

October 28 (legislative day, October 26), 1995

Ordered to be printed as passed

In the Senate of the United States,

October 28 (legislative day, October 26), 1995.

Resolved, That the bill from the House of Representatives (H.R. 2491) entitled “An Act to provide for reconciliation pursuant to section 105 of the concurrent resolution on the budget for fiscal year 1996”, do pass with the following

AMENDMENT:

Strike out all after the enacting clause and insert:

1 ***SECTION 1. SHORT TITLE.***

2 *This Act may be cited as the “Balanced Budget Re-*
3 *conciliation Act of 1995”.*

4 ***SEC. 2. TABLE OF TITLES.***

5 *The table of titles for this Act is as follows:*

- Title I. Committee on Agriculture, Nutrition, and Forestry.*
- Title II. Committee on Armed Services.*
- Title III. Committee on Banking, Housing, and Urban Affairs.*
- Title IV. Committee on Commerce, Science, and Transportation.*
- Title V. Committee on Energy and Natural Resources.*
- Title VI. Committee on Environment and Public Works.*
- Title VII. Committee on Finance—Spending Control Provisions.*
- Title VIII. Committee on Governmental Affairs.*
- Title IX. Committee on the Judiciary.*
- Title X. Committee on Labor and Human Resources.*
- Title XI. Committee on Veterans’ Affairs.*
- Title XII. Committee on Finance—Revenue Provisions.*
- Title XIII. Miscellaneous Provisions.*

1 **TITLE I—COMMITTEE ON AGRI-**
 2 **CULTURE, NUTRITION, AND**
 3 **FORESTRY**

4 **SEC. 1001. SHORT TITLE; TABLE OF CONTENTS.**

5 (a) *SHORT TITLE.*—This title may be cited as the “Ag-
 6 ricultural Reconciliation Act of 1995”.

7 (b) *TABLE OF CONTENTS.*—The table of contents of this
 8 title is as follows:

Sec. 1001. Short title; table of contents.

Subtitle A—Commodity Programs

Sec. 1101. Eligibility for enrollment in annual programs.

Sec. 1102. Rice program.

Sec. 1103. Cotton program.

Sec. 1104. Feed grain program.

Sec. 1105. Wheat program.

Sec. 1106. Milk program.

Sec. 1107. Oilseeds program.

Sec. 1108. Sugar program.

Sec. 1109. Acreage base and yield system.

Sec. 1110. Extension of related price support provisions.

Sec. 1111. Repeal of miscellaneous authorities.

Sec. 1112. Commodity Credit Corporation interest rate.

Sec. 1113. Peanut program.

Sec. 1114. Catastrophic crop insurance coverage.

Sec. 1115. Savings adjustment.

Sec. 1116. Sense of the Senate regarding tax provisions relating to ethanol.

Sec. 1117. Effective date.

Subtitle B—Conservation

Sec. 1201. Conservation.

Subtitle C—Agricultural Promotion and Export Programs

Sec. 1301. Market promotion program.

Sec. 1302. Export enhancement program.

Sec. 1303. Export of sunflowerseed oil and cottonseed oil.

Subtitle D—Nutrition Assistance

CHAPTER 1—FOOD STAMP PROGRAM

Sec. 1401. Treatment of children living at home.

Sec. 1402. Optional additional criteria for separate household determinations.

Sec. 1403. Adjustment of thrifty food plan.

- Sec. 1404. Definition of homeless individual.*
- Sec. 1405. State options in regulations.*
- Sec. 1406. Energy assistance.*
- Sec. 1407. Deductions from income.*
- Sec. 1408. Amount of vehicle asset limitation.*
- Sec. 1409. Benefits for aliens.*
- Sec. 1410. Disqualification.*
- Sec. 1411. Employment and training.*
- Sec. 1412. Income calculation.*
- Sec. 1413. Comparable treatment for disqualification.*
- Sec. 1414. Cooperation with child support agencies.*
- Sec. 1415. Disqualification for child support arrears.*
- Sec. 1416. Permanent disqualification for participating in 2 or more States.*
- Sec. 1417. Work requirement.*
- Sec. 1418. Disqualification of fleeing felons.*
- Sec. 1419. Electronic benefit transfers.*
- Sec. 1420. Minimum benefit.*
- Sec. 1421. Benefits on recertification.*
- Sec. 1422. Failure to comply with other welfare and public assistance programs.*
- Sec. 1423. Allotments for households residing in institutions.*
- Sec. 1424. Collection of overissuances.*
- Sec. 1425. Termination of Federal match for optional information activities.*
- Sec. 1426. Work supplementation or support program.*
- Sec. 1427. Private sector employment initiatives.*
- Sec. 1428. Reauthorization of appropriations.*
- Sec. 1429. Optional State food assistance block grant.*
- Sec. 1430. Effective date.*

CHAPTER 2—CHILD NUTRITION PROGRAMS

PART I—REIMBURSEMENT RATES

- Sec. 1441. Termination of additional payment for lunches served in high free and reduced price participation schools.*
- Sec. 1442. Lunches, breakfasts, and supplements.*
- Sec. 1443. Free and reduced price breakfasts.*
- Sec. 1444. Conforming reimbursement for paid breakfasts and lunches.*

PART II—GRANT PROGRAMS

- Sec. 1451. School breakfast startup grants.*

PART III—OTHER AMENDMENTS

- Sec. 1461. Child and adult care food program.*

CHAPTER 3—ADDITIONAL SAVINGS

- Sec. 1471. Earnings of students.*
- Sec. 1472. Standard deduction.*
- Sec. 1473. Vendor payments for transitional housing counted as income.*
- Sec. 1474. Extending claims retention rates.*
- Sec. 1475. Reauthorization of Puerto Rico nutrition assistance program.*
- Sec. 1476. Value of food assistance.*
- Sec. 1477. Commodity assistance.*
- Sec. 1478. Summer food service program for children.*
- Sec. 1479. Special milk program.*

Sec. 1480. Nutrition education and training programs.

Sec. 1481. Effective date.

CHAPTER 4—EFFECTIVE DATE

Sec. 1491. Effective date.

1 **Subtitle A—Commodity Programs**

2 **SEC. 1101. ELIGIBILITY FOR ENROLLMENT IN ANNUAL PRO-**
 3 **GRAMS.**

4 (a) *IN GENERAL.*—*Title III of the Agricultural Act of*
 5 *1949 (7 U.S.C. 1447 et seq.) is amended to read as follows:*

6 **“TITLE III—ANNUAL PROGRAMS**
 7 **FOR 1996 THROUGH 2002 CROPS**

8 **“SEC. 301. ELIGIBILITY FOR ENROLLMENT IN ANNUAL PRO-**
 9 **GRAMS.**

10 “(a) *IN GENERAL.*—*To be eligible for enrollment in*
 11 *1 or more of the annual programs established under this*
 12 *title, the land on a farm must have been enrolled in 1 or*
 13 *more of the annual programs established under this Act for*
 14 *rice, upland cotton, feed grains, or wheat for a total of at*
 15 *least 3 of the 1991 through 1995 crop years, as determined*
 16 *by the Secretary.*

17 “(b) *ADDITIONAL CRITERIA.*—*In addition to the re-*
 18 *quirements of subsection (a), for the purpose of determining*
 19 *the eligibility of land for enrollment in 1 or more of the*
 20 *annual programs established under this title, the Secretary*
 21 *shall include acreage on the farm considered planted under*
 22 *section 503(c), including a certification of crop acreage base*

1 *filed with the Secretary in order to preserve base history,*
2 *for any of the 1991 through 1995 crops.*

3 “(c) *ELIGIBILITY TO RECEIVE PAYMENTS AND*
4 *LOANS.—Enrollment in the annual program for a program*
5 *crop shall be required as a condition of the receipt of any*
6 *payment or loan under this title for the program crop.”.*

7 (b) *CONFORMING AMENDMENTS.—The Agricultural*
8 *Act of 1949 is amended—*

9 (1) *in title I (7 U.S.C. 1441 et seq.)—*

10 (A) *by striking all sections other than sec-*
11 *tions 101B, 103B, 104(d), 105B, 106, 106A,*
12 *106B, 107B, 108B, 111, 114, and 115; and*

13 (B) *by moving sections 101B, 103B, 105B,*
14 *and 107B to the end of title III (as amended by*
15 *subsection (a)) and redesignating the sections as*
16 *sections 302, 303, 304, and 305, respectively;*

17 (2) *in title II (7 U.S.C. 1446 et seq.), by striking*
18 *all sections other than sections 202, 204, 205, and*
19 *206; and*

20 (3) *by striking title VI (7 U.S.C. 1471 et seq.).*

21 **SEC. 1102. RICE PROGRAM.**

22 *Section 302 of the Agricultural Act of 1949 (as redesi-*
23 *gnated by section 1101(b)(1)(B)) is amended—*

24 (1) *by striking the section heading and inserting*
25 *the following:*

1 **“SEC. 302. LOANS AND PAYMENTS FOR THE 1991 THROUGH**
2 **2002 CROPS OF RICE.”;**

3 (2) *in subsection (a)—*

4 (A) *in paragraph (1), by striking “1995”*
5 *and inserting “2002”;*

6 (B) *in paragraph (3), by striking “1995”*
7 *and inserting “2002”; and*

8 (C) *in paragraph (5)(D)(i), by striking*
9 *“August 1, 1991, and ending July 31, 1996” and*
10 *inserting “August 1, 1996, and ending July 31,*
11 *2003”;*

12 (3) *in subsection (b)(1), by striking “1995” and*
13 *inserting “2002”;*

14 (4) *in subsection (c)(1)—*

15 (A) *in subparagraph (A), by striking*
16 *“1995” and inserting “2002”;*

17 (B) *in subparagraph (B)—*

18 (i) *in clause (ii)—*

19 (I) *in the clause heading, by strik-*
20 *ing “AND 1995” and inserting*
21 *“THROUGH 2002”; and*

22 (II) *by striking “and 1995” and*
23 *inserting “through 2002”;*

24 (ii) *by redesignating clause (iii) as*
25 *clause (iv);*

1 (iii) by inserting after clause (ii) the
2 following:

3 “(iii) *MAXIMUM PAYMENT RATE.*—*The*
4 *payment rate for rice under this subsection*
5 *shall not exceed (per hundredweight) \$4.21*
6 *for the 1996 crop, \$4.19 for the 1997 crop,*
7 *\$3.86 for the 1998 crop, \$3.48 for the 1999*
8 *crop, \$3.23 for the 2000 crop, \$2.89 for the*
9 *2001 crop, and \$2.66 for the 2002 crop.”;*

10 and

11 (iv) in clause (iv) (as so redesignated),
12 by striking “1995” and inserting “2002”;
13 (C) in subparagraph (C)—

14 (i) in clause (i), by striking “within
15 the permitted acreage”; and

16 (ii) in clause (ii)—

17 (I) by striking “85 percent” and
18 inserting “70 percent”; and

19 (II) by striking “less the quan-
20 tity” and all that follows through
21 “(e)(2)(D)”;

22 (D) in subparagraph (D)—

23 (i) in the subparagraph heading, by
24 striking “50/85” and inserting “25/75”;

25 (ii) in clause (i)—

1 (I) by striking “an acreage” and
2 all that follows through “rice and”;

3 (II) by striking “15 percent” each
4 place it appears and inserting “25 per-
5 cent”;

6 (III) by striking “1997 crops (ex-
7 cept as provided in clause (v)(II))”
8 each place it appears and inserting
9 “2002 crops”;

10 (IV) by striking “(except as pro-
11 vided in subparagraph (E))” each
12 place it appears and inserting “or al-
13 ternative crops described in subpara-
14 graph (E)”; and

15 (V) in subclause (I), by striking
16 “for the purpose” and all that follows
17 through “(e)(2)(D)”;

18 (iii) in clause (ii), by striking “50 per-
19 cent” and inserting “25 percent”;

20 (iv) in clause (iii), by striking “(or
21 other uses as provided in subparagraph
22 (E))” and inserting “or alternative crops
23 described in subparagraph (E)”;

24 (v) in clause (v)—

1 (I) in the clause heading, by strik-
2 ing “PREVENTED PLANTING AND RE-
3 DUCED” and inserting “REDUCED”;

4 (II) in the first sentence of
5 subclause (I), by striking “under sub-
6 section (e)”; and

7 (III) in subclause (II)—

8 (aa) in the subclause head-
9 ing, by striking “1997” and insert-
10 ing “2002”;

11 (bb) by striking “1997” and
12 inserting “2002”;

13 (cc) by striking “if an acre-
14 age limitation” and all that fol-
15 lows through “(aa) the” and in-
16 serting “if the”;

17 (dd) by striking “be pre-
18 vented from planting the crop or”;

19 (ee) by striking “8 percent”
20 the first place it appears and in-
21 serting “25 percent”; and

22 (ff) by striking “uses; or”
23 and all that follows through the
24 period at the end of the subclause
25 and inserting “uses.”;

1 (vi) in clause (vi), by striking “per-
2 mitted rice” and all that follows through
3 “this subparagraph” and inserting “rice
4 payment acres of the farm was devoted to
5 conserving uses or alternative crops de-
6 scribed in subparagraph (E)”; and

7 (vii) by striking clause (viii); and

8 (E) in the first sentence of subparagraph
9 (E)(ii), by inserting before the period at the end
10 the following: “or other oilseeds as determined by
11 the Secretary”;

12 (5) by striking subsection (e) and inserting the
13 following:

14 “(e) *HAYING AND GRAZING.*—

15 “(1) *IN GENERAL.*—Except as provided in para-
16 graph (2), haying and grazing of acreage under sub-
17 section (c)(1)(C) shall be permitted, except during
18 any consecutive 5-month period that is established by
19 the State committee established under section 8(b) of
20 the Soil Conservation and Domestic Allotment Act
21 (16 U.S.C. 590h(b)) for a State. The 5-month period
22 shall be established during the period beginning April
23 1, and ending October 31, of a year.

24 “(2) *NATURAL DISASTERS.*—In the case of a nat-
25 ural disaster, the Secretary may permit unlimited

1 *haying and grazing on the acreage. The Secretary*
 2 *may not exclude irrigated or irrigable acreage not*
 3 *planted to alfalfa when exercising the authority under*
 4 *this paragraph.”;*

5 *(6) in subsection (f)—*

6 *(A) in paragraph (1), by striking “1995”*
 7 *and inserting “2002”; and*

8 *(B) in paragraph (4)(C), by striking “re-*
 9 *duced by” and all that follows through “sub-*
 10 *section (e)”;* and

11 *(7) in subsection (n), by striking “1995” and in-*
 12 *serting “2002”.*

13 ***SEC. 1103. COTTON PROGRAM.***

14 *Section 303 of the Agricultural Act of 1949 (as redesign-*
 15 *ated by section 1101(b)(1)(B)) is amended—*

16 *(1) by striking the section heading and inserting*
 17 *the following:*

18 ***“SEC. 303. LOANS AND PAYMENTS FOR THE 1991 THROUGH***

19 ***2002 CROPS OF UPLAND COTTON.”;***

20 *(2) in subsection (a)—*

21 *(A) in paragraph (1), by striking “1997”*
 22 *and inserting “2002”;*

23 *(B) by striking paragraph (4) and inserting*
 24 *the following:*

1 “(4) *STORAGE PAYMENTS.*—*The producer shall*
2 *pay the cost of all storage payments incurred for a*
3 *10-month nonrecourse loan.*”; and

4 (C) *in paragraph (5)*—

5 (i) *by striking “August 1, 1991, and*
6 *ending July 31, 1998” each place it ap-*
7 *pears and inserting “August 1, 1996, and*
8 *ending July 31, 2003”;*

9 (ii) *in subparagraph (E), by striking*
10 *“1.25 cents” each place it appears and in-*
11 *serting “2.50 cents”; and*

12 (iii) *in subparagraph (F)(i), by strik-*
13 *ing “August 1991 and ending July 31,*
14 *1998” and inserting “August 1, 1996, and*
15 *ending July 31, 2003”;*

16 (3) *in subsection (b)(1), by striking “1997” and*
17 *inserting “2002”;*

18 (4) *in subsection (c)(1)*—

19 (A) *in subparagraph (A), by striking*
20 *“1997” and inserting “2002”;*

21 (B) *in subparagraph (B)*—

22 (i) *by redesignating clause (ii) as*
23 *clause (iii);*

24 (ii) *by inserting after clause (i) the fol-*
25 *lowing:*

1 “(i) *MAXIMUM PAYMENT RATE.*—*The*
2 *payment rate for upland cotton under this*
3 *subsection shall not exceed (per pound) 8.6*
4 *cents for the 1996 crop, 12.1 cents for the*
5 *1997 crop, 13.1 cents for the 1998 crop,*
6 *13.6 cents for the 1999 crop, 13.0 cents for*
7 *the 2000 crop, 12.0 cents for the 2001 crop,*
8 *and 11.5 cents for the 2002 crop.”; and*

9 (iii) *in clause (iii) (as so redesign-*
10 *ated), by striking “1997” and inserting*
11 *“2002”;*

12 (C) *in subparagraph (C)—*

13 (i) *in clause (i), by striking “within*
14 *the permitted acreage”;* and

15 (ii) *in clause (ii)—*

16 (I) *by striking “85 percent” and*
17 *inserting “70 percent”;* and

18 (II) *by striking “less the quan-*
19 *tity” and all that follows through*
20 *“(e)(2)(D))”;*

21 (D) *in subparagraph (D)—*

22 (i) *in the subparagraph heading, by*
23 *striking “50/85” and inserting “0/85”;*

24 (ii) *in clause (i)—*

1 (I) by striking “an acreage” and
2 all that follows through “cotton and”;

3 (II) by striking “1997 crops (ex-
4 cept as provided in clause (v)(II))”
5 each place it appears and inserting
6 “2002 crops”;

7 (III) by striking “(except as pro-
8 vided in subparagraph (E))” each
9 place it appears and inserting “or al-
10 ternative crops described in subpara-
11 graph (E)”;

12 (IV) in subclause (I), by striking
13 “for the purpose” and all that follows
14 through “(e)(2)(D)”;

15 (V) in subclause (II), by striking
16 “, subject to the compliance of the pro-
17 ducers with clause (ii)”;

18 (iii) by striking clauses (ii) and (viii);

19 (iv) by redesignating clauses (iii)
20 through (vii) and clause (ix) as clauses (ii)
21 through (vi) and clause (vii), respectively;

22 (v) in clause (ii) (as so redesignated),
23 by striking “(or other uses as provided in
24 subparagraph (E))” and inserting “or al-

1 *ternative crops described in subparagraph*
2 *(E)”;*

3 *(vi) in clause (iii) (as so redesignated),*
4 *by striking “, without regard to the require-*
5 *ment imposed under clause (i),”;*

6 *(vii) in clause (iv) (as so redesign-*
7 *ated)—*

8 *(I) in the clause heading, by strik-*
9 *ing “PREVENTED PLANTING AND RE-*
10 *DUCE” and inserting “REDUCED”;*

11 *(II) in the first sentence of*
12 *subclause (I)—*

13 *(aa) by striking “under sub-*
14 *section (e)”;* *and*

15 *(bb) by striking “without re-*
16 *gard to the requirement imposed*
17 *under clause (i)”;* *and*

18 *(III) in subclause (II)—*

19 *(aa) in the subclause head-*
20 *ing, by striking “1997” and insert-*
21 *ing “2002”;*

22 *(bb) by striking “1997” and*
23 *inserting “2002”;*

24 *(cc) by striking “clause (iii)*
25 *without regard” and all that fol-*

1 lows through “(aa) the” and in-
2 serting “clause (i) if the”;

3 (dd) by striking “be pre-
4 vented from planting the crop or”;

5 (ee) by striking “8 percent”
6 the first place it appears and in-
7 serting “15 percent”; and

8 (ff) by striking “uses; or”
9 and all that follows through the
10 period at the end of the subclause
11 and inserting “uses.”;

12 (viii) in clause (v) (as so redesignated),
13 by striking “permitted cotton” and all that
14 follows through “this subparagraph” and
15 inserting “cotton payment acres of the farm
16 was devoted to conserving uses or alter-
17 native crops described in subparagraph
18 (E)”; and

19 (ix) in clause (vi) (as so redesignated),
20 by striking “(vi)” and inserting “(v)”; and

21 (E) in the first sentence of subparagraph
22 (E)(ii), by inserting before the period at the end
23 the following: “or other oilseeds as determined by
24 the Secretary”;

1 (5) *by striking subsection (e) and inserting the*
2 *following:*

3 “(e) *HAYING AND GRAZING.*—

4 “(1) *IN GENERAL.*—*Except as provided in para-*
5 *graph (2), haying and grazing of acreage under sub-*
6 *section (c)(1)(C) shall be permitted, except during*
7 *any consecutive 5-month period that is established by*
8 *the State committee established under section 8(b) of*
9 *the Soil Conservation and Domestic Allotment Act*
10 *(16 U.S.C. 590h(b)) for a State. The 5-month period*
11 *shall be established during the period beginning April*
12 *1, and ending October 31, of a year.*

13 “(2) *NATURAL DISASTERS.*—*In the case of a nat-*
14 *ural disaster, the Secretary may permit unlimited*
15 *haying and grazing on the acreage. The Secretary*
16 *may not exclude irrigated or irrigable acreage not*
17 *planted to alfalfa when exercising the authority under*
18 *this paragraph.*”;

19 (6) *in subsection (f)*—

20 (A) *in paragraph (1), by striking “1995”*
21 *and inserting “2002”; and*

22 (B) *in paragraph (4)(C), by striking “re-*
23 *duced by” and all that follows through “sub-*
24 *section (e)”;* and

1 (7) *in subsection (o), by striking “1997” and in-*
 2 *serting “2002”.*

3 **SEC. 1104. FEED GRAIN PROGRAM.**

4 *Section 304 of the Agricultural Act of 1949 (as redesign-*
 5 *ated by section 1101(b)(1)(B)) is amended—*

6 (1) *by striking the section heading and inserting*
 7 *the following:*

8 **“SEC. 304. LOANS AND PAYMENTS FOR THE 1991 THROUGH**
 9 **2002 CROPS OF FEED GRAINS.”;**

10 (2) *in subsection (a)—*

11 (A) *in paragraph (1), by striking “1995”*
 12 *and inserting “2002”;*

13 (B) *in paragraph (4)—*

14 (i) *in subparagraph (A)—*

15 (I) *by striking “may” and insert-*
 16 *ing “shall”;*

17 (II) *in clause (i), by inserting*
 18 *“or” after the semicolon; and*

19 (III) *in clause (iii), by striking*
 20 *“(iii) the” and inserting the following:*

21 *“(III) the”; and*

22 (ii) *in subparagraph (C), by striking*
 23 *“1995” and inserting “2002”; and*

24 (C) *in paragraph (6), by striking “1995”*
 25 *and inserting “2002”;*

1 (3) *in subsection (b)(1), by striking “1995” and*
2 *inserting “2002”;*

3 (4) *in subsection (c)(1)—*

4 (A) *in subparagraph (A), by striking*
5 *“1995” and inserting “2002”;*

6 (B) *in subparagraph (B)—*

7 (i) *in clause (ii)—*

8 (I) *in the clause heading, by strik-*
9 *ing “AND 1995” and inserting*
10 *“THROUGH 2002”; and*

11 (II) *by striking “and 1995” and*
12 *inserting “through 2002”;*

13 (ii) *by redesignating clause (iii) as*
14 *clause (iv);*

15 (iii) *by inserting after clause (ii) the*
16 *following:*

17 “(iii) *MAXIMUM PAYMENT RATE.—The*
18 *payment rates under this subsection shall*
19 *not exceed (per bushel)—*

20 “(I) *in the case of corn, \$.53 for*
21 *the 1996 crop, \$.53 for the 1997 crop,*
22 *\$.57 for the 1998 crop, \$.56 for the*
23 *1999 crop, \$.53 for the 2000 crop, \$.54*
24 *for the 2001 crop, and \$.55 for the*
25 *2002 crop;*

1 “(II) in the case of grain sor-
2 ghums, \$.59 for the 1996 crop, \$.59 for
3 the 1997 crop, \$.63 for the 1998 crop,
4 \$.61 for the 1999 crop, \$.59 for the
5 2000 crop, \$.60 for the 2001 crop, and
6 \$.61 for the 2002 crop;

7 “(III) in the case of oats, \$.12 for
8 the 1996 crop, \$.11 for the 1997 crop,
9 \$.12 for the 1998 crop, \$.11 for the
10 1999 crop, \$.09 for the 2000 crop, \$.09
11 for the 2001 crop, and \$.10 for the
12 2002 crop; and

13 “(IV) in the case of barley, \$.45
14 for the 1996 crop, \$.43 for the 1997
15 crop, \$.44 for the 1998 crop, \$.42 for
16 the 1999 crop, \$.39 for the 2000 crop,
17 \$.39 for the 2001 crop, and \$.40 for the
18 2002 crop.”; and

19 (iv) in clause (iv) (as so redesignated),
20 by striking “1995” each place it appears
21 and inserting “2002”;

22 (C) in subparagraph (C)—

23 (i) in clause (i)—

1 (I) by inserting after “crop” the
2 following: “or to a commodity per-
3 mitted under section 504(b)”; and

4 (II) by striking “within the per-
5 mitted acreage”; and

6 (ii) in clause (ii)—

7 (I) by striking “85 percent” and
8 inserting “70 percent”; and

9 (II) by striking “less the quan-
10 tity” and all that follows through
11 “(e)(2)(D)”; and

12 (D) in subparagraph (D)(i), by striking
13 “Notwithstanding the foregoing provisions of this
14 section, if” and inserting “If”; and

15 (E) in subparagraph (E)—

16 (i) in clause (i)—

17 (I) by striking “an acreage” and
18 all that follows through “grains and”;

19 (II) by striking “1997 crops (ex-
20 cept as provided in clause (vii))” each
21 place it appears and inserting “2002
22 crops”;

23 (III) by striking “(except as pro-
24 vided in subparagraph (F))” each
25 place it appears and inserting “or al-

1 *ternative crops described in subpara-*
2 *graph (F)”; and*

3 *(IV) in subclause (I), by striking*
4 *“for the purpose” and all that follows*
5 *through “(e)(2)(D)”;*

6 *(ii) in clause (ii), by striking “(or*
7 *other uses as provided in subparagraph*
8 *(F))” and inserting “or alternative crops*
9 *described in subparagraph (F)”;*

10 *(iii) in clause (iv), by striking “per-*
11 *mitted feed grain” and all that follows*
12 *through “this subparagraph” and inserting*
13 *“feed grain payment acres of the farm was*
14 *devoted to conserving uses or alternative*
15 *crops described in subparagraph (F)”;*

16 *(iv) by striking clause (vi);*

17 *(v) by redesignating clause (vii) as*
18 *clause (vi); and*

19 *(vi) in clause (vi) (as so redesign-*
20 *ated)—*

21 *(I) in the clause heading, by strik-*
22 *ing “EXCEPTIONS TO 0/85” and insert-*
23 *ing “REDUCED YIELDS”;*

24 *(II) by striking “an acreage” and*
25 *all that follows through “crop and”;*

1 (III) by striking subclause (II);
 2 (IV) in subclause (I)(aa)—
 3 (aa) by striking “(aa)”; and
 4 (bb) by striking “be pre-
 5 vented from planting the crop or”;
 6 and
 7 (V) in subclause (I)(bb)—
 8 (aa) by striking “(bb)” and
 9 inserting “(II)”;
 10 (bb) by striking “8 percent”
 11 and inserting “15 percent”; and
 12 (cc) by striking “; or” and
 13 inserting a period;

14 (5) by striking subsection (e) and inserting the
 15 following:

16 “(e) HAYING AND GRAZING.—

17 “(1) IN GENERAL.—Except as provided in para-
 18 graph (2), haying and grazing of acreage under sub-
 19 section (c)(1)(C) shall be permitted, except during
 20 any consecutive 5-month period that is established by
 21 the State committee established under section 8(b) of
 22 the Soil Conservation and Domestic Allotment Act
 23 (16 U.S.C. 590h(b)) for a State. The 5-month period
 24 shall be established during the period beginning April
 25 1, and ending October 31, of a year.

1 “(2) *NATURAL DISASTERS.*—*In the case of a nat-*
2 *ural disaster, the Secretary may permit unlimited*
3 *haying and grazing on the acreage. The Secretary*
4 *may not exclude irrigated or irrigable acreage not*
5 *planted to alfalfa when exercising the authority under*
6 *this paragraph.*”;

7 (6) *in subsection (f)*—

8 (A) *in paragraph (1), by striking “1995”*
9 *and inserting “2002”; and*

10 (B) *in paragraph (4)(C), by striking “re-*
11 *duced by” and all that follows through “sub-*
12 *section (e)”;*

13 (7) *in subsection (g)(1), by striking “under sub-*
14 *section (e)”;*

15 (8) *in subsection (o)(1), by striking “and acreage*
16 *reduction”;*

17 (9) *in subsection (p)(1), by striking “1995” and*
18 *inserting “2002”;*

19 (10) *in subsection (q)(1)*—

20 (A) *by striking “1995” and inserting*
21 *“2002”;*

22 (B) *in subparagraph (C), by inserting*
23 *“and” after the semicolon at the end;*

24 (C) *in subparagraph (D), by striking “;*
25 *and” and inserting a period; and*

1 (D) by striking subparagraph (E); and
2 (11) in subsection (r), by striking “1995” and
3 inserting “2002”.

4 **SEC. 1105. WHEAT PROGRAM.**

5 Section 305 of the Agricultural Act of 1949 (as redesign-
6 nated by section 1101(b)(1)(B)) is amended—

7 (1) by striking the section heading and inserting
8 the following:

9 **“SEC. 305. LOANS AND PAYMENTS FOR THE 1991 THROUGH**
10 **2002 CROPS OF WHEAT.”;**

11 (2) in subsection (a)—

12 (A) in paragraph (1), by striking “1995”
13 and inserting “2002”; and

14 (B) in paragraph (4)—

15 (i) in subparagraph (A)—

16 (I) by striking “may” and insert-
17 ing “shall”;

18 (II) in clause (i), by inserting
19 “or” after the semicolon; and

20 (III) in clause (iii), by striking
21 “(iii) the” and inserting the following:

22 “(III) the”; and

23 (ii) in subparagraph (C), by striking
24 “1995” and inserting “2002”;

1 (3) *in subsection (b)(1), by striking “1995” and*
2 *inserting “2002”;*

3 (4) *in subsection (c)(1)—*

4 (A) *in subparagraph (A), by striking*
5 *“1995” and inserting “2002”;*

6 (B) *in subparagraph (B)—*

7 (i) *in clause (ii)—*

8 (I) *in the clause heading, by strik-*
9 *ing “AND 1995” and inserting*
10 *“THROUGH 2002”; and*

11 (II) *by striking “and 1995” and*
12 *inserting “through 2002”;*

13 (ii) *by redesignating clause (iii) as*
14 *clause (iv);*

15 (iii) *by inserting after clause (ii) the*
16 *following:*

17 “(iii) *MAXIMUM PAYMENT RATE.—The*
18 *payment rate for wheat under this sub-*
19 *section shall not exceed (per bushel) \$.89 for*
20 *the 1996 crop, \$.94 for the 1997 crop, \$.95*
21 *for the 1998 crop, \$.89 for the 1999 crop,*
22 *\$.79 for the 2000 crop, \$.78 for the 2001*
23 *crop, and \$.71 for the 2002 crop.”; and*

24 (iv) *in clause (iv) (as so redesignated),*
25 *by striking “1995” and inserting “2002”;*

1 (C) in subparagraph (C)—

2 (i) in clause (i)—

3 (I) by inserting after “crop” the
4 following: “or to a commodity per-
5 mitted under section 504(b)”; and

6 (II) by striking “within the per-
7 mitted acreage”; and

8 (ii) in clause (ii)—

9 (I) by striking “85 percent” and
10 inserting “70 percent”; and

11 (II) by striking “less the quan-
12 tity” and all that follows through
13 “(e)(2)(D)”; and

14 (D) in subparagraph (D)(i), by striking
15 “Notwithstanding the foregoing provisions of this
16 section, if” and inserting “If”; and

17 (E) in subparagraph (E)—

18 (i) in clause (i)—

19 (I) by striking “an acreage” and
20 all that follows through “wheat and”;

21 (II) by striking “1997 crops (ex-
22 cept as provided in clause (vii))” each
23 place it appears and inserting “2002
24 crops”;

1 (III) by striking “(except as pro-
2 vided in subparagraph (F))” each
3 place it appears and inserting “or al-
4 ternative crops described in subpara-
5 graph (F)”; and

6 (IV) in subclause (I), by striking
7 “for the purpose” and all that follows
8 through “(e)(2)(D)”;

9 (ii) in clause (ii), by striking “(or
10 other uses as provided in subparagraph
11 (F))” and inserting “or alternative crops
12 described in subparagraph (F)”;

13 (iii) in clause (iv), by striking “per-
14 mitted wheat” and all that follows through
15 “this subparagraph” and inserting “wheat
16 grain payment acres of the farm was de-
17 voted to conserving uses or alternative crops
18 described in subparagraph (F)”;

19 (iv) by striking clause (vi);

20 (v) by redesignating clause (vii) as
21 clause (vi); and

22 (vi) in clause (vi) (as so redesign-
23 ated)—

1 (I) in the clause heading, by strik-
2 ing “EXCEPTIONS TO o/s5” and insert-
3 ing “REDUCED YIELDS”;

4 (II) by striking “an acreage” and
5 all that follows through “crop and”;

6 (III) by striking subclause (II);

7 (IV) in subclause (I)(aa)—

8 (aa) by striking “(aa)”; and

9 (bb) by striking “be pre-
10 vented from planting the crop or”;

11 and

12 (V) in subclause (I)(bb)—

13 (aa) by striking “(bb)” and
14 inserting “(II)”;

15 (bb) by striking “8 percent”
16 and inserting “15 percent”; and

17 (cc) by striking “; or” and
18 inserting a period;

19 (5) by striking subsection (e) and inserting the
20 following:

21 “(e) HAYING AND GRAZING.—

22 “(1) IN GENERAL.—Except as provided in para-
23 graph (2), haying and grazing of acreage under sub-
24 section (c)(1)(C) shall be permitted, except during
25 any consecutive 5-month period that is established by

1 *the State committee established under section 8(b) of*
2 *the Soil Conservation and Domestic Allotment Act*
3 *(16 U.S.C. 590h(b)) for a State. The 5-month period*
4 *shall be established during the period beginning April*
5 *1, and ending October 31, of a year.*

6 “(2) *NATURAL DISASTERS.*—*In the case of a nat-*
7 *ural disaster, the Secretary may permit unlimited*
8 *haying and grazing on the acreage. The Secretary*
9 *may not exclude irrigated or irrigable acreage not*
10 *planted to alfalfa when exercising the authority under*
11 *this paragraph.”;*

12 (6) *in subsection (f)—*

13 (A) *in paragraph (1), by striking “1995”*
14 *and inserting “2002”; and*

15 (B) *in paragraph (4)(C), by striking “re-*
16 *duced by” and all that follows through “sub-*
17 *section (e)”;*

18 (7) *in subsection (g)(1), by striking “under sub-*
19 *section (e)”;*

20 (8) *in subsection (o)(1), by striking “and acreage*
21 *reduction”;*

22 (9) *in subsection (p)(2)(B), by striking “less the*
23 *quantity” and all that follows through “(e)(2)(D)”;*
24 *and*

1 (10) in subsection (q), by striking “1995” and
2 inserting “2002”.

3 **SEC. 1106. MILK PROGRAM.**

4 (a) *IN GENERAL.*—Section 204 of the Agricultural Act
5 of 1949 (7 U.S.C. 1446e) is amended to read as follows:

6 **“SEC. 204. MILK PRICE SUPPORT PROGRAM FOR CALENDAR**
7 **YEARS 1996 THROUGH 2002.**

8 “(a) *IN GENERAL.*—During the period beginning Jan-
9 uary 1, 1996, and ending December 31, 2002, the price of
10 milk produced in the 48 contiguous States shall be sup-
11 ported as provided in this section.

12 “(b) *SUPPORT PRICE.*—

13 “(1) *IN GENERAL.*—During the period referred to
14 in subsection (a), the price of milk used for cheese
15 shall be supported at a rate equal to \$10.00 per hun-
16 dredweight for calendar year 1996, subject to sub-
17 section (d). Milk used for nonfat dry milk or butter
18 shall not be supported under this section.

19 “(2) *ANNUAL REDUCTION.*—For each of calendar
20 years 1997 through 2002, the Secretary shall reduce
21 the rate of price support for milk used for cheese by
22 10 cents per hundredweight.

23 “(c) *PURCHASES.*—

24 “(1) *IN GENERAL.*—The price of milk used for
25 cheese shall be supported through the purchase of

1 *cheese and based on the support price in effect during*
2 *the applicable calendar year.*

3 *“(2) SALES THROUGH DEIP.—All sales for export*
4 *under the dairy export incentive program established*
5 *under section 153 of the Food Security Act of 1985*
6 *(15 U.S.C. 713a–14) shall be considered as total pur-*
7 *chases under subsection (d).*

8 *“(d) SUPPORT RATE ADJUSTMENTS.—Effective Janu-*
9 *ary 1 of each of the calendar years 1996 through 2002, if*
10 *the level of purchases of milk and the products of milk by*
11 *the Commodity Credit Corporation under this section (less*
12 *sales under section 407 for unrestricted use), through direct*
13 *purchases or through sales under the dairy export incentive*
14 *program established under section 153 of the Food Security*
15 *Act of 1985 (15 U.S.C. 713a–14), as estimated by the Sec-*
16 *retary by November 20 of the preceding calendar year, will*
17 *exceed 1,500,000,000 pounds (milk equivalent, total milk*
18 *solids basis), the Secretary shall decrease by 25 cents per*
19 *hundredweight, in addition to the annual reduction under*
20 *subsection (b)(2), the rate of price support for milk used*
21 *for cheese in effect for the calendar year. The support rate*
22 *adjustment provided under this subsection shall be effective*
23 *only for the calendar year applicable to the estimate of the*
24 *Secretary. After the support rate adjustment terminates, the*

1 *support price shall be the level provided under subsection*
 2 *(b)(2).*

3 “(e) *COMMODITY CREDIT CORPORATION.*—*The Sec-*
 4 *retary shall carry out the program authorized by this sec-*
 5 *tion through the Commodity Credit Corporation.*

6 “(f) *PERIOD.*—*This section shall be effective only dur-*
 7 *ing the period beginning January 1, 1996, and ending De-*
 8 *cember 31, 2002.*”.

9 (b) *MILK MANUFACTURING MARKETING ADJUST-*
 10 *MENT.*—*Section 102 of the Food, Agriculture, Conservation,*
 11 *and Trade Act of 1990 (7 U.S.C. 1446e–1) is repealed.*

12 (c) *CLASS IV ACCOUNT.*—*Effective January 1, 1996,*
 13 *section 8c(5) of the Agricultural Adjustment Act (7 U.S.C.*
 14 *608c(5)), reenacted with amendments by the Agricultural*
 15 *Marketing Agreement Act of 1937, is amended—*

16 (1) *in paragraph (A), by adding at the end the*
 17 *following: “Each marketing order issued pursuant to*
 18 *this section for milk and milk products shall include*
 19 *all skim milk and butterfat used to produce butter,*
 20 *nonfat dry milk, and dry whole milk as part of a*
 21 *Class IV classification.”; and*

22 (2) *by adding at the end the following:*

23 “(M) *CLASS IV ACCOUNT.*—

24 “(i) *DEFINITIONS.*—*In this paragraph:*

1 “(I) ACCOUNT.—The term ‘Ac-
2 count’ means the Account for Class IV
3 final products established under clause
4 (ii).

5 “(II) ADMINISTRATOR.—The term
6 ‘Administrator’ means the Adminis-
7 trator of the Account appointed under
8 clause (vii).

9 “(III) CLASS IV FINAL PROD-
10 UCT.—The term ‘Class IV final prod-
11 uct’ means butter, nonfat dry milk,
12 and dry whole milk.

13 “(IV) MILK MARKETING ORDER.—
14 The term ‘milk marketing order’ means
15 a milk marketing order issued pursu-
16 ant to this section and any comparable
17 State milk marketing order or system.

18 “(i) ESTABLISHMENT OF ACCOUNT.—
19 Notwithstanding any other provision of law,
20 the Secretary shall establish an Account for
21 Class IV final products to equalize returns
22 from all milk used in the 48 contiguous
23 States to produce Class IV final products
24 among all milk marketed by producers for
25 commercial use.

1 “(iii) *CLASS IV PRICE AND DIFFEREN-*
2 *TIAL; PRORATION.—*

3 “(I) *PRICE.—The Secretary shall*
4 *determine a milk equivalent value per*
5 *hundredweight for Class IV final prod-*
6 *ucts each month based on the average*
7 *wholesale market prices during the*
8 *month for Class IV final products. The*
9 *milk equivalent value at 3.67 percent*
10 *milkfat shall be the per hundredweight*
11 *Class IV price under the Account.*

12 “(II) *DIFFERENTIAL.—The Ad-*
13 *ministrator of the Account shall an-*
14 *nounce, on the first business day of*
15 *each month, the per hundredweight*
16 *Class IV differential applicable to the*
17 *preceding month. The monthly Class*
18 *IV differential shall be the amount, if*
19 *any, by which the support rate for*
20 *milk in effect under section 204 of the*
21 *Agricultural Act of 1949 (7 U.S.C.*
22 *1446e) exceeds the Class IV price estab-*
23 *lished pursuant to subclause (I).*

24 “(III) *PRORATION.—On or before*
25 *the twentieth day after the end of each*

1 *month, the Administrator of the Ac-*
2 *count shall—*

3 *“(aa) determine the quantity*
4 *of milk produced in the 48 contig-*
5 *uous States of the United States*
6 *and marketed for commercial use*
7 *in producing Class IV final prod-*
8 *ucts during the preceding month;*

9 *“(bb) calculate the quantity*
10 *equal to the number of*
11 *hundredweights of milk used for*
12 *Class IV final products during the*
13 *preceding month (as determined*
14 *under item (aa)) multiplied by*
15 *the Class IV differential for the*
16 *month established under subclause*
17 *(II), and add to that amount the*
18 *cost of administering the Account*
19 *during the current month; and*

20 *“(cc) prorate the amount es-*
21 *tablished under item (bb) among*
22 *the total amount, in*
23 *hundredweights, of milk produced*
24 *in the 48 contiguous States and*

1 *marketed for commercial use dur-*
2 *ing the preceding month.*

3 “(iv) *ACCOUNT OBLIGATIONS.—On or*
4 *before the twenty-fifth day after the end of*
5 *each month:*

6 “(I) *Each person making pay-*
7 *ment to a producer for milk produced*
8 *in any of the 48 contiguous States of*
9 *the United States and marketed for*
10 *commercial use shall collect from each*
11 *producer the amount determined by*
12 *multiplying the quantity of milk han-*
13 *dled for the account of the producer*
14 *during the preceding month by the*
15 *Class IV differential proration estab-*
16 *lished pursuant to clause*
17 *(iii)(III)(ccc). The amount shall be re-*
18 *mitted to the Administrator of the Ac-*
19 *count.*

20 “(II) *Any producer marketing*
21 *milk of the producer’s own production*
22 *in the form of milk or dairy products*
23 *to consumers, either directly or through*
24 *retail or wholesale outlets, shall remit*
25 *to the Administrator of the Account the*

1 *amount determined by multiplying the*
2 *quantity of the milk marketed by the*
3 *producer by the Class IV differential*
4 *proration established under clause*
5 *(iii)(III)(ccc).*

6 “(v) *DISTRIBUTION OF ACCOUNT PRO-*
7 *CEEDS.—On or before the thirtieth day after*
8 *the end of each month, the Administrator of*
9 *the Account shall pay to each person that*
10 *used skim milk and butterfat to produce*
11 *Class IV final products during the preced-*
12 *ing month a proportionate share of the total*
13 *Account proceeds for the month. The propor-*
14 *tion of the total proceeds payable to each*
15 *person shall be the same proportion that the*
16 *skim milk and butterfat used by the person*
17 *to produce Class IV final products during*
18 *the preceding month is of the total skim*
19 *milk and butterfat used by all persons dur-*
20 *ing the preceding month to produce Class*
21 *IV final products.*

22 “(vi) *EFFECT ON BLEND PRICES.—*
23 *Producer blend prices under a milk market-*
24 *ing order shall be adjusted to account for*

1 *revenue distributions required under clauses*
2 *(iv) and (v).*

3 “(vii) *ADMINISTRATION OF CLASS IV*
4 *ACCOUNT.—The Secretary shall appoint a*
5 *person to serve as the Administrator of the*
6 *Account and shall delegate to the Adminis-*
7 *trator such powers as are needed to carry*
8 *out the duties of Administrator.*

9 “(viii) *ENFORCEMENT.—*

10 “(I) *COLLECTION.—The amounts*
11 *specified in clause (iv) shall be col-*
12 *lected and remitted to the Adminis-*
13 *trator in the manner prescribed by the*
14 *Secretary.*

15 “(II) *PENALTIES.—If any person*
16 *fails to remit the amounts required*
17 *under clause (iv) or fails to comply*
18 *with such requirements for record-*
19 *keeping or otherwise as are required by*
20 *the Secretary to carry out this sub-*
21 *paragraph, the person shall be liable to*
22 *the Secretary for a civil penalty up to,*
23 *as determined by the Secretary, an*
24 *amount determined by multiplying—*

1 “(i) the quantity of milk in-
2 volved in the violation; by

3 “(ii) the support rate for
4 milk in effect under section 204 of
5 the Agricultural Act of 1949 (7
6 U.S.C. 1446e) for the applicable
7 calendar year.

8 “(III) ENFORCEMENT.—The Sec-
9 retary may enforce this clause in the
10 courts of the United States.

11 “(ix) REGULATIONS.—The Secretary
12 shall issue regulations to establish the Ac-
13 count without regard to the notice and com-
14 ment requirements of section 553 of title 5,
15 United States Code.”.

16 (d) NORTHEAST INTERSTATE DAIRY COMPACT.—Con-
17 gress consents to the Northeast Interstate Dairy Compact
18 entered into among the States of Vermont, New Hampshire,
19 Maine, Connecticut, Rhode Island, and Massachusetts, sub-
20 ject to the following conditions:

21 (1) COMPENSATION OF CCC.—Before the end of
22 each fiscal year that a Compact price regulation is in
23 effect, the Compact Commission shall compensate the
24 Commodity Credit Corporation for the cost of any
25 purchases of milk and milk products by the Corpora-

1 *tion that result from projected fluid milk production*
2 *for the fiscal year within the Compact region in ex-*
3 *cess of the national average rate of purchases of milk*
4 *and milk products by the Corporation.*

5 (2) *MILK MARKET ORDER ADMINISTRATOR.—By*
6 *agreement among the States and the Secretary of Ag-*
7 *riculture, the Administrator shall provide technical*
8 *assistance to the compact Commission, and be reim-*
9 *bursed for the assistance, with respect to the applica-*
10 *ble milk marketing order issued under section 8c(5) of*
11 *the Agricultural Adjustment Act (7 U.S.C. 608c(5)),*
12 *reenacted with amendments by the Agricultural Mar-*
13 *keting Agreement Act of 1937.*

14 (3) *TERMINATION AND RENEWAL.—The consent*
15 *for the Compact shall—*

16 (A) *terminate on the date that is 7 years*
17 *after the date of enactment of this Act, subject to*
18 *subparagraph (B); and*

19 (B) *may be renewed by Congress, without*
20 *prior ratification by the States' legislatures.*

21 (e) *AGRICULTURAL COMPETITIVENESS GRANTS.—The*
22 *Secretary of Agriculture (referred to in this subtitle as the*
23 *“Secretary”) shall, in accordance with this subtitle, award*
24 *a grant to a grantee eligible under section 1502 to promote*
25 *a purpose of this subtitle.*

1 (f) *ELIGIBLE GRANTEE.*—*The Secretary may make a*
2 *grant under section 1501 to—*

- 3 (1) *a college or university;*
4 (2) *a State agricultural experiment station;*
5 (3) *a State Cooperative Extension Service;*
6 (4) *a research institution or organization;*
7 (5) *a private organization or person; or*
8 (6) *a Federal agency.*

9 (g) *USE OF GRANT.*—*A grant made under section 1501*
10 *may be used by a grantee for 1 or more of the following*
11 *uses:*

- 12 (1) *Research, ranging from discovery to prin-*
13 *ciples of application.*
14 (2) *Extension and related private-sector activi-*
15 *ties.*
16 (3) *Education.*

17 (h) *PRIORITY.*—*In administering this subtitle, the Sec-*
18 *retary shall—*

- 19 (1) *establish priorities for allocating grants,*
20 *based on needs and opportunities of the food and ag-*
21 *riculture system in the United States;*
22 (2) *seek and accept proposals for grants;*
23 (3) *determine the relevance and merit of propos-*
24 *als through a system of peer review; and*

1 (4) *award grants on the basis of merit and qual-*
2 *ity.*

3 (i) *ADMINISTRATION.—*

4 (1) *COMPETITIVE GRANT.—A grant under section*
5 *1501 shall be awarded on a competitive basis.*

6 (2) *TERM.—A grant under section 1501 shall*
7 *have a term that does not exceed 5 years.*

8 (3) *MATCHING FUNDS.—As a condition of receipt*
9 *of a grant under section 1501, the Secretary shall re-*
10 *quire the funding of the grant with equal matching*
11 *funds from a non-Federal source if the grant is—*

12 (A) *for applied research that is commodity-*
13 *specific; and*

14 (B) *not of national scope.*

15 (4) *ADMINISTRATIVE COSTS.—The Secretary*
16 *may use not more than 4 percent of the funds made*
17 *available under section 1506 for administrative costs*
18 *incurred by the Secretary in carrying out this sub-*
19 *title.*

20 (5) *CONSTRUCTION COSTS.—None of the funds*
21 *made available under section 1507 may be used for*
22 *the construction of a new building or the acquisition,*
23 *expansion, remodeling, or alteration of an existing*
24 *building (including site grading and improvement*
25 *and architect fees).*

1 (j) *REGULATIONS.*—*The Secretary shall issue such reg-*
2 *ulations as are necessary to carry out this subtitle.*

3 (k) *USE OF COMMODITY CREDIT CORPORATION*
4 *FUNDS.*—

5 (1) *IN GENERAL.*—*Subject to subsection (b), the*
6 *Secretary shall use \$30,000,000 of the funds of the*
7 *Commodity Credit Corporation for each of fiscal*
8 *years 1996 through 2002 to carry out this title.*

9 (2) *LIMITATION.*—*The Secretary may use less*
10 *than \$30,000,000 of the funds of the Commodity*
11 *Credit Corporation for any fiscal year if the Sec-*
12 *retary determines that the full funding level is not*
13 *necessary to fund all qualifying applications for agri-*
14 *cultural competitiveness grants that satisfy the prior-*
15 *ity criteria established under section 1504.*

16 (3) *POWERS OF THE CORPORATION.*—*Section 5*
17 *of the Commodity Credit Corporation Charter Act (15*
18 *U.S.C. 714c) (as amended by section 1201(c)(1)) is*
19 *amended by inserting after subsection (g) the follow-*
20 *ing:*

21 “(h) *Carry out research, extension, and education re-*
22 *lated to agriculture by using not more than \$30,000,000*
23 *of the funds of the Corporation in any fiscal year for any*
24 *function or activity relating to agricultural research, exten-*
25 *sion, or education.*”.

1 (l) *EFFECTIVE DATE.*—*This subtitle and the amend-*
2 *ment made by this subtitle shall become effective upon en-*
3 *actment.*

4 **SEC. 1107. OILSEEDS PROGRAM.**

5 *Section 205 of the Agricultural Act of 1949 (7 U.S.C.*
6 *1446f) is amended—*

7 (1) *in the section heading, by striking “1995”*
8 *and inserting “2002”;*

9 (2) *in subsections (b), (c), (e)(1), and (n), by*
10 *striking “1995” each place it appears and inserting*
11 *“2002”; and*

12 (3) *in subsections (c) and (h)(2), by striking*
13 *“1997” each places it appears and inserting “2002”.*

14 **SEC. 1108. SUGAR PROGRAM.**

15 (a) *IN GENERAL.*—*Section 206 of the Agricultural Act*
16 *of 1949 (7 U.S.C. 1446g) is amended—*

17 (1) *in the section heading, by striking “1997”*
18 *and inserting “2002”;*

19 (2) *in subsection (a), by striking “1997” and in-*
20 *serting “2002”;*

21 (3) *in subsection (b), by striking “nonrecourse”;*

22 (4) *in subsection (c)—*

23 (A) *by striking “1997” and inserting*
24 *“2002”; and*

25 (B) *by striking “nonrecourse”;*

1 (5) *by redesignating subsections (d) through (j)*
2 *as subsections (f) through (l), respectively;*

3 (6) *by inserting after subsection (c) the follow-*
4 *ing:*

5 “(d) *LOANS.—*

6 “(1) *IN GENERAL.—Subject to paragraph (2), the*
7 *Secretary shall carry out this section through the use*
8 *of recourse loans.*

9 “(2) *IMPORT TRIGGER FOR NONRECOURSE*
10 *LOANS.—If in any fiscal year the tariff rate quota for*
11 *imports of sugar into the United States is established*
12 *at a level equal to 1,340,000 or more short tons, raw*
13 *value, the Secretary shall for the duration of the fiscal*
14 *year make available nonrecourse loans under this sec-*
15 *tion. A recourse loan made during the fiscal year*
16 *prior to the tariff rate quota being established at*
17 *1,340,000 or more short tons, raw value, under this*
18 *section shall be modified by the Secretary into a*
19 *nonrecourse loan for the remainder of the term of the*
20 *loan.*

21 “(3) *PROCESSOR ASSURANCES.—The Secretary*
22 *shall obtain from each processor that obtains either a*
23 *recourse or nonrecourse loan under this section such*
24 *assurances as the Secretary considers necessary to en-*
25 *sure that producers of sugarcane and sugar beets will*

1 *receive payments that are proportional to the value of*
 2 *the loan received by the processor, as determined by*
 3 *the Secretary.*

4 *“(e) FORFEITURES.—A penalty shall be assessed on the*
 5 *forfeiture of any sugar pledged as collateral for a*
 6 *nonrecourse loan. The penalty for cane sugar shall be equiv-*
 7 *alent to 1 cent per pound. The penalty for beet sugar shall*
 8 *bear the same relation to the penalty for cane sugar as the*
 9 *marketing assessment for sugar beets bears to the marketing*
 10 *assessment for sugarcane.”;*

11 *(7) in subsection (f)(1) (as so redesignated), by*
 12 *striking “1997” and inserting “2002”;*

13 *(8) in subsection (h) (as so redesignated), by*
 14 *striking “subsection (g)” and inserting “subsection*
 15 *(i)”;*

16 *(9) in subsection (i) (as so redesignated)—*

17 *(A) in the subsection heading, by striking*
 18 *“NONRECOURSE”; and*

19 *(B) by striking “price support” each place*
 20 *it appears;*

21 *(10) in subsection (k) (as so redesignated)—*

22 *(A) in the subsection heading, by striking*
 23 *“MARKETING ASSESSMENT” and inserting “AS-*
 24 *SESSMENTS ON ALL MARKETED SUGAR”;*

25 *(B) in paragraph (1)—*

1 (i) by striking “1996” and inserting
2 “2002”;

3 (ii) in subparagraph (A)—

4 (I) by striking “each of fiscal
5 years 1992 through 1994, 1.0” and in-
6 sserting “fiscal year 1996, 1.1”; and

7 (II) by striking “(but” and all
8 that follows through “sugar),”; and

9 (iii) in subparagraph (B)—

10 (I) by striking “1995 through
11 1998, 1.1” and inserting “1997
12 through 2003, 1.375”; and

13 (II) by striking “(but” and all
14 that follows through “sugar),”; and

15 (C) in paragraph (2)—

16 (i) by striking “1996” and inserting
17 “2002”;

18 (ii) in subparagraph (A)—

19 (I) by striking “each of fiscal
20 years 1992 through 1994, 1.0722” and
21 inserting “fiscal year 1996, 1.1794”;
22 and

23 (II) by striking “(but” and all
24 that follows through “sugar),”; and

25 (iii) in subparagraph (B)—

1 (I) by striking “1995 through
2 1998, 1.1794” and inserting “1997
3 through 2003, 1.47425”; and

4 (II) by striking “(but” and all
5 that follows through “sugar),”; and

6 (D) by striking paragraph (6); and

7 (11) in subsection (l) (as so redesignated), by
8 striking “1997” and inserting “2002”.

9 (b) *LOAN PROVISIONS.*—Section 401(e)(1) of the Agri-
10 cultural Act of 1949 (7 U.S.C. 1421(e)(1)) is amended by
11 adding at the end the following: “In the case of price sup-
12 port for sugarcane or sugar beets, the payment owed pro-
13 ducers by a processor shall be reduced in proportion to the
14 loan forfeiture penalty amounts incurred by the processor
15 as provided in section 206(e).”.

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

19 **SEC. 1109. ACREAGE BASE AND YIELD SYSTEM.**

20 Title V of the Agricultural Act of 1949 (7 U.S.C. 1461
21 et seq.) is amended—

22 (1) in section 503 (7 U.S.C. 1463)—

23 (A) in subsection (a)—

1 (i) in paragraph (2), by adding “and
2 historical soybean acreage” after “crop acre-
3 age bases”; and

4 (ii) by adding at the end the following:

5 “(4) HISTORICAL SOYBEAN ACREAGE.—

6 “(A) IN GENERAL.—The Secretary shall
7 provide for the establishment and maintenance of
8 an historical soybean acreage for each farm.

9 “(B) QUANTITY.—

10 “(i) IN GENERAL.—Except as provided
11 in clause (ii), the historical soybean acreage
12 for a farm for a crop year shall be equal to
13 the average of the acreage planted to soy-
14 beans for harvest on the farm in each of the
15 previous 5 crop years.

16 “(ii) EXCEPTION.—In determining the
17 historical soybean acreage for a farm for a
18 crop year, the Secretary shall exclude from
19 the acreage any soybean plantings that were
20 considered planted to a program crop or are
21 planted for harvest on a crop acreage
22 base.”;

23 (B) in subsection (b)—

24 (i) by striking “CALCULATION.—” and
25 all that follows through “paragraph (2),

1 *the*” in paragraph (1) and inserting “CAL-
2 CULATION.—*The*”; and

3 (ii) by striking paragraph (2);

4 (C) in subsection (c)—

5 (i) in paragraph (1), by inserting “in
6 the case of each of the 1991 through 1995
7 crops,” after “(1)”;

8 (ii) in paragraph (3), by striking
9 “1997” and inserting “1995”;

10 (iii) in paragraph (4)—

11 (I) by inserting “in the case of the
12 1991 through 1995 crops, and base
13 acreage in the case of the 1996 through
14 2002 crops,” after “permitted acreage”;
15 and

16 (II) by inserting “or conservation
17 uses or related commodity production
18 permitted by the Secretary” after “sec-
19 tion 504”; and

20 (iv) in paragraph (6), by inserting “in
21 the case of each of the 1991 through 1995
22 crops,” after “(6)”; and

23 (D) by striking subsection (h);

24 (2) in section 504 (7 U.S.C. 1464)—

25 (A) in subsection (b)—

1 (i) in paragraph (1)—

2 (I) in the paragraph heading, by
3 striking “PERMITTED CROPS” and in-
4 sserting “PAYMENT ACRES”;

5 (II) by striking “for purposes of
6 this section,”;

7 (III) by striking “a crop acreage
8 base” and inserting “the payment
9 acres of a crop acreage base”;

10 (IV) in subparagraph (D), by
11 striking “and” at the end;

12 (V) in subparagraph (E), by
13 striking the period at the end and in-
14 sserting “; and”; and

15 (VI) by adding at the end the fol-
16 lowing:

17 “(F) peas and lentils.”; and

18 (ii) by adding at the end the following:

19 “(4) CROP ACREAGE BASE NOT ELIGIBLE FOR
20 PAYMENT.—Any crop or conserving crop that is
21 planted on the acres of a crop acreage base that are
22 not eligible for payments shall be eligible for loans.
23 Haying and grazing on the acres shall not be re-
24 stricted.”;

1 (B) by striking subsection (c) and inserting
2 the following:

3 “(c) *LIMITATIONS ON ACREAGE AND PAYMENTS.*—

4 “(1) *IN GENERAL.*—*Except as otherwise provided*
5 *in this section, the planting of a program crop may*
6 *exceed 100 percent of the crop acreage base of the pro-*
7 *gram crop. The program crop shall be eligible for*
8 *loans.*

9 “(2) *UPLAND COTTON AND RICE.*—*In the case of*
10 *upland cotton and rice, any crop other than upland*
11 *cotton or rice that is planted on an upland cotton or*
12 *rice crop acreage base shall not be eligible for pay-*
13 *ments.*

14 “(3) *WHEAT AND FEED GRAINS.*—*In the case of*
15 *wheat and feed grains, except as provided in para-*
16 *graph (4), any crop planted on a wheat or feed grain*
17 *crop acreage base shall be eligible for payments that*
18 *are attributable to the payment acres of the wheat or*
19 *feed grain crop acreage base.*

20 “(4) *EXCEPTIONS.*—

21 “(A) *PAYMENTS ON MULTIPLE CROP ACRE-*
22 *AGE BASES.*—*Producers on a farm with wheat or*
23 *feed grain crop acreage base and upland cotton*
24 *or rice crop acreage base may not receive pay-*
25 *ments with respect to the rice or upland cotton*

1 *planted on the wheat or feed grain crop acreage*
2 *base.*

3 “(B) *UPLAND COTTON OR RICE PAY-*
4 *MENTS.—Upland cotton or rice shall not be eligi-*
5 *ble for payments if planted in excess of the re-*
6 *spective crop acreage base, except that—*

7 “(i) *upland cotton or rice planted on*
8 *acreage not eligible for payments under sub-*
9 *section (b)(4) shall not affect the eligibility*
10 *for payments under this subparagraph, but*
11 *shall be eligible for loans; and*

12 “(ii) *acreage described in subsection*
13 *(e)(1) shall be eligible for loans, but not for*
14 *payments.”;*

15 *(C) by striking subsection (d);*

16 *(D) by redesignating subsection (e) as sub-*
17 *section (d);*

18 *(E) in subsection (d)(2) (as so redesign-*
19 *ated)—*

20 *(i) by striking “the producers—” and*
21 *all that follows through “(A) plant” and in-*
22 *serting “the producers plant”;*

23 *(ii) by striking “25 percent” and in-*
24 *serting “100 percent”; and*

1 (iii) by striking “crop; and” all that
2 follows through the period at the end and
3 inserting “crop.”; and

4 (F) by adding at the end the following:

5 “(e) *TWO-WAY FLEXIBILITY*.—Producers of a crop of
6 upland cotton or rice on a farm who are participating in
7 the annual program for upland cotton or rice may plant
8 the crop without losing eligibility for loans with respect to
9 the crop if the acreage planted to the crop on the farm does
10 not exceed the sum of—

11 “(1) 25 percent of the historical soybean acreage
12 on the farm; and

13 “(2) 100 percent of the crop acreage base.”;

14 (3) in section 505 (7 U.S.C. 1465)—

15 (A) in subsection (a), by striking “or (c)”;

16 (B) in subsection (b)—

17 (i) in paragraph (1)—

18 (I) by striking “paragraphs (2)
19 and (3)” and inserting “paragraph
20 (2)”;

21 (II) by striking “1997” and in-
22 serting “2002”;

23 (ii) in paragraph (2), by striking
24 “1997” and inserting “2002”; and

1 (iii) by striking paragraphs (3), (4),
2 and (5); and
3 (C) by striking subsections (c), (d), and (e);
4 and
5 (4) in section 509 (7 U.S.C. 1469), by striking
6 “1997” and inserting “2002”.

