FORD. I say to my friend, the Senator is absolutely correct. When you say just pick out one little piece—and the farm bill is a major piece to the farmers—that was in the overall reconciliation bill that contained the massive funding of Government. There were many things in there that even those—it was not bipartisan. We had some on the other side who objected to what was in the reconciliation bill, so voted here, and the President exercised his right and vetoed the legislation. So when you just single out the farm bill, there was much, much more in that bill than just the farm bill.

Mr. CONRAD. I thank the Senator from Kentucky. Is it not also the case that the farm bill part of it was a farm bill that many in farm country did not want? It cut farm programs $12 billion; it meant a reduction in farm income of about 40 percent. And so I remember being at a meeting at the White House with people from across my State urging the President to veto the whole reconciliation bill just because of the farm bill provision.

Mr. FORD. The Senator is absolutely correct. And I might say to him, the President of the American Farm Bureau at that time wrote us a letter saying they were opposed to it also. And I think that is a matter of record. The Senator from Nebraska [Mr. EXON] put it into the RECORD. I think he and the Senator from Iowa [Mr. HARKIN] had a colloquy on the floor and talked about bouncing like the ping-pong ball—the American Farm Bureau's position. I think that confused all of us who were trying to support our farm community.

One thing I found out a long time ago, whatever the American Farm Bureau says I do not follow anymore because my farm bureau at home is autonomous and they do not support anything of the American Farm Bureau until their board approves it or they approve it at their convention. So regardless of what the American Farm Bureau might say, I wait until my Kentucky Farm Bureau endorses that.

But just the idea of representing all of the American Farm Bureau, the head of that organization writing letters on both sides, bouncing back and forth, no wonder we are confused when last year they were opposed to it. That helped it not come out of the committee, I am sure, over there. And then they were for it. And then they want us to be for something they were against at their instructions.

So I think the time for debate and consideration of this bill is more important than I have ever seen it since I have been here. There are radical, radical changes in this bill that in the years to come—and not too many short years—if the freedom to farm bill is passed, the American people will be up in arms when you decouple.

If you do not understand what decoupling is, that is separating the payments, or the income from the commodity from the deficiency payments or the payments to the farmer so the farmer will continue to get the payments every year for 7 years up to $120,000 a year if you are in four different categories, which you can be and you can still raise your crop and still get big prices.

I think when you are doing that—and the farmers have always said they were against a welfare program, just absolutely, teetotally against a welfare program, and they are absolutely, teetotally for a balanced budget amendment, and to do something like that for them and for them to come up here and say this is something we want, I am not sure the leadership is speaking the grassroots attitude of the farmers, particularly of my State.

Now, you can come up here and say we want the money, we want you to pay us, but then decouple that to take away the safety net, take away the price stability of the marketplace, it is just something that is too radical to do immediately. Phased in, maybe. Phased out, maybe. But we need to think through this one. And I think 2 years from now, if we are paying farmers big prices and letting them get big prices for their product, somewhere the American taxpayer who is sending them the money when they are making big money, or making good profit on their crops, says that will not last very long. I think we ought to realize that and do it now and do it right rather than have to come back and be fussed at a year or two from now for doing something that the American taxpayers will not accept.

Mr. CONRAD. I thank the Senator from Kentucky.

Mr. FORD. Mr. President, I yield the floor.

Mr. CONRAD addressed the Chair.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. I will conclude. I know my colleague, the Senator from Iowa, is waiting patiently.

GETTING A GOOD FARM BILL

Mr. CONRAD. I conclude by saying I hope very much that we can finish the farm bill matter by Tuesday of next week. I would have hoped we could have gotten it done today. It was not possible. But it is better to wait a few days and get it right than pass a farm bill that greased the skids from under farm producers and eliminate a program for the future.

That is precisely what this Chamber was faced with today, a plan to eliminate a farm program over time, a plan that would have guaranteed the elimination of farm programs because I believe there would have been a scandal when people discovered farmers were getting large Government payments even when they were having high income as a result of high prices that we are experiencing currently. The key is to have protection for farmers in low price years. That is when they need protection.

I think it is critically important we reach an agreement that provides a safety net in low price years and that also recognizes many farmers are hard-pressed by cash-flow this year because of the requirement to pay back advance deficiencies from last year.

I am hopeful we can achieve an agreement between the two sides that bridges those differences and achieves a settlement that is fair for American farmers, fair for the American taxpayers and that achieves a result that ensures we can pass farm legislation for the future.

I likened earlier today the proposal we had to the Reverend Jim Jones when he handed out the Kool-Aid that was laced with poison. It tasted good going down. When people drank it, they were dead.

Mr. President, there is no reason for us to take that kind of action. It is worth it to take a few extra days to get it right.

I thank the Chair. I thank my colleague from the State of Iowa.

Mr. GRASSLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

PASSAGE OF A FARM BILL

Mr. GRASSLEY. In the last hour and 15 minutes I believe, both before the floor leaders talked and since, we have heard people on both sides of the aisle speak about not having a farm bill, why we do not have a farm bill, even who is to blame for not having a farm bill. The fact is we do not have one, and it looks as if we are not going to have one.

We heard earlier during debate how awful it was—we heard this from the other side—that we were not going to be able to pass a farm bill. You have heard many times this evening that the President vetoed a farm bill, a 7-year farm bill in December. The President vetoed it after it passed Congress.

You heard this side of the aisle blamed because we have not passed a farm bill when this afternoon we had 53 votes for the Freedom to Farm Act. A majority of this body supported the Freedom to Farm Act.

Now, it is one thing to say it is too bad we do not have one, we ought to have one, we ought to stay here and work to get one, but it seems to me it takes a lot of gall from the other side of the aisle to blame this side of the aisle that we do not have a farm bill when we either did pass one and the President vetoed it or we demonstrated today that we had the votes to pass another one.

It just does not add up. It just does not make sense. I do not think the American people are going to buy that argument. They can add. They know what a majority vote is. They know what it means when a President vetoes a bill. They know what it means when the President threatened this week to veto a bill that came out of the House Agriculture Committee by a bipartisan vote, the substance of which was the backbone for the legislation that we had 53 votes for here today. The President did not even wait until it got to his desk, a bipartisan bill. The President threatened to veto it.

It happens that there was a Lugar-Leahy alternative that could have been before this body. What is the Lugar-Leahy bill? It is the freedom to farm bill with a list of about 10 things that the Democrats wanted us to include in the bill, that we included. It was their language, their points. We included them. We never even got to a vote on that today. The President had already sent a letter up here—it has been put in the RECORD by the floor leader—that he was threatening to veto that. And we are being admonished by the other side of the aisle that we should have a bipartisan bill because we have always had farm bills developed in a bipartisan manner?

The Lugar-Leahy bill had added to it just exactly what the other side of the aisle wanted. Well, there may be people on the other side of the aisle who do not like what was in Lugar-Leahy, but they cannot say it was not bipartisan. It seems to me they cannot blame this side of the aisle because we do not have a farm bill, and particularly when the President said he was going to veto it before we ever got to it.

Then we are told that what was bad about the freedom to farm bill that was in the Balanced Budget Act was that it was going to cut $13 billion, three or four times what the President wanted cut, from farm programs in an attempt to balance the budget. But the bill that got 53 votes today only cut $4 billion,

and that $4 billion is exactly equal to what the President had been suggesting all last year what should come from programs in an effort to balance the budget.

Mr. President, I think the debate today is bigger than the debate about just the farm bill. The debate today is what the last election was all about, whether or not we are going to continue to do business as usual or whether or not there is going to be some changes. The people in the last election sent a message—no longer business as usual.

It seems to me, as far as agriculture is concerned, no longer business as usual is that we do not continue to rely on 1949 legislation as backup legislation. The 1949 act was written for agriculture of the 1940's and 1950's, when all we were concerned about was domestic consumption and production to meet that domestic demand. It was all based upon allotments, a great deal of Government regulation, and a great deal of decisionmaking, even more than under the 1990 farm bill, here in Washington, DC. That is not the farm environment, the agricultural economic environment of the 1990's, and it surely is not for the next century. The 1990 farm bill is not even a Government program for the next century.

So what we tried to develop this year was a farm program that would bring us around to a point where we could meet the demands for agriculture in the next century and the realities of the world trading environment. That is what freedom to farm is all about, to provide transition payments that are certain payments that will get us from 1996 until the year 2002, with farmers being able to make decisions on what to plant and what to market based upon the marketplace and not on the decisions of faceless bureaucrats in Washington, and, lastly, not to set aside our productive capacity, but to produce for the demands of the world marketplace and to tell our world competition that we are going to do it and compete with every market we can and meet that world competition.

That is what the legislation that we got 53 votes today for is intended to do. But ''business as usual'' are people, as the vote went today, mostly on the other side of the aisle, as I can see it, who want to maintain Government involvement in the decisionmaking for the farmer, to have the possibility of not producing to capacity to meet the world marketplace, the demands of the hungry around the world, and to make sure that we have a roller coaster of Government support for agriculture—high payments when prices are moderate and no payments when prices are higher.

What is wrong with that, Mr. President, is, as we transition into an agriculture environment that meets world competition and trade, there is not any certainty in that as there is in the freedom to farm bill.

There are some farm organizations, Mr. President, who actually believe that the Government ought to have their fingers into every aspect of agriculture. I believe they will not be satisfied until there is as much regimentation of American agriculture as there is of European agriculture by the European governments.

Business as usual on the farm debate is a desire to maintain the fingers of Government into agriculture to the greatest extent possible. It is all right to do that if that is what you believe. But it is not, it seems to me, right in the process to blame Republicans when you cannot have a farm bill when the President of the other party vetoed it and we had 53 votes on a bipartisan bill to pass it this year or a bipartisan vote to get it out of the House Agriculture Committee earlier this week.

It seems to me it is OK to have that philosophy of maintaining Government's fingers in agriculture, but you should not be blaming us for not passing a farm program. What the major farm organizations of America want, it seems to me, is that we have to have a farm program that meets this new economic environment. That is what freedom to farm is all about.

It seems we heard debate today, again from the other side of the aisle, about sometimes not enough money being in agriculture because the Balanced Budget Act of 1995 would have taken $13 billion out of the baseline.

Then the next time, we are being admonished that we have a program that is going to let farmers receive some payments when prices are high. We present a farm bill that has $6 billion for the year we are in when the program that we accepted from the other side of the aisle would not have any payments this year in the sense that it would be done away with as a result of farmers paying back last year's deficiency payment.

With the certainty of $43 billion over the next 7 years, we have a chance in those parts of rural America where they did not have a good crop last year to benefit from the higher prices of grain this year, but yet they would be caught with writing a check back to the Federal Government for the advance deficiency payment that they got last year.

Our program would solve that. It would have a $6 billion investment in agriculture, it seems to me just exactly what we are hearing the other side of the aisle cry about that our farm program was taking $13 billion out of the baseline.

I hope that we can reach an agreement. The way things developed today, when you have a situation where the Democratic and Republican leaders get together and we on this side of the aisle buy everything that the Democratic leader asked for, and it looks like we have a bipartisan agreement put together, and then the other side cannot even go with a sweetheart deal that we accept—as I said once before on the Lugar-Leahy bill, there were 10 or 12 items that they put on a sheet of paper that they wanted, and we just accepted them. Yet, in the caucus for the other side, they cannot agree to move forward tonight. And when they come out of that caucus, then they come to the floor and blame us when we had 53 votes, a majority vote to pass a bill, they blame us?

That is what I mean when I say I think it takes a lot of gall when we take almost everything they want, I guess, in these two instances, everything they ask for, and then eventually we cannot move forward.

I yield the floor.

Mr. DORGAN addressed the Chair.

The PRESIDING OFFICER. The Senator from North Dakota.

CONSTRUCTING A COMPROMISE FARM PROGRAM

Mr. DORGAN. Mr. President, Ogden Nash wrote a little four line poem about a man who was a drunk and a spouse of his who nagged him about it all the time. I am reminded of that listening to what I have listened to in the last hour or so.

> He drinks because she scolds, he thinks.
> She scolds because he drinks, she thinks.
> And neither will admit what is really true.
> He's a drunk and she's a shrew.

I listened today to discussions about who is at fault for failure. I listened to creative inventive discussions in which any one of several people choose to say that ''It's her fault,'' or ''his fault'' or ''their fault.''

It is of little use or value, it seems to me, to worry about anything other than how we construct a compromise farm program.

There is a wide range of agreement in this Chamber about a farm program. There ought to be total planting flexibility for farmers. Any new farm program should provide for total planting flexibility on base acres. There is wide agreement on that.

Most of us agree that there ought to be forgiveness of advance deficiency payments for those who suffered crop losses last year. Most of us would agree to some kind of advance deficiency payment that would not have to be repayable in the next year or two. I would have no objection to that.

I would not be pleased with providing payments for people who do not farm. If the requirement for getting a payment is simply to have some land and a bank account, but you do not have to plant a seed and you still get a generous payment, that is wrong. I have some trouble with that. But I have no problem at all with providing some kind of advance or certain payments for farmers in order to recapitalize their farm operation.

My hope had been this evening that we would proceed during this period to have constructed some kind of a compromise. The reason that we are not proceeding late tonight or tomorrow or Saturday or Sunday or Monday I assume has a lot to do with what a lot of people are doing around the country.

There is a Presidential campaign going on. We have the equivalent of a football team in the U.S. Senate running for the Presidency. They are off around the country campaigning. I understand all that.

I have to tell you, I have enormous respect for the majority leader. I think the majority leader in this Chamber is a remarkable legislator, someone for whom I have had deep respect for many, many years. I had hoped, and I think the minority leader had hoped, and others had hoped, that there would be some method found by which we could reach a compromise. The talks that have been ongoing for the last number of hours have appeared to me to reach some significant agreement.

Will that agreement mean that next Tuesday there will be a compromise? I do not know the answer to that, but I sure hope there will be a compromise, because there is plenty of area for agreement between the aisles.

There is one area in which there is wide disagreement, and it seems to me it is the reason that we have not had a farm program to this point. The freedom to farm bill presupposes that there will be no further farm program. I know some of the supporters say, ''No, that's not what we are trying to do.'' Others are more candid and up front and say, ''Sure, that is what we are doing. We will have a buy-out up front with transition payments and we will transition you, and once you are transitioned, there will not be a safety net in the event that prices collapse.''

My concern with that is I do not think we will have family farmers in our country if, when prices collapse—and there are plenty of reasons for grain prices to collapse from time to time—there is then not some kind of basic safety net.

The interesting thing about the farmers is they face a so-called free market with a lot of enemies in that free market. They have a big grain trade that would love to knock down prices at every opportunity. They would love to knock down prices the minute prices start to strengthen, and they do it in dozens of different ways. When farmers try to market, they have to market up the narrow neck of a bottle with about a dozen major grain trading firms controlling where that market stream of product goes.

The fact is, they want to buy grain at lower prices, not higher prices, and in dozens of ways, they try to find a way to knock down higher prices when prices firm up.

Do you think millers love to see high prices? No; no, they would like to find a way to knock down prices a bit. Food processors, do they like high grain prices? No, they find a way to knock them down. So every time prices start to firm up—and, yes, even USDA.

I heard an Assistant Secretary about 5 or 6 years ago sidle up to the table in the House Agriculture Committee and say, ''We had to take action to release grain, because we thought prices were firming up too much.'' That is a euphemism for saying, ''We over in USDA thought farm prices were getting too high, so we used our leverage and the mechanisms we have to try to trim them down a bit.''

The interesting thing is, family farmers never seem to be able to take advantage on any continuing basis of a free market of higher prices, because there is always someone in there to interrupt those higher prices, big grain trading firms, food processors and others. Well, I do not object—in fact I think we must find a much more market-oriented, market-sensitive farm program. Those who say we should are absolutely correct and they will find support from me for that. But I do not believe that we ought to decide that there should be no further price supports in the outyears in order that when international prices drop, family farmers will be left with no ability to deal with that risk.

Frankly, they cannot deal with that risk. Family farmers will not survive. Prices will drop and family farmers will fail and FAPRI, the research agency, says wheat prices will drop to $3.22 next year. USDA predicts a drop in 1998. I do not know the facts. I know wheat prices go up and down. But they go down a lot easier than they go up.

When they go down, the question is, for somebody farming 800 acres of wheat land in the northern great plains, and wheat drops to $3 a bushel and their production costs are $4.50 a bushel, and there is no loan rate, no target price, no marketing loan, no restitution payment, no nothing, what happens to that family farm?

The family farm goes broke. Who farms it? An agrifactory buys it. Corporations farm in this country from California to Maine. That is what will happen if you decide this country has no interest in retaining a safety net for family farms.

Every time I hear somebody—especially somebody from Washington with a white shirt—talking about transitioning somebody—especially a farmer—I suggest you fasten the seatbelt on the tractor seat. If you are going to be transitioned, you better look at what is behind that so-called transition. It may be going to a marketing policy that says:

> Let us have a buyout and make some big payments up front in exchange for no further help, even some minimum safety net in the long-term.

There does need to be a farm program enacted by the U.S. Senate and the U.S. House, and it needs to be done soon. I do not want to revisit the question of who did what and why. I can make a strong case that this is the first day of the 104th Congress we have had a debate on the farm bill on the floor of the Senate. I know one was put in the reconciliation bill, but it was not debated on the floor. I am not interested in revisiting that because it is not very important.

What is important is the question of what do we do now, how quickly can we do it, and can we do it in a way that advantages the rural economies in this country. Can we do it in a way that especially tries to provide basic help to family-size farmers when prices drop.

It is my expectation and my hope that, with the leadership of Senator DOLE and Senator DASCHLE, and the work that has been ongoing today, in which I think there has been some fair amount of agreement, between now and next Tuesday, provide a proposal. We could provide to both caucuses an approach that provides a bridge, or deals with filling in the gaps between the divergent proposals, and come to the floor and truly, in a bipartisan way, join hands and say this makes sense and meets the test.

This does what some in this Chamber have counseled, which is to make a more market-oriented farm program work. It provides more flexibility and it moves into the future with a more modernistic program that is more market-sensitive. It still retains, for those concerned about whether we will have family farmers in the future, a basic safety net of some consequence, so that when prices drop, family farmers will be able to ride out those times.

I come from a town of 300 people and from an area that is a family farming area. I suppose some people can say, ''Of what importance is it whether our farms are farmed by family farmers or whether they are farmed by one large giant corporation that farms two counties at a time?''

I think there is plenty of reason for us to believe, for both social and economic reasons, in the retention of the opportunity to farm, and that to have a network of family farms dotting these prairies in America, dotting the northern great plains, makes a lot of sense. It supports a lifestyle that I think is admired by a lot of Americans. Turn on the news in any major city in the country and ask yourself if what you hear there compares well with what you understand is going on in our small towns and out on our farms.

Does the news compare in terms of family values and good living, living in circumstances relatively free from crime, living in neighborhoods and farm areas where you know all of your neighbors. The fact is that there are a lot of reasons to care about whether we have a network of family farms in our future. The answer to that question depends on what kind of farm program we develop here in the U.S. Congress.

Mr. President, let me conclude by saying that it is not my intention to do anything other than suggest that all of us find a way to serve the common interests that we have in rural America. There are farm families who depend on us, and they depend on us to do the right thing. There are mixed messages coming from different groups, commodity groups and farm organizations. Some like this approach and some like that approach. It seems to me that there is a basis for compromise.

I hope that between now and next Tuesday, we will reach out and find

that basis and, on Tuesday, move to a conference committee, a piece of farm legislation passed by the U.S. Senate in a bipartisan manner.

Mr. President, I yield the floor.

Mrs. KASSEBAUM. Mr. President, I just say, in answer to the Senator from North Dakota, I feel confident that Senators on both sides of the aisle want to reach an agreement on a substantial, constructive farm bill. Nothing is more important, and it is prime legislation. I feel sure that I can speak on behalf of Senators on my side of the aisle that would say we are going to reach that agreement, and we will all work together in good faith to achieve what is very important, coming from a farm State, as I do myself.

MORNING BUSINESS

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

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

NATIONAL APPRECIATION WEEK FOR CATHOLIC SCHOOLS

Mr. PRESSLER. Mr. President, during this National Appreciation Week for Catholic Schools I would like to take a few moments to recognize the high quality and the hard work of the Catholic School System.

Our thanks and praise should go to the Catholic Schools for their special efforts to put children first. In the midst of increased school drop-outs, illiteracy, teenage pregnancy, drug-abuse, youth violence and growing pressures on teenagers and children—Catholic Schools provide their students a safe and healthy environment for learning. These schools give pupils an advantage by helping them develop a solid moral foundation.

In today's challenging society, mere words and good intentions are not enough. Catholic Schools' actions demonstrate their commitment to children. With a 99.98 percent graduation rate and 85 percent college matriculation rate, South Dakota Catholic Schools are proving that a solid combination of educational and spiritual guidance is the key to healthy living. In assisting pupils to build better lives, Catholic Schools reaffirm the value of life.

Catholic Schools extend the lessons we try to teach children at home: respect and love of our fellow neighbors, respect of the individual, personal discipline, individual responsibility and concern for the larger community. Catholic schools reinforce these family values which are the key to strong communities. We want the best for our families, our communities, and South Dakota. We must work to put the best tools in the hands of the future—our children. The Catholic schools give students the tools to be responsible adults and concerned citizens.

I want to thank all the individuals who have contributed to Catholic School Systems' continued success and growth—the teachers, administrators, and of course the parents, many being graduates of Catholic schools themselves. One special week each year is a modest way to pay special tribute and thanks to the Catholic Schools across our country for the service they provide to our communities and our future.

GOOD THINGS ARE HAPPENING IN MALTA, MONTANA

Mr. BAUCUS. Mr. President, at a time when we hear so much about what is wrong with America, I want to take a moment to talk about a place where good things are happening. That place is Malta, Montana.

Malta is a small community in Northern Montana, up along what we in Montana call the ''Hi-Line''. Like any small Montana town, it is a place where people work hard and don't think twice about helping out a neighbor or a friend in need.

This past Christmas Eve, a fire destroyed Malta's high school and junior high school. But folks in Malta pitched right in to get a temporary school up and running.

Students, teachers, and others from the community have spent the past month salvaging lost items and fixing up temporary school sites. Almost every Montana community has helped by sending items to start up the new schools. Also, Federal and State Agencies, Veterans groups, private as well as small businesses and many other organizations have contributed to this effort.

And I was privileged to spend a day working as part of this effort. While the entire community deserves credit, I would like to recognize three individuals who have taken a leading role in this undertaking. First, I would like to acknowledge the Principal of Malta High, Marty Tyler, who quickly took control of the situation and led the students and the community in the effort to rebuild the schools. For example, Principal Tyler and members of the student council collected about 4,000 bricks to construct an entrance sign when the new school is built. During my work day at the Malta schools I participated in building windbreaks in front of doors and collecting bricks with Schoolboard Chairman Doug Ost and School Superintendent Bill Parker. Both of whom deserve a big thanks for the commitment and support they have given to the Malta School District.

Finally, this fire also prompted the creation of PRIDE, People Rebuilding Investing and Developing Education, a local group to offer advice and manpower to the school district. I would like to extend my sincere thanks for their community involvement.

Mr. President, it is an honor and a privilege for me to recognize the achievements of the students, teachers, administrators, and citizens of the Malta community and all others who have helped to get this project off to a great start.

A STRONG NATIONAL GUARD

Mr. HOLLINGS. Mr. President, over the last month I've traveled to every county in South Carolina. And one of the things that I heard from people was that they want America to keep a strong National Guard.

As a veteran, I know that a strong National Guard is vital to national security. Time and again, National Guard troops proved themselves to be as competent—if not more so—as regular troops in the active military. Air National Guard troops from South Carolina routinely are rated among the best in the service. They flew countless missions in the Persian Gulf War and flew them with skill, accuracy and expertise. Army National Guard troops from South Carolina proved themselves to be ready to mobilize and fight almost at the drop of a hat.

Mr. President, a strong National Guard also makes common sense. In these days where dollars are stretched thin, we can get three qualified and highly trained guardsmen for the cost of one active-duty soldier. Perhaps more importantly, however, having a strong Guard builds community support for the military. Think about it—the men and women who serve in the National Guard work in towns and counties every day across the country. They work in stores, construction sites, mills, factories and offices. And they set the example of public service for everyone. When their units are called up, their co-workers all turn out to support their efforts.

Mr. President, a couple of weeks ago when I was in Laurens, South Carolina, Rich Browne, the local newspaper editor, and I discussed the value of a strong Guard. His comments in a recent column are to-the-point. I hope every Senator would read this wise column and resist efforts to reduce the size of our National Guard units.

Mr. President, I ask that Rich Browne's column from the January 4 edition of the Laurens County Advertiser be reprinted in the CONGRESSIONAL RECORD.

The column follows:

AVOIDING MILITARY ADVENTURES

[From the Laurens County Advertiser by Rich Browne]

This should be an interesting year for the U.S. military.

With the active duty services once again calling on reserves to support the efforts to police the peace in Bosnia, according to news reports, the Department of Defense once again is leading a charge to reduce the role of National Guard units in preparing for the defense of the nation.

Well, the truth be known, the Department of the Army would like for all the combat arms units in the National Guard to just go away—they are a threat to the active Army's jobs. I saw this first-hand in Desert Storm

and despite the Pentagon's contention that it would save the military a billion dollars per year to shift the focus of reserve units from fighting units to support units, the Army wants to deny that it would be cheaper and more effective to reduce the active component even further while increasing the number of troops in the reserve components.

However, don't look for this to happen and I'll tell you why.

First, it drastically would cut the number of active duty staff officer positions at the Pentagon and they are the ones who are drawing up the plans to downsize the military. No one, and I mean no one, is willingly going to say ''Eliminate me and destroy my career,'' when an option can be made to eliminate someone else's job (even if they do it at less than half the cost).

Second, it is a matter of control. Because of its dual state-federal role, the National Guard is not totally under the control of federal army, something senior staff members resent and dream up ways to eliminate. Even though, again speaking from personal experience, Guard and reserve units often meet or exceed the standards set for active duty units, despite the fact they don't practice at the job 270 days a year.

Third, it limits the options of the executive branch to use the military in questionable operations. Note that the hue and cry about the use of U.S. forces in the Balkans and places like Somalia and Haiti are muted when the troops used are professional, full-time volunteers when compared to the times when the political leadership has to bite the bullet to tap into every village and hamlet to send forces in harm's way.

The civilian and military leadership in the Pentagon knows these things full well and, hence, would rather keep their jobs and control of careers, while keeping open the options for ticket-punching operations that are so vital to career progression.

The argument is that the combat units in the National Guard won't go to war and are ill-prepared to fight if they are sent, which—to borrow a phrase from retired Gen. H. Norman ''Stormin' Norman'' Schwarzkopf—is just so much bovine scatology.

When the Arm went to war in the Persian Gulf, its units were no more prepared than many National Guard units. Most used the months preceding the ground attack to ''train up'' in the desert and bring their troops up to the needed ''combat readiness.''

The three National Guard armored brigades that were mobilized during Desert Storm where held in the U.S. not so much because their training was not up to snuff but because if they had gone to the desert and acquitted themselves well . . . well, it would have disproved the myth that reserve soldiers can't perform up to the same standards as active duty soldiers.

Imagine what Congress and the budget cutters would have thought then. Gee, for 40 cents on the dollar, we can field a capable force that doesn't need all the full-time auxiliary services like housing, medical care and other benefits that we have to give the active duty force. We might be able to get a lot more bang for our buck.

Lay aside those arguments, and the arguments about all the support and benefits to national defense that come from a truly citizen army, and there is one vital reason why the political leadership in Washington and the Pentagon should not be allowed to reduce the Army to just professional soldiers: It removes the political cost on military adventures overseas.

If the civilian leadership has to go to every hamlet and village to draw men (and now women) to carry rifles and man tanks and artillery pieces, then it has to be able to justify the mission to the American people. This can be a tough sell and can be avoided if it is just a matter of sending in the professionals that have slipped under the radar of the folks back home. Hey, they volunteered for the job and it goes with the territory.

But don't look for that argument to be made. Even though we learned that lesson in Vietnam, when we didn't have large scale mobilizations of the reserve components and paid the price in 58,000 lives, we have forgotten it again. Gone, now, is the leadership that created the ''Total Force'', the Army that was built so that the civilian leadership couldn't commit U.S. forces in substantial numbers without paying the political price of getting the American people on board.

The new leadership wants to be able to go anywhere, anytime and not worry about support back home. It saves their careers.

HONORING BLACK HISTORY MONTH

Mr. HOLLINGS. Mr. President, I rise today to salute the fine work South Carolina Educational Television is doing to promote Black History Month. On Wednesday, February 21, SC ETV will feature the ninth annual Black History Teleconference live from the campus of Benedict College in Columbia, S.C.

''The Struggle Continues: African-American Women as Nurturing and Contributing Forces in America'' will feature eight South Carolina high school seniors who will question a panel of nationally acclaimed African-American leaders. The 90-minute teleconference will be broadcast live via satellite to more than 500 school districts nationwide, colleges, and universities.

The eight high school panelists for South Carolina are Dion Alexander of Woodruff High School, LaShonda R. Davis of Bishopville High School, Felicia DuRante of Mauldin High School, Latasha Johnson of Baptist High School, Tahnee Johnson of Walterboro High School, Juontonio Pinckney of Battery Creek High School, Lemekia Stewart of Lockhart High School, and Joey Walker of Silver Bluff High School. I send my congratulations to each of them for their academic and civic achievements.

Also, I would like to commend Dr. Marianna Davis of Keenan High School in Columbia. She has been the driving force behind this annual event. She is an inspiring role model for our youth because she encourages them to set high goals and to work hard to reach them.

Mr. President, I also commend Henry Cauthen, president of South Carolina ETV; Dr. Davis; the students; and the panelists of ''The Struggle Continues'' for their continuing devotion to cultural excellence in broadcasting. We are very proud of our fine educational network in South Carolina. It serves as an example for the Nation in presenting this teleconference during Black History Month.

THE BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, about 4 years ago I commenced these daily reports to the Senate to make a matter of record the exact Federal debt as of close of business the previous day.

In that report, February 27, 1992, the Federal debt stood at $3,825,891,293,066.80, as of close of business the previous day. The point is, the Federal debt has escalated by $1,161,545,065,098.40 since February 26, 1992.

As of the close of business yesterday, Wednesday, January 31, 1996, the Federal debt stood at exactly $4,987,436,358,165.20. On a per capita basis, every man, woman and child in America owes $18,930.74 as his or her share of the Federal debt.

BOX SCORE ON IMPORTS OF FOREIGN OIL BY THE UNITED STATES

Mr. HELMS. Mr. President, the American Petroleum Institute reports that, for the week ending January 26, the U.S. imported 6,895,000 barrels of oil each day, 5 percent more than the 6,550,000 barrels imported during the same period 1 year ago.

Americans now rely on foreign oil for more than 50 percent of their needs, and there are no signs that this upward trend will abate.

Since a barrel of oil is 55 gallons, this means that the United States purchased 379,225,000 gallons of oil from foreign countries this past week.

Anybody else interested in restoring domestic production of oil—by U.S. producers using American workers? If the American people don't become concerned perhaps they had better ponder the economic calamity that will occur in America if and when foreign producers shut off our supply, or double the already enormous cost of imported oil flowing into the United States—now 6,895,000 barrels a day.

UNITED STATES-GERMANY AVIATION RELATIONS

Mr. PRESSLER. Mr. President, I rise today to discuss a critically important international aviation matter I have raised in this body on numerous occasions. I refer to the significant opportunity that has presented itself to fully liberalize our aviation relations with the Federal Republic of Germany.

I am delighted to inform my colleagues that this morning the United States and Germany agreed on a framework for an open skies agreement. This is a major step in liberalizing aviation relations with one of our most important trading partners. A United States-Germany open skies agreement would produce significant new air service opportunities for all U.S. passenger carriers. Now that the mutually agreed upon structure for a liberalized air service agreement is in place, a round of formal talks has been scheduled for February 22 in Washington to finalize any remaining details.

Mr. President, I would like to praise both the Department of Transportation

and the State Department for the excellent work they are doing in pursuing this opportunity. Also, I would be remiss if I failed to recognize the outstanding leadership German Transport Minister Matthias Wissmann has provided. I appreciate fully that Germany's membership in the European Union creates an added challenge in accomplishing our shared goal of securing an open skies agreement. For that reason, I commend Minister Wissmann for the great political courage he and the German Government have shown in pursuing this initiative.

An open skies agreement with Germany is tremendously significant since it would benefit the U.S. economy, our airline industry and consumers. Let me briefly expand on each point.

First, both immediately and from a long-term perspective, a United States-Germany open skies agreement would produce significant economic benefits for the United States. Due to the competitiveness of U.S. passenger and cargo carriers, they consistently generate for the United States significant net trade surpluses. I fully expect the same will continue to be true under a fully liberalized aviation regime with Germany. In fact, the performance of our cargo carriers under the liberalized air cargo agreement we signed with Germany in 1993 has been very impressive.

Germany also would benefit greatly from such an agreement. To confirm this point, one need only look to the Netherlands which continues to reap enormous economic benefits from the open skies agreement we signed with the Dutch several years ago. Unquestionably, the economic benefits of open skies agreements are a two-way street. I believe a United States-Germany open skies agreement is an excellent long-term economic investment for both countries.

Second, an open skies agreement with Germany would create tremendous new international air service opportunities for the U.S. airline industry. As I have previously explained to this body, such an agreement would generate both direct and indirect benefits for all U.S. passenger carriers.

In terms of direct benefits, an open skies agreement with Germany would immediately produce new air service opportunities between the United States and Germany. Is there pent-up demand among U.S. passenger carriers to serve Germany? Absolutely. Recently, eight U.S. passenger carriers sought to offer 316 roundtrip flights between the United States and Germany each week during the 1996 summer season. Under the current bilateral aviation agreement, however, U.S. passenger carriers can only offer 276 weekly roundtrip flights to Germany. Under an open skies agreement, there would be no such limit and the number of roundtrip frequencies would be set by market demand, not governments.

Equally important, German airports would provide well-situated gateway opportunities for our carriers to serve points throughout Europe, the Middle East, Africa and the booming Asia-Pacific market. Is it realistic to think that German airports will provide key gateways to the rapidly expanding Asia-Pacific market? Absolutely. In fact, Japan Airlines recently announced it intends to initiate new service between Osaka and Frankfurt. Nonstop service is presently available from Frankfurt-Main Airport to cities throughout the Asia-Pacific market including Hong Kong, Seoul, Bangkok and Singapore. Moreover, non-stop service to the Asia-Pacific market also is currently available from Munich Airport. These examples illustrate my point well.

With respect to indirect benefits, an open skies agreement with Germany would be an important catalyst for further liberalization of air service opportunities throughout Europe. Since it is such a critical fact, let me reiterate a point I have made in this body before. An open skies agreement with Germany —in combination with liberalized air service agreements we already secured with the Netherlands in 1992 and with nine other European countries last year—would mean nearly half of all passengers traveling between the United States and Europe would be flying to or from European countries with open skies regimes. Under such a scenario, competition would be our best ally in opening the remaining restrictive air service markets in Europe.

Will an open skies agreement with Germany, or any other country for that matter, benefit all U.S. passenger carriers equally? Of course not. A market-oriented framework only guarantees carriers the opportunity to compete. As should be the case, the market will determine which carriers will benefit most under an open skies agreement with Germany. Overall, however, I do predict with confidence that the U.S. aviation industry as a whole will benefit immensely from unrestricted opportunities to serve Germany.

Third, undoubtedly consumers in the United States and Germany would be the biggest winners. Due to enhanced service options as well as the assurance of competitive air fares, consumers always benefit most under open skies agreements.

In conclusion, I am very pleased that we are well on our way to an open skies agreement with Germany. Such an agreement would be in the best economic interest of the United States and it would create considerable new international air service opportunities for all U.S. passenger carriers. Of great importance to me, consumers would reap significant benefits as well. I hope an open skies agreement with Germany will soon be in hand.

Let me add that I know some of my colleagues are frustrated that we have not made more progress liberalizing air service opportunities with several other major trading partners. I share this frustration but do not believe it results from a lack of effort on the part of our negotiators. In fact, our successful talks with the Germans illustrate a critical element which has been lacking in those other negotiations. I refer to the keen vision the Germans have shown in recognizing that the economic benefits of an open skies agreement with the United States are a two-way street.

In this regard, I believe my colleagues who are frustrated about the continued reluctance of the British to permit U.S. carriers greater access to London Heathrow Airport should be very pleased by this development with Germany. As I said earlier, competition will be our best ally in expanding air service opportunities with European countries such as the United Kingdom that continue to restrict the access of U.S. carriers. An open skies agreement with Germany will add great force to this market dynamic.

TRIBUTE TO LOWELL KRASSNER

Mr. LEAHY. Mr. President, I rise today in honor of the late Lowell Krassner of Burlington, VT, who passed away unexpectedly on January 15, 1996. As a longtime activist with the Vermont chapter of the Sierra Club, Lowell dedicated much of his life and energy to the conservation and stewardship of our natural resources—both in Vermont and nationally.

Lowell, together with his wife and partner Diane Geerken, worked tirelessly to protect the Vermont they loved, making major contributions to the eventual passage of the Vermont Wilderness Act of 1983 and the Green Mountain National Forest Management Plan of 1986.

Lowell and Diane functioned as a two-person citizen oversight committee, making sure that the actions of State and Federal public lands and natural resource managers were carefully reviewed. Indeed, friends and colleagues have often remarked how their South Burlington home served as both a hub of environmental activism and a Vermont conservation archive for so many years.

Lowell stood as a staunch defender of the Long/Appalachian Trail. He could also be both a strong supporter and sharp critic of the U.S. Forest Service, depending on the issue at hand.

In his commitment to the environment, Lowell Krassner also looked well beyond the Green Mountains, Lake Champlain, and the Connecticut River. He was well read on the various national environmental debates of the day—clean water, clean air, endangered species, wetlands, ANWR, Forest Service timber policy—and readily shared his views with his congressional representatives.

Lowell was particularly concerned with the recent attacks on our Nation's environmental laws represented by such actions as the timber salvage rider on the fiscal 1995 rescission legislation.

Over the last few years, Lowell immersed himself in the work of the Northern Forest Lands Council and strongly supported legislation to implement the council's recommendations.

Lowell Krassner will be truly missed, not only by his family and the Vermont chapter of the Sierra Club, but also by those many of us who counted on his unswerving commitment and honesty in furthering the cause we share—the wise stewardship of our public lands and natural resources.

JOYCE ROUILLE

Mr. LEAHY. Mr. President, I would like to let the entire Senate know how proud I am of Joyce Rouille, a wonderful person and someone who I am fortunate enough to call my friend. Joyce was recently named the Volunteer of the Week by the Burlington Free Press for her work at the Community Health Center in Burlington, VT. While Joyce may technically be retired, anyone who knows her will attest to her constant devotion to her family, church, and community. The time and love she spends each day on other people would exhaust any normal person. Joyce and Jack have shown all of us how to be good parents and good citizens.

I ask unanimous consent that the article appearing in the Burlington Free Press be printed in the CONGRESSIONAL RECORD.

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

[From the Burlington Free Press, Jan. 22, 1996]

VOLUNTEER OF THE WEEK

(By Beth Gillespie)

Joyce Rouille is enhancing her retirement by helping parents at the Community Health Center of Burlington.

As coordinator of the CHC library, Rouille helps ensure that patients have easy access to the hundreds of parenting books and other materials.

She keeps track of the books patients take out, sends notices for overdue items and generally keeps library materials organized. She also helps with filing, billing, mailing and other clerical work in the center's main office.

''Joyce does anything we ask her to,'' says CHC director Alison Calderara. ''She's totally committed and always here when we need her. It's been really nice to have her around.''

Rouille lives in Burlington with her husband, John. She enjoys sewing, seasonal crafts, gardening and quilting.

''After you stop working, you don't want to just sit in a chair and do nothing. I really do enjoy working at the center—the staff are very outgoing and friendly,'' Rouille says.

NATIONAL PRAYER BREAKFAST

Mr. WARNER. Mr. President, each year we celebrate in the Nation's Capital a National Prayer Breakfast. It was my privilege to attend today, the 44th consecutive gathering. The President of the United States and the First Lady, together with the Vice President and his wife are, as they were today, regular attendees. Leaders from many countries, leaders from every State join with members of the judiciary, executive, and legislative branches of our government. It is invariably an inspirational, memorable event.

As is customary, Members of Congress preside and today Senator ROBERT BENNETT, Utah, whose father likewise was a distinguished U.S. Senator, contributed masterfully as a master of ceremonies. Senators and House Members share in the program.

Strong messages were given by all, especially President Clinton and Vice President GORE. The Senate participants were Senator CAROL MOSELEY-BRAUN, Illinois, who read beautifully from the scriptures and Senator ALAN SIMPSON who spoke with deep sincerity and humility.

But the most memorable contribution of all was from the principal speaker, Senator SAM NUNN, Georgia. The audience, at the breakfast and watching television, all across America, were given a stirring, uplifting message. Remarks that are deserving to be recorded for present and future generations the world over.

It is with pride and humility that I ask unanimous consent to have printed in the RECORD the remarks of my two valued friends, Senator SIMPSON and Senator NUNN.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

REMARKS BY SENATOR SIMPSON, NATIONAL PRAYER BREAKFAST, FEBRUARY 1, 1996

Mr. President, First Lady Hillary, Mr. Vice President and President of our Senate and Tipper Gore, Distinguished guests. Greetings, my fellow seekers, discoverers, and wanderers (not necessarily in that order!) always a grand morning.

One of the great honors of my life was to give the principle address at this national prayer breakfast in 1989. I was filled with trepidation that a seeker like me would be asked.

The night before, the Reverend Billy Graham, one of the most loving, inspirational, caring men in this world, called and said, ''Alan, we are praying for you.'' I said, ''You're praying for me! I'm doing plenty of that for myself!'' So typical of Billy Graham.

Long ago in public life I learned where to turn when I didn't know where to turn. One source.

The Senate prayer breakfast group gathers every Wednesday morning for a convivial half hour between 8 and 9:00. Our leaders are Bob Bennett, the Republican from Utah and Dan Akaka a Democrat from Hawaii. Rare gentlemen both.

The presentor of the day—after an opening prayer—shares much of himself or herself with us for fifteen or twenty minutes and then a time of discussion and fellowship. Promptly at the hour of nine we close with a prayer as we stand with hands joined around the tables. Sometimes the theme is the Bible. Sometimes it's public life. Sometimes it's about family and our jobs but always it's about ourselves and the impact of that greater force in our lives—a higher being. All faiths. All philosophies. All believers.

These are always very moving times. We share much with each other and we gain much from each other.

It helps us endure in the partisan and political world in which we have chosen to labor. Kindness, civility, tolerance and forgiveness all are part of the essence of our gatherings. We try to put aside harsh judgment and criticism.

I remember the words of a wonderful couplet my mother used to share.

There is so much good in the worst of us.
And so much bad in the best of us.
That it ill behooves any of us
To find fault with the rest of us.

I like that one. I knew you would!

We also talk about our human frailties. We talk about how easy it is to fall for the blandishments of flattery and be overcome by ego.

I have often said that those who travel the high road of humility in Washington DC are not really troubled by heavy traffic!

It is always a very uplifting time. Yes, actually too a time of sharing of our own vulnerabilities. It was Will Rogers, our great American humorist, who said, ''It's great to be great but it is greater to be human.''

We are very privileged to be able to serve in the United States Senate. A special obligation. People do observe us. We are scrutinized. (Indeed we are!) We hope to do more than just talk a good game. We need to live the things we learn and share.

Let me close with a poem that is something we try to take from the weekly Senate prayer breakfast group and something we might hope to remember from this marvelous convocation today. That little poem.

We'd rather see a sermon than hear one any day,
We'd rather you would walk with us than merely show the way.
The eye is a better pupil and more willing than the ear.
Fine counsel is confusing, but example's always clear.
We can soon learn how to do it if you'll let us see it done,
We can watch you well in action, but your tongue too fast may run
And the lecture you deliver may be very wise and true,
But we'd rather get our lessons by observing what you do.

Now there's ''the word'' for the day!
God bless you all.

REMARKS OF SENATOR NUNN

Thank you Bob Bennett, President and Mrs. Clinton, Vice President and Mrs. Gore, fellow sinners. Have I left anyone out? I say to my good friend, Alan Simpson, Billy Graham called me also, Alan. He said, as he did in his message, that he was praying for us all. But, he felt particularly compelled to pray for Alan Simpson and for me. Alan, I don't know what he meant by that, but you and I appreciate it.

A few years ago during the Bresznev era, Dr. Billy Graham returned from a highly publicized trip to Moscow and was confronted when he returned by one of his critics with these words, ''Dr. Graham, you have set the church back 50 years.'' Billy Graham lowered his head and replied, ''I am deeply ashamed. I have been trying very hard to set the church back 2,000 years.''

Today we represent different political parties, different religions and different nations, but as your invitation states, we gather as brothers and sisters in the spirit of Jesus who lived 2,000 years ago, and who lives in our hearts and minds today.

The first prayer breakfast was held in 1953 in a world of great danger. President Eisenhower was newly inaugurated and had just returned from Korea where our young soldiers were fighting desperately. World Communism was on the move. Eastern Europe

and the Baltics were locked behind the Iron Curtain. All across the globe, the lights of religious freedom and individual rights were going out, and the specter of nuclear destruction loomed over our planet.

I wonder this morning how those who attended that first national prayer breakfast 43 years ago would have reacted if God had given them a window to see the world of the 1980's and 1990's.

They would have seen truly amazing things: Catholic nuns kneeling to pray in the path of 50-ton tanks—the power of their faith bringing down the Philippine dictatorship; the Iron Curtain being smashed, not by tanks of war, but by the hands of those who built it and those who were oppressed by it; the Cold War ending, not in a nuclear inferno, but in a blaze of candles in the churches of Eastern Europe, in the singing of hymns and the opening of long-closed synagogues. I believe that God gave Joseph Stalin the answer to his question, ''How many divisions does the Pope have?''

They also would have seen a black man in South Africa emerge from prison after 26 years and become the President of his nation, personifying forgiveness and reconciliation; the first hesitant but hopeful steps toward peace between Jews and Arabs in the Middle East, and between Protestants and Catholics in Northern Ireland. They would see that in 1996 we are blessed to live in a world where more people enjoy religious freedom than at any other time in history. Can we doubt this morning that a loving God has watched over us and guided us through this dangerous and challenging period?

During the early days of the Russian parliament, the Duma, I joined several other Senators in attending a meeting with a number of newly elected members of that body. The second day, a few of us were invited to a very small ''prayer breakfast'' with a group of Duma members who were just forming a fellowship, no doubt stimulated by Doug Coe. As in the larger meeting the day before, the breakfast discussion started with a degree of coldness and tension. One of the Russians, in obvious sadness and a little embarrassment, remarked that Russia was in great economic distress and that the United States was the only remaining superpower. It was clear that this was a very sensitive point for them. It had been abundantly clear the day before.

Senator Dirk Kempthorne and I then pointed out that in the real sense there is only one superpower in the world, our heavenly Father who watches over us all. The tension immediately eased and the spirit of fellowship was built, and we prayed together to that superpower, the God who loves us all.

Our world is a strange and tragic place. It is very ironic in many ways. The Cold War is now over, but in a tragic sense, the world has now been made safer for ethnic, tribal, and religious vengeance and savagery. Such tragedy has come to the people of Somalia, Bosnia, Rwanda, Burundi, Sudan, Haiti and others.

At home, the pillar of our national strength, the American family, is crumbling. Television and movies saturate our children with sex and violence. We have watered down our moral standards to the point where many of our youth are confused, discouraged and in deep trouble. We are reaping the harvest of parental neglect, divorce, child abuse, teen pregnancy, school dropouts, illegal drugs, and streets full of violence.

It's as if our house, having survived the great earthquake we call the Cold War, is now being eaten away by termites. Where should we turn this morning and in the days ahead?

Our problems in America today are primarily problems of the heart. The soul of our nation is the sum of our individual characters. Yes, we must balance the federal budget and there are a lot of other things we need to do at the Federal level, but unless we change our hearts we will still have a deficit of the soul.

The human inclination to seek political solutions for problems of the heart is nothing new. It is natural. Two thousand years ago, another society found itself in deeper trouble than our own. An oppressive empire strangled liberties. Violence and corruption were pervasive.

Many of the people of the day hoped for the triumphant coming of a political savior, a long-expected king to establish a new, righteous government. Instead, God sent his son, a baby, born in a stable. Jesus grew up to become a peasant carpenter in a backwater town called Nazareth. He condemned sin but made it clear that he loved the sinner. He befriended beggars and prostitutes and even tax collectors while condemning the hypocrisy of those in power. He treated every individual with love and dignity and taught that we should do the same. He died like a common criminal, on a cross, and gave us the opportunity for redemption and the hope of eternal life.

He also put the role of government in proper perspective when he said, ''Render unto Caesar that which is Caesar's and unto God that which is God's.''

Shortly after I announced that I would not seek reelection, a reporter asked me, ''You've been in the Congress for 24 years; what do you consider to be your greatest accomplishment?'' I paused for a moment and replied, ''Keeping my family together for 24 years and helping my wife Colleen raise two wonderful children, Michelle and Brian.'' Upon hearing this, the reporter scoffed, ''Don't give me that soft sound-bite stuff. What laws did you get passed?''

When he said that, I had several thoughts—only a couple of them I can share with you this morning. Four years ago, my daughter, Michelle, and a few of her friends started an organization in Atlanta called Hands on Atlanta, making it exciting, efficient and fun for young people to volunteer their time to help those in need. Now, about 5 years later, 10,000 volunteers each month render about 20,000 hours of personal, one-on-one service. What laws have I passed that have had this impact?

I also thought about the difference between being a Senator and being a father. When we in the Senate make a mistake, we have checks and balances—99 other Senate colleagues, plus the House of Representatives, plus the President, plus a final review by the Supreme Court. But, when we as parents make a mistake with our children, where are the checks and where are the balances?

Congress can pass laws cracking down on those who refuse to support their children. But we cannot force husbands to honor their wives, wives to love their husbands, and both parents to nurture their children. Congress can pass laws on civil rights and equal rights, but we cannot force people of different races to love each other as brothers. Congress can promote fairness and efficiency in our tax code, but we cannot force the rich to show compassion toward the poor. We can join with our NATO allies to separate the warring factions in Bosnia, as we are doing, and give them a breathing space, but we cannot force Muslims, Croats and Serbs to live together as brothers in peace.

I recently heard a story on the radio. It happened in Bosnia, but I think it has meaning for all of us. A reporter was covering that tragic conflict in the middle of Sarajevo, and he saw a little girl shot by a sniper. The back of her head had been torn away by the bullet. The reporter threw down his pad and pencil, and stopped being a reporter for a few minutes. He rushed to the man who was holding the child, and helped them both into his car.

As the reporter stepped on the accelerator, racing to the hospital, the man holding the bleeding child said, ''Hurry, my friend, my child is still alive.''

A moment or two later, ''Hurry, my friend, my child is still breathing.''

A moment later, ''Hurry, my friend, my child is still warm.''

Finally, ''Hurry. Oh my God, my child is getting cold.''

When they got to the hospital, the little girl had died. As the two men were in the lavatory, washing the blood off their hands and their clothes, the man turned to the reporter and said, ''This is a terrible task for me. I must go tell her father that his child is dead. He will be heartbroken.''

The reporter was amazed. He looked at the grieving man and said, ''I though she was your child.''

The man looked back and said, ''No, but aren't they all our children?''

Aren't they all our children?

Yes, they are all our children. They are also God's children as well, and he has entrusted us with their care in Sarajevo, in Somalia, in New York City, in Los Angeles, in my hometown of Perry, Georgia and here in Washington, D.C.

In the book of Micah, the prophet asks, ''Shall I give my firstborn for my transgressions, the fruit of my body for the sin of my soul?''

The cruelest aspect of our wars and our sins is what they do to our children. Jesus said, ''Suffer the little children to come unto me * * * For of such is the kingdom of God.'' Too often today we shorten this commandment to—suffer—little children.

Mrs. Clinton, thank you for the emphasis you have put on children and the spotlight you have shined on our challenges. You are great.

The world is watching America today. People around the world are watching not just our President or our Congress or our economy or even our military deployments. They are watching our cities, our towns, and our families to see how much we value our children, and whether we care enough to stop America's moral and cultural erosion. Do we in America in 1996 love our neighbors as ourselves as explained by Bob Bennett as our theme for the morning and by Tom Lantos and his personal example?

I do not have the answer to these questions this morning, and I don't pretend to. These problems can be solved only in the hearts and minds of our people and one child at a time. I do, however, have a few observations.

The Cold War provided us with a clarity of purpose and a sense of unity as a people. Our survival as a nation was at stake. We came together often in fear. The challenges that confront us today are far different, but the stakes are the same. I pray that our children, all of our children, will be the bridge that brings us together, not in fear, but in love.

Each year millions of our children are abused, abandoned and aborted. Millions more receive little care, discipline and almost no love. While we continue to debate our deeply-held beliefs as to which of these sins should also be violations of our criminal code, I pray that we as parents, as extended families, and as communities, will come together to provide love and spiritual care to every mother and to every child, born or unborn.

Government at every level must play a role in these challenges, but I do not believe that it will be the decisive role. What, then,

are our duties as leaders, not just in the world of politics and government, but in every field represented here this morning and throughout our land? Like basketball stars Charles Barkley and Dennis Rodman, we are role models whether we like it or not.

I believe that the example we set, particularly for our young people, may be the most important responsibility of public service. We must demonstrate with our daily lives that it is possible to be involved in politics and still retain intellectual honesty and moral and ethical behavior.

We are all sinners, so we will slip and we will fall. But I have felt God's sustaining hand through every phase of my life—growing up in Perry, Georgia, raising a family, my relationship with my wife Colleen, in Senate floor debates, in committee meetings, visiting our troops in war, or being part of a mission for peace.

In the years ahead, when I think back on my public service, I am certain that my most cherished memories will be those moments spent with my colleagues in the Senate prayer breakfasts and in my meetings with leaders from around the world, usually arranged by Doug Coe, in the spirit of Jesus.

I have also been blessed by many friends in the Senate and also a small fellowship with a group of Senate brothers like the late Dewey Bartlett, Republican of Oklahoma; Lawton Chiles, Democrat of Florida; Pete Domenici, Republican of New Mexico; Harold Hughes, Democrat of Iowa; and Mark Hatfield, Republican of Oregon. No one can accuse that group of being of like minds politically.

Yet, these brothers have listened to my problems, shared in my joys, held me accountable and upheld me in their prayers. Fellowship in the spirit of Jesus does amazing things. It puts political and philosophical differences, even profound differences, in a totally different perspective.

I believe that 2,000 years ago Jesus was speaking to each of us when he delivered his Sermon on the Mount. And, my prayer this morning for our leaders and our nation is in the spirit of his words then.

May we who would be leaders always be aware that we must first be servants. May we who compete in the arena of government and politics remember that we are commanded to love our enemies and pray for those who persecute us. I can't find any exception for the news media or our opponents. May we who seek to be admired by others remember that when we practice our piety before men in order to be seen by them, we will have no reward in heaven. May we who have large egos and great ambitions recall that the Kingdom of Heaven is promised to those who are humble and poor in spirit. May we who depend on publicity as our daily bread recall that when we do a secret kindness to others, our Father, who knows all secrets, will reward us. May the citizens whom we serve as stewards of government be sensitive to the fact that we are human beings subject to error and that while we need their critiques, we also desperately need their prayers. May we never forget that the final judgment of our tenure here on earth will not be decided by a majority vote, and that an election is not required to bring us home.

May God bless each of you.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Kalbaugh, 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.)

MESSAGES FROM THE HOUSE

At 10:32 a.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 2036. An act to amend the Solid Waste Disposal Act to make certain adjustments in the land disposal program to provide needed flexibility, and for other purposes.

The message also announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2546) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending September 30, 1996, and for other purposes.

ENROLLED BILL SIGNED

The message further announced that the Speaker has signed the following enrolled bill:

H.R. 2353. An act to amend title 38, United States Code, to extend certain expiring authorities of the Department of Veterans' Affairs relating to delivery of health and medical care, and for other purposes.

The enrolled bill was signed subsequently by the President pro tempore [Mr. THURMOND].

At 4:49 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 652) to provide for a procompetitive, deregulatory national policy framework designed to accelerate rapidly private sector deployment of advanced telecommunications and information technologies and services to all Americans by opening all telecommunications markets to competition, and for other purposes.

At 8:32 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House has agreed to the following concurrent resolution, in which it requests the concurrence of the Senate:

H. Con. Res. 141. Concurrent resolution providing for the adjournment of the two Houses.

At 8:46 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 2924. An act to guarantee the timely payment of Social Security benefits in March 1996.

MEASURES REFERRED

The following bill was read the first and second times by unanimous consent and referred as indicated:

H.R. 2036. An act to amend the Solid Waste Disposal Act to make certain adjustments in the land disposal program to provide needed flexibility, and for other purposes; to the Committee on Environment and Public Works.

REPORTS OF COMMITTEE

The following report of committee was submitted:

By Mr. HATFIELD, from the Committee on Appropriations:

Special Report entitled ''Revised Allocation to Subcommittees of Budget Totals from the Concurrent Resolution for Fiscal Year 1996'' (Rept. No. 104–228).

By Mr. CHAFEE, from the Committee on Environment and Public Works, without amendment:

H.R. 2005. A bill to direct the Secretary of the Interior to make technical corrections in maps relating to the Coastal Barrier Resources System (Rept. No. 104–229).

The committee of conference submitted a report on the disagreeing votes of the two Houses to the bill (S. 652) to provide for a procompetitive, deregulatory national policy framework designed to accelerate rapidly private sector deployment of advanced telecommunications and information technologies and services to all Americans by opening all telecommunications markets to competition, and for other purposes (Rept. No. 104–230).

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. BROWN:

S. 1549. A bill to improve regulation of the purchase and sale of municipal securities, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. HELMS:

S. 1550. A bill to eliminate the duties on 2-Amino-3-chlorobenzoic acid, methyl ester; to the Committee on Finance.

By Mr. DORGAN (for himself, Mr. HOLLINGS, Mr. DASCHLE, Mr. CONRAD, and Mr. KERREY):

S. 1551. A bill to restore the broadcast ownership rules under the Communications Act of 1934 to the status quo ante the enactment of the Telecommunications Act of 1996; to the Committee on Commerce, Science, and Transportation.

By Mr. DASCHLE:

S. 1552. A bill to amend the Railroad Retirement Act of 1974 to prevent the canceling of annuities to certain divorced spouses of workers whose widows elect to receive lump sum payments; to the Committee on Labor and Human Resources.

By Mr. MCCAIN:

S. 1553. A bill to provide that members of the Armed Forces performing services for

the peacekeeping effort in the Republic of Bosnia and Herzegovina shall be entitled to certain tax benefits in the same manner as if such services were performed in a combat zone; to the Committee on Finance.

By Mr. COCHRAN:

S. 1554. A bill to amend the Fair Labor Standards Act of 1938 to clarify the exemption for houseparents from the minimum wage and maximum hours requirements of that Act, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. DOLE (for himself, Mr. ROTH, Mr. MCCAIN, and Mr. DOMENICI):

S. 1555. A bill to guarantee the timely payment of social security benefits in March 1996; read twice.

By Mr. KOHL (for himself and Mr. SPECTER):

S. 1556. A bill to prohibit economic espionage, to provide for the protection of United States proprietary economic information in interstate and foreign commerce, and for other purposes; to the Committee on the Judiciary.

By Mr. SPECTER (for himself and Mr. KOHL):

S. 1557. A bill to prohibit economic espionage, to provide for the protection of United States vital proprietary economic information, and for other purposes; to the Select Committee on Intelligence.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. SPECTER (for himself, Mr. SIMON, Mr. DOLE, Mr. LAUTENBERG, Mrs. BOXER, Mr. COCHRAN, Mr. HEFLIN, Ms. MIKULSKI, Ms. SNOWE, Mr. GRASSLEY, Mr. THURMOND, Mr. GLENN, Mr. BRADLEY, Mr. KENNEDY, Mr. KERRY, Mr. REID, Mr. MACK, Ms. MOSELEY-BRAUN, Mr. SARBANES, Mrs. FEINSTEIN, Mr. COHEN, Mrs. MURRAY, Mr. BIDEN, Mr. PRESSLER, Mr. LEVIN, Mr. THOMAS, Mr. DODD, and Mr. WARNER):

S. Res. 219. A resolution designating March 25, 1996 as ''Greek Independence Day: A National Day of Celebration of Greek and American Democracy''; to the Committee on the Judiciary.

By Mr. DOLE (for himself, Mr. DASCHLE, and Mr. WARNER):

S. Res. 220. A resolution in recognition of Ronald Reagan's 85th birthday; considered and agreed to.

By Mr. DOLE (for himself and Mr. DASCHLE):

S. Res. 221. A resolution to authorize testimony by a former Senate employee; considered and agreed to.

S. Res. 222. A resolution to authorize the production of documents by the Permanent Subcommittee on Investigations; considered and agreed to.

By Mrs. HUTCHISON (for herself and Mr. GRAMM):

S. Res. 223. A resolution to commemorate the sesquicentennial of Texas statehood; considered and agreed to.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BROWN:

S. 1549. A bill to improve regulation of the purchase and sale of municipal securities, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

THE MUNICIPAL SECURITIES INVESTOR PROTECTION ACT OF 1996

Mr. BROWN. Mr. President, I rise to offer a bill to protect municipal securities investors.

The Securities Act of 1933, and the Exchange Act of 1934 were drafted in response to the stock market crash of 1929. Congress passed the 1933 and 1934 acts to prevent fraud in the securities markets and ensure uniform and reliable information for investors. At that time however, Congress decided to exempt the relatively insignificant municipal securities market from new laws, because unlike corporations, the States, cities, and counties issuing bonds could back their obligations with their power to raise taxes.

Now, with over 52,000 municipal issuers, and $1.2 trillion in outstanding debt obligations, the municipal securities market in one of the largest unregulated markets in the world. Complex financing arrangements are created behind the shelter of the municipal securities exemption. Over 70 percent of all municipal bonds are revenue bonds, backed not by tax revenues, but the isolated revenues of special projects like toll roads, powerplants and airports. Revenue bonds for major projects can exceed $1 billion, and are often bought and sold internationally by individuals, corporations, banks, and governments. These revenue bonds present many of the same investment risks as corporate enterprises, but because they are municipal securities, they are subject only to voluntary market guidelines and the SEC's authority to prevent fraud.

Since its inception, people have questioned whether the Security and Exchange Commission's lack of authority over the municipal securities market was adequate to protect investors. A 1993 staff report of the Securities and Exchange Commission examined that question and commented on the shortcomings of the SEC's authority: ''Because of the voluntary nature of municipal issuers disclosure, there is a marked variance in the quality of disclosure, during both the primary offering stage and in the secondary market.'' Other groups have echoed the SEC's sentiment. The Public Securities Association testified that, ''secondary market information is difficult to come by even for professional municipal credit analysts, to say nothing of retail investors.'' The SEC staff concluded that while the SEC could take steps to improve disclosure, any comprehensive changes to the existing system would require congressional action.

The SEC took an indirect step toward improving municipal securities disclosure when it began enforcing 15c2–12 last summer. That rule requires municipal securities dealers to contract with issuers for the provision of disclosure documents and annual reports. These regulations however, fall short of the protections offered investors in the 1933 and 1934 acts because they do not give the SEC the authority to review municipal disclosures, regulate content, or require continuing disclosure of financial information.

This bill would take additional steps toward full disclosure. Under my proposal, a municipal security issuer who offers more than $1 billion in related securities, but does not pledge its taxing authority toward repayment of the obligations, must conform to the registration and continuous reporting requirements of the Securities Act of 1933 and the Exchange Act of 1934. In other words, when a municipal issuer acts like a corporation by pledging the revenues of a particular project toward repayment of debt, it should be treated like a corporation.

Recent collapses in the municipal securities market underline the need for congressional action:

New York: After issuing record levels of debt from 1974 through 1975, New York City was unable to issue additional debt to cover maturing obligations. As a result, $4 billion of the city's short-term bonds lost over 45 percent of their value by December 1975, and interest rates for municipalities across the Northeast and Mid-Atlantic regions rose 0.05 percent. The subsequent SEC investigation uncovered distorted financial information including a systematic overstatement of revenues.

Washington Public Power Supply System: With an initial cost estimate of $2.25 billion to build nuclear reactors, the Washington Public Power Supply System issued bonds between 1977 and 1981. By the time the final bond sale was issued, the project's estimated cost exceeded $12 billion. Construction was halted, the WPPSS went into default, and the SEC began investigating the WPPSS's disclosure practices.

The SEC found that the WPPSS had mislead investors by not releasing reports about cost overruns, that underwriters failed to critically analyze the information provided by the WPPSS, that bond rating agencies failed to conduct due diligence to confirm WPPSS information, and that attorneys provided unqualified legal opinions as to the validity of the financing agreements. Ultimately no enforcement action was taken because several class action civil suits concluded with the Federal district court approving a $580 million global settlement.

Orange County: In 1994, a lack of disclosure led many investors of Orange County bonds to be surprised when the Orange County investment fund declared bankruptcy. The fund's risky investments in derivatives led to a loss of over $1.7 billion and put every debt obligation of the county at risk.

Denver International Airport: Original plans called for Denver to finance its new $1.3 billion international airport with bonds backed by operation revenues following its October 1993 opening. The actual cost of the Denver International Airport [DIA] exceeded

$4.8 billion and construction delays postponed its opening to February 28, 1995. Questions regarding contracting practices, construction problems, and delays caused by its high-technology baggage system led to several Federal and State investigations and class action lawsuits, including an investigation by the SEC to review Denver's knowledge and disclosure of delays with the baggage system.

These examples demonstrate how the voluntary nature of the municipal market is failing to adequately inform investors. Whereas updated, accurate information is readily available to investors of corporate securities, municipal securities investors are often caught offguard and unaware of the risks associated with their investment. Current law only encourages municipalities to comply with the voluntary guidelines of the Government Finance Officers Association, and only requires disclosure of facts so as not to violate the antifraud provisions of the 1933 and 1934 acts. In other words, municipal issuers are under no obligation to provide annual financial information, conform to generally accepted accounting principals, or report conflicts of interest. In addition, disclosure is only necessary to avoid making a material misstatements of fact, a standard which some commentators argue is met by remaining silent even as material events and facts change. The end result can be uniformed investors who suffer losses from undisclosed risks.

This legislation is designed to protect investors by requiring municipal issuers who act like corporations to meet the same requirements as corporations. Instead of receiving guidance from voluntary standards, municipalities and investors would have the benefit of mandatory guidelines and requirements for judging what information needs to be disclosed and what form it needs to take. Instead of relying on documents which can be outdated and unaudited, investors would be able to review the latest numbers when analyzing risk. The end result would be greater information for investors, more security for issuers, and lower cost for consumers.

In Denver's case, the requirements of the 1933 and 1934 acts could have eliminated some of the problems the city now faces. Since issuers under the 1933 act are strictly liable for misinformation in their documents, the city would have taken extra precautions to accurately disclose information in a timely manner—a practice which could have prevented the facts driving the current SEC investigation. Investors would be more willing to invest because they would be able to easily obtain current, audited financial information similar in form and content to other offerings. Finally, without the specter of pending lawsuits and investigations, the cost of borrowing would go down saving millions of dollars for the city and allowing it to lower rents to airlines. Lower rents in turn would allow the airlines to pass savings on to consumers in the form of lower ticket prices.

As the Denver example shows, everyone can benefit from the accurate and continuous disclosure required of corporations by the securities acts. If municipalities are going to operate like corporations, and back securities with revenues from specific projects, then the investing public deserves to receive complete and updated information regarding those revenues. This bill takes the commonsense approach of bringing municipalities who offer revenue bonds totaling more than $1 billion, under the same rules and regulations as faced by private companies.

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

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

S. 1549

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 ''Municipal Securities Investor Protection Act of 1996''.

SEC. 2. TREATMENT OF MUNICIPAL SECURITIES IN THE SECURITIES ACT OF 1933.

Section 3 of the Securities Act of 1933 (15 U.S.C. 77c) is amended by adding at the end the following new subsection:

''(d)(1) Notwithstanding subsection (a)(2), a security issued by a municipal issuer shall only be exempt from the provisions of this title—

''(A) if the municipal issuer pledges the full faith and credit or the taxing power of that municipal issuer to make timely payments of principal and interest on the obligation; or

''(B) if the municipal issuer—

''(i) offers or sells such securities in a single transaction in an aggregate principal amount equal to less than $1,000,000,000; or

''(ii) offers or sells such securities in a series of related transactions, and at the time of the offer or sale of such securities, does not reasonably anticipate that the aggregate principal amount of the series of related transactions will exceed $1,000,000,000.

''(2) For purposes of this subsection—

''(A) the term 'municipal issuer' means—

''(i) a State, the District of Columbia, or a Territory of the United States; or

''(ii) a public instrumentality or political subdivision of an entity referred to in clause (i);

''(B) the term 'series of related transactions' means a series of separate securities offerings made—

''(i) as part of a single plan of financing; or

''(ii) for the same general purpose; and

''(C) the term 'reasonably anticipate' shall have the meaning provided that term by the Commission by regulation, taking into consideration, as necessary or appropriate—

''(i) the public interest;

''(ii) the protection of investors; and

''(iii) the need to prevent the circumvention of the requirements of this subsection.''.

SEC. 3. TREATMENT OF MUNICIPAL SECURITIES IN THE SECURITIES EXCHANGE ACT OF 1934.

(a) IN GENERAL.—Section 3(a)(12) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(12)) is amended—

(1) in subparagraph (A), by striking clause (ii) and inserting the following:

''(ii) any security issued by a municipal issuer with respect to which the municipal issuer—

''(I) pledges the full faith and credit or the taxing power of that municipal issuer to make timely payments of principal and interest on the obligation; or

''(II)(aa) offers or sells such securities in a single transaction in an aggregate principal amount equal to less than $1,000,000,000; or

''(bb) offers or sells such securities in a series of related transactions, and at the time of the offer or sale of such securities, does not reasonably anticipate that the aggregate principal amount of the series of related transactions will exceed $1,000,000,000;'';

(2) in subparagraph (B)(ii), by striking ''municipal securities'' and inserting ''the securities described in subparagraph (A)(ii)'';

(3) by redesignating subparagraph (C) as subparagraph (D); and

(4) by inserting after subparagraph (B) the following:

''(C) For purposes of subparagraph (A)(ii)—

''(i) the term 'municipal issuer' means—

''(I) a State or any political subdivision thereof, or an agency or instrumentality of a State or any political subdivision thereof; or

''(II) any municipal corporate instrumentality of a State;

''(ii) the term 'series of related transactions' means a series of separate securities offerings made—

''(I) as part of a single plan of financing; or

''(II) for the same general purpose; and

''(iii) the term 'reasonably anticipate' shall have the meaning provided that term by the Commission by regulation, taking into consideration, as necessary or appropriate—

''(I) the public interest;

''(II) the protection of investors; and

''(III) the need to prevent the circumvention of the requirements of subparagraph (A)(ii).''.

(b) TREATMENT OF MUNICIPAL SECURITIES THAT ARE NOT EXEMPTED SECURITIES.—The third sentence of section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78*o*(d)) is amended by inserting before the period the following: '', except that, with respect to a class of municipal securities that are not exempted securities, the duty to file under this subsection may not be suspended by reason of the number of security holders of record of that class of municipal securities''.

(c) REPORTING PRIOR TO THE SALE OF SECURITIES.—Section 15B(d)(1) of the Securities Exchange Act of 1934 (15 U.S.C. 78*o*–4(d)(1)) is amended—

(1) by striking ''(d)(1) Neither'' and inserting ''(d)(1)(A) Except as provided in subparagraph (B), neither''; and

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

''(B) Subparagraph (A) does not apply to an issuer of any municipal security that is not an exempted security.''.

SEC. 4. TREATMENT OF CERTAIN MUNICIPAL SECURITIES IN THE TRUST INDENTURE ACT OF 1939.

Section 304(a)(4) of the Trust Indenture Act of 1939 (15 U.S.C. 77ddd(a)(4)) is amended by striking ''of subsection 3(a) thereof'' and inserting ''of subsection (a), or subsection (d) of section 3 of that Act''.

By Mr. DASCHLE:

S. 1552. A bill to amend the Railroad Retirement Act of 1974 to prevent the canceling of annuities to certain divorced spouses of workers whose widows elect to receive lump sum payments; to the Committee on Labor and Human Resources.

THE RAILROAD RETIREMENT AMENDMENT ACT OF 1996

Mr. DASCHLE. Mr. President, today I am introducing legislation on behalf

of Valoris Carlson of Aberdeen, SD, and the handful of others like her whose lives have been terribly disrupted. This legislation will right a wrong that was not due to any error or deception on Valoris' part, but due to an administrative error by the Railroad Retirement Board [RRB].

In 1984 Valoris, as the divorced spouse of a deceased railroad employee, applied for a survivor's pension. The RRB failed to check if a lump sum withdrawal had previously been made on the account at the time of her former spouse's death—even though Valoris clearly stated on her application that there was a surviving widow. In fact, a lump sum payment had been made, but not identified. The RRB began paying Valoris $587 per month in 1984 and continued to pay her benefits for 11 years. Only recently did they discover that an error had been made over a decade ago.

Not until 1995 was Valoris told she was not eligible for the pension she was awarded in 1984. Had the RRB reviewed their records, they would have seen that a lump-sum payment had been made on that account. Valoris, who was married for 26 years, lost her eligibility to the widow of the railroad worker who had been married to him for only 3 years. Valoris made an honest application for benefits. The RRB failed to do their job properly, resulting in 11 years of ''overpayments'' to Valoris.

These payments affected Valoris' planning for the future. Valoris planned her retirement on that modest sum of $587. Had she been told she was not eligible for benefits, she would have worked longer to build up her own Social Security benefits. Her railroad divorced widow's pension has been her only steady income. She has picked up a few dollars here and there by renting out rooms in her home, but without her pension income, Valoris does not know how she will live.

The bill I am introducing today will address the errors made by the RRB that have disrupted the life of Valoris Carlson and others like her. The RRB advises that 17 other widows are similarly situated, and their pensions would also be restored by this bill.

The bill, which was developed with technical assistance from the RRB, would allow the 18 women impacted by the RRB's administrative error to begin receiving their monthly benefits again. It requires them to repay the lump sum, but they are allowed to do so through a marginal withholding from their monthly benefit. The monthly withholding can be waived if it would cause excessive hardship for a widow.

Mr. President, I will work to enact this legislation as quickly as possible to restore the benefits to those women who are now suffering as a result of the Government's mistakes. There is no excuse for further delay in providing these Americans with benefits they were led to expect by the RRB.

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:

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 ''Railroad Retirement Amendment Act of 1996''.

SEC. 2. PROTECTION OF DIVORCED SPOUSES.

(a) IN GENERAL.—Section 6(c) of the Railroad Retirement Act of 1974 is amended—

(1) in the last sentence of paragraph (1), by inserting ''(other then to a survivor in the circumstances described in paragraph (3))'' after ''no further benefits shall be paid''; and

(2) by adding at the end the following:

''(3) Notwithstanding the last sentence of paragraph (1), benefits shall be paid to a survivor who—

''(A) is a divorced wife; and

''(B) through administrative error received benefits otherwise precluded by the making of a lump sum payment under this section to widow;

if that divorced wife makes an election to repay to the Board the lump sum payment. The Board may withhold up to 10 percent of each benefit amount paid after the date of the enactment of this paragraph toward such reimbursement. The Board may waive such repayment to the extent the Board determines it would cause an unjust financial hardship for the beneficiary.''.

(b) APPLICATION OF AMENDMENT.—The amendment made by this section shall apply with respect to any benefits paid before the date of enactment of this Act as well as to benefits payable on or after the date of the enactment of this Act.

By Mr. MCCAIN:

S. 1553. A bill to provide that members of the Armed Forces performing services for the peacekeeping effort in the Republic of Bosnia and Herzegovina shall be entitled to certain tax benefits in the same manner as if such services were performed in a combat zone; to the Committee on Finance.

TAX RELIEF LEGISLATION

Mr. MCCAIN. Mr. President, as we continue to debate a balanced budget, 20,000 of our service men and women are participating in Operation Joint Endeavor in war torn Bosnia and Herzegovina.

The bill I am introducing today is designed to provide some peace of mind to our troops and their families. This bill is identical to H.R. 2778 introduced earlier this month by Congressman BUNNING from Kentucky. Specifically, this bill would provide a tax exemption and additional benefits for our service men and women serving in Bosnia, which is but a small gesture showing our support.

I hope and pray that this operation will remain a peaceful deployment, but the fact remains that the lives of our military personnel are continually at risk from landmines, sniper fire, or accident in this peacekeeping operation.

I know personally the character of the Americans who take up arms to defend our Nation's interests and to advance our democratic values. I know of all the battles, all the grim tests of courage and character, that have made our Armed Forces the envy of our allies and enemies alike.

Our people are our greatest asset. They make sacrifices day after day, and are prepared to make the ultimate sacrifice. Without the ''can do'' attitude our military personnel persistently display, we would not have the finest military force in the world today. As our troops carry out their assigned duties in Bosnia, we must do our part to let them know how much their dedication and efforts are appreciated by the American people.

Because it is a peacekeeping mission, Bosnia has not been declared a ''combat zone'' by the Department of Defense. Had the designation been made, tax exemptions and other benefits, as well as hazardous duty pay, would automatically be invoked without this bill. This bill would ensure that tax and certain other benefits are provided. I want to point out, however, that it does not authorize hazardous duty pay which would entail a very significant cost. In these times of fiscal constraint, we must take a conscientious look at the financial impact on the Federal budget of this initiative and how this standard may be applied to future peacekeeping or other non-combat missions.

I hope that the potential danger to our troops remains low. If, however, any U.S. soldiers were to be fatally injured while serving in this peacekeeping operation, this bill would provide additional benefits to their families.

Mr. President, the men and women participating in Operation Restore Hope in Somalia did not receive these benefits, and unfortunately some of those men lost their lives in a mission gone tragically awry. This bill is intended to help relieve some of the financial burdens on our service men and women caused by their deployment and allay the economic concerns of their families. I believe this measure deserves our careful and full review, and I intend to seek expeditious consideration of this legislation.

By Mr. COCHRAN:

s. 1554. A bill to amend the Fair Labor Standards Act of 1938 to clarify the exemption for houseparents from the minimum wage and maximum hours requirements of that Act, and for other purposes; to the Committee on Labor and Human Resources.

THE FAIR LABOR STANDARDS ACT OF 1938 AMENDMENT ACT OF 1996

● Mr. COCHRAN. Mr. President, today I am introducing legislation to provide a specific exemption for houseparents from the minimum wage and overtime requirements of the Fair Labor Standards Act. This bill will provide significant relief to orphanages and group homes throughout the United States.

Houseparents are men and women who work and live in a group home setting to care for, nurture, and supervise children. These children may live at

the home for any number of reasons. They may be abused, neglected, orphaned, or homeless. The importance of houseparents in providing a family-like, healthy environment for these children cannot be overstated. It is the love, hard-work, and dedication of these people that enables the children at the home to enjoy a caring and stable environment.

As compensation for their services, houseparents receive a very unconventional package of benefits, including a fixed annual salary, food, housing, and transportation. The Department of Labor, however, has determined that these men and women are also entitled to overtime wages.

For example, in Mississippi, the Department of Labor determined that since houseparents at a particular home answered long-distance calls, opened out-of-State mail, and took the children on trips across the State line that houseparents were engaged in commerce and therefore covered by the minimum wage and overtime provisions of the Fair Labor Standards Act. This interpretation has threatened the houseparent system by placing an unbearable burden on the extremely limited resources of non-profit group homes.

The legislation I am introducing today will remedy this situation by providing nonprofit group homes with a specific exemption for houseparents from minimum wage and overtime requirements. Without such an exemption, these homes would be forced to use a shift model of employment where quasi-houseparents work 8 hour shifts to care for the children. This alternative would not furnish the same family-like setting for these children that the houseparent system provides.

It is important to note that this measure creates only a very narrow exemption from the Fair Labor Standards Act. This bill would only exempt those houseparents who meet the following criteria: First, the houseparents must be employed by nonprofit homes; second, the group home in question must be the children's primary residence; third, the houseparents must reside with the children at the home for a minimum of 72 hours per week; and fourth, the houseparent must receive board and lodging from the home, free of charge, and be compensated, on a crash basis, at an annual rate of not less than $8,000.

This legislation will allow nonprofit group homes to continue to provide the best possible care for children. I hope my colleagues will carefully consider it and join me in support of its enactment.●

By Mr. KOHL (for himself and Mr. SPECTER):

S. 1556. A bill to prohibit economic espionage, to provide for the protection of United States proprietary economic information in interstate and foreign commerce, and for other purposes; to the Committee on the Judiciary.

THE ECONOMIC ESPIONAGE ACT OF 1996

● Mr. KOHL. Mr. President, we have a problem in America today: The systematic pilfering of our country's economic secrets by our trading partners which undermines our economic security. It would not be unfair to say that America has become a full-service shopping mall for foreign governments and companies who want to jump start their businesses with stolen trade secrets.

Sadly, we are under-unequipped to fight this new war. Our laws have glaring gaps, allowing people to steal our economic information with vitual impunity.

So I introduce the Industrial Espionage Act of 1996 with Senator SPECTER. I am also pleased to cosponsor with Senator SPECTER the Economic Security Act of 1996. Together these laws will enable Federal law enforcement agencies to catch and vigorously prosecute anyone who tries to steal proprietary information from American companies. Our two measures should be read together as a unified approach to the problem. They are not panaceas, but they are an effort to deal with this problem systematically and comprehensively. The Department of Justice and the FBI have also been extremely helpful in drafting these pieces of legislation, and we look forward to working with them as we move these measures forward.

Mr. President, businesses spend huge amounts of money, time, and thought developing proprietary economic information—their customer lists, pricing schedules, business agreements, manufacturing processes. This information is literally a business's lifeblood. And stealing it is the equivalent of shooting a company in the head. But these thefts have a far broader impact than on the American company that falls victim to an economic spy. The economic strength, competitiveness, and security of our country relies upon the ability of industry to compete without unfair interference from foreign governments and from their own domestic competitors. Without freedom from economic sabotage, our companies loose their hard-earned advantages and their competitive edge.

The problem is not new. But with expanding technology and a growing global economy, economic espionage is entering its boom years. American companies have estimated that in 1992, they lost $1.8 billion from the theft of their trade secrets. A 1993 study by the American Society for Industrial Security found a 260-percent increase in the theft of proprietary information since 1985. And the theft of these secrets is not random and disorganized. The press has reported that one government study of 173 nations discovered that 57 of them were trying to get advanced technologies from American companies. The French intelligence service has even admitted to forming a special unit devoted to obtaining confidential information from American companies.

Let me give you a few examples. Just last year, a former employee of two major computer companies admitted to stealing vital information on the manufacture of microchips and selling it to China, Cuba, and Iran. For almost a decade, he copied manufacturing specifications—information worth millions of dollars. And armed with it, the Chinese, Cubans, and Iranians have been able to close the gap on our technology leads. Late last year, the FBI arrested this man and charged him with the interstate transportation of stolen property and mail fraud. It appears that the charges may be a bit of a stretch because he did not actually steal tangible property. He only stole ideas.

Not all of the theft is sponsored by foreign governments. Domestic theft is as reprehensible and as threatening as theft by foreign governments. For example, in Arizona, an engineer for an automobile air bag manufacturer was arrested in 1993 for selling manufacturing designs, strategies, and plans. He asked the company's competition for more than half a million dollars—to be paid in small bills. And he sent potential buyers a laundry list of information they could buy: $500 for the company's capital budget plan; $1,000 for a piece of equipment; $6,000 for planning and product documents.

Sadly, current civil remedies are inadequate to deal with these problems. Although many companies can privately sue those who have stolen from them, these private remedies are too little, too late. A private suit against a foreign company or government often just goes nowhere, and the company continues to use the stolen information without pause.

Similarly, our current criminal laws are not specifically targeted at protection of proprietary economic information. Most of our Federal theft statutes deal with tangible property and not intellectual property. Federal prosecutors have done a valiant job finding laws they can use against these people, but they need something stronger and more coherent than what they have gerry-rigged.

Mr. President, the Industrial Espionage Act and the Economic Security Act provide the solution we need. These measures are simple, straightforward, and effective. They carefully define proprietary economic information—the data that corporations privately develop and need to maintain in secrecy. People who steal that information in order to harm the business that rightfully owns and developed it are subject to criminal penalties. They can serve up to 15 years in jail. And if the theft is sponsored by a foreign government, the penalties are even harsher. Moreover, the bills include forfeiture provisions, so that people will not benefit from their illegal acts. They authorize the President to impose sanctions on countries that engage in these activities. And they assure companies that their proprietary information will

not seep out during a criminal persecution.

We need to take steps to stem the flow of information out of our country. We need a new law that definitively and harshly punishes anyone who steals information from American companies. Over the coming months, these measures will provide a framework for our discussions about the best way to solve this problem, and we plan to hold hearings on them in both the Intelligence and Judiciary Committees.●

● Mr. SPECTER. Mr. President, I am pleased to join Senator KOHL as a cosponsor of this bill to make theft of proprietary information a crime. Senator KOHL is also a cosponsor of a bill I have introduced to cover economic espionage by foreign governments or those acting on their behalf and this bill is designed to protect that same vital economic information from theft by nongovernmental entities and individuals.

While economic espionage by foreign governments presents a clear issue of national concern, the economic cost of industrial espionage by domestic and nongovernment-owned foreign corporations may be even greater. Federal law already provides some sanctions to protect technology and innovation within the United States. For example, we accord protection to patents, trademarks, and copyrights. The Federal Government will not enter into a contract with a bidder who has inside information of another bidder's price. There are also laws in some States that specifically address the theft of proprietary information.

These laws may not, however, be adequate. Thus, I am also joining Senator KOHL in cosponsoring legislation to provide criminal penalties in title 18 of the United States Code for cases in which corporations and individuals, foreign or domestic, steal proprietary information from U.S. entities. While the bill I have introduced amending the National Security Act of 1947 focuses on our Nation's economic security against foreign governments, similar arguments can be made that protection is also needed for domestic economic interests from theft by nongovernmental sources. Moreover, even where there are strong indications that a foreign government is behind the theft of proprietary information, it may not be possible in all cases to prove such government involvement.

The normal recourse for protecting proprietary information from theft by private sector sources is through civil remedies governed by State law. Some businesses and Federal law enforcement agencies, however, believe that current State laws are inadequate and fail to provide remedies, particularly with respect to the kind of intangible proprietary information that is typical in today's computer age. They argue that comprehensive federal criminal sanctions are needed at this time to provide an adequate deterrent.

While I believe there are legitimate questions about the need for federal criminal penalties in this context, I am also convinced the issue needs to be considered. It may be that after thorough review, criminal penalties are the best means of deterring the misappropriation of proprietary information by individuals or business competitors. On the other hand, we may determine that a more efficient response would be to create a federal civil cause of action or to leave it to State law to develop sanctions against such theft if not committed by, or done on behalf of, a foreign government.

As part of this effort to address the economic threat from the theft of proprietary information from U.S. businesses, I therefore believe we need to consider how to address such thefts when carried out by the private sector. As a result, I am cosponsoring this second bill, with the expectation that it will generate discussion and debate and assist us in developing the best approach to this problem. I look forward to working with all interested parties to reach such a result.●

By Mr. SPECTER (for himself and Mr. KOHL):

S. 1557. A bill to prohibit economic espionage, to provide for the protection of United States vital proprietary economic information, and for other purposes; to the Select Committee on Intelligence.

THE ECONOMIC SECURITY ACT OF 1996

● Mr. SPECTER. Mr. President, I am introducing a bill today, along with my colleague, Senator KOHL, entitled the ''Economic Security Act of 1996,'' which amends the National Security Act of 1947 to protect against the theft of vital proprietary economic information by or for foreign governments.

The bill would punish those who steal vital proprietary economic information from a U.S. owner for the benefit of a foreign government or a corporation, institution, instrumentality, or agent that is owned or guided by a foreign government. It provides penalties of up to $500,000 in fines or 25 years in prison, except that corporations working on behalf of a foreign government can be fined up to $10,000,000. The law would ensure that fruits of the espionage would be forfeited, and that victims would receive some restitution from funds recovered. This bill also provides for a ban for up to 5 years on the importation into, or export from, the United States of any product produced, made, assembled, or manufactured by a person convicted under this provision.

To address concerns by industry that criminal proceedings might result in the disclosure of the very trade secret the prosecution is aimed at protecting, the bill also gives courts authority to enter protective orders and take any other such measures as may be necessary, consistent with the applicable rules and laws. It also provides for an interlocutory appeal by the United States from a decision or order of a district court authorizing the disclosure of vital proprietary economic information.

The bill provides for extraterritorial jurisdiction where the offender is a U.S. person or the victim of the offense is a U.S. owner and the offense was intended to have, or had, a direct or substantial effect in the United States. In addition, the bill adds this newly created crime to the list of offenses in title 18, chapter 119, of the United States Code—Wire and Electronic Communications Interception and Interception of Oral Communications—so that it may be investigated with authorized wire, oral, or electronic intercepts.

We have drafted this new provision as an amendment to the National Security Act of 1947 to emphasize the importance of this issue to the national security of our Nation. Anyone who doubts that this is a national security issue need only stop to consider why foreign governments would devote so much effort to obtaining this information from U.S. companies. The reality is that U.S. economic and technological information may be far more valuable to a foreign government than most of the information that is classified in the United States today. The March 1990 and February 1995 national security strategies published by the White House focus on economic security as an integral part not only of U.S. national interest but also of national security.

Economic espionage by foreign governments targeting U.S. industry and innovation is an issue the Senate Select Committee on Intelligence has been examining for some time. The Committee has held a number of hearings which addressed this issue and has met extensively with the intelligence and law enforcement communities. In 1992, then-Director of Central Intelligence Robert M. Gates told the Committee:

> We know that some foreign intelligence services have turned from politics to economics and that the United States is their prime target. We have cases of moles being planted in U.S. high-tech companies. We have cases of U.S. businessmen abroad being subjected to bugging, to room searches, and the like * * * [W]e are giving a very high priority to fighting it.

This reflects a shift from the traditional counterintelligence efforts directed at military, ideological, or subversive threats to national security. Beginning as early as 1990, the Intelligence and Counterintelligence Communities have been directed to detect and deter foreign intelligence targeting of U.S. economic and technological interests, including efforts to obtain U.S. proprietary information from companies and research institutions that form our strategic industrial base. These counterintelligence efforts, however, must be complemented by, and carefully coordinated with, a coherent and rigorous law enforcement effort. It is to strengthen this aspect of the fight against economic espionage that I introduce this bill today.

Some foreign governments have been quite open about the importance they attach to obtaining U.S. commercial secrets. Former French Intelligence Director Pierre Marion, for example, was quoted in a recent Foreign Affairs article as saying about the French-United States relationship: ''In economics, we are competitors, not allies. America has the most technical information of relevance. It is easily accessible. So naturally your country will receive the most attention from the intelligence services.''

It is important to emphasize that no one country can be singled out for engaging in economic espionage. While there are a handful of well-publicized incidents involving a few countries, the problem is actually much more widespread. FBI tells us that 23 countries are being actively investigated and that there has been a 100 percent increase in the number of investigative matters relating to economic espionage in the United States during the past year—from 400 to 800. Thus, this bill is not aimed at any one country, or even a handful of countries. It is designed to address a widespread threat from a broad spectrum of countries, including traditional counterintelligence adversaries and traditional allies.

Last year, the Congress included in the Intelligence Authorization Act for fiscal year 1995 a requirement that the President submit an annual report on the activities of foreign governments to obtain commercial secrets from U.S. companies and how the U.S. Government counters this threat. The Intelligence Committee received the first report in July 1995, accompanied by a classified annex.

According to the report, prepared by the National Counterintelligence Center in coordination with relevant agencies, ''economic and technological information is often not specifically protected by Federal laws, making it difficult to prosecute thefts of propriety technology or intellectual property. Law enforcement efforts instead must rely on less specific criminal laws—such as espionage, fraud and stolen property, and export statutes—to build prosecutable cases.'' At our request, the FBI has provided some examples of the difficulties caused by this patchwork of laws.

According to the Bureau, there have been three specific declinations of prosecution over the past year. In the first, passage to a foreign power of proprietary economic information was declined for lack of a specific statute. In the second case, the unauthorized disclosure of a confidential U.S. Trade Representative document was not prosecuted because the document was not considered to contain ''national defense information'' as required by the espionage statute. In a third case, a foreign government-owned corporation attempted to use its position of power after a merger to gain access to proprietary economic information despite a specific prohibition in the sales agreement which would have provided for a ''Chinese wall'' between the foreign government corporation and the information. Again, the U.S. Attorney declined to prosecute because of the lack of a specific statutory basis. These examples do not include cases that were not fully investigated because of the lack of adequate statutory basis.

A legal review by the Administration has shown that there is currently no specific criminal statute that would apply to many of the 800 cases involving 22 foreign countries currently being investigated.

The National Counterintelligence Center Report states that ''the aggregate losses that can mount as a result of [Foreign economic espionage] efforts can reach billions of dollars per year constituting a serious national security concern.'' Determining the full qualitative and quantitative scope and impact of economic espionage is difficult. Industry victims have reported the loss of hundreds of millions of dollars, lost jobs, and lost market share. However, U.S. industry may in fact be under-reporting these occurrences because of the negative impact publicity of a loss could have on stock values and customers' confidence, as well as the risk of broader exposure of the trade secret itself.

The industries that have been the targets in most cases of economic espionage, according to this report, include those ''of strategic interest to the Untied States because they produce classified products for the Government, produce dual use technology used in both the public and private sectors, and are responsible for leading-edge technologies, critical to maintaining U.S. economic security.''

Mr. President, these are complex issues and I do not assume that this bill represents the prefect solution. However, I believe this bill represents a reasonable and carefully tailored approach to addressing an issue of tremendous importance.●

ADDITIONAL COSPONSORS

S. 332

At the request of Mr. CONRAD, the name of the Senator from Minnesota [Mr. WELLSTONE] was added as a cosponsor of S. 332, a bill to provide means of limiting the exposure of children to violent programming on television, and for other purposes.

S. 743

At the request of Mrs. HUTCHISON, the names of the Senator from Hawaii [Mr. INOUYE] and the Senator from Oklahoma [Mr. INHOFE] were added as cosponsors of S. 743, a bill to amend the Internal Revenue Code of 1986 to provide a tax credit for investment necessary to revitalize communities within the United States, and for other purposes.

S. 793

At the request of Mr. SIMPSON, the names of the Senator from Michigan [Mr. LEVIN] and the Senator from Mississippi [Mr. COCHRAN] were added as cosponsors of S. 793, a bill to amend the Internal Revenue Code of 1986 to provide an exemption from income tax for certain common investment funds.

S. 953

At the request of Mr. CHAFEE, the names of the Senator from Pennsylvania [Mr. SPECTER], the Senator from Missouri [Mr. ASHCROFT], the Senator from Pennsylvania [Mr. SANTORUM], the Senator from Louisiana [Mr. BREAUX], the Senator from Maryland [Mr. SARBANES], the Senator from California [Mrs. FEINSTEIN], and the Senator from California [Mrs. BOXER] were added as cosponsors of S. 953, a bill to require the Secretary of the Treasury to mint coins in commemoration of black revolutionary war patriots.

S. 1093

At the request of Mr. REID, the name of the Senator from Alabama [Mr. SHELBY] was added as a cosponsor of S. 1093, a bill to prohibit the application of the Religious Freedom Restoration Act of 1993, or any amendment made by such act, to an individual who is incarcerated in a Federal, State, or local correctional, detention, or penal facility, and for other purposes.

S. 1095

At the request of Mr. MOYNIHAN, the name of the Senator from Ohio [Mr. GLENN] was added as a cosponsor of S. 1095, a bill to amend the Internal Revenue Code of 1986 to extend permanently the exclusion for educational assistance provided by employers to employees.

S. 1219

At the request of Mr. MCCAIN, the name of the Senator from Washington [Mrs. MURRAY] was added as a cosponsor of S. 1219, a bill to reform the financing of Federal elections, and for other purposes.

S. 1271

At the request of Mr. CRAIG, the name of the Senator from Virginia [Mr. ROBB] was added as a cosponsor of S. 1271, a bill to amend the Nuclear Waste Policy Act of 1982.

At the request of Mr. LEVIN, his name was added as a cosponsor of S. 1271, supra.

S. 1392

At the request of Mr. BAUCUS, the name of the Senator from Arkansas [Mr. PRYOR] was added as a cosponsor of S. 1392, a bill to impose temporarily a 25-percent duty on imports of certain Canadian wood and lumber products, to require the administering authority to initiate an investigation under title VII of the Tariff Act of 1930 with respect to such products, and for other purposes.

S. 1439

At the request of Mrs. MURRAY, her name was added as a cosponsor of S. 1439, a bill to require the consideration of certain criteria in decisions to relocate professional sports teams, and for other purposes.

S. 1519

At the request of Mr. DOLE, the names of the Senator from Alaska [Mr. STEVENS], the Senator from Michigan [Mr. ABRAHAM], the Senator from New Hampshire [Mr. SMITH], and the Senator from Arizona [Mr. KYL] were added as cosponsors of S. 1519, a bill to prohibit United States voluntary and assessed contributions to the United Nations if the United Nations imposes any tax or fee on United States persons or continues to develop or promote proposals for such taxes or fees.

S. 1534

At the request of Mr. HATFIELD, the name of the Senator from Florida [Mr. MACK] was added as a cosponsor of S. 1534, a bill to amend the Public Health Service Act to provide additional support for and to expand clinical research programs, and for other purposes.

S. 1541

At the request of Mr. LUGAR, the names of the Senator from Utah [Mr. HATCH], the Senator from Missouri [Mr. BOND], the Senator from Oklahoma [Mr. INHOFE], the Senator from Indiana [Mr. COATS], the Senator from Kentucky [Mr. MCCONNELL], the Senator from Michigan [Mr. ABRAHAM], the Senator from Missouri [Mr. ASHCROFT], and the Senator from Idaho [Mr. KEMPTHORNE] were added as cosponsors of S. 1541, a bill to extend, reform, and improve agricultural commodity, trade, conservation, and other programs, and for other purposes.

At the request of Mr. CHAFEE, his name was added as a cosponsor of S. 1541, supra.

AMENDMENT NO. 3184

At the request of Mr. STEVENS, his name was added as a cosponsor of amendment No. 3184 proposed to S. 1541, a bill to extend, reform, and improve agricultural commodity, trade, conservation, and other programs, and for other purposes.

At the request of Mr. CHAFEE, his name was added as a cosponsor of amendment No. 3184 proposed to S. 1541, supra.

SENATE RESOLUTION 219—TO DESIGNATE GREEK INDEPENDENCE DAY

Mr. SPECTER (for himself, Mr. SIMON, Mr. DOLE, Mr. LAUTENBERG, Mrs. BOXER, Mr. COCHRAN, Mr. HEFLIN, Ms. MIKULSKI, Ms. SNOWE, Mr. GRASSLEY, Mr. THURMOND, Mr. GLENN, Mr. BRADLEY, Mr. KENNEDY, Mr. KERRY, Mr. REID, Mr. MACK, Ms. MOSELEY-BRAUN, Mr. SARBANES, Mrs. FEINSTEIN, Mr. COHEN, Mrs. MURRAY, Mr. BIDEN, Mr. PRESSLER, Mr. LEVIN, Mr. THOMAS, Mr. DODD, and Mr. WARNER) submitted the following resolution; which was referred to the Committee on the Judiciary:

S. RES. 219

Whereas the ancient Greeks developed the concept of democracy, in which the supreme power to govern was invested in the people;

Whereas the Founding Fathers of the United States of America drew heavily upon the political experience and philosophy of ancient Greece in forming our representative democracy;

Whereas the founders of the modern Greek state modeled their government after that of the United States in an effort to best imitate their ancient democracy;

Whereas Greece is one of only three nations in the world, beyond the former British Empire, that has been allied with the United States in every major international conflict this century;;

Whereas 1996 will mark the historic first official state visit to the United States of an elected head of state of Greece;

Whereas these and other ideals have forged a close bond between our two nations and their peoples;

Whereas March 25, 1996 marks the 175th anniversary of the beginning of the revolution which freed the Greek people from the Ottoman Empire; and

Whereas it is proper and desirable to celebrate with the Greek people, and to reaffirm the democratic principles from which our two great nations were born: Now, therefore, be it

Resolved, That March 25, 1996 is designated as ''Greek Independence Day: A National Day of Celebration of Greek and American Democracy''. The President is requested to issue a proclamation calling upon the people of the United States to observe the day with appropriate ceremonies and activities.

● Mr. SPECTER. Mr. President, today I am submitting a resolution to designate March 25, 1996, as ''Greek Independence Day: A Celebration of Greek and American Democracy.''

One hundred and seventy-five years ago, the Greeks began the revolution that would free them from the Ottoman Empire and return Greece to its democratic heritage. It was, of course, the ancient Greeks who developed the concept of democracy in which the supreme power to govern was vested in the people. Our Founding Fathers drew heavily upon the political and philosophical experience of ancient Greece in forming our representative democracy. Thomas Jefferson proclaimed that, ''to the ancient Greeks * * * we are all indebted for the light which led ourselves out of Gothic darkness.'' It is fitting, then, that we should recognize the anniversary of the beginning of their efforts to return to that democratic tradition.

The democratic form of government is only one of the most obvious of the many benefits we have gained from the Greek people. The ancient Greeks contributed a great deal to the modern world, particularly to the United States of America, in all areas of art, philosophy, science, and law. Today, Greek-Americans continue to enrich our culture and make valuable contributions to American society, business, and government.

It is my hope that strong support for this resolution in the Senate will serve as a clear goodwill gesture to the people of Greece with whom we have enjoyed such a close bond throughout history. Similar resolutions have been signed into law each of the past several years, with overwhelming support in both the House of Representatives and the Senate. Accordingly, I urge my Senate colleagues to join me in supporting this important resolution.●

SENATE RESOLUTION 220—IN RECOGNITION OF RONALD REAGAN'S 85TH BIRTHDAY

Mr. DOLE (for himself, Mr. DASCHLE, and Mr. WARNER) submitted the following resolution; which was considered and agreed to:

S. RES. 220

Whereas, February 6, 1996 is the 85th Birthday of Ronald Wilson Reagan;

And Whereas, Ronald Reagan was twice elected by overwhelming margins as President of the United States;

And Whereas, Ronald Reagan is loved and admired by millions of Americans, and by countless others around the world;

And Whereas, Ronald Reagan, with the leadership of his wife, Nancy, led a national crusade against illegal drugs;

And Whereas, Ronald Reagan's eloquence united Americans in times of triumph and tragedy;

And Whereas, the thoughts and prayers of the Senate and the country are with Ronald Reagan in his courageous battle with Alzheimer's Disease; Therefore, be it

Resolved, That the Senate of the United States extends its birthday greetings and best wishes to Ronald Reagan.

Section 2 That the Secretary of the Senate shall transmit a copy of this resolution to Ronald Reagan.

SENATE RESOLUTION 221—TO AUTHORIZE TESTIMONY BY FORMER SENATE EMPLOYEE

Mr. DOLE (for himself and Mr. DASCHLE) submitted the following resolution; which was considered and agreed to:

S. RES. 221

Whereas, the plaintiff in *Margaret C. Carlson* v. *Mike Eassa, et al.,* No. MDA 7203, a civil action pending in the Superior Court of California, County of Monterey, is seeking testimony through submission of a declaration by Amy L. Silvestri, a former employee of the Senate on the Staff of Senator William V. Roth, Jr.;

Whereas, by the privileges of the Senate of the United States and Rule XI of the Standing Rules of the Senate, no evidence under the control or in the possession of the Senate can, by administrative or judicial process, be taken from such control or possession but by permission of the Senate;

Whereas, when it appears that evidence under the control or in the possession of the Senate is needed for the promotion of justice, the Senate will take such action as will promote the ends of justice consistent with the privileges of the Senate: Now, therefore, be it

Resolved, That Amy L. Silvestri is authorized to submit a declaration in the case of *Margaret C. Carlson* v. *Mike Eassa, et al.*, except concerning matters for which a privilege should be asserted.

SENATE RESOLUTION 222—TO AUTHORIZE THE PRODUCTION OF DOCUMENTS BY THE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

Mr. DOLE (for himself and Mr. DASCHLE) submitted the following resolution; which was considered and agreed to:

S. RES. 222

Whereas, the Permanent Subcommittee on Investigations of the Committee on Governmental Affairs conducted an investigation

into allegations concerning the Department of Justice's handling of a computer software contract with INSLAW, Inc.;

Whereas, in the case of *INSLAW, Inc., et al.* v. *United States of America*, Cong. Ref. No. 95–338X, pending in the United States Court of Federal Claims, counsel for the plaintiffs have requested that the Permanent Subcommittee on Investigations of the Committee on Governmental Affairs provide copies of records from its investigation;

Whereas, by the privileges of the Senate of the United States and Rule XI of the Standing Rules of the Senate, no evidence under the control or in the possession of the Senate can, by administrative or judicial process, be taken from such control or possession but by permission of the Senate;

Whereas, when it appears that evidence under the control or in the possession of the Senate is needed for the promotion of justice, the Senate will take such action as will promote the ends of justice consistent with the privileges of the Senate: Now, therefore, be it

Resolved, That the chairman and ranking minority member of the Permanent Subcommittee on Investigations of the Committee on Governmental Affairs, acting jointly, are authorized to provide records to all parties in the case of *INSLAW, Inc., et al.* v. *United States of America*, except concerning matters for which a privilege should be asserted.

SENATE RESOLUTION 223—TO COMMEMORATE THE SESQUICENTENNIAL OF TEXAS STATEHOOD

Mrs. HUTCHISON (for herself and Mr. GRAMM) submitted the following resolution; which was considered and agreed to:

S. RES. 223

Whereas 1995 marks 150 years since the United States of America admitted Texas as the 28th State in the Union;

Whereas the sesquicentennial of Texas statehood is a truly momentous occasion that allows all Texans to reflect on their State's proud heritage and bright future;

Whereas acting on the advice of President John Tyler, the United States Congress adopted a joint resolution on February 28, 1845, inviting the Republic of Texas to enter the Union as a State with full retention of its public lands; today, a century and a half later, Texas enjoys the distinction of being the only State admitted with such extensive rights;

Whereas the citizens of the Republic of Texas were deeply committed to the goals and ideals embodied in the United States Constitution, and, on June 16, 1845, the Congress of the Republic of Texas was convened by President Anson Jones to consider the proposal of statehood;

Whereas Texas took advantage of the offer, choosing to unite with a large and prosperous Nation that could more effectively defend the borders of Texas and expand its flourishing trade with European countries; by October 1845, the Congress of the Republic of Texas had approved a State constitution, charting a bold new destiny for the Lone Star State;

Whereas the proposed State constitution was sent to Washington, DC, and on December 29, 1845, the United states of America formally welcomed Texas as a new State; the transfer of governmental authority, however, was not complete until February 19, 1846, when Anson Jones lowered the flag that had flown above the Capitol for nearly 10 years and stepped down from his position as president of the Republic of Texas; and

Whereas with the poignant retirement of the flag of the Republic, Texas emerged as a blazing Lone Star in America's firmament, taking its place as the 28th State admitted into the Union: Now, therefore, be it

Resolved, That the Senate—

(1) commemorate the sesquicentennial of Texas statehood; and

(2) encourage all Texans to observe such day with appropriate ceremonies and activities on this historic occasion.

The Secretary of the Senate shall transmit a copy of this resolution to the Texas Congressional Delegation, to the Governor of Texas, to the National Archives, and to the Texas Archives.

AMENDMENTS SUBMITTED

THE AGRICULTURAL MARKET TRANSITION ACT OF 1996

FEINGOLD AMENDMENTS NOS. 3186–3191

(Ordered to lie on the table.)

Mr. FEINGOLD submitted six amendments intended to be proposed by him to amendment No. 3184 proposed by Mr. LEAHY to the bill (S. 1541) to extend, reform, and improve agricultural commodity, trade, conservation, and other programs, and for other purposes; as follows:

AMENDMENT NO. 3186

At the appropriate place insert the following:

Subtitle ____—Agricultural Promotion Accountability

SEC. ___1. SHORT TITLE.

This subtitle may be cited as the ''Agricultural Promotion Accountability Act of 1996''.

SEC. ___2. PURPOSE.

The purpose of this subtitle is to make agricultural promotion boards and councils more responsive to producers whose mandatory assessments support the activities of such boards and councils, to improve the representation and participation of such producers on such boards and councils, to ensure the independence of such boards and councils, to ensure the appropriate use of promotion funds, and to prevent legislatively authorized agricultural promotion and research boards from using mandatory assessments to directly or indirectly influence legislation or governmental action or policy.

SEC. ___3. DEFINITIONS.

In this subtitle:

(1) INFLUENCING LEGISLATION OR GOVERNMENTAL ACTION OR POLICY.—The term ''influencing legislation or governmental action or policy'' includes—

(A) establishing, administering, contributing to, or paying the expenses of a political party campaign, political action committee, or other organization established for the purpose of influencing the outcome of an election;

(B) attempting to influence—

(i) the outcome of any Federal, State or local election, referendum, initiative, or similar procedure through a cash contribution, in-kind contribution, endorsement, publicity or public relations activity or similar activity;

(ii) the introduction, modification, or enactment of any Federal or State legislation or signature or veto of any enrolled Federal or State legislation, including through—

(I) communication with any member or employee of a legislative body or agency or with any governmental official or employee who may participate in the formulation of the legislation, including engaging State or local officials in similar activity (not including a communication to an appropriate government official in response to a written request by the official for factual, scientific, or technical information relating to the conduct, implementation, or results of promotion, research, consumer information and education, industry information, or producer information activities under a promotion program);

(II) planning, preparing, funding, or distributing any publicity or propaganda to affect the opinion of the general public or a segment of the public in connection with a pending legislative matter; or

(III) urging members of the general public or any segment of the general public to contribute to, or participate in, any mass demonstration, march, rally, fund-raising drive, lobbying campaign, letter-writing campaign, or telephone campaign in connection with a pending legislative matter;

(C) carrying out a legislative liaison activity, including attendance at a legislative session or committee hearing to gather information regarding legislation or to analyze the effect of legislation, if the activity is carried on in support of, or in knowing preparation for, an effort to influence legislation or government action or policy;

(D) carrying out an opinion survey of the general public or a segment of the public, general research, or information gathering, if carried out in support of, or in knowing preparation for, an effort to influence legislation or government action or policy; or

(E) attempting to influence any agency action or agency proceeding, as the terms are defined in section 551 of title 5, United States Code, through—

(i) communication with any government official or employee who may participate in the action or proceeding (not including a communication to an appropriate government official in response to a written request by the official for factual, scientific, or technical information relating to the conduct, implementation, or results of promotion, research, consumer information or education, or industry information of producer information activities under a promotion program);

(ii) planning, preparing, funding, or distributing any publicity or propaganda to affect the opinions of the general public or any segment of the general public in connection with the action or proceeding; or

(iii) urging members of the general public or any segment of the general public to contribute to, or participate in, any mass demonstration, march, rally, fundraising drive, lobbying campaign, letter-writing campaign, or telephone campaign in connection with the action or proceeding.

(2) PROMOTION PROGRAM.—The term ''promotion program'' means—

(A) the cotton research and promotion program established under the Cotton Research and Promotion Act (7 U.S.C. 2101 et seq.);

(B) the potato research, development, advertising, and promotion program established under the Potato Research and Promotion Act (7 U.S.C. 2611 et seq.);

(C) the egg research, consumer and producer education, and promotion program established under the Egg Research and Consumer Information Act (7 U.S.C. 2701 et seq.);

(D) the beef promotion and research program established under the Beef Research and Information Act (7 U.S.C. 2901 et seq.);

(E) the wheat research and nutrition education program established under the Wheat and Wheat Foods Research and Nutrition Education Act (7 U.S.C. 3401 et seq.);

(F) the dairy promotion program established under the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4501 et seq.);

(G) the honey research, promotion, and consumer education program established under the Honey Research, Promotion, and Consumer Information Act (7 U.S.C. 4601 et seq.);

(H) the pork promotion, research, and consumer information program established under the Pork Promotion, Research, and Consumer Information Act (7 U.S.C. 4801 et seq.);

(I) the watermelon research, development, advertising, and promotion program established under the Watermelon Research and Promotion Act (7 U.S.C. 4901 et seq.);

(J) the pecan promotion, research, industry information, and consumer information program established under the Pecan Promotion and Research Act of 1990 (7 U.S.C. 6001 et seq.);

(K) the mushroom promotion, research, and consumer and industry information program established under the Mushroom Promotion, Research, and Consumer Information Act of 1990 (7 U.S.C. 6101 et seq.);

(L) the lime research, promotion, and consumer information program established under the Lime Research, Promotion, and Consumer Information Act of 1990 (7 U.S.C. 6201 et seq.);

(M) the soybean promotion, research, consumer information, and industry information program established under the Soybean Promotion, Research, and Consumer Information Act (7 U.S.C. 6301 et seq.);

(N) the fluid milk advertising and promotion program established under the Fluid Milk Promotion Act of 1990 (7 U.S.C. 6401 et seq.);

(O) the flowers and greens promotion, consumer information, and related research program established under the Fresh Cut Flowers and Fresh Cut Greens Promotion and Information Act of 1993 (7 U.S.C. 6801 et seq.);

(P) the sheep promotion, research, consumer information, education, and industry information program established under the Sheep Promotion, Research, and Information Act of 1994 (7 U.S.C. 7101 et seq.); and

(Q) any other coordinated program of promotion, research, industry information, and consumer information that is funded by mandatory assessments on producers and designed to maintain and expand markets and uses for an agricultural commodity, as determined by the Secretary.

(3) SECRETARY.—The term ''Secretary'' means the Secretary of Agriculture.

SEC. ___4. INFLUENCING LEGISLATION OR GOVERNMENTAL ACTION OR POLICY.

(a) IN GENERAL.—A board or council established by a promotion program may not use any funds collected by the board or council for the purpose of directly or indirectly influencing legislation or governmental action or policy, except for the development and recommendation of amendments to the promotion program to the Secretary.

(b) CONFORMING AMENDMENTS.—

(1) COTTON.—Section 7(h) of the Cotton Research and Promotion Act (7 U.S.C. 2106(h)) is amended by striking ''influencing governmental policy or action'' and inserting ''directly or indirectly influencing legislation or governmental action or policy (as defined in section ___3(1) of the Agricultural Promotion Accountability Act of 1996)''.

(2) POTATOES.—Section 308(f)(3) of the Potato Research and Promotion Act (7 U.S.C. 2617(f)(3)) is amended by striking ''influencing governmental policy or action'' and inserting ''directly or indirectly influencing legislation or governmental action or policy (as defined in section ___3(1) of the Agricultural Promotion Accountability Act of 1996)''.

(3) EGGS.—Section 8(h) of the Egg Research and Consumer Information Act (7 U.S.C. 2707) is amended by striking ''influencing governmental policy or action'' and inserting ''directly or indirectly influencing legislation or governmental action or policy (as defined in section ___3(1) of the Agricultural Promotion Accountability Act of 1996)''.

(4) BEEF.—Section 5(10) of the Beef Research and Information Act (7 U.S.C. 2904(10)) is amended—

(A) by striking ''influencing governmental action or policy'' and inserting ''directly or indirectly influencing legislation or governmental action or policy (as defined in section ___3(1) of the Agricultural Promotion Accountability Act of 1996)''; and

(B) by inserting ''to the Secretary'' before the period at the end.

(5) WHEAT.—Section 1706(i) of the Wheat and Wheat Foods Research and Nutrition Education Act (7 U.S.C. 3405(i)) is amended by striking ''influencing governmental policy or action'' and inserting ''directly or indirectly influencing legislation or governmental action or policy (as defined in section ___3(1) of the Agricultural Promotion Accountability Act of 1996)''.

(6) DAIRY.—Section 113(j) of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4504(j)) is amended by striking ''influencing governmental policy or action'' and inserting ''directly or indirectly influencing legislation or governmental action or policy (as defined in section ___3(1) of the Agricultural Promotion Accountability Act of 1996),''.

(7) HONEY.—Section 7(h) of the Honey Research, Promotion, and Consumer Information Act (7 U.S.C. 4606(h)) is amended by striking ''influencing governmental policy or action'' and inserting ''directly or indirectly influencing legislation or governmental action or policy (as defined in section ___3(1) of the Agricultural Promotion Accountability Act of 1996)''.

(8) PORK.—Section 1620(e) of the Pork Promotion, Research, and Consumer Information Act (7 U.S.C. 4809(e)) is amended by striking ''influencing legislation'' and all that follows through the period at the end and inserting the following: ''directly or indirectly influencing legislation or governmental action or policy (as defined in section ___3(1) of the Agricultural Promotion Accountability Act of 1996), except to recommend amendments to the order to the Secretary.''.

(9) WATERMELONS.—Section 1647(g)(3) of the Watermelon Research and Promotion Act (7 U.S.C. 4906(g)(3)) is amended by striking ''influencing governmental policy or action'' and inserting ''directly or indirectly influencing legislation or governmental action or policy (as defined in section ___3(1) of the Agricultural Promotion Accountability Act of 1996)''.

(10) PECANS.—Section 1910(g)(1) of the Pecan Promotion and Research Act of 1990 (7 U.S.C. 6005(g)(1)) is amended—

(A) in the matter preceding paragraph (1)—

(i) by striking ''to,'' and inserting ''for the purpose of,''; and

(ii) by striking ''to—'' and inserting ''for the purpose of—'';

(B) in paragraph (1), by striking ''influence legislation or governmental action'' and inserting ''directly or indirectly influencing legislation or governmental action or policy (as defined in section ___3(1) of the Agricultural Promotion Accountability Act of 1996)'';

(C) in paragraph (2), by striking ''engage'' and inserting ''engaging''; and

(D) in paragraph (3), by striking ''engage'' and inserting ''engaging''.

(11) MUSHROOMS.—Section 1925(h) of the Mushroom Promotion, Research, and Consumer Information Act of 1990 (7 U.S.C. 6104(h)) is amended by striking ''influencing legislation or governmental action or policy'' and inserting ''directly or indirectly influencing legislation or governmental action or policy (as defined in section ___3(1) of the Agricultural Promotion Accountability Act of 1996)''.

(12) LIMES.—Section 1955(g) of the Lime Research, Promotion, and Consumer Information Act of 1990 (7 U.S.C. 6204(g)) is amended by striking ''influencing legislation or governmental policy or action'' and inserting ''directly or indirectly influencing legislation or governmental action or policy (as defined in section ___3(1) of the Agricultural Promotion Accountability Act of 1996)''.

(13) SOYBEANS.—Section 1969(p) of the Soybean Promotion, Research, and Consumer Information Act (7 U.S.C. 6304(p) is amended—

(A) in paragraph (1), by striking ''influencing legislation or governmental action or policy'' and inserting ''directly or indirectly influencing legislation or governmental action or policy (as defined in section ___3(1) of the Agricultural Promotion Accountability Act of 1996)''; and

(B) in paragraph (2)—

(i) in subparagraph (A), by inserting ''to the Secretary'' before the semicolon; and

(ii) in subparagraph (B), by inserting '', in response to a request made by the officials,'' after ''officials''.

(14) MILK.—Section 1999H(j)(1) of the Fluid Milk Promotion Act of 1990 (7 U.S.C. 6407(j)(1)) is amended by striking ''influencing legislation or governmental action or policy'' and inserting ''directly or indirectly influencing legislation or governmental action or policy (as defined in section ___3(1) of the Agricultural Promotion Accountability Act of 1996)''.

(15) FLOWERS AND GREENS.—Section 5(i) of the Fresh Cut Flowers and Fresh Cut Greens Promotion and Information Act of 1993 (7 U.S.C. 6804(i)) is amended by striking ''influencing legislation or government action or policy'' and inserting ''directly or indirectly influencing legislation or governmental action or policy (as defined in section ___3(1) of the Agricultural Promotion Accountability Act of 1996)''.

(16) SHEEP.—Section 5(l)(1) of the Sheep Promotion, Research, and Information Act of 1994 (7 U.S.C. 7104(*l*)(1)) is amended by striking ''influencing legislation or government action or policy'' and inserting ''directly or indirectly influencing legislation or governmental action or policy (as defined in section ___3(1) of the Agricultural Promotion Accountability Act of 1996)''.

SEC. ___5. PROMOTING THE IMAGE OF AN INDUSTRY PROHIBITED.

(a) IN GENERAL.—A board or council established by a promotion program may not use any funds collected by the board or council for the purpose of enhancing the image of an industry, except that the board or council may promote the image of a product with the express intent of stimulating demand for and sales of an agricultural product in the marketplace.

(b) CONFORMING AMENDMENTS.—

(1) BEEF.—Section 3(9) of the Beef Research and Information Act (7 U.S.C. 2902(9)) is amended by striking '', increased efficiency'' and all that follows through ''industry'' and inserting ''and increased efficiency''.

(2) PECANS.—Section 1907(12) of the Pecan Promotion and Research Act of 1990 (7 U.S.C. 6002(12)) is amended by striking '', increased efficiency'' and all that follows through ''industry'' and inserting ''and increased efficiency''.

(3) MUSHROOMS.—Section 1923(7) of the Mushroom Promotion, Research, and

Consumer Information Act of 1990 (7 U.S.C. 6103(7)) is amended by striking '', increased efficiency'' and all that follows through ''industry'' and inserting ''and increased efficiency''.

(4) SOYBEANS.—Section 1967(7) of the Soybean Promotion, Research, and Consumer Information Act (7 U.S.C. 6302(7)) is amended by striking '', and activities'' and all that follows through ''industry''.

SEC. ___6. LIMITATIONS ON CONTRACTING.

(a) PERMITTED CONTRACTS OR AGREEMENTS.—Notwithstanding any other provision of law, a board or council established by a promotion program shall not be limited to contracting with, or entering into an agreement with, an established national nonprofit industry-governed organization.

(b) COMPETITIVE BIDDING.—It is the policy of Congress that boards and councils should, to the extent practicable, use competitive bidding in the awarding of contracts and grants for activities authorized under a promotion program.

(c) INDEPENDENCE OF BOARDS AND COUNCILS.—

(1) APPLICATIONS AND RECOMMENDATIONS NOT BINDING.—Notwithstanding any other provision of law, a board or council established by a promotion program shall not be bound by a proposed application for a board or council contract or a recommendation or advice of a potential contractor or a national nonprofit industry-governed organization on the use of board or council receipts.

(2) INTERLOCKING BOARDS OR MEMBERSHIP.—Notwithstanding any other provision of law, no person shall be eligible to be a member of any board or council established by a promotion program (including operating and nominating committees) if the person serves in any decision making capacity, such as that of a member of the board of directors, executive committee, or other committee, for an entity that enters into a contract or other agreement with the board or council.

(3) REQUIREMENTS FOR CONTRACTING.—A contractor or grantee of a board or council may not use funds collected through mandatory assessments under a promotion program to fund any staff (including expenses or other activities of the staff) who, in part, engage in 1 or more activities to influence legislation or governmental action or policy.

(d) PRODUCER APPROVAL OF RELATIONSHIPS WITH BOARDS OR COUNCILS.—

(1) IN GENERAL.—Except as provided in paragraph (2) and notwithstanding any other provision of law, the entering into of a permanent cooperative arrangement or the establishment of a joint committee (including an arrangement that is advisory in nature) by a board or council established by a promotion program with a national nonprofit industry-governed organization shall require the prior approval of at least ⅔ of the eligible producers under the promotion program.

(2) EXCEPTION.—Paragraph (1) shall not apply to a cooperative arrangement or joint committee—

(A) that was established prior to January 1, 1995; or

(B) that includes representatives or participation from all producer-, processor-, or handler-governed national nonprofit organizations (including general farm organizations) that represent any but an insignificant number of producers, processors, or handlers paying assessments under the promotion program to the board or council, as determined by the Secretary.

(3) PERMANENT COOPERATIVE ARRANGEMENT.—In this subsection, the term ''permanent cooperative arrangement'' means a formal or informal, written or unwritten agreement or understanding establishing a relationship, a liaison, a sole source contract, or an operational mechanism under which a board or council shares staff, facilities, or other resources or carries out coordinated activities with any entity on a more or less permanent and exclusive basis.

(e) FUNGIBILITY OF BOARD OR COUNCIL FUNDS.—

(1) IN GENERAL.—The Inspector General of the Department of Agriculture shall conduct an annual review of contractual arrangements between each board or council established by a promotion program and any entity or association that engages in activities to influence legislation or governmental action or policy and receives a significant amount of funding from the board or council as determined by the Secretary.

(2) SCOPE OF REVIEW.—A review under paragraph (1) shall examine whether any funds collected by the board or council are used to directly or indirectly fund or subsidize an entity or association that engages in influencing legislation or governmental action or policy.

(3) REPORT.—The Secretary shall submit a report on the findings of any review under this subsection and make recommendations for any actions that should be taken as a result of the findings to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

SEC. ___7. PERIODIC REFERENDA.

(a) IN GENERAL.—Notwithstanding any other provision of law, not less than 4 nor more than 6 years after the date of enactment of this Act or the date on which the Secretary determines the results of the most recent referendum for a promotion program, whichever is earlier, and not less than once every 5 years thereafter, the Secretary shall conduct a referendum to determine whether to approve or terminate the order under the promotion program and whether refunds should be made under the order.

(b) PROCEDURE.—The referendum under subsection (a) shall be conducted using the same eligibility and other procedures as the referendum used to approve the original order under the promotion program, except that, notwithstanding any other provision of law, no greater than a simple majority of eligible producers shall be required to approve the making of refunds to producers.

(c) TERMINATION.—

(1) IN GENERAL.—If the percentage of persons voting to approve the order does not equal or exceed the percentage of persons necessary to approve the continuation of the original order under the promotion program, the Secretary shall terminate the order.

(2) TIME OF TERMINATION.—The Secretary shall terminate the order at the end of the marketing year during which the referendum is conducted.

(d) REFUNDS.—If the making of refunds is approved in a referendum under subsection (a), the Secretary shall establish a procedure for making the refunds not later than 180 days after the date of the referendum.

(e) COOPERATIVE ASSOCIATION.—Notwithstanding subsection (b), a cooperative association may not vote on behalf of the members of the association in a referendum conducted under this section.

(f) INACTIVE PROMOTION PROGRAMS.—The Secretary shall not conduct a referendum of a promotion program under this section if the Secretary determines that the promotion program is not active.

AMENDMENT NO. 3187

At the appropriate place insert the following:

SEC. ___. DAIRY PROMOTION PROGRAM IMPROVEMENT.

(a) FUNDING OF DAIRY PROMOTION AND RESEARCH PROGRAM.—

(1) DECLARATION OF POLICY.—The first sentence of section 110(b) of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4501(b)) is amended—

(A) by inserting after ''commercial use'' the following: ''and on imported dairy products''; and

(B) by striking ''products produced in'' and inserting ''products produced in or imported into''.

(2) DEFINITIONS.—Section 111 of the Act (7 U.S.C. 4502) is amended—

(A) in subsection (k), by striking ''and'' at the end;

(B) in subsection (l), by striking the period at the end and inserting a semicolon; and

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

''(m) the term 'imported dairy product' means—

''(1) any dairy product, including milk and cream and fresh and dried dairy products;

''(2) butter and butterfat mixtures;

''(3) cheese;

''(4) casein and mixtures; and

''(5) other dairy products;

that are imported into the United States; and

''(n) the term 'importer' means a person that imports an imported dairy product into the United States.''.

(2) FUNDING.—

(A) REPRESENTATION ON BOARD.—Section 113(b) of the Act (7 U.S.C. 4504(b)) is amended—

(i) by designating the first through ninth sentences as paragraphs (1) through (5) and paragraphs (7) through (10), respectively;

(ii) in paragraph (1) (as so designated), by striking ''thirty-six'' and inserting ''38'';

(iii) in paragraph (2) (as so designated), by striking ''Members'' and inserting ''Of the members of the Board, 36 members''; and

(iv) by inserting after paragraph (5) (as so designated) the following new paragraph:

''(6) Of the members of the Board, 2 members shall be representatives of importers of imported dairy products. The importer representatives shall be appointed by the Secretary from nominations submitted by importers under such procedures as the Secretary determines to be appropriate.''.

(B) ASSESSMENT.—Section 113(g) of the Act is amended—

(i) by designating the first through fifth sentences as paragraphs (1) through (5), respectively; and

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

''(6)(A) The order shall provide that each importer of imported dairy products shall pay an assessment to the Board in the manner prescribed by the order.

''(B) The rate of assessment on imported dairy products shall be determined in the same manner as the rate of assessment per hundredweight or the equivalent of milk.

''(C) For the purpose of determining the assessment on imports under subparagraph (B), the value to be placed on imported dairy products shall be established by the Secretary in a fair and equitable manner.''.

(C) RECORDS.—The first sentence of section 113(k) of the Act is amended by striking ''person receiving'' and inserting ''importer of imported dairy products, each person receiving''.

(D) REFERENDUM.—Section 116 of the Act (7 U.S.C. 4507) is amended by adding at the end the following new subsection:

''(d)(1) On the request of a representative group comprising 10 percent or more of the number of producers subject to the order, the Secretary shall—

''(A) conduct a referendum to determine whether the producers favor suspension of the application of the amendments made by section 2 of the Dairy Promotion Program Improvement Act of 1995; and

''(B) suspend the application of the amendments until the results of the referendum are known.

''(2) The Secretary shall continue the suspension of the application of the amendments made by section 2 only if the Secretary determines that suspension of the application of the amendments is favored by a majority of the producers voting in the referendum who, during a representative period (as determined by the Secretary), have been engaged in the production of milk for commercial use.''.

(b) PERIODIC REFERENDA.—Section 115(a) of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4506(a)) is amended—

(1) in the first sentence, by striking ''Within the sixty-day period immediately preceding September 30, 1985'' and inserting ''Every 5 years''; and

(2) in the second sentence, by striking ''six months'' and inserting ''3 months''.

(c) PROHIBITION ON BLOC VOTING.—Section 117 of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4508) is amended—

(1) in the first sentence, by striking ''Secretary shall'' and inserting ''Secretary shall not''; and

(2) by striking the second through fifth sentences.

AMENDMENT NO. 3188

At the appropriate place insert the following:

SEC. . LOCATION ADJUSTMENTS FOR MINIMUM PRICES FOR CLASS I MILK

Section 8c(5) of the Agricultural Adjustment Act (7 U.S.C. 608c(5)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended—

(1) in paragraph (A)—

(A) in clause (3) of the second sentence, by inserting after ''the locations'' the following: ''within a marketing area subject to the order''; and

(B) by striking the last 2 sentences and inserting the following: ''Notwithstanding paragraph (18) or any other provision of law, when fixing minimum prices for milk of the highest use classification in a marketing area subject to an order under this subsection, the Secretary may not, directly or indirectly, base the prices on the distance from, or all or part of the costs incurred to transport milk to or from, any location that is not within the marketing area subject to the order, unless milk from the location constitutes at least 50 percent of the total supply of milk of the highest use classification in the marketing area. The Secretary shall report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the criteria that are used as the basis for the minimum prices referred to in the preceding sentence, including a certification that the minimum prices are made in accordance with the preceding sentence.''; and

(2) in paragraph (B)(c), by inserting after ''the locations'' the following: ''within a marketing area subject to the order''.

AMENDMENT NO. 3189

At the appropriate place insert the following:

SEC. . MILK MANUFACTURING MARKETING ADJUSTMENT.

Subsections (a) and (b) of section 102 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 1446e–1) are amended to read as follows:

''(a) DEFINITIONS.—In this section:

''(1) FEDERAL MAKE ALLOWANCE.—The term 'Federal make allowance' means the allowance for the processing of milk that is permitted under a Federal program to establish a Grade A price for manufacturing butter, nonfat dry milk, or cheese.

''(2) PERSON.—The term 'person' includes a cooperative.

''(3) STATE MAKE ALLOWANCE.—The term 'State make allowance' means the allowance for the processing of milk that is permitted by a State for manufacturing butter, nonfat dry milk, or cheese.

''(b) MILK MANUFACTURING MARKETING ADJUSTMENT.—Notwithstanding any other provision of law, if a person collects a State make allowance that is higher than the Federal make allowance and the milk or product of milk that is subject to the allowance is purchased by the Commodity Credit Corporation, regardless of the point of sale, the Corporation shall reduce the support purchase price for the milk and each product of the milk by an amount that is equal to the difference between the State make allowance and the Federal make allowance for the milk and product, as determined by the Secretary of Agriculture.''.

AMENDMENT NO. 3190

At the appropriate place insert the following:

SEC. . SPECIAL RESEARCH GRANTS PROGRAM.

(a) IN GENERAL.—Section 2(c)(2) of the Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 450i(c)(2)) is amended—

(1) in subparagraph (A), by striking ''or'' at the end;

(2) in subparagraph (B), by striking the period at the end and inserting ''; or''; and

(3) by adding at the end the following:

''(C) unless the project to receive the grant has been subject to a competitive selection process and a scientific peer review evaluation by qualified scientists in the Federal Government, colleges and universities, State agricultural experiment stations, and the private sector.''.

(b) APPLICATION.—The amendments made by subsection (a) shall apply only in the case of a project that has not been specifically authorized, or for which no funds have been made available, as of the date of enactment of this Act.

AMENDMENT NO. 3191

At the appropriate place insert the following:

SEC. 7. COMPETITIVE MATCHING GRANT PROGRAM FOR APPLIED RESEARCH.

(a) PURPOSE.—The purpose of this section is to convert the current special grants program administered by the Secretary under subsection (c) of the Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 450i(c)) into a competitive matching grant program for applied research in coordination with the research priorities outlined in section 1402 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101).

(b) TITLE CHANGES.—The Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 450i) is amended—

(1) In the section heading, by striking '', SPECIAL, AND FACILITIES'' after ''COMPETITIVE'';

(2) In subsection (a)(2), by striking '', Special, and Facilities'' after ''Competitive''; and

(3) In the heading of subsection (b) by striking ''Competitive'' and inserting ''National research initiative''.

(c) COMPETITIVE GRANT PROGRAM FOR APPLIED RESEARCH.—Section 2(c) (7 U.S.C. 450i)(c)) is amended—

(1) In the heading, by striking ''SPECIAL GRANTS'' and inserting ''COMPETITIVE GRANTS FOR APPLIED RESEARCH'';

(2) In paragraph (1) by striking ''grants,'' and all that follows, including subparagraphs (A) and (B), and inserting ''competitive grants for applied research in the research priority areas identified in section 1402 of National Agricultural Research, Extension, and Teaching Policy Act of 1977.'';

(3) In paragraph (3), by striking all that follows ''MATCHING FUNDS.—'' and inserting ''The Secretary may establish such matching requirements for grants made pursuant to this section as the Secretary deems appropriate. Such matching requirements established by the Secretary may be met with unreimbursed indirect costs and in-kind contributions, except that the Secretary may include an evaluation preference for projects for which the applicant proposes funds for the direct costs of the project to meet the required match.''; and

(4) In paragraph (4), by striking all text after ''(4)'' and inserting ''ELIGIBLE INSTITUTIONS.—For purposes of this subsection, ''eligible institutions'' mean State agricultural experiment stations, land-grant colleges and universities, research foundations established by land-grant colleges and universities, colleges and universities receiving funds under the Act of October 10, 1962 (16 U.S.C. 582a, *et seq.*), and accredited schools or colleges of veterinary medicine.''.

DOMENICI AMENDMENT NO. 3192

(Ordered to lie on the table.)

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

On page 52, line 16, strike ''New Mexico.'' and insert the following: ''New Mexico and that, in the case of the 1996 and subsequent crops, Valencia peanuts not physically produced in the State shall not be eligible to participate in the pools of the State, except that a resident of the State who entered a quantity of Valencia peanuts physically produced outside the State in the pools of the State during the 1995 crop year shall be eligible to enter not more than the same quantity of Valencia peanuts physically produced outside the State in the pools of the State.''

STEVENS (AND MURKOWSKI) AMENDMENTS NOS. 3193–3194

Mr. STEVENS (for himself and Mr. MURKOWSKI) submitted two amendments intended to be proposed by them to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra, as follows:

AMENDMENT NO. 3193

At the appropriate place in the amendment, insert the following:

SEC. . WATER SYSTEMS FOR RURAL AND NATIVE VILLAGES IN ALASKA.

The Consolidated Farm and Rural Development Act is amended by inserting after section 306C (7 U.S.C. 1926c) the following:

''SEC. 306D. WATER SYSTEMS FOR RURAL AND NATIVE VILLAGES IN ALASKA.

''(a) IN GENERAL.—The Secretary may make grants to the State of Alaska for the benefit of rural or Native villages in Alaska to provide for the development and construction of water and wastewater systems to improve the health and sanitation conditions in those villages.

''(b) MATCHING FUNDS.—To be eligible to receive a grant under subsection (a), the State of Alaska shall provide equal matching funds from non-Federal sources.

''(c) CONSULTATION WITH THE STATE OF ALASKA.—The Secretary shall consult with the State of Alaska on a method of prioritizing the allocation of grants under subsection (a) according to the needs of, and relative health and sanitation conditions in, each village.

''(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $15,000,000 for each of fiscal years 1996 through 2002.''.

AMENDMENT NO. 3194

At the appropriate place in the substitute, insert the following:

SEC. . WATER SYSTEMS FOR RURAL AND NATIVE VILLAGES IN ALASKA.

The Consolidated Farm and Rural Development Act is amended by inserting after section 306C (7 U.S.C. 1926c) the following:

''SEC. 306D. WATER SYSTEMS FOR RURAL AND NATIVE VILLAGES IN ALASKA.

''(a) IN GENERAL.—The Secretary may make grants to the State of Alaska for the benefit of rural or Native villages in Alaska to provide for the development and construction of water and wastewater systems to improve the health and sanitation conditions in those villages.

''(b) MATCHING FUNDS.—To be eligible to receive a grant under subsection (a), the State of Alaska shall provide equal matching funds from non-Federal sources.

''(c) CONSULTATION WITH THE STATE OF ALASKA.—The Secretary shall consult with the State of Alaska on a method of prioritizing the allocation of grants under subsection (a) according to the needs of, and relative health and sanitation conditions in, each village.

''(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $15,000,000 for each of fiscal years 1996 through 2002.''.

BRYAN AMENDMENTS NOS. 3195–3198

(Ordered to lie on the table.)

Mr. BRYAN submitted four amendments intended to be proposed by him to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

AMENDMENT NO. 3195

In Title I, strike the section 107 beginning on page 1–67, line 1 through page 1–73, line 11.

AMENDMENT NO. 3196

In Title II, Section 202, on page 2–2, line 8, strike ''$100,000,000'' and insert ''$2,000,000'' where appropriate.

AMENDMENT NO. 3197

In Title II, Section 202, on page 2–2, line 8, strike ''$100,000,000'' and insert ''$70,000,000'' where appropriate.

AMENDMENT NO. 3198

In Title I, strike the section 106 beginning on page 1–50, line 6 through page 1–66, line 24.

BAUCUS AMENDMENT NO. 3199

(Ordered to lie on the table.)

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

Amend section 110 by adding the following at the end:

(d) NONRECOURSE MARKETING ASSISTANCE LOANS AND LOAN DEFICIENCY PAYMENTS.—In the case of the 2003 and subsequent crops of wheat and feed grains, the Secretary shall provide marketing loans to producers of such crops.

(1) AVAILABILITY OF NONRECOURSE LOANS.—

(A) AVAILABILITY.—For each of the 1996 through 2002 crops, the Secretary shall make available to producers on a farm nonrecourse marketing assistance loans for wheat and feed grains produced on the farm. The loans shall be made under the terms and conditions that are prescribed by the Secretary and at the loan rate established under subsection (2) for the commodity.

(B) ELIGIBLE PRODUCTION.—The following production shall be eligible for a marketing assistance loan under this section:

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

(2) LOAN RATES.—

(A) WHEAT.—

(i) LOAN RATE.—The loan rate for wheat shall be—

(I) not less than 90 percent of the simple average price received by producers of wheat, as determined by the Secretary, during the marketing years for the immediately five 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.—

(i) LOAN RATE.—The loan rate for a marketing assistance loan for corn shall be—

(I) not less than 90 percent of the simple average price received by producers of corn as determined by the Secretary, during the marketing years for the immediately five 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.

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

(3) TERM OF LOAN.—In the case of wheat and feed grains, a marketing assistance loan under subsection (a) shall have a term of 9 months beginning on the first day of the first month after the month in which the loan is made.

(4) REPAYMENT.—

(A) REPAYMENT RATES FOR WHEAT AND FEED GRAINS.—The Secretary shall permit a producer to repay a marketing assistance loan under subsection (a) for wheat, corn, grain sorghum, barley, and oats at a level that the Secretary determines will—

(i) minimize potential loan forfeitures;

(ii) minimize the accumulation of stocks of the commodities by the Federal Government;

(iii) minimize the costs incurred by the Federal Government in storing the commodities; and

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

(5) LOAN DEFICIENCY PAYMENTS.—

(A) AVAILABILITY.—The Secretary may make loan deficiency payments available to producers who, although ineligible to obtain a marketing assistance loan under subsection (a) with respect to a loan commodity, agree to forego obtaining the loan for the commodity in return for payments under this subsection.

(B) COMPUTATION.—A loan deficiency payment shall be computed by multiplying—

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

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

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

(i) the loan rate established under subsection (2) for the loan commodity; exceeds

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

(6) SOURCE OF LOANS.—

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

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

(7) ADJUSTMENTS OF LOANS.—

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

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

(8) PERSONAL LIABILITY OF PRODUCERS FOR DEFICIENCIES.—

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

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

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

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

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

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

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

(9) EXCEPTION.—Notwithstanding the provisions of the previous section, the provisions of this section shall be applicable to 1996 through 2002 crops if the provisions of title I of this Act are rendered inapplicable to such crops of wheat and feed grains.

EXON AMENDMENT NO. 3200

(Ordered to lie on the table.)

Mr. EXON submitted an amendment intended to be proposed by him to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

Section 110 is amended by adding at the end the following:

''(d) PERMANENT LAW.—Title III of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1301 et seq.) is amended by adding after section 307 the following:

'SEC. 308. MARKETING LOANS.

'(a) IN GENERAL.—Except as provided in subsection (c) in the case of the 1996 and subsequent crops, the Secretary shall make available to producers on a farm a nonrecourse marketing assistance loan for crops of wheat, feed grains, upland cotton, rice, and oilseeds (hereafter referred ''loan crops'') produced on the farm. The loans shall be made under terms and conditions that are prescribed by the Secretary and at the loan rate established under subsection (b).

'(b) LOAN RATE.—The loan rate shall be not less than 95 percent of the simple average price received by producers of loan crops, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops for the specific loan crop.

'(c) SUSPENSION.—The provisions of this section are suspended for the 1996 through 2002 crops of wheat, feed grains, upland cotton, rice, and oilseeds.' ''

BAUCUS AMENDMENT NO. 3201

(Ordered to lie on the table.)

Mr. BAUCUS submitted an amendment intended to be proposed by him to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

At the appropriate place, insert the following: ''Notwithstanding the provisions of the Federal Crop Insurance Act, the Secretary shall ensure that crop insurance is made available to producers so that protection at the 75 percent level of coverage shall be available at the rate for which coverage at the 65 percent level is available on the date prior to the date of enactment.''

GREGG (AND OTHERS) AMENDMENT NO. 3202

(Ordered to lie on the table.)

Mr. GREGG (for himself, Mr. REID, Mr. SANTORUM, and Mrs. FEINSTEIN) submitted an amendment intended to be proposed by them to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

Strike section 107 on page 70.

WELLSTONE AMENDMENTS NOS. 3203–3204

(Ordered to lie on the table.)

Mr. WELLSTONE submitted two amendments intended to be proposed by him to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

AMENDMENT NO. 3203

Amend Title I by adding to the end the following:

SEC. 112 ADJUSTMENT TO LOAN RATE CAPS.

''(a) ATTRIBUTION.—Notwithstanding the provisions of sections 1001 and 1001A of the Food Security Act of 1985 (7 U.S.C. 1308 and 1308–1) in the case of the 1996 through 2002 crops of wheat, feed grains, and oilseeds, the Secretary shall attribute payments specified in section 1001 of Food Security Act of 1985 to persons who receive the payments directly, and attribute payments received by entities to the individuals who own such entities in proportion to their ownership interest in the entity.''

''(b) ADJUSTMENTS IN CONTRACT ACCOUNTS AND LOAN GUARANTEE AUTHORITY.—For the crops after the Secretary has implemented subsection (a), the Secretary shall—

''(1) notwithstanding the provisions of this Title, reduce the Contract Payment wheat and feed grains provided in section 103 for each fiscal year by $80,000,000; and

''(2) use such savings generated in paragraph (1) to carry out a program to issue guarantee against the risk of non-payment arising out of loans taken out by agricultural producers to finance the purchase of stock or membership capital in cooperative associations engaged in value added, food, or industrial-use processing of agricultural commodities.''

AMENDMENT NO. 3204

Amend Title I by adding to the end the following:

SEC. 112 ADJUSTMENT TO LOAN RATE CAPS.

''(a) ATTRIBUTION.—Notwithstanding the provisions of sections 1001 and 1001A of the Food Security Act of 1985 (7 U.S.C. 1308 and 1308–1) in the case of the 1996 through 2002 crops of wheat, feed grains, upland cotton, rice, and oilseeds, the Secretary shall attribute payments specified in section 1001 of Food Security Act of 1985 to persons who receive the payments directly, and attribute payments received by entities to the individuals who own such entities in proportion to their ownership interest in the entity.''

''(b) ADJUSTMENTS IN CONTRACT ACCOUNTS AND LOAN RATE CAPS.—For the crops after the Secretary has implemented subsection (a), the Secretary shall—

''(1) notwithstanding the provisions of this Title, reduce the Contract Payment Account provided in section 103 for each fiscal year by $140,000,000; and

''(2) increase the loan rate caps in section 104 as follows:

''(A) $3.25 per bushel for wheat;

''(B) $2.25 per bushel for corn;

''(C) $0.60 per pound for upland cotton;

''(D) $7.00 per hunderweight for rice;

''(E) $5.10 per bushel for soybeans; and

''(F) $.10 per pound for sunflower seed, canola, rapeseed, safflower, mustard seed, and flaxseed.''

MOYNIHAN (AND MIKULSKI) AMENDMENT NO. 3205

(Ordered to lie on the table.)

Mr. MOYNIHAN (for himself and Ms. MIKULSKI) submitted an amendment intended to be proposed by them to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

On page 1–73, strike line 9 and insert the following:

(i) EMERGENCY RELIEF FOR SUGARCANE REFINERS.—Section 902(a) of the Food Security Act of 1985 (Public Law 99–198; 7 U.S.C. 1446g note) is amended by adding at the end the following: ''The Secretary of Agriculture shall permit the importation of additional raw cane sugar, from individuals who held quotas under part VII of subtitle B of title III of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359aa et seq.) on the day before the date of enactment of the Agricultural Market Transition Act, during such time as the Secretary determines that the domestic price of raw cane sugar exceeds 115 percent of the loan rate determined under section 107 of the Agricultural Market Transition Act.''.

(j) CROPS.—This section (other than subsections (h) and (i)).

DORGAN AMENDMENTS NOS. 3206–3207

(Ordered to lie on the table.)

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

AMENDMENT NO. 3206

SECTION 1. SHORT TITLE.

This Act may be referred to as the ''Agricultural Act of 1996.''.

SEC. 2. FINDINGS.

The Congress findings that failure to enact timely legislation extending farm and related programs will:

(a) Cause economic uncertainty to family farmers across the country who represent the backbone of American Agriculture;

(b) Create instability in commodity markets;

(c) Result in lost export markets for U.S. agricultural commodities; and

(d) Prevent the Secretary of Agriculture from administering such programs in an orderly and efficient manner.

SEC. 3. AUTHORITY FOR 1996 AGRICULTURAL PROGRAMS.

(a) IN GENERAL.—Notwithstanding any other provisions of law except as provided in this Act and the amendments made by this Act, the provisions of the Agricultural Adjustment of 1938 (7 U.S.C. 1281 et seq.), the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.), the Food Security Act of 1985 (Public Law 99–198), and the Food, Agriculture, Conservation and Trade Act of 1990 (Public Law 101–624) and each program that was authorized or reauthorized by any of the Acts, that were applicable on September 30, 1995, shall be applicable for 1996.

(b) FLEXIBILITY.—Amend section 504 of the Agricultural Act of 1949 (7 U.S.C. 1464) by—

(1) Striking subsections (c), (d), and (e) and inserting the following:

''(c) NON-PAYMENT ACRES.—In the case of the 1996 crops, any crop or conserving crop specified in subsection (b)(1) may be planted on the acres of a crop acreage base that is not eligible for payment under this Act.'';

''(d) LOAN ELIGIBILITY.—In the case of the 1996 crops, producers on a farm with crop acreage base may plant any program crop on the crop acreage base and shall be eligible to receive purchases, loans, and loan deficiency payments for the program crop.''.

SEC. 4. MISCELLANEOUS PROVISIONS.

(a) PAYMENTS.—Section 114(a)(2) of the Agricultural Act of 1949 (7 U.S.C. 1445(j)(a)(2)) is amended by adding at the end the following:

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

(b) CONSERVATION.—Section 1231(b)(4) of the Food Security Act of 1985 (16 U.S.C. 3831(b)(4)) is amended—

(1) in subparagraph (C), by striking ''or'' at the end;

(2) in subparagraph (D), by striking the period at the end and inserting ''; or''; and

(3) by adding at the end the following:

''(E) if the Secretary determines that such lands will be used to store water for flood control in a closed basin.''

(c) ADVANCED PAYMENTS.—

(1) IN GENERAL.—In the case of 1996 crops, advanced payments shall be made in accordance with the formula described in paragraph (2).

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

(3) NONREFUNDABLE.—Payments authorized under this subsection shall not be refundable.

AMENDMENT NO. 3207

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

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

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

TITLE I—COMMODITY PROGRAMS

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

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

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

''(a) DEFINITIONS.—In this section:

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

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

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

''(b) ADJUSTMENT ACCOUNT.—

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

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

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

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

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

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

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

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

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

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

to remain available until expended.

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

''(5) TIER 1 SUPPORT.—

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

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

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

''(B) PAYMENT QUANTITY.—

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

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

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

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

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

''(C) PAYMENT FACTOR.—

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

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

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

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

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

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

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

''(D) ADVANCE PAYMENT.—

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

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

''(iii) 1996 PAYMENTS.—

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

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

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

''(6) ENVIRONMENTAL RESERVE PROGRAM.—

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

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

''(c) MARKETING LOANS.—

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

''(2) ELIGIBILITY.—

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

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

''(3) LOAN RATE.—

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

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

''(4) REPAYMENT.—

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

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

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

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

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

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

''(d) LOAN DEFICIENCY PAYMENTS.—

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

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

''(A) the loan payment rate; by

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

''(3) LOAN PAYMENT RATE.—

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

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

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

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

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

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

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

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

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

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

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

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

(b) FLEXIBLE ACREAGE BASE.—

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

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

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

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

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

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

''(1) IN GENERAL.—

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

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

SEC. 102. UPLAND COTTON PROGRAM.

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

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

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

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

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

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

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

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

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

''(F) ADVANCE PAYMENT.—

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

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

''(iii) 1996 PAYMENTS.—

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

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

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

SEC. 103. RICE PROGRAM.

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

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

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

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

(4) in subsection (c)(1)—

(A) in subparagraph (B)(ii)—

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

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

(B) in subparagraph (D)—

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

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

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

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

''(F) ADVANCE PAYMENT.—

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

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

''(iii) 1996 PAYMENTS.—

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

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

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

SEC. 104. PEANUT PROGRAM.

(a) EXTENSION.—

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

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

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

(C) in subsection (g)—

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

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

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

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

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

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

(B) in section 358b (7 U.S.C. 1358b)—

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

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

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

(D) in section 358e (7 U.S.C. 1359a)—

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

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

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

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

''(2) SUPPORT RATES.—

''(A) 1991–1995 CROPS.—The''; and

(2) by adding at the end the following:

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

(c) UNDERMARKETINGS.—

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

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

''(C) TRANSFER OF ADDITIONAL PEANUTS.—Additional peanuts on a farm from which the quota poundage was not harvested or marketed may be transferred to the quota loan

pool for pricing purposes at the quota price on such basis as the Secretary shall be regulation provide, except that the poundage of the peanuts so transferred shall not exceed the difference in the total quantity of peanuts meeting quality requirements for domestic edible use, as determined by the Secretary, marketed from the farm and the total farm poundage quota.''; and

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

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

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

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

SEC. 105. DAIRY PROGRAM.

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

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

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

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

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

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

(2) by striking subparagraph (B); and

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

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

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

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

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

SEC. 106. SUGAR PROGRAM.

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

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

''(a) DEFINITIONS.—In this section:

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

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

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

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

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

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

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

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

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

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

''(e) ADJUSTMENT IN SUPPORT LEVEL.—

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

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

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

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

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

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

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

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

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

''(h) LOAN TERM.—

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

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

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

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

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

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

''(k) MARKETING ASSESSMENTS.—

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

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

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

''(4) COLLECTION.—

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

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

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

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

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

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

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

''(l) INFORMATION REPORTING.—

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

quantity of purchases of sugarcane, sugar beets, and sugar, and production, importation, distribution, and stock levels of sugar.

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

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

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

''(m) SUGAR ESTIMATES.—

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

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

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

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

SEC. 107. SHEEP INDUSTRY TRANSITION PROGRAM.

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

''SEC. 208. SHEEP INDUSTRY TRANSITION PROGRAM.

''(a) LOSS.—

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

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

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

''(2) ADJUSTMENTS TO LOAN LEVEL.—

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

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

''(C) ADJUSTMENT FOR QUALITY.—

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

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

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

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

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

''(4) TERM OF LOAN.—

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

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

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

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

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

''(B) the higher of—

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

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

''(6) PREVAILING WORLD MARKET PRICE.—

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

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

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

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

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

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

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

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

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

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

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

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

''(b) LOAN DEFICIENCY PAYMENTS.—

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

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

''(A) the loan payment rate; by

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

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

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

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

''(c) DEFICIENCY PAYMENTS.—

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

''(A) the payment rate; by

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

''(2) PAYMENT RATE.—

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

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

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

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

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

''(d) EQUITABLE RELIEF.—

''(1) LOANS AND PAYMENTS.—If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of

loans and payments, the Secretary may, nevertheless, make the loans and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure. The Secretary may consider whether the producer made a good faith effort to comply fully with the terms and conditions of the program in determining whether equitable relief is warranted under this paragraph.

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

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

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

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

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

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

''(j) CROSS-COMPLIANCE.—

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

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

''(k) LIMITATION ON OUTLAYS.—

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

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

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

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

''(3) PERSON LIMITATION.—

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

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

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

SEC. 108. SUSPENSION OF PERMANENT PRICE SUPPORT AUTHORITY.

(a) WHEAT.—

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

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

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

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

(b) FEED GRAINS.—

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

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

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

(d) UPLAND COTTON.—

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

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

(e) PEANUTS.—

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

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

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

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

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

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

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

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

SEC. 109. EXTENSION OF RELATED PRICE SUPPORT PROVISIONS.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SEC. 110. CROP INSURANCE ADMINISTRATIVE FEE.

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

(1) by striking paragraph (5); and

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

SEC. 111. EFFECTIVE DATE.

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

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

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

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

TITLE II—CONSERVATION

SEC. 201. CONSERVATION RESERVE PROGRAM.

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

SEC. 202. ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.

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

"CHAPTER 2—ENVIRONMENTAL QUALITY INCENTIVES PROGRAM

"SEC. 1238. DEFINITIONS.

''In this chapter:

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

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

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

''(B) has more than—

''(i) 700 mature dairy cattle;

''(ii) 1,000 beef cattle;

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

''(iv) 55,000 turkeys;

''(v) 2,500 swine; or

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

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

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

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

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

''(a) ESTABLISHMENT.—

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

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

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

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

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

''(D) the Colorado River Basin salinity control program established under section 202(c) of the Colorado River Basin Salinity Control Act (43 U.S.C. 1592(c)).

''(b) APPLICATION AND TERM.—

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

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

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

''(2) CONTRACT EFFECTIVE DATE.—A contract between an operator and the Secretary under this chapter shall become effective on October 1st following the date the contract is fully entered into.

''(c) COST-SHARING AND INCENTIVE PAYMENTS.—

''(1) COST-SHARING PAYMENTS.—

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

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

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

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

''(d) TECHNICAL ASSISTANCE.—

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

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

''(e) FUNDING.—The Secretary shall use to carry out this chapter not less than—

''(1) $200,000,000 for fiscal year 1997; and

''(2) $250,000,000 for each of fiscal years 1998 through 2002.

''(f) COMMODITY CREDIT CORPORATION.—The Secretary may use the funds, facilities, and authorities of the Commodity Credit Corporation to carry out this subchapter.

"SEC. 1238B. CONSERVATION PRIORITY AREAS.

''(a) IN GENERAL.—The Secretary shall designate watersheds or regions of special environmental sensitivity, including the Chesapeake Bay region (located in Pennsylvania, Maryland, and Virginia), the Great Lakes region, the Long Island Sound region, prairie pothole region (located in North Dakota, South Dakota, and Minnesota), Rainwater Basin (located in Nebraska), and other areas the Secretary considers appropriate, as conservation priority areas that are eligible for enhanced assistance through the programs established under this chapter and chapter 1.

''(b) APPLICABILITY.—A designation shall be made under this section if an application is made by a State agency and agricultural practices within the watershed or region pose a significant threat to soil, water, and related natural resources, as determined by the Secretary.

"SEC. 1238C. EVALUATION OF OFFERS AND PAYMENTS.

''(a) REGIONAL PRIORITIES.—The Secretary shall provide technical assistance, cost-sharing payments, and incentive payments to operators in a region, watershed, or conservation priority area under this chapter based on the significance of soil, water, and related natural resources problems in the region, watershed, or area, and the structural practices or land management practices that best address the problems, as determined by the Secretary.

''(b) MAXIMIZATION OF ENVIRONMENTAL BENEFITS.—

''(1) IN GENERAL.—In providing technical assistance, cost-sharing payments, and incentive payments to operators in regions, watersheds, or conservation priority areas under this chapter, the Secretary shall accord a higher priority to assistance and payments that maximize environmental benefits per dollar expended.

''(2) STATE OR LOCAL CONTRIBUTIONS.—The Secretary shall accord a higher priority to operators whose agricultural operations are located within watersheds, regions, or conservation priority areas in which State or local governments have provided, or will provide, financial or technical assistance to the operators for the same conservation or environmental purposes.

"SEC. 1238D. ENVIRONMENTAL QUALITY INCENTIVES PROGRAM PLAN.

''(a) IN GENERAL.—Prior to approving cost-share or incentive payments authorized under this chapter, the Secretary shall require the preparation and evaluation of an environmental quality incentives program plan described in subsection (b), unless the Secretary determines that such a plan is not necessary to evaluate the application for the payments.

''(b) TERMS.—An environmental quality incentives program plan shall include (as determined by the Secretary) a description of relevant—

''(1) farming or ranching practices on the farm;

''(2) characteristics of natural resources on the farm;

''(3) specific conservation and environmental objectives to be achieved including those that will assist the operator in complying with Federal and State environmental laws;

''(4) dates for, and sequences of, events for implementing the practices for which payments will be received under this chapter; and

''(5) information that will enable evaluation of the effectiveness of the plan in achieving the conservation and environmental objectives, and that will enable evaluation of the degree to which the plan has been implemented.

"SEC. 1238E. LIMITATION ON PAYMENTS.

''(a) PAYMENTS.—The total amount of cost-share and incentive payments paid to a person under this chapter may not exceed—

''(1) $10,000 for any fiscal year; or

''(2) $50,000 for any multiyear contract.

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

''(1) defining the term 'person' as used in subsection (a); and

''(2) prescribing such rules as the Secretary determines necessary to ensure a fair and reasonable application of the limitations contained in subsection (a).''.

TITLE III—NUTRITION ASSISTANCE

SEC. 301. FOOD STAMP PROGRAM.

(a) EMPLOYMENT AND TRAINING.—Section 16(h)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)(1)) is amended by striking ''1995'' each place it appears and inserting ''2002''.

(b) AUTHORIZATION OF PILOT PROJECTS.—The last sentence of section 17(b)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C.

2026(b)(1)(A)) is amended by striking ''1995'' and inserting ''2002''.

(c) AUTHORIZATION FOR APPROPRIATIONS.—The first sentence of section 18(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2027(a)(1)) is amended by striking ''1995'' and inserting ''2002''.

(d) REAUTHORIZATION OF PUERTO RICO NUTRITION ASSISTANCE PROGRAM.—The first sentence of section 19(a)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2028(a)(1)(A)) is amended by striking ''$974,000,000'' and all that follows through ''fiscal year 1995'' and inserting ''$1,143,000,000 for each of fiscal years 1995 and 1996, $1,182,000,000 for fiscal year 1997, $1,223,000,000 for fiscal year 1998, $1,266,000,000 for fiscal year 1999, $1,310,000,000 for fiscal year 2000, $1,357,000,000 for fiscal year 2001, and $1,404,000,000 for fiscal year 2002''.

SEC. 302. COMMODITY DISTRIBUTION PROGRAM; COMMODITY SUPPLEMENTAL FOOD PROGRAM.

(a) REAUTHORIZATION.—The first sentence of section 4(a) of the Agriculture and Consumer Protection Act of 1973 (Public Law 93–86; 7 U.S.C. 612c note) is amended by striking ''1995'' and inserting ''2002''.

(b) FUNDING.—Section 5 of the Agriculture and Consumer Protection Act of 1973 (Public Law 93–86; 7 U.S.C. 612c note) is amended—

(1) in subsection (a)(2), by striking ''1995'' and inserting ''2002''; and

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

SEC. 303. EMERGENCY FOOD ASSISTANCE PROGRAM.

(a) REAUTHORIZATION.—The first sentence of section 204(a)(1) of the Emergency Food Assistance Act of 1983 (Public Law 98–8; 7 U.S.C. 612c note) is amended by striking ''1995'' and inserting ''2002''.

(b) PROGRAM TERMINATION.—Section 212 of the Emergency Food Assistance Act of 1983 (Public Law 98–8; 7 U.S.C. 612c note) is amended by striking ''1995'' and inserting ''2002''.

(c) REQUIRED PURCHASES OF COMMODITIES.—Section 214 of the Emergency Food Assistance Act of 1983 (Public Law 98–8; 7 U.S.C. 612c note) is amended—

(1) in the first sentence of subsection (a), by striking ''1995'' and inserting ''2002''; and

(2) in subsection (e), by striking ''1995'' each place it appears and inserting ''2002''.

SEC. 304. SOUP KITCHENS PROGRAM.

Section 110 of the Hunger Prevention Act of 1988 (Public Law 100–435; 7 U.S.C. 612c note) is amended—

(1) in the first sentence of subsection (a), by striking ''1995'' and inserting ''2002''; and

(2) in subsection (c)(2)—

(A) in the paragraph heading, by striking ''1995'' and inserting ''2002''; and

(B) by striking ''1995'' each place it appears and inserting ''2002''.

SEC. 305. NATIONAL COMMODITY PROCESSING.

The first sentence of section 1114(a)(2)(A) of the Agriculture and Food Act of 1981 (7 U.S.C. 1431e(2)(A)) is amended by striking ''1995'' and inserting ''2002''.

DASCHLE AMENDMENTS NOS. 3208–3214

(Ordered to lie on the table.)

Mr. DASCHLE submitted seven amendments intended to be proposed by him to the bill S. 1541, supra; as follows:

AMENDMENT NO. 3208

Strike section 104(b) and insert the following:

''(b) LOAN RATES.—

''(1) WHEAT.—The loan rate for a marketing assistance loan for wheat shall be—

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

(B) not more than $2.58 per bushel.

''(2) FEED GRAINS.—

''(A) LOAN RATE FOR CORN.—The loan rate for a marketing assistance loan for corn shall be—

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

(ii) not more than $1.89 per bushel.

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

''(3) UPLAND COTTON.—

''(A) The loan rate for a marketing assistance loan for upland cotton shall be established by the Secretary at such loan rate, per pound, as well reflect for the base quality of upland cotton, as determined by the Secretary, at average locations in the United States a rate that is 85 percent of the average price (weighted by market and month) of the base quality of cotton as quoted in the designated United States spot markets during 3 years of the 5-year period ending July 31 in the year in which the loan rate is announced, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; or

''(B) 90 percent of the average, for the 15-week period beginning July 1 of the year in which the loan rate is announced, of the 5 lowest-priced growths of the growths quoted for Middling 1 3/32-inch cotton C.I.F. Northern Europe (adjusted downward by the average difference during the period April 15 through October 15

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

AMENDMENT NO. 3209

Strike section 104(b) and insert the following:

''(b) LOAN RATES.—

''(1) WHEAT.—

''(A) IN GENERAL.—The loan rate for a marketing assistance loan for wheat shall be not less than 85 percent of the simple average price received by producers of wheat, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of wheat, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period.

''(B) REDUCTIONS.—If the Secretary estimates for any marketing year that the ratio of ending stocks of wheat to total use of the marketing year will be—

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

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

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

''(C) FUTURE YEARS.—ANy reduction in the loan rate for wheat under subparagraph (B) shall not be considered in determining the loan rate for wheat for subsequent years.

''(2) FEED GRAINS.—

''(A) LOAN RATE FOR CORN.—The loan rate for a marketing assistance loan for corn shall be not less than 85 percent of the simple average price received by producers of wheat, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of 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.

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

''(C) REDUCTIONS.—If the Secretary estimates for any marketing year that the ratio of ending stocks of corn to total use for the marketing year will be—

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

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

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

''(D) FUTURE YEARS.—Any reduction in the loan rate for corn under subparagraph (B) shall not be considered in determining the loan rate for corn for subsequent years.

''(3) UPLAND COTTON.—

''(A) The loan rate for a marketing assistance loan for upland cotton shall be established by the Secretary at such loan rate, per pound, as will reflect for the base quality of upland cotton, as determined by the Secretary, at average locations in the United States a rate that is 85 percent of the average price (weighted by market and month) of the base quality of cotton as quoted in the designated United States spot markets during 3 years of the 5-year period ending July 31 in the year in which the loan rate is announced, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; or

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

''(4) EXTRA LONG STAPLE COTTON.—The loan rate for marketing assistance loan for extra loan staple cotton shall be not less than 85

percent of the simple average price received by producers of extra long staple cotton, as determined by the Secretary, during 3 years of the 5 previous marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period.

''(5) RICE.—The loan rate for the marketing assistance loan for rice shall be $6.50 per hundredweight.

''(6) OILSEEDS.—

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

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

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

AMENDMENT NO. 3210

Section 104(b) is amended by adding at the end the following:

''(7) LOCAL LOAN RATES.—The Secretary may not adjust the national loan for a crop in a county by an amount in excess of 5 percent the national loan.''

AMENDMENT NO. 3211

Section 104(b) is amended by adding at the end the following:

''(7) LOCAL LOAN RATES.—The Secretary shall apply the national loan rate for a commodity to all marketing assistance loans established under this section.''

AMENDMENT NO. 3212

Title V is amended by adding at the end the following:

''SEC. FUND FOR RURAL AMERICA.

''(a) IN GENERAL.—The Secretary shall create an account called the Fund for Rural America for the purposes of providing funds for activities described in subsection (c).

''(b) COMMODITY CREDIT CORPORATION.—In each of the 1996 through 2002 fiscal years, the Secretary shall transfer $250,000,000 into the Fund for Rural America.

''(c) PURPOSES.—Except as provided in subsection (d), the Secretary may use the funds in the Fund for Rural America for activities authorized under—

''(1) The Housing Act of 1949 for—

''(A) direct loans to low income borrowers pursuant to section 502;

''(B) loans for financial assistance for housing for domestic farm laborers pursuant to section 514;

''(C) financial assistance for housing of domestic farm labor pursuant to section 516;

''(D) grants and contracts for mutual and self help housing pursuant to section 523(b)(1)(A); and

''(E) grants for Rural Housing Preservation pursuant to section 533;

''(2) The Food Security Act of 1985 for loans to intermediary borrowers under the Rural Development Loan Fund;

''(3) Consolidated Farm and Rural Development Act for—

''(A) grants for Rural Business Enterprises pursuant to section 310B(c) and (j);

''(B) direct loans, loan guarantees and grants for water and waste water projects pursuant to section 306;

''(C) down payments assistance to farmers, section 310E; and

''(D) loans to socially disadvantaged farmers under section 355.''

''(d) LIMITATIONS.—No funds from the Fund for Rural America may be used to for an activity specified in subsection (c) if the current level of appropriations for the activity is less than 90 percent of the 1996 fiscal year appropriations for the activity adjusted for inflation.''

AMENDMENT NO. 3213

Title V is amended by adding at the end the following:

''SEC. 507 FUND FOR RURAL AMERICA.

''(a) IN GENERAL.—The Secretary shall create an account called the Fund for Rural America for the purposes of providing funds for activities described in subsection (c).

''(b) COMMODITY CREDIT CORPORATION.—In each of the 1996 through 2002 fiscal years, the Secretary shall transfer $250,000,000 into the Fund for Rural America.

''(c) PURPOSES.—Except as provided in subsection (d), the Secretary may use the funds in the Fund for Rural America for activities authorized under—

''(1) The Housing Act of 1949 for—

''(A) direct loans to low income borrowers pursuant to section 502;

''(B) loans for financial assistance for housing for domestic farm laborers pursuant to section 514;

''(C) financial assistance for housing of domestic farm labor pursuant to section 516;

''(D) grants and contracts for mutual and self help housing pursuant to section 523(b)(1)(A); and

''(E) grants for Rural Housing Preservation pursuant to section 533;

''(2) The Food Security Act of 1985 for loans to intermediary borrowers under the Rural Development Loan Fund;

''(3) Consolidated Farm and Rural Development Act for—

''(A) grants for Rural Business Enterprises pursuant to section 310B(c) and (j);

''(B) direct loans, loan guarantees and grants for water and waste water projects pursuant to section 306;

''(C) down payments assistance to farmers, section 310E; and

''(D) loans to socially disadvantaged farmers under section 355.''

''(d) LIMITATIONS.—No funds from the Fund for Rural America may be used to for an activity specified in subsection (c) if the current level of appropriations for the activity is less than 90 percent of the 1996 fiscal year appropriations for the activity adjusted for inflation.''

AMENDMENT NO. 3214

Strike all after the enacting clause and insert the following:

SEC. 101 SHORT TITLE.

This Act may be cited as the ''Agricultural Extension Act of 1995''.

SEC. 102. AUTHORITY FOR 1996 AND 1997 AGRICULTURAL PROGRAMS.

(a) IN GENERAL.—Notwithstanding any other provision of law except as provided in this Act and the amendments made by this Act, the provisions of the Agricultural Adjustment of 1938 (7 U.S.C. 1281 et seq.), the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.), the Food Security Act of 1985 (Public Law 99–198), and the Food, Agriculture, Conservation and Trade Act of 1990 (Public Law 101–624) and each program that was authorized or reauthorized by any of the Acts, that were applicable on September 30, 1995, shall be applicable for 1996 and 1997.

(b) FLEXIBILITY.—Amend section 504 of the Agricultural Act of 1949 (7 U.S.C. 1464) by striking subsections (c), (d), and (e) and inserting the following:

''(c) NON-PAYMENT ACRES.—In the case of the 1996 and 1997 crops, any crop or conserving crop listed in subsection (b)(1) may be planted on the acres of a crop acreage base not eligible for payment under this Act.

''(d) LOAN ELIGIBILITY.—In the case of the 1996 and 1997 crops, producers on a farm with crop acreage base may plant any program crop on the crop acreage base and shall be eligible to receive purchases, loans, and loan deficiency payments for the program crop.''.

(c) FINLEY ADJUSTMENT.—Amend the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.)—

(1) in section 105B(a)(3)—

(A) by striking subparagraph (C); and

(B) by redesignating subparagraphs (D) and (E) as subparagraphs (C) and (D).

(2) in section 107B(a)(3)—

(A) by striking subparagraph (C); and

(B) by redesignating subparagraphs (D) and (E) as subparagraphs (C) and (D).

(d) 1997 CROP PAYMENTS.—

(1) REVENUE PAYMENTS.—

(A) IN GENERAL.—In the case of the 1997 crops of wheat, feed grain, upland cotton, and rice in addition to payments authorized in subsection (a), the Secretary shall issue payments to producers who participate in price support programs authorized by subsection (a) in accordance with the formula described in subparagraph (B).

(B) FORMULA.—In accordance with subparagraph (A), the Secretary shall provide a payment per acre equal to the amount in which the Average Revenue for the producer's farm, described in clause (i) exceeds the Producers' Revenue descried in clause (ii) for each of the producer's payment acres.

(i) AVERAGE REVENUE.—for the purposes of this subparagraph, ''average revenue'' means the five year Olympic average price for the county for the program multiplied by the producer's program payment yield for the farm.

(ii) PRODUCER'S REVENUE.—for the purposes of this paragraph, the term ''producer's revenue'' means the per acre revenue received for production from:

(I) Commodity Credit Corporation (CCC) deficiency payments;

(II) revenue from sales of the program crop in excess of any CCC price support loans received;

(III) crop insurance indemnity payments;

(IV) CCC price support loans; and

(V) CCC loan deficiency payments.

(2) GUARANTEED ADVANCED PAYMENTS FOR THE 1997 CROPS.—In the case of 1997 crops of wheat, feed grains, upland cotton, and rice, the Secretary shall provide to producers who participate in programs authorized by subsection (a) a nonrefundable advanced deficiency payment subject to paragraph (3) which shall equal the greater of—

(A) the advanced deficiency payment authorized by subsection (a); or

(B) the payment authorized in section 103(c)(1).

(3) LIMITATION.—In calculating deficiency payments in accordance with programs authorized in subsection (a), the Secretary shall deduct any payments received by the producer under paragraph (2) from the producer's deficiency payments.

(e) ACREAGE REDUCTION PROGRAMS.—In the case of price support programs authorized by subsection (a) for the 1996 and 1997 crops of wheat, feed grains, upland cotton, and rice, the Secretary shall set the acreage reduction level to be zero.

SEC. 103. SPECIAL FUND FOR DEFICIENCY PAYMENTS, CONSERVATION, AND RURAL AMERICA.

(a) ACCOUNT.—Notwithstanding any other provision of law, the Commodity Credit Corporation shall transfer $4.5 billion into a Deficiency Payment, Conservation, and Rural America Account (hereafter referred as ''Account'') which shall remain available until expended for the purposes specified in this subsection.

(b) USE OF ACCOUNT.—Funds from the Account shall be used for the following purposes:

(1) Advanced deficiency payments for 1996 crops of wheat, feed grain, upland cotton, and rice authorized by paragraph (c);

(2) Any deficiency payments authorized by the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.) for 1995 crops of wheat, feed grains, upland cotton, and rice issued after date of enactment of this Act; and

(3) Conservation and Fund for Rural America program payments authorized by paragraph (c).

(c) PAYMENTS.—

(1) 1996 CROP ADVANCED DEFICIENCY PAYMENTS.—

(A) IN GENERAL.—The Secretary shall issue nonfundable advanced deficiency payments for the 1996 crops of wheat, feed grains, upland cotton, and rice to producers who participate in price support programs authorized in section 102 from the Account in accordance with the formula specified in subparagraph (B).

(B) FORMULA.—The advanced deficiency payment rate for wheat, feed grains, upland cotton, and rice shall be the greater of—

(i) the 1995 advanced payment rate for the crop; or

(ii) the 1996 advanced payment rate for the crop determined in accordance with section 102.

(2) CONSERVATION AND FUND FOR RURAL AMERICA PAYMENTS.—

(A) IN GENERAL.—If any funds remain in the Account after carrying out the provisions of paragraph (1), the Secretary may conduct programs described in this subparagraph.

(B) FUNDING.—The Secretary shall divide the remaining funds in the Account equally for Conservation programs described in subparagraph (C) and for Fund for Rural America described in subparagraph (D).

(C) CONSERVATION PROGRAMS.—The Secretary may conduct the Environmental Quality Incentive Program described in section 1201 of S. 1357 (as passed by the Senate on October 27, 1995).

(D) FUND FOR RURAL AMERICA.—

(i) IN GENERAL.—The Secretary may create the Fund for Rural America for the purposes of funding programs described in clause (ii).

(ii) PROGRAMS.—Notwithstanding any other provision of law, the Secretary may transfer funds from the Fund for Rural America to—

(I) rural development programs authorized by the Consolidated Farm and Rural Development Act; and

(II) research programs authorized or reauthorized by Title XVI of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624) or by section 102 of this Act.

CONRAD AMENDMENTS NOS. 3215–3220

(Ordered to lie on the table.)

Mr. CONRAD submitted six amendments intended to be proposed by him to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

AMENDMENT NO. 3215

Beginning on page 3–14, strike line 24 and all that follows through page 3–15, line 4, and insert the following:

''(i) 700 dairy cattle;

''(ii) 1,000 beef cattle;

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

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

''(v) 55,000 turkeys;

''(vi) 2,500 swine; or

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

The Secretary may reduce the number of animals specified in subparagraph (B) after consultation with State technical advisory committees.

AMENDMENT NO. 3216

On page 3–62, after line 22, insert the following:

SEC. 356. WETLAND CONSERVATION EXEMPTION.

Section 1222(b)(1) of the Food Security Act of 1985 (16 U.S.C. 3822(b)(1)) is amended—

(1) in subparagraph (C), by striking ''or'' at the end; and

(2) by adding at the end the following:

''(E) converted wetland, if—

''(i) the extent of the conversion is limited to the return of conditions that will be at least equivalent to the wetland functions and values that existed prior to implementation of the wetland restoration, enhancement, or creation action;

''(ii) technical determinations of the prior site conditions and the restoration, enhancement, or creation action have been adequately documented in a plan approved by the Natural Resources Conservation Service prior to implementation; and

''(iii) the conversion action proposed by the landowner is approved by the Natural Resources Conservation Service prior to implementation; or''.

AMENDMENT NO. 3217

On page 3–9, line 14, strike the quotation marks and the following period and insert the following:

''(i) COST SHARE AGREEMENTS AND WETLAND STATUS.—Wetland restored on land under a cost share agreement funded under this section shall not be subject to section 404 of the Federal Water Pollution Control Act (33 U.S.C. 1341) or section 1221 of the Food Security Act of 1985 (16 U.S.C. 3821) without the agreement of the landowner.''.

AMENDMENT NO. 3218

On page 3–15, line 10, strike the period and insert ''and is the owner of any crop or livestock for which assistance is requested under this chapter.''.

AMENDMENT NO. 3219

Beginning on page 1–21, strike line 5 and all that follows through page 1–24, line 10, and insert the following:

(1) WHEAT.—The loan rate for a marketing assistance loan for wheat shall be—

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

(B) not more than $2.58 per bushel.

(2) FEED GRAINS.—

(A) LOAN RATE FOR CORN.—The loan rate for a marketing assistance loan for corn shall be—

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

(ii) not more than $1.89 per bushel.

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

AMENDMENT NO. 3220

Beginning on page 1–21, strike line 6 and all that follows through page 1–23, line 3, and insert the following:

(A) LOAN RATE.—Subject to subparagraph (B), the loan rate for a marketing assistance loan for wheat shall be not less than 85 percent of the simple average price received by producers of wheat, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of wheat, excluding the year in which the average prices was the highest and the year in which the average price was the lowest in the period.

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

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

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

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

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

(2) FEED GRAINS.—

(A) LOAN RATE FOR CORN.—Subject to subparagraph (B), the loan rate for a marketing assistance loan for corn shall be no less than 85 percent of the simple average price received by producers of corn, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of corn, excluding the year in which the average price was the highest and the year in which the average prices was the lowest in the period.

KOHL (AND OTHERS) AMENDMENT NO. 3221

(Ordered to lie on the table.)

Mr. KOHL (for himself, Mr. FEINGOLD, Mr. WELLSTONE, Mr. PRESSLER, and Mr. LAUTENBERG) submitted an amendment intended to be proposed by them to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

Strike from line 12 on page 1–73 through line 7 on page 1–75.

HATFIELD AMENDMENTS NOS. 3222–3224

(Ordered to lie on the table.)

Mr. HATFIELD submitted an amendment intended to be proposed by him to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

AMENDMENT NO. 3222

At the appropriate place in the miscellaneous title, insert the following new section:

SEC.___. RURAL MANAGED CARE COOPERATIVES.

Title XVII of the Public Health Service Act (42 U.S.C. 300u et seq.) is amended by adding at the end thereof the following new section:

"SEC. 1710. RURAL MANAGED CARE COOPERATIVES.

''(a) GRANTS.—The Secretary of Health and Human Services, acting through the Health Resources and Services Administration, and the Secretary of Agriculture, acting through the Rural Business and Cooperative Development Service (referred to jointly in this section as the 'Secretaries'), may jointly award competitive grants to eligible entities to enable such entities to develop and administer cooperatives in rural areas that will establish an effective case management and reimbursement system designed to support the economic infrastructure and viability of essential public or private health services, facilities, health care systems and health care resources in such rural areas.

''(b) ELIGIBLE ENTITIES.—To be eligible to receive a grant under subsection (a) an entity shall—

''(1) prepare and submit to the Secretaries an application at such time, in such form and containing such information as the Secretaries may jointly require, including a description of the cooperative that the entity intends to develop and operate using grant funds; and

''(2) meet such other requirements as the Secretaries jointly determine to be appropriate.

''(c) COOPERATIVES.—

''(1) IN GENERAL.—Amounts provided under a grant awarded under subsection (a) shall be used to establish and operate a cooperative made up of all types of health care providers, hospitals, primary access hospitals, other alternate rural health care facilities, physicians, rural health clinics, rural nurse practitioners and physician assistant practitioners, public health departments and others located in, but not restricted to, the rural areas to be served by the cooperative.

''(2) BOARD OF DIRECTORS.—A cooperative established under paragraph (1) shall be administered by a board of directors elected by the members of the cooperative. A majority of the members of the board shall represent rural providers, and other representatives, from the local community. The board shall include representatives of the agricultural community if possible. Members of the board shall serve at the pleasure of members of the cooperative.

''(3) EXECUTIVE DIRECTOR.—The members of a cooperative established under paragraph (1) shall elect an executive director who shall serve as the chief operating officer of the cooperative. The executive director shall be responsible for conducting the day to day operation of the cooperative including—

''(A) maintaining an accounting system for the cooperative;

''(B) maintaining the business records of the cooperative;

''(C) negotiating contracts with provider members of the cooperative;

''(D) coordinating the membership and programs of the cooperative; and

''(E) serving as a liaison between the cooperative and the rural agricultural community.

''(4) REIMBURSEMENTS.—

''(A) NEGOTIATIONS.—A cooperative established under paragraph (1) shall facilitate negotiations among member health care providers and third party payors concerning the rates at which such providers will be reimbursed for services provided to individuals for which such payors may be liable.

''(B) AGREEMENTS.—Agreements reached under subparagraph (A) shall be binding on the members of the cooperative.

''(C) EMPLOYERS.—Employer entities may become members of a cooperative established under paragraph (a) in order to provide, through a member third party payor, health insurance coverage for its employees. Deductibles shall only be charged to employees covered under such insurance if such employees receive health care services from a provider that is not a member of the cooperative if similar services would have been available from a member provider.

''(D) MALPRACTICE INSURANCE.—A cooperative established under subsection (a) shall be responsible for identifying and implementing an affordable malpractice insurance program that shall include a requirement that such cooperative assume responsibility for the payment of a portion of the malpractice insurance premium of providers members.

''(5) MANAGED CARE AND PRACTICE STANDARDS.—A cooperative established under paragraph (1) shall establish joint case management and patient care practice standards programs that health care providers that are members of such cooperative must meet to be eligible to participate in agreements entered into under paragraph (4). Such standards shall be developed by such provider members and shall be subject to the approval of a majority of the board of directors. Such programs shall include cost and quality of care guidelines including a requirement that such providers make available preadmission screening, selective case management services, joint patient care practice standards development and compliance and joint utilization review.

''(6) CONFIDENTIALITY.—

''(A) IN GENERAL.—Patients records, records of peer review, utilization review, and quality assurance proceedings conducted by the cooperative should be considered confidential and protected from release outside of the cooperative. The provider members of the cooperative shall be indemnified by the cooperative for the good faith participation by such members in such the required activities.

''(B) QUALITY DATA.—Notwithstanding any other provision of law, quality data obtained by a hospital or other member of such a cooperative in the normal course of the operations of the hospital or member shall be immune from discovery regardless of whether such data is used for purposes other than peer review or is disclosed to other members of the cooperative involved.

''(d) LINKAGES.—Such a cooperative shall create linkages among member health care providers, employers, and payors for the joint consultation and formulation of the types, rates, costs, and quality of health care provided in rural areas served by the cooperative and for joint consideration of the impact that such types, rates, costs, and quality of health care will have on the agricultural community.

''(e) REPORTING.—Not less often than once every 2 years, the cooperative shall prepare and submit to the Secretaries a report that contains information on the status of the cooperative, the health status of the patients in the areas served by the cooperative, and the productivity of the relevant agricultural or other local industry.

''(f) MATCHING REQUIREMENT.—An entity that receives a grant under subsection (a) shall make available (directly or through donations from public or private entities), non-Federal contributions towards the costs of the operations of the network in an amount equal to the amount of the grant.

''(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section, $15,000,000 for each of the fiscal years 1996 through 1999.

''(h) RELATION TO OTHER LAWS.—

''(1) IN GENERAL.—Notwithstanding any provision of the antitrust laws, it shall not be considered a violation of the antitrust laws for entities to develop and operate cooperatives in accordance with this section.

''(2) DEFINITION.—For purposes of this subsection, the term 'antitrust laws' means—

''(A) the Act entitled 'An Act to protect trade and commerce against unlawful restraints and monopolies', approved July 2, 1890, commonly known as the 'Sherman Act' (26 Stat. 209; chapter 647; 15 U.S.C. 1 et seq.);

''(B) the Federal Trade Commission Act, approved September 26, 1914 (38 Stat. 717; chapter 311; 15 U.S.C. 41 et seq.);

''(C) the Act entitled 'An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes', approved October 15, 1914, commonly known as the 'Clayton Act' (38 Stat. 730; chapter 323; 15 U.S.C. 12 et seq.; 18 U.S.C. 402, 660, 3285, 3691; 29 U.S.C. 52, 53); and

''(D) the Act of June 19, 1936, commonly known as the Robinson-Patman Antidiscrimination Act (15 U.S.C. 13 et seq.); and

''(E) any State antitrust laws that would prohibit the activities described in paragraph (1).''.

AMENDMENT NO. 3223

At the appropriate place, insert the following:

SEC. ___. WATERSHED PROTECTION AND FLOOD PREVENTION ACT AMENDMENTS.

(a) DECLARATION OF POLICY.—The first section of the Watershed Protection and Flood Prevention Act (16 U.S.C. 1001) is amended to read as follows:

"SECTION 1. DECLARATION OF POLICY.

''Erosion, flooding, sedimentation, and loss of natural habitats in the watersheds and waterways of the United States cause loss of life, damage to property, and a reduction in the quality of environment and life of citizens. It is therefore the sense of Congress that the Federal Government should join with States and their political subdivisions, public agencies, conservation districts, flood prevention or control districts, local citizens organizations, and Indian tribes for the purpose of conserving, protecting, restoring, and improving the land and water resources of the United States and the quality of the environment and life for watershed residents across the United States.''.

(b) DEFINITIONS.—

(1) WORKS OF IMPROVEMENT.—Section 2 of the Act (16 U.S.C. 1002) is amended, with respect to the term ''works of improvement''—

(A) in paragraph (1), by inserting '', nonstructural,'' after ''structural'';

(B) in paragraph (2), by striking ''or'' at the end;

(C) by redesignating paragraph (3) as paragraph (11);

(D) by inserting after paragraph (2) the following new paragraphs:

''(3) a land treatment or other nonstructural practice, including the acquisition of easements or real property rights, to meet multiple watershed needs,

''(4) the restoration and monitoring of the chemical, biological, and physical structure, diversity, and functions of waterways and their associated ecological systems,

''(5) the restoration or establishment of wetland and riparian environments as part of a multi-objective management system that provides floodwater or storm water storage, detention, and attenuation, nutrient filtering, fish and wildlife habitat, and enhanced biological diversity,

''(6) the restoration of steam channel forms, functions, and diversity using the principles of biotechnical slope stabilization to reestablish a meandering, bankfull flow channels, riparian vegetation, and floodplains,

''(7) the establishment and acquisition of multi-objective riparian and adjacent flood prone lands, including greenways, for sediment storage and floodwater storage,

''(8) the protection, restoration, enhancement and monitoring of surface and groundwater quality, including measures to improve the quality of water emanating from agricultural lands and facilities,

''(9) the provision of water supply and municipal and industrial water supply for rural communities having a population of less than 55,000, according to the most recent decennial census of the United States,

''(10) outreach to and organization of local citizen organizations to participate in project design and implementation, and the training of project volunteers and participants in restoration and monitoring techniques, or''; and

(E) in paragraph (11) (as so redesignated)—

(i) by inserting in the first sentence after ''proper utilization of land'' the following: '', water, and related resources''; and

(ii) by striking the sentence that mandates that 20 percent of total project benefits be directly related to agriculture.

(2) LOCAL ORGANIZATION.—Such section is further amended, with respect to the term ''local organization'', by adding at the end the following new sentence: ''The term includes any nonprofit organization (defined as having tax exempt status under section 501(c)(3) of the Internal Revenue Code of 1986) that has authority to carry out and maintain works of improvement or is developing and implementing a work of improvement in partnership with another local organization that has such authority.''.

(3) WATERWAY.—Such section is further amended by adding at the end the following new definition:

''WATERWAY.—The term 'waterway' means, on public or private land, any natural, degraded, seasonal, or created wetland on public or private land, including rivers, streams, riparian areas, marshes, ponds, bogs, mudflats, lakes, and estuaries. The term includes any natural or manmade watercourse which is culverted, channelized, or vegetatively cleared, including canals, irrigation ditches, drainage wages, and navigation, industrial, flood control and water supply channels.''.

(c) ASSISTANCE TO LOCAL ORGANIZATIONS.—Section 3 of the Act (16 U.S.C. 1003) is amended—

(1) in paragraph (1), by inserting after ''(1)'' the following ''to provide technical assistance to help local organizations'';

(2) in paragraph (2)—

(A) by inserting after ''(2)'' the following: ''to provide technical assistance to help local organizations''; and

(B) by striking ''engineering'' and inserting ''technical and scientific''; and

(3) by striking paragraph (3) and inserting the following new paragraph:

''(3) to make allocations of costs to the project or project components to determine whether the total of all environmental, social, and monetary benefits exceed costs;''.

(d) COST SHARE ASSISTANCE.—

(1) AMOUNT OF ASSISTANCE.—Section 3A of the Act (16 U.S.C. 1003a) is amended by striking subsection (b) and inserting the following:

''(b) NONSTRUCTURAL PRACTICES.—Notwithstanding any other provision of this Act, Federal cost share assistance to local organizations for the planning and implementation of nonstructural works of improvement may be provided using funds appropriated for the purposes of this Act for an amount not exceeding 75 percent of the total installation costs.

''(c) STRUCTURAL PRACTICES.—Notwithstanding any other provision of this Act, Federal cost share assistance to local organizations for the planning and implementation of structural works of improvement may be provided using funds appropriated for the purposes of this Act for 50 percent of the total cost, including the cost of mitigating damage to fish and wildlife habitat and the value of any land or interests in land acquired for the work of improvement.

''(d) SPECIAL RULE FOR LIMITED RESOURCE COMMUNITIES.—Notwithstanding any other provision of this Act, the Secretary may provide cost share assistance to a limited resource community for any works of improvement, using funds appropriated for the purposes of this Act, for an amount not to exceed 90 percent of the total cost.

''(e) TREATMENT OF OTHER FEDERAL FUNDS.—Not more than 50 percent of the non-Federal cost share may be satisfied using funds from other Federal agencies.''.

(2) CONDITIONS ON ASSISTANCE.—Section 4(1) of the Act (16 U.S.C. 1004(1)) is amended by striking '', without cost to the Federal Government from funds appropriated for the purposes of this Act,''.

(e) BENEFIT COST ANALYSIS.—Section 5(1) of the Act (16 U.S.C. 1005(1)) is amended by striking ''the benefits'' and inserting ''the total benefits, including environmental, social, and monetary benefits,''.

(f) PROJECT PRIORITIZATION.—The Watershed Protection and Flood Prevention Act is amended by inserting after section 5 (16 U.S.C. 1005) the following new section:

''SEC. 5A. FUNDING PRIORITIES.

''In making funding decisions under this Act, the Secretary shall give priority to projects with one or more of the following attributes:

''(1) Projects providing significant improvements in ecological values and functions in the project area.

''(2) Projects that enhance the long-term health of local economies or generate job or job training opportunities for local residents, including Youth Conservation and Service Corps participants and displaced resource harvesters.

''(3) Projects that provide protection to human health, safety, and property.

''(4) Projects that directly benefit economically disadvantaged communities and enhance participation by local residents of such communities.

''(5) Projects that restore or enhance fish and wildlife species of commercial, recreational, subsistence or scientific concern.

''(6) Projects or components of projects that can be planned, designed, and implemented within two years.''.

(g) TRANSFER OF FUNDS.—The Watershed Protection and Flood Prevention Act (16 U.S.C. 1001–1010) is amended by adding at the end the following new section:

''SEC. 14. TRANSFERS OF FUNDS.

''The Secretary may accept transfers of funds from other Federal departments and agencies in order to carry out projects under this Act.''.

AMENDMENT NO. 3224

At the appropriate place, insert the following:

SEC. . ELIGIBILITY FOR GRANTS TO BROADCASTING SYSTEMS.

Section 310B(j) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(j)) is amended by striking ''SYSTEMS.—The'' and inserting the following: ''SYSTEMS.—

''(1) DEFINITION OF STATEWIDE.—In this subsection, the term 'statewide' means having a coverage area of not less than 90 percent of the population of a State and 90 percent of the rural land area of the State (as determined by the Secretary).

''(2) GRANTS.—The''.

SANTORUM (AND OTHERS) AMENDMENT NO. 3225

(Ordered to lie on the table.)

Mr. SANTORUM (for himself, Mr. BRADLEY, Mr. BROWN, Mr. SMITH, Mr. GREGG, and Mr. KYL) submitted an amendment intended to be proposed by them to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

Amend Section 106, Peanut Program, by:

(a) Striking paragraph (2) in subsection (a), Quota Peanuts, and inserting the following:

''(2) SUPPORT RATES.—

''(A) MAXIMUM LEVELS.—The national average quota support rate for each of the 1995 through 2000 crops of quota peanuts shall not be more than $610 per ton for the 1996 crop, $542 per ton for the 1997 crop, $509 per ton for the 1998 crop, $475 per ton for the 1999 and 2000 crops.

''(B) DISBURSEMENT.—The Secretary shall initially disburse only 90 percent of the price support loan level required under this paragraph to producers for the 1996 and 1997 crops, and 85 percent for the 1998 through 2000 crops and provide for the disbursement to producers at maturity of any balances due the producers on the loans that may remain to be settled at maturity. The remainder of the loans for each crop shall be applied to offset losses in pools under subsection (d), if the losses exist, and shall be paid to producers only after the losses are offset.''

''(C) NON-RECOURSE LOANS.—Notwithstanding any other provision of this Act, for the 2001 and 2002 crops of peanuts, the quota is eliminated and the Secretary shall offer to all peanut producers non-recourse loans at a level not to exceed 70 percent of the estimated market price anticipated peanut for each crop.

''(D) MARKET PRICE.—In estimating the market price for the 2001 and 2002 crops of peanuts, the Secretary shall consider the export prices of additional peanuts during the last 5 crop years for which price support was available for additional peanuts and prices for peanuts in overseas markets, but shall not base the non-recourse loan levels for 2001–2002 on quota or additional support rates established under this Act.

SANTORUM AMENDMENTS NOS. 3226–3228

(Ordered to lie on the table.)

Mr. SANTORUM submitted three amendments intended to be proposed by him to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra, as follows:

AMENDMENT NO. 3226

Amend Section 106, Peanut Program, to read as follows:

''SEC. 106. ELIMINATION OF QUOTA AND PRICE SUPPORT PROGRAMS FOR PEANUTS.

''(a) IN GENERAL.—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 peanuts by using the funds of the Commodity Credit Corporation or under the authority of any law.

''(b) MARKETING QUOTAS.—

''(1) IN GENERAL.—Part VI of subtitle B of title III of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1357 et seq.) is repealed.

''(2) CONFORMING AMENDMENTS.—

''(A) DEFINITIONS.—Section 301(b) of the Act (7 U.S.C. 1301(b)) is amended—

''(i) in paragraph (3)(A), by striking 'corn, rice and peanuts' and inserting 'corn and rice';

''(ii) in paragraph (6), by striking subparagraph (C);

''(iii) in paragraph (10)(A)—

''(I) by striking 'wheat, and peanuts' and inserting 'and wheat'; and

''(II) by striking '; 20 per centum in the case of wheat; and 15 per centum in the case of peanuts' and inserting '; and 20 percent in the case of wheat';

''(iv) in paragraph (13)—

''(I) by striking subparagraphs (B) and (C); and

''(II) in subparagraph (G), by striking 'or peanuts' both places it appears; and

''(v) in paragraph (16)(A), by striking 'rice, and peanuts' and inserting 'and rice'.

''(B) ADMINISTRATIVE PROVISIONS.—Section 361 of the Act (7 U.S.C. 1361) is amended by striking 'peanuts,'.

''(C) ADJUSTMENT OF QUOTAS.—Section 371 of the Act (7 U.S.C. 1371) is amended—

''(i) in the first sentence of subsection (a), by striking 'peanuts'; and

''(ii) in the first sentence of subsection (b), by striking 'peanuts'.

''(D) REPORTS AND RECORDS.—Section 373 of the Act (7 U.S.C. 1373) is amended—

''(i) in subsection (a), by striking the first sentence and inserting the following new sentence: 'This subsection shall apply to warehousemen, processors, and common carriers of corn, wheat, cotton, rice, or tobacco, and all ginners of cotton, all persons engaged in the business of purchasing corn, wheat, cotton, rice, or tobacco from producers, and all persons engaged in the business of redrying, prizing, or stemming tobacco for producers.'; and

''(ii) in subsection (b), by striking 'peanuts,'.

''(E) REGULATIONS.—Section 375(a) of the Act (7 U.S.C. 1375(a)) is amended by striking 'peanuts,'.

''(F) EMINENT DOMAIN.—The first sentence of section 378(c) of the Act (7 U.S.C. 1378(c)) is amended by striking 'cotton, tobacco, and peanuts,'' and inserting 'cotton and tobacco,'.

''(c) PRICE SUPPORT PROGRAM.—

''(1) PERMANENT PRICE SUPPORT.—Section 101(b) of the Agricultural Act of 1949 (7 U.S.C. 1441 et seq.) is amended by striking 'and peanuts'.

''(2) TEMPORARY PRICE SUPPORT.—Section 108, 108A, and 108B of the Act (7 U.S.C. 1445c through 1445c–3) are repealed.

''(3) CONFORMING AMENDMENTS.—

''(A) Section 301 of the Act (7 U.S.C. 1447) is amended by inserting after 'nonbasic agricultural commodity' the following: '(other than peanuts)'.

''(B) Section 408(c) of the Act (7 U.S.C. 1428(c)) is amended by striking 'peanuts,'.

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

''(d) LIABILITY.—A provision of this section or an amendment made by this section shall not affect the liability of any person under any provision of law as in effect before the application of the provision of this section or the amendment in accordance with subsection (d).

''(e) APPLICATION.—This section and the amendments made by this section shall apply beginning with the 1996 crop of peanuts.''

AMENDMENT NO. 3227

Amend Section 106, Peanut Program, to add a new subsection (j) to read as follows:

''(j) RESTORING THE DEMAND FOR U.S. PEANUTS.—

(1) IN GENERAL.—Notwithstanding any other provision of law, the Secretary shall endeavor to restore the demand for domestically produced peanuts in accordance with this subsection.

''(2) DOMESTIC MARKETING GOALS FOR PEANUTS PRODUCED IN THE UNITED STATES.—In order to restore the domestic demand for peanuts produced in the United States, the Secretary of Agriculture shall (i) permit increases in the quantity of non-quota peanuts grown in the United States to be sold for domestic human consumption; and (ii) reduce the national average quota price support level, whenever the Secretary estimates that the demand for domestically produced peanuts will fail to meet the following domestic peanut marketing goals:

Marketing years	Marketing goals for domestically produced peanuts
1996/1997	1.2 million tons
1997/1998	1.3 million tons
1998/1999	1.4 million tons
1999/2000	1.5 million tons
2000/2001	1.6 million tons
2001/2002	1.6 million tons

''(3) MARKETING NON-QUOTA PEANUTS.—In order to achieve the domestic marketing goals specified in paragraph (2), the Secretary shall, notwithstanding any other provision of law, set the national poundage quota for peanuts for the 1996/1997 marketing year at 1.2 million tons and shall, under regulations issued pursuant to this Act, permit the use for human consumption in the 1996/1997 marketing year of not less than 100,000 tons of non-quota or additional peanuts produced in the United States; and the Secretary shall, before each marketing year thereafter, in the event the marketing goal specified in paragraph (2) is not expected to be met during the marketing year, permit that quantity of non-quota or additional peanuts grown in the United States to be used domestically for human consumption that the Secretary estimates will be needed in any such marketing year to meet the domestic marketing goals specified in paragraph (2).

''(4) ADJUSTMENT OF POUNDAGE QUOTAS AND NATIONAL AVERAGE QUOTA PRICE SUPPORT LEVELS.—The national average quota support rate for quota peanuts shall be $610 per ton for the 1996 crop of quota peanuts. Whenever the Secretary establishes the national poundage quota for peanuts for the 1997 and ensuing crops covered by this Act, the Secretary shall (i) take into consideration the quantity of non-quota or additional peanuts produced in the United States to be used for human consumption under this Act to achieve the marketing goals specified in subsection (b), and shall for the 1997 crop of peanuts and each crop thereafter for which price support and marketing quotas are provided, reduce the national average level of price support for quota peanuts as the Secretary finds necessary to prevent losses to Commodity Credit Corporation in the event the Secretary estimates that the domestic marketing goals for the next marketing year will not be met.

''(5) FAILURE TO MEET MARKETING GOAL FOR DOMESTICALLY PRODUCED PEANUTS.—If the marketing goals for domestically produced peanuts are not achieved by the end of the last previous marketing year, the Secretary (i) shall, for the next succeeding marketing year, increase the quantity of non-quota or additional peanuts grown in the United States which he or she permitted to be used domestically for human consumption during the last previous marketing year by not less than a quantity of domestically produced non-quota or additional peanuts equal to the percentage by which the marketing goal for the last previous marketing year was not achieved; and (ii) shall also reduce the national average level of price support for quota peanuts by not less than a like percentage for the next succeeding crop of peanuts.''

AMENDMENT NO. 3228

At the end of the title relating to conservation, insert the following:

SEC. 356. FARMLAND PROTECTION.

(a) OPERATION OF PROGRAM THROUGH THE STATES.—Section 1231(a) of the Food Security Act of 1985 (16 U.S.C. 3831(a)) is amended—

(1) by striking ''(a) IN GENERAL.—Through the 1995 calendar year'' and inserting the following:

''(a) AUTHORIZATION.—

''(1) IN GENERAL.—Through the 2002 calendar year''; and

(2) by adding at the end the following:

''(2) FARMLAND PROTECTION.—With respect to land described in subsection (b)(5), the Secretary shall carry out the program through the States.''.

(b) ELIGIBLE LAND.—Section 1231(b) of the Food Security Act of 1985 (16 U.S.C. 3831(b)) is amended—

(1) by striking the period at the end of paragraph (4) and inserting ''; and''; and

(2) by adding at the end the following:

''(5) land with prime, unique, or other productive soil that is subject to a pending offer from a State or local government for the purchase of a conservation easement or other interest in the land for the purpose of protecting topsoil by limiting nonagricultural uses of the land, but any highly erodible cropland shall be subject to the requirements of a conservation plan, including, if required by the Secretary, the conversion of the land to less intensive uses.''.

(c) ENROLLMENT LIMITATIONS.—Section 1231(d) of the Food Security Act of 1985 (16 U.S.C. 3831(d)) is amended by inserting before the period at the end the following: '', of which not less than 170,000 nor more than 340,000 acres may be enrolled under subsection (b)(5)''.

(d) DUTIES OF OWNERS AND OPERATORS.—Section 1232 of the Food Security Act of 1985 (16 U.S.C. 3832) is amended by adding at the end the following:

''(f) LAND WITH PRIME, UNIQUE, OR OTHER PRODUCTIVE SOIL.—In the case of land enrolled in the conservation reserve under section 1231(b)(5), an owner or operator shall be permitted to use the land for any lawful agricultural purpose, subject to the conservation easement or other interest in land purchased by the State or local government and to any conservation plan required by the Secretary.''.

(e) DUTIES OF THE SECRETARY WITH RESPECT TO PAYMENTS.—Section 1233 of the Food Security Act of 1985 (16 U.S.C. 3833) is amended—

(1) by striking ''and'' at the end of paragraph (2);

(2) by striking the period at the end of paragraph (3) and inserting ''; and''; and

(3) by adding at the end the following:

''(4) in the case of a contract relating to land enrolled under section 1231(b)(5), pay up to 50 percent of the cost of limiting the nonagricultural use of land to protect the topsoil from urban development.''.

(f) ANNUAL RENTAL PAYMENTS.—Section 1234(c)(2) of the Food Security Act of 1985 (16 U.S.C. 3834(c)(2) is amended—

(1) by striking ''or'' at the end of subparagraph (A);

(2) by redesignating subparagraph (B) as subparagraph (C); and

(3) by inserting after subparagraph (A) the following:

''(B) in the case of a contract relating to land enrolled under section 1231(b)(5), determination of the fair market value of the conservation easement or other interest acquired multiplied by 50 percent.''.

DOMENICI AMENDMENTS NOS. 3229–3230

(Ordered to lie on the table.)

Mr. DOMENICI submitted two amendments intended to be proposed by him to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

AMENDMENT NO. 3229

On page 4–3, between lines 4 and 5, insert the following:

(c) CARRIED-OVER FUNDS.—20 percent of any commodity supplemental food program food funds carried over under section 5 of the Agriculture and Consumer Protection Act of 1973 (Public Law 93–86; 7 U.S.C. 612c note) shall be available for administrative expenses of the program.

AMENDMENT NO. 3230

At the end of the pending bill, insert the following new section:

SEC. . CARRIED-OVER FUNDS.—20 percent of any commodity supplemental food program food funds carried over under section 5 of the Agriculture and Consumer Protection Act of 1973 (Public Law 93–86; 7 U.S.C. 612c note) shall be available for administrative expenses of the program.

BROWN AMENDMENTS NOS. 3231–3232

(Order to lie on the table.)

Mr. BROWN submitted two amendments intended to be proposed by him to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

AMENDMENT NO. 3231

Beginning on page 1–58, strike line 7 and all that follows through page 1–60, line 25, and insert the following:

(2) FIRST PURCHASERS.—

(A) IN GENERAL.—Except as provided under paragraphs (4) and (5), the first purchaser of peanuts shall—

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

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

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

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

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

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

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

(3) ADDITIONAL MARKETING ASSESSMENT TO COVER EXPENSES OF THE SECRETARY.—In addition to the marketing assessment required under the other provisions of this subsection, the Secretary shall charge producers a marketing assessment applicable to each crop of peanuts to cover the costs of the salaries of the employees, and the expenses, of the Consolidated Farm Service Agency in carrying out the program established under this section.

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

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

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

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

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

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

AMENDMENT NO. 3232

On page 1–48, strike line 3 and insert the following 104(e) of the Act.

''(3) LIMITATION ON MAXIMUM INCOME.—

''(A) IN GENERAL.—None of the funds made available pursuant to this Act may be used to make any payment described in paragraph (1) or (2) to—

''(i) an individual with an annual net taxable income of more than $120,000; or

''(ii) any other person with an annual net taxable income of more than $5,000,000.

''(B) CERTIFICATION.—The Secretary of Agriculture shall annually certify to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate that no person receiving a payment referred to in subparagraph (A) had, in the previous tax year of the person, an annual net taxable income greater than the amount specified in subparagraph (A) with respect to the person.''.

BROWN AMENDMENTS NOS. 3233–3235

(Ordered to lie on the table.)

Mr. BROWN submitted three amendments intended to be proposed by him to the bill S. 1541, supra; as follows:

AMENDMENT NO. 3233

At the appropriate place, insert the following:

(a) None of the funds appropriated or made available to the Federal Drug Administration shall be used to operate the Board of Tea Experts and related activities.

(b) The Tea Importation Act (21 U.S.C. 41 et seq.) is repealed.

AMENDMENT NO. 3234

At the appropriate place in title I, insert the following:

SEC. . ADDITIONAL TOBACCO MARKETING ASSESSMENT TO COVER EXPENSES OF THE SECRETARY.

Section 315(g) of the Agricultural Adjustment Act of 1938 (as transferred and redesignated by section 19(b)(1)(A) is amended—

(1) by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively; and

(2) by inserting after paragraph (1) the following:

''(2) ADDITIONAL MARKETING ASSESSMENT TO COVER EXPENSES OF THE SECRETARY.—In addition to the marketing assessment required under paragraph (1), the Secretary shall charge producers, purchasers, and importers of tobacco a marketing assessment applicable to each crop of tobacco to cover the costs of the salaries of the employees, and the expenses, of the Consolidated Farm Service Agency in carrying out the program under this section.''.

AMENDMENT NO. 3235

At the appropriate place in this bill, insert the following:

ADDITIONAL MARKETING ASSESSMENT TO COVER EXPENSES OF THE SECRETARY.—In addition to the marketing assessment required under paragraph (1), the Secretary shall charge producers, purchasers, and importers of tobacco a marketing assessment applicable to each crop of tobacco to cover the costs of the salaries of the employees, and the expenses, of the Consolidated Farm Services Agency in carrying out the program under this section. The cost of the tobacco program shall not be offset by any revenues raised though tariffs imposed under the Uruguay Round Agreements Act (Public Law 103–465) on imports of tobacco or tobacco products into the United States.

HELMS AMENDMENTS NOS. 3236–3238

(Ordered to lie on the table.)

Mr. HELMS submitted three amendments intended to be proposed by him to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

AMENDMENT NO. 3236

On page 1–55, strike lines 4 through 23 and insert the following:

(3) OFFSET WITHIN AREA.—Further losses in an area quota pool shall be offset by any gains or profits from additional peanuts (other than separate type pools established under subsection (c)(2)(A) for Valencia peanuts produced in New Mexico) owned or controlled by the Commodity Credit Corporation in that area and sold for domestic edible use, in accordance with regulations issued by the Secretary.

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

(5) CROSS COMPLIANCE.—Further losses in area quota pools, other than losses incurred as a result of transfers from additional loan pools to quota loan pools under section 358–1(b)(8) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358–1(b)(8)), shall be offset by any gains or profits from quota pools in other production areas (other than separate type pools established under subsection (c)(2)(A) for Valencia peanuts produced in New Mexico) in such manner as the Secretary shall by regulation prescribe.

(6) OFFSET GENERALLY.—If losses in an area quota pool have not been entirely offset under paragraph (3), further losses shall be offset by any gains or profits from additional peanuts (other than separate type pools established under subsection (c)(2)(A) for Valencia peanuts produced in New Mexico)

owned or controlled by the Commodity Credit Corporation and sold for domestic edible use, in accordance with regulations issued by the Secretary.

(7) INCREASED ASSESSMENTS.—If use of the

AMENDMENT NO. 3237

On page 1–50, between lines 21 and 22, insert the following:

(5) REDUCTION FOR CERTAIN OFFERS FROM HANDLERS.—The Secretary shall reduce the loan rate for quota peanuts by 5 percent for any producer who had an offer from a handler, at the time and place of delivery, to purchase quota peanuts from the farm on which the peanuts were produced at a price equal to or greater than the applicable loan rate for quota peanuts.

AMENDMENT NO. 3238

On page 1–62, strike lines 4 and 5 and insert the following:

''through 2002 marketing years'';

(v) in subsection (b)(1), by adding at the end the following:

''(D) CERTAIN FARMS INELIGIBLE FOR QUOTA.—Effective beginning with the 1997 marketing year, the Secretary shall not establish a farm poundage quota under subparagraph (a) for a farm owned or controlled by—

''(i) a municipality, airport authority, school, college, refuge, or other public entity (other than a university used for research purposes); or

''(ii) a person who is not a producer and resides in another State.'';

(vi) in subsection (b)(2), by adding at the end the following:

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

(vii) in subsection (f), by striking

PRESSLER AMENDMENT NO. 3239

(Ordered to lie on the table.)

Mr. PRESSLER submitted an amendment intended to be proposed by him to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

On page 1–8, line 13, after ''was considered planted'', insert the following: ''(including, in the case of a beginning farmer (as defined by the Secretary), land that was used to build base acreage)''.

MOSELEY-BRAUN AMENDMENT NO. 3240

(Ordered to lie on the table.)

Ms. MOSELEY-BRAUN submitted an amendment intended to be proposed by her to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

At the appropriate place insert the following:

Amend language on oilseed loan rates as follows:

(A) SOYBEANS.—The loan rate for a marketing assistance loan for soybeans shall be—

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

(ii) not less than $4.92 or more than $5.26 per bushel.

(B) SUNFLOWER SEED, CANOLA, RAPESEED, SAFFLOWER, MUSTARD SEED, AND FLAXSEED.—The loan rate for a marketing assistance loan for sunflower seed, canola, rapeseed, safflower, mustard seed, and flaxseed, individually, shall be—

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

(ii) not less than $0.87 or more than $0.93 per pound.

(C) OTHER OILSEEDS.—The loan rates for a marketing assistance loan for other oilseeds shall be established to 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.

HATCH AMENDMENT NO. 3241

(Ordered to lie on the table.)

Mr. HATCH submitted an amendment intended to be proposed by him to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

On page 73, line 12, strike all of sec. 108 (page 75, line 7).

KENNEDY AMENDMENT NO. 3242

(Ordered to lie on the table.)

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

At the end of the amendment, add the following new title:

TITLE ____—HEALTH INSURANCE REFORM

SEC. ___01. SHORT TITLE.

This title may be cited as the ''Health Insurance Reform Act of 1996''.

SEC. ___02. DEFINITIONS.

As used in this title:

(1) BENEFICIARY.—The term ''beneficiary'' has the meaning given such term under section 3(8) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(8)).

(2) EMPLOYEE.—The term ''employee'' has the meaning given such term under section 3(6) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(6)).

(3) EMPLOYER.—The term ''employer'' has the meaning given such term under section 3(5) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(5)), except that such term shall include only employers of two or more employees.

(4) EMPLOYEE HEALTH BENEFIT PLAN.—

(A) IN GENERAL.—The term ''employee health benefit plan'' means any employee welfare benefit plan, governmental plan, or church plan (as defined under paragraphs (1), (32), and (33) of section 3 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002 (1), (32), and (33))) that provides or pays for health benefits (such as provider and hospital benefits) for participants and beneficiaries whether—

(i) directly;

(ii) through a group health plan offered by a health plan issuer as defined in paragraph (8); or

(iii) otherwise.

(B) RULE OF CONSTRUCTION.—An employee health benefit plan shall not be construed to be a group health plan, an individual health plan, or a health plan issuer.

(C) ARRANGEMENTS NOT INCLUDED.—Such term does not include the following, or any combination thereof:

(i) Coverage only for accident, or disability income insurance, or any combination thereof.

(ii) Medicare supplemental health insurance (as defined under section 1882(g)(1) of the Social Security Act).

(iii) Coverage issued as a supplement to liability insurance.

(iv) Liability insurance, including general liability insurance and automobile liability insurance.

(v) Workers compensation or similar insurance.

(vi) Automobile medical payment insurance.

(vii) Coverage for a specified disease or illness.

(viii) Hospital or fixed indemnity insurance.

(ix) Short-term limited duration insurance.

(x) Credit-only, dental-only, or vision-only insurance.

(xi) A health insurance policy providing benefits only for long-term care, nursing home care, home health care, community-based care, or any combination thereof.

(5) FAMILY.—

(A) IN GENERAL.—The term ''family'' means an individual, the individual's spouse, and the child of the individual (if any).

(B) CHILD.—For purposes of subparagraph (A), the term ''child'' means any individual who is a child within the meaning of section 151(c)(3) of the Internal Revenue Code of 1986.

(6) GROUP HEALTH PLAN.—

(A) IN GENERAL.—The term ''group health plan'' means any contract, policy, certificate or other arrangement offered by a health plan issuer to a group purchaser that provides or pays for health benefits (such as provider and hospital benefits) in connection with an employee health benefit plan.

(B) ARRANGEMENTS NOT INCLUDED.—Such term does not include the following, or any combination thereof:

(i) Coverage only for accident, or disability income insurance, or any combination thereof.

(ii) Medicare supplemental health insurance (as defined under section 1882(g)(1) of the Social Security Act).

(iii) Coverage issued as a supplement to liability insurance.

(iv) Liability insurance, including general liability insurance and automobile liability insurance.

(v) Workers compensation or similar insurance.

(vi) Automobile medical payment insurance.

(vii) Coverage for a specified disease or illness.

(viii) Hospital or fixed indemnity insurance.

(ix) Short-term limited duration insurance.

(x) Credit-only, dental-only, or vision-only insurance.

(xi) A health insurance policy providing benefits only for long-term care, nursing home care, home health care, community-based care, or any combination thereof.

(7) GROUP PURCHASER.—The term ''group purchaser'' means any person (as defined under paragraph (9) of section 3 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(9)) or entity that purchases or pays for health benefits (such as provider or hospital benefits) on behalf of two or more participants or beneficiaries in connection with an employee health benefit plan. A health plan purchasing cooperative

established under section ___41 shall not be considered to be a group purchaser.

(8) HEALTH PLAN ISSUER.—The term ''health plan issuer'' means any entity that is licensed (prior to or after the date of enactment of this Act) by a State to offer a group health plan or an individual health plan.

(9) PARTICIPANT.—The term ''participant'' has the meaning given such term under section 3(7) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(7)).

(10) PLAN SPONSOR.—The term ''plan sponsor'' has the meaning given such term under section 3(16)(B) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(16)(B)).

(11) SECRETARY.—The term ''Secretary'', unless specifically provided otherwise, means the Secretary of Labor.

(12) STATE.—The term ''State'' means each of the several States, the District of Columbia, Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.

Subtitle A—Health Care Access, Portability, and Renewability

CHAPTER 1—GROUP MARKET RULES

SEC. ___11. GUARANTEED AVAILABILITY OF HEALTH COVERAGE.

(a) IN GENERAL.—

(1) NONDISCRIMINATION.—Except as provided in subsection (b), section ___12 and section ___13—

(A) a health plan issuer offering a group health plan may not decline to offer whole group coverage to a group purchaser desiring to purchase such coverage; and

(B) an employee health benefit plan or a health plan issuer offering a group health plan may establish eligibility, continuation of eligibility, enrollment, or premium contribution requirements under the terms of such plan, except that such requirements shall not be based on health status, medical condition, claims experience, receipt of health care, medical history, evidence of insurability, or disability.

(2) HEALTH PROMOTION AND DISEASE PREVENTION.—Nothing in this subsection shall prevent an employee health benefit plan or a health plan issuer from establishing premium discounts or modifying otherwise applicable copayments or deductibles in return for adherence to programs of health promotion and disease prevention.

(b) APPLICATION OF CAPACITY LIMITS.—

(1) IN GENERAL.—Subject to paragraph (2), a health plan issuer offering a group health plan may cease offering coverage to group purchasers under the plan if—

(A) the health plan issuer ceases to offer coverage to any additional group purchasers; and

(B) the health plan issuer can demonstrate to the applicable certifying authority (as defined in section ___52(d)), if required, that its financial or provider capacity to serve previously covered participants and beneficiaries (and additional participants and beneficiaries who will be expected to enroll because of their affiliation with a group purchaser or such previously covered participants or beneficiaries) will be impaired if the health plan issuer is required to offer coverage to additional group purchasers.

Such health plan issuer shall be prohibited from offering coverage after a cessation in offering coverage under this paragraph for a 6-month period or until the health plan issuer can demonstrate to the applicable certifying authority (as defined in section ___52(d)) that the health plan issuer has adequate capacity, whichever is later.

(2) FIRST-COME-FIRST-SERVED.—A health plan issuer offering a group health plan is only eligible to exercise the limitations provided for in paragraph (1) if the health plan issuer offers coverage to group purchasers under such plan on a first-come-first-served basis or other basis established by a State to ensure a fair opportunity to enroll in the plan and avoid risk selection.

(c) CONSTRUCTION.—

(1) MARKETING OF GROUP HEALTH PLANS.—Nothing in this section shall be construed to prevent a State from requiring health plan issuers offering group health plans to actively market such plans.

(2) INVOLUNTARY OFFERING OF GROUP HEALTH PLANS.—Nothing in this section shall be construed to require a health plan issuer to involuntarily offer group health plans in a particular market. For the purposes of this paragraph, the term ''market'' means either the large employer market or the small employer market (as defined under applicable State law, or if not so defined, an employer with not more than 50 employees).

SEC. ___12. GUARANTEED RENEWABILITY OF HEALTH COVERAGE.

(a) IN GENERAL.—

(1) GROUP PURCHASER.—Subject to subsections (b) and (c), a group health plan shall be renewed or continued in force by a health plan issuer at the option of the group purchaser, except that the requirement of this subparagraph shall not apply in the case of—

(A) the nonpayment of premiums or contributions by the group purchaser in accordance with the terms of the group health plan or where the health plan issuer has not received timely premium payments;

(B) fraud or misrepresentation of material fact on the part of the group purchaser;

(C) the termination of the group health plan in accordance with subsection (b); or

(D) the failure of the group purchaser to meet contribution or participation requirements in accordance with paragraph (3).

(2) PARTICIPANT.—Subject to subsections (b) and (c), coverage under an employee health benefit plan or group health plan shall be renewed or continued in force, if the group purchaser elects to continue to provide coverage under such plan, at the option of the participant (or beneficiary where such right exists under the terms of the plan or under applicable law), except that the requirement of this paragraph shall not apply in the case of—

(A) the nonpayment of premiums or contributions by the participant or beneficiary in accordance with the terms of the employee health benefit plan or group health plan or where such plan has not received timely premium payments;

(B) fraud or misrepresentation of material fact on the part of the participant or beneficiary relating to an application for coverage or claim for benefits;

(C) the termination of the employee health benefit plan or group health plan;

(D) loss of eligibility for continuation coverage as described in part 6 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1161 et seq.); or

(E) failure of a participant or beneficiary to meet requirements for eligibility for coverage under an employee health benefit plan or group health plan that are not prohibited by this title.

(3) RULES OF CONSTRUCTION.—Nothing in this subsection, nor in section ___11(a), shall be construed to—

(A) preclude a health plan issuer from establishing employer contribution rules or group participation rules for group health plans as allowed under applicable State law;

(B) preclude a plan defined in section 3(37) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1102(37)) from establishing employer contribution rules or group participation rules; or

(C) permit individuals to decline coverage under an employee health benefit plan if such right is not otherwise available under such plan.

(b) TERMINATION OF GROUP HEALTH PLANS.—

(1) PARTICULAR TYPE OF GROUP HEALTH PLAN NOT OFFERED.—In any case in which a health plan issuer decides to discontinue offering a particular type of group health plan, a group health plan of such type may be discontinued by the health plan issuer only if—

(A) the health plan issuer provides notice to each group purchaser covered under a group health plan of this type (and participants and beneficiaries covered under such group health plan) of such discontinuation at least 90 days prior to the date of the discontinuation of such plan;

(B) the health plan issuer offers to each group purchaser covered under a group health plan of this type, the option to purchase any other group health plan currently being offered by the health plan issuer; and

(C) in exercising the option to discontinue a group health plan of this type and in offering one or more replacement plans, the health plan issuer acts uniformly without regard to the health status or insurability of participants or beneficiaries covered under the group health plan, or new participants or beneficiaries who may become eligible for coverage under the group health plan.

(2) DISCONTINUANCE OF ALL GROUP HEALTH PLANS.—

(A) IN GENERAL.—In any case in which a health plan issuer elects to discontinue offering all group health plans in a State, a group health plan may be discontinued by the health plan issuer only if—

(i) the health plan issuer provides notice to the applicable certifying authority (as defined in section ___52(d)) and to each group purchaser (and participants and beneficiaries covered under such group health plan) of such discontinuation at least 180 days prior to the date of the expiration of such plan; and

(ii) all group health plans issued or delivered for issuance in the State are discontinued and coverage under such plans is not renewed.

(B) APPLICATION OF PROVISIONS.—The provisions of this paragraph and paragraph (3) may be applied separately by a health plan issuer—

(i) to all group health plans offered to small employers (as defined under applicable State law, or if not so defined, an employer with not more than 50 employees); or

(ii) to all other group health plans offered by the health plan issuer in the State.

(3) PROHIBITION ON MARKET REENTRY.—In the case of a discontinuation under paragraph (2), the health plan issuer may not provide for the issuance of any group health plan in the market sector (as described in paragraph (2)(B)) in which issuance of such group health plan was discontinued in the State involved during the 5-year period beginning on the date of the discontinuation of the last group health plan not so renewed.

(c) TREATMENT OF NETWORK PLANS.—

(1) GEOGRAPHIC LIMITATIONS.—A network plan (as defined in paragraph (2)) may deny continued participation under such plan to participants or beneficiaries who neither live, reside, nor work in an area in which such network plan is offered, but only if such denial is applied uniformly, without regard to health status or the insurability of particular participants or beneficiaries.

(2) NETWORK PLAN.—As used in paragraph (1), the term ''network plan'' means an employee health benefit plan or a group health

plan that arranges for the financing and delivery of health care services to participants or beneficiaries covered under such plan, in whole or in part, through arrangements with providers.

(d) COBRA COVERAGE.—Nothing in subsection (a)(2)(E) or subsection (c) shall be construed to affect any right to COBRA continuation coverage as described in part 6 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1161 et seq.).

SEC. ___13. PORTABILITY OF HEALTH COVERAGE AND LIMITATION ON PREEXISTING CONDITION EXCLUSIONS.

(a) IN GENERAL.—An employee health benefit plan or a health plan issuer offering a group health plan may impose a limitation or exclusion of benefits relating to treatment of a preexisting condition based on the fact that the condition existed prior to the coverage of the participant or beneficiary under the plan only if—

(1) the limitation or exclusion extends for a period of not more than 12 months after the date of enrollment in the plan;

(2) the limitation or exclusion does not apply to an individual who, within 30 days of the date of birth or placement for adoption (as determined under section 609(c)(3)(B) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1169(c)(3)(B)), was covered under the plan; and

(3) the limitation or exclusion does not apply to a pregnancy.

(b) CREDITING OF PREVIOUS QUALIFYING COVERAGE.—

(1) IN GENERAL.—Subject to paragraph (4), an employee health benefit plan or a health plan issuer offering a group health plan shall provide that if a participant or beneficiary is in a period of previous qualifying coverage as of the date of enrollment under such plan, any period of exclusion or limitation of coverage with respect to a preexisting condition shall be reduced by 1 month for each month in which the participant or beneficiary was in the period of previous qualifying coverage. With respect to an individual described in subsection (a)(2) who maintains continuous coverage, no limitation or exclusion of benefits relating to treatment of a preexisting condition may be applied to a child within the child's first 12 months of life or within 12 months after the placement of a child for adoption.

(2) DISCHARGE OF DUTY.—An employee health benefit plan shall provide documentation of coverage to participants and beneficiaries whose coverage is terminated under the plan. Pursuant to regulations promulgated by the Secretary, the duty of an employee health benefit plan to verify previous qualifying coverage with respect to a participant or beneficiary is effectively discharged when such employee health benefit plan provides documentation to a participant or beneficiary that includes the following information:

(A) the dates that the participant or beneficiary was covered under the plan; and

(B) the benefits and cost-sharing arrangement available to the participant or beneficiary under such plan.

An employee health benefit plan shall retain the documentation provided to a participant or beneficiary under subparagraphs (A) and (B) for at least the 12-month period following the date on which the participant or beneficiary ceases to be covered under the plan. Upon request, an employee health benefit plan shall provide a second copy of such documentation to such participant or beneficiary within the 12-month period following the date of such ineligibility.

(3) DEFINITIONS.—As used in this section:

(A) PREVIOUS QUALIFYING COVERAGE.—The term ''previous qualifying coverage'' means the period beginning on the date—

(i) a participant or beneficiary is enrolled under an employee health benefit plan or a group health plan, and ending on the date the participant or beneficiary is not so enrolled; or

(ii) an individual is enrolled under an individual health plan (as defined in section ___23) or under a public or private health plan established under Federal or State law, and ending on the date the individual is not so enrolled;

for a continuous period of more than 30 days (without regard to any waiting period).

(B) LIMITATION OR EXCLUSION OF BENEFITS RELATING TO TREATMENT OF A PREEXISTING CONDITION.—The term ''limitation or exclusion of benefits relating to treatment of a preexisting condition'' means a limitation or exclusion of benefits imposed on an individual based on a preexisting condition of such individual.

(4) EFFECT OF PREVIOUS COVERAGE.—An employee health benefit plan or a health plan issuer offering a group health plan may impose a limitation or exclusion of benefits relating to the treatment of a preexisting condition, subject to the limits in subsection (a)(1), only to the extent that such service or benefit was not previously covered under the group health plan, employee health benefit plan, or individual health plan in which the participant or beneficiary was enrolled immediately prior to enrollment in the plan involved.

(c) LATE ENROLLEES.—Except as provided in section ___14, with respect to a participant or beneficiary enrolling in an employee health benefit plan or a group health plan during a time that is other than the first opportunity to enroll during an enrollment period of at least 30 days, coverage with respect to benefits or services relating to the treatment of a preexisting condition in accordance with subsections (a) and (b) may be excluded, except the period of such exclusion may not exceed 18 months beginning on the date of coverage under the plan.

(d) AFFILIATION PERIODS.—With respect to a participant or beneficiary who would otherwise be eligible to receive benefits under an employee health benefit plan or a group health plan but for the operation of a preexisting condition limitation or exclusion, if such plan does not utilize a limitation or exclusion of benefits relating to the treatment of a preexisting condition, such plan may impose an affiliation period on such participant or beneficiary not to exceed 60 days (or in the case of a late participant or beneficiary described in subsection (c), 90 days) from the date on which the participant or beneficiary would otherwise be eligible to receive benefits under the plan. An employee health benefit plan or a health plan issuer offering a group health plan may also use alternative methods to address adverse selection as approved by the applicable certifying authority (as defined in section ___52(d)). During such an affiliation period, the plan may not be required to provide health care services or benefits and no premium shall be charged to the participant or beneficiary.

(e) PREEXISTING CONDITION.—For purposes of this section, the term ''preexisting condition'' means a condition, regardless of the cause of the condition, for which medical advice, diagnosis, care, or treatment was recommended or received within the 6-month period ending on the day before the effective date of the coverage (without regard to any waiting period).

(f) STATE FLEXIBILITY.—Nothing in this section shall be construed to preempt State laws that —

(1) require health plan issuers to impose a limitation or exclusion of benefits relating to the treatment of a preexisting condition for periods that are shorter than those provided for under this section; or

(2) allow individuals, participants, and beneficiaries to be considered to be in a period of previous qualifying coverage if such individual, participant, or beneficiary experiences a lapse in coverage that is greater than the 30-day period provided for under subsection (b)(3);

unless such laws are preempted by section 514 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1144).

SEC. ___14. SPECIAL ENROLLMENT PERIODS.

In the case of a participant, beneficiary or family member who—

(1) through marriage, separation, divorce, death, birth or placement of a child for adoption, experiences a change in family composition affecting eligibility under a group health plan, individual health plan, or employee health benefit plan;

(2) experiences a change in employment status, as described in section 603(2) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1163(2)), that causes the loss of eligibility for coverage, other than COBRA continuation coverage under a group health plan, individual health plan, or employee health benefit plan; or

(3) experiences a loss of eligibility under a group health plan, individual health plan, or employee health benefit plan because of a change in the employment status of a family member;

each employee health benefit plan and each group health plan shall provide for a special enrollment period extending for a reasonable time after such event that would permit the participant to change the individual or family basis of coverage or to enroll in the plan if coverage would have been available to such individual, participant, or beneficiary but for failure to enroll during a previous enrollment period. Such a special enrollment period shall ensure that a child born or placed for adoption shall be deemed to be covered under the plan as of the date of such birth or placement for adoption if such child is enrolled within 30 days of the date of such birth or placement for adoption.

SEC. ___15. DISCLOSURE OF INFORMATION.

(a) DISCLOSURE OF INFORMATION BY HEALTH PLAN ISSUERS.—

(1) IN GENERAL.—In connection with the offering of any group health plan to a small employer (as defined under applicable State law, or if not so defined, an employer with not more than 50 employees), a health plan issuer shall make a reasonable disclosure to such employer, as part of its solicitation and sales materials, of—

(A) the provisions of such group health plan concerning the health plan issuer's right to change premium rates and the factors that may affect changes in premium rates;

(B) the provisions of such group health plan relating to renewability of coverage;

(C) the provisions of such group health plan relating to any preexisting condition provision; and

(D) descriptive information about the benefits and premiums available under all group health plans for which the employer is qualified.

Information shall be provided to small employers under this paragraph in a manner determined to be understandable by the average small employer, and shall be sufficiently accurate and comprehensive to reasonably inform small employers, participants and beneficiaries of their rights and obligations under the group health plan.

(2) EXCEPTION.—With respect to the requirement of paragraph (1), any information that is proprietary and trade secret information under applicable law shall not be subject to the disclosure requirements of such paragraph.

(3) CONSTRUCTION.—Nothing in this subsection shall be construed to preempt State reporting and disclosure requirements to the extent that such requirements are not preempted under section 514 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1144).

(b) DISCLOSURE OF INFORMATION TO PARTICIPANTS AND BENEFICIARIES.—

(1) IN GENERAL.—Section 104(b)(1) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1024(b)(1)) is amended in the matter following subparagraph (B)—

(A) by striking ''102(a)(1),'' and inserting ''102(a)(1) that is not a material reduction in covered services or benefits provided,''; and

(B) by adding at the end thereof the following new sentences: ''If there is a modification or change described in section 102(a)(1) that is a material reduction in covered services or benefits provided, a summary description of such modification or change shall be furnished to participants not later than 60 days after the date of the adoption of the modification or change. In the alternative, the plan sponsors may provide such description at regular intervals of not more than 90 days. The Secretary shall issue regulations within 180 days after the date of enactment of the Health Insurance Reform Act of 1996, providing alternative mechanisms to delivery by mail through which employee health benefit plans may notify participants of material reductions in covered services or benefits.''.

(2) PLAN DESCRIPTION AND SUMMARY.—Section 102(b) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1022(b)) is amended—

(A) by inserting ''including the office or title of the individual who is responsible for approving or denying claims for coverage of benefits'' after ''type of administration of the plan'';

(B) by inserting ''including the name of the organization responsible for financing claims'' after ''source of financing of the plan''; and

(C) by inserting ''including the office, contact, or title of the individual at the Department of Labor through which participants may seek assistance or information regarding their rights under this Act and the Health Insurance Reform Act of 1996 with respect to health benefits that are not offered through a group health plan.'' after ''benefits under the plan''.

CHAPTER 2—INDIVIDUAL MARKET RULES

SEC. ___20. INDIVIDUAL HEALTH PLAN PORTABILITY.

(a) LIMITATION ON REQUIREMENTS.—

(1) IN GENERAL.—With respect to an individual desiring to enroll in an individual health plan, if such individual is in a period of previous qualifying coverage (as defined in section ___13(b)(3)(A)(i)) under one or more group health plans or employee health benefit plans that commenced 18 or more months prior to the date on which such individual desires to enroll in the individual plan, a health plan issuer described in paragraph (3) may not decline to offer coverage to such individual, impose a new period of exclusion or limitation of coverage with repsect to a preexisting condition (as defined in section ___13(e)), or deny enrollment to such individual based on the health status, medical condition, claims experience, receipt of health care, medical history, evidence of insurability, or disability of the individual, except as described in subsections (b) and (c).

(2) HEALTH PROMOTION AND DISEASE PREVENTION.—Nothing in this subsection shall be construed to prevent a health plan issuer offering an individual health plan from establishing premium discounts or modifying otherwise applicable copayments or deductibles in return for adherence to programs of health promotion or disease prevention.

(3) HEALTH PLAN ISSUER.—A health plan issuer described in this paragraph is a health plan issuer that issues or renews individual health plans.

(4) PREMIUMS.—Nothing in this subsection shall be construed to affect the determination of a health plan issuer as to the amount of the premium payable under an individual health plan under applicable State law.

(b) ELIGIBILITY FOR OTHER GROUP COVERAGE.—The provisions of subsection (a) shall not apply to an individual who is eligible for coverage under a group health plan or an employee health benefit plan, or who has had coverage terminated under a group health plan or employee health benefit plan for failure to make required premium payments or contributions, or for fraud or misrepresentation of material fact, or who is otherwise eligible for continuation coverage as described in part 6 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1161 et seq.) or under an equivalent State program.

(c) APPLICATION OF CAPACITY LIMITS.—

(1) IN GENERAL.—Subject to paragraph (2), a health plan issuer offering coverage to individuals under an individual health plan may cease enrolling individuals under the plan if—

(A) the health plan issuer ceases to enroll any new individuals; and

(B) the health plan issuer can demonstrate to the applicable certifying authority (as defined in section ___52(d)), if required, that its financial or provider capacity to serve previously covered individuals will be impaired if the health plan issuer is required to enroll additional individuals.

Such a health plan issuer shall be prohibited from offering coverage after a cessation in offering coverage under this paragraph for a 6-month period or until the health plan issuer can demonstrate to the applicable certifying authority (as defined in section ___52(d)) that the health plan issuer has adequate capacity, whichever is later.

(2) FIRST-COME-FIRST-SERVED.—A health plan issuer offering coverage to individuals under an individual health plan is only eligible to exercise the limitations provided for in paragraph (1) if the health plan issuer provides for enrollment of individuals under such plan on a first-come-first-served basis or other basis established by a State to ensure a fair opportunity to enroll in the plan and avoid risk selection.

(d) MARKET REQUIREMENTS.—

(1) IN GENERAL.—The provisions of subsection (a) shall not be construed to require that a health plan issuer offering group health plans to group purchasers offer individual health plans to individuals.

(2) CONVERSION POLICIES.—A health plan issuer offering group health plans to group purchasers under this title shall not be deemed to be a health plan issuer offering an individual health plan solely because such health plan issuer offers a conversion policy.

(3) MARKETING OF PLANS.—Nothing in this section shall be construed to prevent a State from requiring health plan issuers offering coverage to individuals under an individual health plan to actively market such plan.

SEC. ___21. GUARANTEED RENEWABILITY OF INDIVIDUAL HEALTH COVERAGE.

(a) IN GENERAL.—Subject to subsections (b) and (c), coverage for individuals under an individual health plan shall be renewed or continued in force by a health plan issuer at the option of the individual, except that the requirement of this subsection shall not apply in the case of—

(1) the nonpayment of premiums or contributions by the individual in accordance with the terms of the individual health plan or where the health plan issuer has not received timely premium payments;

(2) fraud or misrepresentation of material fact on the part of the individual; or

(3) the termination of the individual health plan in accordance with subsection (b).

(b) TERMINATION OF INDIVIDUAL HEALTH PLANS.—

(1) PARTICULAR TYPE OF INDIVIDUAL HEALTH PLAN NOT OFFERED.—In any case in which a health plan issuer decides to discontinue offering a particular type of individual health plan to individuals, an individual health plan may be discontinued by the health plan issuer only if—

(A) the health plan issuer provides notice to each individual covered under the plan of such discontinuation at least 90 days prior to the date of the expiration of the plan;

(B) the health plan issuer offers to each individual covered under the plan the option to purchase any other individual health plan currently being offered by the health plan issuer to individuals; and

(C) in exercising the option to discontinue the individual health plan and in offering one or more replacement plans, the health plan issuer acts uniformly without regard to the health status or insurability of particular individuals.

(2) DISCONTINUANCE OF ALL INDIVIDUAL HEALTH PLANS.—In any case in which a health plan issuer elects to discontinue all individual health plans in a State, an individual health plan may be discontinued by the health plan issuer only if—

(A) the health plan issuer provides notice to the applicable certifying authority (as defined in section ___52(d)) and to each individual covered under the plan of such discontinuation at least 180 days prior to the date of the discontinuation of the plan; and

(B) all individual health plans issued or delivered for issuance in the State are discontinued and coverage under such plans is not renewed.

(3) PROHIBITION ON MARKET REENTRY.—In the case of a discontinuation under paragraph (2), the health plan issuer may not provide for the issuance of any individual health plan in the State involved during the 5-year period beginning on the date of the discontinuation of the last plan not so renewed.

(c) TREATMENT OF NETWORK PLANS.—

(1) GEOGRAPHIC LIMITATIONS.—A health plan issuer which offers a network plan (as defined in paragraph (2)) may deny continued participation under the plan to individuals who neither live, reside, nor work in an area in which the individual health plan is offered, but only if such denial is applied uniformly, without regard to health status or the insurability of particular individuals.

(2) NETWORK PLAN.—As used in paragraph (1), the term ''network plan'' means an individual health plan that arranges for the financing and delivery of health care services to individuals covered under such health plan, in whole or in part, through arrangements with providers.

SEC. ___22. STATE FLEXIBILITY IN INDIVIDUAL MARKET REFORMS.

(a) IN GENERAL.—With respect to any State law with respect to which the Governor of the State notifies the Secretary of Health and Human Services that such State law will achieve the goals of sections ___20 and ___21, and that is in effect on, or enacted after, the date of enactment of this Act (such as laws providing for guaranteed issue, open

enrollment by one or more health plan issuers, high-risk pools, or mandatory conversion policies), such State law shall apply in lieu of the standards described in sections ___20 and ___21 unless the Secretary of Health and Human Services determines, after considering the criteria described in subsection (b)(1), in consultation with the Governor and Insurance Commissioner or chief insurance regulatory official of the State, that such State law does not achieve the goals of providing access to affordable health care coverage for those individuals described in sections ___20 and ___21.

(b) DETERMINATION.—

(1) IN GENERAL.—In making a determination under subsection (a), the Secretary of Health and Human Services shall only—

(A) evaluate whether the State law or program provides guaranteed access to affordable coverage to individuals described in sections ___20 and ___21;

(B) evaluate whether the State law or program provides coverage for preexisting conditions (as defined in section ___13(e)) that were covered under the individuals' previous group health plan or employee health benefit plan for individuals described in sections ___20 and ___21;

(C) evaluate whether the State law or program provides individuals described in sections ___20 and ___21 with a choice of health plans or a health plan providing comprehensive coverage; and

(D) evaluate whether the application of the standards described in sections ___20 and ___21 will have an adverse impact on the number of individuals in such State having access to affordable coverage.

(2) NOTICE OF INTENT.—If, within 6 months after the date of enactment of this Act, the Governor of a State notifies the Secretary of Health and Human Services that the State intends to enact a law, or modify an existing law, described in subsection (a), the Secretary of Health and Human Services may not make a determination under such subsection until the expiration of the 12-month period beginning on the date on which such notification is made, or until January 1, 1997, whichever is later. With respect to a State that provides notice under this paragraph and that has a legislature that does not meet within the 12-month period beginning on the date of enactment of this Act, the Secretary shall not make a determination under subsection (a) prior to January 1, 1998.

(3) NOTICE TO STATE.—If the Secretary of Health and Human Services determines that a State law or program does not achieve the goals described in subsection (a), the Secretary of Health and Human Services shall provide the State with adequate notice and reasonable opportunity to modify such law or program to achieve such goals prior to making a final determination under subsection (a).

(c) ADOPTION OF NAIC MODEL.—If, not later than 9 months after the date of enactment of this Act—

(1) the National Association of Insurance Commissioners (hereafter referred to as the ''NAIC''), through a process which the Secretary of Health and Human Services determines has included consultation with representatives of the insurance industry and consumer groups, adopts a model standard or standards for reform of the individual health insurance market; and

(2) the Secretary of Health and Human Services determines, within 30 days of the adoption of such NAIC standard or standards, that such standards comply with the goals of sections ___20 and ___21;

a State that elects to adopt such model standards or substantially adopt such model standards shall be deemed to have met the requirements of sections ___20 and ___21 and shall not be subject to a determination under subsection (a).

SEC. ___23. DEFINITION.

(a) IN GENERAL.—As used in this subtitle, the term ''individual health plan'' means any contract, policy, certificate or other arrangement offered to individuals by a health plan issuer that provides or pays for health benefits (such as provider and hospital benefits) and that is not a group health plan under section ___02(6).

(b) ARRANGEMENTS NOT INCLUDED.—Such term does not include the following, or any combination thereof:

(1) Coverage only for accident, or disability income insurance, or any combination thereof.

(2) Medicare supplemental health insurance (as defined under section 1882(g)(1) of the Social Security Act).

(3) Coverage issued as a supplement to liability insurance.

(4) Liability insurance, including general liability insurance and automobile liability insurance.

(5) Workers' compensation or similar insurance.

(6) Automobile medical payment insurance.

(7) Coverage for a specified disease or illness.

(8) Hospital or fixed indemnity insurance.

(9) Short-term limited duration insurance.

(10) Credit-only, dental-only, or vision-only insurance.

(11) A health insurance policy providing benefits only for long-term care, nursing home care, home health care, community-based care, or any combination thereof.

CHAPTER 3—COBRA CLARIFICATIONS

SEC. ___31. COBRA CLARIFICATIONS.

(a) PUBLIC HEALTH SERVICE ACT.—

(1) PERIOD OF COVERAGE.—Section 2202(2) of the Public Health Service Act (42 U.S.C. 300bb–2(2)) is amended—

(A) in subparagraph (A)—

(i) by transferring the sentence immediately preceding clause (iv) so as to appear immediately following such clause (iv); and

(ii) in the last sentence (as so transferred)—

(I) by inserting '', or a beneficiary-family member of the individual,'' after ''an individual''; and

(II) by striking ''at the time of a qualifying event described in section 2203(2)'' and inserting ''at any time during the initial 18-month period of continuing coverage under this title'';

(B) in subparagraph (D)(i), by inserting before '', or'' the following: '', except that the exclusion or limitation contained in this clause shall not be considered to apply to a plan under which a preexisting condition or exclusion does not apply to an individual otherwise eligible for continuation coverage under this section because of the provision of the Health Insurance Reform Act of 1996''; and

(C) in subparagraph (E), by striking ''at the time of a qualifying event described in section 2203(2)'' and inserting ''at any time during the initial 18-month period of continuing coverage under this title''.

(2) ELECTION.—Section 2205(1)(C) of the Public Health Service Act (42 U.S.C. 300bb-5(1)(C)) is amended—

(A) in clause (i), by striking ''or'' at the end thereof;

(B) in clause (ii), by striking the period and inserting '', or''; and

(C) by adding at the end thereof the following new clause:

''(iii) in the case of an individual described in the last sentence of section 2202(2)(A), or a beneficiary-family member of the individual, the date such individual is determined to have been disabled.''.

(3) NOTICES.—Section 2206(3) of the Public Health Service Act (42 U.S.C. 300bb–6(3)) is amended by striking ''at the time of a qualifying event described in section 2203(2)'' and inserting ''at any time during the initial 18-month period of continuing coverage under this title''.

(4) BIRTH OR ADOPTION OF A CHILD.—Section 2208(3)(A) of the Public Health Service Act (42 U.S.C. 300bb–8(3)(A)) is amended by adding at the end thereof the following new flush sentence:

''Such term shall also include a child who is born to or placed for adoption with the covered employee during the period of continued coverage under this title.''.

(b) EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—

(1) PERIOD OF COVERAGE.—Section 602(2) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1162(2)) is amended—

(A) in the last sentence of subparagraph (A)—

(i) by inserting '', or a beneficiary-family member of the individual,'' after ''an individual''; and

(ii) by striking ''at the time of a qualifying event described in section 603(2)'' and inserting ''at any time during the initial 18-month period of continuing coverage under this part'';

(B) in subparagraph (D)(i), by inserting before '', or'' the following: '', except that the exclusion or limitation contained in this clause shall not be considered to apply to a plan under which a preexisting condition or exclusion does not apply to an individual otherwise eligible for continuation coverage under this section because of the provision of the Health Insurance Reform Act of 1996''; and

(C) in subparagraph (E), by striking ''at the time of a qualifying event described in section 603(2)'' and inserting ''at any time during the initial 18-month period of continuing coverage under this part''.

(2) ELECTION.—Section 605(1)(C) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1165(1)(C)) is amended—

(A) in clause (i), by striking ''or'' at the end thereof;

(B) in clause (ii), by striking the period and inserting '', or''; and

(C) by adding at the end thereof the following new clause:

''(iii) in the case of an individual described in the last sentence of section 602(2)(A), or a beneficiary-family member of the individual, the date such individual is determined to have been disabled.''.

(3) NOTICES.—Section 606(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1166(3)) is amended by striking ''at the time of a qualifying event described in section 603(2)'' and inserting ''at any time during the initial 18-month period of continuing coverage under this part''.

(4) BIRTH OR ADOPTION OF A CHILD.—Section 607(3)(A) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1167(3)) is amended by adding at the end thereof the following new flush sentence:

''Such term shall also include a child who is born to or placed for adoption with the covered employee during the period of continued coverage under this part.''.

(c) INTERNAL REVENUE CODE OF 1986.—

(1) PERIOD OF COVERAGE.—Section 4980B(f)(2)(B) of the Internal Revenue Code of 1986 is amended—

(A) in the last sentence of clause (i) by striking ''at the time of a qualifying event described in paragraph (3)(B)'' and inserting ''at any time during the initial 18-month period of continuing coverage under this section'';

(B) in clause (iv)(I), by inserting before '', or'' the following: '', except that the exclusion or limitation contained in this subclause shall not be considered to apply to a plan under which a preexisting condition or exclusion does not apply to an individual otherwise eligible for continuation coverage under this subsection because of the provision of the Health Insurance Reform Act of 1996''; and

(C) in clause (v), by striking ''at the time of a qualifying event described in paragraph (3)(B)'' and inserting ''at any time during the initial 18-month period of continuing coverage under this section''.

(2) ELECTION.—Section 4980B(f)(5)(A)(iii) of the Internal Revenue Code of 1986 is amended—

(A) in subclause (I), by striking ''or'' at the end thereof;

(B) in subclause (II), by striking the period and inserting '', or''; and

(C) by adding at the end thereof the following new subclause:

''(III) in the case of an qualified beneficiary described in the last sentence of paragraph (2)(B)(i), the date such individual is determined to have been disabled.''.

(3) NOTICES.—Section 4980B(f)(6)(C) of the Internal Revenue Code of 1986 is amended by striking ''at the time of a qualifying event described in paragraph (3)(B)'' and inserting ''at any time during the initial 18-month period of continuing coverage under this section''.

(4) BIRTH OR ADOPTION OF A CHILD.—Section 4980B(g)(1)(A) of the Internal Revenue Code of 1986 is amended by adding at the end thereof the following new flush sentence:

''Such term shall also include a child who is born to or placed for adoption with the covered employee during the period of continued coverage under this section.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to qualifying events occurring on or after the date of the enactment of this Act for plan years beginning after December 31, 1996.

(e) NOTIFICATION OF CHANGES.—Not later than 60 days prior to the date on which this section becomes effective, each group health plan (covered under title XXII of the Public Health Service Act, part 6 of subtitle B of title I of the Employee Retirement Income Security Act of 1974, and section 4980B(f) of the Internal Revenue Code of 1986) shall notify each qualified beneficiary who has elected continuation coverage under such title, part or section of the amendments made by this section.

CHAPTER 4—PRIVATE HEALTH PLAN PURCHASING COOPERATIVES

SEC. ___41. PRIVATE HEALTH PLAN PURCHASING COOPERATIVES.

(a) DEFINITION.—As used in this title, the term ''health plan purchasing cooperative'' means a group of individuals or employers that, on a voluntary basis and in accordance with this section, form a cooperative for the purpose of purchasing individual health plans or group health plans offered by health plan issuers. A health plan issuer, agent, broker or any other individual or entity engaged in the sale of insurance may not underwrite a cooperative.

(b) CERTIFICATION.—

(1) IN GENERAL.—If a group described in subsection (a), desires to form a health plan purchasing cooperative in accordance with this section and such group appropriately notifies the State and the Secretary of such desire, the State, upon a determination that such group meets the requirements of this section, shall certify the group as a health plan purchasing cooperative. The State shall make a determination of whether such group meets the requirements of this section in a timely fashion. Each such cooperative shall also be registered with the Secretary.

(2) STATE REFUSAL TO CERTIFY.—If a State fails to implement a program for certifying health plan purchasing cooperatives in accordance with the standards under this title, the Secretary shall certify and oversee the operations of such cooperatives in such State.

(3) INTERSTATE COOPERATIVES.—For purposes of this section, a health plan purchasing cooperative operating in more than one State shall be certified by the State in which the cooperative is domiciled. States may enter into cooperative agreements for the purpose of certifying and overseeing the operation of such cooperatives. For purposes of this subsection, a cooperative shall be considered to be domiciled in the State in which most of the members of the cooperative reside.

(c) BOARD OF DIRECTORS.—

(1) IN GENERAL.—Each health plan purchasing cooperative shall be governed by a Board of Directors that shall be responsible for ensuring the performance of the duties of the cooperative under this section. The Board shall be composed of a broad cross-section of representatives of employers, employees, and individuals participating in the cooperative. A health plan issuer, agent, broker or any other individual or entity engaged in the sale of individual health plans or group health plans may not hold or control any right to vote with respect to a cooperative.

(2) LIMITATION ON COMPENSATION.—A health plan purchasing cooperative may not provide compensation to members of the Board of Directors. The cooperative may provide reimbursements to such members for the reasonable and necessary expenses incurred by the members in the performance of their duties as members of the Board.

(3) CONFLICT OF INTEREST.—No member of the Board of Directors (or family members of such members) nor any management personnel of the cooperative may be employed by, be a consultant for, be a member of the board of directors of, be affiliated with an agent of, or otherwise be a representative of any health plan issuer, health care provider, or agent or broker. Nothing in the preceding sentence shall limit a member of the Board from purchasing coverage offered through the cooperative. This paragraph shall not apply to any management personnel who is not employed by, or getting any remuneration from, a health plan issuer offering a group health or individual health plan, but who, as a result of performing marketing functions as required under subsection (e)(1)(E), is mandated by State law to be licensed as an agent or broker.

(d) MEMBERSHIP AND MARKETING AREA.—

(1) MEMBERSHIP.—A health plan purchasing cooperative may establish limits on the maximum size of employers who may become members of the cooperative, and may determine whether to permit individuals to become members. Upon the establishment of such membership requirements, the cooperative shall, except as provided in subparagraph (B), accept all employers (or individuals) residing within the area served by the cooperative who meet such requirements as members on a first come, first-served basis, or on another basis established by the State to ensure equitable access to the cooperative.

(2) MARKETING AREA.—A State may establish rules regarding the geographic area that must be served by a health plan purchasing cooperative. With respect to a State that has not established such rules, a health plan purchasing cooperative operating in the State shall define the boundaries of the area to be served by the cooperative, except that such boundaries may not be established on the basis of health status or insurability of the populations that reside in the area.

(e) DUTIES AND RESPONSIBILITIES.—

(1) IN GENERAL.—A health plan purchasing cooperative shall—

(A) enter into agreements with multiple, unaffiliated health plan issuers, except that the requirement of this subparagraph shall not apply in regions (such as remote or frontier areas) in which compliance with such requirement is not possible;

(B) enter into agreements with employers and individuals who become members of the cooperative;

(C) participate in any program of risk-adjustment or reinsurance, or any similar program, that is established by the State;

(D) prepare and disseminate comparative health plan materials (including information about cost, quality, benefits, and other information concerning group health plans and individual health plans offered through the cooperative);

(E) actively market to all eligible employers and individuals residing within the service area; and

(F) act as an ombudsman for group health plan or individual health plan enrollees.

(2) PERMISSIBLE ACTIVITIES.—A health plan purchasing cooperative may perform such other functions as necessary to further the purposes of this title, including—

(A) collecting and distributing premiums and performing other administrative functions;

(B) collecting and analyzing surveys of enrollee satisfaction;

(C) charging membership fee to enrollees (such fees may not be based on health status) and charging participation fees to health plan issuers;

(D) cooperating with (or accepting as members) employers who provide health benefits directly to participants and beneficiaries only for the purpose of negotiating with providers; and

(E) negotiating with health care providers and health plan issuers.

(f) LIMITATIONS ON COOPERATIVE ACTIVITIES.—A health plan purchasing cooperative shall not—

(1) perform any activity relating to the licensing of health plan issuers;

(2) assume financial risk directly or indirectly on behalf of members of a health plan purchasing cooperative relating to any group health plan or individual health plan;

(3) establish eligibility, continuation of eligibility, enrollment, or premium contribution requirements for participants, beneficiaries, or individuals based on health status, medical condition, claims experience, receipt of health care, medical history, evidence of insurability, or disability;

(4) operate on a for-profit or other basis where the legal structure of the cooperative permits profits to be made and not returned to the members of the cooperative, except that a for-profit health plan purchasing cooperative may be formed by a nonprofit organization or organizations—

(A) in which membership in such organization is not based on health status, medical condition, claims experience, receipt of health care, medical history, evidence of insurability, or disability; and

(B) that accepts as members all employers or individuals on a first-come, first-served basis, subject to any established limit on the maximum size of and employer that may become a member; or

(5) perform any other activities that conflict or are inconsistent with the performance of its duties under this title.

(g) LIMITED PREEMPTION OF CERTAIN STATE LAWS.—

(1) IN GENERAL.—With respect to a health plan purchasing cooperative that meets the

requirements of this section, State fictitious group laws shall be preempted.

(2) HEALTH PLAN ISSUERS.—

(A) RATING.—With respect to a health plan issuer offering a group health plan or individual health plan through a health plan purchasing cooperative that meets the requirements of this section, State premium rating requirement laws, except to the extent provided under subparagraph (B), shall be preempted unless such laws permit premium rates negotiated by the cooperative to be less than rates that would otherwise be permitted under State law, if such rating differential is not based on differences in health status or demographic factors.

(B) EXCEPTION.—State laws referred to in subparagraph (A) shall not be preempted if such laws—

(i) prohibit the variance of premium rates among employers, plan sponsors, or individuals that are members of a health plan purchasing cooperative in excess of the amount of such variations that would be permitted under such State rating laws among employers, plan sponsors, and individuals that are not members of the cooperative; and

(ii) prohibit a percentage increase in premium rates for a new rating period that is in excess of that which would be permitted under State rating laws.

(C) BENEFITS.—Except as provided in subparagraph (D), a health plan issuer offering a group health plan or individual health plan through a health plan purchasing cooperative shall comply with all State mandated benefit laws that require the offering of any services, category or care, or services of any class or type of provider.

(D) EXCEPTION.—In those States that have enacted laws authorizing the issuance of alternative benefit plans to small employers, health plan issuers may offer such alternative benefit plans through a health plan purchasing cooperative that meets the requirements of this section.

(h) RULES OF CONSTRUCTION.—Nothing in this section shall be construed to—

(1) require that a State organize, operate, or otherwise create health plan purchasing cooperatives;

(2) otherwise require the establishment of health plan purchasing cooperatives;

(3) require individuals, plan sponsors, or employers to purchase group health plans or individual health plans through a health plan purchasing cooperative;

(4) require that a health plan purchasing cooperative be the only type of purchasing arrangement permitted to operate in a State;

(5) confer authority upon a State that the State would not otherwise have to regulate health plan issuers or employee health benefits plans; or

(6) confer authority upon a State (or the Federal Government) that the State (or Federal Government) would not otherwise have to regulate group purchasing arrangements, coalitions, association plans, or other similar entities that do not desire to become a health plan purchasing cooperative in accordance with this section.

(i) APPLICATION OF ERISA.—For purposes of enforcement only, the requirements of parts 4 and 5 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1101) shall apply to a health plan purchasing cooperative as if such plan were an employee welfare benefit plan.

Subtitle B—Application and Enforcement of Standards

SEC. ___51. APPLICABILITY.

(a) CONSTRUCTION.—

(1) ENFORCEMENT.—

(A) IN GENERAL.—A requirement or standard imposed under this title on a group health plan or individual health plan offered by a health plan issuer shall be deemed to be a requirement or standard imposed on the health plan issuer. Such requirements or standards shall be enforced by the State insurance commissioner for the State involved or the official or officials designated by the State to enforce the requirements of this title. In the case of a group health plan offered by a health plan issuer in connection with an employee health benefit plan, the requirements or standards imposed under this title shall be enforced with respect to the health plan issuer by the State insurance commissioner for the State involved or the official or officials designated by the State to enforce the requirements of this title.

(B) LIMITATION.—Except as provided in subsection (c), the Secretary shall not enforce the requirements or standards of this title as they relate to health plan issuers, group health plans, or individual health plans. In no case shall a State enforce the requirements or standards of this title as they relate to employee health benefit plans.

(2) PREEMPTION OF STATE LAW.—Nothing in this title shall be construed to prevent a State from establishing, implementing, or continuing in effect standards and requirements—

(A) not prescribed in this title; or

(B) related to the issuance, renewal, or portability of health insurance or the establishment or operation of group purchasing arrangements, that are consistent with, and are not in direct conflict with, this title and provide greater protection or benefit to participants, beneficiaries or individuals.

(b) RULE OF CONSTRUCTION.—Nothing in this title shall be construed to affect or modify the provisions of section 514 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1144).

(c) CONTINUATION.—Nothing in this title shall be construed as requiring a group health plan or an employee health benefit plan to provide benefits to a particular participant or beneficiary in excess of those provided under the terms of such plan.

SEC. ___52. ENFORCEMENT OF STANDARDS.

(a) HEALTH PLAN ISSUERS.—Each State shall require that each group health plan and individual health plan issued, sold, renewed, offered for sale or operated in such State by a health plan issuer meet the standards established under this title pursuant to an enforcement plan filed by the State with the Secretary. A State shall submit such information as required by the Secretary demonstrating effective implementation of the State enforcement plan.

(b) EMPLOYEE HEALTH BENEFIT PLANS.—With respect to employee health benefit plans, the Secretary shall enforce the reform standards established under this title in the same manner as provided for under sections 502, 504, 506, and 510 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1132, 1134, 1136, and 1140). The civil penalties contained in paragraphs (1) and (2) of section 502(c) of such Act (29 U.S.C. 1132(c) (1) and (2)) shall apply to any information required by the Secretary to be disclosed and reported under this section.