7 **SEC. 1110. EXTENSION OF RELATED PRICE SUPPORT PROVI-**
8 **SIONS.**

9 Title X of the Food Security Act of 1985 (Public Law
10 99–198; 99 Stat. 1444) is amended—

11 (1) in section 1001 (7 U.S.C. 1308), by striking
12 “1997” each place it appears in paragraphs (1)(A),
13 (1)(B), and (2)(A) and inserting “2002”; and
14 (2) in section 1001C(a) (7 U.S.C. 1308–3(a)), by
15 striking “1997” each place it appears and inserting
16 “2002”.

17 **SEC. 1111. REPEAL OF MISCELLANEOUS AUTHORITIES.**

18 (a) *AGRICULTURAL ADJUSTMENT ACT OF 1938.*—Title
19 *III of the Agricultural Adjustment Act of 1938 is amend-*
20 *ed—*

21 (1) in subtitle B—
22 (A) by striking parts II through V (7
23 U.S.C. 1326 *et seq.*); and

1 (B) in part VI, by striking sections 358,
2 358a, and 358d (7 U.S.C. 1358, 1358a, and
3 1359); and

4 (2) by striking subtitle D (7 U.S.C. 1379a et
5 seq.).

6 (b) *TREE ASSISTANCE PROGRAM.*—The Secretary of
7 Agriculture shall terminate the tree assistance program es-
8 tablished under part 1478 of title 7, Code of Federal Regula-
9 tions.

10 **SEC. 1112. COMMODITY CREDIT CORPORATION INTEREST**
11 **RATE.**

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

18 **SEC. 1113. PEANUT PROGRAM.**

19 (a) *PRICE SUPPORT.*—Section 108B of the Agricul-
20 tural Act of 1949 (7 U.S.C. 1445c–3) is amended—

21 (1) in the section heading, by striking “**1997**”
22 and inserting “**2000**”;

23 (2) in subsection (a)—

24 (A) in paragraph (1), by striking “1997”
25 and inserting “2000”; and

1 (B) by striking paragraph (2) and inserting
2 the following:

3 “(2) *SUPPORT RATE.*—The national average
4 quota support rate for each of the 1996 through 2000
5 crops of quota peanuts shall be \$628 per ton.”;

6 (3) in subsection (b)(1), by striking “1997” and
7 inserting “2000”;

8 (4) in the first sentence of subsection (c)(2)(A),
9 by inserting before the period at the end the following:
10 “and that, in the case of the 1996 and subsequent
11 crops, Valencia peanuts not produced in the State
12 shall not be eligible to participate in the pools of the
13 State”;

14 (5) in subsection (g)—

15 (A) in paragraphs (1) and (2)(A)(ii)(II), by
16 striking “1997 crops” each place it appears and
17 inserting “2000 crops”; and

18 (B) by striking “the 1997 crop” each place
19 it appears and inserting “each of the 1997
20 through 2000 crops”; and

21 (6) in subsection (h), by striking “1997” and in-
22 serting “2000”.

23 (b) *POUNDAGE QUOTAS.*—Section 358–1 of the Agri-
24 cultural Adjustment Act of 1938 (7 U.S.C. 1358–1) is
25 amended—

1 (1) in the section heading, by striking “**1997**”
2 and inserting “**2000**”;

3 (2) in subsection (a)—

4 (A) by redesignating paragraphs (2) and
5 (3) as paragraphs (3) and (4), respectively;

6 (B) by striking paragraph (1) and inserting
7 the following:

8 “(1) *ESTABLISHMENT.*—The Secretary shall es-
9 tablish the national poundage quota for peanuts for
10 each of the 1991 through 2000 marketing years.

11 “(2) *LEVEL.*—The Secretary shall establish the
12 national poundage quota at a level that is equal to
13 the quantity of peanuts (in tons) that the Secretary
14 estimates will be devoted in each marketing year to
15 domestic edible and related uses, excluding seed, plus
16 a reasonable quantity of peanuts for carryover to en-
17 sure continuity of supply between marketing years.
18 Undermarketings of quota peanuts from the previous
19 year shall not be considered. In establishing the quota,
20 the Secretary shall take into account—

21 “(A) any stocks of peanuts on hand in the
22 inventory of the Commodity Credit Corporation;
23 and

24 “(B) peanuts or products of peanuts im-
25 ported into the United States;” and

1 (C) in paragraph (4) (as so redesignated),
2 by striking “established under paragraph (1)”;
3 (3) in subsection (b)—

4 (A) by striking “1997” each place it ap-
5 pears and inserting “2000”;

6 (B) in paragraph (2), by striking subpara-
7 graph (B) and inserting the following:

8 “(B) TEMPORARY QUOTA ALLOCATION.—

9 “(i) IN GENERAL.—Subject to clause
10 (iv), temporary allocation of a poundage
11 quota for the marketing year in which a
12 crop of peanuts is planted shall be made to
13 producers for each of the 1991 through 2000
14 marketing years in accordance with this
15 subparagraph.

16 “(ii) QUANTITY.—The temporary quota
17 allocation shall be equal to the quantity of
18 seed peanuts (in pounds) planted on a
19 farm, as determined in accordance with reg-
20 ulations issued by the Secretary.

21 “(iii) ALLOCATION.—The allocation of
22 quota pounds to producers under this sub-
23 paragraph shall be performed in such a
24 manner as will not result in a net decrease
25 in quota pounds on a farm in excess of 3

1 percent, after the temporary seed quota is
2 added, from the basic farm quota for the
3 1995 marketing year. A decrease shall occur
4 only once, and shall be applicable only to
5 the 1996 marketing year.

6 “(iv) *NO INCREASED COSTS.*—The Sec-
7 retary may carry out this subparagraph
8 only if this subparagraph does not result
9 in—

10 “(I) *an increased cost to the Com-*
11 *modity Credit Corporation through*
12 *displacement of quota peanuts by addi-*
13 *tional peanuts in the domestic market;*

14 “(II) *an increased loss in a loan*
15 *pool of an area marketing association*
16 *designated pursuant to section*
17 *108B(c)(1) of the Agricultural Act of*
18 *1949 (7 U.S.C. 1445c-3(c)(1)); or*

19 “(III) *other increased costs.*

20 “(v) *USE OF QUOTA AND ADDITIONAL*
21 *PEANUTS.*—Nothing in this subparagraph
22 affects the requirements of section 358b(b).

23 “(vi) *ADDITIONAL ALLOCATION.*—The
24 temporary allocation of quota pounds under
25 this subparagraph shall be in addition to

1 the farm poundage quota established under
2 this subsection and shall be credited to the
3 producers of the peanuts on the farm in ac-
4 cordance with regulations issued by the Sec-
5 retary.”; and

6 (C) by striking paragraphs (8) and (9); and
7 (4) in subsection (f), by striking “1997” and in-
8 serting “2000”.

9 (c) SALE, LEASE, OR TRANSFER.—Section 358b of the
10 Agricultural Adjustment Act of 1938 (7 U.S.C. 1358b) is
11 amended to read as follows:

12 **“SEC. 358b. SALE, LEASE, OR TRANSFER OF FARM POUND-**
13 **AGE QUOTA FOR 1991 THROUGH 2000 CROPS**
14 **OF PEANUTS.**

15 “(a) IN GENERAL.—

16 “(1) AUTHORITY.—

17 “(A) IN GENERAL.—Subject to such terms,
18 conditions, or limitations as the Secretary may
19 prescribe, the owner, or operator with the per-
20 mission of the owner, of any farm for which a
21 farm poundage quota has been established under
22 this Act may sell or lease all or any part of the
23 poundage quota to any other owner or operator
24 of a farm within counties of a State for transfer
25 to the farm, except that any such lease of pound-

1 *age quota may be entered into in the fall or after*
2 *the normal planting season—*

3 “(i) *if not less than 90 percent of the*
4 *basic quota (consisting of the farm quota*
5 *and temporary quota transfers), plus any*
6 *poundage quota transferred to the farm*
7 *under this subsection, has been planted or*
8 *considered planted on the farm from which*
9 *the quota is to be leased; and*

10 “(ii) *under such terms and conditions*
11 *as the Secretary may prescribe by regula-*
12 *tion.*

13 “(B) *FALL TRANSFERS.—*

14 “(i) *NO TRANSFER AUTHORIZATION.—*
15 *In the case of a fall transfer or a transfer*
16 *after the normal planting season by a cash*
17 *lessee, the landowner shall not be required*
18 *to sign the transfer authorization.*

19 “(ii) *TIME LIMITATION.—A fall trans-*
20 *fer or a transfer after the normal planting*
21 *season may be made not later than 72 hours*
22 *after the peanuts that are the subject of the*
23 *transfer are inspected and graded.*

24 “(iii) *LESSEES.—In the case of a fall*
25 *transfer, poundage quota from a farm may*

1 *be leased to an owner or operator of another*
2 *farm within the same county or to an*
3 *owner or operator of another farm in any*
4 *other county within the State.*

5 “(iv) *EFFECT OF TRANSFER.—A fall*
6 *transfer of poundage quota shall not affect*
7 *the farm quota history for the transferring*
8 *or receiving farm and shall not result in the*
9 *reduction of the farm poundage quota on*
10 *the transferring farm.*

11 “(2) *TRANSFERS TO OTHER SELF-OWNED*
12 *FARMS.—The owner or operator of a farm may trans-*
13 *fer all or any part of the farm poundage quota for*
14 *the farm to any other farm owned or controlled by the*
15 *owner or operator that is in the same State and that*
16 *had a farm poundage quota for the crop of the preced-*
17 *ing year, if both the transferring and receiving farms*
18 *were under the control of the owner or operator for*
19 *at least 3 crop years prior to the crop year in which*
20 *the farm poundage quota is to be transferred. Any*
21 *farm poundage quota transferred under this para-*
22 *graph shall not result in any reduction in the farm*
23 *poundage quota for the transferring farm if sufficient*
24 *acreage is planted on the receiving farm to produce*
25 *the quota pounds transferred.*

1 “(3) *TRANSFERS IN STATES WITH SMALL*
2 *QUOTAS.—In the case of any State for which the*
3 *poundage quota allocated to the State was less than*
4 *10,000 tons for the crop of the preceding year, all or*
5 *any part of a farm poundage quota may be trans-*
6 *ferred by sale or lease or otherwise from a farm in*
7 *1 county to a farm in another county in the State.*

8 “(4) *TRANSFERS BY SALE IN STATES HAVING*
9 *QUOTAS OF 10,000 TONS OR MORE.—*

10 “(A) *IN GENERAL.—Subject to the other*
11 *provisions of this paragraph and such terms and*
12 *conditions as the Secretary may prescribe, the*
13 *owner, or operator with the permission of the*
14 *owner, of any farm for which a farm quota has*
15 *been established under this Act in a State for*
16 *which the poundage quota allocated to the State*
17 *was 10,000 tons or more may sell poundage*
18 *quota to any other eligible owner or operator of*
19 *a farm within the State.*

20 “(B) *LIMITATIONS BASED ON TOTAL POUND-*
21 *AGE QUOTA.—*

22 “(i) *1996 MARKETING YEAR.—Not*
23 *more than 15 percent of the total poundage*
24 *quota within a county as of January 1,*
25 *1996, may be sold and transferred under*

1 *this paragraph during the 1996 marketing*
2 *year.*

3 *“(ii) 1997–2000 MARKETING YEARS.—*

4 *“(I) IN GENERAL.—Except as pro-*
5 *vided in subclause (II), not more than*
6 *5 percent of the quota pounds remain-*
7 *ing in a county as of January 1, 1997,*
8 *and each January 1 thereafter through*
9 *January 1, 2000, may be sold and*
10 *transferred under this paragraph dur-*
11 *ing the applicable marketing year.*

12 *“(II) CARRYOVER.—Any eligible*
13 *quota that is not sold or transferred*
14 *under clause (i) shall be eligible for*
15 *sale or transfer under subclause (I).*

16 *“(C) COUNTY LIMITATION.—Not more than*
17 *35 percent of the total poundage quota within a*
18 *county may be sold and transferred under this*
19 *paragraph.*

20 *“(D) SUBSEQUENT LEASES OR SALES.—*
21 *Quota pounds sold and transferred to a farm*
22 *under this paragraph may not be leased or sold*
23 *by the farm to another owner or operator of a*
24 *farm within the same State for a period of 5*

1 *years following the date of the original transfer*
2 *to the farm.*

3 “(E) *APPLICATION.*—*This paragraph shall*
4 *not apply to a sale within the same county or*
5 *to any sale, lease, or transfer described in para-*
6 *graph (1).*

7 “(b) *CONDITIONS.*—*Transfers (including transfer by*
8 *sale or lease) of farm poundage quotas under this section*
9 *shall be subject to all of the following conditions:*

10 “(1) *LIENHOLDERS.*—*No transfer of the farm*
11 *poundage quota from a farm subject to a mortgage or*
12 *other lien shall be permitted unless the transfer is*
13 *agreed to by the lienholders.*

14 “(2) *TILLABLE CROPLAND.*—*No transfer of the*
15 *farm poundage quota shall be permitted if the county*
16 *committee established under section 8(b) of the Soil*
17 *Conservation and Domestic Allotment Act (16 U.S.C.*
18 *590h(b)) determines that the receiving farm does not*
19 *have adequate tillable cropland to produce the farm*
20 *poundage quota.*

21 “(3) *RECORD.*—*No transfer of the farm pound-*
22 *age quota shall be effective until a record of the trans-*
23 *fer is filed with the county committee of each county*
24 *to, and from, which the transfer is made and each*

1 committee determines that the transfer complies with
2 this section.

3 “(4) *OTHER TERMS.*—The Secretary may estab-
4 lish by regulation other terms and conditions.

5 “(c) *CROPS.*—This section shall be effective only for
6 the 1991 through 2000 crops of peanuts.”.

7 (d) *EXPERIMENTAL AND RESEARCH PROGRAMS FOR*
8 *PEANUTS.*—Section 358c(d) of the Agricultural Adjustment
9 Act of 1938 (7 U.S.C. 1358c(d)) is amended by striking
10 “1995” and inserting “2000”.

11 (e) *MARKETING PENALTIES AND DISPOSITION OF AD-*
12 *DITIONAL PEANUTS.*—Section 358e of the Agricultural Ad-
13 justment Act of 1938 (7 U.S.C. 1359a) is amended—

14 (1) in the section heading, by striking “**1997**”
15 and inserting “**2000**”; and

16 (2) in subsection (i), by striking “1997” and in-
17 serting “2000”.

18 **SEC. 1114. CATASTROPHIC CROP INSURANCE COVERAGE.**

19 (a) *IN GENERAL.*—Section 427 of the Agricultural Act
20 of 1949 (7 U.S.C. 1433f) is amended by striking “subse-
21 quent” and inserting “1996”.

22 (b) *CONFORMING AMENDMENTS.*—Section 508(b) of the
23 Federal Crop Insurance Act (7 U.S.C. 1508(b)) is amend-
24 ed—

25 (1) by striking paragraph (6); and

1 (2) by redesignating paragraphs (7) through (10)
2 as paragraphs (6) through (9), respectively.

3 (c) *CROPS*.—The amendments made by subsection (b)
4 shall apply beginning with the 1997 crop of an insurable
5 commodity.

6 **SEC. 1115. SAVINGS ADJUSTMENT.**

7 (a) *PAYMENT RATES*.—If the Director estimates that
8 total direct spending savings described in subsection (a)(1)
9 are less than \$13,400,000,000, the Secretary of Agriculture
10 shall reduce the maximum payment rates for deficiency
11 payments for rice, upland cotton, feed grains, and wheat
12 provided in sections 302, 303, 304, and 305 of the Agricul-
13 tural Act of 1949 (as amended by this subtitle) by an equal
14 percentage for each of the 1996 through 2002 crops of the
15 commodity, to achieve total direct spending savings de-
16 scribed in subsection (a)(1) of \$13,400,000,000.

17 (b) *MAXIMUM REDUCTION*.—The maximum deficiency
18 payment rate reduction under subsection (a) shall not ex-
19 ceed 2 percent.

20 **SEC. 1116. SENSE OF THE SENATE REGARDING TAX PROVI-**
21 **SIONS RELATING TO ETHANOL.**

22 (a) *IN GENERAL*.—The Senate finds that—

23 (1) ethanol and its derivative ethyl tertiary butyl
24 ether (ETBE) are used as fuels or additives to fuels
25 for motor vehicles;

1 (2) ethanol and *ETBE* have been shown to im-
2 prove air quality when used as fuels or fuel additives;

3 (3) ethanol and *ETBE* are primarily made from
4 renewable resources and produced domestically;

5 (4) studies, including a study very recently re-
6 leased by the Department of Agriculture, have shown
7 that when used as fuel, ethanol and *ETBE* yield more
8 energy than is required to produce them;

9 (5) the use of domestically produced ethanol and
10 *ETBE* can thus reduce our nation's reliance on en-
11 ergy imports and improve our energy security;

12 (6) the use of ethanol and *ETBE* adds signifi-
13 cantly to market opportunities for corn, which con-
14 stitutes about 95 percent of the feedstock for ethanol
15 production, thereby improving corn prices and farm
16 income;

17 (7) the production of ethanol and *ETBE* contrib-
18 utes substantially to improved economic and job
19 growth, particularly in rural communities;

20 (8) ethanol and *ETBE* currently qualify for tax
21 incentives which facilitate and promote the use of
22 these clean-burning, renewable, and domestically-pro-
23 duced fuels; and

24 (9) a recently-released report from the General
25 Accounting Office confirmed the results of numerous

1 *previous reports demonstrating that the ethanol tax*
2 *incentives result in net savings to the Federal Govern-*
3 *ment as farm program costs are reduced through im-*
4 *proved grain prices.*

5 **(b) SENSE OF THE SENATE.**—*It is the sense of the Sen-*
6 *ate that any legislation enacted by Congress should not*
7 *eliminate or in any way weaken or diminish incentives*
8 *under Federal tax laws or regulations that facilitate or pro-*
9 *mote the production, blending, or use of ethanol and ETBE.*

10 **SEC. 1117. EFFECTIVE DATE.**

11 **(a) EFFECTIVE DATE.**—

12 **(1) IN GENERAL.**—*Except as provided in this*
13 *subsection and as otherwise specifically provided in*
14 *this subtitle, this subtitle and the amendments made*
15 *by this subtitle shall apply beginning with the earlier*
16 *of—*

17 **(A)** *the 1996 crop of an agricultural com-*
18 *modity; or*

19 **(B)** *November 1, 1995.*

20 **(2) MILK.**—*This subtitle and the amendments*
21 *made by this subtitle shall apply to milk and dairy*
22 *products beginning on January 1, 1996.*

23 **(b) PRIOR CROPS.**—

24 **(1) IN GENERAL.**—*Except as otherwise specifi-*
25 *cally provided and notwithstanding any other provi-*

1 *sion of law, this subtitle and the amendments made*
2 *by this subtitle shall not affect the authority of the*
3 *Secretary of Agriculture to carry out a price support*
4 *or production adjustment program for any of the*
5 *1991 through 1995 crops of an agricultural commod-*
6 *ity established under a provision of law in effect im-*
7 *mediately before the applicable effective date specified*
8 *in subsection (a).*

9 (2) *LIABILITY.—A provision of this subtitle or*
10 *an amendment made by this subtitle shall not affect*
11 *the liability of any person under any provision of law*
12 *as in effect before the application of the provision in*
13 *accordance with subsection (a).*

14 ***Subtitle B—Conservation***

15 ***SEC. 1201. CONSERVATION.***

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

19 ***“Subtitle E—Funding***

20 ***“SEC. 1241. FUNDING.***

21 “(a) *MANDATORY EXPENSES.—For each of fiscal years*
22 *1996 through 2002, the Secretary shall use the funds of the*
23 *Commodity Credit Corporation to carry out the programs*
24 *authorized by—*

1 “(1) subchapter B of chapter 1 of subtitle D (in-
2 cluding contracts extended by the Secretary pursuant
3 to section 1437 of the Food, Agriculture, Conserva-
4 tion, and Trade Act of 1990 (Public Law 101–624; 16
5 U.S.C. 3831 note));

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

7 “(3) chapter 2 of subtitle D for practices related
8 to livestock production.

9 “(b) ENVIRONMENTAL QUALITY INCENTIVES PRO-
10 GRAM.—For each of fiscal years 1996 through 2002,
11 \$100,000,000 of the funds of the Commodity Credit Cor-
12 poration shall be available for providing technical assist-
13 ance, cost-sharing payments, and incentive payments for
14 practices relating to livestock production under the environ-
15 mental quality incentives program.

16 “(c) WETLANDS RESERVE PROGRAM.—Spending to
17 carry out the wetlands reserve program under subchapter
18 C of chapter 1 of subtitle D shall be not greater than
19 \$614,000,000 for fiscal years 1996 through 2002.

20 “(d) CONSERVATION RESERVE PROGRAM.—Spending
21 for the conservation reserve program (including contracts
22 extended by the Secretary pursuant to section 1437 of the
23 Food, Agriculture, Conservation, and Trade Act of 1990
24 (Public Law 101–624; 16 U.S.C. 3831 note)) shall be not
25 greater than—

- 1 “(1) \$1,787,000,000 for fiscal year 1996;
 2 “(2) \$1,784,000,000 for fiscal year 1997;
 3 “(3) \$1,445,000,000 for fiscal year 1998;
 4 “(4) \$1,246,000,000 for fiscal year 1999;
 5 “(5) \$1,101,000,000 for fiscal year 2000;
 6 “(6) \$999,000,000 for fiscal year 2001; and
 7 “(7) \$974,000,000 for fiscal year 2002.”.

8 (b) *ENVIRONMENTAL QUALITY INCENTIVES PRO-*
 9 *GRAM.*—*To carry out the programs funded under the*
 10 *amendment made by subsection (a), subtitle D of title XII*
 11 *of the Food Security Act of 1985 (16 U.S.C. 3830 et seq.)*
 12 *is amended by striking chapter 2 (16 U.S.C. 3838 et seq.)*
 13 *and inserting the following:*

14 **“CHAPTER 2—ENVIRONMENTAL QUALITY**
 15 **INCENTIVES PROGRAM**

16 **“SEC. 1238. DEFINITIONS.**

17 *“In this chapter:*

18 “(1) *LAND MANAGEMENT PRACTICE.*—*The term*
 19 *‘land management practice’ means a site-specific nu-*
 20 *trient or manure management, integrated pest man-*
 21 *agement, irrigation management, tillage or residue*
 22 *management, grazing management, or other land*
 23 *management practice that the Secretary determines is*
 24 *needed to protect soil, water, or related resources in*
 25 *the most cost effective manner.*

1 “(2) *LARGE CONFINED LIVESTOCK OPERATION.*—

2 *The term ‘large confined livestock operation’ means a*
3 *farm or ranch that—*

4 “(A) *is a confined animal feeding oper-*
5 *ation; and*

6 “(B) *has more than—*

7 “(i) *700 mature dairy cattle;*

8 “(ii) *1,000 beef cattle;*

9 “(iii) *30,000 laying hens or broilers (if*
10 *the facility has continuous overflow water-*
11 *ing);*

12 “(iv) *100,000 laying hens or broilers*
13 *(if the facility has a liquid manure system);*

14 “(v) *55,000 turkeys;*

15 “(vi) *2,500 swine; or*

16 “(vii) *10,000 sheep or lambs.*

17 “(3) *LIVESTOCK.*—*The term ‘livestock’ means*
18 *mature dairy cows, beef cattle, laying hens, broilers,*
19 *turkeys, swine, sheep, or lambs.*

20 “(4) *OPERATOR.*—*The term ‘operator’ means a*
21 *person who is engaged in crop or livestock production*
22 *(as defined by the Secretary).*

23 “(5) *STRUCTURAL PRACTICE.*—*The term ‘struc-*
24 *tural practice’ means the establishment of an animal*
25 *waste management facility, terrace, grassed water-*

1 way, contour grass strip, filterstrip, permanent wild-
 2 life habitat, or other structural practice that the Sec-
 3 retary determines is needed to protect soil, water, or
 4 related resources in the most cost effective manner.

5 **“SEC. 1238A. ESTABLISHMENT AND ADMINISTRATION OF**
 6 **ENVIRONMENTAL QUALITY INCENTIVES PRO-**
 7 **GRAM.**

8 “(a) *ESTABLISHMENT.*—

9 “(1) *IN GENERAL.*—During the 1996 through
 10 2002 fiscal years, the Secretary shall provide tech-
 11 nical assistance, cost-sharing payments, and incentive
 12 payments to operators who enter into contracts with
 13 the Secretary, through an environmental quality in-
 14 centives program that replaces the functions of the ag-
 15 ricultural conservation program, the Great Plains
 16 conservation program, the water quality incentives
 17 program, and the Colorado River Basin salinity con-
 18 trol program.

19 “(2) *ELIGIBLE PRACTICES.*—

20 “(A) *STRUCTURAL PRACTICES.*—An opera-
 21 tor who implements a structural practice shall be
 22 eligible for technical assistance or cost-sharing
 23 payments, or both.

24 “(B) *LAND MANAGEMENT PRACTICES.*—An
 25 operator who performs a land management prac-

1 *tice shall be eligible for technical assistance or*
2 *incentive payments, or both.*

3 “(3) *ELIGIBLE LANDS.*—*Land on which struc-*
4 *tural and land management practices may be per-*
5 *formed under this chapter includes agricultural land*
6 *(including cropland, rangeland, pasture, and other*
7 *land on which crops or livestock are produced) that*
8 *the Secretary determines poses a serious threat to soil,*
9 *water, or related resources by reason of the soil types,*
10 *terrain, climatic, soil, topographic, flood, or saline*
11 *characteristics, or other factors or natural hazards.*

12 “(4) *PRIORITIES.*—*The Secretary shall provide*
13 *technical assistance, cost-sharing payments, and in-*
14 *centive payments to operators in a region, watershed,*
15 *or conservation priority area in which an agricul-*
16 *tural operation is located, as determined by the Sec-*
17 *retary, based on national and regional priorities that*
18 *include—*

19 “(A) *the significance of the soil, water, and*
20 *related natural resource problems;*

21 “(B) *structural or land management prac-*
22 *tices for which State or local governments have*
23 *provided, or will provide, financial or technical*
24 *assistance to the operators;*

1 “(C) *structural practices or land manage-*
2 *ment practices on lands on which agricultural*
3 *production has been determined to contribute to,*
4 *or create, the potential for failure to meet appli-*
5 *cable water quality standards or other environ-*
6 *mental objectives of a Federal or State law; and*

7 “(D) *maximization of environmental bene-*
8 *fits per dollar expended.*

9 “(b) *APPLICATION AND TERM.—*

10 “(1) *IN GENERAL.—A contract between an oper-*
11 *ator and the Secretary under this chapter may—*

12 “(A) *apply to 1 or more structural practices*
13 *or 1 or more land management practices, or*
14 *both; and*

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

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

24 “(c) *STRUCTURAL PRACTICES.—*

1 “(1) *COMPETITIVE OFFER.*—*The Secretary shall*
2 *administer a competitive offer system for operators*
3 *proposing to receive cost-sharing payments in ex-*
4 *change for the implementation of 1 or more structural*
5 *practices by the operator. The competitive offer system*
6 *shall consist of—*

7 “(A) *the submission of a competitive offer*
8 *by the operator in such manner as the Secretary*
9 *may prescribe; and*

10 “(B) *evaluation of the offer in light of the*
11 *priorities established by subsection (a)(4) and*
12 *the projected cost of the proposal, as determined*
13 *by the Secretary.*

14 “(2) *CONCURRENCE OF OWNER.*—*If the operator*
15 *making an offer to implement a structural practice is*
16 *a tenant of the land involved in agricultural produc-*
17 *tion, for the offer to be acceptable, the operator shall*
18 *obtain the concurrence of the owner of the land with*
19 *respect to the offer.*

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

1 “(e) *COST-SHARING, INCENTIVE PAYMENTS, AND*
2 *TECHNICAL ASSISTANCE.*—

3 “(1) *COST-SHARING PAYMENTS.*—

4 “(A) *IN GENERAL.*—*The Federal share of*
5 *cost-sharing payments to an operator proposing*
6 *to implement 1 or more structural practices shall*
7 *not be greater than 75 percent of the projected*
8 *cost of each practice, as determined by the Sec-*
9 *retary, taking into consideration any payment*
10 *received by the operator from a State or local*
11 *government.*

12 “(B) *LIMITATION.*—*An operator of a large*
13 *confined livestock operation shall not be eligible*
14 *for cost-sharing payments to construct an ani-*
15 *mal waste management facility.*

16 “(C) *OTHER PAYMENTS.*—*An operator shall*
17 *not be eligible for cost-sharing payments for*
18 *structural practices on eligible land under this*
19 *chapter if the operator receives cost-sharing pay-*
20 *ments or other benefits for the same land under*
21 *chapter 1 or 3.*

22 “(2) *INCENTIVE PAYMENTS.*—*The Secretary shall*
23 *make incentive payments in an amount and at a rate*
24 *determined by the Secretary to be necessary to encour-*

1 *age an operator to perform 1 or more land manage-*
2 *ment practices.*

3 *“(3) TECHNICAL ASSISTANCE.—*

4 *“(A) FUNDING.—The Secretary shall allo-*
5 *cate funding under this chapter for the provision*
6 *of technical assistance according to the purpose*
7 *and projected cost for which the technical assist-*
8 *ance is provided for a fiscal year. The allocated*
9 *amount may vary according to the type of exper-*
10 *tise required, quantity of time involved, and*
11 *other factors as determined appropriate by the*
12 *Secretary. Funding shall not exceed the projected*
13 *cost to the Secretary of the technical assistance*
14 *provided for a fiscal year.*

15 *“(B) OTHER AUTHORITIES.—The receipt of*
16 *technical assistance under this chapter shall not*
17 *affect the eligibility of the operator to receive*
18 *technical assistance under other authorities of*
19 *law available to the Secretary.*

20 *“(f) LIMITATION ON PAYMENTS.—*

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

24 *“(A) \$10,000 for any fiscal year; or*

25 *“(B) \$50,000 for any multiyear contract.*

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

4 “(A) *defining the term ‘person’ as used in*
5 *paragraph (1); and*

6 “(B) *prescribing such rules as the Secretary*
7 *determines necessary to ensure a fair and rea-*
8 *sonable application of the limitations established*
9 *under this subsection.*

10 “(g) *REGULATIONS.*—*Not later than 180 days after the*
11 *effective date of this subsection, the Secretary shall issue reg-*
12 *ulations to implement the environmental quality incentives*
13 *program established under this chapter.*

14 **“SEC. 1238B. TEMPORARY ADMINISTRATION OF ENVIRON-**
15 **MENTAL QUALITY INCENTIVES PROGRAM.**

16 “(a) *INTERIM ADMINISTRATION.*—

17 “(1) *IN GENERAL.*—*During the period beginning*
18 *on the date of enactment of the Agricultural Rec-*
19 *onciliation Act of 1995 and ending on the later of the*
20 *dates specified in paragraph (2), to ensure that tech-*
21 *nical assistance, cost-sharing payments, and incentive*
22 *payments continue to be administered in an orderly*
23 *manner until such time as assistance can be provided*
24 *through final regulations issued to implement the en-*
25 *vironmental quality incentives program established*

1 *under this chapter, the Secretary shall continue to*
2 *provide technical assistance, cost-sharing payments,*
3 *and incentive payments under the terms and condi-*
4 *tions of the agricultural conservation program, the*
5 *Great Plains conservation program, the water quality*
6 *incentives program, and the Colorado River Basin sa-*
7 *linity control program, to the extent that the terms*
8 *and conditions of the programs are consistent with*
9 *the environmental quality incentives program.*

10 *“(2) EXPIRATION OF AUTHORITY.—The author-*
11 *ity of the Secretary to carry out paragraph (1) shall*
12 *terminate on the later of—*

13 *“(A) the date that is 180 days after the date*
14 *of enactment of the Agricultural Reconciliation*
15 *Act of 1995; or*

16 *“(B) March 31, 1996.*

17 *“(b) PERMANENT ADMINISTRATION.—Effective begin-*
18 *ning on the later of the dates specified in subsection (a)(2),*
19 *the Secretary shall provide technical assistance, cost-shar-*
20 *ing payments, and incentive payments for structural prac-*
21 *tices and land management practices related to crop and*
22 *livestock production in accordance with final regulations*
23 *issued to carry out the environmental quality incentives*
24 *program.”.*

25 *(c) CONFORMING AMENDMENTS.—*

1 (1) *COMMODITY CREDIT CORPORATION CHARTER*
2 *ACT.*—Section 5(g) of the Commodity Credit Corpora-
3 *tion Charter Act (15 U.S.C. 714c(g)) is amended to*
4 *read as follows:*

5 “(g) *Carry out conservation functions and programs.*”.

6 (2) *WETLANDS RESERVE PROGRAM.*—

7 (A) *IN GENERAL.*—Section 1237 of the *Food*
8 *Security Act of 1985 (16 U.S.C. 3837) is amend-*
9 *ed—*

10 (i) *in subsection (b)(2)—*

11 (I) *by striking “not less” and in-*
12 *serting “not more”; and*

13 (II) *by striking “2000” and in-*
14 *serting “2002”; and*

15 (ii) *in subsection (c), by striking*
16 *“2000” and inserting “2002”.*

17 (B) *LENGTH OF EASEMENT.*—Section
18 *1237A(e) of the Food Security Act of 1985 (16*
19 *U.S.C. 3837a(e)) is amended by striking para-*
20 *graph (2) and inserting the following:*

21 “(2) *shall be for 20 or 30 years, but in no case*
22 *shall be a permanent easement.*”.

23 (3) *CONSERVATION RESERVE PROGRAM.*—

1 (A) *IN GENERAL.*—Section 1231 of the Food
2 Security Act of 1985 (16 U.S.C. 3831) is amend-
3 ed—

4 (i) in subsections (a) and (b)(3), by
5 striking “1995” each place it appears and
6 inserting “2002”; and

7 (ii) in subsection (d), by striking
8 “total of” and all that follows through the
9 period at the end of the subsection and in-
10 serting “total of 36,400,000 acres during the
11 1986 through 2002 calendar years (includ-
12 ing contracts extended by the Secretary pur-
13 suant to section 1437 of the Food, Agri-
14 culture, Conservation, and Trade Act of
15 1990 (Public Law 101–624; 16 U.S.C. 3831
16 note), except that in no case may total
17 spending for the conservation reserve exceed
18 the spending limitations in section
19 1241(d).”.

20 (B) *CONFORMING AMENDMENT.*—Section
21 1232(c) of the Food Security Act of 1985 (16
22 U.S.C. 3832(c)) is amended by striking “1995”
23 and inserting “2002”.

24 (d) *EFFECTIVE DATES.*—

1 (1) *IN GENERAL.*—*Except as provided in para-*
 2 *graph (2), this section and the amendments made by*
 3 *this section shall become effective on the later of—*

4 (A) *the date of enactment of this Act; or*

5 (B) *November 1, 1995.*

6 (2) *TRANSITION PROVISIONS.*—

7 (A) *IN GENERAL.*—*Section 1238B of the*
 8 *Food Security Act of 1985 (as added by sub-*
 9 *section (b)) shall become effective on the date of*
 10 *enactment of this Act.*

11 (B) *1991 THROUGH 1995 CALENDAR*
 12 *YEARS.*—*Notwithstanding any other provision of*
 13 *law, this section and the amendments made by*
 14 *this section shall not affect the authority of the*
 15 *Secretary of Agriculture to carry out a program*
 16 *for any of the 1991 through 1995 calendar years*
 17 *under a provision of law in effect immediately*
 18 *before the effective dates specified in this sub-*
 19 *section.*

20 ***Subtitle C—Agricultural Promotion***
 21 ***and Export Programs***

22 ***SEC. 1301. MARKET PROMOTION PROGRAM.***

23 *Effective October 1, 1995, section 211(c)(1) of the Agri-*
 24 *cultural Trade Act of 1978 (7 U.S.C. 5641(c)(1)) is amend-*
 25 *ed—*

1 (1) by striking “and” after “1991 through
2 1993,”; and

3 (2) by striking “through 1997,” and inserting
4 “through 1995, and not more than \$75,000,000 for
5 each of fiscal years 1996 through 2002,”.

6 **SEC. 1302. EXPORT ENHANCEMENT PROGRAM.**

7 Effective October 1, 1995, section 301(e)(1) of the Agri-
8 cultural Trade Act of 1978 (7 U.S.C. 5651(e)(1)) is amend-
9 ed to read as follows:

10 “(1) *IN GENERAL.*—The Commodity Credit Cor-
11 poration shall make available to carry out the pro-
12 gram established under this section not more than—

13 “(A) \$767,200,000 for fiscal year 1996;

14 “(B) \$705,600,000 for fiscal year 1997;

15 “(C) \$624,800,000 for fiscal year 1998;

16 “(D) \$544,000,000 for fiscal year 1999;

17 “(E) \$463,200,000 for fiscal year 2000;

18 “(F) \$382,400,000 for fiscal year 2001; and

19 “(G) \$382,400,000 for fiscal year 2002.”.

20 **SEC. 1303. EXPORT OF SUNFLOWERSEED OIL AND COTTON-**
21 **SEED OIL.**

22 (a) *IN GENERAL.*—Effective September 30, 1995, sec-
23 tion 301 of the Disaster Assistance Act of 1988 (Public Law
24 100–387; 7 U.S.C. 1464 note) is repealed.

1 (b) *FUNDING.*—Notwithstanding any other provision
 2 of law, the Secretary of Agriculture shall not spend any
 3 funds made available under section 32 of the Act entitled
 4 “An Act to amend the Agricultural Adjustment Act, and
 5 for other purposes”, approved August 24, 1935 (7 U.S.C.
 6 612c), to carry out the programs established under section
 7 301(b) of the Disaster Assistance Act of 1988 (Public Law
 8 100–387; 7 U.S.C. 1464 note) (as in effect prior to the
 9 amendment made by subsection (a)).

10 **Subtitle D—Nutrition Assistance**

11 **CHAPTER 1—FOOD STAMP PROGRAM**

12 **SEC. 1401. TREATMENT OF CHILDREN LIVING AT HOME.**

13 The second sentence of section 3(i) of the Food Stamp
 14 Act of 1977 (7 U.S.C. 2012(i)) is amended by striking
 15 “(who are not themselves parents living with their children
 16 or married and living with their spouses)”.

17 **SEC. 1402. OPTIONAL ADDITIONAL CRITERIA FOR SEPA- 18 RATE HOUSEHOLD DETERMINATIONS.**

19 Section 3(i) of the Food Stamp Act of 1977 (7 U.S.C.
 20 2012(i)) is amended by inserting after the third sentence
 21 the following: “Notwithstanding the preceding sentences, a
 22 State may establish criteria that prescribe when individuals
 23 who live together, and who would be allowed to participate
 24 as separate households under the preceding sentences, shall

1 *be considered a single household, without regard to the com-*
 2 *mon purchase of food and preparation of meals.”.*

3 **SEC. 1403. ADJUSTMENT OF THRIFTY FOOD PLAN.**

4 *The second sentence of section 3(o) of the Food Stamp*
 5 *Act of 1977 (7 U.S.C. 2012(o)) is amended—*

6 *(1) by striking “and (11)” and inserting “(11)”;*

7 *(2) by inserting “through October 1, 1994” after*
 8 *“1990, and each October 1 thereafter”; and*

9 *(3) by inserting before the period at the end the*
 10 *following: “, and (12) on October 1, 1995, and each*
 11 *October 1 thereafter, adjust the cost of the diet to re-*
 12 *flect the cost of the diet, in the preceding June, and*
 13 *round the result to the nearest lower dollar increment*
 14 *for each household size, except that on October 1,*
 15 *1995, the Secretary may not reduce the cost of the*
 16 *diet in effect on September 30, 1995”.*

17 **SEC. 1404. DEFINITION OF HOMELESS INDIVIDUAL.**

18 *Section 3(s)(2)(C) of the Food Stamp Act of 1977 (7*
 19 *U.S.C. 2012(s)(2)(C)) is amended by inserting “for not*
 20 *more than 90 days” after “temporary accommodation”.*

21 **SEC. 1405. STATE OPTIONS IN REGULATIONS.**

22 *Section 5(b) of the Food Stamp Act of 1977 (7 U.S.C.*
 23 *2014(b)) is amended—*

24 *(1) by striking “(b) The Secretary” and insert-*
 25 *ing the following:*

1 “(b) *UNIFORM STANDARDS*.—*Except as otherwise pro-*
2 *vided in this Act, the Secretary*”; and

3 (2) *by striking “No plan” and inserting “Except*
4 *as otherwise provided in this Act, no plan”*.

5 **SEC. 1406. ENERGY ASSISTANCE.**

6 (a) *IN GENERAL*.—*Section 5(d) of the Food Stamp Act*
7 *of 1977 (7 U.S.C. 2014(d)) is amended—*

8 (1) *by striking paragraph (11); and*

9 (2) *by redesignating paragraphs (12) through*
10 *(15) as paragraphs (11) through (14), respectively.*

11 (b) *CONFORMING AMENDMENTS*.—

12 (1) *Section 5(k) of the Act (7 U.S.C. 2014(k)) is*
13 *amended—*

14 (A) *in paragraph (1)—*

15 (i) *in subparagraph (A), by striking*
16 *“plan for aid to families with dependent*
17 *children approved” and inserting “program*
18 *funded”; and*

19 (ii) *in subparagraph (B), by striking*
20 *“, not including energy or utility-cost as-*
21 *sistance,”;*

22 (B) *in paragraph (2)—*

23 (i) *by striking subparagraph (C); and*

1 (ii) by redesignating subparagraphs
2 (D) through (H) as subparagraphs (C)
3 through (G), respectively; and
4 (C) by adding at the end the following:

5 “(4) *THIRD PARTY ENERGY ASSISTANCE PAY-*
6 *MENTS.—*

7 “(A) *ENERGY ASSISTANCE PAYMENTS.—For*
8 *purposes of subsection (d)(1), a payment made*
9 *under a Federal or State law to provide energy*
10 *assistance to a household shall be considered*
11 *money payable directly to the household.*

12 “(B) *ENERGY ASSISTANCE EXPENSES.—For*
13 *purposes of subsection (e), an expense paid on*
14 *behalf of a household under a Federal or State*
15 *law to provide energy assistance shall be consid-*
16 *ered an out-of-pocket expense incurred and paid*
17 *by the household.”.*

18 (2) *Section 2605(f) of the Low-Income Home En-*
19 *ergy Assistance Act of 1981 (42 U.S.C. 8624(f)) is*
20 *amended—*

21 (A) by striking “(f)(1) *Notwithstanding*”
22 and inserting “(f) *Notwithstanding*”;

23 (B) by striking “*food stamps,*”; and

24 (C) by striking paragraph (2).

1 **SEC. 1407. DEDUCTIONS FROM INCOME.**

2 (a) *IN GENERAL.*—Section 5(e) of the Food Stamp Act
3 of 1977 (7 U.S.C. 2014(e)) is amended—

4 (1) *in the second sentence—*

5 (A) *by striking “and (4)” and inserting*
6 *“(4)”;*

7 (B) *by inserting “through October 1, 1994”*
8 *after “October 1 thereafter”; and*

9 (C) *by inserting before the period at the end*
10 *the following: “, and (5) on October 1, 2002, and*
11 *each October 1 thereafter, the Secretary shall ad-*
12 *just the standard deduction to the nearest lower*
13 *dollar increment to reflect changes in the*
14 *Consumer Price Index for all urban consumers*
15 *published by the Bureau of Labor Statistics, for*
16 *items other than food, for the 12-month period*
17 *ending the preceding June 30”;*

18 (2) *in the third sentence, by striking “willfully*
19 *or fraudulently” and all that follows through “to re-*
20 *port” and inserting “has not reported”;*

21 (3) *in the seventh sentence, by striking “may use*
22 *a standard” and all that follows through “except that*
23 *a” and inserting “may make the use of a standard*
24 *utility allowance mandatory for all households with*
25 *qualifying utility costs if the State agency has devel-*
26 *oped 1 or more standards that include the cost of*

1 *heating and cooling and 1 or more standards that do*
2 *not include the cost of heating and cooling and the*
3 *Secretary finds that the standards will not result in*
4 *an increased cost to the Secretary. A State agency*
5 *that has not made the use of a standard utility allow-*
6 *ance mandatory under the preceding sentence shall*
7 *allow a household to switch, at the end of a certifi-*
8 *cation period, between the standard utility allowance*
9 *and a deduction based on the actual utility costs of*
10 *the household. A”;* and

11 *(4) by striking “A State agency shall allow a*
12 *household to switch” and all that follows through*
13 *“twelve-month period.”.*

14 *(b) HOMELESS SHELTER DEDUCTION.—Section*
15 *11(e)(3) of the Act (7 U.S.C. 2020(e)(3)) is amended by*
16 *striking the last 3 sentences and inserting the following: “A*
17 *State agency may develop a standard homeless shelter de-*
18 *duction, which shall not exceed \$139 per month, for such*
19 *expenses as may reasonably be expected to be incurred by*
20 *households in which all members are homeless individuals*
21 *but are not receiving free shelter throughout the month. A*
22 *State agency that develops the deduction may use the deduc-*
23 *tion in determining eligibility and allotments for the house-*
24 *holds, except that the State agency may prohibit the use*

1 of the deduction for households with extremely low shelter
2 costs;”.

3 **SEC. 1408. AMOUNT OF VEHICLE ASSET LIMITATION.**

4 *The first sentence of section 5(g)(2) of the Food Stamp*
5 *Act of 1977 (7 U.S.C. 2014(g)(2)) is amended by striking*
6 *“through September 30, 1995” and all that follows through*
7 *“such date and on” and inserting “and shall be adjusted*
8 *on October 1, 1996, and”.*

9 **SEC. 1409. BENEFITS FOR ALIENS.**

10 *Section 5(i) of the Food Stamp Act of 1977 (7 U.S.C.*
11 *2014(i)) is amended—*

12 *(1) in the first sentence of paragraph (1)—*

13 *(A) by inserting “or who executed such an*
14 *affidavit or similar agreement to enable the indi-*
15 *vidual to lawfully remain in the United States,”*
16 *after “respect to such individual,”; and*

17 *(B) by striking “for a period” and all that*
18 *follows through the period at the end of the sen-*
19 *tence and inserting “until the end of the period*
20 *ending on the later of the date agreed to in the*
21 *affidavit or agreement or the date that is 5 years*
22 *after the date on which the individual was first*
23 *lawfully admitted into the United States follow-*
24 *ing the execution of the affidavit or agreement.”;*

25 *(2) in paragraph (2)—*

1 (A) *in the first sentence of subparagraph*
2 *(C)(i), by striking “of three years after entry*
3 *into the United States” and inserting “deter-*
4 *mined under paragraph (1)”;*

5 (B) *in the first sentence of subparagraph*
6 *(D), by striking “of three years after such alien’s*
7 *entry into the United States” and inserting “de-*
8 *termined under paragraph (1)”;* and

9 (C) *by adding at the end the following:*

10 “(F) *LIMITATION ON MEASUREMENT OF AT-*
11 *TRIBUTED INCOME AND RESOURCES.—*

12 “(i) *IN GENERAL.—Notwithstanding*
13 *any other provision of this subsection, if a*
14 *determination described in clause (ii) is*
15 *made, the amount of income and resources*
16 *of the sponsor or the sponsor’s spouse that*
17 *shall be attributed to the sponsored individ-*
18 *ual shall not exceed the amount actually*
19 *provided to the individual, for—*

20 “(I) *the 12-month period begin-*
21 *ning on the date of the determination;*
22 *or*

23 “(II) *if the address of the sponsor*
24 *is unknown to the sponsored individ-*
25 *ual on the date of the determination,*

1 *the 12-month period beginning on the*
2 *date the address becomes known to the*
3 *sponsored individual or to the Sec-*
4 *retary (who shall inform the individ-*
5 *ual of the address not later than 7*
6 *days after learning the address).*

7 “(i) *DETERMINATION.—The deter-*
8 *mination described in this clause shall be a*
9 *determination by the Secretary that a spon-*
10 *sored individual would, in the absence of*
11 *the assistance provided by this Act, be un-*
12 *able to obtain food, taking into account the*
13 *individual’s own income, plus any cash,*
14 *food, housing, or other assistance provided*
15 *by other individuals, including the spon-*
16 *sor.”; and*

17 (3) *by adding at the end the following:*

18 “(3) *TREATMENT OF NONCITIZENS.—*

19 “(A) *IN GENERAL.—Notwithstanding any*
20 *other provision of law, a noncitizen who has en-*
21 *tered into the United States on or after the date*
22 *of the enactment of this paragraph shall not,*
23 *during the 5-year period beginning on the date*
24 *of the noncitizen’s entry into the United States,*
25 *be eligible to receive any benefits under this Act.*

1 “(B) *EXCEPTIONS.*—Subparagraph (A)
2 shall not apply to any individual who is—

3 “(i) a noncitizen granted asylum
4 under section 208 of the Immigration and
5 Nationality Act (8 U.S.C. 1158) or whose
6 deportation has been withheld under section
7 243(h) of the Act (8 U.S.C. 1253(b)) for a
8 period of not more than 5 years after the
9 date the noncitizen arrived in the United
10 States;

11 “(ii) a noncitizen admitted to the
12 United States as a refugee under section
13 207 of the Act (8 U.S.C. 1157) for not more
14 than 5 years after the date the noncitizen
15 arrived in the United States; or

16 “(iii) a noncitizen, lawfully present in
17 any State (or any territory or possession of
18 the United States), who is—

19 “(I) a veteran (as defined in sec-
20 tion 101 of title 38, United States
21 Code) with a discharge characterized
22 as an honorable discharge and not on
23 account of alienage; or

1 “(II) the spouse or unmarried de-
2 pendent child of a veteran described in
3 subclause (I).”.

4 **SEC. 1410. DISQUALIFICATION.**

5 (a) *IN GENERAL.*—Section 6(d) of the Food Stamp Act
6 of 1977 (7 U.S.C. 2015(d)) is amended—

7 (1) by striking “(d)(1) Unless otherwise exempt-
8 ed by the provisions” and all that follows through
9 “shall be ninety days. The” and inserting the follow-
10 ing:

11 “(d) *CONDITIONS OF PARTICIPATION.*—

12 “(1) *WORK REQUIREMENTS.*—

13 “(A) *IN GENERAL.*—No physically and
14 mentally fit individual over the age of 15 and
15 under the age of 60 shall be eligible to partici-
16 pate in the food stamp program if the individ-
17 ual—

18 “(i) refuses, at the time of application
19 and every 12 months thereafter, to register
20 for employment in a manner prescribed by
21 the Secretary;

22 “(ii) refuses without good cause to par-
23 ticipate in an employment and training
24 program under paragraph (4), to the extent
25 required by the State agency;

1 “(iii) refuses without good cause to ac-
2 cept an offer of employment, at a site or
3 plant not subject to a strike or lockout at
4 the time of the refusal, at a wage not less
5 than the higher of—

6 “(I) the applicable Federal or
7 State minimum wage; or

8 “(II) 80 percent of the wage that
9 would have governed had the minimum
10 hourly rate under section 6(a)(1) of the
11 Fair Labor Standards Act of 1938 (29
12 U.S.C. 206(a)(1)) been applicable to
13 the offer of employment;

14 “(iv) refuses without good cause to pro-
15 vide a State agency with sufficient informa-
16 tion to allow the State agency to determine
17 the employment status or the job availabil-
18 ity of the individual;

19 “(v) voluntarily and without good
20 cause—

21 “(I) quits a job; or

22 “(II) reduces work effort and,
23 after the reduction, the individual is
24 working less than 30 hours per week;
25 or

1 “(vi) fails to comply with section 20.

2 “(B) *HOUSEHOLD INELIGIBILITY.*—If an
3 individual who is the head of a household be-
4 comes ineligible to participate in the food stamp
5 program under subparagraph (A), the household
6 shall, at the option of the State agency, become
7 ineligible to participate in the food stamp pro-
8 gram for a period, determined by the State agen-
9 cy, that does not exceed the lesser of—

10 “(i) the duration of the ineligibility of
11 the individual determined under subpara-
12 graph (C); or

13 “(ii) 180 days.

14 “(C) *DURATION OF INELIGIBILITY.*—

15 “(i) *FIRST VIOLATION.*—The first time
16 that an individual becomes ineligible to
17 participate in the food stamp program
18 under subparagraph (A), the individual
19 shall remain ineligible until the later of—

20 “(I) the date the individual be-
21 comes eligible under subparagraph (A);

22 “(II) the date that is 1 month
23 after the date the individual became
24 ineligible; or

1 “(III) a date determined by the
2 State agency that is not later than 3
3 months after the date the individual
4 became ineligible.

5 “(ii) *SECOND VIOLATION.*—The second
6 time that an individual becomes ineligible
7 to participate in the food stamp program
8 under subparagraph (A), the individual
9 shall remain ineligible until the later of—

10 “(I) the date the individual be-
11 comes eligible under subparagraph (A);

12 “(II) the date that is 3 months
13 after the date the individual became
14 ineligible; or

15 “(III) a date determined by the
16 State agency that is not later than 6
17 months after the date the individual
18 became ineligible.

19 “(iii) *THIRD OR SUBSEQUENT VIOLA-*
20 *TION.*—The third or subsequent time that
21 an individual becomes ineligible to partici-
22 pate in the food stamp program under sub-
23 paragraph (A), the individual shall remain
24 ineligible until the later of—

1 “(I) the date the individual be-
2 comes eligible under subparagraph (A);

3 “(II) the date that is 6 months
4 after the date the individual became
5 ineligible;

6 “(III) a date determined by the
7 State agency; or

8 “(IV) at the option of the State
9 agency, permanently.

10 “(D) OTHER CONDITIONS.—The”; and

11 (2) in paragraph (1), by striking “Any period of
12 ineligibility” and all that follows through “violated.”.

13 (b) CONFORMING AMENDMENT.—

14 (1) The second sentence of section 17(b)(2) of the
15 Act (7 U.S.C. 2026(b)(2)) is amended by striking
16 “6(d)(1)(i)” and inserting “6(d)(1)(A)(i)”.

17 (2) Section 20 of the Act (7 U.S.C. 2029) is
18 amended by striking subsection (f) and inserting the
19 following:

20 “(f) DISQUALIFICATION.—An individual or a house-
21 hold may become ineligible under section 6(d)(1) to partici-
22 pate in the food stamp program for failing to comply with
23 this section.”.

1 **SEC. 1411. EMPLOYMENT AND TRAINING.**

2 (a) *IN GENERAL.*—Section 6(d)(4) of the Food Stamp
3 Act of 1977 (7 U.S.C. 2015(d)(4)) is amended by adding
4 at the end the following:

5 “(O) *LIMITATION ON FUNDING.*—Notwith-
6 standing any other provision of this paragraph,
7 the amount of funds a State agency uses to carry
8 out this paragraph (including under subpara-
9 graph (I)) for participants who are receiving
10 benefits under a State program funded under
11 part A of title IV of the Social Security Act (42
12 U.S.C. 601 et seq.) shall not exceed the amount
13 of funds the State agency used in fiscal year
14 1995 to carry out this paragraph for partici-
15 pants who were receiving benefits in fiscal year
16 1995 under a State program funded under part
17 A of title IV of the Act (42 U.S.C. 601 et seq.).”.

18 (b) *FUNDING.*—Section 16(h) of the Act (7 U.S.C.
19 2025(h)) is amended by striking “(h)(1)(A) The Secretary”
20 and all that follows through the end of paragraph (1) and
21 inserting the following:

22 “(h) *FUNDING OF EMPLOYMENT AND TRAINING PRO-*
23 *GRAMS.*—

24 “(1) *IN GENERAL.*—

25 “(A) *AMOUNTS.*—To carry out employment
26 and training programs, the Secretary shall re-

1 *serve for allocation to State agencies from funds*
2 *made available for each fiscal year under section*
3 *18(a)(1) the amount of—*

4 “(i) *for fiscal year 1996, \$77,000,000;*

5 “(ii) *for fiscal year 1997, \$80,000,000;*

6 “(iii) *for fiscal year 1998, \$83,000,000;*

7 “(iv) *for fiscal year 1999, \$86,000,000;*

8 “(v) *for fiscal year 2000, \$89,000,000;*

9 “(vi) *for fiscal year 2001, \$92,000,000;*

10 *and*

11 “(vii) *for fiscal year 2002,*
12 *\$95,000,000.*

13 “(B) *ALLOCATION.—The Secretary shall al-*
14 *locate the amounts reserved under subparagraph*
15 *(A) among the State agencies using a reasonable*
16 *formula (as determined by the Secretary) that*
17 *gives consideration to the population in each*
18 *State affected by section 6(n).*

19 “(C) *REALLOCATION.—*

20 “(i) *NOTIFICATION.—A State agency*
21 *shall promptly notify the Secretary if the*
22 *State agency determines that the State*
23 *agency will not expend all of the funds allo-*
24 *cated to the State agency under subpara-*
25 *graph (B).*

1 “(i) *REALLOCATION.*—On notification
2 under clause (i), the Secretary shall reallo-
3 cate the funds that the State agency will not
4 expend as the Secretary considers appro-
5 priate and equitable.

6 “(D) *MINIMUM ALLOCATION.*—Notwith-
7 standing subparagraphs (A) through (C), the
8 Secretary shall ensure that each State agency op-
9 erating an employment and training program
10 shall receive not less than \$50,000 for each fiscal
11 year.”.

12 **SEC. 1412. INCOME CALCULATION.**

13 Section 6(f) of the Food Stamp Act of 1977 (7 U.S.C.
14 2015(f)) is amended by striking the third sentence and in-
15 serting the following: “The State agency may consider ei-
16 ther all income and financial resources of the individual
17 rendered ineligible to participate in the food stamp pro-
18 gram under this subsection, or the income, less a pro rata
19 share, and the financial resources of the ineligible individ-
20 ual, to determine the eligibility and the value of the allot-
21 ment of the household of which the individual is a mem-
22 ber.”.

1 **SEC. 1413. COMPARABLE TREATMENT FOR DISQUALIFICA-**
2 **TION.**

3 (a) *IN GENERAL.*—Section 6 of the Food Stamp Act
4 of 1977 (7 U.S.C. 2015) is amended by adding at the end
5 the following:

6 “(i) *COMPARABLE TREATMENT FOR DISQUALIFICA-*
7 *TION.*—

8 “(1) *IN GENERAL.*—If a disqualification is im-
9 posed on a member of a household for a failure of the
10 member to perform an action required under a Fed-
11 eral, State, or local law relating to a welfare or pub-
12 lic assistance program, the State agency may impose
13 the same disqualification on the member of the house-
14 hold under the food stamp program.

15 “(2) *APPLICATION AFTER DISQUALIFICATION PE-*
16 *RIOD.*—A member of a household disqualified under
17 paragraph (1) may, after the disqualification period
18 has expired, apply for benefits under this Act and
19 shall be treated as a new applicant, except that a
20 prior disqualification under subsection (d) shall be
21 considered in determining eligibility.”.

22 (b) *CONFORMING AMENDMENT.*—Section 6(d)(2)(A) of
23 the Act (7 U.S.C. 2015(d)(2)(A)) is amended by striking
24 “that is comparable to a requirement of paragraph (1)”.

1 **SEC. 1414. COOPERATION WITH CHILD SUPPORT AGENCIES.**

2 *Section 6 of the Food Stamp Act of 1977 (7 U.S.C.*
3 *2015) (as amended by section 1413) is further amended by*
4 *adding at the end the following:*

5 “(j) *CUSTODIAL PARENT’S COOPERATION WITH CHILD*
6 *SUPPORT AGENCIES.*—

7 “(1) *IN GENERAL.*—*At the option of a State*
8 *agency, subject to paragraphs (2) and (3), no natural*
9 *or adoptive parent or other individual (collectively re-*
10 *ferred to in this subsection as ‘the individual’) who is*
11 *living with and exercising parental control over a*
12 *child under the age of 18 who has an absent parent*
13 *shall be eligible to participate in the food stamp pro-*
14 *gram unless the individual cooperates with the State*
15 *agency administering the program established under*
16 *part D of title IV of the Social Security Act (42*
17 *U.S.C. 651 et seq.)—*

18 “(A) *in establishing the paternity of the*
19 *child (if the child is born out of wedlock); and*

20 “(B) *in obtaining support for—*

21 “(i) *the child; or*

22 “(ii) *the individual and the child.*

23 “(2) *GOOD CAUSE FOR NONCOOPERATION.*—

24 *Paragraph (1) shall not apply to the individual if*
25 *good cause is found for refusing to cooperate, as deter-*
26 *mined by the State agency in accordance with stand-*

1 *ards prescribed by the Secretary in consultation with*
2 *the Secretary of Health and Human Services. The*
3 *standards shall take into consideration circumstances*
4 *under which cooperation may be against the best in-*
5 *terests of the child.*

6 *“(3) FEES.—Paragraph (1) shall not require the*
7 *payment of a fee or other cost for services provided*
8 *under part D of title IV of the Social Security Act*
9 *(42 U.S.C. 651 et seq.).”.*

10 **SEC. 1415. DISQUALIFICATION FOR CHILD SUPPORT AR-**
11 **REARS.**

12 *Section 6 of the Food Stamp Act of 1977 (7 U.S.C.*
13 *2015) (as amended by section 1414) is further amended by*
14 *adding at the end the following:*

15 *“(k) DISQUALIFICATION FOR CHILD SUPPORT AR-*
16 *REARS.—*

17 *“(1) IN GENERAL.—At the option of a State*
18 *agency, except as provided in paragraph (2), no indi-*
19 *vidual shall be eligible to participate in the food*
20 *stamp program as a member of any household during*
21 *any month that the individual is delinquent in any*
22 *payment due under a court order for the support of*
23 *a child of the individual.*

24 *“(2) EXCEPTIONS.—Paragraph (1) shall not*
25 *apply if—*

1 “(A) a court is allowing the individual to
2 delay payment; or

3 “(B) the individual is complying with a
4 payment plan approved by a court or the State
5 agency designated under part D of title IV of the
6 Social Security Act (42 U.S.C. 651 et seq.) to
7 provide support for the child of the individual.”.

8 **SEC. 1416. PERMANENT DISQUALIFICATION FOR PARTICI-**
9 **PATING IN 2 OR MORE STATES.**

10 Section 6 of the Food Stamp Act of 1977 (7 U.S.C.
11 2015) (as amended by section 1415) is further amended by
12 adding at the end the following:

13 “(l) *PERMANENT DISQUALIFICATION FOR PARTICIPAT-*
14 *ING IN 2 OR MORE STATES.*—An individual shall be perma-
15 nently ineligible to participate in the food stamp program
16 as a member of any household if the individual is found
17 by a State agency to have made, or is convicted in Federal
18 or State court of having made, a fraudulent statement or
19 representation with respect to the place of residence of the
20 individual in order to receive benefits simultaneously from
21 2 or more States under the food stamp program.”.

22 **SEC. 1417. WORK REQUIREMENT.**

23 (a) *IN GENERAL.*—Section 6 of the Food Stamp Act
24 of 1977 (7 U.S.C. 2015) (as amended by section 1416) is
25 further amended by adding at the end the following:

1 “(m) *WORK REQUIREMENT.*—

2 “(1) *DEFINITION OF WORK PROGRAM.*—*In this*
3 *subsection, the term ‘work program’ means—*

4 “(A) *a program under the Job Training*
5 *Partnership Act (29 U.S.C. 1501 et seq.);*

6 “(B) *a program under section 236 of the*
7 *Trade Act of 1974 (19 U.S.C. 2296); or*

8 “(C) *a program of employment or training*
9 *operated or supervised by a State or political*
10 *subdivision of a State that meets standards ap-*
11 *proved by the Governor of the State, including a*
12 *program under subsection (d)(4) other than a job*
13 *search program or a job search training program*
14 *under clause (i) or (ii) of subsection (d)(4)(B).*

15 “(2) *WORK REQUIREMENT.*—*Except as otherwise*
16 *provided in this subsection, no individual shall be eli-*
17 *gible to participate in the food stamp program as a*
18 *member of any household if, during the preceding 12-*
19 *month period, the individual received food stamp ben-*
20 *efits for not less than 6 months during which the in-*
21 *dividual did not—*

22 “(A) *work 20 hours or more per week, aver-*
23 *aged monthly; or*

24 “(B) *participate in and comply with the re-*
25 *quirements of a work program for 20 hours or*

1 *more per week, as determined by the State agen-*
2 *cy.*

3 “(3) *EXCEPTIONS.—Paragraph (2) shall not*
4 *apply to an individual if the individual is—*

5 “(A) *under 18 or over 50 years of age;*

6 “(B) *medically certified as physically or*
7 *mentally unfit for employment;*

8 “(C) *a parent or other member of a house-*
9 *hold with responsibility for a dependent child; or*

10 “(D) *otherwise exempt under subsection*
11 *(d)(2).*

12 “(4) *WAIVER.—On the request of a State agency,*
13 *the Secretary may waive the applicability of para-*
14 *graph (2) to any group of individuals in the State if*
15 *the Secretary makes a determination that the area in*
16 *which the individuals reside—*

17 “(A) *has an unemployment rate of over 8*
18 *percent; or*

19 “(B) *does not have a sufficient number of*
20 *jobs to provide employment for the individuals.”.*

21 (b) *TRANSITION PROVISION.—Prior to October 1,*
22 *1996, the term “preceding 12-month period” in section*
23 *6(m)(2) of the Food Stamp Act of 1977 (as added by sub-*
24 *section (a)) means the preceding period that begins on Octo-*
25 *ber 1, 1995.*

1 **SEC. 1418. DISQUALIFICATION OF FLEEING FELONS.**

2 *Section 6 of the Food Stamp Act of 1977 (7 U.S.C.*
3 *2015) (as amended by section 1417) is further amended by*
4 *adding at the end the following:*

5 “(n) *DISQUALIFICATION OF FLEEING FELONS.—No*
6 *member of a household who is otherwise eligible to partici-*
7 *pate in the food stamp program shall be eligible to partici-*
8 *pate in the program as a member of that or any other*
9 *household during any period during which the individual*
10 *is—*

11 *“(1) fleeing to avoid prosecution, or custody or*
12 *confinement after conviction, under the laws of the*
13 *place from which the individual flees, for a crime, or*
14 *attempt to commit a crime, which is a felony under*
15 *the laws of the place from which the individual flees,*
16 *or which, in the case of the State of New Jersey, is*
17 *a high misdemeanor under the laws of the State; or*

18 *“(2) violating a condition of probation or parole*
19 *imposed under a Federal or State law.”.*

20 **SEC. 1419. ELECTRONIC BENEFIT TRANSFERS.**

21 *Section 7 of the Food Stamp Act of 1977 (7 U.S.C.*
22 *2016) is amended by adding at the end the following:*

23 “(j) *ELECTRONIC BENEFIT TRANSFERS.—*

24 *“(1) APPLICABLE LAW.—*

25 *“(A) IN GENERAL.—Disclosures, protections,*
26 *responsibilities, and remedies established by the*

1 *Federal Reserve Board under section 904 of the*
2 *Electronic Fund Transfer Act (15 U.S.C. 1693b)*
3 *shall not apply to benefits under this Act deliv-*
4 *ered through any electronic benefit transfer sys-*
5 *tem.*

6 “(B) *DEFINITION OF ELECTRONIC BENEFIT*
7 *TRANSFER SYSTEM.—In this paragraph, the*
8 *term ‘electronic benefit transfer system’ means a*
9 *system under which a governmental entity dis-*
10 *tributes benefits under this Act or other benefits*
11 *or payments by establishing accounts to be*
12 *accessed by recipients of the benefits electroni-*
13 *cally, including through the use of an automated*
14 *teller machine, a point-of-sale terminal, or an*
15 *intelligent benefit card.*

16 “(2) *CHARGING FOR ELECTRONIC BENEFIT*
17 *TRANSFER CARD REPLACEMENT.—*

18 “(A) *IN GENERAL.—A State agency may*
19 *charge an individual for the cost of replacing a*
20 *lost or stolen electronic benefit transfer card.*

21 “(B) *REDUCING ALLOTMENT.—A State*
22 *agency may collect a charge imposed under sub-*
23 *paragraph (A) by reducing the monthly allot-*
24 *ment of the household of which the individual is*
25 *a member.”.*

1 **SEC. 1420. MINIMUM BENEFIT.**

2 *The proviso in section 8(a) of the Food Stamp Act of*
3 *1977 (7 U.S.C. 2017(a)) is amended by striking “, and shall*
4 *be adjusted” and all that follows through “\$5”.*

5 **SEC. 1421. BENEFITS ON RECERTIFICATION.**

6 *Section 8(c)(2)(B) of the Food Stamp Act of 1977 (7*
7 *U.S.C. 2017(c)(2)(B)) is amended by striking “of more than*
8 *one month”.*

9 **SEC. 1422. FAILURE TO COMPLY WITH OTHER WELFARE**
10 **AND PUBLIC ASSISTANCE PROGRAMS.**

11 *Section 8 of the Food Stamp Act of 1977 (7 U.S.C.*
12 *2017) is amended by striking subsection (d) and inserting*
13 *the following:*

14 *“(d) REDUCTION OF PUBLIC ASSISTANCE BENE-*
15 *FITS.—If the benefits of a household are reduced under a*
16 *Federal, State, or local law relating to a welfare or public*
17 *assistance program for the failure to perform an action re-*
18 *quired under the law or program, for the duration of the*
19 *reduction—*

20 *“(1) the household may not receive an increased*
21 *allotment as the result of a decrease in the income of*
22 *the household to the extent that the decrease is the re-*
23 *sult of the reduction; and*

24 *“(2) the State agency may reduce the allotment*
25 *of the household by not more than 25 percent.”.*

1 **SEC. 1423. ALLOTMENTS FOR HOUSEHOLDS RESIDING IN**
 2 **INSTITUTIONS.**

3 *Section 8 of the Food Stamp Act of 1977 (7 U.S.C.*
 4 *2017) is amended by adding at the end the following:*

5 “(f) *ALLOTMENTS FOR HOUSEHOLDS RESIDING IN IN-*
 6 *STITUTIONS.—In the case of an individual who resides in*
 7 *a homeless shelter, or in an institution or center for the*
 8 *purpose of a drug or alcoholic treatment program, described*
 9 *in the last sentence of section 3(i), a State agency may pro-*
 10 *vide an allotment for the individual to—*

11 *“(1) the institution as an authorized representa-*
 12 *tive for the individual for a period that is less than*
 13 *1 month; and*

14 *“(2) the individual, if the individual leaves the*
 15 *institution.”.*

16 **SEC. 1424. COLLECTION OF OVERISSUANCES.**

17 *(a) IN GENERAL.—Section 13 of the Food Stamp Act*
 18 *of 1977 (7 U.S.C. 2022) is amended—*

19 *(1) by striking subsection (b) and inserting the*
 20 *following:*

21 *“(b) COLLECTION OF OVERISSUANCES.—*

22 *“(1) IN GENERAL.—Except as otherwise provided*
 23 *in this subsection, a State agency shall collect any*
 24 *overissuance of coupons issued to a household by—*

25 *“(A) reducing the allotment of the house-*
 26 *hold;*

1 “(B) withholding unemployment compensa-
2 tion from a member of the household under sub-
3 section (c);

4 “(C) recovering from Federal pay or a Fed-
5 eral income tax refund under subsection (d); or

6 “(D) any other means.

7 “(2) *COST EFFECTIVENESS.*—Paragraph (1)
8 shall not apply if the State agency demonstrates to
9 the satisfaction of the Secretary that all of the means
10 referred to in paragraph (1) are not cost effective.

11 “(3) *HARDSHIPS.*—A State agency may not use
12 an allotment reduction under paragraph (1)(A) as a
13 means of collecting an overissuance from a household
14 if the allotment reduction would cause a hardship on
15 the household, as determined by the State agency.

16 “(4) *MAXIMUM REDUCTION ABSENT FRAUD.*—If
17 a household received an overissuance of coupons with-
18 out any member of the household being found ineli-
19 gible to participate in the program under section
20 6(b)(1) and a State agency elects to reduce the allot-
21 ment of the household under paragraph (1)(A), the
22 State agency shall reduce the monthly allotment of the
23 household under paragraph (1)(A) by the greater of—

24 “(A) 10 percent of the monthly allotment of
25 the household; or

1 “(B) §10.

2 “(5) *PROCEDURES*.—*A State agency shall collect*
3 *an overissuance of coupons issued to a household*
4 *under paragraph (1) in accordance with requirements*
5 *established by the State agency for providing notice,*
6 *electing a means of payment, and establishing a time*
7 *schedule for payment.”; and*

8 (2) *in subsection (d)—*

9 (A) *by striking “as determined under sub-*
10 *section (b) and except for claims arising from an*
11 *error of the State agency,” and inserting “, as*
12 *determined under subsection (b)(1),”;* and

13 (B) *by inserting before the period at the end*
14 *the following: “or a Federal income tax refund as*
15 *authorized by section 3720A of title 31, United*
16 *States Code”.*

17 (b) *CONFORMING AMENDMENT*.—*Section 11(e)(8) of*
18 *the Act (7 U.S.C. 2020(e)(8)) is amended—*

19 (1) *by striking “and excluding claims” and all*
20 *that follows through “such section”;* and

21 (2) *by inserting before the semicolon at the end*
22 *the following: “or a Federal income tax refund as au-*
23 *thorized by section 3720A of title 31, United States*
24 *Code”.*

1 **SEC. 1425. TERMINATION OF FEDERAL MATCH FOR OP-**
2 **TIONAL INFORMATION ACTIVITIES.**

3 (a) *IN GENERAL.*—Section 16(a) of the Food Stamp
4 Act of 1977 (7 U.S.C. 2025(a)) is amended—

5 (1) by striking paragraph (4); and

6 (2) by redesignating paragraphs (5) through (8)
7 as paragraphs (4) through (7), respectively.

8 (b) *CONFORMING AMENDMENT.*—Section 16(g) of the
9 Act (7 U.S.C. 2025(g)) is amended by striking “an amount
10 equal to” and all that follows through “1991, of” and insert-
11 ing “the amount provided under subsection (a)(5) for”.

12 **SEC. 1426. WORK SUPPLEMENTATION OR SUPPORT PRO-**
13 **GRAM.**

14 Section 16 of the Food Stamp Act of 1977 (7 U.S.C.
15 2025) is amended by adding at the end the following:

16 “(k) *WORK SUPPLEMENTATION OR SUPPORT PRO-*
17 *GRAM.*—

18 “(1) *DEFINITION.*—In this subsection, the term
19 ‘work supplementation or support program’ means a
20 program in which, as determined by the Secretary,
21 public assistance (including any benefits provided
22 under a program established by the State and the food
23 stamp program) is provided to an employer to be
24 used for hiring and employing a new employee who
25 is a public assistance recipient.

1 “(2) *PROGRAM.*—A State agency may elect to
2 use amounts equal to the allotment that would other-
3 wise be allotted to a household under the food stamp
4 program, but for the operation of this subsection, for
5 the purpose of subsidizing or supporting jobs under a
6 work supplementation or support program established
7 by the State.

8 “(3) *PROCEDURE.*—If a State agency makes an
9 election under paragraph (2) and identifies each
10 household that participates in the food stamp pro-
11 gram that contains an individual who is participat-
12 ing in the work supplementation or support pro-
13 gram—

14 “(A) the Secretary shall pay to the State
15 agency an amount equal to the value of the allot-
16 ment that the household would be eligible to re-
17 ceive but for the operation of this subsection;

18 “(B) the State agency shall expend the
19 amount paid under subparagraph (A) in accord-
20 ance with the work supplementation or support
21 program in lieu of providing the allotment that
22 the household would receive but for the operation
23 of this subsection;

24 “(C) for purposes of—

1 “(i) sections 5 and 8(a), the amount
2 received under this subsection shall be ex-
3 cluded from household income and resources;
4 and

5 “(ii) section 8(b), the amount received
6 under this subsection shall be considered to
7 be the value of an allotment provided to the
8 household; and

9 “(D) the household shall not receive an al-
10 lotment from the State agency for the period
11 during which the member continues to partici-
12 pate in the work supplementation or support
13 program.

14 “(4) *MAXIMUM LENGTH OF PARTICIPATION.*—A
15 work supplementation or support program may not
16 allow the participation of any individual for longer
17 than 1 year, unless the Secretary approves a longer
18 period.”.

19 **SEC. 1427. PRIVATE SECTOR EMPLOYMENT INITIATIVES.**

20 Section 17 of the Food Stamp Act of 1977 (7 U.S.C.
21 2026) is amended by adding at the end the following:

22 “(m) *PRIVATE SECTOR EMPLOYMENT INITIATIVES.*—

23 “(1) *ELECTION TO PARTICIPATE.*—

24 “(A) *IN GENERAL.*—Subject to the other
25 provisions of this subsection, a State may elect

1 to carry out a private sector employment initia-
2 tive program under this subsection.

3 “(B) *REQUIREMENT.*—A State shall be eli-
4 gible to carry out a private sector employment
5 initiative under this subsection only if not less
6 than 50 percent of the households that received
7 food stamp benefits during the summer of 1993
8 also received benefits under a State program
9 funded under part A of title IV of the Social Se-
10 curity Act (42 U.S.C. 601 et seq.) during the
11 summer of 1993.

12 “(2) *PROCEDURE.*—A State that has elected to
13 carry out a private sector employment initiative
14 under paragraph (1) may use amounts equal to the
15 food stamp allotments that would otherwise be allotted
16 to a household under the food stamp program, but for
17 the operation of this subsection, to provide cash bene-
18 fits in lieu of the food stamp allotments to the house-
19 hold if the household is eligible under paragraph (3).

20 “(3) *ELIGIBILITY.*—A household shall be eligible
21 to receive cash benefits under paragraph (2) if an
22 adult member of the household—

23 “(A) has worked in unsubsidized employ-
24 ment in the private sector for not less than the
25 preceding 90 days;

1 “(B) has earned not less than \$350 per
2 month from the employment referred to in sub-
3 paragraph (A) for not less than the preceding 90
4 days;

5 “(C)(i) is eligible to receive benefits under a
6 State program funded under part A of title IV
7 of the Social Security Act (42 U.S.C. 601 et
8 seq.); or

9 “(ii) was eligible to receive benefits under a
10 State program funded under part A of title IV
11 of the Social Security Act (42 U.S.C. 601 et seq.)
12 at the time the member first received cash bene-
13 fits under this subsection and is no longer eligi-
14 ble for the State program because of earned in-
15 come;

16 “(D) is continuing to earn not less than
17 \$350 per month from the employment referred to
18 in subparagraph (A); and

19 “(E) elects to receive cash benefits in lieu of
20 food stamp benefits under this subsection.”.

21 **SEC. 1428. REAUTHORIZATION OF APPROPRIATIONS.**

22 The first sentence of section 18(a)(1) of the Food
23 Stamp Act of 1977 (7 U.S.C. 2027(a)(1)) is amended by
24 striking “1995” and inserting “2002”.

1 **SEC. 1429. OPTIONAL STATE FOOD ASSISTANCE BLOCK**
2 **GRANT.**

3 *The Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.)*
4 *is amended by adding at the end the following:*

5 **“SEC. 24. OPTIONAL STATE FOOD ASSISTANCE BLOCK**
6 **GRANT.**

7 *“(a) ESTABLISHMENT.—The Secretary shall establish*
8 *a program to make grants to States in accordance with this*
9 *section to provide—*

10 *“(1) food assistance to needy individuals and*
11 *families residing in the State;*

12 *“(2) at the option of a State, wage subsidies and*
13 *payments in return for work for needy individuals*
14 *under the program;*

15 *“(3) funds to operate an employment and train-*
16 *ing program under subsection (g)(2) for needy indi-*
17 *viduals under the program; and*

18 *“(4) funds for administrative costs incurred in*
19 *providing the assistance.*

20 *“(b) ELECTION.—*

21 *“(1) IN GENERAL.—A State may elect to partici-*
22 *rate in the program established under subsection (a).*

23 *“(2) ELECTION REVOCABLE.—A State that elects*
24 *to participate in the program established under sub-*
25 *section (a) may subsequently reverse the election of*
26 *the State only once thereafter. Following the reversal,*

1 *the State shall only be eligible to participate in the*
2 *food stamp program in accordance with the other sec-*
3 *tions of this Act and shall not receive a block grant*
4 *under this section.*

5 “(3) *PROGRAM EXCLUSIVE.*—*A State that is par-*
6 *ticipating in the program established under sub-*
7 *section (a) shall not be subject to, or receive any bene-*
8 *fit under, this Act except as provided in this section.*

9 “(c) *LEAD AGENCY.*—

10 “(1) *DESIGNATION.*—*A State desiring to partici-*
11 *rate in the program established under this section*
12 *shall designate, in an application submitted to the*
13 *Secretary under subsection (d)(1), an appropriate*
14 *State agency that complies with paragraph (2) to act*
15 *as the lead agency for the State.*

16 “(2) *DUTIES.*—*The lead agency shall—*

17 “(A) *administer, either directly, through*
18 *other State agencies, or through local agencies,*
19 *the assistance received under this section by the*
20 *State;*

21 “(B) *develop the State plan to be submitted*
22 *to the Secretary under subsection (d)(1); and*

23 “(C) *coordinate the provision of food assist-*
24 *ance under this section with other Federal, State,*
25 *and local programs.*

1 “(d) *APPLICATION AND PLAN.*—

2 “(1) *APPLICATION.*—*To be eligible to receive as-*
3 *istance under this section, a State shall prepare and*
4 *submit to the Secretary an application at such time,*
5 *in such manner, and containing such information as*
6 *the Secretary shall by regulation require, including—*

7 “(A) *an assurance that the State will com-*
8 *ply with the requirements of this section;*

9 “(B) *a State plan that meets the require-*
10 *ments of paragraph (3); and*

11 “(C) *an assurance that the State will com-*
12 *ply with the requirements of the State plan*
13 *under paragraph (3).*

14 “(2) *ANNUAL PLAN.*—*The State plan contained*
15 *in the application under paragraph (1) shall be sub-*
16 *mitted for approval annually.*

17 “(3) *REQUIREMENTS OF PLAN.*—

18 “(A) *LEAD AGENCY.*—*The State plan shall*
19 *identify the lead agency.*

20 “(B) *USE OF BLOCK GRANT FUNDS.*—*The*
21 *State plan shall provide that the State shall use*
22 *the amounts provided to the State for each fiscal*
23 *year under this section—*

24 “(i) *to provide food assistance to needy*
25 *individuals and families residing in the*

1 *State, other than residents of institutions*
2 *who are ineligible for food stamps under*
3 *section 3(i);*

4 “(ii) *at the option of a State, to pro-*
5 *vide wage subsidies or workfare under sec-*
6 *tion 20(a) (except that any reference in sec-*
7 *tion 20(a) to an allotment shall be consid-*
8 *ered a reference to the food assistance or*
9 *benefits in lieu of food assistance received*
10 *by an individual or family during a month*
11 *under this section) for needy individuals*
12 *and families participating in the program;*

13 “(iii) *to administer an employment*
14 *and training program under subsection*
15 *(g)(2) for needy individuals under the pro-*
16 *gram and to provide reimbursements to*
17 *needy individuals and families as would be*
18 *allowed under section 16(h)(3); and*

19 “(iv) *to pay administrative costs in-*
20 *curring in providing the assistance.*

21 “(C) *ASSISTANCE FOR ENTIRE STATE.—The*
22 *State plan shall provide that benefits under this*
23 *section shall be available throughout the entire*
24 *State.*

1 “(D) *NOTICE AND HEARINGS.*—*The State*
2 *plan shall provide that an individual or family*
3 *who applies for, or receives, assistance under this*
4 *section shall be provided with notice of, and an*
5 *opportunity for a hearing on, any action under*
6 *this section that adversely affects the individual*
7 *or family.*

8 “(E) *OTHER ASSISTANCE.*—

9 “(i) *COORDINATION.*—*The State plan*
10 *may coordinate assistance received under*
11 *this section with assistance provided under*
12 *the State program funded under part A of*
13 *title IV of the Social Security Act (42*
14 *U.S.C. 601 et seq.).*

15 “(ii) *PENALTIES.*—*If an individual or*
16 *family is penalized for violating part A of*
17 *title IV of the Act, the State plan may re-*
18 *duce the amount of assistance provided*
19 *under this section or otherwise penalize the*
20 *individual or family.*

21 “(F) *ELIGIBILITY LIMITATIONS.*—*The State*
22 *plan shall describe the income and resource eligi-*
23 *bility limitations that are established for the re-*
24 *ceipt of assistance under this section.*

1 “(G) *RECEIVING BENEFITS IN MORE THAN 1*
2 *JURISDICTION.—The State plan shall establish a*
3 *system to verify and otherwise ensure that no in-*
4 *dividual or family shall receive benefits under*
5 *this section in more than 1 jurisdiction within*
6 *the State.*

7 “(H) *PRIVACY.—The State plan shall pro-*
8 *vide for safeguarding and restricting the use and*
9 *disclosure of information about any individual*
10 *or family receiving assistance under this section.*

11 “(I) *OTHER INFORMATION.—The State plan*
12 *shall contain such other information as may be*
13 *required by the Secretary.*

14 “(4) *APPROVAL OF APPLICATION AND PLAN.—*
15 *The Secretary shall approve an application and State*
16 *plan that satisfies the requirements of this section.*

17 “(e) *LIMITATIONS ON STATE ALLOTMENTS.—*

18 “(1) *NO INDIVIDUAL OR FAMILY ENTITLEMENT*
19 *TO ASSISTANCE.—Nothing in this section—*

20 “(A) *entitles any individual or family to*
21 *assistance under this section; or*

22 “(B) *limits the right of a State to impose*
23 *additional limitations or conditions on assist-*
24 *ance under this section.*

1 “(2) *CONSTRUCTION OF FACILITIES.*—No funds
2 *made available under this section shall be expended*
3 *for the purchase or improvement of land, or for the*
4 *purchase, construction, or permanent improvement of*
5 *any building or facility.*

6 “(f) *BENEFITS FOR ALIENS.*—

7 “(1) *ELIGIBILITY.*—No individual shall be eligi-
8 *ble to receive benefits under a State plan approved*
9 *under subsection (d)(4) if the individual is not eligi-*
10 *ble to participate in the food stamp program under*
11 *section 6(f).*

12 “(2) *INCOME.*—The State plan shall provide that
13 *the income of an alien shall be determined in accord-*
14 *ance with section 5(i).*

15 “(g) *EMPLOYMENT AND TRAINING.*—

16 “(1) *WORK REQUIREMENTS.*—No individual or
17 *member of a family shall be eligible to receive benefits*
18 *under a State plan funded under this section if the*
19 *individual is not eligible to participate in the food*
20 *stamp program under subsection (d) or (m) of section*
21 *6.*

22 “(2) *WORK PROGRAMS.*—Each State shall imple-
23 *ment an employment and training program described*
24 *in section 6(d)(4) for needy individuals under the*
25 *program.*

1 “(h) *ENFORCEMENT.*—

2 “(1) *REVIEW OF COMPLIANCE WITH STATE*
3 *PLAN.*—*The Secretary shall review and monitor State*
4 *compliance with this section and the State plan ap-*
5 *proved under subsection (d)(4).*

6 “(2) *NONCOMPLIANCE.*—

7 “(A) *IN GENERAL.*—*If the Secretary, after*
8 *reasonable notice to a State and opportunity for*
9 *a hearing, finds that—*

10 “(i) *there has been a failure by the*
11 *State to comply substantially with any pro-*
12 *vision or requirement set forth in the State*
13 *plan approved under subsection (d)(4); or*

14 “(ii) *in the operation of any program*
15 *or activity for which assistance is provided*
16 *under this section, there is a failure by the*
17 *State to comply substantially with any pro-*
18 *vision of this section;*

19 *the Secretary shall notify the State of the finding*
20 *and that no further payments will be made to*
21 *the State under this section (or, in the case of*
22 *noncompliance in the operation of a program or*
23 *activity, that no further payments to the State*
24 *will be made with respect to the program or ac-*
25 *tivity) until the Secretary is satisfied that there*

1 *is no longer any failure to comply or that the*
2 *noncompliance will be promptly corrected.*

3 “(B) *OTHER SANCTIONS.*—*In the case of a*
4 *finding of noncompliance made pursuant to sub-*
5 *paragraph (A), the Secretary may, in addition*
6 *to, or in lieu of, imposing the sanctions described*
7 *in subparagraph (A), impose other appropriate*
8 *sanctions, including recoupment of money im-*
9 *properly expended for purposes prohibited or not*
10 *authorized by this section and disqualification*
11 *from the receipt of financial assistance under*
12 *this section.*

13 “(C) *NOTICE.*—*The notice required under*
14 *subparagraph (A) shall include a specific identi-*
15 *fication of any additional sanction being im-*
16 *posed under subparagraph (B).*

17 “(3) *ISSUANCE OF REGULATIONS.*—*The Sec-*
18 *retary shall establish by regulation procedures for—*

19 “(A) *receiving, processing, and determining*
20 *the validity of complaints concerning any failure*
21 *of a State to comply with the State plan or any*
22 *requirement of this section; and*

23 “(B) *imposing sanctions under this section.*

24 “(4) *INCOME AND ELIGIBILITY VERIFICATION*
25 *SYSTEM.*—*The Secretary may withhold not more than*

1 5 percent of the amount allotted to a State under sub-
2 section (l)(2) if the State does not use an income and
3 eligibility verification system established under sec-
4 tion 1137 of the Social Security Act (42 U.S.C.
5 1320b-7).

6 “(i) PAYMENTS.—

7 “(1) IN GENERAL.—For each fiscal year, the Sec-
8 retary shall pay to a State that has an application
9 approved by the Secretary under subsection (d)(4) an
10 amount that is equal to the allotment of the State
11 under subsection (l)(2) for the fiscal year.

12 “(2) METHOD OF PAYMENT.—The Secretary shall
13 make payments to a State for a fiscal year under this
14 section by issuing 1 or more letters of credit for the
15 fiscal year, with necessary adjustments on account of
16 overpayments or underpayments, as determined by
17 the Secretary.

18 “(3) SPENDING OF FUNDS BY STATE.—

19 “(A) IN GENERAL.—Except as provided in
20 subparagraph (B), payments to a State from an
21 allotment under subsection (l)(2) for a fiscal
22 year may be expended by the State only in the
23 fiscal year.

24 “(B) CARRYOVER.—The State may reserve
25 up to 10 percent of an allotment under sub-

1 *section (l)(2) for a fiscal year to provide assist-*
2 *ance under this section in subsequent fiscal*
3 *years, except that the reserved funds may not ex-*
4 *ceed 30 percent of the total allotment received*
5 *under this section for a fiscal year.*

6 “(4) *FOOD ASSISTANCE AND ADMINISTRATIVE*
7 *EXPENDITURES.—In each fiscal year, of the Federal*
8 *funds expended by a State under this section—*

9 “(A) *not less than 80 percent shall be for*
10 *food assistance; and*

11 “(B) *not more than 6 percent shall be for*
12 *administrative expenses.*

13 “(5) *PROVISION OF FOOD ASSISTANCE.—A State*
14 *may provide food assistance under this section in any*
15 *manner determined appropriate by the State to pro-*
16 *vide food assistance to needy individuals and families*
17 *in the State, such as electronic benefits transfer lim-*
18 *ited to food purchases, coupons limited to food pur-*
19 *chases, or direct provision of commodities.*

20 “(6) *DEFINITION OF FOOD ASSISTANCE.—In this*
21 *section, the term ‘food assistance’ means assistance*
22 *that may be used only to obtain food, as defined in*
23 *section 3(g).*

24 “(j) *AUDITS.—*

1 “(1) *REQUIREMENT.*—After the close of each fis-
2 cal year, a State shall arrange for an audit of the ex-
3 penditures of the State during the program period
4 from amounts received under this section.

5 “(2) *INDEPENDENT AUDITOR.*—An audit under
6 this section shall be conducted by an entity that is
7 independent of any agency administering activities
8 that receive assistance under this section and be in
9 accordance with generally accepted auditing prin-
10 ciples.

11 “(3) *PAYMENT ACCURACY.*—Each annual audit
12 under this section shall include an audit of payment
13 accuracy under this section that shall be based on a
14 statistically valid sample of the caseload in the State.

15 “(4) *SUBMISSION.*—Not later than 30 days after
16 the completion of an audit under this section, the
17 State shall submit a copy of the audit to the legisla-
18 ture of the State and to the Secretary.

19 “(5) *REPAYMENT OF AMOUNTS.*—Each State
20 shall repay to the United States any amounts deter-
21 mined through an audit under this section to have
22 not been expended in accordance with this section or
23 to have not been expended in accordance with the
24 State plan, or the Secretary may offset the amounts

1 *against any other amount paid to the State under*
2 *this section.*

3 “(k) *NONDISCRIMINATION.*—

4 “(1) *IN GENERAL.*—*The Secretary shall not pro-*
5 *vide financial assistance for any program, project, or*
6 *activity under this section if any person with respon-*
7 *sibilities for the operation of the program, project, or*
8 *activity discriminates with respect to the program,*
9 *project, or activity because of race, religion, color, na-*
10 *tional origin, sex, or disability.*

11 “(2) *ENFORCEMENT.*—*The powers, remedies, and*
12 *procedures set forth in title VI of the Civil Rights Act*
13 *of 1964 (42 U.S.C. 2000d et seq.) may be used by the*
14 *Secretary to enforce paragraph (1).*

15 “(l) *ALLOTMENTS.*—

16 “(1) *DEFINITION OF STATE.*—*In this section, the*
17 *term ‘State’ means each of the 50 States, the District*
18 *of Columbia, Guam, and the Virgin Islands of the*
19 *United States.*

20 “(2) *STATE ALLOTMENT.*—

21 “(A) *IN GENERAL.*—*Except as provided in*
22 *subparagraph (B), from the amounts made*
23 *available under section 18 of this Act for each*
24 *fiscal year, the Secretary shall allot to each State*
25 *participating in the program established under*

1 *this section an amount that is equal to the sum*
2 *of—*

3 *“(i) the greater of, as determined by*
4 *the Secretary—*

5 *“(I) the total dollar value of all*
6 *benefits issued under the food stamp*
7 *program established under this Act by*
8 *the State during fiscal year 1994; or*

9 *“(II) the average per fiscal year of*
10 *the total dollar value of all benefits is-*
11 *sued under the food stamp program by*
12 *the State during each of fiscal years*
13 *1992 through 1994; and*

14 *“(ii) the greater of, as determined by*
15 *the Secretary—*

16 *“(I) the total amount received by*
17 *the State for administrative costs and*
18 *the employment and training program*
19 *under subsections (a) and (h), respec-*
20 *tively, of section 16 of this Act for fis-*
21 *cal year 1994; or*

22 *“(II) the average per fiscal year of*
23 *the total amount received by the State*
24 *for administrative costs and the em-*
25 *ployment and training program under*

1 *subsections (a) and (h), respectively, of*
2 *section 16 of this Act for each of fiscal*
3 *years 1992 through 1994.*

4 *“(B) INSUFFICIENT FUNDS.—If the Sec-*
5 *retary finds that the total amount of allotments*
6 *to which States would otherwise be entitled for a*
7 *fiscal year under subparagraph (A) will exceed*
8 *the amount of funds that will be made available*
9 *to provide the allotments for the fiscal year, the*
10 *Secretary shall reduce the allotments made to*
11 *States under this subsection, on a pro rata basis,*
12 *to the extent necessary to allot under this sub-*
13 *section a total amount that is equal to the funds*
14 *that will be made available.”.*

15 **SEC. 1430. EFFECTIVE DATE.**

16 *Except as otherwise provided in this chapter, this*
17 *chapter and the amendments made by this chapter shall be-*
18 *come effective on October 1, 1995.*

1 **CHAPTER 2—CHILD NUTRITION**
2 **PROGRAMS**

3 **PART I—REIMBURSEMENT RATES**

4 **SEC. 1441. TERMINATION OF ADDITIONAL PAYMENT FOR**
5 **LUNCHES SERVED IN HIGH FREE AND RE-**
6 **DUCED PRICE PARTICIPATION SCHOOLS.**

7 (a) *IN GENERAL.*—Section 4(b)(2) of the National
8 *School Lunch Act* (42 U.S.C. 1753(b)(2)) is amended by
9 striking “except that” and all that follows through “2 cents
10 more”.

11 (b) *EFFECTIVE DATE.*—The amendment made by sub-
12 section (a) shall become effective on July 1, 1996.

13 **SEC. 1442. LUNCHES, BREAKFASTS, AND SUPPLEMENTS.**

14 (a) *IN GENERAL.*—Section 11(a)(3)(B) of the National
15 *School Lunch Act* (42 U.S.C. 1759a(a)(3)(B)) is amend-
16 ed—

17 (1) by designating the second and third sentences
18 as subparagraphs (C) and (D), respectively; and

19 (2) by striking subparagraph (D) (as so des-
20 ignated) and inserting the following:

21 “(D) *ROUNDING.*—Except as otherwise pro-
22 vided in this paragraph, in the case of each
23 school year, the Secretary shall—

24 “(i) base the adjustment made under
25 this paragraph on the amount of the

1 *unrounded adjustment for the preceding*
2 *school year;*

3 *“(ii) adjust the resulting amount in*
4 *accordance with subparagraphs (B) and*
5 *(C); and*

6 *“(iii) round the result to the nearest*
7 *lower cent increment.*

8 *“(E) ADJUSTMENT ON JANUARY 1, 1996.—*
9 *On January 1, 1996, the Secretary shall adjust*
10 *the rates and factor for the remainder of the*
11 *school year by rounding the previously estab-*
12 *lished rates and factor to the nearest lower cent*
13 *increment.*

14 *“(F) ADJUSTMENT FOR 24-MONTH PERIOD*
15 *BEGINNING JULY 1, 1996.—In the case of the 24-*
16 *month period beginning July 1, 1996, the na-*
17 *tional average payment rates for paid lunches,*
18 *paid breakfasts, and paid supplements shall be*
19 *the same as the national average payment rate*
20 *for paid lunches, paid breakfasts, and paid sup-*
21 *plements, respectively, for the school year begin-*
22 *ning July 1, 1995, rounded to the nearest lower*
23 *cent increment.*

24 *“(G) ADJUSTMENT FOR SCHOOL YEAR BE-*
25 *GINNING JULY 1, 1998.—In the case of the school*

1 year beginning July 1, 1998, the Secretary
2 shall—

3 “(i) base the adjustments made under
4 this paragraph for—

5 “(I) paid lunches and paid break-
6 fasts on the amount of the unrounded
7 adjustment for paid lunches for the
8 school year beginning July 1, 1995;
9 and

10 “(II) paid supplements on the
11 amount of the unrounded adjustment
12 for paid supplements for the school
13 year beginning July 1, 1995;

14 “(ii) adjust each resulting amount in
15 accordance with subparagraph (C); and

16 “(iii) round each result to the nearest
17 lower cent increment.”.

18 (b) *EFFECTIVE DATE.*—The amendments made by sub-
19 section (a) shall become effective on January 1, 1996.

20 **SEC. 1443. FREE AND REDUCED PRICE BREAKFASTS.**

21 (a) *IN GENERAL.*—Section 4(b) of the Child Nutrition
22 Act of 1966 (42 U.S.C. 1773(b)) is amended—

23 (1) in paragraph (1)(B)—

1 *national average lunch payment for paid meals established*
 2 *under section 4(b) of the National School Lunch Act (42*
 3 *U.S.C. 1753(b))”.*

4 *(b) EFFECTIVE DATE.—The amendment made by sub-*
 5 *section (a) shall become effective on January 1, 1996.*

6 **PART II—GRANT PROGRAMS**

7 **SEC. 1451. SCHOOL BREAKFAST STARTUP GRANTS.**

8 *(a) IN GENERAL.—Section 4 of the Child Nutrition*
 9 *Act of 1966 (42 U.S.C. 1773) is amended by striking sub-*
 10 *section (g).*

11 *(b) EFFECTIVE DATE.—The amendment made by sub-*
 12 *section (a) shall become effective on October 1, 1996.*

13 **PART III—OTHER AMENDMENTS**

14 **SEC. 1461. CHILD AND ADULT CARE FOOD PROGRAM.**

15 *(a) IMPROVED TARGETING OF DAY CARE HOME REIM-*
 16 *BURSEMENTS.—*

17 *(1) RESTRUCTURED DAY CARE HOME REIM-*
 18 *BURSEMENTS.—Section 17(f)(3) of the National*
 19 *School Lunch Act (42 U.S.C. 1766(f)(3)) is amended*
 20 *by striking “(3)(A) Institutions” and all that follows*
 21 *through the end of subparagraph (A) and inserting*
 22 *the following:*

23 *“(3) REIMBURSEMENT OF FAMILY OR GROUP DAY*
 24 *CARE HOME SPONSORING ORGANIZATIONS.—*

25 *“(A) REIMBURSEMENT FACTOR.—*

1 “(i) *IN GENERAL.*—*An institution that*
2 *participates in the program under this sec-*
3 *tion as a family or group day care home*
4 *sponsoring organization shall be provided,*
5 *for payment to a home sponsored by the or-*
6 *ganization, reimbursement factors in ac-*
7 *cordance with this subparagraph for the*
8 *cost of obtaining and preparing food and*
9 *prescribed labor costs involved in providing*
10 *meals under this section.*

11 “(ii) *TIER I FAMILY OR GROUP DAY*
12 *CARE HOMES.*—

13 “(I) *DEFINITION.*—*In this para-*
14 *graph, the term ‘tier I family or group*
15 *day care home’ means—*

16 “(aa) *a family or group day*
17 *care home that is located in a geo-*
18 *graphic area, as defined by the*
19 *Secretary based on census data, in*
20 *which at least 50 percent of the*
21 *children residing in the area are*
22 *members of households whose in-*
23 *comes meet the income eligibility*
24 *guidelines for free or reduced price*
25 *meals under section 9;*

1 “(bb) a family or group day
2 care home that is located in an
3 area served by a school enrolling
4 elementary students in which at
5 least 50 percent of the total num-
6 ber of children enrolled are cer-
7 tified as eligible to receive free or
8 reduced price school meals under
9 this Act or the Child Nutrition
10 Act of 1966 (42 U.S.C. 1771 et
11 seq.); or

12 “(cc) a family or group day
13 care home that is operated by a
14 provider whose household meets
15 the income eligibility guidelines
16 for free or reduced price meals
17 under section 9 and whose income
18 is verified by the sponsoring orga-
19 nization of the home under regu-
20 lations established by the Sec-
21 retary.

22 “(II) REIMBURSEMENT.—Except
23 as provided in subclause (III), a tier I
24 family or group day care home shall be
25 provided reimbursement factors under

1 *this clause without a requirement for*
2 *documentation of the costs described in*
3 *clause (i), except that reimbursement*
4 *shall not be provided under this*
5 *subclause for meals or supplements*
6 *served to the children of a person act-*
7 *ing as a family or group day care*
8 *home provider unless the children meet*
9 *the income eligibility guidelines for*
10 *free or reduced price meals under sec-*
11 *tion 9.*

12 *“(III) FACTORS.—Except as pro-*
13 *vided in subclause (IV), the reimburse-*
14 *ment factors applied to a home referred*
15 *to in subclause (II) shall be the factors*
16 *in effect on the date of enactment of*
17 *this subclause.*

18 *“(IV) ADJUSTMENTS.—The reim-*
19 *bursement factors under this subpara-*
20 *graph shall be adjusted on August 1,*
21 *1996, July 1, 1997, and each July 1*
22 *thereafter, to reflect changes in the*
23 *Consumer Price Index for food at home*
24 *for the most recent 12-month period for*
25 *which the data are available. The re-*

1 *imbursement factors under this sub-*
2 *paragraph shall be rounded to the*
3 *nearest lower cent increment and based*
4 *on the unrounded adjustment in effect*
5 *on June 30 of the preceding school*
6 *year.*

7 *“(iii) TIER II FAMILY OR GROUP DAY*
8 *CARE HOMES.—*

9 *“(I) IN GENERAL.—*

10 *“(aa) FACTORS.—Except as*
11 *provided in subclause (II), with*
12 *respect to meals or supplements*
13 *served under this clause by a fam-*
14 *ily or group day care home that*
15 *does not meet the criteria set forth*
16 *in clause (ii)(I), the reimburse-*
17 *ment factors shall be \$1 for*
18 *lunches and suppers, 30 cents for*
19 *breakfasts, and 15 cents for sup-*
20 *plements.*

21 *“(bb) ADJUSTMENTS.—The*
22 *factors shall be adjusted on July*
23 *1, 1997, and each July 1 there-*
24 *after, to reflect changes in the*
25 *Consumer Price Index for food at*

1 *home for the most recent 12-month*
2 *period for which the data are*
3 *available. The reimbursement fac-*
4 *tors under this item shall be*
5 *rounded down to the nearest lower*
6 *cent increment and based on the*
7 *unrounded adjustment for the pre-*
8 *ceding 12-month period.*

9 “(cc) *REIMBURSEMENT.—A*
10 *family or group day care home*
11 *shall be provided reimbursement*
12 *factors under this subclause with-*
13 *out a requirement for documenta-*
14 *tion of the costs described in*
15 *clause (i), except that reimburse-*
16 *ment shall not be provided under*
17 *this subclause for meals or supple-*
18 *ments served to the children of a*
19 *person acting as a family or*
20 *group day care home provider un-*
21 *less the children meet the income*
22 *eligibility guidelines for free or re-*
23 *duced price meals under section 9.*

24 “(II) *OTHER FACTORS.—A family*
25 *or group day care home that does not*

1 *meet the criteria set forth in clause*
2 *(ii)(I) may elect to be provided reim-*
3 *bursement factors determined in ac-*
4 *cordance with the following require-*
5 *ments:*

6 “(aa) *CHILDREN ELIGIBLE*
7 *FOR FREE OR REDUCED PRICE*
8 *MEALS.—In the case of meals or*
9 *supplements served under this*
10 *subsection to children who are*
11 *members of households whose in-*
12 *comes meet the income eligibility*
13 *guidelines for free or reduced price*
14 *meals under section 9, the family*
15 *or group day care home shall be*
16 *provided reimbursement factors*
17 *set by the Secretary in accordance*
18 *with clause (ii)(III).*

19 “(bb) *INELIGIBLE CHIL-*
20 *DREN.—In the case of meals or*
21 *supplements served under this*
22 *subsection to children who are*
23 *members of households whose in-*
24 *comes do not meet the income eli-*
25 *gibility guidelines, the family or*

1 *group day care home shall be pro-*
2 *vided reimbursement factors in*
3 *accordance with subclause (I).*

4 “(III) *INFORMATION AND DETER-*
5 *MINATIONS.—*

6 “(aa) *IN GENERAL.—If a*
7 *family or group day care home*
8 *elects to claim the factors de-*
9 *scribed in subclause (II), the fam-*
10 *ily or group day care home spon-*
11 *soring organization serving the*
12 *home shall collect the necessary*
13 *income information, as deter-*
14 *mined by the Secretary, from any*
15 *parent or other caretaker to make*
16 *the determinations specified in*
17 *subclause (II) and shall make the*
18 *determinations in accordance*
19 *with rules prescribed by the Sec-*
20 *retary.*

21 “(bb) *CATEGORICAL ELIGI-*
22 *BILITY.—In making a determina-*
23 *tion under item (aa), a family or*
24 *group day care home sponsoring*
25 *organization may consider a child*

1 *participating in or subsidized*
2 *under, or a child with a parent*
3 *participating in or subsidized*
4 *under, a federally or State sup-*
5 *ported child care or other benefit*
6 *program with an income eligi-*
7 *bility limit that does not exceed*
8 *the eligibility standard for free or*
9 *reduced price meals under section*
10 *9 to be a child who is a member*
11 *of a household whose income meets*
12 *the income eligibility guidelines*
13 *under section 9.*

14 *“(cc) FACTORS FOR CHIL-*
15 *DREN ONLY.—A family or group*
16 *day care home may elect to re-*
17 *ceive the reimbursement factors*
18 *prescribed under clause (ii)(III)*
19 *solely for the children participat-*
20 *ing in a program referred to in*
21 *item (bb) if the home elects not to*
22 *have income statements collected*
23 *from parents or other caretakers.*

24 *“(IV) SIMPLIFIED MEAL COUNT-*
25 *ING AND REPORTING PROCEDURES.—*

1 *The Secretary shall prescribe sim-*
2 *plified meal counting and reporting*
3 *procedures for use by a family or*
4 *group day care home that elects to*
5 *claim the factors under subclause (II)*
6 *and by a family or group day care*
7 *home sponsoring organization that*
8 *sponsors the home. The procedures the*
9 *Secretary prescribes may include 1 or*
10 *more of the following:*

11 “(aa) *Setting an annual per-*
12 *centage for each home of the num-*
13 *ber of meals served that are to be*
14 *reimbursed in accordance with the*
15 *reimbursement factors prescribed*
16 *under clause (ii)(III) and an an-*
17 *annual percentage of the number of*
18 *meals served that are to be reim-*
19 *bursed in accordance with the re-*
20 *imbursement factors prescribed*
21 *under subclause (I), based on the*
22 *family income of children enrolled*
23 *in the home in a specified month*
24 *or other period.*

1 “(bb) *Placing a home into 1*
2 *of 2 or more reimbursement cat-*
3 *egories annually based on the per-*
4 *centage of children in the home*
5 *whose households have incomes*
6 *that meet the income eligibility*
7 *guidelines under section 9, with*
8 *each such reimbursement category*
9 *carrying a set of reimbursement*
10 *factors such as the factors pre-*
11 *scribed under clause (ii)(III) or*
12 *subclause (I) or factors established*
13 *within the range of factors pre-*
14 *scribed under clause (ii)(III) and*
15 *subclause (I).*

16 “(cc) *Such other simplified*
17 *procedures as the Secretary may*
18 *prescribe.*

19 “(V) *MINIMUM VERIFICATION RE-*
20 *QUIREMENTS.—The Secretary may es-*
21 *tablish any necessary minimum ver-*
22 *ification requirements.”.*

23 (2) *GRANTS TO STATES TO PROVIDE ASSISTANCE*
24 *TO FAMILY OR GROUP DAY CARE HOMES.—Section*

1 17(f)(3) of the Act is amended by adding at the end
2 the following:

3 “(D) GRANTS TO STATES TO PROVIDE AS-
4 SISTANCE TO FAMILY OR GROUP DAY CARE
5 HOMES.—

6 “(i) IN GENERAL.—

7 “(I) RESERVATION.—From
8 amounts made available to carry out
9 this section, the Secretary shall reserve
10 \$5,000,000 of the amount made avail-
11 able for fiscal year 1996.

12 “(II) PURPOSE.—The Secretary
13 shall use the funds made available
14 under subclause (I) to provide grants
15 to States for the purpose of provid-
16 ing—

17 “(aa) assistance, including
18 grants, to family and day care
19 home sponsoring organizations
20 and other appropriate organiza-
21 tions, in securing and providing
22 training, materials, automated
23 data processing assistance, and
24 other assistance for the staff of the
25 sponsoring organizations; and

1 “(bb) *training and other as-*
2 *sistance to family and group day*
3 *care homes in the implementation*
4 *of the amendments to subpara-*
5 *graph (A) made by section*
6 *1461(a)(1) of the Agricultural*
7 *Reconciliation Act of 1995.*

8 “(ii) *ALLOCATION.—The Secretary*
9 *shall allocate from the funds reserved under*
10 *clause (i)(I)—*

11 “(I) *\$30,000 in base funding to*
12 *each State; and*

13 “(II) *any remaining amount*
14 *among the States, based on the number*
15 *of family day care homes participating*
16 *in the program in a State during fis-*
17 *cal year 1994 as a percentage of the*
18 *number of all family day care homes*
19 *participating in the program during*
20 *fiscal year 1994.*

21 “(iii) *RETENTION OF FUNDS.—Of the*
22 *amount of funds made available to a State*
23 *for fiscal year 1996 under clause (i), the*
24 *State may retain not to exceed 30 percent*

1 of the amount to carry out this subpara-
2 graph.

3 “(iv) *ADDITIONAL PAYMENTS.*—*Any*
4 *payments received under this subparagraph*
5 *shall be in addition to payments that a*
6 *State receives under subparagraph (A) (as*
7 *amended by section 1461(a)(1) of the Agri-*
8 *cultural Reconciliation Act of 1995).”.*

9 (3) *PROVISION OF DATA.*—*Section 17(f)(3) of the*
10 *Act (as amended by paragraph (2)) is further amend-*
11 *ed by adding at the end the following:*

12 “(E) *PROVISION OF DATA TO FAMILY OR*
13 *GROUP DAY CARE HOME SPONSORING ORGANIZA-*
14 *TIONS.*—

15 “(i) *CENSUS DATA.*—*The Secretary*
16 *shall provide to each State agency admin-*
17 *istering a child and adult care food pro-*
18 *gram under this section data from the most*
19 *recent decennial census survey or other ap-*
20 *propriate census survey for which the data*
21 *are available showing which areas in the*
22 *State meet the requirements of subpara-*
23 *graph (A)(ii)(I)(aa). The State agency shall*
24 *provide the data to family or group day*

1 *care home sponsoring organizations located*
2 *in the State.*

3 “(ii) *SCHOOL DATA.*—

4 “(I) *IN GENERAL.*—*A State agen-*
5 *cy administering the school lunch pro-*
6 *gram under this Act or the school*
7 *breakfast program under the Child Nu-*
8 *trition Act of 1966 (42 U.S.C. 1771 et*
9 *seq.) shall provide to approved family*
10 *or group day care home sponsoring or-*
11 *ganizations a list of schools serving ele-*
12 *mentary school children in the State in*
13 *which not less than ½ of the children*
14 *enrolled are certified to receive free or*
15 *reduced price meals. The State agency*
16 *shall collect the data necessary to cre-*
17 *ate the list annually and provide the*
18 *list on a timely basis to any approved*
19 *family or group day care home spon-*
20 *soring organization that requests the*
21 *list.*

22 “(II) *USE OF DATA FROM PRE-*
23 *CEDING SCHOOL YEAR.*—*In determin-*
24 *ing for a fiscal year or other annual*
25 *period whether a home qualifies as a*

1 tier I family or group day care home
2 under subparagraph (A)(ii)(I), the
3 State agency administering the pro-
4 gram under this section, and a family
5 or group day care home sponsoring or-
6 ganization, shall use the most current
7 available data at the time of the deter-
8 mination.

9 “(iii) DURATION OF DETERMINA-
10 TION.—For purposes of this section, a deter-
11 mination that a family or group day care
12 home is located in an area that qualifies the
13 home as a tier I family or group day care
14 home (as the term is defined in subpara-
15 graph (A)(ii)(I)), shall be in effect for 3
16 years (unless the determination is made on
17 the basis of census data, in which case the
18 determination shall remain in effect until
19 more recent census data are available) un-
20 less the State agency determines that the
21 area in which the home is located no longer
22 qualifies the home as a tier I family or
23 group day care home.”

24 (4) CONFORMING AMENDMENTS.—Section 17(c)
25 of the Act is amended by inserting “except as pro-

1 *vided in subsection (f)(3),” after “For purposes of this*
 2 *section,” each place it appears in paragraphs (1), (2),*
 3 *and (3).*

4 *(b) ELIMINATION OF STATE PAPERWORK AND OUT-*
 5 *REACH BURDEN.—Section 17 of the Act is amended by*
 6 *striking subsection (k) and inserting the following:*

7 *“(k) TRAINING AND TECHNICAL ASSISTANCE.—A*
 8 *State participating in the program established under this*
 9 *section shall provide sufficient training, technical assist-*
 10 *ance, and monitoring to facilitate effective operation of the*
 11 *program. The Secretary shall assist the State in developing*
 12 *plans to fulfill the requirements of this subsection.”.*

13 *(c) EFFECTIVE DATE.—*

14 *(1) IN GENERAL.—Except as provided in para-*
 15 *graph (2), the amendments made by this section shall*
 16 *become effective on the date of enactment of this Act.*

17 *(2) IMPROVED TARGETING OF DAY CARE HOME*
 18 *REIMBURSEMENTS.—The amendments made by para-*
 19 *graphs (1), (3), and (4) of subsection (a) shall become*
 20 *effective on August 1, 1996.*

21 **CHAPTER 3—ADDITIONAL SAVINGS**

22 **SEC. 1471. EARNINGS OF STUDENTS.**

23 *Section 5(d)(7) of the Food Stamp Act of 1977 (7*
 24 *U.S.C. 2014(d)(7)) is amended by striking “21” and insert-*
 25 *ing “17”.*

1 **SEC. 1472. STANDARD DEDUCTION.**

2 Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C.
3 2014(e)) is amended by adding at the end the following:
4 “Notwithstanding any other provision of this subsection, the
5 Secretary shall allow a standard deduction of \$134 for fis-
6 cal year 1995, \$132 for the period consisting of October 1,
7 1995, through December 31, 1995, and \$116 for the period
8 consisting of January 1, 1996, through fiscal year 2002,
9 except that households in Alaska, Hawaii, Guam, and the
10 Virgin Islands of the United States shall be allowed a stand-
11 ard deduction of \$229, \$189, \$269, and \$118, respectively,
12 for fiscal year 1995; \$225, \$186, \$265, and \$116, respec-
13 tively, for the period consisting of October 1, 1995, through
14 December 31, 1995; and \$198, \$164, \$233, and \$102, re-
15 spectively, for the period consisting of January 1, 1996,
16 through fiscal year 2002.”.

17 **SEC. 1473. VENDOR PAYMENTS FOR TRANSITIONAL HOUS-**
18 **ING COUNTED AS INCOME.**

19 Section 5(k)(2) of the Food Stamp Act of 1977 (7
20 U.S.C. 2014(k)(2)) (as amended by section 1406(b)(1)(B))
21 is amended—

22 (1) by striking subparagraph (E); and

23 (2) by redesignating subparagraphs (F) and (G)

24 as subparagraphs (E) and (F), respectively.

1 **SEC. 1474. EXTENDING CLAIMS RETENTION RATES.**

2 *The first sentence of section 16(a) of the Food Stamp*
 3 *Act of 1977 (7 U.S.C. 2025(a)) is amended by striking*
 4 *“1995” each place it appears and inserting “2002”.*

5 **SEC. 1475. REAUTHORIZATION OF PUERTO RICO NUTRI-**
 6 **TION ASSISTANCE PROGRAM.**

7 *The first sentence of section 19(a)(1)(A) of the Food*
 8 *Stamp Act of 1977 (7 U.S.C. 2028(a)(1)(A)) is amended*
 9 *by striking “\$974,000,000” and all that follows through*
 10 *“fiscal year 1995” and inserting “\$1,143,000,000 for each*
 11 *of fiscal years 1995 and 1996, \$1,171,000,000 for fiscal year*
 12 *1997, \$1,212,000,000 for fiscal year 1998, \$1,255,000,000*
 13 *for fiscal year 1999, \$1,299,000,000 for fiscal year 2000,*
 14 *\$1,342,000,000 for fiscal year 2001, and \$1,376,000,000 for*
 15 *fiscal year 2002”.*

16 **SEC. 1476. VALUE OF FOOD ASSISTANCE.**

17 *(a) IN GENERAL.—Section 6(e)(1) of the National*
 18 *School Lunch Act (42 U.S.C. 1755(e)(1)) is amended by*
 19 *striking subparagraph (B) and inserting the following:*

20 *“(B) ADJUSTMENTS.—*

21 *“(i) IN GENERAL.—The value of food*
 22 *assistance for each meal shall be adjusted*
 23 *each July 1 by the annual percentage*
 24 *change in a 3-month average value of the*
 25 *Price Index for Foods Used in Schools and*

1 *Institutions for March, April, and May*
2 *each year.*

3 “(ii) *ADJUSTMENTS.—Except as other-*
4 *wise provided in this subparagraph, in the*
5 *case of each school year, the Secretary*
6 *shall—*

7 “(I) *base the adjustment made*
8 *under clause (i) on the amount of the*
9 *unrounded adjustment for the preced-*
10 *ing school year;*

11 “(II) *adjust the resulting amount*
12 *in accordance with clause (i); and*

13 “(III) *round the result to the*
14 *nearest lower cent increment.*

15 “(iii) *ADJUSTMENT ON JANUARY 1,*
16 *1996.—On January 1, 1996, the Secretary*
17 *shall adjust the value of food assistance for*
18 *the remainder of the school year by round-*
19 *ing the previously established value of food*
20 *assistance to the nearest lower cent incre-*
21 *ment.*

22 “(iv) *ADJUSTMENT FOR 24-MONTH PE-*
23 *RIOD BEGINNING JULY 1, 1996.—In the case*
24 *of the 24-month period beginning July 1,*
25 *1996, the value of food assistance shall be*

1 *the same as the value of food assistance in*
2 *effect on June 30, 1996.*

3 “(v) *ADJUSTMENT FOR SCHOOL YEAR*
4 *BEGINNING JULY 1, 1998.—In the case of the*
5 *school year beginning July 1, 1998, the Sec-*
6 *retary shall—*

7 “(I) *base the adjustment made*
8 *under clause (i) on the amount of the*
9 *unrounded adjustment for the value of*
10 *food assistance for the school year be-*
11 *ginning July 1, 1995;*

12 “(II) *adjust the resulting amount*
13 *to reflect the annual percentage change*
14 *in a 3-month average value of the*
15 *Price Index for Foods Used in Schools*
16 *and Institutions for March, April, and*
17 *May for the most recent 12-month pe-*
18 *riod for which the data are available;*
19 *and*

20 “(III) *round the result to the*
21 *nearest lower cent increment.”.*

22 (b) *EFFECTIVE DATE.—The amendment made by sub-*
23 *section (a) shall become effective on January 1, 1996.*

1 **SEC. 1477. COMMODITY ASSISTANCE.**

2 (a) *IN GENERAL.*—Section 6(g) of the National School
3 Lunch Act (42 U.S.C. 1755(g)) is amended by striking “12
4 percent” and inserting “10 percent”.

5 (b) *EFFECTIVE DATE.*—The amendment made by sub-
6 section (a) shall become effective on July 1, 1996.