(c) FAILURE TO IMPLEMENT PLAN.—In the case of the failure of a State to substantially enforce the standards and requirements set forth in this title with respect to group health plans and individual health plans as provided for under the State enforcement plan filed under subsection (a), the Secretary, in consultation with the Secretary of Health and Human Services, shall implement an enforcement plan meeting the standards of this title in such State. In the case of a State that fails to substantially enforce the standards and requirements set forth in this title, each health plan issuer operating in such State shall be subject to civil enforcement as provided for under sections 502, 504, 506, and 510 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1132, 1134, 1136, and 1140). The civil penalties contained in paragraphs (1) and (2) of section 502(c) of such Act (29 U.S.C. 1132(c) (1) and (2)) shall apply to any information required by the Secretary to be disclosed and reported under this section.

(d) APPLICABLE CERTIFYING AUTHORITY.—As used in this subtitle, the term ''applicable certifying authority'' means, with respect to—

(1) health plan issuers, the State insurance commissioner or official or officials designated by the State to enforce the requirements of this title for the State involved; and

(2) an employee health benefit plan, the Secretary.

(e) REGULATIONS.—The Secretary may promulgate such regulations as may be necessary or appropriate to carry out this title.

(f) TECHNICAL AMENDMENT.—Section 508 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1138) is amended by inserting ''and under the Health Insurance Reform Act of 1996'' before the period.

Subtitle C—Miscellaneous Provisions

SEC. ___61. HMOS ALLOWED TO OFFER PLANS WITH DEDUCTIBLES TO INDIVIDUALS WITH MEDICAL SAVINGS ACCOUNTS.

(a) IN GENERAL.—Section 1301(b) of the Public Health Service Act (42 U.S.C. 300e(b)) is amended by adding at the end the following new paragraph:

''(6)(A) If a member certifies that a medical savings account has been established for the benefit of such member, a health maintenance organization may, at the request of such member reduce the basic health services payment otherwise determined under paragraph (1) by requiring the payment of a deductible by the member for basic health services.

''(B) For purposes of this paragraph, the term 'medical savings account' means an account which, by its terms, allows the deposit of funds and the use of such funds and income derived from the investment of such funds for the payment of the deductible described in subparagraph (A).''.

(b) MEDICAL SAVINGS ACCOUNTS.—It is the sense of the Committee on Labor and Human Resources of the Senate that the establishment of medical savings accounts, including those defined in section 1301(b)(6)(B) of the Public Health Service Act (42 U.S.C. 300e(b)(6)(B)), should be encouraged as part of any health insurance reform legislation passed by the Senate through the use of tax incentives relating to contributions to, the income growth of, and the qualified use of, such accounts.

(c) SENSE OF THE SENATE.—It is the sense of the Senate that the Congress should take measures to further the purposes of this title, including any necessary changes to the Internal Revenue Code of 1986 to encourage groups and individuals to obtain health coverage, and to promote access, equity, portability, affordability, and security of health benefits.

SEC. ___62. HEALTH COVERAGE AVAILABILITY STUDY.

(a) IN GENERAL.—The Secretary of Health and Human Services, in consultation with the Secretary, representatives of State officials, consumers, and other representatives of individuals and entities that have expertise in health insurance and employee benefits, shall conduct a two-part study, and prepare and submit reports, in accordance with this section.

(b) EVALUATION OF AVAILABILITY.—Not later than January 1, 1997, the Secretary of Health and Human Services shall prepare and submit to the appropriate committees of Congress a report, concerning—

(1) an evaluation, based on the experience of States, expert opinions, and such additional data as may be available, of the various mechanisms used to ensure the availability of reasonably priced health coverage to employers purchasing group coverage and to individuals purchasing coverage on a nongroup basis; and

(2) whether standards that limit the variation in premiums will further the purposes of this title.

(c) EVALUATION OF EFFECTIVENESS.—Not later than January 1, 1998, the Secretary of Health and Human Services shall prepare and submit to the appropriate committees of Congress a report, concerning the effectiveness of the provisions of this title and the various State laws, in ensuring the availability of reasonably priced health coverage to employers purchasing group coverage and individuals purchasing coverage on a nongroup basis.

SEC. ___63. SENSE OF THE COMMITTEE CONCERNING MEDICARE.

(a) FINDINGS.—The Committee on Labor and Human Resources of the Senate finds that the Public Trustees of Medicare concluded in their 1995 Annual Report that—

(1) the Medicare program is clearly unsustainable in its present form;

(2) ''the Hospital Insurance Trust Fund, which pays inpatient hospital expenses, will be able to pay benefits for only about 7 years and is severely out of financial balance in the long range''; and

(3) the Public Trustees ''strongly recommend that the crisis presented by the financial condition of the Medicare trust fund be urgently addressed on a comprehensive basis, including a review of the programs's financing methods, benefit provisions, and delivery mechanisms''.

(b) SENSE OF THE COMMITTEE.—It is the Sense of the Committee on Labor and Human Resources of the Senate that the Senate should take measures necessary to reform the Medicare program, to provide increased choice for seniors, and to respond to the findings of the Public Trustees by protecting the short-term solvency and long-term sustainability of the Medicare program.

SEC. ___64. EFFECTIVE DATE.

Except as otherwise provided for in this title, the provisions of this title shall apply as follows:

(1) With respect to group health plans and individual health plans, such provisions shall apply to plans offered, sold, issued, renewed, in effect, or operated on or after January 1, 1997; and

(b) With respect to employee health benefit plans, on the first day of the first plan year beginning on or after January 1, 1997.

SEC. ___65. SEVERABILITY.

If any provision of this title or the application of such provision to any person or circumstance is held to be unconstitutional, the remainder of this title and the application of the provisions of such to any person or circumstance shall not be affected thereby.

PRESSLER AMENDMENT NO. 3243

(Ordered to lie on the table.)

Mr. PRESSLER submitted on amendment intended to be proposed by him to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

At the appropriate place in the bill, insert:

SEC. 1114. HONEY PROGRAM.

(a) IN GENERAL.—Title II of the Agricultural Act of 1949 (7 U.S.C. 1446 et seq.) (as amended by section 1101(b)(2)) is further amended by adding at the end the following:

''SEC. 207. HONEY RECOURSE LOANS.

''(a) IN GENERAL.—For each of the 1996 through 2002 crops of honey, the Secretary shall provide recourse loans of producers of honey at a level that is equal to 80 percent of the national average price of honey during the preceding crop year, as determined by the Secretary.

''(b) REPAYMENT.—A producer who receives a loan under subsection (a) shall be personally liable for repayment of the full amount of the loan, plus interest.

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

(b) CONFORMING AMENDMENT.—Section 405A of the Act (7 U.S.C. 1425a) is repealed.

GRASSLEY AMENDMENTS NOS. 3244–3246

(Ordered to lie on the table.)

Mr. GRASSLEY submitted three amendments to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

AMENDMENT NO. 3244

P. 1–17:

Line 25, Insert period after ''farm'' and strike everything through p. 1–18, line 3.

AMENDMENT NO. 3245

P. 3–14:

Line 25 strike ''10,000'' and replace with ''1000''.

P. 3–15:

Line 3 strike ''15,000'' and replace with ''2500''.

P. 3–27:

Line 11 insert period after ''$10,000'' and strike everything through line 12.

AMENDMENT NO. 3246

At the appropriate place, insert the following:

''The Secretary of Agriculture shall fully utilize and aggressively implement the full range of agricultural export programs authorized in this Act and any other Act, in any combination, to help U.S. agriculture maintain and expand export markets, promote U.S. agricultural commodity and product exports, counter subsidized foreign competition, and capitalize on potential new market opportunities. Notwithstanding this Act or any other Act, and consistent with U.S. obligations under GATT, if the Secretary determines that funds available under one or more export subsidy programs can not be fully or effectively utilized for such programs, the Secretary may utilize such funds for other authorized agricultural export programs to achieve the above objectives and to further enhance the overall global competitiveness of U.S. agriculture. Funds so utilized shall be in addition to funds which may otherwise be authorized or appropriated for such other agricultural export programs.''

LEAHY AMENDMENT NOS. 3247–3248

(Ordered to lie on the table.)

Mr. LEAHY submitted two amendments intended to be proposed by him to amendment No. 3184 proposed by him to the bill S. 1541, supra; as follows:

AMENDMENT NO. 3247

Beginning on page 1–73, strike line 12 and all that follows through page 1–78, line 4, and insert the following:

SEC. 108. MILK PROGRAM.

(a) MILK PRICE SUPPORT PROGRAM.—

(1) SUPPORT ACTIVITIES.—During the period beginning on the date of the enactment of this Act and ending December 31, 2002, the Secretary of Agriculture (referred to in this section as the ''Secretary'') shall support the price of milk produced in the 48 contiguous States through the purchase of cheese, butter, and nonfat dry milk produced from the milk.

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

(A) During calendar year 1996, $10.10.
(B) During calendar year 1997, $10.05.
(C) During calendar year 1998, $9.95.
(D) During calendar year 1999, $9.85.
(E) During calendar year 2000, $9.75.
(F) During calendar year 2001, $9.65.
(G) During calendar year 2002, $9.55.

(3) BID PRICES.—The support purchase prices under this subsection for each of the products of milk (butter, cheese, and nonfat dry milk) announced by the Secretary shall be the same for all of that product sold by persons offering to sell the product to the Secretary. The purchase prices shall be sufficient to enable plants of average efficiency to pay producers, on average, a price that is not less than the rate of price support for milk in effect under paragraph (2).

(4) SPECIAL RULE FOR BUTTER AND NONFAT DRY MILK.—

(A) ALLOCATION OF PURCHASE PRICES.—The Secretary may allocate the rate of price support between the purchase prices for nonfat dry milk and butter in a manner that will result in the lowest level of expenditures by the Commodity Credit Corporation or achieve such other objectives as the Secretary considers appropriate. The Secretary shall notify the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate of the allocation.

(B) TIMING OF PURCHASE PRICE ADJUSTMENTS.—The Secretary may make any such adjustments in the purchase prices for nonfat dry milk and butter the Secretary considers to be necessary not more than twice in each calendar year.

(5) REFUNDS OF 1995 AND 1996 ASSESSMENTS.—The Secretary shall provide for a refund of the entire reduction required under section 204(h)(2) of the Agricultural Act of 1949 (7 U.S.C. 1446e(h)(2)), as in effect on the day before the date of the enactment of this Act, in the price of milk received by a producer during calendar year 1995 or 1996, if the producer provides evidence that the producer did not increase marketings in calendar year 1995 or 1996 when compared to calendar year 1994. A refund under this paragraph shall not be considered as any type of price support or payment for purposes of sections 1211 and 1221 of the Food Security Act of 1985 (16 U.S.C. 3811 and 3821).

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

(7) PERIOD OF EFFECTIVENESS.—This subsection shall be effective only during the period beginning on the date of the enactment of this Act and ending on December 31, 2002.

(b) CONSOLIDATION AND REFORM OF FEDERAL MILK MARKETING ORDERS.—

(1) AMENDMENT OF ORDERS.—As soon as practicable after the date of the enactment of this Act, the Secretary shall amend Federal milk marketing orders issued under section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, to—

(A) limit the number of Federal milk marketing orders to between 10 and 14 orders; and

(B) provide for multiple basing points for the pricing of milk.

(2) EXPEDITED PROCESS.—The amendments required under paragraph (1) shall be—

(A) announced not later than December 31, 1998; and

(B) implemented not later than December 31, 2000.

(3) FUNDING.—Effective beginning January 1, 2001, the Secretary shall not use any funds to administer more than 14 Federal milk marketing orders.

(c) DAIRY EXPORT INCENTIVE PROGRAM.—

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

(2) SOLE DISCRETION.—Section 153(b) of the Food Security Act of 1985 is amended by inserting ''sole'' before ''discretion''.

(3) ELEMENTS OF PROGRAM.—Section 153(c) of the Food Security Act of 1985 is amended—

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

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

(C) by adding at the end the following:

''(3) the maximum volume of dairy product exports allowable consistent with the obligations of the United States as a member of the World Trade Organization is exported under the program each year (minus the volume sold under section 1163 of the Food Security Act of 1985 (Public Law 99–198; 7 U.S.C. 1731 note) during that year), except to the extent that the export of such a volume under the program would, in the judgment of the Secretary, exceed the limitations on the value set forth in subsection (f); and

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

(4) MARKET DEVELOPMENT.—Section 153(e)(1) of the Food Security Act of 1985 is amended—

(A) by striking ''and'' and inserting ''the''; and

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

(5) MAXIMUM ALLOWABLE AMOUNTS.—Section 153 of the Food Security Act of 1985 is amended by adding at the end the following:

''(f) REQUIRED FUNDING.—

''(1) IN GENERAL.—Except as provided in paragraph (2), the Commodity Credit Corporation shall in each year use money and commodities for the program under this section in the maximum amount consistent with the obligations of the United States as a member of the World Trade Organization, minus the amount expended under section 1163 of the Food Security Act of 1985 (Public Law 99–198; 7 U.S.C. 1731 note) during that year.

''(2) VOLUME LIMITATIONS.—The Commodity Credit Corporation may not exceed the limitations specified in subsection (c)(3) on the volume of allowable dairy product exports.''.

(d) EFFECT ON FLUID MILK STANDARDS IN THE STATE OF CALIFORNIA.—Nothing in this Act or any other provision of law prohibits or otherwise limits the applicability of requirements under any law (including any regulation) of the State of California regarding the percentage of milk solids or solids not fat in fluid milk products marketed in the State of California.

(e) REPEAL OF MILK MANUFACTURING MARKETING ADJUSTMENT.—Section 102 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 1446e–1) is repealed.

(f) CONSENT TO NORTHEAST INTERSTATE DAIRY COMPACT.—Congress consents to the Northeast Interstate Dairy Compact entered into among the States of Vermont, New Hampshire, Maine, Connecticut, Rhode Island, and Massachusetts as specified in section 1(b) of Senate Joint Resolution 28 of the 104th Congress, as placed on the calendar of the Senate, subject to the following conditions:

(1) COMPENSATION OF CCC.—Before the end of each fiscal year that a Compact price regulation is in effect, the Compact Commission shall compensate the Commodity Credit Corporation for the cost of any purchases of milk and milk products by the Corporation that result from projected fluid milk production for the fiscal year within the Compact region in excess of the national average rate of purchases of milk and milk products by the Corporation.

(2) MILK MARKET ORDER ADMINISTRATOR.—By agreement among the States and the Secretary, the Administrator shall provide technical assistance to the Compact Commission, and be reimbursed for the assistance, with respect to the applicable milk marketing order issued under section 8c(5) of the Agricultural Adjustment Act (7 U.S.C. 608c(5)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937.

(3) LIMITATION OF MANUFACTURING PRICE REGULATION.—The Compact Commission may not regulate Class II, Class III, or Class III–A milk used for manufacturing purposes or any other milk, other than Class I, or fluid milk, as defined by a Federal milk marketing order issued under section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Act of 1937, unless both Houses of Congress have first consented to and approved the authority by a law enacted after the date of enactment of this Act.

(4) TERMINATION AND RENEWAL.—The consent for the Compact—

(A) shall terminate on the date that is 5 years after the date of the issuance of an over order price regulation by the Compact Commission, subject to subparagraph (B); and

(B) may be renewed by Congress, without prior re-ratification by the States' legislatures.

SEC. 109. ADMINISTRATION.

(a) COMMODITY CREDIT CORPORATION.—

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

(2) SALARIES AND EXPENSES.—No funds of the Corporation shall be used for any salary or expense of any officer or employee of the Department of Agriculture.

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

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

SEC. 110. ELIMINATION OF PERMANENT PRICE SUPPORT AUTHORITY.

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

(1) in title III—

(A) in subtitle B—

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

(ii) in part VI—

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

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

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

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

(b) AGRICULTURAL ACT OF 1949.—

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

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

(B) by transferring sections 111 and 201(c) (7 U.S.C. 1445f and 1446(c)) to appear after section 304 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1304) and redesignating the transferred sections as sections 305 and 306, respectively; and

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

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

(c) CONFORMING AMENDMENTS.—

(1) Section 306 of the Agricultural Adjustment Act of 1938 (as transferred and redesignated by subsection (b)(1)(B)) is amended by striking ''section 204'' and inserting ''section 108(a) of the Agricultural Market Transition Act''.

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

AMENDMENT NO. 3248

On page 2 of the amendment, line 6, strike ''$10.10'' and insert ''$10.15''.

NICKLES AMENDMENT NO. 3249

(Ordered to lie on the table.)

Mr. NICKLES submitted an amendment intended to be proposed by him to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

Strike Section 103(j)(2)(ii) and insert in lieu thereof the following:

(ii) CONTRACT COMMODITIES.—Contract acreage planted to a contract commodity during the crop year may be hayed or grazed without limitation.

LUGAR AMENDMENT NO. 3250–3251

(Ordered to lie on the table.)

Mr. LUGAR submitted two amendments intended to be proposed by him to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

AMENDMENT NO. 3250

In section 103(j)(2)(C)(i), before the period, insert the following: '', unless there is a history of double cropping of a contract commodity and fruits and vegetables''.

AMENDMENT NO. 3251

On page 1–11, line 19, strike ''$17,000,000,000'' and insert ''$17,000,000''.

LUGAR AMENDMENT NO. 3252

(Ordered to lie on the table.)

Mr. LUGAR submitted an amendment intended to be proposed by him

to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

Strike titles II through V and insert the following:

TITLE II—AGRICULTURAL TRADE

Subtitle A—Amendments to Agricultural Trade Development and Assistance Act of 1954 and Related Statutes

SEC. 201. FOOD AID TO DEVELOPING COUNTRIES.

(a) IN GENERAL.—Section 3 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691a) is amended to read as follows:

"SEC. 3. FOOD AID TO DEVELOPING COUNTRIES.

''(a) POLICY.—In light of the Uruguay Round Agreement on Agriculture and the Ministerial Decision on Measures Concerning the Possible Negative Effects of the Reform Program on Least-Developed and Net-Food Importing Developing Countries, the United States reaffirms the commitment of the United States to providing food aid to developing countries.

''(b) SENSE OF CONGRESS.—It is the sense of Congress that—

''(1) the President should initiate consultations with other donor nations to consider appropriate levels of food aid commitments to meet the legitimate needs of developing countries; and

''(2) the United States should increase its contribution of bona fide food assistance to developing countries consistent with the Agreement on Agriculture.''.

(b) CONFORMING AMENDMENT.—Section 411 of the Uruguay Round Agreements Act (19 U.S.C. 3611) is amended by striking subsection (e).

SEC. 202. TRADE AND DEVELOPMENT ASSISTANCE.

Section 101 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1701) is amended—

(1) by striking ''developing countries'' each place it appears and inserting ''developing countries and private entities''; and

(2) in subsection (b), by inserting ''and entities'' before the period at the end.

SEC. 203. AGREEMENTS REGARDING ELIGIBLE COUNTRIES AND PRIVATE ENTITIES.

Section 102 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1702) is amended to read as follows:

"SEC. 102. AGREEMENTS REGARDING ELIGIBLE COUNTRIES AND PRIVATE ENTITIES.

''(a) PRIORITY.—In selecting agreements to be entered into under this title, the Secretary shall give priority to agreements providing for the export of agricultural commodities to developing countries that—

''(1) have the demonstrated potential to become commercial markets for competitively priced United States agricultural commodities;

''(2) are undertaking measures for economic development purposes to improve food security and agricultural development, alleviate poverty, and promote broad-based equitable and sustainable development; and

''(3) demonstrate the greatest need for food.

''(b) PRIVATE ENTITIES.—An agreement entered into under this title with a private entity shall require such security, or such other provisions as the Secretary determines necessary, to provide reasonable and adequate assurance of repayment of the financing extended to the private entity.

''(c) AGRICULTURAL MARKET DEVELOPMENT PLAN.—

''(1) DEFINITION OF AGRICULTURAL TRADE ORGANIZATION.—In this subsection, the term 'agricultural trade organization' means a United States agricultural trade organization that promotes the export and sale of a United States agricultural commodity and that does not stand to profit directly from the specific sale of the commodity.

''(2) PLAN.—The Secretary shall consider a developing country for which an agricultural market development plan has been approved under this subsection to have the demonstrated potential to become a commercial market for competitively priced United States agricultural commodities for the purpose of granting a priority under subsection (a).

''(3) REQUIREMENTS.—

''(A) IN GENERAL.—To be approved by the Secretary, an agricultural market development plan shall—

''(i) be submitted by a developing country or private entity, in conjunction with an agricultural trade organization;

''(ii) describe a project or program for the development and expansion of a United States agricultural commodity market in a developing country, and the economic development of the country, using funds derived from the sale of agricultural commodities received under an agreement described in section 101;

''(iii) provide for any matching funds that are required by the Secretary for the project or program;

''(iv) provide for a results-oriented means of measuring the success of the project or program; and

''(v) provide for graduation to the use of non-Federal funds to carry out the project or program, consistent with requirements established by the Secretary.

''(B) AGRICULTURAL TRADE ORGANIZATION.—The project or program shall be designed and carried out by the agricultural trade organization.

''(C) ADDITIONAL REQUIREMENTS.—An agricultural market development plan shall contain such additional requirements as are determined necessary by the Secretary.

''(4) ADMINISTRATIVE COSTS.—

''(A) IN GENERAL.—The Secretary shall make funds made available to carry out this title available for the reimbursement of administrative expenses incurred by agricultural trade organizations in developing, implementing, and administering agricultural market development plans, subject to such requirements and in such amounts as the Secretary considers appropriate.

''(B) DURATION.—The funds shall be made available to agricultural trade organizations for the duration of the applicable agricultural market development plan.

''(C) TERMINATION.—The Secretary may terminate assistance made available under this subsection if the agricultural trade organization is not carrying out the approved agricultural market development plan.''.

SEC. 204. TERMS AND CONDITIONS OF SALES.

Section 103 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1703) is amended—

(1) in subsection (a)(2)(A)—

(A) by striking ''a recipient country to make''; and

(B) by striking ''such country'' and inserting ''the appropriate country'';

(2) in subsection (c), by striking ''less than 10 nor''; and

(3) in subsection (d)—

(A) by striking ''recipient country'' and inserting ''developing country or private entity''; and

(B) by striking ''7'' and inserting ''5''.

SEC. 205. USE OF LOCAL CURRENCY PAYMENT.

Section 104 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1704) is amended—

(1) in subsection (a), by striking ''recipient country'' and inserting ''developing country or private entity''; and

(2) in subsection (c)—

(A) by striking ''recipient country'' each place it appears and inserting ''appropriate developing country''; and

(B) in paragraph (3), by striking ''recipient countries'' and inserting ''appropriate developing countries''.

SEC. 206. VALUE-ADDED FOODS.

Section 105 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1705) is repealed.

SEC. 207. ELIGIBLE ORGANIZATIONS.

(a) IN GENERAL.—Section 202 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1722) is amended—

(1) by striking subsection (b) and inserting the following:

''(b) NONEMERGENCY ASSISTANCE.—

''(1) IN GENERAL.—The Administrator may provide agricultural commodities for nonemergency assistance under this title through eligible organizations (as described in subsection (d)) that have entered into an agreement with the Administrator to use the commodities in accordance with this title.

''(2) LIMITATION.—The Administrator may not deny a request for funds submitted under this subsection because the program for which the funds are requested—

''(A) would be carried out by the eligible organization in a foreign country in which the Agency for International Development does not have a mission, office, or other presence; or

''(B) is not part of a development plan for the country prepared by the Agency.''; and

(2) in subsection (e)—

(A) in the subsection heading, by striking ''PRIVATE VOLUNTARY ORGANIZATIONS AND COOPERATIVES'' and inserting ''ELIGIBLE ORGANIZATIONS'';

(B) in paragraph (1)—

(i) by striking ''$13,500,000'' and inserting ''$28,000,000''; and

(ii) by striking ''private voluntary organizations and cooperatives to assist such organizations and cooperatives'' and inserting ''eligible organizations described in subsection (d), to assist the organizations'';

(C) by striking paragraph (2) and inserting the following:

''(2) REQUEST FOR FUNDS.—To receive funds made available under paragraph (1), a private voluntary organization or cooperative shall submit a request for the funds that is subject to approval by the Administrator.''; and

(D) in paragraph (3), by striking ''a private voluntary organization or cooperative, the Administrator may provide assistance to that organization or cooperative'' and inserting ''an eligible organization, the Administrator may provide assistance to the eligible organization''.

(b) CONFORMING AMENDMENTS.—Section 207 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1726a) is amended—

(1) in subsection (a), by striking ''a private voluntary organization or cooperative'' and inserting ''an eligible organization''; and

(2) in subsection (b)—

(A) in paragraph (1), by striking ''private voluntary organizations and cooperatives'' and inserting ''eligible organizations''; and

(B) in paragraph (2), by striking ''organizations, cooperatives,'' and inserting ''eligible organizations''.

SEC. 208. GENERATION AND USE OF FOREIGN CURRENCIES.

Section 203 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1723) is amended—

(1) in subsection (a), by inserting '', or in a country in the same region,'' after ''in the recipient country'';

(2) in subsection (b)—

(A) by inserting ''or in countries in the same region,'' after ''in recipient countries,''; and

(B) by striking ''10 percent'' and inserting ''15 percent'';

(3) in subsection (c), by inserting ''or in a country in the same region,'' after ''in the recipient country,''; and

(4) in subsection (d)(2), by inserting ''or within a country in the same region'' after ''within the recipient country''.

SEC. 209. GENERAL LEVELS OF ASSISTANCE UNDER PUBLIC LAW 480.

Section 204(a) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1724(a)) is amended—

(1) in paragraph (1), by striking ''amount that'' and all that follows through the period at the end and inserting ''amount that for each of fiscal years 1996 through 2002 is not less than 2,025,000 metric tons.'';

(2) in paragraph (2), by striking ''amount that'' and all that follows through the period at the end and inserting ''amount that for each of fiscal years 1996 through 2002 is not less than 1,550,000 metric tons.''; and

(3) in paragraph (3), by adding at the end the following: ''No waiver shall be made before the beginning of the applicable fiscal year.''.

SEC. 210. 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 striking ''private voluntary organizations, cooperatives and indigenous non-governmental organizations'' and inserting ''eligible organizations described in section 202(d)(1)'';

(2) in subsection (b)—

(A) in paragraph (2), by striking ''for International Affairs and Commodity Programs'' and inserting ''of Agriculture for Farm and Foreign Agricultural Services'';

(B) in paragraph (4), by striking ''and'' at the end;

(C) in paragraph (5), by striking the period at the end and inserting ''; and''; and

(D) by adding at the end the following:

''(6) representatives from agricultural producer groups in the United States.'';

(3) in the second sentence of subsection (d), by inserting ''(but at least twice per year)'' after ''when appropriate''; and

(4) in subsection (f), by striking ''1995'' and inserting ''2002''.

SEC. 211. SUPPORT OF NONGOVERNMENTAL ORGANIZATIONS.

(a) IN GENERAL.—Section 306(b) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1727e(b)) is amended—

(1) in the subsection heading, by striking ''INDIGENOUS NON-GOVERNMENTAL'' and inserting ''NONGOVERNMENTAL''; and

(2) by striking ''utilization of indigenous'' and inserting ''utilization of''.

(b) CONFORMING AMENDMENT.—Section 402 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1732) is amended by striking paragraph (6) and inserting the following:

''(6) NONGOVERNMENTAL ORGANIZATION.—The term 'nongovernmental organization' means an organization that works at the local level to solve development problems in a foreign country in which the organization is located, except that the term does not include an organization that is primarily an agency or instrumentality of the government of the foreign country.''.

SEC. 212. COMMODITY DETERMINATIONS.

Section 401 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1731) is amended—

(1) by striking subsections (a) through (d) and inserting the following:

''(a) AVAILABILITY OF COMMODITIES.—No agricultural commodity shall be available for disposition under this Act if the Secretary determines that the disposition would reduce the domestic supply of the commodity below the supply needed to meet domestic requirements and provide adequate carryover (as determined by the Secretary), unless the Secretary determines that some part of the supply should be used to carry out urgent humanitarian purposes under this Act.'';

(2) by redesignating subsections (e) and (f) as subsections (b) and (c), respectively; and

(3) in subsection (c) (as so redesignated), by striking ''(e)(1)'' and inserting ''(b)(1)''.

SEC. 213. GENERAL PROVISIONS.

Section 403 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1733) is amended—

(1) in subsection (b)—

(A) in the subsection heading, by striking ''CONSULTATIONS'' and inserting ''IMPACT ON LOCAL FARMERS AND ECONOMY''; and

(B) by striking ''consult with'' and all that follows through ''other donor organizations to'';

(2) in subsection (c)—

(A) by striking ''from countries''; and

(B) by striking ''for use'' and inserting ''or use'';

(3) in subsection (f)—

(A) by inserting ''or private entities, as appropriate,'' after ''from countries''; and

(B) by inserting ''or private entities'' after ''such countries''; and

(4) in subsection (i)(2), by striking subparagraph (C).

SEC. 214. AGREEMENTS.

Section 404 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1734) is amended—

(1) in subsection (a), by inserting ''with foreign countries'' after ''Before entering into agreements'';

(2) in subsection (b)(2)—

(A) by inserting ''with foreign countries'' after ''with respect to agreements entered into''; and

(B) by inserting before the semicolon at the end the following: ''and broad-based economic growth''; and

(3) in subsection (c), by striking paragraph (1) and inserting the following:

''(1) IN GENERAL.—Agreements to provide assistance on a multi-year basis to recipient countries or to eligible organizations—

''(A) may be made available under titles I and III; and

''(B) shall be made available under title II.''.

SEC. 215. USE OF COMMODITY CREDIT CORPORATION.

Section 406 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736) is amended—

(1) in subsection (a), by striking ''shall'' and inserting ''may''; and

(2) in subsection (b)—

(A) by inserting ''titles II and III of'' after ''commodities made available under''; and

(B) by striking paragraph (4) and inserting the following:

''(4) the vessel freight charges from United States ports or designated Canadian transshipment ports, as determined by the Secretary, to designated ports of entry abroad;''.

SEC. 216. ADMINISTRATIVE PROVISIONS.

Section 407 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736a) is amended—

(1) in subsection (a)—

(A) in paragraph(1), by inserting ''or private entity that enters into an agreement under title I'' after ''importing country''; and

(B) in paragraph (2), by adding at the end the following: ''Resulting contracts may contain such terms and conditions as the Secretary determines are necessary and appropriate.'';

(2) in subsection (c)—

(A) in paragraph (1)(A), by inserting ''importer or'' before ''importing country''; and

(B) in paragraph (2)(A), by inserting ''importer or'' before ''importing country'';

(3) in subsection (d)—

(A) by striking paragraph (2) and inserting the following:

''(2) FREIGHT PROCUREMENT.—Notwithstanding the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.) or other similar provisions of law relating to the making or performance of Federal Government contracts, ocean transportation under titles II and III may be procured on the basis of such full and open competitive procedures. Resulting contracts may contain such terms and conditions, as the Administrator determines are necessary and appropriate.''; and

(B) by striking paragraph (4);

(4) in subsection (g)(2)—

(A) in subparagraph (B), by striking ''and'' at the end;

(B) in subparagraph (C), by striking the period at the end and inserting ''; and''; and

(C) by adding at the end the following:

''(D) an assessment of the progress towards achieving food security in each country receiving food assistance from the United States Government, with special emphasis on the nutritional status of the poorest populations in each country.''; and

(5) by striking subsection (h).

SEC. 217. EXPIRATION DATE.

Section 408 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736b) is amended by striking ''1995'' and inserting ''2002''.

SEC. 218. REGULATIONS.

Section 409 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736c) is repealed.

SEC. 219. INDEPENDENT EVALUATION OF PROGRAMS.

Section 410 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736d) is repealed.

SEC. 220. AUTHORIZATION OF APPROPRIATIONS.

Section 412 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736f) is amended—

(1) by striking subsections (b) and (c) and inserting the following:

''(b) TRANSFER OF FUNDS.—Notwithstanding any other provision of law, the President may direct that—

''(1) up to 15 percent of the funds available for any fiscal year for carrying out any title of this Act be used to carry out any other title of this Act; and

''(2) any funds available for title III be used to carry out title II.''; and

(2) by redesignating subsections (d) and (e) as subsections (c) and (d), respectively.

SEC. 221. COORDINATION OF FOREIGN ASSISTANCE PROGRAMS.

Section 413 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736g) is amended by inserting ''title III of'' before ''this Act'' each place it appears.

SEC. 222. MICRONUTRIENT FORTIFICATION PILOT PROGRAM.

Title IV of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1731 et seq.) is amended by adding at the end the following:

''SEC. 415. MICRONUTRIENT FORTIFICATION PILOT PROGRAM.

''(a) IN GENERAL.—Not later than September 30, 1997, the Secretary, in consultation with the Administrator, shall establish a micronutrient fortification pilot program under this Act. The purposes of the program shall be to—

''(1) assist developing countries in correcting micronutrient dietary deficiencies among segments of the populations of the countries; and

''(2) encourage the development of technologies for the fortification of whole grains and other commodities that are readily transferable to developing countries.

''(b) SELECTION OF PARTICIPATING COUNTRIES.—From among the countries eligible for assistance under this Act, the Secretary may select not more than 5 developing countries to participate in the pilot program.

''(c) FORTIFICATION.—Under the pilot program, whole grains and other commodities made available to a developing country selected to participate in the pilot program may be fortified with 1 or more micronutrients (including vitamin A, iron, and iodine) with respect to which a substantial portion of the population in the country are deficient. The commodity may be fortified in the United States or in the developing country.

''(d) TERMINATION OF AUTHORITY.—The authority to carry out the pilot program established under this section shall terminate on September 30, 2002.''.

SEC. 223. USE OF CERTAIN LOCAL CURRENCY.

Title IV of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1731 et seq.) (as amended by section 222) is further amended by adding at the end the following:

''SEC. 416. USE OF CERTAIN LOCAL CURRENCY.

''Local currency payments received by the United States pursuant to agreements entered into under title I (as in effect on November 27, 1990) may be utilized by the Secretary in accordance with section 108 (as in effect on November 27, 1990).''.

SEC. 224. LEVELS OF ASSISTANCE UNDER FARMER-TO-FARMER PROGRAM.

Section 501 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1737) is amended—

(1) in subsection (a)—

(A) by redesignating paragraphs (4) through (6) as paragraphs (5) through (7), respectively; and

(B) by inserting after paragraph (3) the following:

''(4) assist the travel of farmers and other agricultural professionals from developing countries, middle income countries, and emerging democracies to the United States for educational purposes consistent with the objectives of this section;''; and

(2) in subsection (c), by striking ''1991 through 1995'' and inserting ''1996 through 2002''.

SEC. 225. FOOD SECURITY COMMODITY RESERVE.

(a) IN GENERAL.—Title III of the Agricultural Act of 1980 (7 U.S.C. 1736f–1 et seq.) is amended to read as follows:

''TITLE III—FOOD SECURITY COMMODITY RESERVE

''SEC. 301. SHORT TITLE.

''This title may be cited as the 'Food Security Commodity Reserve Act of 1996'.

''SEC. 302. ESTABLISHMENT OF COMMODITY RESERVE.

''(a) IN GENERAL.—To provide for a reserve solely to meet emergency humanitarian food needs in developing countries, the Secretary of Agriculture (referred to in this title as the 'Secretary') shall establish a reserve stock of wheat, rice, corn, or sorghum, or any combination of the commodities, totalling not more than 4,000,000 metric tons for use as described in subsection (c).

''(b) COMMODITIES IN RESERVE.—

''(1) IN GENERAL.—The reserve established under this section shall consist of—

''(A) wheat in the reserve established under the Food Security Wheat Reserve Act of 1980 as of the effective date of the Agricultural Reform and Improvement Act of 1996;

''(B) wheat, rice, corn, and sorghum (referred to in this section as 'eligible commodities') acquired in accordance with paragraph (2) to replenish eligible commodities released from the reserve, including wheat to replenish wheat released from the reserve established under the Food Security Wheat Reserve Act of 1980 but not replenished as of the effective date of the Agricultural Reform and Improvement Act of 1996; and

''(C) such rice, corn, and sorghum as the Secretary may, at such time and in such manner as the Secretary determines appropriate, acquire as a result of exchanging an equivalent value of wheat in the reserve established under this section.

''(2) REPLENISHMENT OF RESERVE.—

''(A) IN GENERAL.—Subject to subsection (i), commodities of equivalent value to eligible commodities in the reserve established under this section may be acquired—

''(i) through purchases—

''(I) from producers; or

''(II) in the market, if the Secretary determines that the purchases will not unduly disrupt the market; or

''(ii) by designation by the Secretary of stocks of eligible commodities of the Commodity Credit Corporation.

''(B) FUNDS.—Any use of funds to acquire eligible commodities through purchases from producers or in the market to replenish the reserve must be authorized in an appropriation Act.

''(c) RELEASE OF ELIGIBLE COMMODITIES.—

''(1) EMERGENCY FOOD ASSISTANCE.—Notwithstanding any other law, eligible commodities designated or acquired for the reserve established under this section may be released by the Secretary to provide, on a donation or sale basis, emergency food assistance to developing countries at such time as the domestic supply of the eligible commodities is so limited that quantities of the eligible commodities cannot be made available for disposition under the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.) (other than disposition for urgent humanitarian purposes under section 401 of the Act (7 U.S.C. 1731)).

''(2) PROVISION OF URGENT HUMANITARIAN RELIEF.—

''(A) IN GENERAL.—Notwithstanding paragraph (1), eligible commodities may be released from the reserve established under this section for any fiscal year, without regard to the availability of domestic supply, for use under title II of the Agricultural Trade Development Assistance Act of 1954 (7 U.S.C. 1721 et seq.) in providing urgent humanitarian relief in any developing country suffering a major disaster (as determined by the Secretary) in accordance with this paragraph.

''(B) EXCEPTIONAL NEED.—If the eligible commodities needed for relief cannot be made available for relief in a timely manner under the normal means of obtaining eligible commodities for food assistance because of circumstances of unanticipated and exceptional need, up to 500,000 metric tons of eligible commodities may be released under subparagraph (A).

''(C) FUNDS.—If the Secretary certifies that the funds made available for a fiscal year to carry out title II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721 et seq.) are not less than the funds made available for the previous fiscal year, up to 1,000,000 metric tons of eligible commodities may be released under subparagraph (A).

''(D) WAIVER OF MINIMUM TONNAGE REQUIREMENTS.—Nothing in this paragraph shall require the exercise of the waiver under section 204(a)(3) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 5624(a)(3)) as a prerequisite for the release of eligible commodities under this paragraph.

''(E) LIMITATION.—The quantity of eligible commodities released under this paragraph may not exceed 1,000,000 metric tons in any fiscal year.

''(3) PROCESSING OF ELIGIBLE COMMODITIES.—Eligible commodities that are released from the reserve established under this section may be processed in the United States and shipped to a developing country when conditions in the recipient country require processing.

''(4) EXCHANGE.—The Secretary may exchange an eligible commodity for another United States commodity of equal value, including powdered milk, pulses, and vegetable oil.

''(d) USE OF ELIGIBLE COMMODITIES.—Eligible commodities that are released from the reserve established under this section for the purpose of subsection (c) shall be made available under the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.) to meet famine or other urgent or extraordinary relief needs, except that section 401 of the Act (7 U.S.C. 1731), with respect to determinations of availability, shall not be applicable to the release.

''(e) MANAGEMENT OF ELIGIBLE COMMODITIES.—The Secretary shall provide—

''(1) for the management of eligible commodities in the reserve established under this section as to location and quality of eligible commodities needed to meet emergency situations; and

''(2) for the periodic rotation or replacement of stocks of eligible commodities in the reserve to avoid spoilage and deterioration of the commodities.

''(f) TREATMENT OF RESERVE UNDER OTHER LAW.—Eligible commodities in the reserve established under this section shall not be—

''(1) considered a part of the total domestic supply (including carryover) for the purpose of subsection (c) or for the purpose of administering the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.); and

''(2) subject to any quantitative limitation on exports that may be imposed under section 7 of the Export Administration Act of 1979 (50 U.S.C. App. 2406).

''(g) USE OF COMMODITY CREDIT CORPORATION.—

''(1) IN GENERAL.—Subject to the limitations provided in this section, the funds, facilities, and authorities of the Commodity Credit Corporation shall be used by the Secretary in carrying out this section, except that any restriction applicable to the acquisition, storage, or disposition of eligible commodities owned or controlled by the Commodity Credit Corporation shall not apply.

''(2) REIMBURSEMENT.—

''(A) IN GENERAL.—The Commodity Credit Corporation shall be reimbursed for the release of eligible commodities from funds made available to carry out the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.).

''(B) BASIS FOR REIMBURSEMENT.—The reimbursement shall be made on the basis of the lesser of—

''(i) the actual costs incurred by the Commodity Credit Corporation with respect to the eligible commodity; or

''(ii) the export market price of the eligible commodity (as determined by the Secretary) as of the time the eligible commodity is released from the reserve for the purpose.

''(C) SOURCE OF FUNDS.—The reimbursement may be made from funds appropriated for the purpose of reimbursement in subsequent fiscal years.

''(h) FINALITY OF DETERMINATION.—Any determination by the Secretary under this section shall be final.

''(i) TERMINATION OF AUTHORITY.—

''(1) IN GENERAL.—The authority to replenish stocks of eligible commodities to maintain the reserve established under this section shall terminate on September 30, 2002.

''(2) DISPOSAL OF ELIGIBLE COMMODITIES.—Eligible commodities remaining in the reserve after September 30, 2002, shall be disposed of by release for use in providing for emergency humanitarian food needs in developing countries as provided in this section.''.

(b) CONFORMING AMENDMENT.—Section 208(d) of the Agriculture Trade Suspension Adjustment Act of 1980 (7 U.S.C. 4001(d)) is amended by striking paragraph (2) and inserting the following:

''(2) APPLICABILITY OF CERTAIN PROVISIONS.—Subsections (c), (d), (e), (f), and (g)(2) of section 302 of the Food Security Commodity Reserve Act of 1996 shall apply to commodities in any reserve established under paragraph (1), except that the references to 'eligible commodities' in the subsections shall be deemed to be references to 'agricultural commodities'.''.

SEC. 226. PROTEIN BYPRODUCTS DERIVED FROM ALCOHOL FUEL PRODUCTION.

Section 1208 of the Agriculture and Food Act of 1981 (7 U.S.C. 1736n) is repealed.

SEC. 227. FOOD FOR PROGRESS PROGRAM.

The Food for Progress Act of 1985 (7 U.S.C. 1736*o*) is amended—

(1) in subsection (b)—

(A) in paragraph (1)—

(i) by striking ''(b)(1)'' and inserting ''(b)''; and

(ii) in the first sentence, by inserting ''intergovernmental organizations'' after ''cooperatives''; and

(B) by striking paragraph (2);

(2) in subsection (e)(4), by striking ''203'' and inserting ''406'';

(3) in subsection (f)—

(A) in paragraph (1), by striking ''in the case of the independent states of the former Soviet Union,'';

(B) by striking paragraph (2);

(C) in paragraph (4), by inserting ''in each of fiscal years 1996 through 2002'' after ''may be used''; and

(D) by redesignating paragraphs (3) through (5) as paragraphs (2) through (4), respectively;

(4) in subsection (g), by striking ''1995'' and inserting ''2002'';

(5) in subsection (j), by striking ''shall'' and inserting ''may'';

(6) in subsection (k), by striking ''1995'' and inserting ''2002'';

(7) in subsection (l)(1)—

(A) by striking ''1991 through 1995'' and inserting ''1996 through 2002''; and

(B) by inserting '', and to provide technical assistance for monetization programs,'' after ''monitoring of food assistance programs''; and

(8) in subsection (m)—

(A) by striking ''with respect to the independent states of the former Soviet Union'';

(B) by striking ''private voluntary organizations and cooperatives'' each place it appears and inserting ''agricultural trade organizations, intergovernmental organizations, private voluntary organizations, and cooperatives''; and

(C) in paragraph (2), by striking ''in the independent states''.

SEC. 228. USE OF FOREIGN CURRENCY PROCEEDS FROM EXPORT SALES FINANCING.

Section 402 of the Mutual Security Act of 1954 (22 U.S.C. 1922) is repealed.

SEC. 229. STIMULATION OF FOREIGN PRODUCTION.

Section 7 of the Act of December 30, 1947 (61 Stat. 947, chapter 526; 50 U.S.C. App. 1917) is repealed.

Subtitle B—Amendments to Agricultural Trade Act of 1978

SEC. 241. AGRICULTURAL EXPORT PROMOTION STRATEGY.

(a) IN GENERAL.—Section 103 of the Agricultural Trade Act of 1978 (7 U.S.C. 5603) is amended to read as follows:

''SEC. 103. AGRICULTURAL EXPORT PROMOTION STRATEGY.

''(a) IN GENERAL.—The Secretary shall develop a strategy for implementing Federal agricultural export promotion programs that takes into account the new market opportunities for agricultural products, including opportunities that result from—

''(1) the North American Free Trade Agreement and the Uruguay Round Agreements;

''(2) any accession to membership in the World Trade Organization;

''(3) the continued economic growth in the Pacific Rim; and

''(4) other developments.

''(b) PURPOSE OF STRATEGY.—The strategy developed under subsection (a) shall encourage the maintenance, development, and expansion of export markets for United States agricultural commodities and related products, including high-value and value-added products.

''(c) GOALS OF STRATEGY.—The strategy developed under subsection (a) shall have the following goals:

''(1) By September 30, 2002, increasing the value of annual United States agricultural exports to $60,000,000,000.

''(2) By September 30, 2002, increasing the United States share of world export trade in agricultural products significantly above the average United States share from 1993 through 1995.

''(3) By September 30, 2002, increasing the United States share of world trade in high-value agricultural products to 20 percent.

''(4) Ensuring that the value of United States exports of agricultural products increases at a faster rate than the rate of increase in the value of overall world export trade in agricultural products.

''(5) Ensuring that the value of United States exports of high-value agricultural products increases at a faster rate than the rate of increase in overall world export trade in high-value agricultural products.

''(6) Ensuring to the extent practicable that—

''(A) substantially all obligations undertaken in the Uruguay Round Agreement on Agriculture that provide significantly increased access for United States agricultural commodities are implemented to the extent required by the Uruguay Round Agreements; or

''(B) applicable United States trade laws are used to secure United States rights under the Uruguay Round Agreement on Agriculture.

''(d) PRIORITY MARKETS.—

''(1) IDENTIFICATION OF MARKETS.—In developing the strategy required under subsection (a), the Secretary shall identify as priority markets—

''(A) those markets in which imports of agricultural products show the greatest potential for increase by September 30, 2002; and

''(B) those markets in which, with the assistance of Federal export promotion programs, exports of United States agricultural products show the greatest potential for increase by September 30, 2002.

''(2) IDENTIFICATION OF SUPPORTING OFFICES.—The President shall identify annually in the budget of the United States Government submitted under section 1105 of title 31, United States Code, each overseas office of the Foreign Agricultural Service that provides assistance to United States exporters in each of the priority markets identified under paragraph (1).

''(e) REPORT.—Not later than December 31, 2001, the Secretary shall prepare and submit a report to Congress assessing progress in meeting the goals established by subsection (c).

''(f) FAILURE TO MEET GOALS.—Notwithstanding any other law, if the Secretary determines that more than 2 of the goals established by subsection (c) are not met by September 30, 2002, the Secretary may not carry out agricultural trade programs under the Agricultural Trade Act of 1978 (7 U.S.C. 5601 et seq.) as of that date.

''(g) NO PRIVATE RIGHT OF ACTION.—This section shall not create any private right of action.''.

(b) CONTINUATION OF FUNDING.—

(1) IN GENERAL.—If the Secretary of Agriculture makes a determination under section 103(f) of the Agricultural Trade Act of 1978 (as amended by subsection (a)), the Secretary shall utilize funds of the Commodity Credit Corporation to promote United States agricultural exports in a manner consistent with the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.) and obligations pursuant to the Uruguay Round Agreements.

(2) FUNDING.—The amount of Commodity Credit Corporation funds used to carry out paragraph (1) during a fiscal year shall not exceed the total outlays for agricultural trade programs under the Agricultural Trade Act of 1978 (7 U.S.C. 5601 et seq.) during fiscal year 2002.

(c) ELIMINATION OF REPORT.—

(1) IN GENERAL.—Section 601 of the Agricultural Trade Act of 1978 (7 U.S.C. 5711) is repealed.

(2) CONFORMING AMENDMENT.—The last sentence of section 603 of the Agricultural Trade Act of 1978 (7 U.S.C. 5713) is amended by striking '', in a consolidated report,'' and all that follows through ''section 601'' and inserting ''or in a consolidated report''.

SEC. 242. EXPORT CREDITS.

(a) EXPORT CREDIT GUARANTEE PROGRAM.—Section 202 of the Agricultural Trade Act of 1978 (7 U.S.C. 5622) is amended—

(1) in subsection (a)—

(A) by striking ''GUARANTEES.—The'' and inserting the following: ''GUARANTEES.—

''(1) IN GENERAL.—The''; and

(B) by adding at the end the following:

''(2) SUPPLIER CREDITS.—In carrying out this section, the Commodity Credit Corporation may issue guarantees for the repayment of credit made available for a period of not more than 180 days by a United States exporter to a buyer in a foreign country.'';

(2) in subsection (f)—

(A) by striking ''(f) RESTRICTIONS.—The'' and inserting the following:

''(f) RESTRICTIONS.—

''(1) IN GENERAL.—The''; and

(B) by adding at the end the following:

''(2) CRITERIA FOR DETERMINATION.—In making the determination required under paragraph (1) with respect to credit guarantees under subsection (b) for a country, the Secretary may consider, in addition to financial, macroeconomic, and monetary indicators—

''(A) whether an International Monetary Fund standby agreement, Paris Club rescheduling plan, or other economic restructuring plan is in place with respect to the country;

''(B) the convertibility of the currency of the country;

''(C) whether the country provides adequate legal protection for foreign investments;

''(D) whether the country has viable financial markets;

''(E) whether the country provides adequate legal protection for the private property rights of citizens of the country; and

''(F) any other factors that are relevant to the ability of the country to service the debt of the country.'';

(3) by striking subsection (h) and inserting the following:

''(h) UNITED STATES AGRICULTURAL COMPONENTS.—The Commodity Credit Corporation shall finance or guarantee under this section only United States agricultural commodities.'';

(4) in subsection (i)—

(A) by striking ''INSTITUTIONS.—A financial'' and inserting the following: ''INSTITUTIONS.—

''(1) IN GENERAL.—A financial'';

(B) by striking paragraph (1);

(C) by striking ''(2) is'' and inserting the following:

''(A) is'';

(D) by striking ''(3) is'' and inserting the following:

''(B) is''; and

(E) by adding at the end the following:

''(2) THIRD COUNTRY BANKS.—The Commodity Credit Corporation may guarantee under subsections (a) and (b) the repayment of credit made available to finance an export sale irrespective of whether the obligor is located in the country to which the export sale is destined.''; and

(5) by striking subsection (k) and inserting the following:

''(k) PROCESSED AND HIGH-VALUE PRODUCTS.—

''(1) IN GENERAL.—In issuing export credit guarantees under this section, the Commodity Credit Corporation shall, subject to paragraph (2), ensure that not less than 25 percent for each of fiscal years 1996 and 1997, 30 percent for each of fiscal years 1998 and 1999, and 35 percent for each of fiscal years 2000, 2001, and 2002, of the total amount of credit guarantees issued for a fiscal year is issued to promote the export of processed or high-value agricultural products and that the balance is issued to promote the export of bulk or raw agricultural commodities.

''(2) LIMITATION.—The percentage requirement of paragraph (1) shall apply for a fiscal year to the extent that a reduction in the total amount of credit guarantees issued for the fiscal year is not required to meet the percentage requirement.''.

(b) FUNDING LEVELS.—Section 211(b) of the Agricultural Trade Act of 1978 (7 U.S.C. 5641(b)) is amended—

(1) by striking paragraph (2);

(2) by redesignating subparagraph (B) of paragraph (1) as paragraph (2) and indenting the margin of paragraph (2) (as so redesignated) so as to align with the margin of paragraph (1); and

(3) by striking paragraph (1) and inserting the following:

''(1) EXPORT CREDIT GUARANTEES.—The Commodity Credit Corporation shall make available for each of fiscal years 1996 through 2002 not less than $5,500,000,000 in credit guarantees under subsections (a) and (b) of section 202.''.

(c) DEFINITIONS.—Section 102(7) of the Agricultural Trade Act of 1978 (7 U.S.C. 5602(7)) is amended by striking subparagraphs (A) and (B) and inserting the following:

''(A) an agricultural commodity or product entirely produced in the United States; or

''(B) a product of an agricultural commodity—

''(i) 90 percent or more of which by weight, excluding packaging and water, is entirely produced in the United States; and

''(ii) that the Secretary determines to be a high value agricultural product.''.

(d) REGULATIONS.—Not later than 180 days after the effective date of this title, the Secretary of Agriculture shall issue regulations to carry out the amendments made by this section.

SEC. 243. MARKET PROMOTION PROGRAM.

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

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

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

SEC. 244. EXPORT ENHANCEMENT PROGRAM.

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

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

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

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

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

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

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

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

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

SEC. 245. ARRIVAL CERTIFICATION.

Section 401 of the Agricultural Trade Act of 1978 (7 U.S.C. 5662(a)) is amended by striking subsection (a) and inserting the following:

''(a) ARRIVAL CERTIFICATION.—With respect to a commodity provided, or for which financing or a credit guarantee or other assistance is made available, under a program authorized in section 201, 202, or 301, the Commodity Credit Corporation shall require the exporter of the commodity to maintain records of an official or customary commercial nature or other documents as the Secretary may require, and shall allow representatives of the Commodity Credit Corporation access to the records or documents as needed, to verify the arrival of the commodity in the country that was the intended destination of the commodity.''.

SEC. 246. COMPLIANCE.

Section 402(a) of the Agricultural Trade Act of 1978 (7 U.S.C. 5662(a)) is amended—

(1) by striking paragraph (2); and

(2) by redesignating paragraph (3) as paragraph (2).

SEC. 247. REGULATIONS.

Section 404 of the Agricultural Trade Act of 1978 (7 U.S.C. 5664) is repealed.

SEC. 248. TRADE COMPENSATION AND ASSISTANCE PROGRAMS.

Title IV of the Agricultural Trade Act of 1978 (7 U.S.C. 5661 et seq.) is amended by adding at the end the following:

''SEC. 417. TRADE COMPENSATION AND ASSISTANCE PROGRAMS.

''(a) IN GENERAL.—Notwithstanding any other law, if, after the effective date of this section, the President or any other member of the Executive branch causes exports from the United States to any country to be unilaterally suspended for reasons of national security or foreign policy, and if within 180 days after the date on which the suspension is imposed on United States exports no other country agrees to participate in the suspension, the Secretary shall carry out a trade compensation and assistance program in accordance with this section (referred to in this section as a 'program').

''(b) PROVISION OF FUNDS.—Under a program, the Secretary shall make available for each fiscal year funds of the Commodity Credit Corporation, in an amount calculated under subsection (c), to promote agricultural exports or provide agricultural commodities to developing countries, under any authorities available to the Secretary.

''(c) DETERMINATION OF AMOUNT OF FUNDS.—For each fiscal year of a program, the amount of funds made available under subsection (b) shall be equal to 90 percent of the average annual value of United States agricultural exports to the country with respect to which exports are suspended during the most recent 3 years prior to the suspension for which data are available.

''(d) DURATION OF PROGRAM.—

''(1) IN GENERAL.—For each suspension of exports for which a program is implemented under this section, funds shall be made available under subsection (b) for each fiscal year or part of a fiscal year for which the suspension is in effect, but not to exceed 2 fiscal years.

''(2) PARTIAL-YEAR EMBARGOES.—Regardless of whether an embargo is in effect for only part of a fiscal year, the full amount of funds as calculated under subsection (c) shall be made available under a program for the fiscal year. If the Secretary determines that making the required amount of funds available in a partial fiscal year is impracticable, the Secretary may make all or part of the funds required to be made available in the partial fiscal year available in the following fiscal year (in addition to any funds otherwise required under a program to be made available in the following fiscal year).''.

SEC. 249. FOREIGN AGRICULTURAL SERVICE.

Section 503 of the Agricultural Trade Act of 1978 (7 U.S.C. 5693) is amended to read as follows:

''SEC. 503. ESTABLISHMENT OF THE FOREIGN AGRICULTURAL SERVICE.

''The Service shall assist the Secretary in carrying out the agricultural trade policy and international cooperation policy of the United States by—

''(1) acquiring information pertaining to agricultural trade;

''(2) carrying out market promotion and development activities;

''(3) providing agricultural technical assistance and training; and

''(4) carrying out the programs authorized under this Act, the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.), and other Acts.''.

SEC. 250. REPORTS.

The first sentence of section 603 of the Agricultural Trade Act of 1978 (7 U.S.C. 5713) is amended by striking ''The'' and inserting ''Subject to section 217 of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6917), the''.

Subtitle C—Miscellaneous

SEC. 251. REPORTING REQUIREMENTS RELATING TO TOBACCO.

Section 214 of the Tobacco Adjustment Act of 1983 (7 U.S.C. 509) is repealed.

SEC. 252. TRIGGERED EXPORT ENHANCEMENT.

(a) READJUSTMENT OF SUPPORT LEVELS.—Section 1302 of the Omnibus Budget Reconciliation Act of 1990 (Public Law 101–508; 7 U.S.C. 1421 note) is repealed.

(b) TRIGGERED MARKETING LOANS AND EXPORT ENHANCEMENT.—Section 4301 of the Omnibus Trade and Competitiveness Act of 1988 (Public Law 100–418; 7 U.S.C. 1446 note) is repealed.

(c) EFFECTIVE DATE.—The amendments made by this section shall be effective beginning with the 1996 crops of wheat, feed grains, upland cotton, and rice.

SEC. 253. DISPOSITION OF COMMODITIES TO PREVENT WASTE.

Section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431) is amended—

(1) in subsection (b)—

(A) in paragraph (1), by inserting after the first sentence the following: ''The Secretary may use funds of the Commodity Credit Corporation to cover administrative expenses of the programs.'';

(B) in paragraph (7)(D)(iv), by striking ''one year of acquisition'' and all that follows and inserting the following: ''a reasonable length of time, as determined by the Secretary, except that the Secretary may permit the use of proceeds in a country other than the country of origin—

''(I) as necessary to expedite the transportation of commodities and products furnished under this subsection; or

''(II) if the proceeds are generated in a currency generally accepted in the other country.'';

(C) in paragraph (8), by striking subparagraph (C); and

(D) by striking paragraphs (10), (11), and (12); and

(2) by striking subsection (c).

SEC. 254. DIRECT SALES OF DAIRY PRODUCTS.

Section 106 of the Agriculture and Food Act of 1981 (7 U.S.C. 1446c-1) is repealed.

SEC. 255. EXPORT SALES OF DAIRY PRODUCTS.

Section 1163 of the Food Security Act of 1985 (Public Law 99–198; 7 U.S.C. 1731 note) is repealed.

SEC. 256. DEBT-FOR-HEALTH-AND-PROTECTION SWAP.

(a) IN GENERAL.—Section 1517 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 1706) is repealed.

(b) CONFORMING AMENDMENT.—Subsection (e)(3) of the Food for Progress Act of 1985 (7 U.S.C. 1736*o*(e)(3)) is amended by striking ''section 106'' and inserting ''section 103''.

SEC. 257. POLICY ON EXPANSION OF INTERNATIONAL MARKETS.

Section 1207 of the Agriculture and Food Act of 1981 (7 U.S.C. 1736m) is repealed.

SEC. 258. POLICY ON MAINTENANCE AND DEVELOPMENT OF EXPORT MARKETS.

Section 1121 of the Food Security Act of 1985 (7 U.S.C. 1736p) is amended—

(1) by striking subsection (a); and

(2) in subsection (b)—

(A) by striking ''(b)''; and

(B) by striking paragraphs (1) through (4) and inserting the following:

''(1) be the premier supplier of agricultural and food products to world markets and expand exports of high value products;

''(2) support the principle of free trade and the promotion of fair trade in agricultural commodities and products;

''(3) cooperate fully in all efforts to negotiate with foreign countries further reductions in tariff and nontariff barriers to trade, including sanitary and phytosanitary measures and trade-distorting subsidies;

''(4) aggressively counter unfair foreign trade practices as a means of encouraging fairer trade;''.

SEC. 259. POLICY ON TRADE LIBERALIZATION.

Section 1122 of the Food Security Act of 1985 (7 U.S.C. 1736q) is repealed.

SEC. 260. AGRICULTURAL TRADE NEGOTIATIONS.

Section 1123 of the Food Security Act of 1985 (7 U.S.C. 1736r) is amended to read as follows:

''SEC. 1123. TRADE NEGOTIATIONS POLICY.

''(a) FINDINGS.—Congress finds that—

''(1) on a level playing field, United States producers are the most competitive suppliers of agricultural products in the world;

''(2) exports of United States agricultural products will account for $53,000,000,000 in 1995, contributing a net $24,000,000,000 to the merchandise trade balance of the United States and supporting approximately 1,000,000 jobs;

''(3) increased agricultural exports are critical to the future of the farm, rural, and overall United States economy, but the opportunities for increased agricultural exports are limited by the unfair subsidies of the competitors of the United States, and a variety of tariff and nontariff barriers to highly competitive United States agricultural products;

''(4) international negotiations can play a key role in breaking down barriers to United States agricultural exports;

''(5) the Uruguay Round Agreement on Agriculture made significant progress in the attainment of increased market access opportunities for United States exports of agricultural products, for the first time—

''(A) restraining foreign trade-distorting domestic support and export subsidy programs; and

''(B) developing common rules for the application of sanitary and phytosanitary restrictions;

that should result in increased exports of United States agricultural products, jobs, and income growth in the United States;

''(6) the Uruguay Round Agreement on Agriculture did not succeed in completely eliminating trade distorting domestic support and export subsidies by—

''(A) allowing the European Union to continue unreasonable levels of spending on export subsidies; and

''(B) failing to discipline monopolistic state trading entities, such as the Canadian Wheat Board, that use nontransparent and discriminatory pricing as a hidden de facto export subsidy;

''(7) during the period 1996 through 2002, there will be several opportunities for the United States to negotiate fairer trade in agricultural products, including further negotiations under the World Trade Organization, and steps toward possible free trade agreements of the Americas and Asian-Pacific Economic Cooperation (APEC); and

''(8) the United States should aggressively use these opportunities to achieve more open and fair opportunities for trade in agricultural products.

''(b) GOALS OF THE UNITED STATES IN AGRICULTURAL TRADE NEGOTIATIONS.—The objectives of the United States with respect to future negotiations on agricultural trade include—

''(1) increasing opportunities for United States exports of agricultural products by eliminating or substantially reducing tariff and nontariff barriers to trade;

''(2) leveling the playing field for United States producers of agricultural products by limiting per unit domestic production supports to levels that are no greater than those available in the United States;

''(3) ending the practice of export dumping by eliminating all trade distorting export subsidies and disciplining state trading entities so that they do not (except in cases of bona fide food aid) sell in foreign markets at below domestic market prices nor their full costs of acquiring and delivering agricultural products to the foreign markets; and

''(4) encouraging government policies that avoid price-depressing surpluses.''.

SEC. 261. POLICY ON UNFAIR TRADE PRACTICES.

Section 1164 of the Food Security Act of 1985 (Public Law 99–198; 99 Stat. 1499) is repealed.

SEC. 262. AGRICULTURAL AID AND TRADE MISSIONS.

(a) IN GENERAL.—The Agricultural Aid and Trade Missions Act (7 U.S.C. 1736bb et seq.) is repealed.

(b) CONFORMING AMENDMENT.—Section 7 of Public Law 100–277 (7 U.S.C. 1736bb note) is repealed.

SEC. 263. ANNUAL REPORTS BY AGRICULTURAL ATTACHES.

Section 108(b)(1)(B) of the Agricultural Act of 1954 (7 U.S.C. 1748(b)(1)(B)) is amended by striking ''including fruits, vegetables, legumes, popcorn, and ducks''.

SEC. 264. WORLD LIVESTOCK MARKET PRICE INFORMATION.

Section 1545 of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 7 U.S.C. 1761 note) is repealed.

SEC. 265. ORDERLY LIQUIDATION OF STOCKS.

Sections 201 and 207 of the Agricultural Act of 1956 (7 U.S.C. 1851 and 1857) are repealed.

SEC. 266. SALES OF EXTRA LONG STAPLE COTTON.

Section 202 of the Agricultural Act of 1956 (7 U.S.C. 1852) is repealed.

SEC. 267. REGULATIONS.

Section 707 of the Freedom for Russia and Emerging Eurasian Democracies and Open Markets Support Act of 1992 (Public Law 102–511; 7 U.S.C. 5621 note) is amended by striking subsection (d).

SEC. 268. EMERGING MARKETS.

(a) PROMOTION OF AGRICULTURAL EXPORTS TO EMERGING MARKETS.—

(1) EMERGING MARKETS.—Section 1542 of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 7 U.S.C. 5622 note) is amended—

(A) in the section heading, by striking ''EMERGING DEMOCRACIES'' and inserting ''EMERGING MARKETS'';

(B) by striking ''emerging democracies'' each place it appears in subsections (b), (d), and (e) and inserting ''emerging markets'';

(C) by striking ''emerging democracy'' each place it appears in subsection (c) and inserting ''emerging market''; and

(D) by striking subsection (f) and inserting the following:

''(f) EMERGING MARKET.—In this section and section 1543, the term 'emerging market' means any country that the Secretary determines—

''(1) is taking steps toward a market-oriented economy through the food, agriculture, or rural business sectors of the economy of the country; and

''(2) has the potential to provide a viable and significant market for United States agricultural commodities or products of United States agricultural commodities.''.

(2) FUNDING.—Section 1542 of the Food, Agriculture, Conservation, and Trade Act of 1990 is amended by striking subsection (a) and inserting the following:

''(a) FUNDING.—The Commodity Credit Corporation shall make available for fiscal years 1996 through 2002 not less than $1,000,000,000 of direct credits or export credit guarantees for exports to emerging markets under section 201 or 202 of the Agricultural Trade Act of 1978 (7 U.S.C. 5621 and 5622), in addition to the amounts acquired or authorized under section 211 of the Act (7 U.S.C. 5641) for the program.''.

(3) AGRICULTURAL FELLOWSHIP PROGRAM.—Section 1542 of the Food, Agriculture, Conservation, and Trade Act of 1990 is amended—

(A) in subsection (b), by striking the last sentence and inserting the following: ''The Commodity Credit Corporation shall give priority under this subsection to—

''(A) projects that encourage the privatization of the agricultural sector or that benefit private farms or cooperatives in emerging markets; and

''(B) projects for which nongovernmental persons agree to assume a relatively larger share of the costs.''; and

(B) in subsection (d)—

(i) in the matter preceding paragraph (1), by striking ''the Soviet Union'' and inserting ''emerging markets'';

(ii) in paragraph (1)—

(I) in subparagraph (A)(i)—

(aa) by striking ''1995'' and inserting ''2002''; and

(bb) by striking ''those systems, and identify'' and inserting ''the systems, including potential reductions in trade barriers, and identify and carry out'';

(II) in subparagraph (B), by striking ''shall'' and inserting ''may'';

(III) in subparagraph (D), by inserting ''(including the establishment of extension services)'' after ''technical assistance'';

(IV) by striking subparagraph (F);

(V) by redesignating subparagraphs (G), (H), and (I) as subparagraphs (F), (G), and (H), respectively; and

(VI) in subparagraph (H) (as redesignated by subclause (V)), by striking ''$10,000,000'' and inserting ''$20,000,000'';

(iii) in paragraph (2)—

(I) by striking ''the Soviet Union'' each place it appears and inserting ''emerging markets'';

(II) in subparagraph (A), by striking ''a free market food production and distribution system'' and inserting ''free market food production and distribution systems'';

(III) in subparagraph (B)—

(aa) in clause (i), by striking ''Government'' and inserting ''governments'';

(bb) in clause (iii)(II), by striking ''and'' at the end;

(cc) in clause (iii)(III), by striking the period at the end and inserting ''; and''; and

(dd) by adding at the end of clause (iii) the following:

''(IV) to provide for the exchange of administrators and faculty members from agricultural and other institutions to strengthen and revise educational programs in agricultural economics, agribusiness, and agrarian law, to support change towards a free market economy in emerging markets.'';

(IV) by striking subparagraph (D); and

(V) by redesignating subparagraph (E) as subparagraph (D); and

(iv) by striking paragraph (3).

(4) UNITED STATES AGRICULTURAL COMMODITY.—Subsections (b) and (c) of section 1542 of the Food, Agriculture, Conservation, and Trade Act of 1990 are amended by striking ''section 101(6)'' each place it appears and inserting ''section 102(7)''.

(5) REPORT.—The first sentence of section 1542(e)(2) of the Food, Agriculture, Conservation, and Trade Act of 1990 is amended by striking ''Not'' and inserting ''Subject to section 217 of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6917), not''.

(b) AGRICULTURAL FELLOWSHIP PROGRAM FOR MIDDLE INCOME COUNTRIES, EMERGING DEMOCRACIES, AND EMERGING MARKETS.—Section 1543 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 3293) is amended—

(1) in the section heading, by striking ''MIDDLE INCOME COUNTRIES AND EMERGING DEMOCRACIES'' and inserting ''MIDDLE INCOME COUNTRIES, EMERGING DEMOCRACIES, AND EMERGING MARKETS'';

(2) in subsection (b), by adding at the end the following:

''(5) EMERGING MARKET.—Any emerging market, as defined in section 1542(f).''; and

(3) in subsection (c)(1), by striking ''food needs'' and inserting ''food and fiber needs''.

(c) CONFORMING AMENDMENTS.—

(1) Section 501 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1737) is amended—

(A) in subsection (a), by striking ''emerging democracies'' and inserting ''emerging markets''; and

(B) in subsection (b), by striking paragraph (1) and inserting the following:

''(1) EMERGING MARKET.—The term 'emerging market' means any country that the Secretary determines—

''(A) is taking steps toward a market-oriented economy through the food, agriculture, or rural business sectors of the economy of the country; and

''(B) has the potential to provide a viable and significant market for United States agricultural commodities or products of United States agricultural commodities.''.

(2) Section 201(d)(1)(C)(ii) of the Agricultural Trade Act of 1978 (7 U.S.C. 5621(d)(1)(C)(ii)) is amended by striking ''emerging democracies'' and inserting ''emerging markets''.

(3) Section 202(d)(3)(B) of the Agricultural Trade Act of 1978 (7 U.S.C. 5622(d)(3)(B)) is amended by striking ''emerging democracies'' and inserting ''emerging markets''.

SEC. 269. IMPORT ASSISTANCE FOR CBI BENEFICIARY COUNTRIES AND THE PHILIPPINES.

Section 583 of Public Law 100–202 (101 Stat. 1329–182) is repealed.

SEC. 270. STUDIES, REPORTS, AND OTHER PROVISIONS.

(a) IN GENERAL.—Sections 1551 through 1555, section 1559, and section 1560 of subtitle E of title XV of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 104 Stat. 3696) are repealed.

(b) LANGUAGE PROFICIENCY.—Section 1556 of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 7 U.S.C. 5694 note) is amended by striking subsection (c).

SEC. 271. IMPLEMENTATION OF COMMITMENTS UNDER URUGUAY ROUND AGREEMENTS.

Part III of subtitle A of title IV of the Uruguay Round Agreements Act (Public Law 103–465; 108 Stat. 4964) is amended by adding at the end the following:

''SEC. 427. IMPLEMENTATION OF COMMITMENTS UNDER URUGUAY ROUND AGREEMENTS.

''Not later than September 30 of each fiscal year, the Secretary of Agriculture shall determine whether the obligations undertaken by foreign countries under the Uruguay Round Agreement on Agriculture are being fully implemented. If the Secretary of Agriculture determines that any foreign country, by not implementing the obligations of the country, is significantly constraining an opportunity for United States agricultural exports, the Secretary shall—

''(1) submit to the United States Trade Representative a recommendation as to whether the President should take action under any provision of law; and

''(2) transmit a copy of the recommendation to 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.''.

SEC. 272. SENSE OF CONGRESS CONCERNING MULTILATERAL DISCIPLINES ON CREDIT GUARANTEES.

It is the sense of Congress that—

(1) in negotiations to establish multilateral disciplines on agricultural export credits and credit guarantees, the United States should not agree to any arrangement that is incompatible with the provisions of United States law that authorize agricultural export credits and credit guarantees;

(2) in the negotiations (which are held under the auspices of the Organization for Economic Cooperation and Development), the United States should not reach any agreement that fails to impose disciplines on the practices of foreign government trading entities such as the Australian Wheat Board and Canadian Wheat Board; and

(3) the disciplines should include greater openness in the operations of the entities as long as the entities are subsidized by the foreign government or have monopolies for exports of a commodity that are sanctioned by the foreign government.

TITLE III—CONSERVATION

Subtitle A—Definitions

SEC. 301. DEFINITIONS.

Section 1201(a) of the Food Security Act of 1985 (16 U.S.C. 3801(a)) is amended—

(1) by redesignating paragraphs (3) through (16) as paragraphs (4) through (17), respectively; and

(2) by inserting after paragraph (2) the following:

''(3) CONSERVATION SYSTEM.—The term 'conservation system' means the conservation measures and practices that are approved for application by a producer to a highly erodible field and that provide for cost effective and practical erosion reduction on the field based on local resource conditions and standards contained in the Natural Resources Conservation Service field office technical guide.''.

Subtitle B—Environmental Conservation Acreage Reserve Program

SEC. 311. ENVIRONMENTAL CONSERVATION ACREAGE RESERVE PROGRAM.

Section 1230 of the Food Security Act of 1985 (16 U.S.C. 3830) is amended to read as follows:

''SEC. 1230. ENVIRONMENTAL CONSERVATION ACREAGE RESERVE PROGRAM.

''(a) ESTABLISHMENT.—

''(1) IN GENERAL.—During the 1996 through 2002 calendar years, the Secretary shall establish an environmental conservation acreage reserve program (referred to in this section as 'ECARP') to be implemented through contracts and the acquisition of easements to assist owners and operators of farms and ranches to conserve and enhance soil, water, and related natural resources, including grazing land, wetland, and wildlife habitat.

''(2) MEANS.—The Secretary shall carry out the ECARP by—

''(A) providing for the long-term protection of environmentally sensitive land; and

''(B) providing technical and financial assistance to farmers and ranchers to—

''(i) improve the management and operation of the farms and ranches; and

''(ii) reconcile productivity and profitability with protection and enhancement of the environment.

''(3) PROGRAMS.—The ECARP shall consist of—

''(A) the conservation reserve program established under subchapter B;

''(B) the wetlands reserve program established under subchapter C; and

''(C) the environmental quality incentives program established under chapter 4.

''(b) ADMINISTRATION.—

''(1) IN GENERAL.—In carrying out the ECARP, the Secretary shall enter into contracts with owners and operators and acquire interests in land through easements from owners, as provided in this chapter and chapter 4.

''(2) PRIOR ENROLLMENTS.—Acreage enrolled in the conservation reserve or wetlands reserve program prior to the effective date of this paragraph shall be considered to be placed into the ECARP.

''(c) CONSERVATION PRIORITY AREAS.—

''(1) DESIGNATION.—

''(A) IN GENERAL.—The Secretary shall designate watersheds or regions of special environmental sensitivity, including the Chesapeake Bay Region (consisting of Pennsylvania, Maryland, and Virginia), the Great Lakes Region, and the Long Island Sound Region, as conservation priority areas that are eligible for enhanced assistance through the programs established under this chapter and chapter 4.

''(B) APPLICATION.—A designation shall be made under this paragraph if agricultural

practices on land within the watershed or region pose a significant threat to soil, water, and related natural resources, as determined by the Secretary, and an application is made by—

''(i) a State agency in consultation with the State technical committee established under section 1261; or

''(ii) State agencies from several States that agree to form an interstate conservation priority area.

''(C) ASSISTANCE.—The Secretary shall designate a watershed or region of special environmental sensitivity as a conservation priority area to assist, to the maximum extent practicable, agricultural producers within the watershed or region to comply with nonpoint source pollution requirements under the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.) and other Federal and State environmental laws.

''(2) APPLICABILITY.—The Secretary shall designate a watershed or region of special environmental sensitivity as a conservation priority area in a manner that conforms, to the maximum extent practicable, to the functions and purposes of the conservation reserve, wetlands reserve, and environmental quality incentives programs, as applicable, if participation in the program or programs is likely to result in the resolution or amelioration of significant soil, water, and related natural resource problems related to agricultural production activities within the watershed or region.

''(3) TERMINATION.—A conservation priority area designation shall terminate on the date that is 5 years after the date of the designation, except that the Secretary may—

''(A) redesignate the area as a conservation priority area; or

''(B) withdraw the designation of a watershed or region if the Secretary determines the area is no longer affected by significant soil,water, and related natural resource impacts related to agricultural production activities.''.

SEC. 312. CONSERVATION RESERVE PROGRAM.

(a) IN GENERAL.—Section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831) is amended—

(1) by striking ''1995'' each place it appears and inserting ''2002''; and

(2) in subsection (d), by striking ''38,000,000'' and inserting ''36,400,000''.

(b) DUTIES OF OWNERS AND OPERATORS.—Section 1232(c) of the Food Security Act of 1985 (16 U.S.C. 3832(c)) is amended by striking ''1995'' and inserting ''2002''.

SEC. 313. WETLANDS RESERVE PROGRAM.

(a) PURPOSES.—Section 1237(a) of the Food Security Act of 1985 (16 U.S.C. 3837(a)) is amended by striking ''to assist owners of eligible lands in restoring and protecting wetlands'' and inserting ''to protect wetlands for purposes of enhancing water quality and providing wildlife benefits while recognizing landowner rights''.

(b) ENROLLMENT.—Section 1237 of the Food Security Act of 1985 (16 U.S.C. 3837) is amended by striking subsection (b) and inserting the following:

''(b) MINIMUM ENROLLMENT.—The Secretary shall enroll into the wetlands reserve program—

''(1) during the 1996 through 2002 calendar years, a total of not more than 975,000 acres; and

''(2) beginning with offers accepted by the Secretary during calendar year 1997, to the maximum extent practicable, ⅓ of the acres in permanent easements, ⅓ of the acres in 30-year easements, and ⅓ of the acres in restoration cost-share agreements.''.

(c) ELIGIBILITY.—Section 1237(c) of the Food Security Act of 1985 (16 U.S.C. 3837(c)) is amended—

(1) by striking ''2000'' and inserting ''2002'';

(2) by inserting ''the land maximizes wildlife benefits and wetland values and functions and'' after ''determines that'';

(3) in paragraph (1)—

(A) by striking ''December 23, 1985'' and inserting ''January 1, 1996''; and

(B) by striking ''and'' at the end;

(4) by redesignating paragraph (2) as paragraph (3);

(5) by inserting after paragraph (1) the following:

''(2) enrollment of the land meets water quality goals through—

''(A) creation of tailwater pits or settlement ponds; or

''(B) enrollment of land that was enrolled (on the day before the effective date of this subparagraph) in the water bank program established under the Water Bank Act (16 U.S.C. 1301 et seq.) at a rate not to exceed the rates in effect under the program;'';

(6) in paragraph (3) (as so redesignated), by striking the period at the end and inserting ''; and''; and

(7) by adding at the end the following:

''(4) enrollment of the land maintains or improves wildlife habitat.''.

(d) OTHER ELIGIBLE LANDS.—Section 1237(d) (16 U.S.C. 3837(d)) is amended by inserting after ''subsection (c)'' the following '', land that maximizes wildlife benefits and that is''.

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

(1) in the section heading, by inserting before the period at the end the following: ''and agreements'';

(2) by striking subsection (c) and inserting the following:

''(c) RESTORATION PLANS.—The development of a restoration plan, including any compatible use, under this section shall be made through the local Natural Resources Conservation Service representative, in consultation with the State technical committee.'';

(3) in subsection (f), by striking the third sentence and inserting the following: ''Compensation may be provided in not less than 5, nor more than 30, annual payments of equal or unequal size, as agreed to by the owner and the Secretary.''; and

(4) by adding at the end the following:

''(h) COST SHARE AGREEMENTS.—The Secretary may enroll land into the wetland reserve through agreements that require the landowner to restore wetlands on the land, if the agreement does not provide the Secretary with an easement.''.

(f) COST SHARE AND TECHNICAL ASSISTANCE.—Section 1237C of the Food Security Act of 1985 (16 U.S.C. 3837c) is amended by striking subsection (b) and inserting the following:

''(b) COST SHARE AND TECHNICAL ASSISTANCE.—In the case of an easement entered into during the 1996 through 2002 calendar years, in making cost share payments under subsection (a)(1), the Secretary shall—

''(1) in the case of a permanent easement, pay the owner an amount that is not less than 75 percent, but not more than 100 percent, of the eligible costs;

''(2) in the case of a 30-year easement or a cost-share agreement, pay the owner an amount that is not less than 50 percent, but not more than 75 percent, of the eligible costs; and

''(3) provide owners technical assistance to assist landowners in complying with the terms of easements and agreements.''.

SEC. 314. ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.

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

''CHAPTER 4—ENVIRONMENTAL QUALITY INCENTIVES PROGRAM

''SEC. 1238. FINDINGS AND PURPOSES.

''(a) FINDINGS.—Congress finds that—

''(1) farmers and ranchers cumulatively manage more than ½ of the private lands in the continental United States;

''(2) because of the predominance of agriculture, the soil, water, and related natural resources of the United States cannot be protected without cooperative relationships between the Federal Government and farmers and ranchers;

''(3) farmers and ranchers have made tremendous progress in protecting the environment and the agricultural resource base of the United States over the past decade because of not only Federal Government programs but also their spirit of stewardship and the adoption of effective technologies;

''(4) it is in the interest of the entire United States that farmers and ranchers continue to strive to preserve soil resources and make more efforts to protect water quality and wildlife habitat, and address other broad environmental concerns;

''(5) environmental strategies that stress the prudent management of resources, as opposed to idling land, will permit the maximum economic opportunities for farmers and ranchers in the future;

''(6) unnecessary bureaucratic and paperwork barriers associated with existing agricultural conservation assistance programs decrease the potential effectiveness of the programs; and

''(7) the recent trend of Federal spending on agricultural conservation programs suggests that assistance to farmers and ranchers in future years will, absent changes in policy, dwindle to perilously low levels.

''(b) PURPOSES.—The purposes of the environmental quality incentives program established by this chapter are to—

''(1) combine into a single program the functions of—

''(A) the agricultural conservation program authorized by sections 7 and 8 of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590g and 590h) (as in effect before the amendments made by section 355(a)(1) of the Agricultural Reform and Improvement Act of 1996);

''(B) the Great Plains conservation program established under section 16(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590p(b)) (as in effect before the amendment made by section 355(b)(1) of the Agricultural Reform and Improvement Act of 1996); and

''(C) the water quality incentives program established under chapter 2 (as in effect before the amendment made by section 355(k) of the Agricultural Reform and Improvement Act of 1996); and

''(C) the Colorado River Basin salinity control program established under section 202(c) of the Colorado River Basin Salinity Control Act (43 U.S.C. 1592(c)) (as in effect before the amendment made by section 355(c)(1) of the Agricultural Reform and Improvement Act of 1996); and

''(2) carry out the single program in a manner that maximizes environmental benefits per dollar expended, and that provides—

''(A) flexible technical and financial assistance to farmers and ranchers that face the most serious threats to soil, water, and related natural resources, including grazing lands, wetlands, and wildlife habitat;

''(B) assistance to farmers and ranchers in complying with this title and Federal and State environmental laws, and to encourage environmental enhancement;

''(C) assistance to farmers and ranchers in making beneficial, cost-effective changes to

cropping systems, grazing management, manure, nutrient, pest, or irrigation management, land uses, or other measures needed to conserve and improve soil, water, and related natural resources; and

''(D) for the consolidation and simplification of the conservation planning process to reduce administrative burdens on the owners and operators of farms and ranches.

''SEC. 1238A. DEFINITIONS.

''In this chapter:

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

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

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

''(B) has more than—

''(i) 700 mature dairy cattle;

''(ii) 10,000 beef cattle;

''(iii) 150,000 laying hens or broilers;

''(iv) 55,000 turkeys;

''(v) 15,000 swine; or

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

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

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

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

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

''(a) ESTABLISHMENT.—

''(1) IN GENERAL.—During the 1996 through 2002 fiscal years, the Secretary shall provide technical assistance, cost-sharing payments, and incentive payments to operators, who enter into contracts with the Secretary, through an environmental quality incentives program in accordance with this chapter.

''(2) ELIGIBLE PRACTICES.—

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

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

''(b) APPLICATION AND TERM.—A contract between an operator and the Secretary under this chapter may—

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

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

''(c) STRUCTURAL PRACTICES.—

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

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

''(B) evaluation of the offer in light of the priorities established in section 1238C and the projected cost of the proposal, as determined by the Secretary.

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

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

''(e) COST-SHARING AND INCENTIVE PAYMENTS.—

''(1) COST-SHARING PAYMENTS.—

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

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

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

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

''(f) TECHNICAL ASSISTANCE.—

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

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

''(g) MODIFICATION OR TERMINATION OF CONTRACTS.—

''(1) VOLUNTARY MODIFICATION OR TERMINATION.—The Secretary may modify or terminate a contract entered into with an operator under this chapter if—

''(A) the operator agrees to the modification or termination; and

''(B) the Secretary determines that the modification or termination is in the public interest.

''(2) INVOLUNTARY TERMINATION.—The Secretary may terminate a contract under this chapter if the Secretary determines that the operator violated the contract.

''(h) NON-FEDERAL ASSISTANCE.—

''(1) IN GENERAL.—The Secretary may request the services of a State water quality agency, State fish and wildlife agency, State forestry agency, or any other governmental or private resource considered appropriate to assist in providing the technical assistance necessary for the development and implementation of a structural practice or land management practice.

''(2) LIMITATION ON LIABILITY.—No person shall be permitted to bring or pursue any claim or action against any official or entity based on or resulting from any technical assistance provided to an operator under this chapter to assist in complying with a Federal or State environmental law.

''SEC. 1238C. EVALUATION OF OFFERS AND PAYMENTS.

''(a) REGIONAL PRIORITIES.—The Secretary shall provide technical assistance, cost-sharing payments, and incentive payments to operators in a region, watershed, or conservation priority area under this chapter based on the significance of the soil, water, and related natural resource problems in the region, watershed, or area, and the structural practices or land management practices that best address the problems, as determined by the Secretary.

''(b) MAXIMIZATION OF ENVIRONMENTAL BENEFITS.—

''(1) IN GENERAL.—In providing technical assistance, cost-sharing payments, and incentive payments to operators in regions, watersheds, or conservation priority areas under this chapter, the Secretary shall accord a higher priority to assistance and payments that maximize environmental benefits per dollar expended.

''(2) NATIONAL AND REGIONAL PRIORITY.—The prioritization shall be done nationally as well as within the conservation priority area, region, or watershed in which an agricultural operation is located.

''(3) CRITERIA.—To carry out this subsection, the Secretary shall establish criteria for implementing structural practices and land management practices that best achieve conservation goals for a region, watershed, or conservation priority area, as determined by the Secretary.

''(c) STATE OR LOCAL CONTRIBUTIONS.—The Secretary shall accord a higher priority to operators whose agricultural operations are located within watersheds, regions, or conservation priority areas in which State or local governments have provided, or will provide, financial or technical assistance to the operators for the same conservation or environmental purposes.

''(d) PRIORITY LANDS.—The Secretary shall accord a higher priority to structural practices or land management practices on lands on which agricultural production has been determined to contribute to, or create, the potential for failure to meet applicable water quality standards or other environmental objectives of a Federal or State law.

''SEC. 1238D. DUTIES OF OPERATORS.

''To receive technical assistance, cost-sharing payments, or incentives payments under this chapter, an operator shall agree—

''(1) to implement an environmental quality incentives program plan that describes conservation and environmental goals to be achieved through a structural practice or land management practice, or both, that is approved by the Secretary;

''(2) not to conduct any practices on the farm or ranch that would tend to defeat the purposes of this chapter;

''(3) on the violation of a term or condition of the contract at any time the operator has control of the land, to refund any cost-sharing or incentive payment received with interest, and forfeit any future payments under this chapter, as determined by the Secretary;

''(4) on the transfer of the right and interest of the operator in land subject to the contract, unless the transferee of the right and interest agrees with the Secretary to assume all obligations of the contract, to refund all cost-sharing payments and incentive

payments received under this chapter, as determined by the Secretary;

''(5) to supply information as required by the Secretary to determine compliance with the environmental quality incentives program plan and requirements of the program; and

''(6) to comply with such additional provisions as the Secretary determines are necessary to carry out the environmental quality incentives program plan.

''SEC. 1238E. ENVIRONMENTAL QUALITY INCENTIVES PROGRAM PLAN.

''An environmental quality incentives program plan shall include (as determined by the Secretary)—

''(1) a description of the prevailing farm or ranch enterprises, cropping patterns, grazing management, cultural practices, or other information that may be relevant to conserving and enhancing soil, water, and related natural resources;

''(2) a description of relevant farm or ranch resources, including soil characteristics, rangeland types and condition, proximity to water bodies, wildlife habitat, or other relevant characteristics of the farm or ranch related to the conservation and environmental objectives set forth in the plan;

''(3) a description of specific conservation and environmental objectives to be achieved;

''(4) to the extent practicable, specific, quantitative goals for achieving the conservation and environmental objectives;

''(5) a description of 1 or more structural practices or 1 or more land management practices, or both, to be implemented to achieve the conservation and environmental objectives;

''(6) a description of the timing and sequence for implementing the structural practices or land management practices, or both, that will assist the operator in complying with Federal and State environmental laws; and

''(7) information that will enable evaluation of the effectiveness of the plan in achieving the conservation and environmental objectives, and that will enable evaluation of the degree to which the plan has been implemented.

''SEC. 1238F. DUTIES OF THE SECRETARY.

''To the extent appropriate, the Secretary shall assist an operator in achieving the conservation and environmental goals of an environmental quality incentives program plan by—

''(1) providing an eligibility assessment of the farming or ranching operation of the operator as a basis for developing the plan;

''(2) providing technical assistance in developing and implementing the plan;

''(3) providing technical assistance, cost-sharing payments, or incentive payments for developing and implementing 1 or more structural practices or 1 or more land management practices, as appropriate;

''(4) providing the operator with information, education, and training to aid in implementation of the plan; and

''(5) encouraging the operator to obtain technical assistance, cost-sharing payments, or grants from other Federal, State, local, or private sources.

''SEC. 1238G. ELIGIBLE LANDS.

''Agricultural land on which a structural practice or land management practice, or both, shall be eligible for technical assistance, cost-sharing payments, or incentive payments under this chapter include—

''(1) agricultural land (including cropland, rangeland, pasture, and other land on which crops or livestock are produced) that the Secretary determines poses a serious threat to soil, water, or related resources by reason of the soil types, terrain, climatic, soil, topographic, flood, or saline characteristics, or other factors or natural hazards;

''(2) an area that is considered to be critical agricultural land on which either crop or livestock production is carried out, as identified in a plan submitted by the State under section 319 of the Federal Water Pollution Control Act (33 U.S.C. 1329) as having priority problems that result from an agricultural nonpoint source of pollution;

''(3) an area recommended by a State lead agency for protection of soil, water, and related resources, as designated by a Governor of a State; and

''(4) land that is not located within a designated or approved area, but that if permitted to continue to be operated under existing management practices, would defeat the purpose of the environmental quality incentives program, as determined by the Secretary.

''SEC. 1238H. LIMITATIONS ON PAYMENTS.

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

''(1) $10,000 for any fiscal year; or

''(2) $50,000 for any multiyear contract.

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

''(1) defining the term 'person' as used in subsection (a); and

''(2) prescribing such rules as the Secretary determines necessary to ensure a fair and reasonable application of the limitations contained in subsection (a).''.

Subtitle C—Conservation Funding

SEC. 321. CONSERVATION FUNDING.

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

''Subtitle E—Funding

''SEC. 1241. FUNDING.

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

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

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

''(3) chapter 4 of subtitle D.

''(b) ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.—

''(1) IN GENERAL.—For each of fiscal years 1996 through 2002, $200,000,000 of the funds of the Commodity Credit Corporation shall be available for providing technical assistance, cost-sharing payments, and incentive payments under the environmental quality incentives program under chapter 4 of subtitle D.

''(2) LIVESTOCK PRODUCTION.—For each of fiscal years 1996 through 2002, 50 percent of the funding available for technical assistance, cost-sharing payments, and incentive payments under the environmental quality incentives program shall be targeted at practices relating to livestock production.

''(c) ADVANCE APPROPRIATIONS TO CCC.—The Secretary may use the funds of the Commodity Credit Corporation to carry out chapter 3 of subtitle D, except that the Secretary may not use the funds of the Corporation unless the Corporation has received funds to cover the expenditures from appropriations made available to carry out chapter 3 of subtitle D.

''SEC. 1242. ADMINISTRATION.

''(a) PLANS.—The Secretary shall, to the extent practicable, avoid duplication in—

''(1) the conservation plans required for—

''(A) highly erodible land conservation under subtitle B;

''(B) the conservation reserve program established under subchapter B of chapter 1 of subtitle D; and

''(C) the wetlands reserve program established under subchapter C of chapter 1 of subtitle D; and

''(2) the environmental quality incentives program established under chapter 4 of subtitle D.

''(b) ACREAGE LIMITATION.—

''(1) IN GENERAL.—The Secretary shall not enroll more than 25 percent of the cropland in any county in the programs administered under the conservation reserve and wetlands reserve programs established under subchapters B and C, respectively, of chapter 1 of subtitle D. Not more than 10 percent of the cropland in a county may be subject to an easement acquired under the subchapters.

''(2) EXCEPTION.—The Secretary may exceed the limitations in paragraph (1) if the Secretary determines that—

''(A) the action would not adversely affect the local economy of a county; and

''(B) operators in the county are having difficulties complying with conservation plans implemented under section 1212.

''(3) SHELTERBELTS AND WINDBREAKS.—The limitations established under this subsection shall not apply to cropland that is subject to an easement under chapter 1 or 3 of subtitle D that is used for the establishment of shelterbelts and windbreaks.

''(c) TENANT PROTECTION.—Except for a person who is a tenant on land that is subject to a conservation reserve contract that has been extended by the Secretary, the Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers, including provision for sharing, on a fair and equitable basis, in payments under the programs established under subtitles B through D.

''(d) REGULATIONS.—Not later than 90 days after the effective date of this subsection, the Secretary shall issue regulations to implement the conservation reserve and wetlands reserve programs established under chapter 1 of subtitle D.''.

Subtitle D—National Natural Resources Conservation Foundation

SEC. 331. SHORT TITLE.

This subtitle may be cited as the ''National Natural Resources Conservation Foundation Act''.

SEC. 332. DEFINITIONS.

In this subtitle (unless the context otherwise requires):

(1) BOARD.—The term ''Board'' means the Board of Trustees established under section 334.

(2) DEPARTMENT.—The term ''Department'' means the United States Department of Agriculture.

(3) FOUNDATION.—The term ''Foundation'' means the National Natural Resources Conservation Foundation established by section 333(a).

(4) SECRETARY.—The term ''Secretary'' means the Secretary of Agriculture.

SEC. 333. NATIONAL NATURAL RESOURCES CONSERVATION FOUNDATION.

(a) ESTABLISHMENT.—A National Natural Resources Conservation Foundation is established as a charitable and nonprofit corporation for charitable, scientific, and educational purposes specified in subsection (b). The Foundation is not an agency or instrumentality of the United States.

(b) PURPOSES.—The purposes of the Foundation are to—

(1) promote innovative solutions to the problems associated with the conservation of natural resources on private lands, particularly with respect to agriculture and soil and water conservation;

(2) promote voluntary partnerships between government and private interests in the conservation of natural resources;

(3) conduct research and undertake educational activities, conduct and support demonstration projects, and make grants to State and local agencies and nonprofit organizations;

(4) provide such other leadership and support as may be necessary to address conservation challenges, such as the prevention of excessive soil erosion, enhancement of soil and water quality, and the protection of wetlands, wildlife habitat, and strategically important farmland subject to urban conversion and fragmentation;

(5) encourage, accept, and administer private gifts of money and real and personal property for the benefit of, or in connection with, the conservation and related activities and services of the Department, particularly the Natural Resources Conservation Service;

(6) undertake, conduct, and encourage educational, technical, and other assistance, and other activities, that support the conservation and related programs administered by the Department (other than activities carried out on National Forest System lands), particularly the Natural Resources Conservation Service, except that the Foundation may not enforce or administer a regulation of the Department; and

(7) raise private funds to promote the purposes of the Foundation.

(c) LIMITATIONS AND CONFLICTS OF INTERESTS.—

(1) POLITICAL ACTIVITIES.—The Foundation shall not participate or intervene in a political campaign on behalf of any candidate for public office.

(2) CONFLICTS OF INTEREST.—No director, officer, or employee of the Foundation shall participate, directly or indirectly, in the consideration or determination of any question before the Foundation affecting—

(A) the financial interests of the director, officer, or employee; or

(B) the interests of any corporation, partnership, entity, organization, or other person in which the director, officer, or employee—

(i) is an officer, director, or trustee; or

(ii) has any direct or indirect financial interest.

(3) LEGISLATION OR GOVERNMENT ACTION OR POLICY.—No funds of the Foundation may be used in any manner for the purpose of influencing legislation or government action or policy.

(4) LITIGATION.—No funds of the Foundation may be used to bring or join an action against the United States or any State.

SEC. 334. COMPOSITION AND OPERATION.

(a) COMPOSITION.—The Foundation shall be administered by a Board of Trustees that shall consist of 9 voting members, each of whom shall be a United States citizen and not a Federal officer. The Board shall be composed of—

(1) individuals with expertise in agricultural conservation policy matters;

(2) a representative of private sector organizations with a demonstrable interest in natural resources conservation;

(3) a representative of statewide conservation organizations;

(4) a representative of soil and water conservation districts;

(5) a representative of organizations outside the Federal Government that are dedicated to natural resources conservation education; and

(6) a farmer or rancher.

(b) NONGOVERNMENTAL EMPLOYEES.—Service as a member of the Board shall not constitute employment by, or the holding of, an office of the United States for the purposes of any Federal law.

(c) MEMBERSHIP.—

(1) INITIAL MEMBERS.—The Secretary shall appoint 9 persons who meet the criteria established under subsection (a) as the initial members of the Board and designate 1 of the members as the initial chairperson for a 2-year term.

(2) TERMS OF OFFICE.—

(A) IN GENERAL.—A member of the Board shall serve for a term of 3 years, except that the members appointed to the initial Board shall serve, proportionately, for terms of 1, 2, and 3 years, as determined by the Secretary.

(B) LIMITATION ON TERMS.—No individual may serve more than 2 consecutive 3-year terms as a member.

(3) SUBSEQUENT MEMBERS.—The initial members of the Board shall adopt procedures in the constitution of the Foundation for the nomination and selection of subsequent members of the Board. The procedures shall require that each member, at a minimum, meets the criteria established under subsection (a) and shall provide for the selection of an individual, who is not a Federal officer or a member of the Board.

(d) CHAIRPERSON.—After the appointment of an initial chairperson under subsection (c)(1), each succeeding chairperson of the Board shall be elected by the members of the Board for a 2-year term.

(e) VACANCIES.—A vacancy on the Board shall be filled by the Board not later than 60 days after the occurrence of the vacancy.

(f) COMPENSATION.—A member of the Board shall receive no compensation from the Foundation for the service of the member on the Board.

(g) TRAVEL EXPENSES.—While away from the home or regular place of business of a member of the Board in the performance of services for the Board, the member shall be allowed travel expenses paid by the Foundation, including per diem in lieu of subsistence, at the same rate as a person employed intermittently in the Government service would be allowed under section 5703 of title 5, United States Code.

SEC. 335. OFFICERS AND EMPLOYEES.

(a) IN GENERAL.—The Board may—

(1) appoint, hire, and discharge the officers and employees of the Foundation, other than the appointment of the initial Executive Director of the Foundation;

(2) adopt a constitution and bylaws for the Foundation that are consistent with the purposes of the Foundation and this subtitle; and

(3) undertake any other activities that may be necessary to carry out this subtitle.

(b) OFFICERS AND EMPLOYEES.—

(1) APPOINTMENT AND HIRING.—An officer or employee of the Foundation—

(A) shall not, by virtue of the appointment or employment of the officer or employee, be considered a Federal employee for any purpose, including the provisions of title 5, United States Code, governing appointments in the competitive service, except that such an individual may participate in the Federal employee retirement system as if the individual were a Federal employee; and

(B) may not be paid by the Foundation a salary in excess of $125,000 per year.

(2) EXECUTIVE DIRECTOR.—

(A) INITIAL DIRECTOR.—The Secretary shall appoint an individual to serve as the initial Executive Director of the Foundation who shall serve, at the direction of the Board, as the chief operating officer of the Foundation.

(B) SUBSEQUENT DIRECTORS.—The Board shall appoint each subsequent Executive Director of the Foundation who shall serve, at the direction of the Board, as the chief operating officer of the Foundation.

(C) QUALIFICATIONS.—The Executive Director shall be knowledgeable and experienced in matters relating to natural resources conservation.

SEC. 336. CORPORATE POWERS AND OBLIGATIONS OF THE FOUNDATION.

(a) IN GENERAL.—The Foundation—

(1) may conduct business throughout the United States and the territories and possessions of the United States; and

(2) shall at all times maintain a designated agent who is authorized to accept service of process for the Foundation, so that the serving of notice to, or service of process on, the agent, or mailed to the business address of the agent, shall be considered as service on or notice to the Foundation.

(b) SEAL.—The Foundation shall have an official seal selected by the Board that shall be judicially noticed.

(c) POWERS.—To carry out the purposes of the Foundation under section 333(b), the Foundation shall have, in addition to the powers otherwise provided under this subtitle, the usual powers of a corporation, including the power—

(1) to accept, receive, solicit, hold, administer, and use any gift, devise, or bequest, either absolutely or in trust, of real or personal property or any income from, or other interest in, the gift, devise, or bequest;

(2) to acquire by purchase or exchange any real or personal property or interest in property, except that funds provided under section 310 may not be used to purchase an interest in real property;

(3) unless otherwise required by instrument of transfer, to sell, donate, lease, invest, reinvest, retain, or otherwise dispose of any property or income from property;

(4) to borrow money from private sources and issue bonds, debentures, or other debt instruments, subject to section 339, except that the aggregate amount of the borrowing and debt instruments outstanding at any time may not exceed $1,000,000;

(5) to sue and be sued, and complain and defend itself, in any court of competent jurisdiction, except that a member of the Board shall not be personally liable for an action in the performance of services for the Board, except for gross negligence;

(6) to enter into a contract or other agreement with an agency of State or local government, educational institution, or other private organization or person and to make such payments as may be necessary to carry out the functions of the Foundation; and

(7) to do any and all acts that are necessary to carry out the purposes of the Foundation.

(d) INTEREST IN PROPERTY.—

(1) IN GENERAL.—The Foundation may acquire, hold, and dispose of lands, waters, or other interests in real property by donation, gift, devise, purchase, or exchange.

(2) INTERESTS IN REAL PROPERTY.—For purposes of this subtitle, an interest in real property shall be treated, among other things, as including an easement or other right for the preservation, conservation, protection, or enhancement of agricultural, natural, scenic, historic, scientific, educational, inspirational, or recreational resources.

(3) GIFTS.—A gift, devise, or bequest may be accepted by the Foundation even though the gift, devise, or bequest is encumbered, restricted, or subject to a beneficial interest of a private person if any current or future interest in the gift, devise, or bequest is for the benefit of the Foundation.

SEC. 337. ADMINISTRATIVE SERVICES AND SUPPORT.

For each of fiscal years 1996 through 1998, the Secretary may provide, without reimbursement, personnel, facilities, and other administrative services of the Department to the Foundation.

SEC. 338. AUDITS AND PETITION OF ATTORNEY GENERAL FOR EQUITABLE RELIEF.

(a) AUDITS.—

(1) IN GENERAL.—The accounts of the Foundation shall be audited in accordance with Public Law 88–504 (36 U.S.C. 1101 et seq.), including an audit of lobbying and litigation activities carried out by the Foundation.

(2) CONFORMING AMENDMENT.—The first section of Public Law 88–504 (36 U.S.C. 1101) is amended by adding at the end the following:

''(77) The National Natural Resources Conservation Foundation.''.

(b) RELIEF WITH RESPECT TO CERTAIN FOUNDATION ACTS OR FAILURE TO ACT.—The Attorney General may petition in the United States District Court for the District of Columbia for such equitable relief as may be necessary or appropriate, if the Foundation—

(1) engages in, or threatens to engage in, any act, practice, or policy that is inconsistent with this subtitle; or

(2) refuses, fails, neglects, or threatens to refuse, fail, or neglect, to discharge the obligations of the Foundation under this subtitle.

SEC. 339. RELEASE FROM LIABILITY.

(a) IN GENERAL.—The United States shall not be liable for any debt, default, act, or omission of the Foundation. The full faith and credit of the United States shall not extend to the Foundation.

(b) STATEMENT.—An obligation issued by the Foundation, and a document offering an obligation, shall include a prominent statement that the obligation is not directly or indirectly guaranteed, in whole or in part, by the United States (or an agency or instrumentality of the United States).

SEC. 340. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to the Department to be made available to the Foundation $1,000,000 for each of fiscal years 1997 through 1999 to initially establish and carry out activities of the Foundation.

Subtitle E—Miscellaneous

SEC. 351. FLOOD RISK REDUCTION.

(a) IN GENERAL.—During fiscal years 1996 through 2002, the Secretary of Agriculture (referred to in this section as the ''Secretary'') may enter into a contract with contract acreage under title I on a farm with land that is frequently flooded.

(b) DUTIES OF PRODUCERS.—Under the terms of the contract, with respect to acres that are subject to the contract, the producer must agree to—

(1) the termination of any contract acreage;

(2) forgo loans for contract commodities, oilseeds, and extra long staple cotton;

(3) not apply for crop insurance issued or reinsured by the Secretary;

(4) comply with applicable wetlands and high erodible land conservation compliance requirements established under title XII of the Food Security Act of 1985 (16 U.S.C. 3801 et seq.);

(5) not apply for any conservation program payments from the Secretary;

(6) not apply for disaster program benefits provided by the Secretary; and

(7) refund the payments, with interest, issued under the flood risk reduction contract to the Secretary, if the producer violates the terms of the contract or if the producer transfers the property to another person who violates the contract.

(c) DUTIES OF SECRETARY.—In return for a flood risk reduction contract entered into by a producer under this section, the Secretary shall agree to pay the producer for the 1996 through 2002 crops not more than 95 percent of the projected contract payments under title I, and not more than 95 percent of the projected payments and subsidies from the Federal Crop Insurance Corporation.

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

SEC. 352. FORESTRY.

(a) FORESTRY INCENTIVES PROGRAM.—Section 4 of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2103) is amended by striking subsection (k).

(b) OFFICE OF INTERNATIONAL FORESTRY.—Section 2405 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 6704) is amended by adding at the end the following:

''(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized each fiscal year such sums as are necessary to carry out this section.''.

SEC. 353. STATE TECHNICAL COMMITTEES.

Section 1261(c) of the Food Security Act of 1985 (16 U.S.C. 3861(c)) is amended—

(1) in paragraph (7), by striking ''and'' at the end;

(2) in paragraph (8), by striking the period at the end and inserting ''; and''; and

(3) by adding at the end the following:

''(9) agricultural producers.''.

SEC. 354. CONSERVATION OF PRIVATE GRAZING LAND.

(a) FINDINGS.—Congress finds that—

(1) privately owned grazing land constitutes nearly ½ of the non-Federal land of the United States and is basic to the environmental, social, and economic stability of rural communities;

(2) privately owned grazing land contains a complex set of interactions among soil, water, air, plants, and animals;

(3) grazing land constitutes the single largest watershed cover type in the United States and contributes significantly to the quality and quantity of water available for all of the many uses of the land;

(4) private grazing land constitutes the most extensive wildlife habitat in the United States;

(5) private grazing land can provide opportunities for improved nutrient management from land application of animal manures and other by-product nutrient resources;

(6) owners and managers of private grazing land need to continue to recognize conservation problems when the problems arise and receive sound technical assistance to improve or conserve grazing land resources to meet ecological and economic demands;

(7) new science and technology must continually be made available in a practical manner so owners and managers of private grazing land may make informed decisions concerning vital grazing land resources;

(8) agencies of the Department of Agriculture with private grazing land responsibilities are the agencies that have the expertise and experience to provide technical assistance, education, and research to owners and managers of private grazing land for the long-term productivity and ecological health of grazing land;

(9) although competing demands on private grazing land resources are greater than ever before, assistance to private owners and managers of private grazing land is currently limited and does not meet the demand and basic need for adequately sustaining or enhancing the private grazing lands resources; and

(10) privately owned grazing land can be enhanced to provide many benefits to all Americans through voluntary cooperation among owners and managers of the land, local conservation districts, and the agencies of the Department of Agriculture responsible for providing assistance to owners and managers of land and to conservation districts.

(b) PURPOSE.—It is the purpose of this section to authorize the Secretary of Agriculture to provide a coordinated technical, educational, and related assistance program to conserve and enhance private grazing land resources and provide related benefits to all citizens of the United States by—

(1) establishing a coordinated and cooperative Federal, State, and local grazing conservation program for management of private grazing land;

(2) strengthening technical, educational, and related assistance programs that provide assistance to owners and managers of private grazing land;

(3) conserving and improving wildlife habitat on private grazing land;

(4) conserving and improving fish habitat and aquatic systems through grazing land conservation treatment;

(5) protecting and improving water quality;

(6) improving the dependability and consistency of water supplies;

(7) identifying and managing weed, noxious weed, and brush encroachment problems on private grazing land; and

(8) integrating conservation planning and management decisions by owners and managers of private grazing land, on a voluntary basis.

(c) DEFINITIONS.—In this section:

(1) PRIVATE GRAZING LAND.—The term ''private grazing land'' means privately owned, State-owned, tribally-owned, and any other non-federally owned rangeland, pastureland, grazed forest land, and hay land.

(2) SECRETARY.—The term ''Secretary'' means the Secretary of Agriculture, acting through the Natural Resources Conservation Service.

(d) PRIVATE GRAZING LAND CONSERVATION ASSISTANCE.—

(1) ASSISTANCE TO GRAZING LANDOWNERS AND OTHERS.—Subject to the availability of appropriations, the Secretary shall establish a voluntary program to provide technical, educational, and related assistance to owners and managers of private grazing land and public agencies, through local conservation districts, to enable the landowners, managers, and public agencies to voluntarily carry out activities that are consistent with this section, including—

(A) maintaining and improving private grazing land and the multiple values and uses that depend on private grazing land;

(B) implementing grazing land management technologies;

(C) managing resources on private grazing land, including—

(i) planning, managing, and treating private grazing land resources;

(ii) ensuring the long-term sustainability of private grazing land resources;

(iii) harvesting, processing, and marketing private grazing land resources; and

(iv) identifying and managing weed, noxious weed, and brush encroachment problems;

(D) protecting and improving the quality and quantity of water yields from private grazing land;

(E) maintaining and improving wildlife and fish habitat on private grazing land;

(F) enhancing recreational opportunities on private grazing land;

(G) maintaining and improving the aesthetic character of private grazing lands; and

(H) identifying the opportunities and encouraging the diversification of private grazing land enterprises.

(2) PROGRAM ELEMENTS.—

(A) FUNDING.—The program under paragraph (1) shall be funded through a specific line-item in the annual appropriations for the Natural Resources Conservation Service.

(B) TECHNICAL ASSISTANCE AND EDUCATION.—Personnel of the Department of Agriculture trained in pasture and range management shall be made available under the

program to deliver and coordinate technical assistance and education to owners and managers of private grazing land, at the request of the owners and managers.

(e) GRAZING TECHNICAL ASSISTANCE SELF-HELP.—

(1) FINDINGS.—Congress finds that—

(A) there is a severe lack of technical assistance for grazing producers;

(B) the Federal budget precludes any significant expansion, and may force a reduction of, current levels of technical support; and

(C) farmers and ranchers have a history of cooperatively working together to address common needs in the promotion of their products and in the drainage of wet areas through drainage districts.

(2) ESTABLISHMENT OF GRAZING DEMONSTRATION.—The Secretary may establish 2 grazing management demonstration districts at the recommendation of the Grazing Lands Conservation Initiative Steering Committee.

(3) PROCEDURE.—

(A) PROPOSAL.—Within a reasonable time after the submission of a request of an organization of farmers or ranchers engaged in grazing, the Secretary shall propose that a grazing management district be established.

(B) FUNDING.—The terms and conditions of the funding and operation of the grazing management district shall be proposed by the producers.

(C) APPROVAL.—The Secretary shall approve the proposal if the Secretary determines that the proposal—

(i) is reasonable;

(ii) will promote sound grazing practices; and

(iii) contains provisions similar to the provisions contained in the promotion orders in effect on the effective date of this section.

(D) AREA INCLUDED.—The area proposed to be included in a grazing management district shall be determined by the Secretary on the basis of a petition by farmers or ranchers.

(E) AUTHORIZATION.—The Secretary may use authority under the Agricultural Adjustment Act (7 U.S.C. 601 et seq.), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, to operate, on a demonstration basis, a grazing management district.

(F) ACTIVITIES.—The activities of a grazing management district shall be scientifically sound activities, as determined by the Secretary in consultation with a technical advisory committee composed of ranchers, farmers, and technical experts.

(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section—

(1) $20,000,000 for fiscal year 1996;

(2) $40,000,000 for fiscal year 1997; and

(3) $60,000,000 for fiscal year 1998 and each subsequent fiscal year.

SEC. 355. CONFORMING AMENDMENTS.

(a) AGRICULTURAL CONSERVATION PROGRAM.—

(1) ELIMINATION.—

(A) Section 8 of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h) is amended—

(i) in subsection (b)—

(I) by striking paragraphs (1) through (4) and inserting the following:

''(1) ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.—The Secretary shall provide technical assistance, cost share payments, and incentive payments to operators through the environmental quality incentives program in accordance with chapter 2 of subtitle D of the Food Security Act of 1985 (16 U.S.C. 3838 et seq.).''; and

(II) by striking paragraphs (6) through (8); and

(ii) by striking subsections (d), (e), and (f).

(B) The first sentence of section 11 of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590k) is amended by striking ''performance: *Provided further*,'' and all that follows through ''or other law'' and inserting ''performance''.

(C) Section 14 of the Act (16 U.S.C. 590n) is amended—

(i) in the first sentence, by striking ''or 8''; and

(ii) by striking the second sentence.

(D) Section 15 of the Act (16 U.S.C. 590o) is amended—

(i) in the first undesignated paragraph—

(I) in the first sentence, by striking ''sections 7 and 8'' and inserting ''section 7''; and

(II) by striking the third sentence; and

(ii) by striking the second undesignated paragraph.

(2) CONFORMING AMENDMENTS.—

(A) Paragraph (1) of the last proviso of the matter under the heading ''CONSERVATION RESERVE PROGRAM'' under the heading ''SOIL BANK PROGRAMS'' of title I of the Department of Agriculture and Farm Credit Administration Appropriation Act, 1959 (72 Stat. 195; 7 U.S.C. 1831a) is amended by striking ''Agricultural Conservation Program'' and inserting ''environmental quality incentives program established under chapter 2 of subtitle D of the Food Security Act of 1985 (16 U.S.C. 3838 et seq.)''.

(B) Section 4 of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2103) is amended by striking ''as added by the Agriculture and Consumer Protection Act of 1973'' each place it appears in subsections (d) and (i) and inserting ''as in effect before the amendment made by section 355(a)(1) of the Agricultural Reform and Improvement Act of 1996''.

(C) Section 226(b)(4) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6932(b)(4)) is amended by striking ''and the agricultural conservation program under the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590g et seq.)''.

(D) Section 246(b)(8) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6962(b)(8)) is amended by striking ''and the agricultural conservation program under the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590g et seq.)''.

(E) Section 1271(c)(3)(C) of the Food, Agriculture, Conservation, and Trade Act of 1990 (16 U.S.C. 2106a(c)(3)(C)) is amended by striking ''Agricultural Conservation Program established under section 16(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h, 590l, or 590p)'' and inserting ''environmental quality incentives program established under chapter 2 of subtitle D of the Food Security Act of 1985 (16 U.S.C. 3838 et seq.)''.

(F) Section 126(a)(5) of the Internal Revenue Code of 1986 is amended to read as follows:

''(5) The environmental quality incentives program established under chapter 2 of subtitle D of the Food Security Act of 1985 (16 U.S.C. 3838 et seq.).''.

(G) Section 304(a) of the Lake Champlain Special Designation Act of 1990 (Public Law 101–596; 33 U.S.C. 1270 note) is amended—

(i) in the subsection heading, by striking ''SPECIAL PROJECT AREA UNDER THE AGRICULTURAL CONSERVATION PROGRAM'' and inserting ''A PRIORITY AREA UNDER THE ENVIRONMENTAL QUALITY INCENTIVES PROGRAM''; and

(ii) in paragraph (1), by striking ''special project area under the Agricultural Conservation Program established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b))'' and inserting ''priority area under the environmental quality incentives program established under chapter 2 of subtitle D of the Food Security Act of 1985 (16 U.S.C. 3838 et seq.)''.

(H) Section 6 of the Department of Agriculture Organic Act of 1956 (70 Stat. 1033) is amended by striking subsection (b).

(b) GREAT PLAINS CONSERVATION PROGRAM.—

(1) ELIMINATION.—Section 16 of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590p) is repealed.

(2) CONFORMING AMENDMENTS.—

(A) The Agricultural Adjustment Act of 1938 is amended by striking ''Great Plains program'' each place it appears in sections 344(f)(8) and 377 (7 U.S.C. 1344(f)(8) and 1377) and inserting ''environmental quality incentives program established under chapter 2 of subtitle D of the Food Security Act of 1985 (16 U.S.C. 3838 et seq.)''.

(B) Section 246(b) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6962(b)) is amended by striking paragraph (2).

(C) Section 126(a) of the Internal Revenue Code of 1986 is amended—

(i) by striking paragraph (6); and

(ii) by redesignating paragraphs (7) through (10) as paragraphs (6) through (9), respectively.

(c) COLORADO RIVER BASIN SALINITY CONTROL PROGRAM.—

(1) ELIMINATION.—Section 202 of the Colorado River Basin Salinity Control Act (43 U.S.C. 1592) is amended by striking subsection (c).

(2) CONFORMING AMENDMENT.—Section 246(b) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6962(b)) is amended by striking paragraph (6).

(d) RURAL ENVIRONMENTAL CONSERVATION PROGRAM.—

(1) ELIMINATION.—Title X of the Agricultural Act of 1970 (16 U.S.C. 1501 et seq.) is repealed.

(2) CONFORMING AMENDMENTS.—Section 246(b) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6962(b)) is amended—

(A) by striking paragraph (1); and

(B) by redesignating paragraphs (2) through (8) as paragraphs (1) through (7), respectively.

(e) OTHER CONSERVATION PROVISIONS.—Subtitle F of title XII of the Food Security Act of 1985 (16 U.S.C. 2005a and 2101 note) is repealed.

(f) COMMODITY CREDIT CORPORATION CHARTER ACT.—Section 5(g) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714c(g)) is amended to read as follows:

''(g) Carry out conservation functions and programs.''.

(g) RESOURCE CONSERVATION.—

(1) ELIMINATION.—Subtitles A, B, D, E, F, G, and J of title XV of the Agriculture and Food Act of 1981 (95 Stat. 1328; 16 U.S.C. 3401 et seq.) are repealed.

(2) CONFORMING AMENDMENT.—Section 739 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1982 (7 U.S.C. 2272a), is repealed.

(h) ENVIRONMENTAL EASEMENT PROGRAM.—Section 1239(a) of the Food Security Act of 1985 (16 U.S.C. 3839(a)) is amended by striking ''1991 through 1995'' and inserting ''1996 through 2002''.

(i) RESOURCE CONSERVATION AND DEVELOPMENT PROGRAM.—Section 1538 of the Agriculture and Food Act of 1981 (16 U.S.C. 3461) is amended by striking ''1991 through 1995'' and inserting ''1996 through 2002''.

(j) TECHNICAL AMENDMENT.—The first sentence of the matter under the heading ''Commodity Credit Corporation'' of Public Law 99–263 (100 Stat. 59; 16 U.S.C. 3841 note) is amended by striking '': Provided further,'' and all that follows through ''Acts''.

(k) AGRICULTURAL WATER QUALITY INCENTIVES PROGRAM.—Chapter 2 of subtitle D of

title XII of the Food Security Act of 1985 (16 U.S.C. 3838 et seq.) is repealed.

TITLE IV—CREDIT

Subtitle A—Agricultural Credit

CHAPTER 1—FARM OWNERSHIP LOANS

SEC. 401. LIMITATION ON DIRECT FARM OWNERSHIP LOANS.

Section 302 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922) is amended by striking subsection (b) and inserting the following:

''(b) DIRECT LOANS.—

''(1) IN GENERAL.—Subject to paragraph (3), the Secretary may only make a direct loan under this subtitle to a farmer or rancher who has operated a farm or ranch for not less than 3 years and—

''(A) is a qualified beginning farmer or rancher;

''(B) has not received a previous direct farm ownership loan made under this subtitle; or

''(C) has not received a direct farm ownership loan under this subtitle more than 10 years before the date the new loan would be made.

''(2) YOUTH LOANS.—The operation of an enterprise by a youth under section 311(b) shall not be considered the operation of a farm or ranch for purposes of paragraph (1).

''(3) TRANSITION RULE.—

''(A) IN GENERAL.—Subject to subparagraphs (B) and (C), paragraph (1) shall not apply to a farmer or rancher who has a direct loan outstanding under this subtitle on the date of enactment of this paragraph.

''(B) LESS THAN 5 YEARS.—If, as of the date of enactment of this paragraph, a farmer or rancher has had a direct loan outstanding under this subtitle for less than 5 years, the Secretary shall not make another loan to the farmer or rancher under this subtitle after the date that is 10 years after the date of enactment of this paragraph.

''(C) 5 YEARS OR MORE.—If, as of the date of enactment of this paragraph, a farmer or rancher has had a direct loan outstanding under this subtitle for 5 years or more, the Secretary shall not make another loan to the farmer or rancher under this subtitle after the date that is 5 years after the date of enactment of this paragraph.''.

SEC. 402. PURPOSES OF LOANS.

Section 303 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1923) is amended to read as follows:

''SEC. 303. PURPOSES OF LOANS.

''(a) ALLOWED PURPOSES.—

''(1) DIRECT LOANS.—A farmer or rancher may use a direct loan made under this subtitle only for—

''(A) acquiring or enlarging a farm or ranch;

''(B) making capital improvements to a farm or ranch;

''(C) paying loan closing costs related to acquiring, enlarging, or improving a farm or ranch; or

''(D) paying for activities to promote soil and water conservation and protection under section 304 on the farm or ranch.

''(2) GUARANTEED LOANS.—A farmer or rancher may use a loan guaranteed under this subtitle only for—

''(A) acquiring or enlarging a farm or ranch;

''(B) making capital improvements to a farm or ranch;

''(C) paying loan closing costs related to acquiring, enlarging, or improving a farm or ranch;

''(D) paying for activities to promote soil and water conservation and protection under section 304 on the farm or ranch; or

''(E) refinancing indebtedness.

''(b) PREFERENCES.—In making or guaranteeing a loan for farm or ranch purchase, the Secretary shall give a preference to a person who—

''(1) has a dependent family;

''(2) to the extent practicable, is able to make an initial down payment; or

''(3) is an owner of livestock or farm or ranch equipment that is necessary to successfully carry out farming or ranching operations.

''(c) HAZARD INSURANCE REQUIREMENT.—

''(1) IN GENERAL.—The Secretary may not make a loan to a farmer or rancher under this subtitle unless the farmer or rancher has, or agrees to obtain, hazard insurance on any real property to be acquired or improved with the loan.

''(2) DETERMINATION.—Not later than 180 days after the date of enactment of this subsection, the Secretary shall determine the appropriate level of insurance to be required under paragraph (1).

''(3) TRANSITIONAL PROVISION.—Paragraph (1) shall not apply until the Secretary makes the determination required under paragraph (2).''.

SEC. 403. SOIL AND WATER CONSERVATION AND PROTECTION.

Section 304 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1924) is amended—

(1) by striking subsections (b) and (c);

(2) by striking ''SEC. 304. (a)(1) Loans'' and inserting the following:

''SEC. 304. SOIL AND WATER CONSERVATION AND PROTECTION.

''(a) IN GENERAL.—Loans'';

(3) by striking ''(2) In making or insuring'' and inserting the following:

''(b) PRIORITY.—In making or guaranteeing'';

(4) by striking ''(3) The Secretary'' and inserting the following:

''(c) LOAN MAXIMUM.—The Secretary'';

(5) by redesignating subparagraphs (A) through (F) of subsection (a) (as amended by paragraph (2)) as paragraphs (1) through (6), respectively; and

(6) by redesignating subparagraphs (A) and (B) of subsection (c) (as amended by paragraph (4)) as paragraphs (1) and (2), respectively.

SEC. 404. INTEREST RATE REQUIREMENTS.

Section 307(a)(3) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1927(a)(3)) is amended—

(1) in subparagraph (B), by inserting ''subparagraph (D) and in'' after ''Except as provided in''; and

(2) by adding at the end the following:

''(D) JOINT FINANCING ARRANGEMENT.—If a direct farm ownership loan is made under this subtitle as part of a joint financing arrangement and the amount of the direct farm ownership loan does not exceed 50 percent of the total principal amount financed under the arrangement, the interest rate on the direct farm ownership loan shall be 4 percent annually.''.

SEC. 405. INSURANCE OF LOANS.

Section 308 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1928) is amended to read as follows:

''SEC. 308. FULL FAITH AND CREDIT.

''(a) IN GENERAL.—A contract of insurance or guarantee executed by the Secretary under this title shall be an obligation supported by the full faith and credit of the United States.

''(b) CONTESTABILITY.—A contract of insurance or guarantee executed by the Secretary under this title shall be incontestable except for fraud or misrepresentation that the lender or any holder—

''(1) has actual knowledge of at the time the contract or guarantee is executed; or

''(2) participates in or condones.''.

SEC. 406. LOANS GUARANTEED.

Section 309(h) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1929(h)) is amended by adding at the end the following:

''(4) MAXIMUM GUARANTEE OF 90 PERCENT.—Except as provided in paragraph (5), a loan guarantee under this title shall be for not more than 90 percent of the principal and interest due on the loan.

''(5) REFINANCED LOANS GUARANTEED AT 95 PERCENT.—The Secretary shall guarantee 95 percent of—

''(A) in the case of a loan that solely refinances a direct loan made under this title, the principal and interest due on the loan on the date of the refinancing; or

''(B) in the case of a loan that is used for multiple purposes, the portion of the loan that refinances the principal and interest due on a direct loan made under this title that is outstanding on the date the loan is guaranteed.

''(6) BEGINNING FARMER LOANS GUARANTEED UP TO 95 PERCENT.—The Secretary may guarantee up to 95 percent of—

''(A) a farm ownership loan for acquiring a farm or ranch to a borrower who is participating in the down payment loan program under section 310E; or

''(B) an operating loan to a borrower who is participating in the down payment loan program under section 310E that is made during the period that the borrower has a direct loan for acquiring a farm or ranch.''.

CHAPTER 2—OPERATING LOANS

SEC. 411. LIMITATION ON DIRECT OPERATING LOANS.

(a) IN GENERAL.—Section 311 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1941) is amended by striking subsection (c) and inserting the following:

''(c) DIRECT LOANS.—

''(1) IN GENERAL.—Subject to paragraph (3), the Secretary may only make a direct loan under this subtitle to a farmer or rancher who—

''(A) is a qualified beginning farmer or rancher who has not operated a farm or ranch, or who has operated a farm or ranch for not more than 5 years;

''(B) has not had a previous direct operating loan under this subtitle; or

''(C) has not had a previous direct operating loan under this subtitle for more than 7 years.

''(2) YOUTH LOANS.—In this subsection, the term 'direct operating loan' shall not include a loan made to a youth under subsection (b).

''(3) TRANSITION RULE.—If, as of the date of enactment of this paragraph, a farmer or rancher has received a direct operating loan under this subtitle during each of 4 or more previous years, the borrower shall be eligible to receive a direct operating loan under this subtitle during 3 additional years after the date of enactment of this paragraph.''.

(b) YOUTH ENTERPRISES NOT FARMING OR RANCHING.—Section 311(b) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1941(b)) is amended by adding at the end the following:

''(4) YOUTH ENTERPRISES NOT FARMING OR RANCHING.—The operation of an enterprise by a youth under this subsection shall not be considered the operation of a farm or ranch under this title.''.

SEC. 412. PURPOSES OF OPERATING LOANS.

Section 312 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1942) is amended to read as follows:

''SEC. 312. PURPOSES OF LOANS.

''(a) IN GENERAL.—A direct loan may be made under this subtitle only for—

''(1) paying the costs incident to reorganizing a farming or ranching system for more profitable operation;

''(2) purchasing livestock, poultry, or farm or ranch equipment;

''(3) purchasing feed, seed, fertilizer, insecticide, or farm or ranch supplies, or to meet other essential farm or ranch operating expenses, including cash rent;

''(4) financing land or water development, use, or conservation;

''(5) paying loan closing costs;

''(6) assisting a farmer or rancher in effecting an addition to, or alteration of, the equipment, facilities, or methods of operation of a farm or ranch to comply with a standard promulgated under section 6 of the Occupational Safety and Health Act of 1970 (29 U.S.C. 655) or a standard adopted by a State under a plan approved under section 18 of the Act (29 U.S.C. 667), if the Secretary determines that without assistance under this paragraph the farmer or rancher is likely to suffer substantial economic injury due to compliance with the standard;

''(7) training a limited-resource borrower receiving a loan under section 310D in maintaining records of farming and ranching operations;

''(8) training a borrower under section 359;

''(9) refinancing the indebtedness of a borrower if the borrower—

''(A) has refinanced a loan under this subtitle not more than 4 times previously; and

''(B)(i) is a direct loan borrower under this title at the time of the refinancing and has suffered a qualifying loss because of a natural disaster declared by the Secretary under this title or a major disaster or emergency designated by the President under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.); or

''(ii) is refinancing a debt obtained from a creditor other than the Secretary; or

''(10) providing other farm, ranch, or home needs, including family subsistence.

''(b) GUARANTEED LOANS.—A loan may be guaranteed under this subtitle only for—

''(1) paying the costs incident to reorganizing a farming or ranching system for more profitable operation;

''(2) purchasing livestock, poultry, or farm or ranch equipment;

''(3) purchasing feed, seed, fertilizer, insecticide, or farm or ranch supplies, or to meet other essential farm or ranch operating expenses, including cash rent;

''(4) financing land or water development, use, or conservation;

''(5) refinancing indebtedness;

''(6) paying loan closing costs;

''(7) assisting a farmer or rancher in effecting an addition to, or alteration of, the equipment, facilities, or methods of operation of a farm or ranch to comply with a standard promulgated under section 6 of the Occupational Safety and Health Act of 1970 (29 U.S.C. 655) or a standard adopted by a State under a plan approved under section 18 of the Act (29 U.S.C. 667), if the Secretary determines that without assistance under this paragraph the farmer or rancher is likely to suffer substantial economic injury due to compliance with the standard;

''(8) training a borrower under section 359; or

''(9) providing other farm, ranch, or home needs, including family subsistence.

''(c) HAZARD INSURANCE REQUIREMENT.—

''(1) IN GENERAL.—The Secretary may not make a loan to a farmer or rancher under this subtitle unless the farmer or rancher has, or agrees to obtain, hazard insurance on any property to be acquired with the loan.