7 **SEC. 1478. SUMMER FOOD SERVICE PROGRAM FOR CHIL-**
8 **DREN.**

9 (a) *IN GENERAL.*—Section 13(b) of the National
10 School Lunch Act (42 U.S.C. 1761(b)) is amended—

11 (1) by striking “(b)(1)” and all that follows
12 through the end of paragraph (1) and inserting the
13 following:

14 “(b) *SERVICE INSTITUTIONS.*—

15 “(1) *PAYMENTS.*—

16 “(A) *IN GENERAL.*—Except as otherwise
17 provided in this paragraph, payments to service
18 institutions shall equal the full cost of food serv-
19 ice operations (which cost shall include the costs
20 of obtaining, preparing, and serving food, but
21 shall not include administrative costs).

22 “(B) *MAXIMUM AMOUNTS.*—Subject to sub-
23 paragraph (C), payments to any institution
24 under subparagraph (A) shall not exceed—

25 “(i) \$1.82 for each lunch and supper
26 served;

1 “(ii) \$1.13 for each breakfast served;

2 and

3 “(iii) 46 cents for each meal supple-
4 ment served.

5 “(C) *ADJUSTMENTS*.—Amounts specified in
6 subparagraph (B) shall be adjusted each Janu-
7 ary 1 to the nearest lower cent increment in ac-
8 cordance with the changes for the 12-month pe-
9 riod ending the preceding November 30 in the se-
10 ries for food away from home of the Consumer
11 Price Index for All Urban Consumers published
12 by the Bureau of Labor Statistics of the Depart-
13 ment of Labor. Each adjustment shall be based
14 on the unrounded adjustment for the prior 12-
15 month period.”;

16 (2) in the second sentence of paragraph (3), by
17 striking “levels determined” and all that follows
18 through “this subsection” and inserting “level deter-
19 mined by the Secretary”; and

20 (3) by striking paragraph (4).

21 (b) *EFFECTIVE DATE*.—The amendments made by sub-
22 section (a) shall become effective on January 1, 1996.

1 **SEC. 1479. SPECIAL MILK PROGRAM.**

2 (a) *IN GENERAL.*—Section 3(a) of the Child Nutrition
3 Act of 1966 (42 U.S.C. 1772(a)) is amended by striking
4 paragraph (8) and inserting the following:

5 “(8) *ADJUSTMENTS.*—

6 “(A) *IN GENERAL.*—Except as otherwise
7 provided in this paragraph, in the case of each
8 school year, the Secretary shall—

9 “(i) base the adjustment made under
10 paragraph (7) on the amount of the
11 unrounded adjustment for the preceding
12 school year;

13 “(ii) adjust the resulting amount in
14 accordance with paragraph (7); and

15 “(iii) round the result to the nearest
16 lower cent increment.

17 “(B) *ADJUSTMENT ON JANUARY 1, 1996.*—
18 On January 1, 1996, the Secretary shall adjust
19 the minimum rate for the remainder of the
20 school year by rounding the previously estab-
21 lished minimum rate to the nearest lower cent
22 increment.

23 “(C) *ADJUSTMENT FOR 24-MONTH PERIOD*
24 *BEGINNING JULY 1, 1996.*—In the case of the 24-
25 month period beginning July 1, 1996, the mini-

1 *mum rate shall be the same as the minimum*
2 *rate in effect on June 30, 1996.*

3 “(D) *ADJUSTMENT FOR SCHOOL YEAR BE-*
4 *GINNING JULY 1, 1998.—In the case of the school*
5 *year beginning July 1, 1998, the Secretary*
6 *shall—*

7 “(i) *base the adjustment made under*
8 *paragraph (7) on the amount of the*
9 *unrounded adjustment for the minimum*
10 *rate for the school year beginning July 1,*
11 *1995;*

12 “(ii) *adjust the resulting amount to re-*
13 *fect changes in the Producer Price Index*
14 *for Fresh Processed Milk published by the*
15 *Bureau of Labor Statistics of the Depart-*
16 *ment of Labor for the most recent 12-month*
17 *period for which the data are available; and*

18 “(iii) *round the result to the nearest*
19 *lower cent increment.”.*

20 (b) *EFFECTIVE DATE.—The amendment made by sub-*
21 *section (a) shall become effective on January 1, 1996.*

1 **SEC. 1480. NUTRITION EDUCATION AND TRAINING PRO-**
2 **GRAMS.**

3 (a) *IN GENERAL.*—Section 19(i)(2)(A) of the Child
4 Nutrition Act of 1966 (42 U.S.C. 1788(i)(2)(A)) is amended
5 by striking “\$10,000,000” and inserting “\$7,000,000”.

6 (b) *EFFECTIVE DATE.*—The amendment made by sub-
7 section (a) shall become effective on October 1, 1996.

8 **SEC. 1481. EFFECTIVE DATE.**

9 *Except as otherwise provided in this chapter, this*
10 *chapter and the amendments made by this chapter shall be-*
11 *come effective on October 1, 1995.*

12 **CHAPTER 4—EFFECTIVE DATE**

13 **SEC. 1491. EFFECTIVE DATE.**

14 *Notwithstanding any other provision of this subtitle,*
15 *if the Act entitled “An Act to restore the American family,*
16 *reduce illegitimacy, control welfare spending and reduce*
17 *welfare dependence” is enacted on or before December 31,*
18 *1996, the amendments made by chapters 1 and 2 of this*
19 *subtitle shall be effective only during the period prior to*
20 *the date of enactment of such Act.*

1 **TITLE II—COMMITTEE ON**
2 **ARMED SERVICES**

3 **SEC. 2001. DISPOSAL OF OBSOLETE AND EXCESS MATE-**
4 **RIALS CONTAINED IN THE NATIONAL DE-**
5 **FENSE STOCKPILE.**

6 (a) *DISPOSAL AUTHORIZED.*—During the 7-year pe-
7 riod beginning on October 1, 1995, the President shall sell
8 in accordance with this section such quantities of materials
9 currently contained in the National Defense Stockpile
10 (within the limits of subsection (c)) as are necessary to
11 achieve proceeds in the total amount of \$649,000,000.

12 (b) *MINIMUM SALES EACH YEAR.*—The President
13 shall sell materials under subsection (a) as necessary in a
14 fiscal year to ensure that, by the end of that fiscal year,
15 the total amount of the proceeds received by the United
16 States from such sales and from the sales under subsection
17 (a) during preceding fiscal years equals or exceeds the
18 amount indicated for that fiscal year as follows:

19 (1) *By the end of fiscal year 1996, \$71,000,000.*

20 (2) *By the end of fiscal year 1997, \$115,000,000.*

21 (3) *By the end of fiscal year 1998, \$181,000,000.*

22 (4) *By the end of fiscal year 1999, \$272,000,000.*

23 (5) *By the end of fiscal year 2000, \$388,000,000.*

24 (6) *By the end of fiscal year 2001, \$530,000,000.*

25 (7) *By the end of fiscal year 2002, \$649,000,000.*

1 (c) *MATERIALS COVERED.*— *The materials subject to*
 2 *sale under this section and the maximum quantity of each*
 3 *material authorized to be sold by the President are set forth*
 4 *in the following table:*

Authorized Stockpile Disposals

<i>Material for disposal</i>	<i>Quantity</i>
<i>Aluminum</i>	20,000 short tons
<i>Chromium Metal</i>	2,000 short tons
<i>Cobalt</i>	30,000,000 pounds of contained co- balt
<i>Columbium Carbide</i>	10,000 pounds of contained colum- bium
<i>Columbium Ferro</i>	500,000 pounds of contained colum- bium
<i>Diamond, Bort</i>	40,000 carats
<i>Diamond Stones</i>	2,500,000 carats
<i>Germanium Metal</i>	40,000 kilograms
<i>Indium</i>	35,000 troy ounces
<i>Mica, Phlogopite Block</i>	65,000 pounds
<i>Platinum</i>	25,000 troy ounces
<i>Palladium</i>	55,000 troy ounces
<i>Rubber, Natural</i>	75,000 long tons
<i>Tantalum, Carbide Powder</i>	6,000 pounds of contained tanta- lum
<i>Tantalum, Minerals</i>	750,000 pounds of contained tanta- lum
<i>Tantalum, Oxide</i>	40,000 pounds of contained tanta- lum
<i>Titanium Sponge</i>	15,000 short tons
<i>Tungsten, Ore and Concentrate</i>	19,850,000 pounds of contained tungsten
<i>Tungsten Carbide</i>	50,000 pounds of contained tung- sten
<i>Tungsten Metal Powder</i>	50,000 pounds of contained tung- sten
<i>Tungsten Ferro</i>	50,000 pounds of contained tung- sten
<i>Vegetable Tannin, Chestnut</i>	2,500 long tons
<i>Vegetable Tannin, Quebracho</i>	35,000 long tons
<i>Vegetable Tannin, Wattle</i>	3,000 long tons

5 (d) *RELATIONSHIP TO OTHER DISPOSAL AUTHOR-*
 6 *ITY.*—(1) *The disposal authority provided in this section*

1 *is in addition to any other disposal authority provided by*
2 *law.*

3 (2) *The President may not sell materials under this*
4 *section before disposing of the maximum quantities of mate-*
5 *rials in the National Defense Stockpile that the President*
6 *is authorized to dispose of under laws enacted before the*
7 *date of the enactment of this Act (except the Strategic and*
8 *Critical Materials Stock Piling Act).*

9 (e) *DISPOSITION OF PROCEEDS.—Proceeds of sales*
10 *under this section shall be credited to the general fund of*
11 *the Treasury for reduction of budget deficits.*

12 ***TITLE III—COMMITTEE ON BANK-***
13 ***ING, HOUSING, AND URBAN***
14 ***AFFAIRS***

15 ***SEC. 3001. STABILIZATION OF THE SAVINGS ASSOCIATION***
16 ***INSURANCE FUND.***

17 (a) *SPECIAL ASSESSMENT TO CAPITALIZE SAIF.—*

18 (1) *IN GENERAL.—Except as provided in para-*
19 *graph (6), the Board of Directors shall impose a spe-*
20 *cial assessment on the SAIF-assessable deposits of*
21 *each insured depository institution at a rate that the*
22 *Board of Directors, in its sole discretion, determines*
23 *will cause the Savings Association Insurance Fund to*
24 *achieve the designated reserve ratio on the first busi-*
25 *ness day of January 1996.*

1 (2) *FACTORS TO BE CONSIDERED.*—*In carrying*
2 *out paragraph (1), the Board of Directors shall base*
3 *its determination on—*

4 (A) *the monthly Savings Association Insur-*
5 *ance Fund balance most recently calculated;*

6 (B) *data on insured deposits reported in the*
7 *most recent reports of condition filed not later*
8 *than 70 days before the date of enactment of this*
9 *Act by insured depository institutions; and*

10 (C) *any other factors that the Board of Di-*
11 *rectors deems appropriate.*

12 (3) *DATE OF DETERMINATION.*—*For purposes of*
13 *paragraph (1), the amount of the SAIF-assessable de-*
14 *posits of an insured depository institution shall be de-*
15 *termined as of March 31, 1995.*

16 (4) *DATE PAYMENT DUE.*—*The special assess-*
17 *ment imposed under this section shall be—*

18 (A) *due on the first business day of Janu-*
19 *ary 1996; and*

20 (B) *paid to the Corporation on the later*
21 *of—*

22 (i) *the first business day of January*
23 *1996; or*

1 (ii) such other date as the Corporation
2 shall prescribe, but not later than 60 days
3 after the date of enactment of this Act.

4 (5) *ASSESSMENT DEPOSITED IN SAIF.*—Notwith-
5 standing any other provision of law, the proceeds of
6 the special assessment imposed under this subsection
7 shall be deposited in the Savings Association Insur-
8 ance Fund.

9 (6) *DISCRETION TO EXEMPT WEAK INSTITU-*
10 *TIONS.*—

11 (A) *IN GENERAL.*—The Board of Directors
12 may, by order, in its sole discretion, exempt any
13 insured depository institution that the Board of
14 Directors determines to be weak from paying the
15 special assessment imposed under this subsection
16 if the Board of Directors determines that the ex-
17 emption would reduce risk to the Savings Asso-
18 ciation Insurance Fund.

19 (B) *GUIDELINES REQUIRED.*—Not later
20 than 30 days after the date of enactment of this
21 Act, the Board of Directors shall prescribe guide-
22 lines setting forth the criteria that the Board of
23 Directors will use in exempting institutions
24 under subparagraph (A). Such guidelines shall
25 be published in the Federal Register.

1 (C) *EXEMPTION FOR CERTAIN NEWLY CHAR-*
2 *TERED INSTITUTIONS.—*

3 (i) *IN GENERAL.—In addition to the*
4 *institutions exempted from paying the spe-*
5 *cial assessment under subparagraph (A), the*
6 *Board of Directors shall, by order, exempt*
7 *any insured depository institution from*
8 *payment of the special assessment if the in-*
9 *stitution was in existence on October 1,*
10 *1995, and held no Savings Association In-*
11 *surance Fund insured deposits prior to*
12 *January 1, 1993.*

13 (ii) *DEFINITION.—For purposes of this*
14 *subparagraph, an institution shall be*
15 *deemed to have held Savings Association In-*
16 *surance Fund insured deposits prior to*
17 *January 1, 1993, if it directly held Savings*
18 *Association Insurance Fund insured depos-*
19 *its prior to that date, or it succeeded to, ac-*
20 *quired, purchased, or otherwise holds any*
21 *Savings Association Insurance Fund in-*
22 *surance deposits as of the date of enactment of*
23 *this Act that were Savings Association In-*
24 *surance Fund insured prior to January 1,*
25 *1993.*

1 (D) *EXEMPT INSTITUTIONS REQUIRED TO*
2 *PAY ASSESSMENTS AT FORMER RATES.—*

3 (i) *PAYMENTS TO SAIF AND DIF.—Any*
4 *insured depository institution that the*
5 *Board of Directors exempts under this para-*
6 *graph from paying the special assessment*
7 *imposed under this subsection shall pay*
8 *semiannual assessments—*

9 (I) *into the Savings Association*
10 *Insurance Fund during calendar years*
11 *1996 and 1997, based on SAIF-assess-*
12 *able deposits of that institution, at as-*
13 *essment rates calculated under the*
14 *schedule in effect for Savings Associa-*
15 *tion Insurance Fund members on June*
16 *30, 1995; and*

17 (II) *into the Deposit Insurance*
18 *Fund during the period beginning on*
19 *January 1, 1998 and ending on De-*
20 *cember 31, 1999, based on SAIF-assess-*
21 *able deposits of that institution, at as-*
22 *essment rates calculated under the*
23 *schedule in effect for Savings Associa-*
24 *tion Insurance Fund members on June*
25 *30, 1995, except that subclause (I)*

1 *shall continue to apply if and only so*
2 *long as the Bank Insurance Fund and*
3 *the Savings Association Insurance*
4 *Fund are not merged into the Deposit*
5 *Insurance Fund.*

6 *(ii) OPTIONAL PRO RATA PAYMENT OF*
7 *SPECIAL ASSESSMENT.—This subparagraph*
8 *shall not apply with respect to any insured*
9 *depository institution (or successor insured*
10 *depository institution) that has paid, dur-*
11 *ing any calendar year from 1997 through*
12 *1999, upon such terms as the Corporation*
13 *may announce, an amount equal to the*
14 *product of—*

15 *(I) 12.5 percent of the special as-*
16 *essment that the institution would*
17 *have been required to pay under para-*
18 *graph (1), if the Board of Directors*
19 *had not exempted the institution; and*

20 *(II) the number of full semi-*
21 *annual periods remaining between the*
22 *date of the payment and December 31,*
23 *1999.*

24 *(7) ADJUSTMENT OF SPECIAL ASSESSMENT FOR*
25 *CERTAIN BANK INSURANCE FUND MEMBER BANKS.—*

1 (A) *IN GENERAL.*—For purposes of comput-
2 ing the special assessment imposed under this
3 subsection with respect to a Bank Insurance
4 Fund member bank, the amount of any deposits
5 which section 5(d)(3) of the Federal Deposit In-
6 surance Act treats as insured by the Savings As-
7 sociation Insurance Fund shall be reduced by 5
8 percent, if the adjusted attributable deposit
9 amount of the Bank Insurance Fund member
10 bank is less than 50 percent of the total deposits
11 of that member bank as of June 30, 1995.

12 (B) *ADJUSTED ATTRIBUTABLE DEPOSIT*
13 *AMOUNT.*—For purposes of this paragraph, the
14 “adjusted attributable deposit amount” shall be
15 determined in accordance with section 5(d)(3)(C)
16 of the Federal Deposit Insurance Act.

17 (8) *ADJUSTMENT TO THE ADJUSTED ATTRIB-*
18 *UTABLE DEPOSIT AMOUNT FOR CERTAIN BANK INSUR-*
19 *ANCE FUND MEMBER BANKS.*—Section 5(d)(3) of the
20 Federal Deposit Insurance Act (12 U.S.C. 1815(d)(3))
21 is amended—

22 (A) in subparagraph (C), by striking “The
23 adjusted attributable deposit amount” and in-
24 serting “Except as provided in subparagraph

1 (K), the adjusted attributable deposit amount”;
2 and

3 (B) by adding at the end the following new
4 subparagraph:

5 “(K) *ADJUSTMENT OF ADJUSTED ATTRIB-*
6 *UTABLE DEPOSIT AMOUNT.*—*The amount deter-*
7 *mined under subparagraph (C)(i) for deposits*
8 *acquired by March 31, 1995, shall be reduced by*
9 *10 percent for purposes of computing the ad-*
10 *justed attributable deposit amount for the pay-*
11 *ment of any assessment for any semiannual pe-*
12 *riod after December 31, 1995 (other than the spe-*
13 *cial assessment imposed under section 3001(a) of*
14 *the Balanced Budget Reconciliation Act of*
15 *1995), for a Bank Insurance Fund member bank*
16 *that had an adjusted attributable deposit amount*
17 *that was less than 50 percent of the total deposits*
18 *of that member bank as of June 30, 1995.”.*

19 (9) *ADJUSTMENT OF SPECIAL ASSESSMENT FOR*
20 *CERTAIN SAVINGS ASSOCIATIONS.*—

21 (A) *SPECIAL ASSESSMENT REDUCTION.*—
22 *For purposes of computing the special assessment*
23 *imposed under this subsection, in the case of any*
24 *converted association, the amount of any deposits*
25 *of such association which were insured by the*

1 *Savings Association Insurance Fund as of March*
2 *31, 1995, shall be reduced by 10 percent.*

3 (B) *CONVERTED ASSOCIATION.*—*For pur-*
4 *poses of this paragraph, the term “converted as-*
5 *sociation” means—*

6 *(i) any Federal savings association*
7 *that is a member of the Savings Association*
8 *Insurance Fund and that had been, or has*
9 *acquired by merger, consolidation, or other-*
10 *wise the deposits of an institution that had*
11 *been, a State savings bank, the deposits of*
12 *which were insured under the Federal De-*
13 *posit Insurance Act prior to August 9,*
14 *1989; and*

15 *(ii) a State depository institution that*
16 *is a member of the Savings Association In-*
17 *surance Fund that had been a State savings*
18 *bank prior to October 1, 1992, and was a*
19 *Federal savings association on August 9,*
20 *1989.*

21 (b) *FINANCING CORPORATION ASSESSMENTS SHARED*
22 *PROPORTIONALLY BY ALL INSURED DEPOSITORY INSTITU-*
23 *TIONS.*—

24 (1) *IN GENERAL.*—*Section 21 of the Federal*
25 *Home Loan Bank Act (12 U.S.C. 1441) is amended—*

1 (A) in subsection (f)(2)—

2 (i) in the matter immediately preced-
3 ing subparagraph (A)—

4 (I) by striking “Savings Associa-
5 tion Insurance Fund member” and in-
6 serting “insured depository institu-
7 tion”; and

8 (II) by striking “members” and
9 inserting “institutions”; and

10 (ii) in subparagraph (A), by striking
11 “against Savings Association Insurance
12 Fund members” and inserting “against in-
13 sured depository institutions”;

14 (B) in subsection (k)—

15 (i) by striking “section—” and insert-
16 ing “section, the following definitions shall
17 apply.”;

18 (ii) by striking paragraph (1);

19 (iii) by redesignating paragraphs (2)
20 and (3) as paragraphs (1) and (2), respec-
21 tively; and

22 (iv) by adding at the end the following
23 new paragraph:

24 “(3) *INSURED DEPOSITORY INSTITUTION.*—The
25 term ‘insured depository institution’ has the same

1 *meaning as in section 3 of the Federal Deposit Insur-*
 2 *ance Act.”.*

3 (2) *CONFORMING AMENDMENT.—Section*
 4 *7(b)(2)(D) of the Federal Deposit Insurance Act (12*
 5 *U.S.C. 1817(b)(2)(D)) is amended by striking*
 6 *“against Savings Association Insurance Fund mem-*
 7 *bers” and inserting “against insured depository insti-*
 8 *tutions”.*

9 (3) *EFFECTIVE DATE.—This subsection and the*
 10 *amendments made by this subsection shall become ef-*
 11 *fective on January 1, 1996.*

12 (c) *INSURANCE PREMIUMS FOR CAPITALIZED INSUR-*
 13 *ANCE FUNDS.—*

14 (1) *REBATES FOR CAPITALIZED FUND.—Section*
 15 *7 of the Federal Deposit Insurance Act (12 U.S.C.*
 16 *1817) is amended—*

17 (A) *by redesignating subsections (d) through*
 18 (n) *as subsections (e) through (o), respectively;*
 19 *and*

20 (B) *by inserting after subsection (c) the fol-*
 21 *lowing new subsection:*

22 “(d) *BANK INSURANCE FUND ASSESSMENT CRED-*
 23 *ITS.—*

24 “(1) *CREDIT AMOUNT.—*

1 “(A) *IN GENERAL.*—Notwithstanding any
2 other provision of law, if the Corporation deter-
3 mines, after considering the operating costs and
4 expenses, case resolution expenditures, invest-
5 ment income, and assessment income of the Bank
6 Insurance Fund, that the reserve ratio of the
7 Bank Insurance Fund is expected to exceed the
8 designated reserve ratio during the succeeding
9 semiannual period, the Board of Directors may,
10 in its sole discretion, provide an assessment cred-
11 it with respect to Bank Insurance Fund assess-
12 ments (for that succeeding semiannual period)—

13 “(i) in an amount that the Corpora-
14 tion determines will reduce the reserve ratio
15 of the Bank Insurance Fund to the des-
16 ignated reserve ratio; or

17 “(ii) in a lesser amount, as determined
18 by the Corporation.

19 “(B) *LIMIT.*—The amount of assessment
20 credit under subparagraph (A) shall not exceed
21 100 percent of the net assessment income to be
22 received with respect to the Bank Insurance
23 Fund in the succeeding semiannual period.

24 “(2) *DEFINITIONS.*—For purposes of this sub-
25 section, the terms ‘net assessment income’, ‘operating

1 *costs and expenses*, *‘insurance costs*, and *‘investment*
2 *income*’ shall have the same meanings as in para-
3 *graphs (4) and (5) of section 7(d) of the Federal De-*
4 *posit Insurance Act, as in effect on the day before the*
5 *date of enactment of the Federal Deposit Insurance*
6 *Corporation Improvement Act of 1991, except that the*
7 *term ‘semiannual period’ shall be substituted for the*
8 *term ‘calendar year’ wherever that term appears.”.*

9 (2) *STABILIZING PREMIUMS FOR BIF AND*
10 *SAIF.—Section 7(b) of the Federal Deposit Insurance*
11 *Act (12 U.S.C. 1817(b)) is amended by adding at the*
12 *end the following new paragraph:*

13 “(8) *RATE COMPARABILITY.—Notwithstanding*
14 *any other provision of law, assessment rates for mem-*
15 *bers of the Savings Association Insurance Fund shall*
16 *not be lower than assessment rates for members of the*
17 *Bank Insurance Fund of comparable risk until the*
18 *first full semiannual period following the last matu-*
19 *rity date of all obligations issued by the Financing*
20 *Corporation pursuant to section 21(c) of the Federal*
21 *Home Loan Bank Act.”.*

22 (d) *MERGER OF BIF AND SAIF.—*

23 (1) *IN GENERAL.—Effective as provided in para-*
24 *graph (4)—*

1 (A) *the Bank Insurance Fund and the Sav-*
2 *ings Association Insurance Fund shall be merged*
3 *into the Deposit Insurance Fund established by*
4 *section 11(a)(4) of the Federal Deposit Insurance*
5 *Act, as amended by this subsection;*

6 (B) *all assets and liabilities of the Bank In-*
7 *surance Fund and the Savings Association In-*
8 *surance Fund shall be transferred to the Deposit*
9 *Insurance Fund; and*

10 (C) *the separate existence of the Bank In-*
11 *surance Fund and the Savings Association In-*
12 *surance Fund shall cease.*

13 (2) *SPECIAL RESERVE OF THE DEPOSIT INSUR-*
14 *ANCE FUND.—Effective as provided in paragraph (4),*
15 *if, immediately before the merger of the Bank Insur-*
16 *ance Fund and the Savings Association Insurance*
17 *Fund, the reserve ratio of the Savings Association In-*
18 *surance Fund exceeds the designated reserve ratio, the*
19 *amount by which that reserve ratio exceeds the des-*
20 *ignated reserve ratio shall be placed in the Special*
21 *Reserve of the Deposit Insurance Fund, established*
22 *under section 11(a)(5) of the Federal Deposit Insur-*
23 *ance Act, as amended by this subsection.*

24 (3) *CONFORMING AMENDMENTS.—*

1 (A) *DEPOSIT INSURANCE FUND.*—Section
2 11(a)(4) of the *Federal Deposit Insurance Act*
3 (12 U.S.C. 1821(a)(4)) is amended—

4 (i) by redesignating subparagraph (B)
5 as subparagraph (C);

6 (ii) by striking subparagraph (A) and
7 inserting the following:

8 “(A) *ESTABLISHMENT.*—There is estab-
9 lished the *Deposit Insurance Fund*, which the
10 *Corporation* shall—

11 “(i) maintain and administer;

12 “(ii) use to carry out its insurance
13 purposes in the manner provided by this
14 subsection; and

15 “(iii) invest in accordance with section
16 13(a).

17 “(B) *USES.*—The *Deposit Insurance Fund*
18 shall be available to the *Corporation* for use with
19 respect to *Deposit Insurance Fund* members.”;
20 and

21 (iii) by striking “(4) *GENERAL PROVI-*
22 *SIONS RELATING TO FUNDS.*—” and insert-
23 ing the following:

24 “(4) *DEPOSIT INSURANCE FUND.*—”.

1 (B) OTHER REFERENCES.—Section
 2 11(a)(4)(C) of the Federal Deposit Insurance Act
 3 (12 U.S.C. 1821(a)(4)(C) (as redesignated by
 4 subparagraph (A) of this paragraph)) is amend-
 5 ed by striking “Bank Insurance Fund and the
 6 Savings Association Insurance Fund” and in-
 7 serting “Deposit Insurance Fund”.

8 (C) DEPOSITS INTO FUND.—Section
 9 11(a)(4) of the Federal Deposit Insurance Act
 10 (12 U.S.C. 1821(a)(4)) is amended by adding at
 11 the end the following new subparagraph:

12 “(D) DEPOSITS.—All amounts assessed
 13 against insured depository institutions by the
 14 Corporation shall be deposited in the Deposit In-
 15 surance Fund.”.

16 (D) SPECIAL RESERVE OF DEPOSITS.—Sec-
 17 tion 11(a)(5) of the Federal Deposit Insurance
 18 Act (12 U.S.C. 1821(a)(5)) is amended to read
 19 as follows:

20 “(5) SPECIAL RESERVE OF DEPOSIT INSURANCE
 21 FUND.—

22 “(A) SPECIAL RESERVE OF DEPOSIT INSUR-
 23 ANCE FUND ESTABLISHED.—

24 “(i) ESTABLISHMENT.—There is estab-
 25 lished a Special Reserve of the Deposit In-

1 *urance Fund, which shall be administered*
2 *by the Corporation and shall be invested in*
3 *accordance with section 13(a).*

4 “(i) *LIMITATION.—The Corporation*
5 *shall not provide any assessment credit, re-*
6 *fund, or other payment from any amount*
7 *in the Special Reserve.*

8 “(B) *EMERGENCY USE OF SPECIAL RE-*
9 *SERVE.—Notwithstanding subparagraph (A)(i),*
10 *the Corporation may, in its sole discretion,*
11 *transfer amounts from the Special Reserve to the*
12 *Deposit Insurance Fund, for the purposes set*
13 *forth in paragraph (4), only if—*

14 “(i) *the reserve ratio of the Deposit In-*
15 *urance Fund is less than 50 percent of the*
16 *designated reserve ratio; and*

17 “(ii) *the Corporation expects the re-*
18 *serve ratio of the Deposit Insurance Fund to*
19 *remain less than 50 percent of the des-*
20 *ignated reserve ratio for each of the next 4*
21 *calendar quarters.*

22 “(C) *EXCLUSION OF SPECIAL RESERVE IN*
23 *CALCULATING RESERVE RATIO.—Notwithstand-*
24 *ing any other provision of law, any amounts in*
25 *the Special Reserve shall be excluded in calculat-*

1 *ing the reserve ratio of the Deposit Insurance*
2 *Fund under section 7.”.*

3 (E) *FEDERAL HOME LOAN BANK ACT.—Section*
4 *21B(f)(2)(C)(ii) of the Federal Home Loan*
5 *Bank Act (12 U.S.C. 1441b(f)(2)(C)(ii)) is*
6 *amended—*

7 (i) *in subclause (I), by striking “to*
8 *Savings Associations Insurance Fund mem-*
9 *bers” and inserting “to insured depository*
10 *institutions, and their successors, which*
11 *were Savings Association Insurance Fund*
12 *members on September 1, 1995”; and*

13 (ii) *in subclause (II), by striking “to*
14 *Savings Associations Insurance Fund mem-*
15 *bers” and inserting “to insured depository*
16 *institutions, and their successors, which*
17 *were Savings Association Insurance Fund*
18 *members on September 1, 1995”.*

19 (F) *REPEALS.—*

20 (i) *SECTION 3.—Section 3 of the Fed-*
21 *eral Deposit Insurance Act (12 U.S.C.*
22 *1813) is amended—*

23 (I) *by striking subsection (y); and*

24 (II) *by redesignating subsection*

25 (z) *as subsection (y).*

1 (ii) *SECTION 7.*—Section 7 of the Fed-
2 *eral Deposit Insurance Act (12 U.S.C.*
3 *1817) is amended—*

4 (I) *by striking subsection (l);*

5 (II) *by redesignating subsections*
6 *(m) and (n) as subsections (l) and (m),*
7 *respectively;*

8 (III) *in subsection (b)(2), by*
9 *striking subparagraph (B); and*

10 (IV) *in subsection (b)(2), by red-*
11 *esignating subparagraphs (C) through*
12 *(H) as subparagraphs (B) through (G),*
13 *respectively.*

14 (iii) *SECTION 11.*—Section 11(a) of the
15 *Federal Deposit Insurance Act (12 U.S.C.*
16 *1121(a)) is amended—*

17 (I) *by striking paragraphs (6)*
18 *and (7); and*

19 (II) *by redesignating paragraph*
20 *(8) as paragraph (6).*

21 (iv) *RATE COMPARABILITY.*—Section
22 *7(b) of the Federal Deposit Insurance Act*
23 *(12 U.S.C. 1817(b)) is amended by striking*
24 *paragraph (8) (as added by subsection (c)*
25 *of this section).*

1 (4) *EFFECTIVE DATE.*—*This subsection and the*
2 *amendments made by this subsection and subsection*
3 *(e) shall become effective on January 1, 1998, if no*
4 *insured depository institution is a savings association*
5 *on that date.*

6 (e) *OTHER TECHNICAL AND CONFORMING AMEND-*
7 *MENTS.*—

8 (1) *SECTION 5136 OF THE REVISED STATUTES.*—
9 *Paragraph Eleventh of section 5136 of the Revised*
10 *Statutes (12 U.S.C. 24) is amended in the fifth sen-*
11 *tence by striking “affected deposit insurance fund”*
12 *and inserting “Deposit Insurance Fund”.*

13 (2) *INVESTMENTS PROMOTING PUBLIC WELFARE;*
14 *LIMITATIONS ON AGGREGATE INVESTMENTS.*—*The 23d*
15 *undesignated paragraph of section 9 of the Federal*
16 *Reserve Act (12 U.S.C. 338a) is amended in the*
17 *fourth sentence, by striking “affected deposit insur-*
18 *ance fund” and inserting “Deposit Insurance Fund”.*

19 (3) *ADVANCES TO CRITICALLY*
20 *UNDERCAPITALIZED DEPOSITORY INSTITUTIONS.*—
21 *Section 10B(b)(3)(A)(ii) of the Federal Reserve Act*
22 *(12 U.S.C. 347b(b)(3)(A)(ii)) is amended by striking*
23 *“any deposit insurance fund in” and inserting “the*
24 *Deposit Insurance Fund of”.*

1 (4) *AMENDMENTS TO THE BALANCED BUDGET*
2 *AND EMERGENCY DEFICIT CONTROL ACT OF 1985.—*
3 *Section 255(g)(1)(A) of the Balanced Budget and*
4 *Emergency Deficit Control Act of 1985 (2 U.S.C.*
5 *905(g)(1)(A)) is amended—*

6 (A) *by striking “Bank Insurance Fund”*
7 *and inserting “Deposit Insurance Fund”; and*

8 (B) *by striking “Federal Deposit Insurance*
9 *Corporation, Savings Association Insurance*
10 *Fund;”.*

11 (5) *AMENDMENTS TO THE FEDERAL HOME LOAN*
12 *BANK ACT.—The Federal Home Loan Bank Act (12*
13 *U.S.C. 1421 et seq.) is amended—*

14 (A) *in section 11(k) (12 U.S.C. 1431(k))—*

15 (i) *in the subsection heading, by strik-*
16 *ing “SAIF” and inserting “THE DEPOSIT*
17 *INSURANCE FUND”; and*

18 (ii) *by striking “Savings Association*
19 *Insurance Fund” each place such term ap-*
20 *pears and inserting “Deposit Insurance*
21 *Fund”;*

22 (B) *in section 21A(b)(4)(B) (12 U.S.C.*
23 *1441a(b)(4)(B)), by striking “affected deposit in-*
24 *surance fund” and inserting “Deposit Insurance*
25 *Fund”;*

1 (C) in section 21A(b)(6)(B) (12 U.S.C.
2 1441a(b)(6)(B))—

3 (i) in the subparagraph heading, by
4 striking “SAIF-INSURED BANKS” and in-
5 serting “CHARTER CONVERSIONS”; and

6 (ii) by striking “Savings Association
7 Insurance Fund member” and inserting
8 “savings association”;

9 (D) in section 21A(b)(10)(A)(iv)(II) (12
10 U.S.C. 1441a(b)(10)(A)(iv)(II)), by striking
11 “Savings Association Insurance Fund” and in-
12 serting “Deposit Insurance Fund”;

13 (E) in section 21B(e) (12 U.S.C.
14 1441b(e))—

15 (i) in paragraph (5), by inserting “as
16 of the date of funding” after “Savings Asso-
17 ciation Insurance Fund members” each
18 place such term appears;

19 (ii) by striking paragraph (7); and

20 (iii) by redesignating paragraph (8) as
21 paragraph (7); and

22 (F) in section 21B(k) (12 U.S.C.
23 1441b(k))—

24 (i) by striking paragraph (8); and

1 (ii) by redesignating paragraphs (9)
2 and (10) as paragraphs (8) and (9), respec-
3 tively.

4 (6) AMENDMENTS TO THE HOME OWNERS' LOAN
5 ACT.—*The Home Owners' Loan Act (12 U.S.C. 1461*
6 *et seq.) is amended—*

7 (A) in section 5 (12 U.S.C. 1464)—

8 (i) in subsection (c)(5)(A), by striking
9 “that is a member of the Bank Insurance
10 Fund”;

11 (ii) in subsection (c)(6), by striking
12 “*As used in this subsection—*” and insert-
13 ing “*For purposes of this subsection, the fol-*
14 *lowing definitions shall apply:*”;

15 (iii) in subsection (o)(1), by striking
16 “that is a Bank Insurance Fund member”;

17 (iv) in subsection (o)(2)(A), by striking
18 “a Bank Insurance Fund member until
19 such time as it changes its status to a Sav-
20 ings Association Insurance Fund member”
21 and inserting “insured by the Deposit In-
22 surance Fund”;

23 (v) in subsection (t)(5)(D)(iii)(II), by
24 striking “affected deposit insurance fund”
25 and inserting “Deposit Insurance Fund”;

1 (vi) in subsection (t)(7)(C)(i)(I), by
2 striking “affected deposit insurance fund”
3 and inserting “Deposit Insurance Fund”;
4 and

5 (vii) in subsection (v)(2)(A)(i), by
6 striking “, the Savings Association Insur-
7 ance Fund” and inserting “or the Deposit
8 Insurance Fund”; and

9 (B) in section 10 (12 U.S.C. 1467a)—

10 (i) in subsection (e)(1)(A)(iii)(VII), by
11 adding “or” at the end;

12 (ii) in subsection (e)(1)(A)(iv), by add-
13 ing “and” at the end;

14 (iii) in subsection (e)(1)(B), by strik-
15 ing “Savings Association Insurance Fund
16 or Bank Insurance Fund” and inserting
17 “Deposit Insurance Fund”;

18 (iv) in subsection (e)(2), by striking
19 “Savings Association Insurance Fund or
20 the Bank Insurance Fund” and inserting
21 “Deposit Insurance Fund”; and

22 (v) in subsection (m)(3), by striking
23 subparagraph (E), and by redesignating
24 subparagraphs (F), (G), and (H) as sub-
25 paragraphs (E), (F), and (G), respectively.

1 (7) *AMENDMENTS TO THE NATIONAL HOUSING*
2 *ACT.—The National Housing Act (12 U.S.C. 1701 et*
3 *seq.) is amended—*

4 (A) *in section 317(b)(1)(B) (12 U.S.C.*
5 *1723i(b)(1)(B)), by striking “Bank Insurance*
6 *Fund for banks or through the Savings Associa-*
7 *tion Insurance Fund for savings associations”*
8 *and inserting “Deposit Insurance Fund”; and*

9 (B) *in section 526(b)(1)(B)(ii) (12 U.S.C.*
10 *1735f–14(b)(1)(B)(ii)), by striking “Bank Insur-*
11 *ance Fund for banks and through the Savings*
12 *Association Insurance Fund for savings associa-*
13 *tions” and inserting “Deposit Insurance Fund”.*

14 (8) *AMENDMENTS TO THE FEDERAL DEPOSIT IN-*
15 *SURANCE ACT.—The Federal Deposit Insurance Act*
16 *(12 U.S.C. 1811 et seq.) is amended—*

17 (A) *in section 3(a)(1) (12 U.S.C.*
18 *1813(a)(1)), by striking subparagraph (B) and*
19 *inserting the following:*

20 *“(B) includes any former savings associa-*
21 *tion.”;*

22 (B) *in section 5(b)(5) (12 U.S.C.*
23 *1815(b)(5)), by striking “the Bank Insurance*
24 *Fund or the Savings Association Insurance*

1 *Fund;*” and inserting “*Deposit Insurance*
2 *Fund,*”;

3 (C) in section 5(d) (12 U.S.C. 1815(d)), by
4 striking paragraphs (2) and (3);

5 (D) in section 5(d)(1) (12 U.S.C.
6 1815(d)(1))—

7 (i) in subparagraph (A), by striking
8 “*reserve ratios in the Bank Insurance Fund*
9 *and the Savings Association Insurance*
10 *Fund*” and inserting “*the reserve ratio of*
11 *the Deposit Insurance Fund*”;

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

14 “(2) *FEE CREDITED TO THE DEPOSIT INSUR-*
15 *ANCE FUND.—The fee paid by the depository institu-*
16 *tion under paragraph (1) shall be credited to the De-*
17 *posit Insurance Fund.*”;

18 (iii) by striking “(1) *UNINSURED IN-*
19 *STITUTIONS.—*”; and

20 (iv) by redesignating subparagraphs
21 (A) and (C) as paragraphs (1) and (3), re-
22 spectively and moving the margins 2 ems to
23 the left;

24 (E) in section 5(e) (12 U.S.C. 1815(e))—

1 (i) in paragraph (5)(A), by striking
2 “Bank Insurance Fund or the Savings Asso-
3 ciation Insurance Fund” and inserting
4 “Deposit Insurance Fund”;

5 (ii) by striking paragraph (6); and

6 (iii) by redesignating paragraphs (7),
7 (8), and (9) as paragraphs (6), (7), and (8),
8 respectively;

9 (F) in section 6(5) (12 U.S.C. 1816(5)), by
10 striking “Bank Insurance Fund or the Savings
11 Association Insurance Fund” and inserting “De-
12 posit Insurance Fund”;

13 (G) in section 7(b) (12 U.S.C. 1817(b))—

14 (i) in paragraph (1)(D), by striking
15 “each deposit insurance fund” and insert-
16 ing “the Deposit Insurance Fund”;

17 (ii) in clauses (i)(I) and (iv) of para-
18 graph (2)(A), by striking “each deposit in-
19 surance fund” each place such term appears
20 and inserting “the Deposit Insurance
21 Fund”;

22 (iii) in paragraph (2)(A)(iii), by strik-
23 ing “a deposit insurance fund” and insert-
24 ing “the Deposit Insurance Fund”;

1 *(iv) in paragraph (2)(D) (as redesignig-*
2 *ated by section 3001(d)(3)(F)(ii)(IV) of*
3 *this Act)—*

4 *(I) by striking “any deposit in-*
5 *surance fund” and inserting “the De-*
6 *posit Insurance Fund”; and*

7 *(II) by striking “that fund” each*
8 *place such term appears and inserting*
9 *“the Deposit Insurance Fund”;*

10 *(v) by striking paragraph (2)(E) (as*
11 *redesignated by section*
12 *3001(d)(3)(F)(ii)(IV) of this Act);*

13 *(vi) in paragraph (2)(F) (as redesignig-*
14 *ated by section 3001(d)(3)(F)(ii)(IV) of*
15 *this Act)—*

16 *(I) in the subparagraph heading,*
17 *by striking “FUNDS ACHIEVE” and in-*
18 *serting “FUND ACHIEVES”; and*

19 *(II) by striking “a deposit insur-*
20 *ance fund” and inserting “the Deposit*
21 *Insurance Fund”;*

22 *(vii) in paragraph (3)—*

23 *(I) in the paragraph heading, by*
24 *striking “FUNDS” and inserting*
25 *“FUND”;*

1 (II) by striking “that fund” each
2 place such term appears and inserting
3 “the Deposit Insurance Fund”;

4 (III) in subparagraph (A), by
5 striking “Except as provided in para-
6 graph (2)(F), if” and inserting “If”;

7 (IV) in subparagraph (A), by
8 striking “any deposit insurance fund”
9 and inserting “the Deposit Insurance
10 Fund”; and

11 (V) by striking subparagraphs (C)
12 and (D) and inserting the following:

13 “(C) AMENDING SCHEDULE.—The Corpora-
14 tion may, by regulation, amend a schedule pro-
15 mulgated under subparagraph (B).”; and

16 (viii) in paragraph (6)—

17 (I) by striking “any such assess-
18 ment” and inserting “any such assess-
19 ment is necessary”;

20 (II) by striking “(A) is nec-
21 essary—”;

22 (III) by striking subparagraph
23 (B);

24 (IV) by redesignating clauses (i),
25 (ii), and (iii) as subparagraphs (A),

1 (B), and (C), respectively, and moving
2 the margins 2 ems to the left; and

3 (V) in subparagraph (C) (as re-
4 designated), by striking “; and” and
5 inserting a period;

6 (H) in section 7(d) (12 U.S.C. 1817(d)) (as
7 added by section 3001(c)(1) of this Act)—

8 (i) in the subsection heading, by strik-
9 ing “BANK” and inserting “DEPOSIT”; and

10 (ii) by striking “Bank Insurance
11 Fund” each place such term appears and
12 inserting “Deposit Insurance Fund”;

13 (I) in section 11(f)(1) (12 U.S.C.
14 1821(f)(1)), by striking “, except that—” and all
15 that follows through the end of the paragraph
16 and inserting a period;

17 (J) in section 11(i)(3) (12 U.S.C.
18 1821(i)(3))—

19 (i) by striking subparagraph (B);

20 (ii) by redesignating subparagraph (C)
21 as subparagraph (B); and

22 (iii) in subparagraph (B) (as redesign-
23 ated), by striking “subparagraphs (A) and
24 (B)” and inserting “subparagraph (A)”;

1 (K) in section 11A(a) (12 U.S.C.
2 1821a(a))—

3 (i) in paragraph (2), by striking “LI-
4 ABILITIES.—” and all that follows through
5 “Except” and inserting “LIABILITIES.—Ex-
6 cept”;

7 (ii) by striking paragraph (2)(B); and

8 (iii) in paragraph (3), by striking “the
9 Bank Insurance Fund, the Savings Associa-
10 tion Insurance Fund,” and inserting “the
11 Deposit Insurance Fund”;

12 (L) in section 11A(b) (12 U.S.C. 1821a(b)),
13 by striking paragraph (4);

14 (M) in section 11A(f) (12 U.S.C. 1821a(f)),
15 by striking “Savings Association Insurance
16 Fund” and inserting “Deposit Insurance Fund”;

17 (N) in section 13 (12 U.S.C. 1823)—

18 (i) in subsection (a)(1), by striking
19 “Bank Insurance Fund, the Savings Asso-
20 ciation Insurance Fund,” and inserting
21 “Deposit Insurance Fund, the Special Re-
22 serve of the Deposit Insurance Fund,”;

23 (ii) in subsection (c)(4)(E)—

1 (I) in the subparagraph heading,
2 by striking “FUNDS” and inserting
3 “FUND”; and

4 (II) in clause (i), by striking
5 “any insurance fund” and inserting
6 “the Deposit Insurance Fund”;

7 (iii) in subsection (c)(4)(G)(ii)—

8 (I) by striking “appropriate in-
9 surance fund” and inserting “Deposit
10 Insurance Fund”;

11 (II) by striking “the members of
12 the insurance fund (of which such in-
13 stitution is a member)” and inserting
14 “insured depository institutions”;

15 (III) by striking “each member’s”
16 and inserting “each insured depository
17 institution’s”; and

18 (IV) by striking “the member’s”
19 each place such term appears and in-
20 serting “the institution’s”;

21 (iv) in subsection (c), by striking para-
22 graph (11);

23 (v) in subsection (h), by striking
24 “Bank Insurance Fund” and inserting “De-
25 posit Insurance Fund”;

1 (vi) in subsection (k)(4)(B)(i), by
2 striking “Savings Association Insurance
3 Fund” and inserting “Deposit Insurance
4 Fund”; and

5 (vii) in subsection (k)(5)(A), by strik-
6 ing “Savings Association Insurance Fund”
7 and inserting “Deposit Insurance Fund”;

8 (O) in section 14(a) (12 U.S.C. 1824(a)) in
9 the fifth sentence—

10 (i) by striking “Bank Insurance Fund
11 or the Savings Association Insurance
12 Fund” and inserting “Deposit Insurance
13 Fund”; and

14 (ii) by striking “each such fund” and
15 inserting “the Deposit Insurance Fund”;

16 (P) in section 14(b) (12 U.S.C. 1824(b)), by
17 striking “Bank Insurance Fund or Savings Asso-
18 ciation Insurance Fund” and inserting “Deposit
19 Insurance Fund”;

20 (Q) in section 14(c) (12 U.S.C. 1824(c)), by
21 striking paragraph (3);

22 (R) in section 14(d) (12 U.S.C. 1824(d))—

23 (i) by striking “BIF” each place such
24 term appears and inserting “DIF”; and

1 (ii) by striking “Bank Insurance
2 Fund” each place such term appears and
3 inserting “Deposit Insurance Fund”;

4 (S) in section 15(c)(5) (12 U.S.C.
5 1825(c)(5))—

6 (i) by striking “the Bank Insurance
7 Fund or Savings Association Insurance
8 Fund, respectively” each place such term
9 appears and inserting “the Deposit Insur-
10 ance Fund”; and

11 (ii) in subparagraph (B), by striking
12 “the Bank Insurance Fund or the Savings
13 Association Insurance Fund, respectively”
14 and inserting “the Deposit Insurance
15 Fund”;

16 (T) in section 17(a) (12 U.S.C. 1827(a))—

17 (i) in the subsection heading, by strik-
18 ing “BIF, SAIF,” and inserting “THE DE-
19 POSIT INSURANCE FUND”; and

20 (ii) in paragraph (1), by striking “the
21 Bank Insurance Fund, the Savings Associa-
22 tion Insurance Fund,” each place such term
23 appears and inserting “the Deposit Insur-
24 ance Fund”;

1 (U) in section 17(d) (12 U.S.C. 1827(d)),
2 by striking “the Bank Insurance Fund, the Sav-
3 ings Association Insurance Fund,” each place
4 such term appears and inserting “the Deposit
5 Insurance Fund”;

6 (V) in section 18(m)(3) (12 U.S.C.
7 1828(m)(3))—

8 (i) by striking “Savings Association
9 Insurance Fund” each place such term ap-
10 pears and inserting “Deposit Insurance
11 Fund”; and

12 (ii) in subparagraph (C), by striking
13 “or the Bank Insurance Fund”;

14 (W) in section 18(p) (12 U.S.C. 1828(p)),
15 by striking “deposit insurance funds” and in-
16 serting “Deposit Insurance Fund”;

17 (X) in section 24 (12 U.S.C. 1831a) in sub-
18 sections (a)(1) and (d)(1)(A), by striking “ap-
19 propriate deposit insurance fund” each place
20 such term appears and inserting “Deposit Insur-
21 ance Fund”;

22 (Y) in section 28 (12 U.S.C. 1831e), by
23 striking “affected deposit insurance fund” each
24 place such term appears and inserting “Deposit
25 Insurance Fund”;

1 (Z) by striking section 31 (12 U.S.C.
2 1831h);

3 (AA) in section 36(i)(3) (12 U.S.C.
4 1831m(i)(3)) by striking “affected deposit insur-
5 ance fund” and inserting “Deposit Insurance
6 Fund”;

7 (BB) in section 38(a) (12 U.S.C. 1831o(a))
8 in the subsection heading, by striking “FUNDS”
9 and inserting “FUND”;

10 (CC) in section 38(k) (12 U.S.C.
11 1831o(k))—

12 (i) in paragraph (1), by striking “a
13 deposit insurance fund” and inserting “the
14 Deposit Insurance Fund”; and

15 (ii) in paragraph (2)(A)—

16 (I) by striking “A deposit insur-
17 ance fund” and inserting “The Deposit
18 Insurance Fund”; and

19 (II) by striking “the deposit in-
20 surance fund’s outlays” and inserting
21 “the outlays of the Deposit Insurance
22 Fund”; and

23 (DD) in section 38(o) (12 U.S.C.
24 1831o(o))—

1 (i) by striking “ASSOCIATIONS.—” and
2 all that follows through “Subsections (e)(2)”
3 and inserting “ASSOCIATIONS.—Subsections
4 (e)(2)”;

5 (ii) by redesignating subparagraphs
6 (A), (B), and (C) as paragraphs (1), (2),
7 and (3), respectively; and

8 (iii) in paragraph (1) (as redesign-
9 ated), by redesignating clauses (i) and (ii)
10 as subparagraphs (A) and (B), respectively.

11 (9) AMENDMENTS TO THE FINANCIAL INSTITU-
12 TIONS REFORM, RECOVERY, AND ENFORCEMENT ACT
13 OF 1989.—*The Financial Institutions Reform, Recov-*
14 *ery, and Enforcement Act (Public Law 101–73; 103*
15 *Stat. 183) is amended—*

16 (A) in section 951(b)(3)(B) (12 U.S.C.
17 1833a(b)(3)(B)), by striking “Bank Insurance
18 Fund, the Savings Association Insurance Fund,”
19 and inserting “Deposit Insurance Fund”; and

20 (B) in section 1112(c)(1)(B) (12 U.S.C.
21 3341(c)(1)(B)), by striking “Bank Insurance
22 Fund, the Savings Association Insurance Fund,”
23 and inserting “Deposit Insurance Fund”.

24 (10) AMENDMENT TO THE BANK ENTERPRISE
25 ACT OF 1991.—Section 232(a)(1) of the *Bank Enter-*

1 *prise Act of 1991 (12 U.S.C. 1834(a)(1)) is amended*
2 *by striking “section 7(b)(2)(H)” and inserting “sec-*
3 *tion 7(b)(2)(G)”.*

4 (11) *AMENDMENT TO THE BANK HOLDING COM-*
5 *PANY ACT.—Section 2(j)(2) of the Bank Holding*
6 *Company Act (12 U.S.C. 1841(j)(2)) is amended by*
7 *striking “Savings Association Insurance Fund” and*
8 *inserting “Deposit Insurance Fund”.*

9 (f) *DEFINITIONS.—For purposes of this section—*

10 (1) *the term “Bank Insurance Fund” means the*
11 *fund established pursuant to section (11)(a)(5)(A) of*
12 *the Federal Deposit Insurance Act, as that section ex-*
13 *isted on the day before the date of enactment of this*
14 *Act;*

15 (2) *the terms “Board of Directors”, “Corpora-*
16 *tion”, “insured depository institution”, “Federal sav-*
17 *ings association”, “savings association”, “State sav-*
18 *ings bank”, and “State depository institution” have*
19 *the same meanings as in section 3 of the Federal De-*
20 *posit Insurance Act;*

21 (3) *the term “Deposit Insurance Fund” means*
22 *the fund established under section 11(a)(4) of the Fed-*
23 *eral Deposit Insurance Act, as amended by subsection*
24 *(d) of this section;*

1 (4) the term “designated reserve ratio” has the
2 same meaning as in section 7(b)(2)(A)(iv) of the Fed-
3 eral Deposit Insurance Act;

4 (5) the term “Savings Association Insurance
5 Fund” means the fund established pursuant to section
6 11(a)(6)(A) of the Federal Deposit Insurance Act, as
7 that section existed on the day before the date of en-
8 actment of this Act; and

9 (5) the term “SAIF-assessable deposit” means—

10 (A) a deposit that is subject to assessment
11 for purposes of the Savings Association Insur-
12 ance Fund under the Federal Deposit Insurance
13 Act; and

14 (B) a deposit that section 5(d)(3) of the
15 Federal Deposit Insurance Act treats as insured
16 by the Savings Association Insurance Fund.

17 **SEC. 3002. ANNUAL ADJUSTMENT FACTORS FOR OPERAT-**
18 **ING COSTS ONLY; RESTRAINT ON SECTION 8**
19 **RENT INCREASES FOR STAYERS IN THE CER-**
20 **TIFICATE PROGRAM.**

21 (a) ANNUAL ADJUSTMENT FACTORS FOR OPERATING
22 COSTS ONLY.—Section 8(c)(2)(A) of the United States
23 Housing Act of 1937 (42 U.S.C. 1437f(c)(2)(A)) is amend-
24 ed—

1 (1) by striking “(2)(A)” and inserting
2 “(2)(A)(i)”;

3 (2) by striking the second sentence and all that
4 follows through the end of the subparagraph; and

5 (3) by adding at the end the following new
6 clause:

7 “(i)(I) Except as provided in subclause (II), if the
8 maximum monthly rent for a unit in a new construction
9 or substantial rehabilitation project to be adjusted using an
10 annual adjustment factor exceeds 100 percent of the fair
11 market rent for an existing dwelling unit in the market
12 area, the Secretary shall adjust the rent using an operating
13 costs factor that increases the rent to reflect increases in
14 operating costs in the market area.

15 “(II) If the owner of a unit in a project described in
16 subclause (I) demonstrates that the adjusted rent deter-
17 mined under subclause (I) would not exceed the rent for
18 an unassisted unit of similar quality, type, and age in the
19 same market area, as determined by the Secretary, the Sec-
20 retary shall use the otherwise applicable annual adjustment
21 factor.”.

22 (b) *RESTRAINT ON SECTION 8 RENT INCREASES FOR*
23 *STAYERS IN THE CERTIFICATE PROGRAM.*—Section
24 8(c)(2)(A) of the United States Housing Act of 1937 (42

1 *U.S.C. 1437f(c)(2)(A)), as amended by subsection (a), is*
2 *amended by adding at the end the following new clause:*

3 “(iii) *In the case of assistance under the certificate*
4 *program under this section, 0.01 shall be subtracted from*
5 *the amount of the annual adjustment factor, except that the*
6 *annual adjustment factor shall not be reduced to less than*
7 *1.0.”.*

8 (c) *APPLICABILITY.—The amendments made by sub-*
9 *section (a) shall apply to all contracts for new construction*
10 *or substantial rehabilitation projects under which rents are*
11 *adjusted under section 8(c)(2)(A) of the United States*
12 *Housing Act of 1937, by applying an annual adjustment*
13 *factor.*

14 (d) *EFFECTIVE DATE.—The amendments made by*
15 *subsections (a) and (b) shall become effective on October 1,*
16 *1996.*

17 **SEC. 3003. WORKING FAMILY PREFERENCE FOR ADMISSION**
18 **TO ASSISTED HOUSING.**

19 Section 8(d)(1)(A)(i) of the *United States Housing Act*
20 *of 1937 (42 U.S.C. 1437f(d)(1)(A)(i)) is amended to read*
21 *as follows:*

22 “(i) *provide that not less than 50 per-*
23 *cent of the units shall be made available for*
24 *occupancy by families that include one or*

1 *more adult members who are employed on a*
2 *full- or part-time basis;”.*

3 **SEC. 3004. AMENDMENTS TO THE CIVIL WAR BATTLEFIELD**

4 **COMMEMORATIVE COIN ACT OF 1992.**

5 *(a) DISTRIBUTION AND USE OF SURCHARGES.—*

6 *(1) IN GENERAL.—Section 6 of the Civil War*
7 *Battlefield Commemorative Coin Act of 1992 (31*
8 *U.S.C. 5112 note) is amended to read as follows:*

9 **“SEC. 6. DISTRIBUTION AND USE OF SURCHARGES.**

10 *“(a) DISTRIBUTION.—An amount equal to \$5,300,000*
11 *of the surcharges received by the Secretary from the sale*
12 *of coins issued under this Act shall be promptly paid by*
13 *the Secretary to the Association for the Preservation of Civil*
14 *War Sites, Incorporated (hereafter in this Act referred to*
15 *as the ‘Association’), to be used for the acquisition of his-*
16 *torically significant and threatened Civil War sites selected*
17 *by the Association.*

18 *“(b) CIVIL WAR SITES INCLUDED.—In using amounts*
19 *paid to the Association under subsection (a), the Association*
20 *may spend—*

21 *“(1) not more than \$500,000 to acquire sites at*
22 *Malvern Hill, Virginia;*

23 *“(2) not more than \$1,000,000 to acquire sites at*
24 *Cornith, Mississippi;*

1 “(3) not more than \$300,000 to acquire sites at
2 *Spring Hill, Tennessee;*

3 “(4) not more than \$1,000,000 to acquire sites at
4 *Winchester, Virginia;*

5 “(5) not more than \$500,000 to acquire sites at
6 *Resaca, Georgia;*

7 “(6) not more than \$250,000 to acquire sites at
8 *Brice’s Cross Roads, Mississippi;*

9 “(7) not more than \$250,000 to acquire sites at
10 *Perryville, Kentucky;*

11 “(8) not more than \$1,000,000 to acquire sites at
12 *Brandy Station, Virginia;*

13 “(9) not more than \$250,000 to acquire sites at
14 *Kernstown, Virginia; and*

15 “(10) not more than \$250,000 to acquire sites at
16 *Glendale, Virginia.”.*

17 (2) *TRANSFER OF SURCHARGES.—*

18 (A) *TO TREASURY.—Not later than 10 days*
19 *after the date of enactment of this Act, the Civil*
20 *War Trust, formerly called the Civil War Battle-*
21 *field Foundation (hereafter in this section re-*
22 *ferred to as the “Foundation”) shall transfer to*
23 *the Secretary of the Treasury an amount equal*
24 *to \$5,300,000.*

1 (B) *TO THE ASSOCIATION.*—Not later than
2 10 days after the transfer under subparagraph
3 (A) is completed, the Secretary of the Treasury
4 shall transfer to the Association an amount equal
5 to the amount transferred under subparagraph
6 (A).

7 ***TITLE IV—COMMITTEE ON COM-***
8 ***MERCE, SCIENCE, AND TRANS-***
9 ***PORTATION***

10 ***Subtitle A—Communications***

11 ***SEC. 4001. SPECTRUM AUCTIONS.***

12 (a) *EXTENSION AND EXPANSION OF AUCTION AUTHOR-*
13 *ITY.*—

14 (1) *AMENDMENTS.*—Section 309(j) of the *Com-*
15 *munications Act of 1934 (47 U.S.C. 309(j))* is amend-
16 *ed—*

17 (A) *by striking paragraphs (1) and (2) and*
18 *inserting the following:*

19 “(1) *GENERAL AUTHORITY.*—If, consistent with
20 *the obligations described in paragraph (6)(E), mutu-*
21 *ally exclusive applications are accepted for any ini-*
22 *tial license or construction permit which will involve*
23 *an exclusive use of the electromagnetic spectrum, then*
24 *the Commission shall grant such license or permit to*

1 *a qualified applicant through a system of competitive*
2 *bidding that meets the requirements of this subsection.*

3 “(2) *EXCEPTIONS.—The competitive bidding au-*
4 *thority granted by this subsection shall not apply to*
5 *licenses or construction permits issued by the Com-*
6 *mission—*

7 “(A) *that, as the result of the Commission*
8 *carrying out the obligations described in para-*
9 *graph (6)(E), are not mutually exclusive;*

10 “(B) *for public safety radio services, includ-*
11 *ing non-Government uses that protect the safety*
12 *of life, health, and property and that are not*
13 *made commercially available to the public; or*

14 “(C) *for initial licenses or construction per-*
15 *mits for new terrestrial digital television services*
16 *assigned by the Commission to existing terres-*
17 *trial broadcast licensees to replace their existing*
18 *television licenses, unless the Commission—*

19 “(i) *not later than 180 days after the*
20 *date of enactment of the Omnibus Budget*
21 *Reconciliation Act of 1995, after notice and*
22 *public comment, submits to Congress a pro-*
23 *posal to use the authority provided in this*
24 *subsection for the assignment of initial li-*
25 *censes or construction permits for use of the*

1 *electromagnetic spectrum allocated but not*
2 *assigned as of the date of enactment of that*
3 *Act for television broadcast services; and*

4 “(i) *the Congress takes action to ap-*
5 *prove the plan or to authorize the use of the*
6 *authority provided by this subsection for*
7 *such licenses or permits.*

8 *Except as provided in this subparagraph, the*
9 *Commission may not assign initial licenses or*
10 *construction permits under this title to terres-*
11 *trial commercial television broadcast licensees to*
12 *replace their existing broadcast licenses before*
13 *January 1, 1998.”; and*

14 *(B) by striking “1998” in paragraph (11)*
15 *and inserting “2002”.*

16 (2) *CONFORMING AMENDMENT.—Subsection (i) of*
17 *section 309 of such Act is repealed.*

18 (b) *COMMISSION OBLIGATION TO MAKE ADDITIONAL*
19 *SPECTRUM AVAILABLE BY AUCTION.—*

20 (1) *IN GENERAL.—The Federal Communications*
21 *Commission shall complete all actions necessary to*
22 *permit the assignment, by September 30, 2002, by*
23 *competitive bidding pursuant to section 309(j) of the*
24 *Communications Act of 1934 (47 U.S.C. 309(j)) of li-*
25 *licenses for the use of bands of frequencies that—*

1 (A) individually span not less than 25
2 megahertz, unless a combination of smaller
3 bands can, notwithstanding the provisions of
4 paragraph (7) of such section, reasonably be ex-
5 pected to produce greater receipts;

6 (B) in the aggregate span not less than 100
7 megahertz;

8 (C) are located below 3 gigahertz; and

9 (D) have not, as of the date of enactment of
10 this Act—

11 (i) been assigned or designated by
12 Commission regulation for assignment pur-
13 suant to such section;

14 (ii) been identified by the Secretary of
15 Commerce pursuant to section 113 of the
16 National Telecommunications and Informa-
17 tion Administration Organization Act (47
18 U.S.C. 923); or

19 (iii) reserved for Federal Government
20 use pursuant to section 305 of the Commu-
21 nications Act of 1934 (47 U.S.C. 305).

22 The Commission shall conduct the competitive
23 bidding for not less than one-half of such aggre-
24 gate spectrum by September 30, 2000.

1 (2) *CRITERIA FOR REASSIGNMENT.*—*In making*
2 *available bands of frequencies for competitive bidding*
3 *pursuant to paragraph (1), the Commission shall—*

4 (A) *seek to promote the most efficient use of*
5 *the spectrum;*

6 (B) *take into account the cost to incumbent*
7 *licensees of relocating existing uses to other*
8 *bands of frequencies or other means of commu-*
9 *nication;*

10 (C) *take into account the needs of public*
11 *safety radio services;*

12 (D) *comply with the requirements of inter-*
13 *national agreements concerning spectrum alloca-*
14 *tions; and*

15 (E) *take into account the costs to satellite*
16 *service providers that could result from multiple*
17 *auctions of like spectrum internationally for*
18 *global satellite systems.*

19 (3) *NOTIFICATION TO NTIA.*—*The Commission*
20 *shall notify the Secretary of Commerce if—*

21 (A) *the Commission is not able to provide*
22 *for the effective relocation of incumbent licensees*
23 *to bands of frequencies that are available to the*
24 *Commission for assignment; and*

1 (B) the Commission has identified bands of
2 frequencies that are—

3 (i) suitable for the relocation of such li-
4 censees; and

5 (ii) allocated for Federal Government
6 use, but that could be reallocated pursuant
7 to part B of the National Telecommuni-
8 cations and Information Administration
9 Organization Act (47 U.S.C. 921 et seq.), as
10 amended by this Act.

11 (c) *IDENTIFICATION AND REALLOCATION OF FRE-*
12 *QUENCIES; RELOCATION OF FEDERAL GOVERNMENT STA-*
13 *TIONS.—The National Telecommunications and Informa-*
14 *tion Administration Organization Act (47 U.S.C. 901 et*
15 *seq.) is amended—*

16 (1) by adding at the end of section 113 the fol-
17 lowing:

18 “(f) *ADDITIONAL REALLOCATION REPORT.—If the Sec-*
19 *retary receives a notice from the Commission pursuant to*
20 *section 4001(b)(3) of the Omnibus Budget Reconciliation*
21 *Act of 1995, the Secretary shall prepare and submit to the*
22 *President and the Congress a report recommending for*
23 *reallocation for use other than by Federal Government sta-*
24 *tions under section 305 of the 1934 Act (47 U.S.C. 305),*

1 *bands of frequencies that are suitable for the uses identified*
2 *in the Commission's notice.*

3 “(g) *RELOCATION OF FEDERAL GOVERNMENT STA-*
4 *TIONS.—*

5 “(1) *IN GENERAL.—In order to expedite the effi-*
6 *cient use of the electromagnetic spectrum and not-*
7 *withstanding section 3302(b) of title 31, United*
8 *States Code, any Federal entity which operates a Fed-*
9 *eral Government station may accept payment in ad-*
10 *vance or in-kind reimbursement of costs, or a com-*
11 *bination of payment in advance and in-kind reim-*
12 *bursement, from any person to defray entirely the ex-*
13 *penses of relocating the Federal entity's operations*
14 *from one or more radio spectrum frequencies to any*
15 *other frequency or frequencies, including, without lim-*
16 *itation, the costs of any modification, replacement, or*
17 *reissuance of equipment, facilities, operating manu-*
18 *als, regulations, or other expenses incurred by that*
19 *entity. Any such payment shall be deposited in the*
20 *account of such Federal entity in the Treasury of the*
21 *United States. Funds deposited according to this sec-*
22 *tion shall be available, without appropriation or fis-*
23 *cal year limitation, only for the operations of the*
24 *Federal entity for which such funds were deposited*
25 *under this section.*

1 “(2) *PROCESS FOR RELOCATION.*—Any person
2 *seeking to relocate a Federal Government station that*
3 *has been assigned a frequency within a band allocated*
4 *for mixed Federal and non-Federal use may submit*
5 *a petition for such relocation to NTIA. The NTIA*
6 *shall limit the Federal Government station’s operat-*
7 *ing license to secondary status when the following re-*
8 *quirements are met—*

9 “(A) *the person seeking relocation of the*
10 *Federal Government station has guaranteed to*
11 *defray entirely, through payment in advance, in-*
12 *kind reimbursement of costs, or a combination*
13 *thereof, all relocation costs incurred by the Fed-*
14 *eral entity, including all engineering, equipment,*
15 *site acquisition and construction, and regulatory*
16 *fee costs;*

17 “(B) *the person seeking relocation completes*
18 *all activities necessary for implementing the relo-*
19 *cation, including construction of replacement fa-*
20 *ilities (if necessary and appropriate) and iden-*
21 *tifying and obtaining on the Federal entity’s be-*
22 *half new frequencies for use by the relocated Fed-*
23 *eral Government station (where such station is*
24 *not relocating to spectrum reserved exclusively*
25 *for Federal use);*

1 “(C) any necessary replacement facilities,
2 equipment modifications, or other changes have
3 been implemented and tested to ensure that the
4 Federal Government station is able to success-
5 fully accomplish its purposes; and

6 “(D) NTIA has determined that the pro-
7 posed use of the spectrum frequency band to
8 which the Federal entity will relocate its oper-
9 ations is—

10 “(i) consistent with obligations under-
11 taken by the United States in international
12 agreements and with United States national
13 security and public safety interests; and

14 “(ii) suitable for the technical charac-
15 teristics of the band and consistent with
16 other uses of the band.

17 In exercising its authority under subparagraph
18 (D) with respect to issues that could have na-
19 tional security or foreign relations implications,
20 NTIA shall consult with the Secretary of Defense
21 or the Secretary of State, or both, as appro-
22 priate.

23 “(3) RIGHT TO RECLAIM.—If within one year
24 after the relocation the Federal Government station
25 demonstrates to the Commission that the new facili-

1 *ties or spectrum are not comparable to the facilities*
2 *or spectrum from which the Federal Government sta-*
3 *tion was relocated, the person seeking such relocation*
4 *must take reasonable steps to remedy any defects or*
5 *pay the Federal entity for the costs of returning the*
6 *Federal Government station to the spectrum from*
7 *which such station was relocated.*

8 “(h) *FEDERAL ACTION TO EXPEDITE SPECTRUM*
9 *TRANSFER.*—*Any Federal Government station which oper-*
10 *ates on electromagnetic spectrum that has been identified*
11 *for reallocation for mixed Federal and non-Federal use in*
12 *the Spectrum Reallocation Final Report shall, to the maxi-*
13 *mum extent practicable through the use of the authority*
14 *granted under subsection (g) and any other applicable pro-*
15 *vision of law, take action to relocate its spectrum use to*
16 *other frequencies that are reserved for Federal use or to con-*
17 *solidate its spectrum use with other Federal Government*
18 *stations in a manner that maximizes the spectrum avail-*
19 *able for non-Federal use. Subsection (c)(4) of this section*
20 *shall not apply to the extent that a non-Federal user seeks*
21 *to relocate or relocates a Federal power agency under sub-*
22 *section (g).*

23 “(i) *DEFINITIONS.*—*For purposes of this section—*

24 “(1) *FEDERAL ENTITY.*—*The term ‘Federal en-*
25 *tity’ means any Department, agency, or other element*

1 of the Federal Government that utilizes radio fre-
2 quency spectrum in the conduct of its authorized ac-
3 tivities, including a Federal power agency.

4 “(2) *SPECTRUM REALLOCATION FINAL RE-*
5 *PORT.*—The term ‘Spectrum Reallocation Final Re-
6 port’ means the report submitted by the Secretary to
7 the President and Congress in compliance with the re-
8 quirements of subsection (a).”; and

9 (2) by striking “(a) or (d)(1)” in section
10 114(a)(1) and inserting “(a), (d)(1), or (f)”.

11 (d) *IDENTIFICATION AND REALLOCATION OF*
12 *AUCTIONABLE FREQUENCIES.*—The National Tele-
13 communications and Information Administration Organi-
14 zation Act (47 U.S.C. 901 et seq.), as amended by this Act,
15 is amended—

16 (1) by striking the heading of paragraph (1) of
17 section 113(b) and inserting “*INITIAL REALLOCATION*
18 *REPORT.*—”;

19 (2) by inserting “in the first report required by
20 subsection (a)” after “recommend for reallocation” in
21 such paragraph;

22 (3) by inserting “or (3)” after “paragraph (1)”
23 each place it appears in paragraph (2) of section
24 113(b);

1 (4) by adding at the end of section 113(b) the
2 following:

3 “(3) *SECOND REALLOCATION REPORT.*—In ac-
4 cordance with the provisions of this section, the Sec-
5 retary shall recommend for reallocation for use other
6 than by Federal Government stations under section
7 305 of the 1934 Act (47 U.S.C. 305), a single fre-
8 quency band that spans not less than an additional
9 20 megahertz, that is located below 3 gigahertz, and
10 that meets the criteria specified in paragraphs (1)
11 through (5) of subsection (a).”;

12 (5) by striking “the report required by section
13 113(a)” in section 115(b) and inserting “the initial
14 reallocation report required by section 113(a)”; and

15 (6) by adding at the end of section 115 the fol-
16 lowing:

17 “(c) *ALLOCATION AND ASSIGNMENT OF FREQUENCIES*
18 *IDENTIFIED IN THE SECOND REALLOCATION REPORT.*—
19 With respect to the frequencies made available for
20 reallocation pursuant to section 113(b)(3), the Commission
21 shall, not later than 1 year after receipt of the second
22 reallocation report required by such section, prepare, sub-
23 mit to the President and the Congress, and implement, a
24 plan for the allocation and assignment under the 1934 Act
25 of such frequencies. Such plan shall propose the immediate

1 *allocation and assignment of all such frequencies in accord-*
2 *ance with section 309(j) of the 1934 Act (47 U.S.C.*
3 *309(j)).”.*

4 ***Subtitle B—Oceans and Fisheries***

5 ***SEC. 4021. LIMITS ON COAST GUARD USER FEES.***

6 *Section 10401(g) of the Omnibus Budget Reconcili-*
7 *ation Act of 1990 (46 U.S.C. 2110(a)(2)) is amended by*
8 *adding after “annually.” the following: “The Secretary may*
9 *not establish a fee or charge under paragraph (1) for inspec-*
10 *tion or examination of a small passenger vessel under this*
11 *title that is more than \$300 annually for such vessels under*
12 *65 feet in length, or more than \$600 annually for such ves-*
13 *sels 65 feet in length and greater. The Secretary may not*
14 *establish a fee or charge under paragraph (1) for inspection*
15 *or examination under this title for any publicly-owned*
16 *ferry.”.*

17 ***SEC. 4022. OIL SPILL RECOVERY INSTITUTE.***

18 *(a) FUNDING.—Section 5006 of the Oil Pollution Act*
19 *of 1990 (33 U.S.C. 2736) is amended by—*

20 *(1) striking subsection (a), redesignating sub-*
21 *section (b) as subsection “(a)”;*

22 *(2) striking “5003” in the caption of subsection*
23 *(a), as redesignated, and inserting “5001, 5003,”;*

24 *(3) inserting “to carry out section 5001 in the*
25 *amount as determined in section 5006(b), and” after*

1 *“limitation,” in the text of subsection (a), as redesign-*
2 *ated; and*

3 *(4) adding at the end thereof the following:*

4 *“(b) USE OF INTEREST ONLY.—The amount of fund-*
5 *ing to be made available annually to carry out section 5001*
6 *shall be the interest produced by the Fund’s investment of*
7 *the \$22,500,000 remaining funding authorized for the*
8 *Prince William Sound Oil Spill Recovery Institute and*
9 *currently deposited in the Fund and invested by the Sec-*
10 *retary of the Treasury in income producing securities along*
11 *with other funds comprising the Fund.*

12 *“(c) USE FOR SECTION 1012.—Beginning with the*
13 *eleventh year following the date of enactment of the Coast*
14 *Guard Authorization Act of 1995, the funding authorized*
15 *for the Prince William Sound Oil Spill Recovery Institute*
16 *and deposited in the Fund shall thereafter be made avail-*
17 *able for purposes of section 1012 in Alaska.”.*

18 *(b) CONFORMING AMENDMENTS.—*

19 *(1) Section 6002(b) of the Oil Pollution Act of*
20 *1990 (33 U.S.C. 2752(b)) is amended by striking*
21 *“5006(b)” and inserting “5006”.*

22 *(2) Section 7001(c)(9) the Oil Pollution Act of*
23 *1990 (33 U.S.C. 2761(c)(9)) is amended by striking*
24 *the period at the end thereof and inserting “until the*

1 (1) *by adding at the end of paragraph (1) the*
2 *following:*

3 “(C) \$25,000,000 for each of the fiscal years
4 *ending September 30, 1995, 1996, and 1997,*
5 *which is authorized and hereby made available.”;*
6 *and*

7 (2) *by striking “1994,” in paragraph (3) and in-*
8 *serting “1997.”.*

9 **SEC. 4033. DISASTER FUNDING FOR RAILROADS.**

10 *Section 22101 of title 49, United States Code, is*
11 *amended by redesignating subsection (d) as (e), and by in-*
12 *serting after subsection (c) the following:*

13 “(d) **DISASTER FUNDING FOR RAILROADS.**—

14 “(1) *The Secretary may declare that a disaster*
15 *has occurred and that it is necessary to repair and*
16 *rebuild rail lines damaged as a result of such disas-*
17 *ter. If the Secretary makes a declaration under this*
18 *paragraph, the Secretary may—*

19 “(A) *waive the requirements of this section;*

20 “(B) *consider the extent to which the State*
21 *has available unexpended local rail freight as-*
22 *sistance funds or available repaid loans; and*

23 “(C) *prescribe the form and time for appli-*
24 *cations for assistance made available herein.*

1 “(2) *The Secretary may not provide assistance*
2 *under this subsection unless emergency disaster relief*
3 *funds are appropriated for that purpose.*

4 “(3) *Funds provided under this subsection shall*
5 *remain available until expended.*”.

6 **SEC. 4034. GRADE-CROSSING ELIGIBILITY.**

7 *Section 22101(a) of title 49, United States Code, is*
8 *amended—*

9 (1) *by striking “and” after the semicolon in*
10 *paragraph (2);*

11 (2) *by striking the period at the end of para-*
12 *graph (3) and inserting a semicolon; and*

13 (3) *by adding at the end thereof the following*
14 *new paragraphs:*

15 “(4) *closing or improving a railroad grade cross-*
16 *ing or series of railroad grade crossings; and*

17 “(5) *creating a State supervised grain car*
18 *pool.*”.

1 **TITLE V—COMMITTEE ON EN-**
2 **ERGY AND NATURAL RE-**
3 **SOURCES**

4 **Subtitle A—United States**
5 **Enrichment Corporation**

6 **SEC. 5001. SHORT TITLE.**

7 *This subtitle may be cited as the “USEC Privatization*
8 *Act”.*

9 **SEC. 5002. PURPOSE.**

10 *The purpose of this subtitle is to transfer the interest*
11 *of the United States in the United States Enrichment Cor-*
12 *poration to the private sector in a manner that provides*
13 *for the long-term viability of the Corporation, provides for*
14 *the continuation by the Corporation of the operation of the*
15 *Department of Energy’s gaseous diffusion plants, provides*
16 *for the protection of the public interest in maintaining a*
17 *reliable and economical domestic source of uranium mining*
18 *and enrichment services, and, to the extent not inconsistent*
19 *with such purposes, secures the maximum proceeds to the*
20 *United States.*

21 **SEC. 5003. DEFINITIONS.**

22 *For purposes of this subtitle:*

23 *(1) The term “AVLIS” means atomic vapor laser*
24 *isotope separation technology.*

1 (2) *The term “Corporation” means the United*
2 *States Enrichment Corporation and, unless the con-*
3 *text otherwise requires, includes the private corpora-*
4 *tion and any successor thereto following privatiza-*
5 *tion.*

6 (3) *The term “gaseous diffusion plants” means*
7 *the Paducah Gaseous Diffusion Plant at Paducah,*
8 *Kentucky and the Portsmouth Gaseous Diffusion*
9 *Plant at Piketon, Ohio.*

10 (4) *The term “highly enriched uranium” means*
11 *uranium enriched to 20 percent or more of the ura-*
12 *nium-235 isotope.*

13 (5) *The term “low-enriched uranium” means*
14 *uranium enriched to less than 20 percent of the ura-*
15 *nium-235 isotope, including that which is derived*
16 *from highly enriched uranium.*

17 (6) *The term “low-level radioactive waste” has*
18 *the meaning given such term in section 2(9) of the*
19 *Low-Level Radioactive Waste Policy Act (42 U.S.C.*
20 *2021b(9)).*

21 (7) *The term “private corporation” means the*
22 *corporation established under section 5005.*

23 (8) *The term “privatization” means the transfer*
24 *of ownership of the Corporation to private investors.*

1 (9) *The term “privatization date” means the*
2 *date on which 100 percent of the ownership of the*
3 *Corporation has been transferred to private investors.*

4 (10) *The term “public offering” means an under-*
5 *written offering to the public of the common stock of*
6 *the private corporation pursuant to section 5004.*

7 (11) *The “Russian HEU Agreement” means the*
8 *Agreement Between the Government of the United*
9 *States of America and the Government of the Russian*
10 *Federation Concerning the Disposition of Highly En-*
11 *riched Uranium Extracted from Nuclear Weapons,*
12 *dated February 18, 1993.*

13 (12) *The term “Secretary” means the Secretary*
14 *of Energy.*

15 (13) *The “Suspension Agreement” means the*
16 *Agreement to Suspend the Antidumping Investigation*
17 *on Uranium from the Russian Federation, as amend-*
18 *ed.*

19 (14) *The term “uranium enrichment” means the*
20 *separation of uranium of a given isotopic content*
21 *into 2 components, 1 having a higher percentage of a*
22 *fissile isotope and 1 having a lower percentage.*

23 **SEC. 5004. SALE OF THE CORPORATION.**

24 (a) *AUTHORIZATION.—The Board of Directors of the*
25 *Corporation, with the approval of the Secretary of the*

1 *Treasury, shall transfer ownership of the assets and obliga-*
2 *tions of the Corporation to the private corporation estab-*
3 *lished under section 5005 (which may be consummated*
4 *through a merger or consolidation effected in accordance*
5 *with, and having the effects provided under, the laws of the*
6 *state of incorporation of the private corporation, as if the*
7 *Corporation were incorporated thereunder).*

8 **(b) BOARD DETERMINATION.**—*The Board, with the*
9 *approval of the Secretary of the Treasury, shall select the*
10 *method of transfer and establish terms and conditions for*
11 *the transfer that will provide the maximum proceeds to the*
12 *Treasury of the United States and will provide for the long-*
13 *term viability of the private corporation, the continued op-*
14 *eration of the gaseous diffusion plants, and the public inter-*
15 *est in maintaining a reliable and economical domestic ura-*
16 *nium mining and enrichment industries.*

17 **(c) APPLICATION OF SECURITIES LAWS.**—*Any offering*
18 *or sale of securities by the private corporation shall be sub-*
19 *ject to the Securities Act of 1933 (15 U.S.C. 77a et seq.),*
20 *the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.),*
21 *and the provisions of the Constitution and laws of any*
22 *State, territory, or possession of the United States relating*
23 *to transactions in securities.*

24 **(d) PROCEEDS.**—*Proceeds from the sale of the United*
25 *States' interest in the Corporation shall be—*

1 (1) *deposited in the general fund of the Treasury;*

2 (2) *included in the budget baseline required by*
3 *the Balanced Budget and Emergency Deficit Control*
4 *Act of 1985; and*

5 (3) *counted as an offset to direct spending for*
6 *purposes of section 252 of such Act, notwithstanding*
7 *section 257(e) of such Act.*

8 (e) *EXPENSES.—Expenses of privatization shall be*
9 *paid from Corporation revenue accounts in the United*
10 *States Treasury.*

11 ***SEC. 5005. ESTABLISHMENT OF PRIVATE CORPORATION.***

12 (a) *INCORPORATION.—(1) The directors of the Cor-*
13 *poration shall establish a private for-profit corporation*
14 *under the laws of a State for the purpose of receiving the*
15 *assets and obligations of the Corporation at privatization*
16 *and continuing the business operations of the Corporation*
17 *following privatization.*

18 (2) *The directors of the Corporation may serve as*
19 *incorporators of the private corporation and shall take all*
20 *steps necessary to establish the private corporation, includ-*
21 *ing the filing of articles of incorporation consistent with*
22 *the provisions of this subtitle.*

23 (3) *Employees and officers of the Corporation (includ-*
24 *ing members of the Board of Directors) acting in accordance*
25 *with this section on behalf of the private corporation shall*

1 *be deemed to be acting in their official capacities as employ-*
2 *ees or officers of the Corporation for purposes of 18 U.S.C.*
3 *205.*

4 *(b) STATUS OF THE PRIVATE CORPORATION.—(1) The*
5 *private corporation shall not be an agency, instrumentality,*
6 *or establishment of the United States, a Government cor-*
7 *poration, or a Government-controlled corporation.*

8 *(2) Except as otherwise provided by this Subtitle, fi-*
9 *nancial obligations of the private corporation shall not be*
10 *obligations of, or guaranteed as to principal or interest by,*
11 *the Corporation or the United States, and the obligations*
12 *shall so plainly state.*

13 *(3) No action under section 1491 of title 28, United*
14 *States Code, shall be allowable against the United States*
15 *based on actions of the private corporation.*

16 *(c) APPLICATION OF POST-GOVERNMENT EMPLOYMENT*
17 *RESTRICTIONS.—Beginning on the privatization date, the*
18 *restrictions of 18 U.S.C. 207(a), (b), (c), and (d) shall not*
19 *apply to the acts of an individual done in carrying out*
20 *official duties as a director, officer, or employee of the pri-*
21 *vate corporation, if the individual was an officer or em-*
22 *ployee of the Corporation (including a director) continu-*
23 *ously during the 45 days prior to the privatization date.*

24 *(d) DISSOLUTION.—In the event that the privatization*
25 *does not occur, the Corporation will provide for the dissolu-*

1 *tion of the private corporation within 1 year of the private*
2 *corporation's incorporation unless the Secretary of the*
3 *Treasury or his delegate, upon the Corporation's request,*
4 *agrees to delay any such dissolution for an additional year.*

5 **SEC. 5006. TRANSFERS TO THE PRIVATE CORPORATION.**

6 *Concurrent with privatization, the Corporation shall*
7 *transfer to the private corporation—*

8 *(1) the lease of the gaseous diffusion plants in*
9 *accordance with section 5007,*

10 *(2) all personal property and inventories of the*
11 *Corporation,*

12 *(3) all contracts, agreements, and leases under*
13 *section 5008(a),*

14 *(4) the Corporation's right to purchase power*
15 *from the Secretary under section 5008(b),*

16 *(5) such funds in accounts of the Corporation*
17 *held by the Treasury or on deposit with any bank or*
18 *other financial institution as approved by the Sec-*
19 *retary of the Treasury, and*

20 *(6) all of the Corporation's records, including all*
21 *of the papers and other documentary materials, re-*
22 *gardless of physical form or characteristics, made or*
23 *received by the Corporation.*

1 **SEC. 5007. LEASING OF GASEOUS DIFFUSION FACILITIES.**

2 (a) *TRANSFER OF LEASE.*—Concurrent with privat-
3 ization, the Corporation shall transfer to the private cor-
4 poration the lease of the gaseous diffusion plants and relat-
5 ed property for the remainder of the term of such lease in
6 accordance with the terms of such lease.

7 (b) *RENEWAL.*—The private corporation shall have the
8 exclusive option to lease the gaseous diffusion plants and
9 related property for additional periods following the expira-
10 tion of the initial term of the lease.

11 (c) *EXCLUSION OF FACILITIES FOR PRODUCTION OF*
12 *HIGHLY ENRICHED URANIUM.*—The Secretary shall not
13 lease to the private corporation any facilities necessary for
14 the production of highly enriched uranium but may, subject
15 to the requirements of the Atomic Energy Act of 1954 (42
16 U.S.C. 2011 *et seq.*), grant the Corporation access to such
17 facilities for purposes other than the production of highly
18 enriched uranium.

19 (d) *DOE RESPONSIBILITY FOR PREEXISTING CONDI-*
20 *TIONS.*—The payment of any costs of decontamination and
21 decommissioning, response actions, or corrective actions
22 with respect to conditions existing before July 1, 1993, at
23 the gaseous diffusion plants shall remain the sole respon-
24 sibility of the Secretary.

25 (e) *ENVIRONMENTAL AUDIT.*—For purposes of sub-
26 section (d), the conditions existing before July 1, 1993, at

1 *the gaseous diffusion plants shall be determined from the*
2 *environmental audit conducted pursuant to section 1403(e)*
3 *of the Atomic Energy Act of 1954 (42 U.S.C. 2297c-2(e)).*

4 (f) *TREATMENT UNDER PRICE-ANDERSON PROVI-*
5 *SIONS.—Any lease executed between the Secretary and the*
6 *Corporation or the private corporation, and any extension*
7 *or renewal thereof, under this section shall be deemed to*
8 *be a contract for purposes of section 170d. of the Atomic*
9 *Energy Act of 1954 (42 U.S.C. 2210(d)).*

10 (g) *WAIVER OF EIS REQUIREMENT.—The execution or*
11 *transfer of the lease between the Secretary and the Corpora-*
12 *tion or the private corporation, and any extension or re-*
13 *newal thereof, shall not be considered a major Federal ac-*
14 *tion significantly affecting the quality of the human envi-*
15 *ronment for purposes of section 102 of the National Envi-*
16 *ronmental Policy Act of 1969 (42 U.S.C. 4332).*

17 **SEC. 5008. TRANSFER OF CONTRACTS.**

18 (a) *TRANSFER OF CONTRACTS.—Concurrent with pri-*
19 *vatization, the Corporation shall transfer to the private cor-*
20 *poration all contracts, agreements, and leases, including all*
21 *uranium enrichment contracts, that were—*

22 (1) *transferred by the Secretary to the Corpora-*
23 *tion pursuant to section 1401(b) of the Atomic En-*
24 *ergy Act of 1954 (42 U.S.C. 2297c(b)), or*

1 (2) entered into by the Corporation before the
2 privatization date.

3 (b) *NONTRANSFERABLE POWER CONTRACTS.*—The
4 Corporation shall transfer to the private corporation the
5 right to purchase power from the Secretary under the power
6 purchase contracts for the gaseous diffusion plants executed
7 by the Secretary before July 1, 1993. The Secretary shall
8 continue to receive power for the gaseous diffusion plants
9 under such contracts and shall continue to resell such power
10 to the private corporation at cost during the term of such
11 contracts.

12 (c) *EFFECT OF TRANSFER.*—(1) Notwithstanding sub-
13 section (a), the United States shall remain obligated to the
14 parties to the contracts, agreements, and leases transferred
15 under subsection (a) for the performance of its obligations
16 under such contracts, agreements, or leases during their
17 terms. Performance of such obligations by the private cor-
18 poration shall be considered performance by the United
19 States.

20 (2) If a contract, agreement, or lease transferred under
21 subsection (a) is terminated, extended, or materially
22 amended after the privatization date—

23 (A) the private corporation shall be responsible
24 for any obligation arising under such contract, agree-

1 *ment, or lease after any extension or material amend-*
2 *ment, and*

3 *(B) the United States shall be responsible for*
4 *any obligation arising under the contract, agreement,*
5 *or lease before the termination, extension, or material*
6 *amendment.*

7 *(3) The private corporation shall reimburse the United*
8 *States for any amount paid by the United States under*
9 *a settlement agreement entered into with the consent of the*
10 *private corporation or under a judgment, if the settlement*
11 *or judgment—*

12 *(A) arises out of an obligation under a contract,*
13 *agreement, or lease transferred under subsection (a),*
14 *and*

15 *(B) arises out of actions of the private corpora-*
16 *tion between the privatization date and the date of a*
17 *termination, extension, or material amendment of*
18 *such contract, agreement, or lease.*

19 *(d) PRICING.—The Corporation may establish prices*
20 *for its products, materials, and services provided to cus-*
21 *tomers on a basis that will allow it to attain the normal*
22 *business objectives of a profit making corporation.*

23 **SEC. 5009. LIABILITIES.**

24 *(a) LIABILITY OF THE UNITED STATES.—(1) Except*
25 *as otherwise provided in this Subtitle, all liabilities arising*

1 *out of the operation of the uranium enrichment enterprise*
2 *before July 1, 1993, shall remain the direct liabilities of*
3 *the Secretary.*

4 (2) *Except as provided in subsection (a)(3) or other-*
5 *wise provided in a memorandum of agreement entered into*
6 *by the Corporation and the Office of Management and*
7 *Budget prior to the privatization date, all liabilities arising*
8 *out of the operation of the Corporation between July 1,*
9 *1993, and the privatization date shall remain the direct*
10 *liabilities of the United States.*

11 (3) *All liabilities arising out of the disposal of depleted*
12 *uranium generated by the Corporation between July 1,*
13 *1993, and the privatization date shall become the direct li-*
14 *abilities of the Secretary.*

15 (4) *Any stated or implied consent for the United*
16 *States, or any agent or officer of the United States, to be*
17 *sued by any person for any legal, equitable, or other relief*
18 *with respect to any claim arising out of, or resulting from,*
19 *the privatization of the Corporation is hereby withdrawn.*

20 (5) *To the extent that any claim against the United*
21 *States under this section is of the type otherwise required*
22 *by Federal statute or regulation to be presented to a Federal*
23 *agency or official for adjudication or review, such claim*
24 *shall be presented to the Department of Energy in accord-*
25 *ance with procedures to be established by the Secretary.*

1 *Nothing in this paragraph shall be construed to impose on*
2 *the Department of Energy liability to pay any claim pre-*
3 *sented pursuant to this paragraph.*

4 *(6) The Attorney General shall represent the United*
5 *States in any action seeking to impose liability under this*
6 *subsection.*

7 *(b) LIABILITY OF THE CORPORATION.—Notwithstand-*
8 *ing any provision of any agreement to which the Corpora-*
9 *tion is a party, the Corporation shall not be considered in*
10 *breach, default, or violation of any agreement because of*
11 *the transfer of such agreement to the private corporation*
12 *under section 5008 or any other action the Corporation is*
13 *required to take under this subtitle.*

14 *(c) LIABILITY OF THE PRIVATE CORPORATION.—Ex-*
15 *cept as provided in this subtitle, the private corporation*
16 *shall be liable for any liabilities arising out of its oper-*
17 *ations after the privatization date.*

18 *(d) LIABILITY OF OFFICERS AND DIRECTORS.—(1) No*
19 *officer, director, employee, or agent of the Corporation shall*
20 *be liable in any civil proceeding to any party in connection*
21 *with any action taken in connection with the privatization*
22 *if, with respect to the subject matter of the action, suit, or*
23 *proceeding, such person was acting within the scope of his*
24 *employment.*

1 (2) *This subsection shall not apply to claims arising*
2 *under the Securities Act of 1933 (15 U.S.C. 77a. et seq.),*
3 *the Securities Exchange Act of 1934 (15 U.S.C. 78a. et seq.),*
4 *or under the Constitution or laws of any State, territory,*
5 *or possession of the United States relating to transactions*
6 *in securities.*

7 **SEC. 5010. EMPLOYEE PROTECTIONS.**

8 (a) *CONTRACTOR EMPLOYEES.—(1) Privatization*
9 *shall not diminish the accrued, vested pension benefits of*
10 *employees of the Corporation’s operating contractor at the*
11 *two gaseous diffusion plants.*

12 (2) *In the event that the private corporation termi-*
13 *nates or changes the contractor at either or both of the gase-*
14 *ous diffusion plants, the plan sponsor or other appropriate*
15 *fiduciary of the pension plan covering employees of the*
16 *prior operating contractor shall arrange for the transfer of*
17 *all plan assets and liabilities relating to accrued pension*
18 *benefits of such plans participants and beneficiaries from*
19 *such plant to a pension plan sponsored by the new contrac-*
20 *tor or the private corporation or a joint labor-management*
21 *plan, as the case may be.*

22 (3) *In addition to any obligations arising under the*
23 *National Labor Relations Act, any employer (including the*
24 *private corporation if it operates a gaseous diffusion plant*

1 *without a contractor or any contractor of the private cor-*
2 *poration) at a gaseous diffusion plant shall—*

3 (A) *abide by the terms of any unexpired collec-*
4 *tive bargaining agreement covering employees in bar-*
5 *gaining units at the plant and in effect on the privat-*
6 *ization date until the stated expiration or termi-*
7 *nation date of the agreement; or*

8 (B) *in the event a collective bargaining agree-*
9 *ment is not in effect upon the privatization date, have*
10 *the same bargaining obligations under section 8(d) of*
11 *the National Labor Relations Act (29 U.S.C. 158(d))*
12 *as it had immediately before the privatization date.*

13 (4) *If the private corporation replaces its operating*
14 *contractor at a gaseous diffusion plant, the new employer*
15 *(including the new contractor or the private corporation if*
16 *it operates a gaseous diffusion plant without a contractor)*
17 *shall—*

18 (A) *offer employment to non-management em-*
19 *ployees of the predecessor contractor to the extent that*
20 *their jobs still exist or they are qualified for new jobs,*
21 *and*

22 (B) *abide by the terms of the predecessor contrac-*
23 *tor's collective bargaining agreement until the agree-*
24 *ment expires or a new agreement is signed.*

1 (5) *In the event of a plant closing or mass layoff (as*
2 *such terms are defined in section 2101(a) (2) and (3) of*
3 *title 29, United States Code) at either of the gaseous diffu-*
4 *sion plants, the Secretary of Energy shall treat any ad-*
5 *versely affected employee of an operating contractor at ei-*
6 *ther plant who was an employee at such plant on July 1,*
7 *1993, as a Department of Energy employee for purposes*
8 *of sections 3161 and 3162 of the National Defense Author-*
9 *ization Act for Fiscal Year 1993 (42 U.S.C. 7274h–7274i).*

10 (6)(A) *The Secretary and the private corporation shall*
11 *cause the post-retirement health benefits plan provider (or*
12 *its successor) to continue to provide benefits for persons em-*
13 *ployed by an operating contractor at either of the gaseous*
14 *diffusion plants in an economically efficient manner and*
15 *at substantially the same level of coverage as eligible retirees*
16 *are entitled to receive on the privatization date.*

17 (B) *Persons eligible for coverage under subparagraph*
18 *(A) shall be limited to:*

19 (i) *Persons who retired from active employment*
20 *at one of the gaseous diffusion plants on or before the*
21 *privatization date as vested participants in a pension*
22 *plan maintained either by the Corporation’s operat-*
23 *ing contractor or by a contractor employed prior to*
24 *July 1, 1993, by the Department of Energy to operate*
25 *a gaseous diffusion plant.*

1 (ii) *Persons who are employed by the Corpora-*
2 *tion's operating contractor on or before the privatiza-*
3 *tion date and are vested participants in a pension*
4 *plan maintained either by the Corporation's operat-*
5 *ing contractor or by a contractor employed prior to*
6 *July 1, 1993, by the Department of Energy to operate*
7 *a gaseous diffusion plant.*

8 (C) *The Secretary shall fund the entire cost of post-*
9 *retirement health benefits for persons who retired from em-*
10 *ployment with an operating contractor prior to July 1,*
11 *1993.*

12 (D) *The Secretary and the Corporation shall fund the*
13 *cost of post-retirement health benefits for persons who retire*
14 *from employment with an operating contractor after July*
15 *1, 1993, in proportion to the retired person's years and*
16 *months of service at a gaseous diffusion plant under their*
17 *respective management.*

18 (7)(A) *Any suit under this subsection alleging a viola-*
19 *tion of an agreement between an employer and a labor orga-*
20 *nization shall be brought in accordance with section 301*
21 *of the Labor Management Relations Act (29 U.S.C. 185).*

22 (B) *Any charge under this subsection alleging an un-*
23 *fair labor practice violative of section 8 of the National*
24 *Labor Relations Act (29 U.S.C. 158) shall be pursued in*

1 *accordance with section 10 of the National Labor Relations*
2 *Act (29 U.S.C. 160).*

3 *(C) Any suit alleging a violation of any provision of*
4 *this subsection, to the extent it does not allege a violation*
5 *of the National Labor Relations Act, may be brought in*
6 *any district court of the United States having jurisdiction*
7 *of the parties, without regard to the amount in controversy*
8 *or the citizenship of the parties.*

9 *(b) FORMER FEDERAL EMPLOYEES.—(1)(A) Employ-*
10 *ees of the Corporation who were subject to either the Civil*
11 *Service Retirement System (CSRS) or the Federal Employ-*
12 *ees' Retirement System (FERS) on the day immediately*
13 *preceding the privatization date shall elect—*

14 *(i) to retain their coverage under either CSRS or*
15 *FERS, as applicable, in lieu of coverage by the Cor-*
16 *poration's retirement system, or*

17 *(ii) to receive a deferred annuity or lump-sum*
18 *benefit payable to a terminated employee under*
19 *CSRS or FERS, as applicable.*

20 *(B) Those employees electing subparagraph (A)(ii)*
21 *shall have the option to transfer the balance in their Thrift*
22 *Savings Plan account to a defined contribution plan under*
23 *the Corporation's retirement system, consistent with appli-*
24 *cable law and the terms of the Corporation's defined con-*
25 *tribution plan.*

1 (2) *The Corporation shall pay to the Civil Service Re-*
2 *tirement and Disability Fund—*

3 (A) *such employee deductions and agency con-*
4 *tributions as are required by sections 8334, 8422, and*
5 *8423 of title 5, United States Code, for those employ-*
6 *ees who elect to retain their coverage under either*
7 *CSRS or FERS pursuant to paragraph (1);*

8 (B) *such additional agency contributions as are*
9 *determined necessary by the Office of Personnel Man-*
10 *agement to pay, in combination with the sums under*
11 *subparagraph (A), the “normal cost” (determined*
12 *using dynamic assumptions) of retirement benefits for*
13 *those employees who elect to retain their coverage*
14 *under CSRS pursuant to paragraph (1), with the*
15 *concept of “normal cost” being used consistent with*
16 *generally accepted actuarial standards and prin-*
17 *ciples; and*

18 (C) *such additional amounts, not to exceed two*
19 *percent of the amounts under subparagraphs (A) and*
20 *(B), as are determined necessary by the Office of Per-*
21 *sonnel Management to pay the cost of administering*
22 *retirement benefits for employees who retire from the*
23 *Corporation after the privatization date under either*
24 *CSRS or FERS, for their survivors, and for survivors*
25 *of employees of the Corporation who die after the pri-*

1 *vatization date (which amounts shall be available to*
2 *the Office of Personnel Management as provided in*
3 *section 8348(a)(1)(B) of title 5, United States Code).*

4 *(3) The Corporation shall pay to the Thrift Savings*
5 *Fund such employee and agency contributions as are re-*
6 *quired by section 8432 of title 5, United States Code, for*
7 *those employees who elect to retain their coverage under*
8 *FERS pursuant to paragraph (1).*

9 *(4) Any employee of the Corporation who was subject*
10 *to the Federal Employee Health Benefits Program*
11 *(FEHBP) on the day immediately preceding the privatiza-*
12 *tion date and who elects to retain coverage under either*
13 *CSRS or FERS pursuant to paragraph (1) shall have the*
14 *option to receive health benefits from a health benefit plan*
15 *established by the Corporation or to continue without inter-*
16 *ruption coverage under the FEHBP, in lieu of coverage by*
17 *the Corporation's health benefit system.*

18 *(5) The Corporation shall pay to the Employees Health*
19 *Benefits Fund—*

20 *(A) such employee deductions and agency con-*
21 *tributions as are required by section 8906(a)–(f) of*
22 *title 5, United States Code, for those employees who*
23 *elect to retain their coverage under FEHBP pursuant*
24 *to paragraph (4); and*

1 (B) such amounts as are determined necessary
2 by the Office of Personnel Management under para-
3 graph (6) to reimburse the Office of Personnel Man-
4 agement for contributions under section 8906(g)(1) of
5 title 5, United States Code, for those employees who
6 elect to retain their coverage under FEHBP pursuant
7 to paragraph (4).

8 (6) The amounts required under paragraph (5)(B)
9 shall pay the Government contributions for retired employ-
10 ees who retire from the Corporation after the privatization
11 date under either CSRS or FERS, for survivors of such re-
12 tired employees, and for survivors of employees of the Cor-
13 poration who die after the privatization date, with said
14 amounts prorated to reflect only that portion of the total
15 service of such employees and retired persons that was per-
16 formed for the Corporation after the privatization date.

17 **SEC. 5011. OWNERSHIP LIMITATIONS.**

18 No director, officer, or employee of the Corporation
19 may acquire any securities, or any rights to acquire any
20 securities of the private corporation on terms more favor-
21 able than those offered to the general public—

22 (1) in a public offering designed to transfer own-
23 ership of the Corporation to private investors,

1 (2) *pursuant to any agreement, arrangement, or*
2 *understanding entered into before the privatization*
3 *date, or*

4 (3) *before the election of the directors of the pri-*
5 *vate corporation.*

6 **SEC. 5012. URANIUM TRANSFERS AND SALES.**

7 (a) *TRANSFERS AND SALES BY THE SECRETARY.—The*
8 *Secretary shall not provide enrichment services or transfer*
9 *or sell any uranium (including natural uranium con-*
10 *centrates, natural uranium hexafluoride, or enriched ura-*
11 *nium in any form) to any person except as consistent with*
12 *this section.*

13 (b) *RUSSIAN HEU.—(1) On or before December 31,*
14 *1996, the United States Executive Agent under the Russian*
15 *HEU Agreement shall transfer to the Secretary without*
16 *charge title to an amount of uranium hexafluoride equiva-*
17 *lent to the natural uranium component of low-enriched ura-*
18 *nium derived from at least 18 metric tons of highly enriched*
19 *uranium purchased from the Russian Executive Agent*
20 *under the Russian HEU Agreement. The quantity of such*
21 *uranium hexafluoride delivered to the Secretary shall be*
22 *based on a tails assay of 0.30 U235. Uranium hexafluoride*
23 *transferred to the Secretary pursuant to this paragraph*
24 *shall be deemed under U.S. law for all purposes to be of*
25 *Russian origin.*

1 (2) *Within 7 years of the date of enactment of this*
2 *subtitle, the Secretary shall sell, and receive payment for,*
3 *the uranium hexafluoride transferred to the Secretary pur-*
4 *suant to paragraph (1). Such uranium hexafluoride shall*
5 *be sold—*

6 (A) *at any time for use in the United States for*
7 *the purpose of overfeeding;*

8 (B) *at any time for end use outside the United*
9 *States; or*

10 (C) *in calendar year 2001 for consumption by*
11 *end users in the United States not prior to January*
12 *1, 2002, in volumes not to exceed 3 million pounds*
13 *U₃O₈ equivalent per year.*

14 (3) *With respect to all enriched uranium delivered to*
15 *the United States Executive Agent under the Russian HEU*
16 *Agreement on or after January 1, 1997, the United States*
17 *Executive Agent shall, upon request of the Russian Execu-*
18 *tive Agent, enter into an agreement to deliver concurrently*
19 *to the Russian Executive Agent an amount of uranium*
20 *hexafluoride equivalent to the natural uranium component*
21 *of such uranium. An agreement executed pursuant to a re-*
22 *quest of the Russian Executive Agent, as contemplated in*
23 *this paragraph, may pertain to any deliveries due during*
24 *any period remaining under the Russian HEU Agreement.*
25 *The quantity of such uranium hexafluoride delivered to the*

1 *Russian Executive Agent shall be based on a tails assay*
2 *of 0.30 U235. Title to uranium hexafluoride delivered to*
3 *the Russian Executive Agent pursuant to this paragraph*
4 *shall transfer to the Russian Executive Agent upon delivery*
5 *of such material to the Russian Executive Agent, with such*
6 *delivery to take place at a North American facility des-*
7 *ignated by the Russian Executive Agent. Uranium*
8 *hexafluoride delivered to the Russian Executive Agent pur-*
9 *suant to this paragraph shall be deemed under U.S. law*
10 *for all purposes to be of Russian origin. Such uranium*
11 *hexafluoride may be sold to any person or entity for deliv-*
12 *ery and use in the United States only as permitted in sub-*
13 *sections (b)(5), (b)(6), and (b)(7) of this section.*

14 (4) *In the event that the Russian Executive Agent does*
15 *not exercise its right to enter into an agreement to take de-*
16 *livery of the natural uranium component of any low-en-*
17 *riched uranium, as contemplated in paragraph (3), within*
18 *90 days of the date such low-enriched uranium is delivered*
19 *to the United States Executive Agent, then the United*
20 *States Executive Agent shall engage an independent entity*
21 *through a competitive selection process to auction an*
22 *amount of uranium hexafluoride or U3O8 (in the event that*
23 *the conversion component of such hexafluoride has pre-*
24 *viously been sold) equivalent to the natural uranium com-*
25 *ponent of such low-enriched uranium. Such independent en-*

1 *tity shall sell such uranium hexafluoride in one or more*
 2 *lots to any person or entity to maximize the proceeds from*
 3 *such sales, for disposition consistent with the limitations*
 4 *set forth in this subsection. The independent entity shall*
 5 *pay to the Russian Executive Agent the proceeds of any*
 6 *such auction less all reasonable transaction and other ad-*
 7 *ministrative costs. The quantity of such uranium*
 8 *hexafluoride auctioned shall be based on a tails assay of*
 9 *0.30 U235. Title to uranium hexafluoride auctioned pursu-*
 10 *ant to this paragraph shall transfer to the buyer of such*
 11 *material upon delivery of such material to the buyer. Ura-*
 12 *nium hexafluoride auctioned pursuant to this paragraph*
 13 *shall be deemed under U.S. law for all purposes to be of*
 14 *Russian origin.*

15 (5) *Except as provided in paragraphs (6) and (7), ura-*
 16 *nium hexafluoride delivered to the Russian Executive Agent*
 17 *under paragraph (3) or auctioned pursuant to paragraph*
 18 *(4), may not be delivered for consumption by end users in*
 19 *the United States either directly or indirectly prior to Jan-*
 20 *uary 1, 1998, and thereafter only in accordance with the*
 21 *following schedule:*

Year:	Annual maximum deliveries to end users (millions lbs. U3O8 equivalent)
1998	2
1999	4
2000	6
2001	8
2002	10

Year:	Annual maximum deliveries to end users (millions lbs. U3O8 equivalent)
2003	12
2004	14
2005	16
2006	17
2007	18
2008	19
2009 and each year thereafter	20.

1 (6) Uranium hexafluoride delivered to the Russian Ex-
2 ecutive Agent under paragraph (3) or auctioned pursuant
3 to paragraph (4) may be sold at any time as Russian-ori-
4 gin natural uranium in a matched sale pursuant to the
5 Suspension Agreement, and in such case shall not be count-
6 ed against the annual maximum deliveries set forth in
7 paragraph (5).

8 (7) Uranium hexafluoride delivered to the Russian Ex-
9 ecutive Agent under paragraph (3) or auctioned pursuant
10 to paragraph (4) may be sold at any time for use in the
11 United States for the purpose of overfeeding in the oper-
12 ations of enrichment facilities.

13 (8) Nothing in this subsection (b) shall restrict the sale
14 of the conversion component of such uranium hexafluoride.
15 Material sold pursuant to paragraph 5 shall not be
16 swapped, exchanged or loaned.

17 (9) The Secretary of Commerce shall have responsibil-
18 ity for the administration and enforcement of the limita-
19 tions set forth in this subsection. The Secretary of Com-
20 merce may require any person to provide any certifications,

1 *information, or take any action that may be necessary to*
2 *enforce these limitations. The U.S. Customs Service shall*
3 *maintain and provide any information required by the Sec-*
4 *retary of Commerce and shall take any action requested by*
5 *the Secretary of Commerce which is necessary for the ad-*
6 *ministration and enforcement of the uranium delivery limi-*
7 *tations set forth in this section.*

8 (10) *The President shall monitor the actions of the*
9 *United States Executive Agent under the Russian HEU*
10 *Agreement and shall report to the Congress not later than*
11 *December 31 of each year on the effect the low-enriched ura-*
12 *nium delivered under the Russian HEU Agreement is hav-*
13 *ing on the domestic uranium mining, conversion, and en-*
14 *richment industries, and the operation of the gaseous diffu-*
15 *sion plants. Such report shall include a description of ac-*
16 *tions taken or proposed to be taken by the President to pre-*
17 *vent or mitigate any material adverse impact on such in-*
18 *dustries or any loss of employment at the gaseous diffusion*
19 *plants as a result of the Russian HEU Agreement.*

20 (c) *TRANSFERS TO THE CORPORATION.—(1) The Sec-*
21 *retary shall transfer to the Corporation without charge up*
22 *to 50 metric tons of enriched uranium and up to 7,000 met-*
23 *ric tons of natural uranium from the Department of Ener-*
24 *gy's stockpile, subject to the restrictions in subsection (c)(2).*

1 (2) *The Corporation shall not deliver for commercial*
2 *end use in the United States—*

3 (A) *any of the uranium transferred under this*
4 *subsection before January 1, 1998;*

5 (B) *more than 10 percent of the uranium (by*
6 *uranium hexafluoride equivalent content) transferred*
7 *under this subsection or more than 4 million pounds,*
8 *whichever is less, in any calendar year after 1997; or*

9 (C) *more than 800,000 separative work units*
10 *contained in low-enriched uranium transferred under*
11 *this subsection in any calendar year.*

12 (d) *INVENTORY SALES.—(1) In addition to the trans-*
13 *fers authorized under subsections (c) and (e), the Secretary*
14 *may, from time to time, sell natural and low-enriched ura-*
15 *nium (including low-enriched uranium derived from highly*
16 *enriched uranium) from the Department of Energy's stock-*
17 *pile.*

18 (2) *Except as provided in subsections (b), (c), and (e)*
19 *no sale or transfer of natural or low-enriched uranium shall*
20 *be made unless—*

21 (A) *the President determines that the material is*
22 *not necessary to national security needs,*

23 (B) *the Secretary determines that the sale of the*
24 *material will not have an adverse material impact on*
25 *the domestic uranium mining, conversion, or enrich-*

1 *ment industry, taking into account the sales of ura-*
2 *nium under the Russian HEU Agreement and the*
3 *Suspension Agreement, and*

4 *(C) the price paid to the Secretary will not be*
5 *less than the fair market value of the material.*

6 *(e) GOVERNMENT TRANSFERS.—Notwithstanding sub-*
7 *section (d)(2), the Secretary may transfer or sell enriched*
8 *uranium—*

9 *(1) to a Federal agency if the material is trans-*
10 *ferred for the use of the receiving agency without any*
11 *resale or transfer to another entity and the material*
12 *does not meet commercial specifications;*

13 *(2) to any person for national security purposes,*
14 *as determined by the Secretary; or*

15 *(3) to any State or local agency or nonprofit,*
16 *charitable, or educational institution for use other*
17 *than the generation of electricity for commercial use.*

18 *(f) SAVINGS PROVISION.—Nothing in this subtitle shall*
19 *be read to modify the terms of the Russian HEU Agreement.*

20 **SEC. 5013. LOW-LEVEL WASTE.**

21 *(a) RESPONSIBILITY OF DOE.—(1) The Secretary, at*
22 *the request of the generator, shall accept for disposal low-*
23 *level radioactive waste, including depleted uranium if it*
24 *were ultimately determined to be low-level radioactive*
25 *waste, generated by—*

1 (A) *the Corporation as a result of the operations*
2 *of the gaseous diffusion plants or as a result of the*
3 *treatment of such wastes at a location other than the*
4 *gaseous diffusion plants, or*

5 (B) *any person licensed by the Nuclear Regu-*
6 *latory Commission to operate a uranium enrichment*
7 *facility under sections 53, 63, and 193 of the Atomic*
8 *Energy Act of 1954 (42 U.S.C. 2073, 2093, and*
9 *2243).*

10 (2) *Except as provided in paragraph (3), the generator*
11 *shall reimburse the Secretary for the disposal of low-level*
12 *radioactive waste pursuant to paragraph (1) in an amount*
13 *equal to the Secretary's costs, including a pro rata share*
14 *of any capital costs, but in no event more than an amount*
15 *equal to that which would be charged by commercial, State,*
16 *regional, or interstate compact entities for disposal of such*
17 *waste.*

18 (3) *In the event depleted uranium were ultimately de-*
19 *termined to be low-level radioactive waste, the generator*
20 *shall reimburse the Secretary for the disposal of depleted*
21 *uranium pursuant to paragraph (1) in an amount equal*
22 *to the Secretary's costs, including a pro rata share of any*
23 *capital costs.*

24 (b) *AGREEMENTS WITH OTHER PERSONS.—The gen-*
25 *erator may also enter into agreements for the disposal of*

1 *low-level radioactive waste subject to subsection (a) with*
2 *any person other than the Secretary that is authorized by*
3 *applicable laws and regulations to dispose of such wastes.*

4 (c) *STATE OR INTERSTATE COMPACTS.—Notwith-*
5 *standing any other provision of law, no State or interstate*
6 *compact shall be liable for the treatment, storage, or dis-*
7 *posal of any low-level radioactive waste (including mixed*
8 *waste) attributable to the operation, decontamination, and*
9 *decommissioning of any uranium enrichment facility.*

10 **SEC. 5014. AVLIS.**

11 (a) *EXCLUSIVE RIGHT TO COMMERCIALIZE.—The*
12 *Corporation shall have the exclusive commercial right to de-*
13 *ploy and use any AVLIS patents, processes, and technical*
14 *information owned or controlled by the Government, upon*
15 *completion of a royalty agreement with the Secretary.*

16 (b) *TRANSFER OF RELATED PROPERTY TO CORPORA-*
17 *TION.—*

18 (1) *IN GENERAL.—To the extent requested by the*
19 *Corporation and subject to the requirements of the*
20 *Atomic Energy Act of 1954, the President shall trans-*
21 *fer without charge to the Corporation all of the right,*
22 *title, or interest in and to property owned by the*
23 *United States under control or custody of the Sec-*
24 *retary that is directly related to and materially useful*
25 *in the performance of the Corporation's purposes re-*

1 *garding AVLIS and alternative technologies for ura-*
2 *anium enrichment, including—*

3 *(A) facilities, equipment, and materials for*
4 *research, development, and demonstration activi-*
5 *ties; and*

6 *(B) all other facilities, equipment, mate-*
7 *rials, processes, patents, technical information of*
8 *any kind, contracts, agreements, and leases.*

9 *(2) EXCEPTION.—Facilities, real estate, improve-*
10 *ments, and equipment related to the gaseous diffusion,*
11 *and gas centrifuge, uranium enrichment programs of*
12 *the Secretary shall not transfer under paragraph*
13 *(1)(B).*

14 *(3) EXPIRATION OF TRANSFER AUTHORITY.—The*
15 *President's authority to transfer property under this*
16 *subsection shall expire upon the privatization date.*

17 *(c) LIABILITY FOR PATENT AND RELATED CLAIMS.—*
18 *With respect to any right, title, or interest provided to the*
19 *Corporation under subsection (a) or (b), the Corporation*
20 *shall have sole liability for any payments made or awards*
21 *under section 157 b. (3) of the Atomic Energy Act of 1954*
22 *(42 U.S.C. 2187(b)(3)), or any settlements or judgments in-*
23 *volving claims for alleged patent infringement. Any royalty*
24 *agreement under subsection (a) of this section shall provide*
25 *for a reduction of royalty payments to the Secretary to off-*

1 *set any payments, awards, settlements, or judgments under*
2 *this subsection.*

3 **SEC. 5015. GASEOUS DIFFUSION TECHNOLOGY.**

4 (a) *TRANSFER OF RIGHTS.—The Corporation shall*
5 *have the exclusive commercial rights for both uranium en-*
6 *richment and non-uranium enrichment uses of any patents,*
7 *patent applications, trade secrets, and other technical infor-*
8 *mation related to the gaseous diffusion technology owned*
9 *or controlled by the Department of Energy, or by the United*
10 *States but under control or custody of the Department of*
11 *Energy. The Corporation shall enter into an exclusive li-*
12 *censing agreement with the Department of Energy provid-*
13 *ing for—*

14 (1) *the payment of royalties of 3 percent of the*
15 *gross, pre-tax revenues realized by the Corporation*
16 *from its non-uranium enrichment commercial uses of*
17 *such patents, patent applications, trade secrets, and*
18 *other technical information,*

19 (2) *the reduction of such royalties to offset any*
20 *payments, awards, settlements, or judgments rendered*
21 *against the Corporation in its deployment or licens-*
22 *ing of the exclusive commercial rights under this sec-*
23 *tion, and*

24 (3) *the reservation of a non-exclusive, royalty-*
25 *free right to the United States Government to use*

1 *such patents, patent applications, trade secrets, and*
2 *other technical information solely for Governmental*
3 *purposes.*

4 *(b) IMPROVEMENTS.—New patents, trade secrets, and*
5 *other technical information developed for commercial appli-*
6 *cations that derive from the gaseous diffusion technology*
7 *initially licensed by the Corporation shall be at the Cor-*
8 *poration’s expense and shall be free from royalties to the*
9 *Department of Energy.*

10 **SEC. 5016. APPLICATION OF CERTAIN LAWS.**

11 *(a) OSHA.—(1) As of the privatization date, the pri-*
12 *vate corporation shall be subject to and comply with the*
13 *Occupational Safety and Health Act of 1970 (29 U.S.C.*
14 *651 et seq.).*

15 *(2) The Nuclear Regulatory Commission and the Occu-*
16 *pational Safety and Health Administration shall, within*
17 *90 days after the enactment of this subtitle, enter into a*
18 *memorandum of agreement to govern the exercise of their*
19 *authority over occupational safety and health hazards at*
20 *the gaseous diffusion plants, including inspection, inves-*
21 *tigation, enforcement, and rulemaking relating to such haz-*
22 *ards.*

23 *(b) ANTITRUST LAWS.—For purposes of the antitrust*
24 *laws, the performance by the private corporation of a*
25 *“matched import” contract under the Suspension Agree-*

1 *ment shall be considered to have occurred prior to the pri-*
2 *vatization date, if at the time of privatization, such con-*
3 *tract had been agreed to by the parties in all material terms*
4 *and confirmed by the Secretary of Commerce under the Sus-*
5 *pension Agreement.*

6 (c) **ENERGY REORGANIZATION ACT REQUIREMENTS.**—

7 (1) *The private corporation and its contractors shall be sub-*
8 *ject to the provisions of section 211 of the Energy Reorga-*
9 *nization Act of 1974 (42 U.S.C. 5851) to the same extent*
10 *as an employer subject to such section.*

11 (2) *With respect to the operation of the facilities leased*
12 *by the private corporation, section 206 of the Energy Reor-*
13 *ganization Act of 1974 (42 U.S.C. 5846) shall apply to the*
14 *directors and officers of the private corporation.*

15 **SEC. 5017. AMENDMENTS TO THE ATOMIC ENERGY ACT.**

16 (a) **REPEAL.**—(1) *Chapters 22 through 26 of the Atom-*
17 *ic Energy Act of 1954 (42 U.S.C. 1201–1608) are repealed*
18 *as of the privatization date.*

19 (2) *The table of contents of such Act is amended as of*
20 *the privatization date by striking the items referring to sec-*
21 *tions repealed by paragraph (1).*

22 (b) **NRC LICENSING.**—(1) *Section 11v. of the Atomic*
23 *Energy Act of 1954 (42 U.S.C. 2014v.) is amended by strik-*
24 *ing “or the construction and operation of a uranium en-*

1 *richment facility using Atomic Vapor Laser Isotope Sepa-*
2 *ration technology”.*

3 (2) *Section 193 of the Atomic Energy Act of 1954 (42*
4 *U.S.C. 2243) is amended by adding at the end the following:*

5 “(f) *LIMITATION.—No license or certificate of compli-*
6 *ance may be issued to the United States Enrichment Cor-*
7 *poration or its successor under section 53, 63, 193, or 1701,*
8 *if in the opinion of the Commission, the issuance of such*
9 *a license or certificate of compliance—*

10 “(1) *would be inimical to the common defense*
11 *and security of the United States; or*

12 “(2) *would be inimical to the maintenance of a*
13 *reliable and economical domestic source of enrichment*
14 *services because of the nature and extent of the owner-*
15 *ship, control, or domination of the Corporation by a*
16 *foreign corporation or a foreign government or any*
17 *other relevant factors or circumstances.”.*

18 (3) *Section 1701(c)(2) of the Atomic Energy Act of*
19 *1954 (42 U.S.C. 2297f(c)(2)) is amended to read as follows:*

20 “(2) *PERIODIC APPLICATION FOR CERTIFICATE*
21 *OF COMPLIANCE.—The Corporation shall apply to the*
22 *Nuclear Regulatory Commission for a certificate of*
23 *compliance under paragraph (1) periodically, as de-*
24 *termined by the Commission, but not less than every*
25 *5 years. The Commission shall review any such appli-*

1 *cation and any determination made under subsection*
2 *(b)(2) shall be based on the results of any such re-*
3 *view.”.*

4 *(4) Section 1702(a) of the Atomic Energy Act of 1954*
5 *(42 U.S.C. 2297f-1(a)) is amended—*

6 *(1) by striking “other than” and inserting “in-*
7 *cluding”, and*

8 *(2) by striking “sections 53 and 63” and insert-*
9 *ing “sections 53, 63, and 193”.*

10 *(c) JUDICIAL REVIEW OF NRC ACTIONS.—Section*
11 *189b. of the Atomic Energy Act of 1954 (42 U.S.C. 2239(b))*
12 *is amended to read as follows:*

13 *“b. The following Commission actions shall be subject*
14 *to judicial review in the manner prescribed in chapter 158*
15 *of title 28, United States Code and chapter 7 of title 5,*
16 *United States Code:*

17 *“(1) Any final order entered in any proceeding*
18 *of the kind specified in subsection (a).*

19 *“(2) Any final order allowing or prohibiting a*
20 *facility to begin operating under a combined con-*
21 *struction and operating license.*

22 *“(3) Any final order establishing by regulation*
23 *standards to govern the Department of Energy’s gase-*
24 *ous diffusion uranium enrichment plants, including*

1 *any such facilities leased to a corporation established*
2 *under the USEC Privatization Act.*

3 “(4) *Any final determination relating to whether*
4 *the gaseous diffusion plants, including any such fa-*
5 *cilities leased to a corporation established under the*
6 *USEC Privatization Act, are in compliance with the*
7 *Commission’s standards governing the gaseous diffu-*
8 *sion plants and all applicable laws.”.*

9 (d) *CIVIL PENALTIES.*—*Section 234 a. of the Atomic*
10 *Energy Act of 1954 (42 U.S.C. 2282(a)) is amended by—*

11 (1) *striking “any licensing provision of section*
12 *53, 57, 62, 63, 81, 82, 101, 103, 104, 107, or 109”*
13 *and inserting: “any licensing or certification provi-*
14 *sion of section 53, 57, 62, 63, 81, 82, 101, 103, 104,*
15 *107, 109, or 1701”;* *and*

16 (2) *by striking “any license issued thereunder”*
17 *and inserting: “any license or certification issued*
18 *thereunder”.*

19 (e) *REFERENCES TO THE CORPORATION.*—*Following*
20 *the privatization date, all references in the Atomic Energy*
21 *Act of 1954 to the United States Enrichment Corporation*
22 *shall be deemed to be references to the private corporation.*

1 **SEC. 5018. AMENDMENTS TO OTHER LAWS.**

2 (a) *DEFINITION OF GOVERNMENT CORPORATION.*—As
3 of the privatization date, section 9101(3) of title 31, United
4 States Code, is amended by striking subparagraph (N).