''(2) DETERMINATION.—Not later than 180 days after the date of enactment of this paragraph, the Secretary shall determine the appropriate level of insurance to be required under paragraph (1).

''(3) TRANSITIONAL PROVISION.—Paragraph (1) shall not apply until the Secretary makes the determination required under paragraph (2).

''(d) PRIVATE RESERVE.—

''(1) IN GENERAL.—Notwithstanding any other provision of this title, the Secretary may reserve the lesser of 10 percent or $5,000 of the amount of a direct loan made under this subtitle, to be placed in a nonsupervised bank account that may be used at the discretion of the borrower for any necessary family living need or purpose that is consistent with any farming or ranching plan agreed to by the Secretary and the borrower prior to the date of the loan.

''(2) ADJUSTMENT OF RESERVE.—If a borrower exhausts the amount of funds reserved under paragraph (1), the Secretary may—

''(A) review and adjust the farm or ranch plan referred to in paragraph (1) with the borrower and reschedule the loan;

''(B) extend additional credit;

''(C) use income proceeds to pay necessary farm, ranch, home, or other expenses; or

''(D) provide additional available loan servicing.''.

SEC. 413. PARTICIPATION IN LOANS.

Section 315 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1945) is repealed.

SEC. 414. LINE-OF-CREDIT LOANS.

Section 316 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1946) is amended by adding at the end the following:

''(c) LINE-OF-CREDIT LOANS.—

''(1) IN GENERAL.—A loan made or guaranteed by the Secretary under this subtitle may be in the form of a line-of-credit loan.

''(2) TERM.—A line-of-credit loan under paragraph (1) shall terminate not later than 5 years after the date that the loan is made or guaranteed.

''(3) ELIGIBILITY.—For purposes of determining eligibility for a farm operating loan, each year in which a farmer or rancher takes an advance or draws on a line-of-credit loan the farmer or rancher shall be considered to have received an operating loan for 1 year.''.

SEC. 415. INSURANCE OF OPERATING LOANS.

Section 317 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1947) is repealed.

SEC. 416. SPECIAL ASSISTANCE FOR BEGINNING FARMERS AND RANCHERS.

(a) IN GENERAL.—Section 318 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1948) is repealed.

(b) CONFORMING AMENDMENT.—Section 310F of the Consolidated Farm and Rural Development Act (7 U.S.C. 1936) is repealed.

SEC. 417. LIMITATION ON PERIOD FOR WHICH BORROWERS ARE ELIGIBLE FOR GUARANTEED ASSISTANCE.

Section 319 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1949) is amended by striking subsection (b) and inserting the following:

''(b) LIMITATION ON PERIOD BORROWERS ARE ELIGIBLE FOR GUARANTEED ASSISTANCE.—

''(1) GENERAL RULE.—Subject to paragraph (2), the Secretary shall not guarantee a loan under this subtitle for a borrower for any year after the 15th year that a loan is made to, or a guarantee is provided with respect to, the borrower under this subtitle.

''(2) TRANSITION RULE.—If, as of October 28, 1992, a farmer or rancher has received a direct or guaranteed operating loan under this subtitle during each of 10 or more previous years, the borrower shall be eligible to receive a guaranteed operating loan under this subtitle during 5 additional years after October 28, 1992.''.

CHAPTER 3—EMERGENCY LOANS

SEC. 421. HAZARD INSURANCE REQUIREMENT.

Section 321 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961) is amended by striking subsection (b) and inserting the following:

''(b) HAZARD INSURANCE REQUIREMENT.—

''(1) IN GENERAL.—The Secretary may not make a loan to a farmer or rancher under this subtitle to cover a property loss unless the farmer or rancher had hazard insurance that insured the property at the time of the loss.

''(2) DETERMINATION.—Not later than 180 days after the date of enactment of this paragraph, the Secretary shall determine the appropriate level of insurance to be required under paragraph (1).

''(3) TRANSITIONAL PROVISION.—Paragraph (1) shall not apply until the Secretary makes the determination required under paragraph (2).''.

SEC. 422. MAXIMUM EMERGENCY LOAN INDEBTEDNESS.

Section 324 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1964) is amended by striking ''SEC. 324. (a) No loan'' and all that follows through the end of subsection (a) and inserting the following:

''SEC. 324. TERMS OF LOANS.

''(a) MAXIMUM AMOUNT OF LOAN.—The Secretary may not make a loan under this subtitle that—

''(1) exceeds the actual loss caused by a disaster; or

''(2) would cause the total indebtedness of the borrower under this subtitle to exceed $500,000.''.

SEC. 423. INSURANCE OF EMERGENCY LOANS.

Section 328 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1968) is repealed.

CHAPTER 4—ADMINISTRATIVE PROVISIONS

SEC. 431. USE OF COLLECTION AGENCIES.

Section 331 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981) is amended by adding at the end the following:

''(d) PRIVATE COLLECTION AGENCY.—The Secretary may use a private collection agency to collect a claim or obligation described in subsection (b)(5).''.

SEC. 432. NOTICE OF LOAN SERVICE PROGRAMS.

Section 331D(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981d(a)) is amended by striking ''180 days delinquent in'' and inserting ''90 days past due on''.

SEC. 433. SALE OF PROPERTY.

Section 335 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985) is amended—

(1) in subsection (b), by striking ''subsection (e)'' and inserting ''subsections (c) and (e)'';

(2) by striking subsection (c) and inserting the following:

''(c) SALE OF PROPERTY.—

''(1) IN GENERAL.—Subject to this subsection and subsection (e)(1)(A), the Secretary shall offer to sell real property that is acquired by the Secretary under this title in the following order and method of sale:

''(A) ADVERTISEMENT.—Not later than 15 days after acquiring real property, the Secretary shall publicly advertise the property for sale.

''(B) BEGINNING FARMER OR RANCHER.—

''(i) IN GENERAL.—Not later than 75 days after acquiring real property, the Secretary shall attempt to sell the property to a qualified beginning farmer or rancher at current market value based on a current appraisal.

''(ii) RANDOM SELECTION.—If more than 1 qualified beginning farmer or rancher offers to purchase the property, the Secretary shall select between the qualified applicants on a random basis.

''(iii) APPEAL OF RANDOM SELECTION.—A random selection or denial by the Secretary

of a beginning farmer or rancher for farm inventory property under this subparagraph shall be final and not administratively appealable.

''(C) PUBLIC SALE.—If no acceptable offer is received from a qualified beginning farmer or rancher under subparagraph (B) within 75 days of acquiring the real property, the Secretary shall, within 30 days, sell the property after public notice at a public sale, and, if no acceptable bid is received, by negotiated sale, at the best price obtainable.

''(2) TRANSITIONAL RULES.—

''(A) PREVIOUS LEASE.—In the case of real property acquired prior to the date of enactment of this subparagraph that the Secretary leased prior to the date of enactment of this subparagraph, the Secretary shall offer to sell the property according to paragraph (1) not later than 60 days after the lease expires.

''(B) PREVIOUSLY IN INVENTORY.—In the case of real property acquired prior to the date of enactment of this subparagraph that the Secretary has not leased, the Secretary shall offer to sell the property according to paragraph (1) not later than 60 days after the date of enactment of this subparagraph.

''(3) INTEREST.—

''(A) IN GENERAL.—Subject to subparagraph (B), any conveyance under this subsection shall include all of the interest of the United States, including mineral rights.

''(B) CONSERVATION.—The Secretary may for conservation purposes grant or sell an easement, restriction, development right, or similar legal right to a State, a political subdivision of a State, or a private nonprofit organization separately from the underlying fee or other rights owned by the Secretary.

''(4) OTHER LAW.—This title shall not be subject to the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.).

''(5) LEASE OF PROPERTY.—

''(A) IN GENERAL.—Subject to subparagraph (B), the Secretary may not lease any real property acquired under this title.

''(B) EXCEPTION.—

''(i) BEGINNING FARMER OR RANCHER.—Notwithstanding paragraph (1), the Secretary may lease or contract to sell a farm or ranch acquired by the Secretary under this title to a beginning farmer or rancher if the beginning farmer or rancher qualifies for a credit sale or direct farm ownership loan but credit sale authority for loans or direct farm ownership funds, respectively, are not available.

''(ii) TERM.—A lease or contract to sell to a beginning farmer or rancher under clause (i) shall be until the earlier of—

''(I) the date that is 18 months after the date of the lease or sale; or

''(II) the date that direct farm ownership loan funds or credit sale authority for loans become available to the beginning farmer or rancher.

''(iii) INCOME-PRODUCING CAPABILITY.—In determining the rental rate on real property leased under this subparagraph, the Secretary shall consider the income-producing capability of the property during the term that the property is leased.

''(6) DETERMINATION BY SECRETARY.—

''(A) EXPEDITED REVIEW.—On the request of an applicant, the Secretary shall provide within 30 days of denial of the applicant's application for an expedited review by the appropriate State Director of whether the applicant is a beginning farmer or rancher for the purpose of acquiring farm inventory property.

''(B) APPEAL.—The results of a review conducted by a State Director under subparagraph (A) shall be final and not administratively appealable.

''(C) EFFECTS OF REVIEW.—

''(i) IN GENERAL.—The Secretary shall maintain statistical data on the number and results of reviews conducted under subparagraph (A) and whether the reviews adversely impact on—

''(I) selling farm inventory property to beginning farmers and ranchers; and

''(II) disposing of real property in inventory.

''(ii) NOTIFICATION.—The Secretary shall notify the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate if the Secretary determines that reviews under subparagraph (A) are adversely impacting the selling of farm inventory property to beginning farmers or ranchers or on disposing of real property in inventory.''; and

(3) in subsection (e)—

(A) in paragraph (1)—

(i) by striking subparagraphs (A) through (C);

(ii) by redesignating subparagraphs (D) through (G) as subparagraphs (A) through (D), respectively;

(iii) in subparagraph (A) (as redesignated by clause (ii))—

(I) in clause (i)—

(aa) in the matter preceding subclause (I), by striking ''(G)'' and inserting ''(D)'';

(bb) by striking subclause (I) and inserting the following:

''(I) the Secretary acquires property under this title that is located within an Indian reservation; and'';

(cc) in subclause (II), by striking '', and'' at the end and inserting a semicolon; and

(dd) by striking subclause (III); and

(II) in clause (iii), by striking ''The Secretary shall'' and all that follows through ''of subparagraph (A),'' and inserting ''Not later than 90 days after acquiring the property, the Secretary shall''; and

(iv) in subparagraph (D) (as redesignated by clause (ii))—

(I) in clause (i), by striking ''(D)'' in the matter following subclause (IV) and inserting ''(A)'';

(II) in clause (iii)(I), by striking ''subparagraphs (C)(i), (C)(ii), and (D)'' and inserting ''subparagraph (A)''; and

(III) by striking clause (v) and inserting the following:

''(v) FORECLOSURE PROCEDURES.—

''(I) NOTICE TO BORROWER.—If a borrower-owner does not voluntarily convey to the Secretary real property described in clause (i), not less than 30 days before a foreclosure sale of the property the Secretary shall provide the Indian borrower-owner with the option of—

''(aa) requiring the Secretary to assign the loan and security instruments to the Secretary of the Interior, provided the Secretary of the Interior agrees to the assignment, releasing the Secretary of Agriculture from all further responsibility for collection of any amounts with regard to the loan secured by the real property; or

''(bb) requiring the Secretary to assign the loan and security instruments to the tribe having jurisdiction over the reservation in which the real property is located, provided the tribe agrees to the assignment.

''(II) NOTICE TO TRIBE.—If a borrower-owner does not voluntarily convey to the Secretary real property described in clause (i), not less than 30 days before a foreclosure sale of the property the Secretary shall provide written notice to the Indian tribe that has jurisdiction over the reservation in which the real property is located of—

''(aa) the sale;

''(bb) the fair market value of the property; and

''(cc) the requirements of this subparagraph.

''(III) ASSUMED LOANS.—If an Indian tribe assumes a loan under subclause (I)—

''(aa) the Secretary shall not foreclose the loan because of any default that occurred prior to the date of the assumption;

''(bb) the loan shall be for the lesser of the outstanding principal and interest of the loan or the fair market value of the property; and

''(cc) the loan shall be treated as though the loan was made under Public Law 91–229 (25 U.S.C. 488 et seq.).'';

(B) by striking paragraph (3);

(C) in paragraph (4)—

(i) by striking subparagraph (B);

(ii) in subparagraph (A)—

(I) in clause (i), by striking ''(i)''; and

(II) by redesignating clause (ii) as subparagraph (B); and

(iii) in subparagraph (B) (as redesignated by clause (ii)(II)), by striking ''clause (i)'' and inserting ''subparagraph (A)'';

(D) by striking paragraph (5);

(E) by striking paragraph (6);

(F) by redesignating paragraph (4) as paragraph (3); and

(G) by redesignating paragraphs (7) through (10) as paragraphs (4) through (7), respectively.

SEC. 434. DEFINITIONS.

Section 343(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)) is amended—

(1) in paragraph (11)—

(A) in the text preceding subparagraph (A), by striking ''applicant—'' and inserting ''applicant, regardless of whether participating in a program under section 310E—''; and

(B) in subparagraph (F)—

(i) by striking ''15 percent'' and inserting ''35 percent''; and

(ii) by inserting before the semicolon at the end the following: '', except that this subparagraph shall not apply to loans under subtitle B''; and

(2) by adding at the end the following:

''(12) DEBT FORGIVENESS.—

''(A) IN GENERAL.—The term 'debt forgiveness' means reducing or terminating a farm loan made or guaranteed under this title, in a manner that results in a loss to the Secretary, through—

''(i) writing-down or writing-off a loan under section 353;

''(ii) compromising, adjusting, reducing, or charging-off a debt or claim under section 331;

''(iii) paying a loss on a guaranteed loan under section 357; or

''(iv) discharging a debt as a result of bankruptcy.

''(B) LOAN RESTRUCTURING.—The term 'debt forgiveness' does not include consolidation, rescheduling, reamortization, or deferral.''.

SEC. 435. AUTHORIZATION FOR LOANS.

Section 346 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1994) is amended—

(1) in the second sentence of subsection (a), by striking ''with or without'' and all that follows through ''administration'' and inserting the following: ''without authority for the Secretary to transfer amounts between the categories''; and

(2) by striking subsection (b) and inserting the following:

''(b) AUTHORIZATION FOR LOANS.—

''(1) IN GENERAL.—The Secretary may make or guarantee loans under subtitles A and B from the Agricultural Credit Insurance Fund established under section 309 in not more than the following amounts:

''(A) FISCAL YEAR 1996.—For fiscal year 1996, $3,085,000,000, of which—

''(i) $585,000,000 shall be for direct loans, of which—

''(I) $85,000,000 shall be for farm ownership loans under subtitle A; and

''(II) $500,000,000 shall be for operating loans under subtitle B; and

''(ii) $2,500,000,000 shall be for guaranteed loans, of which—

''(I) $600,000,000 shall be for farm ownership loans under subtitle A; and

''(II) $1,900,000,000 shall be for operating loans under subtitle B.

''(B) FISCAL YEAR 1997.—For fiscal year 1997, $3,165,000,000, of which—

''(i) $585,000,000 shall be for direct loans, of which—

''(I) $85,000,000 shall be for farm ownership loans under subtitle A; and

''(II) $500,000,000 shall be for operating loans under subtitle B; and

''(ii) $2,580,000,000 shall be for guaranteed loans, of which—

''(I) $630,000,000 shall be for farm ownership loans under subtitle A; and

''(II) $1,950,000,000 shall be for operating loans under subtitle B.

''(C) FISCAL YEAR 1998.—For fiscal year 1998, $3,245,000,000, of which—

''(i) $585,000,000 shall be for direct loans, of which—

''(I) $85,000,000 shall be for farm ownership loans under subtitle A; and

''(II) $500,000,000 shall be for operating loans under subtitle B; and

''(ii) $2,660,000,000 shall be for guaranteed loans, of which—

''(I) $660,000,000 shall be for farm ownership loans under subtitle A; and

''(II) $2,000,000,000 shall be for operating loans under subtitle B.

''(D) FISCAL YEAR 1999.—For fiscal year 1999, $3,325,000,000, of which—

''(i) $585,000,000 shall be for direct loans, of which—

''(I) $85,000,000 shall be for farm ownership loans under subtitle A; and

''(II) $500,000,000 shall be for operating loans under subtitle B; and

''(ii) $2,740,000,000 shall be for guaranteed loans, of which—

''(I) $690,000,000 shall be for farm ownership loans under subtitle A; and

''(II) $2,050,000,000 shall be for operating loans under subtitle B.

''(E) FISCAL YEAR 2000.—For fiscal year 2000, $3,435,000,000, of which—

''(i) $585,000,000 shall be for direct loans, of which—

''(I) $85,000,000 shall be for farm ownership loans under subtitle A; and

''(II) $500,000,000 shall be for operating loans under subtitle B; and

''(ii) $2,850,000,000 shall be for guaranteed loans, of which—

''(I) $750,000,000 shall be for farm ownership loans under subtitle A; and

''(II) $2,100,000,000 shall be for operating loans under subtitle B.

''(F) FISCAL YEAR 2001.—For fiscal year 2001, $3,435,000,000, of which—

''(i) $585,000,000 shall be for direct loans, of which—

''(I) $85,000,000 shall be for farm ownership loans under subtitle A; and

''(II) $500,000,000 shall be for operating loans under subtitle B; and

''(ii) $2,850,000,000 shall be for guaranteed loans, of which—

''(I) $750,000,000 shall be for farm ownership loans under subtitle A; and

''(II) $2,100,000,000 shall be for operating loans under subtitle B.

''(G) FISCAL YEAR 2002.—For fiscal year 2002, $3,435,000,000, of which—

''(i) $585,000,000 shall be for direct loans, of which—

''(I) $85,000,000 shall be for farm ownership loans under subtitle A; and

''(II) $500,000,000 shall be for operating loans under subtitle B; and

''(ii) $2,850,000,000 shall be for guaranteed loans, of which—

''(I) $750,000,000 shall be for farm ownership loans under subtitle A; and

''(II) $2,100,000,000 shall be for operating loans under subtitle B.

''(2) BEGINNING FARMERS AND RANCHERS.—

''(A) DIRECT LOANS.—

''(i) FARM OWNERSHIP LOANS.—Of the amounts made available under paragraph (1) for direct farm ownership loans, the Secretary shall reserve 70 percent of available funds for qualified beginning farmers and ranchers.

''(ii) OPERATING LOANS.—Of the amounts made available under paragraph (1) for direct operating loans, the Secretary shall reserve for qualified beginning farmers and ranchers—

''(I) for fiscal year 1996, 25 percent;

''(II) for fiscal year 1997, 25 percent;

''(III) for fiscal year 1998, 25 percent;

''(IV) for fiscal year 1999, 30 percent; and

''(V) for each of fiscal years 2000 through 2002, 35 percent.

''(iii) FUNDS RESERVED UNTIL SEPTEMBER 1.—Funds reserved for beginning farmers or ranchers under this subparagraph shall be reserved only until September 1 of each fiscal year.

''(B) GUARANTEED LOANS.—

''(i) FARM OWNERSHIP LOANS.—Of the amounts made available under paragraph (1) for guaranteed farm ownership loans, the Secretary shall reserve 25 percent for qualified beginning farmers and ranchers.

''(ii) OPERATING LOANS.—Of the amounts made available under paragraph (1) for guaranteed operating loans, the Secretary shall reserve 40 percent for qualified beginning farmers and ranchers.

''(iii) FUNDS RESERVED UNTIL APRIL 1.—Funds reserved for beginning farmers or ranchers under this subparagraph shall be reserved only until April 1 of each fiscal year.

''(C) RESERVED FUNDS FOR ALL QUALIFIED BEGINNING FARMERS AND RANCHERS.—If a qualified beginning farmer or rancher meets the eligibility criteria for receiving a direct or guaranteed loan under section 302, 310E, or 311, the Secretary shall make or guarantee the loan if sufficient funds reserved under this paragraph are available to make or guarantee the loan.

''(3) TRANSFER FOR DOWN PAYMENT LOANS.—

''(A) IN GENERAL.—Notwithstanding subsection (a), subject to subparagraph (B)—

''(i) beginning on August 1 of each fiscal year, the Secretary shall use available unsubsidized guaranteed farm operating loan funds to fund approved direct farm ownership loans to beginning farmers and ranchers under the down payment loan program established under section 310E; and

''(ii) beginning on September 1 of each fiscal year, the Secretary shall use available unsubsidized guaranteed farm operating loan funds to fund approved direct farm ownership loans to beginning farmers and ranchers.

''(B) LIMITATION.—The Secretary shall limit the transfer of funds under subparagraph (A) so that all guaranteed farm operating loans that have been approved, or will be approved, during the fiscal year shall be funded to extent of appropriated amounts.

''(4) TRANSFER FOR CREDIT SALES OF FARM INVENTORY PROPERTY.—

''(A) IN GENERAL.—Notwithstanding subsection (a), subject to subparagraphs (B) and (C), beginning on September 1 of each fiscal year, the Secretary may use available emergency disaster loan funds appropriated for the fiscal year to fund the credit sale of farm real estate in the inventory of the Secretary.

''(B) SUPPLEMENTAL APPROPRIATIONS.—The transfer authority provided under subparagraph (A) does not include any emergency disaster loan funds made available to the Secretary for any fiscal year as a result of a supplemental appropriation made by Congress.

''(C) LIMITATION.—The Secretary shall limit the transfer of funds under subparagraph (A) so that all emergency disaster loans that have been approved, or will be approved, during the fiscal year shall be funded to extent of appropriated amounts.''.

SEC. 436. LIST OF CERTIFIED LENDERS AND INVENTORY PROPERTY DEMONSTRATION PROJECT.

(a) IN GENERAL.—Section 351 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1999) is amended—

(1) in subsection (f)—

(A) by striking ''Each Farmers Home Administration county supervisor'' and inserting ''The Secretary'';

(B) by striking ''approved lenders'' and inserting ''lenders''; and

(C) by striking ''the Farmers Home Administration''; and

(2) by striking subsection (h).

(b) TECHNICAL AMENDMENTS.—

(1) Section 1320 of the Food Security Act of 1985 (Public Law 99–198; 7 U.S.C. 1999 note) is amended by striking ''Effective only'' and all that follows through ''1995, the'' and inserting ''The''.

(2) Section 351(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1999) is amended—

(A) by striking ''SEC. 351. (a) The'' and inserting the following:

''SEC. 351. INTEREST RATE REDUCTION PROGRAM.

''(a) ESTABLISHMENT OF PROGRAM.—

''(1) IN GENERAL.—The''; and

(B) by adding at the end the following:

''(2) TERMINATION OF AUTHORITY.—The authority provided by this subsection shall terminate on September 30, 2002.''.

SEC. 437. HOMESTEAD PROPERTY.

Section 352(c) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2000(c)) is amended—

(1) in paragraph (1)(A), by striking ''90'' each place it appears and inserting ''30''; and

(2) in paragraph (6), by striking ''Within 30'' and all that follows through ''title,'' and insert ''Not later than the date of acquisition of the property securing a loan made under this title (or, in the case of real property in inventory on the effective date of the Agricultural Reform and Improvement Act of 1996, not later than 5 days after the date of enactment of the Act),'' and by striking the second sentence.

SEC. 438. RESTRUCTURING.

Section 353 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2001) is amended—

(1) in subsection (c)—

(A) in paragraph (3) by striking subparagraph (C) and inserting the following:

''(C) CASH FLOW MARGIN.—

''(i) ASSUMPTION.—For the purpose of assessing under subparagraph (A) the ability of a borrower to meet debt obligations and continue farming operations, the Secretary shall assume that the borrower needs up to 110 percent of the amount indicated for payment of farm operating expenses, debt service obligations, and family living expenses.

''(ii) AVAILABLE INCOME.—If an amount up to 110 percent of the amount determined under subparagraph (A) is available, the Secretary shall consider the income of the borrower to be adequate to meet all expenses, including the debt obligations of the borrower.''; and

(B) by striking paragraph (6) and inserting the following:

''(6) TERMINATION OF LOAN OBLIGATIONS.—The obligations of a borrower to the Secretary under a loan shall terminate if—

''(A) the borrower satisfies the requirements of paragraphs (1) and (2) of subsection (b);

''(B) the value of the restructured loan is less than the recovery value; and

''(C) not later than 90 days after receipt of the notification described in paragraph (4)(B), the borrower pays (or obtains third-party financing to pay) the Secretary an amount equal to the current market value.'';

(2) by striking subsection (k); and

(3) by redesignating subsections (l) through (p) as subsections (k) through (o), respectively.

SEC. 439. TRANSFER OF INVENTORY LANDS.

Section 354 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2002) is amended—

(1) in the matter preceding paragraph (1), by striking ''The Secretary, without reimbursement,'' and inserting the following:

''(a) IN GENERAL.—Subject to subsection (b), the Secretary'';

(2) by striking paragraph (2) and inserting the following:

''(2) that is eligible to be disposed of in accordance with section 335; and''; and

(3) by adding at the end the following:

''(b) CONDITIONS.—The Secretary may not transfer any property or interest under subsection (a) unless—

''(1) at least 2 public notices are given of the transfer;

''(2) if requested, at least 1 public meeting is held prior to the transfer; and

''(3) the Governor and at least 1 elected county official are consulted prior to the transfer.''.

SEC. 440. IMPLEMENTATION OF TARGET PARTICIPATION RATES.

Section 355 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2003) is amended by adding at the end the following:

''(f) IMPLEMENTATION CONSISTENT WITH SUPREME COURT HOLDING.—Not later than 180 days after the date of enactment of this subsection, the Secretary shall ensure that the implementation of this section is consistent with the holding of the Supreme Court in Adarand Constructors, Inc. v. Federico Pena, Secretary of Transportation, 63 U.S.L.W. 4523 (U.S. June 12, 1995).''.

SEC. 441. DELINQUENT BORROWERS AND CREDIT STUDY.

The Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) is amended by adding at the end the following:

''SEC. 372. PAYMENT OF INTEREST AS A CONDITION OF LOAN SERVICING FOR BORROWERS.

''The Secretary may not reschedule or reamortize a loan for a borrower under this title who has not requested consideration under section 331D(e) unless the borrower pays a portion, as determined by the Secretary, of the interest due on the loan.

''SEC. 373. LOAN AND LOAN SERVICING LIMITATIONS

''(a) DELINQUENT BORROWERS PROHIBITED FROM OBTAINING DIRECT OPERATING LOANS.—The Secretary may not make a direct operating loan under subtitle B to a borrower who is delinquent on any loan made or guaranteed under this title.

''(b) LOANS PROHIBITED FOR BORROWERS THAT HAVE RECEIVED DEBT FORGIVENESS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), the Secretary may not make or guarantee a loan under this title to a borrower who received debt forgiveness under this title.

''(2) EXCEPTION.—The Secretary may make a direct or guaranteed farm operating loan for paying annual farm or ranch operating expenses to a borrower who was restructured with debt write-down under section 353.

''(c) NO MORE THAT 1 DEBT FORGIVENESS FOR A BORROWER ON A DIRECT LOAN.—The Secretary may not provide debt forgiveness to a borrower on a direct loan made under this title if the borrower has received debt forgiveness on another direct loan under this title.

''SEC. 374. CREDIT STUDY.

''(a) IN GENERAL.—The Secretary of Agriculture shall perform a study and report to the Committee on Agriculture in the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry in the Senate on the demand for and availability of credit in rural areas for agriculture, rural housing, and rural development.

''(b) PURPOSE.—The purpose of the study is to ensure that Congress has current and comprehensive information to consider as Congress deliberates on the credit needs of rural America and the availability of credit to satisfy the needs of rural America.

''(c) ITEMS IN STUDY.—The study should be based on the most current available data and should include—

''(1) rural demand for credit from the Farm Credit System, the ability of the Farm Credit System to meet the demand, and the extent to which the Farm Credit System provided loans to satisfy the demand;

''(2) rural demand for credit from the nation's banking system, the ability of banks to meet the demand, and the extent to which banks provided loans to satisfy the demand;

''(3) rural demand for credit from the Secretary, the ability of the Secretary to meet the demand, and the extent to which the Secretary provided loans to satisfy the demand;

''(4) rural demand for credit from other Federal agencies, the ability of the agencies to meet the demand, and the extent to which the agencies provided loans to satisfy the demand;

''(5) what measure or measures exist to gauge the overall demand for rural credit and the extent to which rural demand for credit is satisfied, and what the measures have shown;

''(6) a comparison of the interest rates and terms charged by the Farm Credit System Farm Credit Banks, production credit associations, and banks for cooperatives with the rates and terms charged by the nation's banks for credit of comparable risk and maturity;

''(7) the advantages and disadvantages of the modernization and expansion proposals of the Farm Credit System on the Farm Credit System, the nation's banking system, rural users of credit, local rural communities, and the Federal Government, including—

''(A) any added risk to the safety and soundness of the Farm Credit System that may result from approval of a proposal; and

''(B) any positive or adverse impacts on competition between the Farm Credit System and the nation's banks in providing credit to rural users;

''(8) the nature and extent of the unsatisfied rural credit need that the Farm Credit System proposal are supposed to address and what aspects of the present Farm Credit System prevent the Farm Credit System from meeting the need;

''(9) the advantages and disadvantages of the proposal by commercial bankers to allow banks access to the Farm Credit System as a funding source on the Farm Credit System, the nation's banking system, rural users of credit, local rural communities, and the Federal Government, including—

''(A) any added risk to the safety and soundness of the Farm Credit System that may result from approval of the proposal; and

''(B) any positive or adverse impacts on competition between the Farm Credit System and the nation's banks in providing credit to rural users; and

''(10) problems that commercial banks have in obtaining capital for lending in rural areas, how access to Farm Credit System funds would improve the availability of capital in rural areas in ways that cannot be achieved in the present system, and the possible effects on the viability of the Farm Credit System of granting banks access to Farm Credit System funds.

''(d) INTERAGENCY TASK FORCE.—In completing the study, the Secretary shall use, among other things, data and information obtained by the interagency task force on rural credit.''.

CHAPTER 5—GENERAL PROVISIONS

SEC. 451. CONFORMING AMENDMENTS.

(a) Section 307(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1927(a)) is amended—

(1) in paragraph (4), by striking ''304(b), 306(a)(1), and 310B'' and inserting ''306(a)(1) and 310B''; and

(2) in paragraph (6)(B)—

(A) by striking clauses (i), (ii), and (vii);

(B) in clause (v), by adding ''and'' at the end;

(C) in clause (vi), by striking '', and'' at the end and inserting a period; and

(D) by redesignating clauses (iii) through (vi) as clauses (i) through (iv), respectively.

(b) The second sentence of section 309(g)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1929(g)(1)) is amended by striking ''section 308,''.

(c) Section 309A of the Consolidated Farm and Rural Development Act (7 U.S.C. 1929a) is amended—

(1) in the second sentence of subsection (a), by striking ''304(b), 306(a)(1), 306(a)(14), 310B, and 312(b)'' and inserting ''306(a)(1), 306(a)(14), and 310B''; and

(2) in subsection (b), by striking ''and section 308''.

(d) Section 310B(d) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(d)) is amended—

(1) by striking ''sections 304(b), 310B, and 312(b)'' each place it appears in paragraphs (2), (3), and (4) and inserting ''this section''; and

(2) in paragraph (6), by striking ''this section, section 304, or section 312'' and inserting ''this section''.

(e) The first sentence of section 310D(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1934(a)) is amended by striking ''paragraphs (1) through (5) of section 303(a), or subparagraphs (A) through (E) of section 304(a)(1)'' and inserting ''section 303(a), or paragraphs (1) through (5) of section 304(b)''.

(f) Section 311(b)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1941(b)(1)) is amended by striking ''and for the purposes specified in section 312''.

(g) Section 316(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1946(a)) is amended by striking paragraph (3).

(h) Section 343 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991) is amended—

(1) in subsection (a)(10), by striking ''recreation loan (RL) under section 304,''; and

(2) in subsection (b)—

(A) in the matter preceding paragraph (1), by striking ''351(h),''; and

(B) by striking paragraph (4) and inserting the following:

''(4) PRESERVATION LOAN SERVICE PROGRAM.—The term ''preservation loan service program'' means homestead retention as authorized under section 352.''.

(i) The first sentence of section 344 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1992) is amended by striking

''304(b), 306(a)(1), 310B, 312(b), or 312(c)'' and inserting ''306(a)(1), 310B, or 312(c)''.

(j) Section 353(l) of the Consolidated Farm and Rural Development Act (as redesignated by section 438(3)) is further amended by striking ''and subparagraphs (A)(i) and (C)(i) of section 335(e)(1),''.

Subtitle B—Farm Credit System

CHAPTER 1—AGRICULTURAL MORTGAGE SECONDARY MARKET

SEC. 461. DEFINITION OF REAL ESTATE.

Section 8.0(1)(B)(ii) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa(1)(B)(ii)) is amended by striking ''with a purchase price'' and inserting '', excluding the land to which the dwelling is affixed, with a value''.

SEC. 462. DEFINITION OF CERTIFIED FACILITY.

Section 8.0(3) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa(3)) is amended—

(1) in subparagraph (A), by striking ''a secondary marketing agricultural loan'' and inserting ''an agricultural mortgage marketing''; and

(2) in subparagraph (B), by striking '', but only'' and all that follows through ''(9)(B)''.

SEC. 463. DUTIES OF FEDERAL AGRICULTURAL MORTGAGE CORPORATION.

Section 8.1(b) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–1(b)) is amended—

(1) in paragraph (2), by striking ''and'' at the end;

(2) in paragraph (3), by striking the period at the end and inserting ''; and''; and

(3) by adding at the end the following:

''(4) purchase qualified loans and issue securities representing interests in, or obligations backed by, the qualified loans, guaranteed for the timely repayment of principal and interest.''.

SEC. 464. POWERS OF THE CORPORATION.

Section 8.3(c) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–3(c)) is amended—

(1) by redesignating paragraphs (13) and (14) as paragraphs (14) and (15), respectively; and

(2) by inserting after paragraph (12) the following:

''(13) To purchase, hold, sell, or assign a qualified loan, to issue a guaranteed security, representing an interest in, or an obligation backed by, the qualified loan, and to perform all the functions and responsibilities of an agricultural mortgage marketing facility operating as a certified facility under this title.''.

SEC. 465. FEDERAL RESERVE BANKS AS DEPOSITARIES AND FISCAL AGENTS.

Section 8.3 of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–3) is amended—

(1) in subsection (d), by striking ''may act as depositories for, or'' and inserting ''shall act as depositories for, and''; and

(2) in subsection (e), by striking ''Secretary of the Treasury may authorize the Corporation to use'' and inserting ''Corporation shall have access to''.

SEC. 466. CERTIFICATION OF AGRICULTURAL MORTGAGE MARKETING FACILITIES.

Section 8.5 of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–5) is amended—

(1) in subsection (a)—

(A) in paragraph (1), by inserting ''(other than the Corporation)'' after ''agricultural mortgage marketing facilities''; and

(B) in paragraph (2), by inserting ''(other than the Corporation)'' after ''agricultural mortgage marketing facility''; and

(2) in subsection (e)(1), by striking ''(other than the Corporation)''.

SEC. 467. GUARANTEE OF QUALIFIED LOANS.

Section 8.6 of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–6) is amended—

(1) in subsection (a)(1)—

(A) by striking ''Corporation shall guarantee'' and inserting the following: ''Corporation—

''(A) shall guarantee'';

(B) by striking the period at the end and inserting ''; and''; and

(C) by adding at the end the following:

''(B) may issue a security, guaranteed as to the timely payment of principal and interest, that represents an interest solely in, or an obligation fully backed by, a pool consisting of qualified loans that—

''(i) meet the standards established under section 8.8; and

''(ii) have been purchased and held by the Corporation.'';

(2) in subsection (d)—

(A) by striking paragraph (4); and

(B) by redesignating paragraphs (5), (6), and (7) as paragraphs (4), (5), and (6), respectively; and

(3) in subsection (g)(2), by striking ''section 8.0(9)(B))'' and inserting ''section 8.0(9))''.

SEC. 468. MANDATORY RESERVES AND SUBORDINATED PARTICIPATION INTERESTS ELIMINATED.

(a) GUARANTEE OF QUALIFIED LOANS.—Section 8.6 of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–6) is amended by striking subsection (b).

(b) RESERVES AND SUBORDINATED PARTICIPATION INTERESTS.—Section 8.7 of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–7) is repealed.

(c) CONFORMING AMENDMENTS.—

(1) Section 8.0(9)(B)(i) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa(9)(B)(i)) is amended by striking ''8.7, 8.8,'' and inserting ''8.8''.

(2) Section 8.6(a)(2) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–6(a)(2)) is amended by striking ''subject to the provisions of subsection (b)''.

SEC. 469. STANDARDS REQUIRING DIVERSIFIED POOLS.

(a) IN GENERAL.—Section 8.6 of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–6) (as amended by section 468) is amended—

(1) by striking subsection (c); and

(2) by redesignating subsections (d) through (g) as subsections (b) through (e), respectively.

(b) CONFORMING AMENDMENTS.—

(1) Section 8.0(9)(B)(i) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa(9)(B)(i)) is amended by striking ''(f)'' and inserting ''(d)''.

(2) Section 8.13(a) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–13(a)) is amended by striking ''sections 8.6(b) and'' in each place it appears and inserting ''section''.

(3) Section 8.32(b)(1)(C) of the Farm Credit Act of 1971 (12 U.S.C. 2279bb–1(b)(1)(C)) is amended—

(A) by striking ''shall'' and inserting ''may''; and

(B) by inserting ''(as in effect before the date of the enactment of the Agricultural Reform and Improvement Act of 1996)'' before the semicolon.

(4) Section 8.6(b) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–6(b)) (as redesignated by subsection (a)(2)) is amended—

(A) by striking paragraph (4) (as redesignated by section 467(2)(B)); and

(B) by redesignating paragraphs (5) and (6) (as redesignated by section 467(2)(B)) as paragraphs (4) and (5), respectively.

SEC. 470. SMALL FARMS.

Section 8.8(e) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–8(e)) is amended by adding at the end the following: ''The Board shall promote and encourage the inclusion of qualified loans for small farms and family farmers in the agricultural mortgage secondary market.''.

SEC. 471. DEFINITION OF AN AFFILIATE.

Section 8.11(e) of the Farm Credit Act of 1971 (21 U.S.C. 2279aa–11(e)) is amended—

(1) by striking ''a certified facility or''; and

(2) by striking ''paragraphs (3) and (7), respectively, of section 8.0'' and inserting ''section 8.0(7)''.

SEC. 472. STATE USURY LAWS SUPERSEDED.

Section 8.12 of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–12) is amended by striking subsection (d) and inserting the following:

''(d) STATE USURY LAWS SUPERSEDED.—A provision of the Constitution or law of any State shall not apply to an agricultural loan made by an originator or a certified facility in accordance with this title for sale to the Corporation or to a certified facility for inclusion in a pool for which the Corporation has provided, or has committed to provide, a guarantee, if the loan, not later than 180 days after the date the loan was made, is sold to the Corporation or included in a pool for which the Corporation has provided a guarantee, if the provision—

''(1) limits the rate or amount of interest, discount points, finance charges, or other charges that may be charged, taken, received, or reserved by an agricultural lender or a certified facility; or

''(2) limits or prohibits a prepayment penalty (either fixed or declining), yield maintenance, or make-whole payment that may be charged, taken, or received by an agricultural lender or a certified facility in connection with the full or partial payment of the principal amount due on a loan by a borrower in advance of the scheduled date for the payment under the terms of the loan, otherwise known as a prepayment of the loan principal.''.

SEC. 473. EXTENSION OF CAPITAL TRANSITION PERIOD.

Section 8.32 of the Farm Credit Act of 1971 (12 U.S.C. 2279bb–1) is amended—

(1) in the first sentence of subsection (a), by striking ''Not later than the expiration of the 2-year period beginning on December 13, 1991,'' and inserting ''Not sooner than the expiration of the 3-year period beginning on the date of enactment of the Agricultural Reform and Improvement Act of 1996,'';

(2) in the first sentence of subsection (b)(2), by striking ''5-year'' and inserting ''8-year''; and

(3) in subsection (d)—

(A) in the first sentence—

(i) by striking ''The regulations establishing'' and inserting the following:

''(1) IN GENERAL.—The regulations establishing''; and

(ii) by striking ''shall contain'' and inserting the following: ''shall—

''(A) be issued by the Director for public comment in the form of a notice of proposed rulemaking, to be first published after the expiration of the period referred to in subsection (a); and

''(B) contain''; and

(B) in the second sentence, by striking ''The regulations shall'' and inserting the following:

''(2) SPECIFICITY.—The regulations referred to in paragraph (1) shall''.

SEC. 474. MINIMUM CAPITAL LEVEL.

Section 8.33 of the Farm Credit Act of 1971 (12 U.S.C. 2279bb–2) is amended to read as follows:

''SEC. 8.33. MINIMUM CAPITAL LEVEL.

''(a) IN GENERAL.—Except as provided in subsection (b), for purposes of this subtitle, the minimum capital level for the Corporation shall be an amount of core capital equal to the sum of—

''(1) 2.75 percent of the aggregate on-balance sheet assets of the Corporation, as determined in accordance with generally accepted accounting principles; and

''(2) 0.75 percent of the aggregate off-balance sheet obligations of the Corporation, which, for the purposes of this subtitle, shall include—

''(A) the unpaid principal balance of outstanding securities that are guaranteed by the Corporation and backed by pools of qualified loans;

''(B) instruments that are issued or guaranteed by the Corporation and are substantially equivalent to instruments described in subparagraph (A); and

''(C) other off-balance sheet obligations of the Corporation.

''(b) TRANSITION PERIOD.—

''(1) IN GENERAL.—For purposes of this subtitle, the minimum capital level for the Corporation—

''(A) prior to January 1, 1997, shall be the amount of core capital equal to the sum of—

''(i) 0.45 percent of aggregate off-balance sheet obligations of the Corporation;

''(ii) 0.45 percent of designated on-balance sheet assets of the Corporation, as determined under paragraph (2); and

''(iii) 2.50 percent of on-balance sheet assets of the Corporation other than assets designated under paragraph (2);

''(B) during the 1-year period ending December 31, 1997, shall be the amount of core capital equal to the sum of—

''(i) 0.55 percent of aggregate off-balance sheet obligations of the Corporation;

''(ii) 1.20 percent of designated on-balance sheet assets of the Corporation, as determined under paragraph (2); and

''(iii) 2.55 percent of on-balance sheet assets of the Corporation other than assets designated under paragraph (2);

''(C) during the 1-year period ending December 31, 1998, shall be the amount of core capital equal to—

''(i) if the Corporation's core capital is not less than $25,000,000 on January 1, 1998, the sum of—

''(I) 0.65 percent of aggregate off-balance sheet obligations of the Corporation;

''(II) 1.95 percent of designated on-balance sheet assets of the Corporation, as determined under paragraph (2); and

''(III) 2.65 percent of on-balance sheet assets of the Corporation other than assets designated under paragraph (2); or

''(ii) if the Corporation's core capital is less than $25,000,000 on January 1, 1998, the amount determined under subsection (a); and

''(D) on and after January 1, 1999, shall be the amount determined under subsection (a).

''(2) DESIGNATED ON-BALANCE SHEET ASSETS.—For purposes of this subsection, the designated on-balance sheet assets of the Corporation shall be—

''(A) the aggregate on-balance sheet assets of the Corporation acquired under section 8.6(e); and

''(B) the aggregate amount of qualified loans purchased and held by the Corporation under section 8.3(c)(13).''.

SEC. 475. CRITICAL CAPITAL LEVEL.

Section 8.34 of the Farm Credit Act of 1971 (12 U.S.C. 2279bb–3) is amended to read as follows:

''SEC. 8.34. CRITICAL CAPITAL LEVEL.

''For purposes of this subtitle, the critical capital level for the Corporation shall be an amount of core capital equal to 50 percent of the total minimum capital amount determined under section 8.33.''.

SEC. 476. ENFORCEMENT LEVELS.

Section 8.35(e) of the Farm Credit Act of 1971 (12 U.S.C. 2279bb–4(e)) is amended by striking ''during the 30-month period beginning on the date of the enactment of this section,'' and inserting ''during the period beginning on December 13, 1991, and ending on the effective date of the risk based capital regulation issued by the Director under section 8.32,''.

SEC. 477. RECAPITALIZATION OF THE CORPORATION.

Title VIII of the Farm Credit Act of 1971 (12 U.S.C. 2279aa et seq.) is amended by adding at the end the following:

''SEC. 8.38. RECAPITALIZATION OF THE CORPORATION.

''(a) MANDATORY RECAPITALIZATION.—The Corporation shall increase the core capital of the Corporation to an amount equal to or greater than $25,000,000, not later than the earlier of—

''(1) the date that is 2 years after the date of enactment of this section; or

''(2) the date that is 180 days after the end of the first calendar quarter that the aggregate on-balance sheet assets of the Corporation, plus the outstanding principal of the off-balance sheet obligations of the Corporation, equal or exceed $2,000,000,000.

''(b) RAISING CORE CAPITAL.—In carrying out this section, the Corporation may issue stock under section 8.4 and otherwise employ any recognized and legitimate means of raising core capital in the power of the Corporation under section 8.3.

''(c) LIMITATION ON GROWTH OF TOTAL ASSETS.—During the 2-year period beginning on the date of enactment of this section, the aggregate on-balance sheet assets of the Corporation plus the outstanding principal of the off-balance sheet obligations of the Corporation may not exceed $3,000,000,000 if the core capital of the Corporation is less than $25,000,000.

''(d) ENFORCEMENT.—If the Corporation fails to carry out subsection (a) by the date required under paragraph (1) or (2) of subsection (a), the Corporation may not purchase a new qualified loan or issue or guarantee a new loan-backed security until the core capital of the Corporation is increased to an amount equal to or greater than $25,000,000.''.

SEC. 478. LIQUIDATION OF THE FEDERAL AGRICULTURAL MORTGAGE CORPORATION.

Title VIII of the Farm Credit Act of 1971 (12 U.S.C. 2279aa et seq.) (as amended by section 477) is amended by adding at the end the following:

''Subtitle C—Receivership, Conservatorship, and Liquidation of the Federal Agricultural Mortgage Corporation

''SEC. 8.41. CONSERVATORSHIP; LIQUIDATION; RECEIVERSHIP.

''(a) VOLUNTARY LIQUIDATION.—The Corporation may voluntarily liquidate only with the consent of, and in accordance with a plan of liquidation approved by, the Farm Credit Administration Board.

''(b) INVOLUNTARY LIQUIDATION.—

''(1) IN GENERAL.—The Farm Credit Administration Board may appoint a conservator or receiver for the Corporation under the circumstances specified in section 4.12(b).

''(2) APPLICATION.—In applying section 4.12(b) to the Corporation under paragraph (1)—

''(A) the Corporation shall also be considered insolvent if the Corporation is unable to pay its debts as they fall due in the ordinary course of business;

''(B) a conservator may also be appointed for the Corporation if the authority of the Corporation to purchase qualified loans or issue or guarantee loan-backed securities is suspended; and

''(C) a receiver may also be appointed for the Corporation if—

''(i)(I) the authority of the Corporation to purchase qualified loans or issue or guarantee loan-backed securities is suspended; or

''(II) the Corporation is classified under section 8.35 as within level III or IV and the alternative actions available under subtitle B are not satisfactory; and

''(ii) the Farm Credit Administration determines that the appointment of a conservator would not be appropriate.

''(3) NO EFFECT ON SUPERVISORY ACTIONS.—The grounds for appointment of a conservator for the Corporation under this subsection shall be in addition to those in section 8.37.

''(c) APPOINTMENT OF CONSERVATOR OR RECEIVER.—

''(1) QUALIFICATIONS.—Notwithstanding section 4.12(b), if a conservator or receiver is appointed for the Corporation, the conservator or receiver shall be—

''(A) the Farm Credit Administration or any other governmental entity or employee, including the Farm Credit System Insurance Corporation; or

''(B) any person that—

''(i) has no claim against, or financial interest in, the Corporation or other basis for a conflict of interest as the conservator or receiver; and

''(ii) has the financial and management expertise necessary to direct the operations and affairs of the Corporation and, if necessary, to liquidate the Corporation.

''(2) COMPENSATION.—

''(A) IN GENERAL.—A conservator or receiver for the Corporation and professional personnel (other than a Federal employee) employed to represent or assist the conservator or receiver may be compensated for activities conducted as, or for, a conservator or receiver.

''(B) LIMIT ON COMPENSATION.—Compensation may not be provided in amounts greater than the compensation paid to employees of the Federal Government for similar services, except that the Farm Credit Administration may provide for compensation at higher rates that are not in excess of rates prevailing in the private sector if the Farm Credit Administration determines that compensation at higher rates is necessary in order to recruit and retain competent personnel.

''(C) CONTRACTUAL ARRANGEMENTS.—The conservator or receiver may contract with any governmental entity, including the Farm Credit System Insurance Corporation, to make personnel, services, and facilities of the entity available to the conservator or receiver on such terms and compensation arrangements as shall be mutually agreed, and each entity may provide the same to the conservator or receiver.

''(3) EXPENSES.—A valid claim for expenses of the conservatorship or receivership (including compensation under paragraph (2)) and a valid claim with respect to a loan made under subsection (f) shall—

''(A) be paid by the conservator or receiver from funds of the Corporation before any other valid claim against the Corporation; and

''(B) may be secured by a lien, on such property of the Corporation as the conservator or receiver may determine, that shall have priority over any other lien.

''(4) LIABILITY.—If the conservator or receiver for the Corporation is not a Federal entity, or an officer or employee of the Federal Government, the conservator or receiver shall not be personally liable for damages in tort or otherwise for an act or omission performed pursuant to and in the course of the conservatorship or receivership, unless the act or omission constitutes gross negligence or any form of intentional tortious conduct or criminal conduct.

''(5) INDEMNIFICATION.—The Farm Credit Administration may allow indemnification of the conservator or receiver from the assets of the conservatorship or receivership on such terms as the Farm Credit Administration considers appropriate.

''(d) JUDICIAL REVIEW OF APPOINTMENT.—

''(1) IN GENERAL.—Notwithstanding subsection (i)(1), not later than 30 days after a

conservator or receiver is appointed under subsection (b), the Corporation may bring an action in the United States District Court for the District of Columbia for an order requiring the Farm Credit Administration Board to remove the conservator or receiver. The court shall, on the merits, dismiss the action or direct the Farm Credit Administration Board to remove the conservator or receiver.

''(2) STAY OF OTHER ACTIONS.—On the commencement of an action under paragraph (1), any court having jurisdiction of any other action or enforcement proceeding authorized under this Act to which the Corporation is a party shall stay the action or proceeding during the pendency of the action for removal of the conservator or receiver.

''(e) GENERAL POWERS OF CONSERVATOR OR RECEIVER.—The conservator or receiver for the Corporation shall have such powers to conduct the conservatorship or receivership as shall be provided pursuant to regulations adopted by the Farm Credit Administration Board. Such powers shall be comparable to the powers available to a conservator or receiver appointed pursuant to section 4.12(b).

''(f) BORROWINGS FOR WORKING CAPITAL.—

''(1) IN GENERAL.—If the conservator or receiver of the Corporation determines that it is likely that there will be insufficient funds to pay the ongoing administrative expenses of the conservatorship or receivership or that there will be insufficient liquidity to fund maturing obligations of the conservatorship or receivership, the conservator or receiver may borrow funds in such amounts, from such sources, and at such rates of interest as the conservator or receiver considers necessary or appropriate to meet the administrative expenses or liquidity needs of the conservatorship or receivership.

''(2) WORKING CAPITAL FROM FARM CREDIT BANKS.—A Farm Credit bank may loan funds to the conservator or receiver for a loan authorized under paragraph (1) or, in the event of receivership, a Farm Credit bank may purchase assets of the Corporation.

''(g) AGREEMENTS AGAINST INTERESTS OF CONSERVATOR OR RECEIVER.—No agreement that tends to diminish or defeat the right, title, or interest of the conservator or receiver for the Corporation in any asset acquired by the conservator or receiver as conservator or receiver for the Corporation shall be valid against the conservator or receiver unless the agreement—

''(1) is in writing;

''(2) is executed by the Corporation and any person claiming an adverse interest under the agreement, including the obligor, contemporaneously with the acquisition of the asset by the Corporation;

''(3) is approved by the Board or an appropriate committee of the Board, which approval shall be reflected in the minutes of the Board or committee; and

''(4) has been, continuously, from the time of the agreement's execution, an official record of the Corporation.

''(h) REPORT TO THE CONGRESS.—On a determination by the receiver for the Corporation that there are insufficient assets of the receivership to pay all valid claims against the receivership, the receiver shall submit to the Secretary of the Treasury, the Committee on Agriculture of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the financial condition of the receivership.

''(i) TERMINATION OF AUTHORITIES.—

''(1) CORPORATION.—The charter of the Corporation shall be canceled, and the authority provided to the Corporation by this title shall terminate, on such date as the Farm Credit Administration Board determines is appropriate following the placement of the Corporation in receivership, but not later than the conclusion of the receivership and discharge of the receiver.

''(2) OVERSIGHT.—The Office of Secondary Market Oversight established under section 8.11 shall be abolished, and section 8.11(a) and subtitle B shall have no force or effect, on such date as the Farm Credit Administration Board determines is appropriate following the placement of the Corporation in receivership, but not later than the conclusion of the receivership and discharge of the receiver.''.

CHAPTER 2—REGULATORY RELIEF

SEC. 481. COMPENSATION OF ASSOCIATION PERSONNEL.

Section 1.5(13) of the Farm Credit Act of 1971 (12 U.S.C. 2013(13)) is amended by striking '', and the appointment and compensation of the chief executive officer thereof,''.

SEC. 482. USE OF PRIVATE MORTGAGE INSURANCE.

(a) IN GENERAL.—Section 1.10(a)(1) of the Farm Credit Act of 1971 (12 U.S.C. 2018(a)(1)) is amended by adding at the end the following:

''(D) PRIVATE MORTGAGE INSURANCE.—A loan on which private mortgage insurance is obtained may exceed 85 percent of the appraised value of the real estate security to the extent that the loan amount in excess of such 85 percent is covered by the insurance.''.

(b) CONFORMING AMENDMENT.—Section 1.10(a)(1)(A) of the Farm Credit Act of 1971 (12 U.S.C. 2018(a)(1)(A)) is amended by striking ''paragraphs (2) and (3)'' and inserting ''subparagraphs (C) and (D)''.

SEC. 483. REMOVAL OF CERTAIN BORROWER REPORTING REQUIREMENT.

Section 1.10(a) of the Farm Credit Act of 1971 (12 U.S.C. 2018(a)) is amended by striking paragraph (5).

SEC. 484. REFORM OF REGULATORY LIMITATIONS ON DIVIDEND, MEMBER BUSINESS, AND VOTING PRACTICES OF ELIGIBLE FARMER-OWNED COOPERATIVES.

(a) IN GENERAL.—Section 3.8(a) of the Farm Credit Act of 1971 (12 U.S.C. 2129(a)) is amended by adding at the end the following: ''Any such association that has received a loan from a bank for cooperatives shall, without regard to the requirements of paragraphs (1) through (4), continue to be eligible for so long as more than 50 percent (or such higher percentage as is established by the bank board) of the voting control of the association is held by farmers, producers or harvesters of aquatic products, or eligible cooperative associations.''.

(b) CONFORMING AMENDMENT.—Section 3.8(b)(1)(D) of the Farm Credit Act of 1971 (12 U.S.C. 2129(b)(1)(D)) is amended by striking ''and (4) of subsection (a)'' and inserting ''and (4), or under the last sentence, of subsection (a)''.

SEC. 485. REMOVAL OF FEDERAL GOVERNMENT CERTIFICATION REQUIREMENT FOR CERTAIN PRIVATE SECTOR FINANCINGS.

Section 3.8(b)(1)(A) of the Farm Credit Act of 1971 (12 U.S.C. 2129(b)(1)(A)) is amended—

(1) by striking ''have been certified by the Administrator of the Rural Electrification Administration to be eligible for such'' and inserting ''are eligible under the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.) for''; and

(2) by striking ''loan guarantee, and'' and inserting ''loan guarantee from the Administration or the Bank (or a successor of the Administration or the Bank), and''.

SEC. 486. BORROWER STOCK.

Section 4.3A of the Farm Credit Act of 1971 (12 U.S.C. 2154a) is amended—

(1) by redesignating subsections (f) and (g) as subsections (g) and (h), respectively; and

(2) by inserting after subsection (e) the following:

''(f) LOANS DESIGNATED FOR SALE OR SOLD INTO THE SECONDARY MARKET.—

''(1) IN GENERAL.—Subject to paragraph (2) and notwithstanding any other provision of this section, the bylaws adopted by a bank or association under subsection (b) may provide—

''(A) in the case of a loan made on or after the date of enactment of this paragraph that is designated, at the time the loan is made, for sale into a secondary market, that no voting stock or participation certificate purchase requirement shall apply to the borrower for the loan; and

''(B) in the case of a loan made before the date of enactment of this paragraph that is sold into a secondary market, that all outstanding voting stock or participation certificates held by the borrower with respect to the loan shall, subject to subsection (d)(1), be retired.

''(2) APPLICABILITY.—Notwithstanding any other provision of this section, in the case of a loan sold to a secondary market under title VIII, paragraph (1) shall apply regardless of whether the bank or association retains a subordinated participation interest in a loan or pool of loans or contributes to a cash reserve.

''(3) EXCEPTION.—

''(A) IN GENERAL.—Subject to subparagraph (B) and notwithstanding any other provision of this section, if a loan designated for sale under paragraph (1)(A) is not sold into a secondary market during the 180-day period that begins on the date of the designation, the voting stock or participation certificate purchase requirement that would otherwise apply to the loan in the absence of a bylaw provision described in paragraph (1)(A) shall be effective.

''(B) RETIREMENT.—The bylaws adopted by a bank or association under subsection (b) may provide that if a loan described in subparagraph (A) is sold into a secondary market after the end of the 180-day period described in the subparagraph, all outstanding voting stock or participation certificates held by the borrower with respect to the loan shall, subject to subsection (d)(1), be retired.''.

SEC. 487. DISCLOSURE RELATING TO ADJUSTABLE RATE LOANS.

Section 4.13(a)(4) of the Farm Credit Act of 1971 (12 U.S.C. 2199(a)(4)) is amended by inserting before the semicolon at the end the following: '', and notice to the borrower of a change in the interest rate applicable to the loan of the borrower may be made within a reasonable time after the effective date of an increase or decrease in the interest rate''.

SEC. 488. BORROWERS' RIGHTS.

(a) DEFINITION OF LOAN.—Section 4.14A(a)(5) of the Farm Credit Act of 1971 (12 U.S.C. 2202a(a)(5)) is amended—

(1) by striking ''(5) LOAN.—The'' and inserting the following:

''(5) LOAN.—

''(A) IN GENERAL.—Subject to subparagraph (B), the''; and

(2) by adding at the end the following:

''(B) EXCLUSION FOR LOANS DESIGNATED FOR SALE INTO SECONDARY MARKET.—

''(i) IN GENERAL.—Except as provided in clause (ii), the term 'loan' does not include a loan made on or after the date of enactment of this subparagraph that is designated, at the time the loan is made, for sale into a secondary market.

''(ii) UNSOLD LOANS.—

''(I) IN GENERAL.—Except as provided in subclause (II), if a loan designated for sale under clause (i) is not sold into a secondary market during the 180-day period that begins on the date of the designation, the provisions

of this section and sections 4.14, 4.14B, 4.14C, 4.14D, and 4.36 that would otherwise apply to the loan in the absence of the exclusion described in clause (i) shall become effective with respect to the loan.

''(II) LATER SALE.—If a loan described in subclause (I) is sold into a secondary market after the end of the 180-day period described in subclause (I), subclause (I) shall not apply with respect to the loan beginning on the date of the sale.''.

(b) BORROWERS' RIGHTS FOR POOLED LOANS.—The first sentence of section 8.9(b) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–9(b)) is amended by inserting ''(as defined in section 4.14A(a)(5))'' after ''application for a loan''.

SEC. 489. FORMATION OF ADMINISTRATIVE SERVICE ENTITIES.

Part E of title IV of the Farm Credit Act of 1971 is amended by inserting after section 4.28 (12 U.S.C. 2214) the following:

''SEC. 4.28A. DEFINITION OF BANK.

''In this part, the term 'bank' includes each association operating under title II.''.

SEC. 490. JOINT MANAGEMENT AGREEMENTS.

The first sentence of section 5.17(a)(2)(A) of the Farm Credit Act of 1971 (12 U.S.C. 2252(a)(2)(A)) is amended by striking ''or management agreements''.

SEC. 491. DISSEMINATION OF QUARTERLY REPORTS.

Section 5.17(a)(8) of the Farm Credit Act of 1971 (12 U.S.C. 2252(a)(8)) is amended by inserting after ''except that'' the following: ''the requirements of the Farm Credit Administration governing the dissemination to stockholders of quarterly reports of System institutions may not be more burdensome or costly than the requirements applicable to national banks, and''.

SEC. 492. REGULATORY REVIEW.

(a) FINDINGS.—Congress finds that—

(1) the Farm Credit Administration, in the role of the Administration as an arms-length safety and soundness regulator, has made considerable progress in reducing the regulatory burden on Farm Credit System institutions;

(2) the efforts of the Farm Credit Administration described in paragraph (1) have resulted in cost savings for Farm Credit System institutions; and

(3) the cost savings described in paragraph (2) ultimately benefit the farmers, ranchers, agricultural cooperatives, and rural residents of the United States.

(b) CONTINUATION OF REGULATORY REVIEW.—The Farm Credit Administration shall continue the comprehensive review of regulations governing the Farm Credit System to identify and eliminate, consistent with law, safety, and soundness, all regulations that are unnecessary, unduly burdensome or costly, or not based on law.

SEC. 493. EXAMINATION OF FARM CREDIT SYSTEM INSTITUTIONS.

The first sentence of section 5.19(a) of the Farm Credit Act of 1971 (12 U.S.C. 2254(a)) is amended by striking ''each year'' and inserting ''during each 18-month period''.

SEC. 494. CONSERVATORSHIPS AND RECEIVERSHIPS.

(a) DEFINITIONS.—Section 5.51 of the Farm Credit Act of 1971 (12 U.S.C. 2277a) is amended—

(1) by striking paragraph (5); and

(2) by redesignating paragraph (6) as paragraph (5).

(b) GENERAL CORPORATE POWERS.—Section 5.58 of the Farm Credit Act of 1971 (12 U.S.C. 2277a–7) is amended by striking paragraph (9) and inserting the following:

''(9) CONSERVATOR OR RECEIVER.—The Corporation may act as a conservator or receiver.''.

SEC. 495. FARM CREDIT INSURANCE FUND OPERATIONS.

(a) ADJUSTMENT OF PREMIUMS.—

(1) IN GENERAL.—Section 5.55(a) of the Farm Credit Act of 1971 (12 U.S.C. 2277a–4(a)) is amended—

(A) in paragraph (1), by striking ''Until the aggregate of amounts in the Farm Credit Insurance Fund exceeds the secure base amount, the annual premium due from any insured System bank for any calendar year'' and inserting the following: ''If at the end of any calendar year the aggregate of amounts in the Farm Credit Insurance Fund does not exceed the secure base amount, subject to paragraph (2), the annual premium due from any insured System bank for the calendar year'';

(B) by redesignating paragraph (2) as paragraph (3); and

(C) by inserting after paragraph (1) the following:

''(2) REDUCED PREMIUMS.—The Corporation, in the sole discretion of the Corporation, may reduce by a percentage uniformly applied to all insured System banks the annual premium due from each insured System bank during any calendar year, as determined under paragraph (1).''.

(2) CONFORMING AMENDMENTS.—

(A) Section 5.55(b) of the Farm Credit Act of 1971 (12 U.S.C. 2277a–4(b)) is amended—

(i) by striking ''Insurance Fund'' each place it appears and inserting ''Farm Credit Insurance Fund'';

(ii) by striking ''for the following calendar year''; and

(iii) by striking ''subsection (a)'' and inserting ''subsection (a)(1)''.

(B) Section 5.56(a) of the Farm Credit Act of 1971 (12 U.S.C. 2277a–5(a)) is amended by striking ''section 5.55(a)(2)'' each place it appears in paragraphs (2) and (3) and inserting ''section 5.55(a)(3)''.

(C) Section 1.12(b) (12 U.S.C. 2020(b)) is amended—

(i) in paragraph (1), by inserting ''(as defined in section 5.55(a)(3))'' after ''government-guaranteed loans''; and

(ii) in paragraph (3), by inserting ''(as so defined)'' after ''government-guaranteed loans'' each place such term appears.

(b) ALLOCATION TO INSURED SYSTEM BANKS AND OTHER SYSTEM INSTITUTIONS OF EXCESS AMOUNTS IN THE FARM CREDIT INSURANCE FUND.—Section 5.55 of the Farm Credit Act of 1971 (12 U.S.C. 2277a–4) is amended by adding at the end the following:

''(e) ALLOCATION TO SYSTEM INSTITUTIONS OF EXCESS RESERVES.—

''(1) ESTABLISHMENT OF ALLOCATED INSURANCE RESERVES ACCOUNTS.—There is hereby established in the Farm Credit Insurance Fund an Allocated Insurance Reserves Account—

''(A) for each insured System bank; and

''(B) subject to paragraph (6)(C), for all holders, in the aggregate, of Financial Assistance Corporation stock.

''(2) TREATMENT.—Amounts in any Allocated Insurance Reserves Account shall be considered to be part of the Farm Credit Insurance Fund.

''(3) ANNUAL ALLOCATIONS.—If, at the end of any calendar year, the aggregate of the amounts in the Farm Credit Insurance Fund exceeds the average secure base amount for the calendar year (as calculated on an average daily balance basis), the Corporation shall allocate to the Allocated Insurance Reserves Accounts the excess amount less the amount that the Corporation, in its sole discretion, determines to be the sum of the estimated operating expenses and estimated insurance obligations of the Corporation for the immediately succeeding calendar year.

''(4) ALLOCATION FORMULA.—From the total amount required to be allocated at the end of a calendar year under paragraph (3)—

''(A) 10 percent of the total amount shall be credited to the Allocated Insurance Reserves Account established under paragraph (1)(B), subject to paragraph (6)(C); and

''(B) there shall be credited to the Allocated Insurance Reserves Account of each insured System bank an amount that bears the same ratio to the total amount (less any amount credited under subparagraph (A)) as the average principal outstanding for the 3-year period ending on the end of the calendar year on loans made by the bank that are in accrual status bears to the average principal outstanding for the 3-year period ending on the end of the calendar year on loans made by all insured System banks that are in accrual status (excluding, in each case, the guaranteed portions of government-guaranteed loans described in subsection (a)(1)(C)).

''(5) USE OF FUNDS IN ALLOCATED INSURANCE RESERVES ACCOUNTS.—To the extent that the sum of the operating expenses of the Corporation and the insurance obligations of the Corporation for a calendar year exceeds the sum of operating expenses and insurance obligations determined under paragraph (3) for the calendar year, the Corporation shall cover the expenses and obligations by—

''(A) reducing each Allocated Insurance Reserves Account by the same proportion; and

''(B) expending the amounts obtained under subparagraph (A) before expending other amounts in the Fund.

''(6) OTHER DISPOSITION OF ACCOUNT FUNDS.—

''(A) IN GENERAL.—As soon as practicable during each calendar year beginning more than 8 years after the date on which the aggregate of the amounts in the Farm Credit Insurance Fund exceeds the secure base amount, but not earlier than January 1, 2005, the Corporation may—

''(i) subject to subparagraphs (D) and (F), pay to each insured System bank, in a manner determined by the Corporation, an amount equal to the lesser of—

''(I) 20 percent of the balance in the insured System bank's Allocated Insurance Reserves Account as of the preceding December 31; or

''(II) 20 percent of the balance in the bank's Allocated Insurance Reserves Account on the date of the payment; and

''(ii) subject to subparagraphs (C), (E), and (F), pay to each System bank and association holding Financial Assistance Corporation stock a proportionate share, determined by dividing the number of shares of Financial Assistance Corporation stock held by the institution by the total number of shares of Financial Assistance Corporation stock outstanding, of the lesser of—

''(I) 20 percent of the balance in the Allocated Insurance Reserves Account established under paragraph (1)(B) as of the preceding December 31; or

''(II) 20 percent of the balance in the Allocated Insurance Reserves Account established under paragraph (1)(B) on the date of the payment.

''(B) AUTHORITY TO ELIMINATE OR REDUCE PAYMENTS.—The Corporation may eliminate or reduce payments during a calendar year under subparagraph (A) if the Corporation determines, in its sole discretion, that the payments, or other circumstances that might require use of the Farm Credit Insurance Fund, could cause the amount in the Farm Credit Insurance Fund during the calendar year to be less than the secure base amount.

''(C) REIMBURSEMENT FOR FINANCIAL ASSISTANCE CORPORATION STOCK.—

''(i) SUFFICIENT FUNDING.—Notwithstanding paragraph (4)(A), on provision by the Corporation for the accumulation in the Account established under paragraph (1)(B) of funds in an amount equal to $56,000,000 (in addition to the amounts described in subparagraph (F)(ii)), the Corporation shall not allocate any further funds to the Account except to replenish the Account if funds are diminished below $56,000,000 by the Corporation under paragraph (5).

''(ii) WIND DOWN AND TERMINATION.—

''(I) FINAL DISBURSEMENTS.—On disbursement of $53,000,000 (in addition to the amounts described in subparagraph (F)(ii)) from the Allocated Insurance Reserves Account, the Corporation shall disburse the remaining amounts in the Account, as determined under subparagraph (A)(ii), without regard to the percentage limitations in subclauses (I) and (II) of subparagraph (A)(ii).

''(II) TERMINATION OF ACCOUNT.—On disbursement of $56,000,000 (in addition to the amounts described in subparagraph (F)(ii)) from the Allocated Insurance Reserves Account, the Corporation shall close the Account established under paragraph (1)(B) and transfer any remaining funds in the Account to the remaining Allocated Insurance Reserves Accounts in accordance with paragraph (4)(B) for the calendar year in which the transfer occurs.

''(D) DISTRIBUTION OF PAYMENTS RECEIVED.—Not later than 60 days after receipt of a payment made under subparagraph (A)(i), each insured System bank, in consultation with affiliated associations of the insured System bank, and taking into account the direct or indirect payment of insurance premiums by the associations, shall develop and implement an equitable plan to distribute payments received under subparagraph (A)(i) among the bank and associations of the bank.

''(E) EXCEPTION FOR PREVIOUSLY REIMBURSED ASSOCIATIONS.—For purposes of subparagraph (A)(ii), in any Farm Credit district in which the funding bank has reimbursed 1 or more affiliated associations of the bank for the previously unreimbursed portion of the Financial Assistance Corporation stock held by the associations, the funding bank shall be deemed to be the holder of the shares of Financial Assistance Corporation stock for which the funding bank has provided the reimbursement.

''(F) INITIAL PAYMENT.—Notwithstanding subparagraph (A), the initial payment made to each payee under subparagraph (A) shall be in such amount determined by the Corporation to be equal to the sum of—

''(i) the total of the amounts that would have been paid if payments under subparagraph (A) had been authorized to begin, under the same terms and conditions, in the first calendar year beginning more than 5 years after the date on which the aggregate of the amounts in the Farm Credit Insurance Fund exceeds the secure base amount, and to continue through the 2 immediately subsequent years;

''(ii) interest earned on any amounts that would have been paid as described in clause (i) from the date on which the payments would have been paid as described in clause (i); and

''(iii) the payment to be made in the initial year described in subparagraph (A), based on the amount in each Account after subtracting the amounts to be paid under clauses (i) and (ii).''

(c) TECHNICAL AMENDMENTS.—Section 5.55(d) of the Farm Credit Act of 1971 (12 U.S.C. 2277a–4(d)) is amended—

(1) in the matter preceding paragraph (1)—

(A) by striking ''subsections (a) and (c)'' and inserting ''subsections (a), (c), and (e)''; and

(B) by striking ''a Farm Credit Bank'' and inserting ''an insured System bank''; and

(2) in paragraphs (1), (2), and (3), by striking ''Farm Credit Bank'' each place it appears and inserting ''insured System bank''.

SEC. 496. EXAMINATIONS BY THE FARM CREDIT SYSTEM INSURANCE CORPORATION.

Section 5.59(b)(1)(A) of the Farm Credit Act of 1971 (12 U.S.C. 2277a–8(b)(1)(A)) is amended by adding at the end the following: ''Notwithstanding any other provision of this Act, on cancellation of the charter of a System institution, the Corporation shall have authority to examine the system institution in receivership. An examination shall be performed at such intervals as the Corporation shall determine.''.

SEC. 497. POWERS WITH RESPECT TO TROUBLED INSURED SYSTEM BANKS.

(a) LEAST-COST RESOLUTION.—Section 5.61(a)(3) of the Farm Credit Act of 1971 (12 U.S.C. 2277a–10(a)) is amended—

(1) by redesignating subparagraph (B) as subparagraph (F); and

(2) by striking subparagraph (A) and inserting the following:

''(A) LEAST-COST RESOLUTION.—Assistance may not be provided to an insured System bank under this subsection unless the means of providing the assistance is the least costly means of providing the assistance by the Farm Credit Insurance Fund of all possible alternatives available to the Corporation, including liquidation of the bank (including paying the insured obligations issued on behalf of the bank). Before making a least-cost determination under this subparagraph, the Corporation shall accord such other insured System banks as the Corporation determines to be appropriate the opportunity to submit information relating to the determination.

''(B) DETERMINING LEAST COSTLY APPROACH.—In determining the least costly alternative under subparagraph (A), the Corporation shall—

''(i) evaluate alternatives on a present-value basis, using a reasonable discount rate;

''(ii) document the evaluation and the assumptions on which the evaluation is based; and

''(iii) retain the documentation for not less than 5 years.

''(C) TIME OF DETERMINATION.—

''(i) GENERAL RULE.—For purposes of this subsection, the determination of the costs of providing any assistance under any provision of this section with respect to any insured System bank shall be made as of the date on which the Corporation makes the determination to provide the assistance to the institution under this section.

''(ii) RULE FOR LIQUIDATIONS.—For purposes of this subsection, the determination of the costs of liquidation of any insured System bank shall be made as of the earliest of—

''(I) the date on which a conservator is appointed for the insured System bank;

''(II) the date on which a receiver is appointed for the insured System bank; or

''(III) the date on which the Corporation makes any determination to provide any assistance under this section with respect to the insured System bank.

''(D) RULE FOR STAND-ALONE ASSISTANCE.—Before providing any assistance under paragraph (1), the Corporation shall evaluate the adequacy of managerial resources of the insured System bank. The continued service of any director or senior ranking officer who serves in a policymaking role for the assisted insured System bank, as determined by the Corporation, shall be subject to approval by the Corporation as a condition of assistance.

''(E) DISCRETIONARY DETERMINATIONS.—Any determination that the Corporation makes under this paragraph shall be in the sole discretion of the Corporation.''.

(b) CONFORMING AMENDMENTS.—Section 5.61(a) of the Farm Credit Act of 1971 (12 U.S.C. 2277a–10(a)) is amended—

(1) in paragraph (1) by striking ''IN GENERAL.—'' and inserting ''STAND-ALONE ASSISTANCE.—''; and

(2) in paragraph (2)—

(A) by striking ''ENUMERATED POWERS.—'' and inserting ''FACILITATION OF MERGERS OR CONSOLIDATION.—''; and

(B) in subparagraph (A) by striking ''FACILITATION OF MERGERS OR CONSOLIDATION.—'' and inserting ''IN GENERAL.—''.

SEC. 498. OVERSIGHT AND REGULATORY ACTIONS BY THE FARM CREDIT SYSTEM INSURANCE CORPORATION.

The Farm Credit Act of 1971 is amended by inserting after section 5.61 (12 U.S.C. 2279a–10) the following:

''SEC. 5.61A. OVERSIGHT ACTIONS BY THE CORPORATION.

''(a) DEFINITIONS.—In this section, the term 'institution' means—

''(1) an insured System bank; and

''(2) a production credit association or other association making loans under section 7.6 with a direct loan payable to the funding bank of the association that comprises 20 percent or more of the funding bank's total loan volume net of nonaccrual loans.

''(b) CONSULTATION REGARDING PARTICIPATION OF UNDERCAPITALIZED BANKS IN ISSUANCE OF INSURED OBLIGATIONS.—The Farm Credit Administration shall consult with the Corporation prior to approving an insured obligation that is to be issued by or on behalf of, or participated in by, any insured System bank that fails to meet the minimum level for any capital requirement established by the Farm Credit Administration for the bank.

''(c) CONSULTATION REGARDING APPLICATIONS FOR MERGERS AND RESTRUCTURINGS.—

''(1) CORPORATION TO RECEIVE COPY OF TRANSACTION APPLICATIONS.—On receiving an application for a merger or restructuring of an institution, the Farm Credit Administration shall forward a copy of the application to the Corporation.

''(2) CONSULTATION REQUIRED.—If the proposed merger or restructuring involves an institution that fails to meet the minimum level for any capital requirement established by the Farm Credit Administration applicable to the institution, the Farm Credit Administration shall allow 30 days within which the Corporation may submit the views and recommendations of the Corporation, including any conditions for approval. In determining whether to approve or disapprove any proposed merger or restructuring, the Farm Credit Administration shall give due consideration to the views and recommendations of the Corporation.

''SEC. 5.61B. AUTHORITY TO REGULATE GOLDEN PARACHUTE AND INDEMNIFICATION PAYMENTS.

''(a) DEFINITIONS.—In this section:

''(1) GOLDEN PARACHUTE PAYMENT.—The term 'golden parachute payment'—

''(A) means a payment (or any agreement to make a payment) in the nature of compensation for the benefit of any institution-related party under an obligation of any Farm Credit System institution that—

''(i) is contingent on the termination of the party's relationship with the institution; and

''(ii) is received on or after the date on which—

''(I) the institution is insolvent;

''(II) a conservator or receiver is appointed for the institution;

''(III) the institution has been assigned by the Farm Credit Administration a composite

CAMEL rating of 4 or 5 under the Farm Credit Administration Rating System, or an equivalent rating; or

''(IV) the Corporation otherwise determines that the institution is in a troubled condition (as defined in regulations issued by the Corporation); and

''(B) includes a payment that would be a golden parachute payment but for the fact that the payment was made before the date referred to in subparagraph (A)(ii) if the payment was made in contemplation of the occurrence of an event described in any subclause of subparagraph (A); but

''(C) does not include—

''(i) a payment made under a retirement plan that is qualified (or is intended to be qualified) under section 401 of the Internal Revenue Code of 1986 or other nondiscriminatory benefit plan;

''(ii) a payment made under a bona fide supplemental executive retirement plan, deferred compensation plan, or other arrangement that the Corporation determines, by regulation or order, to be permissible; or

''(iii) a payment made by reason of the death or disability of an institution-related party.

''(2) INDEMNIFICATION PAYMENT.—The term 'indemnification payment' means a payment (or any agreement to make a payment) by any Farm Credit System institution for the benefit of any person who is or was an institution-related party, to pay or reimburse the person for any liability or legal expense with regard to any administrative proceeding or civil action instituted by the Farm Credit Administration that results in a final order under which the person—

''(A) is assessed a civil money penalty; or

''(B) is removed or prohibited from participating in the conduct of the affairs of the institution.

''(3) INSTITUTION-RELATED PARTY.—The term 'institution-related party' means—

''(A) a director, officer, employee, or agent for a Farm Credit System institution or any conservator or receiver of such an institution;

''(B) a stockholder (other than another Farm Credit System institution), consultant, joint venture partner, or any other person determined by the Farm Credit Administration to be a participant in the conduct of the affairs of a Farm Credit System institution; and

''(C) an independent contractor (including any attorney, appraiser, or accountant) that knowingly or recklessly participates in any violation of any law or regulation, any breach of fiduciary duty, or any unsafe or unsound practice that caused or is likely to cause more than a minimal financial loss to, or a significant adverse effect on, the Farm Credit System institution.

''(4) LIABILITY OR LEGAL EXPENSE.—The term 'liability or legal expense' means—

''(A) a legal or other professional expense incurred in connection with any claim, proceeding, or action;

''(B) the amount of, and any cost incurred in connection with, any settlement of any claim, proceeding, or action; and

''(C) the amount of, and any cost incurred in connection with, any judgment or penalty imposed with respect to any claim, proceeding, or action.

''(5) PAYMENT.—The term 'payment' means—

''(A) a direct or indirect transfer of any funds or any asset; and

''(B) any segregation of any funds or assets for the purpose of making, or under an agreement to make, any payment after the date on which the funds or assets are segregated, without regard to whether the obligation to make the payment is contingent on—

''(i) the determination, after that date, of the liability for the payment of the amount; or

''(ii) the liquidation, after that date, of the amount of the payment.

''(b) PROHIBITION.—The Corporation may prohibit or limit, by regulation or order, any golden parachute payment or indemnification payment by a Farm Credit System institution (including any conservator or receiver of the Federal Agricultural Mortgage Corporation) in troubled condition (as defined in regulations issued by the Corporation).

''(c) FACTORS TO BE TAKEN INTO ACCOUNT.—The Corporation shall prescribe, by regulation, the factors to be considered by the Corporation in taking any action under subsection (b). The factors may include—

''(1) whether there is a reasonable basis to believe that an institution-related party has committed any fraudulent act or omission, breach of trust or fiduciary duty, or insider abuse with regard to the Farm Credit System institution involved that has had a material effect on the financial condition of the institution;

''(2) whether there is a reasonable basis to believe that the institution-related party is substantially responsible for the insolvency of the Farm Credit System institution, the appointment of a conservator or receiver for the institution, or the institution's troubled condition (as defined in regulations prescribed by the Corporation);

''(3) whether there is a reasonable basis to believe that the institution-related party has materially violated any applicable law or regulation that has had a material effect on the financial condition of the institution;

''(4) whether there is a reasonable basis to believe that the institution-related party has violated or conspired to violate—

''(A) section 215, 657, 1006, 1014, or 1344 of title 18, United States Code; or

''(B) section 1341 or 1343 of title 18, United States Code, affecting a Farm Credit System institution;

''(5) whether the institution-related party was in a position of managerial or fiduciary responsibility; and

''(6) the length of time that the party was related to the Farm Credit System institution and the degree to which—

''(A) the payment reasonably reflects compensation earned over the period of employment; and

''(B) the compensation represents a reasonable payment for services rendered.

''(d) CERTAIN PAYMENTS PROHIBITED.—No Farm Credit System institution may prepay the salary or any liability or legal expense of any institution-related party if the payment is made—

''(1) in contemplation of the insolvency of the institution or after the commission of an act of insolvency; and

''(2) with a view to, or with the result of—

''(A) preventing the proper application of the assets of the institution to creditors; or

''(B) preferring 1 creditor over another creditor.

''(e) RULE OF CONSTRUCTION.—Nothing in this section—

''(1) prohibits any Farm Credit System institution from purchasing any commercial insurance policy or fidelity bond, so long as the insurance policy or bond does not cover any legal or liability expense of an institution described in subsection (a)(2); or

''(2) limits the powers, functions, or responsibilities of the Farm Credit Administration.''.

SEC. 499. FARM CREDIT SYSTEM INSURANCE CORPORATION BOARD OF DIRECTORS.

(a) IN GENERAL.—Section 5.53 of the Farm Credit Act of 1971 (12 U.S.C. 2277a–2) is amended to read as follows:

''SEC. 5.53. BOARD OF DIRECTORS.

''(a) ESTABLISHMENT.—The Corporation shall be managed by a Board of Directors that shall consist of the members of the Farm Credit Administration Board.

''(b) CHAIRMAN.—The Board of Directors shall be chaired by any Board member other than the Chairman of the Farm Credit Administration Board.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 5314 of title 5, United States Code, is amended by striking ''Chairperson, Board of Directors of the Farm Credit System Insurance Corporation.''.

(2) Section 5315 of title 5, United States Code, is amended by striking ''Members, Board of Directors of the Farm Credit System Insurance Corporation.''.

SEC. 499A. LIABILITY FOR MAKING CRIMINAL REFERRALS.

(a) IN GENERAL.—Any institution of the Farm Credit System, or any director, officer, employee, or agent of a Farm Credit System institution, that discloses to a Government authority information proffered in good faith that may be relevant to a possible violation of any law or regulation shall not be liable to any person under any law of the United States or any State—

(1) for the disclosure; or

(2) for any failure to notify the person involved in the possible violation.

(b) NO PROHIBITION ON DISCLOSURE.—Any institution of the Farm Credit System, or any director, officer, employee, or agent of a Farm Credit System institution, may disclose information to a Government authority that may be relevant to a possible violation of any law or regulation.

TITLE V—RURAL DEVELOPMENT

Subtitle A—Amendments to the Food, Agriculture, Conservation, and Trade Act of 1990

CHAPTER 1—GENERAL PROVISIONS

SEC. 501. RURAL INVESTMENT PARTNERSHIPS.

(a) IN GENERAL.—Section 2310(c)(1) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2007(c)(1)) is amended by striking ''1996'' and inserting ''2002''.

(b) AUTHORIZATION OF APPROPRIATIONS.—The first sentence of section 2313(d) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2007c) is amended by striking ''$10,000,000'' and all that follows through ''1996'' and inserting ''$4,700,000 for each of fiscal years 1996 through 2002''.

SEC. 502. WATER AND WASTE FACILITY FINANCING.

Section 2322 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 1926–1) is repealed.

SEC. 503. RURAL WASTEWATER CIRCUIT RIDER PROGRAM.

Section 2324 of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 7 U.S.C. 1926 note) is repealed.

SEC. 504. TELEMEDICINE AND DISTANCE LEARNING SERVICES IN RURAL AREAS.

Chapter 1 of subtitle D of title XXIII of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 950aaa et seq.) is amended to read as follows:

''CHAPTER 1—TELEMEDICINE AND DISTANCE LEARNING SERVICES IN RURAL AREAS

''SEC. 2331. PURPOSE.

''The purpose of the financing programs established under this chapter is to encourage and improve telemedicine services and distance learning services in rural areas through the use of telecommunications, computer networks, and related advanced technologies by students, teachers, medical professionals, and rural residents.

''SEC. 2332. DEFINITIONS.

''In this chapter:

''(1) CONSTRUCT.—The term 'construct' means to construct, acquire, install, improve, or extend a facility or system.

''(2) COST OF MONEY LOAN.—The term 'cost of money loan' means a loan made under this chapter bearing interest at a rate equal to the then current cost to the Federal Government of loans of similar maturity.

''(3) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture.

''SEC. 2333. TELEMEDICINE AND DISTANCE LEARNING SERVICES IN RURAL AREAS.

''(a) SERVICES TO RURAL AREAS.—The Secretary is authorized to provide financial assistance for the purpose of financing the construction of facilities and systems to provide telemedicine services and distance learning services to persons and entities in rural areas.

''(b) FINANCIAL ASSISTANCE.—

''(1) IN GENERAL.—Financial assistance shall consist of grants or cost of money loans, or both.

''(2) FORM.—The Secretary shall determine the portion of the financial assistance provided to a recipient that consists of grants and that consists of cost of money loans so as to result in the maximum feasible repayment to the Federal Government of the financial assistance, based on the ability to repay of the recipient and full utilization of funds made available to carry out this chapter.

''(c) RECIPIENTS.—

''(1) IN GENERAL.—The Secretary may provide financial assistance under this chapter to—

''(A) entities using telemedicine services or distance learning services, or both; and

''(B) entities providing or proposing to provide telemedicine service or distance learning service, or both, to other persons at rates reflecting the benefit of the financial assistance.

''(2) ELECTRIC OR TELECOMMUNICATIONS BORROWERS.—

''(A) LOANS TO BORROWERS.—Subject to subparagraph (B), the Secretary may provide a cost of money loan under this chapter to a borrower of an electric or telecommunications loan under the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.). A borrower receiving a cost of money loan under this paragraph shall—

''(i) make the funds provided available to entities that qualify under paragraph (1) for projects satisfying the requirements of this chapter;

''(ii) use the funds provided to acquire, install, improve, or extend a system for the purposes of this chapter; or

''(iii) use the funds provided to install, improve, or extend a facility for the purposes of this chapter.

''(B) LIMITATIONS.—A borrower of an electric or telecommunications loan under the Rural Electrification Act of 1936 shall—

''(i) make a system or facility funded under subparagraph (A) available to entities that qualify under paragraph (1); and

''(ii) neither retain from the proceeds of a loan provided under subparagraph (A), nor assess a qualifying entity under paragraph (1), any amount except as may be required to pay the actual costs incurred in administering the loan funds or making the system or facility available.

''(3) ASSISTANCE TO PROVIDE OR IMPROVE SERVICES.—Financial assistance may be provided under this chapter for a facility regardless of the location of the facility if the Secretary determines that the assistance is necessary to provide or improve telemedicine services or distance learning services in a rural area.

''(d) PRIORITY.—The Secretary shall establish procedures to prioritize financial assistance provided under this chapter considering—

''(1) the need for the assistance in the affected rural area;

''(2) the financial need of the applicant;

''(3) the population sparsity of the affected rural area;

''(4) the local involvement in the project serving the affected rural area;

''(5) geographic diversity among the recipients of financial assistance;

''(6) the utilization of the telecommunications facilities of the existing telecommunications provider;

''(7) the portion of total project financing provided by the applicant from the funds of the applicant;

''(8) the portion of project financing provided by the applicant with funds obtained from non-Federal sources;

''(9) the joint utilization of facilities financed by other financial assistance;

''(10) the coordination of the proposed project with regional projects or networks;

''(11) service to the widest practical number of persons within the general geographic area covered by the financial assistance;

''(12) conformity with the State strategic plan as prepared under section 381D of the Consolidated Farm and Rural Development Act; and

''(13) other factors determined appropriate by the Secretary.

''(e) MAXIMUM AMOUNT OF ASSISTANCE TO INDIVIDUAL RECIPIENTS.—The Secretary may establish the maximum amount of financial assistance to be made available to an individual recipient for each fiscal year under this chapter by publishing notice in the Federal Register. The notice shall be published not more than 45 days after funds are made available to carry out this chapter during a fiscal year.

''(f) USE OF FUNDS.—Financial assistance provided under this chapter shall be used for—

''(1) the development and acquisition of instructional programming;

''(2) the development and acquisition, through lease or purchase, of computer hardware and software, audio and visual equipment, computer network components, telecommunications terminal equipment, telecommunications transmission facilities, data terminal equipment, or interactive video equipment, and other facilities that would further telemedicine services or distance learning services, or both;

''(3) providing technical assistance and instruction for the development or use of the programming, equipment, or facilities referred to in paragraphs (1) and (2); or

''(4) other uses that are consistent with this chapter, as determined by the Secretary.

''(g) SALARIES AND EXPENSES.—Notwithstanding subsection (f), financial assistance provided under this chapter shall not be used for paying salaries of employees or administrative expenses.

''(h) EXPEDITING COORDINATED TELEPHONE LOANS.—

''(1) IN GENERAL.—The Secretary may establish and carry out procedures to ensure that expedited consideration and determination is given to applications for loans and advances of funds submitted by local exchange carriers under this chapter and the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.) to enable the exchange carriers to provide advanced telecommunications services in rural areas in conjunction with any other projects carried out under this chapter.

''(2) DEADLINE IMPOSED ON SECRETARY.—Not later than 45 days after the receipt of a completed application for an expedited telephone loan under paragraph (1), the Secretary shall respond to the application. The Secretary shall notify the applicant in writing of the decision of the Secretary regarding each expedited loan application.

''(i) NOTIFICATION OF LOCAL EXCHANGE CARRIER.—

''(1) APPLICANTS.—Each applicant for a grant for a telemedicine or distance learning project established under this chapter shall notify the appropriate local telephone exchange carrier regarding the application filed with the Secretary for the grant.

''(2) SECRETARY.—The Secretary shall—

''(A) publish notice of applications received for grants under this chapter for telemedicine or distance learning projects; and

''(B) make the applications available for inspection.

''SEC. 2334. ADMINISTRATION.

''(a) NONDUPLICATION.—The Secretary shall ensure that facilities constructed using financial assistance provided under this chapter do not duplicate adequate established telemedicine services or distance learning services.

''(b) LOAN MATURITY.—The maturities of cost of money loans shall be determined by the Secretary, based on the useful life of the facility being financed, except that the loan shall not be for a period of more than 10 years.

''(c) LOAN SECURITY AND FEASIBILITY.—The Secretary shall make a cost of money loan only after determining that the security for the loan is reasonably adequate and that the loan will be repaid within the period of the loan.

''(d) ENCOURAGING CONSORTIA.—The Secretary shall encourage the development of consortia to provide telemedicine services or distance learning services, or both, through telecommunications in rural areas served by a telecommunications provider.

''(e) COOPERATION WITH OTHER AGENCIES.—The Secretary shall cooperate, to the extent practicable, with other Federal and State agencies with similar grant or loan programs to pool resources for funding meritorious proposals in rural areas.

''(f) INFORMATIONAL EFFORTS.—The Secretary shall establish and implement procedures to carry out informational efforts to advise potential end users located in rural areas of each State about the program authorized by this chapter.

''SEC. 2335. REGULATIONS.

''Not later than 180 days after the effective date of the Agricultural Reform and Improvement Act of 1996, the Secretary shall issue regulations to carry out this chapter.

''SEC. 2335A. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated to carry out this chapter $100,000,000 for each of fiscal years 1996 through 2002.''.

SEC. 505. LIMITATION ON AUTHORIZATION OF APPROPRIATIONS FOR RURAL TECHNOLOGY GRANTS.

Section 2347 of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 104 Stat. 4034) is amended—

(1) by striking ''(a) IN GENERAL.—''; and

(2) by striking subsection (b).

SEC. 506. MONITORING THE ECONOMIC PROGRESS OF RURAL AMERICA.

Section 2382 of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 13 U.S.C. 141 note) is repealed.

SEC. 507. ANALYSIS BY OFFICE OF TECHNOLOGY ASSESSMENT.

Section 2385 of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 7 U.S.C. 950aaa–4 note) is repealed.

SEC. 508. RURAL HEALTH INFRASTRUCTURE IMPROVEMENT.

Section 2391 of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 7 U.S.C. 2662 note) is repealed.

SEC. 509. CENSUS OF AGRICULTURE.

Section 2392 of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 104 Stat. 4057) is repealed.

CHAPTER 2—ALTERNATIVE AGRICULTURAL RESEARCH AND COMMERCIALIZATION

SEC. 521. DEFINITIONS.

Section 1657(c) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5901(c)) is amended—

(1) by striking paragraphs (3) and (4);

(2) by redesignating paragraph (5) as paragraph (3);

(3) by redesignating paragraphs (6) through (12) as paragraphs (7) through (13), respectively; and

(4) by inserting after paragraph (3) (as redesignated by paragraph (2)) the following:

''(4) CORPORATE BOARD.—The term 'Corporate Board' means the Board of Directors of the Corporation described in section 1659.

''(5) CORPORATION.—The term 'Corporation' means the Alternative Agricultural Research and Commercialization Corporation established under section 1658.

''(6) EXECUTIVE DIRECTOR.—The term 'Executive Director' means the Executive Director of the Corporation appointed under section 1659(d)(2).''.

SEC. 522. ALTERNATIVE AGRICULTURAL RESEARCH AND COMMERCIALIZATION CORPORATION.

(a) IN GENERAL.—Section 1658 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5902) is amended to read as follows:

''SEC. 1658. ALTERNATIVE AGRICULTURAL RESEARCH AND COMMERCIALIZATION CORPORATION.

''(a) ESTABLISHMENT.—To carry out this subtitle, there is created a body corporate to be known as the Alternative Agricultural Research and Commercialization Corporation, which shall be an agency of the United States, within the Department of Agriculture, subject to the general supervision and direction of the Secretary, except as specifically provided for in this subtitle.

''(b) PURPOSE.—The purpose of the Corporation is to—

''(1) expedite the development and market penetration of industrial, nonfood, nonfeed products from agricultural and forestry materials; and

''(2) assist the private sector in bridging the gap between research results and the commercialization of the research.

''(c) PLACE OF INCORPORATION.—The Corporation shall be located in the District of Columbia.

''(d) CENTRAL OFFICE.—The Secretary shall provide facilities for the principal office of the Corporation within the Washington, D.C. metropolitan area.

''(e) WHOLLY-OWNED GOVERNMENT CORPORATION.—The Corporation shall be considered a wholly-owned government corporation for purposes of chapter 91 of title 31, United States Code.

''(f) GENERAL POWERS.—In addition to any other powers granted to the Corporation under this subtitle, the Corporation—

''(1) shall have succession in its corporate name;

''(2) may adopt, alter, and rescind any bylaw and adopt and alter a corporate seal, which shall be judicially noticed;

''(3) may enter into any agreement or contract with a person or private or governmental agency, except that the Corporation shall not provide any financial assistance unless specifically authorized under this subtitle;

''(4) may lease, purchase, accept a gift or donation of, or otherwise acquire, use, own, hold, improve, or otherwise deal in or with, and sell, convey, mortgage, pledge, lease, exchange, or otherwise dispose of, any property, real, personal, or mixed, or any interest in property, as the Corporation considers necessary in the transaction of the business of the Corporation, except that this paragraph shall not provide authority for carrying out a program of real estate investment;

''(5) may sue and be sued in the corporate name of the Corporation, except that—

''(A) no attachment, injunction, garnishment, or similar process shall be issued against the Corporation or property of the Corporation; and

''(B) exclusive original jurisdiction shall reside in the district courts of the United States, but the Corporation may intervene in any court in any suit, action, or proceeding in which the Corporation has an interest;

''(6) may independently retain legal representation;

''(7) may provide for and designate such committees, and the functions of the committees, as the Corporate Board considers necessary or desirable,

''(8) may indemnify the Executive Director and other officers of the Corporation, as the Corporate Board considers necessary and desirable, except that the Executive Director and officers shall not be indemnified for an act outside the scope of employment;

''(9) may, with the consent of any board, commission, independent establishment, or executive department of the Federal Government, including any field service, use information, services, facilities, officials, and employees in carrying out this subtitle, and pay for the use, which payments shall be credited to the applicable appropriation that incurred the expense;

''(10) may obtain the services and fix the compensation of any consultant and otherwise procure temporary and intermittent services under section 3109(b) of title 5, United States Code;

''(11) may use the United States mails on the same terms and conditions as the Executive agencies of the Federal Government;

''(12) shall have the rights, privileges, and immunities of the United States with respect to the right to priority of payment with respect to debts due from bankrupt, insolvent, or deceased creditors;

''(13) may collect or compromise any obligations assigned to or held by the Corporation, including any legal or equitable rights accruing to the Corporation;

''(14) shall determine the character of, and necessity for, obligations and expenditures of the Corporation and the manner in which the obligations and expenditures shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to Government corporations;

''(15) may make final and conclusive settlement and adjustment of any claim by or against the Corporation or a fiscal officer of the Corporation;

''(16) may sell assets, loans, and equity interests acquired in connection with the financing of projects funded by the Corporation; and

''(17) may exercise all other lawful powers necessarily or reasonably related to the establishment of the Corporation to carry out this subtitle and the powers, purposes, functions, duties, and authorized activities of the Corporation.

''(g) SPECIFIC POWERS.—To carry out this subtitle, the Corporation shall have the authority to—

''(1) make grants to, and enter into cooperative agreements and contracts with, eligible applicants for research, development, and demonstration projects in accordance with section 1660;

''(2) make loans and interest subsidy payments and invest venture capital in accordance with section 1661;

''(3) collect and disseminate information concerning State, regional, and local commercialization projects;

''(4) search for new nonfood, nonfeed products that may be produced from agricultural commodities and for processes to produce the products;

''(5) administer, maintain, and dispense funds from the Alternative Agricultural Research and Commercialization Revolving Fund to facilitate the conduct of activities under this subtitle; and

''(6) engage in other activities incident to carrying out the functions of the Corporation.''.

(b) WHOLLY OWNED GOVERNMENT CORPORATION.—Section 9101(3) of title 31, United States Code, is amended—

(1) by redesignating subparagraph (N) (relating to the Uranium Enrichment Corporation) as subparagraph (O); and

(2) by adding at the end the following:

''(P) the Alternative Agricultural Research and Commercialization Corporation.''.

(c) CONFORMING AMENDMENT.—Section 211(b)(5) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6911(b)(5)) is amended by striking ''Alternative Agricultural Research and Commercialization Board'' and inserting ''Corporate Board of the Alternative Agricultural Research and Commercialization Corporation''.

SEC. 523. BOARD OF DIRECTORS, EMPLOYEES, AND FACILITIES.

(a) IN GENERAL.—Section 1659 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5903) is amended to read as follows:

''SEC. 1659. BOARD OF DIRECTORS, EMPLOYEES, AND FACILITIES.

''(a) IN GENERAL.—The powers of the Corporation shall be vested in a Corporate Board.

''(b) MEMBERS OF THE CORPORATE BOARD.—The Corporate Board shall consist of 10 members as follows:

''(1) The Under Secretary of Agriculture for Rural Economic and Community Development.

''(2) The Under Secretary of Agriculture for Research, Education, and Economics.

''(3) 4 members appointed by the Secretary, of whom—

''(A) at least 1 member shall be a representative of the leading scientific disciplines relevant to the activities of the Corporation;

''(B) at least 1 member shall be a producer or processor of agricultural commodities; and

''(C) at least 1 member shall be a person who is privately engaged in the commercialization of new nonfood, nonfeed products from agricultural commodities.

''(4) 2 members appointed by the Secretary who—

''(A) have expertise in areas of applied research relating to the development or commercialization of new nonfood, nonfeed products; and

''(B) shall be appointed from a group of at least 4 individuals nominated by the Director of the National Science Foundation if the nominations are made within 60 days after the date a vacancy occurs.

''(5) 2 members appointed by the Secretary who—

''(A) have expertise in financial and managerial matters; and

''(B) shall be appointed from a group of at least 4 individuals nominated by the Secretary of Commerce if the nominations are made within 60 days after the date a vacancy occurs.

''(c) RESPONSIBILITIES OF THE CORPORATE BOARD.—

''(1) IN GENERAL.—The Corporate Board shall—

''(A) be responsible for the general supervision of the Corporation and Regional Centers established under section 1663;

''(B) determine (in consultation with Regional Centers) high priority commercialization areas to receive assistance under section 1663;

''(C) review any grant, contract, or cooperative agreement to be made or entered into by the Corporation under section 1660 and any financial assistance to be provided under section 1661;

''(D) make the final decision, by majority vote, on whether and how to provide assistance to an applicant; and

''(E) using the results of the hearings and other information and data collected under paragraph (2), develop and establish a budget plan and a long-term operating plan to carry out this subtitle.

''(2) AUTHORITY OF THE SECRETARY.—

''(A) IN GENERAL.—The Secretary shall vacate and remand to the Board for reconsideration any decision made pursuant to paragraph (1)(D) if the Secretary determines that there has been a violation of subsection (j), or any conflict of interest provisions of the bylaws of the Board, with respect to the decision.

''(B) REASONS.—In the case of any violation and referral of a funding decision to the Board, the Secretary shall inform the Board of the reasons for any remand pursuant to subparagraph (A).

''(d) CHAIRPERSON.—The members of the Corporate Board shall select a Chairperson from among the members of the Corporate Board. The term of office of the Chairperson shall be 2 years. The members referred to in paragraphs (1) and (2) of subsection (b) may not serve as Chairperson.

''(e) EXECUTIVE DIRECTOR.—

''(1) IN GENERAL.—The Executive Director of the Corporation shall be the chief executive officer of the Corporation, with such power and authority as may be conferred by the Corporate Board. The Executive Director shall be appointed by the Corporate Board. The appointment shall be subject to the approval of the Secretary.

''(2) COMPENSATION.—The Executive Director shall receive basic pay at the rate provided for level IV of the Executive Schedule under section 5315 of title 5, United States Code.

''(f) OFFICERS.—The Corporate Board shall establish the offices and appoint the officers of the Corporation, including a Secretary, and define the duties of the officers in a manner consistent with this subtitle.

''(g) MEETINGS.—The Corporate Board shall meet at least 3 times each fiscal year at the call of the Chairperson or at the request of the Executive Director. The location of the meetings shall be subject to approval of the Executive Director. A quorum of the Corporate Board shall consist of a majority of the members. The decisions of the Corporate Board shall be made by majority vote.

''(h) TERM; VACANCIES.—

''(1) IN GENERAL.—The term of office of a member of the Corporate Board shall be 4 years, except that the members initially appointed shall be appointed to serve staggered terms. A member appointed to fill a vacancy for an unexpired term may be appointed only for the remainder of the term. A vacancy on the Corporate Board shall be filled in the same manner as the original appointment. The Secretary shall not remove a member of the Corporate Board except for cause.

''(2) TRANSITION MEASURE.—An individual who is serving on the Alternative Agricultural Research and Commercialization Board on the day before the effective date of the Agricultural Reform and Improvement Act of 1996 may be appointed to the Corporate Board by the Secretary for a term that does not exceed the term of the individual on the Alternative Agricultural Research and Commercialization Board if the Act had not been enacted.

''(i) COMPENSATION.—A member of the Corporate Board who is an officer or employee of the United States shall not receive any additional compensation by reason of service on the Corporate Board. Any other member shall receive, for each day (including travel time) the member is engaged in the performance of the functions of the Corporate Board, compensation at a rate not to exceed the daily equivalent of the annual rate in effect for Level IV of the Executive Schedule. A member of the Corporate Board shall be reimbursed for travel, subsistence, and other necessary expenses incurred by the member in the performance of the duties of the member.

''(j) CONFLICT OF INTEREST; FINANCIAL DISCLOSURE.—

''(1) CONFLICT OF INTEREST.—Except as provided in paragraph (3), no member of the Corporate Board shall vote on any matter respecting any application, contract, claim, or other particular matter pending before the Corporation, in which, to the knowledge of the member, the member, spouse, or child of the member, partner, or organization in which the member is serving as officer, director, trustee, partner, or employee, or any person or organization with whom the member is negotiating or has any arrangement concerning prospective employment, has a financial interest.

''(2) VIOLATIONS.—Action by a member of the Corporate Board that is contrary to the prohibition contained in paragraph (1) shall be cause for removal of the member, but shall not impair or otherwise affect the validity of any otherwise lawful action by the Corporation in which the member participated.

''(3) EXCEPTIONS.—The prohibitions contained in paragraph (1) shall not apply if a member of the Corporate Board advises the Corporate Board of the nature of the particular matter in which the member proposes to participate, and if the member makes a full disclosure of the financial interest, prior to any participation, and the Corporate Board determines, by majority vote, that the financial interest is too remote or too inconsequential to affect the integrity of the member's services to the Corporation in that matter. The member involved shall not vote on the determination.

''(4) FINANCIAL DISCLOSURE.—A Board member shall be subject to the financial disclosure requirements applicable to a special Government employee (as defined in section 202(a) of title 18, United States Code).

''(k) DELEGATION OF AUTHORITY.—

''(1) IN GENERAL.—The Corporate Board may, by resolution, delegate to the Chairperson, the Executive Director, or any other officer or employee any function, power, or duty assigned to the Corporation under this subtitle, other than a function, power, or duty expressly vested in the Corporate Board by subsections (c) through (n).

''(2) PROHIBITION ON DELEGATION.—Notwithstanding any other law, the Secretary and any other officer or employee of the United States shall not make any delegation to the Corporate Board, the Chairperson, the Executive Director, or the Corporation of any power, function, or authority not expressly authorized by this subtitle, unless the delegation is made pursuant to an authority in law that expressly makes reference to this section.

''(3) REORGANIZATION ACT.—Notwithstanding any other law, the President (through authorities provided under chapter 9, title 5, United States Code) may not authorize the transfer to the Corporation of any power, function, or authority in addition to powers, functions, and authorities provided by law.

''(l) BYLAWS.—Notwithstanding section 1658(f)(2), the Corporate Board shall adopt, and may from time to time amend, any bylaw that is necessary for the proper management and functioning of the Corporation. The Corporate Board shall not adopt any bylaw that has not been reviewed and approved by the Secretary.

''(m) ORGANIZATION.—The Corporate Board shall provide a system of organization to fix responsibility and promote efficiency.

''(n) PERSONNEL AND FACILITIES OF CORPORATION.—

''(1) APPOINTMENT AND COMPENSATION OF PERSONNEL.—The Corporation may select and appoint officers, attorneys, employees, and agents, who shall be vested with such powers and duties as the Corporation may determine.

''(2) USE OF FACILITIES AND SERVICES OF THE DEPARTMENT OF AGRICULTURE.—Notwithstanding any other provision of law, to perform the responsibilities of the Corporation under this subtitle, the Corporation may partially or jointly utilize the facilities of and the services of employees of the Department of Agriculture, without cost to the Corporation.

''(3) GOVERNMENT EMPLOYMENT LAWS.—An officer or employee of the Corporation shall be subject to all laws of the United States relating to governmental employment.''.

(b) CONFORMING AMENDMENT.—Section 5315 of title V, United States Code, is amended by adding at the end the following:

''Executive Director of the Alternative Agricultural Research and Commercialization Corporation.''.

SEC. 524. RESEARCH AND DEVELOPMENT GRANTS, CONTRACTS, AND AGREEMENTS.

Section 1660 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5904) is amended—

(1) by striking ''Center'' each place it appears and inserting ''Corporation'';

(2) in subsection (c), by striking ''Board'' and inserting ''Corporate Board''; and

(3) in subsection (f), by striking ''non-Center'' and inserting ''non-Corporation''.

SEC. 525. COMMERCIALIZATION ASSISTANCE.

Section 1661 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5905) is amended—

(1) by striking ''Center'' each place it appears and inserting ''Corporation'';

(2) by striking ''Board'' each place it appears and inserting ''Corporate Board'';

(3) by striking subsection (c);

(4) by redesignating subsections (d), (e), and (f) as subsections (c), (d), and (e), respectively; and

(5) in subsection (c) (as so redesignated)—

(A) in the subsection heading of paragraph (1), by striking ''DIRECTOR'' and inserting ''EXECUTIVE DIRECTOR''; and

(B) by striking ''Director'' each place it appears and inserting ''Executive Director''.

SEC. 526. GENERAL RULES REGARDING THE PROVISION OF ASSISTANCE.

Section 1662 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5906) is amended—

(1) by striking ''Center'' each place it appears (except in subsection (b)) and inserting ''Corporation'';

(2) by striking ''Board'' each place it appears and inserting ''Corporate Board''; and

(3) in subsection (b)—

(A) in the second sentence, by striking ''Board, a Regional Center, or the Advisory

Council'' and inserting ''Board or a Regional Center''; and

(B) by striking the third sentence.

SEC. 527. REGIONAL CENTERS.

Section 1663 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5907) is amended—

(1) by striking ''Board'' each place it appears and inserting ''Corporate Board'';

(2) in subsection (e)(8), by striking ''Center'' and inserting ''Corporation''; and

(3) in subsection (f)—

(A) in paragraph (2), by striking ''in consultation with the Advisory Council appointed under section 1661(c)''; and

(B) by striking paragraphs (3) and (4) and inserting the following:

''(3) RECOMMENDATION.—The Regional Director, based on the comments of the reviewers, shall make and submit a recommendation to the Board. A recommendation submitted by a Regional Director shall not be binding on the Board.''.

SEC. 528. ALTERNATIVE AGRICULTURAL RESEARCH AND COMMERCIALIZATION REVOLVING FUND.

Section 1664 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5908) is amended to read as follows:

''SEC. 1664. ALTERNATIVE AGRICULTURAL RESEARCH AND COMMERCIALIZATION REVOLVING FUND.

''(a) ESTABLISHMENT.—There is established in the Treasury of the United States a revolving fund to be known as the Alternative Agricultural Research and Commercialization Revolving Fund. The Fund shall be available to the Corporation, without fiscal year limitation, to carry out the authorized programs and activities of the Corporation under this subtitle.

''(b) CONTENTS OF FUND.—There shall be deposited in the Fund—

''(1) such amounts as may be appropriated or transferred to support programs and activities of the Corporation;

''(2) payments received from any source for products, services, or property furnished in connection with the activities of the Corporation;

''(3) fees and royalties collected by the Corporation from licensing or other arrangements relating to commercialization of products developed through projects funded in whole or part by grants, contracts, or cooperative agreements executed by the Corporation;

''(4) proceeds from the sale of assets, loans, and equity interests made in furtherance of the purposes of the Corporation;

''(5) donations or contributions accepted by the Corporation to support authorized programs and activities; and

''(6) any other funds acquired by the Corporation.

''(c) FUNDING ALLOCATIONS.—Funding of projects and activities under this subtitle shall be subject to the following restrictions:

''(1) Of the total amount of funds made available for a fiscal year under this subtitle—

''(A) not more than the lesser of 15 percent or $3,000,000 may be set aside to be used for authorized administrative expenses of the Corporation in carrying out the functions of the Corporation;

''(B) not more than 1 percent may be set aside to be used for generic studies and specific reviews of individual proposals for financial assistance; and

''(C) except as provided in subsection (e), not less than 84 percent shall be set aside to be awarded to qualified applicants who file project applications with, or respond to requests for proposals from, the Corporation under sections 1660 and 1661.

''(2) Any funds remaining uncommitted at the end of a fiscal year shall be credited to the Fund and added to the total program funds available to the Corporation for the next fiscal year.

''(d) AUTHORIZED ADMINISTRATIVE EXPENSES.—For the purposes of this section, authorized administrative expenses shall include all ordinary and necessary expenses, including all compensation for personnel and consultants, expenses for computer usage, or space needs of the Corporation and similar expenses. Funds authorized for administrative expenses shall not be available for the acquisition of real property.

''(e) PROJECT MONITORING.—The Board may establish, in the bylaws of the Board, a percent of funds provided under subsection (c), not to exceed 1 percent per project award, for any commercialization project to be expended from project awards that shall be used to ensure that project funds are being utilized in accordance with the project agreement.

''(f) TERMINATION OF THE FUND.—On expiration of the authority provided by this subtitle, all assets (after payment of all outstanding obligations) of the Fund shall revert to the general fund of the Treasury.

''(g) AUTHORIZATION OF APPROPRIATIONS; CAPITALIZATION.—

''(1) AUTHORIZATION OF APPROPRIATION.—There are authorized to be appropriated to the Fund $75,000,000 for each of fiscal years 1996 through 2002.

''(2) CAPITALIZATION.—The Executive Director may pay as capital of the Corporation, from amounts made available through annual appropriations, $75,000,000 for each of fiscal years 1996 through 2002. On the payment of capital by the Executive Director, the Corporation shall issue an equivalent amount of capital stock to the Secretary of the Treasury.

''(3) TRANSFER.—All obligations, assets, and related rights and responsibilities of the Alternative Agricultural Research and Commercialization Center established under section 1658 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5902) (as in effect on the day before the effective date of the Agricultural Reform and Improvement Act of 1996) are transferred to the Corporation.''.

SEC. 529. PROCUREMENT PREFERENCES FOR PRODUCTS RECEIVING CORPORATION ASSISTANCE.

Subtitle G of title XVI of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5901 et seq.) is amended by adding at the end the following:

''SEC. 1665. PROCUREMENT OF ALTERNATIVE AGRICULTURAL RESEARCH AND COMMERCIALIZATION PRODUCTS.

''(a) DEFINITION OF EXECUTIVE AGENCY.—In this section, the term 'executive agency' has the meaning provided the term in section 4(1) of the Office of Federal Procurement Policy Act (41 U.S.C. 403(1)).

''(b) PROCUREMENT.—To further the achievement of the purposes specified in section 1657(b), an executive agency may, for any procurement involving the acquisition of property, establish set-asides and preferences for property that has been commercialized with assistance provided under this subtitle.

''(c) SET-ASIDES.—Procurements solely for property may be set-aside exclusively for products developed with commercialization assistance provided under section 1661.

''(d) PREFERENCES.—Preferences for property developed with assistance provided under this subtitle in procurements involving the acquisition of property may be—

''(1) a price preference, if the procurement is solely for property, of not greater than a percentage to be determined within the sole discretion of the head of the procuring agency; or

''(2) a technical evaluation preference included as an award factor or subfactor as determined within the sole discretion of the head of the procuring agency.

''(e) NOTICE.—Each competitive solicitation or invitation for bids selected by an executive agency for a set-aside or preference under this section shall contain a provision notifying offerors where a list of products eligible for the set aside or preference may be obtained.

''(f) ELIGIBILITY.—Offerors shall receive the set aside or preference required under this section if, in the case of products developed with financial assistance under—

''(1) section 1660, less than 10 years have elapsed since the expiration of the grant, cooperative agreement, or contract;

''(2) paragraph (1) or (2) of section 1661(a), less than 5 years have elapsed since the date the loan was made or insured;

''(3) section 1661(a)(3), less than 5 years have elapsed since the date of sale of any remaining government equity interest in the company; or

''(4) section 1661(a)(4), less than 5 years have elapsed since the date of the final payment on the repayable grant.''.

SEC. 530. BUSINESS PLAN AND FEASIBILITY STUDY AND REPORT.

(a) BUSINESS PLAN.—Not later than 180 days after the date of enactment of this Act, the Alternative Agricultural Research and Commercialization Corporation established under section 1658 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5902) shall—

(1) develop a 5-year business plan pursuant to section 1659(c)(1)(E) of the Food, Agriculture, Conservation, and Trade Act of 1990 (as amended by section 523); and

(2) submit the plan to the Secretary of Agriculture, the Committee on Agriculture of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(b) FEASIBILITY STUDY AND REPORT.—

(1) STUDY.—The Secretary of Agriculture shall conduct a study of and prepare a report on the continued feasibility of the Alternative Agricultural Research and Commercialization Corporation. In conducting the study, the Secretary shall examine options for privatizing the Corporation and converting the Corporation to a Government sponsored enterprise.

(2) REPORT.—Not later than December 31, 2001, the Secretary shall transmit the report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

Subtitle B—Amendments to the Consolidated Farm and Rural Development Act

CHAPTER 1—GENERAL PROVISIONS

SEC. 541. WATER AND WASTE FACILITY LOANS AND GRANTS.

(a) IN GENERAL.—Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) is amended—

(1) in the first sentence of paragraph (2), by striking ''$500,000,000'' and inserting ''$590,000,000'';

(2) by striking paragraph (7) and inserting the following:

''(7) DEFINITION OF RURAL AND RURAL AREAS.—For the purpose of water and waste disposal grants and direct and guaranteed loans provided under paragraphs (1) and (2), the terms 'rural' and 'rural area' shall mean a city, town, or unincorporated area that has a population of no more than 10,000 inhabitants.'';

(3) by striking paragraphs (9), (10), and (11) and inserting the following:

''(9) CONFORMITY WITH STATE DRINKING WATER STANDARDS.—No Federal funds shall

be made available under this section unless the Secretary determines that the water system seeking funding will make significant progress toward meeting the standards established under title XIV of the Public Health Service Act (commonly known as the 'Safe Drinking Water Act') (42 U.S.C. 300f et seq.).

''(10) CONFORMITY WITH FEDERAL AND STATE WATER POLLUTION CONTROL STANDARDS.—In the case of a water treatment discharge or waste disposal system seeking funding, no Federal funds shall be made available under this section unless the Secretary determines that the effluent from the system conforms with applicable Federal and State water pollution control standards.

''(11) RURAL BUSINESS OPPORTUNITY GRANTS.—

''(A) IN GENERAL.—The Secretary may make grants, not to exceed $1,500,000 annually, to public bodies, private nonprofit community development corporations or entities, or such other agencies as the Secretary may select to enable the recipients—

''(i) to identify and analyze business opportunities, including opportunities in export markets, that will use local rural economic and human resources;

''(ii) to identify, train, and provide technical assistance to existing or prospective rural entrepreneurs and managers;

''(iii) to establish business support centers and otherwise assist in the creation of new rural businesses, the development of methods of financing local businesses, and the enhancement of the capacity of local individuals and entities to engage in sound economic activities;

''(iv) to conduct regional, community, and local economic development planning and coordination, and leadership development; and

''(v) to establish centers for training, technology, and trade that will provide training to rural businesses in the utilization of interactive communications technologies to develop international trade opportunities and markets.

''(B) CRITERIA.—In awarding the grants, the Secretary shall consider, among other criteria to be established by the Secretary—

''(i) the extent to which the applicant provides development services in the rural service area of the applicant; and

''(ii) the capability of the applicant to carry out the purposes of this section.

''(C) COORDINATION.—The Secretary shall ensure, to the maximum extent practicable, that assistance provided under this paragraph is coordinated with and delivered in cooperation with similar services or assistance provided to rural residents by the Cooperative State Research, Education, and Extension Service or other Federal agencies.

''(D) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this paragraph $7,500,000 for each of fiscal years 1996 through 2002.'';

(4) by striking paragraphs (14) and (15); and

(5) in paragraph (16)—

(A) by striking ''(16)(A) The'' and inserting the following:

''(16) RURAL WATER AND WASTEWATER TECHNICAL ASSISTANCE AND TRAINING PROGRAMS.—

''(A) IN GENERAL.—The'';

(B) in subparagraph (A)—

(i) by striking ''(i) identify'' and inserting the following:

''(i) identify'';

(ii) by striking ''(ii) prepare'' and inserting the following:

''(ii) prepare''; and

(iii) by striking ''(iii) improve'' and inserting the following:

''(iii) improve'';

(C) in subparagraph (B), by striking ''(B) In'' and inserting the following:

''(B) SELECTION PRIORITY.—In''; and

(D) in subparagraph (C)—

(i) by striking ''(C) Not'' and inserting the following:

''(C) FUNDING.—Not''; and

(ii) by striking ''2 per centum of any funds provided in Appropriations Acts'' and inserting ''3 percent of any funds appropriated''.

(b) CONFORMING AMENDMENTS.—

(1) Section 307(a)(6)(B) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1927(a)(6)(B)) (as amended by section 451(a)(2)) is further amended—

(A) by striking clause (ii); and

(B) by redesignating clauses (iii) and (iv) as clauses (ii) and (iii), respectively.

(2) The second sentence of section 309A(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1929a(a)) is amended by striking '', 306(a)(14),''.

SEC. 542. EMERGENCY COMMUNITY WATER ASSISTANCE GRANT PROGRAM FOR SMALL COMMUNITIES.

Section 306A of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926a) is amended—

(1) in subsection (e)—

(A) by striking paragraph (1) and inserting the following:

''(1) MAXIMUM INCOME.—No grant provided under this section may be used to assist any rural area or community that has a median household income in excess of the State nonmetropolitan median household income according to the most recent decennial census of the United States.''; and

(B) in paragraph (2), by striking ''5,000'' and inserting ''3,000''; and

(2) by striking subsection (i) and inserting the following:

''(i) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $35,000,000 for each of fiscal years 1996 through 2002.''.

SEC. 543. EMERGENCY COMMUNITY WATER ASSISTANCE GRANT PROGRAM FOR SMALLEST COMMUNITIES.

Section 306B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926b) is repealed.

SEC. 544. AGRICULTURAL CREDIT INSURANCE FUND.

Section 309(f) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1929(f)) is amended—

(1) by striking paragraph (1); and

(2) by redesignating paragraphs (2) through (6) as paragraphs (1) through (5), respectively.

SEC. 545. RURAL DEVELOPMENT INSURANCE FUND.

Section 309A(g) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1929a(g)) is amended—

(1) by striking paragraph (1); and

(2) by redesignating paragraphs (2) through (8) as paragraphs (1) through (7), respectively.

SEC. 546. INSURED WATERSHED AND RESOURCE CONSERVATION AND DEVELOPMENT LOANS.

Section 310A of the Consolidated Farm and Rural Development Act (7 U.S.C. 1931) is repealed.

SEC. 547. RURAL INDUSTRIALIZATION ASSISTANCE.

(a) IN GENERAL.—Section 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932) is amended—

(1) in subsection (b), by striking ''(b)(1)'' and all that follows through ''(2) The'' and inserting the following:

''(b) SOLID WASTE MANAGEMENT GRANTS.—The'';

(2) in subsection (c)—

(A) by striking ''(c)(1) The'' and inserting the following:

''(c) RURAL BUSINESS ENTERPRISE GRANTS.—

''(1) IN GENERAL.—The'';

(B) in paragraph (1), by inserting ''(including nonprofit entities)'' after ''private business enterprises''; and

(C) in paragraph (2)—

(i) by striking ''(2) The'' and inserting the following:

''(2) PASSENGER TRANSPORTATION SERVICES OR FACILITIES.—The''; and

(ii) by striking ''make grants'' and inserting ''award grants on a competitive basis''; and

(3) by striking subsections (e), (g), (h), and (i);

(4) by redesignating subsections (f) and (j) as subsections (e) and (f), respectively;

(5) by striking subsection (e) (as so redesignated) and inserting the following:

''(e) RURAL COOPERATIVE DEVELOPMENT GRANTS.—

''(1) DEFINITIONS.—In this subsection:

''(A) NONPROFIT INSTITUTION.—The term 'nonprofit institution' means any organization or institution, including an accredited institution of higher education, no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual.

''(B) UNITED STATES.—The term 'United States' means the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, and the other territories and possessions of the United States.

''(2) GRANTS.—The Secretary shall make grants under this subsection to nonprofit institutions for the purpose of enabling the institutions to establish and operate centers for rural cooperative development.

''(3) GOALS.—The goals of a center funded under this subsection shall be to facilitate the creation of jobs in rural areas through the development of new rural cooperatives, value added processing, and rural businesses.

''(4) APPLICATION.—Any nonprofit institution seeking a grant under paragraph (2) shall submit to the Secretary an application containing a plan for the establishment and operation by the institution of a center or centers for cooperative development. The Secretary may approve the application if the plan contains the following:

''(A) A provision that substantiates that the center will effectively serve rural areas in the United States.

''(B) A provision that the primary objective of the center will be to improve the economic condition of rural areas through cooperative development.

''(C) A description of the activities that the center will carry out to accomplish the objective. The activities may include the following:

''(i) Programs for applied research and feasibility studies that may be useful to individuals, cooperatives, small businesses, and other similar entities in rural areas served by the center.

''(ii) Programs for the collection, interpretation, and dissemination of information that may be useful to individuals, cooperatives, small businesses, and other similar entities in rural areas served by the center.

''(iii) Programs providing training and instruction for individuals, cooperatives, small businesses, and other similar entities in rural areas served by the center.

''(iv) Programs providing loans and grants to individuals, cooperatives, small businesses, and other similar entities in rural areas served by the center.

''(v) Programs providing technical assistance, research services, and advisory services to individuals, cooperatives, small businesses, and other similar entities in rural areas served by the center.

''(vi) Programs providing for the coordination of services and sharing of information among the center.

''(D) A description of the contributions that the activities are likely to make to the improvement of the economic conditions of the rural areas for which the center will provide services.

''(E) Provisions that the center, in carrying out the activities, will seek, where appropriate, the advice, participation, expertise, and assistance of representatives of business, industry, educational institutions, the Federal Government, and State and local governments.

''(F) Provisions that the center will take all practicable steps to develop continuing sources of financial support for the center, particularly from sources in the private sector.

''(G) Provisions for—

''(i) monitoring and evaluating the activities by the nonprofit institution operating the center; and

''(ii) accounting for money received by the institution under this section.

''(5) AWARDING GRANTS.—Grants made under paragraph (2) shall be made on a competitive basis. In making grants under paragraph (2), the Secretary shall give preference to grant applications providing for the establishment of centers for rural cooperative development that—

''(A) demonstrate a proven track record in administering a nationally coordinated, regionally or State-wide operated project;

''(B) demonstrate previous expertise in providing technical assistance in rural areas;

''(C) demonstrate the ability to assist in the retention of existing businesses, facilitate the establishment of new cooperatives and new cooperative approaches, and generate new employment opportunities that will improve the economic conditions of rural areas;

''(D) demonstrate the ability to create horizontal linkages among businesses within and among various sectors in rural America and vertical linkages to domestic and international markets;

''(E) commit to providing technical assistance and other services to underserved and economically distressed areas in rural America; and

''(F) commit to providing greater than a 25 percent matching contribution with private funds and in-kind contributions.

''(6) TWO-YEAR GRANTS.—The Secretary shall evaluate programs receiving assistance under this subsection and, if the Secretary determines it to be in the best interest of the Federal Government, the Secretary may approve grants under this subsection for up to 2 years.

''(7) TECHNICAL ASSISTANCE TO PREVENT EXCESSIVE UNEMPLOYMENT OR UNDEREMPLOYMENT.—In carrying out this subsection, the Secretary may provide technical assistance to alleviate or prevent conditions of excessive unemployment, underemployment, outmigration, or low employment growth in economically distressed rural areas that the Secretary determines have a substantial need for the assistance. The assistance may include planning and feasibility studies, management and operational assistance, and studies evaluating the need for development potential of projects that increase employment and improve economic growth in the areas.

''(8) GRANTS TO DEFRAY ADMINISTRATIVE COSTS.—The Secretary may make grants to defray not to exceed 75 percent of the costs incurred by organizations and public bodies to carry out projects for which grants or loans are made under this subsection. For purposes of determining the non-Federal share of the costs, the Secretary shall consider contributions in cash and in kind, fairly evaluated, including premises, equipment, and services.

''(9) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subsection $50,000,000 for each of fiscal years 1996 through 2002.''; and

(6) by adding at the end the following:

''(g) LOAN GUARANTEES FOR THE PURCHASE OF COOPERATIVE STOCK.—

''(1) DEFINITION OF FARMER.—In this subsection, the term 'farmer' means any farmer that meets the family farmer definition, as determined by the Secretary.

''(2) LOAN GUARANTEES.—The Secretary may guarantee loans under this section to individual farmers for the purpose of purchasing capital stock of a farmer cooperative established for the purpose of processing an agricultural commodity.

''(3) ELIGIBILITY.—To be eligible for a loan guarantee under this subsection, a farmer must produce the agricultural commodity that will be processed by the cooperative.

''(4) COLLATERAL.—To be eligible for a loan guarantee under this subsection for the establishment of a cooperative, the borrower of the loan must pledge collateral to secure at least 25 percent of the amount of the loan.''.

(b) CONFORMING AMENDMENTS.—

(1) Clause (iii) of section 307(a)(6)(B) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1927(a)(6)(B)) (as redesignated by section 541(b)(1)(B)) is amended by striking ''subsections (d) and (e) of section 310B'' and inserting ''section 310B(d)''.

(2) Section 232(c)(2) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6942(c)(2)) is amended—

(A) by striking ''310B(b)(2)'' and inserting ''310B(b)''; and

(B) by striking ''1932(b)(2)'' and inserting ''1932(b)''.

(3) Section 233(b) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6943(b)) is amended—

(A) by striking paragraph (2); and

(B) by redesignating paragraph (3) as paragraph (2).

SEC. 548. ADMINISTRATION.

Section 331(b)(4) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981(b)(4)) is amended—

(1) by inserting after ''claims'' the following: ''(including debts and claims arising from loan guarantees)'';

(2) by striking ''Farmers Home Administration or'' and inserting ''Consolidated Farm Service Agency, Rural Utilities Service, Rural Housing and Community Development Service, Rural Business and Cooperative Development Service, or a successor agency, or''; and

(3) by inserting after ''activities under the Housing Act of 1949.'' the following: ''In the case of a security instrument entered into under the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.), the Secretary shall notify the Attorney General of the intent of the Secretary to exercise the authority of the Secretary under this paragraph.''.

SEC. 549. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—Section 338 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1988) is amended—

(1) by striking subsections (b), (c), (d), and (e); and

(2) by redesignating subsection (f) as subsection (b).

(b) CONFORMING AMENDMENTS.—

(1) The first sentence of section 309(g)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1929(g)(1)) is amended by inserting after ''section 338(c)'' the following: ''(before the amendment made by section 447(a)(1) of the Agricultural Reform and Improvement Act of 1996)''.