5 (b) *DEFINITION OF THE CORPORATION.*—Section 1018
6 (1) of the Energy Policy Act of 1992 (42 U.S.C. 2296b–
7 7(1)) is amended by adding at the end “or its successor.”.

8 ***Subtitle B—Department of the***
9 ***Interior Conveyances***

10 **SEC. 5101. SHORT TITLE.**

11 This subtitle may be cited as the “Helium Act of
12 1995”.

13 **SEC. 5102. AMENDMENT OF HELIUM ACT.**

14 Except as otherwise expressly provided, whenever in
15 this part an amendment or repeal is expressed in terms of
16 an amendment to, or repeal of, a section or other provision,
17 the reference shall be considered to be made to a section or
18 other provision of the Helium Act (50 U.S.C. 167 to 167n).

19 **SEC. 5103. AUTHORITY OF SECRETARY.**

20 Sections 3, 4, and 5 are amended to read as follows:

21 **“SEC. 3. AUTHORITY OF SECRETARY.**

22 **“(a) EXTRACTION AND DISPOSAL OF HELIUM ON FED-**
23 **ERAL LANDS.**—

24 **“(1) IN GENERAL.**—The Secretary may enter
25 into agreements with private parties for the recovery
26 and disposal of helium on Federal lands upon such

1 *terms and conditions as the Secretary deems fair, rea-*
2 *sonable, and necessary.*

3 “(2) *LEASEHOLD RIGHTS.*—*The Secretary may*
4 *grant leasehold rights to any such helium.*

5 “(3) *LIMITATION.*—*The Secretary may not enter*
6 *into any agreement by which the Secretary sells such*
7 *helium other than to a private party with whom the*
8 *Secretary has an agreement for recovery and disposal*
9 *of helium.*

10 “(4) *REGULATIONS.*—*Agreements under para-*
11 *graph (1) may be subject to such regulations as may*
12 *be prescribed by the Secretary.*

13 “(5) *EXISTING RIGHTS.*—*An agreement under*
14 *paragraph (1) shall be subject to any rights of any*
15 *affected Federal oil and gas lessee that may be in ex-*
16 *istence prior to the date of the agreement.*

17 “(6) *TERMS AND CONDITIONS.*—*An agreement*
18 *under paragraph (1) (and any extension or renewal*
19 *of an agreement) shall contain such terms and condi-*
20 *tions as the Secretary may consider appropriate.*

21 “(7) *PRIOR AGREEMENTS.*—*This subsection shall*
22 *not in any manner affect or diminish the rights and*
23 *obligations of the Secretary and private parties under*
24 *agreements to dispose of helium produced from Fed-*
25 *eral lands in existence on the date of enactment of the*

1 *Helium Act of 1995 except to the extent that such*
2 *agreements are renewed or extended after that date.*

3 “(b) *STORAGE, TRANSPORTATION AND SALE.—The*
4 *Secretary may store, transport, and sell helium only in ac-*
5 *cordance with this Act.*

6 **“SEC. 4. STORAGE, TRANSPORTATION, AND WITHDRAWAL**
7 **OF CRUDE HELIUM.**

8 “(a) *STORAGE, TRANSPORTATION AND WITH-*
9 *DRAWAL.—The Secretary may store, transport and with-*
10 *draw crude helium and maintain and operate crude helium*
11 *storage facilities, in existence on the date of enactment of*
12 *the Helium Act of 1995 at the Bureau of Mines Cliffside*
13 *Field, and related helium transportation and withdrawal*
14 *facilities.*

15 “(b) *CESSATION OF PRODUCTION, REFINING, AND*
16 *MARKETING.—Not later than 18 months after the date of*
17 *enactment of the Helium Act of 1995, the Secretary shall*
18 *cease producing, refining, and marketing refined helium*
19 *and shall cease carrying out all other activities relating to*
20 *helium which the Secretary was authorized to carry out*
21 *under this Act before the date of enactment of the Helium*
22 *Act of 1995, except activities described in subsection (a).*

23 “(c) *DISPOSAL OF FACILITIES.—*

24 “(1) *IN GENERAL.—Subject to paragraph (5),*
25 *not later than 18 months after the cessation of activi-*

1 *ties referred to in section (b) of this section, the Sec-*
2 *retary shall designate as excess property and dispose*
3 *of all facilities, equipment, and other real and per-*
4 *sonal property, and all interests therein, held by the*
5 *United States for the purpose of producing, refining*
6 *and marketing refined helium.*

7 *“(2) APPLICABLE LAW.—The disposal of such*
8 *property shall be in accordance with the Federal*
9 *Property and Administrative Services Act of 1949.*

10 *“(3) PROCEEDS.—All proceeds accruing to the*
11 *United States by reason of the sale or other disposal*
12 *of such property shall be treated as moneys received*
13 *under this chapter for purposes of section 6(f).*

14 *“(4) COSTS.—All costs associated with such sale*
15 *and disposal (including costs associated with termi-*
16 *nation of personnel) and with the cessation of activi-*
17 *ties under subsection (b) shall be paid from amounts*
18 *available in the helium production fund established*
19 *under section 6(f).*

20 *“(5) EXCEPTION.—Paragraph (1) shall not*
21 *apply to any facilities, equipment, or other real or*
22 *personal property, or any interest therein, necessary*
23 *for the storage, transportation and withdrawal of*
24 *crude helium or any equipment, facilities, or other*
25 *real or personal property, required to maintain the*

1 *purity, quality control, and quality assurance of*
2 *crude helium in the Bureau of Mines Cliffside Field.*

3 “(d) *EXISTING CONTRACTS.*—

4 “(1) *IN GENERAL.*—*All contracts that were en-*
5 *tered into by any person with the Secretary for the*
6 *purchase by the person from the Secretary of refined*
7 *helium and that are in effect on the date of the enact-*
8 *ment of the Helium Act of 1995 shall remain in force*
9 *and effect until the date on which the refining oper-*
10 *ations cease, as described in subsection (b).*

11 “(2) *COSTS.*—*Any costs associated with the ter-*
12 *mination of contracts described in paragraph (1)*
13 *shall be paid from the helium production fund estab-*
14 *lished under section 6(f).*

15 **“SEC. 5. FEES FOR STORAGE, TRANSPORTATION AND WITH-**
16 **DRAWAL.**

17 “(a) *IN GENERAL.*—*Whenever the Secretary provides*
18 *helium storage withdrawal or transportation services to any*
19 *person, the Secretary shall impose a fee on the person to*
20 *reimburse the Secretary for the full costs of providing such*
21 *storage, transportation, and withdrawal.*

22 “(b) *TREATMENT.*—*All fees received by the Secretary*
23 *under subsection (a) shall be treated as moneys received*
24 *under this Act for purposes of section 6(f).”.*

1 **SEC. 5104. SALE OF CRUDE HELIUM.**

2 (a) Subsection 6(a) is amended by striking “from the
3 Secretary” and inserting “from persons who have entered
4 into enforceable contracts to purchase an equivalent amount
5 of crude helium from the Secretary”.

6 (b) Subsection 6(b) is amended—

7 (1) by inserting “crude” before “helium”; and

8 (2) by adding the following at the end: “Except
9 as may be required by reason of subsection (a), sales
10 of crude helium under this section shall be in
11 amounts as the Secretary determines, in consultation
12 with the helium industry, necessary to carry out this
13 subsection with minimum market disruption.”.

14 (c) Subsection 6(c) is amended—

15 (1) by inserting “crude” after “Sales of”; and

16 (2) by striking “together with interest as pro-
17 vided in this subsection” and all that follows through
18 the end of the subsection and inserting “all funds re-
19 quired to be repaid to the United States as of October
20 1, 1994 under this section (referred to in this sub-
21 section as ‘repayable amounts’). The price at which
22 crude helium is sold by the Secretary shall not be less
23 than the amount determined by the Secretary by—

24 “(i) dividing the outstanding amount of
25 such repayable amounts by the volume (in mil-
26 lion cubic feet) of crude helium owned by the

1 *United States and stored in the Bureau of Mines*
2 *Cliffside Field at the time of the sale concerned,*
3 *and*

4 “(ii) *adjusting the amount determined*
5 *under paragraph (1) by the Consumer Price*
6 *Index for years beginning after December 31,*
7 *1994.”.*

8 *(d) Subsection 6(d) is amended to read as follows:*

9 “(d) *EXTRACTION OF HELIUM FROM DEPOSITS ON*
10 *FEDERAL LANDS.—All moneys received by the Secretary*
11 *from the sale or disposition of helium on Federal lands shall*
12 *be paid to the Treasury and credited against the amounts*
13 *required to be repaid to the Treasury under subsection (c).”.*

14 *(e) Subsection 6(e) is repealed.*

15 *(f) Subsection (f) is amended—*

16 *(A) by striking “(f)” and inserting “(e)(1)”;*

17 *and*

18 *(B) by adding the following at the end:*

19 “(2)(A) *Within 7 days after the commencement of each*
20 *fiscal year after the disposal of the facilities referred to in*
21 *section 4(c), all amounts in such fund in excess of*
22 *\$2,000,000 (or such lesser sum as the Secretary deems nec-*
23 *essary to carry out this Act during such fiscal year) shall*
24 *be paid to the Treasury and credited as provided in para-*
25 *graph (1).*

1 “(B) On repayment of all amounts referred to in sub-
2 section (c), the fund established under this section shall be
3 terminated and all moneys received under this Act shall be
4 deposited in the general fund of the Treasury.”.

5 **SEC. 5105. ELIMINATION OF STOCKPILE.**

6 Section 8 is amended to read as follows:

7 **“SEC. 8. ELIMINATION OF STOCKPILE.**

8 “(a) *STOCKPILE SALES.*—

9 “(1) *COMMENCEMENT.*—Not later than January
10 1, 2005, the Secretary shall commence offering for sale
11 crude helium from helium reserves owned by the Unit-
12 ed States in such amounts as may be necessary to dis-
13 pose of all such helium reserves in excess of
14 600,000,000 cubic feet by January 1, 2015.

15 “(2) *TIMES OF SALE.*—The sales shall be at such
16 times during each year and in such lots as the Sec-
17 retary determines, in consultation with the helium in-
18 dustry, to be necessary to carry out this subsection
19 with minimum market disruption.

20 “(3) *PRICE.*—The price for all sales under para-
21 graph (1), as determined by the Secretary in con-
22 sultation with the helium industry, shall be such price
23 as will ensure repayment of the amounts required to
24 be repaid to the Treasury under section 6(c).

1 “(b) *DISCOVERY OF ADDITIONAL RESERVES.*—*The dis-*
2 *covery of additional helium reserves shall not affect the duty*
3 *of the Secretary to make sales of helium under subsection*
4 *(a).*”.

5 **SEC. 5106. REPEAL OF AUTHORITY TO BORROW.**

6 *Sections 12 and 15 are repealed.*

7 ***Subtitle C—Arctic Coastal Plain***
8 ***Leasing and Revenue Act***

9 **SEC. 5201. SHORT TITLE.**

10 *This subtitle may be cited as the “Arctic Coastal Plain*
11 *Leasing and Revenue Act of 1995”.*

12 **SEC. 5202. PURPOSE AND POLICY.**

13 *The Congress hereby declares that it is the purpose and*
14 *policy of this subtitle to authorize competitive oil and gas*
15 *leasing and development to proceed on the Coastal Plain*
16 *in a manner consistent with protection of the environment,*
17 *maintenance of fish and wildlife and their habitat, and the*
18 *interests of the area’s subsistence users, and in a manner*
19 *that will reduce the Federal deficit by an estimated \$1.3*
20 *billion over the next seven years.*

21 **SEC. 5203. DEFINITIONS.**

22 *When used in this subtitle the term—*

23 (1) *“Coastal Plain” means that area identified*
24 *as such in the map entitled “Arctic National Wildlife*
25 *Refuge”, dated August 1980, as referenced in section*

1 1002(b) of the Alaska National Interest Lands Con-
2 servation Act of 1980 (16 U.S.C. 3142(b)(1)) compris-
3 ing approximately 1,549,000 ACRES acres; and

4 (2) “Secretary” means the Secretary of the Inte-
5 rior or the Secretary’s designee.

6 **SEC. 5204. LEASING PROGRAM FOR LANDS WITHIN THE**
7 **COASTAL PLAIN.**

8 (a) *AUTHORIZATION.*—The Congress hereby authorizes
9 and directs the Secretary and other appropriate Federal of-
10 ficers and agencies to take such actions as are necessary
11 to establish and implement a competitive oil and gas leas-
12 ing program that will result in an environmentally sound
13 program for the exploration, development, and production
14 of the oil and gas resources of the Coastal Plain, and no
15 further findings or decisions shall be required to implement
16 this authorization. The Secretary shall administer the pro-
17 visions of this subtitle through regulations, lease terms, con-
18 ditions, restrictions, prohibitions, stipulations and other
19 provisions that ensure the oil and gas exploration, develop-
20 ment, and production activities on the Coastal Plain will
21 result in no significant adverse effect on fish and wildlife,
22 their habitat, and the environment, and shall require the
23 application of the best commercially available technology
24 for oil and gas exploration, development, and production,
25 on all new exploration, development, and production oper-

1 ations, and whenever practicable, on existing operations,
2 and in a manner to ensure the receipt of fair market value
3 by the public for the mineral resources to be leased.

4 (b) *REPEAL.*—The prohibitions and limitations con-
5 tained in section 1003 of the Alaska National Interest
6 Lands Conservation Act of 1980 (16 U.S.C. 3143) are here-
7 by repealed.

8 (c) *SOLE AUTHORITY.*—This subtitle shall be the sole
9 authority for leasing on the Coastal Plain.

10 (d) *FEDERAL LAND.*—The Coastal Plain shall be con-
11 sidered “Federal land” for the purposes of the Federal Oil
12 and Gas Royalty Management Act of 1982.

13 **SEC. 5205. RULES AND REGULATIONS.**

14 (a) *PROMULGATION.*—The Secretary shall prescribe
15 such rules and regulations as may be necessary to carry
16 out the purposes and provisions of this subtitle, including
17 rules and regulations relating to protection of the fish and
18 wildlife, their habitat, and the environment of the Coastal
19 Plain. Such rules and regulations shall be promulgated
20 within eighteen months after the date of enactment of this
21 subtitle and shall, as of their effective date, apply to all
22 operations conducted under a lease issued or maintained
23 under the provisions of this subtitle and all operations on
24 the Coastal Plain related to the leasing, exploration, devel-
25 opment and production of oil and gas.

1 (b) *REVISION OF REGULATIONS.*—The Secretary shall
2 periodically review and, if appropriate, revise the rules and
3 regulations issued under subsection (a) of this section to re-
4 flect any significant biological, environmental, or engineer-
5 ing data which come to the Secretary’s attention.

6 **SEC. 5206. ADEQUACY OF THE DEPARTMENT OF THE INTE-**
7 **RIOR’S LEGISLATIVE ENVIRONMENTAL IM-**
8 **PACT STATEMENT.**

9 The “Final Legislative Environmental Impact State-
10 ment” (April 1987) on the Coastal Plain prepared pursu-
11 ant to section 1002 of the Alaska National Interest Lands
12 Conservation Act of 1980 (16 U.S.C. 3142) and section
13 102(2)(C) of the National Environmental Policy Act of
14 1969 (42 U.S.C. 4332(2)(C)) is hereby found by the Con-
15 gress to be adequate to satisfy the legal requirements under
16 the National Environmental Policy Act of 1969 with respect
17 to actions authorized to be taken by the Secretary to develop
18 and promulgate the regulations for the establishment of a
19 leasing program authorized by this subtitle and to conduct
20 the first lease sale authorized by this subtitle.

21 **SEC. 5207. LEASE SALES.**

22 (a) *LEASE SALES.*—Lands may be leased pursuant to
23 the provisions of this subtitle to any person qualified to ob-
24 tain a lease for deposits of oil and gas under the Mineral
25 Leasing Act, as amended (30 U.S.C. 181).

1 (b) *PROCEDURES.*—*The Secretary shall, by regulation,*
2 *establish procedures for—*

3 (1) *receipt and consideration of sealed nomina-*
4 *tions for any area in the Coastal Plain for inclusion*
5 *in, or exclusion (as provided in subsection (d)) from,*
6 *a lease sale; and*

7 (2) *public notice of and comment on designation*
8 *of areas to be included in, or excluded per subsection*
9 *(d) from, a lease sale.*

10 (c) *LEASE SALES ON COASTAL PLAIN.*—*The Secretary*
11 *shall, by regulation, provide for lease sales of lands on the*
12 *Coastal Plain. When lease sales are to be held, they shall*
13 *occur after the nomination process provided for in sub-*
14 *section (b) of this section. For the first lease sale, the Sec-*
15 *retary shall offer for lease those acres receiving the greatest*
16 *number of nominations, but not to exceed a total of three*
17 *hundred thousand acres. If the total acreage nominated is*
18 *less than three hundred thousand acres, the Secretary shall*
19 *include in such sale any other acreage which he believes*
20 *has the highest resource potential, but in no event shall more*
21 *than three hundred thousand acres of the Coastal Plain be*
22 *offered in such sale. Thereafter, no more than three hundred*
23 *thousand acres of the Coastal Plain may be leased in any*
24 *one lease sale. The initial lease sale shall be held within*
25 *twenty-four months of the date of enactment of this subtitle.*

1 *The second lease sale shall be held twenty-four months after*
2 *the initial sale, with additional sales conducted every twen-*
3 *ty-four months thereafter so long as sufficient interest in*
4 *development exists to warrant, in the Secretary's judgment,*
5 *the conduct of such sales.*

6 (d) *SPECIAL AREAS.*—*The Secretary, after consulta-*
7 *tion with the State of Alaska, City of Kaktovik, and the*
8 *North Slope Borough, is authorized to designate up to a*
9 *total of 60,000 acres of the Coastal Plain as Special Areas*
10 *and close it to leasing if the Secretary determines that these*
11 *lands are of such unique character and interest so as to*
12 *require special management and regulatory protection. The*
13 *Secretary shall notify the Committee on Energy and Natu-*
14 *ral Resources of the Senate and the Committee on Resources*
15 *of the House of Representatives ninety days in advance of*
16 *making such designations. The Secretary may permit leas-*
17 *ing of all or portions of any lands within the Coastal Plain*
18 *designated as Special Areas by setting lease terms that limit*
19 *or condition surface use and occupancy by lessees of such*
20 *lands but permit the use of horizontal drilling technology*
21 *from sites on leases located outside the designated Special*
22 *Areas.*

23 **SEC. 5208. GRANT OF LEASES BY THE SECRETARY.**

24 (a) *IN GENERAL.*—*The Secretary is authorized to*
25 *grant to the highest responsible qualified bidder by sealed*

1 *competitive cash bonus bid any lands to be leased on the*
2 *Coastal Plain upon payment by the lessee of such bonus*
3 *as may be accepted by the Secretary and of such royalty*
4 *as may be fixed in the lease, which shall be not less than*
5 *12½ per centum in amount or value of the production re-*
6 *moved or sold from the lease.*

7 (b) *ANTITRUST REVIEW.*—*Following each notice of a*
8 *proposed lease sale and before the acceptance of bids and*
9 *the issuance of leases based on such bids, the Secretary shall*
10 *allow the Attorney General, in consultation with the Fed-*
11 *eral Trade Commission, thirty days to perform an antitrust*
12 *review of the results of such lease sale on the likely effects*
13 *the issuance of such leases would have on competition and*
14 *shall advise the Secretary with respect to such review, in-*
15 *cluding any recommendation for the nonacceptance of any*
16 *bid or the imposition of terms or conditions on any lease,*
17 *as may be appropriate to prevent any situation inconsis-*
18 *ent with the antitrust laws.*

19 (c) *SUBSEQUENT TRANSFERS.*—*No lease issued under*
20 *this subtitle may be sold, exchanged, assigned, or otherwise*
21 *transferred except with the approval of the Secretary. Prior*
22 *to any such approval the Secretary shall consult with, and*
23 *give due consideration to the views of, the Attorney General.*

24 (d) *IMMUNITY.*—*Nothing in this subtitle shall be*
25 *deemed to convey to any person, association, corporation,*

1 *or other business organization immunity from civil or*
2 *criminal liability, or to create defenses to actions, under*
3 *any antitrust law.*

4 *(e) DEFINITIONS.—As used in this section, the term—*

5 *(1) “antitrust review” shall be deemed an “anti-*
6 *trust investigation” for the purposes of the Antitrust*
7 *Civil Process Act (15 U.S.C. 1311); and*

8 *(2) “antitrust laws” means those Acts set forth*
9 *in section 1 of the Clayton Act (15 U.S.C. 12) as*
10 *amended.*

11 ***SEC. 5209. LEASE TERMS AND CONDITIONS.***

12 *An oil or gas lease issued pursuant to this subtitle*
13 *shall—*

14 *(1) be for a tract consisting of a compact area*
15 *not to exceed five thousand seven hundred sixty acres,*
16 *or nine surveyed or protracted sections which shall be*
17 *as compact in form as possible;*

18 *(2) be for an initial period of ten years and shall*
19 *be extended for so long thereafter as oil or gas is pro-*
20 *duced in paying quantities from the lease or unit*
21 *area to which the lease is committed or for so long as*
22 *drilling or reworking operations, as approved by the*
23 *Secretary, are conducted on the lease or unit area;*

24 *(3) require the payment of royalty as provided*
25 *for in section 5208 of this subtitle;*

1 (4) *require that exploration activities pursuant*
2 *to any lease issued or maintained under this subtitle*
3 *shall be conducted in accordance with an exploration*
4 *plan or a revision of such plan approved by the Sec-*
5 *retary;*

6 (5) *require that all development and production*
7 *pursuant to a lease issued or maintained pursuant to*
8 *this subtitle shall be conducted in accordance with a*
9 *development and production plan approved by the*
10 *Secretary;*

11 (6) *require posting of bond as required by section*
12 *5210 of this subtitle;*

13 (7) *forbid the flaring of natural gas from any*
14 *well unless the Secretary finds that such flaring is*
15 *necessary to alleviate a temporary emergency situa-*
16 *tion or to conduct testing or work-over operations;*

17 (8) *contain such rental and other provisions as*
18 *the Secretary may prescribe at the time of offering the*
19 *area for lease;*

20 (9) *provide that the Secretary may direct or as-*
21 *sent to the suspension of operations and production*
22 *under any lease granted under the terms of this sub-*
23 *title in the interest of conservation of the resource or*
24 *where there is no available system to transport the re-*
25 *source. If such a suspension is directed or assented to*

1 *by the Secretary, any payment of rental prescribed by*
2 *such lease shall be suspended during such period of*
3 *suspension of operations and production, and the*
4 *term of the lease shall be extended by adding any such*
5 *suspension period thereto;*

6 (10) *provide that whenever the owner of a*
7 *nonproducing lease fails to comply with any of the*
8 *provisions of this subtitle, or of any applicable provi-*
9 *sion of Federal or State environmental law, or of the*
10 *lease, or of any regulation issued under this subtitle,*
11 *such lease may be canceled by the Secretary if such*
12 *default continues for more than thirty days after*
13 *mailing of notice by registered letter to the lease*
14 *owner at the lease owner's record post office address*
15 *of record;*

16 (11) *provide that whenever the owner of any pro-*
17 *ducing lease fails to comply with any of the provi-*
18 *sions of this subtitle, or of any applicable provision*
19 *of Federal or State environmental law, or of the lease,*
20 *or of any regulation issued under this subtitle, such*
21 *lease may be forfeited and canceled by any appro-*
22 *priate proceeding brought by the Secretary in any*
23 *United States district court having jurisdiction under*
24 *the provisions of this subtitle;*

1 (12) provide that cancellation of a lease under
2 this subtitle shall in no way release the owner of the
3 lease from the obligation to provide for reclamation of
4 the lease site;

5 (13) require that no lease issued under the au-
6 thority of this subtitle shall be assigned or sublet, ex-
7 cept with the consent of the Secretary;

8 (14) allow the lessee, at the discretion of the Sec-
9 retary, to make written relinquishment of all rights
10 under any lease issued pursuant to this subtitle, and
11 the Secretary shall accept the relinquishment by the
12 lessee of any lease issued under this subtitle where
13 there has not been surface disturbance on the lands
14 covered by the lease;

15 (15) provide that for the purpose of conserving
16 the natural resources of any oil or gas pool, field, or
17 like area, or any part thereof, and in order to avoid
18 the unnecessary duplication of facilities, to protect the
19 environment of the Coastal Plain, and to protect cor-
20 relative rights, the Secretary shall require that, to the
21 greatest extent practicable, lessees unite with each
22 other in collectively adopting and operating under a
23 cooperative or unit plan of development for operation
24 of such pool, field, or like area, or any part thereof,
25 and the Secretary is also authorized and directed to

1 *enter into such agreements as are necessary or appro-*
2 *prate for the protection of the United States against*
3 *drainage;*

4 *(16) require that the holder of a lease or leases*
5 *on lands within the Coastal Plain shall be fully re-*
6 *sponsible and liable for the reclamation of lands with-*
7 *in the Coastal Plain and any other Federal lands ad-*
8 *versely affected in connection with exploration, devel-*
9 *opment, production or transportation activities on a*
10 *lease within the Coastal Plain by the holder of a lease*
11 *or as a result of activities conducted on the lease by*
12 *any of the leaseholder's subcontractors or agents;*

13 *(17) provide that the holder of a lease may not*
14 *delegate or convey, by contract or otherwise, the rec-*
15 *lamation responsibility and liability to another party*
16 *without the express written approval of the Secretary;*

17 *(18) provide that the standard of reclamation for*
18 *lands required to be reclaimed under this subtitle be,*
19 *as nearly as practicable, a condition capable of sup-*
20 *porting the uses which the lands were capable of sup-*
21 *porting prior to any exploration, development, or pro-*
22 *duction activities, or upon application by the lessee,*
23 *to a higher or better use as approved by the Secretary;*

24 *(19) contain the terms and conditions relating to*
25 *protection of fish and wildlife, their habitat, and the*

1 *environment, as required by section 5204 (a) of this*
2 *subtitle; and*

3 *(20) contain such other provisions as the Sec-*
4 *retary determines necessary to ensure compliance*
5 *with the provisions of this subtitle and the regulations*
6 *issued thereunder.*

7 **SEC. 5210. BONDING REQUIREMENTS TO ENSURE FINAN-**
8 ****CIAL RESPONSIBILITY OF LESSEE AND AVOID****
9 ****FEDERAL LIABILITY.****

10 *(a) REQUIREMENT.—The Secretary shall, by rule or*
11 *regulation, establish such standards as may be necessary*
12 *to ensure that an adequate bond, surety, or other financial*
13 *arrangement will be established prior to the commencement*
14 *of surface disturbing activities on any lease, to ensure the*
15 *complete and timely reclamation of the lease tract, and the*
16 *restoration of any lands or surface waters adversely affected*
17 *by lease operations after the abandonment or cessation of*
18 *oil and gas operations on the lease. Such bond, surety, or*
19 *financial arrangement is in addition to, and not in lieu,*
20 *of any bond, surety, or financial arrangement required by*
21 *any other regulatory authority or required by any other*
22 *provision of law.*

23 *(b) AMOUNT.—The bond, surety, or financial arrange-*
24 *ment shall be in an amount—*

1 (1) *to be determined by the Secretary to provide*
2 *for reclamation of the lease site in accordance with an*
3 *approved or revised exploration or development and*
4 *production plan; plus*

5 (2) *an amount set by the Secretary consistent*
6 *with the type of operations proposed, to provide the*
7 *means for rapid and effective cleanup, and to mini-*
8 *mize damages resulting from an oil spill, the escape*
9 *of gas, refuse, domestic wastewater, hazardous or toxic*
10 *substances, or fire caused by oil and gas activities.*

11 (c) *ADJUSTMENT.*—*In the event that an approved ex-*
12 *ploration or development and production plan is revised,*
13 *the Secretary may adjust the amount of the bond, surety,*
14 *or other financial arrangement to conform to such modified*
15 *plan.*

16 (d) *DURATION.*—*The responsibility and liability of the*
17 *lessee and its surety under the bond, surety, or other finan-*
18 *cial arrangement shall continue until such time as the Sec-*
19 *retary determines that there has been compliance with the*
20 *terms and conditions of the lease and all applicable law.*

21 (e) *TERMINATION.*—*Within sixty days after determin-*
22 *ing that there has been compliance with the terms and con-*
23 *ditions of the lease and all applicable laws, the Secretary,*
24 *after consultation with affected Federal and State agencies,*
25 *shall notify the lessee that the period of liability under the*

1 *bond, surety, or other financial arrangement has been ter-*
2 *minated.*

3 **SEC. 5211. OIL AND GAS INFORMATION.**

4 (a) *IN GENERAL.*—(1) *Any lessee or permittee conduct-*
5 *ing any exploration for, or development or production of,*
6 *oil or gas pursuant to this subtitle shall provide the Sec-*
7 *retary access to all data and information from any lease*
8 *granted pursuant to this subtitle (including processed and*
9 *analyzed) obtained from such activity and shall provide*
10 *copies of such data and information as the Secretary may*
11 *request. Such data and information shall be provided in*
12 *accordance with regulations which the Secretary shall pre-*
13 *scribe.*

14 (2) *If processed and analyzed information provided*
15 *pursuant to paragraph (1) of this subsection is provided*
16 *in good faith by the lessee or permittee, such lessee or per-*
17 *mittee shall not be responsible for any consequence of the*
18 *use or of reliance upon such processed and analyzed infor-*
19 *mation.*

20 (3) *Whenever any data or information is provided to*
21 *the Secretary, pursuant to paragraph (1) of this sub-*
22 *section—*

23 (A) *by a lessee or permittee, in the form and*
24 *manner of processing which is utilized by such lessee*
25 *or permittee in the normal conduct of business, the*

1 *Secretary shall pay the reasonable cost of reproducing*
2 *such data and information; or*

3 *(B) by a lessee or permittee, in such other form*
4 *and manner of processing as the Secretary may re-*
5 *quest, the Secretary shall pay the reasonable cost of*
6 *processing and reproducing such data and informa-*
7 *tion.*

8 *(b) REGULATIONS.—The Secretary shall prescribe reg-*
9 *ulations to:*

10 *(1) assure that the confidentiality of privileged*
11 *or proprietary information received by the Secretary*
12 *under this section will be maintained; and*

13 *(2) set forth the time periods and conditions*
14 *which shall be applicable to the release of such infor-*
15 *mation.*

16 ***SEC. 5212. EXPEDITED JUDICIAL REVIEW.***

17 *Any complaint seeking judicial review of an action of*
18 *the Secretary in promulgating any regulation under this*
19 *subtitle may be filed only in the United States Court of*
20 *Appeals for the District of Columbia, and such complaint*
21 *shall be filed within ninety days from the date of such pro-*
22 *mulgation, or after such date if such complaint is based*
23 *solely on grounds arising after such ninetieth day, in which*
24 *case the complaint must be filed within ninety days after*
25 *the complainant knew or reasonably should have known of*

1 *the grounds for the complaint. Any complaint seeking judi-*
2 *cial review of any other actions of the Secretary under this*
3 *subtitle may be filed in any appropriate district court of*
4 *the United States, and such complaint must be filed within*
5 *ninety days from the date of the action being challenged,*
6 *or after such date if such complaint is based solely on*
7 *grounds arising after such ninetieth day, in which case the*
8 *complaint must be filed within ninety days after the com-*
9 *plainant knew or reasonably should have known of the*
10 *grounds for the complaint. Actions of the Secretary with*
11 *respect to which review could have been obtained under this*
12 *section shall not be subject to judicial review in any civil*
13 *or criminal proceeding for enforcement.*

14 **SEC. 5213. RIGHTS-OF-WAY ACROSS THE COASTAL PLAIN.**

15 *Notwithstanding title XI of the Alaska National Inter-*
16 *est Lands Conservation Act of 1980 (16 U.S.C. 3161 et*
17 *seq.), the Secretary is authorized and directed to grant, in*
18 *accordance with the provisions of section 28 (c) through (t)*
19 *and (v) through (y) of the Mineral Leasing Act of 1920 (30*
20 *U.S.C. 185), rights-of-way and easements across the Coastal*
21 *Plain for the transportation of oil and gas under such terms*
22 *and conditions as may be necessary so as not to result in*
23 *a significant adverse effect on the fish and wildlife, their*
24 *habitat, and the environment of the Coastal Plain. Such*
25 *terms and conditions shall include requirements that facili-*

1 *ties be sited or modified so as to avoid unnecessary duplica-*
2 *tion of roads and pipelines. The regulations issued pursu-*
3 *ant to this subtitle shall include provisions granting of*
4 *rights-of-way across the Coastal Plain.*

5 **SEC. 5214. ENFORCEMENT OF SAFETY AND ENVIRON-**
6 **MENTAL REGULATIONS TO ENSURE COMPLI-**
7 **ANCE WITH TERMS AND CONDITIONS OF**
8 **LEASE.**

9 (a) *RESPONSIBILITY OF THE SECRETARY.*—*The Sec-*
10 *retary shall diligently enforce all regulations, lease terms,*
11 *conditions, restrictions, prohibitions, and stipulations pro-*
12 *mulgated pursuant to this subtitle.*

13 (b) *RESPONSIBILITY OF HOLDERS OF LEASE.*—*It shall*
14 *be the responsibility of any holder of a lease under this sub-*
15 *title to—*

16 (1) *maintain all operations within such lease*
17 *area in compliance with regulations intended to pro-*
18 *tect persons and property on, and fish and wildlife,*
19 *their habitat, and the environment of, the Coastal*
20 *Plain; and*

21 (2) *allow prompt access at the site of any oper-*
22 *ations subject to regulation under this subtitle to any*
23 *appropriate Federal or State inspector, and to pro-*
24 *vide such documents and records which are pertinent*

1 to occupational or public health, safety, or environ-
2 mental protection, as may be requested.

3 (c) *ON-SITE INSPECTION.*—The Secretary shall pro-
4 mulgate regulations to provide for—

5 (1) *scheduled onsite inspection by the Secretary,*
6 *at least twice a year, of each facility on the Coastal*
7 *Plain which is subject to any environmental or safety*
8 *regulation promulgated pursuant to this subtitle or*
9 *conditions contained in any lease issued pursuant to*
10 *this subtitle to assure compliance with such environ-*
11 *mental or safety regulations or conditions; and*

12 (2) *periodic onsite inspection by the Secretary at*
13 *least once a year without advance notice to the opera-*
14 *tor of such facility to assure compliance with all envi-*
15 *ronmental or safety regulations.*

16 ***SEC. 5215. NEW REVENUES.***

17 (a) *DISTRIBUTION OF REVENUES.*—Notwithstanding
18 any other provision of law, all revenues received by the Fed-
19 eral Government from competitive bids, sales, bonuses, roy-
20 alties, rents, fees, interest or other income derived from the
21 leasing of oil and gas resources within the Coastal Plain
22 shall be deposited into the Treasury of the United States:
23 Provided, That 50 per centum of all such revenues shall
24 be paid by the Secretary of the Treasury semiannually, on
25 March 30th and on September 30th of each year, to the

1 *State of Alaska: Provided further, That the Secretary of the*
2 *Treasury shall monitor the total amount of bonus bid reve-*
3 *nue deposited into the Treasury from oil and gas leases is-*
4 *sued under the authority of this subtitle. All bonus bid reve-*
5 *nue deposited in the Treasury in excess of \$2,600,000,000*
6 *shall be distributed as follows: 50 per centum to the State*
7 *of Alaska in the manner provided in this subsection and*
8 *50 per centum into a special fund established in the Treas-*
9 *ury of the United States known as the “National Park and*
10 *Wildlife Refuge Renewal Fund” (Renewal Fund).*

11 **(b) USE OF RENEWAL FUND.**—*Funds from the Re-*
12 *newal Fund shall be made available to the Secretary of the*
13 *Interior, without further appropriation, at the beginning*
14 *of each fiscal year in which funds are available, and may*
15 *be expended by the Secretary for infrastructure needs at*
16 *units of the National Park and Wildlife Refuge Systems,*
17 *including but not limited to facility refurbishment, repair*
18 *and replacement, interpretive media and exhibit repair and*
19 *replacement and infrastructure projects associated with*
20 *park and wildlife refuge resource protection: Provided, That*
21 *such amounts shall remain available until expended, and*
22 *that the Secretary shall develop procedures for the use of*
23 *the Renewal Fund that ensure accountability and dem-*
24 *onstrated results. Such procedures shall not take effect until*
25 *90 days after transmittal to the Committees on Energy and*

1 *Natural Resources and Environment and Public Works of*
2 *the Senate and the appropriate Committees of the House*
3 *of Representatives: Provided further, That beginning the*
4 *first full fiscal year after funds are deposited in the Renewal*
5 *Fund, the Secretary shall submit an annual report to the*
6 *Congress, on a unit-by-unit basis, detailing the expendi-*
7 *tures of such receipts, and that any revenues made available*
8 *pursuant to this section shall be in addition to funds appro-*
9 *priated in the preceding fiscal year for the Park Service*
10 *and Fish and Wildlife Service and shall not result in a*
11 *reduction or offset of such appropriated funds.*

12 ***Subtitle D—Park Entrance Fees***

13 ***SEC. 5300. FEES.***

14 *(a) ADMISSION FEES.—Section 4(a) of the Land and*
15 *Water Conservation Fund Act of 1965 (16 U.S.C. 460l–*
16 *6a(a)) is amended:*

17 *(1) By deleting “fee-free travel areas” and “life-*
18 *time admission permit” from the subsection.*

19 *(2) By striking “\$25” in the first sentence of*
20 *paragraph (1)(a)(i), and inserting “\$50”.*

21 *(3) By adding at the end of clause (ii) of para-*
22 *graph (1)(A) the following: “Such receipts shall be*
23 *made available, subject to appropriation, for author-*
24 *ized resource protection, rehabilitation and conserva-*
25 *tion projects as provided for by subsection (I), includ-*

1 *ing projects to be carried out by the Public Land*
2 *Corps or any other conservation corps pursuant to the*
3 *Youth Conservation Corps Act of 1970 (16 U.S.C.*
4 *1701 and following), or other related programs or au-*
5 *thorities, on lands administered by the Secretary of*
6 *the Interior and the Secretary of Agriculture.”.*

7 (4) *By striking “\$15” in paragraph (a)(1)(B),*
8 *and inserting “\$25”.*

9 (5) *By striking the fifth and sixth sentences in*
10 *paragraph (a)(2), and by amending the fourth sen-*
11 *tence to read as follows: “The fee for a single-visit*
12 *permit at any designated area shall be collected on a*
13 *per person basis, not to exceed \$6 per person, includ-*
14 *ing for those entering by private, noncommercial vehi-*
15 *cle.”.*

16 (6) *By inserting the word “Great” before*
17 *“Smoky” in the third sentence of paragraph (a)(3),*
18 *and by striking the last sentence.*

19 (7) *By striking the second sentence in paragraph*
20 *(a)(4), in its entirety and inserting: “Such permit*
21 *shall be nontransferable, shall be issued for a one-time*
22 *charge of \$10, and shall entitle the permittee to free*
23 *admission into any area designated pursuant to this*
24 *subsection.”.*

1 (8) *By amending the third sentence in para-*
2 *graph (a)(4), to read as follows: “No fees of any kind*
3 *shall be collected from any persons who have a right*
4 *of access for hunting or fishing privileges under a spe-*
5 *cific provision of law or treaty or who are engaged*
6 *in the conduct of official Federal, State, or local gov-*
7 *ernment business.”.*

8 (9) *By striking paragraph (a)(5), in its entirety*
9 *and inserting: “The Secretary of the Interior and the*
10 *Secretary of Agriculture shall establish procedures*
11 *providing for the issuance of a lifetime admission*
12 *permit to any citizen of, or person legally domiciled*
13 *in, the United States, if such citizen or person applies*
14 *for such permit and is permanently disabled. Such*
15 *procedures shall assure that such permit shall be is-*
16 *ssued only to persons who have been medically deter-*
17 *mined to be permanently disabled. Such permit shall*
18 *be nontransferable, shall be issued without charge,*
19 *and shall entitle the permittee and one accompanying*
20 *individual to general admission into any area des-*
21 *ignated pursuant to this subsection, notwithstanding*
22 *the method of travel.”.*

23 (10) *By striking subparagraph (a)(6)(A), in its*
24 *entirety and inserting: “No later than 30 days after*
25 *the enactment date of this sentence, the Secretary of*

1 *the Interior shall submit to the Committee on Energy*
2 *and Natural Resources of the United States Senate*
3 *and the Committee on Resources of the House of Rep-*
4 *resentatives a report on the admission fees proposed*
5 *to be charged at units of the National Park System.*
6 *The report shall include a list of units of the National*
7 *Park System and the admission fee proposed to be*
8 *charged at each unit. The Secretary of the Interior*
9 *shall also identify areas where such fees are author-*
10 *ized but not collected, including an explanation of the*
11 *reasons that such fees are not collected.”.*

12 *(11) By striking paragraph (a)(9) in its entirety*
13 *and by renumbering current paragraph (10) as “(9)”.*

14 *(12) By striking all but the last sentence in*
15 *paragraph (a)(11), and renumbering the remaining*
16 *sentence as “(a)(10)”.*

17 *(13) By renumbering paragraph (a)(12) as*
18 *“(a)(11)”.*

19 *(b) RECREATION FEES.—Section 4(b) of the Land and*
20 *Water Conservation Fund Act of 1965; 16 U.S.C. 460l–*
21 *6a(b)), is amended:*

22 *(1) By striking “fees for Golden Age Passport*
23 *permittees” from the heading.*

1 (2) *By striking “personal collection of the fee by*
2 *an employee or agent of the Federal agency operating*
3 *the facility,”.*

4 (3) *By striking “Any Golden Age Passport per-*
5 *mittee, or” and inserting “Any”.*

6 (c) *CRITERIA, POSTING AND UNIFORMITY OF FEES.—*
7 *Section 4(d) of the Land and Water Conservation Fund Act*
8 *of 1965 (16 U.S.C. 460l–6a(d)) is amended by striking from*
9 *the first sentence, “recreation fees charged by non-Federal*
10 *public agencies,” and inserting: “fees charged by other pub-*
11 *lic and private entities,”.*

12 (d) *PENALTY.—Section 4(e) of the Land and Water*
13 *Conservation Fund Act of 1965 (16 U.S.C. 460l–6a(e)) is*
14 *amended by deleting “of not more than \$100.” and insert-*
15 *ing: “as provided by law.”.*

16 (e) *TECHNICAL AMENDMENTS.—Section 4(h) of the*
17 *Land and Water Conservation Fund Act of 1965 (16 U.S.C.*
18 *460l–6a(h)), is amended—*

19 (1) *by striking “Bureau of Outdoor Recreation”*
20 *and inserting: “National Park Service”;*

21 (2) *by striking “Natural” in the phrase “Com-*
22 *mittee on Natural Resources of the House of Rep-*
23 *resentatives”;* and

24 (3) *by striking “Bureau” and inserting: “Na-*
25 *tional Park Service”;*

1 (f) *USE OF FEES.*—Section 4(i) of the Land and
2 *Water Conservation Fund Act of 1965 (16 U.S.C. 460l–*
3 *6a(i)) is amended:*

4 (1) *By amending the subsection heading to read*
5 *as follows: “USE OF FEES.—”.*

6 (2) *By striking “fee collection costs for that fiscal*
7 *year” in the first sentence of subparagraph (B) and*
8 *inserting: “fee collection costs for the immediately*
9 *preceding fiscal year” and by striking “section in*
10 *that fiscal year” and inserting in lieu thereof, “sec-*
11 *tion in such immediately preceding fiscal year.”.*

12 (3) *By striking “in that fiscal year” in the sec-*
13 *ond sentence of subparagraph (B).*

14 (4) *By striking paragraph (4), and subpara-*
15 *graphs (A) and (B) in their entirety and inserting:*
16 *“Amounts covered into the special account for the Na-*
17 *tional Park Service shall be allocated among park*
18 *system units in accordance with subsection (j) of this*
19 *section for obligation or expenditure by the Director*
20 *of the National Park Service for park operations.”.*

21 (g) *TIME OF REIMBURSEMENT.*—Section 4(k) of the
22 *Land and Water Conservation Fund Act of 1965 (16 U.S.C.*
23 *460l–6a(k)) is amended by striking the last sentence in its*
24 *entirety.*

1 (h) *CHARGES FOR TRANSPORTATION PROVIDED BY*
2 *THE NATIONAL PARK SERVICE.*—Section 4(l)(1) of the
3 *Land and Water Conservation Fund Act of 1965 (16 U.S.C.*
4 *460l–6a(1)) is amended—*

5 (1) *by striking the word “viewing” from the sec-*
6 *tion heading and inserting “visiting”, and*

7 (2) *by striking the word “view” from the first*
8 *sentence of subparagraph (1) and inserting “visit”.*

9 (i) *COMMERCIAL TOUR USE FEES.*—Section 4(n) of
10 *the Land and Water Conservation Fund Act of 1965 (16*
11 *U.S.C. 460l–6a(n)) is further amended—*

12 (1) *By striking the first sentence of subsection*
13 *(n)(1) and inserting: “In the case of each unit of the*
14 *National Park System for which an admission fee is*
15 *charged under this section, the Secretary of the Inte-*
16 *rior shall establish, by October 1, 1995, a commercial*
17 *tour use fee in lieu of a per person admission fee to*
18 *be imposed on each vehicle entering the unit for the*
19 *purpose of providing commercial tour services within*
20 *the unit.”.*

21 (2) *By striking the period at the end of sub-*
22 *section (n)(3) and inserting: “with written notifica-*
23 *tion of such adjustments provided to commercial tour*
24 *operators twelve months in advance of implementa-*
25 *tion.”.*

1 (j) *FEES FOR SPECIAL USES.*—Section 4 of the Land
2 and Water Conservation Fund Act of 1965 (16 U.S.C. 460l–
3 6a)), is further amended by adding at the end the following:

4 “(o) *FEES FOR COMMERCIAL/NON-RECREATIONAL*
5 *USES.*—The Secretary of the Interior shall establish reason-
6 able fees for uses of National Park System units that require
7 special arrangements, including permits. Such fees shall be
8 set at a level as the Secretary deems necessary to ensure
9 that the United States will receive fair market value for
10 such use, and shall, at a minimum, cover all costs of provid-
11 ing necessary services associated with such use, except that
12 at the Secretary’s discretion, the Secretary may waive or
13 reduce such fees in the case of any nonprofit organization
14 or any organization using an area within the National
15 Park System for educational purposes. That portion of such
16 fee which exceeds the cost of providing necessary services
17 associated with such use shall be deposited into the Park
18 *Renewal Fund.*”.

19 (k) *CONFORMING AMENDMENTS.*—

20 (1) Section 3 of Public Law 70–805 (45 Stat.
21 1300), is amended by striking the last sentence.

22 (2) Section 5(e) of Public Law 87–657 (76 Stat.
23 540; 16 U.S.C. 459c–5), is repealed.

24 (3) Section 3(b) of Public Law 87–750 (76 Stat.
25 747; 16 U.S.C. 398e(b)) is repealed.

1 (4) *Section 4(e) of Public Law 92–589 (86 Stat.*
2 *1299; 16 U.S.C. 460bb–3), is amended by striking the*
3 *first sentence.*

4 (5) *Section 6(j) of Public Law 95–348 (92 Stat.*
5 *487; 16 U.S.C. 410dd(j)) is repealed.*

6 (6) *Section 207 of Public Law 96–199 (94 Stat.*
7 *77; 16 U.S.C. 410ff–6) is repealed.*

8 (7) *Section 106 of Public Law 96–287 (94 Stat.*
9 *600; 16 U.S.C. 410gg–5) is amended by striking the*
10 *last sentence.*

11 (8) *Section 204 of Public Law 96–287 (94 Stat.*
12 *601) is amended by striking the last sentence.*

13 (9) *Section 5 of Public Law 96–428 (94 Stat.*
14 *1843; 16 U.S.C. 461 note) is repealed.*

15 (10) *Public Law 100–55 (101 Stat. 371; U.S.C.*
16 *460l–6a note) is repealed.*

17 **SEC. 5301. CHALLENGE COST-SHARE AGREEMENTS.**

18 *The Secretary of the Interior is authorized to negotiate*
19 *and enter into challenge cost-share agreements with any*
20 *State or local government, public or private agency, organi-*
21 *zation, institution, corporation, individual, or other entity*
22 *for the purpose of sharing costs or services in carrying out*
23 *any authorized functions and responsibilities of the Sec-*
24 *retary with respect to any unit of the National Park System*
25 *(as defined in section 2(a) of the Act of August 8, 1953*

1 *(16 U.S.C. 1c(a)), any affiliated area, or designated Na-*
2 *tional Scenic or Historic Trail.*

3 **SEC. 5302. COST RECOVERY FOR DAMAGE TO NATIONAL**
4 **PARK RESOURCES.**

5 *(a) DEFINITION OF PARK SYSTEM RESOURCE.—Sec-*
6 *tion 1 (d) of the National Park System Visitor Facilities*
7 *Fund Act (16 U.S.C. 19jj(d)) is amended to read as follows:*
8 *“(d) ‘Park system resource’ means any living or*
9 *nonliving resource that is located within the boundaries of*
10 *a unit of the National Park System, except for resources*
11 *owned by a non-Federal entity.”.*

12 *(b) DEFINITION OF MARINE OR AQUATIC PARK SYS-*
13 *TEM RESOURCE.—Section 1 of the National Park System*
14 *Visitor Facilities Fund Act (16 U.S.C. 19jj) is amended by*
15 *adding at the end the following:*

16 *“(g) ‘Marine or aquatic park system resource’ means*
17 *any living or non-living resource that is located within or*
18 *is a living part of a marine or aquatic regimen within the*
19 *boundaries of a unit of the National Park System, except*
20 *for resources owned by a non-Federal entity.”.*

21 *(c) LIABILITY IN REM.—Section 2(b) of the National*
22 *Park System Visitor Facilities Fund Act (16 U.S.C. 19jj–*
23 *1(b)) is amended by striking “any park” and inserting*
24 *“any marine or aquatic park”.*

1 **SEC. 5303. SPECIAL ACCOUNT.**

2 *A special account is hereby established in the Treasury*
3 *of the United States that shall be called the Park Renewal*
4 *Fund (hereinafter referred to in this subtitle as “the fund”).*

5 **SEC. 5304. COVERING OF FEES INTO PARK RENEWAL FUND.**

6 *Notwithstanding section 4(i) of the Land and Water*
7 *Conservation Fund Act of 1965 (16 U.S.C. 460l–6a(i)), be-*
8 *ginning in fiscal year 1996, there shall be deposited into*
9 *the fund eighty percent of all revenues received from admis-*
10 *sion, recreation use, commercial tour use, and commercial/*
11 *non-recreational use fees collected by units of the National*
12 *Park System in excess of:*

- 13 (1) \$82,000,000 for fiscal year 1996;
14 (2) \$85,000,000 for fiscal year 1997;
15 (3) \$88,000,000 for fiscal year 1998;
16 (4) \$91,000,000 for fiscal year 1999;
17 (5) \$94,000,000 for fiscal year 2000;
18 (6) \$97,000,000 for fiscal year 2001; and
19 (7) \$100,000,000 for fiscal year 2002.

20 **SEC. 5305. ALLOCATION AND USE OF FEES.**

21 (a) *ALLOCATION.*—*Beginning in fiscal year 1997, re-*
22 *ceipts in the fund from the previous fiscal year shall be*
23 *available to the Secretary without further appropriation*
24 *and shall be allocated as follows (except that all amounts*
25 *in excess of \$20,000,000 in fiscal year 2003 and all*

1 *amounts in fiscal year 2004 shall not be available for obli-*
2 *gation until fiscal year 2006):*

3 *(1) Seventy-five percent shall be allocated among*
4 *the units of the National Park System in the same*
5 *proportion as admission, recreation use, commercial*
6 *tour use and commercial/non-recreational use fees col-*
7 *lected from a specific unit bears to the total amount*
8 *of such fees collected from all units of the National*
9 *Park System for each fiscal year.*

10 *(2) Twenty-five percent shall be allocated among*
11 *the units of the National Park System on the basis*
12 *of need, as determined by the Secretary.*

13 *(b) USE.—Expenditures from the fund shall be used*
14 *solely for infrastructure and operational needs by units of*
15 *the National Park System. By January 1 of each year, the*
16 *Secretary shall provide to the Committee on Energy and*
17 *Natural Resources of the United States Senate and the*
18 *Committee on Resources of the House of Representatives a*
19 *list of proposed expenditures from the fund for each unit*
20 *for that fiscal year and a report detailing expenditures, by*
21 *unit, for the previous fiscal year.*

1 ***Subtitle E—Water Projects***

2 ***SEC. 5400. AUTHORIZATION FOR PREPAYMENT OF CON-***
3 ***STRUCTION CHARGES.***

4 *Subsection 213(a) of the Reclamation Reform Act of*
5 *1982 (96 Stat.1269, 43 U.S.C. 390mm(a)) is amended:*

6 *(a) By adding at the beginning:*

7 *“Notwithstanding any provision of Reclamation law or*
8 *limitation contained in any repayment or water service*
9 *contract, any person or district holding such a contract or*
10 *receiving water under such a contract with the United*
11 *States may prepay the construction costs referred to in this*
12 *section either through accelerated or lump sum payments.*
13 *For the purposes of such prepayment only, the project to*
14 *which such contract applies is declared to be complete and*
15 *the Secretary shall determine the repayment obligations as-*
16 *sociated with the construction costs of the project facilities*
17 *so that accelerated payments or a lump sum payment may*
18 *be made. The amount of any prepayment shall be calculated*
19 *by discounting the remaining payments due under a con-*
20 *tract in accordance with the guidelines set forth in Circular*
21 *A–129 issued by the Office of Management and Budget:*
22 *Provided, That the discount shall be adjusted by any*
23 *amounts necessary to compensate the Federal Government*
24 *for the direct or indirect loss of future tax revenues if the*

1 *individual or district plans to use federally tax-exempt fi-*
2 *nancing for such prepayment.”.*

3 (b) *By deleting “lands in a district” and inserting:*
4 *“lands in a district, or lands owned or leased by a person”.*

5 (c) *By deleting “obligation of a district” and inserting:*
6 *“obligation of a district or a person”.*

7 (d) *By deleting “enactment of this Act.” and inserting:*
8 *“enactment of this Act or as otherwise provided for in this*
9 *section. Any additional capital costs incurred after the date*
10 *of such prepayment shall be recoverable as a separate obli-*
11 *gation and shall not be considered to be a new or supple-*
12 *mental benefit for the purposes of this act nor cause the*
13 *full cost pricing limitation of this act or the ownership lim-*
14 *itations contained in any provision of Federal reclamation*
15 *law to apply to the lands to which such capital costs*
16 *apply.”.*

17 **SEC. 5401. CONFORMING AMENDMENT.**

18 *Subsection 213(c) of the Reclamation Reform Act of*
19 *1982 (43 U.S.C. 390mm(c)) is repealed.*

20 **SEC. 5410. HETCH HETCHY DAM.**

21 *Section 7 of the Act of December 13, 1913 (38 Stat.*
22 *242), is amended—*

23 (1) *By striking “pay the sum of \$30,000” and*
24 *all that follows in the first sentence and inserting*
25 *“pay an amount determined annually by the Sec-*

1 *retary in accordance with the formula used by the*
2 *Federal Energy Regulatory Commission for applica-*
3 *tion to licenses of hydroelectric projects under the*
4 *Federal Power Act (16 U.S.C. 791 et seq.), provided*
5 *that, in no event shall such amount be less than*
6 *\$597,000.00. Said amount to be paid on the first day*
7 *of July of each year.”.*

8 *(2) By amending the second and third sentences*
9 *to read as follows: “These funds shall be placed in a*
10 *separate fund by the United States and, notwith-*
11 *standing any other provision of law, shall not be*
12 *available for obligation or expenditure until appro-*
13 *priated by Congress. The highest priority use of the*
14 *funds shall be for annual operation of Yosemite Na-*
15 *tional Park, with the remainder of any funds to be*
16 *used to fund operations of other national parks in the*
17 *State of California.”.*

18 **SEC. 5420. COLLBRAN PROJECT.**

19 *(a) SHORT TITLE.—This section may be cited as the*
20 *“Collbran Project Unit Conveyance Act”.*

21 *(b) DEFINITIONS.—For purposes of this section:*

22 *(1) DISTRICTS.—The term “Districts” means the*
23 *Ute Water Conservancy District and the Collbran*
24 *Conservancy District (including their successors and*
25 *assigns).*

1 (2) *FEDERAL RECLAMATION LAWS.*—*The term*
2 *“Federal reclamation laws” means the Act of June*
3 *17, 1902, and Acts amendatory thereof or supple-*
4 *mentary thereto (32 Stat. 388, chapter 1093; 43*
5 *U.S.C. 371 et seq.) (including regulations adopted*
6 *pursuant to those Acts).*

7 (3) *PROJECT.*—*The term “Project” means the*
8 *Collbran Reclamation Project, as constructed and op-*
9 *erated under the Act of July 3, 1952 (66 Stat. 325,*
10 *chapter 565), including all property, equipment, and*
11 *assets of or relating to the Project that are owned by*
12 *the United States, including—*

13 (A) *Vega Dam and Reservoir (but not in-*
14 *cluding recreation facilities owned by the United*
15 *States or the State of Colorado);*

16 (B) *Leon-Park Dams and Feeder Canal;*

17 (C) *Southside Canal;*

18 (D) *East Fork Diversion Dam and Feeder*
19 *Canal;*

20 (E) *Bonham-Cottonwood Pipeline;*

21 (F) *Snowcat Shed and Diesel Storage;*

22 (G) *Upper Molina Penstock and Power*
23 *Plant;*

24 (H) *Lower Molina Penstock and Power*
25 *Plant;*

1 (I) the diversion structure in the tailrace of
2 the Lower Molina Power Plant;

3 (J) all substations and switchyards;

4 (K) a perpetual, non-exclusive easement for
5 the use of easements or rights-of-way owned by
6 the United States on or across non-Federal lands
7 which are necessary for access to Project facili-
8 ties;

9 (L) a perpetual, non-exclusive easement on
10 and across National Forest lands for access to
11 existing Project facilities and access to and the
12 operation, use repair, and replacement of the ex-
13 isting storage reservoirs on the Grand Mesa
14 which are operated as a part of the Project;

15 (M) title to lands reasonably necessary for
16 all Project facilities except for those described in
17 subparagraphs (3)(K) and (3)(L);

18 (N) all permits and contract rights;

19 (O) all equipment, parts inventories, and
20 tools;

21 (P) all additions, replacements, betterments,
22 and appurtenances to any of the above; and

23 (Q) a copy of all data, plans designs, re-
24 ports, records, or other materials, whether in

1 *writing or in any form of electronic storage re-*
2 *lating specifically to the Project.*

3 (4) *SECRETARY.*—*The term “Secretary” means*
4 *the Secretary of the Interior.*

5 (c) *CONVEYANCE OF THE COLLBRAN PROJECT.*—

6 (1) *IN GENERAL.*—*The Secretary shall convey to*
7 *the Districts all right, title, and interest of the United*
8 *States in and to the Project, as described in this sec-*
9 *tion, by quitclaim deed and bill of sale, without war-*
10 *ranties, during the last quarter of fiscal year 2000,*
11 *subject only to the requirements of this section: Pro-*
12 *vided, That such conveyance shall reserve to the Unit-*
13 *ed States all minerals, including hydrocarbons, and a*
14 *perpetual right of public access over, across, under,*
15 *and to the portions of the Project which on the date*
16 *of enactment of this Act were open to public use for*
17 *purposes such as grazing, mineral development and*
18 *logging: Provided further, That the United States*
19 *may allow for the continued public use and enjoy-*
20 *ment of such portions of the Project for recreational*
21 *activities and other public uses conducted as of the*
22 *date of enactment of this Act.*

23 (2) *PAYMENT.*—

24 (A) *IN GENERAL.*—*At the time of transfer,*
25 *the Districts shall pay to the United States*

1 \$12,900,000 (\$12,300,000 of which represents the
2 net present value of the outstanding repayment
3 obligations of the Districts), of which—

4 (i) \$12,300,000 shall be deposited in
5 the general fund of the United States Treas-
6 ury; and

7 (ii) \$600,000 shall be deposited in a
8 special account in the United States Treas-
9 ury and shall be available to the United
10 States Fish and Wildlife Service, region 6,
11 without further appropriation, for use in
12 funding Colorado operations and capital ex-
13 penditures associated with the Recovery Im-
14 plementation Program for Endangered Fish
15 Species in the Upper Colorado River Basin.