(2) Section 343(b) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(b)) is amended by striking ''338(f),'' and inserting ''338(b),''.

SEC. 550. TESTIMONY BEFORE CONGRESSIONAL COMMITTEES.

Section 345 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1993) is repealed.

SEC. 551. PROHIBITION ON USE OF LOANS FOR CERTAIN PURPOSES.

Section 363 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2006e) is amended by adding at the end the following: ''This section shall not apply to a loan made or guaranteed under this title for a utility line.''.

SEC. 552. RURAL DEVELOPMENT CERTIFIED LENDERS PROGRAM.

The Consolidated Farm and Rural Development Act is amended by inserting after section 363 (7 U.S.C. 2006e) the following:

''SEC. 364. RURAL DEVELOPMENT CERTIFIED LENDERS PROGRAM.

''(a) CERTIFIED LENDERS PROGRAM.—

''(1) IN GENERAL.—The Secretary may establish a program under which the Secretary may guarantee a loan for any rural development program that is made by a lender certified by the Secretary.

''(2) CERTIFICATION REQUIREMENTS.—The Secretary may certify a lender if the lender meets such criteria as the Secretary may prescribe in regulations, including the ability of the lender to properly make, service, and liquidate the guaranteed loans of the lender.

''(3) CONDITION OF CERTIFICATION.—As a condition of certification, the Secretary may require the lender to undertake to service the guaranteed loan using standards that are not less stringent than generally accepted banking standards concerning loan servicing that are used by prudent commercial or cooperative lenders.

''(4) GUARANTEE.—Notwithstanding any other provision of law, the Secretary may guarantee not more than 80 percent of a loan made by a certified lender described in paragraph (1), if the borrower of the loan meets the eligibility requirements and such other criteria for the loan guarantee that are established by the Secretary.

''(5) CERTIFICATIONS.—With respect to loans to be guaranteed, the Secretary may permit a certified lender to make appropriate certifications (as provided in regulations issued by the Secretary) —

''(A) relating to issues such as creditworthiness, repayment ability, adequacy of collateral, and feasibility of the operation; and

''(B) that the borrower is in compliance with all requirements of law, including regulations issued by the Secretary.

''(6) RELATIONSHIP TO OTHER REQUIREMENTS.—This subsection shall not affect the responsibility of the Secretary to determine eligibility, review financial information, and otherwise assess an application.

''(b) PREFERRED CERTIFIED LENDERS PROGRAM.—

''(1) IN GENERAL.—The Secretary may establish a preferred certified lenders program for lenders who establish their—

''(A) knowledge of, and experience under, the program established under subsection (a);

''(B) knowledge of the regulations concerning the particular guaranteed loan program; and

''(C) proficiency related to the certified lender program requirements.

''(2) ADDITIONAL LENDING INSTITUTIONS.—The Secretary may certify any lending institution as a preferred certified lender if the institution meets such additional criteria as the Secretary may prescribe by regulation.

''(3) REVOCATION OF DESIGNATION.—The designation of a lender as a preferred certified lender shall be revoked if the Secretary determines that the lender is not adhering to the rules and regulations applicable to the program or if the loss experiences of a preferred certified lender are greater than other preferred certified lenders, except that the suspension or revocation shall not affect any outstanding guarantee.

''(4) CONDITION OF CERTIFICATION.—As a condition of the preferred certification, the Secretary shall require the lender to undertake to service the loan guaranteed by the Secretary under this subsection using generally accepted banking standards concerning loan servicing employed by prudent commercial or cooperative lenders. The Secretary shall, at least annually, monitor the performance of each preferred certified lender to ensure that the conditions of the certification are being met.

''(5) EFFECT OF PREFERRED LENDER CERTIFICATION.—Notwithstanding any other provision of law, the Secretary may—

''(A) guarantee not more than 80 percent of any approved loan made by a preferred certified lender as described in this subsection, if the borrower meets the eligibility requirements and such other criteria as may be applicable to loans guaranteed by the Secretary; and

''(B) permit preferred certified lenders to make all decisions, with respect to loans to be guaranteed by the Secretary under this subsection relating to creditworthiness, the closing, monitoring, collection, and liquidation of loans, and to accept appropriate certifications, as provided in regulations issued by the Secretary, that the borrower is in compliance with all requirements of law and regulations issued by the Secretary.''.

SEC. 553. SYSTEM FOR DELIVERY OF CERTAIN RURAL DEVELOPMENT PROGRAMS.

(a) IN GENERAL.—Section 365 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008) is repealed.

(b) CONFORMING AMENDMENTS.—

(1) Section 2310 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2007) is amended—

(A) in subsection (a), by striking ''or the program established in sections 365 and 366 of the Consolidated Farm and Rural Development Act (as added by chapter 3 of this subtitle)'';

(B) in subsection (b)—

(i) by striking ''STATES.—'' and all that follows through ''PARTNERSHIPS.—The'' in paragraph (1) and inserting ''STATES.—The''; and

(ii) by striking paragraph (2);

(C) in subsection (c)—

(i) by striking ''PROJECTS.—'' and all that follows through ''PARTNERSHIPS.—Chapter'' in paragraph (1) and inserting ''PROJECTS.—Chapter'';

(ii) by striking ''subsection (b)(1)'' and inserting ''subsection (b)''; and

(iii) by striking paragraph (2); and

(D) in subsection (d), by striking ''and sections 365, 366, 367, and 368(b) of the Consolidated Farm and Rural Development Act (as added by chapter 3 of this subtitle)''.

(2) Section 2375 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 6613) is amended—

(A) in subsection (e), by striking '', as defined in section 365(b)(2) of the Consolidated Farm and Rural Development Act,''; and

(B) by adding at the end the following:

''(g) DEFINITION OF DESIGNATED RURAL DEVELOPMENT PROGRAM.—In this section, the term 'designated rural development program' means a program carried out under section 304(b), 306(a), or 310B(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1924(b), 1926(a), and 1932(e)), or under section 1323 of the Food Security Act of 1985 (Public Law 99–198; 7 U.S.C. 1932 note), for which funds are available at any time during the fiscal year under the section.''.

(3) Paragraph (2) of section 233(b) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6943(b)) (as redesignated by section 547(b)(3)(B)) is amended by striking ''sections 365 through 369 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008-2008d)'' and inserting ''section 369 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008d)''.

SEC. 554. STATE RURAL ECONOMIC DEVELOPMENT REVIEW PANEL.

Section 366 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008a) is repealed.

SEC. 555. LIMITED TRANSFER AUTHORITY OF LOAN AMOUNTS.

Section 367 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008b) is repealed.

SEC. 556. ALLOCATION AND TRANSFER OF LOAN GUARANTEE AUTHORITY.

Section 368 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008c) is repealed.

SEC. 557. NATIONAL SHEEP INDUSTRY IMPROVEMENT CENTER.

The Consolidated Farm and Rural Development Act (as amended by section 441) is amended by adding at the end the following:

''SEC. 375. NATIONAL SHEEP INDUSTRY IMPROVEMENT CENTER.

''(a) DEFINITIONS.—In this section:

''(1) BOARD.—The term 'Board' means the Board of Directors established under subsection (f).

''(2) CENTER.—The term 'Center' means the National Sheep Industry Improvement Center established under subsection (b).

''(3) ELIGIBLE ENTITY.—The term 'eligible entity' means an entity that promotes the betterment of the United States lamb or wool industry and that is—

''(A) a public, private, or cooperative organization;

''(B) an association, including a corporation not operated for profit;

''(C) a federally recognized Indian Tribe; or

''(D) a public or quasi-public agency.

''(4) FUND.—The term 'Fund' means the Natural Sheep Improvement Center Revolving Fund established under subsection (e).

''(b) ESTABLISHMENT OF CENTER.—The Secretary shall establish a National Sheep Industry Improvement Center.

''(c) PURPOSES.—The purposes of the Center shall be to—

''(1) promote strategic development activities and collaborative efforts by private and State entities to maximize the impact of Federal assistance to strengthen and enhance the production and marketing of lamb and wool in the United States;

''(2) optimize the use of available human capital and resources within the sheep industry;

''(3) provide assistance to meet the needs of the sheep industry for infrastructure development, business development, production, resource development, and market and environmental research;

''(4) advance activities that empower and build the capacity of the United States sheep industry to design unique responses to the special needs of the lamb and wool industries on both a regional and national basis; and

''(5) adopt flexible and innovative approaches to solving the long-term needs of the United States sheep industry.

''(d) STRATEGIC PLAN.—

''(1) IN GENERAL.—The Center shall submit to the Secretary an annual strategic plan for the delivery of financial assistance provided by the Center.

''(2) REQUIREMENTS.—A strategic plan shall identify—

''(A) goals, methods, and a benchmark for measuring the success of carrying out the plan and how the plan relates to the national and regional goals of the Center;

''(B) the amount and sources of Federal and non-Federal funds that are available for carrying out the plan;

''(C) funding priorities;

''(D) selection criteria for funding; and

''(E) a method of distributing funding.

''(e) REVOLVING FUND.—

''(1) ESTABLISHMENT.—There is established in the Treasury the Natural Sheep Improvement Center Revolving Fund. The Fund shall be available to the Center, without fiscal year limitation, to carry out the authorized programs and activities of the Center under this section.

''(2) CONTENTS OF FUND.—There shall be deposited in the Fund—

''(A) such amounts as may be appropriated, transferred, or otherwise made available to support programs and activities of the Center;

''(B) payments received from any source for products, services, or property furnished in connection with the activities of the Center;

''(C) fees and royalties collected by the Center from licensing or other arrangements relating to commercialization of products developed through projects funded, in whole or part, by grants, contracts, or cooperative agreements executed by the Center;

''(D) proceeds from the sale of assets, loans, and equity interests made in furtherance of the purposes of the Center;;

''(E) donations or contributions accepted by the Center to support authorized programs and activities; and

''(F) any other funds acquired by the Center.

''(3) USE OF FUND.—

''(A) IN GENERAL.—The Center may use amounts in the Fund to make grants and loans to eligible entities in accordance with a strategic plan submitted under subsection (d).

''(B) CONTINUED EXISTENCE.—The Center shall manage the Fund in a manner that ensures that sufficient amounts are available in the Fund to carry out subsection (c).

''(C) DIVERSE AREA.—The Center shall, to the maximum extent practicable, use the Fund to serve broad geographic areas and regions of diverse production.

''(D) VARIETY OF LOANS AND GRANTS.—The Center shall, to the maximum extent practicable, use the Fund to provide a variety of intermediate- and long-term grants and loans.

''(E) ADMINISTRATION.—The Center may not use more than 3 percent of the amounts in the Fund for a fiscal year for the administration of the Center.

''(F) INFLUENCING LEGISLATION.—None of the amounts in the Fund may be used to influence legislation.

''(G) ACCOUNTING.—To be eligible to receive amounts from the Fund, an entity must agree to account for the amounts using generally accepted accounting principles.

''(H) USES OF FUND.—The Center may use amounts in the Fund to—

''(i) participate with Federal and State agencies in financing activities that are in accordance with a strategic plan submitted under subsection (d), including participation with several States in a regional effort;

''(ii) participate with other public and private funding sources in financing activities that are in accordance with the strategic plan, including participation in a regional effort;

''(iii) provide security for, or make principle or interest payments on, revenue or general obligation bonds issued by a State, if

the proceeds from the sale of the bonds are deposited in the Fund;

''(iv) accrue interest;

''(v) guarantee or purchase insurance for local obligations to improve credit market access or reduce interest rates for a project that is in accordance with the strategic plan; or

''(vi) sell assets, loans, and equity interests acquired in connection with the financing of projects funded by the Center.

''(4) LOANS.—

''(A) RATE.—A loan from the Fund may be made at an interest rate that is below the market rate or may be interest free.

''(B) TERM.—The term of a loan may not exceed the shorter of—

''(i) the useful life of the activity financed; or

''(ii) 40 years.

''(C) SOURCE OF REPAYMENT.—The Center may not make a loan from the Fund unless the recipient establishes an assured source of repayment.

''(D) PROCEEDS.—All payments of principal and interest on a loan made from the Fund shall be deposited into the Fund.

''(5) MAINTENANCE OF EFFORT.—The Center shall use the Fund only to supplement and not to supplant Federal, State, and private funds expended for rural development.

''(6) FUNDING.—

''(A) DEPOSIT OF FUNDS.—All Federal and non-Federal amounts received by the Center to carry out this section shall be deposited in the Fund.

''(B) MANDATORY FUNDS.—Out of any moneys in the Treasury not otherwise appropriated, the Secretary of the Treasury shall provide to the Center not to exceed $20,000,000 to carry out this section.

''(C) ADDITIONAL FUNDS.—In addition to any funds provided under subparagraph (B), there is authorized to be appropriated to carry out this section $30,000,000 to carry out this section.

''(D) PRIVATIZATION.—Federal funds shall not be used to carry out this section beginning on the earlier of—

''(i) the date that is 10 years after the effective date of this section; or

''(ii) the day after a total of $50,000,000 is made available under subparagraphs (B) and (C) to carry out this section.

''(f) BOARD OF DIRECTORS.—

''(1) IN GENERAL.—The management of the Center shall be vested in a Board of Directors.

''(2) POWERS.—The Board shall—

''(A) be responsible for the general supervision of the Center;

''(B) review any grant, loan, contract, or cooperative agreement to be made or entered into by the Center and any financial assistance provided to the Center;

''(C) make the final decision, by majority vote, on whether and how to provide assistance to an applicant; and

''(D) develop and establish a budget plan and a long-term operating plan to carry out the goals of the Center.

''(3) COMPOSITION.—The Board shall be composed of—

''(A) 7 voting members, of whom—

''(i) 4 members shall be active producers of sheep in the United States;

''(ii) 2 members shall have expertise in finance and management; and

''(iii) 1 member shall have expertise in lamb and wool marketing; and

''(B) 2 nonvoting members, of whom—

''(i) 1 member shall be the Under Secretary of Agriculture for Rural Economic and Community Development; and

''(ii) 1 member shall be the Under Secretary of Agriculture for Research, Education, and Economics.

''(4) ELECTION.—A voting member of the Board shall be chosen in an election of the members of a national organization selected by the Secretary that—

''(A) consists only of sheep producers in the United States; and

''(B) has as the primary interest of the organization the production of lamb and wool in the United States.

''(5) TERM OF OFFICE.—

''(A) IN GENERAL.—Subject to subparagraph (B), the term of office of a voting member of the Board shall be 3 years.

''(B) STAGGERED INITIAL TERMS.—The initial voting members of the Board (other than the chairperson of the initially established Board) shall serve for staggered terms of 1, 2, and 3 years, as determined by the Secretary.

''(C) REELECTION.—A voting member may be reelected for not more than 1 additional term.

''(6) VACANCY.—

''(A) IN GENERAL.—A vacancy on the Board shall be filled in the same manner as the original Board.

''(B) REELECTION.—A member elected to fill a vacancy for an unexpired term may be reelected for 1 full term.

''(7) CHAIRPERSON.—

''(A) IN GENERAL.—The Board shall select a chairperson from among the voting members of the Board.

''(B) TERM.—The term of office of the chairperson shall be 2 years.

''(8) ANNUAL MEETING.—

''(A) IN GENERAL.—The Board shall meet not less than once each fiscal year at the call of the chairperson or at the request of the executive director appointed under subsection (g)(1).

''(B) LOCATION.—The location of a meeting of the Board shall be established by the Board.

''(9) VOTING.—

''(A) QUORUM.—A quorum of the Board shall consist of a majority of the voting members.

''(B) MAJORITY VOTE.—A decision of the Board shall be made by a majority of the voting members of the Board.

''(10) CONFLICTS OF INTEREST.—

''(A) IN GENERAL.—A member of the Board shall not vote on any matter respecting any application, contract, claim, or other particular matter pending before the Board in which, to the knowledge of the member, an interest is held by—

''(i) the member;

''(ii) any spouse of the member;

''(iii) any child of the member;

''(iv) any partner of the member;

''(v) any organization in which the member is serving as an officer, director, trustee, partner, or employee; or

''(vi) any person with whom the member is negotiating or has any arrangement concerning prospective employment or with whom the member has a financial interest.

''(B) REMOVAL.—Any action by a member of the Board that violates subparagraph (A) shall be cause for removal from the Board.

''(C) VALIDITY OF ACTION.—An action by a member of the Board that violates subparagraph (A) shall not impair or otherwise affect the validity of any otherwise lawful action by the Board.

''(D) DISCLOSURE.—

''(i) IN GENERAL.—If a member of the Board makes a full disclosure of an interest and, prior to any participation by the member, the Board determines, by majority vote, that the interest is too remote or too inconsequential to affect the integrity of any participation by the member, the member may participate in the matter relating to the interest.

''(ii) VOTE.—A member that discloses an interest under clause (i) shall not vote on a determination of whether the member may participate in the matter relating to the interest.

''(E) REMANDS.—

''(i) IN GENERAL.—The Secretary may vacate and remand to the Board for reconsideration any decision made pursuant to subsection (e)(3)(H) if the Secretary determines that there has been a violation of this paragraph or any conflict of interest provision of the bylaws of the Board with respect to the decision.

''(ii) REASONS.—In the case of any violation and remand of a funding decision to the Board under clause (i), the Secretary shall inform the Board of the reasons for the remand.

''(11) COMPENSATION.—

''(A) IN GENERAL.—A member of the Board shall not receive any compensation by reason of service on the Board.

''(B) EXPENSES.—A member of the Board shall be reimbursed for travel, subsistence, and other necessary expenses incurred by the member in the performance of a duty of the member.

''(12) BYLAWS.—The Board shall adopt, and may from time to time amend, any bylaw that is necessary for the proper management and functioning of the Center.

''(13) PUBLIC HEARINGS.—Not later than 1 year after the effective date of this section, the Board shall hold public hearings on policy objectives of the program established under this section.

''(14) ORGANIZATIONAL SYSTEM.—The Board shall provide a system of organization to fix responsibility and promote efficiency in carrying out the functions of the Board.

''(15) USE OF DEPARTMENT OF AGRICULTURE.—The Board may, with the consent of the Secretary, utilize the facilities of and the services of employees of the Department of Agriculture, without cost to the Center.

''(g) OFFICERS AND EMPLOYEES.—

''(1) EXECUTIVE DIRECTOR.—

''(A) IN GENERAL.—The Board shall appoint an executive director to be the chief executive officer of the Center.

''(B) TENURE.—The executive director shall serve at the pleasure of the Board.

''(C) COMPENSATION.—Compensation for the executive director shall be established by the Board.

''(2) OTHER OFFICERS AND EMPLOYEES.—The Board may select and appoint officers, attorneys, employees, and agents who shall be vested with such powers and duties as the Board may determine.

''(3) DELEGATION.—The Board may, by resolution, delegate to the chairperson, the executive director, or any other officer or employee any function, power, or duty of the Board other than voting on a grant, loan, contract, agreement, budget, or annual strategic plan.

''(h) CONSULTATION.—To carry out this section, the Board may consult with—

''(1) State departments of agriculture;

''(2) Federal departments and agencies;

''(3) nonprofit development corporations;

''(4) colleges and universities;

''(5) banking and other credit-related agencies;

''(6) agriculture and agribusiness organizations; and

''(7) regional planning and development organizations.

''(i) OVERSIGHT.—

''(1) IN GENERAL.—The Secretary shall review and monitor compliance by the Board and the Center with this section.

''(2) SANCTIONS.—If, following notice and opportunity for a hearing, the Secretary finds that the Board or the Center is not in compliance with this section, the Secretary may—

''(A) cease making deposits to the Fund;

''(B) suspend the authority of the Center to withdraw funds from the Fund; or

''(C) impose other appropriate sanctions, including recoupment of money improperly expended for purposes prohibited or not authorized by this Act and disqualification from receipt of financial assistance under this section.

''(3) REMOVING SANCTIONS.—The Secretary shall remove sanctions imposed under paragraph (2) on a finding that there is no longer any failure by the Board or the Center to comply with this section or that the noncompliance shall be promptly corrected.''.

CHAPTER 2—RURAL COMMUNITY ADVANCEMENT PROGRAM

SEC. 561. RURAL COMMUNITY ADVANCEMENT PROGRAM.

The Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) is amended by adding at the end the following:

''Subtitle E—Rural Community Advancement Program

''SEC. 381A. DEFINITIONS.

''In this subtitle:

''(1) RURAL AND RURAL AREA.—The terms 'rural' and 'rural area' mean, subject to section 306(a)(7), 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.

''(2) STATE.—The term 'State' means each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands of the United States, American Samoa, the Commonwealth of the Northern Mariana Islands, the Trust Territory of the Pacific Islands, and the Federated States of Micronesia.

''SEC. 381B. ESTABLISHMENT.

''The Secretary shall establish a rural community advancement program to provide grants, loans, loan guarantees, and other assistance to meet the rural development needs of local communities in States and federally recognized Indian tribes.

''SEC. 381C. NATIONAL OBJECTIVES.

''The national objectives of the program established under this subtitle shall be to—

''(1) promote strategic development activities and collaborative efforts by State and local communities, and federally recognized Indian tribes, to maximize the impact of Federal assistance;

''(2) optimize the use of resources;

''(3) provide assistance in a manner that reflects the complexity of rural needs, including the needs for business development, health care, education, infrastructure, cultural resources, the environment, and housing;

''(4) advance activities that empower, and build the capacity of, State and local communities to design unique responses to the special needs of the State and local communities, and federally recognized Indian tribes, for rural development assistance; and

''(5) adopt flexible and innovative approaches to solving rural development problems.

''SEC. 381D. STRATEGIC PLANS.

''(a) IN GENERAL.—The Secretary shall direct each of the Directors of Rural Economic and Community Development State Offices to prepare a strategic plan for each State for the delivery of assistance under this subtitle within the State.

''(b) ASSISTANCE.—

''(1) IN GENERAL.—Financial assistance for rural development allocated for a State under this subtitle shall be used only for orderly community development that is consistent with the strategic plan of the State.

''(2) RURAL AREA.—Assistance under this subtitle may only be provided in a rural area.

''(3) SMALL COMMUNITIES.—In carrying out this subtitle within a State, the Secretary shall give priority to communities with the smallest populations and lowest per capita income.

''(c) REVIEW.—The Secretary shall review the strategic plan of a State at least once every 5 years.

''(d) CONTENTS.—A strategic plan of a State under this section shall be a plan that—

''(1) coordinates economic, human, and community development plans and related activities proposed for an affected area;

''(2) provides that the State and an affected community (including local institutions and organizations that have contributed to the planning process) shall act as full partners in the process of developing and implementing the plan;

''(3) identifies goals, methods, and benchmarks for measuring the success of carrying out the plan and how the plan relates to local or regional ecosystems;

''(4) provides for the involvement, in the preparation of the plan, of State, local, private, and public persons, State rural development councils, federally-recognized Indian tribes, and community-based organizations;

''(5) identifies the amount and source of Federal and non-Federal resources that are available for carrying out the plan; and

''(6) includes such other information as may be required by the Secretary.

''SEC. 381E. ACCOUNTS.

''(a) IN GENERAL.—Notwithstanding any other provision of law, for each fiscal year, the Secretary shall consolidate into 3 accounts, corresponding to the 3 function categories established under subsection (c), the amounts made available for programs included in each function category.

''(b) ALLOCATION WITHIN ACCOUNT.—The Secretary shall allocate the amounts in each account for such program purposes authorized for the corresponding function category among the States, as the Secretary may determine in accordance with this subtitle.

''(c) FUNCTION CATEGORIES.—For purposes of subsection (a):

''(1) RURAL HOUSING AND COMMUNITY DEVELOPMENT.—The rural housing and community development category shall include funds made available for—

''(A) community facility direct and guaranteed loans provided under section 306(a)(1);

''(B) community facility grants provided under section 306(a)(21); and

''(C) rental housing loans for new housing provided under section 515 of the Housing Act of 1949 (42 U.S.C. 1485).

''(2) RURAL UTILITIES.—The rural utilities category shall include funds made available for—

''(A) water and waste disposal grants and direct and guaranteed loans provided under paragraphs (1) and (2) of section 306(a);

''(B) rural water and wastewater technical assistance and training grants provided under section 306(a)(16);

''(C) emergency community water assistance grants provided under section 306A; and

''(D) solid waste management grants provided under section 310B(b).

''(3) RURAL BUSINESS AND COOPERATIVE DEVELOPMENT.—The rural business and cooperative development category shall include funds made available for—

''(A) rural business opportunity grants provided under section 306(a)(11)(A);

''(B) business and industry guaranteed loans provided under section 310B(a)(1);

''(C) rural business enterprise grants and rural educational network grants provided under section 310B(c); and

''(D) grants to broadcasting systems provided under section 310B(f).

''(d) OTHER PROGRAMS.—Subject to subsection (e), in addition to any other appropriated amounts, the Secretary may transfer amounts allocated for a State for any of the 3 function categories for a fiscal year under subsection (c) to—

''(1) mutual and self-help housing grants provided under section 523 of the Housing Act of 1949 (42 U.S.C. 1490c);

''(2) rural rental housing loans for existing housing provided under section 515 of the Housing Act of 1949 (42 U.S.C. 1485); and

''(3) rural cooperative development grants provided under section 310B(e).

''(e) TRANSFER.—

''(1) IN GENERAL.—Subject to paragraph (2), the Secretary may transfer within each State up to 25 percent of the total amount allocated for a State under each function category referred to in subsection (c) for each fiscal year under this section to any other function category, or to a program referred to in subsection (d), but excluding State grants under section 381G.

''(2) LIMITATION.—Not more than 10 percent of the total amount (excluding grants to States under section 381G) made available for any fiscal year for the programs covered by each of the 3 function categories referred to in subsection (c), and the programs referred to in subsection (d), shall be available for the transfer.

''(f) AVAILABILITY OF FUNDS.—The Secretary may make available funds appropriated for the programs referred to in subsection (c) to defray the cost of any subsidy associated with a guarantee provided under section 381H, except that not more than 5 percent of the funds provided under subsection (c) may be made available within a State.

''SEC. 381F. ALLOCATION.

''(a) NATIONAL RESERVE.—The Secretary may use not more than 10 percent of the total amount of funds made available for a fiscal year under section 381E to establish a national reserve for rural development that may be used by the Secretary in rural areas during the fiscal year to—

''(1) meet situations of exceptional need;

''(2) provide incentives to promote or reward superior performance; or

''(3) carry out performance-oriented demonstration projects.

''(b) INDIAN TRIBES.—

''(1) RESERVATION.—The Secretary shall reserve not less than 3 percent of the total amounts made available for a fiscal year under section 381E to carry out rural development programs specified in subsections (c) and (d) of section 381D for federally recognized Indian tribes.

''(2) ALLOCATION.—The Secretary shall establish a formula for allocating the reserve and shall administer the reserve through the appropriate Director of the Rural Economic and Cooperative Development State office.

''(c) STATE ALLOCATION.—

''(1) IN GENERAL.—The Secretary shall allocate among all the States the amounts made available under section 381E in a fair, reasonable, and appropriate manner that takes into consideration rural population, levels of income, unemployment, and other relevant factors, as determined by the Secretary.

''(2) MINIMUM ALLOCATION.—In making the allocations for each of fiscal years 1996 through 2002, the Secretary shall ensure that the percentage allocation for each State is equal to the percentage of the average of the total funds made available to carry out the programs referred to in section 381E(c) that were obligated in the State for each of fiscal years 1993 and 1994.

"SEC. 381G. GRANTS TO STATES.

''(a) IN GENERAL.—Subject to subsection (c), the Secretary shall grant to any eligible State from which a request is received for a fiscal year 5 percent of the amount allocated for the State for the fiscal year under section 381F(c).

''(b) ELIGIBILITY.—To be eligible to receive a grant under this section, the Secretary shall require that the State maintain the grant funds received and any non-Federal matching funds to carry out this subtitle in a separate account, to remain available until expended.

''(c) MATCHING FUNDS.—For any fiscal year, if non-Federal matching funds are provided for a State in an amount that is equal to 200 percent or more of an amount equal to 5 percent of the amount allocated for the State for the fiscal year under section 381F(c), the Secretary shall pay to the State the grant provided under this subsection in an amount equal to 5 percent of the amount allocated for the State for the fiscal year under section 381F(c).

''(d) USE OF FUNDS.—The Secretary shall require that funds provided to a State under this section be used in rural areas to achieve the purposes of the programs referred to in section 381E(c) in accordance with the strategic plan referred to in section 381D.

''(e) MAINTENANCE OF EFFORT.—The State shall provide assurances that funds received under this section will be used only to supplement, not to supplant, the amount of Federal, State, and local funds otherwise expended for rural development assistance in the State.

''(f) APPEALS.—The Secretary shall provide to a State an opportunity for an appeal of any action taken under this section.

''(g) ADMINISTRATIVE COSTS.—Federal funds shall not be used for any administrative costs incurred by a State in carrying out this subtitle.

''(h) SPENDING OF FUNDS BY STATE.—

''(1) IN GENERAL.—Payments to a State from a grant under this section for a fiscal year shall be obligated by the State in the fiscal year or in the succeeding fiscal year. A State shall obligate funds under this section to provide assistance to rural areas pursuant, to the maximum extent practicable, to applications received from the rural areas.

''(2) FAILURE TO OBLIGATE.—If a State fails to obligate payments in accordance with paragraph (1), the Secretary shall make a corresponding reduction in the amount of payments provided to the State under this section for the subsequent fiscal year.

''(3) NONCOMPLIANCE.—

''(A) REVIEW.—The Secretary shall review and monitor State compliance with this section.

''(B) PENALTY.—If the Secretary finds that there has been misuse of grant funds provided under this section, or noncompliance with any of the terms and conditions of a grant, after reasonable notice and opportunity for a hearing—

''(i) the Secretary shall notify the State of the finding; and

''(ii) no further payments to the State shall be made with respect to the programs funded under this section until the Secretary is satisfied that there is no longer any failure to comply or that the noncompliance will be promptly corrected.

''(C) OTHER SANCTIONS.—In the case of a finding of noncompliance made pursuant to subparagraph (B), the Secretary may, in addition to, or in lieu of, imposing the sanctions described in subparagraph (B), impose other appropriate sanctions, including recoupment of money improperly expended for purposes prohibited or not authorized by this section and disqualification from the receipt of financial assistance under this section.

''(i) NO ENTITLEMENT TO CONTRACT, GRANT, OR ASSISTANCE.—Nothing in this subtitle—

''(1) entitles any person to assistance or a contract or grant; or

''(2) limits the right of a State to impose additional limitations or conditions on assistance or a contract or grant under this section.

"SEC. 381H. GUARANTEE AND COMMITMENT TO GUARANTEE LOANS.

''(a) DEFINITION OF ELIGIBLE PUBLIC ENTITY.—In this section, the term 'eligible public entity' means any unit of general local government.

''(b) GUARANTEE AND COMMITMENT.—The Secretary is authorized, on such terms and conditions as the Secretary may prescribe, to guarantee and make commitments to guarantee the notes or other obligations issued by eligible public entities, or by public agencies designated by the eligible public entities, for the purposes of financing rural development assistance activities authorized and funded under section 381G.

''(c) PREREQUISITES.—No guarantee or commitment to guarantee shall be made with respect to any note or other obligation if the issuer's total outstanding notes or obligations guaranteed under this section (excluding any amount repaid under the contract entered into under subsection (e)(1)(A)) would exceed an amount equal to 5 times the amount of the grant approval for the issuer pursuant to section 381G.

''(d) PAYMENT OF PRINCIPAL, INTEREST, AND COSTS.—Notwithstanding any other provision of this subtitle, grants allocated to an issuer pursuant to this subtitle (including program income derived from the grants) shall be authorized for use in the payment of principal and interest due (including such servicing, underwriting, or other costs as may be specified in regulations of the Secretary) on the notes or other obligations guaranteed pursuant to this section.

''(e) REPAYMENT CONTRACT; SECURITY.—

''(1) IN GENERAL.—To ensure the repayment of notes or other obligations and charges incurred under this section and as a condition for receiving the guarantees, the Secretary shall require the issuer to—

''(A) enter into a contract, in a form acceptable to the Secretary, for repayment of notes or other obligations guaranteed under this section;

''(B) pledge any grant for which the issuer may become eligible under this subtitle; and

''(C) furnish, at the discretion of the Secretary, such other security as may be considered appropriate by the Secretary in making the guarantees.

''(2) SECURITY.—To assist in ensuring the repayment of notes or other obligations and charges incurred under this section, a State shall pledge any grant for which the State may become eligible under this subtitle as security for notes or other obligations and charges issued under this section by any unit of general local government in the State.

''(f) PLEDGED GRANTS FOR REPAYMENTS.—Notwithstanding any other provision of this subtitle, the Secretary is authorized to apply grants pledged pursuant to paragraphs (1)(B) and (2) of subsection (e) to any repayments due the United States as a result of the guarantees.

''(g) OUTSTANDING OBLIGATIONS.—The total amount of outstanding obligations guaranteed on a cumulative basis by the Secretary pursuant to subsection (b) shall not at any time exceed such amount as may be authorized to be appropriated for any fiscal year.

''(h) PURCHASE OF GUARANTEED OBLIGATIONS BY FEDERAL FINANCING BANK.—Notes or other obligations guaranteed under this section may not be purchased by the Federal Financing Bank.

''(i) FULL FAITH AND CREDIT.—The full faith and credit of the United States is pledged to the payment of all guarantees made under this section. Any such guarantee made by the Secretary shall be conclusive evidence of the eligibility of the obligations for the guarantee with respect to principal and interest. The validity of the guarantee shall be incontestable in the hands of a holder of the guaranteed obligations.

"SEC. 381I. LOCAL INVOLVEMENT.

''The Secretary shall require that an applicant for assistance under this subtitle demonstrate evidence of significant community support.

"SEC. 381J. STATE-TO-STATE COLLABORATION.

''The Secretary shall permit the establishment of voluntary pooling arrangements among States, and regional fund-sharing agreements, to carry out this subtitle.

"SEC. 381K. RURAL VENTURE CAPITAL DEMONSTRATION PROGRAM.

''(a) IN GENERAL.—The Secretary shall designate up to 10 community development venture capital organizations to demonstrate the utility of guarantees to attract increased private investment in rural private business enterprises.

''(b) RURAL BUSINESS INVESTMENT POOL.—

''(1) ESTABLISHMENT.—To be eligible to participate in the demonstration program, an organization referred to in subsection (a) shall establish a rural business private investment pool (referred to in this subsection as a 'pool') for the purpose of making equity investments in rural private business enterprises.

''(2) GUARANTEE.—From funds allocated for the national reserve under section 381F(a), the Secretary shall guarantee the funds in a pool against loss, except that the guarantee shall not exceed an amount equal to 30 percent of the total funds in the pool.

''(3) AMOUNT.—The Secretary shall issue guarantees covering not more than $15,000,000 of obligations for each of fiscal years 1996 through 2002.

''(4) TERM.—The term of a guarantee provided under this subsection shall not exceed 10 years.

''(5) SUBMISSION OF PLAN.—To be eligible to participate in the demonstration program, an organization referred to in subsection (a) shall submit a plan that describes—

''(A) potential sources and uses of the pool to be established by the organization;

''(B) the utility of the guarantee authority in attracting capital for the pool; and

''(C) on selection, mechanisms for notifying State, local, and private nonprofit business development organizations and businesses of the existence of the pool.

''(6) COMPETITION.—

''(A) IN GENERAL.—The Secretary shall conduct a competition for the designation and establishment of pools.

''(B) PRIORITY.—In conducting the competition, the Secretary shall give priority to organizations that—

''(i) have a demonstrated record of performance or have a board and executive director with experience in venture capital, small business equity investments, or community development finance;

''(ii) propose to serve low-income communities;

''(iii) propose to maintain an average investment of not more than $500,000 from the pool of the organization;

''(iv) invest funds statewide or in a multicounty region; and

''(v) propose to target job opportunities resulting from the investments primarily to economically disadvantaged individuals.

''(C) GEOGRAPHIC DIVERSITY.—To the extent practicable, the Secretary shall select organizations in diverse geographic areas.

''SEC. 381L. ANNUAL REPORT.

''(a) IN GENERAL.—The Secretary, in collaboration with public, State, local, and private entities, State rural development councils, and community-based organizations, shall prepare an annual report that contains evaluations, assessments, and performance outcomes concerning the rural community advancement programs carried out under this subtitle.

''(b) SUBMISSION.—Not later than March 1 of each year, the Secretary shall—

''(1) submit the report required under subsection (a) to Congress and the chief executives of States participating in the program established under this subtitle; and

''(2) make the report available to State and local participants.

''SEC. 381M. RURAL DEVELOPMENT INTERAGENCY WORKING GROUP.

''(a) IN GENERAL.—The Secretary shall provide leadership within the Executive branch for, and assume responsibility for, establishing an interagency working group chaired by the Secretary.

''(b) DUTIES.—The working group shall establish policy, provide coordination, make recommendations, and evaluate the performance of or for all Federal rural development efforts.

''SEC. 381N. DUTIES OF RURAL ECONOMIC AND COMMUNITY DEVELOPMENT STATE OFFICES.

''In carrying out this subtitle, the Director of a Rural Economic and Community Development State Office shall—

''(1) to the maximum extent practicable, ensure that the State strategic plan is implemented;

''(2) coordinate community development objectives within the State;

''(3) establish links between local, State, and field office program administrators of the Department of Agriculture;

''(4) ensure that recipient communities comply with applicable Federal and State laws and requirements; and

''(5) integrate State development programs with assistance under this subtitle.

''SEC. 381O. ELECTRONIC TRANSFER.

''The Secretary shall transfer funds in accordance with this subtitle through electronic transfer as soon as practicable after the effective date of this subtitle.''.

SEC. 562. COMMUNITY FACILITIES GRANT PROGRAM.

Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) is amended by adding at the end the following:

''(21) COMMUNITY FACILITIES GRANT PROGRAM.—

''(A) IN GENERAL.—The Secretary may make grants, in a total amount not to exceed $10,000,000 for any fiscal year, to associations, units of general local government, nonprofit corporations, and federally recognized Indian tribes to provide the Federal share of the cost of developing specific essential community facilities in rural areas.

''(B) FEDERAL SHARE.—

''(i) IN GENERAL.—Except as provided in clauses (ii) and (iii), the Secretary shall, by regulation, establish the amount of the Federal share of the cost of the facility under this paragraph.

''(ii) MAXIMUM AMOUNT.—The amount of a grant provided under this paragraph shall not exceed 75 percent of the cost of developing a facility.

''(iii) GRADUATED SCALE.—The Secretary shall provide for a graduated scale for the amount of the Federal share provided under this paragraph, with higher Federal shares for facilities in communities that have lower community population and income levels, as determined by the Secretary.''.

Subtitle C—Amendments to the Rural Electrification Act of 1936

SEC. 571. PURPOSES; INVESTIGATIONS AND REPORTS.

Section 2 of the Rural Electrification Act of 1936 (7 U.S.C. 902) is amended—

(1) by striking ''SEC. 2. (a) The Secretary of Agriculture is'' and inserting the following:

''SEC. 2. GENERAL AUTHORITY OF THE SECRETARY OF AGRICULTURE.

''(a) LOANS.—The Secretary of Agriculture (referred to in this Act as the 'Secretary') is'';

(2) in subsection (a)—

(A) by striking ''and the furnishing'' the first place it appears and all that follows through ''central station service''; and

(B) by striking ''systems; to make'' and all that follows through the period at the end of the subsection and inserting ''systems''; and

(3) by striking subsection (b) and inserting the following:

''(b) INVESTIGATIONS AND REPORTS.—The Secretary may make, or cause to be made, studies, investigations, and reports regarding matters, including financial, technological, and regulatory matters, affecting the condition and progress of electric, telecommunications, and economic development in rural areas and publish and disseminate information with respect to the matters.''.

SEC. 572. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—Section 3 of the Rural Electrification Act of 1936 (7 U.S.C. 903) is amended to read as follows:

''SEC. 3. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated such sums as are necessary to carry out this Act.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 301(a) of the Rural Electrification Act of 1936 (7 U.S.C. 931(a)) is amended—

(A) by striking ''(a)''; and

(B) in paragraph (3), by striking ''notwithstanding section 3(a) of title I,''.

(2) Section 302(b)(2) of the Rural Electrification Act of 1936 (7 U.S.C. 932(b)(2)) is amended by striking ''pursuant to section 3(a) of this Act''.

(3) The last sentence of section 406(a) of the Rural Electrification Act of 1936 (7 U.S.C. 946(a)) is amended by striking ''pursuant to section 3(a) of this Act''.

SEC. 573. LOANS FOR ELECTRICAL PLANTS AND TRANSMISSION LINES.

Section 4 of the Rural Electrification Act of 1936 (7 U.S.C. 904) is amended—

(1) in the first sentence—

(A) by striking ''for the furnishing of'' and all that follows through ''central station service and''; and

(B) by striking ''the provisions of sections 3(d) and 3(e) but without regard to the 25 per centum limitation therein contained,'' and inserting ''section 3,'';

(2) in the second sentence, by striking '': *Provided further*, That all'' and all that follows through ''loan: *And provided further*, That'' and inserting '', except that''; and

(3) in the third sentence, by striking ''and section 5''.

SEC. 574. LOANS FOR ELECTRICAL AND PLUMBING EQUIPMENT.

(a) IN GENERAL.—Section 5 of the Rural Electrification Act of 1936 (7 U.S.C. 905) is repealed.

(b) CONFORMING AMENDMENTS.—Section 12(a) of the Rural Electrification Act of 1936 (7 U.S.C. 912(a)) is amended—

(1) by striking '': *Provided, however*, That'' and inserting '', except that,''; and

(2) by striking '', and with respect to any loan made under section 5,'' and all that follows through ''section 3''.

SEC. 575. TESTIMONY ON BUDGET REQUESTS.

Section 6 of the Rural Electrification Act of 1936 (7 U.S.C. 906) is amended by striking the second sentence.

SEC. 576. TRANSFER OF FUNCTIONS OF ADMINISTRATION CREATED BY EXECUTIVE ORDER.

Section 8 of the Rural Electrification Act of 1936 (7 U.S.C. 908) is repealed.

SEC. 577. ANNUAL REPORT.

Section 10 of the Rural Electrification Act of 1936 (7 U.S.C. 910) is repealed.

SEC. 578. PROHIBITION ON RESTRICTING WATER AND WASTE FACILITY SERVICES TO ELECTRIC CUSTOMERS.

The Rural Electrification Act of 1936 is amended by inserting after section 16 (7 U.S.C. 916) the following:

''SEC. 17. PROHIBITION ON RESTRICTING WATER AND WASTE FACILITY SERVICES TO ELECTRIC CUSTOMERS.

''The Secretary shall establish rules and procedures that prohibit borrowers under title III or under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) from conditioning or limiting access to, or the use of, water and waste facility services financed under the Consolidated Farm and Rural Development Act if the conditioning or limiting is based on whether individuals or entities in the area served or proposed to be served by the facility receive, or will accept, electric service from the borrower.''.

SEC. 579. TELEPHONE LOAN TERMS AND CONDITIONS.

Section 309 of the Rural Electrification Act of 1936 (7 U.S.C. 939) is amended—

(1) in subsection (a), by striking ''(a) IN GENERAL.—''; and

(2) by striking subsection (b).

SEC. 580. PRIVATIZATION PROGRAM.

Section 311 of the Rural Electrification Act of 1936 (7 U.S.C. 940a) is repealed.

SEC. 581. RURAL BUSINESS INCUBATOR FUND.

(a) IN GENERAL.—Section 502 of the Rural Electrification Act of 1936 (7 U.S.C. 950aa–1) is repealed.

(b) CONFORMING AMENDMENTS.—Section 501 of the Rural Electrification Act of 1936 (7 U.S.C. 950aa) is amended—

(1) in paragraph (5), by inserting ''and'' at the end;

(2) in paragraph (6), by striking ''; and'' at the end and inserting a period; and

(3) by striking paragraph (7).

Subtitle D—Miscellaneous Rural Development Provisions

SEC. 591. INTEREST RATE FORMULA.

(a) BANKHEAD-JONES FARM TENANT ACT.—Section 32(e) of the Bankhead-Jones Farm Tenant Act (7 U.S.C. 1011) is amended by striking the fifth sentence and inserting the following: ''A loan under this subsection shall be made under a contract that provides, under such terms and conditions as the Secretary considers appropriate, for the repayment of the loan in not more than 30 years, with interest at a rate not to exceed the current market yield for outstanding municipal obligations with remaining periods to maturity comparable to the average maturity for the loan, adjusted to the nearest ⅛ of 1 percent.''.

(b) WATERSHED PROTECTION AND FLOOD PREVENTION ACT.—Section 8 of the Watershed Protection and Flood Prevention Act (16 U.S.C. 1006a) is amended by striking the second sentence and inserting the following: ''A loan or advance under this section shall be made under a contract or agreement that provides, under such terms and conditions as the Secretary considers appropriate, for the repayment of the loan or advance in not more than 50 years from the date when the principal benefits of the works of improvement first become available, with interest at a rate not to exceed the current market yield for outstanding municipal obligations with remaining periods to maturity comparable to the average maturity for the loan, adjusted to the nearest ⅛ of 1 percent.''.

SEC. 592. GRANTS FOR FINANCIALLY STRESSED FARMERS, DISLOCATED FARMERS, AND RURAL FAMILIES.

(a) IN GENERAL.—Section 502 of the Rural Development Act of 1972 (7 U.S.C. 2662) is amended by striking subsection (f).

(b) CONFORMING AMENDMENTS.—

(1) Section 2389 of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 7 U.S.C. 2662 note) is amended by striking subsection (d).

(2) Section 503(c) of the Rural Development Act of 1972 (7 U.S.C. 2663(c)) is amended—

(A) in paragraph (1)—

(i) by striking ''(1)'';

(ii) by striking ''section 502(e)'' and all that follows through ''shall be distributed'' and inserting ''subsections (e), (h), and (i) of section 502 shall be distributed''; and

(iii) by striking ''objectives of'' and all that follows through ''title'' and inserting ''objectives of subsections (e), (h), and (i) of section 502''; and

(B) by striking paragraph (2).

SEC. 593. COOPERATIVE AGREEMENTS.

Section 607(b) of the Rural Development Act of 1972 (7 U.S.C. 2204b(b)) is amended by striking paragraph (4) and inserting the following:

''(4) COOPERATIVE AGREEMENTS.—

''(A) IN GENERAL.—Notwithstanding chapter 63 of title 31, United States Code, the Secretary may enter into cooperative agreements with other Federal agencies, State and local governments, and any other organization or individual to improve the coordination and effectiveness of Federal programs, services, and actions affecting rural areas, including the establishment and financing of interagency groups, if the Secretary determines that the objectives of the agreement will serve the mutual interest of the parties in rural development activities.

''(B) COOPERATORS.—Each cooperator, including each Federal agency, to the extent that funds are otherwise available, may participate in any cooperative agreement or working group established pursuant to this paragraph by contributing funds or other resources to the Secretary to carry out the agreement or functions of the group.''.

TITLE VI—RESEARCH EXTENSION AND EDUCATION

Subtitle A—Amendments to National Agricultural Research, Extension, and Teaching Policy Act of 1977 and Related Statutes

SEC. 601. PURPOSES OF AGRICULTURAL RESEARCH, EXTENSION, AND EDUCATION.

Section 1402 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101) is amended to read as follows:

''SEC. 1402. PURPOSES OF AGRICULTURAL RESEARCH, EXTENSION, AND EDUCATION.

''The purposes of federally supported agricultural research, extension, and education are to—

''(1) enhance the competitiveness of the United States agriculture and food industry in an increasingly competitive world environment;

''(2) increase the long-term productivity of the United States agriculture and food industry while protecting the natural resource base on which rural America and the United States agricultural economy depend;

''(3) develop new uses and new products for agricultural commodities, such as alternative fuels, and develop new crops;

''(4) support agricultural research and extension to promote economic opportunity in rural communities and to meet the increasing demand for information and technology transfer throughout the United States agriculture industry;

''(5) improve risk management in the United States agriculture industry;

''(6) improve the safe production and processing of, and adding of value to, United States food and fiber resources using methods that are environmentally sound;

''(7) support higher education in agriculture to give the next generation of Americans the knowledge, technology, and applications necessary to enhance the competitiveness of United States agriculture; and

''(8) maintain an adequate, nutritious, and safe supply of food to meet human nutritional needs and requirements.''.

SEC. 602. SUBCOMMITTEE ON FOOD, AGRICULTURAL, AND FORESTRY RESEARCH.

Section 401(h) of the National Science and Technology Policy, Organization, and Priorities Act of 1976 (42 U.S.C. 6651(h)) is amended by striking the second through fifth sentences.

SEC. 603. JOINT COUNCIL ON FOOD AND AGRICULTURAL SCIENCES.

(a) IN GENERAL.—Section 1407 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3122) is repealed.

(b) CONFORMING AMENDMENTS.—

(1) Section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103) is amended—

(A) by striking paragraph (9); and

(B) by redesignating paragraphs (10) through (18) as paragraphs (9) through (17), respectively.

(2) Section 1405 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3121) is amended—

(A) in paragraph (5), by striking ''Joint Council, Advisory Board,'' and inserting ''Advisory Board''; and

(B) in paragraph (11), by striking ''the Joint Council,''.

(3) Section 1410(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3125(2)) is amended by striking ''the recommendations of the Joint Council developed under section 1407(f),''.

(4) Section 1412 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3127) is amended—

(A) in the section heading, by striking ''joint council, advisory board,'' and inserting ''advisory board'';

(B) in subsection (a)—

(i) by striking ''Joint Council, the Advisory Board,'' and inserting ''Advisory Board'';

(ii) by striking ''the cochairpersons of the Joint Council and'' each place it appears; and

(iii) in paragraph (2), by striking ''one shall serve as the executive secretary to the Joint Council, one shall serve as the executive secretary to the Advisory Board,'' and inserting ''1 shall serve as the executive secretary to the Advisory Board''; and

(C) in subsections (b) and (c), by striking ''Joint Council, Advisory Board,'' each place it appears and inserting ''Advisory Board''.

(5) Section 1413 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3128) is amended—

(A) in subsection (a), by striking ''Joint Council, the Advisory Board,'' and inserting ''Advisory Board'';

(B) in subsection (b), by striking ''Joint Council, Advisory Board,'' and inserting ''Advisory Board''; and

(C) by striking subsection (d).

(6) Section 1434(c) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3196(c)) is amended—

(A) in the second sentence, by striking ''Joint Council, the Advisory Board,'' and inserting ''Advisory Board''; and

(B) in the fourth sentence, by striking ''the Joint Council,''.

SEC. 604. NATIONAL AGRICULTURAL RESEARCH, EXTENSION, EDUCATION, AND ECONOMICS ADVISORY BOARD.

(a) IN GENERAL.—Section 1408 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123) is amended to read as follows:

''SEC. 1408. NATIONAL AGRICULTURAL RESEARCH, EXTENSION, EDUCATION, AND ECONOMICS ADVISORY BOARD.

''(a) ESTABLISHMENT.—The Secretary shall establish within the Department of Agriculture a board to be known as the 'National Agricultural Research, Extension, Education, and Economics Advisory Board'.

''(b) MEMBERSHIP.—

''(1) IN GENERAL.—The Advisory Board shall consist of 25 members, appointed by the Secretary.

''(2) SELECTION OF MEMBERS.—The Secretary shall appoint members to the Advisory Board from individuals who are selected from national farm, commodity, agribusiness, environmental, consumer, and other organizations directly concerned with agricultural research, education, and extension programs.

''(3) REPRESENTATION.—A member of the Advisory Board may represent 1 or more of the organizations referred to in paragraph (2), except that 1 member shall be a representative of the scientific community that is not closely associated with agriculture. The Secretary shall ensure that the membership of the Advisory Board includes full-time farmers and ranchers and represents the interests of the full variety of stakeholders in the agricultural sector.

''(c) DUTIES.—The Advisory Board shall—

''(1) review and provide consultation to the Secretary and land-grant colleges and universities on long-term and short-term national policies and priorities, as set forth in section 1402, relating to agricultural research, extension, education, and economics;

''(2) evaluate the results and effectiveness of agricultural research, extension, education, and economics with respect to the policies and priorities;

''(3) review and make recommendations to the Under Secretary of Agriculture for Research, Education, and Economics on the research, extension, education, and economics portion of the draft strategic plan required under section 306 of title 5, United States Code; and

''(4) review the mechanisms of the Department of Agriculture for technology assessment (which should be conducted by qualified professionals) for the purposes of—

''(A) performance measurement and evaluation of the implementation by the Secretary of the strategic plan required under section 306 of title 5, United States Code;

''(B) implementation of the national research policies and priorities set forth in section 1402; and

''(C) the development of mechanisms for the assessment of emerging public and private agricultural research and technology transfer initiatives.

''(d) CONSULTATION.—In carrying out this section, the Advisory Board shall solicit opinions and recommendations from persons who will benefit from and use federally funded agricultural research, extension, education, and economics.

''(e) APPOINTMENT.—A member of the Advisory Board shall be appointed by the Secretary for a term of up to 3 years. The members of the Advisory Board shall be appointed to serve staggered terms.

''(f) FEDERAL ADVISORY COMMITTEE ACT.—The Advisory Board shall be deemed to have filed a charter for the purpose of section 9(c) of the Federal Advisory Committee Act (5 U.S.C. App.).

''(g) TERMINATION.—The Advisory Board shall remain in existence until September 30, 2002.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 1404(1) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(1)) is amended by striking ''National Agricultural Research and Extension Users Advisory Board'' and inserting ''National Agricultural Research, Extension, Education, and Economics Advisory Board''.

(2) Section 1410(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3125(2)) is amended by striking ''the recommendations of the Advisory Board developed under section 1408(g),'' and inserting ''any recommendations of the Advisory Board''.

(3) The last sentence of section 4(a) of the Renewable Resources Extension Act of 1978 (16 U.S.C. 1673(a)) is amended by striking ''National Agricultural Research and Extension Users Advisory Board'' and inserting ''National Agricultural Research, Extension, Education, and Economics Advisory Board''.

SEC. 605. AGRICULTURAL SCIENCE AND TECHNOLOGY REVIEW BOARD.

(a) IN GENERAL.—Section 1408A of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123a) is repealed.

(b) CONFORMING AMENDMENTS.—

(1) Section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103) (as amended by section 603(b)(1)(B)) is further amended—

(A) in paragraph (15), by adding ''and'' at the end;

(B) in paragraph (16), by striking ''; and'' and inserting a period; and

(C) by striking paragraph (17).

(2) Section 1405(12) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3121(12)) is amended by striking '', after coordination with the Technology Board,''.

(3) Section 1410(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3125(2)) (as amended by section 604(b)(2)) is further amended by striking ''and the recommendations of the Technology Board developed under section 1408A(d)''.

(4) Section 1412 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3127) (as amended by section 603(b)(4)) is further amended—

(A) in the section heading, by striking ''and technology board'';

(B) in subsection (a)—

(i) by striking ''and the Technology Board'' each place it appears; and

(ii) in paragraph (2), by striking ''and one shall serve as the executive secretary to the Technology Board''; and

(C) in subsections (b) and (c), by striking ''and Technology Board'' each place it appears.

(5) Section 1413 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3128) (as amended by section 603(b)(5)) is further amended—

(A) in subsection (a), by striking ''or the Technology Board''; and

(B) in subsection (b), by striking ''and the Technology Board''.

SEC. 606. FEDERAL ADVISORY COMMITTEE ACT EXEMPTION FOR FEDERAL-STATE COOPERATIVE PROGRAMS.

Section 1409A of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3124a) is amended by adding at the end the following:

''(e) APPLICABILITY OF FEDERAL ADVISORY COMMITTEE ACT.—

''(1) PUBLIC MEETINGS.—All meetings of any entity described in paragraph (2) shall be publicly announced in advance and shall be open to the public. Detailed minutes of meetings and other appropriate records of the activities of such an entity shall be kept and made available to the public on request.

''(2) EXEMPTION.—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 any committee, board, commission, panel, or task force, or similar entity that—

''(A) is created for the purpose of cooperative efforts in agricultural research, extension, or teaching; and

''(B) consists entirely of full-time Federal employees and individuals who are employed by, or who are officials of, a State cooperative institution or a State cooperative agent.''.

SEC. 607. COORDINATION AND PLANNING OF AGRICULTURAL RESEARCH, EXTENSION, AND EDUCATION.

Subtitle B of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3121 et seq.) is amended by adding at the end the following:

''SEC. 1413A. ACCOUNTABILITY.

''(a) IN GENERAL.—The Secretary shall develop and carry out a system to monitor and evaluate agricultural research and extension activities conducted or supported by the Federal Government that will enable the Secretary to measure the impact of research, extension, and education programs according to priorities, goals, and mandates established by law.

''(b) CONSISTENCY WITH OTHER REQUIREMENTS.—The system shall be developed and carried out in a manner that is consistent with the Government Performance and Results Act of 1993 (Public Law 103–62; 107 Stat. 285) and amendments made by the Act.

''SEC. 1413B. IMMINENT OR EMERGING THREATS TO FOOD SAFETY AND ANIMAL AND PLANT HEALTH.

''In the case of any activities of an agency of the Department of Agriculture that relate to food safety, animal or plant health, research, education, or technology transfer, the Secretary may transfer up to 5 percent of any amounts made available to the agency for a fiscal year to an agency of the Department of Agriculture reporting to the Under Secretary of Agriculture for Research, Education, and Economics for the purpose of addressing imminent or emerging threats to food safety and animal and plant health.

''SEC. 1413C. FEDERAL ADVISORY COMMITTEE ACT EXEMPTION FOR COMPETITIVE RESEARCH, EXTENSION, AND EDUCATION PROGRAMS.

''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 any committee, board, commission, panel, or task force, or similar entity, created solely for the purpose of reviewing applications or proposals requesting funding under any competitive research, extension, or education program carried out by the Secretary.''.

SEC. 608. GRANTS AND FELLOWSHIPS FOR FOOD AND AGRICULTURAL SCIENCES EDUCATION.

(a) IN GENERAL.—Section 1417 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152) is amended—

(1) in subsection (b)—

(A) by inserting before ''for a period'' the following: ''or to research foundations maintained by the colleges and universities,''; and

(B) by striking paragraph (4) and inserting the following:

''(4) to design and implement food and agricultural programs to build teaching and research capacity at primarily minority institutions;'';

(2) by redesignating subsections (h) and (i) as subsections (i) and (j), respectively;

(3) by inserting after subsection (g) the following:

''(h) SECONDARY EDUCATION AND 2-YEAR POSTSECONDARY EDUCATION TEACHING PROGRAMS.—

''(1) AGRISCIENCE AND AGRIBUSINESS EDUCATION.—The Secretary shall—

''(A) promote and strengthen secondary education and 2-year postsecondary education in agriscience and agribusiness in order to help ensure the existence in the United States of a qualified workforce to serve the food and agricultural sciences system; and

''(B) promote complementary and synergistic linkages among secondary, 2-year postsecondary, and higher education programs in the food and agricultural sciences in order to promote excellence in education and encourage more young Americans to pursue and complete a baccalaureate or higher degree in the food and agricultural sciences.

''(2) GRANTS.—The Secretary may make competitive or noncompetitive grants, for grant periods not to exceed 5 years, to public secondary education institutions, 2-year community colleges, and junior colleges that have made a commitment to teaching agriscience and agribusiness—

''(A) to enhance curricula in agricultural education;

''(B) to increase faculty teaching competencies;

''(C) to interest young people in pursuing a higher education in order to prepare for scientific and professional careers in the food and agricultural sciences;

''(D) to promote the incorporation of agriscience and agribusiness subject matter into other instructional programs, particularly classes in science, business, and consumer education;

''(E) to facilitate joint initiatives among other secondary or 2-year postsecondary institutions and with 4-year colleges and universities to maximize the development and use of resources such as faculty, facilities, and equipment to improve agriscience and agribusiness education; and

''(F) to support other initiatives designed to meet local, State, regional, or national needs related to promoting excellence in agriscience and agribusiness education.''; and

(4) in subsection (j) (as so redesignated), by striking ''1995'' and inserting ''2002''.

(b) TRANSFER OF FUNCTIONS AND DUTIES PERTAINING TO THE FUTURE FARMERS OF AMERICA.—

(1) IN GENERAL.—There are transferred to the Secretary of Agriculture all the functions and duties of the Secretary of Education under the Act entitled ''An Act to incorporate the Future Farmers of America, and for other purposes'', approved August 30, 1950 (36 U.S.C. 271 et seq.).

(2) PERSONNEL AND UNEXPENDED BALANCES.—There are transferred to the Department of Agriculture all personnel and balances of unexpended appropriations available for carrying out the duties and functions transferred under paragraph (1).

(3) AMENDMENTS.—The Act entitled ''An Act to incorporate the Future Farmers of America, and for other purposes'', approved August 30, 1950, is amended—

(A) in section 7(c) (36 U.S.C. 277(c)) by striking ''Secretary of Education, the executive secretary shall be a member of the Department of Education'' and inserting ''Secretary of Agriculture, the executive secretary shall be an officer or employee of the Department of Agriculture'';

(B) in section 8(a) (36 U.S.C. 278(a))—

(i) by striking ''Secretary of Education'' and inserting ''Secretary of Agriculture''; and

(ii) by striking ''Department of Education'' and inserting ''Department of Agriculture''; and

(C) in section 18 (36 U.S.C. 288)—

(i) by striking ''Secretary of Education'' each place it appears and inserting ''Secretary of Agriculture''; and

(ii) by striking ''Department of Education'' each place it appears and inserting ''Department of Agriculture''.

SEC. 609. GRANTS FOR RESEARCH ON THE PRODUCTION AND MARKETING OF ALCOHOLS AND INDUSTRIAL HYDROCARBONS FROM AGRICULTURAL COMMODITIES AND FOREST PRODUCTS.

(a) IN GENERAL.—Section 1419 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3154) is repealed.

(b) CONFORMING AMENDMENTS.—

(1) Section 1463(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3311(a)) is amended by striking ''1419,''.

(2) Section 257(a) of the Biomass Energy and Alcohol Fuels Act of 1980 (42 U.S.C. 8852(a)) is amended by striking ''section 1419 and''.

SEC. 610. POLICY RESEARCH CENTERS.

The National Agricultural Research, Extension, and Teaching Policy Act of 1977 (as amended by section 609) is further amended by inserting after section 1418 (7 U.S.C. 3153) the following:

''SEC. 1419. POLICY RESEARCH CENTERS.

''(a) IN GENERAL.—Consistent with this section, the Secretary may make grants, competitive grants, and special research grants to, and enter into cooperative agreements and other contracting instruments with, policy research centers to conduct research and education programs that are objective, operationally independent, and external to the Federal Government and that concern the effect of public policies on—

''(1) the farm and agricultural sectors;

''(2) the environment;

''(3) rural families, households and economies; and

''(4) consumers, food, and nutrition.

''(b) ELIGIBLE RECIPIENTS.—Except to the extent otherwise prohibited by law, State agricultural experiment stations, colleges and universities, other research institutions and organizations, private organizations, corporations, and individuals shall be eligible to apply for and receive funding under subsection (a).

''(c) ACTIVITIES.—Under this section, funding may be provided for disciplinary and interdisciplinary research and education concerning activities consistent with this section, including activities that—

''(1) quantify the implications of public policies and regulations;

''(2) develop theoretical and research methods;

''(3) collect and analyze data for policymakers, analysts, and individuals; and

''(4) develop programs to train analysts.

''(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section for fiscal years 1996 through 2002.''.

SEC. 611. HUMAN NUTRITION INTERVENTION AND HEALTH PROMOTION RESEARCH PROGRAM.

Section 1424 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3174) is amended to read as follows:

''SEC. 1424. HUMAN NUTRITION INTERVENTION AND HEALTH PROMOTION RESEARCH PROGRAM.

''(a) AUTHORITY OF SECRETARY.—

''(1) IN GENERAL.—The Secretary may establish, and award grants for projects for, a multi-year research initiative on human nutrition intervention and health promotion.

''(2) EMPHASIS OF INITIATIVE.—In administering human nutrition research projects under this section, the Secretary shall give specific emphasis to—

''(A) coordinated longitudinal research assessments of nutritional status; and

''(B) the implementation of unified, innovative intervention strategies;

to identify and solve problems of nutritional inadequacy and contribute to the maintenance of health, well-being, performance, and productivity of individuals, thereby reducing the need of the individuals to use the health care system and social programs of the United States.

''(b) ADMINISTRATION OF FUNDS.—The Administrator of the Agricultural Research Service shall administer funds made available to carry out this section to ensure a coordinated approach to health and nutrition research efforts.

''(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section for fiscal years 1996 through 2002.''.

SEC. 612. FOOD AND 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 ''fiscal year 1995'' and inserting ''each of fiscal years 1996 through 2002''.

SEC. 613. PURPOSES AND FINDINGS RELATING TO ANIMAL HEALTH AND DISEASE RESEARCH.

Section 1429 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3191) is amended to read as follows:

''SEC. 1429. PURPOSES AND FINDINGS RELATING TO ANIMAL HEALTH AND DISEASE RESEARCH.

''(a) PURPOSES.—The purposes of this subtitle are to—

''(1) promote the general welfare through the improved health and productivity of domestic livestock, poultry, aquatic animals, and other income-producing animals that are essential to the food supply of the United States and the welfare of producers and consumers of animal products;

''(2) improve the health of horses;

''(3) facilitate the effective treatment of, and, to the extent possible, prevent animal and poultry diseases in both domesticated and wild animals that, if not controlled, would be disastrous to the United States livestock and poultry industries and endanger the food supply of the United States;

''(4) improve methods for the control of organisms and residues in food products of animal origin that could endanger the human food supply;

''(5) improve the housing and management of animals to improve the well-being of livestock production species;

''(6) minimize livestock and poultry losses due to transportation and handling;

''(7) protect human health through control of animal diseases transmissible to humans;

''(8) improve methods of controlling the births of predators and other animals; and

''(9) otherwise promote the general welfare through expanded programs of research and extension to improve animal health.

''(b) FINDINGS.—Congress finds that—

''(1) the total animal health and disease research and extension efforts of State colleges and universities and of the Federal Government would be more effective if there were close coordination between the efforts; and

''(2) colleges and universities having accredited schools or colleges of veterinary medicine and State agricultural experiment stations that conduct animal health and disease research are especially vital in training research workers in animal health and related disciplines.''.

SEC. 614. ANIMAL HEALTH SCIENCE RESEARCH ADVISORY BOARD.

Section 1432 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3194) is repealed.

SEC. 615. ANIMAL HEALTH AND DISEASE CONTINUING RESEARCH.

Section 1433 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3195) is amended—

(1) in the first sentence of subsection (a), by striking ''1995'' and inserting ''2002'';

(2) in subsection (b)(2)—

(A) by striking ''domestic livestock and poultry'' each place it appears and inserting ''domestic livestock, poultry, and commercial aquaculture species''; and

(B) in the second sentence, by striking ''horses, and poultry'' and inserting ''horses, poultry, and commercial aquaculture species'';

(3) in subsection (d), by striking ''domestic livestock and poultry'' and inserting ''domestic livestock, poultry, and commercial aquaculture species''; and

(4) in subsection (f), by striking ''domestic livestock and poultry'' and inserting ''domestic livestock, poultry, and commercial aquaculture species''.

SEC. 616. ANIMAL HEALTH AND DISEASE NATIONAL OR REGIONAL RESEARCH.

Section 1434 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3196) is amended—

(1) in subsection (a)—

(A) by inserting ''or national or regional problems relating to pre-harvest, on-farm food safety, or animal well-being,'' after ''problems,''; and

(B) by striking ''1995'' and inserting ''2002'';

(2) in subsection (b), by striking ''eligible institutions'' and inserting ''State agricultural experiment stations, colleges and universities, other research institutions and organizations, Federal agencies, private organizations or corporations, and individuals'';

(3) in subsection (c)—

(A) in the first sentence, by inserting '', food safety, and animal well-being'' after ''animal health and disease''; and

(B) in the fourth sentence—

(i) by redesignating paragraphs (2) and (3) as paragraphs (4) and (5), respectively; and

(ii) by inserting after paragraph (1) the following:

''(2) any food safety problem that has a significant pre-harvest (on-farm) component and is recognized as posing a significant health hazard to the consuming public;

''(3) issues of animal well-being related to production methods that will improve the housing and management of animals to improve the well-being of livestock production species;'';

(4) in the first sentence of subsection (d), by striking ''to eligible institutions''; and

(5) by adding at the end the following:

''(f) APPLICABILITY OF 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 subtitle.''.

SEC. 617. RESIDENT INSTRUCTION PROGRAM AT 1890 LAND-GRANT COLLEGES.

Section 1446 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222a) is repealed.

SEC. 618. GRANT PROGRAM TO UPGRADE AGRICULTURAL AND FOOD SCIENCES FACILITIES AT 1890 LAND-GRANT COLLEGES.

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 ''$8,000,000 for each of the fiscal years 1991 through 1995'' and inserting ''$15,000,000 for each of fiscal years 1996 through 2002''.

SEC. 619. NATIONAL RESEARCH AND TRAINING CENTENNIAL CENTERS AUTHORIZATION.

Section 1448 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222c) is amended—

(1) in subsection (a)(1), by inserting '', or fiscal years 1996 through 2002,'' after ''1995''; and

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

SEC. 620. GRANTS TO STATES FOR INTERNATIONAL TRADE DEVELOPMENT CENTERS.

Section 1458A of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3292) is repealed.

SEC. 621. AGRICULTURAL RESEARCH PROGRAMS.

Section 1463 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3311) is amended by striking ''1995'' each place it appears and inserting ''2002''.

SEC. 622. 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 ''fiscal year 1995'' and inserting ''each of fiscal years 1995 through 2002''.

SEC. 623. SUPPLEMENTAL AND ALTERNATIVE CROPS RESEARCH.

Section 1473D of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3319d) is amended—

(1) in subsection (a)—

(A) by striking ''1995'' and inserting ''2002''; and

(B) by striking ''and pilot'';

(2) in subsection (c)—

(A) in paragraph (2)—

(i) in subparagraph (B), by striking ''at pilot sites'' through ''the area''; and

(ii) in subparagraph (D)—

(I) by striking ''near such pilot sites''; and

(II) by striking ''successful pilot program'' and inserting ''successful program'';

(B) in paragraph (3)—

(i) by striking ''pilot'';

(ii) in subparagraph (C), by striking ''and'' at the end;

(iii) in subparagraph (D), by striking the period at the end and inserting a semicolon; and

(iv) by adding at the end the following:

''(E) to conduct fundamental and applied research related to the development of new commercial products derived from natural plant material for industrial, medical, and agricultural applications; and

''(F) to participate with colleges and universities, other Federal agencies, and private sector entities in conducting research described in subparagraph (E).''

SEC. 624. AQUACULTURE ASSISTANCE PROGRAMS.

(a) REPORTS.—Section 1475 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3322) is amended—

(1) by striking subsection (e); and

(2) by redesignating subsections (f) and (g) as subsections (e) and (f), respectively.

(b) AQUACULTURE RESEARCH FACILITIES.—Section 1476(b) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3323(b)) is amended by striking ''1995'' and inserting ''2002''.

(c) RESEARCH AND EXTENSION.—Section 1477 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3324) is amended by striking ''1995'' and inserting ''2002''.

SEC. 625. RANGELAND RESEARCH.

(a) REPORTS.—Section 1481 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3334) is repealed.

(b) ADVISORY BOARD.—Section 1482 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3335) is repealed.

(c) AUTHORIZATION OF APPROPRIATIONS.—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 ''1995'' and inserting ''2002''.

SEC. 626. TECHNICAL AMENDMENTS.

The table of contents of the Food and Agriculture Act of 1977 (Public Law 95–113; 91 Stat. 913) is amended—

(1) by striking the item relating to section 1402 and inserting the following:

''Sec. 1402. Purposes of agricultural research, extension, and education.'';

(2) by striking the items relating to sections 1406, 1407, 1408A, 1432, 1446, 1458A, 1481, and 1482;

(3) by striking the item relating to section 1408 and inserting the following:

''Sec. 1408. National Agricultural Research, Extension, Education, and Economics Advisory Board.'';

(4) by striking the item relating to section 1412 and inserting the following:

''Sec. 1412. Support for the Advisory Board.'';

(5) by adding at the end of the items relating to subtitle B of title XIV the following:

''Sec. 1413A. Accountability.

''Sec. 1413B. Imminent or emerging threats to food safety and animal and plant health.

''Sec. 1413C. Federal Advisory Committee Act exemption for competitive research, extension, and education programs.'';

(6) by striking the item relating to section 1419 and inserting the following:

''Sec. 1419. Policy research centers.'';

(7) by striking the item relating to section 1424 and inserting the following:

''Sec. 1424. Human nutrition intervention and health promotion research program.'';

and

(8) by striking the item relating to section 1429 and inserting the following:

''Sec. 1429. Purposes and findings relating to animal health and disease research.''.

Subtitle B—Amendments to Food, Agriculture, Conservation, and Trade Act of 1990

SEC. 631. WATER QUALITY RESEARCH, EDUCATION, AND COORDINATION.

(a) IN GENERAL.—Subtitle G of title XIV of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5501 et seq.) is repealed.

(b) CONFORMING AMENDMENTS.—

(1) Section 1627(a)(3) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5821(a)(3)) is amended by striking '', subtitle G of title XIV,''.

(2) Section 1628 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5831) is amended by striking '', subtitle G of title XIV,'' each place it appears in subsections (a) and (d).

(3) Section 1629 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5832) is amended by striking '', subtitle G of title XIV,'' each place it appears in subsections (f) and (g)(11).

SEC. 632. EDUCATION PROGRAM REGARDING HANDLING OF AGRICULTURAL CHEMICALS AND AGRICULTURAL CHEMICAL CONTAINERS.

(a) IN GENERAL.—Section 1499A of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 3125c) is repealed.

(b) CONFORMING AMENDMENT.—Section 1499(b) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5506(b)) is amended by striking ''and section 1499A''.

SEC. 633. PROGRAM ADMINISTRATION.

(a) IN GENERAL.—Section 1622 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5812) is amended—

(1) by striking subsections (b), (c), and (d); and

(2) by redesignating subsection (e) as subsection (b).

(b) CONFORMING AMENDMENTS.—

(1) Section 1619(b) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5801(b)) is amended—

(A) by striking paragraph (7); and

(B) by redesignating paragraphs (8), (9), and (10) as paragraphs (7), (8), and (9), respectively.

(2) Section 1621(c) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5811(c)) is amended—

(A) in paragraph (1)—

(i) by striking subparagraph (A); and

(ii) by redesignating subparagraphs (B) through (E) as subparagraphs (A) through (D), respectively; and

(B) in paragraph (2)—

(i) by striking subparagraph (A); and

(ii) by redesignating subparagraphs (B) through (F) as subparagraphs (A) through (E), respectively.

(3) Section 1622 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5812) (as amended by subsection (a)) is further amended—

(A) in subsection (a)—

(i) by striking paragraph (2);

(ii) in paragraph (3), by striking ''subsection (e)'' and inserting ''subsection (b)''; and

(iii) by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively; and

(B) in subsection (b)(2)—

(i) by striking subparagraph (A); and

(ii) by redesignating subparagraphs (B) through (F) as subparagraphs (A) through (E), respectively.

(4) Section 1628(b) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5831(b)) is amended by striking ''Advisory Council, the Soil Conservation Service,'' and inserting ''Natural Resources Conservation Service''.

SEC. 634. NATIONAL GENETICS RESOURCES PROGRAM.

(a) FUNCTIONS.—Section 1632(d) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5841(d)) is amended by striking paragraph (4) and inserting the following:

''(4) unless otherwise prohibited by law, have the right to make available on request, without charge and without regard to the country from which the request originates, the genetic material that the program assembles;''.

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 1635(b) of the Food, Agriculture,

Conservation, and Trade Act of 1990 (7 U.S.C. 5844(b)) is amended by striking ''1995'' and inserting ''2002''.

SEC. 635. NATIONAL AGRICULTURAL WEATHER INFORMATION SYSTEM.

Section 1641(c) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5855(c)) is amended by striking ''1995'' and inserting ''2002''.

SEC. 636. RESEARCH REGARDING PRODUCTION, PREPARATION, PROCESSING, HANDLING, AND STORAGE OF AGRICULTURAL PRODUCTS.

Subtitle E of title XVI of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5871 et seq.) is repealed.

SEC. 637. PLANT AND ANIMAL PEST AND DISEASE CONTROL PROGRAM.

(a) IN GENERAL.—Subtitle F of title XVI of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5881) is repealed.

(b) CONFORMING AMENDMENTS.—

(1) Section 28(b)(2)(A) of the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136w–3(b)(2)(A)) is amended by striking ''and the information required by section 1651 of the Food, Agriculture, Conservation, and Trade Act of 1990''.

(2) Section 1627(a)(3) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5821(a)(3)) is amended by striking ''and section 1650''.

(3) Section 1628 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5831) is amended by striking ''section 1650,'' each place it appears in subsections (a) and (d).

(4) Section 1629 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5832) is amended by striking ''section 1650,'' each place it appears in subsections (f) and (g)(11).

SEC. 638. LIVESTOCK PRODUCT SAFETY AND INSPECTION PROGRAM.

Section 1670(e) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5923(e)) is amended by striking ''1995'' and inserting ''2002''.

SEC. 639. PLANT GENOME MAPPING PROGRAM.

Section 1671 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5924) is repealed.

SEC. 640. SPECIALIZED RESEARCH PROGRAMS.

Section 1672 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925) is repealed.

SEC. 641. 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 ''1995'' and inserting ''2002''.

SEC. 642. NATIONAL CENTERS FOR AGRICULTURAL PRODUCT QUALITY RESEARCH.

Section 1675(g)(1) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5928(g)(1)) is amended by striking ''1995'' and inserting ''2002''.

SEC. 643. TURKEY RESEARCH CENTER AUTHORIZATION.

Section 1676 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5929) is repealed.

SEC. 644. SPECIAL GRANT TO STUDY CONSTRAINTS ON AGRICULTURAL TRADE.

Section 1678 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5931) is repealed.

SEC. 645. PILOT PROJECT TO COORDINATE FOOD AND NUTRITION EDUCATION PROGRAMS.

Section 1679 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5932) is repealed.

SEC. 646. ASSISTIVE TECHNOLOGY PROGRAM FOR FARMERS WITH DISABILITIES.

Section 1680 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5933) is amended—

(1) in subsection (a)(6)(B), by striking ''1996'' and inserting ''2002''; and

(2) in subsection (b)(2), by striking ''1996'' and inserting ''2002''.

SEC. 647. DEMONSTRATION PROJECTS.

Section 2348 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2662a) is repealed.

SEC. 648. NATIONAL RURAL INFORMATION CENTER CLEARINGHOUSE.

Section 2381(e) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 3125b(e)) is amended by striking ''1995'' and inserting ''2002''.

SEC. 649. GLOBAL CLIMATE CHANGE.

(a) TECHNICAL ADVISORY COMMITTEE.—Section 2404 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 6703) is repealed.

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 2412 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 6710) is amended by striking ''1996'' and inserting ''2002''.

SEC. 650. TECHNICAL AMENDMENTS.

The table of contents of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 104 Stat. 3359) is amended by striking the items relating to subtitle G of title XIV, section 1499A, subtitles E and F of title XVI, and sections 1671, 1672, 1676, 1678, 1679, 2348, and 2404.

Subtitle C—Miscellaneous Research Provisions

SEC. 661. CRITICAL AGRICULTURAL MATERIALS RESEARCH.

(a) IN GENERAL.—Section 4 of the Critical Agricultural Materials Act (7 U.S.C. 178b) is amended—

(1) by striking subsection (g); and

(2) by redesignating subsection (h) as subsection (g).

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 16(a) of the Critical Agricultural Materials Act (7 U.S.C. 178n(a)) is amended by striking ''1995'' and inserting ''2002''.

SEC. 662. 1994 INSTITUTIONS.

(a) LAND-GRANT STATUS.—The first sentence of section 533(b) of the Equity in Educational Land-Grant Status Act of 1994 (Public Law 103–382; 7 U.S.C. 301 note) is amended by striking ''2000'' and inserting ''2002''.

(b) INSTITUTIONAL CAPACITY BUILDING GRANTS.—Section 535 of the Equity in Educational Land-Grant Status Act of 1994 (Public Law 103–382; 7 U.S.C. 301 note) is amended by striking ''2000'' each place it appears in subsections (b)(1) and (c) and inserting ''2002''.

SEC. 663. SMITH-LEVER ACT FUNDING FOR 1890 LAND-GRANT COLLEGES, INCLUDING TUSKEGEE UNIVERSITY AND THE DISTRICT OF COLUMBIA.

(a) ELIGIBILITY FOR FUNDS.—Section 3(d) of the Act of May 8, 1914 (commonly known as the ''Smith-Lever Act'') (38 Stat. 373, chapter 79; 7 U.S.C. 343(d)), is amended by adding at the end the following: ''A college or university eligible to receive funds under the Act of August 30, 1890 (26 Stat. 417, chapter 841; 7 U.S.C. 321 et seq.), including Tuskegee University, or section 208 of the District of Columbia Public Postsecondary Education Reorganization Act (Public Law 93–471; 88 Stat. 1428) may apply for and receive directly from the Secretary of Agriculture—

''(1) amounts made available under this subsection after September 30, 1995, to carry out programs or initiatives for which no funds were made available under this subsection for fiscal year 1995, or any previous fiscal year, as determined by the Secretary; and

''(2) amounts made available after September 30, 1995, to carry out programs or initiatives funded under this subsection prior to that date that are in excess of the highest amount made available for the programs or initiatives under this subsection for fiscal year 1995, or any previous fiscal year, as determined by the Secretary.''.

(b) CONFORMING AMENDMENTS.—

(1) The third sentence of section 1444(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3221(a)) is amended by inserting before the period at the end the following: '', except that for the purpose of this calculation, the total appropriations shall not include amounts made available after September 30, 1995, under section 3(d) of the Act of May 8, 1914 (commonly known as the 'Smith-Lever Act') (38 Stat. 373, chapter 79; 7 U.S.C. 343(d)), to carry out programs or initiatives for which no funds were made available under section 3(d) of the Act for fiscal year 1995, or any previous fiscal year, as determined by the Secretary, and shall not include amounts made available after September 30, 1995, to carry out programs or initiatives funded under section 3(d) of the Act prior to that date that are in excess of the highest amount made available for the programs or initiatives for fiscal year 1995, or any previous fiscal year, as determined by the Secretary.''.

(2) Section 208(c) of the District of Columbia Public Postsecondary Education Reorganization Act (Public Law 93–471; 88 Stat. 1428) is amended by adding at the end the following: ''Funds appropriated under this subsection shall be in addition to any amounts provided to the District of Columbia from—

''(1) amounts made available after September 30, 1995, under section 3(d) of the Act to carry out programs or initiatives for which no funds were made available under section 3(d) of the Act for fiscal year 1995, or any previous fiscal year, as determined by the Secretary of Agriculture; and

''(2) amounts made available after September 30, 1995, to carry out programs or initiatives funded under section 3(d) of the Act prior to the date that are in excess of the highest amount made available for the programs or initiatives for fiscal year 1995, or any previous fiscal year, as determined by the Secretary of Agriculture.''.

SEC. 664. COMMITTEE OF NINE.

Section 3(c)(3) of the Act of March 2, 1887 (Chapter 314; 7 U.S.C. 361c(c)(3)) is amended by striking from '', and shall be used'' through the end of the paragraph and inserting a period.

SEC. 665. AGRICULTURAL RESEARCH FACILITIES.

(a) IN GENERAL.—

(1) RESEARCH FACILITIES.—The Research Facilities Act (7 U.S.C. 390 et seq.) is amended to read as follows:

''SECTION 1. SHORT TITLE.

''This Act may be cited as the 'Research Facilities Act'.

''SEC. 2. DEFINITIONS.

''In this Act:

''(1) AGRICULTURAL RESEARCH FACILITY.—The term 'agricultural research facility' means a proposed facility for research in food and agricultural sciences for which Federal funds are requested by a college, university, or nonprofit institution to assist in the construction, alteration, acquisition, modernization, renovation, or remodeling of the facility.

''(2) FOOD AND AGRICULTURAL SCIENCES.—The term 'food and agricultural sciences' means—

''(A) agriculture, including soil and water conservation and use, the use of organic materials to improve soil tilth and fertility,

plant and animal production and protection, and plant and animal health;

''(B) the processing, distributing, marketing, and utilization of food and agricultural products;

''(C) forestry, including range management, production of forest and range products. multiple use of forest and rangelands, and urban forestry;

''(D) aquaculture (as defined in section 1404(3) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(3));

''(E) human nutrition;

''(F) production inputs, such as energy, to improve productivity; and

''(G) germ plasm collection and preservation.

''(3) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture.

''SEC. 3. REVIEW PROCESS.

''(a) SUBMISSION TO SECRETARY.—Each proposal for an agricultural research facility shall be submitted to the Secretary for review. The Secretary shall review the proposals in the order in which the proposals are received.

''(b) APPLICATION PROCESS.—In consultation with the Committee on Appropriations of the Senate and Committee on Appropriations of the House of Representatives, the Secretary shall establish an application process for the submission of proposals for agricultural research facilities.

''(c) CRITERIA FOR APPROVAL.—

''(1) DETERMINATION BY SECRETARY.—With respect to each proposal for an agricultural research facility submitted under subsection (a), the Secretary shall determine whether the proposal meets the criteria set forth in paragraph (2).

''(2) CRITERIA.—A proposal for an agricultural research facility shall meet the following criteria:

''(A) NON-FEDERAL SHARE.—The proposal shall certify the availability of at least a 50 percent non-Federal share of the cost of the facility. The non-Federal share shall be paid in cash and may include funding from private sources or from units of State or local government.

''(B) NONDUPLICATION OF FACILITIES.—The proposal shall demonstrate how the agricultural research facility would be complementary to, and not duplicative of, facilities of colleges, universities, and nonprofit institutions, and facilities of the Agricultural Research Service, within the State and region.

''(C) NATIONAL RESEARCH PRIORITIES.—The proposal shall demonstrate how the agricultural research facility would serve—

''(i) 1 or more of the national research policies and priorities set forth in section 1402 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101); and

''(ii) regional needs.

''(D) LONG-TERM SUPPORT.—The proposal shall demonstrate that the recipient college, university, or nonprofit institution has the ability and commitment to support the long-term, ongoing operating costs of—

''(i) the agricultural research facility after the facility is completed; and

''(ii) each program to be based at the facility.

''(E) STRATEGIC PLAN.—After the development of the strategic plan required by section 4, the proposal shall demonstrate how the agricultural research facility reflects the strategic plan for Federal research facilities.

''(d) EVALUATION OF PROPOSALS.—Not later than 90 days after receiving a proposal under subsection (a), the Secretary shall—

''(1) evaluate and assess the merits of the proposal, including the extent to which the proposal meets the criteria set forth in subsection (c); and

''(2) report to the Committee on Appropriations of the Senate and Committee on Appropriations of the House of Representatives on the results of the evaluation and assessment.

''SEC. 4. STRATEGIC PLAN FOR FEDERAL RESEARCH FACILITIES.

''(a) IN GENERAL.—Not later than September 30, 1997, the Secretary shall develop a comprehensive plan for the development, construction, modernization, consolidation, and closure of federally supported agricultural research facilities.

''(b) FACTORS.—In developing the plan, the Secretary shall consider—

''(1) the need to increase agricultural productivity and to enhance the competitiveness of the United States agriculture and food industry as set forth in section 1402 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101); and

''(2) the findings of the National Academy of Sciences with respect to programmatic and scientific priorities relating to agriculture.

''(c) IMPLEMENTATION.—The plan shall be developed for implementation over the 10-fiscal year period beginning with fiscal year 1998.

''SEC. 5. APPLICABILITY OF 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 Act.

''SEC. 6. AUTHORIZATION OF APPROPRIATIONS.

''(a) IN GENERAL.—Subject to subsection (b), there are authorized to be appropriated such sums as are necessary for fiscal years 1996 through 2002 for the study, plan, design, structure, and related costs of agricultural research facilities under this Act.

''(b) ALLOWABLE ADMINISTRATIVE COSTS.—Not more than 3 percent of the funds made available for any project for an agricultural research facility shall be available for administration of the project.''.

(2) APPLICATION.—

(A) CURRENT PROJECTS.—The amendment made by paragraph (1), other than section 4 of the Research Facilities Act (as amended by paragraph (1)), shall not apply to any project for an agricultural research facility for which funds have been made available for a feasibility study or for any phase of the project prior to October 1, 1995.

(B) STRATEGIC PLAN.—The strategic plan required by section 4 of the Act shall apply to all federally supported agricultural research facilities, including projects funded prior to the effective date of this title.

(b) AUTHORIZATION OF APPROPRIATIONS FOR FEDERAL 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—

(1) in subsection (a)—

(A) by striking ''(a)''; and

(B) by striking ''1995'' and inserting ''2002''; and

(2) by striking subsection (b).

(c) CONFORMING AMENDMENT.—Section 1463(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3311(a)) is amended by striking ''1416,''.

SEC. 666. NATIONAL COMPETITIVE RESEARCH INITIATIVE.

Subsection (b)(10) of the Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 450i(b)(10)) is amended—

(1) by striking ''OF APPROPRIATIONS.—There'' and inserting the following: ''AND AVAILABILITY OF APPROPRIATIONS.—

''(A) IN GENERAL.—There'';

(2) by striking ''fiscal year 1995'' and inserting ''each of fiscal years 1995 through 2002'';

(3) by striking ''(A) not'' and inserting the following:

''(i) not'';

(4) by striking ''(B) not'' and inserting the following:

''(ii) not'';

(5) in clause (ii) (as so designated), by striking ''20 percent'' and inserting ''40 percent'';

(6) by striking ''(C) not'' and inserting the following:

''(iii) not'';

(7) by striking ''(D) not'' and inserting the following:

''(iv) not'';

(8) by striking ''(E) not'' and inserting the following:

''(v) not''; and

(9) by adding at the end the following:

''(B) AVAILABILITY.—Funds made available under subparagraph (A) shall be available for obligation for a period of 2 years from the beginning of the fiscal year for which the funds are made available.''.

SEC. 667. COTTON CROP REPORTS.

The Act of May 3, 1924 (43 Stat. 115, chapter 149; 7 U.S.C. 475), is repealed.

SEC. 668. RURAL DEVELOPMENT RESEARCH AND EDUCATION.

Section 502 of the Rural Development Act of 1972 (7 U.S.C. 2662) is amended—

(1) in subsection (a), by inserting after the first sentence the following: ''The rural development extension programs shall also promote coordinated and integrated rural community initiatives that advance and empower capacity building through leadership development, entrepreneurship, business development and management training and strategic planning to increase jobs, income, and quality of life in rural communities.'';

(2) by striking subsections (g) and (j); and

(3) by redesignating subsections (h) and (i) as subsections (g) and (h) respectively.

SEC. 669. HUMAN NUTRITION RESEARCH.

Section 1452 of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1985 (Public Law 99–198; 7 U.S.C. 3173 note) is repealed.

SEC. 670. DAIRY GOAT RESEARCH PROGRAM.

Section 1432 of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1981 (Public Law 97–98; 7 U.S.C. 3222 note) is amended—

(1) in subsection (a), by striking ''(a)''; and

(2) by striking subsection (b).

SEC. 671. GRANTS TO UPGRADE 1890 LAND-GRANT COLLEGE EXTENSION FACILITIES.

(a) IN GENERAL.—Section 1416 of the Food Security Act of 1985 (7 U.S.C. 3224) is repealed.

(b) TECHNICAL AMENDMENT.—The table of contents of the Food Security Act of 1985 (Public Law 99–198; 99 Stat. 1354) is amended by striking the item relating to section 1416.

SEC. 672. STUTTGART NATIONAL AQUACULTURE RESEARCH CENTER.

(a) TRANSFER OF FUNCTIONS TO THE SECRETARY OF AGRICULTURE.—

(1) TITLE OF PUBLIC LAW 85–342.—The title of Public Law 85–342 (16 U.S.C. 778 et seq.) is amended by striking ''Secretary of the Interior'' and inserting ''Secretary of Agriculture''.

(2) AUTHORIZATION.—The first section of Public Law 85–342 (16 U.S.C. 778) is amended—

(A) by striking ''Secretary of the Interior'' and all that follows through ''directed to'' and inserting ''Secretary of Agriculture shall'';

(B) by striking ''station and stations'' and inserting ''1 or more centers''; and

(C) in paragraph (5), by striking ''Department of Agriculture'' and inserting ''Secretary of the Interior''.

(3) AUTHORITY.—Section 2 of Public Law 85–342 (16 U.S.C. 778a) is amended by striking '', the Secretary'' and all that follows through ''authorized'' and inserting '', the Secretary of Agriculture is authorized''.

(4) ASSISTANCE.—Section 3 of Public Law 85–342 (16 U.S.C. 778b) is amended—

(A) by striking ''Secretary of the Interior'' and inserting ''Secretary of Agriculture''; and

(B) by striking ''Department of Agriculture'' and inserting ''Secretary of the Interior''.

(b) TRANSFER OF FISH FARMING EXPERIMENTAL LABORATORY TO DEPARTMENT OF AGRICULTURE.—

(1) DESIGNATION OF STUTTGART NATIONAL AQUACULTURE RESEARCH CENTER.—

(A) IN GENERAL.—The Fish Farming Experimental Laboratory in Stuttgart, Arkansas (including the facilities in Kelso, Arkansas), shall be known and designated as the ''Stuttgart National Aquaculture Research Center''.

(B) REFERENCES.—Any reference in a law, map, regulation, document, paper, or other record of the United States to the laboratory referred to in subparagraph (A) shall be deemed to be a reference to the ''Stuttgart National Aquaculture Research Center''.

(2) TRANSFER OF LABORATORY TO THE DEPARTMENT OF AGRICULTURE.—Subject to section 1531 of title 31, United States Code, not later than 90 days after the effective date of this title, there are transferred to the Department of Agriculture—

(A) the personnel employed in connection with the laboratory referred to in paragraph (1);

(B) the assets, liabilities, contracts, and real and personal property of the laboratory;

(C) the records of the laboratory; and

(D) the unexpended balance of appropriations, authorizations, allocations and other funds employed, held, arising from, available to, or to be made available in connection with the laboratory.

(3) NONDUPLICATION.—The research center referred to in paragraph (1)(A) shall be complementary to, and not duplicative of, facilities of colleges, universities, and nonprofit institutions, and facilities of the Agricultural Research Service, within the State and region, as determined by the Administrator of the Service.

SEC. 673. NATIONAL AQUACULTURE POLICY, PLANNING, AND DEVELOPMENT.

(a) DEFINITIONS.—Section 3 of the National Aquaculture Act of 1980 (16 U.S.C. 2802) is amended—

(1) in paragraph (1), by striking ''the propagation'' and all that follows through the period at the end and inserting the following: ''the commercially controlled cultivation of aquatic plants, animals, and microorganisms, but does not include private for-profit ocean ranching of Pacific salmon in a State in which the ranching is prohibited by law.'';

(2) in paragraph (3), by striking ''or aquatic plant'' and inserting ''aquatic plant, or microorganism'';

(3) by redesignating paragraphs (7) through (9) as paragraphs (8) through (10), respectively; and

(4) by inserting after paragraph (6) the following:

''(7) The term 'private aquaculture' means the commercially controlled cultivation of aquatic plants, animals, and microorganisms other than cultivation carried out by the Federal Government, any State or local government, or an Indian tribe recognized by the Bureau of Indian Affairs.''.

(b) NATIONAL AQUACULTURE DEVELOPMENT PLAN.—Section 4 of the National Aquaculture Act of 1980 (16 U.S.C. 2803) is amended—

(1) in subsection (c)—

(A) in subparagraph (A), by adding ''and'' at the end;

(B) in subparagraph (B), by striking ''; and'' and inserting a period; and

(C) by striking subparagraph (C);

(2) in the second sentence of subsection (d), by striking ''Secretaries determine that'' and inserting ''Secretary, in consultation with the Secretary of Commerce, the Secretary of the Interior, and the heads of such other agencies as the Secretary determines are appropriate, determines that''; and

(3) in subsection (e), by striking ''Secretaries'' and inserting ''Secretary, in consultation with the Secretary of Commerce, the Secretary of the Interior, and the heads of such other agencies as the Secretary determines are appropriate,''.

(c) FUNCTIONS AND POWERS OF SECRETARIES.—Section 5(b)(3) of the National Aquaculture Act of 1980 (16 U.S.C. 2804(b)(3)) is amended by striking ''Secretaries deem'' and inserting ''Secretary, in consultation with the Secretary of Commerce, the Secretary of the Interior, and the heads of such other agencies as the Secretary determines are appropriate, consider''.

(d) COORDINATION OF NATIONAL ACTIVITIES REGARDING AQUACULTURE.—The first sentence of section 6(a) of the National Aquaculture Act of 1980 (16 U.S.C. 2805(a)) is amended by striking ''(f)'' and inserting ''(e)''.

(e) NATIONAL POLICY FOR PRIVATE AQUACULTURE.—The National Aquaculture Act of 1980 (16 U.S.C. 2801 et seq.) is amended—

(1) by redesignating sections 7, 8, 9, 10, and 11 as sections 8, 9, 10, 11, and 12, respectively; and

(2) by inserting after section 6 (16 U.S.C. 2805) the following:

''SEC. 7. NATIONAL POLICY FOR PRIVATE AQUACULTURE.

''(a) IN GENERAL.—In consultation with the Secretary of Commerce and the Secretary of the Interior, the Secretary shall coordinate and implement a national policy for private aquaculture in accordance with this section. In developing the policy, the Secretary may consult with other agencies and organizations.

''(b) DEPARTMENT OF AGRICULTURE AQUACULTURE PLAN.—

''(1) IN GENERAL.—The Secretary shall develop and implement a Department of Agriculture Aquaculture Plan (referred to in this section as the 'Department plan') for a unified aquaculture program of the Department of Agriculture (referred to in this section as the 'Department') to support the development of private aquaculture.

''(2) ELEMENTS OF DEPARTMENT PLAN.—The Department plan shall address—

''(A) programs of individual agencies of the Department related to aquaculture that are consistent with Department programs related to other areas of agriculture, including livestock, crops, products, and commodities under the jurisdiction of agencies of the Department;

''(B) the treatment of cultivated aquatic animals as livestock and cultivated aquatic plants as agricultural crops; and

''(C) means for effective coordination and implementation of aquaculture activities and programs within the Department, including individual agency commitments of personnel and resources.

''(c) NATIONAL AQUACULTURE INFORMATION CENTER.—In carrying out section 5, the Secretary may maintain and support a National Aquaculture Information Center at the National Agricultural Library as a repository for information on national and international aquaculture.

''(d) TREATMENT OF AQUACULTURE.—The Secretary shall treat—

''(1) private aquaculture as agriculture; and

''(2) commercially cultivated aquatic animals, plants, and microorganisms, and products of the animals, plants, and microorganisms, produced by private persons and transported or moved in standard commodity channels as agricultural livestock, crops, and commodities.

''(e) PRIVATE AQUACULTURE POLICY COORDINATION, DEVELOPMENT, AND IMPLEMENTATION.—

''(1) RESPONSIBILITY.—The Secretary shall have responsibility for coordinating, developing, and carrying out policies and programs for private aquaculture.

''(2) DUTIES.—The Secretary shall—

''(A) coordinate all intradepartmental functions and activities relating to private aquaculture; and

''(B) establish procedures for the coordination of functions, and consultation with, the coordinating group.

''(f) LIAISON WITH DEPARTMENTS OF COMMERCE AND THE INTERIOR.—The Secretary of Commerce and the Secretary of the Interior shall each designate an officer or employee of the Department of the Secretary to be the liaison of the Department to the Secretary of Agriculture.''.

(f) AUTHORIZATION OF APPROPRIATIONS.—Section 11 of the National Aquaculture Act of 1980 (as redesignated by subsection (e)(1)) is amended by striking ''the fiscal years 1991, 1992, and 1993'' each place it appears and inserting ''fiscal years 1991 through 2002''.

SEC. 674. EXPANSION OF AUTHORITIES RELATED TO THE NATIONAL ARBORETUM.

(a) SOLICITATION OF GIFTS, BENEFITS, AND DEVISES.—The first sentence of section 5 of the Act of March 4, 1927 (89 Stat. 683; 20 U.S.C. 195), is amended by inserting ''solicit,'' after ''authorized to''.

(b) CONCESSIONS, FEES, AND VOLUNTARY SERVICES.—The Act of March 4, 1927 (44 Stat. 1422, chapter 505; 20 U.S.C. 191 et seq.), is amended by adding at the end the following:

''SEC. 6. CONCESSIONS, FEES, AND VOLUNTARY SERVICES.

''(a) IN GENERAL.—Notwithstanding the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.) and section 321 of the Act of June 30, 1932 (47 Stat. 412, chapter 314; 40 U.S.C. 303b), the Secretary of Agriculture, in furtherance of the mission of the National Arboretum, may—

''(1) negotiate agreements granting concessions at the National Arboretum to nonprofit scientific or educational organizations the interests of which are complementary to the mission of the National Arboretum, except that the net proceeds of the organizations from the concessions shall be used exclusively for research and educational work for the benefit of the National Arboretum;

''(2) provide by concession, on such terms as the Secretary of Agriculture considers appropriate and necessary, for commercial services for food, drink, and nursery sales, if an agreement for a permanent concession under this paragraph is negotiated with a qualified person submitting a proposal after due consideration of all proposals received after the Secretary of Agriculture provides reasonable public notice of the intent of the Secretary to enter into such an agreement;

''(3) dispose of excess property, including excess plants and fish, in a manner designed to maximize revenue from any sale of the property, including by way of public auction, except that this paragraph shall not apply to the free dissemination of new varieties of seeds and germ plasm in accordance with section 520 of the Revised Statutes (commonly known as the 'Department of Agriculture Organic Act of 1862') (7 U.S.C. 2201);

''(4) charge such fees as the Secretary of Agriculture considers reasonable for temporary use by individuals or groups of National Arboretum facilities and grounds for any purpose consistent with the mission of the National Arboretum;

''(5) charge such fees as the Secretary of Agriculture considers reasonable for the use of the National Arboretum for commercial photography or cinematography;

''(6) publish, in print and electronically and without regard to laws relating to printing by the Federal Government, informational brochures, books, and other publications concerning the National Arboretum or the collections of the Arboretum; and

''(7) license use of the National Arboretum name and logo for public service or commercial uses.

''(b) USE OF FUNDS.—Any funds received or collected by the Secretary of Agriculture as a result of activities described in subsection (a) shall be retained in a special fund in the Treasury for the use and benefit of the National Arboretum as the Secretary of Agriculture considers appropriate.

''(c) ACCEPTANCE OF VOLUNTARY SERVICES.—The Secretary of Agriculture may accept the voluntary services of organizations described in subsection (a)(1), and the voluntary services of individuals (including employees of the National Arboretum), for the benefit of the National Arboretum.''.

SEC. 675. STUDY OF AGRICULTURAL RESEARCH SERVICE.

(a) STUDY.—The Secretary of Agriculture shall request the National Academy of Sciences to conduct a study of the role and mission of the Agricultural Research Service. The study shall—

(1) evaluate the strength of science of the Service and the relevance of the science to national priorities;

(2) examine how the work of the Service relates to the capacity of the United States agricultural research, education, and extension system overall; and

(3) include recommendations, as appropriate.

(b) REPORT.—Not later than 18 months after the effective date of this title, the Secretary shall prepare a report that describes the results of the study conducted under subsection (a) and submit the report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(c) FUNDING.—The Secretary shall use to carry out this section not more than $500,000 of funds made available to the Agricultural Research Service for research.

TITLE VII—AGRICULTURAL PROMOTION

Subtitle A—Popcorn

SEC. 701. SHORT TITLE.

This subtitle may be cited as the ''Popcorn Promotion, Research, and Consumer Information Act''.

SEC. 702. FINDINGS AND DECLARATION OF POLICY.

(a) FINDINGS.—Congress finds that—

(1) popcorn is an important food that is a valuable part of the human diet;

(2) the production and processing of popcorn plays a significant role in the economy of the United States in that popcorn is processed by several popcorn processors, distributed through wholesale and retail outlets, and consumed by millions of people throughout the United States and foreign countries;

(3) popcorn must be of high quality, readily available, handled properly, and marketed efficiently to ensure that the benefits of popcorn are available to the people of the United States;

(4) the maintenance and expansion of existing markets and uses and the development of new markets and uses for popcorn are vital to the welfare of processors and persons concerned with marketing, using, and producing popcorn for the market, as well as to the agricultural economy of the United States;

(5) the cooperative development, financing, and implementation of a coordinated program of popcorn promotion, research, consumer information, and industry information is necessary to maintain and expand markets for popcorn; and

(6) popcorn moves in interstate and foreign commerce, and popcorn that does not move in those channels of commerce directly burdens or affects interstate commerce in popcorn.

(b) POLICY.—It is the policy of Congress that it is in the public interest to authorize the establishment, through the exercise of the powers provided in this subtitle, of an orderly procedure for developing, financing (through adequate assessments on unpopped popcorn processed domestically), and carrying out an effective, continuous, and coordinated program of promotion, research, consumer information, and industry information designed to—

(1) strengthen the position of the popcorn industry in the marketplace; and

(2) maintain and expand domestic and foreign markets and uses for popcorn.

(c) PURPOSES.—The purposes of this subtitle are to—

(1) maintain and expand the markets for all popcorn products in a manner that—

(A) is not designed to maintain or expand any individual share of a producer or processor of the market;

(B) does not compete with or replace individual advertising or promotion efforts designed to promote individual brand name or trade name popcorn products; and

(C) authorizes and funds programs that result in government speech promoting government objectives; and

(2) establish a nationally coordinated program for popcorn promotion, research, consumer information, and industry information.

(d) STATUTORY CONSTRUCTION.—This subtitle treats processors equitably. Nothing in this subtitle—

(1) provides for the imposition of a trade barrier to the entry into the United States of imported popcorn for the domestic market; or

(2) provides for the control of production or otherwise limits the right of any individual processor to produce popcorn.

SEC. 703. DEFINITIONS.

In this subtitle (except as otherwise specifically provided):

(1) BOARD.—The term ''Board'' means the Popcorn Board established under section 705(b).

(2) COMMERCE.—The term ''commerce'' means interstate, foreign, or intrastate commerce.

(3) CONSUMER INFORMATION.—The term ''consumer information'' means information and programs that will assist consumers and other persons in making evaluations and decisions regarding the purchase, preparation, and use of popcorn.

(4) DEPARTMENT.—The term ''Department'' means the Department of Agriculture.

(5) INDUSTRY INFORMATION.—The term ''industry information'' means information and programs that will lead to the development of—

(A) new markets, new marketing strategies, or increased efficiency for the popcorn industry; or

(B) activities to enhance the image of the popcorn industry.

(6) MARKETING.—The term ''marketing'' means the sale or other disposition of unpopped popcorn for human consumption in a channel of commerce, but does not include a sale or disposition to or between processors.

(7) ORDER.—The term ''order'' means an order issued under section 704.

(8) PERSON.—The term ''person'' means an individual, group of individuals, partnership, corporation, association, or cooperative, or any other legal entity.

(9) POPCORN.—The term ''popcorn'' means unpopped popcorn (Zea Mays L) that is—

(A) commercially grown;

(B) processed in the United States by shelling, cleaning, or drying; and

(C) introduced into a channel of commerce.

(10) PROCESS.—The term ''process'' means to shell, clean, dry, and prepare popcorn for the market, but does not include packaging popcorn for the market without also engaging in another activity described in this paragraph.

(11) PROCESSOR.—The term ''processor'' means a person engaged in the preparation of unpopped popcorn for the market who owns or shares the ownership and risk of loss of the popcorn and who processes and distributes over 4,000,000 pounds of popcorn in the market per year.

(12) PROMOTION.—The term ''promotion'' means an action, including paid advertising, to enhance the image or desirability of popcorn.

(13) RESEARCH.—The term ''research'' means any type of study to advance the image, desirability, marketability, production, product development, quality, or nutritional value of popcorn.

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

(15) STATE.—The term ''State'' means each of the 50 States and the District of Columbia.

(16) UNITED STATES.—The term ''United States'' means all of the States.

SEC. 704. ISSUANCE OF ORDERS.

(a) IN GENERAL.—To effectuate the policy described in section 702(b), the Secretary, subject to subsection (b), shall issue 1 or more orders applicable to processors. An order shall be applicable to all popcorn production and marketing areas in the United States. Not more than 1 order shall be in effect under this subtitle at any 1 time.

(b) PROCEDURE.—

(1) PROPOSAL OR REQUEST FOR ISSUANCE.—The Secretary may propose the issuance of an order, or an association of processors or any other person that would be affected by an order may request the issuance of, and submit a proposal for, an order.

(2) NOTICE AND COMMENT CONCERNING PROPOSED ORDER.—Not later than 60 days after the receipt of a request and proposal for an order under paragraph (1), or at such time as the Secretary determines to propose an order, the Secretary shall publish a proposed order and give due notice and opportunity for public comment on the proposed order.

(3) ISSUANCE OF ORDER.—After notice and opportunity for public comment under paragraph (2), the Secretary shall issue an order, taking into consideration the comments received and including in the order such provisions as are necessary to ensure that the order conforms to this subtitle. The order shall be issued and become effective not later than 150 days after the date of publication of the proposed order.

(c) AMENDMENTS.—The Secretary, as appropriate, may amend an order. The provisions of this subtitle applicable to an order shall be applicable to any amendment to an order, except that an amendment to an order may not require a referendum to become effective.

SEC. 705. REQUIRED TERMS IN ORDERS.

(a) IN GENERAL.—An order shall contain the terms and conditions specified in this section.

(b) ESTABLISHMENT AND MEMBERSHIP OF POPCORN BOARD.—

(1) IN GENERAL.—The order shall provide for the establishment of, and appointment of members to, a Popcorn Board that shall consist of not fewer than 4 members and not more than 9 members.

(2) NOMINATIONS.—The members of the Board shall be processors appointed by the Secretary from nominations submitted by processors in a manner authorized by the Secretary, subject to paragraph (3). Not more than 1 member may be appointed to the Board from nominations submitted by any 1 processor.

(3) GEOGRAPHICAL DIVERSITY.—In making appointments, the Secretary shall take into account, to the extent practicable, the geographical distribution of popcorn production throughout the United States.

(4) TERMS.—The term of appointment of each member of the Board shall be 3 years, except that the members appointed to the initial Board shall serve, proportionately, for terms of 2, 3, and 4 years, as determined by the Secretary.

(5) COMPENSATION AND EXPENSES.—A member of the Board shall serve without compensation, but shall be reimbursed for the expenses of the member incurred in the performance of duties for the Board.

(c) POWERS AND DUTIES OF BOARD.—The order shall define the powers and duties of the Board, which shall include the power and duty—

(1) to administer the order in accordance with the terms and provisions of the order;

(2) to make regulations to effectuate the terms and provisions of the order;

(3) to appoint members of the Board to serve on an executive committee;

(4) to propose, receive, evaluate, and approve budgets, plans, and projects of promotion, research, consumer information, and industry information, and to contract with appropriate persons to implement the plans or projects;

(5) to accept and receive voluntary contributions, gifts, and market promotion or similar funds;

(6) to invest, pending disbursement under a plan or project, funds collected through assessments authorized under subsection (f), only in—

(A) obligations of the United States or an agency of the United States;

(B) general obligations of a State or a political subdivision of a State;

(C) an interest-bearing account or certificate of deposit of a bank that is a member of the Federal Reserve System; or

(D) obligations fully guaranteed as to principal and interest by the United States;

(7) to receive, investigate, and report to the Secretary complaints of violations of the order; and

(8) to recommend to the Secretary amendments to the order.

(d) PLANS AND BUDGETS.—

(1) IN GENERAL.—The order shall provide that the Board shall submit to the Secretary for approval any plan or project of promotion, research, consumer information, or industry information.

(2) BUDGETS.—The order shall require the Board to submit to the Secretary for approval budgets on a fiscal year basis of the anticipated expenses and disbursements of the Board in the implementation of the order, including projected costs of plans and projects of promotion, research, consumer information, and industry information.

(e) CONTRACTS AND AGREEMENTS.—

(1) IN GENERAL.—The order shall provide that the Board may enter into contracts or agreements for the implementation and carrying out of plans or projects of promotion, research, consumer information, or industry information, including contracts with a processor organization, and for the payment of the cost of the plans or projects with funds collected by the Board under the order.

(2) REQUIREMENTS.—A contract or agreement under paragraph (1) shall provide that—

(A) the contracting party shall develop and submit to the Board a plan or project, together with a budget that shows the estimated costs to be incurred for the plan or project;

(B) the plan or project shall become effective on the approval of the Secretary; and

(C) the contracting party shall keep accurate records of each transaction of the party, account for funds received and expended, make periodic reports to the Board of activities conducted, and make such other reports as the Board or the Secretary may require.

(3) PROCESSOR ORGANIZATIONS.—The order shall provide that the Board may contract with processor organizations for any other services. The contract shall include provisions comparable to the provisions required by paragraph (2).

(f) ASSESSMENTS.—

(1) PROCESSORS.—The order shall provide that each processor marketing popcorn in the United States or for export shall, in the manner prescribed in the order, pay assessments and remit the assessments to the Board.

(2) DIRECT MARKETERS.—A processor that markets popcorn produced by the processor directly to consumers shall pay and remit the assessments on the popcorn directly to the Board in the manner prescribed in the order.

(3) RATE.—

(A) IN GENERAL.—The rate of assessment prescribed in the order shall be a rate established by the Board but not more than $.08 per hundredweight of popcorn.

(B) ADJUSTMENT OF RATE.—The order shall provide that the Board, with the approval of the Secretary, may raise or lower the rate of assessment annually up to a maximum of $.08 per hundredweight of popcorn.

(4) USE OF ASSESSMENTS.—

(A) IN GENERAL.—Subject to subparagraphs (B) and (C) and subsection (c)(5), the order shall provide that the assessments collected shall be used by the Board—

(i) to pay expenses incurred in implementing and administering the order, with provision for a reasonable reserve; and

(ii) to cover such administrative costs as are incurred by the Secretary, except that the administrative costs incurred by the Secretary (other than any legal expenses incurred to defend and enforce the order) that may be reimbursed by the Board may not exceed 15 percent of the projected annual revenues of the Board.

(B) EXPENDITURES BASED ON SOURCE OF ASSESSMENTS.—In implementing plans and projects of promotion, research, consumer information, and industry information, the Board shall expend funds on—

(i) plans and projects for popcorn marketed in the United States or Canada in proportion to the amount of assessments collected on domestically marketed popcorn; and

(ii) plans and projects for exported popcorn in proportion to the amount of assessments collected on exported popcorn.

(C) NOTIFICATION.—If the administrative costs incurred by the Secretary that are reimbursed by the Board exceed 10 percent of the projected annual revenues of the Board, the Secretary shall notify as soon as practicable the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(g) PROHIBITION ON USE OF FUNDS.—The order shall prohibit any funds collected by the Board under the order from being used to influence government action or policy, other than the use of funds by the Board for the development and recommendation to the Secretary of amendments to the order.

(h) BOOKS AND RECORDS OF THE BOARD.—The order shall require the Board to—

(1) maintain such books and records (which shall be available to the Secretary for inspection and audit) as the Secretary may prescribe;

(2) prepare and submit to the Secretary, from time to time, such reports as the Secretary may prescribe; and

(3) account for the receipt and disbursement of all funds entrusted to the Board.

(i) BOOKS AND RECORDS OF PROCESSORS.—

(1) MAINTENANCE AND REPORTING OF INFORMATION.—The order shall require that each processor of popcorn for the market shall—

(A) maintain, and make available for inspection, such books and records as are required by the order; and

(B) file reports at such time, in such manner, and having such content as is prescribed in the order.

(2) USE OF INFORMATION.—The Secretary shall authorize the use of information regarding processors that may be accumulated under a law or regulation other than this subtitle or a regulation issued under this subtitle. The information shall be made available to the Secretary as appropriate for the administration or enforcement of this subtitle, the order, or any regulation issued under this subtitle.

(3) CONFIDENTIALITY.—

(A) IN GENERAL.—Subject to subparagraphs (B), (C), and (D), all information obtained by the Secretary under paragraphs (1) and (2) shall be kept confidential by all officers, employees, and agents of the Board and the Department.

(B) DISCLOSURE BY SECRETARY.—Information referred to in subparagraph (A) may be disclosed if—

(i) the Secretary considers the information relevant;

(ii) the information is revealed in a suit or administrative hearing brought at the request of the Secretary, or to which the Secretary or any officer of the United States is a party; and

(iii) the information relates to the order.

(C) DISCLOSURE TO OTHER AGENCY OF FEDERAL GOVERNMENT.—

(i) IN GENERAL.—No information obtained under the authority of this subtitle may be made available to another agency or officer of the Federal Government for any purpose other than the implementation of this subtitle and any investigatory or enforcement activity necessary for the implementation of this subtitle.

(ii) PENALTY.—A person who knowingly violates this subparagraph shall, on conviction, be subject to a fine of not more than $1,000 or to imprisonment for not more than 1 year, or both, and if an officer, employee, or agent of the Board or the Department, shall be removed from office or terminated from employment, as applicable.

(D) GENERAL STATEMENTS.—Nothing in this paragraph prohibits—

(i) the issuance of general statements, based on the reports, of the number of persons subject to the order or statistical data collected from the reports, if the statements do not identify the information provided by any person; or

(ii) the publication, by direction of the Secretary, of the name of a person violating the order, together with a statement of the

particular provisions of the order violated by the person.

(j) OTHER TERMS AND CONDITIONS.—The order shall contain such terms and conditions, consistent with this subtitle, as are necessary to effectuate this subtitle, including regulations relating to the assessment of late payment charges.

SEC. 706. REFERENDA.

(a) INITIAL REFERENDUM.—

(1) IN GENERAL.—Within the 60-day period immediately preceding the effective date of an order, as provided in section 704(b)(3), the Secretary shall conduct a referendum among processors who, during a representative period as determined by the Secretary, have been engaged in processing, for the purpose of ascertaining whether the order shall go into effect.

(2) APPROVAL OF ORDER.—The order shall become effective, as provided in section 704(b), only if the Secretary determines that the order has been approved by not less than a majority of the processors voting in the referendum and if the majority processed more than 50 percent of the popcorn certified as having been processed, during the representative period, by the processors voting.

(b) ADDITIONAL REFERENDA.—

(1) IN GENERAL.—Not earlier than 3 years after the effective date of an order approved under subsection (a), on the request of the Board or a representative group of processors, as described in paragraph (2), the Secretary may conduct additional referenda to determine whether processors favor the termination or suspension of the order.

(2) REPRESENTATIVE GROUP OF PROCESSORS.—An additional referendum on an order shall be conducted if the referendum is requested by 30 percent or more of the number of processors who, during a representative period as determined by the Secretary, have been engaged in processing.

(3) DISAPPROVAL OF ORDER.—If the Secretary determines, in a referendum conducted under paragraph (1), that suspension or termination of the order is favored by at least ⅔ of the processors voting in the referendum, the Secretary shall—

(A) suspend or terminate, as appropriate, collection of assessments under the order not later than 180 days after the date of determination; and

(B) suspend or terminate the order, as appropriate, in an orderly manner as soon as practicable after the date of determination.

(c) COSTS OF REFERENDUM.—The Secretary shall be reimbursed from assessments collected by the Board for any expenses incurred by the Secretary in connection with the conduct of any referendum under this section.

(d) METHOD OF CONDUCTING REFERENDUM.—Subject to this section, a referendum conducted under this section shall be conducted in such manner as is determined by the Secretary.

(e) CONFIDENTIALITY OF BALLOTS AND OTHER INFORMATION.—

(1) IN GENERAL.—The ballots and other information or reports that reveal or tend to reveal the vote of any processor, or any business operation of a processor, shall be considered to be strictly confidential and shall not be disclosed.

(2) PENALTY FOR VIOLATIONS.—An officer or employee of the Department who knowingly violates paragraph (1) shall be subject to the penalties described in section 705(i)(3)(C)(ii).

SEC. 707. PETITION AND REVIEW.

(a) PETITION.—

(1) IN GENERAL.—A person subject to an order may file with the Secretary a petition—

(A) stating that the order, a provision of the order, or an obligation imposed in connection with the order is not established in accordance with law; and

(B) requesting a modification of the order or obligation or an exemption from the order or obligation.

(2) STATUTE OF LIMITATIONS.—A petition under paragraph (1) concerning an obligation may be filed not later than 2 years after the date of imposition of the obligation.

(3) HEARINGS.—The petitioner shall be given the opportunity for a hearing on a petition filed under paragraph (1), in accordance with regulations issued by the Secretary.

(4) RULING.—After a hearing under paragraph (3), the Secretary shall issue a ruling on the petition that is the subject of the hearing, which shall be final if the ruling is in accordance with applicable law.

(b) REVIEW.—

(1) COMMENCEMENT OF ACTION.—The district court of the United States for any district in which a person who is a petitioner under subsection (a) resides or carries on business shall have jurisdiction to review a ruling on the petition, if the person files a complaint not later than 20 days after the date of issuance of the ruling under subsection (a)(4).

(2) PROCESS.—Service of process in a proceeding under paragraph (1) may be made on the Secretary by delivering a copy of the complaint to the Secretary.

(3) REMANDS.—If the court determines, under paragraph (1), that a ruling issued under subsection (a)(4) is not in accordance with applicable law, the court shall remand the matter to the Secretary with directions—

(A) to make such ruling as the court shall determine to be in accordance with law; or

(B) to take such further proceedings as, in the opinion of the court, the law requires.

(c) ENFORCEMENT.—The pendency of proceedings instituted under subsection (a) may not impede, hinder, or delay the Secretary or the Attorney General from taking action under section 708.

SEC. 708. ENFORCEMENT.

(a) IN GENERAL.—The Secretary may issue an enforcement order to restrain or prevent any person from violating an order or regulation issued under this subtitle and may assess a civil penalty of not more than $1,000 for each violation of the enforcement order, after an opportunity for an administrative hearing, if the Secretary determines that the administration and enforcement of the order and this subtitle would be adequately served by such a procedure.

(b) JURISDICTION.—The district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating, an order or regulation issued under this subtitle.

(c) REFERRAL TO ATTORNEY GENERAL.—A civil action authorized to be brought under this section shall be referred to the Attorney General for appropriate action.

SEC. 709. INVESTIGATIONS AND POWER TO SUBPOENA.

(a) INVESTIGATIONS.—The Secretary may make such investigations as the Secretary considers necessary—

(1) for the effective administration of this subtitle; and

(2) to determine whether any person subject to this subtitle has engaged, or is about to engage, in an act that constitutes or will constitute a violation of this subtitle or of an order or regulation issued under this subtitle.

(b) OATHS, AFFIRMATIONS, AND SUBPOENAS.—For the purpose of an investigation under subsection (a), the Secretary may administer oaths and affirmations, subpoena witnesses, compel the attendance of witnesses, take evidence, and require the production of any records that are relevant to the inquiry. The attendance of witnesses and the production of records may be required from any place in the United States.

(c) AID OF COURTS.—

(1) REQUEST.—In the case of contumacy by, or refusal to obey a subpoena issued to, any person, the Secretary may request the aid of any court of the United States within the jurisdiction of which the investigation or proceeding is carried on, or where the person resides or carries on business, in requiring the attendance and testimony of the person and the production of records.

(2) ENFORCEMENT ORDER OF THE COURT.—The court may issue an enforcement order requiring the person to appear before the Secretary to produce records or to give testimony concerning the matter under investigation.

(3) CONTEMPT.—A failure to obey an enforcement order of the court under paragraph (2) may be punished by the court as a contempt of the court.

(4) PROCESS.—Process in a case under this subsection may be served in the judicial district in which the person resides or conducts business or wherever the person may be found.

SEC. 710. RELATION TO OTHER PROGRAMS.

Nothing in this subtitle preempts or supersedes any other program relating to popcorn promotion organized and operated under the laws of the United States or any State.

SEC. 711. REGULATIONS.

The Secretary may issue such regulations as are necessary to carry out this subtitle.

SEC. 712. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated such sums as are necessary to carry out this subtitle. Amounts made available under this section or otherwise made available to the Department, and amounts made available under any other marketing or promotion order, may not be used to pay any administrative expense of the Board.

Subtitle B—Canola and Rapeseed

SEC. 721. SHORT TITLE.

This subtitle may be cited as the ''Canola and Rapeseed Research, Promotion, and Consumer Information Act''.

SEC. 722. FINDINGS AND DECLARATION OF POLICY.

(a) FINDINGS.—Congress finds that—

(1) canola and rapeseed products are an important and nutritious part of the human diet;

(2) the production of canola and rapeseed products plays a significant role in the economy of the United States in that canola and rapeseed products are produced by thousands of canola and rapeseed producers, processed by numerous processing entities, and canola and rapeseed products produced in the United States are consumed by people throughout the United States and foreign countries;

(3) canola, rapeseed, and canola and rapeseed products should be readily available and marketed efficiently to ensure that consumers have an adequate supply of canola and rapeseed products at a reasonable price;

(4) the maintenance and expansion of existing markets and development of new markets for canola, rapeseed, and canola and rapeseed products are vital to the welfare of canola and rapeseed producers and processors and those persons concerned with marketing canola, rapeseed, and canola and rapeseed products, as well as to the general economy of the United States, and are necessary to ensure the ready availability and efficient marketing of canola, rapeseed, and canola and rapeseed products;

(5) there exist established State and national organizations conducting canola and

rapeseed research, promotion, and consumer education programs that are valuable to the efforts of promoting the consumption of canola, rapeseed, and canola and rapeseed products;

(6) the cooperative development, financing, and implementation of a coordinated national program of canola and rapeseed research, promotion, consumer information, and industry information is necessary to maintain and expand existing markets and develop new markets for canola, rapeseed, and canola and rapeseed products; and

(7) canola, rapeseed, and canola and rapeseed products move in interstate and foreign commerce, and canola, rapeseed, and canola and rapeseed products that do not move in interstate or foreign commerce directly burden or affect interstate commerce in canola, rapeseed, and canola and rapeseed products.

(b) POLICY.—It is the policy of this subtitle to establish an orderly procedure for developing, financing through assessments on domestically-produced canola and rapeseed, and implementing a program of research, promotion, consumer information, and industry information designed to strengthen the position in the marketplace of the canola and rapeseed industry, to maintain and expand existing domestic and foreign markets and uses for canola, rapeseed, and canola and rapeseed products, and to develop new markets and uses for canola, rapeseed, and canola and rapeseed products.

(c) CONSTRUCTION.—Nothing in this subtitle provides for the control of production or otherwise limits the right of individual producers to produce canola, rapeseed, or canola or rapeseed products.

SEC. 723. DEFINITIONS.

In this subtitle (unless the context otherwise requires):

(1) BOARD.—The term ''Board'' means the National Canola and Rapeseed Board established under section 725(b).

(2) CANOLA; RAPESEED.—The terms ''canola'' and ''rapeseed'' means any brassica plant grown in the United States for the production of an oilseed, the oil of which is used for a food or nonfood use.

(3) CANOLA OR RAPESEED PRODUCTS.—The term ''canola or rapeseed products'' means products produced, in whole or in part, from canola or rapeseed.

(4) COMMERCE.—The term ''commerce'' includes interstate, foreign, and intrastate commerce.

(5) CONFLICT OF INTEREST.—The term ''conflict of interest'' means a situation in which a member of the Board has a direct or indirect financial interest in a corporation, partnership, sole proprietorship, joint venture, or other business entity dealing directly or indirectly with the Board.

(6) CONSUMER INFORMATION.—The term ''consumer information'' means information that will assist consumers and other persons in making evaluations and decisions regarding the purchase, preparation, and use of canola, rapeseed, or canola or rapeseed products.

(7) DEPARTMENT.—The term ''Department'' means the Department of Agriculture.

(8) FIRST PURCHASER.—The term ''first purchaser'' means—

(A) except as provided in subparagraph (B), a person buying or otherwise acquiring canola, rapeseed, or canola or rapeseed products produced by a producer; or

(B) the Commodity Credit Corporation, in a case in which canola or rapeseed is forfeited to the Commodity Credit Corporation as collateral for a loan issued under a price support loan program administered by the Commodity Credit Corporation.

(9) INDUSTRY INFORMATION.—The term ''industry information'' means information or programs that will lead to the development of new markets, new marketing strategies, or increased efficiency for the canola and rapeseed industry, or an activity to enhance the image of the canola or rapeseed industry.

(10) INDUSTRY MEMBER.—The term ''industry member'' means a member of the canola and rapeseed industry who represents—

(A) manufacturers of canola or rapeseed products; or

(B) persons who commercially buy or sell canola or rapeseed.

(11) MARKETING.—The term ''marketing'' means the sale or other disposition of canola, rapeseed, or canola or rapeseed products in a channel of commerce.

(12) ORDER.—The term ''order'' means an order issued under section 724.

(13) PERSON.—The term ''person'' means an individual, partnership, corporation, association, cooperative, or any other legal entity.

(14) PRODUCER.—The term ''producer'' means a person engaged in the growing of canola or rapeseed in the United States who owns, or who shares the ownership and risk of loss of, the canola or rapeseed.

(15) PROMOTION.—The term ''promotion'' means an action, including paid advertising, technical assistance, or trade servicing activity, to enhance the image or desirability of canola, rapeseed, or canola or rapeseed products in domestic and foreign markets, or an activity designed to communicate to consumers, processors, wholesalers, retailers, government officials, or others information relating to the positive attributes of canola, rapeseed, or canola or rapeseed products or the benefits of use or distribution of canola, rapeseed, or canola or rapeseed products.

(16) QUALIFIED STATE CANOLA AND RAPESEED BOARD.—The term ''qualified State canola and rapeseed board'' means a State canola and rapeseed promotion entity that is authorized and functioning under State law.

(17) RESEARCH.—The term ''research'' means any type of test, study, or analysis to advance the image, desirability, marketability, production, product development, quality, or functional or nutritional value of canola, rapeseed, or canola or rapeseed products, including research activity designed to identify and analyze barriers to export sales of canola or rapeseed produced in the United States.

(18) SECRETARY.—The term ''Secretary'' means the Secretary of Agriculture.

(19) STATE.—The term ''State'' means any of the 50 States, the District of Columbia and the Commonwealth of Puerto Rico.

(20) UNITED STATES.—The term ''United States'' means collectively the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico.

SEC. 724. ISSUANCE AND AMENDMENT OF ORDERS.

(a) IN GENERAL.—Subject to subsection (b), the Secretary shall issue 1 or more orders under this subtitle applicable to producers and first purchasers of canola, rapeseed, or canola or rapeseed products. The order shall be national in scope. Not more than 1 order shall be in effect under this subtitle at any 1 time.

(b) PROCEDURE.—

(1) PROPOSAL OR REQUEST FOR ISSUANCE.—The Secretary may propose the issuance of an order under this subtitle, or an association of canola and rapeseed producers or any other person that would be affected by an order issued pursuant to this subtitle may request the issuance of, and submit a proposal for, an order.

(2) NOTICE AND COMMENT CONCERNING PROPOSED ORDER.—Not later than 60 days after the receipt of a request and proposal for an order pursuant to paragraph (1), or whenever the Secretary determines to propose an order, the Secretary shall publish a proposed order and give due notice and opportunity for public comment on the proposed order.

(3) ISSUANCE OF ORDER.—After notice and opportunity for public comment are given as provided in paragraph (2), the Secretary shall issue an order, taking into consideration the comments received and including in the order provisions necessary to ensure that the order is in conformity with the requirements of this subtitle. The order shall be issued and become effective not later than 180 days following publication of the proposed order.

(c) AMENDMENTS.—The Secretary, from time to time, may amend an order issued under this section.

SEC. 725. REQUIRED TERMS IN ORDERS.

(a) IN GENERAL.—An order issued under this subtitle shall contain the terms and conditions specified in this section.

(b) ESTABLISHMENT AND MEMBERSHIP OF THE NATIONAL CANOLA AND RAPESEED BOARD.—

(1) IN GENERAL.—The order shall provide for the establishment of, and appointment of members to, a National Canola and Rapeseed Board to administer the order.

(2) SERVICE TO ENTIRE INDUSTRY.—The Board shall carry out programs and projects that will provide maximum benefit to the canola and rapeseed industry in all parts of the United States and only promote canola, rapeseed, or canola or rapeseed products.

(3) BOARD MEMBERSHIP.—The Board shall consist of 15 members, including—

(A) 11 members who are producers, including—

(i) 1 member from each of 6 geographic regions comprised of States where canola or rapeseed is produced, as determined by the Secretary; and

(ii) 5 members from the geographic regions referred to in clause (i), allocated according to the production in each region; and

(B) 4 members who are industry members, including at least—

(i) 1 member who represents manufacturers of canola or rapeseed end products; and

(ii) 1 member who represents persons who commercially buy or sell canola or rapeseed.

(4) LIMITATION ON STATE RESIDENCE.—There shall be no more than 4 producer members of the Board from any State.

(5) MODIFYING BOARD MEMBERSHIP.—In accordance with regulations approved by the Secretary, at least once each 3 years and not more than once each 2 years, the Board shall review the geographic distribution of canola and rapeseed production throughout the United States and, if warranted, recommend to the Secretary that the Secretary—

(A) reapportion regions in order to reflect the geographic distribution of canola and rapeseed production; and

(B) reapportion the seats on the Board to reflect the production in each region.

(6) CERTIFICATION OF ORGANIZATIONS.—

(A) IN GENERAL.—The eligibility of any State organization to represent producers shall be certified by the Secretary.

(B) CRITERIA.—The Secretary shall certify any State organization that the Secretary determines has a history of stability and permanency and meets at least 1 of the following criteria:

(i) MAJORITY REPRESENTATION.—The total paid membership of the organization—

(I) is comprised of at least a majority of canola or rapeseed producers; or

(II) represents at least a majority of the canola or rapeseed producers in the State.

(ii) SUBSTANTIAL NUMBER OF PRODUCERS REPRESENTED.—The organization represents a substantial number of producers that produce a substantial quantity of canola or rapeseed in the State.

(iii) PURPOSE.—The organization is a general farm or agricultural organization that

has as a stated objective the promotion and development of the United States canola or rapeseed industry and the economic welfare of United States canola or rapeseed producers.

(C) REPORT.—The Secretary shall make a certification under this paragraph on the basis of a factual report submitted by the State organization.

(7) TERMS OF OFFICE.—

(A) IN GENERAL.—The members of the Board shall serve for a term of 3 years, except that the members appointed to the initial Board shall serve, proportionately, for terms of 1, 2, and 3 years, as determined by the Secretary.

(B) TERMINATION OF TERMS.—Notwithstanding subparagraph (C), each member shall continue to serve until a successor is appointed by the Secretary.

(C) LIMITATION ON TERMS.—No individual may serve more than 2 consecutive 3-year terms as a member.

(8) COMPENSATION.—A member of the Board shall serve without compensation, but shall be reimbursed for necessary and reasonable expenses incurred in the performance of duties for and approved by the Board.

(c) POWERS AND DUTIES OF THE BOARD.—The order shall define the powers and duties of the Board, which shall include the power and duty—

(1) to administer the order in accordance with the terms and conditions of the order;

(2) to make regulations to effectuate the terms and conditions of the order;

(3) to meet, organize, and select from among members of the Board a chairperson, other officers, and committees and subcommittees, as the Board determines appropriate;

(4) to establish working committees of persons other than Board members;

(5) to employ such persons, other than Board members, as the Board considers necessary, and to determine the compensation and define the duties of the persons;

(6) to prepare and submit for the approval of the Secretary, when appropriate or necessary, a recommended rate of assessment under section 726, and a fiscal period budget of the anticipated expenses in the administration of the order, including the probable costs of all programs and projects;

(7) to develop programs and projects, subject to subsection (d);

(8) to enter into contracts or agreements, subject to subsection (e), to develop and carry out programs or projects of research, promotion, industry information, and consumer information;

(9) to carry out research, promotion, industry information, and consumer information projects, and to pay the costs of the projects with assessments collected under section 726;

(10) to keep minutes, books, and records that reflect the actions and transactions of the Board, and promptly report minutes of each Board meeting to the Secretary;

(11) to appoint and convene, from time to time, working committees comprised of producers, industry members, and the public to assist in the development of research, promotion, industry information, and consumer information programs for canola, rapeseed, and canola and rapeseed products;

(12) to invest, pending disbursement under a program or project, funds collected through assessments authorized under section 726, or funds earned from investments, only in—

(A) obligations of the United States or an agency of the United States;

(B) general obligations of a State or a political subdivision of a State;

(C) an interest-bearing account or certificate of deposit of a bank that is a member of the Federal Reserve System; or

(D) obligations fully guaranteed as to principal and interest by the United States;

(13) to receive, investigate, and report to the Secretary complaints of violations of the order;

(14) to furnish the Secretary with such information as the Secretary may request;

(15) to recommend to the Secretary amendments to the order;

(16) to develop and recommend to the Secretary for approval such regulations as may be necessary for the development and execution of programs or projects, or as may otherwise be necessary, to carry out the order; and

(17) to provide the Secretary with advance notice of meetings.

(d) PROGRAMS AND BUDGETS.—

(1) SUBMISSION TO SECRETARY.—The order shall provide that the Board shall submit to the Secretary for approval any program or project of research, promotion, consumer information, or industry information. No program or project shall be implemented prior to approval by the Secretary.

(2) BUDGETS.—The order shall require the Board, prior to the beginning of each fiscal year, or as may be necessary after the beginning of a fiscal year, to submit to the Secretary for approval budgets of anticipated expenses and disbursements in the implementation of the order, including projected costs of research, promotion, consumer information, and industry information programs and projects.

(3) INCURRING EXPENSES.—The Board may incur such expenses for programs or projects of research, promotion, consumer information, or industry information, and other expenses for the administration, maintenance, and functioning of the Board as may be authorized by the Secretary, including any implementation, administrative, and referendum costs incurred by the Department.

(4) PAYING EXPENSES.—The funds to cover the expenses referred to in paragraph (3) shall be paid by the Board from assessments collected under section 726 or funds borrowed pursuant to paragraph (5).

(5) AUTHORITY TO BORROW.—To meet the expenses referred to in paragraph (3), the Board shall have the authority to borrow funds, as approved by the Secretary, for capital outlays and startup costs.

(e) CONTRACTS AND AGREEMENTS.—

(1) IN GENERAL.—To ensure efficient use of funds, the order shall provide that the Board may enter into a contract or agreement for the implementation and carrying out of a program or project of canola, rapeseed, or canola or rapeseed products research, promotion, consumer information, or industry information, including a contract with a producer organization, and for the payment of the costs with funds received by the Board under the order.

(2) REQUIREMENTS.—A contract or agreement under paragraph (1) shall provide that—

(A) the contracting party shall develop and submit to the Board a program or project together with a budget that shall show the estimated costs to be incurred for the program or project;

(B) the program or project shall become effective on the approval of the Secretary; and

(C) the contracting party shall keep accurate records of all transactions, account for funds received and expended, make periodic reports to the Board of activities conducted, and make such other reports as the Board or the Secretary may require.

(3) PRODUCER ORGANIZATIONS.—The order shall provide that the Board may contract with producer organizations for any other services. The contract shall include provisions comparable to those required by paragraph (2).

(f) BOOKS AND RECORDS OF THE BOARD.—

(1) IN GENERAL.—The order shall require the Board to—

(A) maintain such books and records (which shall be available to the Secretary for inspection and audit) as the Secretary may prescribe;

(B) prepare and submit to the Secretary, from time to time, such reports as the Secretary may prescribe; and

(C) account for the receipt and disbursement of all funds entrusted to the Board.

(2) AUDITS.—The Board shall cause the books and records of the Board to be audited by an independent auditor at the end of each fiscal year, and a report of the audit to be submitted to the Secretary.

(g) PROHIBITION.—

(1) IN GENERAL.—Subject to paragraph (2), the Board shall not engage in any action to, nor shall any funds received by the Board under this subtitle be used to—

(A) influence legislation or governmental action;

(B) engage in an action that would be a conflict of interest;

(C) engage in advertising that is false or misleading; or

(D) engage in promotion that would disparage other commodities.

(2) ACTION PERMITTED.—Paragraph (1) does not preclude—

(A) the development and recommendation of amendments to the order;

(B) the communication to appropriate government officials of information relating to the conduct, implementation, or results of promotion, research, consumer information, or industry information activities under the order; or

(C) any action designed to market canola or rapeseed products directly to a foreign government or political subdivision of a foreign government.

(h) BOOKS AND RECORDS.—

(1) IN GENERAL.—The order shall require that each producer, first purchaser, or industry member shall—

(A) maintain and submit to the Board any reports considered necessary by the Secretary to ensure compliance with this subtitle; and

(B) make available during normal business hours, for inspection by employees of the Board or Secretary, such books and records as are necessary to carry out this subtitle, including such records as are necessary to verify any required reports.

(2) CONFIDENTIALITY.—

(A) IN GENERAL.—Except as otherwise provided in this subtitle, all information obtained from books, records, or reports required to be maintained under paragraph (1) shall be kept confidential, and shall not be disclosed to the public by any person.

(B) DISCLOSURE.—Information referred to in subparagraph (A) may be disclosed to the public if—

(i) the Secretary considers the information relevant;

(ii) the information is revealed in a suit or administrative hearing brought at the direction or on the request of the Secretary or to which the Secretary or any officer of the Department is a party; and

(iii) the information relates to this subtitle.

(C) MISCONDUCT.—A knowing disclosure of confidential information in violation of subparagraph (A) by an officer or employee of the Board or Department, except as required by other law or allowed under subparagraph (B) or (D), shall be considered a violation of this subtitle.

(D) GENERAL STATEMENTS.—Nothing in this paragraph prohibits—

(i) the issuance of general statements, based on the reports, of the number of persons subject to the order or statistical data collected from the reports, if the statements do not identify the information furnished by any person; or

(ii) the publication, by direction of the Secretary, of the name of a person violating the order, together with a statement of the particular provisions of the order violated by the person.

(3) AVAILABILITY OF INFORMATION.—

(A) EXCEPTION.—Except as provided in this subtitle, information obtained under this subtitle may be made available to another agency of the Federal Government for a civil or criminal law enforcement activity if the activity is authorized by law and if the head of the agency has made a written request to the Secretary specifying the particular information desired and the law enforcement activity for which the information is sought.

(B) PENALTY.—Any person knowingly violating this subsection, on conviction, shall be subject to a fine of not more than $1,000 or to imprisonment for not more than 1 year, or both, and if an officer or employee of the Board or the Department, shall be removed from office or terminated from employment, as applicable.

(5) WITHHOLDING INFORMATION.—Nothing in this subtitle authorizes withholding information from Congress.

(i) USE OF ASSESSMENTS.—The order shall provide that the assessments collected under section 726 shall be used for payment of the expenses in implementing and administering this subtitle, with provision for a reasonable reserve, and to cover those administrative costs incurred by the Secretary in implementing and administering this subtitle.

(j) OTHER TERMS AND CONDITIONS.—The order also shall contain such terms and conditions, not inconsistent with this subtitle, as determined necessary by the Secretary to effectuate this subtitle.

SEC. 726. ASSESSMENTS.

(a) IN GENERAL.—

(1) FIRST PURCHASERS.—During the effective period of an order issued pursuant to this subtitle, assessments shall be—

(A) levied on all canola or rapeseed produced in the United States and marketed; and

(B) deducted from the payment made to a producer for all canola or rapeseed sold to a first purchaser.

(2) DIRECT PROCESSING.—The order shall provide that any person processing canola or rapeseed of that person's own production and marketing the canola or rapeseed, or canola or rapeseed products, shall remit to the Board or a qualified State canola and rapeseed board, in the manner prescribed by the order, an assessment established at a rate equivalent to the rate provided for under subsection (d).

(b) LIMITATION ON ASSESSMENTS.—No more than 1 assessment may be assessed under subsection (a) on any canola or rapeseed produced (as remitted by a first purchaser).

(c) REMITTING ASSESSMENTS.—

(1) IN GENERAL.—Assessments required under subsection (a) shall be remitted to the Board by a first purchaser. The Board shall use qualified State canola and rapeseed boards to collect the assessments. If an appropriate qualified State canola and rapeseed board does not exist to collect an assessment, the assessment shall be collected by the Board. There shall be only 1 qualified State canola or rapeseed Board in each State.

(2) TIMES TO REMIT ASSESSMENT.—Each first purchaser shall remit the assessment to the Board as provided for in the order.

(d) ASSESSMENT RATE.—

(1) INITIAL RATE.—The initial assessment rate shall be 4 cents per hundredweight of canola or rapeseed produced and marketed.

(2) INCREASE.—The assessment rate may be increased on recommendation by the Board to a rate not exceeding 10 cents per hundredweight of canola or rapeseed produced and marketed in a State, unless—

(A) after the initial referendum is held under section 727(a), the Board recommends an increase above 10 cents per hundredweight; and

(B) the increase is approved in a referendum under section 727(b).

(3) CREDIT.—A producer who demonstrates to the Board that the producer is participating in a program of an established qualified State canola and rapeseed board shall receive credit, in determining the assessment due from the producer, for contributions to the program of up to 2 cents per hundredweight of canola or rapeseed marketed.

(e) LATE PAYMENT CHARGE.—

(1) IN GENERAL.—There shall be a late payment charge imposed on any person who fails to remit, on or before the date provided for in the order, to the Board the total amount for which the person is liable.

(2) AMOUNT OF CHARGE.—The amount of the late payment charge imposed under paragraph (1) shall be prescribed by the Board with the approval of the Secretary.

(f) REFUND OF ASSESSMENTS FROM ESCROW ACCOUNT.—

(1) ESTABLISHMENT OF ESCROW ACCOUNT.—During the period beginning on the date on which an order is first issued under section 724(b)(3) and ending on the date on which a referendum is conducted under section 727(a), the Board shall—

(A) establish an escrow account to be used for assessment refunds; and

(B) place funds in such account in accordance with paragraph (2).

(2) PLACEMENT OF FUNDS IN ACCOUNT.—The Board shall place in such account, from assessments collected during the period referred to in paragraph (1), an amount equal to the product obtained by multiplying the total amount of assessments collected during the period by 10 percent.

(3) RIGHT TO RECEIVE REFUND.—The Board shall refund to a producer the assessments paid by or on behalf of the producer if—

(A) the producer is required to pay the assessment;

(B) the producer does not support the program established under this subtitle; and

(C) the producer demands the refund prior to the conduct of the referendum under section 727(a).

(4) FORM OF DEMAND.—The demand shall be made in accordance with such regulations, in such form, and within such time period as prescribed by the Board.

(5) MAKING OF REFUND.—The refund shall be made on submission of proof satisfactory to the Board that the producer paid the assessment for which the refund is demanded.

(6) PRORATION.—If—

(A) the amount in the escrow account required by paragraph (1) is not sufficient to refund the total amount of assessments demanded by eligible producers; and

(B) the order is not approved pursuant to the referendum conducted under section 727(a);

the Board shall prorate the amount of the refunds among all eligible producers who demand a refund.

(7) PROGRAM APPROVED.—If the plan is approved pursuant to the referendum conducted under section 727(a), all funds in the escrow account shall be returned to the Board for use by the Board in accordance with this subtitle.

SEC. 727. REFERENDA.

(a) INITIAL REFERENDUM.—

(1) REQUIREMENT.—During the period ending 30 months after the date of the first issuance of an order under section 724, the Secretary shall conduct a referendum among producers who, during a representative period as determined by the Secretary, have been engaged in the production of canola or rapeseed for the purpose of ascertaining whether the order then in effect shall be continued.

(2) ADVANCE NOTICE.—The Secretary shall, to the extent practicable, provide broad public notice in advance of any referendum. The notice shall be provided, without advertising expenses, by means of newspapers, county newsletters, the electronic media, and press releases, through the use of notices posted in State and county Cooperative State Research, Education, and Extension Service offices and county Consolidated Farm Service Agency offices, and by other appropriate means specified in the order. The notice shall include information on when the referendum will be held, registration and voting requirements, rules regarding absentee voting, and other pertinent information.

(3) APPROVAL OF ORDER.—The order shall be continued only if the Secretary determines that the order has been approved by not less than a majority of the producers voting in the referendum.

(4) DISAPPROVAL OF ORDER.—If continuation of the order is not approved by a majority of those voting in the referendum, the Secretary shall terminate collection of assessments under the order within 6 months after the referendum and shall terminate the order in an orderly manner as soon as practicable.

(b) ADDITIONAL REFERENDA.—

(1) IN GENERAL.—

(A) REQUIREMENT.—After the initial referendum on an order, the Secretary shall conduct additional referenda, as described in subparagraph (C), if requested by a representative group of producers, as described in subparagraph (B).

(B) REPRESENTATIVE GROUP OF PRODUCERS.—An additional referendum on an order shall be conducted if requested by 10 percent or more of the producers who during a representative period have been engaged in the production of canola or rapeseed.

(C) ELIGIBLE PRODUCERS.—Each additional referendum shall be conducted among all producers who, during a representative period, as determined by the Secretary, have been engaged in the production of canola or rapeseed to determine whether the producers favor the termination or suspension of the order.

(2) DISAPPROVAL OF ORDER.—If the Secretary determines, in a referendum conducted under paragraph (1), that suspension or termination of the order is favored by a majority of the producers voting in the referendum, the Secretary shall suspend or terminate, as appropriate, collection of assessments under the order within 6 months after the determination, and shall suspend or terminate the order, as appropriate, in an orderly manner as soon as practicable after the determination.

(3) OPPORTUNITY TO REQUEST ADDITIONAL REFERENDA.—

(A) IN GENERAL.—Beginning on the date that is 5 years after the conduct of a referendum under this subtitle, and every 5 years thereafter, the Secretary shall provide canola and rapeseed producers an opportunity to request an additional referendum.

(B) METHOD OF MAKING REQUEST.—

(i) IN-PERSON REQUESTS.—To carry out subparagraph (A), the Secretary shall establish a procedure under which a producer may request a reconfirmation referendum in-person at a county Cooperative State Research, Education, and Extension Service office or a

county Consolidated Farm Service Agency office during a period established by the Secretary, or as provided in clause (ii).

(ii) MAIL-IN REQUESTS.—In lieu of making a request in person, a producer may make a request by mail. To facilitate the submission of requests by mail, the Secretary may make mail-in request forms available to producers.

(C) NOTIFICATIONS.—The Secretary shall publish a notice in the Federal Register, and the Board shall provide written notification to producers, not later than 60 days prior to the end of the period established under subparagraph (B)(i) for an in-person request, of the opportunity of producers to request an additional referendum. The notification shall explain the right of producers to an additional referendum, the procedure for a referendum, the purpose of a referendum, and the date and method by which producers may act to request an additional referendum under this paragraph. The Secretary shall take such other action as the Secretary determines is necessary to ensure that producers are made aware of the opportunity to request an additional referendum.

(D) ACTION BY SECRETARY.—As soon as practicable following the submission of a request for an additional referendum, the Secretary shall determine whether a sufficient number of producers have requested the referendum, and take such steps as are necessary to conduct the referendum, as required under paragraph (1).

(E) TIME LIMIT.—An additional referendum requested under the procedures provided in this paragraph shall be conducted not later than 1 year after the Secretary determines that a representative group of producers, as described in paragraph (1)(B), have requested the conduct of the referendum.

(c) PROCEDURES.—

(1) REIMBURSEMENT OF SECRETARY.—The Secretary shall be reimbursed from assessments collected by the Board for any expenses incurred by the Secretary in connection with the conduct of an activity required under this section.

(2) DATE.—Each referendum shall be conducted for a reasonable period of time not to exceed 3 days, established by the Secretary, under a procedure under which producers intending to vote in the referendum shall certify that the producers were engaged in the production of canola, rapeseed, or canola or rapeseed products during the representative period and, at the same time, shall be provided an opportunity to vote in the referendum.

(3) PLACE.—Referenda under this section shall be conducted at locations determined by the Secretary. On request, absentee mail ballots shall be furnished by the Secretary in a manner prescribed by the Secretary.

SEC. 728. PETITION AND REVIEW.

(a) PETITION.—

(1) IN GENERAL.—A person subject to an order issued under this subtitle may file with the Secretary a petition—

(A) stating that the order, a provision of the order, or an obligation imposed in connection with the order is not established in accordance with law; and

(B) requesting a modification of the order or an exemption from the order.

(2) HEARINGS.—The petitioner shall be given the opportunity for a hearing on a petition filed under paragraph (1), in accordance with regulations issued by the Secretary.

(3) RULING.—After a hearing under paragraph (2), the Secretary shall make a ruling on the petition that is the subject of the hearing, which shall be final if the ruling is in accordance with applicable law.

(4) LIMITATION ON PETITION.—Any petition filed under this subtitle challenging an order, or any obligation imposed in connected with an order, shall be filed not later than 2 years after the effective date of the order or obligation.

(b) REVIEW.—

(1) COMMENCEMENT OF ACTION.—The district court of the United States in any district in which the person who is a petitioner under subsection (a) resides or carries on business shall have jurisdiction to review a ruling on the petition, if a complaint is filed by the person not later than 20 days after the date of the entry of a ruling by the Secretary under subsection (a)(3).

(2) PROCESS.—Service of process in a proceeding under paragraph (1) shall be conducted in accordance with the Federal Rules of Civil Procedure.

(3) REMANDS.—If the court determines, under paragraph (1), that a ruling issued under subsection (a)(3) is not in accordance with applicable law, the court shall remand the matter to the Secretary with directions either—

(A) to make such ruling as the court shall determine to be in accordance with law; or

(B) to take such further proceedings as, in the opinion of the court, the law requires.

(4) ENFORCEMENT.—The pendency of proceedings instituted under subsection (a) shall not impede, hinder, or delay the Attorney General or the Secretary from taking any action under section 729.

SEC. 729. ENFORCEMENT.

(a) JURISDICTION.—The district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating, an order or regulation made or issued under this subtitle.

(b) REFERRAL TO ATTORNEY GENERAL.—A civil action authorized to be commenced under this section shall be referred to the Attorney General for appropriate action, except that the Secretary shall not be required to refer to the Attorney General a violation of this subtitle if the Secretary believes that the administration and enforcement of this subtitle would be adequately served by providing a suitable written notice or warning to the person who committed the violation or by administrative action under section 728.

(c) CIVIL PENALTIES AND ORDERS.—

(1) CIVIL PENALTIES.—

(A) IN GENERAL.—Any person who willfully violates any provision of an order or regulation issued by the Secretary under this subtitle, or who fails or refuses to pay, collect, or remit an assessment or fee required of the person under an order or regulation, may be assessed—

(i) a civil penalty by the Secretary of not more than $1,000 for each violation; and

(ii) in the case of a willful failure to pay, collect, or remit an assessment as required by an order or regulation, an additional penalty equal to the amount of the assessment.

(B) SEPARATE OFFENSE.—Each violation under subparagraph (A) shall be a separate offense.

(2) CEASE-AND-DESIST ORDERS.—In addition to, or in lieu of, a civil penalty under paragraph (1), the Secretary may issue an order requiring a person to cease and desist from continuing a violation.

(3) NOTICE AND HEARING.—No penalty shall be assessed, or cease-and-desist order issued, by the Secretary under this subsection unless the person against whom the penalty is assessed or the order is issued is given notice and opportunity for a hearing before the Secretary with respect to the violation.

(4) FINALITY.—The order of the Secretary assessing a penalty or imposing a cease-and-desist order under this subsection shall be final and conclusive unless the affected person files an appeal of the order with the appropriate district court of the United States in accordance with subsection (d).

(d) REVIEW BY DISTRICT COURT.—

(1) COMMENCEMENT OF ACTION.—Any person who has been determined to be in violation of this subtitle, or against whom a civil penalty has been assessed or a cease-and-desist order issued under subsection (c), may obtain review of the penalty or order by—

(A) filing, within the 30-day period beginning on the date the penalty is assessed or order issued, a notice of appeal in—

(i) the district court of the United States for the district in which the person resides or conducts business; or

(ii) the United States District Court for the District of Columbia; and

(B) simultaneously sending a copy of the notice by certified mail to the Secretary.

(2) RECORD.—The Secretary shall file promptly, in the appropriate court referred to in paragraph (1), a certified copy of the record on which the Secretary has determined that the person has committed a violation.

(3) STANDARD OF REVIEW.—A finding of the Secretary under this section shall be set aside only if the finding is found to be unsupported by substantial evidence.

(e) FAILURE TO OBEY ORDERS.—Any person who fails to obey a cease-and-desist order issued under this section after the order has become final and unappealable, or after the appropriate United States district court has entered a final judgment in favor of the Secretary, shall be subject to a civil penalty assessed by the Secretary, after opportunity for a hearing and for judicial review under the procedures specified in subsections (c) and (d), of not more than $5,000 for each offense. Each day during which the failure continues shall be considered as a separate violation of the order.

(f) FAILURE TO PAY PENALTIES.—If a person fails to pay an assessment of a civil penalty under this section after the assessment has become a final and unappealable order, or after the appropriate United States district court has entered final judgment in favor of the Secretary, the Secretary shall refer the matter to the Attorney General for recovery of the amount assessed in the district court in which the person resides or conducts business. In an action for recovery, the validity and appropriateness of the final order imposing the civil penalty shall not be subject to review.

(g) ADDITIONAL REMEDIES.—The remedies provided in this subtitle shall be in addition to, and not exclusive of, other remedies that may be available.

SEC. 730. INVESTIGATIONS AND POWER TO SUBPOENA.

(a) INVESTIGATIONS.—The Secretary may make such investigations as the Secretary considers necessary—

(1) for the effective administration of this subtitle; and

(2) to determine whether any person has engaged or is engaging in an act that constitutes a violation of this subtitle, or an order, rule, or regulation issued under this subtitle.

(b) SUBPOENAS, OATHS, AND AFFIRMATIONS.—

(1) IN GENERAL.—For the purpose of an investigation under subsection (a), the Secretary may administer oaths and affirmations, subpoena witnesses, take evidence, and issue subpoenas to require the production of any records that are relevant to the inquiry. The attendance of witnesses and the production of records may be required from any place in the United States.

(2) ADMINISTRATIVE HEARINGS.—For the purpose of an administrative hearing held under section 728 or 729, the presiding officer

is authorized to administer oaths and affirmations, subpoena and compel the attendance of witnesses, take evidence, and require the production of any records that are relevant to the inquiry. The attendance of witnesses and the production of records may be required from any place in the United States.

(c) AID OF COURTS.—In the case of contumacy by, or refusal to obey a subpoena issued to, any person, the Secretary may invoke the aid of any court of the United States within the jurisdiction of which the investigation or proceeding is carried on, or where the person resides or carries on business, in order to enforce a subpoena issued by the Secretary under subsection (b). The court may issue an order requiring the person to comply with the subpoena.

(d) CONTEMPT.—A failure to obey an order of the court under this section may be punished by the court as contempt of the court.

(e) PROCESS.—Process may be served on a person in the judicial district in which the person resides or conducts business or wherever the person may be found.

(f) HEARING SITE.—The site of a hearing held under section 728 or 729 shall be in the judicial district where the person affected by the hearing resides or has a principal place of business.

SEC. 731. SUSPENSION OR TERMINATION OF AN ORDER.

The Secretary shall, whenever the Secretary finds that an order or a provision of an order obstructs or does not tend to effectuate the declared policy of this subtitle, terminate or suspend the operation of the order or provision. The termination or suspension of an order shall not be considered an order within the meaning of this subtitle.

SEC. 732. REGULATIONS.

The Secretary may issue such regulations as are necessary to carry out this subtitle.

SEC. 733. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—There are authorized to be appropriated for each fiscal year such sums as are necessary to carry out this subtitle.

(b) ADMINISTRATIVE EXPENSES.—Funds appropriated under subsection (a) shall not be available for payment of the expenses or expenditures of the Board in administering a provision of an order issued under this subtitle.

Subtitle C—Kiwifruit

SEC. 741. SHORT TITLE.

This subtitle may be cited as the ''National Kiwifruit Research, Promotion, and Consumer Information Act''.

SEC. 742. FINDINGS AND PURPOSES.

(a) FINDINGS.—Congress finds that—

(1) domestically produced kiwifruit are grown by many individual producers;

(2) virtually all domestically produced kiwifruit are grown in the State of California, although there is potential for production in many other areas of the United States;

(3) kiwifruit move in interstate and foreign commerce, and kiwifruit that do not move in channels of commerce directly burden or affect interstate commerce;

(4) in recent years, large quantities of kiwifruit have been imported into the United States;

(5) the maintenance and expansion of existing domestic and foreign markets for kiwifruit, and the development of additional and improved markets for kiwifruit, are vital to the welfare of kiwifruit producers and other persons concerned with producing, marketing, and processing kiwifruit;

(6) a coordinated program of research, promotion, and consumer information regarding kiwifruit is necessary for the maintenance and development of the markets; and

(7) kiwifruit producers, handlers, and importers are unable to implement and finance such a program without cooperative action.

(b) PURPOSES.—The purposes of this subtitle are—

(1) to authorize the establishment of an orderly procedure for the development and financing (through an assessment) of an effective and coordinated program of research, promotion, and consumer information regarding kiwifruit;

(2) to use the program to strengthen the position of the kiwifruit industry in domestic and foreign markets and maintain, develop, and expand markets for kiwifruit; and

(3) to treat domestically produced kiwifruit and imported kiwifruit equitably.

SEC. 743. DEFINITIONS.

In this subtitle (unless the context otherwise requires):

(1) BOARD.—The term ''Board'' means the National Kiwifruit Board established under section 745.

(2) CONSUMER INFORMATION.—The term ''consumer information'' means any action taken to provide information to, and broaden the understanding of, the general public regarding the consumption, use, nutritional attributes, and care of kiwifruit.

(3) EXPORTER.—The term ''exporter'' means any person from outside the United States who exports kiwifruit into the United States.

(4) HANDLER.—The term ''handler'' means any person, excluding a common carrier, engaged in the business of buying and selling, packing, marketing, or distributing kiwifruit as specified in the order.

(5) IMPORTER.—The term ''importer'' means any person who imports kiwifruit into the United States.

(6) KIWIFRUIT.—The term ''kiwifruit'' means all varieties of fresh kiwifruit grown or imported in the United States.

(7) MARKETING.—The term ''marketing'' means the sale or other disposition of kiwifruit into interstate, foreign, or intrastate commerce by buying, marketing, distribution, or otherwise placing kiwifruit into commerce.

(8) ORDER.—The term ''order'' means a kiwifruit research, promotion, and consumer information order issued by the Secretary under section 744.

(9) PERSON.—The term ''person'' means any individual, group of individuals, partnership, corporation, association, cooperative, or other legal entity.

(10) PROCESSING.—The term ''processing'' means canning, fermenting, distilling, extracting, preserving, grinding, crushing, or in any manner changing the form of kiwifruit for the purposes of preparing the kiwifruit for market or marketing the kiwifruit.

(11) PRODUCER.—The term ''producer'' means any person who grows kiwifruit in the United States for sale in commerce.

(12) PROMOTION.—The term ''promotion'' means any action taken under this subtitle (including paid advertising) to present a favorable image for kiwifruit to the general public for the purpose of improving the competitive position of kiwifruit and stimulating the sale of kiwifruit.

(13) RESEARCH.—The term ''research'' means any type of research relating to the use, nutritional value, and marketing of kiwifruit conducted for the purpose of advancing the image, desirability, marketability, or quality of kiwifruit.

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

(15) UNITED STATES.—The term ''United States'' means the 50 States of the United States, the District of Columbia, and the Commonwealth of Puerto Rico.

SEC. 744. ISSUANCE OF ORDERS.

(a) ISSUANCE.—To effectuate the declared purposes of this subtitle, the Secretary shall issue an order applicable to producers, handlers, and importers of kiwifruit. Any such order shall be national in scope. Not more than 1 order shall be in effect under this subtitle at any 1 time.

(b) PROCEDURE.—

(1) PROPOSAL FOR ISSUANCE OF ORDER.—Any person that will be affected by this subtitle may request the issuance of, and submit a proposal for, an order under this subtitle.

(2) PROPOSED ORDER.—Not later than 90 days after the receipt of a request and proposal for an order, the Secretary shall publish a proposed order and give due notice and opportunity for public comment on the proposed order.

(3) ISSUANCE OF ORDER.—After notice and opportunity for public comment are provided under paragraph (2), the Secretary shall issue an order, taking into consideration the comments received and including in the order provisions necessary to ensure that the order is in conformity with this subtitle.

(c) AMENDMENTS.—The Secretary may amend any order issued under this section. The provisions of this subtitle applicable to an order shall be applicable to an amendment to an order.

SEC. 745. NATIONAL KIWIFRUIT BOARD.

(a) MEMBERSHIP.—An order issued by the Secretary under section 744 shall provide for the establishment of a National Kiwifruit Board that consists of the following 11 members:

(1) 6 members who are producers (or representatives of producers) and who are not exempt from an assessment under section 746(b).

(2) 4 members who are importers (or representatives of importers) and who are not exempt from an assessment under section 746(b) or are exporters (or representatives of exporters).

(3) 1 member appointed from the general public.

(b) ADJUSTMENT OF MEMBERSHIP.—Subject to the 11-member limit, the Secretary may adjust membership on the Board to accommodate changes in production and import levels of kiwifruit.

(c) APPOINTMENT AND NOMINATION.—

(1) APPOINTMENT.—The Secretary shall appoint the members of the Board from nominations submitted in accordance with this subsection.

(2) PRODUCERS.—The members referred to in subsection (a)(1) shall be appointed from individuals nominated by producers.

(3) IMPORTERS AND EXPORTERS.—The members referred to in subsection (a)(2) shall be appointed from individuals nominated by importers or exporters.

(4) PUBLIC REPRESENTATIVE.—The public representative shall be appointed from nominations submitted by other members of the Board.

(5) FAILURE TO NOMINATE.—If producers, importers, and exporters fail to nominate individuals for appointment, the Secretary may appoint members on a basis provided for in the order. If the Board fails to nominate a public representative, the member may be appointed by the Secretary without a nomination.

(d) ALTERNATES.—The Secretary shall appoint an alternate for each member of the Board. An alternate shall—

(1) be appointed in the same manner as the member for whom the individual is an alternate; and

(2) serve on the Board if the member is absent from a meeting or is disqualified under subsection (f).

(e) TERMS.—A member of the Board shall be appointed for a term of 3 years. No member may serve more than 2 consecutive 3-

year terms, except that of the members first appointed—

(1) 5 members shall be appointed for a term of 2 years; and

(2) 6 members shall be appointed for a term of 3 years.

(f) DISQUALIFICATION.—If a member or alternate of the Board who was appointed as a producer, importer, exporter, or public representative member ceases to belong to the group for which the member was appointed, the member or alternate shall be disqualified from serving on the Board.

(g) COMPENSATION.—A members or alternate of the Board shall serve without pay.

(h) GENERAL POWERS AND DUTIES.—The Board shall—

(1) administer an order issued by the Secretary under section 744, and an amendment to the order, in accordance with the order and amendment and this subtitle;

(2) prescribe rules and regulations to carry out the order;

(3) meet, organize, and select from among members of the Board a chairperson, other officers, and committees and subcommittees, as the Board determines appropriate;

(4) receive, investigate, and report to the Secretary accounts of violations of the order;

(5) make recommendations to the Secretary with respect to an amendment that should be made to the order; and

(6) employ or contract with a manager and staff to assist in administering the order, except that, to reduce administrative costs and increase efficiency, the Board shall seek, to the extent practicable, to employ or contract with personnel who are already associated with State chartered organizations involved in promoting kiwifruit.

SEC. 746. REQUIRED TERMS IN ORDER.

(a) BUDGETS AND PLANS.—

(1) IN GENERAL.—An order issued under section 744 shall provide for periodic budgets and plans in accordance with this subsection.

(2) BUDGETS.—The Board shall prepare and submit to the Secretary a budget prior to the beginning of the fiscal year of the anticipated expenses and disbursements of the Board in the administration of the order, including probable costs of research, promotion, and consumer information. A budget shall become effective on a ⅔-vote of a quorum of the Board and approval by the Secretary.

(3) PLANS.—Each budget shall include a plan for research, promotion, and consumer information regarding kiwifruit. A plan under this paragraph shall become effective on approval by the Secretary. The Board may enter into contracts and agreements, on approval by the Secretary, for—

(A) the development of and carrying out the plan; and

(B) the payment of the cost of the plan, with funds collected pursuant to this subtitle.

(b) ASSESSMENTS.—

(1) IN GENERAL.—The order shall provide for the imposition and collection of assessments with regard to the production and importation of kiwifruit in accordance with this subsection.

(2) RATE.—The assessment rate shall be the reate that is recommended by a ⅔-vote of a quorum of the Board and approved by the Secretary, except that the rate shall not exceed $0.10 per 7-pound tray of kiwifruit or equivalent.

(3) COLLECTION BY FIRST HANDLERS.—Except as provided in paragraph (5), the first handler of kiwifruit shall—

(A) be responsible for the collection from the producer, and payment to the Board, of assessments required under this subsection; and

(B) maintain a separate record of the kiwifruit of each producer whose kiwifruit are so handled, including the kiwifruit owned by the handler.

(4) IMPORTERS.—The assessment on imported kiwifruit shall be paid by the importer to the United States Customs Service at the time of entry into the United States and shall be remitted to the Board.

(5) EXEMPTION FROM ASSESSMENT.—The following persons or activities are exempt from an assessment under this subsection:

(A) A producer who produces less than 500 pounds of kiwifruit per year.

(B) An importer who imports less than 10,000 pounds of kiwifruit per year.

(C) A sale of kiwifruit made directly from the producer to a consumer for a purpose other than resale.

(D) The production or importation of kiwifruit for processing.

(6) CLAIM OF EXEMPTION.—To claim an exemption under paragraph (5) for a particular year, a person shall—

(A) submit an application to the Board stating the basis for the exemption and certifying that the quantity of kiwifruit produced, imported, or sold by the person will not exceed any poundage limitation required for the exemption in the year; or

(B) be on a list of approved processors developed by the Board.

(c) USE OF ASSESSMENTS.

(1) AUTHORIZED USES.—The order shall provide that funds paid to the Board as assessments under subsection (b) may be used by the Board—

(A) to pay for research, promotion, and consumer information described in the budget of the Board under subsection (a) and for other expenses incurred by the Board in the administration of an order;

(B) to pay such other expenses for the administration, maintenance, and functioning of the Board, including any enforcement efforts for the collection of assessments as may be authorized by the Secretary, including interest and penalties for late payments; and

(C) to fund a reserve established under section 747(d).

(2) REQUIRED USES.—The order shall provide that funds paid to the Board as assessments under subsection (b) shall be used by the Board—

(A) to pay the expenses incurred by the Secretary, including salaries and expenses of Federal Government employees, in implementing and administering the order; and

(B) to reimburse the Secretary for any expenses incurred by the Secretary in conducting referenda under this subtitle.

(3) LIMITATION ON USE OF ASSESSMENTS.—Except for the first year of operation of the Board, expenses for the administration, maintenance, and functioning of the Board may not exceed 30 percent of the budget for a year.

(d) FALSE CLAIMS.—The order shall provide that any promotion funded with assessments collected under subsection (b) may not make—

(1) any false claims on behalf of kiwifruit; and

(2) any false statements with respect to the attributes or use of any product that competes with kiwifruit for sale in commerce.

(e) PROHIBITION ON USE OF FUNDS.—The order shall provide that funds collected by the Board under this subtitle through assessments may not, in any manner, be used for the purpose of influencing legislation or governmental policy or action, except for making recommendations to the Secretary as provided for under this subtitle.

(f) BOOKS, RECORDS, AND REPORTS.—

(1) BOARD.—The order shall require the Board—

(A) to maintain books and records with respect to the receipt and disbursement of funds received by the Board;

(B) to submit to the Secretary from time to time such reports as the Secretary may require for appropriate accounting; and

(C) to submit to the Secretary at the end of each fiscal year a complete audit report by an independent auditor regarding the activities of the Board during the fiscal year.

(2) OTHERS.—To make information and data available to the Board and the Secretary that is appropriate or necessary for the effectuation, administration, or enforcement of this subtitle (or any order or regulation issued under this subtitle), the order shall require handlers and importers who are responsible for the collection, payment, or remittance of assessments under subsection (b)—

(A) to maintain and make available for inspection by the employees and agents of the Board and the Secretary such books and records as may be required by the order; and

(B) to file, at the times and in the manner and content prescribed by the order, reports regarding the collection, payment, or remittance of the assessments.

(g) CONFIDENTIALITY.—

(1) IN GENERAL.—The order shall require that all information obtained pursuant to subsection (f)(2) be kept confidential by all officers and employees and agents of the Department and of the Board. Only such information as the Secretary considers relevant shall be disclosed to the public and only in a suit or administrative hearing, brought at the request of the Secretary or to which the Secretary or any officer of the United States is a party, involving the order with respect to which the information was furnished or acquired.

(2) LIMITATIONS.—Nothing in this subsection prohibits—

(A) issuance of general statements based on the reports of a number of handlers and importers subject to an order, if the statements do not identify the information furnished by any person; or

(B) the publication, by direction of the Secretary, of the name of any person violating an order issued under section 744(a), together with a statement of the particular provisions of the order violated by the person.

(3) PENALTY.—Any person who willfully violates this subsection, on conviction, shall be subject to a fine of not more than $1,000 or to imprisonment for not more than 1 year, or both, and, if the person is a member, officer, or agent of the board or an employee of the Department, shall be removed from office.

(h) WITHHOLDING INFORMATION.—Nothing in this subtitle authorizes the withholding of information from Congress.

SEC. 747. PERMISSIVE TERMS IN ORDER.

(a) PERMISSIVE TERMS.—On the recommendation of the Board and with the approval of the Secretary, an order issued under section 744 may include the terms and conditions specified in this section and such additional terms and conditions as the Secretary considers necessary to effectuate the other provisions of the order and are incidental to, and not inconsistent with, this subtitle.

(b) ALTERNATIVE PAYMENT AND REPORTING SCHEDULES.—The order may authorize the Board to designate different handler payment and reporting schedules to recognize differences in marketing practices and procedures.

(c) WORKING GROUPS.—The order may authorize the Board to convene working groups drawn from producers, handlers, importers, exporters, or the general public and utilize the expertise of the groups to assist in the

development of research and marketing programs for kiwifruit.

(d) RESERVE FUNDS.—The order may authorize the Board to accumulate reserve funds from assessments collected pursuant to section 746(b) to permit an effective and continuous coordinated program of research, promotion, and consumer information in years in which production and assessment income may be reduced, except that any reserve fund may not exceed the amount budgeted for operation of this subtitle for 1 year.

(e) PROMOTION ACTIVITIES OUTSIDE UNITED STATES.—The order may authorize the Board to use, with the approval of the Secretary, funds collected under section 746(b) and funds from other sources for the development and expansion of sales in foreign markets of kiwifruit produced in the United States.

SEC. 748. PETITION AND REVIEW.

(a) PETITION.—

(1) IN GENERAL.—A person subject to an order may file with the Secretary a petition—

(A) stating that the order, a provision of the order, or an obligation imposed in connection with the order is not in accordance with law; and

(B) requesting a modification of the order or an exemption from the order.

(2) HEARINGS.—A person submitting a petition under paragraph (1) shall be given an opportunity for a hearing on the petition, in accordance with regulations issued by the Secretary.

(3) RULING.—After the hearing, the Secretary shall make a ruling on the petition which shall be final if the petition is in accordance with law.

(4) LIMITATION ON PETITION.—Any petition filed under this subtitle challenging an order, or any obligation imposed in connected with an order, shall be filed not later than 2 years after the effective date of the order or obligation.

(b) REVIEW.—

(1) COMMENCEMENT OF ACTION.—The district court of the United States in any district in which the person who is a petitioner under subsection (a) resides or carries on business is vested with jurisdiction to review the ruling on the petition of the person, if a complaint for that purpose is filed not later than 20 days after the date of the entry of a ruling by the Secretary under subsection (a).

(2) PROCESS.—Service of process in the proceedings shall be conducted in accordance with the Federal Rules of Civil Procedure.

(3) REMANDS.—If the court determines that the ruling is not in accordance with law, the court shall remand the matter to the Secretary with directions—

(A) to make such ruling as the court shall determine to be in accordance with law; or

(B) to take such further action as, in the opinion of the court, the law requires.

(4) ENFORCEMENT.—The pendency of a proceeding instituted pursuant to subsection (a) shall not impede, hinder, or delay the Attorney General or the Secretary from obtaining relief pursuant to section 749.

SEC. 749. ENFORCEMENT.

(a) JURISDICTION.—A district court of the United States shall have jurisdiction specifically to enforce, and to prevent and restrain any person from violating, any order or regulation made or issued by the Secretary under this subtitle.

(b) REFERRAL TO ATTORNEY GENERAL.—A civil action authorized to be brought under this section shall be referred to the Attorney General for appropriate action, except that the Secretary is not required to refer to the Attorney General a violation of this subtitle, or any order or regulation issued under this subtitle, if the Secretary believes that the administration and enforcement of this subtitle would be adequately served by administrative action under subsection (c) or suitable written notice or warning to any person committing the violation.

(c) CIVIL PENALTIES AND ORDERS.—

(1) CIVIL PENALTIES.—Any person who willfully violates any provision of any order or regulation issued by the Secretary under this subtitle, or who fails or refuses to pay, collect, or remit any assessment or fee duly required of the person under the order or regulation, may be assessed a civil penalty by the Secretary of not less than $500 nor more than $5,000 for each such violation. Each violation shall be a separate offense.

(2) CEASE-AND-DESIST ORDERS.—In addition to or in lieu of the civil penalty, the Secretary may issue an order requiring the person to cease and desist from continuing the violation.

(3) NOTICE AND HEARING.—No order assessing a civil penalty or cease-and-desist order may be issued by the Secretary under this subsection unless the Secretary gives the person against whom the order is issued notice and opportunity for a hearing on the record before the Secretary with respect to the violation.

(4) FINALITY.—The order of the Secretary assessing a penalty or imposing a cease-and-desist order shall be final and conclusive unless the person against whom the order is issued files an appeal from the order with the appropriate district court of the United States, in accordance with subsection (d).

(d) REVIEW BY UNITED STATES DISTRICT COURT.—

(1) COMMENCEMENT OF ACTION.—Any person against whom a violation is found and a civil penalty assessed or cease-and-desist order issued under subsection (c) may obtain review of the penalty or order in the district court of the United States for the district in which the person resides or does business, or the United States district court for the District of Columbia, by—

(A) filing a notice of appeal in the court not later than 30 days after the date of the order; and

(B) simultaneously sending a copy of the notice by certified mail to the Secretary.

(2) RECORD.—The Secretary shall promptly file in the court a certified copy of the record on which the Secretary found that the person had committed a violation.

(3) STANDARD OF REVIEW.—A finding of the Secretary shall be set aside only if the finding is found to be unsupported by substantial evidence.

(e) FAILURE TO OBEY ORDERS.—Any person who fails to obey a cease-and-desist order issued by the Secretary after the order has become final and unappealable, or after the appropriate United States district court has entered a final judgment in favor of the Secretary, shall be subject to a civil penalty assessed by the Secretary, after opportunity for a hearing and for judicial review under the procedures specified in subsections (c) and (d), of not more than $500 for each offense. Each day during which the failure continues shall be considered a separate violation of the order.

(f) FAILURE TO PAY PENALTIES.—If a person fails to pay an assessment of a civil penalty after the assessment has become a final and unappealable order issued by the Secretary, or after the appropriate United States district court has entered final judgment in favor of the Secretary, the Secretary shall refer the matter to the Attorney General for recovery of the amount assessed in the district court of the United States in any district in which the person resides or conducts business. In the action, the validity and appropriateness of the final order imposing the civil penalty shall not be subject to review.

SEC. 750. INVESTIGATIONS AND POWER TO SUBPOENA.

(a) IN GENERAL.—The Secretary may make such investigations as the Secretary considers necessary—

(1) for the effective carrying out of the responsibilities of the Secretary under this subtitle; or

(2) to determine whether a person subject to this subtitle has engaged or is engaging in any act that constitutes a violation of this subtitle, or any order, rule, or regulation issued under this subtitle.

(b) POWER TO SUBPOENA.—

(1) INVESTIGATIONS.—For the purpose of an investigation made under subsection (a), the Secretary may administer oaths and affirmations and may issue subpoenas to require the production of any records that are relevant to the inquiry. The production of any such records may be required from any place in the United States.

(2) ADMINISTRATIVE HEARINGS.—For the purpose of an administrative hearing held under section 748 or 749, the presiding officer is authorized to administer oaths and affirmations, subpoena witnesses, compel the attendance of witnesses, take evidence, and require the production of any records that are relevant to the inquiry. The attendance of witnesses and the production of any such records may be required from any place in the United States.

(c) AID OF COURTS.—In the case of contumacy by, or refusal to obey a subpoena to, any person, the Secretary may invoke the aid of any court of the United States within the jurisdiction of which the investigation or proceeding is carried on, or where the person resides or carries on business, to enforce a subpoena issued by the Secretary under subsection (b). The court may issue an order requiring the person to comply with the subpoena.

(d) CONTEMPT.—Any failure to obey the order of the court may be punished by the court as a contempt of the order.

(e) PROCESS.—Process in any such case may be served in the judicial district of which the person resides or conducts business or wherever the person may be found.

(f) HEARING SITE.—The site of any hearing held under section 748 or 749 shall be within the judicial district where the person is an inhabitant or has a principal place of business.

SEC. 751. REFERENDA.

(a) INITIAL REFERENDUM.—

(1) REFERENDUM REQUIRED.—During the 60-day period immediately preceding the proposed effective date of an order issued under section 744, the Secretary shall conduct a referendum among kiwifruit producers and importers who will be subject to assessments under the order, to ascertain whether producers and importers approve the implementation of the order.

(2) APPROVAL OF ORDER.—The order shall become effective, as provided in section 744, if the Secretary determines that—

(A) the order has been approved by a majority of the producers and importers voting in the referendum; and

(B) the producers and importers produce and import more than 50 percent of the total volume of kiwifruit produced and imported by persons voting in the referendum.

(b) SUBSEQUENT REFERENDA.—The Secretary may periodically conduct a referendum to determine if kiwifruit producers and importers favor the continuation, termination, or suspension of any order issued under section 744 that is in effect at the time of the referendum.

(c) REQUIRED REFERENDA.—The Secretary shall hold a referendum under subsection (b)—

(1) at the end of the 6-year period beginning on the effective date of the order and at the end of each subsequent 6-year period;

(2) at the request of the Board; or

(3) if not less than 30 percent of the kiwifruit producers and importers subject to assessments under the order submit a petition requesting the referendum.

(d) VOTE.—On completion of a referendum under subsection (b), the Secretary shall suspend or terminate the order that was subject to the referendum at the end of the marketing year if—

(1) the suspension or termination of the order is favored by not less than a majority of the producers and importers voting in the referendum; and

(2) the producers and importers produce and import more than 50 percent of the total volume of kiwifruit produced and imported by persons voting in the referendum.

(e) CONFIDENTIALITY.—The ballots and other information or reports that reveal, or tend to reveal, the vote of any person under this subtitle and the voting list shall be held strictly confidential and shall not be disclosed.

SEC. 752. SUSPENSION AND TERMINATION OF ORDER BY SECRETARY.

(a) IN GENERAL.—If the Secretary finds that an order issued under section 744, or a provision of the order, obstructs or does not tend to effectuate the purposes of this subtitle, the Secretary shall terminate or suspend the operation of the order or provision.

(b) LIMITATION.—The termination or suspension of any order, or any provision of an order, shall not be considered an order under this subtitle.

SEC. 753. REGULATIONS.

The Secretary may issue such regulations as are necessary to carry out this subtitle.

SEC. 754. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated such funds as are necessary to carry out this subtitle for each fiscal year.

Subtitle D—Commodity Promotion and Evaluation

SEC. 761. COMMODITY PROMOTION AND EVALUATION.

(a) FINDINGS.—Congress finds that—

(1) it is in the national public interest and vital to the welfare of the agricultural economy of the United States to expand and develop markets for agricultural commodities through generic, industry-funded promotion programs;

(2) the programs play a unique role in advancing the demand for agricultural commodities, since the programs increase the total market for a product to the benefit of consumers and all producers;

(3) the programs complement branded advertising initiatives, which are aimed at increasing the market share of individual competitors;

(4) the programs are of particular benefit to small producers, who may lack the resources or market power to advertise on their own;

(5) the programs do not impede the branded advertising efforts of individual firms but instead increase market demand by methods that each individual entity would not have the incentive to employ;

(6) the programs, paid for by the producers who directly reap the benefits of the programs, provide a unique opportunity for agricultural producers to inform consumers about their products;

(7) it is important to ensure that the programs be carried out in an effective and coordinated manner that is designed to strengthen the position of the commodities in the marketplace and to maintain and expand the markets and uses of the commodities; and

(8) independent evaluation of the effectiveness of the programs will assist Congress and the Secretary of Agriculture in ensuring that the objectives of the programs are met.

(b) INDEPENDENT EVALUATIONS.—Except as otherwise provided by law, and at such intervals as the Secretary of Agriculture may determine, but not more frequently than every 3 years or 3 years after the establishment of a program, the Secretary shall require that each industry-funded generic promotion program authorized by Federal law for an agricultural commodity shall provide for an independent evaluation of the program and the effectiveness of the program. The evaluation may include an analysis of benefits, costs, and the efficacy of promotional and research efforts under the program. The evaluation shall be funded from industry assessments and made available to the public.

(c) ADMINISTRATIVE COSTS.—The Secretary shall provide to Congress annually information on administrative expenses on programs referred to in subsection (b).

TITLE VIII—MISCELLANEOUS

Subtitle A—Options Pilot Programs and Risk Management Education

SEC. 801. SHORT TITLE.

This subtitle may be cited as the ''Options Pilot Programs Act of 1996''.

SEC. 802. PURPOSE.

The purpose of this subtitle is to authorize the Secretary of Agriculture (referred to in this subtitle as the ''Secretary'') to—

(1) conduct research through pilot programs for 1 or more program commodities to ascertain whether futures and options contracts can provide producers with reasonable protection from the financial risks of fluctuations in price, yield, and income inherent in the production and marketing of agricultural commodities; and

(2) provide education in the management of the financial risks inherent in the production and marketing of agricultural commodities.

SEC. 803. PILOT PROGRAMS.

(a) IN GENERAL.—The Secretary is authorized to conduct pilot programs for 1 or more supported commodities through December 31, 2002.

(b) DISTRIBUTION OF PILOT PROGRAMS.—The Secretary may operate a pilot program described in subsection (a) (referred to in this subtitle as a ''pilot program'') in up to 100 counties for each program commodity with not more than 6 of those counties in any 1 State. A pilot program shall not be implemented in any county for more than 3 of the 1996 through 2002 calendar years.

(c) ELIGIBLE PARTICIPANTS.—

(1) IN GENERAL.—In carrying out a pilot program, the Secretary may contract with a producer who—

(A) is eligible to participate in a price support program for a supported commodity;

(B) desires to participate in a pilot program; and

(C) is located in an area selected for a pilot program.

(2) CONTRACTS.—Each contract under paragraph (1) shall set forth the terms and conditions for participation in a pilot program.

(d) ELIGIBLE MARKETS.—Trades for futures and options contracts under a pilot program shall be carried out on commodity futures and options markets designated as contract markets under the Commodity Exchange Act (7 U.S.C. 1 et seq.)

SEC. 804. TERMS AND CONDITIONS.

(a) IN GENERAL.—To be eligible to participate in any pilot program for any commodity conducted under this subtitle, a producer shall meet the eligibility requirements established under this subtitle (including regulations issued under this subtitle).

(b) RECORDKEEPING.—Producers shall compile, maintain, and submit (or authorize the compilation, maintenance, and submission) of such documentation as the regulations governing any pilot program require.

SEC. 805. NOTICE.

(a) ALTERNATIVE PROGRAMS.—Pilot programs shall be alternatives to other related programs of the Department of Agriculture.

(b) NOTICE TO PRODUCERS.—The Secretary shall provide notice to each producer participating in a pilot program that—

(1) the participation of the producer in a pilot program is voluntary; and

(2) neither the United States, the Commodity Credit Corporation, the Federal Crop Insurance Corporation, the Department of Agriculture, nor any other Federal agency is authorized to guarantee that participants in the pilot program will be better or worse off financially as a result of participation in a pilot program than the producer would have been if the producer had not participated in a pilot program.

SEC. 806. COMMODITY CREDIT CORPORATION.

(a) IN GENERAL.—Pilot programs established under this subtitle shall be funded by and carried out through the Commodity Credit Corporation.

(b) LIMITATION.—In conducting the programs, the Secretary shall, to the maximum extent practicable, operate the pilot programs in a budget neutral manner.

SEC. 807. RISK MANAGEMENT EDUCATION.

The Secretary shall provide such education in management of the financial risks inherent in the production and marketing of agricultural commodities as the Secretary considers appropriate.

Subtitle B—Commercial Transportation of Equine for Slaughter

SEC. 811. FINDINGS.

Congress finds that, to ensure that equine sold for slaughter are provided humane treatment and care, it is essential to regulate the transportation, care, handling, and treatment of equine by any person engaged in the commercial transportation of equine for slaughter.

SEC. 812. DEFINITIONS.

In this subtitle:

(1) COMMERCE.—The term ''commerce'' means trade, traffic, transportation, or other commerce by a person—

(A) between any State, territory, or possession of the United States, or the District of Columbia, and any place outside thereof;

(B) between points within the same State, territory, or possession of the United States, or the District of Columbia, but through any place outside thereof; or

(C) within any territory or possession of the United States or the District of Columbia.

(2) DEPARTMENT.—The term ''Department'' means the United States Department of Agriculture.

(3) EQUINE.—The term ''equine'' means any member of the Equidae family.

(4) EQUINE FOR SLAUGHTER.—The term ''equine for slaughter'' means any equine that is transported, or intended to be transported, by vehicle to a slaughter facility or intermediate handler from a sale, auction, or intermediate handler by a person engaged in the business of transporting equine for slaughter.

(5) FOAL.—The term ''foal'' means an equine that is not more than 6 months of age.

(6) INTERMEDIATE HANDLER.—The term ''intermediate handler'' means any person regularly engaged in the business of receiving custody of equine for slaughter in connection with the transport of the equine to a slaughter facility, including a stockyard, feedlot, or assembly point.

(7) PERSON.—The term ''person'' means any individual, partnership, firm, company, corporation, or association that regularly transports equine for slaughter in commerce, except that the term shall not include an individual or other entity that does not transport equine for slaughter on a regular basis as part of a commercial enterprise.

(8) SECRETARY.—The term ''Secretary'' means the Secretary of Agriculture.

(9) VEHICLE.—The term ''vehicle'' means any machine, truck, tractor, trailer, or semitrailer, or any combination thereof, propelled or drawn by mechanical power and used on a highway in the commercial transportation of equine for slaughter.

(10) STALLION.—The term ''stallion'' means any uncastrated male equine that is 1 year of age or older.

SEC. 813. STANDARDS FOR HUMANE COMMERCIAL TRANSPORTATION OF EQUINE FOR SLAUGHTER.

(a) IN GENERAL.—Subject to the availability of appropriations, not later than 1 year after the date of enactment of this subtitle, the Secretary shall issue, by regulation, standards for the humane commercial transportation by vehicle of equine for slaughter.

(b) PROHIBITION.—No person engaged in the regular business of transporting equine by vehicle for slaughter as part of a commercial enterprise shall transport in commerce, to a slaughter facility or intermediate handler, an equine for slaughter except in accordance with the standards and this subtitle.

(c) MINIMUM REQUIREMENTS.—The standards shall include minimum requirements for the humane handling, care, treatment, and equipment necessary to ensure the safe and humane transportation of equine for slaughter. The standards shall require, at a minimum, that—

(1) no equine for slaughter shall be transported for more than 24 hours without being unloaded from the vehicle and allowed to rest for at least 8 consecutive hours and given access to adequate quantities of wholesome food and potable water;

(2) a vehicle shall provide adequate headroom for an equine for slaughter with a minimum of at least 6 feet, 6 inches of headroom from the roof and beams or other structural members overhead to floor underfoot, except that a vehicle transporting 6 equine or less shall provide a minimum of at least 6 feet of headroom from the roof and beams or other structural members overhead to floor underfoot if none of the equine are over 16 hands;

(3) the interior of a vehicle shall—

(A) be free of protrusions, sharp edges, and harmful objects;

(B) have ramps and floors that are adequately covered with a nonskid nonmetallic surface; and

(C) be maintained in a sanitary condition;

(4) a vehicle shall—

(A) provide adequate ventilation and shelter from extremes of weather and temperature for all equine;

(B) be of appropriate size, height, and interior design for the number of equine being carried to prevent overcrowding; and

(C) be equipped with doors and ramps of sufficient size and location to provide for safe loading and unloading, including unloading during emergencies;

(5)(A) equine shall be positioned in the vehicle by size; and

(B) stallions shall be segregated from other equine;

(6)(A) all equine for slaughter must be fit to travel as determined by an accredited veterinarian, who shall prepare a certificate of inspection, prior to loading for transport, that—

(i) states that the equine were inspected and satisfied the requirements of subparagraph (B);

(ii) includes a clear description of each equine; and

(iii) is valid for 7 days;

(B) no equine shall be transported to slaughter if the equine is found to be—

(i) suffering from a broken or dislocated limb;

(ii) unable to bear weight on all 4 limbs;

(iii) blind in both eyes; or

(iv) obviously suffering from severe illness, injury, lameness, or physical debilitation that would make the equine unable to withstand the stress of transportation;

(C) no foal may be transported for slaughter;

(D) no mare in foal that exhibits signs of impending parturition may be transported for slaughter; and

(E) no equine for slaughter shall be accepted by a slaughter facility unless the equine is—

(i) inspected on arrival by an employee of the slaughter facility or an employee of the Department; and

(ii) accompanied by a certificate of inspection issued by an accredited veterinarian, not more than 7 days before the delivery, stating that the veterinarian inspected the equine on a specified date.

SEC. 814. RECORDS.

(a) IN GENERAL.—A person engaged in the business of transporting equine for slaughter shall establish and maintain such records, make such reports, and provide such information as the Secretary may, by regulation, require for the purposes of carrying out, or determining compliance with, this subtitle.

(b) MINIMUM REQUIREMENTS.—The records shall include, at a minimum—

(1) the veterinary certificate of inspection;

(2) the names and addresses of current owners and consignors, if applicable, of the equine at the time of sale or consignment to slaughter; and

(3) the bill of sale or other documentation of sale for each equine.

(c) AVAILABILITY.—The records shall—

(1) accompany the equine during transport to slaughter;

(2) be retained by any person engaged in the business of transporting equine for slaughter for a reasonable period of time, as determined by the Secretary, except that the veterinary certificate of inspection shall be surrendered at the slaughter facility to an employee or designee of the Department and kept by the Department for a reasonable period of time, as determined by the Secretary; and

(3) on request of an officer or employee of the Department, be made available at all reasonable times for inspection and copying by the officer or employee.

SEC. 815. AGENTS.

(a) IN GENERAL.—For purposes of this subtitle, the act, omission, or failure of an individual acting for or employed by a person engaged in the business of transporting equine for slaughter, within the scope of the employment or office of the individual, shall be considered the act, omission, or failure of the person engaging in the commercial transportation of equine for slaughter as well as of the individual.

(b) ASSISTANCE.—If an equine suffers a substantial injury or illness while being transported for slaughter on a vehicle, the driver of the vehicle shall seek prompt assistance from a licensed veterinarian.

SEC. 816. COOPERATIVE AGREEMENTS.

The Secretary is authorized to cooperate with States, political subdivisions of States, State agencies (including State departments of agriculture and State law enforcement agencies), and foreign governments to carry out and enforce this subtitle (including regulations issued under this subtitle).

SEC. 817. INVESTIGATIONS AND INSPECTIONS.

(a) IN GENERAL.—The Secretary is authorized to conduct such investigations or inspections as the Secretary considers necessary to enforce this subtitle (including any regulation issued under this subtitle).

(b) ACCESS.—For the purposes of conducting an investigation or inspection under subsection (a), the Secretary shall, at all reasonable times, have access to—

(1) the place of business of any person engaged in the business of transporting equine for slaughter;

(2) the facilities and vehicles used to transport the equine; and

(3) records required to be maintained under section 834.

(c) ASSISTANCE TO OR DESTRUCTION OF EQUINE.—The Secretary shall issue such regulations as the Secretary considers necessary to permit employees or agents of the Department to—

(1) provide assistance to any equine that is covered by this subtitle (including any regulation issued under this subtitle); or

(2) destroy, in a humane manner, any such equine found to be suffering.

SEC. 818. INTERFERENCE WITH ENFORCEMENT.

(a) IN GENERAL.—Subject to subsection (b), a person who forcibly assaults, resists, opposes, impedes, intimidates, or interferes with any person while engaged in or on account of the performance of an official duty of the person under this subtitle shall be fined not more than $5,000 or imprisoned not more than 3 years, or both.

(b) WEAPONS.—If the person uses a deadly or dangerous weapon in connection with an action described in subsection (a), the person shall be fined not more than $10,000 or imprisoned not more than 10 years, or both.

SEC. 819. JURISDICTION OF COURTS.

Except as provided in section 840(a)(5), a district court of the United States in any appropriate judicial district under section 1391 of title 28, United States Code, shall have jurisdiction to specifically enforce this subtitle, to prevent and restrain a violation of this subtitle, and to otherwise enforce this subtitle.

SEC. 820. CIVIL AND CRIMINAL PENALTIES.

(a) CIVIL PENALTIES.—

(1) IN GENERAL.—A person who violates this subtitle (including a regulation or standard issued under this subtitle) shall be assessed a civil penalty by the Secretary of not more than $2,000 for each violation.

(2) SEPARATE OFFENSES.—Each equine transported in violation of this subtitle shall constitute a separate offense. Each violation and each day during which a violation continues shall constitute a separate offense.

(3) HEARINGS.—No penalty shall be assessed under this subsection unless the person who is alleged to have violated this subtitle is given notice and opportunity for a hearing with respect to an alleged violation.

(4) FINAL ORDER.—An order of the Secretary assessing a penalty under this subsection shall be final and conclusive unless the aggrieved person files an appeal from the order pursuant to paragraph (5).

(5) APPEALS.—Not later than 30 days after entry of a final order of the Secretary issued pursuant to this subsection, a person aggrieved by the order may seek review of the order in the appropriate United States Court of Appeals. The Court shall have exclusive jurisdiction to enjoin, set aside, suspend (in whole or in part), or to determine the validity of the order.

(6) NONPAYMENT OF PENALTY.—On a failure to pay the penalty assessed by a final order under this section, the Secretary shall request the Attorney General to institute a

civil action in a district court of the United States or other United States court for any district in which the person is found, resides, or transacts business, to collect the penalty. The court shall have jurisdiction to hear and decide the action.

(b) CRIMINAL PENALTIES.—

(1) FIRST OFFENSE.—Subject to paragraph (2), a person who knowingly violates this subtitle (or a regulation or standard issued under this subtitle) shall, on conviction of the violation, be subject to imprisonment for not more than 1 year or a fine of not more than $2,000, or both.

(2) SUBSEQUENT OFFENSES.—On conviction of a second or subsequent offense described in paragraph (1), a person shall be subject to imprisonment for not more than 3 years or to a fine of not more than $5,000, or both.

SEC. 821. PAYMENTS FOR TEMPORARY OR MEDICAL ASSISTANCE FOR EQUINE DUE TO VIOLATIONS.

From sums received as penalties, fines, or forfeitures of property for any violation of this subtitle (including a regulation issued under this subtitle), the Secretary shall pay the reasonable and necessary costs incurred by any person in providing temporary care or medical assistance for any equine that needs the care or assistance due to a violation of this subtitle.

SEC. 822. RELATIONSHIP TO STATE LAW.

Nothing in this subtitle prevents a State from enacting or enforcing any law (including a regulation) that is not inconsistent with this subtitle or that is more restrictive than this subtitle.

SEC. 823. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—There are authorized to be appropriated for each fiscal year such sums as are necessary to carry out this subtitle.

(b) LIMITATION.—No provision of this subtitle shall be effective, or be enforced against any person, during a fiscal year unless funds to carry out this subtitle have been appropriated for the fiscal year.

Subtitle C—Nutrition Assistance

SEC. 831. FOOD STAMP PROGRAM.

(a) EMPLOYMENT AND TRAINING.—Section 16(h)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)(1)) is amended by striking ''1995'' each place it appears and inserting ''2002''.

(b) AUTHORIZATION OF PILOT PROJECTS.—The last sentence of section 17(b)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)(A)) is amended by striking ''1995'' and inserting ''2002''.

(c) OUTREACH DEMONSTRATION PROJECTS.—The first sentence of section 17(j)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2026(j)(1)(A)) is amended by striking ''1995'' and inserting ''2002''.

(d) AUTHORIZATION FOR APPROPRIATIONS.—The first sentence of section 18(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2027(a)(1)) is amended by striking ''1995'' and inserting ''2002''.

(e) REAUTHORIZATION OF PUERTO RICO NUTRITION ASSISTANCE PROGRAM.—The first sentence of section 19(a)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2028(a)(1)(A)) is amended by striking ''$974,000,000'' and all that follows through ''fiscal year 1995'' and inserting ''$1,143,000,000 for fiscal year 1996, $1,174,000,000 for fiscal year 1997, $1,204,000,000 for fiscal year 1998, $1,236,000,000 for fiscal year 1999, $1,268,000,000 for fiscal year 2000, $1,301,000,000 for fiscal year 2001, and $1,335,000,000 for fiscal year 2002''.

(f) AMERICAN SAMOA.—The Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) is amended by adding at the end the following:

''SEC. 24. TERRITORY OF AMERICAN SAMOA.

''From amounts made available to carry out this Act, the Secretary may pay to the Territory of American Samoa not more than $5,300,000 for each of fiscal years 1996 through 2002 to finance 100 percent of the expenditures for the fiscal year for a nutrition assistance program extended under section 601(c) of Public Law 96–597 (48 U.S.C. 1469d(c)).''.

SEC. 832. COMMODITY DISTRIBUTION PROGRAM; COMMODITY SUPPLEMENTAL FOOD PROGRAM.

(a) REAUTHORIZATION.—The first sentence of section 4(a) of the Agriculture and Consumer Protection Act of 1973 (Public Law 93–86; 7 U.S.C. 612c note) is amended by striking ''1995'' and inserting ''2002''.

(b) FUNDING.—Section 5 of the Agriculture and Consumer Protection Act of 1973 (Public Law 93–86; 7 U.S.C. 612c note) is amended—

(1) in subsection (a)(2), by striking ''1995'' and inserting ''2002''; and

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

SEC. 833. EMERGENCY FOOD ASSISTANCE PROGRAM.

(a) REAUTHORIZATION.—The first sentence of section 204(a)(1) of the Emergency Food Assistance Act of 1983 (Public Law 98–8; 7 U.S.C. 612c note) is amended by striking ''1995'' and inserting ''2002''.

(b) PROGRAM TERMINATION.—Section 212 of the Emergency Food Assistance Act of 1983 (Public Law 98–8; 7 U.S.C. 612c note) is amended by striking ''1995'' and inserting ''2002''.

(c) REQUIRED PURCHASES OF COMMODITIES.—Section 214 of the Emergency Food Assistance Act of 1983 (Public Law 98–8; 7 U.S.C. 612c note) is amended—

(1) in the first sentence of subsection (a), by striking ''1995'' and inserting ''2002''; and

(2) in subsection (e), by striking ''1995'' each place it appears and inserting ''2002''.

SEC. 834. SOUP KITCHENS PROGRAM.

Section 110 of the Hunger Prevention Act of 1988 (Public Law 100–435; 7 U.S.C. 612c note) is amended—

(1) in the first sentence of subsection (a), by striking ''1995'' and inserting ''2002''; and

(2) in subsection (c)(2)—

(A) in the paragraph heading, by striking ''1995'' and inserting ''2002''; and

(B) by striking ''1995'' each place it appears and inserting ''2002''.

SEC. 835. NATIONAL COMMODITY PROCESSING.

The first sentence of section 1114(a)(2)(A) of the Agriculture and Food Act of 1981 (7 U.S.C. 1431e(2)(A)) is amended by striking ''1995'' and inserting ''2002''.

Subtitle D—Miscellaneous

SEC. 841. LIVESTOCK DEALER TRUST.

Title III of the Packers and Stockyards Act, 1921 (7 U.S.C. 201 et seq.), is amended by adding at the end the following:

''SEC. 318. LIVESTOCK DEALER TRUST.

''(a) FINDINGS.—Congress finds that—

''(1) a burden on and obstruction to commerce in livestock is caused by financing arrangements under which dealers and market agencies purchasing livestock on commission encumber, give lenders security interests in, or have liens placed on livestock purchased by the dealers and market agencies in cash sales, or on receivables from or proceeds of such sales, when payment is not made for the livestock; and

''(2) the carrying out of such arrangements is contrary to the public interest.

''(b) PURPOSE.—The purpose of this section is to remedy the burden on and obstruction to commerce in livestock described in paragraph (1) and protect the public interest.

''(c) DEFINITIONS.—In this section:

''(1) CASH SALE.—The term 'cash sale' means a sale in which the seller does not expressly extend credit to the buyer.

''(2) TRUST.—The term 'trust' means 1 or more assets of a buyer that (subsequent to a cash sale of livestock) constitutes the corpus of a trust held for the benefit of a seller and consists of—

''(A) account receivables and proceeds earned from the cash sale of livestock by a dealer;

''(B) account receivables and proceeds of a marketing agency earned on commission from the cash sale of livestock;

''(C) the inventory of the dealer or marketing agency; or

''(D) livestock involved in the cash sale, if the seller has not received payment in full for the livestock and a bona fide third-party purchaser has not purchased the livestock from the dealer or marketing agency.

''(d) HOLDING IN TRUST.—

''(1) IN GENERAL.—The account receivables and proceeds generated in a cash sale made by a dealer or a market agency on commission and the inventory of the dealer or market agency shall be held by the dealer or market agency in trust for the benefit of the seller of the livestock until the seller receives payment in full for the livestock.

''(2) EXEMPTION.—Paragraph (1) does not apply in the case of a cash sale made by a dealer or market agency if the total amount of cash sales made by the dealer or market agency during the preceding 12 months does not exceed $250,000.

''(3) DISHONOR OF INSTRUMENT OF PAYMENT.—A payment in a sale described in paragraph (1) shall not be considered to be made if the instrument by which payment is made is dishonored.

''(4) LOSS OF BENEFIT OF TRUST.—If an instrument by which payment is made in a sale described in paragraph (1) is dishonored, the seller shall lose the benefit of the trust under paragraph (1) on the earlier of—

''(A) the date that is 15 business days after date on which the seller receives notice of the dishonor; or

''(B) the date that is 30 days after the final date for making payment under section 409,

unless the seller gives written notice to the dealer or market agency of the seller's intention to preserve the trust and submits a copy of the notice to the Secretary.

''(5) RIGHTS OF THIRD-PARTY PURCHASER.—The trust established under paragraph (1) shall have no effect on the rights of a bona fide third-party purchaser of the livestock, without regard to whether the livestock are delivered to the bona fide purchaser.

''(e) JURISDICTION.—The district courts of the United States shall have jurisdiction in a civil action—

''(1) by the beneficiary of a trust described in subsection (c)(1), to enforce payment of the amount held in trust; and

''(2) by the Secretary, to prevent and restrain dissipation of a trust described in subsection (c)(1).''.

SEC. 842. FUND FOR DAIRY PRODUCERS TO PAY FOR NUTRIENT MANAGEMENT.

Section 8c(5) of the Agricultural Adjustment Act (7 U.S.C. 608c(5)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended—

(1) in paragraph (A), by adding at the end the following: ''The minimum price for milk of the highest classification in any order (other than an order amended under paragraph (M)) may not be higher than the minimum price required under this paragraph.''; and

(2) by adding at the end the following:

''(M) SAFE HARBOR.—

''(i) IN GENERAL.—Providing that each order may be amended such that not more than $.10 per hundredweight of milk of the highest use classification may be added to the minimum applicable price to be set aside in a fund called the 'Safe Harbor Fund Account' (referred to in this paragraph as the 'Account').

''(ii) ADMINISTRATION.—

''(I) MARKET ADMINISTRATOR.—The Account shall be administered by the Market Administrator.

''(II) USE OF FUNDS.—A determination regarding the use of the funds in the Account shall be made by the Safe Harbor Committee established under clause (iii).

''(iii) SAFE HARBOR COMMITTEE.—The Secretary shall establish a Safe Harbor Committee consisting of 7 milk producers appointed by the Secretary who supply milk to handlers regulated under a Federal milk marketing order.

''(iv) USE OF FUNDS.—

''(I) APPLICATIONS.—To be eligible to use amounts in the fund, a milk producer who supplies milk to handlers regulated under a Federal milk marketing order shall submit an application to the Safe Harbor Committee.

''(II) APPROVAL.—The Safe Harbor Committee may approve only applications that fund conservation practices approved by the Secretary that control the off-migration of nutrients from the farm.

''(III) STATE WATER QUALITY PRIORITIES.—In approving applications, the Safe Harbor Committee shall take into account, to the extent practicable, the applicable State water quality priorities.''.

SEC. 843. PLANTING OF ENERGY CROPS.

(a) FEED GRAINS.—The first sentence of section 105B(c)(1)(F)(i) of the Agricultural Act of 1949 (7 U.S.C. 1444f(c)(1)(F)(i)) is amended by inserting ''herbaceous perennial grass, short rotation woody coppice species of trees, other energy crops designated by the Secretary with high energy content,'' after ''mung beans,''.

(b) WHEAT.—The first sentence of section 107B(c)(1)(F)(i) of the Agricultural Act of 1949 (7 U.S.C. 1445b–3a(c)(1)(F)(i)) is amended by inserting ''herbaceous perennial grass, short rotation woody coppice species of trees, other energy crops designated by the Secretary with high energy content,'' after ''mung beans,''.

SEC. 844. CROP INSURANCE.

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

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

''(C) DELIVERY OF COVERAGE.—

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

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

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

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

''(A) IN GENERAL.—Effective for the spring-planted 1996 and subsequent crops, to be eligible for any payment or loan under the Agricultural Market Transition Act or the Agricultural Adjustment Act of 1938 (7 U.S.C. 1301 et seq.), the conservation reserve program, or any benefit described in section 371 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008f), a person shall—

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

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

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

SEC. 845. REVENUE INSURANCE.

Section 508(h) of the Federal Crop Insurance Act (7 U.S.C. 1508(h)) is amended by adding at the end the following:

''(9) REVENUE INSURANCE PILOT PROGRAM.—

''(A) IN GENERAL.—Not later than December 31, 1996, the Secretary shall carry out a pilot program in a limited number of counties, as determined by the Secretary, for crop years 1997, 1998, 1999, and 2000, under which a producer of corn, wheat, or soybeans may elect to receive insurance against loss of revenue, as determined by the Secretary.

''(B) ADMINISTRATION.—Revenue insurance under this paragraph shall—

''(i) be offered through reinsurance arrangements with private insurance companies;

''(ii) offer at least a minimum level of coverage that is an alternative to catastrophic crop insurance;

''(iii) be actuarily sound; and

''(iv) require the payment of premiums and administrative fees by an insured producer.''.

SEC. 846. REIMBURSABLE AGREEMENTS.

Section 737 of Public Law 102–142 (7 U.S.C. 2277) is amended—

(1) by striking ''SEC. 737. Funds'' and inserting the following:

''SEC. 737. SERVICES FOR APHIS PERFORMED OUTSIDE THE UNITED STATES.

''(a) IN GENERAL.—Funds''; and

(2) by adding at the end the following:

''(b) REIMBURSABLE AGREEMENTS.—

''(1) IN GENERAL.—The Secretary of Agriculture may enter into reimbursable fee agreements with persons for preclearance at locations outside the United States of plants, plant products, animals, and articles for movement to the United States.

''(2) OVERTIME, NIGHT, AND HOLIDAY WORK.—Notwithstanding any other law, the Secretary of Agriculture may pay an employee of the Department of Agriculture preforming services relating to imports into and exports from the United States for overtime, night, and holiday work performed by the employee at a rate of pay established by the Secretary.

''(3) REIMBURSEMENT.—

''(A) IN GENERAL.—The Secretary of Agriculture may require persons for whom preclearance services are performed to reimburse the Secretary for any amounts paid by the Secretary for performance of the services.

''(B) CREDITING OF FUNDS.—All funds collected under subparagraph (A) shall be credited to the account that incurs the costs and shall remain available until expended without fiscal year limitation.

''(C) LATE PAYMENT PENALTY.—

''(i) IN GENERAL.—On failure of a person to reimburse the Secretary of Agriculture for the costs of performance of preclearance services—

''(I) the Secretary may assess a late payment penalty; and

''(II) the overdue funds shall accrue interest in accordance with section 3717 of title 31, United States Code.

''(ii) CREDITING OF FUNDS.—Any late payment penalty and any accrued interest collected under this subparagraph shall be credited to the account that incurs the costs and shall remain available until expended without fiscal year limitation.''.

SEC. 847. SWINE HEALTH PROTECTION.

(a) TERMINATION OF STATE PRIMARY ENFORCEMENT RESPONSIBILITY.—Section 10 of the Swine Health Protection Act (7 U.S.C. 3809) is amended—

(1) by redesignating subsection (c) as subsection (d); and

(2) by inserting after subsection (b) the following:

''(c) REQUEST OF STATE OFFICIAL.—

''(1) IN GENERAL.—On request of the Governor or other appropriate official of a State, the Secretary may terminate, effective as soon as the Secretary determines is practicable, the primary enforcement responsibility of a State under subsection (a). In terminating the primary enforcement responsibility under this subsection, the Secretary shall work with the appropriate State official to determine the level of support to be provided to the Secretary by the State under this Act.

''(2) REASSUMPTION.—Nothing in this subsection shall prevent a State from reassuming primary enforcement responsibility if the Secretary determines that the State meets the requirements of subsection (a).''.

(b) ADVISORY COMMITTEE.—The Swine Health Protection Act is amended—

(1) by striking section 11 (7 U.S.C. 3810); and

(2) by redesignating sections 12, 13, and 14 (7 U.S.C. 3811, 3812, and 3813) as sections 11, 12, and 13, respectively.

SEC. 848. COOPERATIVE WORK FOR PROTECTION, MANAGEMENT, AND IMPROVEMENT OF NATIONAL FOREST SYSTEM.

The penultimate paragraph of the matter under the heading ''FOREST SERVICE.'' of the first section of the Act of June 30, 1914 (38 Stat. 430, chapter 131; 16 U.S.C. 498), is amended—

(1) by inserting '', management,'' after ''the protection'';

(2) by striking ''national forests,'' and inserting ''National Forest System,'';

(3) by inserting ''management,'' after ''protection,'' both places it appears; and

(4) by adding at the end the following new sentences: ''Payment for work undertaken pursuant to this paragraph may be made from any appropriation of the Forest Service that is available for similar work if a written agreement so provides and reimbursement will be provided by a cooperator in the same fiscal year as the expenditure by the Forest Service. A reimbursement received from a cooperator that covers the proportionate share of the cooperator of the cost of the work shall be deposited to the credit of the appropriation of the Forest Service from which the payment was initially made or, if the appropriation is no longer available to the credit of an appropriation of the Forest Service that is available for similar work. The Secretary of Agriculture shall establish written rules that establish criteria to be used to determine whether the acceptance of contributions of money under this paragraph would adversely affect the ability of an officer or employee of the United States Department of Agriculture to carry out a duty or program of the officer or employee in a fair and objective manner or would compromise, or appear to compromise, the integrity of the program, officer, or employee. The Secretary of Agriculture shall establish written rules that protect the interests of the Forest Service in cooperative work agreements.''.

SEC. 849. COLLECTION AND USE OF AGRICULTURAL QUARANTINE AND INSPECTION FEES.

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

''(a) QUARANTINE AND INSPECTION FEES.—

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

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

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

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

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

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

''(4) LATE PAYMENT PENALTIES.—If a person subject to a fee under this subsection fails to pay the fee when due, the Secretary shall assess a late payment penalty, and the overdue fees shall accrue interest, as required by section 3717 of title 31, United States Code.

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

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

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

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

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

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

SEC. 850. AMENDMENT OF THE VIRUS-SERUM TOXIN ACT OF 1913.

The Act of March 4, 1913 (37 Stat. 828, chapter 145), is amended in the eighth paragraph under the heading ''BUREAU OF ANIMAL INDUSTRY'', commonly known as the ''Virus-Serum Toxin Act of 1913'', by striking the 10th sentence (21 U.S.C. 158) and inserting ''A person, firm, or corporation that knowingly violates any of the provisions of this paragraph or regulations issued under this paragraph, or knowingly forges, counterfeits, or, without authorization by the Secretary of Agriculture, uses, alters, defaces, or destroys any certificate, permit, license, or other document provided for in this paragraph, may, for each violation, after written notice and opportunity for a hearing on the record, be assessed a civil penalty by the Secretary of Agriculture of not more than $5,000, or shall, on conviction, be assessed a criminal penalty of not more than $10,000, imprisoned not more than 1 year, or both. In the course of an investigation of a suspected violation of this paragraph, the Secretary of Agriculture may issue subpoenas requiring the attendance and testimony of witnesses and the production of evidence that relates to the matter under investigation. In determining the amount of a civil penalty, the Secretary of Agriculture shall take into account the nature, circumstances, extent, and gravity of the violation, the ability of the violator to pay the penalty, the effect that the assessment would have on the ability of the violator to continue to do business, any history of such violations by the violator, the degree of culpability of the violator, and such other matters as justice may require. An order assessing a civil penalty shall be treated as a final order reviewable under chapter 158 of title 28, United State's Code. The Secretary of Agriculture may compromise, modify, or remit a civil penalty with or without conditions. The amount of a civil penalty that is paid (including any amount agreed on in compromise) may be deducted from any sums owing by the United States to the violator. The total amount of civil penalties assessed against a violator shall not exceed $300,000 for all such violations adjudicated in a single proceeding. The validity of an order assessing a civil penalty shall not be subject to review in an action to collect the civil penalty. The unpaid amount of a civil penalty not paid in full when due shall accrue interest at the rate of interest applicable to civil judgments of the courts of the United States.''.

SEC. 851. OVERSEAS TORT CLAIMS.

Title VII of Public Law 102–142 (105 Stat. 911) is amended by inserting after section 737 (7 U.S.C. 2277) the following:

''SEC. 737A. OVERSEAS TORT CLAIMS.

''The Secretary of Agriculture may pay a tort claim in the manner authorized in section 2672 of title 28, United States Code, if the claim arises outside the United States in connection with activities of individuals who are performing services for the Secretary. A claim may not be allowed under this section unless the claim is presented in writing to the Secretary within 2 years after the date on which the claim accrues.''.

SEC. 852. GRADUATE SCHOOL OF THE UNITED STATES DEPARTMENT OF AGRICULTURE.

(a) PURPOSE.—The purpose of this section is to authorize the continued operation of the Graduate School as a nonappropriated fund instrumentality of the Department of Agriculture.

(b) DEFINITIONS.—In this section:

(1) BOARD.—The term ''Board'' means the General Administration Board of the Graduate School.

(2) DEPARTMENT.—The term ''Department'' means the Department of Agriculture.

(3) DIRECTOR.—The term ''Director'' means the Director of the Graduate School.

(4) GRADUATE SCHOOL.—The term ''Graduate School'' means the Graduate School of the United States Department of Agriculture.

(5) SECRETARY.—The term ''Secretary'' means the Secretary of Agriculture.

(c) FUNCTIONS AND AUTHORITY.—

(1) IN GENERAL.—The Graduate School shall continue as a nonappropriated fund instrumentality of the Department under the general supervision of the Secretary.

(2) ACTIVITIES.—The Graduate School shall develop and administer education, training, and professional development activities, including the provision of educational activities for Federal agencies, Federal employees, nonprofit organizations, other entities, and members of the general public.

(3) FEES.—

(A) IN GENERAL.—The Graduate School may charge and retain fair and reasonable fees for the activities that it provides based on the cost of the activities to the Graduate School.

(B) NOT FEDERAL FUNDS.—Fees under subparagraph (A) shall not be considered to be Federal funds and shall not required to be deposited in the Treasury of the United States.

(4) NAME.—The Graduate School shall operate under the name ''United States Department of Agriculture Graduate School'' or such other name as the Graduate School may adopt.

(d) GENERAL ADMINISTRATION BOARD.—

(1) APPOINTMENT.—The Secretary shall appoint a General Administration Board to serve as a governing board subject to regulation by the Secretary.

(2) SUPERVISION.—The Graduate School shall be subject to the supervision and direction of the Board.

(3) DUTIES.—The Board shall—

(A) formulate broad policies in accordance with which the Graduate School shall be administered;

(B) take all steps necessary to see that the highest possible educational standards are maintained;

(C) exercise general supervision over the administration of the Graduate School; and

(D) establish such bylaws, rules, and procedures as may be necessary for the fulfillment of the duties described in subparagraph (A), (B), and (C).

(4) DIRECTOR AND OTHER OFFICERS.—The Board shall select the Director and such other officers as the Board may consider necessary, who shall serve on such terms and perform such duties as the Board may prescribe.

(5) BORROWING.—The Board may authorize the Director to borrow money on the credit of the Graduate School.

(e) DIRECTOR OF THE GRADUATE SCHOOL.—

(1) DUTIES.—The Director shall be responsible, subject to the supervision and direction of the Board, for carrying out the functions of the Graduate School.

(2) INVESTMENT OF FUNDS.—The Board may authorize the Director to invest funds held in excess of the current operating requirements of the Graduate School for purposes of maintaining a reasonable reserve.

(f) LIABILITY.—The Director and the members of the Board shall not be held personally liable for any loss or damage that may accrue to the funds of the Graduate School as the result of any act or exercise of discretion performed in carrying out the duties described in this section.

(g) EMPLOYEES.—Employees of the Graduate School are employees of a nonappropriated fund instrumentality and shall not be considered to be Federal employees.

(h) NOT A FEDERAL AGENCY.—The Graduate School shall not be considered to be a Federal Agency for purposes of—

(1) chapter 171 of title 28, United States Code;

(2) section 552 or 552a of title 28, United States Code; or

(3) the Federal Advisory Committee Act (5 U.S.C. App.).

(i) ACCEPTANCE OF DONATIONS.—The Graduate School shall not accept a donation from a person that is actively engaged in a procurement activity with the Graduate School or has an interest that may be substantially affected by the performance or nonperformance of an official duty of a member of the Board or an employee of the Graduate School.

(j) ADMINISTRATIVE PROVISIONS.—In order to carry out the functions of the Graduate School, the Graduate School may—

(1) accept, use, hold, dispose, and administer gifts, bequests, or devises of money, securities, and other real or personal property made for the benefit of, or in connection with, the Graduate School;

(2) notwithstanding any other law—

(A) acquire real property in the District of Columbia and in other places by lease, purchase, or otherwise;

(B) maintain, enlarge, or remodel any such property; and

(C) have sole control of any such property;

(3) enter into contracts without regard to the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471) or any other law that prescribes procedures for the procurement of property or services by an executive agency;

(4) dispose of real and personal property without regard to the requirements of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471); and

(5) use the facilities and resources of the Department, on the condition that any costs incurred by the Department that are attributable solely to Graduate School operations and all costs incurred by the Graduate School arising out of such operations shall be borne by the fees paid by or on behalf of students or by other means and not with Federal funds.

SEC. 853. STUDENT INTERN SUBSISTENCE PROGRAM.

(a) DEFINITION.—In this section, the term ''student intern'' means a person who—

(1) is employed by the Department of Agriculture to assist scientific, professional, administrative, or technical employees of the Department; and

(2) is a student in good standing at an accredited college or university pursuing a course of study related to the field in which the person is employed by the Department.

(b) PAYMENT OF CERTAIN EXPENSES BY THE SECRETARY.—The Secretary of Agriculture may, out of user fee funds or funds appropriated to any agency, pay for lodging expenses, subsistence expenses, and transportation expenses of a student intern (including expenses of transportation to and from the student intern's residence at or near the college or university attended by the student intern and the official duty station at which the student intern is employed).

SEC. 854. CONVEYANCE OF LAND TO WHITE OAK CEMETERY.

(a) IN GENERAL.—

(1) RELEASE OF INTEREST.—After execution of the agreement described in subsection (b), the Secretary of Agriculture shall release the condition stated in the deed on the land described in subsection (c) that the land be used for public purposes, and that if the land is not so used, that the land revert the United States, on the condition that the land be used exclusively for cemetery purposes, and that if the land is not so used, that the land revert the United States.

(2) BANKHEAD-JONES ACT.—Section 32(c) of the Bankhead-Jones Farm Tenant Act (7 U.S.C. 1011(c)) shall not apply to the release under paragraph (1).

(b) AGREEMENT.—The Secretary of Agriculture shall make the release under in subsection (a) on execution by the Board of Trustees of the University of Arkansas, in consideration of the release, of an agreement, satisfactory to the Secretary of Agriculture, that—

(1) the Board of Trustees will not sell, lease, exchange, or otherwise dispose of the land described in subsection (c) except to the White Oak Cemetery Association of Washington County, Arkansas, or a successor organization, for exclusive use for an expansion of the cemetery maintained by the Association; and

(2) the proceeds of such a disposition of the land will be deposited and held in an account open to inspection by the Secretary of Agriculture, and used, if withdrawn from the account, for public purposes.

(c) LAND DESCRIPTION.—The land described in this subsection is the land conveyed to the Board of Trustees of the University of Arkansas, with certain other land, by deed dated November 18, 1953, comprising approximately 2.2 acres located within property of the University of Arkansas in Washington, County, Arkansas, commonly known as the ''Savor property'' and described as follows:

The part of Section 20, Township 17 north, range 31 west, beginning at the north corner of the White Oak Cemetery and the University of Arkansas Agricultural Experiment Station farm at Washington County road #874, running west approximately 330 feet, thence south approximately 135 feet, thence southeast approximately 384 feet, thence north approximately 330 feet to the point of beginning.

SEC. 855. ADVISORY BOARD ON AGRICULTURAL AIR QUALITY.

(a) FINDINGS.—Congress finds that—

(1) various studies have identified agriculture as a major atmospheric polluter;

(2) Federal research activities are underway to determine the extent of the pollution problem and the extent of the role of agriculture in the problem; and

(3) any Federal policy decisions that may result, and any Federal regulations that may be imposed on the agricultural sector, should be based on sound scientific findings;

(b) PURPOSE.—The purpose of this section is to establish an advisory board to assist and provide the Secretary of Agriculture with information, analyses, and policy recommendations for determining matters of fact and technical merit and addressing scientific questions dealing with particulate matter less than 10 microns that become lodged in human lungs (known as ''PM10'') and other airborne particulate matter or gases that affect agricultural production yields and the economy.

(c) ESTABLISHMENT.—

(1) IN GENERAL.—The Secretary of Agriculture may establish a board to be known as the ''Advisory Board on Agricultural Air Quality'' (referred to in this section as the ''Board'') to advise the Secretary, through the Chief of the Natural Resources Conservation Service, with respect to carrying out this act and obligations agriculture incurred under the Clean Air Act (42 U.S.C. 7401 et seq.) and the Act entitled 'An Act to amend the Clean Air Act to provide for attainment and maintenance of health protective national ambient air quality standards, and for other purposes', approved November 15, 1990 (commonly known as the 'Clean Air Act Amendments of 1990') (42 U.S.C. 7401 et seq.).

(2) OVERSIGHT COORDINATION.—The Secretary of Agriculture shall provide oversight and coordination with respect to other Federal departments and agencies to ensure intergovernmental cooperation in research activities and to avoid duplication of Federal efforts.

(d) COMPOSITION.—

(1) IN GENERAL.—The Board shall be composed of at least 17 members appointed by the Secretary in consultation with the Administrator of the Environmental Protection Agency.

(2) REGIONAL REPRESENTATION.—The membership of the Board shall be 2 persons from each of the 6 regions of the Natural Resources Conservation Service, of whom 1 from each region shall be an agricultural producer.

(3) ATMOSPHERIC SCIENTIST.—At least 1 member of the Board shall be an atmospheric scientist.

(e) CHAIRPERSON.—The Chief of the Natural Resources Conservation Service shall—

(1) serve as chairman of the Board; and

(2) provide technical support to the Board.

(f) TERM.—Each member of the Board shall be appointed for a 3-year term, except that the Secretary of Agriculture shall appoint 4 of the initial members for a term of 1 year and 4 for a term of 2 years.

(g) MEETINGS.—The Board shall meet not less than twice annually.

(h) COMPENSATION.—Members of the Board shall serve without compensation, but while away from their homes or regular place of business in performance of services for the Board, members of the Board shall be allowed travel expenses, including a per diem allowance in lieu of subsistence, in the same manner as persons employed in Government service are allowed travel expenses under section 5703 of title 5, United States Code.

(i) FUNDING.—The Board shall be funded using appropriations for conservation operations.

SEC. 856. COMMODITY CREDIT CORPORATION INTEREST RATE.

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

SEC. 857. EVERGLADES AGRICULTURAL AREA.

(a) IN GENERAL.—On July 1, 1996, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall provide $200,000,000 to the Secretary of the Interior to carry out this section.

(b) ENTITLEMENT.—The Secretary of the Interior—

(1) shall accept the funds made available under subsection (a);

(2) shall be entitled to receive the funds; and

(3) shall use the funds to conduct restoration activities in the Everglades ecosystem, which may include acquiring the remaining

private acreage in Townships 46, 47, and 48 of the Everglades Agricultural Area of approximately 52,000 acres that is commonly known as the ''Talisman tract''.

(c) DEADLINE.—The Secretary of the Interior shall acquire acreage referred to in subsection (b)(3) not later than December 31, 1998.

(d) EMINENT DOMAIN.—If necessary, the Secretary of the Interior may use the power of eminent domain to carry out this section.

BURNS (AND OTHERS) AMENDMENT NO. 3253

(Ordered to lie on the table.)

Mr. BURNS (for himself, Mr. GORTON, and Mr. CRAIG) submitted an amendment intended to be proposed by them to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

At the end of title II, insert the following:

SEC. 206. FOREIGN MARKET DEVELOPMENT COOPERATOR PROGRAM.

The Agricultural Trade Act of 1978 (7 U.S.C. 5601 et seq.) is amended by adding at the end the following:

''TITLE VII—FOREIGN MARKET DEVELOPMENT COOPERATOR PROGRAM

''SEC. 701. DEFINITION OF ELIGIBLE TRADE ORGANIZATION.

''In this title, the term 'eligible trade organization' means a United States trade organization that—

''(1) promotes the export of 1 or more United States agricultural commodities or products; and

''(2) does not have a business interest in or receive remuneration from specific sales of agricultural commodities or products.

''SEC. 702. FOREIGN MARKET DEVELOPMENT COOPERATOR PROGRAM.

''(a) IN GENERAL.—The Secretary shall establish and, in cooperation with eligible trade organizations, carry out a foreign market development cooperator program to maintain and develop foreign markets for United States agricultural commodities and products.

''(b) ADMINISTRATION.—Funds made available to carry out this title shall be used only to provide—

''(1) cost-share assistance to an eligible trade organization under a contract or agreement with the organization; and

''(2) assistance for other costs that are necessary or appropriate to carry out the foreign market development cooperator program, including contingent liabilities that are not otherwise funded.

''SEC. 703. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated to carry out this title such sums as may be necessary for each of fiscal years 1996 through 2002.''.

BURNS AMENDMENT NO. 3254

(Ordered to lie on the table.)

Mr. BURNS submitted an amendment to the bill S. 1541, supra; as follows:

At the appropriate place in the bill, insert:

''(j)'' MARKETING ASSESSMENTS.—The following assessments shall be collected with respect to all sugar marketed for consumption within the United States during the 1996 through 2003 fiscal years:

''(1)'' BEET SUGAR.—The first seller of beet sugar produced from sugar beets or sugar beet molasses produced in the United States shall remit to the Commodity Credit Corporation a nonrefundable marketing assessment in an amount equal to 1.4742 percent of the loan level established under subsection (b) per pound of sugar marketed.

''(2)'' CANE SUGAR.—The first seller of raw cane sugar produced from sugarcane or sugarcane molasses produced in the United States shall remit to the Commodity Credit Corporation a nonrefundable marketing assessment in an amount equal to 1.375 percent of the loan level established under subsection (b) per pound of sugar marketed (including the transfer or delivery of the sugar to a refinery for further processing or marketing).

''(3)'' IMPORTED SUGAR.—The first seller of refined sugar produced from sugar beets, sugar beet molasses, surgarcane or sugarcane molasses produced outside the United States shall remit to the Commodity Credit Corporation a nonrefundable marketing assessment in an amount equal to 1.4742 percent of the loan level established under subsection (b) per pound of sugar marketed.

KERREY AMENDMENTS NOS. 3255–3257

(Ordered to lie on the table.)

Mr. LEAHY submitted three amendments intended to be proposed by him to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

AMENDMENT NO. 3255

On page 3–6, strike lines 6 and 7 and insert the following:

(2) in subsection (d)—

(A) by striking ''38,000,000'' and inserting ''36,400,000''; and

(B) by adding at the end the following: ''The Secretary may enter into 1 or more new contracts to enroll acreage in a quantity equal to the quantity of acreage covered by any contract that terminates after the date of enactment of the Agricultural Market Transition Act.''.

AMENDMENT NO. 3256

On page 3–6, between lines 11 and 12, insert the following:

(c) REPAYMENT OF COST SHARING AND OTHER PAYMENTS.—Section 1235(d)(1) of the Food Security Act of 1985 (16 U.S.C. 3835(d)(1)) is amended—

(1) in subparagraph (A), by striking ''and'' at the end;

(2) in subparagraph (B), by striking the period at the end and inserting a semicolon; and

(3) by adding at the end the following:

''(C) in the case of a contract with respect to which 5 years or less of the contract term have elapsed, the owner or operator agrees to repay all cost sharing, rental, and other payments made by the Secretary under the contract and section 1234; and

''(D) in the case of a contract with respect to which more than 5 years but less than 8 years of the contract term have elapsed, the owner or operator agrees to repay all cost sharing payments made by the Secretary under the contract and section 1234(b).''.

AMENDMENT NO. 3257

On page 3–46, strike lines 6 through 14 and insert the following:

SEC. 353. 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 State technical committee to assist the Secretary in the technical considerations relating to implementation of the conservation provisions under this title.

''(b) COORDINATION.—Each State technical committee shall be coordinated by the State Conservationist of the Natural Resources Conservation Service.

''(c) COMPOSITION.—Each technical committee shall be composed of persons with relevant expertise that represent a variety of disciplines in the soil, water, wetland, and wildlife and social sciences, including representatives of—

''(1) the Natural Resources Conservation Service;

''(2) the Farm Service Agency;

''(3) the Forest Service;

''(4) the Cooperative State Research, Education and Extension Service;

''(5) the United States Fish and Wildlife Service;

''(6) the Environmental Protection Agency;

''(7) the United States Geological Service;

''(8) State departments and agencies that the Secretary considers appropriate, including—

''(A) the State fish and wildlife agency;

''(B) the State forester or equivalent State official;

''(C) the State water resources agency;

''(D) the State department of agriculture; and

''(E) the State association of soil and water conservation districts, or natural resources districts;

''(9) farmers utilizing a range of conservation farming systems and practices;

''(10) other nonprofit organizations with demonstrable expertise;

''(11) persons knowledgeable about the economic and environmental impact of conservation techniques and programs; and

''(12) agribusiness.

''SEC. 1262. RESPONSIBILITIES.

''(a) IN GENERAL.—

''(1) MEETINGS.—Each State technical committee shall meet regularly to provide information, analysis, and recommendations to the Secretary regarding implementation of conservation provisions and programs.

''(2) MANNER.—The information, analysis, and recommendations shall be provided in a manner that will assist the Department of Agriculture in determining conservation priorities for the State and matters of fact, technical merit, or scientific question.

''(3) BEST INFORMATION AND JUDGMENT.—Information, analysis, and recommendations shall be provided in writing and shall reflect the best information and judgment 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 lands in the conservation reserve program;

''(3) guidelines for haying or grazing and the control of weeds to protect nesting wildlife on set-aside acreage;

''(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 set-aside lands;

''(6) criteria and guidelines to be used in evaluating petitions by farmers to test conservation practices and systems not currently covered in Field Office Technical Guides;

''(7) identification, prioritization, and coordination of Water Quality Incentives Program initiatives in the State; and

''(8) other matters determined appropriate by the Secretary.

''(c) AUTHORITY.—

''(1) NO ENFORCEMENT AUTHORITY.—Each State technical committee is advisory and shall have no implementation or enforcement authority.

''(2) CONSIDERATION.—The Secretary shall give strong consideration to the recommendations of State technical committees in administering the program under this title, and to any factual, technical, or scientific finding of a committee.''.

KERREY AMENDMENT NO. 3258

(Ordered to lie on the table.)

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

On page 3–21, lines 6 and 21, insert '', in consultation with the State Technical Committee'' after ''Secretary''.

On page 3–22, lines 2 and 8, insert '', in consultation with the State Technical Committee'' after ''Secretary''.

On page 3–26, line 25, strike ''Governor of a State'' and insert in lieu thereof ''State Technical Committee''.

On page 3–29, line 18, insert ''in consultation with the State Technical Committee'' after ''shall,''.

MACK AMENDMENT NO. 3259

(Ordered to lie on the table.)

Mr. MACK submitted an amendment intended to be proposed by him to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

On page 511, strike lines 1 through the end and insert in lieu thereof the following:

Nothing in this section precludes the Secretary of the Interior from transferring funds to the Army Corps of Engineers, or the State of Florida or the South Florida Water Management District to carry out sub-section (b)(3).

(3) Shall use the funds to conduct restoration activities in the Everglades ecosystem, which may include acquisition of up to 52,000 acres of private acreage in the Everglades agricultural area, that is commonly known as the (Talisman tract).

(d) DEADLINE.—The Secretary of the Interior shall acquire acreage referred to in subsection (b)(3) not later than December 31, 1999.

KERREY AMENDMENT NO. 3260

(Ordered to lie on the table.)

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

On page 1–75, strike lines 13–16.

KERREY AMENDMENTS NOS. 3261–3271

Ordered to lie on the table.)

Mr. KERREY submitted 11 amendments intended to be proposed by him to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

AMENDMENT NO. 3261

On page 3–62, after line 22, insert the following:

SEC. 356. CONSERVATION ESCROW ACCOUNT.

Subtitle E of title XII of the Food Security Act of 1985 (16 U.S.C. 3841 et seq.) amended by adding at the end the following:

''SEC. 1248. CONSERVATION ESCROW ACCOUNT.

''(a) ESTABLISHMENT.—The Secretary shall establish a conservation escrow account.

''(b) Deposits Into Account.—Any program loans, payments, or benefits forfeited by, or fines collected from, producers under section 1211 or 1221 shall be placed in the conservation escrow account.

''(c) USE OF FUNDS.—Funds in the conservation escrow account shall be used to provide technical and financial assistance to individuals to implement natural resource conservation practices.

''(d) GEOGRAPHIC DISTRIBUTION.—The Secretary shall use funds in the conservation escrow account for local areas in proportion to the amount of funds forfeited by or collected from producers in the local area.

''(e) REFUND.—A producer shall be eligible to a refund of 66 percent of any loan, payment, or benefit forfeited to the conservation escrow account if the producer complies with the applicable section referred to in subsection (b) not later than 1 year after a determination of noncompliance.''.

AMENDMENT NO. 3262

On page 1–26, line 19, strike all through line 25 and insert in lieu thereof: ''The loan rate for a marketing assistance loan for soybeans shall be not less than 85 percent of the simple average price received by producers of soybeans, as determined by the Secretary, during the marketing years for the immediately preceeding 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.''

''(B) SUNFLOWER SEED, CANOLA, RAPESEED, SAFFLOWER, MUSTARD SEED, AND FLAXSEED.—The loan rates for a marketing assistance loan for a sunflower seed, canola, rapeseed, safflower, mustard seed, and flaxseed, individually, shall be not less than 85 percent of the simple average price received by producers of such crops, as determined by the Secretary, during the marketing years for the immediately preceeding 5 crops of such crops, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period.''

AMENDMENT NO. 3263

On page 1–22, line 17, strike ''Subject to subparagraph (B),''.

AMENDMENT NO. 3264

On page 1–23, line 2, strike ''; but'' through page 1–24, line 2, and insert in lieu thereof ''. ''.

AMENDMENT NO. 3265

On page 1–21, line 16, strike ''; but'' through page 1–22, line 15, and insert in lieu thereof ''. ''.

AMENDMENT NO. 3266

On page 1–21, line 6, strike ''Subject to subparagraph (B),''.

AMENDMENT NO. 3267

On page 5–10, strike lines 8 through 15.

AMENDMENT NO. 3268

On page 3–3, between lines 23 and 24, insert the following, ''the Rain Water Basin Region, the Prairie Pothole Region,''.

AMENDMENT NO. 3269

On page 1–76, strike all of section 110.

AMENDMENT NO. 3270

On page 5–5, between lines 13 and 14, insert the following:

''(c) RECONFIGURATION OF BOARD OF DIRECTORS.—Section 505 of the Federal Crop Insurance Act (7 U.S.C. 1505) is amended to read as follows:

''SEC. 505. BOARD OF DIRECTORS.

''(a) AUTHORITY.—The management of the Corporation shall be vested in a Board of Directors subject to the general supervision of the Secretary.

''(b) MEMBERSHIP.—

''(1) IN GENERAL.—The Board shall be appointed by the Secretary and shall consist of the Manager of the Corporation, the Under Secretary of Agriculture responsible for the Federal crop insurance program, one person who is an officer or employee of an approved insurance provider, one person who is a licensed crop insurance agent, one person experienced in the reinsurance business who is not otherwise employed by the Federal Government, and four active producers who are not otherwise employed by the Federal Government. The Secretary shall not be a member of the Board.

''(2) PRODUCER MEMBERS.—In appointing the four active producers who are not otherwise employed by the Federal Government, the Secretary shall ensure that three such members are policyholders and are from different geographic areas of the United States, in order that diverse agricultural interests in the United States are at all times represented on the Board. The Secretary shall ensure that the fourth active producer, who may also be a policyholder, receives a significant portion of crop income from crops are employed in the Department shall receive no additional compensation for their covered by the noninsured crop disaster assistance program established under section 519.

''(c) TERMS OF OFFICE.—

(1) TERMS OF USDA EMPLOYEES.—The Manager of the Corporation and the Under Secretary of Agriculture responsible for the Federal crop insurance program shall hold office at the pleasure of the Secretary.

(2) TERMS OF OTHER MEMBERS.—Other than the Manager of the Corporation and the Under Secretary of Agriculture responsible for the Federal crop insurance program, the members of the Board shall be appointed by the Secretary for a term of 3 years. However, in the initial appointment of such members, the Secretary shall appoint two members for one year, two members for two years, and two members for three years in order to provide greater continuity to the Board.

(3) SUCCESSION.—A member of the Board appointed under paragraph (2) may serve after the expiration of the term of office of such member until the successor for such member has taken office.

''(d) QUORUM.—Five of the members in office shall constitute a quorum for the transaction of the business of the Board.

''(e) IMPAIRMENT OF POWERS.—The powers of the Board to execute the function of the Corporation shall be impaired at any time there are not six members of the Board in office.

''(f) COMPENSATION.—

''(1) EMPLOYEES OF THE DEPARTMENT.—The Directors of the Corporation who are employed in the Department shall receive no additional compensation for their services as such Directors but may be allowed necessary traveling and subsistence expenses when engaged in business of the Corporation, outside of the District of

''(2) NON-EMPLOYEES OF THE FEDERAL GOVERNMENT.—The Directors of the Corporation who are not employed by the Federal Government shall be paid such compensation for their services as Directors as the Secretary shall determine, but such compensation shall not exceed the daily equivalent of the rate prescribed for positions at level V of the Executive Schedule under section 5316 of Title 5, United States Code, when actually employed. Such members may also receive actual necessary traveling and subsistence expenses, or a per diem allowance in lieu of subsistence expenses, as authorized by section 5703 of such title for persons in Government service employed intermittently, when on the business of the Corporation away

from their homes or regular places of business.

''(g) CHIEF EXECUTIVE OFFICER.—The Manager of the Corporation shall be its chief executive officer, with such power and authority as may be conferred by the Board. The Manager shall be appointed by, and hold office at the pleasure of, the Secretary.''.

AMENDMENT NO. 3271

On page 3–14, line 20, strike ''means'' and insert in lieu thereof, ''shall be defined by the State Technical Committee, or mean''.

HEFLIN AMENDMENT NO. 3272

(Ordered to lie on the table.)

Mr. HEFLIN submitted an amendment intended to be proposed by him to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

At the appropriate place insert the following:

SEC. 106. PEANUT PROGRAM.

(a) MARKETING QUOTAS.—

(1) NATIONAL POUNDAGE QUOTAS AND ACREAGE ALLOTMENTS.—

(A) IN GENERAL.—The section heading of section 358–1 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358–1) is amended by striking ''**1991 THROUGH 1997 CROPS OF**''.

(B) NATIONAL POUNDAGE QUOTAS.—

(i) ESTABLISHMENT.—Section 358–1(a)(1) of the Act is amended—

(I) in the first sentence—

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

(bb) by striking '', seed,''; and

(cc) by striking the period at the end and inserting '', excluding seed. In making estimates under this paragraph for a marketing year, the Secretary shall annually estimate and take into account the quantity of peanuts and peanut products to be imported into the United States for the marketing year.''; and

(II) by striking the second sentence.

(ii) APPORTIONMENT.—Section 358–1(a)(3) of the Act is amended by striking ''1990'' and inserting ''1995''.

(C) FARM POUNDAGE QUOTA.—

(i) ESTABLISHMENT.—Section 358–1(b)(1)(A) of the Act is amended—

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

(II) in clause (i), by striking ''1990'' and inserting ''1995''.

(ii) QUANTITY.—Section 358–1(b)(1)(B) of the Act is amended—

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

(II) by striking ''including—'' and all that follows through ''(ii) any'' and inserting ''including any''.

(iii) ADJUSTMENTS.—Section 358–1(b)(2) of the Act is amended—

(I) in subparagraph (A)—

(aa) by striking ''(B) and subject to subparagraph (D)'' and inserting ''(C)''; and

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

(II) by striking subparagraph (B);

(III) by redesignating subparagraphs (C) and (D) as subparagraphs (B) and (C), respectively; and

(IV) in subparagraph (B) (as so redesignated), by striking ''of the 1991 through 1997 marketing years'' and inserting ''marketing year''.

(iv) QUOTA NOT PRODUCED.—Section 358–1(b)(3) of the Act is amended—

(I) in subparagraph (A), by striking ''of the 1991 through 1997 marketing years'' and inserting ''marketing year''; and

(II) in subparagraph (B), by striking ''include—'' and all that follows through ''(ii) any'' and inserting ''include any''.

(v) QUOTA CONSIDERED PRODUCED.—Section 358–1(b)(4) of the Act is amended—

(I) in subparagraph (A), by inserting ''or'' after the semicolon at the end; and

(II) by striking subparagraphs (B) and (C) and inserting the following:

''(B) the farm poundage quota for the farm was—

''(i) released voluntarily under paragraph (7); or

''(ii) leased to another owner or operator of a farm within the same county for transfer to the farm;

for only 1 of the 3 marketing years immediately preceding the marketing year for which the determination is being made.''.

(vi) ALLOCATION OF QUOTAS REDUCED OR RELEASED.—Section 358–1(b)(6) of the Act is amended—

(I) in subparagraph (A), by striking ''subparagraphs (B) and (C), the total quantity of the'' and inserting ''subparagraph (B),'';

(II) in subparagraph (B)—

(aa) by striking ''Not more than 25 percent of the'' and inserting ''The''; and

(bb) by adding at the end the following: ''Any farm quota pounds remaining after allocation to farms under this subparagraph shall be allocated under subparagraph (A).''; and

(III) by striking subparagraph (C).

(vii) TEMPORARY QUOTA ALLOCATION FOR SEED.—Section 358–1(b) of the Act is amended by striking paragraph (8) and inserting the following:

''(8) TEMPORARY QUOTA ALLOCATION FOR SEED.—For each marketing year and pursuant to regulation, the Secretary shall make a temporary allocation of poundage quota, for that marketing year only, to each producer of peanuts on a farm, in addition to any farm poundage quota established under paragraph (1), in a quantity equal to the pounds of seed peanuts planted by the producer on the farm.''.

(viii) TRANSFER OF ADDITIONAL PEANUTS.—Section 358–1(b) of the Act is amended by striking paragraph (9) and inserting the following:

''(9) TRANSFER OF ADDITIONAL PEANUTS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), additional peanuts on a farm from which the quota poundage was not harvested and marketed may be transferred to the quota loan pool for pricing purposes on such basis as the Secretary shall provide by regulation.

''(B) LIMITATIONS.—The poundage of peanuts transferred under subparagraph (A) shall not exceed 25 percent of the total farm poundage quota, excluding pounds transferred in the fall.

''(C) SUPPORT RATE.—Peanuts transferred under this paragraph shall be supported at a rate of not less than 70 percent of the quota support rate for the marketing years during which the transfers occur.''.

(D) CROPS.—Section 358–1(f) of the Act is amended by striking ''1991 through 1997'' and inserting ''1996 through 2002''.

(2) SALE, LEASE, OR TRANSFER OF FARM POUNDAGE QUOTA.—

(A) IN GENERAL.—The section heading of section 358b of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358b) is amended by striking ''**1991 THROUGH 1995 CROPS OF**''.

(B) SALE, LEASE, OR TRANSFER OF FARM POUNDAGE QUOTA.—Section 358b(a) of the Act is amended—

(i) by striking ''(including any applicable under marketings)'' each place it appears;

(ii) in paragraph (1)—

(I) by redesignating subparagraphs (A) and (B) as subparagraphs (B) and (C), respectively;

(II) by inserting before subparagraph (B) (as so redesignated) the following:

''(A) with the owner or operator of another farm located within the same county or located in a different county within the same State;'';

(III) in subparagraph (B) (as so redesignated), by striking ''undermarketings and''; and

(IV) by adding at the end the following: ''Fall transfers of quota pounds shall not affect the farm quota history for the transferring or receiving farm and shall not result in a reduction of the farm poundage quota on the transferring farm.'';

(iii) in paragraph (2)—

(I) in the first sentence—

(aa) by striking ''county or in a county contiguous to the county in the same''; and

(bb) by inserting before the period at the end the following: '', if both the transferring and the receiving farms were under the control of the owner or operator for at least 3 crop years prior to the crop year in which the farm poundage quota is transferred''; and

(II) in the second sentence, by striking ''the transferred quota is produced or considered produced on the receiving farm'' and inserting ''sufficient acreage is planted on the receiving farm to produce the quota pounds transferred''; and

(iv) by adding at the end the following:

''(4) TRANSFERS BY SALE IN STATES WITH LARGE QUOTAS.—

''(A) IN GENERAL.—In the case of a State for which the poundage quota allocated to the State was 10,000 tons or greater for the previous year, the owner, or operator with permission of the owner, of a farm located in the State for which a farm poundage quota has been established under section 358–1 may sell all or any part of the farm poundage quota to any other eligible owner or operator of a farm within the same State.

''(B) LIMITATIONS.—

''(i) 1996.—During calendar year 1996, not more than 15 percent of the total poundage quota within a county as of January 1, 1996, may be sold and transferred outside the county under this paragraph.

''(ii) SUBSEQUENT YEARS.—During calendar year 1997 and each subsequent calendar year, not more than 5 percent of the total poundage quota within a county as of January 1 of the calendar year may be sold and transferred outside the county under this paragraph.

''(iii) AGGREGATE LIMIT.—Not more than an aggregate of 30 percent of the total poundage quota within a county may be sold and transferred outside the county under this paragraph.

''(C) SUBSEQUENT LEASE OR SALE.—Quota poundage sold and transferred under this paragraph may not be leased or sold to another farm owner or operator within the same State for a period of 5 years following the original transfer to the farm.''.

(C) RECORD.—Section 358b(b)(3) of the Act is amended by striking ''committee of the county to which the transfer is made and the committee determines'' and inserting ''committees of the counties from and to which the transfer is made and the committees determine''.

(D) CROPS.—Section 358b(c) of the Act is amended by striking ''1991 through 1995'' and inserting ''1996 through 2002''.

(3) EXPERIMENTAL AND RESEARCH PROGRAMS.—Section 358c(d) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358c(d)) is amended by striking ''1991 through 1995'' and inserting ''1996 through 2002''.

(4) MARKETING PENALTIES.—Section 358e of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359a) is amended—

(A) in the section heading, by striking ''**1991 THROUGH 1997 CROPS OF**'';

(B) in subsection (d)(6)(A), by inserting after ''If any additional peanuts'' the following: ''or peanut products made from additional peanuts''; and

(C) in subsection (i), by striking ''1991 through 1997'' and inserting ''1996 through 2002''.

(b) PRICE SUPPORT PROGRAM FOR PEANUTS.—

(1) QUOTA PEANUTS.—

(A) IN GENERAL.—The Secretary shall make price support available to producers through loans, purchases, and other operations on quota peanuts.

(B) SUPPORT RATES.—The national average quota support rate for each crop of quota peanuts shall be the national average quota support rate for the immediately preceding crop, adjusted to reflect any increase, during the calendar year immediately preceding the marketing year for the crop for which a level of support is being determined, in the national average cost of peanut production, excluding any change in the cost of land and the cost of any assessments required under paragraph (7), except that in no event shall the national average quota support rate for any such crop be increased, or decreased, by more than 5 percent of the national average quota support rate for the preceding crop.

(C) INSPECTION, HANDLING, OR STORAGE.—The levels of support so announced shall not be reduced by any deductions for inspection, handling, or storage.

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

(E) ANNOUNCEMENT.—The Secretary shall announce the level of support for quota peanuts of each crop not later than February 15 preceding the marketing year for the crop for which the level of support is being determined.

(2) ADDITIONAL PEANUTS.—

(A) IN GENERAL.—The Secretary shall make price support available to producers through loans, purchases, or other operations on additional peanuts at such levels as the Secretary finds appropriate, taking into consideration the demand for peanut oil and peanut meal, expected prices of other vegetable oils and protein meals, and the demand for peanuts in foreign markets, except that the Secretary shall set the support rate on additional peanuts at a level estimated by the Secretary to ensure that there are no losses to the Commodity Credit Corporation on the sale or disposal of the peanuts.

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

(3) AREA MARKETING ASSOCIATIONS.—

(A) WAREHOUSE STORAGE LOANS.—

(i) IN GENERAL.—In carrying out subsections (a) and (b), the Secretary shall make warehouse storage loans available in each of the three producing areas (described in section 1446.95 of title 7 of the Code of Federal Regulations (January 1, 1989)) to a designated area marketing association of peanut producers that is selected and approved by the Secretary and that is operated primarily for the purpose of conducting the loan activities. The Secretary may not make warehouse storage loans available to any cooperative that is engaged in operations or activities concerning peanuts other than those operations and activities specified in this section and sections 358d and 358e of the Agricultural Adjustment Act of 1938.

(ii) ADMINISTRATIVE AND SUPERVISORY ACTIVITIES.—The area marketing associations shall be used in administrative and supervisory activities relating to price support and marketing activities under this section and sections 358d and 358e of the Agricultural Adjustment Act of 1938.

(iii) ASSOCIATION COSTS.—Loans made to the association under this paragraph shall include, in addition to the price support value of the peanuts, such costs as the area marketing association reasonably may incur in carrying out its responsibilities, operations, and activities under this section and sections 358d and 358e of the Agricultural Adjustment Act of 1938.

(B) POOLS FOR QUOTA AND ADDITIONAL PEANUTS.—

(i) IN GENERAL.—The Secretary shall require that each area marketing association establish pools and maintain complete and accurate records by area and segregation for quota peanuts handled under loan and for additional peanuts placed under loan, except that separate pools shall be established for Valencia peanuts produced in New Mexico. Peanuts physically produced outside the State of New Mexico shall not be eligible for entry into or participation in the New Mexico pools. Bright hull and dark hull Valencia peanuts shall be considered as separate types for the purpose of establishing the pools.

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

(I) QUOTA PEANUTS.—For quota peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in the pool plus an amount from all additional pool gains equal to any loss on disposition of all peanuts in the pool for quota peanuts.

(II) ADDITIONAL PEANUTS.—For additional peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in the pool for additional peanuts less any amount allocated to offset any loss on the pool for quota peanuts as provided in subclause (I).

(4) LOSSES.—

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

(B) QUOTA PEANUTS PLACED UNDER LOAN.—Net gains on additional peanuts within an area (other than net gains on additional peanuts in separate type pools established under paragraph (3)(B)(i) for Valencia peanuts produced in New Mexico) shall be first reduced to the extent of any loss by the Commodity Credit Corporation on quota peanuts placed under loan in the area, in such manner as the Secretary shall by regulation prescribe.

(C) QUOTA LOAN POOLS.—

(i) TRANSFERS FROM ADDITIONAL LOAN POOLS.—The proceeds due any producer from any pool shall be reduced by the amount of any loss that is incurred with respect to peanuts transferred from an additional loan pool to a quota loan pool by the producer under section 358–1(b)(9) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358–1(b)(9)).

(ii) USE OF MARKETING ASSESSMENTS.—The Secretary shall use funds collected under paragraph (7) to offset further losses in area quota pools. At the end of each year, the Secretary shall transfer to the Treasury the funds collected under paragraph (7) that the Secretary determines are not required to cover losses in area quota pools.

(iii) CROSS COMPLIANCE.—Further losses in area quota pools, other than losses incurred as a result of transfers from additional loan pools to quota loan pools under section 358–1(b)(9) of the Agricultural Adjustment Act of 1938, shall be offset by any gains or profits from pools in other production areas (other than separate type pools established under paragraph (3)(B)(i) for Valencia peanuts produced in New Mexico) in such manner as the Secretary shall by regulation prescribe.

(iv) INCREASED ASSESSMENTS.—If actions taken under clauses (i) through (iii) are not sufficient to cover losses in area pools, the Secretary shall increase the marketing assessment established under paragraph (7) by such amount as the Secretary considers necessary to cover the losses. Amounts collected under paragraph (7) as a result of the increased assessment shall be retained by the Secretary to cover losses in the pool.

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

(6) QUALITY IMPROVEMENT.—

(A) PRICE SUPPORT PEANUTS.—With respect to peanuts under price support loan, the Secretary shall—

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

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

(iii) continue to endeavor to operate the peanut price support program so as to improve the quality of domestic peanuts and ensure the coordination of activities under the Peanut Administrative Committee established under Marketing Agreement No. 146, regulating the quality of domestically produced peanuts (under the Agricultural Marketing Agreement Act of 1937 (7 U.S.C. 601 et seq.)); and

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

(B) EXPORTS AND OTHER PEANUTS.—

(i) IN GENERAL.—The Secretary shall require that all peanuts, including peanuts imported into the United States, meet all United States quality standards under Marketing Agreement No. 146, regulating the quality of domestically produced peanuts (under the Agricultural Adjustment Act (7 U.S.C. 601 et seq.), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937), and that importers of the peanuts fully comply with inspection, handling, storage, and processing requirements implemented under Marketing Agreement No. 146.

(ii) EXPORTED PEANUTS.—The Secretary shall ensure that peanuts produced for the export market meet quality, inspection, handling, storage, and processing requirements under Marketing Agreement No. 146.

(7) MARKETING ASSESSMENT.—

(A) IN GENERAL.—The Secretary shall provide, by regulation, for a nonrefundable marketing assessment equal to 1.2 percent of the national average quota or additional peanut support rate per pound, as applicable, on all peanuts sold in the United States during

each of the 1996 through 2002 marketing years.

(B) TREATMENT OF IMPORTED PEANUTS.—For the purposes of determining the applicable assessment rate under this section, imported peanuts shall be treated as additional peanuts.

(C) FIRST PURCHASERS.—

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

(ii) ADMINISTRATION.—Except as provided in clause (iii) and subparagraphs (D) and (E), the first purchaser shall—

(I) collect from the producer a marketing assessment equal to the quantity of peanuts acquired multiplied by .6 percent of the applicable national average support rate;

(II) pay, in addition to the amount collected under subclause (I), a marketing assessment in an amount equal to the quantity of peanuts acquired multiplied by .6 percent of the applicable national average support rate; and

(III) remit the amounts required under subclauses (I) and (II) to the Commodity Credit Corporation in a manner specified by the Secretary.

(iii) IMPORTED PEANUTS.—In the case of imported peanuts, the first purchaser shall pay to the Commodity Credit Corporation, in a manner specified by the Secretary, a marketing assessment in an amount equal to the quantity of peanuts acquired multiplied by 1.2 percent of the national average support rate for additional peanuts.

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

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

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

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

(ii) the national average quota peanut price support level for the applicable crop year.

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

(H) USE OF FUNDS.—Funds collected under this subsection shall be used by the Secretary to offset the costs of operating the peanut price support program.

(8) CROPS.—Except as provided in paragraph (7) and notwithstanding any other provision of law, this section shall be effective only for the 1996 through 2002 crops of peanuts.

(c) ADMINISTRATIVE PROVISIONS.—

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

(2) SUSPENSION OF PERMANENT PROGRAM.—The following provisions of the Agricultural Adjustment Act of 1938 shall not be applicable to the 1996 through 2002 crops of peanuts:

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

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

(C) Subsections (a), (b), (d), and (e) of section 359 (7 U.S.C. 1359).

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

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

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

(A) in the first sentence, by striking ''30 per centum'' and inserting ''30 percent (or, in the case of duties collected with respect to an import that is subject to a tariff-rate quota, 100 percent)''; and

(B) in the second sentence—

(i) by striking ''and (3)'' and inserting ''(3)''; and

(ii) by inserting before the period at the end the following: ''; and (4) offset the costs of operating a program to provide price support for domestically produced peanuts''.

(d) PEANUT STANDARDS.—

(1) INSPECTION; QUALITY ASSURANCE.—

(A) INITIAL ENTRY.—The Secretary of Agriculture (referred to in this title as the ''Secretary'') shall require all peanuts and peanut products sold in the United States to be initially placed in a bonded, licensed warehouse approved by the Secretary for the purpose of inspection and grading by the Secretary, the Commissioner of the Food and Drug Administration, and the heads of other appropriate agencies of the United States.

(B) PRELIMINARY INSPECTION.—Peanuts and peanut products shall be held in the warehouse until inspected by the Secretary, the Commissioner of the Food and Drug Administration, or the head of another appropriate agency of the United States, for chemical residues, general cleanliness, disease, size, aflatoxin, stripe virus, and other harmful conditions, and an assurance of compliance with all grade and quality standards specified under Marketing Agreement No. 146, regulating the quality of domestically produced peanuts (under the Agricultural Adjustment Act (7 U.S.C. 601 et seq.), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937).

(C) SEPARATION OF LOTS.—All imported peanuts shall be maintained separately from, and shall not be commingled with, domestically produced peanuts in the warehouse.

(D) ORIGIN OF PEANUT PRODUCTS.—

(i) LABELING.—A peanut product shall be labeled with a label that indicates the origin of the peanuts contained in the product.

(ii) SOURCE.—No peanut product may contain both imported and domestically produced peanuts.