16 (B) SOURCE OF FUNDS.—Funds for the
17 payment to the extent of the amount specified in
18 the paragraph (1)(A) shall not be derived from
19 the issuance or sale, prior to the conveyance, of
20 State or local bonds the interest on which is ex-
21 empt from taxation under section 103 of the In-
22 ternal Revenue Code of 1986 (26 U.S.C. 103).

23 (3) OPERATION OF PROJECT.—

24 (A) IN GENERAL.—The Project shall be op-
25 erated and used by the Districts for a period of

1 40 years after the date of enactment of this sec-
2 tion for the purposes for which the Project was
3 authorized under the Act of July 3, 1952 (66
4 Stat. 325, chapter 565).

5 (B) *REQUIREMENTS.*—During the 40-year
6 period described in paragraph (1)—

7 (i) the Districts shall annually submit
8 to the Secretary a plan for operation of the
9 Project, which plan shall—

10 (I) report on Project operations
11 for the previous year;

12 (II) provide a description of the
13 manner of Project operations antici-
14 pated for the forthcoming year; and

15 (III) certify that the Districts
16 have operated and will operate and
17 maintain the Project facilities in ac-
18 cordance with sound engineering prac-
19 tices; and

20 (ii) provide that, subject to subsection
21 (d), all electric power generated by oper-
22 ation of the Project shall be made available
23 to and be marketed by the Western Area
24 Power Administration (including its succes-
25 sors and assigns).

1 (4) *AGREEMENTS.*—*Conveyance of the Project*
2 *shall be subject to the agreements between the United*
3 *States and the State of Colorado dated August 22,*
4 *1994, and September 23, 1994, relating to the con-*
5 *struction and operation of recreational facilities at*
6 *Vega Reservoir, which agreements shall continue to be*
7 *performed by the parties thereto according to the*
8 *terms of the agreements.*

9 (d) *OPERATION.*—

10 (1) *CONFORMITY TO HISTORIC OPERATIONS.*—
11 *The power component and facilities of the Project*
12 *shall be operated in substantial conformity with the*
13 *historic operations of the power component and facili-*
14 *ties (including recent operations in a peaking mode).*

15 (2) *POWER MARKETING.*—

16 (A) *UNDER EXISTING AGREEMENTS.*—*The*
17 *Districts shall be bound by the agreements be-*
18 *tween the Bureau of Reclamation and the West-*
19 *ern Area Power Administration in existence on*
20 *the date of enactment of this section, which pro-*
21 *vide for the marketing of power generated by the*
22 *power component of the Project as part of the*
23 *output of the Salt Lake City Area Integrated*
24 *Projects under the Post 1989 Operating Criteria,*
25 *until those agreements expire or are terminated.*

1 (B) *AFTER EXPIRATION OF EXISTING*
2 *AGREEMENT.—*

3 (i) *After the agreements described in*
4 *paragraph (1) expire or are terminated, the*
5 *Districts shall offer all power produced by*
6 *the power component of the Project to the*
7 *Western Area Power Administration or its*
8 *successors or assigns (“Western”), which, in*
9 *consultation with its affected preference cus-*
10 *tomers, shall have the first right to purchase*
11 *such power at the rates established in ac-*
12 *cordance with Subparagraph (ii) of this*
13 *paragraph. If Western declines to purchase*
14 *the power after consultation with its af-*
15 *fecting preference customers, such power shall*
16 *then be offered at the same rates first to*
17 *Western’s preference customers located in*
18 *the Salt Lake City Area Integrated Projects*
19 *marketing area (“SLCAIP preference cus-*
20 *tomers”). Thereafter, such power may be*
21 *sold to any other party; Provided, however,*
22 *That no such sale may occur at rates less*
23 *than established in accordance with sub-*
24 *paragraph (ii) of this paragraph unless*
25 *such power is first offered at such lesser rate*

1 *first to Western and then to its SLCAIP*
2 *preference customers.*

3 *(ii) The rate for power initially offered*
4 *to Western and its SLCAIP preference cus-*
5 *tomers under this paragraph shall not ex-*
6 *ceed that required to produce revenues suffi-*
7 *cient to provide for*

8 *(I) annual debt service and/or*
9 *recoupment of the cost of capital for*
10 *the amount specified in subsection*
11 *(c)(2) of this section, less the sum of*
12 *\$220,000 (which is the net present*
13 *value of the outstanding repayment ob-*
14 *ligation of the Collbran Conservancy*
15 *District), and*

16 *(II) the cost of operation, mainte-*
17 *nance and replacement of the power*
18 *component of the Project.*

19 *(iii) Such costs and rate shall be deter-*
20 *mined in a manner consistent with the cur-*
21 *rent principles followed by the Secretary of*
22 *the Interior and by Western in its annual*
23 *power and repayment study.*

24 (3) *LICENSE.—The Districts are by this section*
25 *granted a license under the Federal Power Act (16*

1 U.S.C. 791a *et seq.*) for the operation of the Project
2 in accordance with the requirement of subsection
3 (c)(3) of this section, for a period of 40 years after
4 the date of conveyance of the Project, after which pe-
5 riod the license may be renewed in accordance with
6 applicable law.

7 (e) *INAPPLICABILITY OF NEPA.*—The conveyance of
8 the Project does not constitute a major Federal action with-
9 in the meaning of the National Environmental Policy Act
10 of 1969 (42 U.S.C. 4321 *et seq.*), including any regulations
11 issued under such Act.

12 (f) *INAPPLICABILITY OF PRIOR AGREEMENTS AND OF*
13 *FEDERAL RECLAMATION LAWS.*—On conveyance of the
14 Project to the Districts—

15 (1) the Repayment Contract dated May 27,
16 1957, as amended April 12, 1962, between the
17 Collbran Conservancy District and the United States,
18 and the Contract for use of Project facilities for Di-
19 version of Water dated January 11, 1962, as amended
20 November 10, 1977, between the Ute Water Conser-
21 vancy District and the United States, shall be termi-
22 nated and of no further force or effect; and

23 (2) the Project shall no longer be subject to or
24 governed by the Federal reclamation laws.

1 (g) *DISTRICTS' LIABILITY.*—*The Districts shall be lia-*
2 *ble for all acts or omissions relating to the operation and*
3 *use of the Project that occur subsequent to the conveyance.*

4 ***Subtitle F—Federal Oil and Gas***
5 ***Royalties***

6 ***SEC. 5500. SHORT TITLE.***

7 *This subtitle may be cited as the “Federal Oil and Gas*
8 *Royalty Simplification and Fairness Act of 1995”.*

9 ***SEC. 5501. DEFINITIONS.***

10 *Section 3 of the Federal Oil and Gas Royalty Manage-*
11 *ment Act of 1982 (30 U.S.C. 1701 et seq.) is amended by*
12 *striking “and” at the end of paragraph (15), by striking*
13 *the period at the end of paragraph (16) and inserting a*
14 *semicolon, and by adding at the end the following:*

15 “(17) ‘*adjustment*’ means an amendment to a
16 *previously filed report on an obligation, and any ad-*
17 *ditional payment or credit, if any, applicable thereto,*
18 *to rectify an underpayment or overpayment on a*
19 *lease;*

20 “(18) ‘*administrative proceeding*’ means any
21 *agency process in which a demand, decision or order*
22 *issued by the Secretary is subject to appeal or has*
23 *been appealed;*

1 “(19) ‘assessment’ means any fee or charge levied
2 or imposed by the Secretary or the United States
3 other than—

4 “(A) the principal amount of any royalty,
5 minimum royalty, rental, bonus, Net profit share
6 or proceed of sale;

7 “(B) any interest; or

8 “(C) any civil or criminal penalty;

9 “(20) ‘commence’ means—

10 “(A) with respect to a judicial proceeding,
11 the service of a complaint, petition, counter-
12 claim, crossclaim, or other pleading seeking af-
13 firmative relief or seeking credit or recoupment;
14 or

15 “(B) with respect to a demand, the receipt
16 by the Secretary or a lessee of the demand;

17 “(21) ‘credit’ means the application of an over-
18 payment (in whole or in part) against an obligation
19 which has become due to discharge, cancel or reduce
20 the obligation;

21 “(22) ‘demand’ means—

22 “(A) an order to pay issued by the Sec-
23 retary; or

24 “(B) a separate written request by a lessee
25 which asserts an obligation due the lessee, but

1 *does not mean any royalty or production report,*
2 *or any information contained therein, required*
3 *by the Secretary;*

4 “(23) ‘obligation’ means—

5 “(A) *any duty of the Secretary or the Unit-*
6 *ed States—*

7 “(i) *to take oil or gas royalty in kind;*

8 *or*

9 “(ii) *to pay, refund, offset, or credit*
10 *monies including but not limited to—*

11 “(I) *the principal amount of any*
12 *royalty, minimum royalty, rental,*
13 *bonus, net profit share or proceed of*
14 *sale; or*

15 “(II) *any interest;*

16 “(B) *any duty of a lessee—*

17 “(i) *to deliver oil or gas royalty in*
18 *kind; or*

19 “(ii) *to pay, offset or credit monies in-*
20 *cluding but not limited to—*

21 “(I) *the principal amount of any*
22 *royalty, minimum royalty, rental,*
23 *bonus, net profit share or proceed of*
24 *sale;*

25 “(II) *any interest;*

1 “(III) any penalty; or

2 “(IV) any assessment,

3 *which arises from or relates to any lease administered*
4 *by the Secretary for, or any mineral leasing law re-*
5 *lated to, the exploration, production and development*
6 *of oil or gas on Federal lands or the Outer Continen-*
7 *tal Shelf;*

8 “(24) ‘order to pay’ means a written order is-

9 *sued by the Secretary or the United States which—*

10 “(A) asserts a definite and quantified obli-

11 *gation due the Secretary or the United States;*

12 *and*

13 “(B) specifically identifies the obligation by

14 *lease, production month and amount of such ob-*

15 *ligation ordered to be paid, as well as the reason*

16 *or reasons such obligation is claimed to be due,*

17 *but such term does not include any other com-*

18 *munication or action by or on behalf of the Sec-*

19 *retary or the United States;*

20 “(25) ‘order to perform a restructured account-

21 *ing’ means a written order issued by the Secretary*

22 *during a full and complete audit of a lessee to recal-*

23 *culate royalty due on an obligation based upon the*

24 *Secretary’s finding that the lessee has made identified*

25 *underpayments or overpayments which are dem-*

1 onstrated by the Secretary to be based upon repeated,
2 systemic reporting errors for a significant number of
3 leases for a significant number of reporting months
4 with the same type of error which constitutes a pat-
5 tern of violations and which are likely to result in ei-
6 ther a significant underpayment or overpayment. The
7 term ‘order to perform a restructured accounting’
8 shall not include any other communication or action
9 by or on behalf of the Secretary or the United States;

10 “(26) ‘overpayment’ means any payment by a
11 lessee in excess of an amount legally required to be
12 paid on an obligation and includes the portion of any
13 estimated payment for a production month that is in
14 excess of the royalties due for that month;

15 “(27) ‘payment’ means satisfaction, in whole or
16 in part, of an obligation due the Secretary or the
17 United States;

18 “(28) ‘penalty’ means a statutorily authorized
19 civil fine levied or imposed by the Secretary or the
20 United States for a violation of this Act, any mineral
21 leasing law, or a term or provision of a lease admin-
22 istered by the Secretary;

23 “(29) ‘refund’ means the return of an overpay-
24 ment by the Secretary or the United States by the
25 drawing of funds from the United States Treasury;

1 “(30) ‘State concerned’ means, with respect to a
2 lease, a State which receives a portion of royalties
3 under this Act from such lease;

4 “(31) ‘underpayment’ means any payment or
5 nonpayment by a lessee that is less than the amount
6 legally required to be paid on an obligation; and

7 “(32) ‘United States’ means the United States
8 Government and any department, agency, or instru-
9 mentality thereof, and the several States, the District
10 of Columbia, Puerto Rico, and the territories and pos-
11 sessions of the United States.”.

12 **SEC. 5502. LIMITATION PERIODS.**

13 (a) *IN GENERAL.*—The Federal Oil and Gas Royalty
14 Management Act of 1982 (30 U.S.C. 1701 et seq.) is amend-
15 ed by adding after section 114 the following new section:

16 **“SEC. 115. LIMITATION PERIODS AND AGENCY ACTIONS.**

17 “(a) *IN GENERAL.*—A judicial proceeding or demand
18 which arises from, or relates to an obligation, shall be com-
19 menced within six years from the date on which the obliga-
20 tion becomes due and if not so commenced shall be barred,
21 except as otherwise provided by this section.

22 “(b) *OBLIGATION BECOMES DUE.*—

23 “(1) *IN GENERAL.*—For purposes of this Act, an
24 obligation becomes due when the right to enforce the
25 obligation is fixed.

1 “(2) *ROYALTY OBLIGATIONS.*—*The right to en-*
2 *force the royalty obligation for a production month*
3 *for a lease is fixed for purposes of this Act on the last*
4 *day of the calendar month following the month in*
5 *which oil or gas is produced.*

6 “(c) *TOLLING LIMITATIONS PERIOD.*—*The running of*
7 *the limitation period under subsection (a) shall not be sus-*
8 *pending, tolled, extended, or enlarged for any obligation for*
9 *any reason by any action, including an action by the Sec-*
10 *retary or the United States, other than the following:*

11 “(1) *TOLLING AGREEMENT.*—*A written agree-*
12 *ment executed during the limitation period between*
13 *the Secretary and a lessee which tolls the limitation*
14 *period for the amount of time during which the agree-*
15 *ment is in effect.*

16 “(2) *SUBPOENA.*—(A) *The issuance of a sub-*
17 *poena in accordance with the provisions of section*
18 *107(c) shall toll the limitation period with respect to*
19 *the obligation which is the subject of a subpoena only*
20 *for the period beginning on the date the lessee receives*
21 *the subpoena and ending on the date on which—*

22 “(i) *the lessee has produced such subpoenaed*
23 *records for the subject obligation,*

24 “(ii) *the Secretary receives written notice*
25 *that the subpoenaed records for the subject obli-*

1 *gation are not in existence or are not in the les-*
2 *see's possession or control, or*

3 *“(iii) a court has determined in a final de-*
4 *cision that such records are not required to be*
5 *produced, whichever occurs first.*

6 *“(B) If a State has been delegated authority pur-*
7 *suant to section 205 and pursuant to said delegation*
8 *executes a cooperative agreement under section 202,*
9 *the Secretary shall issue a subpoena hereunder upon*
10 *the request of the highest ranking State official having*
11 *ultimate authority over the collection of royalties on*
12 *State owned lands.*

13 *“(3) FRAUD OR CONCEALMENT.—Any fraud or*
14 *concealment by a lessee in an attempt to defeat or*
15 *evade an obligation in which case the limitation pe-*
16 *riod shall be tolled for the period of such fraud or*
17 *such concealment.*

18 *“(4) TOLLING REQUEST.—A written tolling re-*
19 *quest from a lessee based upon the lessee's representa-*
20 *tion that the lessee's entitlement to an overpayment*
21 *has not been finally determined. The limitation pe-*
22 *riod shall be tolled pursuant to this paragraph from*
23 *the date the Secretary receives the tolling request until*
24 *the earlier of the end of the requested period or 12*
25 *months after the date the Secretary receives the tolling*

1 *request, but is subject to successive 12-month renewals*
2 *by the lessee made prior to the expiration of the then*
3 *applicable 12-month period. The tolling request shall*
4 *be sufficient if it identifies—*

5 *“(A) the person who made the potential*
6 *overpayment;*

7 *“(B) the leases and production months in-*
8 *volved in the potential overpayment; and*

9 *“(C) the reasons the lessee believes that it*
10 *may later be entitled to a refund of the overpay-*
11 *ment.*

12 *“(5) ORDER TO PERFORM A RESTRUCTURED AC-*
13 *COUNTING.—*

14 *“(A) The issuance of an order to perform a*
15 *restructured accounting by the Secretary nec-*
16 *essary for an audit. The limitation period under*
17 *subsection (a) shall be tolled for the obligation*
18 *which is the subject of the order only for the time*
19 *period commencing on the date the lessee receives*
20 *such order until—*

21 *“(i) 120 days after the Secretary has*
22 *received written notice that the accounting*
23 *(or other requirement) has been performed,*
24 *or*

1 “(ii) the issuance of a final decision
2 that the lessee is not required to perform the
3 accounting, whichever is earlier.

4 “(B) The Secretary is not precluded during
5 a full and complete audit from issuing an order
6 to perform a restructured accounting by the Sec-
7 retary for a single lease upon a finding that the
8 lessee has made identified underpayments or
9 overpayments which are demonstrated to be
10 based upon repeated, systemic reporting errors
11 on that lease for a significant number of report-
12 ing months with the same type of error which
13 constitutes a pattern of violations and which are
14 likely to result in either a significant
15 underpayment or overpayment. The power of the
16 Secretary to issue an order to perform a restruc-
17 tured accounting may not be delegated below the
18 most senior career professional position having
19 responsibility for the royalty management pro-
20 gram, which position is currently designated as
21 the ‘Associate Director for Royalty Management’.
22 An order to perform a restructured accounting
23 shall—

1 “(i) be issued within a reasonable pe-
2 riod of time from when the audit identifies
3 the systemic, reporting errors;

4 “(ii) specify the reasons and factual
5 bases for such order; and

6 “(iii) be specifically identified as an
7 ‘order to perform a restructured account-
8 ing’.

9 “(d) *TERMINATION OF LIMITATIONS PERIOD.*—The
10 limitations period shall be terminated in the event—

11 “(1) the Secretary has notified the lessee in writ-
12 ing that a time period is closed to further audit; or

13 “(2) the Secretary and a lessee have so agreed in
14 writing.

15 “(e) *FINAL AGENCY ACTION.*—

16 “(1) *3-YEAR PERIOD.*—The Secretary shall issue
17 a final decision in any administrative proceeding, in-
18 cluding any administrative proceedings pending on
19 the date of enactment of the Federal Oil and Gas
20 Royalty Simplification and Fairness Act of 1995,
21 within three years from the date such proceeding was
22 initiated or three years from the date of such enact-
23 ment, whichever is later. The three-year period may
24 be extended by any period of time agreed upon in
25 writing by the Secretary and the lessee.

1 “(2) *EFFECT OF FAILURE TO ISSUE DECISION.*—

2 “(A) *IN GENERAL.*—*If no such decision has*
3 *been issued by the Secretary within the three-*
4 *year period referred to in paragraph (1)—*

5 “(i) *the Secretary shall be deemed to*
6 *have issued and granted a decision in favor*
7 *of the lessee or lessees as to any*
8 *nonmonetary obligation and any monetary*
9 *obligation the principal amount of which is*
10 *less than \$2,500; and*

11 “(ii) *the Secretary shall be deemed to*
12 *have issued a final decision in favor of the*
13 *Secretary, which decision shall be deemed to*
14 *affirm those issues for which the agency ren-*
15 *dered a decision prior to the end of such pe-*
16 *riod, as to any monetary obligation the*
17 *principal amount of which is \$2,500 or*
18 *more, and the lessee shall have a right to a*
19 *de novo judicial review of such deemed final*
20 *decision.*

21 “(B) *NO PRECEDENTIAL EFFECT ON OTHER*
22 *PROCEEDINGS.*—*Deemed decisions under sub-*
23 *paragraph (A) shall have no precedential effect*
24 *in any judicial or administrative proceeding or*
25 *for any other purpose.*

1 “(f) *ADMINISTRATIVE SETTLEMENT.*—During the
2 *pendency of any administrative proceeding, the parties*
3 *shall hold at least one settlement consultation for the pur-*
4 *pose of discussing disputed matters between the parties. For*
5 *purposes of settlement, the Secretary may waive interest re-*
6 *quired and may allow offsetting of obligations among leases.*
7 *The Secretary and the State concerned shall seek to resolve*
8 *disputes with a lessee in as expeditious a manner as pos-*
9 *sible, through settlement negotiations and other alternative*
10 *dispute resolution processes methods. If any dispute involv-*
11 *ing an obligation due is not resolved by the end of the six-*
12 *year period beginning on the date the obligation became*
13 *due, the amount of interest otherwise payable with respect*
14 *to the obligation shall accrue after such six-year period at*
15 *the rate—*

16 “(1) *for purposes of section 111(h), reduced each*
17 *year thereafter by two additional percentage points*
18 *from the rate in effect under this subsection for the*
19 *previous year (but not less than zero); and*

20 “(2) *for purposes of section 111(a), reduced each*
21 *year thereafter by one additional percentage point*
22 *from the rate in effect under this subsection for the*
23 *previous year (but not less than zero).*

24 “(g) *LIMITATION ON CERTAIN ACTIONS BY THE UNIT-*
25 *ED STATES.*—When an action on or enforcement of an obli-

1 *gation under the mineral leasing laws is barred under this*
2 *section the United States or an officer or agency thereof*
3 *may not take any other or further action regarding that*
4 *obligation, including (but not limited to) the issuance of*
5 *any order, request, demand or other communication seeking*
6 *any document, accounting, determination, calculation, re-*
7 *calculation, payment, principal, interest, assessment, or*
8 *penalty or the initiation, pursuit or completion of an audit*
9 *with respect to that obligation.*

10 “(h) *JUDICIAL REVIEW.*—*In the event a demand sub-*
11 *ject to this section is timely commenced, a judicial proceed-*
12 *ing challenging the final agency action with respect to such*
13 *demand shall be deemed timely so long as such judicial pro-*
14 *ceeding is commenced within 180 days from receipt of no-*
15 *tice by the lessee of the final agency action.*

16 “(i) *IMPLEMENTATION OF FINAL DECISION.*—*In the*
17 *event a judicial proceeding or demand subject to this section*
18 *is timely commenced and thereafter the limitation period*
19 *in this section lapses during the pendency of such proceed-*
20 *ing, any party to such proceeding shall not be barred from*
21 *taking such action as is required or necessary to implement*
22 *a final unappealable judicial or administrative decision,*
23 *including any action required or necessary to implement*
24 *such decision by the recovery or recoupment of an*

1 *underpayment or overpayment by means of refund or cred-*
2 *it.*

3 “(j) *STAY OF PAYMENT OBLIGATION PENDING RE-*
4 *VIEW.—Any party ordered by the Secretary or the United*
5 *States to pay any obligation (other than an assessment)*
6 *shall be entitled to a stay of such payment without bond*
7 *or other surety instrument pending an administrative or*
8 *judicial proceeding if the party periodically demonstrates*
9 *to the satisfaction of the Secretary that such party is finan-*
10 *cially solvent or otherwise able to pay the obligation. In*
11 *the event the party is not able to so demonstrate, the Sec-*
12 *retary may require a bond or other surety instrument satis-*
13 *factory to cover the obligation. Any party ordered by the*
14 *Secretary to pay an assessment shall be entitled to a stay*
15 *without bond or other surety instrument.*

16 “(k) *INAPPLICABILITY OF THE OTHER STATUTES OF*
17 *LIMITATION.—The limitations set forth in sections 2401,*
18 *2415, 2416, and 2462 of title 28, United States Code, and*
19 *section 42 of the Mineral Leasing Act (30 U.S.C. 226–2)*
20 *shall not apply to any obligation to which this Act ap-*
21 *plies.”.*

22 “(b) *SUBPOENA.—Section 107 of the Federal Oil and*
23 *Gas Royalty Management Act of 1982 (30 U.S.C. 1717) is*
24 *amended by adding at the end the following:*

1 “(c) *RULES REGARDING ISSUANCE OF SUBPOENA RE-*
2 *LATING TO REPORTING AND PAYMENT OF AN OBLIGATION*
3 *DUE.—*

4 “(1) *IN GENERAL.—A subpoena which requires a*
5 *lessee to produce records necessary to determine the*
6 *proper reporting and payment of an obligation due*
7 *the Secretary may be issued under this section only*
8 *by the Solicitor, an Assistant Secretary of the Inte-*
9 *rior, or an acting Assistant Secretary of the Interior*
10 *who is a schedule C employee (as defined by section*
11 *213.3301 of title 5, Code of Federal Regulations) and*
12 *may not be delegated.*

13 “(2) *PRIOR WRITTEN REQUEST REQUIRED.—A*
14 *subpoena described in paragraph (1) may only be is-*
15 *ssued against a lessee during the limitation period*
16 *provided in section 115 and only after the Secretary*
17 *has in writing requested the records from the lessee re-*
18 *lated to the obligation which is the subject of the sub-*
19 *poena and has determined that—*

20 “(A) *the lessee has failed to respond within*
21 *a reasonable period of time to the Secretary’s*
22 *written request for such records necessary for an*
23 *audit, investigation or other inquiry made in ac-*
24 *cordance with the Secretary’s responsibilities*
25 *under this Act;*

1 “(B) the lessee has in writing denied the
 2 Secretary’s written request to produce such
 3 records in the lessee’s possession or control nec-
 4 essary for an audit, investigation or other in-
 5 quiry made in accordance with the Secretary’s
 6 responsibilities under this Act; or

7 “(C) the lessee has unreasonably delayed in
 8 producing records necessary for an audit, inves-
 9 tigation or other inquiry made in accordance
 10 with the Secretary’s responsibilities under this
 11 Act after the Secretary’s written request.

12 “(3) *REASONABLE PERIOD FOR COMPLIANCE*
 13 *WITH WRITTEN REQUEST.*—In seeking records, the
 14 Secretary shall afford the lessee a reasonable period of
 15 time after a written request by the Secretary in which
 16 to provide such records prior to the issuance of any
 17 subpoena.”.

18 (c) *CLERICAL AMENDMENT.*—The table of contents in
 19 section 1 of such Act (30 U.S.C. 1701) is amended by add-
 20 ing after the item relating to section 114 the following new
 21 item:

 “Sec. 115. Limitation periods and agency actions.”.

22 **SEC. 5503. ADJUSTMENT AND REFUNDS.**

23 (a) *IN GENERAL.*—The Federal Oil and Gas Royalty
 24 Management Act of 1982 (30 U.S.C. 1701 et seq.) is amend-
 25 ed by adding after section 111 the following new section:

1 **“SEC. 111A. ADJUSTMENTS AND REFUNDS.**

2 “(a) *ADJUSTMENTS.*—

3 “(1) *If, during the adjustment period, a lessee*
4 *determines that an adjustment or refund request is*
5 *necessary to correct an underpayment or overpayment*
6 *of an obligation, the lessee shall make such adjustment*
7 *or request a refund within a reasonable period of time*
8 *and only during the adjustment period. Any such ad-*
9 *justment shall not require prior notice to or approval*
10 *of the Secretary.*

11 “(2)(A) *For any adjustment, the lessee shall cal-*
12 *culate and report the interest due attributable to such*
13 *adjustment at the same time the lessee adjusts the*
14 *principal amount of the subject obligation, except as*
15 *provided by subparagraph (B).*

16 “(B) *In the case of a lessee on whom the Sec-*
17 *retary determines that subparagraph (A) would im-*
18 *pose a hardship, the Secretary shall calculate the in-*
19 *terest due and notify the lessee within a reasonable*
20 *time of the amount of interest due, unless such lessee*
21 *elects to calculate and report interest in accordance*
22 *with subparagraph (A).*

23 “(3) *An adjustment or a request for a refund for*
24 *an obligation may be made after the adjustment pe-*
25 *riod only upon written notice to and approval by the*
26 *Secretary during an audit of the period which in-*

1 *cludes the production month for which the adjustment*
2 *is being made. If an overpayment is identified during*
3 *an audit, then the Secretary shall allow a credit or*
4 *refund in the amount of the overpayment.*

5 *“(4) For purposes of this section, the adjustment*
6 *period for any obligation shall be the five-year period*
7 *following the date on which an obligation became due.*
8 *The adjustment period shall be suspended, tolled, ex-*
9 *tended, enlarged, or terminated by the same actions*
10 *as the limitation period in section 115.*

11 *“(b) REFUNDS.—*

12 *“(1) IN GENERAL.—A request for refund is suffi-*
13 *cient if it—*

14 *“(A) is made in writing to the Secretary*
15 *and, for purposes of section 115, is specifically*
16 *identified as a demand;*

17 *“(B) identifies the person entitled to such*
18 *refund;*

19 *“(C) provides the Secretary information*
20 *that reasonably enables the Secretary to identify*
21 *the overpayment for which such refund is sought;*
22 *and*

23 *“(D) provides the reasons why the payment*
24 *was an overpayment.*

1 “(2) *PAYMENT BY SECRETARY OF THE TREAS-*
2 *URY.—The Secretary shall certify the amount of the*
3 *refund to be paid under paragraph (1) to the Sec-*
4 *retary of the Treasury who shall make such refund.*
5 *Such refund shall be paid from amounts received as*
6 *current receipts from sales, bonuses, royalties (includ-*
7 *ing interest charges collected under this section) and*
8 *rentals of the public lands and the Outer Continental*
9 *Shelf under the provisions of the Mineral Leasing Act*
10 *and the Outer Continental Shelf Lands Act, which are*
11 *not payable to a State or the Reclamation Fund. The*
12 *portion of any such refund attributable to any*
13 *amounts previously disbursed to a State, the Rec-*
14 *lamation Fund, or any recipient prescribed by law*
15 *shall be deducted from the next disbursements to that*
16 *recipient made under the applicable law. Such*
17 *amounts deducted from subsequent disbursements*
18 *shall be credited to miscellaneous receipts in the*
19 *Treasury.*

20 “(3) *PAYMENT PERIOD.—A refund under this*
21 *subsection shall be paid or denied (with an expla-*
22 *nation of the reasons for the denial) within 120 days*
23 *of the date on which the request for refund is received*
24 *by the Secretary. Such refund shall be subject to later*

1 *audit by the Secretary and subject to the provisions*
2 *of this Act.*

3 “(4) *PROHIBITION AGAINST REDUCTION OF RE-*
4 *FUNDS OR CREDITS.—In no event shall the Secretary*
5 *directly or indirectly claim any amount or amounts*
6 *against, or reduce any refund or credit (or interest*
7 *accrued thereon) by the amount of any obligation the*
8 *enforcement of which is barred by section 115.”.*

9 (b) *CLERICAL AMENDMENT.—The table of contents in*
10 *section 1 of Act (30 U.S.C. 1701) is amended by adding*
11 *after the item relating to section 111 the following new item:*

“Sec. 111A. Adjustments and refunds.”.

12 ***SEC. 5504. REQUIRED RECORDKEEPING.***

13 *Section 103 of the Federal Oil and Gas Royalty Man-*
14 *agement Act of 1982 (30 U.S.C. 1713(b)) is amended by*
15 *adding at the end the following:*

16 “(c) *records required by the Secretary for the purpose*
17 *of determining compliance with any applicable mineral*
18 *leasing law, lease provision, regulation or order with respect*
19 *to oil and gas leases from Federal lands or the Outer Con-*
20 *tinental Shelf shall be maintained for the same period of*
21 *time during which a judicial proceeding or demand may*
22 *be commenced under section 115(a). If a judicial proceeding*
23 *or demand is timely commenced, the record holder shall*
24 *maintain such records until the final nonappealable deci-*
25 *sion in such judicial proceeding is made, or with respect*

1 *to that demand is rendered, unless the Secretary authorizes*
2 *in writing an earlier release of the requirement to maintain*
3 *such records. Notwithstanding anything herein to the con-*
4 *trary, under no circumstance shall a record holder be re-*
5 *quired to maintain or produce any record relating to an*
6 *obligation for any time period which is barred by the appli-*
7 *cable limitation in section 115.”.*

8 **SEC. 5505. ROYALTY INTEREST, PENALTIES, AND PAY-**
9 **MENTS.**

10 (a) *PERIOD.*—Section 111(f) of the Federal Oil and
11 *Gas Royalty Management Act of 1982 (30 U.S.C. 1721(f))*
12 *is amended to read as follows:*

13 “(f) *The Secretary may waive or forego such interest*
14 *in whole or in part. Interest shall be charged under this*
15 *section only for the number of days a payment is late.”.*

16 (b) *LESSEE INTEREST.*—Section 111 of the Federal
17 *Oil and Gas Royalty Management Act of 1982 (30 U.S.C.*
18 *1721) is amended by adding after subsection (g) the follow-*
19 *ing:*

20 “(h) *Interest shall be allowed and the Secretary shall*
21 *pay or credit such interest on any overpayment, with such*
22 *interest to accrue from the date such overpayment was*
23 *made, at the rate applicable under section 6621(a)(2) of the*
24 *Internal Revenue Code of 1986. Interest which has accrued*
25 *on any overpayment may be applied to reduce an*

1 *underpayment. This subsection applies to overpayments*
2 *made later than six months after the date of enactment of*
3 *this subsection or September 1, 1996, whichever is later.*
4 *Such interest shall be paid from amounts received as cur-*
5 *rent receipts from sales, bonuses, royalties (including inter-*
6 *est charges collected under this section) and rentals of the*
7 *public lands and the Outer Continental Shelf under the pro-*
8 *visions of the Mineral Leasing Act, and the Outer Continen-*
9 *tal Shelf Lands Act, which are not payable to a State or*
10 *the Reclamation Fund. The portion of any such interest*
11 *payment attributable to any amounts previously disbursed*
12 *to a State, the Reclamation Fund, or any other recipient*
13 *designated by law shall be deducted from the next disburse-*
14 *ments to that recipient made under the applicable law.*
15 *Such amounts deducted from subsequent disbursements*
16 *shall be credited to miscellaneous receipts in the Treasury.”.*

17 *(c) LIMITATION ON INTEREST.—Section 111 of the*
18 *Federal Oil and Gas Royalty Management Act, as amended*
19 *by subsection (b) of this Act, is further amended by adding*
20 *at the end the following:*

21 *“(i) Upon a determination by the Secretary that an*
22 *excessive overpayment (based upon all obligations of a lessee*
23 *for a given reporting month) was made for the sole purpose*
24 *of receiving interest, interest shall not be paid on the exces-*
25 *sive amount of such overpayment. For purposes of this Act,*

1 an ‘excessive overpayment’ shall be the amount that any
2 overpayment a lessee pays for a given reporting month (ex-
3 cluding payments for demands for obligations as a result
4 of judicial or administrative proceedings for settlement
5 agreements and for other similar payments) for the aggre-
6 gate of all of its Federal leases exceeds 25 percent of the
7 total royalties paid that month for those leases.”.

8 (d) *ESTIMATED PAYMENT.*—Section 111 of the Federal
9 Oil and Gas Royalty Management Act, as amended by sub-
10 sections (b) and (c) of this Act, is further amended by add-
11 ing at the end the following:

12 “(j) A lessee may make a payment for the approximate
13 amount of royalties (hereinafter in this subsection “esti-
14 mated payment”) that would otherwise be due to the Sec-
15 retary for such lease to avoid underpayment or nonpayment
16 interest charges. When an estimated payment is made, ac-
17 tual royalties become due at the end of the month following
18 the period covered by the estimated payment. If the lessee
19 makes a payment for such actual royalties, the lessee may
20 apply the estimated payment to future royalties. Any esti-
21 mated payment may be adjusted, recouped, or reinstated
22 at any time by the lessee.”.

23 (e) *VOLUME ALLOCATION OF OIL AND GAS PRODUC-*
24 *TION.*—Section 111 of the Federal Oil and Gas Royalty
25 Management Act (30 U.S.C. 1721), as amended by sub-

1 *sections (b) through (d) of this Act, is amended by adding*
2 *at the end the following:*

3 “(k)(1) *Except as otherwise provided by this sub-*
4 *section—*

5 “(A) *a lessee of a lease in a unit or*
6 *communitization agreement which contains only Fed-*
7 *eral leases with the same royalty rate and funds dis-*
8 *tribution must report and pay royalties on oil and*
9 *gas production for each production month based on*
10 *the actual volume of production sold by or on behalf*
11 *of that lessee;*

12 “(B) *a lessee of a lease in any other unit or*
13 *communitization agreement must report and pay roy-*
14 *alties on oil and gas production for each production*
15 *month based on the volume of oil and gas produced*
16 *from such agreement and allocated to the lease in ac-*
17 *cordance with the terms of the agreement; and*

18 “(C) *a lessee of a lease that is not contained in*
19 *a unit or communitization agreement must report*
20 *and pay royalties on oil and gas production for each*
21 *production month based on the actual volume of pro-*
22 *duction sold by or on behalf of that lessee.*

23 “(2) *This subsection applies only to requirements for*
24 *reporting and paying royalties. Nothing in this subsection*
25 *is intended to alter a lessee’s liability for royalties on oil*

1 or gas production based on the share of production allocated
2 to the lease in accordance with the terms of the lease, a
3 unit or communitization agreement, or any other agree-
4 ment.

5 “(3) For any unit or communitization agreement, if
6 all lessees contractually agree to an alternative method of
7 royalty reporting and payment, the lessees may submit such
8 alternative method to the Secretary for approval and make
9 payments in accordance with such approved alternative
10 method so long as such alternative method does not reduce
11 the amount of the royalty obligation.

12 “(4) The Secretary shall grant an exception from the
13 reporting and payment requirements for marginal prop-
14 erties by allowing for any calendar year or portion thereof
15 royalties to be paid each month based on the volume of pro-
16 duction sold. Interest shall not accrue on the difference for
17 the entire calendar year or portion thereof between the
18 amount of oil and gas actually sold and the share of produc-
19 tion allocated to the lease until the beginning of the month
20 following calendar year or portion thereof. Any additional
21 royalties due or overpaid royalties and associated interest
22 shall be paid, refunded, or credited within six months after
23 the end of each calendar year in which royalties are paid
24 based on volumes of production sold. For the purpose of this
25 subsection, the term “marginal property” means a lease that

1 produces on average the combined equivalent of less than
2 15 barrels of oil per day or 90 thousand cubic feet of gas
3 per day, or a combination thereof, determined by dividing
4 the average daily production of domestic crude oil and do-
5 mestic natural gas from producing wells on such lease by
6 the number of such wells, unless the Secretary, together with
7 the State concerned, determines that an amount which is
8 a nonsubstantive variation thereof is more appropriate.

9 “(5) Not later than two years after the date of the en-
10 actment of this subsection, the Secretary shall issue any ap-
11 propriate demand for all outstanding royalty payment dis-
12 putes regarding who is required to report and pay royalties
13 on production from units and communitization agreements
14 outstanding on the date of the enactment of this subsection,
15 and collect royalty amounts owed on such production.”.

16 (f) *PRODUCTION ALLOCATION*.—Section 111 of the
17 Federal Oil and Gas Royalty Management Act (30 U.S.C.
18 1721), as amended by subsections (b) through (e) of this
19 Act, is further amended by adding at the end the following:

20 “(l) The Secretary shall issue all determinations of al-
21 locations of production for units and communitization
22 agreements within 120 days of a request for determination.
23 If the Secretary fails to issue a determination within such
24 120-day period, the Secretary shall waive interest due on
25 obligations subject to the determination until the end of the

1 month following the month in which the determination is
2 made.”.

3 **SEC. 5506. LIMITATION ON ASSESSMENTS.**

4 Section 111 of the Federal Oil and Gas Royalty Man-
5 agement Act of 1982 (30 U.S.C. 1721), as amended by sec-
6 tion 5505 of this Act, is further amended by adding at the
7 end the following:

8 “(1)(1) After the date of enactment of this subsection,
9 the Secretary shall not impose any assessment for any late
10 payment or underpayment. After the date of enactment of
11 this subsection, the Secretary may impose an assessment
12 only for erroneous reports submitted by lessees subject to
13 the limitations of paragraph (2). Nothing in this section
14 shall prohibit the Secretary from imposing penalties or in-
15 terest under other sections of this Act for late payments or
16 underpayments.

17 “(2) No assessment for erroneous reports shall be im-
18 posed for 18 months following the date of enactment of this
19 subsection, or until the Secretary issues a final rule which
20 provides for imposition of an assessment only on a lessee
21 who chronically submits erroneous reports and which estab-
22 lishes what constitutes chronic errors for a lessee, whichever
23 is later. However, if the Secretary determines during that
24 18-month period that the reporting error rate for all report-
25 ers for all Federal leases has increased by one-third for three

1 consecutive report months for either production reporting
2 or royalty reporting over the 12 months preceding the date
3 of enactment of this subsection, the Secretary may impose
4 an assessment for erroneous reports only for the increased
5 category of report under regulations in effect on the date
6 of enactment of this subsection.”.

7 **SEC. 5507. ALTERNATIVES FOR MARGINAL PROPERTIES.**

8 (a) *IN GENERAL.*—The Federal Oil and Gas Royalty
9 Management Act of 1982 (30 U.S.C. 1701 et seq.), as
10 amended by section 5502 of this Act, is further amended
11 by adding at the end the following:

12 **“SEC. 116. ALTERNATIVES FOR MARGINAL PROPERTIES.**

13 “(a) *SELLING REVENUE STREAM.*—

14 “(1) *IN GENERAL.*—Notwithstanding the provi-
15 sions of any lease to the contrary, upon request of the
16 lessee and a State under section 205(g), the Secretary
17 shall authorize a lessee for a marginal property and
18 for a lease, the administration of which is not cost-
19 effective for the Secretary to administer, to make a
20 prepayment in lieu of royalty payments under the
21 lease for the remainder of the lease term. For the pur-
22 poses of this section, the term ‘marginal property’ has
23 the same meaning given such term in section
24 111(k)(4), unless the Secretary, together with each
25 State in which such marginal production occurs, de-

1 *termines otherwise to better achieve the purpose of*
2 *this section.*

3 “(2) *MARGINAL PROPERTIES.—For marginal*
4 *properties, prepayments under paragraph (1) shall*
5 *begin—*

6 “(A) *in the case of those properties produc-*
7 *ing on average \$500 or less per month in total*
8 *royalties to the United States, two years after the*
9 *date of the enactment of this section;*

10 “(B) *in the case of those properties produc-*
11 *ing on average more than \$500 but \$1,000 or*
12 *less per month in total royalties to the United*
13 *States, three years after the date of the enact-*
14 *ment of this section;*

15 “(C) *in the case of those properties produc-*
16 *ing on average more than \$1,000 but \$1,500 or*
17 *less per month in total royalties to the United*
18 *States, four years after the date of the enactment*
19 *of this section; and*

20 “(D) *in the case of those properties not de-*
21 *scribed in subparagraphs (A) through (C), five*
22 *years after the date of the enactment of this sec-*
23 *tion.*

24 “(3) *ADMINISTRATION NOT COST-EFFECTIVE.—*
25 *For a lease, the administration of which is not cost-*

1 *effective for the Secretary to administer, prepayments*
2 *under paragraph (1) shall begin on the date of the en-*
3 *actment of this section.*

4 “(4) *SATISFACTION OF ROYALTY OBLIGATION.—A*
5 *lessee who makes a prepayment under this section*
6 *shall have satisfied in full its obligation to pay roy-*
7 *alty on production from the lease or a portion of a*
8 *lease and shall not be required to submit any royalty*
9 *reports to the Secretary. The prepayment shall be*
10 *shared by the Secretary with any State or other recip-*
11 *ient to the same extent as any royalty payment for*
12 *such lease.*

13 “(5) *VALUATION.—The prepayment authorized*
14 *under this section shall only occur if the Secretary,*
15 *the State concerned, and the lessee determine that*
16 *such prepayment is based on the present value of the*
17 *projected remaining royalties from the production*
18 *from the lease, based on appropriate nominal dis-*
19 *count rate for a comparable term, as provided in Of-*
20 *fice of Management and Budget Circular A-94.*

21 “(b) *ALTERNATIVE ACCOUNTING AND ALTERNATIVE*
22 *ACCOUNTING AND AUDITING REQUIREMENTS.—*

23 “(1) *IN GENERAL.—Within one year after the*
24 *date of the enactment of this section, for the marginal*
25 *properties referenced in subsection (a)(1), the Sec-*

1 *retary shall provide accounting, reporting, and audit-*
2 *ing relief that will encourage lessees to continue to*
3 *produce and develop such properties: Provided, That*
4 *such relief will only be available to lessees in a State*
5 *that concurs.*

6 *“(2) PAYMENT DATE.—For leases subject to this*
7 *section, the Secretary may allow royalties to be paid*
8 *later than the time specified in the lease.”.*

9 *(b) CLERICAL AMENDMENT.—The table of contents in*
10 *section 1 of the Federal Oil and Gas Royalty Management*
11 *Act (30 U.S.C. 1701) is amended by adding after the item*
12 *relating to section 115 the following new item:*

“Sec. 116. Alternatives for marginal properties.”.

13 **SEC. 5508. NOTICE REQUIREMENT.**

14 *Section 23(a)(2) of the Outer Continental Shelf Lands*
15 *Act (43 U.S.C. 1349(a)(2)) is amended to read as follows:*

16 *“(2) Except as provided in paragraph (3) of this*
17 *subsection, no action may be commenced under sub-*
18 *section (a)(1) of this section if the Attorney General*
19 *has commenced and is diligently prosecuting a civil*
20 *action in a court of the United States with respect to*
21 *such matter, but in any such action in a court of the*
22 *United States any person having a legal interest*
23 *which is or may be adversely affected may intervene*
24 *as a matter of right.”.*

1 **SEC. 5509. REPEALS.**

2 (a) *FOGRMA*.—Section 307 of the Federal Oil and
3 Gas Royalty Management Act of 1982 (30 U.S.C. 1755),
4 is repealed. Section 1 of such Act (relating to the table of
5 contents) is amended by striking out the item relating to
6 section 307.

7 (b) *OCSLA*.—Effective on the date of the enactment
8 of this Act, section 10 of the Outer Continental Shelf Lands
9 Act (43 U.S.C. 1339) is repealed.

10 **SEC. 5510. PERFORMANCE STANDARD.**

11 Section 109 of the Federal Oil and Gas Royalty Man-
12 agement Act of 1982 (30 U.S.C. 1719) is amended in sub-
13 sections (c) and (d), by striking “knowingly or willfully”
14 and inserting “by willful misconduct or gross negligence”
15 each place it appears.

16 **SEC. 5511. INDIAN LANDS.**

17 The amendments made by this subtitle shall not apply
18 with respect to Indian lands, and the provisions of the Fed-
19 eral Oil and Gas Royalty Management Act of 1982 as in
20 effect on the day before the date of enactment of this Act
21 shall continue to apply after such date with respect to In-
22 dian lands. The provisions of the Federal Oil and Gas Roy-
23 alty Management Act of 1982, as amended by this subtitle,
24 shall apply as of the date of enactment with respect to Fed-
25 eral lands and the Outer Continental Shelf.

1 **SEC. 5512. PRIVATE LANDS.**

2 *This subtitle shall not apply to any privately owned*
3 *minerals.*

4 **SEC. 5513. EFFECTIVE DATE.**

5 *Except as provided by section 115(e), section 111(h),*
6 *section 111(k)(5), and section 116 of the Federal Oil and*
7 *Gas Royalty Management Act of 1982 (as added by this*
8 *subtitle), this subtitle, and the amendments made by this*
9 *subtitle, shall apply with respect to the production of oil*
10 *and gas after the first day of the month following the date*
11 *of the enactment of this Act.*

12 ***Subtitle G—Department of Energy***

13 **SEC. 5600. SALE OF DOE ASSETS.**

14 (a) *IN GENERAL.*—

15 (1) *In order to maximize the use of Department*
16 *of Energy assets and to reduce overhead and other*
17 *costs related to asset management at the Department's*
18 *facilities and laboratories, the Secretary of Energy*
19 *shall conduct an asset management and disposition*
20 *program that will result in no less than \$225 million*
21 *in receipts and savings by October 1, 2000.*

22 (2) *The program shall include an inventory of*
23 *assets in the care of the Department and its contrac-*
24 *tors; the recovery, reuse, and stewardship of assets;*
25 *and disposition of a minimum of 1,139,000,000*
26 *pounds of fuel, 136,000 tons of chemicals and indus-*

1 *trial gases, 557,000 tons of scrap metal, 14,000 radi-*
2 *ation sources, 17,000 pieces of major equipment,*
3 *11,000 pounds of precious metals (not including the*
4 *Research Materials Collection), and 91,000,000*
5 *pounds of base metals.*

6 *(b) EXEMPTIONS.—The disposition of assets under this*
7 *section is not subject to sections 202 and 203 of the Federal*
8 *Property and Administrative Services Act of 1949 (40*
9 *U.S.C. secs. 483 and 484) or section 13 of the Surplus Prop-*
10 *erty Act of 1944 (50 U.S.C. App. sec. 1622). In order to*
11 *avoid market disruptions, the Secretary shall consult with*
12 *appropriate executive agencies with respect to dispositions*
13 *under this section.*

14 *(c) DISPOSITION OF PROCEEDS.—After deduction of*
15 *administrative costs of disposition under this section not*
16 *to exceed \$7 million per year, the remainder of the proceeds*
17 *from dispositions under this section shall be returned to the*
18 *Treasury as miscellaneous receipts. There shall be estab-*
19 *lished a new receipt account in the Treasury for proceeds*
20 *of asset sales under this section.*

21 **SEC. 5651. WEEKS ISLAND.**

22 *Notwithstanding section 161 of the Energy Policy and*
23 *Conservation Act, the Secretary of Energy shall draw down*
24 *and sell 32 million barrels of oil contained in the Weeks*
25 *Island Strategic Petroleum Reserve Facility.*

1 **SEC. 5652. LEASE OF EXCESS SPRO CAPACITY.**

2 *The Energy Policy and Conservation Act (42 U.S.C.*
3 *6201 to 6422) is amended by adding the following new sec-*
4 *tion after section 167:*

5 **“SEC. 168. USE OF UNDERUTILIZED FACILITIES.**

6 *“(a) Notwithstanding any other provision of this title,*
7 *the Secretary, by lease or otherwise, for any term and under*
8 *such other conditions as the Secretary considers necessary*
9 *or appropriate, may store in underutilized Strategic Petro-*
10 *leum Reserve facilities petroleum product owned by a for-*
11 *foreign government or its representative.*

12 *“(b) Petroleum product stored under this section is not*
13 *part of the Reserve and may be exported from the United*
14 *States.”.*

15 *“(c) Beginning in fiscal year 2001 and in each fiscal*
16 *year thereafter, except for fiscal years 2003 and 2004, 50*
17 *percent of the funds resulting from the leasing of Strategic*
18 *Petroleum Reserve facilities authorized by subsection (a)*
19 *shall be available to the Secretary of Energy without further*
20 *appropriation for the purchase of oil for the Strategic Pe-*
21 *troleum Reserve.”.*

22 ***Subtitle H—Mining***

23 **SEC. 5700. SHORT TITLE.**

24 *This subtitle may be cited as “The Mining Law Reve-*
25 *nue Act of 1995”.*

1 **SEC. 5701. DEFINITIONS.**

2 *When used in this subtitle:*

3 (1) *“Assessment year” means the annual period*
4 *commencing at 12 o’clock noon on the 1st day of Sep-*
5 *tember and ending at 12 o’clock noon on the 1st day*
6 *of September of the following year.*

7 (2) *“Federal lands” means lands and interests in*
8 *lands owned by the United States that are open to*
9 *mineral location, or that were open to mineral loca-*
10 *tion when a mining claim or site was located and*
11 *which have not been patented under the general min-*
12 *ing laws.*

13 (3) *“General mining laws” means those Acts*
14 *which generally comprise chapters 2, 11, 12, 12A, 15,*
15 *and 16, and sections 161 and 162, of Title 30 of the*
16 *United States Code, all Acts heretofore enacted which*
17 *are amendatory of or supplementary to any of the*
18 *foregoing Acts, and the judicial and administrative*
19 *decisions interpreting such Acts.*

20 (4) *“Locatable minerals” means those minerals*
21 *owned by the United States and subject to location*
22 *and disposition under the general mining laws on or*
23 *after the effective date of this Subtitle, but not includ-*
24 *ing any mineral held in trust by the United States*
25 *for any Indian or Indian tribe, as defined in section*
26 *2 of the Indian Mineral Development Act of 1982 (25*

1 *U.S.C. 2101), or any mineral owned by any Indian*
2 *or Indian tribe, as defined in that section, that is*
3 *subject to a restriction against alienation imposed by*
4 *the United States, or any mineral owned by any in-*
5 *corporated Native group, village corporation, or re-*
6 *gional corporation and acquired by the group or cor-*
7 *poration under the provisions of the Alaska Native*
8 *Claims Settlement Act (43 U.S.C. 1601 et seq.).*

9 (5) *“Mineral activities” means any activity on*
10 *Federal lands related to, or incidental to, exploration*
11 *for or development, mining, production, beneficiation,*
12 *or processing of any locatable mineral, or reclamation*
13 *of the impacts of such activities.*

14 (6) *“Mining claim or site”, except where pro-*
15 *vided otherwise, means a lode mining claim, placer*
16 *mining claim, mill site or tunnel site.*

17 (7) *“Operator” means any person conducting*
18 *mineral activities subject to this Subtitle.*

19 (8) *“Person” means an individual, Indian tribe,*
20 *partnership, association, society, joint venture, joint*
21 *stock company, firm, company, limited liability com-*
22 *pany, corporation, cooperative or other organization,*
23 *and any instrumentality of State or local govern-*
24 *ment, including any publicly owned utility or pub-*
25 *licly owned corporation of State or local government.*

1 (9) “*Processing and treatment cost*” means any
2 *activity following mining including but not limited*
3 *to, crushing, milling, leaching, flotation, grinding,*
4 *solvent extraction, electrolytic deposition, roasting,*
5 *calcining thermal or electric smelting, refining, treat-*
6 *ment effecting a chemical change, or product fabrica-*
7 *tion. Direct and indirect cost such as maintenance,*
8 *depreciation, environmental, labor and consumable*
9 *cost associated with these activities shall be included*
10 *in this definition.*

11 (10) “*Secretary*” means the *Secretary of the In-*
12 *terior.*

13 **SEC. 5702. CLAIM MAINTENANCE REQUIREMENTS.**

14 (a) *MAINTENANCE FEE.*—*After the date of enactment*
15 *of this Subtitle, the owner of each unpatented mining claim*
16 *or site located pursuant to the general mining laws, whether*
17 *located before or after the enactment of this Subtitle, shall*
18 *pay in advance to the Secretary annually on or before Sep-*
19 *tember 1, and until a patent has been issued therefor, a*
20 *maintenance fee of \$100 per mining claim or site. The*
21 *owner of each unpatented mining claim or site located after*
22 *the date of enactment of this Subtitle pursuant to the gen-*
23 *eral mining laws shall pay to the Secretary, at the time*
24 *the copy of the notice or certificate of location is filed with*
25 *the Bureau of Land Management pursuant to section 314(b)*

1 *of the Federal Land Policy and Management Act of 1976*
2 *(43 U.S.C. 1744(b)), in addition to the location fee required*
3 *under subsection (c) of this section, an initial maintenance*
4 *fee of \$100 per mining claim or site for the assessment year*
5 *which includes the date of location of such mining claim*
6 *or site. If a mining claim or site is located within 90 days*
7 *before September 1 and the copy of the notice or certificate*
8 *of location is timely filed with the Bureau of Land Manage-*
9 *ment under subsection 314(b) of the Federal Land Policy*
10 *and Management Act of 1976 after September 1, the annual*
11 *maintenance fee payable under the first sentence of this sub-*
12 *section shall be paid at the time such notice or certificate*
13 *of location is filed, in addition to the location fee and the*
14 *initial \$100 maintenance fee. No maintenance fee shall be*
15 *required if the fee is waived or the owner of the mining*
16 *claim or site is exempt as provided in section 5703 of this*
17 *Subtitle.*

18 **(b) MAINTENANCE FEE STATEMENT.**—*Each payment*
19 *under subsection (a) of this section shall be accompanied*
20 *by a statement which reasonably identifies the mining*
21 *claim or site for which the maintenance fee is being paid.*
22 *Such statement may include the name of the mining claim*
23 *or site, the serial number assigned by the Secretary to such*
24 *mining claim or site, the description of the book and page*
25 *in which the notice or certificate of location for such mining*

1 *claim or site is recorded under State law, any combination*
2 *of the foregoing, or any other information that reasonably*
3 *identifies the mining claim or site for which the mainte-*
4 *nance fee is being paid. The statement required under this*
5 *subsection shall be in lieu of any annual filing requirements*
6 *for mining claims or sites, under any other Federal law,*
7 *but shall not supersede any such filing requirement under*
8 *applicable State law.*

9 (c) *LOCATION FEE.*—*The owner of each unpatented*
10 *mining claim or site located on or after the date of enact-*
11 *ment of this Subtitle pursuant to the general mining laws*
12 *shall pay to the Secretary, at the time the notice or certifi-*
13 *cate of location is filed with the Bureau of Land Manage-*
14 *ment pursuant to subsection 314(b) of the Federal Land*
15 *Policy and Management Act of 1976 (43 U.S.C. 1744(b)),*
16 *a location fee of \$25.00 per claim.*

17 (d) *CREDIT AGAINST ROYALTY.*—*The annual claim*
18 *maintenance fee paid for any unpatented mining claim or*
19 *site on or before September 1 of any year shall be credited*
20 *against the amount of royalty required to be paid under*
21 *Section 5705 for such mining claim or site during the fol-*
22 *lowing assessment year.*

23 (e) *FAILURE TO COMPLY.*—*The failure of the owner*
24 *of the mining claim or site to pay the claim maintenance*
25 *fee or location fee for a mining claim or site on or before*

1 *the date such payment is due under subsection (a) or sub-*
2 *section (c) of this section shall constitute forfeiture of the*
3 *mining claim or site and such mining claim or site shall*
4 *be null and void, effective as of the day after the date such*
5 *payment is due: Provided, however, That, if such mainte-*
6 *nance fee or location fee is paid or tendered on or before*
7 *the 30th day after such payment was due under subsection*
8 *(a) or subsection (c) of this section, such mining claim or*
9 *site shall not be forfeited or null or void, and such mainte-*
10 *nance fee or location fee shall be deemed timely paid.*

11 *(f) REPEAL OF OMNIBUS BUDGET RECONCILIATION*
12 *ACT FEE REQUIREMENTS.—Sections 10101 through 10106*
13 *of the Omnibus Budget Reconciliation Act of 1993 (30*
14 *U.S.C. 28f through 28k) are hereby repealed.*

15 *(g) AMENDMENT OF FLPMA FILING REQUIRE-*
16 *MENTS.—Section 314 (a) of the Federal Land Policy and*
17 *Management Act of 1976 (43 U.S.C. 1744 (a)) is hereby*
18 *repealed.*

19 **SEC. 5703. WAIVER AND EXEMPTION.**

20 *(a) WAIVER OF FEE.—The maintenance fee provided*
21 *for in subsection 5702(a) shall be waived for the owner of*
22 *a mining claim or site who certifies in writing to the Sec-*
23 *retary, on or before the date the payment is due, that, as*
24 *of the date such payment is due, such owner and all related*
25 *persons own not more than twenty-five unpatented mining*

1 *claims or sites. Any owner of a mining claim or site that*
2 *is not required to pay a maintenance fee under this sub-*
3 *section shall continue to be subject to the assessment work*
4 *requirements of the general mining laws or of any other*
5 *State or Federal law, subject to any suspension or deferment*
6 *of annual assessment work provided by law, for the assess-*
7 *ment year following the filing of the certification required*
8 *by this subsection.*

9 **(b) RELATED PERSONS.**—*As used in subsection (a),*
10 *the term “related persons” includes—*

11 **(1)** *the spouse and dependent children (as de-*
12 *finied in section 152 of the Internal Revenue Code of*
13 *1986), of the owner of the mining claim or site; and*

14 **(2)** *a person controlled by, controlling, or under*
15 *common control with the owner of the mining claim*
16 *or site.*

17 **(c) EXEMPTION.**—*The owner of any mining claim or*
18 *site who certifies in writing to the Secretary on or before*
19 *the first day of any assessment year that access to such min-*
20 *ing claim or site was denied or impeded during the prior*
21 *assessment year by the action or inaction of any local,*
22 *State, or Federal Governmental officer, agency, or court, or*
23 *by any Indian tribal authority, shall be exempt from the*
24 *maintenance fee requirement of subsection (a) of section*

1 5702 for the assessment year following the filing of the cer-
2 tification.