(iii) IMPORTED PEANUT PRODUCTS.—The first seller of an imported peanut product shall certify that the product is made from raw peanuts that meet the same quality and grade standards that apply to domestically produced peanuts.

(E) DOCUMENTATION.—No peanuts or peanut products may be transferred, shipped, or otherwise released from a warehouse described in subparagraph (A) unless accompanied by a United States Government inspection certificate that certifies compliance with this section.

(2) HANDLING AND STORAGE.—

(A) TEMPERATURE AND HUMIDITY.—The Secretary shall require all shelled peanuts sold in the United States to be maintained at a temperature of not more than 37 degrees Fahrenheit and a humidity range of 60 to 68 percent at all times during handling and storage prior to sale and shipment.

(B) CONTAINERS.—The peanuts shall be shipped in a container that provides the maximum practicable protection against moisture and insect infestation.

(C) IN-SHELL PEANUTS.—The Secretary shall require that all in-shell peanuts be reduced to a moisture level not exceeding 10 percent immediately on being harvested and be stored in a facility that will ensure quality maintenance and will provide proper ventilation at all times prior to sale and shipment.

(3) LABELING.—The Secretary shall require that all peanuts and peanut products sold in the United States contain labeling that lists the country or countries in which the peanuts, including all peanuts used to manufacture the peanut products, were produced.

(4) INSPECTION AND TESTING.—

(A) IN GENERAL.—All peanuts and peanut products sold in the United States shall be inspected and tested for grade and quality.

(B) CERTIFICATION.—All peanuts or peanut products offered for sale in, or imported into, the United States shall be accompanied by a certification by the first seller or importer that the peanuts or peanut products do not contain residues of any pesticide not approved for use in, or importation into, the United States.

(5) NUTRITIONAL LABELING.—The Secretary shall require all peanuts and peanut products sold in the United States to contain complete nutritional labeling information as required under the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321 et seq.).

(6) PEANUT CONTENT.—

(A) OFFSET AGAINST HTS QUANTITY.—The actual quantity of peanuts, by weight, used to manufacture, and ultimately contained in, peanut products imported into the United States shall be accounted for and offset against the total quantity of peanut imports allowed under the in-quota quantity of the tariff-rate quota established for peanuts under the Harmonized Tariff Schedule of the United States.

(B) VERIFICATION.—The Secretary shall establish standards and procedures for the purpose of verifying the actual peanut content of peanut products imported into the United States.

(7) PLANT DISEASES.—The Secretary, in consultation with the heads of other appropriate agencies of the United States, shall ensure that all peanuts in the domestic edible market are inspected and tested to ensure that they are free of all plant diseases.

(8) ADMINISTRATION.—

(A) FEES.—The Secretary shall by regulation fix and collect fees and charges to cover the costs of any inspection or testing performed under this title.

(B) CERTIFICATION.—

(i) IN GENERAL.—The Secretary may require the first seller of peanuts sold in the United States to certify that the peanuts comply with this title.

(ii) FRAUD AND FALSE STATEMENTS.—Section 1001 of title 18, United States Code, shall apply to a certification made under this title.

(C) STANDARDS AND PROCEDURES.—In consultation with the heads of other appropriate agencies of the United States, the Secretary shall establish standards and procedures to provide for the enforcement of, and ensure compliance with, this title.

(D) FAILURE TO MEET STANDARDS.—Peanuts or peanut products that fail to meet standards established under this title shall be returned to the seller and exported or crushed pursuant to section 358e(d) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359a(d)).

(9) CHANGE OF VENUE.—In any case in which an area pool or a marketing association brings, joins, or seeks to join a civil action in a United States district court to enforce this title, the district court may not transfer the action to any other district or division over the objection of the pool or marketing association.

KERREY AMENDMENT NO. 3273

(Ordered to lie on the table.)

Mr. KERREY submitted an amendment intended to be proposed by him to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

On page 5–5, between lines 13 and 14, insert the following:

''(c) ESTABLISHMENT OF THE OFFICE OF RISK MANAGEMENT.—

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

''SEC. 226A. OFFICE OF RISK MANAGEMENT.

''(a) ESTABLISHMENT.—The Secretary shall establish and maintain in the Department an independent Office of Risk Management.

or

''(a) ESTABLISHMENT.—Nothing in this Act shall change the status of the Federal Crop Insurance Corporation, an agency created under the Federal Crop Insurance Act (7 U.S.C. 1503), as an agency within the Department. The administration of the agency shall be carried out by an independent Office of Risk Management that is separate and independent of the Consolidated Farm Services Agency and of equal or higher ranking than that agency within the Department.

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

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

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

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

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

''(c) MANAGER.—The Manager of the Federal Crop Insurance Corporation shall serve as head of the Office of Risk Management but not in any other capacity.

''(d) RESOURCES.—

''(1) FUNCTIONAL COORDINATION.—Certain functions of the Office of Risk Management such as human resources, public affairs, and legislative affairs may be provided by a consolidation of such functions under the Under Secretary of Agriculture responsible for crop insurance program.

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

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

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

HARKIN AMENDMENT NO. 3274

(Ordered to lie on the table.)

Mr. HARKIN submitted an amendment intended to be proposed by him to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

At the appropriate place, insert the following:

SECTION . NUTRITIONAL SUPPLEMENTS UNDER THE FOOD STAMP PROGRAM.

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 nutritional supplement of a vitamin, mineral, or a vitamin and a mineral''.

KERRY AMENDMENTS NOS. 3275–3276

(Ordered to lie on the table.)

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

AMENDMENT NO. 3275

On page 2–2, strike lines 7 through 9, and insert in lieu the following:

''(2) by striking ''through 1997,'' and inserting ''through 1995, and not more than $25,000 each for fiscal years 1996 and 1997, and notwithstanding any other provision of law or this Act, $75,000,000 shall be placed in a separate fund in each of fiscal years 1996 and 1997 which fund is to be administered by the Secretary of Agriculture, and from which fund the Secretary is authorized to make grants to the states and to non-profit organizations for the purpose of alleviating the hunger of women, infants, and children which exceeds the ability of government programs to alleviate because of funding limitations imposed by this Act or any other law on the federal programs intended to accomplish that objective,''.

AMENDMENT NO. 3276

On page 2–2, strike lines 7 through 9, and insert in lieu the following:

''(2) by striking ''through 1997,'' and inserting ''through 1995, and not more than $25,000 each for fiscal years 1996 and 1997,''.

HATCH AMENDMENT NO. 3277

(Ordered to lie on the table.)

Mr. HATCH submitted an amendment intended to be proposed by him to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

At the end of title IV, insert the following:

SEC. 406. NUTRITIONAL SUPPLEMENTS.

(a) FINDINGS.—Congress finds that—

(1) the dietary patterns of Americans do not result in nutrient intakes that fully meet Recommended Dietary Allowances (RDAs) of vitamins and minerals;

(2) children in low-income families and the elderly often fail to achieve adequate nutrient intakes from diet alone;

(3) pregnant women have particularly high nutrient needs, which they often fail to meet through dietary means alone;

(4)(A) many scientific studies have shown that nutritional supplements that contain folic acid (a B vitamin) can prevent as many as 60 to 80 percent of neural tube birth defects;

(B) the Public Health Service, in September 1992, recommended that all women of childbearing age in the United States who are capable of becoming pregnant should consume 0.4 mg of folic acid per day for the purpose of reducing their risk of having a pregnancy affected with spina bifida or other neural tube birth defects; and

(C) the Food and Drug Administration has also approved a health claim for folic acid to reduce the risk of neural tube birth defects;

(5) infants who fail to receive adequate intakes of iron may be somewhat impaired in their mental and behavioral development; and

(6) a massive volume of credible scientific evidence strongly suggests that increasing intake of specific nutrients over an extended period of time may be helpful in protecting against diseases or conditions such as osteoporosis, cataracts, cancer, and heart disease.

(b) AMENDMENT OF THE FOOD STAMP ACT OF 1977.—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 nutritional supplement of a vitamin, mineral, or a vitamin and a mineral''.

HEFLIN AMENDMENT NO. 3278

(Ordered to lie on the table.)

Mr. HEFLIN submitted an amendment intended to be proposed by him to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

Strike section 106 and insert the following:

SEC. 106. PEANUT PROGRAM.

(a) MARKETING QUOTAS.—

(1) NATIONAL POUNDAGE QUOTAS AND ACREAGE ALLOTMENTS.—

(A) IN GENERAL.—The section heading of section 358–1 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358–1) is amended by striking ''1991 THROUGH 1997 CROPS OF''.

(B) NATIONAL POUNDAGE QUOTAS.—

(i) ESTABLISHMENT.—Section 358–1(a)(1) of the Act is amended—

(I) in the first sentence—

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

(bb) by striking '', seed,''; and

(cc) by striking the period at the end and inserting '', excluding seed. In making estimates under this paragraph for a marketing year, the Secretary shall annually estimate and take into account the quantity of peanuts and peanut products to be imported into the United States for the marketing year.''; and

(II) by striking the second sentence.

(ii) APPORTIONMENT.—Section 358–1(a)(3) of the Act is amended by striking ''1990'' and inserting ''1995''.

(C) FARM POUNDAGE QUOTA.—

(i) ESTABLISHMENT.—Section 358–1(b)(1)(A) of the Act is amended—

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

(II) in clause (i), by striking ''1990'' and inserting ''1995''.

(ii) QUANTITY.—Section 358–1(b)(1)(B) of the Act is amended—

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

(II) by striking ''including—'' and all that follows through ''(ii) any'' and inserting ''including any''.

(iii) ADJUSTMENTS.—Section 358–1(b)(2) of the Act is amended—

(I) in subparagraph (A)—

(aa) by striking ''(B) and subject to subparagraph (D)'' and inserting ''(C)''; and

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

(II) by striking subparagraph (B);

(III) by redesignating subparagraphs (C) and (D) as subparagraphs (B) and (C), respectively; and

(IV) in subparagraph (B) (as so redesignated), by striking ''of the 1991 through 1997 marketing years'' and inserting ''marketing year''.

(iv) QUOTA NOT PRODUCED.—Section 358–1(b)(3) of the Act is amended—

(I) in subparagraph (A), by striking ''of the 1991 through 1997 marketing years'' and inserting ''marketing year''; and

(II) in subparagraph (B), by striking ''include—'' and all that follows through ''(ii) any'' and inserting ''include any''.

(v) QUOTA CONSIDERED PRODUCED.—Section 358–1(b)(4) of the Act is amended—

(I) in subparagraph (A), by inserting ''or'' after the semicolon at the end; and

(II) by striking subparagraphs (B) and (C) and inserting the following:

''(B) the farm poundage quota for the farm was—

''(i) released voluntarily under paragraph (7); or

''(ii) leased to another owner or operator of a farm within the same county for transfer to the farm;

for only 1 of the 3 marketing years immediately preceding the marketing year for which the determination is being made.''.

(vi) ALLOCATION OF QUOTAS REDUCED OR RELEASED.—Section 358–1(b)(6) of the Act is amended—

(I) in subparagraph (A), by striking ''subparagraphs (B) and (C), the total quantity of the'' and inserting ''subparagraph (B),'';

(II) in subparagraph (B)—

(aa) by striking ''Not more than 25 percent of the'' and inserting ''The''; and

(bb) by adding at the end the following: ''Any farm quota pounds remaining after allocation to farms under this subparagraph shall be allocated under subparagraph (A).''; and

(III) by striking subparagraph (C).

(vii) TEMPORARY QUOTA ALLOCATION FOR SEED.—Section 358–1(b) of the Act is amended by striking paragraph (8) and inserting the following:

''(8) TEMPORARY QUOTA ALLOCATION FOR SEED.—For each marketing year and pursuant to regulation, the Secretary shall make a temporary allocation of poundage quota, for that marketing year only, to each producer of peanuts on a farm, in addition to any farm poundage quota established under paragraph (1), in a quantity equal to the pounds of seed peanuts planted by the producer on the farm.''.

(viii) TRANSFER OF ADDITIONAL PEANUTS.—Section 358–1(b) of the Act is amended by striking paragraph (9) and inserting the following:

''(9) TRANSFER OF ADDITIONAL PEANUTS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), additional peanuts on a farm from which the quota poundage was not harvested and marketed may be transferred to the quota loan pool for pricing purposes on such basis as the Secretary shall provide by regulation.

''(B) LIMITATIONS.—The poundage of peanuts transferred under subparagraph (A) shall not exceed 25 percent of the total farm poundage quota, excluding pounds transferred in the fall.

''(C) SUPPORT RATE.—Peanuts transferred under this paragraph shall be supported at a rate of not less than 70 percent of the quota support rate for the marketing years during which the transfers occur.''.

(D) CROPS.—Section 358–1(f) of the Act is amended by striking ''1991 through 1997'' and inserting ''1996 through 2002''.

(2) SALE, LEASE, OR TRANSFER OF FARM POUNDAGE QUOTA.—

(A) IN GENERAL.—The section heading of section 358b of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358b) is amended by striking ''1991 THROUGH 1995 CROPS OF''.

(B) SALE, LEASE, OR TRANSFER OF FARM POUNDAGE QUOTA.—Section 358b(a) of the Act is amended—

(i) by striking ''(including any applicable under marketings)'' each place it appears;

(ii) in paragraph (1)—

(I) by redesignating subparagraphs (A) and (B) as subparagraphs (B) and (C), respectively;

(II) by inserting before subparagraph (B) (as so redesignated) the following:

''(A) with the owner or operator of another farm located within the same county or located in a different county within the same State;'';

(III) in subparagraph (B) (as so redesignated), by striking ''undermarketings and''; and

(IV) by adding at the end the following: ''Fall transfers of quota pounds shall not affect the farm quota history for the transferring or receiving farm and shall not result in a reduction of the farm poundage quota on the transferring farm.'';

(iii) in paragraph (2)—

(I) in the first sentence—

(aa) by striking ''county or in a county contiguous to the county in the same''; and

(bb) by inserting before the period at the end the following: '', if both the transferring and the receiving farms were under the control of the owner or operator for at least 3 crop years prior to the crop year in which the farm poundage quota is transferred''; and

(II) in the second sentence, by striking ''the transferred quota is produced or considered produced on the receiving farm'' and inserting ''sufficient acreage is planted on the receiving farm to produce the quota pounds transferred''; and

(iv) by adding at the end the following:

''(4) TRANSFERS BY SALE IN STATES WITH LARGE QUOTAS.—

''(A) IN GENERAL.—In the case of a State for which the poundage quota allocated to the State was 10,000 tons or greater for the previous year, the owner, or operator with permission of the owner, of a farm located in the State for which a farm poundage quota has been established under section 358–1 may sell all or any part of the farm poundage quota to any other eligible owner or operator of a farm within the same State.

''(B) LIMITATIONS.—

''(i) 1996.—During calendar year 1996, not more than 15 percent of the total poundage quota within a county as of January 1, 1996, may be sold and transferred outside the county under this paragraph.

''(ii) SUBSEQUENT YEARS.—During calendar year 1997 and each subsequent calendar year, not more than 5 percent of the total poundage quota within a county as of January 1 of the calendar year may be sold and transferred outside the county under this paragraph.

''(iii) AGGREGATE LIMIT.—Not more than an aggregate of 30 percent of the total poundage quota within a county may be sold and transferred outside the county under this paragraph.

''(C) SUBSEQUENT LEASE OR SALE.—Quota poundage sold and transferred under this paragraph may not be leased or sold to another farm owner or operator within the same State for a period of 5 years following the original transfer to the farm.''.

(C) RECORD.—Section 358b(b)(3) of the Act is amended by striking ''committee of the county to which the transfer is made and the committee determines'' and inserting ''committees of the counties from and to which the transfer is made and the committees determine''.

(D) CROPS.—Section 358b(c) of the Act is amended by striking ''1991 through 1995'' and inserting ''1996 through 2002''.

(3) EXPERIMENTAL AND RESEARCH PROGRAMS.—Section 358c(d) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358c(d)) is amended by striking ''1991 through 1995'' and inserting ''1996 through 2002''.

(4) MARKETING PENALTIES.—Section 358e of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359a) is amended—

(A) in the section heading, by striking ''1991 THROUGH 1997 CROPS OF'';

(B) in subsection (d)(6)(A), by inserting after ''If any additional peanuts'' the following: ''or peanut products made from additional peanuts''; and

(C) in subsection (i), by striking ''1991 through 1997'' and inserting ''1996 through 2002''.

(b) PRICE SUPPORT PROGRAM FOR PEANUTS.—

(1) QUOTA PEANUTS.—

(A) IN GENERAL.—The Secretary shall make price support available to producers through loans, purchases, and other operations on quota peanuts.

(B) SUPPORT RATES.—The national average quota support rate for each crop of quota peanuts shall be the national average quota support rate for the immediately preceding crop, adjusted to reflect any increase, during the calendar year immediately preceding the marketing year for the crop for which a level of support is being determined, in the national average cost of peanut production, excluding any change in the cost of land and the cost of any assessments required under paragraph (7), except that in no event shall the national average quota support rate for any such crop be increased, or decreased, by more than 5 percent of the national average quota support rate for the preceding crop.

(C) INSPECTION, HANDLING, OR STORAGE.—The levels of support so announced shall not be reduced by any deductions for inspection, handling, or storage.

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

(E) ANNOUNCEMENT.—The Secretary shall announce the level of support for quota peanuts of each crop not later than February 15 preceding the marketing year for the crop for which the level of support is being determined.

(2) ADDITIONAL PEANUTS.—

(A) IN GENERAL.—The Secretary shall make price support available to producers through loans, purchases, or other operations on additional peanuts at such levels as the Secretary finds appropriate, taking into consideration the demand for peanut oil and peanut meal, expected prices of other vegetable oils and protein meals, and the demand for peanuts in foreign markets, except that the Secretary shall set the support rate on additional peanuts at a level estimated by the Secretary to ensure that there are no losses to the Commodity Credit Corporation on the sale or disposal of the peanuts.

(B) ANNOUNCEMENT.—The Secretary shall announce the level of support for additional

peanuts of each crop not later than February 15 preceding the marketing year for the crop for which the level of support is being determined.

(3) AREA MARKETING ASSOCIATIONS.—

(A) WAREHOUSE STORAGE LOANS.—

(i) IN GENERAL.—In carrying out subsections (a) and (b), the Secretary shall make warehouse storage loans available in each of the three producing areas (described in section 1446.95 of title 7 of the Code of Federal Regulations (January 1, 1989)) to a designated area marketing association of peanut producers that is selected and approved by the Secretary and that is operated primarily for the purpose of conducting the loan activities. The Secretary may not make warehouse storage loans available to any cooperative that is engaged in operations or activities concerning peanuts other than those operations and activities specified in this section and sections 358d and 358e of the Agricultural Adjustment Act of 1938.

(ii) ADMINISTRATIVE AND SUPERVISORY ACTIVITIES.—The area marketing associations shall be used in administrative and supervisory activities relating to price support and marketing activities under this section and sections 358d and 358e of the Agricultural Adjustment Act of 1938.

(iii) ASSOCIATION COSTS.—Loans made to the association under this paragraph shall include, in addition to the price support value of the peanuts, such costs as the area marketing association reasonably may incur in carrying out its responsibilities, operations, and activities under this section and sections 358d and 358e of the Agricultural Adjustment Act of 1938.

(B) POOLS FOR QUOTA AND ADDITIONAL PEANUTS.—

(i) IN GENERAL.—The Secretary shall require that each area marketing association establish pools and maintain complete and accurate records by area and segregation for quota peanuts handled under loan and for additional peanuts placed under loan, except that separate pools shall be established for Valencia peanuts produced in New Mexico. Peanuts physically produced outside the State of New Mexico shall not be eligible for entry into or participation in the New Mexico pools. Bright hull and dark hull Valencia peanuts shall be considered as separate types for the purpose of establishing the pools.

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

(I) QUOTA PEANUTS.—For quota peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in the pool plus an amount from all additional pool gains equal to any loss on disposition of all peanuts in the pool for quota peanuts.

(II) ADDITIONAL PEANUTS.—For additional peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in the pool for additional peanuts less any amount allocated to offset any loss on the pool for quota peanuts as provided in subclause (I).

(4) LOSSES.—

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

(B) QUOTA PEANUTS PLACED UNDER LOAN.—Net gains on additional peanuts within an area (other than net gains on additional peanuts in separate type pools established under paragraph (3)(B)(i) for Valencia peanuts produced in New Mexico) shall be first reduced to the extent of any loss by the Commodity Credit Corporation on quota peanuts placed under loan in the area, in such manner as the Secretary shall by regulation prescribe.

(C) QUOTA LOAN POOLS.—

(i) TRANSFERS FROM ADDITIONAL LOAN POOLS.—The proceeds due any producer from any pool shall be reduced by the amount of any loss that is incurred with respect to peanuts transferred from an additional loan pool to a quota loan pool by the producer under section 358–1(b)(9) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358–1(b)(9)).

(ii) USE OF MARKETING ASSESSMENTS.—The Secretary shall use funds collected under paragraph (7) to offset further losses in area quota pools. At the end of each year, the Secretary shall transfer to the Treasury the funds collected under paragraph (7) that the Secretary determines are not required to cover losses in area quota pools.

(iii) CROSS COMPLIANCE.—Further losses in area quota pools, other than losses incurred as a result of transfers from additional loan pools to quota loan pools under section 358–1(b)(9) of the Agricultural Adjustment Act of 1938, shall be offset by any gains or profits from pools in other production areas (other than separate type pools established under paragraph (3)(B)(i) for Valencia peanuts produced in New Mexico) in such manner as the Secretary shall by regulation prescribe.

(iv) INCREASED ASSESSMENTS.—If actions taken under clauses (i) through (iii) are not sufficient to cover losses in area pools, the Secretary shall increase the marketing assessment established under paragraph (7) by such amount as the Secretary considers necessary to cover the losses. Amounts collected under paragraph (7) as a result of the increased assessment shall be retained by the Secretary to cover losses in the pool.

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

(6) QUALITY IMPROVEMENT.—

(A) PRICE SUPPORT PEANUTS.—With respect to peanuts under price support loan, the Secretary shall—

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

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

(iii) continue to endeavor to operate the peanut price support program so as to improve the quality of domestic peanuts and ensure the coordination of activities under the Peanut Administrative Committee established under Marketing Agreement No. 146, regulating the quality of domestically produced peanuts (under the Agricultural Marketing Agreement Act of 1937 (7 U.S.C. 601 et seq.)); and

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

(B) EXPORTS AND OTHER PEANUTS.—

(i) IN GENERAL.—The Secretary shall require that all peanuts, including peanuts imported into the United States, meet all United States quality standards under Marketing Agreement No. 146, regulating the quality of domestically produced peanuts (under the Agricultural Adjustment Act (7 U.S.C. 601 et seq.), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937), and that importers of the peanuts fully comply with inspection, handling, storage, and processing requirements implemented under Marketing Agreement No. 146.

(ii) EXPORTED PEANUTS.—The Secretary shall ensure that peanuts produced for the export market meet quality, inspection, handling, storage, and processing requirements under Marketing Agreement No. 146.

(7) MARKETING ASSESSMENT.—

(A) IN GENERAL.—The Secretary shall provide, by regulation, for a nonrefundable marketing assessment equal to 1.2 percent of the national average quota or additional peanut support rate per pound, as applicable, on all peanuts sold in the United States during each of the 1996 through 2002 marketing years.

(B) TREATMENT OF IMPORTED PEANUTS.—For the purposes of determining the applicable assessment rate under this section, imported peanuts shall be treated as additional peanuts.

(C) FIRST PURCHASERS.—

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

(ii) ADMINISTRATION.—Except as provided in clause (iii) and subparagraphs (D) and (E), the first purchaser shall—

(I) collect from the producer a marketing assessment equal to the quantity of peanuts acquired multiplied by .6 percent of the applicable national average support rate;

(II) pay, in addition to the amount collected under subclause (I), a marketing assessment in an amount equal to the quantity of peanuts acquired multiplied by .6 percent of the applicable national average support rate; and

(III) remit the amounts required under subclauses (I) and (II) to the Commodity Credit Corporation in a manner specified by the Secretary.

(iii) IMPORTED PEANUTS.—In the case of imported peanuts, the first purchaser shall pay to the Commodity Credit Corporation, in a manner specified by the Secretary, a marketing assessment in an amount equal to the quantity of peanuts acquired multiplied by 1.2 percent of the national average support rate for additional peanuts.

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

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

(F) PENALTIES.—If any person fails to collect or remit the reduction required by this subsection or fails to comply with such requirements for recordkeeping or otherwise as are required by the Secretary to carry out this subsection, the person shall be liable to

the Secretary for a civil penalty up to an amount determined by multiplying—

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

(ii) the national average quota peanut price support level for the applicable crop year.

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

(H) USE OF FUNDS.—Funds collected under this subsection shall be used by the Secretary to offset the costs of operating the peanut price support program.

(8) CROPS.—Except as provided in paragraph (7) and notwithstanding any other provision of law, this section shall be effective only for the 1996 through 2002 crops of peanuts.

(c) ADMINISTRATIVE PROVISIONS.—

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

(2) SUSPENSION OF PERMANENT PROGRAM.—The following provisions of the Agricultural Adjustment Act of 1938 shall not be applicable to the 1996 through 2002 crops of peanuts:

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

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

(C) Subsections (a), (b), (d), and (e) of section 359 (7 U.S.C. 1359).

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

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

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

(A) in the first sentence, by striking ''30 per centum'' and inserting ''30 percent (or, in the case of duties collected with respect to an import that is subject to a tariff-rate quota, 100 percent)''; and

(B) in the second sentence—

(i) by striking ''and (3)'' and inserting ''(3)''; and

(ii) by inserting before the period at the end the following: ''; and (4) offset the costs of operating a program to provide price support for domestically produced peanuts''.

(d) PEANUT STANDARDS.—

(1) INSPECTION; QUALITY ASSURANCE.—

(A) INITIAL ENTRY.—The Secretary of Agriculture (referred to in this title as the ''Secretary'') shall require all peanuts and peanut products sold in the United States to be initially placed in a bonded, licensed warehouse approved by the Secretary for the purpose of inspection and grading by the Secretary, the Commissioner of the Food and Drug Administration, and the heads of other appropriate agencies of the United States.

(B) PRELIMINARY INSPECTION.—Peanuts and peanut products shall be held in the warehouse until inspected by the Secretary, the Commissioner of the Food and Drug Administration, or the head of another appropriate agency of the United States, for chemical residues, general cleanliness, disease, size, aflatoxin, stripe virus, and other harmful conditions, and an assurance of compliance with all grade and quality standards specified under Marketing Agreement No. 146, regulating the quality of domestically produced peanuts (under the Agricultural Adjustment Act (7 U.S.C. 601 et seq.), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937).

(C) SEPARATION OF LOTS.—All imported peanuts shall be maintained separately from, and shall not be commingled with, domestically produced peanuts in the warehouse.

(D) ORIGIN OF PEANUT PRODUCTS.—

(i) LABELING.—A peanut product shall be labeled with a label that indicates the origin of the peanuts contained in the product.

(ii) SOURCE.—No peanut product may contain both imported and domestically produced peanuts.

(iii) IMPORTED PEANUT PRODUCTS.—The first seller of an imported peanut product shall certify that the product is made from raw peanuts that meet the same quality and grade standards that apply to domestically produced peanuts.

(E) DOCUMENTATION.—No peanuts or peanut products may be transferred, shipped, or otherwise released from a warehouse described in subparagraph (A) unless accompanied by a United States Government inspection certificate that certifies compliance with this section.

(2) HANDLING AND STORAGE.—

(A) TEMPERATURE AND HUMIDITY.—The Secretary shall require all shelled peanuts sold in the United States to be maintained at a temperature of not more than 37 degrees Fahrenheit and a humidity range of 60 to 68 percent at all times during handling and storage prior to sale and shipment.

(B) CONTAINERS.—The peanuts shall be shipped in a container that provides the maximum practicable protection against moisture and insect infestation.

(C) IN-SHELL PEANUTS.—The Secretary shall require that all in-shell peanuts be reduced to a moisture level not exceeding 10 percent immediately on being harvested and be stored in a facility that will ensure quality maintenance and will provide proper ventilation at all times prior to sale and shipment.

(3) LABELING.—The Secretary shall require that all peanuts and peanut products sold in the United States contain labeling that lists the country or countries in which the peanuts, including all peanuts used to manufacture the peanut products, were produced.

(4) INSPECTION AND TESTING.—

(A) IN GENERAL.—All peanuts and peanut products sold in the United States shall be inspected and tested for grade and quality.

(B) CERTIFICATION.—All peanuts or peanut products offered for sale in, or imported into, the United States shall be accompanied by a certification by the first seller or importer that the peanuts or peanut products do not contain residues of any pesticide not approved for use in, or importation into, the United States.

(5) NUTRITIONAL LABELING.—The Secretary shall require all peanuts and peanut products sold in the United States to contain complete nutritional labeling information as required under the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321 et seq.).

(6) PEANUT CONTENT.—

(A) OFFSET AGAINST HTS QUANTITY.—The actual quantity of peanuts, by weight, used to manufacture, and ultimately contained in, peanut products imported into the United States shall be accounted for and offset against the total quantity of peanut imports allowed under the in-quota quantity of the tariff-rate quota established for peanuts under the Harmonized Tariff Schedule of the United States.

(B) VERIFICATION.—The Secretary shall establish standards and procedures for the purpose of verifying the actual peanut content of peanut products imported into the United States.

(7) PLANT DISEASES.—The Secretary, in consultation with the heads of other appropriate agencies of the United States, shall ensure that all peanuts in the domestic edible market are inspected and tested to ensure that they are free of all plant diseases.

(8) ADMINISTRATION.—

(A) FEES.—The Secretary shall by regulation fix and collect fees and charges to cover the costs of any inspection or testing performed under this title.

(B) CERTIFICATION.—

(i) IN GENERAL.—The Secretary may require the first seller of peanuts sold in the United States to certify that the peanuts comply with this title.

(ii) FRAUD AND FALSE STATEMENTS.—Section 1001 of title 18, United States Code, shall apply to a certification made under this title.

(C) STANDARDS AND PROCEDURES.—In consultation with the heads of other appropriate agencies of the United States, the Secretary shall establish standards and procedures to provide for the enforcement of, and ensure compliance with, this title.

(D) FAILURE TO MEET STANDARDS.—Peanuts or peanut products that fail to meet standards established under this title shall be returned to the seller and exported or crushed pursuant to section 358e(d) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359a(d)).

(9) CHANGE OF VENUE.—In any case in which an area pool or a marketing association brings, joins, or seeks to join a civil action in a United States district court to enforce this title, the district court may not transfer the action to any other district or division over the objection of the pool or marketing association.

HARKIN AMENDMENT NO. 3279

(Ordered to lie on the table.)

Mr. HARKIN submitted an amendment intended to be proposed by him to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra, as follows:

Strike all after the enacting clause and insert the following:

SEC. 1001. SHORT TITLE.

This Act may be cited as the ''Farm Security and Reform Act of 1996''.

Subtitle A—Commodity Programs

SEC. 1101. WHEAT, FEED GRAIN, AND OILSEED PROGRAM.

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

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

''(a) DEFINITIONS.—In this section:

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

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

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

''(b) ADJUSTMENT ACCOUNT.—

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

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

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

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

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

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

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

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

''(A) $4,500,000,000 for fiscal year 1996; and

''(B) $2,800,000,000 for each of fiscal years 1997 through 2002;

to remain available until expended.

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

''(5) TIER 1 SUPPORT.—

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

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

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

''(B) PAYMENT QUANTITY.—

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

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

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

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

''(ii) LIMITATIONS.—The quantity determined under clause (i) for an individual, directly or indirectly, shall not exceed 22,000 payment bushels of wheat or feed grains and may be adjusted by the Secretary to reflect the availability of funds.

''(C) PAYMENT FACTOR.—

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

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

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

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

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

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

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

''(D) ADVANCE PAYMENT.—The Secretary shall make available to producers on a farm 50 percent of the projected payment under this subsection at the time the producers agree to participate in the program.

''(6) ENVIRONMENTAL RESERVE PROGRAM.—

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

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

''(c) MARKETING LOANS.—

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

''(2) ELIGIBILITY.—

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

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

''(3) LOAN RATE.—Loans made under this subsection shall be made at the rate of 95 percent of the average price for the commodity for the previous 5 crop years, as determined by the Secretary.

''(4) REPAYMENT.—

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

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

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

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

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

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

''(d) LOAN DEFICIENCY PAYMENTS.—

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

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

''(A) the loan payment rate; by

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

''(3) LOAN PAYMENT RATE.—

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

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

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

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

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

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

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

''(e) PROGRAM COST LIMITATION.—

''(1) IN GENERAL.—If the Secretary determines that the costs of providing marketing loans and loan deficiency payments for covered commodities under this section will exceed an amount of $9,000,000,000 for the 1996 through 2002 fiscal years, the Secretary shall carry out a program cost limitation program to ensure that the cost of providing marketing loans and loan deficiency payments do not exceed the amount.

''(2) TERMS.—If the Secretary determines that a program cost limitation program is required for a crop year, the Secretary shall carry out for the crop year—

''(A) a proportionate reduction in the number of bushels that a producer may directly or indirectly place under loan;

''(B) a limitation on the number of bushels the producers on a farm may directly or indirectly place under loan;

''(C) an acreage limitation program; or

''(D) any combination of actions described in subparagraphs (A), (B), and (C).

''(3) LIMITATION.—The program cost limitation program may only be applied to a crop of a covered commodity for which the domestic price is projected, by the Secretary, to be less than the 5-year average price for the commodity.

''(4) ANNOUNCEMENTS.—If the Secretary elects to implement a program cost limitation program for any crop year, the Secretary shall make an announcement of the program not later than—

''(A) in the case of wheat, June 1 of the calendar year preceding the year in which the crop is harvested; and

''(B) in the case of feed grains and oilseeds, September 30 of the calendar year preceding the year in which the crop is harvested, and

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

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

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

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

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

(b) FLEXIBLE ACREAGE BASE.—

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

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

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

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

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

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

''(1) IN GENERAL.—

''(A) GO CROPS.—The Secretary shall provide for the establishment and maintenance

of a single crop acreage base for GO crops, including any GO crops produced under an established practice of double cropping.

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

SEC. 1102. UPLAND COTTON PROGRAM.

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

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

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

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

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

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

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

(b) INCREASE IN NONPAYMENT ACRES.—Section 103B(c)(1)(C) of the Act is amended by striking ''85 percent'' and inserting ''77.5 percent for each of the 1996 through 2002 crops''.

SEC. 1103. RICE PROGRAM.

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

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

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

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

(4) in subsection (c)(1)—

(A) in subparagraph (B)(ii)—

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

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

(B) in subparagraph (D)—

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

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

(b) INCREASE IN NONPAYMENT ACRES.—Section 101B(c)(1)(C)(ii) of the Act is amended by striking ''85 percent'' and inserting ''77.5 percent for each of the 1998 through 2002 crops''.

SEC. 1104. PEANUT PROGRAM.

(a) EXTENSION.—

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

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

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

(C) in subsection (g)—

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

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

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

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

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

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

(B) in section 358b (7 U.S.C. 1358b)—

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

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

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

(D) in section 358e (7 U.S.C. 1359a)—

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

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

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

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

''(2) SUPPORT RATES.—

''(A) 1991–1995 CROPS.—The''; and

(2) by adding at the end the following:

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

(c) UNDERMARKETINGS.—

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

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

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

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

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

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

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

SEC. 1105. DAIRY PROGRAM.

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

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

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

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

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

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

(2) by striking subparagraph (B); and

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

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

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

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

SEC. 1106. SUGAR PROGRAM.

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

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

''(a) DEFINITIONS.—In this section:

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

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

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

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

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

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

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

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

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

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

''(e) ADJUSTMENT IN SUPPORT LEVEL.—

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

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

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

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

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

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

''(2) MODIFICATION.—During any fiscal year in which the tariff rate quota for imports of sugar into the United States is established at, or is increased to, a level that exceeds the minimum level for the imports committed to

by the United States under the Agreement on Agriculture, the Secretary shall carry out this section by making nonrecourse loans available to sugar producers. Any recourse loan previously made available by the Secretary and not repaid under this section during the fiscal year shall be converted into a nonrecourse loan.

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

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

''(h) LOAN TERM.—

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

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

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

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

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

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

''(k) MARKETING ASSESSMENTS.—

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

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

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

''(4) COLLECTION.—

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

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

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

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

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

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

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

''(l) INFORMATION REPORTING.—

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

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

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

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

''(m) SUGAR ESTIMATES.—

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

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

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

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

SEC. 1107. SHEEP INDUSTRY TRANSITION PROGRAM.

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

''SEC. 208. SHEEP INDUSTRY TRANSITION PROGRAM.

''(a) LOSS.—

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

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

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

''(2) ADJUSTMENTS TO LOAN LEVEL.—

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

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

''(C) ADJUSTMENT FOR QUALITY.—

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

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

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

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

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

''(4) TERM OF LOAN.—

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

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

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

''(5) MARKETING LOAN PROVISIONS.—If the Secretary determines that the prevailing

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

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

''(B) the higher of—

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

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

''(6) PREVAILING WORLD MARKET PRICE.—

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

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

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

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

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

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

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

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

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

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

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

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

''(b) LOAN DEFICIENCY PAYMENTS.—

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

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

''(A) the loan payment rate; by

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

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

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

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

''(c) DEFICIENCY PAYMENTS.—

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

''(A) the payment rate; by

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

''(2) PAYMENT RATE.—

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

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

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

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

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

''(d) EQUITABLE RELIEF.—

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

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

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

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

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

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

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

''(j) CROSS-COMPLIANCE.—

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

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

''(k) LIMITATION ON OUTLAYS.—

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

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

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

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

''(3) PERSON LIMITATION.—

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

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

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

SEC. 1108. SUSPENSION OF PERMANENT PRICE SUPPORT AUTHORITY.

(a) WHEAT.—

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

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

(3) SUSPENSION OF CERTAIN QUOTA PROVISIONS.—The joint resolution entitled ''A joint resolution relating to corn and wheat marketing quotas under the Agricultural Adjustment Act of 1938, as amended'', approved May 26, 1941 (7 U.S.C. 1330 and 1340), shall not be applicable to the crops of wheat planted for harvest in the calendar years 1996 through 2002.

(4) NONAPPLICABILITY OF SECTION 107 OF THE AGRICULTURAL ACT OF 1949.—Section 107 of the Agricultural Act of 1949 (7 U.S.C. 1445a) shall not be applicable to the 1996 through 2002 crops of wheat.

(b) FEED GRAINS.—

(1) NONAPPLICABILITY OF SECTION 105 OF THE AGRICULTURAL ACT OF 1949.—Section 105 of the Agricultural Act of 1949 (7 U.S.C. 1444b) shall not be applicable to the 1996 through 2002 crops of feed grains.

(2) RECOURSE LOAN PROGRAM FOR SILAGE.—Section 403 of the Food Security Act of 1985 (7 U.S.C. 1444e–1) is amended by striking ''1996'' and inserting ''2002''.

(c) OILSEEDS.—Section 201(a) of the Agricultural Act of 1949 (7 U.S.C. 1446(a)) is amended by striking ''oilseeds'' and all that follows through ''determine),''.

(d) UPLAND COTTON.—

(1) SUSPENSION OF BASE ACREAGE ALLOTMENTS, MARKETING QUOTAS, AND RELATED PROVISIONS.—Sections 342, 343, 344, 345, 346, and 377 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1342–1346 and 1377) shall not be applicable to any of the 1996 through 2002 crops of upland cotton.

(2) MISCELLANEOUS COTTON PROVISIONS.—Section 103(a) of the Agricultural Act of 1949 (7 U.S.C. 1444(a)) shall not be applicable to the 1996 through 2002 crops.

(e) PEANUTS.—

(1) SUSPENSION OF MARKETING QUOTAS AND ACREAGE ALLOTMENTS.—The following provisions of the Agricultural Adjustment Act of

1938 shall not be applicable to the 1996 through 2002 crops of peanuts:

(A) Subsections (a) through (j) of section 358 (7 U.S.C. 1358).

(B) Subsections (a) through (h) of section 358a (7 U.S.C. 1358a).

(C) Subsections (a), (b), (d), and (e) of section 358d (7 U.S.C. 1359).

(D) Part I of subtitle C of title III (7 U.S.C. 1361 et seq.).

(E) Section 371 (7 U.S.C. 1371).

(2) REPORTS AND RECORDS.—Effective only for the 1996 through 2002 crops of peanuts, the first sentence of section 373(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1373(a)) is amended by inserting before ''all brokers and dealers in peanuts'' the following: ''all producers engaged in the production of peanuts,''.

(3) SUSPENSION OF CERTAIN PRICE SUPPORT PROVISIONS.—Section 101 of the Agricultural Act of 1949 (7 U.S.C. 1441) shall not be applicable to the 1996 through 2002 crops of peanuts.

SEC. 1109. EXTENSION OF RELATED PRICE SUPPORT PROVISIONS.

(a) DEFICIENCY AND LAND DIVERSION PAYMENTS.—Section 114 of the Agricultural Act of 1949 (7 U.S.C. 1445j) is amended—

(1) in subsections (a)(1) and (c), by striking ''1997'' each place it appears and inserting ''2002''; and

(2) in subsection (b), by striking ''1995'' and inserting ''2002'';

(b) ADJUSTMENT OF ESTABLISHED PRICES.—Section 402(b) of the Agricultural Act of 1949 (7 U.S.C. 1422(b)) is amended by striking ''1995'' and inserting ''2002''.

(c) ADJUSTMENT OF SUPPORT PRICES.—Section 403(c) of the Agricultural Act of 1949 (7 U.S.C. 1423(c)) is amended by striking ''1995'' and inserting ''2002''.

(d) APPLICATION OF TERMS IN THE AGRICULTURAL ACT OF 1949.—Section 408(k)(3) of the Agricultural Act of 1949 (7 U.S.C. 1428(k)(3)) is amended by striking ''1995'' and inserting ''2002''.

(e) ACREAGE BASE AND YIELD SYSTEM.—Title V of the Agricultural Act of 1949 (7 U.S.C. 1461 et seq.) is amended—

(1) in subsections (c)(3) and (h)(2)(A) of section 503 (7 U.S.C. 1463), by striking ''1997'' each place it appears and inserting ''2002'';

(2) in paragraphs (1) and (2) of section 505(b) (7 U.S.C. 1465(b)), by striking ''1997'' each place it appears and inserting ''2002''; and

(3) in section 509 (7 U.S.C. 1469), by striking ''1997'' and inserting ''2002''.

(f) PAYMENT LIMITATIONS.—Section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308) is amended by striking ''1997'' each place it appears and inserting ''2002''.

(g) NORMALLY PLANTED ACREAGE.—Section 1001 of the Food and Agriculture Act of 1977 (7 U.S.C. 1309) is amended by striking ''1995'' each place it appears in subsections (a), (b)(1), and (c) and inserting ''2002''.

(h) OPTIONS PILOT PROGRAM.—The Options Pilot Program Act of 1990 (subtitle E of title XI of Public Law 101–624; 104 Stat. 3518; 7 U.S.C. 1421 note) is amended—

(1) in subsections (a) and (b) of section 1153, by striking ''1995'' each place it appears and inserting ''2002''; and

(2) in section 1154(b)(1)(A), by striking ''1995'' each place it appears and inserting ''2002''.

(i) FOOD SECURITY WHEAT RESERVE.—Section 302(i) of the Food Security Wheat Reserve Act of 1980 (7 U.S.C. 1736f–1(i)) is amended by striking ''1995'' each place it appears and inserting ''2002''.

SEC. 1110. EFFECTIVE DATE.

(a) IN GENERAL.—Except as otherwise specifically provided in this subtitle, this subtitle and the amendments made by this subtitle shall apply beginning with the 1996 crop of an agricultural commodity.

(b) PRIOR CROPS.—Except as otherwise specifically provided and notwithstanding any other provision of law, this subtitle and the amendments made by this subtitle shall not affect the authority of the Secretary of Agriculture to carry out a price support, production adjustment, or payment program for—

(1) any of the 1991 through 1995 crops of an agricultural commodity established under a provision of law as in effect immediately before the enactment of this Act; or

(2) the 1996 crop of an agricultural commodity established under section 406(b) of the Agricultural Act of 1949 (7 U.S.C. 1426(b)).

Subtitle B—Conservation

SEC. 1201. ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.

Chapter 2 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3838 et seq.) is amended to read as follows:

''CHAPTER 2—ENVIRONMENTAL QUALITY INCENTIVES PROGRAM

''SEC. 1238. DEFINITIONS.

''In this chapter:

''(1) LAND MANAGEMENT PRACTICE.—The term 'land management practice' means nutrient or manure management, integrated pest management, irrigation management, tillage or residue management, grazing management, or another land management practice the Secretary determines is needed to protect soil, water, or related resources in the most cost efficient manner.

''(2) LARGE CONFINED LIVESTOCK OPERATION.—The term 'large confined livestock operation' means a farm or ranch that—

''(A) is a confined animal feeding operation; and

''(B) has more than—

''(i) 700 mature dairy cattle;

''(ii) 1,000 beef cattle;

''(iii) 100,000 laying hens or broilers;

''(iv) 55,000 turkeys;

''(v) 2,500 swine; or

''(vi) 10,000 sheep or lambs.

''(3) LIVESTOCK.—The term 'livestock' means mature dairy cows, beef cattle, laying hens, broilers, turkeys, swine, sheep, or lambs.

''(4) OPERATOR.—The term 'operator' means a person who is engaged in crop or livestock production (as defined by the Secretary).

''(5) STRUCTURAL PRACTICE.—The term 'structural practice' means the establishment of an animal waste management facility, terrace, grassed waterway, contour grass strip, filterstrip, permanent wildlife habitat, or another structural practice that the Secretary determines is needed to protect soil, water, or related resources in the most cost effective manner.

''SEC. 1238A ESTABLISHMENT AND ADMINISTRATION OF ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.

''(a) ESTABLISHMENT.—

''(1) IN GENERAL.—During the 1996 through 2006 fiscal years, the Secretary shall enter into contracts with operators to provide technical assistance, cost-sharing payments, and incentive payments to operators, who enter into contracts with the Secretary, through an environmental quality incentives program in accordance with this chapter.

''(2) CONSOLIDATION OF EXISTING PROGRAMS.—In establishing the environmental quality incentives program authorized under this chapter, the Secretary shall combine into a single program the functions of—

''(A) the agricultural conservation program authorized by sections 7 and 8 of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590g and 590h) (as in effect before the amendments made by section 201(b)(1) of the Agricultural Reconciliation Act of 1995);

''(B) the Great Plains conservation program established under section 16(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590p(b)) (as in effect before the amendment made by section 201(b)(2) of the Agricultural Reconciliation Act of 1995);

''(C) the water quality incentives program established under this chapter (as in effect before amendment made by section 201(a) of the Agricultural Reconciliation Act of 1995); and

''(D) the Colorado River Basin salinity control program established under section 202(c) of the Colorado River Basin Salinity Control Act (43 U.S.C. 1592(c)) (as in effect before the amendment made by section 201(b)(3) of the Agricultural Reconciliation Act of 1995).

''(b) APPLICATION AND TERM.—

''(1) IN GENERAL.—A contract between an operator and the Secretary under this chapter may—

''(A) apply to 1 or more structural practices or 1 or more land management practices, or both; and

''(B) have a term of not less than 5, nor more than 10, years, as determined appropriate by the Secretary, depending on the practice or practices that are the basis of the contract.

''(2) CONTRACT EFFECTIVE DATE.—A contract between an operator and the Secretary under this chapter shall become effective on October 1st following the date the contract is fully entered into.

''(c) COST-SHARING AND INCENTIVE PAYMENTS.—

''(1) COST-SHARING PAYMENTS.—

''(A) IN GENERAL.—The Federal share of cost-sharing payments to an operator proposing to implement 1 or more structural practices shall not be more than 75 percent of the projected cost of the practice, as determined by the Secretary, taking into consideration any payment received by the operator from a State or local government.

''(B) LIMITATION.—An operator of a large confined livestock operation shall not be eligible for cost-sharing payments to construct an animal waste management facility.

''(C) OTHER PAYMENTS.—An operator shall not be eligible for cost-sharing payments for structural practices on eligible land under this chapter if the operator receives cost-sharing payments or other benefits for the same land under chapter 1 or 3.

''(2) INCENTIVE PAYMENTS.—The Secretary shall make incentive payments in an amount and at a rate determined by the Secretary to be necessary to encourage an operator to perform 1 or more land management practices.

''(d) TECHNICAL ASSISTANCE.—

''(1) FUNDING.—The Secretary shall allocate funding under this chapter for the provision of technical assistance according to the purpose and projected cost for which the technical assistance is provided in a fiscal year. The allocated amount may vary according to the type of expertise required quantity of time involved, and other factors as determined appropriate by the Secretary. Funding shall not exceed the projected cost to the Secretary of the technical assistance provided in a fiscal year.

''(2) OTHER AUTHORITIES.—The receipt of technical assistance under this chapter shall not affect the eligibility of the operator to receive technical assistance under other authorities of law available to the Secretary.

''(e) FUNDING.—The Secretary shall use to carry out this chapter not less than—

''(1) $200,000,000 for fiscal year 1997; and

''(2) $250,000,000 for each of fiscal years 1998 through 2002.

''(f) COMMODITY CREDIT CORPORATION.—The Secretary may use the funds, facilities, and authorities of the Commodity Credit Corporation to carry out this subchapter.

"SEC. 1238B. CONSERVATION PRIORITY AREAS.

''(a) IN GENERAL.—The Secretary shall designate watersheds or regions of special environmental sensitivity, including the Chesapeake Bay region (located in Pennsylvania, Maryland, and Virginia), the Great Lakes region, the Long Island Sound region, prairie pothole region (located in North Dakota, South Dakota, and Minnesota), Rainwater Basin (located in Nebraska), and other areas the Secretary considers appropriate, as conservation priority areas that are eligible for enhanced assistance through the programs established under this chapter and chapter 1.

''(b) APPLICABILITY.—A designation shall be made under this section if an application is made by a State agency and agricultural practices within the watershed or region pose a significant threat to soil, water, and related natural resources, as determined by the Secretary.

"SEC. 1238C. EVALUATION OF OFFERS AND PAYMENTS.

''(a) REGIONAL PRIORITIES.—The Secretary shall provide technical assistance, cost-sharing payments, and incentive payments to operators in a region, watershed, or conservation priority area under this chapter based on the significance of soil, water, and related natural resources problems in the region, watershed, or area, and the structural practices or land management practices that best address the problems, as determined by the Secretary.

''(b) MAXIMIZATION OF ENVIRONMENTAL BENEFITS.—

''(1) IN GENERAL.—In providing technical assistance, cost-sharing payments, and incentive payments to operators in regions, watersheds, or conservation priority areas under this chapter, the Secretary shall accord a higher priority to assistance and payments that maximize environmental benefits per dollar expended.

''(2) STATE OR LOCAL CONTRIBUTIONS.—The Secretary shall accord a higher priority to operators whose agricultural operations are located within watersheds, regions, or conservation priority areas in which State or local governments have provided, or will provide, financial or technical assistance to the operators for the same conservation or environmental purposes.

"SEC. 1238D. ENVIRONMENTAL QUALITY INCENTIVES PROGRAM PLAN.

''(a) IN GENERAL.—Prior to approving cost-share or incentive payments authorized under this chapter, the Secretary shall require the preparation and evaluation of an environmental quality incentives program plan described in subsection (b), unless the Secretary determines that such a plan is not necessary to evaluate the application for the payments.

''(b) TERMS.—An environmental quality incentives program plan shall include (as determined by the Secretary) a description of relevant—

''(1) farming or ranching practices on the farm;

''(2) characteristics of natural resources on the farm;

''(3) specific conservation and environmental objectives to be achieved including those that will assist the operator in complying with Federal and State environmental laws;

''(4) dates for, and sequences of, events for implementing the practices for which payments will be received under this chapter; and

''(5) information that will enable evaluation of the effectiveness of the plan in achieving the conservation and environmental objectives, and that will enable evaluation of the degree to which the plan has been implemented.

"SEC. 1238E. LIMITATION ON PAYMENTS.

''(a) PAYMENTS.—The total amount of cost-share and incentive payments paid to a person under this chapter may not exceed—

''(1) $10,000 for any fiscal year; or

''(2) $50,000 for any multiyear contract.

''(b) REGULATIONS.—The Secretary shall issue regulations that are consistent with section 1001 for the purpose of—

''(1) defining the term 'person' as used in subsection (a); and

''(2) prescribing such rules as the Secretary determines necessary to ensure a fair and reasonable application of the limitations contained in subsection (a).''.

Subtitle C—Food Stamp Program Integrity and Reform

SEC. 1301. REFERENCES TO THE FOOD STAMP ACT OF 1977.

Except as otherwise expressly provided, wherever in this subtitle an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.).

SEC. 1302. CERTIFICATION PERIOD.

(a) DEFINITION.—Section 3 (7 U.S.C. 2012(c)) is amended by striking subsection (c) and inserting the following:

''(c) CERTIFICATION PERIOD.—The term 'certification period' means the period specified by the State agency for which a household shall be eligible to receive an authorization card, except that the period shall be—

''(1) not more than 24 months for a household in which all adult members are elderly or disabled members; and

''(2) not more than 12 months for another household.''.

(b) REPORTING ON RESERVATIONS.—Section 6(c)(1)(C) (7 U.S.C. 2015(c)(1)(C)) is amended—

(1) in clause (ii), by adding ''and'' at the end;

(2) in clause (iii), by striking ''; and'' at the end and inserting a period; and

(3) by striking clause (iv).

SEC. 1303. EXPANDED DEFINITION OF COUPON.

Section 3(d) (7 U.S.C. 2012(d)) is amended by striking ''or type of certificate'' and inserting ''type of certificate, authorization card, cash or check issued as a coupon, or an access device, including an electronic benefits transfer card or a personal identification number,''.

SEC. 1304. TREATMENT OF MINORS.

The second sentence of section 3(i) (7 U.S.C. 2012(i)) is amended by striking ''(who are not themselves parents living with their children or married and living with their spouses)''.

SEC. 1305. ADJUSTMENT TO THRIFTY FOOD PLAN.

The second sentence of section 3(o) (7 U.S.C. 2012(o)) is amended—

(1) by striking ''shall (1) make'' and inserting the following: ''shall—

''(1) make'';

(2) by striking ''scale, (2) make'' and inserting ''scale;

''(2) make'';

(3) by striking ''Alaska, (3) make'' and inserting the following: ''Alaska;

''(3) make''; and

(4) by striking ''Columbia, (4) through'' and all that follows through the end of the subsection and inserting the following: ''Columbia; and

''(4) on October 1, 1995, and each October 1 thereafter, adjust the cost of the diet to reflect the cost of the diet, in the preceding June, and round the result to the nearest lower dollar increment for each household size.''.

SEC. 1306. EARNINGS OF CERTAIN HIGH SCHOOL STUDENTS COUNTED AS INCOME.

Section 5(d)(7) (7 U.S.C. 2014(d)(7)) is amended by striking ''21'' and inserting ''18''.

SEC. 1307. ENERGY ASSISTANCE COUNTED AS INCOME.

(a) LIMITING EXCLUSION.—Section 5(d)(11) (7 U.S.C. 2014(d)(11)) is amended—

(1) by striking ''(A) under any Federal law, or (B)''; and

(2) by inserting before the comma at the end the following: '', except that no benefits provided under the State program under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) shall be excluded under this clause''.

(b) CONFORMING AMENDMENTS.—

(1) Section 5(e) (7 U.S.C. 2014(e)) is amended by striking sentences nine through twelve.

(2) Section 5(k)(2) (7 U.S.C. 2014(k)(2)) is amended by striking subparagraph (C) and redesignating subparagraphs (D) through (H) as subparagraphs (C) through (G), respectively.

(3) Section 5(k) (7 U.S.C. 2014(k)) is amended by adding at the end the following new paragraph:

''(4) For purposes of subsection (d)(1), any payments or allowances made under any Federal or State law for the purposes of energy assistance shall be treated as money payable directly to the household.''.

(4) Section 2605(f) of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8634(f)) is amended—

(A) in paragraph (1), by striking ''food stamps'';

(B) by striking ''(f)(1) Notwithstanding'' and inserting ''(f) Notwithstanding''; and

(C) by striking paragraph (2).

SEC. 1308. EXCLUSION OF CERTAIN JTPA INCOME.

Section 5 (7 U.S.C. 2014) is amended—

(1) in subsection (d)—

(A) by striking ''and (16)'' and inserting ''(16)''; and

(B) by inserting before the period at the end the following: '', and (17) income received under the Job Training Partnership Act (29 U.S.C. 1501 et seq.) by a household member who is less than 19 years of age''; and

(2) in subsection (*l*), by striking ''under section 204(b)(1)(C)'' and all that follows and inserting ''shall be considered earned income for purposes of the food stamp program.''.

SEC. 1309. 2-YEAR FREEZE OF STANDARD DEDUCTION.

The second sentence of section 5(e)(4) (7 U.S.C. 2014(e)(4)) is amended by inserting '', except October 1, 1995, and October 1, 1996'' after ''thereafter''.

SEC. 1310. ELIMINATION OF HOUSEHOLD ENTITLEMENT TO SWITCH BETWEEN ACTUAL EXPENSES AND ALLOWANCES DURING CERTIFICATION PERIOD.

The fourteenth sentence of section 5(e) (7 U.S.C. 2014(e)) (as in effect before the amendment made by section 1307) is amended by striking ''and up to one additional time during each twelve-month period''.

SEC. 1311. EXCLUSION OF LIFE INSURANCE PROCEEDS.

Section 5(g) (7 U.S.C. 2014(g)) is amended by adding at the end the following:

''(6) LIFE INSURANCE POLICY.—The Secretary shall exclude from financial resources the cash value of any life insurance policy owned by a member of a household.''.

SEC. 1312. VENDOR PAYMENTS FOR TRANSITIONAL HOUSING COUNTED AS INCOME.

Section 5(k)(2) (7 U.S.C. 2014(k)(2)) (as amended by section 1307(b)(2)) is amended—

(1) by striking subparagraph (E); and

(2) by redesignating subparagraphs (F) and (G) as subparagraphs (E) and (F), respectively.

SEC. 1313. DOUBLED PENALTIES FOR VIOLATING FOOD STAMP PROGRAM REQUIREMENTS.

Section 6(b)(1) (7 U.S.C. 2015(b)(1)) is amended—

(1) in clause (i)—

(A) by striking ''six months upon'' and inserting ''1 year on''; and

(B) by adding ''and'' at the end; and

(2) striking clauses (ii) and (iii) and inserting the following:

''(ii) permanently on—

''(I) the second occasion of any such determination; or

''(II) the first occasion of a finding by a Federal, State, or local court of the trading for coupons of—

''(aa) a controlled substance (as defined in section 102 of the Controlled Substances Act (21 U.S.C. 802)); or

''(bb) firearms, ammunition, or explosives.''.

SEC. 1314. STRENGTHENED WORK REQUIREMENTS.

(a) IN GENERAL.—Section 6(d) (7 U.S.C. 2015(d)) is amended—

(1) by striking ''(d)(1) Unless otherwise exempted by the provisions'' and all that follows through the end of paragraph (1) and inserting the following:

''(d) CONDITIONS OF PARTICIPATION.—

''(1) WORK REQUIREMENTS.—

''(A) IN GENERAL.—No physically and mentally fit individual over the age of 15 and under the age of 60 shall be eligible to participate in the food stamp program if the individual—

''(i) refuses, at the time of application and every 12 months thereafter, to register for employment in a manner prescribed by the State agency;

''(ii) refuses without good cause to participate in an employment and training program under paragraph (4), to the extent required under paragraph (4), including any reasonable employment requirements prescribed by the State agency under paragraph (4);

''(iii) refuses without good cause to accept an offer of employment, at a site or plant not subject to a strike or lockout at the time of the refusal, at a wage that is not less than the higher of—

''(I) the applicable Federal or State minimum wage; or

''(II) 80 percent of the wage that would have governed had the minimum hourly rate under section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) been applicable to the offer of employment; or

''(iv) voluntarily quits a job without good cause.

''(B) HOUSEHOLD INELIGIBILITY.—If an individual who is the head of a household becomes ineligible to participate in the food stamp program under subparagraph (A), the household shall, at the option of the State agency, become ineligible to participate in the food stamp program for a period not to exceed the period of the individual's ineligibility.

''(C) DURATION OF INELIGIBILITY.—

''(i) FIRST REFUSAL.—The first time that an individual becomes ineligible to participate in the food stamp program under clause (i), (ii), or (iii) of subparagraph (A), the individual shall remain ineligible until the individual becomes eligible under this Act (including subparagraph (A)).

''(ii) SECOND REFUSAL.—The second time that an individual becomes ineligible to participate in the food stamp program under clause (i), (ii), or (iii) of subparagraph (A), the individual shall remain ineligible until the later of—

''(I) the date the individual becomes eligible under this Act (including subparagraph (A)); or

''(II) the date that is 3 months after the date the individual became ineligible under subparagraph (A).

''(iii) THIRD OR SUBSEQUENT REFUSAL.—The third or subsequent time that an individual becomes ineligible to participate in the food stamp program under clause (i), (ii), or (iii) of subparagraph (A), the individual shall remain ineligible until the later of—

''(I) the date the individual becomes eligible under this Act (including subparagraph (A)); or

''(II) the date that is 6 months after the date the individual became ineligible under subparagraph (A).

''(iv) VOLUNTARY QUIT.—On the date that an individual becomes ineligible under subparagraph (A)(iv), the individual shall remain ineligible until—

''(I) in the case of the first time the individual becomes ineligible, the date that is 3 months after the date the individual became ineligible; and

''(II) in the case of the second or subsequent time the individual becomes ineligible, the date that is 6 months after the date the individual became ineligible.

''(D) ADMINISTRATION.—

''(i) BECOMING ELIGIBLE.—

''(I) WAITING PERIOD.—A State agency may consider an individual ineligible to participate in the food stamp program not earlier than 14 days after the date the individual becomes ineligible to participate under clause (i), (ii), or (iii) of subparagraph (A).

''(II) REMAINING ELIGIBLE.—If an individual remains eligible to participate in the food stamp program under this Act (including subparagraph (A)) at the end of the earliest date for ineligibility under subclause (I), the State agency shall consider the individual to have maintained eligibility during the period preceding the earliest date for ineligibility.

''(ii) GOOD CAUSE.—In this paragraph, the term 'good cause' includes the lack of adequate child care for a dependent child under the age of 12.

''(iii) STRIKE AGAINST THE GOVERNMENT.—For the purpose of subparagraph (A)(iv), an employee of the Federal Government, a State, or a political subdivision of a State, who is dismissed for participating in a strike against the Federal Government, the State, or the political subdivision of the State shall be considered to have voluntarily quit without good cause.

''(iv) SELECTING A HEAD OF HOUSEHOLD.—

''(I) IN GENERAL.—For the purpose of this paragraph, the State agency shall allow the household to select any adult parent of a child in the household as the head of the household if all adult members of the household making application under the food stamp program agree to the selection.

''(II) TIME FOR MAKING DESIGNATION.—A household may designate the head of the household under subclause (I) each time the household is certified for participation in the food stamp program. The household may not change the designation during a certification period unless there is a change in the composition of the household.

''(v) CHANGE IN HEAD OF HOUSEHOLD.—If the head of a household leaves the household during a period in which the household is ineligible to participate in the food stamp program under subparagraph (B)—

''(I) the household shall, if otherwise eligible, become eligible to participate in the food stamp program; and

''(II) if the head of the household becomes the head of another household, the household that becomes headed by the individual shall become ineligible to participate in the food stamp program for the remaining period of ineligibility.''; and

(2) in paragraph (4)(H)(i), by striking ''The Secretary'' and all that follows through ''State agency shall'' and inserting ''A State agency may''.

(b) WORKFARE.—Section 20(f) (7 U.S.C. 2029(f)) is amended by striking ''neither that'' and all that follows through ''shall be eligible'' and inserting ''the person and, at the option of a State agency, the household of which the person is a member, shall be ineligible''.

(c) CONFORMING AMENDMENT.—The second sentence of section 17(b)(2) (7 U.S.C. 2026(b)(2)) is amended by striking ''6(d)(1)(i)'' and inserting ''6(d)(1)(A)(i)''.

SEC. 1315. WORK REQUIREMENT FOR ABLE-BODIED RECIPIENTS.

(a) IN GENERAL.—Section 6 (7 U.S.C. 2015) is amended by adding at the end the following:

''(i) WORK REQUIREMENT.—

''(1) DEFINITION OF WORK PROGRAM.—In this subsection, the term 'work program' means—

''(A) a program under the Job Training Partnership Act (29 U.S.C. 1501 et seq.);

''(B) a program under section 236 of the Trade Act of 1974 (19 U.S.C. 2296); or

''(C) a program of employment or training operated or supervised by a State or local government, as determined appropriate by the Secretary.

''(2) WORK REQUIREMENT.—No individual shall be eligible to participate in the food stamp program as a member of any household if, during the preceding 12 months, the individual received food stamp benefits for not less than 6 months during which the individual did not—

''(A) work 20 hours or more per week, averaged monthly;

''(B) participate in a workfare program under section 20 or a comparable State or local workfare program;

''(C) participate in and comply with the requirements of an approved employment and training program under subsection (d)(4); or

''(D) participate in and comply with the requirements of a work program for 20 hours or more per week.

''(3) EXCEPTION.—Paragraph (2) shall not apply to an individual if the individual is—

''(A) under 18 or over 50 years of age;

''(B) medically certified as physically or mentally unfit for employment;

''(C) a parent or other member of a household with a dependent child under 18 years of age; or

''(D) otherwise exempt under subsection (d)(2).

''(4) WAIVER.—

''(A) IN GENERAL.—The Secretary may waive the applicability of paragraph (2) to any group of individuals in the State if the Secretary makes a determination that the area in which the individuals reside—

''(i) has an unemployment rate of over 8 percent; or

''(ii) does not have a sufficient number of jobs to provide employment for the individuals.

''(B) REPORT.—The Secretary shall report the basis for a waiver under subparagraph (A) to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.''.

(b) WORK AND TRAINING PROGRAMS.—Section 6(d)(4) (7 U.S.C. 2015(d)(4)) is amended by adding at the end the following:

''(O) REQUIRED PARTICIPATION IN WORK AND TRAINING PROGRAMS.—A State agency shall provide an opportunity to participate in the employment and training program under this paragraph to any individual who would otherwise become subject to disqualification under subsection (i).

''(P) COORDINATING WORK REQUIREMENTS.—

''(i) IN GENERAL.—Notwithstanding any other provision of this paragraph, a State agency that meets the participation requirements of clause (ii) may operate the employment and training program of the State for individuals who are members of households receiving allotments under this Act as part of a program operated by the State under part F of title IV of the Social Security Act

(42 U.S.C. 681 et seq.), subject to the requirements of the Act.

''(ii) PARTICIPATION REQUIREMENTS.—A State agency may exercise the option under clause (i) if the State agency provides an opportunity to participate in an approved employment and training program to an individual who is—

''(I) subject to subsection (i);

''(II) not employed at least an average of 20 hours per week;

''(III) not participating in a workfare program under section 20 (or a comparable State or local program); and

''(IV) not subject to a waiver under subsection (i)(4).''.

(c) ENHANCED EMPLOYMENT AND TRAINING PROGRAM.—Section 16(h)(1) (7 U.S.C. 2025(h)(1)) is amended—

(1) in subparagraph (A), by striking ''$75,000,000 for each of the fiscal years 1991 through 1995'' and inserting ''$150,000,000 for each of fiscal years 1996 through 2000'';

(2) by striking subparagraphs (B), (C), (E), and (F);

(3) by redesignating subparagraph (D) as subparagraph (B); and

(4) in subparagraph (B) (as redesignated by paragraph (3)), by striking ''for each'' and all that follows through ''of $60,000,000'' and inserting '', the Secretary shall allocate funding''.

SEC. 1316. DISQUALIFICATION FOR PARTICIPATING IN 2 OR MORE STATES.

Section 6 (7 U.S.C. 2015) (as amended by section 1315) is further amended by adding at the end the following:

''(j) DISQUALIFICATION FOR PARTICIPATING IN 2 OR MORE STATES.—An individual shall be ineligible to participate in the food stamp program as a member of any household during a 10-year period beginning on the date the individual is found by a State to have made, or is convicted in Federal or State court of having made, a fraudulent statement or representation with respect to the place of residence of the individual to receive benefits simultaneously from 2 or more States under—

''(1) the food stamp program;

''(2) a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) or under title XIX of the Act (42 U.S.C. 1396 et seq.); or

''(3) the supplemental security income program under title XVI of the Act (42 U.S.C. 1381 et seq.).''.

SEC. 1317. DISQUALIFICATION RELATING TO CHILD SUPPORT ARREARS.

Section 6 (7 U.S.C. 2015) (as amended by section 1316) is further amended by adding at the end the following:

''(k) DISQUALIFICATION FOR CHILD SUPPORT ARREARS.—

''(1) IN GENERAL.—At the option of a State agency, except as provided in paragraph (2), no individual shall be eligible to participate in the food stamp program as a member of any household during any month that the individual is delinquent in any payment due under a court order for the support of a child of the individual.

''(2) EXCEPTIONS.—Paragraph (1) shall not apply if—

''(A) a court is allowing the individual to delay payment; or

''(B) the individual is complying with a payment plan approved by a court or the State agency designated under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.) to provide support for the child of the individual.''.

SEC. 1318. FACILITATE IMPLEMENTATION OF A NATIONAL ELECTRONIC BENEFIT TRANSFER DELIVERY SYSTEM.

(a) IMPLEMENTATION OF NATIONAL ELECTRONIC BENEFITS TRANSFER SYSTEM.—Section 7 (7 U.S.C. 2016) is amended—

(1) in subsection (g)—

(A) by striking ''(1)'';

(B) by striking paragraph (2); and

(C) by striking ''(A)'' and ''(B)'' and inserting ''(1)'' and ''(2)'', respectively;

(2) in subsection (i)—

(A) in paragraph (2)—

(i) by striking ''issue final regulations effective no later than April 1, 1992, that'';

(ii) by striking subparagraph (A); and

(iii) by redesignating subparagraphs (B) through (H) as subparagraphs (A) through (G), respectively;

(B) in paragraph (3)(A), by inserting after ''minority language populations'' the following: ''and those stores a State agency has determined shall be provided the equipment necessary for participation by the store in an electronic benefit transfer delivery system''; and

(D) by striking paragraph (5) and redesignating paragraph (6) as paragraph (5); and

(3) by adding at the end the following:

''(j) ELECTRONIC BENEFIT TRANSFERS.—

''(1) APPLICABLE LAW.—

''(A) IN GENERAL.—Disclosures, protections, responsibilities, and remedies established by the Federal Reserve Board under section 904 of the Electronic Fund Transfer Act (15 U.S.C. 1693b) shall not apply to benefits under this Act delivered through any electronic benefit transfer system.

''(B) DEFINITION OF ELECTRONIC BENEFIT TRANSFER SYSTEM.—In this paragraph, the term 'electronic benefit transfer system' means a system under which a governmental entity distributes benefits under this Act or other benefits or payments by establishing accounts to be accessed by recipients of the benefits electronically, including through the use of an automated teller machine or an intelligent benefit card.

''(2) CHARGING FOR ELECTRONIC BENEFIT TRANSFER CARE REPLACEMENT.—''.

''(A) IN GENERAL.—A State agency may charge an individual for the cost of replacing a lost or stolen electronic benefit transfer card.

''(B) REDUCING ALLOTMENT.—A State agency may collect a charge imposed under subparagraph (A) by reducing the monthly allotment of the household of which the individual is a member.

''(3) OPTIONAL PHOTOGRAPHIC IDENTIFICATION.—

''(A) IN GENERAL.—A State agency may require that an electronic benefit card contain a photograph of 1 or more members of a household.

''(B) OTHER AUTHORIZED USERS.—If a State agency requires a photograph on an electronic benefit card under subparagraph (A), the State agency shall establish procedures to ensure that any other appropriate member of the household or any authorized representative of the household may utilize the card.''.

(b) CONFORMING AMENDMENTS.—

(1) The first sentence of section 10 (7 U.S.C. 2019) is amended by striking the period at the end and inserting the following: '', unless the center, organization, institution, shelter, group living arrangement, or establishment is equipped with a point-of-sale device for the purpose of participating in the electronic benefit transfer system.''.

(2) Section 16(a)(3) (7 U.S.C. 2025(a)(3)) is amended by inserting after ''households'' the following: '', including the cost of providing equipment necessary for retail food stores to participate in an electronic benefit transfer system''.

(c) EFFECTIVE DATE.—The amendments made by this section shall become effective on the date that the Secretary of Agriculture implements a national electronic benefit transfer system in accordance with section 7 of the Food Stamp Act of 1977 (7 U.S.C. 2016) (as amended by subsection (a)).

SEC. 1319. LIMITING ADJUSTMENT OF MINIMUM BENEFIT.

Section 8(a) (7 U.S.C. 2017(a)) is amended by striking ''nearest $5'' and inserting ''nearest $10''.

SEC. 1320. BENEFITS ON RECERTIFICATION.

Section 8(c)(2)(B) (7 U.S.C. 2017(c)(2)(B)) is amended by striking ''of more than one month''.

SEC. 1321. STATE AUTHORIZATION TO SET REQUIREMENTS APPROPRIATE FOR HOUSEHOLDS.

(a) AGGREGATE ALLOTMENT.—Section 8(c)(3) (7 U.S.C. 2017(c)(3)) is amended—

(1) by striking ''agency—'' and all that follows through ''11(e)(9), may'' and inserting ''agency may''; and

(2) by striking ''; and'' and all that follows and inserting a period.

(b) STATE PLAN.—Section 11 (7 U.S.C. 2020) is amended—

(1) in subsection (e)—

(A) in paragraph (2)—

(i) by striking ''a simplified, uniform national'' and all that follows through ''such State forms are'' and inserting ''an application form for participation in the food stamp program that is'';

(ii) striking ''Each food stamp application form shall contain'' and all that follows through ''The State agency shall require'' and inserting ''The State agency shall require''; and

(iii) by striking the semicolon at the end and inserting the following: ''. An application shall be considered filed on the date the household submits an application that contains the name, address, and signature of the applicant;'';

(B) by striking paragraph (14) and inserting the following:

''(14) that the agency shall evaluate the access needs of special groups, including the elderly, disabled, rural poor, people who do not speak or read English, households that are homeless, and households that reside on an Indian reservation. The State plan of operation required under subsection (d) shall describe the procedures the State agency will follow to address the access needs of the special groups, the actions the State agency will take to provide timely and accurate service to all applicants and recipients, and the means the State agency will use to provide necessary information to applicants and recipients, including the rights and responsibilities of the applicants;'';

(C) by striking ''; and'' at the end of paragraph (24) and inserting a period; and

(D) by striking paragraph (25);

(2) in subsection (i)—

(A) by striking ''(1) a single'' and all that follows through ''; (2)''; and

(B) by striking ''; (3) households'' and all that follows through ''is available in such case file''; and

(3) in subsection (j), by adding at the end the following:

''(3) INDEPENDENT ELIGIBILITY DETERMINATION.—A State agency may not deny an application, nor terminate benefits, under the food stamp program, without a separate determination by the State agency that the household fails to satisfy the eligibility requirements for participation in the food stamp program, on the basis that an application to participate has been denied or benefits have been terminated under a program funded under the Social Security Act (42 U.S.C. 301 et seq.).''.

SEC. 1322. COORDINATION OF EMPLOYMENT AND TRAINING PROGRAMS.

Section 8(d) (7 U.S.C. 2019(d)) is amended—

(1) by striking ''(d) A household'' and inserting the following:

''(d) NONCOMPLIANCE WITH OTHER WELFARE OR WORK PROGRAMS.—

''(1) IN GENERAL.—A household''; and

(2) by inserting ''or a work requirement under a welfare or public assistance program'' after ''assistance program''; and

(3) by adding at the end the following:

''(2) WORK REQUIREMENT.—If a household fails to comply with a work requirement under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), for the duration of the reduction—

''(A) the household may not receive an increased allotment as the result of a decrease in the income of the household to the extent that the decrease is the result of a penalty imposed for the failure to comply; and

''(B) the State agency may reduce the allotment of the household by not more than 25 percent.''.

SEC. 1323. SIMPLIFICATION OF APPLICATION PROCEDURES AND STANDARDIZATION OF BENEFITS.

Section 8 (7 U.S.C. 2019) is amended by striking subsection (e) and inserting the following:

''(e) SIMPLIFICATION OF APPLICATION PROCEDURES AND STANDARDIZATION OF BENEFITS.—

''(1) IN GENERAL.—On the request of a State agency, the Secretary may approve Statewide, or for 1 or more project areas, procedures and standards consistent with this Act under which—

''(A) a household in which all members of the household are receiving benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) may be considered to have satisfied the application, interview, and verification requirements under section 11(e);

''(B) the State agency may use income information obtained and used under a State program funded under part A of title IV of the Social Security Act to determine the gross nonexcluded income of the household under this Act;

''(C) the State agency may standardize the amount of the deductions under section 5(e), except that a deduction may not be allowed for dependent care costs or earned income if the State program funded under part A of title IV of the Social Security Act allows an income exclusion for the costs or income; and

''(D) the State agency may elect to apply different shelter standards to a household that receives a housing subsidy and a household that does not receive a housing subsidy.

''(2) INCOME INCLUDES ASSISTANCE.—The gross nonexcluded income of a household determined under paragraph (1)(B) shall include the assistance provided under a State program funded under part A of title IV of the Social Security Act.

''(3) HOUSEHOLD SIZE.—A State agency shall base the value of the allotment provided to a household under this paragraph on household size.

''(4) ALTERNATIVE PLAN.—The Secretary may approve an alternative plan submitted by a State agency that is consistent with this Act for simplifying application procedures or standardizing income or benefit determinations for a household in which all members of the household are receiving benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

''(5) NO INCREASED FEDERAL COSTS.—

''(A) APPLICATION.—On submission of a request for approval under paragraph (1) or (4), a State agency shall assure the Secretary that approval will not increase Federal costs.

''(B) REDUCTION OF COSTS.—If Federal costs are increased as a result of a State agency carrying out this subsection, the State agency shall take prompt action to reduce costs to the level that existed prior to carrying out this subsection.''.

SEC. 1324. AUTHORITY TO ESTABLISH AUTHORIZATION PERIODS.

Section 9(a)(1) (7 U.S.C. 2018(a)(1)) is amended by adding at the end the following: ''The Secretary is authorized to issue regulations establishing specific time periods during which authorization to accept and redeem coupons under the food stamp program shall be valid.''.

SEC. 1325. SPECIFIC PERIOD FOR PROHIBITING PARTICIPATION OF STORES BASED ON LACK OF BUSINESS INTEGRITY.

Section 9(a)(1) (7 U.S.C. 2018(a)(1)) (as amended by section 1324) is further amended by adding at the end the following: ''The Secretary may issue regulations establishing specific time periods of not less than 6 months during which a retail food store or wholesale food concern that has an application for approval to accept and redeem coupons denied or that has an approval withdrawn on the basis of business integrity and reputation cannot submit a new application for approval. The periods shall reflect the severity of business integrity infractions that are the basis of the denials or withdrawals.''.

SEC. 1326. INFORMATION FOR VERIFYING ELIGIBILITY FOR AUTHORIZATION.

Section 9(c) (7 U.S.C. 2018(c)) is amended—

(1) in the first sentence, by inserting '', which may include relevant income and sales tax filing documents,'' after ''submit information'' ; and

(2) by inserting after the first sentence the following: ''The regulations may require retail food stores and wholesale food concerns to provide written authorization for the Secretary to verify all relevant tax filings with appropriate agencies and to obtain corroborating documentation from other sources so that the accuracy of information provided by the stores and concerns may be verified.''.

SEC. 1327. WAITING PERIOD FOR STORES THAT INITIALLY FAIL TO MEET AUTHORIZATION CRITERIA.

Section 9(d) (7 U.S.C. 2018(d)) is amended by adding at the end the following: ''A retail food store or wholesale food concern that has an application for approval to accept and redeem coupons denied because the store or concern does not meet criteria for approval established by the Secretary by regulation may not submit a new application for 6 months from the date of the denial.''.

SEC. 1328. MANDATORY CLAIMS COLLECTION METHODS.

(a) DISCLOSURE OF INFORMATION.—Section 11(e)(8) (7 U.S.C. 2020(e)(8)) is amended by inserting before the semicolon at the end the following: ''or from refunds of Federal taxes under section 3720A of title 31, United States Code''.

(b) COLLECTION OF OVERISSUANCES.—Section 13 (7 U.S.C. 2022) is amended—

(1) in subsection (b)—

(A) by striking ''(b)(1)(A) In'' and all that follows through ''(2)(A) State agencies'' and inserting the following:

''(b) COLLECTION OF OVERISSUANCES.—

''(1) IN GENERAL.—A State agency'';

(B) by striking ''(B) State agencies'' and inserting the following:

''(2) OTHER MEANS OF COLLECTION.—A State agency'';

(C) in paragraph (1) (as amended by subparagraph (A))—

(i) by striking '', other than claims'' and all that follows through ''error of the State agency,'';

(ii) by striking '', except that the household shall'' and inserting ''. At the option of the State, the household may''; and

(iii) by adding at the end the following: ''A State agency may waive the use of an allotment reduction as a means of collecting a claim arising from an error of the State agency if the collection would cause a hardship (as defined by the State agency) on the household, except that the State agency shall continue to pursue all other lawful methods of collection of the claim.''; and

(D) in paragraph (2) (as amended by subparagraph (A))—

(i) by striking ''may collect'' and inserting ''shall collect''; and

(ii) by striking ''or subparagraph (A)''; and

(2) in subsection (d)—

(A) by striking ''and except for claims arising from an error of the State agency,'';

(B) by striking ''may be recovered'' and inserting ''shall be recovered''; and

(C) by inserting before the period at the end the following: ''or a refund of Federal taxes under section 3720A of title 31, United States Code.''.

(c) DISCLOSURE OF RETURN INFORMATION.—Section 6103(*l*) of the Internal Revenue Code of 1986 is amended by striking ''officers and employees'' each place it appears and inserting ''officers, employees, or agents, including State agencies,''.

(d) STATE AGENCY COLLECTION OF FEDERAL TAX REFUNDS.—Section 6402(d) of the Internal Revenue Code of 1986 is amended—

(1) in paragraph (1), by inserting after ''any Federal agency'' the following: ''(or any State agency that has the responsibility for the administration of the food stamp program operated pursuant to the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.))''; and

(2) in the second sentence of paragraph (2), by inserting after ''a Federal agency'' the following: ''(or a State agency that has the responsibility for the administration of the food stamp program operated pursuant to the Food Stamp Act of 1977)''.

SEC. 1329. STATE AUTHORIZATION TO ASSIST LAW ENFORCEMENT OFFICERS IN LOCATING FUGITIVE FELONS.

Section 11(e)(8)(B) (7 U.S.C. 2020(e)(8)(B)) is amended by striking ''Act, and'' and inserting ''Act or of locating a fugitive felon (as defined by a State), and''.

SEC. 1330. EXPEDITED SERVICE.

Section 11(e)(9) (7 U.S.C. 2020(e)(9)) is amended—

(1) in subparagraph (A)—

(A) by striking ''five days'' and inserting ''7 days''; and

(B) by inserting ''and'' at the end;

(2) by striking subparagraphs (B) and (C);

(3) by redesignating subparagraph (D) as subparagraph (B); and

(4) in subparagraph (B) (as redesignated by paragraph (3)), by striking '', (B), or (C)''.

SEC. 1331. BASES FOR SUSPENSIONS AND DISQUALIFICATIONS.

Section 12(a) (7 U.S.C. 2021(a)) is amended by adding at the end the following: ''Regulations issued pursuant to this Act shall provide criteria for the finding of a violation, and the suspension or disqualification of a retail food store or wholesale food concern, on the basis of evidence that may include facts established through on-site investigations, inconsistent redemption data, or evidence obtained through transaction reports under electronic benefits transfer systems.''.

SEC. 1332. AUTHORITY TO SUSPEND STORES VIOLATING PROGRAM REQUIREMENTS PENDING ADMINISTRATIVE AND JUDICIAL REVIEW.

(a) AUTHORITY.—Section 12(a) (7 U.S.C. 2021(a)) (as amended by section 1331) is amended by adding at the end the following: ''The regulations may establish criteria under which the authorization of a retail food store or wholesale food concern to accept and redeem coupons may be suspended at the time the store or concern is initially found to have committed a violation of a requirement of the food stamp program. The

suspension may coincide with the period of a review under section 14. The Secretary shall not be liable for the value of any sales lost during a suspension or disqualification period.''.

(b) REVIEW.—Section 14(a) (7 U.S.C. 2023(a)) is amended—

(1) in the first sentence, by striking ''disqualified or subjected'' and inserting ''suspended, disqualified, or subjected'';

(2) in the fifth sentence, by inserting before the period at the end the following: '', except that, in the case of the suspension of a retail food store or wholesale food concern under section 12(a), the suspension shall remain in effect pending any administrative or judicial review of the proposed disqualification action, and the period of suspension shall be deemed a part of any period of disqualification that is imposed''; and

(3) by striking the last sentence.

SEC. 1333. DISQUALIFICATION OF RETAILERS WHO ARE DISQUALIFIED UNDER THE WIC PROGRAM.

Section 12 (7 U.S.C. 2021) is amended by adding at the end the following:

''(g) DISQUALIFICATION OF RETAILERS WHO ARE DISQUALIFIED UNDER THE WIC PROGRAM.—

''(1) IN GENERAL.—The Secretary shall issue regulations providing criteria for the disqualification of an approved retail food store and a wholesale food concern that is disqualified from accepting benefits under the special supplemental nutrition program for women, infants, and children established under section 17 of the Child Nutrition Act of 1966 (7 U.S.C. 1786).

''(2) TERMS.—A disqualification under paragraph (1)—

''(A) shall be for the same period as the disqualification from the program referred to in paragraph (1);

''(B) may begin at a later date than the disqualification from the program referred to in paragraph (1); and

''(C) notwithstanding section 14, shall not be subject to administrative or judicial review.''.

SEC. 1334. PERMANENT DEBARMENT OF RETAILERS WHO INTENTIONALLY SUBMIT FALSIFIED APPLICATIONS.

Section 12 (7 U.S.C. 2021) (as amended by section 1333) is further amended by adding at the end the following:

''(h) FALSIFIED APPLICATIONS.—

''(1) IN GENERAL.—The Secretary shall issue regulations providing for the permanent disqualification of a retail food store, or wholesale food concern, that knowingly submits an application for approval to accept and redeem coupons that contains false information about a substantive matter that was a basis for approving the application.

''(2) REVIEW.—A disqualification under paragraph (1) shall be subject to administrative and judicial review under section 14, except that the disqualification shall remain in effect pending the review.''.

SEC. 1335. EXPANDED CIVIL AND CRIMINAL FORFEITURE FOR VIOLATIONS.

(a) FORFEITURE OF ITEMS EXCHANGED IN FOOD STAMP TRAFFICKING.—The first sentence of section 15(g) (7 U.S.C. 2024(g)) is amended by striking ''or intended to be furnished''.

(b) CIVIL AND CRIMINAL FORFEITURE.—Section 15 (7 U.S.C. 2024)) is amended by adding at the end the following:

''(h) CIVIL AND CRIMINAL FORFEITURE.—

''(1) CIVIL FORFEITURE.—

''(A) IN GENERAL.—Any food stamp benefits and any property, real or personal, constituting, derived from, or traceable to any proceeds obtained directly or indirectly from, or used, or intended to be used, to commit, or to facilitate, the commission of a violation of subsection (b) or (c) involving food stamp benefits having an aggregate value of not less than $5,000, shall be subject to forfeiture to the United States.

''(B) PROCEDURES.—Chapter 46 of title 18, United States Code, shall apply to a seizure or forfeiture under this subsection, if not inconsistent with this subsection, except that any duties imposed on the Secretary of the Treasury under chapter 46 may also be performed with respect to a seizure or forfeiture under this section by the Secretary of Agriculture.

''(C) CIVIL AND CRIMINAL.—Forfeitures imposed under this subsection shall be in addition to any criminal sanctions imposed against the owner of the forfeited property.

''(2) CRIMINAL FORFEITURE.—

''(A) IN GENERAL.—Any person convicted of violating subsection (b) or (c) involving food stamp benefits having an aggregate value of not less than $5,000, shall forfeit to the United States, irrespective of any State law—

''(i) any food stamp benefits and any property constituting, or derived from, or traceable to any proceeds the person obtained directly or indirectly as a result of the violation; and

''(ii) any food stamp benefits and any property of the person used, or intended to be used, in any manner or part, to commit, or to facilitate the commission of the violation.

''(B) SENTENCE.—In imposing a sentence on a person under subparagraph (A), the court shall order that the person forfeit to the United States all property described in this subsection.

''(C) PROCEDURES.—Any food stamp benefits or property subject to forfeiture under this subsection, any seizure or disposition of the benefits or property, and any administrative or judicial proceeding relating to the benefits or property, shall be governed by subsections (b), (c), (e), and (g) through (p) of section 413 of the Comprehensive Drug Abuse Prevention and Control Act of 1970 (21 U.S.C. 853), if not inconsistent with this subsection.

''(3) EXCLUDED PROPERTY.—This subsection shall not apply to property referred to in subsection (g).

''(4) RESTRAINING ORDER.—A restraining order available under section 413(e) of the Comprehensive Drug Abuse Prevention and Control Act of 1970 (21 U.S.C. 853(e)) shall apply to assets otherwise subject to forfeiture under section 413(p) of the Act (21 U.S.C. 853(p)).

''(5) RULES AND REGULATIONS.—The Secretary may prescribe such rules and regulations as are necessary to carry out this subsection.

''(i) RULES RELATING TO FORFEITURES.—With respect to property subject to forfeiture under subsections (g) and (h), the Secretary may allocate a division of such property, or the proceeds of the sale of such property, as the Secretary determines appropriate, between the Secretary of Agriculture under subsection (g) and the Secretary of the Treasury under subsection (h).''.

SEC. 1336. EXTENDING CLAIMS RETENTION RATES.

The provisions of the first sentence of section 16(a) (7 U.S.C. 2025(a)) is amended by striking ''1995'' each place it appears and inserting ''2000''.

SEC. 1337. NUTRITION ASSISTANCE FOR PUERTO RICO.

The first sentence of section 19(a)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2028(a)(1)(A)) is amended by striking ''$974,000,000'' and all that follows through ''fiscal year 1995'' and inserting the following: ''$1,143,000,000 for each of fiscal years 1995 and 1996, $1,182,000,000 for fiscal year 1997, $1,223,000,000 for fiscal year 1998, $1,266,000,000 for fiscal year 1999, and $1,310,000,000 for fiscal year 2000''

SEC. 1338. EXPANDED AUTHORITY FOR SHARING INFORMATION PROVIDED BY RETAILERS.

(a) SOCIAL SECURITY ACT.—Section 205(c)(2)(C)(iii) of the Social Security Act (42 U.S.C. 405(c)(2)(C)(iii)) is amended—

(1) in subclause (II)—

(A) in the first sentence, by inserting after ''instrumentality of the United States'' the following: '', a State government officer or employee with law enforcement or investigative responsibilities, or a State agency that has responsibility for administering the special supplemental nutrition program for women, infants, and children established under section 17 of the Child Nutrition Act of 1966 (7 U.S.C. 1786),''; and

(B) in the last sentence, by inserting ''or State'' after ''other Federal''; and

(2) in subclause (III), by inserting ''or a State'' after ''United States''.

(b) INTERNAL REVENUE CODE.—Section 6109(f)(2) of the Internal Revenue Code of 1986 (26 U.S.C. 6109(f)(2)) (as added by section 316(b) of the Social Security Administrative Reform Act of 1994 (Public Law 103–296; 108 Stat. 1464)) is amended—

(1) in subparagraph (A), by inserting after ''instrumentality of the United States'' the following: '', a State government officer or employee with law enforcement or investigative responsibilities, or a State agency that has responsibility for administering the special supplemental nutrition program for women, infants, and children established under section 17 of the Child Nutrition Act of 1966 (7 U.S.C. 1786),'';

(2) in the last sentence of subparagraph (A), by inserting ''or State'' after ''other Federal''; and

(3) in subparagraph (B), by inserting ''or a State'' after ''United States''.

SEC. 1339. CHILD AND ADULT CARE FOOD PROGRAM.

(a) PAYMENTS TO SPONSOR EMPLOYEES.—Paragraph (2) of the last sentence of section 17(a) of the National School Lunch Act (42 U.S.C. 1766(a)) is amended—

(1) by striking ''and'' at the end of subparagraph (B);

(2) by striking the period at the end of subparagraph (C) and inserting ''; and''; and

(3) by adding at the end the following:

''(D) in the case of a family or group day care home sponsoring organization that employs more than 1 employee, the organization does not base payments to an employee of the organization on the number of family or group day care homes recruited, managed, or monitored.''.

(b) IMPROVED TARGETING OF DAY CARE HOME REIMBURSEMENTS.—

(1) RESTRUCTURED DAY CARE HOME REIMBURSEMENTS.—Section 17(f)(3) of the Act is amended by striking ''(3)(A) Institutions'' and all that follows through the end of subparagraph (A) and inserting the following:

''(3) REIMBURSEMENT OF FAMILY OR GROUP DAY CARE HOME SPONSORING ORGANIZATIONS.—

''(A) REIMBURSEMENT FACTOR.—

''(i) IN GENERAL.—An institution that participates in the program under this section as a family or group day care home sponsoring organization shall be provided, for payment to a home of the organization, reimbursement factors in accordance with this subparagraph for the cost of obtaining and preparing food and prescribed labor costs involved in providing meals under this section.

''(ii) TIER I FAMILY OR GROUP DAY CARE HOMES.—

''(I) DEFINITION.—In this paragraph, the term 'tier I family or group day care home' means—

''(aa) a family or group day care home that is located in a geographic area, as defined by the Secretary based on census data, in which at least 50 percent of the children residing in

the area are members of households whose incomes meet the eligibility standards for free or reduced price meals under section 9;

''(bb) a family or group day care home that is located in an area served by a school enrolling elementary students in which at least 50 percent of the total number of children enrolled are certified eligible to receive free or reduced price school meals under this Act or the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.); or

''(cc) a family or group day care home that is operated by a provider whose household meets the eligibility standards for free or reduced price meals under section 9 and whose income is verified by a sponsoring organization under regulations established by the Secretary.

''(II) REIMBURSEMENT.—Except as provided in subclause (III), a tier I family or group day care home shall be provided reimbursement factors under this clause without a requirement for documentation of the costs described in clause (i), except that reimbursement shall not be provided under this subclause for meals or supplements served to the children of a person acting as a family or group day care home provider unless the children meet the eligibility standards for free or reduced price meals under section 9.

''(III) FACTORS.—Except as provided in subclause (IV), the reimbursement factors applied to a home referred to in subclause (II) shall be the factors in effect on the date of enactment of this subclause.

''(IV) ADJUSTMENTS.—The reimbursement factors under this subparagraph shall be adjusted on August 1, 1996, July 1, 1997, and each July 1 thereafter, to reflect changes in the Consumer Price Index for food at home for the most recent 12-month period for which the data are available. The reimbursement factors under this subparagraph shall be rounded to the nearest lower cent increment and based on the unrounded adjustment for the preceding 12-month period.

''(iii) TIER II FAMILY OR GROUP DAY CARE HOMES.—

''(I) IN GENERAL.—

''(aa) FACTORS.—Except as provided in subclause (II), with respect to meals or supplements served under this clause by a family or group day care home that does not meet the criteria set forth in clause (ii)(I), the reimbursement factors shall be $1 for lunches and suppers, 40 cents for breakfasts, and 20 cents for supplements.

''(bb) ADJUSTMENTS.—The factors shall be adjusted on July 1, 1997, and each July 1 thereafter, to reflect changes in the Consumer Price Index for food at home for the most recent 12-month period for which the data are available. The reimbursement factors under this item shall be rounded down to the nearest lower cent increment and based on the unrounded adjustment for the preceding 12-month period.

''(cc) REIMBURSEMENT.—A family or group day care home shall be provided reimbursement factors under this subclause without a requirement for documentation of the costs described in clause (i), except that reimbursement shall not be provided under this subclause for meals or supplements served to the children of a person acting as a family or group day care home provider unless the children meet the eligibility standards for free or reduced price meals under section 9.

''(II) OTHER FACTORS.—A family or group day care home that does not meet the criteria set forth in clause (ii)(I) may elect to be provided reimbursement factors determined in accordance with the following requirements:

''(aa) CHILDREN ELIGIBLE FOR FREE OR REDUCED PRICE MEALS.—In the case of meals or supplements served under this subsection to children who are members of households whose incomes meet the eligibility standards for free or reduced price meals under section 9, the family or group day care home shall be provided reimbursement factors set by the Secretary in accordance with clause (ii)(III).

''(bb) INELIGIBLE CHILDREN.—In the case of meals or supplements served under this subsection to children who are members of households whose incomes do not meet the eligibility standards, the family or group day care home shall be provided reimbursement factors in accordance with subclause (I).

''(III) INFORMATION AND DETERMINATIONS.—

''(aa) IN GENERAL.—If a family or group day care home elects to claim the factors described in subclause (II), the family or group day care home sponsoring organization serving the home shall collect the necessary income information, as determined by the Secretary, from any parent or other caretaker to make the determinations specified in subclause (II) and shall make the determinations in accordance with rules prescribed by the Secretary.

''(bb) CATEGORICAL ELIGIBILITY.—In making a determination under item (aa), a family or group day care home sponsoring organization may consider a child participating in or subsidized under, or a child with a parent participating in or subsidized under, a federally or State supported child care or other benefit program with an income eligibility limit that does not exceed the eligibility standard for free or reduced price meals under section 9 to be a child who is a member of a household whose income meets the eligibility standards under section 9.

''(cc) FACTORS FOR CHILDREN ONLY.—A family or group day care home may elect to receive the reimbursement factors prescribed under clause (ii)(III) solely for the children participating in a program referred to in item (bb) if the home elects not to have income statements collected from parents or other caretakers.

''(IV) SIMPLIFIED MEAL COUNTING AND REPORTING PROCEDURES.—The Secretary shall prescribe simplified meal counting and reporting procedures for use by a family or group day care home that elects to claim the factors under subclause (II) and by a family or group day care home sponsoring organization that serves the home. The procedures the Secretary prescribes may include 1 or more of the following:

''(aa) Setting an annual percentage for each home of the number of meals served that are to be reimbursed in accordance with the reimbursement factors prescribed under clause (ii)(III) and an annual percentage of the number of meals served that are to be reimbursed in accordance with the reimbursement factors prescribed under subclause (I), based on the family income of children enrolled in the home in a specified month or other period.

''(bb) Placing a home into 1 of 2 or more reimbursement categories annually based on the percentage of children in the home whose households have incomes that meet the eligibility standards under section 9, with each such reimbursement category carrying a set of reimbursement factors such as the factors prescribed under clause (ii)(III) or subclause (I) or factors established within the range of factors prescribed under clause (ii)(III) and subclause (I).

''(cc) Such other simplified procedures as the Secretary may prescribe.

''(V) MINIMUM VERIFICATION REQUIREMENTS.—The Secretary may establish any necessary minimum verification requirements.''.

(2) SPONSOR PAYMENTS.—Section 17(f)(3)(B) of the Act is amended—

(A) by striking the period at the end of the second sentence and all that follows through the end of the subparagraph and inserting the following:'', except that the adjustment that otherwise would occur on July 1, 1996, shall be made on August 1, 1996. The maximum allowable levels for administrative expense payments shall be rounded to the nearest lower dollar increment and based on the unrounded adjustment for the preceding 12-month period.'';

(B) by striking ''(B)'' and inserting ''(B)(i)''; and

(C) by adding at the end the following new clause:

''(ii) The maximum allowable level of administrative expense payments shall be adjusted by the Secretary—

''(I) to increase by 7.5 percent the monthly payment to family or group day care home sponsoring organizations both for tier I family or group day care homes and for those tier II family or group day care homes for which the sponsoring organization administers a means test as provided under subparagraph (A)(iii); and

''(II) to decrease by 7.5 percent the monthly payment to family or group day care home sponsoring organizations for family or group day care homes that do not meet the criteria for tier I homes and for which a means test is not administered.''.

(3) GRANTS TO STATES TO PROVIDE ASSISTANCE TO FAMILY OR GROUP DAY CARE HOMES.—Section 17(f)(3) of the Act is amended by adding at the end the following:

''(D) GRANTS TO STATES TO PROVIDE ASSISTANCE TO FAMILY OR GROUP DAY CARE HOMES.—

''(i) IN GENERAL.—

''(I) RESERVATION.—From amounts made available to carry out this section, the Secretary shall reserve $5,000,000 of the amount made available for fiscal year 1996.

''(II) PURPOSE.—The Secretary shall use the funds made available under subclause (I) to provide grants to States for the purpose of providing—

''(aa) assistance, including grants, to family and day care home sponsoring organizations and other appropriate organizations, in securing and providing training, materials, automated data processing assistance, and other assistance for the staff of the sponsoring organizations; and

''(bb) training and other assistance to family and group day care homes.

''(ii) ALLOCATION.—The Secretary shall allocate from the funds reserved under clause (i)(II)—

''(I) $30,000 in base funding to each State; and

''(II) any remaining amount among the States, based on the number of family day care homes participating in the program in a State in 1994 as a percentage of the number of all family day care homes participating in the program in 1994.

''(iii) RETENTION OF FUNDS.—Of the amount of funds made available to a State for a fiscal year under clause (i), the State may retain not to exceed 30 percent of the amount to carry out this subparagraph.

''(iv) ADDITIONAL PAYMENTS.—Any payments received under this subparagraph shall be in addition to payments that a State receives under subparagraph (A).''.

(4) PROVISION OF DATA.—Section 17(f)(3) of the Act (as amended by paragraph (3)) is further amended by adding at the end the following:

''(E) PROVISION OF DATA TO FAMILY OR GROUP DAY CARE HOME SPONSORING ORGANIZATIONS.—

''(i) CENSUS DATA.—The Secretary shall provide to each State agency administering a child and adult care food program under this section data from the most recent decennial census survey or other appropriate census survey for which the data are available showing which areas in the State meet the requirements of subparagraph

(A)(ii)(I)(aa). The State agency shall provide the data to family or group day care home sponsoring organizations located in the State.

''(ii) SCHOOL DATA.—

''(I) IN GENERAL.—A State agency administering the program under this section shall annually provide to a family or group day care home sponsoring organizations that request the data, a list of schools serving elementary school children in the State in which at least 50 percent of the children enrolled are certified to receive free or reduced price meals. State agencies administering the school lunch program under this Act or the school breakfast program under the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.) shall collect such data annually and provide such data on a timely basis to the State agency administering the program under this section.

''(II) USE OF DATA FROM PRECEDING SCHOOL YEAR.—In determining for a fiscal year or other annual period whether a home qualifies as a tier I family or group day care home under subparagraph (A)(ii)(I), the State agency administering the program under this section, and a family or group day care home sponsoring organization, shall use the most current available data at the time of the determination.

''(iii) DURATION OF DETERMINATION.—For purposes of this section, a determination that a family or group day care home is located in an area that qualifies the home as a tier I family or group day care home (as the term is defined in subparagraph (A)(ii)(I)), shall be in effect for 3 years (unless the determination is made on the basis of census data, in which case the determination shall remain in effect until more recent census data are available) unless the State agency determines that the area in which the home is located no longer qualifies the home as a tier I family or group day care home.''.

(5) CONFORMING AMENDMENTS.—Section 17(c) of the Act is amended by inserting ''except as provided in subsection (f)(3),'' after ''For purposes of this section,'' each place it appears in paragraphs (1), (2), and (3).

(c) DISALLOWING MEAL CLAIMS.—The fourth sentence of section 17(f)(4) of the Act is amended by inserting ''(including institutions that are not family or group day care home sponsoring organizations)'' after ''institutions''.

(d) ELIMINATION OF STATE PAPERWORK AND OUTREACH BURDEN.—Section 17 of the Act is amended by striking subsection (k) and inserting the following:

''(k) TRAINING AND TECHNICAL ASSISTANCE.—A State participating in the program established under this section shall provide sufficient training, technical assistance, and monitoring to facilitate effective operation of the program. The Secretary shall assist the State in developing plans to fulfill the requirements of this subsection.''.

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall become effective on the date of enactment of this Act.

(2) IMPROVED TARGETING OF DAY CARE HOME REIMBURSEMENTS.—The amendments made by paragraphs (1), (3), and (4) of subsection (b) shall become effective on August 1, 1996.

(3) IMPLEMENTATION.—The Secretary of Agriculture shall issue regulations to implement the amendments made by paragraphs (1), (2), (3), and (4) of subsection (b) and the provisions of section 17(f)(3)(C) of the National School Lunch Act (42 U.S.C. 1766(f)(3)(C)) not later than February 1, 1996. If such regulations are issued in interim form, final regulations shall be issued not later than August 1, 1996.

Subtitle D—Agricultural Promotion and Export Programs

SEC. 1401. EXPORT ENHANCEMENT PROGRAM.

Effective October 1, 1995, section 301(e)(1) of the Agricultural Trade Act of 1978 (7 U.S.C. 5651(e)(1)) is amended to read as follows:

''(1) IN GENERAL.—The Commodity Credit Corporation shall make available to carry out the program established under this section not more than $800,000,000 for fiscal year 1996.''.

HARKIN AMENDMENTS NOS. 3280–3282

(Ordered to lie on the table.)

Mr. HARKIN submitted three amendments intended to be proposed by him to the bill S. 1541, supra; as follows:

AMENDMENT NO. 3280

Section 105(b)(3) is amended by striking (A) and inserting the following:

''(A) by striking subsection (a) and inserting the following:

''(a) DIRECT ATTRIBUTION.—The Secretary shall attribute payments specified in section 1001 to persons who receive the payments directly and attribute payments received by entities to the individuals who own such entities in proportion to their ownership interest in the entity.''

AMENDMENT NO. 3281

Section 104(b) is amended by adding at the end the following:

''(7) LOCAL LOAN RATES.—The Secretary may not reduce the national loan for a crop in a county by an amount in excess of 5 percent the national loan rate.

AMENDMENT NO. 3282

Section 103(h)(1) is amended by striking ''during the period of the violation,''.

HARKIN AMENDMENTS NOS. 3283–3288

(Ordered to lie on the table.)

Mr. HARKIN submitted six amendments intended to be proposed by him to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

AMENDMENT NO. 3283

On page 1–26, strike line 16 and all that follows through line 25 and insert the following:

(6) OILSEEDS.—

(A) SOYBEANS.—The loan rate for a marketing assistance loan for soybeans shall be—

(i) 90 percent of the simple average price received by producers of soybeans, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of soybeans, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; but

(ii) not less than $4.92 per bushel.

(B) SUNFLOWER SEED, CANOLA, RAPESEED, SAFFLOWER, MUSTARD SEED, AND FLAXSEED.—The loan rates for a marketing assistance loan for sunflower seed, canola, rapeseed, safflower, mustard seed, and flaxseed, individually, shall be—

(i) 90 percent of the simple average price received by producers of each such oilseed, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of the oilseed, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; but

(ii) not less than $0.087 per pound.

AMENDMENT NO. 3284

Beginning on page 1–21, strike line 5, and all that follows through page 1–26, line 25, and insert the following:

(1) WHEAT.—

(A) LOAN RATE.—Subject to subparagraph (B), the loan rate for a marketing assistance loan for wheat shall be not less than 85 percent of the simple average price received by producers of wheat, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of wheat, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period.

(B) STOCKS TO USE RATIO ADJUSTMENT.—If the Secretary estimates for any marketing year that the ratio of ending stocks of wheat to total use for the marketing year will be—

(i) equal to or greater than 30 percent, the Secretary may reduce the loan rate for wheat for the corresponding crop by an amount not to exceed 10 percent in any year;

(ii) less than 30 percent but not less than 15 percent, the Secretary may reduce the loan rate for wheat for the corresponding crop by an amount not to exceed 5 percent in any year; or

(iii) less than 15 percent, the Secretary may not reduce the loan rate for wheat for the corresponding crop.

(C) NO EFFECT ON FUTURE YEARS.—Any reduction in the loan rate for wheat under subparagraph (B) shall not be considered in determining the loan rate for wheat for subsequent years.

(2) FEED GRAINS.—

(A) LOAN RATE FOR CORN.—Subject to subparagraph (B), the loan rate for a marketing assistance loan for corn shall be not less than 85 percent of the simple average price received by producers of corn, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of corn, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period.

(B) STOCKS TO USE RATIO ADJUSTMENT.—If the Secretary estimates for any marketing year that the ratio of ending stocks of corn to total use for the marketing year will be—

(i) equal to or greater than 25 percent, the Secretary may reduce the loan rate for corn for the corresponding crop by an amount not to exceed 10 percent in any year;

(ii) less than 25 percent but not less than 12.5 percent, the Secretary may reduce the loan rate for corn for the corresponding crop by an amount not to exceed 5 percent in any year; or

(iii) less than 12.5 percent the Secretary may not reduce the loan rate for corn for the corresponding crop.

(C) NO EFFECT ON FUTURE YEARS.—Any reduction in the loan rate for corn under subparagraph (B) shall not be considered in determining the loan rate for corn for subsequent years.

(D) OTHER FEED GRAINS.—The loan rate for a marketing assistance loan for grain sorghum, barley, and oats, respectively, shall be established at such level as the Secretary determines is fair and reasonable in relation to the rate that loans are made available for corn, taking into consideration the feeding value of the commodity in relation to corn.

(3) UPLAND COTTON.—

(A) LOAN RATE.—Subject to subparagraph (B), the loan rate for a marketing assistance loan for upland cotton shall be established by the Secretary at such loan rate, per pound, as will reflect for the base quality of upland cotton, as determined by the Secretary, at average locations in the United States a rate that is not less than the smaller of—

(i) 85 percent of the average price (weighted by market and month) of the base quality of cotton as quoted in the designated United States spot markets during 3 years of the 5-year period ending July 31 in the year in which the loan rate is announced, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; or

(ii) 90 percent of the average, for the 15-week period beginning July 1 of the year in which the loan rate is announced, of the 5 lowest-priced growths of the growths quoted for Middling 1 3/32-inch cotton C.I.F. Northern Europe (adjusted downward by the average difference during the period April 15 through October 15 of the year in which the loan is announced between the average Northern European price quotation of such quality of cotton and the market quotations in the designated United States spot markets for the base quality of upland cotton), as determined by the Secretary.

(B) LIMITATIONS.—The loan rate for a marketing assistance loan for upland cotton shall not be less than $0.50 per pound or more than $0.5192 per pound.

(4) EXTRA LONG STAPLE COTTON.—The loan rate for a marketing assistance loan for extra long staple cotton shall be—

(A) not less than 85 percent of the simple average price received by producers of extra long staple cotton, as determined by the Secretary, during 3 years of the 5 previous marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; but

(B) not more than $0.7965 per pound.

(5) RICE.—The loan rate for a marketing assistance loan for rice shall be $6.50 per hundredweight.

(6) OILSEEDS.—

(A) SOYBEANS.—The loan rate for a marketing assistance loan for soybeans shall be—

(i) 90 percent of the simple average price received by producers of soybeans, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of soybeans, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; but

(ii) not less than $4.92 per bushel.

(B) SUNFLOWER SEED, CANOLA, RAPESEED, SAFFLOWER, MUSTARD SEED, AND FLAXSEED.—The loan rates for a marketing assistance loan for sunflower seed, canola, rapeseed, safflower, mustard seed, and flaxseed, individually, shall be—

(i) 90 percent of the simple average price received by producers of each such oilseed, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of the oilseed, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; but

(ii) not less than $0.087 per pound.

AMENDMENT NO. 3285

Beginning on page 1–21, strike line 5 and all that follows through page 1–23, line 3, and insert the following:

(1) WHEAT.—

(A) LOAN RATE.—Subject to subparagraph (B), the loan rate for a marketing assistance loan for wheat shall be not less than 85 percent of the simple average price received by producers of wheat, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of wheat, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period.

(B) STOCKS TO USE RATIO ADJUSTMENT.—If the Secretary estimates for any marketing year that the ratio of ending stocks of wheat to total use for the marketing year will be—

(i) equal to or greater than 30 percent, the Secretary may reduce the loan rate for wheat for the corresponding crop by an amount not to exceed 10 percent in any year;

(ii) less than 30 percent but not less than 15 percent, the Secretary may reduce the loan rate for wheat for the corresponding crop by an amount not to exceed 5 percent in any year; or

(iii) less than 15 percent, the Secretary may not reduce the loan rate for wheat for the corresponding crop.

(C) NO EFFECT ON FUTURE YEARS.—Any reduction in the loan rate for wheat under subparagraph (B) shall not be considered in determining the loan rate for wheat for subsequent years.

(2) FEED GRAINS.—

(A) LOAN RATE FOR CORN.—Subject to subparagraph (B), the loan rate for a marketing assistance loan for corn shall be not less than 85 percent of the simple average price received by producers of corn, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of corn, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period.

AMENDMENT NO. 3286

Beginning on page 1–21, strike line 5 and all that follows through page 1–26, line 25, and insert the following:

(1) WHEAT.—

(A) LOAN RATE.—Subject to subparagraph (B), the loan rate for a marketing assistance loan for wheat shall be not less than 90 percent of the simple average price received by producers of wheat, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of wheat, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period.

(B) STOCKS TO USE RATIO ADJUSTMENT.—If the Secretary estimates for any marketing year that the ratio of ending stocks of wheat to total use for the marketing year will be—

(i) equal to or greater than 30 percent, the Secretary may reduce the loan rate for wheat for the corresponding crop by an amount not to exceed 10 percent in any year;

(ii) less than 30 percent but not less than 15 percent, the Secretary may reduce the loan rate for wheat for the corresponding crop by an amount not to exceed 5 percent in any year; or

(iii) less than 15 percent, the Secretary may not reduce the loan rate for wheat for the corresponding crop.

(C) NO EFFECT ON FUTURE YEARS.—Any reduction in the loan rate for wheat under subparagraph (B) shall not be considered in determining the loan rate for wheat for subsequent years.

(2) FEED GRAINS.—

(A) LOAN RATE FOR CORN.—Subject to subparagraph (B), the loan rate for a marketing assistance loan for corn shall be not less than 90 percent of the simple average price received by producers of corn, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of corn, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period.

(B) STOCKS TO USE RATIO ADJUSTMENT.—If the Secretary estimates for any marketing year that the ratio of ending stocks of corn to total use for the marketing year will be—

(i) equal to or greater than 25 percent, the Secretary may reduce the loan rate for corn for the corresponding crop by an amount not to exceed 10 percent in any year;

(ii) less than 25 percent but not less than 12.5 percent, the Secretary may reduce the loan rate for corn for the corresponding crop by an amount not to exceed 5 percent in any year; or

(iii) less than 12.5 percent the Secretary may not reduce the loan rate for corn for the corresponding crop.

(C) NO EFFECT ON FUTURE YEARS.—Any reduction in the loan rate for corn under subparagraph (B) shall not be considered in determining the loan rate for corn for subsequent years.

(D) OTHER FEED GRAINS.—The loan rate for a marketing assistance loan for grain sorghum, barley, and oats, respectively, shall be established at such level as the Secretary determines is fair and reasonable in relation to the rate that loans are made available for corn, taking into consideration the feeding value of the commodity in relation to corn.

(3) UPLAND COTTON.—

(A) LOAN RATE.—Subject to subparagraph (B), the loan rate for a marketing assistance loan for upland cotton shall be established by the Secretary at such loan rate, per pound, as will reflect for the base quality of upland cotton, as determined by the Secretary, at average locations in the United States a rate that is not less than the smaller of—

(i) 85 percent of the average price (weighted by market and month) of the base quality of cotton as quoted in the designated United States spot markets during 3 years of the 5-year period ending July 31 in the year in which the loan rate is announced, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; or

(ii) 90 percent of the average, for the 15-week period beginning July 1 of the year in which the loan rate is announced, of the 5 lowest-priced growths of the growths quoted for Middling 1 3/32-inch cotton C.I.F. Northern Europe (adjusted downward by the average difference during the period April 15 through October 15 of the year in which the loan is announced between the average Northern European price quotation of such quality of cotton and the market quotations in the designated United States spot markets for the base quality of upland cotton), as determined by the Secretary.

(B) LIMITATIONS.—The loan rate for a marketing assistance loan for upland cotton shall not be less than $0.50 per pound or more than $0.5192 per pound.

(4) EXTRA LONG STAPLE COTTON.—The loan rate for a marketing assistance loan for extra long staple cotton shall be—

(A) not less than 85 percent of the simple average price received by producers of extra long staple cotton, as determined by the Secretary, during 3 years of the 5 previous marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; but

(B) not more than $0.7965 per pound.

(5) RICE.—The loan rate for a marketing assistance loan for rice shall be $6.50 per hundredweight.

(6) OILSEEDS.—

(A) SOYBEANS.—The loan rate for a marketing assistance loan for soybeans shall be—

(i) 90 percent of the simple average price received by producers of soybeans, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of soybeans, excluding the year in which the average price was the highest and

the year in which the average price was the lowest in the period; but

(ii) not less than $4.92 per bushel.

(B) SUNFLOWER SEED, CANOLA, RAPESEED, SAFFLOWER, MUSTARD SEED, AND FLAXSEED.—The loan rates for a marketing assistance loan for sunflower seed, canola, rapeseed, safflower, mustard seed, and flaxseed, individually, shall be—

(i) 90 percent of the simple average price received by producers of each such oilseed, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of the oilseed, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; but

(ii) not less than $0.087 per pound.

AMENDMENT NO. 3287

On page 5–10, strike line 8 and all that follows through line 15.

AMENDMENT NO. 3288

On page 1–77, strike lines 5 through 24 and insert the following:

(B) by transferring sections 110, 111, 201(c), and 204 (7 U.S.C. 1445e, 1445f, 1446(c), and 1446(e) to appear after section 304 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1304) and redesignating the transferred sections as sections 305, 306, 307, and 308, respectively; and

(C) by transferring sections 404 and 416 (7 U.S.C. 1424 and 1431) to appear after section 390 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1390) and redesignating the transferred sections as sections 390A and 390B, respectively.

(2) REPEAL.—The Agricultural Act of 1949 (7 U.S.C. 1421 et seq.) (as amended by paragraph (1)) is repealed.

(c) CONFORMING AMENDMENTS.—

(1) Section 307 of the Agricultural Adjustment Act of 1938 (as transferred and redesignated by subsection (b)(1)(B)) is amended by striking ''204'' and inserting ''308''.

GREGG (AND OTHERS) AMENDMENT NO. 3289

(Ordered to lie on the table.)

Mr. GREGG (for himself, Mr. REID, Mr. SANTORUM, and Mrs. FEINSTEIN) submitted an amendment intended to be proposed by them to the bill S. 1541, supra; as follows:

Notwithstanding any other provision of this Act, none of the provision dealing with or extending the Sugar program shall be enforced.

THOMAS AMENDMENT NO. 3290

(Ordered to lie on the table.)

Mr. THOMAS submitted an amendment intended to be proposed by him to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

Strike Section and insert in lieu thereof the following:

SEC. . SUGAR PROGRAM.

(a) SUGARCANE.—The Secretary shall make loans available to processors of domestically grown sugarcane at a rate equal to 18 cents per pound of raw cane sugar.

(b) SUGAR BEETS.—The Secretary shall make loans available to processors of domestically grown sugar beets at a rate equal to 22.9 cents per pound for refined beet sugar.

(c) REDUCTION IN LOAN RATES.—

(1) REDUCTION REQUIRED.—The Secretary shall reduce the loan rate specified in subsection (a) for domestically grown sugarcane and subsection (b) for domestically grown sugar beets if the Secretary determines that negotiated reductions in export subsidies and domestic subsidies provided for sugar of the European Union and other major sugar growing, producing, and exporting countries in the aggregate exceed the commitments made as part of the Agreement on Agriculture.

(2) EXTENT OF REDUCTION.—The Secretary shall not reduce the loan rate under subsection (a) or (b) below a rate that provides an equal measure of support to that provided by the European Union and other major sugar growing, producing, and exporting countries, based on an examination of both domestic and export subsidies subject to reduction in the Agreement on Agriculture.

(3) ANNOUNCEMENT OF REDUCTION.—The Secretary shall announce any loan rate reduction to be made under this subsection no less than 36 months prior to the effective date of such reduction.

(4) MAJOR SUGAR COUNTRIES DEFINED.—For purposes of this subsection, the term ''major sugar growing, producing, and exporting countries'' means—

(A) the countries of the European union; and

(B) the ten foreign countries not covered by subparagraph (A) that the Secretary determines produce the greatest amount of sugar.

(5) AGREEMENT ON AGRICULTURE DEFINED.—For purposes of this subsection, the term ''Agreement on Agriculture'' means the Agreement on Agriculture referred to in section 101(d)(2) of the Uruguay Round Agreements Act (19 U.S.C. 3511(d)(2).

BUMPERS AMENDMENT NO. 3291

(Ordered to lie on the table.)

Mr. BUMPERS submitted an amendment intended to be proposed by him to an amendment submitted by Mr. CONRAD to the bill S. 1541, supra; as follows:

In the section relating to the Deficiency Payment Account and the Conservation and Rural America Account, strike subsection (a) and insert the following:

(a) ACCOUNTS.—

(1) ESTABLISHMENT.—There are established in the Treasury of the United States a Deficiency Payment Account and a Conservation and Rural America Account, which shall be used to carry out this section, to remain available until expended.

(2) ESTIMATE.—During each of fiscal years 1996 through 2002, the Director of the Office of Management and Budget, in consultation with the Director of the Congressional Budget Office, shall determine whether—

(A) the total amount that the Director of the Congressional Budget Office estimated, as of the day before the date of enactment of this Act, would be expended under this title during the period consisting of fiscal years 1996 through 2002; exceeds

(B) the total amount that the Director of the Congressional Budget Office estimates, as of the date of the determination, will be expended under this title during the period consisting of fiscal years 1996 through 2002.

(3) ANNUAL ROLLER OF SURPLUS.—At the end of each of fiscal years 1996 through 2002, an amount equal to—

(A) the total amount that the Director of the Congressional Budget Office estimated, as of the day before the date of enactment of this Act, would be expended under this title during the fiscal year; exceeds

(B) the total amount that was expended under this title during the fiscal year;

shall be available for obligation in the succeeding fiscal year.

(4) SURPLUS.—If the Director of the Office of Management and Budget determines that the current estimate exceeds the prior estimate as described in paragraph (2), the Secretary of the Treasury shall—

(A) as soon as practicable after the determination, transfer—

(i) an amount equal to 25 percent of the surplus to the Deficiency Payment Account; and

(ii) an amount equal to 25 percent of the surplus to the Conservation and Rural America Account; and

(B) on October 1, 2002, transfer the remaining amount of any surplus to the Accounts.

BURNS (AND OTHERS) AMENDMENT NO. 3292

(Ordered to lie on the table.)

Mr. BURNS (for himself, Mr. GORTON, and Mr. CRAIG) submitted an amendment intended to be proposed by them to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

At the end of title II, insert the following:

SEC. 206. FOREIGN MARKET DEVELOPMENT COOPERATOR PROGRAM.

The Agricultural Trade Act of 1978 (7 U.S.C. 5601 et seq.) is amended by adding at the end the following:

''TITLE VII—FOREIGN MARKET DEVELOPMENT COOPERATOR PROGRAM

''SEC. 701. DEFINITION OF ELIGIBLE TRADE ORGANIZATION.

''In this title, the term 'eligible trade organization' means a United States trade organization that—

''(1) promotes the export of 1 or more United States agricultural commodities or products; and

''(2) does not have a business interest in or receive remuneration from specific sales of agricultural commodities or products.

''SEC. 702. FOREIGN MARKET DEVELOPMENT COOPERATOR PROGRAM.

''(a) IN GENERAL.—The Secretary shall establish and, in cooperation with eligible trade organizations, carry out a foreign market development cooperator program to maintain and develop foreign markets for United States agricultural commodities and products.

''(b) ADMINISTRATION.—Funds made available to carry out this title shall be used only to provide—

''(1) cost-share assistance to an eligible trade organization under a contract or agreement with the organization; and

''(2) assistance for costs that are necessary or appropriate to carry out the foreign market development cooperator program, including contingent liabilities that are not otherwise funded.

''SEC. 703. AUTHORIZATION APPROPRIATIONS.

''There are authorized to be appropriated to carry out this title such sums as may be necessary for each of fiscal years 1996 through 2002.''.

GRAIG (AND OTHERS) AMENDMENT NO. 3293

(Ordered to lie on the table.)

Mr. CRAIG (for himself, Mr. MACK, and Mr. GRAHAM) submitted an amendment intended to be proposed by him to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

Strike subsection (d) of sec. 506 of the Craig/Leahy substitute.

CRAIG AMENDMENT NO. 3294

(Ordered to lie on the table.)

Mr. CRAIG submitted an amendment intended to be proposed by him to the bill S. 1541, supra; as follows:

At the appropriate place, insert the following:

SEC. 507. NATIONAL SHEEP INDUSTRY IMPROVEMENT CENTER.

(a) IN GENERAL.—The Consolidated Farm and Rural Development Act is amended by inserting after section 363 (17 U.S.C. 2006e) the following:

"SEC. 364. NATIONAL SHEEP INDUSTRY IMPROVEMENT CENTER.

''(a) DEFINITIONS.—In this section:

''(1) BOARD.—The term 'Board' means the Board of Directors established under subsection (f).

''(2) CENTER.—The term 'Center' means the National Sheep Industry Improvement Center established under subsection (b).

''(3) ELIGIBLE ENTITY.—The term 'eligible entity' means an entity that promotes the betterment of the United States lamb or wool industry and that is—

''(A) a public, private, or cooperative organization;

''(B) an association, including a corporation not operated for profit;

''(C) a federally recognized Indian Tribe; or

''(D) a public or quasi-public agency.

''(4) FUND.—The term 'Fund' means the Natural Sheep Improvement Center Revolving Fund established under subsection (e).

''(b) ESTABLISHMENT OF CENTER.—The Secretary shall establish a National Sheep Industry Improvement Center.

''(c) PURPOSES.—The purposes of the Center shall be to—

''(1) promote strategic development activities and collaborative efforts by private and State entities to maximize the impact of Federal assistance to strengthen and enhance the production and marketing of lamb and wool in the United States;

''(2) optimize the use of available human capital and resources within the sheep industry;

''(3) provide assistance to meet the needs of the sheep industry for infrastructure development, business development, production, resource development, and market and environmental research;

''(4) advance activities that empower and build the capacity of the United States sheep industry to design unique responses to the special needs of the lamb and wool industries on both a regional and national basis; and

''(5) adopt flexible and innovative approaches to solving the long-term needs of the United States sheep industry.

''(d) STRATEGIC PLAN.—

''(1) IN GENERAL.—The Center shall submit to the Secretary an annual strategic plan for the delivery of financial assistance provided by the Center.

''(2) REQUIREMENTS.—A strategic plan shall identify—

''(A) goals, methods, and a benchmark for measuring the success of carrying out the plan and how the plan relates to the national and regional goals of the Center;

''(B) the amount and sources of Federal and non-Federal funds that are available for carrying out the plan;

''(C) funding priorities;

''(D) selection criteria for funding; and

''(E) a method of distributing funding.

''(e) REVOLVING FUND.—

''(1) ESTABLISHMENT.—There is established in the Treasury the Natural Sheep Improvement Center Revolving Fund. The Fund shall be available to the Center, without fiscal year limitation, to carry out the authorized programs and activities of the Center under this section.

''(2) CONTENTS OF FUND.—There shall be deposited in the Fund—

''(A) such amounts as may be appropriated, transferred, or otherwise made available to support programs and activities of the Center;

''(B) payments received from any source for products, services, or property furnished in connection with the activities of the Center;

''(C) fees and royalties collected by the Center from licensing or other arrangements relating to commercialization of products developed through projects funded, in whole or part, by grants, contracts, or cooperative agreements executed by the Center;

''(D) proceeds from the sale of assets, loans, and equity interests made in furtherance of the purposes of the Center;;

''(E) donations or contributions accepted by the Center to support authorized programs and activities; and

''(F) any other funds acquired by the Center.

''(3) USE OF FUND.—

''(A) IN GENERAL.—The Center may use amounts in the Fund to make grants and loans to eligible entities in accordance with a strategic plan submitted under subsection (d).

''(B) CONTINUED EXISTENCE.—The Center shall manage the Fund in a manner that ensures that sufficient amounts are available in the Fund to carry out subsection (c).

''(C) DIVERSE AREA.—The Center shall, to the maximum extent practicable, use the Fund to serve broad geographic areas and regions of diverse production.

''(D) VARIETY OF LOANS AND GRANTS.—The Center shall, to the maximum extent practicable, use the Fund to provide a variety of intermediate- and long-term grants and loans.

''(E) ADMINISTRATION.—The Center may not use more than 3 percent of the amounts in the Fund for a fiscal year for the administration of the Center.

''(F) INFLUENCING LEGISLATION.—None of the amounts in the Fund may be used to influence legislation.

''(G) ACCOUNTING.—To be eligible to receive amounts from the Fund, an entity must agree to account for the amounts using generally accepted accounting principles.

''(H) USES OF FUND.—The Center may use amounts in the Fund to—

''(i) participate with Federal and State agencies in financing activities that are in accordance with a strategic plan submitted under subsection (d), including participation with several States in a regional effort;

''(ii) participate with other public and private funding sources in financing activities that are in accordance with the strategic plan, including participation in a regional effort;

''(iii) provide security for, or make principle or interest payments on, revenue or general obligation bonds issued by a State, if the proceeds from the sale of the bonds are deposited in the Fund;

''(iv) accrue interest;

''(v) guarantee or purchase insurance for local obligations to improve credit market access or reduce interest rates for a project that is in accordance with the strategic plan; or

''(vi) sell assets, loans, and equity interests acquired in connection with the financing of projects funded by the Center.

''(4) LOANS.—

''(A) RATE.—A loan from the Fund may be made at an interest rate that is below the market rate or may be interest free.

''(B) TERM.—The term of a loan may not exceed the shorter of—

''(i) the useful life of the activity financed; or

''(ii) 40 years.

''(C) SOURCE OF REPAYMENT.—The Center may not make a loan from the Fund unless the recipient establishes an assured source of repayment.

''(D) PROCEEDS.—All payments of principal and interest on a loan made from the Fund shall be deposited into the Fund.

''(5) MAINTENANCE OF EFFORT.—The Center shall use the Fund only to supplement and not to supplant Federal, State, and private funds expended for rural development.

''(6) FUNDING.—

''(A) DEPOSIT OF FUNDS.—All Federal and non-Federal amounts received by the Center to carry out this section shall be deposited in the Fund.

''(B) MANDATORY FUNDS.—Out of any moneys in the Treasury not otherwise appropriated, the Secretary of the Treasury shall provide to the Center not to exceed $20,000,000 to carry out this section.

''(C) ADDITIONAL FUNDS.—In addition to any funds provided under subparagraph (B), there is authorized to be appropriated to carry out this section $30,000,000 to carry out this section.

''(D) PRIVATIZATION.—Federal funds shall not be used to carry out this section beginning on the earlier of—

''(i) the date that is 10 years after the effective date of this section; or

''(ii) the day after a total of $50,000,000 is made available under subparagraphs (B) and (C) to carry out this section.

''(f) BOARD OF DIRECTORS.—

''(1) IN GENERAL.—The management of the Center shall be vested in a Board of Directors.

''(2) POWERS.—The Board shall—

''(A) be responsible for the general supervision of the Center;

''(B) review any grant, loan, contract, or cooperative agreement to be made or entered into by the Center and any financial assistance provided to the Center;

''(C) make the final decision, by majority vote, on whether and how to provide assistance to an applicant; and

''(D) develop and establish a budget plan and a long-term operating plan to carry out the goals of the Center.

''(3) COMPOSITION.—The Board shall be composed of—

''(A) 7 voting members, of whom—

''(i) 4 members shall be active producers of sheep in the United States;

''(ii) 2 members shall have expertise in finance and management; and

''(iii) 1 member shall have expertise in lamb and wool marketing; and

''(B) 2 nonvoting members, of whom—

''(i) 1 member shall be the Under Secretary of Agriculture for Rural Economic and Community Development; and

''(ii) 1 member shall be the Under Secretary of Agriculture for Research, Education, and Economics.

''(4) ELECTION.—A voting member of the Board shall be chosen in an election of the members of a national organization selected by the Secretary that—

''(A) consists only of sheep producers in the United States; and

''(B) has as the primary interest of the organization the production of lamb and wool in the United States.

''(5) TERM OF OFFICE.—

''(A) IN GENERAL.—Subject to subparagraph (B), the term of office of a voting member of the Board shall be 3 years.

''(B) STAGGERED INITIAL TERMS.—The initial voting members of the Board (other than the chairperson of the initially established Board) shall serve for staggered terms of 1, 2, and 3 years, as determined by the Secretary.

''(C) REELECTION.—A voting member may be reelected for not more than 1 additional term.

''(6) VACANCY.—

''(A) IN GENERAL.—A vacancy on the Board shall be filled in the same manner as the original Board.

''(B) REELECTION.—A member elected to fill a vacancy for an unexpired term may be reelected for 1 full term.

''(7) CHAIRPERSON.—

''(A) IN GENERAL.—The Board shall select a chairperson from among the voting members of the Board.

''(B) TERM.—The term of office of the chairperson shall be 2 years.

''(8) ANNUAL MEETING.—

''(A) IN GENERAL.—The Board shall meet not less than once each fiscal year at the call of the chairperson or at the request of the executive director appointed under subsection (g)(1).

''(B) LOCATION.—The location of a meeting of the Board shall be established by the Board.

''(9) VOTING.—

''(A) QUORUM.—A quorum of the Board shall consist of a majority of the voting members.

''(B) MAJORITY VOTE.—A decision of the Board shall be made by a majority of the voting members of the Board.

''(10) CONFLICTS OF INTEREST.—

''(A) IN GENERAL.—A member of the Board shall not vote on any matter respecting any application, contract, claim, or other particular matter pending before the Board in which, to the knowledge of the member, an interest is held by—

''(i) the member;

''(ii) any spouse of the member;

''(iii) any child of the member;

''(iv) any partner of the member;

''(v) any organization in which the member is serving as an officer, director, trustee, partner, or employee; or

''(vi) any person with whom the member is negotiating or has any arrangement concerning prospective employment or with whom the member has a financial interest.

''(B) REMOVAL.—Any action by a member of the Board that violates subparagraph (A) shall be cause for removal from the Board.

''(C) VALIDITY OF ACTION.—An action by a member of the Board that violates subparagraph (A) shall not impair or otherwise affect the validity of any otherwise lawful action by the Board.

''(D) DISCLOSURE.—

''(i) IN GENERAL.—If a member of the Board makes a full disclosure of an interest and, prior to any participation by the member, the Board determines, by majority vote, that the interest is too remote or too inconsequential to affect the integrity of any participation by the member, the member may participate in the matter relating to the interest.

''(ii) VOTE.—A member that discloses an interest under clause (i) shall not vote on a determination of whether the member may participate in the matter relating to the interest.

''(E) REMANDS.—

''(i) IN GENERAL.—The Secretary may vacate and remand to the Board for reconsideration any decision made pursuant to subsection (e)(3)(H) if the Secretary determines that there has been a violation of this paragraph or any conflict of interest provision of the bylaws of the Board with respect to the decision.

''(ii) REASONS.—In the case of any violation and remand of a funding decision to the Board under clause (i), the Secretary shall inform the Board of the reasons for the remand.

''(11) COMPENSATION.—

''(A) IN GENERAL.—A member of the Board shall not receive any compensation by reason of service on the Board.

''(B) EXPENSES.—A member of the Board shall be reimbursed for travel, subsistence, and other necessary expenses incurred by the member in the performance of a duty of the member.

''(12) BYLAWS.—The Board shall adopt, and may from time to time amend, any bylaw that is necessary for the proper management and functioning of the Center.

''(13) PUBLIC HEARINGS.—Not later than 1 year after the effective date of this section, the Board shall hold public hearings on policy objectives of the program established under this section.

''(14) ORGANIZATIONAL SYSTEM.—The Board shall provide a system of organization to fix responsibility and promote efficiency in carrying out the functions of the Board.

''(15) USE OF DEPARTMENT OF AGRICULTURE.—The Board may, with the consent of the Secretary, utilize the facilities of and the services of employees of the Department of Agriculture, without cost to the Center.

''(g) OFFICERS AND EMPLOYEES.—

''(1) EXECUTIVE DIRECTOR.—

''(A) IN GENERAL.—The Board shall appoint an executive director to be the chief executive officer of the Center.

''(B) TENURE.—The executive director shall serve at the pleasure of the Board.

''(C) COMPENSATION.—Compensation for the executive director shall be established by the Board.

''(2) OTHER OFFICERS AND EMPLOYEES.—The Board may select and appoint officers, attorneys, employees, and agents who shall be vested with such powers and duties as the Board may determine.

''(3) DELEGATION.—The Board may, by resolution, delegate to the chairperson, the executive director, or any other officer or employee any function, power, or duty of the Board other than voting on a grant, loan, contract, agreement, budget, or annual strategic plan.

''(h) CONSULTATION.—To carry out this section, the Board may consult with—

''(1) State departments of agriculture;

''(2) Federal departments and agencies;

''(3) nonprofit development corporations;

''(4) colleges and universities;

''(5) banking and other credit-related agencies;

''(6) agriculture and agribusiness organizations; and

''(7) regional planning and development organizations.

''(i) OVERSIGHT.—

''(1) IN GENERAL.—The Secretary shall review and monitor compliance by the Board and the Center with this section.

''(2) SANCTIONS.—If, following notice and opportunity for a hearing, the Secretary finds that the Board or the Center is not in compliance with this section, the Secretary may—

''(A) cease making deposits to the Fund;

''(B) suspend the authority of the Center to withdraw funds from the Fund; or

''(C) impose other appropriate sanctions, including recoupment of money improperly expended for purposes prohibited or not authorized by this Act and disqualification from receipt of financial assistance under this section.

''(3) REMOVING SANCTIONS.—The Secretary shall remove sanctions imposed under paragraph (2) on a finding that there is no longer any failure by the Board or the Center to comply with this section or that the noncompliance shall be promptly corrected.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on the date of enactment of this Act.

McCAIN AMENDMENT NO. 3295

(Ordered to lie on the table.)

Mr. MCCAIN submitted an amendment intended to be proposed by him to the bill S. 1541, supra; as follows:

At an appropriate place in the bill, insert:

(a) Section 1677, the Indian Reservation Extension Agent Program, of P.L. 101–624, is reauthorized through 2002; further, once an Indian Reservation Extension Program has been determined by the Secretary of Agriculture to have been satisfactorily administered for two years, the Secretary shall implement a reduced re-application process for the continued operation of such programs, in order to reduce regulatory burdens on the participating university and tribal entities.

(b) Before January 6, 1997, the Secretary shall develop and implement a formal Memorandum of Agreement with the 29 tribally controlled colleges eligible under federal law to receive funds from the Department as partial Land Grant institutions; the Memorandum of Agreement shall establish programs to ensure that tribally-controlled colleges and Native American communities equitably participate in USDA employment, programs, services, and resources.

MOSELEY-BRAUN AMENDMENT NO. 3296

(Order to lie on the table.)

Ms. MOSELEY-BRAUN submitted an amendment intended to be proposed by her to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

Amend language on oilseed loan rates as follows:

(A) SOYBEANS.—The loan rate for a marketing assistance loan for soybeans shall be—

(i) not less than 85 percent of the simple average price received by producers of soybeans, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of soybeans, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; but

(ii) not less than $4.92 or more than $5.26 per bushel.

(B) SUNFLOWER SEED, CANOLA, RAPESEED, SAFFLOWER, MUSTARD SEED, AND FLAXSEED.—The loan rate for a marketing assistance loan for sunflower seed, canola, rapeseed, safflower, mustard seed, and flaxseed, individually, shall be—

(i) not less than 85 percent of the simple average price received by producers of these oilseeds, individually, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of these oilseeds, individually, excluding the year in which the average price was the highest and the year in which the average prices was the lowest in the period; but

(ii) not less than $0.087 or more than $0.093 per pound.

(c) OTHER OILSEEDS.—The loan rates for a marketing assistance loan for other oilseeds shall be established at such level as the Secretary determines is fair and reasonable in relation to the loan rate available for soybeans, except in no event shall the rate for the oilseeds (other than cottonseed) be less than the rate established for soybeans on a per-pound basis for the same crop.

KERREY AMENDMENT NO. 3297

(Ordered to lie on the table.)

Mr. KERREY submitted an amendment intended to be proposed by him to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

At the appropriate place, insert the following:

(c) REPAYMENT OF COST SHARING AND OTHER PAYMENTS.—Section 1235(d)(1) of the Food Security Act of 1985 (16 U.S.C. 3835(d)(1)) is amended—

(1) in subparagraph (A), by striking ''and'' at the end;

(2) in subparagraph (B), by striking the period at the end and inserting a semicolon; and

(3) by adding at the end the following:

''(C) in the case of a contract with respect to which 5 years of less or the contract term have elapsed, the owner or operator agrees to repay all cost sharing, rental, and other payments made by the Secretary under the contract and section 1234; and

''(D) in the case of a contract with respect to which more than 5 years but less than 8 years of the contract term have elapsed, the owner or operator agrees to repay all cost sharing payments made by the Secretary under the contract and section 1234(b).''.

KERREY (AND EXON) AMENDMENT NO. 3298

(Ordered to lie on the table.)

Mr. KERREY (for himself and Mr. EXON) submitted an amendment intended to be proposed by him to amendment No. 3184 proposed by Mr. Leahy to the bill S. 1541, supra; as follows:

At the appropriate place, insert the following:

SEC. 353. STATE TECHNICAL COMMITTEES.

Subtitle G of title XII of the Food Security Act of 1985 (16 U.S.C. 2861 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 State technical committee to assist the Secretary in the technical considerations relating to implementation of the conservation provisions under this title.

''(b) COORDINATION.—Each State technical committee shall be coordinated by the State Conservationist of the Natural Resources Conservation Service.

''(c) COMPOSITION.—Each technical committee shall be composed of persons with relevant expertise that represent a variety of disciplines in the soil, water, wetland, and wildlife and social sciences, including representatives of—

''(1) the Natural Resources Conservation Service;

''(2) the Farm Service Agency;

''(3) the Forest Service;

''(4) the Cooperative State Research, Education and Extension Service;

''(5) the United States Fish and Wildlife Service;

''(6) the Environmental Protection Agency;

''(7) the United States Geological Service;

''(8) State departments and agencies that the Secretary considers appropriate, including—

''(A) the State fish and wildlife agency;

''(B) the State forester or equivalent State official;

''(C) the State water resources agency;

''(D) the State department of agriculture; and

''(E) the State association of soil and water conservation districts, or natural resources districts;

''(9) agricultural producers utilizing a range of conservation farming systems and practices;

''(10) other nonprofit organizations with demonstrable expertise;

''(11) persons knowledgeable about the economic and environmental impact of conservation techniques and programs; and

''(12) agribusiness.

''SEC. 1262. RESPONSIBILITIES.

''(a) IN GENERAL.—

''(1) MEETINGS.—Each State technical committee shall meet regularly to provide information, analysis, and recommendations to the Secretary regarding implementation of conservation provisions and programs.

''(2) MANNER.—The information, analysis, and recommendations shall be provided in a manner that will assist the Department of Agriculture in determining conservation priorities for the State and matters of fact, technical merit, or scientific question.

''(3) BEST INFORMATION AND JUDGMENT.—Information, analysis, and recommendations shall be provided in writing and shall reflect the best information and judgment 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 lands in the conservation reserve program;

''(3) guidelines for haying or grazing and the control of weeds to protect nesting wildlife on setaside acreage;

''(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 set-aside lands;

''(6) criteria and guidelines to be used in evaluating petitions by farmers to test conservation practices and systems not currently covered in Field Office Technical Guides;

''(7) identification, prioritization, and coordination of Water Quality Incentives Program initiatives in the State; and

''(8) other matters determined appropriate by the Secretary.

''(c) AUTHORITY.—

''(1) NO ENFORCEMENT AUTHORITY.—Each State technical committee is advisory and shall have no implementation or enforcement authority.

''(2) CONSIDERATION.—The Secretary shall give strong consideration to the recommendations of State technical committees in administering the program under this title, and to any factual, technical, or scientific finding of a committee.''.

FORD (AND OTHERS) AMENDMENTS NOS. 3299–3302

(Ordered to lie on the table.)

Mr. FORD (for himself, Mr. HELMS, Mr. FAIRCLOTH, Mr. WARNER, Mr. ROBB, and Mr. MCCONNELL) submitted by Mr. BROWN to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

AMENDMENT NO. 3299

In lieu of the matter proposed to be inserted, insert the following:

SEC. . ELIMINATION OF FEDERAL BUDGETARY OUT-LAYS FOR TOBACCO PROGRAMS.

Section 315(g)(1) of the Agricultural Adjustment Act of 1938 (as transferred and redesignated by section 110(b)(1)(A) is amended—

(1) by striking ''1998'' and inserting ''2002''; and

(2) by inserting after ''equal to'' the following ''a pro rata share of the total amount of the costs of other Department of Agriculture programs related to tobacco production or processing that are not required to be covered by user fees or by contributions or assessments under section 315A(d)(1) or 315B(d)(1), but in no event less than''.

AMENDMENT NO. 3300

In lieu of the matter proposed to be inserted, insert the following.

SEC. . ELIMINATION OF FEDERAL BUDGETARY OUT-LAYS FOR TOBACCO PROGRAMS.

Section 315(g)(1) of the Agricultural Adjustment Act of 1938 (as transferred and redesignated by section 110(b)(1)(A)) is amended—

(1) by striking ''1998'' and inserting ''2002''; and

(2) by inserting after ''equal to'' the following: ''a pro rata share of the total amount of the costs of other Department of Agriculture programs related to tobacco production or processing that are not required to be covered by user fees or by contributions or assessments under section 315A(d)(1) or 315B(d)(1), but in no event less than''.

AMENDMENT NO. 3301

In lieu of the matter proposed to be inserted, insert the following:

SEC. . ELIMINATION OF FEDERAL BUDGETARY OUT-LAYS FOR TOBACCO PROGRAMS.

Section 315(g)(1) of the Agricultural Adjustment Act of 1938 (as transferred and redesignated by section 110(b)(1)(A)) is amended—

(1) by striking ''1998'' and inserting ''2002''; and

(2) by inserting after ''equal'' to the following: ''a pro rata share of the total amount of the costs of other Department of Agriculture programs related to tobacco production or processing that are not required to be covered by user fees or by contributions or assessments under section 315A(d)(1) or 315B(d)(1), but in no event less than''.

AMENDMENT NO. 3302

In lieu of the matter proposed to be inserted, insert the following:

SEC. . ELIMINATION OF FEDERAL BUDGETARY OUT-LAYS FOR TOBACCO PROGRAMS.

Section 315(g)(1) of the Agricultural Adjustment Act of 1938 (as transferred and redesignated by section 110(b)(1)(A)) is amended—

(1) by striking ''1998'' and inserting ''2002''; and

(2) by inserting after ''equal'' to the following: ''a pro rata share of the total amount of the costs of other Department of Agriculture programs related to tobacco production or processing that are not required to be covered by user fees or by contributions or assessments under section 315A(d)(1) or 315B(d)(1), but in no event less than''.

COCHRAN AMENDMENT NO. 3303

(Ordered to lie on the table.)

Mr. COCHRAN submitted an amendment to amendment No. 3138 submitted by Mr. CONRAD to the bill S. 1541, supra; as follows:

At the end insert the following:

SEC. . WILDLIFE HABITAT INCENTIVES PROGRAM.

The Secretary of Agriculture, in consultation with the State Technical Committee, shall establish a program within the Natural Resources Conservation Service to be known as the Wildlife Habitat Incentives Program. The program shall make cost-share payments to landowners to develop upland wildlife, wetland wildlife, threatened and endangered species, fisheries, and other types of

wildlife habitat approved by the Secretary. To carry out this section, $10,000,000 for each of the fiscal years 1996 through 2002, shall be made available from the program authorized by subchapter B of Chapter 1 of Subtitle D of title XII of the Food Security Act of 1985.

COCHRAN AMENDMENT NO. 3304

(Ordered to lie on the table.)

Mr. COCHRAN submitted an amendment to amendment No. 3135 submitted by Mr. CONRAD to the bill S. 1541, supra; as follows:

At the end insert the following:

SEC. . WILDLIFE HABITAT INCENTIVES PROGRAM.

The Secretary of Agriculture, in consultation with the State Technical Committee, shall establish a program within the Natural Resources Conservation Service to be known as the Wildlife Habitat Incentives Program. The program shall make cost-share payments to landowners to develop upland wildlife, wetland wildlife, threatened and endangered species, fisheries, and other types of wildlife habitat approved by the Secretary. To carry out this section, $10,000,000 for each of the fiscal years 1996 through 2002, shall be made available from the program authorized by subchapter B of Chapter 1 of Subtitle D of title XII of the Food Security Act of 1985.

COCHRAN AMENDMENT NO. 3305

(Ordered to lie on the table.)

Mr. COCHRAN submitted an amendment to amendment No. 3136 submitted by Mr. CONRAD to the bill S. 1541, supra; as follows:

At the end insert the following:

SEC. . WILDLIFE HABITAT INCENTIVE PROGRAM.

The Secretary of Agriculture, in consultation with the State Technical Committee, shall establish a program within the Natural Resources Conservation Service to be known as the Wildlife Habitat Incentives Program. The program shall make cost-share payments to landowners to develop upland wildlife, wetland wildlife, threatened and endangered species, fisheries, and other types of wildlife habitat approved by the Secretary. To carry out this section, $10,000,000 for each of the fiscal years 1996 through 2002, shall be made available from the program authorized by subchapter B of Chapter 1 of Subtitle D of title VII of the Food Security Act of 1985.

HELMS AMENDMENTS NOS. 3306–3308

(Ordered to lie on the table.)

Mr. HELMS submitted three amendments intended to be proposed by him to the bill S. 1541, supra; as follows:

AMENDMENT NO. 3306

In lieu of the matter proposed to be inserted, insert:

SEC. . CHANGES TO ELIMINATE FEDERAL BUDGETARY OUTLAYS FOR TOBACCO PROGRAMS.

(a) AMENDMENT TO SECTION 106A OF THE AGRICULTURAL ACT OF 1949.—Section 106A of the Agricultural Act of 1949 (7 U.S.C. 1445–1) is amended by—

(1) in subsection (a)—

(A) striking out ''and'' at the end of paragraph (6)

(B) striking out the period at the end of paragraph (7) and inserting in lieu thereof ''; and''; and

(C) adding at the end the following new paragraph:

''(8) the term 'programs related to tobacco production or processing' means extension pest management projects, economic forecasting and projections, market news services, and crop insurance payments and activities as they are implemented with respect to tobacco production or processing; administrative expenses of the Consolidated Farm Services Agency in administering the tobacco programs operated under the Agricultural Adjustment Act of 1938 and this Act; and any other program of the Department of Agriculture so designated by the Secretary.'';

(2) inserting immediately before the semicolon at the end of subsection (d)(1) the following: ''and (effective beginning with fiscal year 1996) to cover the costs of programs related to tobacco production or processing''; and

(3) in subsection (d)(5), inserting ''and (effective beginning with fiscal year 1996) to cover the costs of programs related to tobacco production or processing'' immediately after ''under paragraph (5)''.

(b) AMENDMENT TO SECTION 106B OF THE AGRICULTURAL ACT OF 1949.—Section 106B of the Agricultural Act of 1949 (7 U.S.C. 1445–2) is amended by—

(1) in subsection (a)—

(A) striking out ''and'' at the end of paragraph (7);

(B) striking out the period at the end of paragraph (8) and inserting in lieu thereof ''; and''; and

(C) adding at the end the following new paragraph:

''(9) the term 'programs related to tobacco production or processing' means extension pest management projects, economic forecasting and projections, market news services, and crop insurance payments and activities as they are implemented with respect to tobacco production or processing; administrative expenses of the Consolidated Farm Services Agency in administering the tobacco programs operated under the Agricultural Adjustment Act of 1938 and this Act; and any other program of the Department of Agriculture so designated by the Secretary.'';

(2) in subsection (d)(2)(A), inserting immediately before the period at the end of the fourth sentence the following: ''and (effective beginning with fiscal year 1996) to cover the costs of programs related to tobacco production or processing''; and

(3) in subsection (e), inserting ''and (effective beginning with fiscal year 1996) to cover the costs of programs related to tobacco production or processing'' immediately before the period at the end.

AMENDMENT NO. 3307

Strike all after the first word and insert the following:

SEC. . REDUCTION FOR CERTAIN OFFERS FROM HANDLERS.

The Secretary of Agriculture shall reduce the loan rate for quota peanuts by 5 percent for any producer who had an offer from a handler, at the time and place of delivery, to purchase quota peanuts from the farm on which the peanuts were produced at a price equal to or greater than the applicable loan rate for quota peanuts.

AMENDMENT NO. 3308

Strike all after the first word and insert the following:

SEC. . LOSSES IN PEANUT QUOTA LOAN POOLS.

(a) OFFSET WITHIN AREA.—After transfers from additional loan pools and reducing the gain of any producer by the amount of pool gains attributed to the producer from the sale of additional peanuts, further losses in an area quota pool for peanuts shall be offset by any gains or profits from additional peanuts (other than separate type pools established for Valencia peanuts produced in New Mexico) owned or controlled by the Commodity Credit Corporation in that area and sold for domestic edible use, in accordance with regulations issued by the Secretary of Agriculture.

(b) OFFSET GENERALLY.—If losses in an area quota pool have not been entirely offset under subsection (a), further losses shall be offset by any gains or profits from additional peanuts (other than separate type pools established for Valencia peanuts produced in New Mexico) owned or controlled by the Commodity Credit Corporation and sold for domestic edible use, in accordance with regulations issued by the Secretary.

KERREY AMENDMENT NO. 3309

(Ordered to lie on the table.)

Mr. KERREY submitted an amendment intended to be proposed by him to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

At the appropriate place, insert: ''in consultation with the State Technical Committee'' after ''Secretary''.

CONRAD AMENDMENTS NOS. 3310–3311

(Ordered to lie on the table.)

Mr. CONRAD submitted two amendments intended to be proposed by him to amendments submitted by him to the bill S. 1541, supra; as follows:

AMENDMENT NO. 3310

Beginning on page 1, strike line 4 and all that follows through page 2, line 25, and insert the following:

(1) WHEAT.—The loan rate for a marketing assistance loan for wheat shall be not less than 85 percent of the simple average price received by producers of wheat, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of wheat, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period.

(2) FEED GRAINS.—

(A) LOAN RATE FOR CORN.—The loan rate for a marketing assistance loan for corn shall be not less than 85 percent of the simple average price received by producers of corn, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of corn, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period.

(B) OTHER FEED GRAINS.—The loan rate for a marketing assistance loan for grain sorghum, barley, and oats, respectively, shall be established at such level as the Secretary determines is fair and reasonable in relation to the rate that loans are made available for corn, taking into consideration the feeding value of the commodity in relation to corn.

AMENDMENT NO. 3311

Beginning on page 1, strike line 4 and all that follows through page 2, line 25, and insert the following:

(1) WHEAT.—The loan rate for a marketing assistance loan for wheat shall be not less than 85 percent of the simple average price received by producers of wheat, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of wheat, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period.

(2) FEED GRAINS.—

(A) LOAN RATE FOR CORN.—The loan rate for a marketing assistant loan for corn shall be not less than 85 percent of the simple average price received by producers of corn, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of corn, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period.

(B) OTHER FEED GRAINS.—The loan rate for a marketing assistance loan for grain sorghum, barley, and oats, respectively, shall be established at such level as the Secretary determines is fair and reasonable in relation to the rate that loans are made available for corn, taking into consideration the feeding value of the commodity in relation to corn.

HELMS AMENDMENT NO. 3312

(Ordered to lie on the table.)

Mr. HELMS submitted an amendment intended to be proposed by him to amendment No. 3184 proposed by Mr. LEAHY to the bill S. 1541, supra; as follows:

On page 1–50, between lines 21 and 22, insert the following:

(5) REDUCTION FOR CERTAIN OFFERS FROM HANDLERS.—The Secretary shall reduce the loan rate for quota peanuts by 5 percent for any producer who had an offer from a handler, at the time and place of delivery, to purchase quota peanuts from the farm on which the peanuts were produced at a price equal to or greater than the applicable loan rate for quota peanuts.

On page 1–55, strike lines 4 through 23 and insert the following:

(3) OFFSET WITHIN AREA.—Further losses in an area quota pool shall be offset by any gains or profits from additional peanuts (other than separate type pools established under subsection (c)(2)(A) for Valencia peanuts produced in New Mexico) owned or controlled by the Commodity Credit Corporation in that area and sold for domestic edible use, in accordance with regulations issued by the Secretary.

(4) USE OF MARKETING ASSESSMENTS.—The Secretary shall use funds collected under subsection (g) (except funds attributable to handlers) to offset further losses in area quota pools. The Secretary shall transfer to the Treasury those funds collected under subsection (g) and available for use under this subsection that the Secretary determines are not required to cover losses in area quota pools.

(5) CROSS COMPLIANCE.—Further losses in area quota pools, other than losses incurred as a result of transfers from additional loan pools to quota loan pools under section 358–1(b)(8) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358–1(b)(8)), shall be offset by any gains or profits from quota pools in other production areas (other than separate type pools established under subsection (c)(2)(A) for Valencia peanuts produced in New Mexico) in such manner as the Secretary shall by regulation prescribe.

(6) OFFSET GENERALLY.—If losses in an area quota pool have not been entirely offset under paragraph (3), further losses shall be offset by any gains or profits from additional peanuts (other than separate type pools established under subsection (c)(2)(A) for Valencia peanuts produced in New Mexico) owned or controlled by the Commodity Credit Corporation and sold for domestic edible use, in accordance with regulations issued by the Secretary. The authorities provided in the preceeding paragraphs is not sufficient to cover losses in an area quota pool. The Secretary shall increase the marketing assessment established under subsection (g) by such an amount as the Secretary considers necessary to cover the losses. The increased assessment shall apply to quota peanuts in the production area covered by the pool.

SEC. 106. PEANUT PROGRAM.

(a) QUOTA PEANUTS.—

(1) AVAILABILITY OF LOANS.—The Secretary shall make nonrecourse loans available to producers of quota peanuts.

(2) LOAN RATE.—The national average quota loan rate for quota peanuts shall be $610 per ton.

(3) INSPECTION, HANDLING, OR STORAGE.—The loan amount may not be reduced by the Secretary by any deductions for inspection, handling, or storage.

(4) LOCATION AND OTHER FACTORS.—The Secretary may make adjustments in the loan rate for quota peanuts for location of peanuts and such other factors as are authorized by section 411 of the Agricultural Adjustment Act of 1938.

(b) ADDITIONAL PEANUTS.—

(1) IN GENERAL.—The Secretary shall make nonrecourse loans available to producers of additional peanuts at such rates as the Secretary finds appropriate, taking into consideration the demand for peanut oil and peanut meal, expected prices of other vegetable oils and protein meals, and the demand for peanuts in foreign markets.

(2) ANNOUNCEMENT.—The Secretary shall announce the loan rate for additional peanuts of each crop not later than February 15 preceding the marketing year for the crop for which the loan rate is being determined.

(c) AREA MARKETING ASSOCIATIONS.—

(1) WAREHOUSE STORAGE LOANS.—

(A) IN GENERAL.—In carrying out subsections (a) and (b), the Secretary shall make warehouse storage loans available in each of the producing areas (described in section 1446.95 of title 7 of the Code of Federal Regulations (January 1, 1989)) to a designated area marketing association of peanut producers that is selected and approved by the Secretary and that is operated primarily for the purpose of conducting the loan activities. The Secretary may not make warehouse storage loans available to any cooperative that is engaged in operations or activities concerning peanuts other than those operations and activities specified in this section and section 358e of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359a).

(B) ADMINISTRATIVE AND SUPERVISORY ACTIVITIES.—An area marketing association shall be used in administrative and supervisory activities relating to loans and marketing activities under this section and section 358e of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359a).

(C) ASSOCIATION COSTS.—Loans made to the association under this paragraph shall include such costs as the area marketing association reasonably may incur in carrying out the responsibilities, operations, and activities of the association under this section and section 358e of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359a).

(2) POOLS FOR QUOTA AND ADDITIONAL PEANUTS.—

(A) IN GENERAL.—The Secretary shall require that each area marketing association establish pools and maintain complete and accurate records by area and segregation for quota peanuts handled under loan and for additional peanuts placed under loan, except that separate pools shall be established for Valencia peanuts produced in New Mexico.

(B) ELIGIBILITY TO PARTICIPATE.—

(i) IN GENERAL.—Except as provided in clause (ii), in the case of the 1996 and subsequent crops, Valencia peanuts not physically produced in the State of New Mexico shall not be eligible to participate in the pools of the State.

(ii) EXCEPTION.—A resident of the State of New Mexico may enter Valencia peanuts that are produced outside of the State into the pools of the State in a quantity that is not greater than the 1995 crop of the resident.

(C) TYPES OF PEANUTS.—Bright hull and dark hull Valencia peanuts shall be considered as separate types for the purpose of establishing the pools.

(D) NET GAINS.—Net gains on peanuts in each pool, unless otherwise approved by the Secretary, shall be distributed only to producers who placed peanuts in the pool and shall be distributed in proportion to the value of the peanuts placed in the pool by each producer. Net gains for peanuts in each pool shall consist of the following:

(i) QUOTA PEANUTS.—For quota peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in the pool.

(ii) ADDITIONAL PEANUTS.—For additional peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in the pool for additional peanuts.

(d) LOSSES.—Losses in quota area pools shall be covered using the following sources in the following order of priority:

(1) TRANSFERS FROM ADDITIONAL LOAN POOLS.—The proceeds due any producer from any pool shall be reduced by the amount of any loss that is incurred with respect to peanuts transferred from an additional loan pool to a quota loan pool by the producer under section 358–1(b)(8) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358–1(b)(8)).

(2) OTHER PRODUCERS IN SAME POOL.—Further losses in an area quota pool shall be offset by reducing the gain of any producer in the pool by the amount of pool gains attributed to the same producer from the sale of additional peanuts for domestic and export edible use.

(4) USE OF MARKETING ASSESSMENTS.—The Secretary shall use funds collected under subsection (g) (except funds attributable to handlers) to offset further losses in area quota pools. The Secretary shall transfer to the Treasury those funds collected under subsection (g) and available for use under this subsection that the Secretary determines are not required to cover losses in area quota pools.

(6) INCREASED ASSESSMENTS.—If use of the authorities provided in the preceding paragraphs is not sufficient to cover losses in an area quota pool, the Secretary shall increase the marketing assessment established under subsection (g) by such an amount as the Secretary considers necessary to cover the losses. The increased assessment shall apply only to quota peanuts in the production area covered by the pool. Amounts collected under subsection (g) as a result of the increased assessment shall be retained by the Secretary to cover losses in that pool.

(e) DISAPPROVAL OF QUOTAS.—Notwithstanding any other provision of law, no loan for quota peanuts may be made available by the Secretary for any crop of peanuts with respect to which poundage quotas have been disapproved by producers, as provided for in section 358–1(d) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358–1(d)).

(f) QUALITY IMPROVEMENT.—

(1) IN GENERAL.—With respect to peanuts under loan, the Secretary shall—

(A) promote the crushing of peanuts at a greater risk of deterioration before peanuts of a lesser risk of deterioration;

(B) ensure that all Commodity Credit Corporation inventories of peanuts sold for domestic edible use must be shown to have been officially inspected by licensed Department inspectors both as farmer stock and shelled or cleaned in-shell peanuts;

(C) continue to endeavor to operate the peanut program so as to improve the quality of domestic peanuts and ensure the coordination of activities under the Peanut Administrative Committee established under Marketing Agreement No. 146, regulating the quality of domestically produced peanuts (under the Agricultural Adjustment Act (7 U.S.C. 601 et seq.), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937); and

(D) ensure that any changes made in the peanut program as a result of this subsection requiring additional production or handling at the farm level shall be reflected as an upward adjustment in the Department loan schedule.

(2) EXPORTS AND OTHER PEANUTS.—The Secretary shall require that all peanuts in the domestic and export markets fully comply with all quality standards under Marketing Agreement No. 146.

(g) MARKETING ASSESSMENT.—

(1) IN GENERAL.—The Secretary shall provide for a nonrefundable marketing assessment. The assessment shall be made on a per pound basis in an amount equal to 1.1 percent for each of the 1994 and 1995 crops, 1.15 percent for the 1996 crop, and 1.2 percent for each of the 1997 through 2002 crops, of the national average quota or additional peanut loan rate for the applicable crop.

(2) FIRST PURCHASERS.—

(A) IN GENERAL.—Except as provided under paragraphs (3) and (4), the first purchaser of peanuts shall—

(i) collect from the producer a marketing assessment equal to the quantity of peanuts acquired multiplied by—

(I) in the case of each of the 1994 and 1995 crops, .55 percent of the applicable national average loan rate;

(II) in the case of the 1996 crop, .6 percent of the applicable national average loan rate; and

(III) in the case of each of the 1997 through 2002 crops, .65 percent of the applicable national average loan rate;

(ii) pay, in addition to the amount collected under clause (i), a marketing assessment in an amount equal to the quantity of peanuts acquired multiplied by .55 percent of the applicable national average loan rate; and

(iii) remit the amounts required under clauses (i) and (ii) to the Commodity Credit Corporation in a manner specified by the Secretary.

(B) DEFINITION OF FIRST PURCHASER.—In this subsection, the term ''first purchaser'' means a person acquiring peanuts from a producer except that in the case of peanuts forfeited by a producer to the Commodity Credit Corporation, the term means the person acquiring the peanuts from the Commodity Credit Corporation.

(3) OTHER PRIVATE MARKETINGS.—In the case of a private marketing by a producer directly to a consumer through a retail or wholesale outlet or in the case of a marketing by the producer outside of the continental United States, the producer shall be responsible for the full amount of the assessment and shall remit the assessment by such time as is specified by the Secretary.

(4) LOAN PEANUTS.—In the case of peanuts that are pledged as collateral for a loan made under this section, ½ of the assessment shall be deducted from the proceeds of the loan. The remainder of the assessment shall be paid by the first purchaser of the peanuts. For purposes of computing net gains on peanuts under this section, the reduction in loan proceeds shall be treated as having been paid to the producer.

(5) PENALTIES.—If any person fails to collect or remit the reduction required by this subsection or fails to comply with the requirements for recordkeeping or otherwise as are required by the Secretary to carry out this subsection, the person shall be liable to the Secretary for a civil penalty up to an amount determined by multiplying—

(A) the quantity of peanuts involved in the violation; by

(B) the national average quota peanut rate for the applicable crop year.

(6) ENFORCEMENT.—The Secretary may enforce this subsection in the courts of the United States.

(h) CROPS.—Subsections (a) through (f) shall be effective only for the 1996 through 2002 crops of peanuts.

(i) MARKETING QUOTAS.—

(1) IN GENERAL.—Part VI of subtitle B of title III of the Agricultural Adjustment Act of 1938 is amended—

(A) in section 358–1 (7 U.S.C. 1358–1)—

(i) in the section heading, by striking ''**1991 THROUGH 1997 CROPS OF**'';

(ii) in subsections (a)(1), (b)(1)(B), (b)(2)(A), (b)(2)(C), and (b)(3)(A), by striking ''of the 1991 through 1997 marketing years'' each place it appears and inserting ''marketing year'';

(iii) in subsection (a)(3), by striking ''1990'' and inserting ''1990, for the 1991 through 1995 marketing years, and 1995, for the 1996 through 2002 marketing years'';

(iv) in subsection (b)(1)(A)—

(I) by striking ''each of the 1991 through 1997 marketing years'' and inserting ''each marketing year''; and

(II) in clause (i), by inserting before the semicolon the following: '', in the case of the 1991 through 1995 marketing years, and the 1995 marketing year, in the case of the 1996 through 2002 marketing years''; and

(v) in subsection (f), by striking ''1997'' and inserting ''2002'';

(B) in section 358b (7 U.S.C. 1358b)—

(i) in the section heading, by striking ''**1991 THROUGH 1995 CROPS OF**''; and

(ii) in subsection (c), by striking ''1995'' and inserting ''2002'';

(C) in section 358c(d) (7 U.S.C. 1358c(d)), by striking ''1995'' and inserting ''2002''; and

(D) in section 358e (7 U.S.C. 1359a)—

(i) in the section heading, by striking ''**FOR 1991 THROUGH 1997 CROPS OF PEANUTS**''; AND

(ii) in subsection (i), by striking ''1997'' and inserting ''2002''.

(2) ELIMINATION OF QUOTA FLOOR.—Section 358–1(a)(1) of the Act (7 U.S.C. 1358–1(a)(1)) is amended by striking the second sentence.

(3) TEMPORARY QUOTA ALLOCATION.—Section 358–1 of the Act (7 U.S.C. 1358–1) is amended—

(A) in subsection (a)(1), by striking ''domestic edible, seed,'' and inserting ''domestic edible use'';

(B) in subsection (b)(2)—

(i) in subparagraph (A), by striking ''subparagraph (B) and subject to''; and

(ii) by striking subparagraph (B) and inserting the following:

''(B) TEMPORARY QUOTA ALLOCATION.—

''(i) ALLOCATION RELATED TO SEED PEANUTS.—Temporary allocation of quota pounds for the marketing year only in which the crop is planted shall be made to producers for each of the 1996 through 2002 marketing years as provided in this subparagraph.

''(ii) QUANTITY.—The temporary quota allocation shall be equal to the pounds of seed peanuts planted on the farm, as may be adjusted under regulations prescribed by the Secretary.

''(iii) ADDITIONAL QUOTA.—The temporary allocation of quota pounds under this paragraph shall be in addition to the farm poundage quota otherwise established under this subsection and shall be credited, for the applicable marketing year only, in total to the producer of the peanuts on the farm in a manner prescribed by the Secretary.

''(iv) EFFECT OF OTHER REQUIREMENTS.—Nothing in this section alters or changes the requirements regarding the use of quota and additional peanuts established by section 358e(b).''; and

(C) in subsection (e)(3), strike ''and seed and use on a farm''.

(4) UNDERMARKETINGS.—Part VI of subtitle B of title III of the Act is amended—

(A) in section 358–1(b) (7 U.S.C. 1358–1(b))—

(i) in paragraph (1)(B), by striking ''including—'' and clauses (i) and (ii) and inserting ''including any increases resulting from the allocation of quotas voluntarily released for 1 year under paragraph (7).'';

(ii) in paragraph (3)(B), by striking ''include—'' and clauses (i) and (ii) and inserting ''include any increase resulting from the allocation of quotas voluntarily released for 1 year under paragraph (7).''; and

(iii) by striking paragraphs (8) and (9); and

(B) in section 358b(a) (7 U.S.C. 1358b(a))—

(i) in paragraph (1), by striking ''(including any applicable under marketings)'' both places it appears;

(ii) in paragraph (1)(A), by striking ''of undermarketings and'';

(iii) in paragraph (2), by striking ''(including any applicable under marketings)''; and

(iv) in paragraph (3), by striking ''(including any applicable undermarketings)''.

(5) DISASTER TRANSFERS.—Section 358–1(b) of the Act (7 U.S.C. 1358–1(b)), as amended by paragraph (4)(A)(iii), is further amended by adding at the end the following:

''(8) DISASTER TRANSFERS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), additional peanuts produced on a farm from which the quota poundage was not harvested and marketed because of drought, flood, or any other natural disaster, or any other condition beyond the control of the producer, may be transferred to the quota loan pool for pricing purposes on such basis as the Secretary shall by regulation provide.

''(B) LIMITATION.—The poundage of peanuts transferred under subparagraph (A) shall not exceed the difference between—

''(i) the total quantity of peanuts meeting quality requirements for domestic edible use, as determined by the Secretary, marketed from the farm; and

''(ii) the total farm poundage quota, excluding quota pounds transferred to the farm in the fall.

''(C) SUPPORT RATE.—Peanuts transferred under this paragraph shall be supported at not more than 70 percent of the quota support rate for the marketing years in which the transfers occur. The transfers for a farm shall not exceed 25 percent of the total farm quota pounds, excluding pounds transferred in the fall.''.

McCONNELL AMENDMENT NO. 3313

(Ordered to lie on the table.)

Mr. McCONNELL submitted an amendment intended to be proposed by him to the bill S. 1541, supra; as follows:

At the appropriate place, insert the following: ''Notwithstanding any other provision of law, tobacco marketing assessments required to be collected for budget deficit reduction purposes shall be used first to offset any administrative expenses that are incurred in carrying out the tobacco price support and production adjustment program to the extent that such costs are not otherwise subject to reimbursement under other assessments specific to tobacco.''

GRAHAM AMENDMENT NO. 3314

(Ordered to lie on the table.)

Mr. GRAHAM submitted an amendment intended to be proposed by him to the bill S. 1541, supra; as follows:

At the appropriate place insert the following:

SECTION 1. SUBJECTION OF IMPORTED TOMATOES TO PACKING REQUIREMENTS.

Section 8e(a) of the Agricultural Adjustment Act (7 U.S.C. 608e–1(a)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended—

(1) in the first sentence—

(A) by striking ''or maturity'' and inserting '', maturity, or (with respect to tomatoes) packing''; and

(B) by striking ''and maturity'' and inserting ''maturity, and (with respect to tomatoes) packing''; and

(2) in the second sentence by striking ''and maturity'' and inserting ''maturity, and (with respect to tomatoes) packing''.

CONGRESSIONAL GOLD MEDAL LEGISLATION

FAIRCLOTH AMENDMENT NO. 3315

Mr. DOLE (for Mr. FAIRCLOTH) proposed an amendment to the bill (H.R. 2657) to award a congressional gold medal to Ruth and Billy Graham; as follows:

On page 4, following the period on line 7, strike all that follows:

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON ARMED SERVICES

Mr. SANTORUM. Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet at 10:30 a.m. on Thursday, February 1, 1996, to consider the nomination of Gen. Henry H. Shelton, USA for appointment to the grade of general and to be commander in chief, U.S. Special Operations Command and Lt. Gen. Eugene E. Habiger, USAF for appointment to the grade of general and to be commander in chief, U.S. Strategic Command.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON RULES AND ADMINISTRATION

Mr. SANTORUM. Mr. President, I ask unanimous consent that the Committee on Rules and Administration be authorized to meet during the session of the Senate on Thursday, February 1, 1996, beginning at 9 a.m. until business is completed, to hold a hearing on campaign finance reform.

The PRESIDING OFFICER. Without objection, it is so ordered.

SELECT COMMITTEE ON INTELLIGENCE

Mr. SANTORUM. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on Thursday, February 1, 1996, at 2 p.m. to hold a closed hearing on intelligence matters.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

LIMITING STATE TAXATION OF CERTAIN PENSION INCOME—H.R. 394

● Mr. D'AMATO. Mr. President, I am pleased to support this bill and would like to clarify that the language contained in the proposed legislation adds to the types of retirement income eligible for exemption. This language clearly intends to exempt from tax nonqualified deferred compensation that constitutes legitimate retirement income. Because it affects retirement income, only income form qualified retirement plans and nonqualified retirement plans that are paid out over at least 10 years, or from a mirror-type nonqualified plan after termination of employment, is exempt from State taxation.

The language does not prohibit states from imposing an income tax on nonresidents' regular wages or compensation. Cash bonuses or other compensation arrangements that defer the receipt of salary, bonuses, and other types of wage-related compensation that are not paid out over at least 10 years or from a mirror-type nonqualified retirement plan are not exempt from State taxation. One example would be if a salary is earned in a State by an individual, whether a resident or nonresident, but is voluntarily deferred for a few years until the individual exits the State, and then is paid over in a lump-sum, even while the individual is still employed by the company, that kind of payment should not qualify for exemption from nonresident taxation of pensions. It is the intent of this bill to permit the States to continue to tax this income, while protecting from taxation those deferred payments that are for retirement income, paid from plans designed for that purpose.●

CAMPAIGN FINANCE REFORM

●Mrs. MURRAY. Mr. President, I rise today to speak once again on the need to address an issue that continues to haunt the inner core of our political system: campaign financing laws.

Mr. President, we debate many issues in the U.S. Senate. We debate everything from national security to local roads and bridges. We spent a lot of time the past 12 months debating the need to balance the Federal budget and maintain access to health care services.

During these times, it always strikes me as I sit in the Senate Chamber that we do not debate these issues by ourselves. In fact, far more than just 100 Senators participate in these debates. We are joined by the thoughts and opinions of people representing special interests—some good, some not so good, in my opinion—who far too often today make large financial contributions in hopes of tilting the scales of Senate deliberations in their favor.

Mr. President, this is big a problem, and I'll tell you why. I urge my colleagues to look around their States and listen to the people. Voters in this country are angry, frustrated, and in general less than confident about the future. A series of articles has run in the Washington Post the past few days documenting this angst. But we don't need to read about it in the Post; we can see it and hear it in every town meeting, editorial board, and public event we attend.

I believe a lack of faith in Government lays at the root of peoples' concerns about the future. If people don't trust the politicians, how can they have faith in congressional decisions? When the agencies are forced to shut down, with absolutely no meaningful result, how can people have any other reaction than greater disaffection?

I firmly believe the Senate is filled with honorable, dedicated public servants. This Senate has been as passionate and principled as any in memory. But we could have 100 Jimmy Stewarts here in 1996, and the public would still question their character. Until we do something dramatic to address public confidence, we can expect the gap between the people and their government to widen.

There is nothing I can think of that would be worse for this country; for alienation breeds apathy, and apathy erodes accountability. America is the greatest democracy the world has ever known, and it was built on the principle of accountability: government of the people, by the people, for the people. We simply must restore peoples' faith in their government.

At the core of the problem is money in politics. Right now the system is designed to favor the rich, at the expense of the middle class. It benefits the incumbents, at the expense of challengers. And most of all, it fuels Washington, DC, Inc., at the expense of the average person on Main Street, U.S.A.

The average person feels like they can no longer make a difference in this system. Just the other day my campaign received a $15 donation from a woman in Washington State. She included a note to me that said, ''Senator MURRAY, please make sure my $15 has as much impact as people who give thousands.'' She knows what she is up against, but she is still willing to make the effort. Unfortunately people like her are fewer and farther between, and less able than ever to make that difference.

We see her problem when people like Malcolm Forbes, Jr., are able to use inherited personal wealth to buy their way into the national spotlight. Ninety-nine percent of the people in America could never even imagine making that kind of splash in politics. Are we to rely solely on the benevolence of the wealthy to ensure strong democracy in this country? I don't think that is what the Founding Fathers had in mind.

All of this occurs against the backdrop of a campaign finance system that hasn't been reformed since Watergate, over 20 years ago. I would even say

public faith in Government today has sunk below what it was in 1974. I should know; this lack of faith is what inspired me to seek this office in 1992. If I've learned anything in my brief career, it's this: If you give any good set of political lawyers 20 years, they will find a way to exploit even the best system to maximum personal advantage. We have to reform the campaign financing laws, and we have to do it soon.

Given the voters' unambiguous message in the 1992 election, we tried to enact significant reform in the 103d Congress. The Senate overwhelmingly passed a bipartisan bill in 1993, and the House followed suit later. As a newly elected Senator at the time, I was proud to support that bill. Unfortunately, this effort fell prey to partisan rancor in 1994, and ultimately died in a Republican filibuster in the Senate.

So here we are again, considering various reform proposals in the 104th Congress. There are two bills currently pending in the Senate that reflect my concerns about campaign reform: S. 1219, introduced by Senators MCCAIN and FEINGOLD, and S. 1389, introduced by Senator FEINSTEIN.

The McCain-Feingold bill is very broad, and treats nearly every aspect of the system. It restricts Political Action Committee contributions; it imposes voluntary spending limits; it provides discounted access to broadcast media for advertising; it provides reduced rates for postage; it prohibits taxpayer-financed mass mailings on behalf of incumbents during an election year; it discourages negative advertising; it requires full disclosure of independent expenditures; and it reforms the process of soft money contributions made through political parties.

Mr. President, these are very strong, positive steps. If enacted as a package, they would make our system of electing Federal officials more open, competitive, and fair. I feel strongly that we must take such steps to reinvigorate peoples' interest in the electoral process, and in turn to restore their confidence in the system.

There are some provisions in S. 1219 that could be problematic, however. For example, the bill would require a candidate to raise 60 percent of his or her funds within the State. This might work fine for someone from New York or California. However, it could put small State candidates at a real disadvantage, particularly if their opponent is independently wealthy. The fact remains that modern Federal elections are very expensive. Therefore, I think we should review this provision of S. 1219 very carefully before making a final decision.

Mr. President, the Feinstein bill, S. 1389 is slightly different. It proposes some similar reforms, such as voluntary spending limits, free broadcast access under specified conditions, discounted media in general, and reduced postage rates. The bill also discourages the use of personal wealth for election campaigns, and takes a hard line against negative advertising. Like the McCain-Feingold bill, these are positive steps which, as a package, could significantly improve the quality of our elections.

S. 1239 differs from S. 1219 in one respect: It does not restrict Political Action Committees. In taking this approach, the bill suggests that PAC's have a legitimate role in the process, and I am inclined to agree for two reasons. First, PAC's are fully disclosed, and subject to strict contribution limits. That means we have a very detailed paper trail from donor to candidate for everyone to see. Second, they give a voice to individual citizens like women and workers and teacher who, if not organized as a group, might not be able to make a difference in the process.

A serious question about PAC's remains, however: Do they unfairly benefit incumbents at the expense of challengers? This is a legitimate question, and one I think we should address in any final reform legislation.

Mr. President, these are not the only two bills on campaign reform pending in the Senate, but they are the two that most closely reflect my thinking. We need to reduce, or at a minimum control, the amount of campaign spending. We need to make campaigns more civil. Most of all, we need to make campaigns more fair, more competitive, and more inclusive of all citizens. I think these two bills would move us substantially in that direction.

Therefore, I am happy to announce today that I have become a cosponsor of both S. 1219 and S. 1389. S. 1219 in particular is the product of the strongest bipartisan reform effort in many years, and I commend senators MCCAIN and FEINGOLD for moving the issue forward. I also commend Senator FEINSTEIN for bringing her personal experience and ideas to this issue. After two California campaigns in 2 years, she knows the flaws in the current system as well as anyone.

Mr. President, I hope real reform is enacted in 1996. The President of the United States made it very clear in his State of the Union Address the other night: This is a high personal priority for him, and he will sign a bill if we send him one. It may not be exactly these two bills, and I know there are several others on this issue currently pending. For example, the Democratic leader, Senator DASCHLE, has a bill that is very similar to the one filibustered in 1994. It will be our responsibility as legislators to find the best elements among these bills and refine them into a workable reform package.

The people in this country want to feel ownership over their elections; they want to feel like they, as individuals, have a role to play that can make a positive difference. Right now, for better or worse, not many people feel that way, and the trend is in the wrong direction. Campaign reform isn't the silver bullet; but it is very important. I believe real campaign reform efforts by Congress would be one of the strongest, easiest steps we could take to begin restoring peoples' faith in the process.●

FEDERAL ENERGY REGULATORY COMMISSION

● Mr. MURKOWSKI. Mr. President, as part of its strategic realignment and downsizing proposal, the Department of Energy has transmitted proposed legislation to transfer the Federal Energy Regulatory Commission outside of the Department of Energy. Presently, although FERC is part of DOE, it functions as a hybrid agency, neither truly independent, nor quite a part of the executive branch.

In 1977, President Carter, in response to continuing repercussions from the 1973–74 Arab oil embargo and wintertime shortages of natural gas, proposed a reorganization of the disjointed Federal energy establishment. The purpose of the reorganization was the creation of a single agency that would possess the responsibility for coordinating all national energy matters and policy. To this end, the Carter administration proposed legislation that was to assign all of the Government's energy regulatory and policy functions to one cabinet-level Department of Energy.

Although the Carter administration's goal of creating a unitary energy agency was, to a certain extent, shared by Congress, Congress also wished to preclude executive branch control of various regulatory functions formerly performed by the Federal Power Commission, including the establishment of rates for the transportation and sale of wholesale natural gas and electricity. These two conflicting objectives resulted in the anomaly of an independent agency being established within an executive department.

Thus, although FERC is part of the Department of Energy, the power of the Secretary of Energy to influence the policies of the FERC is circumscribed. Specifically, the Department of Energy Organization Act gives the Secretary the authority to propose rules, regulations, and statements of policy of general applicability with respect to any function under the jurisdiction of the Commission. The Secretary may set reasonable time limits for action by the Commission, but the Commission has exclusive jurisdiction over, and takes final action, if any, upon, such proposals. Although limited, this authority has proven to be valuable to past administrations as they attempt to implement a coherent energy policy.

Thus, although DOE claims that its proposed legislation would make the FERC a fully independent agency, the proposed legislation retains the special authority given to the President by existing law. As a result, the proposed legislation has no practical effect. By taking the FERC off of DOE's books,

the bill would make the DOE budget appear to be smaller, but would not change the substantive relationship between DOE and FERC or save the Government money.

Because I believe the proposed legislation achieves no substantive purpose, I will not introduce this legislation. However, I acknowledge receipt of the proposed legislation and ask that its text be printed in the RECORD as part of this statement.

The text follows:

PROPOSED BILL

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 ''Federal Energy Regulatory Commission Act of 1995''.

SEC. 2. TRANSFER OF THE FEDERAL ENERGY REGULATORY COMMISSION.

The Federal Energy Regulatory Commission established by section 204 and title IV of the Department of Energy Organization Act (42 U.S.C. 7134, 7171–7177) is transferred outside the Department of Energy. The Commission shall continue to be an independent regulatory commission with the same organization, functions, and jurisdiction as it had prior to the effective date of this Act, except as is otherwise provided in this Act.

SEC. 3. AUTHORITY OF COMMISSION.

(a) Except as is provided in subsection (b), there are transferred to and vested in the Federal Energy Regulatory Commission all functions and authority of the Secretary of Energy and the Department of Energy under the—

(1) Federal Power Act (16 U.S.C. 791a–825r),

(2) Interstate Commerce Act (title 49, United States Code, App.) related to transportation of oil by pipeline,

(3) title IV of the Natural Gas Policy Act of 1978 (15 U.S.C. 3391–3394), and

(4) Natural Gas Act (15 U.S.C. 717–717w).

(b) The Secretary of Energy shall retain the authority—

(1) under section 402(f) of the Department of Energy Organization Act (42 U.S.C. 7172(f));

(2) to initiate rulemaking proceedings before the Federal Energy Regulatory Commission under section 403 of the Department of Energy Organization Act (42 U.S.C. 7173); and

(3) to intervene as a matter of right in Federal Energy Regulatory Commission proceedings under section 405 of the Department of Energy Organization Act (42 U.S.C. 7175).

(c) After the effective date of this Act, the Federal Energy Regulatory Commission shall not exercise authority or jurisdiction under—

(1) section 503(c) of the Department of Energy Organization Act (42 U.S.C. 7193(c)), except for a remedial order or a proposed remedial order pending before the Department or the Commission on the effective date of this Act;

(2) subsection 402 (d) and (e) of the Department of Energy Organization Act (42 U.S.C. 7172 (d) and (e)), except for a matter pending before the Commission on the effective date of this Act, or which by that date has been assigned to the Commission with its consent under section 402(e);

(3) section 504(b) of the Department of Energy Organization Act (42 U.S.C. 7194(b)), except for a review pending before the Commission on the effective date of this Act; or

(4) section 404 of the Department of Energy Organization Act (42 U.S.C. 7174).

(d) Section 3(c) of the Natural Gas Act (15 U.S.C. 717b(c)) is amended by—

(1) striking ''For purposes of subsection (a),'' and inserting ''Subsection (a) shall not apply to'' and

(2) striking all that follows ''trade in natural gas,'' and inserting ''except to the extent provided by the President by Executive Order.''.

(e) Notwithstanding section 401(j) of the Department of Energy Organization Act (42 U.S.C. 7171(j)), the Federal Energy Regulatory Commission shall submit budget requests and legislative recommendations directly to the Office of Management and Budget.

(f) The Inspector General for the Department of Energy shall serve as the Inspector General for the Federal Energy Regulatory Commission. The Federal Energy Regulatory Commission shall reimburse the Department of Energy Inspector General for the cost of annual audits of Commission financial statements that the Department Inspector General performs or contracts with another person to perform in the course of fulfilling the duties as Inspector General of the Commission.

SEC. 4. EFFECTIVE DATE.

This Act takes effect on October 1, 1996.●

PARAMOUNT CHIEF LETULI TOLOA, PRESIDENT OF THE SENATE OF AMERICAN SAMOA

● Mr. INOUYE. Mr. President, it is my sad duty to advise my distinguished colleagues of the passing of a great friend of our Nation and a great leader of the people of American Samoa. On January 30, 1996, Paramount Chief Punefu-ole-motu Letuli Toloa peacefully passed away at his home after over four decades of public service.

Since 1989 until his untimely death, Chief Letuli Toloa served as president of the senate of American Samoa. He was a retired U.S. Coast Guardsman, after more than 20 years of service. He served as governor of his district from 1974 to 1977 and was appointed commissioner of public safety for American Samoa in 1978. In 1981, Chief Letuli Toloa became a senator from his district and 8 years later was elected by his peers to be senate president.

As a cultural and government leader, Chief Letuli Toloa did his utmost to protect the culture of American Samoa from the negative aspects of western influence and culture. This difficult task was carried out with great diplomacy. The fa'aSamoa continues to survive because of great leaders like Chief Letuli Toloa.

In addition to his distinguished government service, Chief Letuli served for many years as deacon elder for his church. He will be remembered as a kind and gentle man who was noted for his great skill as a peacemaker in his extended family, in government, in his village and in his district. Though endowed with great power, he was always humble, and never succumbed to arrogance or vanity.

I have had the pleasure of working with the son of Chief Letuli, who mirrors the many virtues and strengths of his great father.

Paramount Chief Letuli Toloa is survived by his wife, Saolotoga Savali Letuli, 6 children, and 10 grandchildren. American Samoa has lost a great leader, and America has lost a good friend.●

RURAL MANAGED CARE COOPERATIVES

● Mr. HATFIELD. Mr. President, real health care reform has eluded us the past several years and there are sectors of our population that are suffering. Today I speak of a particular segment of our society that, at least in discussions of health care, is too often overlooked—rural America. Rural communities face the unique challenge of obtaining health care in isolated areas. Economic depression, geographic isolation, an inability to retain qualified providers, and a lack of primary care facilities are a few of the barriers to quality health care in our rural and agricultural sectors. To meet this challenge, I have filed an amendment to support the development of rural managed care cooperatives—a small investment in the health of our farmers, their families and all those who make up the communities we call rural America.

There is no dispute that the economic base and the economic vitality of a given community is directly correlated to the health of the individuals who serve it. As we discuss the farm bill, under whatever guise it may be considered, we must not forget this important fact. The health of our farm industry is of the utmost importance, but it must not be separated from the health of the men and women who support it.

Cooperatives, in one form or another, have been second nature to farming communities for over a century. Whether farmers join together to form a purchasing cooperative, one of the most common types, or a marketing cooperative, the style of business has proven itself fair, efficient, and effective. Furthermore, its laws of operation translate remarkably well to sectors such as housing, service, and even rural health care.

Make no mistake. This idea of a rural health care cooperative is not new. In 1929, Elk City, OK, became home to the first health maintenance organization run by the farmers cooperative. Since then, several attempts to create rural health cooperatives have failed as a result of being unable to meet the necessary startup costs. My amendment provides this startup support.

It would allow the Secretary of Health and Human Services, acting through the Health Resources and Services Administration and the Secretary of Agriculture, acting through the Rural Business and Cooperative Development Service, to award competitive grants to those communities which wish to form a rural managed care cooperative. The purpose of the cooperative is to establish a structure and approach that will keep rural hospitals and health care systems financially sound and competitive with urban health care systems.

Especially in recent years, rural areas have found it increasingly difficult to attract the physicians and other health care providers necessary

to meet even minimum community health standards. This shortage of providers results from the inability of rural communities to compete with comparatively rich urban markets. The resources of these larger markets are alluring incentives for health care providers to avoid or stray away from their rural practices. By establishing a systematic case management and reimbursement system designed to support the communities' needs, a cooperative will provide an effective framework for negotiating contracts with payers and a framework for assuring a defined level of quality.

Through the combination of medical resources, streamlined managerial and reimbursement responsibilities, and shared liability, rural managed care cooperatives have proven themselves able to attract health care providers, thus improving access to and quality of rural care and enhancing the economic vitality of rural health care systems and, commensurately, the economic vitality of surrounding rural industries.

Of concern to participants in such cooperatives is the threat of antitrust lawsuits. Such a threat serves to undermine the goal of rural managed care cooperatives. While the Capper-Volstead Act of 1922 recognized farmers' rights to form cooperatives without violating antitrust laws, these rights have not transferred to rural health care providers. Therefore, language in my amendment would protect those providers who participate in cooperatives from antitrust laws. This antitrust law exemption is necessary to facilitate the development of rural networks and developments.

More than once, I have expressed my concern for the crisis in rural health care. Between 1989 and 1993, 141 rural community hospitals have closed. In my State alone, five rural hospitals have closed since 1986 and several others face the threat of closure. Rural health care cooperatives are not the panacea to this crisis, but it is a dose potent enough to make a difference. As we consider the health of our Nations' farm industry, I would urge us to remember the health of the rural communities which house it.●

HONORING MILWAUKEE'S SESQUICENTENNIAL

● Mr. FEINGOLD. Mr. President, I rise to pay tribute to a great American city, Milwaukee, WI, on its birthday.

Yesterday, Milwaukee celebrated the 150th anniversary of its incorporation.

The residents of that small trading center of 1846 would be astonished if they walked the streets of the lively, diverse city of more than 625,000 people today.

Milwaukee was born as a city during a very important year in Wisconsin history. Congress passed enabling legislation admitting Wisconsin to the Union in 1846, and delegates gathered that year in Madison for the State's constitutional convention.

Milwaukee sits astride the Milwaukee, Menomonee, and Kinnickinnic Rivers on Lake Michigan at the site of three former settlements—Juneautown, Kilbourntown and Walker's Point—that themselves grew up in the area that had been camping grounds of the indigenous Native American population, including members of the Potawatomi, Ottawa, Chippewa, and Menomonee nations. French explorers, including, notably, Father Jacques Marquette, began visiting the area in the late 1600's, and by the mid-1700's, a trading post had been established.

Mr. President, vigorous commerce has been central to Milwaukee's existence from its beginning. What was to become Milwaukee began as three competing commercial ventures by Byron Kilbourn, a surveyor; George Walker, a trader and land speculator; and a fur trader, Solomon Juneau, who brought along a partner, Morgan Martin. By the late 1830's, each venture had spawned individually incorporated settlements whose inhabitants competed fiercely, even coming to blows during local hostilities that flared up into the Great Bridge War of 1845.

Realizing that conflict was not the handmaiden to progress, all three settlements eventually agreed to form one city, Milwaukee.

Mr. President, Milwaukee, once incorporated, grew quickly; its population soaring from about 20,000 in 1850 to more than 285,000 by the turn of the century and to more than 575,000 by 1930.

Immigrants came in several waves, each group establishing its unique imprimatur on the city. In the early 1800's, they were mostly New Englanders and New Yorkers whose roots reached back to England. The first African-American settler, a man named Joe Oliver, arrived in 1835 and worked for Solomon Juneau. By the middle of the 1840's, German immigrants were arriving at the rate of more than 1,000 per week. Irish immigrants arrived, too, settling largely in the city's third ward, on the southeast side of the downtown. The Polish community grew quickly in the late 19th century, giving the South Side its character. The city was eventually populated with settlers from Italy, Hungary, the Balkans, Mexico, nearly every point on the compass. In terms of the diversity of ethnic backgrounds of its residents, Milwaukee is as cosmopolitan a city as one can find.

By the arrival of the Civil War, Milwaukee had become a busy center for the quintessential Midwestern hog and wheat industries. In 1868, an iron and steel mill was built south of the Milwaukee River, kicking off a vigorous industrialization. By 1890, the leading industry was the one for which Milwaukee is probably best-known throughout the world—brewing.

Nowadays, the city is the home to companies like Harley-Davidson, Miller Brewing, Master Lock and Northwestern Mutual Life Insurance. Area firms annually create goods with an aggregate value of approximately $19 billion.

Mr. President, Milwaukee also has had a lively political history, not just limited to Democrats and Republicans. Israeli Prime Minister Golda Meier grew up and was educated in Milwaukee before leaving to later make her mark in history. From 1910 through 1960, several socialists were elected mayor, running the city for 38 of those 50 years. One of them, Frank Zeidler, was the city's chief executive from 1948 until 1960. Elected to office on a public enterprise program, he doubled the city's size from about 48 square miles to about 96 square miles with an energetic annexation program.

Stability has been one hallmark of Milwaukee government, earning the city a reputation for efficiency, honesty and fiscal responsibility, traits that would serve any government well. Three men—Daniel Webster Hoan, Frank Zeidler, and Henry Maier—served as mayor for a total of 64 years.

Milwaukee is the home of some wonderful architecture, from some of the impressive homes along Lake Drive to city hall. The city boasts an array of cultural opportunities, including its symphony, a zoological park, the Pabst Theatre and big-league basketball and baseball franchises, as well as other sports teams.

Like all modern cities, Milwaukee faces challenges in a rapidly-changing, ever-more-complex world, but, given what I know of the character of the people who live there, I am confident Milwaukee will rise to those challenges.

So, Mr. President, let me say, happy anniversary, Milwaukee, and my best wishes for many more.●

GRACE SOOTHES MOTHER NATURE

● Mr. MOYNIHAN. Mr. President, last month the people of the Catskills region suffered some of the worst floods of their history. The waters swept away homes and property, roadways and bridges, schools, and businesses. There was injury and death. But the people endured with grace and courage and, as a recent editorial by Paul Smart in the Mountain Eagle attests, they have harnessed that same spirit to begin rebuilding their dreams.

Mr. President, I ask that this editorial be printed in the RECORD following my remarks.

The editorial follows:

[From the Mountain Eagle, Tannersville, NY]

THE FORCE OF NATURE

The past week has been a wearying one for us here in the Catskills. Friday saw us all battling against floodwaters. Saturday morning was a time of assessment and reassessment. By Sunday, clean-up had begun.

Driving around our coverage region, which enfolds most of the damaged areas, the largeness of real disaster crept up on us. Snapping

photos and gathering stories, we went from an unconscious comparison of one township's horrors to others to an almost overbearing sense of tragedy.

The damage is everywhere. The most visible cataclysms of Margaretville, Walton and the Schoharie Valley are the tip to a sad iceberg. Roads and bridges were damaged in nearly every township. Basements and yards and driveways, not to mention whole first floors and entire homes, have been trashed by the oft-forgotten force of nature. The damage totals, still being added up as we go to press, are staggering.

In the midst of all this, though, were incredible moments that defined man's hope, that characterized people's resilience better than any example we've encountered. Everyone chipped in to help each other. Battered business people and homeowners laughed at their fate, then vowed recovery. Outside help started pouring in. Bitterness was given no toehold amongst the destruction.

Of course, much of this can be chalked up to the closeness between invigoration and enervation. There are times when one has no alternative but to look up. The call of the moment has been deafening; we've had no choice but to focus on the now, on the jobs at hand. It will only be later that the real pain of what we've been through will hit. We must prepare for then.

We must remember that the recent floods have proven our region's cohesion, at least in nature's eyes. And we must remember that it has only been through our shared efforts that we've come through all this. The outside world has not forsaken us, just as we have not forsaken each other.

Nature is a cruel mistress. We sometimes scoff at the ideas of 100-year flood plains that rule our planning documents, sometimes think that we've reached an age where our human efforts can thwart all. But then matters fall out of our hands. We are forced to realize where we live, what we must deal with for our choices. And when we rebuild our dreams, we must do so cogniscent of the tragedies that have preceded our actions.

Good times still lie ahead of us, just as they occupy our memories. As humans, we know how to persevere, how to rebuild and fortify. The future is always ours.

Please let us know what we can do to help. We care for this region. We know its days of glory have yet to come.

And we bless all our angels for helping us through this past week: our local officials, our emergency volunteers, our neighbors and saviors. We even thank dear Mother Nature for having dropped our temperatures below freezing last Friday night so the waters would abate and we could get on with the hard business of life.●

TRIBUTE TO MARY M. STEFON

● Mr. DODD. Mr. President, it was once said: ''Leadership is not bestowed. It is only yours for as long as it is continually earned.'' Today, I rise to pay tribute to Mary M. Stefon, a leader and public servant who truly personifies this adage.

Mary recently retired from her post as town clerk of the Town of Sprague, CT—the town she served in various elective capacities for 34 years. Those of us in political life know it is rare to be continually returned to office by one's fellow citizens for so many years, and for Mary Stefon to be so honored by her constituents is a testament to the great respect and faith she has earned from them.

Mary's service to her hometown grew out of her firmly planted roots there. She has lived in Sprague since 1927, graduating from school and raising her family there. She took an active role in many community affairs, serving in official positions on the Board of Education of St. Joseph School, the Sprague Housing Authority, and the Sprague Grist Mill Committee. She was active in Democratic politics, serving as chairman, vice-chairman, secretary and treasurer of the Democratic Town Committee. And in elective office, Mary served not only as town clerk until last year, but also as town treasurer until 1977 and agent of town deposit fund until 1982. As if serving in all three elected posts is not impressive enough, consider that for 16 years, she occupied them simultaneously.

But Mary Stefon's schedule was apparently not busy enough, and she participated in many volunteer activities in addition to her other duties. After serving in the U.S. Navy Waves during World War II, her later volunteer activities included speaking to elementary school children as part of the Northeast Utilities Career Motivation Program, working as a volunteer bookkeeper for a Youth Employment Program, and volunteering at St. Mary's Church in Baltic.

Fine people like Mary M. Stefon—wife, mother, grandmother, volunteer, mentor, leader, and public official—are indeed the people who create the sense of community in Connecticut's and America's towns. And it is people like her, who always find time to give of themselves to others, who are role models for us all.

Mr. President, this year, sadly, many of the best public servants this country has ever known have made the decision to retire from public life. Mary M. Stefon is without question among them. I wish her well, and join the citizens of Connecticut and the Town of Sprague in thanking her for her dedicated and outstanding public service.●

AUTHOR WILLIAM MAXWELL HONORED WITH PEN-MALAMUD AWARD

● Mr. MOYNIHAN. Mr. President, just over a half century ago, as a young sailor, Harry Hall, also in the Navy at that time, sent me a copy of ''The Folded Leaf,'' a novel by William Maxwell. It may have been the first novel I ever read seriously, or at least the first that seemed seriously addressed to my own experience as a young man. Whatever, it has remained with me ever since, not least the lines from Tennyson,

Lo! In the middle of the wood,
The folded leaf is woo'd from out the bud

I am happy to report that William Maxwell has just received the PEN-Malamud Award. It was given to him at the Folger Shakespeare Library, a mere two blocks from the Capitol, and I know the Senate would wish to join in congratulations.

William Maxwell spent nearly 40 years as a staff writer and fiction editor at the New Yorker. ''Talk of the Town'' celebrated his award. Mr. President, I ask that this article be printed in the RECORD following my remarks.

The article follows:

[From the New Yorker, Dec. 25, 1995 and Jan. 1, 1996]

MAXWELL'S SMARTS

''The lights are so bright I can't see your faces,'' William Maxwell said, stepping up to the podium at the Folger Shakespeare Library, in Washington, D.C. ''Being here makes me think of ghosts,'' he went on. ''I had a dear friend who spent many days and weeks here, researching to write a book on Shakespeare. And I had another who worked in the library for a time. I hope they are both present tonight.'' He was standing on the stage of the Folger theatre, an antique-feeling space with high galleries, square columns, and a wood-and-plaster Elizabethan stage house, all of which give it a ponderous elegance. The occasion was the eighth annual PEN/Malamud Award reading, and Maxwell was being honored, along with Stuart Dybek, for excellence in the practice of the short story. A large, warmly appreciative audience was present, including Maxwell's wife, Emily; members of Bernard Malamud's family, and the writers Charles Baxter, Nicholas Delbanco, Alan Cheuse, Maxine Clair, Michael Collier, Patricia Browning Griffith, Howard Norman, Susan Richards Shreve, William Warner, and Mary Helen Washington.

A few minutes earlier, Dybek had spoken of how privileged he felt to be on the same stage with William Maxwell. He then honored the elder writer in the best way one writer can honor another: by being terribly good. He read a densely lyrical and dramatic story called ''We Didn't.'' It charmed the house and made everyone glad of the short story, this superior form of entertainment.

And now Maxwell was standing on the podium. Well into his eighties, with the slightest hesitation in his movements, he still seemed wonderfully calm, a man spending a little time with friends. He wore a dark suit and looked very trim; his dark eyes were animated with the same humor and interest one finds in his stories. As a staff writer and fiction editor at The New Yorker for nearly forty years, Maxwell worked with such writers as John Cheever, Eudora Welty, and Mavis Gallant. Meanwhile, he wrote stories and novels that are as good as or better than those of just about anyone else: ''Over by the River,'' for instance, and the short novel ''So Long, See You Tomorrow,'' which is set in his native Illinois and, like so much of his work, evokes the simple grandeur of life in a small Midwestern community in the recent past.

Now, opening the bound galleys of his recently published collected stories, ''All the Days and Nights,'' Maxwell looked into the brightness again and said, ''I'm going to read a story called 'The French Scarecrow.''' There was a murmur of recognition from the crowd. Very gracefully and somehow confidingly, he began to read. He read softly, pausing—without seeming to monitor the sound—for the laughs. His precise, elegant, and quietly humorous study of unease was a perfect complement of the electricity of the Dybek story.

When Maxwell finished and the applause died down, Janna Malamud Smith was introduced. In the name of her father, she presented the award to both writers, and then everyone adjourned to the Great Hall for wine and finger food. The wine tasted as though it had been aged in a stone jar, but nobody seemed to mind. Maxwell and Dybek signed their books and answered questions

amid a general feeling of well-being and affection. If the ghosts of Maxwell's friends were somewhere in the sculptured brown lines of the Folger theatre and Great Hall, then they must certainly have been travelling in the company of Bernard Malamud, for the spirit of that marvelous writer of stories was invoked by every facet of the evening.●

FRENCH NUCLEAR TESTING

● Mr. FEINGOLD. Mr. President, I rise today to join my colleagues in welcoming to the United States, the President of France, Jacques Chirac, who will address a joint session of the Congress this morning. I look forward to his remarks and observations, not only on historically close French-American bilateral relations, but on developments on the international scene. The political, economic, and cultural ties which link the French and American people go beyond mere trade of goods and ideas, however important those may be. Our relations with the French are almost as with brothers and sisters; more often than not, France and the United States have stood as allies in the struggle for freedom. The debt we owed France for its assistance during our Revolution, for example, was repaid on the beaches of Normandy.

Though we may be friends, Mr. President, it is a strength and beauty of the relationship that permits us to air our differences over some fundamental questions. One of those issues has been the French program of testing nuclear devices in the South Pacific, a regrettable series of tests which, literally and figuratively, have served only to poison the environment and endangered U.S.-led efforts to conclude a Comprehensive Test Ban Treaty this year.

Since September 5, 1995, Mr. President, the Government of France has exploded six nuclear devices at underground testing sites in the South Pacific. The most recent explosion was made only 4 days ago and came despite French acknowledgement that there had been some leakage of radioactive material into the seabed around the Mururoa Atoll. The French Government ignored, as well, the vociferous protests of various governments of Pacific Rim nations, whose people would be affected by the potentially dangerous effects of leaked radiation.

France justified this somewhat colonial action by claiming that its sovereign interest in assuring its security overrode the health and safety of those affected by these tests. These should never have happened.

But I do believe, Mr. President, that we can take some satisfaction in President Chirac's January 28 announcement that the testing is now finally and forevermore at end. I salute, too, his claim that France will now seek a lead role in working for a comprehensive test ban. I also applaud President Clinton's leadership in seeking a true ''zero yield'' CTBT. On October 10, 1995, I wrote to the President expressing my concerns about U.S. involvement in the French nuclear weapons program. President Clinton responded with a statement of regret about France's decision on testing, and a pledge to continue to press for a CTBT. I ask that these letters be printed in the RECORD.

The letters follow:

U.S. SENATE,
Washington, DC, October 10, 1995.

President BILL CLINTON,
The White House, Washington, DC.

DEAR MR. PRESIDENT: We want to draw your attention to recent reports concerning close cooperation between the U.S. and France in developing the French nuclear weapons program.

An article in the Washington Post September 19 suggests that a decades-long period of U.S. support for technical assistance to the French program not only continues, but may soon reach new, unprecedented levels of cooperation. Particularly disturbing are the reports that the U.S. and France are currently negotiating a pact by which the two sides will begin to share sensitive computer codes that describe how nuclear weapons behave when exploded. Further, it is reported that a senior-level American scientist will also help the French government in building and designating a new facility for weapons-related research.

These reports are deeply troubling. They serve to undermine the strong political leadership you consistently exhibited in successfully urging the nations of the world to extend the Nuclear Non-Proliferation treaty (NPT) and in your continuing efforts to secure a comprehensive test ban treaty. It also seems to contradict the Administration's very public criticisms of recent French nuclear testing in the Pacific.

Moreover, we can speculate that once the French government has access to computer code data generated by the U.S., and designs weapons with technical assistance provided by the U.S., it will seek to test the weapons in the Pacific which, it could be said, will have been god-fathered by the U.S. More troubling still is the possibility that the U.S. itself will share in the data generated by French tests.

Cooperation with the French government on matters of mutual security is important. But in order to continue to lead with moral authority on the question of deterring nuclear non-proliferation and on ending unnecessary and harmful nuclear weapons testing, we urge you to carefully review these policies. We believe that taking measures which discourage—rather than facilitate—nuclear weapons testing should remain the lodestar which guides Administration policy.

We thank you for your efforts to date and look forward to hearing from you.

Sincerely,

RUSSELL D. FEINGOLD.
DANIEL K. AKAKA.
TOM HARKIN.
BYRON DORGAN.

THE WHITE HOUSE
Washington, November 7, 1995.

Hon. RUSSELL FEINGOLD,
U.S. Senate, Washington, DC.

DEAR RUSS: Thank you for your recent letter regarding nuclear cooperation with France.

The United States has had an ongoing cooperative program with France in the nuclear area. My Administration recently conducted a review of this program and I have concluded that such a program of cooperation with France remains in the U.S. national interest. I have also directed that this program focus on stockpile stewardship (i.e., maintenance of existing nuclear stockpiles without nuclear testing) and that it not include activities that would materially aid the development of new nuclear weapons.

Of course, such a program of cooperation can only take place in the overall context of positive United States-French relations. While I regret France's decision to resume nuclear testing, we must also take note of France's strong commitment to sign a Comprehensive Test Ban Treaty (CTBT) banning all nuclear tests, ''regardless of level,'' no later than the fall of 1996. This position is consistent with my own decision to seek a true ''zero yield'' CTBT. We will continue to work with France and all other states participating in the CTBT negotiations to ensure that a Treaty is ready for signature as early as possible next year.

Sincerely,

BILL.

Mr. FEINGOLD. Mr. President, only last week the Senate ratified the START II Treaty, putting us firmly back on the road to ending the threat of nuclear annihilation. The next step is to bring to reality the Comprehensive Nuclear Test Ban Treaty, which would serve to put an end to the practice of testing weaponry which—we pray and can increasingly say with confidence—will never be put to use. This effort was seriously undermined by the French tests, and it has caused other nations to question the point and sincerity of the CTBT. While I harbor deep regrets about the effect of France's unwarranted tests, I want to say now to President Chirac, ''welcome aboard.'' We look forward to close cooperation with France in reaching the goal of ridding the world of nuclear weapons, and will work to ensure that its series of tests will be the last ever conducted on the globe.●

ROBERT A. BUDUSKY

● Mr. LIEBERMAN. Mr. President, I rise today to pay my respects to Robert A. Budusky of Meriden, CT, who was the victim of a senseless murder on Tuesday. Mr. Budusky, a letter carrier for the U.S. Postal Service, was delivering mail along his route in Hartford when he was suddenly and fatally shot in the back of his head. His alleged murderer is a man on parole for an earlier weapons conviction.

I did not have the honor of knowing Robert Budusky, but from what I have learned, he was a dedicated public servant and a wonderful human being. ''Everybody on his route loved him. They're all telling me so,'' said Martin Torres, according to an article in today's Hartford Courant. Torres, also a letter carrier, volunteered to take over Mr. Budusky's route ''to make sure they get the service today that Bob gave them every day.''

Robert Budusky is the first letter carrier to be killed on the job in New England in more than thirty years. But his death is a reminder that all letter carriers brave much more than the elements every day as they deliver our mail. Too often we take for granted their service, and fail to provide them the respect they all richly deserve.

Mr. Budusky reportedly had enough seniority to request mail routes in

other communities, but he chose to remain on the job in Hartford, where he ''loved the people on his route,'' said his supervisor, Dwight Davies, according to an Associated Press report. That report also quotes Mary Asberry, a resident along Robert Budusky's route, saying, ''He was a friend, to me and to a lot of other people around here.''

Flags are at half staff in front of post offices across Connecticut today, and thousands of black ribbons are being worn by postal employees in honor of their fallen colleague. At the young age of 35, Robert Budusky will be buried this Saturday. My prayers go out to his family and his many friends.●

REPEAL MANDATORY DISCHARGE FOR HIV-POSITIVE MILITARY PERSONNEL

● Mrs. BOXER. Mr. President, a very important article appeared in today's Washington Post that I commend to all my colleagues. Its title is ''Army Sergeant with HIV Feels Deserted by Policy.'' This article tells the story of a woman—a sergeant in the Army—who faces discharge because of a horrible provision in the Department of Defense authorization bill that mandates the release of HIV positive personnel.

This provision is not supported by the military. It has been forced upon them by this Congress. In my view, it is nothing less than shameful.

The sergeant, who used the pseudonym ''Marie'' for this article, is a good soldier. She exhibits no signs of illness. Were it not for this provision in the DOD authorization bill, Marie would likely get a promotion this year.

Marie may not get that promotion. Instead she may get shown the door. I want to share with my colleagues what Marie thinks about this provision, mandating the discharge of HIV positive personnel like herself. She says, ''no one is looking at the work I've done. No one is looking at the commitment I made—I defend the Constitution. It feels like the United States has turned its back on me.''

Mr. President, I have been in Congress for nearly 15 years. During that time, I have seen a lot. But I never thought that I would see the day that the United States would turn its back on a soldier. The United States military has a proud tradition of standing by those courageous enough to dedicate their lives to the defense of our Nation. And if this provision becomes law, that proud tradition will end. That would be a sad day for this country.

Supporters of this provision argue that it is needed because non-worldwide deployable personnel degrade the readiness of our forces.

But I hope all Members realize that the substance of this new policy contradicts the rhetoric of its backers. They say that nonworldwide deployable personnel degrade readiness, but they only target a small fraction of that group.

Military personnel are placed on nondeployable status if they have severe asthma, or diabetes, or cancer. But this provision doesn't affect them. It targets only HIV positive personnel—only about 20 percent of all nondeployable personnel.

It is therefore perfectly clear: This provision is not about readiness or about deployable status, it is about targeting people with HIV. It is about discrimination.

Mr. President, on Tuesday I was proud to stand with all Californians—and indeed all Americans—to cheer the return of ''Magic'' Johnson to the Los Angeles Lakers. The Lakers wanted Magic back neither because he was HIV positive nor in spite of it. They wanted Magic back because he makes their team better.

The Army needs sergeants like Marie because she makes their team better. She can do the job. And for as long as she can do the job, Congress should not intervene to mandate her discharge.

Mr. President, this forced discharge policy is worse than wrong; it is immoral.

As soon as the President signs the DOD authorization bill, bipartisan legislation will be introduced to repeal this outrageous policy. I will be an original cosponsor and I urge my colleagues to cosponsor.

I believe the military's existing policy is adequate. As Asst. Secretary of Defense Fred Pang has said:

> As long as these members can perform their required duties, we see no prudent reason to separate and replace them because of their antibody status. However, as with any Service member, if their condition affects their performance of duty, then the Department initiates separation action . . . the proposed provision would not improve military readiness or the personnel policies of the Department.

We must repeal this provision within 6 months, or else people like Marie will feel the consequences for a lifetime. I ask that the article be printed in the RECORD.

The article follows:

[From the Washington Post, Feb. 1, 1996]

ARMY SERGEANT WITH HIV FEELS DESERTED BY POLICY

(By Dana Priest)

Marie, a staff sergeant who has been in the Army 10 years, figures she has done what has been expected of her, and more. She has worked hard, spent months away from her family on assignments, ''given 110 percent'' to her job and is in line for an important promotion.

Except now she expects to be forced out of the Army.

That is because last week Congress passed and President Clinton agreed to sign a defense bill that includes a provision to discharge service members with the AIDS virus, regardless of whether they are sick or can still perform their jobs.

Marie, who is 34 and has a daughter in elementary school, was infected by her late husband before he knew he had the disease.

''I'm widowed from it, I have a child and now I'm going to lose my job,'' she said in a three-hour interview yesterday at a friend's home in Northern Virginia. ''No one's looking at the work I've done. No one's looking at the commitment I made. . . . I signed a contract to uphold freedom of speech, freedom of religion, I defend the Constitution. It feels like the United States has turned its back on me.''

Marie noted that she was being forced from her profession for having HIV, the virus that causes AIDS, just when many people this week applauded basketball star Earvin ''Magic'' Johnson's return to professional play despite having the virus.

Afraid of being stigmatized, she will not allow her full name to be used in this article—Marie is her middle name. She has not told her daughter or most of her co-workers she is HIV-positive and only informed her mother last month, although the virus was diagnosed five years ago and she informed her Army supervisors.

''It's my family I'm concerned about,'' she said.

The HIV measure in the defense bill was introduced by Rep. Robert K. Dornan (R-Calif.), a conservative presidential aspirant and former combat pilot who has become a lightning rod for anger among AIDS activists and others, including Marie.

Dornan has attracted their criticism for comments such as one he made on the House floor in November, when he defended the provision by saying that AIDS ''is spread by human God-given free will'' and then listing what he described as the three ways service members get AIDS: ''Rolling up your white, khaki or blue uniform sleeve and sticking a contaminated, filthy needle in your arm . . . heterosexual sex with prostitutes . . . and having unprotected [homosexual] sex with strangers in some hideaway or men's room somewhere.''

''I feel outraged'' at Dornan, said Marie. ''I can't go out into the public and talk about my disease because the American people don't understand this disease. How can I feel safe if I have a leader on Capitol Hill who says things like this?

''Everything I worked for he's taking away from me, everything I know,'' she said. ''I've left my family to go to school, I've left my family to go overseas. I did it because that was what the military expected of me. If I didn't want to make it my career, I wouldn't have done it. I love my family.''

There are 1,049 male and female service members who have the AIDS virus. They have been allowed to continue to work and to reenlist as long as they are able to perform their jobs. But the military tests personnel for HIV about every two years, and those with the virus are prohibited from being sent to overseas posts or into combat. Marie went abroad before being infected.

''It sounds like a tragic case,'' Dornan said of Marie in an interview yesterday. But, he added, AIDS sufferers put an undue burden on other service members who have to fill in for them overseas. ''She can't go to Bosnia. She can't go to Haiti. She can't go to Somalia. She can't go anywhere in this world . . . and she obviously had unprotected sex with someone whose entire background she didn't know. . . . She should be a good patriot and take her honorable discharge.''

Defense Department statistics show that half of the service members with the AIDS virus are married.

Several high-ranking military officials and military organizations have supported Dornan's provision because they believe HIV-positive service members are a drain on military readiness. In 1993, Adm. Frank B. Kelso II, then chief of naval operations, wrote Dornan to say that retaining HIV-positive service members ''imposes significant problems for all services, especially the Navy. Assignment limitations cause significant disruption in the sea/shore rotation for all our personnel.''

Clinton is set to sign the defense bill early next week. After he does, Marie, who works on personnel issues at the Pentagon, will be discharged within six months. She will retain her medical benefits but will not be entitled to retirement benefits or the kind of substantial disability pay she could have gotten had she remained in the Army until she became too sick to work. She will also lose the health insurance she has for her daughter.

White House officials said they hope to have some alternative to the provision ready when Clinton signs the bill. Among the options under consideration is to have Clinton sign an executive order that would allow service members to retain health insurance for their dependents or to support legislation to repeal the provision.

AUTHORIZING TESTIMONY BY FORMER SENATE EMPLOYEE

Mrs. KASSEBAUM. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Senate Resolution 221, a resolution submitted earlier today by Senators DOLE and DASCHLE; further, that the resolution be agreed to, the preamble agreed to, and the motion to reconsider be laid upon the table, and that any statements relating to the resolution appear at the appropriate place in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

So the resolution (S. Res. 221) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, is as follows:

S. RES. 221

Whereas, the plaintiff in *Margaret C. Carlson* v. *Mike Eassa, et al.*, No. MDA 7203, a civil action pending in the Superior Court of California, County of Monterey, is seeking testimony through submission of a declaration by Amy L. Silvestri, a former employee of the Senate on the staff of Senator William V. Roth, Jr.;

Whereas, by the privileges of the Senate of the United States and Rule XI of the Standing Rules of the Senate, no evidence under the control or in the possession of the Senate can, by administrative or judicial process, be taken from such control or possession but by permission of the Senate;

Whereas, when it appears that evidence under the control or in the possession of the Senate is needed for the promotion of justice, the Senate will take such action as will promote the ends of justice consistent with the privileges of the Senate: Now, therefore, be it

Resolved, That Amy L. Silvestri is authorized to submit a declaration in the case of *Margaret C. Carlson* v. *Mike Eassa, et al.*, except concerning matters for which a privilege should be asserted.

Mr. DOLE. President, the plaintiff in a child support controversy pending in California Superior Court has requested that a former caseworker for Senator WILLIAM V. ROTH, Jr., submit a declaration for use in that proceeding. The plaintiff, who resides in Delaware, obtained assistance from Senator ROTH'S office in aid of her efforts to obtain child support.

The substance of telephone conversations between Senator ROTH'S caseworker and the Monterey County District Attorney's office, which has responsibility in child support matters in California, has become an issue in the case, as a contention has been made that Senator ROTH'S caseworker had authority to speak for the constituent regarding proposed settlement of the case. Senator ROTH'S former caseworker has informed the plaintiff's attorney to the contrary that she never sought to convey to the District Attorney instructions about settling the case or represented herself as authorized to speak for the constituent in approving a settlement.

Senator ROTH'S believes that it is appropriate for his former caseworker to submit a declaration describing her conversations with the District Attorney's office to ensure that the Court is accurately informed about the limited role played by his office.

Mr. President, this resolution would authorize Senator ROTH'S former caseworker to submit a declaration in this matter.

AUTHORIZING THE PRODUCTION OF DOCUMENTS BY THE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

Mrs. KASSEBAUM. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Senate Resolution 222, a resolution submitted earlier today by Senators DOLE and DASCHLE; further, that the resolution be agreed to, the preamble agreed to, and the motion to reconsider be laid upon the table, and that any statements relating to the resolution appear at the appropriate place in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

So the resolution (S. Res. 222) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, is as follows:

S. RES. 222

Whereas, the Permanent Subcommittee on Investigations of the Committee on Governmental Affairs conducted an investigation into allegations concerning the Department of Justice's handling of a computer software contract with INSLAW, Inc.;

Whereas, in the case of *INSLAW, Inc., et al.* v. *United States of America*, Cong. Ref. No. 95–338X, pending in the United States Court of Federal Claims, counsel for the plaintiffs have requested that the Permanent Subcommittee on Investigations of the Committee on Governmental Affairs provide copies of records from its investigation;

Wheeas, by the privileges of the Senate of the United States and Rule XI of the Standing Rules of the Senate, no evidence under the control or in the possession of the Senate can, by administrative or judicial process, be taken from such control or possession but by permission of the Senate;

Whereas, when it appears that evidence under the control or in the possession of the Senate is needed for the promotion of justice, the Senate will take such action as will promote the ends of justice consistent with the privileges of the Senate: Now, therefore, be it

Resolved, That the chairman and ranking minority member of the Permanent Subcommittee on Investigations of the Committee on Governmental Affairs, acting jointly, are authorized to provide records to all parties in the case of *INSLAW, INC., et al.* v. *United States of America*, except concerning matters for which a privilege should be asserted.

Mr. DOLE. Mr. President, earlier this year, the Senate agreed to Senate Resolution 114, referring to the Court of Federal Claims S. 740, a private bill for the relief of a computer software firm, INSLAW, Inc., and its owners, William A. and Nancy Burke Hamilton. The purpose of the referral was to obtain a report from the court about allegations that the Department of Justice appropriated computer software developed by the INSLAW firm without paying for it and whether INSLAW has legitimate legal or equitable claims against the government arising out of its contractual relations with the government.

Some of the matters at issue in this congressional referral case were earlier the subject of an inquiry by the Senate Permanent Subcommittee on Investigations. As part of the civil discovery plan that the parties are undertaking under the court's supervision in this case, the plaintiffs' counsel has written to the leadership of the Permanent Subcommittee on Investigations seeking access to evidence obtained by the subcommittee in the course of its inquiry on subjects covered by the congressional referral.

In Senate Resolution 302 of the 102d Congress, the Senate authorized the Investigations Subcommittee to provide evidence from its inquiry to a Justice Department special counsel conducting an earlier investigation into these matters.

The leadership of the Subcommittee would like to assist the court by responding to the plaintiffs' request for relevant evidence from its investigation. Such assistance appears particularly warranted in this matter inasmuch as this litigation results from a referral initiated by the Senate.

Mr. President, this resolution would authorize the Investigations Subcommittee, acting through its chairman and ranking member, to provide copies of relevant investigative records to the plaintiffs, with copies to the Justice Department, in response to this request.

Mrs. KASSEBAUM. 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.

Mrs. KASSEBAUM. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMEMORATING THE SESQUICENTENNIAL OF TEXAS STATEHOOD

Mrs. KASSEBAUM. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Senate Resolution 223, submitted earlier by Senators HUTCHISON and GRAMM.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report.

The assistant legislative clerk read as follows:

A resolution (S. Res. 223) to commemorate the sesquicentennial of Texas statehood.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mrs. HUTCHISON. Mr. President, I rise today to offer a resolution commemorating a very special event in the history of my State. This resolution is almost identical to one passed by the Texas State Legislature on March 7, 1995.

Just last month, on December 29, 1995, Texans celebrated the sesquicentennial of their statehood. Unlike all other states ever admitted, we gave up the sovereignty of an independent republic to join the Union.

On March 1, 1845, Congress passed a resolution inviting the Republic of Texas to join the Union, and a special convention of Texans met to consider it, under the leadership of Thomas Jefferson Rusk. The convention accepted the offer on July 4, and its decision was ratified by the people in October. We submitted a constitution, which Congress accepted on December 29.

Rusk went on to become the first United States Senator from Texas, and I, the great granddaughter of his law partner, now hold his seat. Taylor and Rush had signed the Texas Declaration of Independence from Mexico in 1836.

Texans mark the 29th, quietly, as the commencement of our statehood, although we didn't lower the Lone Star and post the Stars and Stripes until February 19, 1846. We must have been happy with statehood in 1955, because we expressly renounced the right to fly the flag of our old Republic at the same level as that of our Union. Our legislature mandated that it fly in a subordinate position, in a manner followed by all other states.

Although independence remains the signal day in Texas history, Texans look upon their statehood with pride, as a means of ''conferring blessings upon the people of all the States.'' When Old Glory was raised for the first time in Austin, Anson Jones, the last President of the Republic of Texas, stated with eloquence:

The lone star of Texas, which ten years since arose amid cloud, over fields of carnage, and obscurely shone for a while, and following an inscrutable destiny has passed on and become fixed forever in that glorious constellation which all . . . lovers of freedom in the world must . . . adore—the American Union. Blending its rays with its sister stars, long may it continue to shine, and may a gracious heaven smile upon this consummation with the wishes of the two republics, now joined together in one.

Mrs. KASSEBAUM. Mr. President, I ask unanimous consent that the resolution be considered and agreed to, the preamble be agreed to, the motion to reconsider be laid upon the table, and that any statements relating to the resolution appear at appropriate place in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The resolution (S. Res. 223) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 223

Whereas 1995 marks 150 years since the United States of America admitted Texas as the 28th State in the Union;

Whereas the sesquicentennial of Texas statehood is a truly momentous occasion that allows all Texans to reflect on their State's proud heritage and bright future;

Whereas acting on the advice of President John Tyler, the United States Congress adopted a joint resolution on February 28, 1845, inviting the Republic of Texas to enter the Union as a State with full retention of its public lands; today, a century and a half later, Texas enjoys the distinction of being the only State admitted with such extensive rights;

Whereas the citizens of the Republic of Texas were deeply committed to the goals and ideals embodied in the United States Constitution, and, on June 16, 1845, the Congress of the Republic of Texas was convened by President Anson Jones to consider the proposal of statehood;

Whereas Texas took advantage of the offer, choosing to unite with a large and prosperous Nation that could more effectively defend the borders of Texas and expand its flourishing trade with European countries; by October 1845, the Congress of the Republic of Texas had approved a State constitution, charting a bold new destiny for the Lone Star State;

Whereas the proposed State constitution was sent to Washington, D.C., and on December 29, 1845, the United States of America formally welcomed Texas as a new State; the transfer of governmental authority, however, was not complete until February 19, 1846, when Anson Jones lowered the flag that had flown above the Capitol for nearly 10 years and stepped down from his position as president of the Republic of Texas; and

Whereas with the poignant retirement of the flag of the Republic, Texas emerged as a blazing Lone Star in America's firmament, taking its place as the 28th State admitted into the Union: Now, therefore, be it

Resolved, That the Senate—

(1) commemorate the sesquicentennial of Texas statehood; and

(2) encourage all Texans to observe such day with appropriate ceremonies and activities on this historic occasion.

The Secretary of the Senate shall transmit a copy of this resolution to the Texas Congressional Delegation, to the Governor of Texas, to the National Archives, and to the Texas Archives.

EXECUTIVE SESSION

EXECUTIVE CALENDAR

Mrs. KASSEBAUM. Mr. President, I ask unanimous consent that the Senate immediately proceed to executive session to consider Executive Calendar No. 330, and all military nominations reported out of the Armed Services Committee today.

I further ask unanimous consent that the nominations be confirmed en bloc, the motions to reconsider be laid upon the table en bloc, and any statements relating to the nominations appear at the appropriate place in the RECORD, the President be immediately notified of the Senate's action and that the Senate then return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

The nominations considered and confirmed en bloc are as follows:

DEPARTMENT OF ENERGY

Derrick L. Forrister, of Tennessee, to be an Assistant Secretary of Energy (Congressional and Intergovernmental Affairs).

The above nomination was approved subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

IN THE AIR FORCE

The following named officer for appointment to the grade of general while assigned to a position of importance and responsibility under title 10, United States Code, Section 601:

To be general

Lt. Gen. Eugene E. Habiger, 000–00–0000, United States Air Force.

The following named officer for appointment to the grade of lieutenant general on the retired list pursuant to the provisions of Title 10, United States Code, Section 1370:

To be lieutenant general

Lt. Gen. Stephen B. Croker, 000–00–0000, United States Air Force.

The following named officer for appointment to the grade of lieutenant general on the retired list pursuant to the provisions of Title 10, United States Code, Section 1370:

To be lieutenant general

Lt. Gen. Arlen D. Jameson, 000–00–0000, United States Air Force.

The following named officer for appointment to the grade of lieutenant general while assigned to a position of importance and responsibility under Title 10, United States Code, Section 601:

To be lieutenant general

Maj. Gen. Michael D. McGinty, 000–00–0000, United States Air Force.

The following named officers for appointment in the Regular Air Force of the United States to the positions and grade indicated under title 10, U.S.C., section 8037:

THE JUDGE ADVOCATE GENERAL OF THE UNITED STATES AIR FORCE

To be major general

Brig. Gen. Bryan G. Hawley, 000–00–0000.

THE DEPUTY JUDGE ADVOCATE GENERAL OF THE UNITED STATES AIR FORCE

To be major general

Brig. Gen. Andrew M. Egeland, Jr., 000–00–0000.

The following named officer for appointment to the grade of lieutenant general while assigned to a position of importance and responsibility under Title 10, United States Code, Section 601:

To be lieutenant general

Maj. Gen. Phillip J. Ford, 000–00–0000, United States Air Force.

The following named officer for reappointment to the grade of lieutenant general while assigned to a position of importance and responsibility under Title 10, United States Code, Section 601:

To be lieutenant general

Lt. Gen. Kenneth A. Minihan, 000–00–0000, United States Air Force.

IN THE ARMY

The following named officer for appointment to the grade of general while assigned to a position of importance and responsibility under Title 10, United States Code, Section 601(a):

To be general

Lt. Gen. Henry H. Shelton, 000–00–0000, United States army.

The following named officer for appointment to the grade of lieutenant general in the United States Army while assigned to a position of importance and responsibility under title 10, U.S.C., section 601(a):

To be lieutenant general

Maj. Gen. John M. Keane, 000–00–0000, United States Army.

The following named officer for appointment to the grade of lieutenant general in the United States Army while assigned to a position of importance and responsibility under title 10, U.S.C., section 601(a):

To be lieutenant general

Maj. Gen. Patrick M. Hughes, 000–00–0000, United States Army.

NAVY

The following named officer to be placed on the retired list of the United States Navy in the grade indicated under section 1370 of title 10, U.S.C.

To be vice admiral

Vice Adm. David B. Robinson, 000–00–0000.

The following named officer to be placed on the retired list of the United States Navy in the grade indicated under section 1370 of title 10, U.S.C.

To be vice admiral

Vice Adm. John B. LaPlante, 000–00–0000.

The following named officer to be placed on the retired list of the United States Navy in the grade indicated under section 1370 of title 10, U.S.C.

To be Vice admiral

Vice Adm. John M. McConnell, 000–00–0000.

LEGISLATIVE SESSION

The PRESIDING OFFICER. The Senate will now return to legislative session.

UNANIMOUS-CONSENT REQUEST—S. 1028

Mrs. KASSEBAUM. Mr. President, I present a unanimous-consent agreement which we have been working on all day. It is my understanding that there is still one objection to this agreement, and the majority leader is hoping this will be solved by next Tuesday when we are back in session.

I will read this agreement. It has, as I said, been worked on all day. I am very appreciative of the majority leader's efforts to bring this to an agreement. I ask unanimous consent that prior to Friday, May 3, the majority leader, after consultation with the Democratic leader, turn to the consideration of calendar No. 205, S. 1028, the Health Insurance Reform Act of 1995; it would further be a unanimous consent that it not be in order to offer any amendment relative to health insurance to any legislation not including matters relating to health care prior to the execution of this agreement.

I am very appreciative of efforts that have gone into this today. It would certainly be my hope, given the consideration of everyone, that we can agree to this next Tuesday.

ORDERS FOR MONDAY, FEBRUARY 5 AND TUESDAY, FEBRUARY 6, 1996

Mrs. KASSEBAUM. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 10 a.m. on Monday, February 5, for a pro forma session only, and that the Senate immediately stand in adjournment until 12 noon on Tuesday, February 6, 1996; that following the prayer, the Journal of proceedings be deemed approved to date, the time for the two leaders be reserved for their use later in the day, and there then be a period for morning business until the hour of 12:30 p.m., with Senators permitted to speak for up to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

CLOTURE VOTE

Mrs. KASSEBAUM. I ask unanimous consent that the pending cloture vote be postponed to occur on Tuesday, February 6, with the time to be determined by the majority leader after consultation with the Democratic leader, and that first-degree and second-degree amendments be allowed to be filed until 12:30 p.m. on Tuesday, notwithstanding rule XXII.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mrs. KASSEBAUM. It is the hope of this Senator, and I know others, that negotiations will continue with respect to a compromise amendment to the farm bill.

However, if no agreement can be reached, then the cloture vote on the Craig-Leahy substitute would occur on Tuesday. In the event an agreement can be reached, votes can be expected with respect to the farm bill on Tuesday.

ORDER FOR ADJOURNMENT

Mrs. KASSEBAUM. If there is no further business to come before the Senate, I ask unanimous consent that the Senate stand in recess under the previous order following the remarks of Senator DASCHLE, the Democratic leader.

The PRESIDING OFFICER. Without objection, it is so ordered.

ACCOLADES TO CHAIR OF THE EDUCATION AND LABOR COMMITTEE

Mr. DASCHLE. Mr. President, let me just say how gratified we are that the distinguished Chair of the Senate Labor and Human Resources Committee has made such a remarkable effort to resolve the outstanding reservations that some may have with regard to the bill that she and Senator KENNEDY have worked on now for some time. She has been persistent, and I believe that ultimately she will be successful. I am very hopeful that we can continue to work to pass this important health reform legislation in a timely way. I believe she has demonstrated remarkable patience in her effort.

I feel confident that at some point in the future when we are able to bring this piece of legislation to the floor, it will not take long. I think there is broad recognition of the need to do much of what she has proposed in the legislation. I think it would be significant movement forward, and I think it could be one of the most consequential of our accomplishments in the 104th Congress. I commend her for her effort and look forward to working with her.

THE FARM BILL

Mr. DASCHLE. Mr. President, I just briefly want to make a couple of final remarks with regard to the debate on the farm legislation. I do not want to belabor what has already been said. I know that there are many who want to retire.

Let me say three things. First, I do not think there is a person in the Senate Chamber who does not want to get farm legislation passed at the earliest possible date. Frankly, many of us hoped we would not have had to see the delays that we have already experienced, for a lot of different reasons. There have been scheduling delays. I do not believe we have put the efforts in at the committee level that we should have.

Others have noted this bill has never been reported out of committee. For a piece of legislation of this magnitude not to be reported out of committee, not to come to the floor in the entire first session of the 104th Congress, is some indication, in my view, of the priority the majority has placed on farm legislation. Certainly we could have found time somewhere during the summer months or at some time during the fall or perhaps during the winter during many of these long breaks we have taken to take up this legislation, to recognize how pressing a problem it is, to deal with it, as complex as it is, in a meaningful way—over a long period of time, if necessary, to accommodate the many different decisions that any farm legislation reflects.

That is the first point, Mr. President. We really have to recognize that there have been delays, unnecessary ones, in our view, that have brought us to this point.

This legislation was never subject to a vote on the Senate floor. It was buried in a budget resolution that the President, for a lot of reasons, was required to veto. So it is not accurate to

say that the farm bill was vetoed. The budget resolution was vetoed; buried within that budget resolution we found farm legislation which had not been considered prior to that time.

The second issue over which there ought not be any concern or confusion is our mutual desire to provide the maximum degree of flexibility to farmers. Let there be no mistake: Recognizing as late as it is, we simply cannot constrain farmers in any way as they begin to put their management plans together. Farmers have to be given flexibility. Farmers have to be given the assurance that they can make their decisions, unencumbered by farm policy at this late date.

It is our desire every bit as much as it is the desire of many Republicans to ensure that farmers are given flexibility, that they have the latitude to go farm as we want them to farm. Flexibility is not the issue. No one ought to be using that argument as a reason for the fact that we have not reached an agreement today. We want flexibility. We want simplicity. We want to give farmers the chance to farm.

The third issue, and the one that I think will divide us perhaps in perpetuity—the reason we have not yet come to a resolution—is that in the name of some change, in the name of bringing about this so-called flexibility, what many on the other side are prepared to say is, ''We will be so flexible that we will give you the payment whether you farm or not. We do not care whether you farm. We do not care what you farm. We do not care what the prices are. We are going to give you a huge lump-sum payment upfront, regardless of price, regardless of your management, regardless of your circumstances, regardless of how big you are, regardless of whether or not you are even on the farm. You will have an opportunity to get this huge payment.''

Mr. President, as others have said today, I do not think it will take long for this army of investigative journalists we have in Washington and elsewhere to call attention to the fact that while we are cutting every single aspect of the Federal budget, there will be people out there getting not $100,000, not $200,000, but perhaps $300,000 in lump-sum payments for doing absolutely nothing at all. That is how some would view this so-called concept of ''freedom to farm.'' It is the freedom not to farm. It is the freedom not to do anything. It is the freedom not to be responsible.

So that is the fundamental disagreement we have today. We have had it for a long time. We will have it tomorrow. The question is, can we bridge that difference? Can we say we are not adverse to providing the advance deficiency payments or the advance payments that we provided agriculture in the past, but you have to farm to get a farm payment; you have to be responsible if you expect us to be responsive?

So, let us hope that over the course of the next couple of days we can bridge that. We know we want simplicity and flexibility. We know we want a decision as quickly as we can get it. What I hope we can also agree upon is that we also must recognize the need for farmers to be responsible—to have the freedom to farm, but to be responsible with taxpayer dollars. If we can do that, then, indeed, I am optimistic that we will reach an agreement. We will be able to send the farm community a clear message that, indeed, we have done what we should have done a long time ago—pass a farm bill that will take us well into the future.

With that, I yield the floor.

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. WARNER. 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. WARNER. Mr. President, I ask unanimous consent to be permitted to speak for not in excess of 5 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE 44TH ANNUAL NATIONAL PRAYER BREAKFAST

Mr. WARNER. Mr. President, the Nation's Capital today hosted the 44th Annual National Prayer Breakfast, and I take note that the Presiding Officer was likewise the presiding officer at this historic moment, attended by the President and the First Lady, the Vice President and his lady and a number of Members of the House of Representatives and the U.S. Senate.

I say to my good friend, the Presiding Officer, the distinguished Senator from Utah, that he mastered a unique and challenging situation, given the number of speakers and knowing that the President would conclude, as he did, with very moving remarks.

I think the Presiding Officer would agree with me that above all, the remarks of the principal speaker, that of the distinguished senior Senator from Georgia, SAM NUNN, were of such merit that they deserve preservation for posterity for future generations. Likewise, our other colleague, Senator SIMPSON, made a very valued contribution. Of course, the Scripture was read by a third distinguished Senator, the Senator from Illinois, CAROL MOSELEY-BRAUN. I had the privilege earlier today to place into the RECORD the remarks of the distinguished Senator from Wyoming [Mr. SIMPSON] and the distinguished Senator from Georgia [Mr. NUNN].

But as I watched the proceedings of the Senate tonight, it occurred to me that the hour is late, and knowing that the Presiding Officer, in preparation to meet today's challenge, probably arose at around 5 in the morning, I think it most appropriate that he be relieved of his official duties, and I propose to do so at this time.

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. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. WARNER). Without objection, it is so ordered.

HOUSE CONCURRENT RESOLUTION 141

Mr. DOLE. Mr. President, I regret that we were not able to accommodate the House of Representatives with reference to House Concurrent Resolution 141. I am not certain what action the House will take. It will be up to them. We have tried it for an hour and a half. My view is that it should not be our concern what the House does. They are a separate body and they wish to adjourn until the 26th of February. We are not able to get the Democratic leader to agree.

RECESS UNTIL 10 A.M., MONDAY, FEBRUARY 5, 1996

The PRESIDING OFFICER. Under the previous order, the Senate stands in recess until Monday 10 a.m., February 5.

Thereupon, the Senate, at 9:28 p.m., recessed until Monday, February 5, 1996, at 10 a.m.

NOMINATIONS

Executive nominations received by the Senate February 1, 1996:

NATIONAL INSTITUTE FOR LITERACY ADVISORY BOARD

TONI G. FAY, OF NEW JERSEY, TO BE A MEMBER OF THE NATIONAL INSTITUTE FOR LITERACY ADVISORY BOARD FOR A TERM EXPIRING OCTOBER 12, 1998, VICE RONALD M. GILLUM, TERM EXPIRED.

AUDREY TAYSE HAYNES, OF KENTUCKY, TO BE A MEMBER OF THE NATIONAL INSTITUTE FOR LITERACY ADVISORY BOARD FOR A TERM EXPIRING OCTOBER 13, 1998, VICE BADI G. FOSTER, TERM EXPIRED.

MARCIENE S. MATTLEMAN, PENNSYLVANIA, TO BE A MEMBER OF THE NATIONAL INSTITUTE FOR LITERACY ADVISORY BOARD, FOR A TERM EXPIRING OCTOBER 12, 1998. (REAPPOINTMENT)

IN THE AIR FORCE

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF LIEUTENANT GENERAL WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601:

To be lieutenant general

MAJ. GEN. KENNETH E. EICKMANN, 000–00–0000, U.S. AIR FORCE

IN THE ARMY

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF GENERAL IN THE U.S. ARMY WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601(A):

To be general

LT. GEN. JOHNNIE E. WILSON, 000–00–0000, U.S. ARMY

THE FOLLOWING-NAMED OFFICER TO BE PLACED ON THE RETIRED LIST OF THE UNITED STATES ARMY IN THE GRADE INDICATED UNDER SECTION 1370 OF TITLE 10, UNITED STATES CODE:

To be general

GEN. LEON E. SALOMON, 000–00–0000, U.S. ARMY

IN THE NAVY

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF ADMIRAL IN THE U.S. NAVY WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTIONS 601 AND 5035:

VICE CHIEF OF NAVAL OPERATIONS

To be admiral

VICE ADM. JAY L. JOHNSON, 000–00–0000

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF VICE ADMIRAL IN THE U.S. NAVY WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601:

To be vice admiral

REAR ADM. VERNON E. CLARK, 000–00–0000

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF VICE ADMIRAL IN THE U.S. NAVY WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601:

To be vice admiral

REAR ADM. (SELECTEE) RICHARD W. MIES, 000–00–0000

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF VICE ADMIRAL IN THE U.S. NAVY WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601:

To be vice admiral

REAR ADM. DENNIS A. JONES, 000–00–0000

IN THE AIR FORCE

THE FOLLOWING-NAMED AIR NATIONAL GUARD OFFICERS FOR APPOINTMENT AS RESERVE OF THE AIR FORCE IN THE GRADE INDICATED UNDER THE PROVISIONS OF SECTIONS 12203 AND 12212, TITLE 10, UNITED STATES CODE, TO PERFORM DUTIES AS INDICATED.

JUDGE ADVOCATE GENERALS DEPARTMENT

To be lieutenant colonel

JEFFREY K. SMITH, 000–00–0000

BIO–MEDICAL SERVICES CORPS

To be lieutenant colonel

STANLEY A. STRAUSS, 000–00–0000

MEDICAL CORPS

To be lieutenant colonel

LOWRY C. SHROPSHIRE, 000–00–0000

THE FOLLOWING OFFICERS, U.S. AIR FORCE OFFICER TRAINING SCHOOL, FOR APPOINTMENT AS SECOND LIEUTENANTS IN THE REGULAR AIR FORCE, UNDER THE PROVISIONS OF SECTION 531 OF TITLE 10, UNITED STATES CODE, WITH DATES OF RANK TO BE DETERMINED BY THE SECRETARY OF THE AIR FORCE.

LINE

MATTHEW D. ATKINS, 000–00–0000
SARAH W. BLOODWORTH, 000–00–0000
PATRICK J. BOWAR, 000–00–0000
WILLIAM D. BOWER, 000–00–0000
KENNETH B. BRATLAND, 000–00–0000
STEVEN R. BUCKWALTER, 000–00–0000
BRITT M. BURBRIDGE, 000–00–0000
GERALD B. BURKE, 000–00–0000
DANIEL C. CHAMBERS, 000–00–0000
NORMAN E. CHUCHUL, 000–00–0000
MICHAEL A. COOLEY, 000–00–0000
CEIR CORAL, 000–00–0000
GEORGE T.M. DIETRICH III, 000–00–0000
MARK R. DOMINGUEZ, 000–00–0000
JAMES S. DOUGLAS, 000–00–0000
CHARLES B. ERICSON, 000–00–0000
JOHN M. FITZHUGH, 000–00–0000
JEFFREY L. FRYE, 000–00–0000
DONALD L. GILLES, 000–00–0000
EDWARD C. GOETZ, 000–00–0000
BRENT R. HATCH, 000–00–0000
ROBERT L. HENDERSON, 000–00–0000
JEFFREY D. HEYSE, 000–00–0000
SCOTT A. HOFFMAN, 000–00–0000
DANIEL W. HOLT, 000–00–0000
SCOTT S. JOHNSON, 000–00–0000
GREGORY KREUDER, 000–00–0000
TRACY A. LINDGREN, 000–00–0000
TONY S. LOMBARDO, 000–00–0000
ZANE G. MARSHALL, JR, 000–00–0000
CHRISTOPHER E. MAZZEI, 000–00–0000
WHITNEY P. MC CLOUD, 000–00–0000
REGAN E. MC CLURKIN, 000–00–0000
JAMES G. MEAD, 000–00–0000
RAY V. ONDREJECH, 000–00–0000
NATHAN A. PALMER, 000–00–0000
CHRISTOPHER L. PARSONS, 000–00–0000
MICHAEL C. SCHOENBEIN, 000–00–0000
ROBERT J. SHERWOOD, 000–00–0000
CHRISTINA L. SIMPERS, 000–00–0000
ERIC A. SMITH, 000–00–0000
DANIEL W. STONE, 000–00–0000
KERRY L. STRAIT, 000–00–0000
MICHAEL D. STRICKLER, 000–00–0000
MERL A. STRODER, 000–00–0000
JEFFREY A. STYERS, 000–00–0000
BERT G. WINSLOW, 000–00–0000
TAMARA L. WISE, 000–00–0000
STEPHEN R. WOOD, 000–00–0000
STEVEN J. YOUD, 000–00–0000

IN THE ARMY

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT IN THE RESERVE OF THE ARMY, UNDER THE PROVISIONS OF TITLE 10 UNITED STATES CODE, SECTIONS 12203, 12204 AND 12320.

DENTAL CORPS

To be lieutenant colonel

RICKY J. ROGERS, 000–00–0000

THE FOLLOWING-NAMED OFFICERS, ON THE ACTIVE DUTY LIST, FOR PROMOTION TO THE GRADE INDICATED IN THE U.S. ARMY IN ACCORDANCE WITH SECTION 624 OF TITLE 10, UNITED STATES CODE:

CHAPLAIN

To be colonel

RALPH G. BENSON, 000–00–0000
MICHAEL R. DURHAM, 000–00–0000
WILLARD D. GOLDMAN, 000–00–0000
CHARLES E. GUNTI, 000–00–0000
JEROME A. HABEREK, 000–00–0000
PHILIP D. KALYANAPU, 000–00–0000
ROGER D. KAPPEL, 000–00–0000
JERRY L. ROBINSON, 000–00–0000
JESSE L. THORNTON, 000–00–0000

THE FOLLOWING-NAMED ARMY NATIONAL GUARD OF THE UNITED STATES OFFICERS FOR PROMOTION IN THE RESERVE OF THE ARMY OF THE UNITED STATES, UNDER THE PROVISIONS OF TITLE 10, UNITED STATES CODE, SECTIONS 12203 AND 3385:

ARMY PROMOTION LIST

To be colonel

JAMES C. FERGUSON, 000–00–0000
JACOB C. HUFFMAN, JR., 000–00–0000
CLYDE H. JOHNSON, 000–00–0000
MICHAEL C. JOHNSEN, 000–00–0000
STEPHEN S. KAPPA, 000–00–0000
CLEAVE A. MC BEAN, 000–00–0000
BRIAN J. MC CRODDEN, 000–00–0000
DAVID D. MC DOUGALL, 000–00–0000
TIMOTHY J. SANKEN, 000–00–0000
RONALD M. SPANIOL, 000–00–0000
CLAUDE A. WILLIAMS, 000–00–0000

CHAPLAIN CORPS

To be colonel

EUGENE P. BRENNAN, 000–00–0000

THE JUDGE ADVOCATE GENERAL'S CORPS

To be colonel

GEORGE A. BUSKIRK, JR., 000–00–0000
ROBERT P. COYNE, 000–00–0000
WILLIAM P. DUBORD, 000–00–0000

MEDICAL CORPS

To be colonel

DOUGLAS A. DUNHAM, 000–00–0000

ARMY PROMOTION LIST

To be lieutenant colonel

EDDY L. ANTHONY, 000–00–0000
PETER D. ANZULEWICZ, 000–00–0000
JAMES D.H. BACON, 000–00–0000
JOHN I. BARNES III, 000–00–0000
BRUCE E. BECK, 000–00–0000
ALLEN E. BREWER, 000–00–0000
GREGORY D. CHRISTENSEN, 000–00–0000
DONALD L. CHU, 000–00–0000
MAURO A. COOPER, 000–00–0000
CHARLES P. ECK, 000–00–0000
GARY C. EVANS, 000–00–0000
CLARENCE L. FAUBUS, 000–00–0000
JOHN L. GRAHAM, 000–00–0000
JOHNNIE W. HARPER, 000–00–0000
FREDERICK E. HENDRICKS, 000–00–0000
ALAN R. LANCASTER, 000–00–0000
GLENN M. LEACH, 000–00–0000
WILLIAM C. MARTIN, 000–00–0000
HENRY C. MC CANN, 000–00–0000
RODNEY D. MONTANG, 000–00–0000
OLIVER L. NORRELL III, 000–00–0000
WALTER S. O'REILLY, 000–00–0000
JAMES M. STEWART, 000–00–0000
JOHN M. STOEN, 000–00–0000
RICHARD E. SWAN, 000–00–0000
LAYNE J. WALKER, 000–00–0000
JAMES M. WELLS, 000–00–0000
IVA E. WILSON-BURKE, 000–00–0000

THE JUDGE ADVOCATE GENERAL'S CORPS

To be lieutenant colonel

JAMES B. BRIMLEY, 000–00–0000
JOSEPH A. WANNEMACHER, 000–00–0000

MEDICAL CORPS

To be lieutenant colonel

RONALD A. LARSEN, 000–00–0000

MEDICAL SERVICE CORPS

To be lieutenant colonel

DENNIS R. MILLER, 000–00–0000
MICHAEL M. WERTZ, 000–00–0000

THE FOLLOWING-NAMED OFFICERS FOR APPOINTMENT IN THE REGULAR ARMY OF THE UNITED STATES, IN THE GRADE OF CAPTAIN, UNDER THE PROVISIONS OF TITLE 10, UNITED STATES CODE, SECTIONS 531, 532, AND 533:

ROMNEY C. ANDERSEN, 000–00–0000
ERIN L. BALDEN, 000–00–0000
MARY J. BARNES, 000–00–0000
JOHN A. BOJESCUL, 000–00–0000
BENJAMIN B. CABLE, 000–00–0000
YONG U. CHOI, 000–00–0000
BRYAN L. CHRISTENSEN, 000–00–0000
JIMMY L. COOPER, 000–00–0000
WILLIAM P. CRUM, 000–00–0000
LOUIS A. DAINTY, 000–00–0000
ALAN W. DAVIS, 000–00–0000
THOMAS E. DYKES, 000–00–0000
JOHN T. EANES, 000–00–0000
JOHN A EDWARDS, 000–00–0000
MINELA FERNANDEZ, 000–00–0000
JASON A. FRIEDMAN, 000–00–0000
GEORGE D. GARCIA, 000–00–0000
DANIEL G. GATES, 000–00–0000
GEORGE R. GOODWIN, 000–00–0000
GEOFFREY G. GRAMMER, 000–00–0000
MARIA L. GRAPILON, 000–00–0000
SHARETTE K. GRAY, 000–00–0000
MICHAEL A. HELWIG, 000–00–0000
DANIEL P. HSU, 000–00–0000
SHANNON A. KANE, 000–00–0000
BERNARD J. KOPCHINSKI, 000–00–0000
RUSS S. KOTWAL, 000–00–0000
DAVID T. KRAMER, 000–00–0000
CHRISTINE M. MACENCZAK, 000–00–0000
CHRISTOPHER B. MAHNKE, 000–00–0000
RICHARD G. MALISH, 000–00–0000
JAMES S. MC CELLAN, 000–00–0000
CURT A. MISKO, 000–00–0000
DAN S. MOSELY, 000–00–0000
CLINTON K. MURRAY, 000–00–0000
ANGELA G. MYSLIWIEC, 000–00–0000
VENCENT MYSLIWIEC, 000–00–0000
CHRIS G. PAPPAS, 000–00–0000
SHEAN E. PHELPS, 000–00–0000
AARON C. PITNEY, 000–00–0000
THOMAS L. POULTON, 000–00–0000
MICHAEL W. QUINN, 000–00–0000
JOHN C. RAYFIELD, 000–00–0000
MARK T. REED, 000–00–0000
STUART A. ROOP, 000–00–0000
ALEX ROSIN, 000–00–0000
EARLE G. SANFORD, 000–00–0000
SAMUEL W. SAUER, 000–00–0000
MICHAEL J. SEBESTA, 000–00–0000
EDWARD J. SWANTON, 000–00–0000
JOEL T. TANAKA, 000–00–0000
KENNETH F. TAYLOR, 000–00–0000
LAURA B. VARNADO, 000–00–0000
MICHAEL A. WEBER, 000–00–0000
PETER J. WEINA, 000–00–0000

THE FOLLOWING-NAMED OFFICER FOR REAPPOINTMENT IN THE REGULAR ARMY OF THE UNITED STATES, FROM THE TEMPORARY DISABILITY RETIRED LIST, IN HIS ACTIVE DUTY GRADE OF CAPTAIN, UNDER THE PROVISIONS OF TITLE 10, UNITED STATES CODE, SECTION 1211:

MARK P. HADA, 000–00–0000

THE FOLLOWING-NAMED HONOR GRADUATE FROM THE OFFICER CANDIDATE SCHOOL FOR APPOINTMENT IN THE REGULAR ARMY OF THE UNITED STATES, IN THE GRADE OF SECOND LIEUTENANT, UNDER THE PROVISIONS OF TITLE 10, UNITED STATES CODE, SECTIONS 531, 532, AND 533:

MICHAEL N. PERRY, 000–00–0000

THE FOLLOWING-NAMED RESERVE OFFICERS' TRAINING CORPS CADET FOR APPOINTMENT IN THE REGULAR ARMY OF THE UNITED STATES, IN THE GRADE OF SECOND LIEUTENANT, UNDER THE PROVISIONS OF TITLE 10, UNITED STATES CODE, SECTIONS 531, 532, AND 533 AND 2106.

DAVID F. TASHEA, 000–00–0000

IN THE NAVY

THE FOLLOWING-NAMED U.S. NAVAL ACADEMY GRADUATES TO BE APPOINTED PERMANENT ENSIGN IN THE LINE OF THE U.S. NAVY, PURSUANT TO TITLE 10, UNITED STATES CODE, SECTION 531:

MAURICE J. CURRAN, 000–00–0000
GREGGORY A. GRAY, 000–00–0000
MATTHEW T. KIRBY, 000–00–0000
JAMES D. MORGAN, 000–00–0000
PAUL E. PEVERLY, 000–00–0000
TODD D. WILSON, 000–00–0000

THE FOLLOWING-NAMED NAVAL RESERVE OFFICER TRAINING CORPS GRADUATES TO BE APPOINTED PERMANENT ENSIGN IN THE LINE OF THE U.S. NAVY, PURSUANT TO TITLE 10, UNITED STATES CODE, SECTION 531:

BRIAN C. DAVISON, 000–00–0000
JONATHAN M GREEN, 000–00–0000
MATTHEW T. POTTENBURG, 000–00–0000
KIM M. VOLK, 000–00–0000

CONFIRMATIONS

Executive nominations confirmed by the Senate February 1, 1996:

DEPARTMENT OF ENERGY

DERRICK L. FORRISTER, OF TENNESSEE, TO BE AN ASSISTANT SECRETARY OF ENERGY (CONGRESSIONAL AND INTERGOVERNMENTAL AFFAIRS).

The above nomination was approved subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

IN THE AIR FORCE

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF GENERAL WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES, CODE SECTION 601:

To be general

LT. GEN. EUGENE E. HABIGER, 000–00–0000, U.S. AIR FORCE

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF LIEUTENANT GENERAL ON THE RETIRED LIST PURSUANT TO THE PROVISIONS OF TITLE 10, UNITED STATES CODE, SECTION 1370:

To be lieutenant general

LT. GEN. STEPHEN B. CROKER, 000–00–0000, U.S. AIR FORCE

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF LIEUTENANT GENERAL ON THE RETIRED LIST PURSUANT TO THE PROVISIONS OF TITLE 10, UNITED STATES CODE, SECTION 1370:

To be lieutenant general

LT. GEN. ARLEN D. JAMESON, 000–00–0000, U.S. AIR FORCE

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF LIEUTENANT GENERAL WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601:

To be lieutenant general

MAJ. GEN. MICHAEL D. MCGINTY, 000–00–0000, U.S. AIR FORCE

THE FOLLOWING-NAMED OFFICERS FOR APPOINTMENT IN THE REGULAR AIR FORCE OF THE UNITED STATES TO THE POSITIONS AND GRADE INDICATED UNDER TITLE 10, UNITED STATES CODE, SECTION 8037:

THE JUDGE ADVOCATE GENERAL OF THE U.S. AIR FORCE

To be major general

BRIG. GEN. BRYAN G. HAWLEY, 000–00–0000

THE DEPUTY JUDGE ADVOCATE GENERAL OF THE U.S. AIR FORCE

To be major general

BRIG. GEN. ANDREW M. EGELAND, JR., 000–00–0000

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF LIEUTENANT GENERAL WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601:

To be lieutenant general

MAJ. GEN. PHILLIP J. FORD, 000–00–0000, U.S. AIR FORCE

THE FOLLOWING-NAMED OFFICER FOR REAPPOINTMENT TO THE GRADE OF LIEUTENANT GENERAL WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601:

To be lieutenant general

LT. GEN. KENNETH A. MINIHAN, 000–00–0000, U.S. AIR FORCE

IN THE ARMY

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF GENERAL WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601(A):

To be general

LT. GEN. HENRY H. SHELTON, 000–00–0000, U.S. ARMY

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF LIEUTENANT GENERAL IN THE U.S. ARMY WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601(A):

To be lieutenant general

MAJ. GEN. JOHN M. KEANE, 000–00–0000, U.S. ARMY

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF LIEUTENANT GENERAL IN THE U.S. ARMY WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601(A):

To be lieutenant general

MAJ. GEN. PATRICK M. HUGHES, 000–00–0000, U.S. ARMY

IN THE NAVY

THE FOLLOWING-NAMED OFFICER TO BE PLACED ON THE RETIRED LIST OF THE U.S. NAVY IN THE GRADE INDICATED UNDER SECTION 1370 OF TITLE 10, UNITED STATES CODE:

To be vice admiral

VICE ADM. DAVID B. ROBINSON, 000–00–0000

THE FOLLOWING-NAMED OFFICER TO BE PLACED ON THE RETIRED LIST OF THE U.S. NAVY IN THE GRADE INDICATED UNDER SECTION 1370 OF TITLE 10, UNITED STATES CODE:

To be vice admiral

VICE ADM. JOHN B. LA PLANTE, 000–00–0000.

THE FOLLOWING-NAMED OFFICER TO BE PLACED ON THE RETIRED LIST OF THE U.S. NAVY IN THE GRADE INDICATED UNDER SECTION 1370 OF TITLE 10, UNITED STATES CODE:

To be vice admiral

VICE ADM. JOHN M. MC CONNELL, 000–00–0000