3 **SEC. 5704. PATENTS.**

4 (a) *IN GENERAL.*—*Except as provided in subsection*
5 *(c), any patent issued by the United States under the gen-*
6 *eral mining laws after the date of enactment of this Subtitle*
7 *shall be issued only—*

8 (1) *upon payment by the owner of the claim of*
9 *the fair market value for the interest in the land*
10 *owned by the United States exclusive of and without*
11 *regard to the mineral deposits in the land or the use*
12 *of the land for mineral activities; and*

13 (2) *subject to reservation by the United States of*
14 *the royalty provided in section 5705.*

15 (b) *RIGHT OF REENTRY.*—

16 (1) *Except as provided in subsection 5704(c),*
17 *and notwithstanding any other provision of law, a*
18 *patent issued pursuant to this section shall be subject*
19 *to a right of reentry by the United States if the pat-*
20 *ented estate is used by the patentee for any purpose*
21 *other than for conducting mineral activities in good*
22 *faith and such unauthorized use is not discontinued*
23 *as provided in this subsection.*

24 (2) *If the surface of the patented estate is used*
25 *by the patentee, or any subsequent owners, for any*

1 *purpose other than for conducting mineral activities*
2 *in good faith, the Secretary shall serve on all owners*
3 *of interests in such patented estate, in the manner*
4 *prescribed for service of a summons and complaint*
5 *under the Federal Rules of Civil Procedure, notice*
6 *specifying such unauthorized use and providing not*
7 *more than 90 days in which such unauthorized use*
8 *must be terminated. The giving of such notice shall*
9 *constitute final agency action appealable by any*
10 *owner of an interest in such patented estate. The Sec-*
11 *retary may exercise the right of reentry as provided*
12 *in paragraph (3) of this subsection if such unauthor-*
13 *ized use has not been terminated in the time provided*
14 *in this paragraph, and only after all appeal rights*
15 *have expired and any appeals of such notice have*
16 *been finally determined.*

17 *(3) The Secretary may exercise the right of the*
18 *United States to reenter such patented estate by filing*
19 *a declaration of reentry in the office of the Bureau of*
20 *Land Management designated by the Secretary and*
21 *recording such declaration where the notice or certifi-*
22 *cate of location for the patented claim or site is re-*
23 *corded under State law. Upon the filing and record-*
24 *ing of such declaration, all right, title and interest in*
25 *such patented estate shall revert to the United States.*

1 *Lands and interests in lands for which the United*
2 *States exercises its right of reentry under this section*
3 *shall remain open to the location of mining claims*
4 *and mill sites, unless withdrawn under other applica-*
5 *ble law.*

6 *(c) PATENT TRANSITION.—Notwithstanding any other*
7 *provision of law, the requirements of this subtitle (except*
8 *the payment of maintenance and location fees in accordance*
9 *with sections 5702 and 5703) shall not apply to those pat-*
10 *ent applications pending at the Department of the Interior*
11 *as of September 30, 1995. Such patents shall be issued*
12 *under or subject to the general mining laws in effect prior*
13 *to the date of enactment of this subtitle.*

14 **SEC. 5705. ROYALTY.**

15 *(a) RESERVATION OF ROYALTY.—*

16 *(1) IN GENERAL.—Production of locatable min-*
17 *erals (including associated minerals) from any*
18 *unpatented mining claim (other than those from Fed-*
19 *eral lands to which subsection 5704(c) applies) or any*
20 *mining claim patented under subsection 5704(a), in-*
21 *cluding mineral concentrates and products derived*
22 *from locatable minerals, shall be subject to the pay-*
23 *ment of a royalty of 2.5 percent on the Net Smelter*
24 *Return of all ores, minerals, metals, and materials*
25 *mined and removed and sold.*

1 (2) *WAIVER.*—*If the Secretary determines that*
2 *the Secretary’s cost of accounting for and collecting a*
3 *royalty for any mineral exceeds or is likely to exceed*
4 *the amount of royalty to be collected, the Secretary*
5 *shall waive such royalty. The obligation to pay royal-*
6 *ties hereunder shall accrue only upon the sale of*
7 *locatable minerals or mineral products produced from*
8 *a mining claim subject to such royalty, and not upon*
9 *the stockpiling of the same for future processing.*

10 (3) *EXEMPTION.*—*Any mine with an annual*
11 *Revenues Received of less than \$500,000 shall be ex-*
12 *empt from the requirement to pay a royalty under*
13 *this section.*

14 (4) *DEFINITION.*—

15 (A) *“Net Smelter Return” means the “Reve-*
16 *nuces Received” for such ores, minerals, metals or*
17 *materials, less the “Allowable Deductions” for*
18 *any calendar year.*

19 (B) *“Revenues Received” means the pro-*
20 *ceeds from the sale of ores mined from the claims*
21 *or patents before subtracting the “Allowable De-*
22 *ductions”, or, in the case of sales of beneficiated*
23 *products from locatable minerals such as cath-*
24 *ode, anode or copper rod or wire, or other prod-*
25 *ucts fabricated from the locatable minerals, the*

1 *gross income from mining derived from the first*
2 *commercially marketable product determined in*
3 *the same manner as under Section 613 of the In-*
4 *ternal Revenue Code, before subtracting the “Al-*
5 *lowable Deductions.” Sales or transfers of ores to*
6 *affiliates shall be valued at the fair market value*
7 *of the products sold or transferred. Without lim-*
8 *iting the foregoing, the profits or losses incurred*
9 *in connection with forward sales, futures or com-*
10 *modity options trading, metal loans, or any*
11 *other price hedging or speculative activity or ar-*
12 *rangement shall not be included in Revenues Re-*
13 *ceived.*

14 (C) *“Allowable Deductions” means the fol-*
15 *lowing costs and expenses actually incurred or*
16 *paid to third parties by the royalty payor: proc-*
17 *essing and treatment cost, costs for all transpor-*
18 *tation and insurance for ores or products pro-*
19 *duced from ores mined from the claim, group of*
20 *claims or patents comprising an operation, be-*
21 *tween the mine and processing facilities, from*
22 *one processing facility to another, and from*
23 *processing facilities to the point of delivery of*
24 *said ores or products; assaying charges, umpire*
25 *charges, independent representative charges; all*

1 *charges by purchasers of said ores or products;*
2 *all taxes (except income taxes) measured by or*
3 *valued upon production.*

4 (5) *REVENUES RECEIVED.*—*All Revenues Re-*
5 *ceived and Allowable Deductions shall be determined*
6 *in accordance with generally accepted accounting*
7 *principles and practices consistently applied. Reve-*
8 *nuces Received and Allowable Deductions shall be de-*
9 *termined by the accrual method.*

10 (6) *ALLOWABLE DEDUCTIONS.*—*Where any Al-*
11 *lowable Deductions are incurred in conjunction with*
12 *like costs for mineral products from other properties*
13 *controlled by the payor such costs shall be fairly allo-*
14 *cated and apportioned in accordance with generally*
15 *accepted practices in the mining industry.*

16 (7) *COMMINGLING.*—*The payor shall have the*
17 *right to commingle ore and minerals from the claim,*
18 *group of claims, or patent comprising an operation,*
19 *with ore from other lands and properties: Provided,*
20 *however, That the payor shall calculate from rep-*
21 *resentative samples the average grade of the ore before*
22 *commingling. If concentrates are produced from the*
23 *commingled ores, the payor shall calculate from rep-*
24 *resentative samples calculating the average grade of*
25 *the ore, and calculating average recovery percentages*

1 *the payor shall use procedures accepted in the mining*
2 *and metallurgical industry suitable for the type of*
3 *mining and processing activity being conducted.*

4 (8) *EFFECTIVE DATE.—*

5 (A) *IN GENERAL.—The royalty required*
6 *under this section shall take effect with respect to*
7 *production on or after the first day of the first*
8 *month following the date of enactment of this*
9 *subtitle.*

10 (B) *PHASE-IN.—The royalty payments re-*
11 *quired under this section shall be reduced—*

12 (i) *by 66 2/3 percent for the first 12*
13 *months following the date of enactment of*
14 *this subtitle for which royalties are due on*
15 *production pursuant to this subtitle; and*

16 (ii) *by 33 1/3 percent for the second 12*
17 *months that royalties are due on production*
18 *pursuant to this subtitle.*

19 (C) *TIME FOR PAYMENT.—Any royalty pay-*
20 *ment attributable to production during the first*
21 *15 calendar months after the date of enactment*
22 *of this subtitle, after any reduction under para-*
23 *graph (B), shall be due on the date that is 12*
24 *months after the date of enactment of this sub-*
25 *title.*

1 (D) *NO MARKETABLE QUANTITY PRIOR TO*
2 *DATE OF ENACTMENT.*—*For a claim, group of*
3 *claims, or patents comprising an operation that*
4 *has not produced a marketable quantity prior to*
5 *the date of enactment of this subtitle, the royalty*
6 *payments required pursuant to this section shall*
7 *be reduced—*

8 (i) *by 66 2/3 percent for the first 12*
9 *months following the date of enactment of*
10 *this subtitle for which royalties are due on*
11 *production pursuant to this subtitle; and*

12 (ii) *by 33 1/3 percent for the second 12*
13 *months that royalties are due on production*
14 *pursuant to this subtitle.*

15 (9) *ROYALTY REDUCTION FOR MARGINAL OPER-*
16 *ATIONS.*—

17 (A) *APPLICATION.*—*A person that is re-*
18 *quired to make a royalty payment under this*
19 *section may file for a reduction or waiver of the*
20 *royalty by demonstrating that payment of the*
21 *royalty would preclude recovery of costs of pro-*
22 *duction, including invested capital, for a claim,*
23 *group of claims or patents comprising an oper-*
24 *ation for the remaining reasonable life of the op-*
25 *eration: Provided, That the Secretary shall not*

1 *consider royalty reduction effective during the*
2 *phase-in periods under paragraph (8). For pur-*
3 *poses of this initial application, “Projected Reve-*
4 *nuces” shall be calculated using the operator’s*
5 *current and projected rates of production at the*
6 *average price for the preceding 12 months.*

7 *(B) DEFINITION.—For purposes of an ap-*
8 *plication under subparagraph (A)—*

9 *(i) “Projected Revenues” shall be the*
10 *net present value of the expected revenues*
11 *for the remaining reasonable life of the op-*
12 *eration calculated using the average min-*
13 *eral price received for the preceding 12*
14 *month calendar year.*

15 *(ii) “Costs of Production” shall mean*
16 *the net present value of the following costs*
17 *based on the expected rate of production for*
18 *the remaining reasonable life of the oper-*
19 *ation—*

20 *(I) the projected cost of extracting*
21 *the locatable mineral;*

22 *(II) the projected cost of trans-*
23 *porting the locatable mineral to the*
24 *place or places of reduction,*
25 *beneficiation, refining and sale;*

1 (III) the projected cost of reduc-
2 tion, beneficiation, refining and sale of
3 the locatable mineral;

4 (IV) the projected cost of market-
5 ing and delivering the locatable min-
6 eral and the conversion of the locatable
7 mineral into money;

8 (V) the projected cost of mainte-
9 nance and repairs of all machinery,
10 equipment, apparatus, and facilities
11 used in the mine; all crushing, milling,
12 leaching, refining, smelting, and reduc-
13 tion works, plants, and facilities; and
14 all facilities and equipment for trans-
15 portation;

16 (VI) the projected cost for support
17 personnel and support services at the
18 mine site, including without limita-
19 tion, accounting, assaying, drafting,
20 and mapping, computer services, sur-
21 veying, housing, camp and office ex-
22 penses, safety and security;

23 (VII) the projected cost of engi-
24 neering, sampling, and assaying per-

1 *taining to development and produc-*
2 *tion;*

3 *(VIII) the projected cost of per-*
4 *mitting, reclamation, environmental*
5 *compliance and monitoring;*

6 *(IX) the projected cost of fire and*
7 *other insurance on the machinery,*
8 *equipment, apparatus, works, plants*
9 *and facilities mentioned in subclause*
10 *(B)(ii)(V);*

11 *(X) depreciation of the original*
12 *capitalized cost of the machinery,*
13 *equipment, apparatus, works, plants,*
14 *and facilities listed in subclause*
15 *(B)(ii)(V), considering the probable life*
16 *of the property in computing the an-*
17 *nuual depreciation charge;*

18 *(XI) all money expended for pre-*
19 *miums for industrial insurance, and*
20 *the owner-paid cost of hospital and*
21 *medical attention and accident benefits*
22 *and group insurance for all employees*
23 *engaged in the production or process-*
24 *ing of locatable minerals;*

1 (XII) all money paid as contribu-
2 tions or payments under State unem-
3 ployment compensation law, all money
4 paid as contributions under the Fed-
5 eral Social Security Act, and all
6 money paid to State government in
7 real property taxes measured or levied
8 on production, or Federal excise tax
9 payments and payments as fees or
10 charges for use of the Federal lands
11 from which the locatable minerals are
12 produced; and

13 (XIII) the projected cost of devel-
14 opmental work in or about the mine or
15 upon a group of mines when operated
16 as a unit.

17 (C) For purposes of the annual depreciation
18 charge under paragraph (B)(i)X)—

19 (i) Any expenditure not otherwise de-
20 scribed in this clause which is not deduct-
21 ible in the year paid or incurred pursuant
22 to the Internal Revenue Code of 1986, and
23 which is:

24 (I) attributable to the direct ac-
25 quisition of mining claims purchased

1 *separately or as part of a group of as-*
2 *sets, or*

3 *(II) attributable to the indirect*
4 *acquisition of mining property or min-*
5 *ing claims by reason of being a portion*
6 *of the consideration for an interest in*
7 *a corporation, partnership or trust (in*
8 *connection with an ownership change*
9 *of such entity determined under the*
10 *principles of Section 382(g) of the In-*
11 *ternal Revenue Code of 1986) allocable*
12 *to such property or claims of such en-*
13 *tity, shall be allowable as a depreci-*
14 *ation deduction to the purchaser in the*
15 *case of an expenditure described in (I)*
16 *or to the acquired corporation, part-*
17 *nership or trust in the case of an ex-*
18 *penditure described in (II), ratably*
19 *over a period based on the probable life*
20 *of the property, beginning with the*
21 *taxable year in which such expenditure*
22 *was made.*

23 *(ii) The deduction allowed for costs at-*
24 *tributable to mining property or claims is*
25 *available only at the election of the pur-*

1 *chaser in the case of expenditures described*
2 *in (i)(I), or at the election of both the pur-*
3 *chaser and acquired corporation, partner-*
4 *ship or trust in the case of expenditures de-*
5 *scribed in (i)(II), and is in lieu of any*
6 *other deduction otherwise allowable under*
7 *this section with respect to such expendi-*
8 *ture.*

9 *(D) If the Costs of Production for the oper-*
10 *ation exceed the Projected Revenues, the Sec-*
11 *retary shall waive in full the royalty obligation.*
12 *If the Projected Revenues exceed the Costs of Pro-*
13 *duction by less than the full royalty obligation*
14 *under subsection (a), the Secretary shall reduce*
15 *the royalty rate to a level allowing the recovery*
16 *of the Costs of Production, including invested*
17 *capital, over the remaining reasonable life of the*
18 *operation.*

19 *(10) SPLIT ESTATES.—For circumstances where*
20 *a claim, group of claims or patent is subject to this*
21 *section but does not comprise the entirety of a mine,*
22 *the Annual Revenues and Costs of Production shall be*
23 *allocated for royalty purposes in proportion to the*
24 *value of production recovered from the claim, group*
25 *of claims or patent.*

1 (11) *JUDICIAL REVIEW.*—*A determination by the*
2 *Secretary under paragraph (9) shall be judicially*
3 *reviewable under section 702 of title 5, United States*
4 *Code, only for actions filed within 180 days of the*
5 *Secretary’s determination.*

6 (12) *ANNUAL FILING OF DATA.*—*If a reduction*
7 *in royalty is provided under this paragraph, the roy-*
8 *alty payor shall file cost and revenue data with the*
9 *Secretary annually during the period of royalty*
10 *waiver or reduction.*

11 (b) *DUTIES OF CLAIM HOLDERS, OPERATORS AND*
12 *TRANSPORTERS.*—*A person that is required to make a roy-*
13 *alty payment under this section shall make quarterly esti-*
14 *mates of the royalty obligation and shall make the payment*
15 *to the United States annually in such manner as the Sec-*
16 *retary of the Interior may by rule prescribe. The owner or*
17 *co-owners of a mining claim shall be liable for royalty on*
18 *locatable minerals produced and sold during the period of*
19 *ownership to the extent of the interest in such claim owned.*
20 *As used in this subsection, “owner” or “co-owner” shall*
21 *mean the person or persons owning the right to mine*
22 *locatable minerals from such claim and receiving the reve-*
23 *nues of sale. Any person who makes any royalty payment*
24 *attributable to the interest of the owner or co-owners liable*

1 *therefor shall not become liable to the United States for such*
2 *royalty as a result.*

3 (c) *MANNER OF PAYMENT.*—

4 (1) *Each royalty payment or adjustment shall be*
5 *accompanied by a statement containing:*

6 (A) *the name and Bureau of Land Manage-*
7 *ment serial number of the mining claim or*
8 *claims from which ores, concentrates, solutions*
9 *or beneficiated products of locatable minerals*
10 *subject to the royalty required in this section*
11 *were produced and sold for the period covered by*
12 *such payment or adjustment;*

13 (B) *the estimated (or actual, if determined)*
14 *quantity of such ore, concentrates, solutions or*
15 *beneficiated or fabricated products produced and*
16 *sold from such mining claim or claims for such*
17 *period;*

18 (C) *the estimated (or actual, if determined)*
19 *Gross Yield from the production and sale of such*
20 *ore, concentrates, solutions or beneficiated prod-*
21 *ucts for such period;*

22 (D) *the estimated (or actual, if determined)*
23 *Net Smelter Return from the production and sale*
24 *of such ores, concentrates, solutions or*
25 *beneficiated products for such period, including*

1 *an itemization of the applicable deductions de-*
2 *scribed in paragraph 20(a)(4)(A); and*

3 *(E) the estimated (or actual, if determined)*
4 *royalty due to the United States, or adjustment*
5 *due to the United States or such owner or co-*
6 *owners, for such period.*

7 *(2) In lieu of receiving a refund under subsection*
8 *(e), the owner or co-owners may elect to apply any*
9 *adjustment due to such owner or co-owners as an off-*
10 *set against royalties due from such owner or co-own-*
11 *ers to the United States under this Subtitle, regardless*
12 *of whether such royalties are due for production and*
13 *sale from the same mining claim or claims.*

14 *(d) RECORDKEEPING AND REPORTING REQUIRE-*
15 *MENTS.—*

16 *(1) An owner, operator, or other person directly*
17 *involved in the conduct of mineral activities, trans-*
18 *portation, purchase, or sale of locatable minerals, con-*
19 *centrates, or products derived therefrom, subject to the*
20 *royalty required in this section, through the point of*
21 *royalty computation, shall establish and maintain*
22 *any records, make any reports, and provide any in-*
23 *formation that the Secretary may reasonably require*
24 *for the purposes of implementing this section or deter-*
25 *mining compliance with regulations or orders under*

1 *this section. Upon the request of the Secretary when*
2 *conducting an audit or investigation pursuant to sub-*
3 *section (f), the appropriate records, reports, or infor-*
4 *mation which may be required by this section shall*
5 *be made available for inspection and duplication by*
6 *the Secretary.*

7 *(2) Records required by the Secretary under this*
8 *section shall be maintained for three years after the*
9 *records are generated unless the Secretary notifies the*
10 *record holder that he or she has initiated an audit or*
11 *investigation specifically identifying and involving*
12 *such records and that such records must be main-*
13 *tained for a longer period. When an audit or inves-*
14 *tigation is under way, such records shall be main-*
15 *tained until the earlier of the date that the Secretary*
16 *releases the record holder of the obligation to main-*
17 *tain such records or the date that the limitations pe-*
18 *riod applicable to such audit or investigation under*
19 *subsection (f) expires.*

20 *(e) INTEREST ASSESSMENTS.—In any case in which*
21 *royalty payments are not received by the Secretary on the*
22 *date that such payments are due, or when such payments*
23 *are less than the amount due, the Secretary shall charge*
24 *interest on such late payments computed at the rate pub-*
25 *lished by the Department of the Treasury as the “Treasury*

1 *Current Value of Funds Rate.*” In the case of an
2 *underpayment or partial payment, interest shall be com-*
3 *puted and charged only on the amount of the deficiency*
4 *and not on the total amount, and only for the number of*
5 *days such payment is late. No other late payment or*
6 *underpayment charge or penalty shall be charged. In any*
7 *case in which royalty payments are made in excess of the*
8 *amount due, or amounts are held by the Secretary pending*
9 *the outcome of any appeal in which the Secretary does not*
10 *prevail, the Secretary shall promptly refund such overpay-*
11 *ments or pay such amounts to the person or persons entitled*
12 *thereto, together with interest thereon for the number of days*
13 *such overpayment or amounts were held by the Secretary,*
14 *with the addition of interest charged against the United*
15 *States computed at the rate published by the Department*
16 *of the Treasury as the “Treasury Current Value of Funds*
17 *Rate”.*

18 (f) *AUDITS, PAYMENT DEMANDS AND LIMITATIONS.—*

19 (1) *The Secretary may conduct, after notice, any*
20 *audit reasonably necessary and appropriate to verify*
21 *the payments required under this section.*

22 (2) *Any billing or demand letter for royalty due*
23 *on locatable minerals produced and sold from any*
24 *mining claim subject to royalty required by this sec-*
25 *tion must be sent or issued not later than three years*

1 *after the date such royalty was due and must specifi-*
2 *cally identify the production involved, the royalty al-*
3 *legedly due and the basis for the claim. No action,*
4 *proceeding or claim for royalty due on locatable min-*
5 *erals produced and sold, or relating to such produc-*
6 *tion, may be brought by the United States, including*
7 *but not limited to any claim for additional royalties*
8 *or claim of the right to offset the amount of such ad-*
9 *ditional royalties against amounts owed to any per-*
10 *son by the United States, unless judicial suit or ad-*
11 *ministrative proceedings are commenced to recover*
12 *specific amounts claimed to be due prior to the expi-*
13 *ration of three years from the date such royalty is al-*
14 *leged to have been due.*

15 *(g) PENALTIES.—Any person who withholds payment*
16 *of royalties under this section after a final, nonappealable*
17 *determination of liability may be liable for civil penalties*
18 *of up to \$5,000 per day that payment is withheld after be-*
19 *coming due.*

20 *(h) DISBURSEMENT OF REVENUES.—The receipts from*
21 *royalties collected under this section shall be disbursed as*
22 *follows:*

23 *(1) One-half of such receipts shall be paid into*
24 *the Treasury of the United States and deposited as*
25 *miscellaneous receipts; and*

1 (2) *One-half of such receipts shall be paid into*
2 *a State Fund or the Federal Fund in accordance with*
3 *section 5706; until termination as provided in section*
4 *5710.*

5 **SEC. 5706. ABANDONED LOCATABLE MINERALS MINE REC-**
6 **LAMATION FUND.**

7 (a) *STATE FUND.*—*Any State within which royalties*
8 *are collected pursuant to section 5705 from a mining claim*
9 *and which wishes to become eligible to receive such proceeds*
10 *allocated by paragraph 5705(h)(2) shall establish and*
11 *maintain an interest-bearing abandoned locatable mineral*
12 *mine reclamation fund (hereinafter referred to in this sub-*
13 *title as “State Fund”) to accomplish the purposes of this*
14 *subtitle.*

15 (b) *FEDERAL FUND.*—*There is established on the books*
16 *of the Treasury of the United States an interest-bearing*
17 *fund to be known as the Abandoned Locatable Minerals*
18 *Mine Reclamation Fund (hereinafter referred to in this sub-*
19 *title as “Federal Fund”) which shall consist of royalty pro-*
20 *ceeds allocated by paragraph 5705(h)(2) from mining*
21 *claims in a State where a State Fund has not been estab-*
22 *lished or maintained under subsection (a).*

23 **SEC. 5707. ALLOCATION AND PAYMENTS.**

24 (a) *STATE FUND.*—*Royalties collected pursuant to sec-*
25 *tion 5705 and allocated by paragraph 5705(h)(2) shall be*

1 *paid by the Secretary of the Treasury to the State Fund*
2 *established pursuant to subsection 5706(a) for the State*
3 *where the mining claim from which the production occurred*
4 *is located. Payments to States under this subsection with*
5 *respect to any royalties received by the United States, shall*
6 *be made not later than the last business day of the month*
7 *in which such royalties are warranted by the United States*
8 *Treasury to the Secretary of the Interior as having been*
9 *received, except for any portion of such royalties which is*
10 *under challenge, which shall be placed in a suspense account*
11 *pending resolution of such challenge. Such warrants shall*
12 *be issued by the United States Treasury not later than 10*
13 *days after receipt of such royalties by the Treasury. Royalties*
14 *placed in a suspense account which are determined to*
15 *be due the United States shall be payable to a State Fund*
16 *not later than fifteen days after such challenge is resolved.*
17 *Any such amount placed in a suspense account pending res-*
18 *olution shall bear interest until the challenge is resolved.*
19 *In determining the amount of payments to State Funds*
20 *under this section, the amount of such payments shall not*
21 *be reduced by any administrative or other costs incurred*
22 *by the United States.*

23 **(b) FEDERAL FUND.**—*Royalties collected pursuant to*
24 *section 5705, and allocated by paragraph 5705(h)(2), from*
25 *mining claims located in a State which has not established*

1 *or maintained a State Fund, and such royalties from min-*
2 *ing claims located in a State for which the Secretary's au-*
3 *thority has expired under subsection 5710(a), shall be cred-*
4 *ited to the Federal Fund and distributed in accordance with*
5 *subsection (c).*

6 (c) *TRANSITION.*—*Prior to the time a State establishes*
7 *a State Fund pursuant to subsection 5706(a), any royalties*
8 *collected from a mining claim within such State shall be*
9 *deposited into the Federal Fund and allocated to such State.*
10 *Once a State establishes a State Fund under subsection*
11 *5706(a), the State allocation in the Federal Fund with ac-*
12 *rued interest shall be paid by the Secretary of the Treasury*
13 *to the State Fund in accordance with subsection (a). Com-*
14 *mencing three years after the date of enactment of this sub-*
15 *title, the Secretary of the Treasury shall distribute royalty*
16 *proceeds then accrued or which are thereafter credited to*
17 *the Federal Fund equally among all States which maintain*
18 *a State Fund established under subsection 5706(a), and for*
19 *which the Secretary of the Treasury's authority has not ex-*
20 *pired under subsection 5710(a).*

21 **SEC. 5708. ELIGIBLE AREA.**

22 (a) *IN GENERAL.*—*Subject to subsection (b), lands and*
23 *water eligible for reclamation under this subtitle shall be*
24 *Federal lands or private lands patented under the general*
25 *mining laws that—*

1 (1) *have been adversely affected by past mineral*
2 *activities on lands abandoned and left inadequately*
3 *reclaimed prior to the date of enactment of this Sub-*
4 *title; and*

5 (2) *for which the State determines there is no*
6 *identifiable party with a continuing reclamation re-*
7 *sponsibility under State or Federal laws.*

8 (b) *SPECIFIC SITES AND AREAS NOT ELIGIBLE.—The*
9 *following areas shall not be eligible for expenditures from*
10 *a State Fund:*

11 (1) *Any area subject to a plan of operations sub-*
12 *mitted or approved prior to, on or after the date of*
13 *enactment of this subtitle which includes remaining or*
14 *reclamation of the area adversely affected by past*
15 *locatable mineral activities.*

16 (2) *Any area affected by coal mining eligible for*
17 *reclamation expenditures pursuant to section 404 of*
18 *the Surface Mining Control and Reclamation Act (30*
19 *U.S.C. 1234).*

20 (3) *Any area designated for remedial action pur-*
21 *suant to the Uranium Mill Tailings Radiation Con-*
22 *trol Act of 1978 (42 U.S.C. 7912).*

23 (4) *Any area that was listed on the National*
24 *Priorities List pursuant to the Comprehensive Envi-*
25 *ronmental Response, Compensation and Liability Act*

1 of 1980 (42 U.S.C. 9605) prior to the date of enact-
2 ment of this subtitle, or where the Environmental
3 Protection Agency has initiated or caused to be initi-
4 ated a response action pursuant to that Act.

5 **SEC. 5709. USES AND OBJECTIVES OF FUNDS.**

6 (a) *USE OF FUNDS.*—Royalty proceeds in a State
7 Fund shall be used for the reclamation of eligible areas. For
8 purposes of this section, reclamation includes—

9 (1) backfilling, fencing, sealing, or otherwise con-
10 trolling abandoned underground mine entries to pro-
11 tect public health and safety;

12 (2) abatement, treatment or control of water pol-
13 lution;

14 (3) shaping, grading, contouring and
15 revegetation of land to prevent erosion and sedimenta-
16 tion, or to enhance fish and wildlife habitat;

17 (4) removal or control of toxic or hazardous ma-
18 terials; and

19 (5) control or reclamation of surface subsidence
20 due to abandoned underground mines.

21 (b) *PRIORITIES.*—Expenditures of royalty proceeds
22 from a State Fund shall reflect the following priorities in
23 the order stated, but shall not preclude, where feasible and
24 appropriate, a combination of these priorities for cost-effec-
25 tive reclamation:

1 (1) *The protection of public health, safety, gen-*
2 *eral welfare and property from extreme danger from*
3 *the adverse effects of past mineral activities.*

4 (2) *The protection of public health, safety, and*
5 *general welfare from the adverse effects of past min-*
6 *eral activities.*

7 **SEC. 5710. SUNSET PROVISIONS.**

8 (a) *TERMINATION OF AUTHORITY.*—*The Secretary of*
9 *the Treasury's authority to allocate funds to a State Fund*
10 *under section 5707 shall expire on the date that the State*
11 *submits a report to the Congress which states that there are*
12 *no areas in the State which remain to be reclaimed.*

13 (b) *TERMINATION OF FUND.*—*Upon the termination of*
14 *authority as provided in subsection (a) with respect to all*
15 *State Funds, the Federal Fund shall also be terminated,*
16 *and all royalty proceeds thereafter remaining in the Federal*
17 *Fund shall be paid into the Treasury of the United States*
18 *and deposited as miscellaneous receipts.*

19 **SEC. 5711. EFFECT ON THE GENERAL MINING LAWS.**

20 *The provisions of this Subtitle shall supersede the gen-*
21 *eral mining laws only to the extent such laws conflict with*
22 *the requirements of this Subtitle. Where no such conflict ex-*
23 *ists, the general mining laws, including all judicial and*
24 *administrative decisions interpreting them, shall remain in*
25 *full force and effect.*

1 **SEC. 5712. SEVERABILITY.**

2 *If any provision of this subtitle or the applicability*
3 *thereof to any person or circumstances is held invalid, the*
4 *remainder of this Subtitle and the application of such pro-*
5 *vision to other persons or circumstances shall not be affected*
6 *thereby.*

7 ***Subtitle I—Department of the***
8 ***Interior***

9 **SEC. 5800. AIRCRAFT SERVICES.**

10 (a) *USE OF PRIVATE CONTRACTORS.—By not later*
11 *than October 1, 1996, the Secretary of the Interior shall*
12 *contract with private entities for the provision of all air-*
13 *craft services required by the Department of the Interior,*
14 *other than those available from existing DOI aircraft whose*
15 *primary purpose is fire suppression.*

16 (b) *SALE OF FEDERAL AIRCRAFT.—By September 30,*
17 *1998, the Secretary of the Interior is authorized and di-*
18 *rected to sell all aircraft owned by the Department of the*
19 *Interior, and all associated equipment and facilities, other*
20 *than those whose primary purpose is fire suppression.*

21 (c) *EXEMPTIONS.—The disposition of assets under this*
22 *section is not subject to section 202 and 203 of the Federal*
23 *Property and Administrative Services Act of 1949 (40*
24 *U.S.C. 483 and 484) or section 13 of the Surplus Property*
25 *Act of 1944 (50 U.S.C. App. 1622).*

1 (d) *DISPOSITION OF PROCEEDS.*—*The proceeds from*
 2 *dispositions under this section shall be returned to the*
 3 *Treasury as miscellaneous receipts and all savings from re-*
 4 *duced overhead and other costs related to the management*
 5 *of the assets sold shall be returned to the Treasury.*

6 ***Subtitle J—Power Marketing***
 7 ***Administrations***

8 ***PART I—BONNEVILLE POWER ADMINISTRATION***

9 ***REFINANCING***

10 ***SEC. 5900. DEFINITIONS.***

11 *For the purposes of this subtitle—*

12 (1) *“Administrator” means the Administrator of*
 13 *the Bonneville Power Administration;*

14 (2) *“capital investment” means a capitalized*
 15 *cost funded by Federal appropriations that—*

16 (A) *is for a project, facility, or separable*
 17 *unit or feature of a project or facility;*

18 (B) *is a cost for which the Administrator is*
 19 *required by law to establish rates to repay to the*
 20 *United States Treasury through the sale of elec-*
 21 *tric power, transmission, or other services;*

22 (C) *excludes a Federal irrigation invest-*
 23 *ment; and*

24 (D) *excludes an investment financed by the*
 25 *current revenues of the Administrator or by*

1 *bonds issued and sold, or authorized to be issued*
2 *and sold, by the Administrator under section 13*
3 *of the Federal Columbia River Transmission*
4 *System Act (16 U.S.C.838(k));*

5 (3) “*new capital investment*” means a capital
6 *investment for a project, facility, or separable unit or*
7 *feature of a project, facility, or separable unit or fea-*
8 *ture of a project or facility, placed in service after*
9 *September 30, 1995;*

10 (4) “*old capital investment*” means a capital in-
11 *vestment whose capitalized cost—*

12 (A) *was incurred, but not repaid, before Oc-*
13 *tober 1, 1995, and*

14 (B) *was for a project, facility, or separable*
15 *unit or feature of a project or facility, placed in*
16 *service before October 1, 1995;*

17 (5) “*repayment date*” means *the end of the pe-*
18 *riod within which the Administrator’s rates are to as-*
19 *sure the repayment of the principal amount of a cap-*
20 *ital investment; and*

21 (6) “*Treasury rate*” means—

22 (A) *for an old capital investment, a rate de-*
23 *termined by the Secretary of the Treasury, tak-*
24 *ing into consideration prevailing market yields,*
25 *during the month preceding October 1, 1995, on*

1 *outstanding interest-bearing obligations of the*
2 *United States with periods to maturity com-*
3 *parable to the period between October 1, 1995,*
4 *and the repayment date for the old capital in-*
5 *vestment; and*

6 *(B) for a new capital investment, a rate de-*
7 *termined by the Secretary of the Treasury, tak-*
8 *ing into consideration prevailing market yields,*
9 *during the month preceding the beginning of the*
10 *fiscal year in which the related project, facility,*
11 *or separable unit or feature is placed in service,*
12 *on outstanding interest-bearing obligations of the*
13 *United States with periods to maturity com-*
14 *parable to the period between the beginning of*
15 *the fiscal year and the repayment date for the*
16 *new capital investment.*

17 **SEC. 5901. NEW PRINCIPAL AMOUNTS.**

18 *(a) PRINCIPAL AMOUNT.—Effective October 1, 1995,*
19 *an old capital investment has a new principal amount that*
20 *is the sum of—*

21 *(1) the present value of the old payment amounts*
22 *for the old capital investment, calculated using a dis-*
23 *count rate equal to the Treasury rate for the old cap-*
24 *ital investment; and*

1 (2) *an amount equal to \$100,000,000 multiplied*
2 *by a fraction whose numerator is the principal*
3 *amount of the old payment amounts for the old cap-*
4 *ital investment and whose denominator is the sum of*
5 *the principal amounts of the old payment amounts*
6 *for all old capital investments.*

7 (b) *DETERMINATION.*—*With the approval of the Sec-*
8 *retary of the Treasury based solely on consistency with this*
9 *part the Administrator shall determine the new principal*
10 *amounts under section 5901 and the assignment of interest*
11 *rates to the new principal amounts under section 5902.*

12 (c) *OLD PAYMENT AMOUNT.*—*For the purposes of this*
13 *section, “old payment amounts” means, for an old capital*
14 *investment, the annual interest and principal that the Ad-*
15 *ministrator would have paid to the United States Treasury*
16 *from October 1, 1995, if this part were not enacted, assum-*
17 *ing that—*

18 (1) *the principal were repaid—*

19 (A) *on the repayment date the Adminis-*
20 *trator assigned before October 1, 1993, to the old*
21 *capital investment, or*

22 (B) *with respect to an old capital invest-*
23 *ment for which the Administrator has not as-*
24 *signed a repayment date before October 1, 1993,*
25 *on a repayment date the Administrator shall as-*

1 *sign to the old capital investment in accordance*
2 *with paragraph 10(d)(1) of the version of De-*
3 *partment of Energy Order RA 6120.2 in effect*
4 *on October 1, 1993; and*
5 *(2) interest were paid—*

6 *(A) at the interest rate the Administrator*
7 *assigned before October 1, 1993, to the old cap-*
8 *ital investment, or*

9 *(B) with respect to an old capital invest-*
10 *ment for which the Administrator has not as-*
11 *signed an interest rate before October 1, 1993, at*
12 *a rate determined by the Secretary of the Treas-*
13 *ury, taking into consideration prevailing market*
14 *yields, during the month preceding the beginning*
15 *of the fiscal year in which the related project, fa-*
16 *ility, or separable unit or feature is placed in*
17 *service, on outstanding interest-bearing obliga-*
18 *tions of the United States with periods to matu-*
19 *rity comparable to the period between the begin-*
20 *ning of the fiscal year and the repayment date*
21 *for the old capital investment.*

22 ***SEC. 5902. INTEREST RATE FOR NEW PRINCIPAL AMOUNTS.***

23 *As of October 1, 1995, the unpaid balance on the new*
24 *principal amount established for an old capital investment*
25 *under section 5901 bears interest annually at the Treasury*

1 rate for the old capital investment until the earlier of the
2 date that the new principal amount is repaid or the repay-
3 ment date for the new principal amount.

4 **SEC. 5903. REPAYMENT DATES.**

5 *As of October 1, 1995, the repayment date for the new*
6 *principal amount established for an old capital investment*
7 *under section 5901 is no earlier than the repayment date*
8 *for the old capital investment assumed in section*
9 *5901(c)(1).*

10 **SEC. 5904. PREPAYMENT LIMITATIONS.**

11 *During the period October 1, 1995, through September*
12 *30, 2000, the total new principal amounts of old capital*
13 *investments, as established under section 5901, that the Ad-*
14 *ministrator may pay before their respective repayment*
15 *dates shall not exceed \$100,000,000.*

16 **SEC. 5905. INTEREST RATES FOR NEW CAPITAL INVEST-**
17 **MENTS DURING CONSTRUCTION.**

18 (a) *NEW CAPITAL INVESTMENT.*—*The principal*
19 *amount of a new capital investment includes interest in*
20 *each fiscal year of construction of the related project, facil-*
21 *ity, or separable unit or feature at a rate equal to the one-*
22 *year rate for the fiscal year on the sum of—*

23 (1) *construction expenditures that were made*
24 *from the date construction commenced through the*
25 *end of the fiscal year, and*

1 (2) *accrued interest during construction.*

2 (b) *PAYMENT.—The Administrator is not required to*
3 *pay, during construction of the project, facility, or sepa-*
4 *rable unit or feature, the interest calculated, accrued, and*
5 *capitalized under subsection (a).*

6 (c) *ONE-YEAR RATE.—For the purposes of this section,*
7 *“one-year rate” for a fiscal year means a rate determined*
8 *by the Secretary of the Treasury, taking into consideration*
9 *prevailing market yields, during the month preceding the*
10 *beginning of the fiscal year, on outstanding interest-bearing*
11 *obligations of the United States with periods to maturity*
12 *of approximately one year.*

13 ***SEC. 5906. INTEREST RATES FOR NEW CAPITAL INVEST-***
14 ***MENTS.***

15 *The unpaid balance on the principal amount of a new*
16 *capital investment bears interest at the Treasury rate for*
17 *the new capital investment from the date the related project,*
18 *facility, or separable unit or feature is placed in service*
19 *until the earlier of the date the new capital investment is*
20 *repaid or the repayment date for the new capital invest-*
21 *ment.*

22 ***SEC. 5907. APPROPRIATED AMOUNTS.***

23 *The Confederated Tribe of the Colville Reservation*
24 *Grand Coulee Dam Settlement Act (Public Law No. 103–*

1 436) is amended by striking section 6 and its catchline and
2 inserting the following:

3 **“SEC. 6. APPROPRIATED AMOUNTS.**

4 “(a) *APPROPRIATED AMOUNTS.*—Without fiscal year
5 limitation, there are appropriated to the Administrator
6 \$15.25 million in fiscal year 1996, \$15.86 million in fiscal
7 year 1997, \$16.49 million in fiscal year 1998, \$17.15 mil-
8 lion in fiscal year 1999, \$17.84 million in fiscal year 2000,
9 and \$4.10 million in each succeeding fiscal year so long
10 as the Administrator makes annual payments to the Tribes
11 under the settlement agreement.

12 “(b) *DEFINITIONS.*—For the purposes of this section—

13 “(1) ‘settlement agreement’ means that settlement
14 agreement between the United States of America and
15 the Confederated Tribes of the Colville Reservation
16 signed by the Tribes on April 16, 1994, and by the
17 United States of America on April 21, 1994, which
18 settlement agreement resolves claims of the Tribes in
19 Docket 181–D of the Indian Claims Commission,
20 which docket has been transferred to the United States
21 Court of Federal Claims; and

22 “(2) ‘Tribes’ means the Confederated Tribes of
23 the Colville Reservation, a federally recognized Indian
24 Tribe.”.

1 **SEC. 5908. CONTRACT PROVISIONS.**

2 *In each contract of the Administrator that provides for*
3 *the Administrator to sell electric power, transmission, or*
4 *related services, and that is in effect after September 30,*
5 *1995, the Administrator shall offer to include, or as the case*
6 *may be, shall offer to amend to include, provisions specify-*
7 *ing that after September 30, 1995—*

8 *(1) the Administrator shall establish rates and*
9 *charges on the basis that—*

10 *(A) the principal amount of an old capital*
11 *investment shall be no greater than the new*
12 *principal amount established under section 5901*
13 *of this part;*

14 *(B) the interest rate applicable to the un-*
15 *paid balance of the new principal amount of an*
16 *old capital investment shall be no greater than*
17 *the interest rate established under section 5902 of*
18 *this part;*

19 *(C) any payment of principal of an old*
20 *capital investment shall reduce the outstanding*
21 *principal balance of the old capital investment*
22 *in the amount of the payment at the time the*
23 *payment is tendered; and*

24 *(D) any payment of interest on the unpaid*
25 *balance of the new principal amount of an old*
26 *capital investment shall be a credit against the*

1 *appropriate interest account in the amount of*
2 *the payment at the time the payment is ten-*
3 *dered;*

4 (2) *apart from charges necessary to repay the*
5 *new principal amount of an old capital investment as*
6 *established under section 5901 of this part and to pay*
7 *the interest on the principal amount under section*
8 *5902 of this part, no amount may be charged for re-*
9 *turn to the United States Treasury as repayment for*
10 *or return on an old capital investment, whether by*
11 *way of rate, rent, lease payment, assessment, user*
12 *charge, or any other fee;*

13 (3) *amounts provided under section 1304 of title*
14 *31, United States Code, shall be available to pay, and*
15 *shall be the sole source for payment of, a judgment*
16 *against or settlement by the Administrator or the*
17 *United States on a claim for a breach of the contract*
18 *provisions required by this part; and*

19 (4) *the contract provisions specified in this part*
20 *do not—*

21 (A) *preclude the Administrator from recov-*
22 *ering, through rates or other means, any tax that*
23 *is generally imposed on electric utilities in the*
24 *United States, or*

1 (B) affect the Administrator’s authority
2 under applicable law, including section 7(g) of
3 the Pacific Northwest Electric Power Planning
4 and Conservation Act (16 U.S.C. 839e(g)), to—

5 (i) allocate costs and benefits, includ-
6 ing but not limited to fish and wildlife
7 costs, to rates or resources, or

8 (ii) design rates.

9 **SEC. 5909. SAVINGS PROVISIONS.**

10 (a) *REPAYMENT.*—This part does not affect the obliga-
11 tion of the Administrator to repay the principal associated
12 with each capital investment, and to pay interest on the
13 principal, only from the “Administrator’s net proceeds,” as
14 defined in section 13 of the Federal Columbia River Trans-
15 mission System Act (16 U.S.C. 838k(b)).

16 (b) *PAYMENT OF CAPITAL INVESTMENT.*—Except as
17 provided in section 5904 of this part, this part does not
18 affect the authority of the Administrator to pay all or a
19 portion of the principal amount associated with a capital
20 investment before the repayment date for the principal
21 amount.

1 **PART II—ALASKA POWER MARKETING**

2 **ADMINISTRATION SALE**

3 **SEC. 5910. SALE OF SNETTISHAM AND EKLUTNA HYDRO-**
4 **ELECTRIC PROJECTS.**

5 (a) *SALE OF SNETTISHAM.*—*The Secretary of Energy*
6 *is authorized and directed to sell the Snettisham Hydro-*
7 *electric Project (referred to in this part as “Snettisham”)*
8 *to the State of Alaska in accordance with the terms of this*
9 *part and the February 10, 1989, Snettisham Purchase*
10 *Agreement, as amended, between the Alaska Power Admin-*
11 *istration of the United States Department of Energy and*
12 *the Alaska Power Authority and the Authority’s successors.*

13 (b) *SALE OF EKLUTNA.*—*The Secretary of Energy is*
14 *authorized and directed to sell the Eklutna Hydroelectric*
15 *Project (referred to in this part as “Eklutna”) to the Mu-*
16 *nicipality of Anchorage doing business as Municipal Light*
17 *and Power, the Chugach Electric Association, Inc., and the*
18 *Matanuska Electric Association, Inc. (referred to in this*
19 *part as “Eklutna Purchasers”), in accordance with the*
20 *terms of this part and the August 2, 1989, Eklutna Pur-*
21 *chase Agreement, as amended, between the Alaska Power*
22 *Administration of the United States Department of Energy*
23 *and the Eklutna Purchasers.*

24 (c) *FEDERAL SALE ASSISTANCE.*—*The heads of other*
25 *Federal departments and agencies, including the Secretary*

1 *of the Interior, shall assist the Secretary of Energy in im-*
2 *plementing the sales authorized and directed by this part.*

3 (d) *DISPOSITION OF PROCEEDS.*—*Proceeds from the*
4 *sales required by this part shall be deposited in the Treas-*
5 *ury of the United States to the credit of miscellaneous re-*
6 *ceipts.*

7 (e) *PREPARATION OF EKLUTNA AND SNETTISHAM FOR*
8 *SALE.*—*The Secretary of Energy is authorized and directed*
9 *to use such funds from the sale of electric power by the Alas-*
10 *ka Power Administration as may be necessary to prepare,*
11 *survey and acquire Eklutna and Snettisham assets for sale*
12 *and conveyance. Such preparations and acquisitions shall*
13 *provide sufficient title to ensure the beneficial use, enjoy-*
14 *ment, and occupancy by the purchaser.*

15 **SEC. 5911. EXEMPTION AND OTHER PROVISIONS.**

16 (a) *FEDERAL POWER ACT EXEMPTION.*—

17 (1) *After the sales authorized by this part occur,*
18 *Eklutna and Snettisham, including future modifica-*
19 *tions, shall continue to be exempt from the require-*
20 *ments of the Federal Power Act (16 U.S.C. 791a et*
21 *seq.) as amended.*

22 (2) *The exemption provided by paragraph (1)*
23 *does not affect the Memorandum of Agreement entered*
24 *into among the State of Alaska, the Eklutna Pur-*
25 *chasers, the Alaska Energy Authority, and Federal*

1 *fish and wildlife agencies regarding the protection,*
2 *mitigation of, damages to, and enhancement of fish*
3 *and wildlife, dated August 7, 1991, which remains in*
4 *full force and effect.*

5 *(3) Nothing in this part or the Federal Power*
6 *Act preempts the State of Alaska from carrying out*
7 *the responsibilities and authorities of the Memorandum of Agreement.*

8
9 *(b) JUDICIAL REVIEW.—*

10 *(1) The United States District Court for the Dis-*
11 *trict of Alaska shall have jurisdiction to review deci-*
12 *sions made under the Memorandum of Agreement and*
13 *to enforce the provisions of the Memorandum of*
14 *Agreement, including the remedy of specific perform-*
15 *ance.*

16 *(2) An action seeking review of a Fish and Wild-*
17 *life Program (“Program”) of the Governor of Alaska*
18 *under the Memorandum of Agreement or challenging*
19 *actions of any of the parties to the Memorandum of*
20 *Agreement prior to the adoption of the Program shall*
21 *be brought not later than ninety days after the date*
22 *on which the Program is adopted by the Governor of*
23 *Alaska, or be barred.*

24 *(3) An action seeking review of implementation*
25 *of the Program shall be brought not later than ninety*

1 *days after the challenged act implementing the Pro-*
2 *gram, or be barred.*

3 *(c) TRANSFER OF EKLUTNA.—With respect to Eklutna*
4 *lands described in Exhibit A of the Eklutna Purchase*
5 *Agreement:*

6 *(1) The Secretary of the Interior shall issue*
7 *rights-of-way to the Alaska Power Administration for*
8 *subsequent reassignment to the Eklutna Purchasers—*

9 *(A) at no cost to the Eklutna Purchasers;*

10 *(B) to remain effective for a period equal to*
11 *the life of Eklutna as extended by improvements,*
12 *repairs, renewals, or replacements; and*

13 *(C) sufficient for the operation of, mainte-*
14 *nance of, repair to, and replacement of, and ac-*
15 *cess to, Eklutna facilities located on military*
16 *lands and lands managed by the Bureau of Land*
17 *Management, including lands selected by the*
18 *State of Alaska.*

19 *(2) If the Eklutna Purchasers subsequently sell*
20 *or transfer Eklutna to private ownership, the Bureau*
21 *of Land Management may assess reasonable and cus-*
22 *tomary fees for continued use of the rights-of-way on*
23 *lands managed by the Bureau of Land Management*
24 *and military lands in accordance with existing law.*

1 (3) *Fee title to lands at Anchorage Substation*
2 *shall be transferred to Eklutna Purchasers at no addi-*
3 *tional cost if the Secretary of the Interior determines*
4 *that pending claims to, and selections of, those lands*
5 *are invalid or relinquished.*

6 (4) *With respect to the Eklutna lands identified*
7 *in paragraph 1 of Exhibit A of the Eklutna Purchase*
8 *Agreement, the State of Alaska may select, and the*
9 *Secretary of the Interior shall convey to the State, im-*
10 *proved lands under the selection entitlements in sec-*
11 *tion 6 of the Act of July 7, 1958 (commonly referred*
12 *to as the Alaska Statehood Act, Public Law 85-508,*
13 *72 Stat. 339, as amended), and the North Anchorage*
14 *Land Agreement dated January 31, 1983. This con-*
15 *veyance shall be subject to the rights-of-way provided*
16 *to the Eklutna Purchasers under paragraph (1).*

17 (d) *TRANSFER OF SNETTISHAM.*—*With respect to the*
18 *Snettisham lands identified in paragraph 1 of Exhibit A*
19 *of the Snettisham Purchase Agreement and Public Land*
20 *Order No. 5108, the State of Alaska may select, and the*
21 *Secretary of the Interior shall convey to the State of Alaska,*
22 *improved lands under the selection entitlements in section*
23 *6 of the Act of July 7, 1958 (commonly referred to as the*
24 *Alaska Statehood Act, Public Law 85-508, 72 Stat. 339,*
25 *as amended).*

1 (e) *APA TERMINATION.*—Not later than one year after
2 both of the sales authorized in section 102 have occurred,
3 as measured by the Transaction Dates stipulated in the
4 Purchase Agreements, the Secretary of Energy shall—

5 (1) complete the business of, and close out, the
6 Alaska Power Administration;

7 (2) submit to Congress a report documenting the
8 sales; and

9 (3) return unobligated balances of funds appro-
10 priated for the Alaska Power Administration to the
11 Treasury of the United States.

12 (f) *REPEAL.*—The Act of July 31, 1950 (64 Stat. 382)
13 is repealed effective on the date, as determined by the Sec-
14 retary of Energy, that all Eklutna assets have been conveyed
15 to the Eklutna Purchasers.

16 (g) *REPEAL.*—Section 204 of the Flood Control Act of
17 1962 (76 Stat. 1193) is repealed effective on the date, as
18 determined by the Secretary of Energy, that all Snettisham
19 assets have been conveyed to the State of Alaska.

20 (h) *CONFORMITY CHANGES TO THE DEPARTMENT OF*
21 *ENERGY ORGANIZATION ACT.*—As of the later of the two
22 dates determined in subsections (f) and (g), section 302(a)
23 of the Department of Energy Organization Act (42 U.S.C.
24 7152(a)) is amended—

25 (1) in paragraph (1)—

1 (A) by striking subparagraph (C); and

2 (B) by redesignating subparagraphs (D),
3 (E), and (F) as subparagraphs (C), (D), and (E)
4 respectively; and

5 (2) in paragraph (2) by striking out “and the
6 Alaska Power Administration” and by inserting
7 “and” after “Southwestern Power Administration,”.

8 (i) *REPEAL.*—The Act of August 9, 1955, concerning
9 water resources investigation in Alaska (69 Stat. 618), is
10 repealed.

11 (j) *ASSET DISPOSAL.*—The sales of Eklutna and
12 Snettisham under this part are not considered disposal of
13 Federal surplus property under the Federal Property and
14 Administrative Services Act of 1949 (40 U.S.C. 484) or the
15 Act of October 3, 1944, popularly referred to as the “Sur-
16 plus Property Act of 1944” (50 U.S.C. App. 1622).

17 (k) For purposes of section 147(d) of the Internal Reve-
18 nue Code, “1st use” of Snettisham shall be considered to
19 occur upon acquisition of the property by or on behalf of
20 the State of Alaska.

1 **Subtitle K—Radio and Television**
2 **Communication Site Fees**

3 **SEC. 5920. RADIO AND TELEVISION COMMUNICATION SITE**
4 **FEES.**

5 (a) *ADDITIONAL USERS OF COMMUNICATION SITES.—*

6 (1) *If the radio or television communications site user is*
7 *permitted under the terms of its site use authorization from*
8 *the Bureau of Land Management or the Forest Service to*
9 *grant access to the site to additional users, then the radio*
10 *or television communications site user shall pay annually*
11 *to the Bureau of Land Management or the Forest Service*
12 *an amount equal to 25 percent of the gross income it re-*
13 *ceives from each such additional user during that year.*

14 (2) *Authorizations to radio and television communica-*
15 *tions site users shall require such site users to provide the*
16 *Bureau of Land Management or the Forest Service with*
17 *a certified list which identifies all additional users of such*
18 *sites and all gross revenues received from such additional*
19 *users. The Bureau of Land Management and the Forest*
20 *Service shall not require any additional user of a radio or*
21 *television communications site to obtain a separate author-*
22 *ization to use such a site.*

23 (b) *REGULATIONS.—(1) The Secretaries shall prescribe*
24 *appropriate rules and regulations to carry out the provi-*
25 *sions of this section.*

1 (2) *Ten years after the date of enactment of this sec-*
2 *tion, the Secretaries shall establish a broad-based advisory*
3 *group, including representatives from the radio and tele-*
4 *vision broadcast industry, to review the schedule of charges*
5 *and other acceptable criteria for determining fair market*
6 *value for radio and television communications site users.*
7 *The advisory group shall report its findings to the Congress*
8 *no later than 1 year after it is established.*

9 (c) *INITIAL SCHEDULE OF CHARGES.—(1) Until*
10 *modified pursuant to subsection (b) of this section, the*
11 *schedule of charges for television communications site users*
12 *which the Secretaries shall prescribe pursuant to subsection*
13 *(a) of this section shall be as listed in exhibit 3, (television*
14 *rental fee schedule) in the report of the radio and television*
15 *broadcast use fee advisory committee dated December 1992.*

16 (2) *Until modified pursuant to subsection (b) of this*
17 *section, the schedule of charges for radio communications*
18 *site users which the Secretaries shall prescribe pursuant to*
19 *subsection (a) of this section shall be as listed in exhibit*
20 *4, (radio rental fee schedule) in the report of the radio and*
21 *television broadcast use fee advisory committee dated De-*
22 *cember 1992.*

23 (d) *ADVISORY GROUP.—(1) The Secretaries are di-*
24 *rected to jointly establish a broad-based advisory group*
25 *comprised of representatives from the non-broadcast com-*

1 *munications industry (users of both private and public*
2 *communication sites) and the two agencies to review rec-*
3 *ommendations on acceptable criteria for determining fair*
4 *market values and next best alternative use.*

5 (2) *The advisory group shall review the methodology*
6 *used in any previous studies and reach concurrence on such*
7 *methodology.*

8 (3) *The advisory group shall also assess the validity*
9 *of the results of such studies, taking into account all reason-*
10 *able options for the establishment of fair market values and*
11 *next best alternative use.*

12 (4) *The advisory group shall report its findings to the*
13 *Committee on Energy and Natural Resources of the United*
14 *States Senate and the Committee on Natural Resources of*
15 *the United States House of Representatives within one year*
16 *after the enactment of this Act.*

17 ***Subtitle L—Amendments to Outer***
18 ***Continental Shelf Lands Act***

19 ***SEC. 5930. AMENDMENTS TO THE OUTER CONTINENTAL***
20 ***SHELF LANDS ACT.***

21 *Section 8(a) of the Outer Continental Shelf Lands Act,*
22 *(43 U.S.C. 1337(a)(3)), is amended by striking paragraph*
23 *(3) in its entirety and inserting the following:*

24 “(3)(A) *The Secretary may through primary,*
25 *secondary, or tertiary recovery means, reduce or*

1 *eliminate any royalty or net profit share set forth in*
2 *the lease(s). With the lessee's consent, the Secretary*
3 *may make other modifications to the royalty or net*
4 *profit share terms of the lease in order to—*

5 *“(i) promote development or increased pro-*
6 *duction on producing or non-producing leases; or*

7 *“(ii) encourage production of marginal re-*
8 *sources on producing or non-producing leases;*

9 *“(B)(i) Notwithstanding any other provision of*
10 *this Act, with respect to any lease or unit in existence*
11 *on the date of enactment of the Outer Continental*
12 *Shelf Deep Water Royalty Relief Act meeting the re-*
13 *quirements of this subparagraph, no royalty pay-*
14 *ments shall be due on new production, as defined in*
15 *clause (iv) of this subparagraph, from any lease or*
16 *unit located in water depths of 200 meters or greater*
17 *in the Western and Central Planning Areas of the*
18 *Gulf of Mexico, including that portion of the Eastern*
19 *Planning Area of the Gulf of Mexico encompassing*
20 *whole lease blocks lying west of 87 degrees, 30 minutes*
21 *West longitude, until such volume of production as*
22 *determined pursuant to clause (ii) has been produced*
23 *by the lessee.*

24 *“(ii) Upon submission of a complete application*
25 *by the lessee, the Secretary shall determine within 180*

1 *days of such application whether new production*
2 *from such lease or unit would be economic in the ab-*
3 *sence of the relief from the requirement to pay royalti-*
4 *ties provided for by clause (i) of this subparagraph.*
5 *In making such determination, the Secretary shall*
6 *consider the increased technological and financial risk*
7 *of deep water development and all costs associated*
8 *with exploring, developing, and producing from the*
9 *lease. The lessee shall provide information required*
10 *for a complete application to the Secretary prior to*
11 *such determination. The Secretary shall clearly define*
12 *the information required for a complete application*
13 *under this section. Such application may be made on*
14 *the basis of an individual lease or unit. If the Sec-*
15 *retary determines that such new production would be*
16 *economic in the absence of the relief from the require-*
17 *ment to pay royalties provided for by clause (i) of*
18 *this subparagraph, the provisions of clause (i) shall*
19 *not apply to such production. If the Secretary deter-*
20 *mines that such new production would not be eco-*
21 *nomical in the absence of the relief from the require-*
22 *ment to pay royalties provided for by clause (i), the*
23 *Secretary must determine the volume of production*
24 *from the lease or unit on which no royalties would be*
25 *due in order to make such new production economi-*

1 *cally viable; except that for new production as defined*
2 *in clause (iv)(aa), in no case will that volume be less*
3 *than 17.5 million barrels of oil equivalent in water*
4 *depths of 200 to 400 meters, 52.5 million barrels of*
5 *oil equivalent in 400–800 meters of water, and 87.5*
6 *million barrels of oil equivalent in water depths*
7 *greater than 800 meters. Redetermination of the ap-*
8 *plicability of clause (i) shall be undertaken by the*
9 *Secretary when requested by the lessee prior to the*
10 *commencement of the new production and upon sig-*
11 *nificant change in the factors upon which the original*
12 *determination was made. The Secretary shall make*
13 *such redetermination within 120 days of submission*
14 *of a complete application. The Secretary may extend*
15 *the time period for making any determination or re-*
16 *determination under this clause for 30 days, or longer*
17 *if agreed to by the applicant, if circumstances so war-*
18 *rant. The lessee shall be notified in writing of any de-*
19 *termination or redetermination and the reasons for*
20 *and assumptions used for such determination. Any*
21 *determination or redetermination under this clause*
22 *shall be a final agency action. The Secretary's deter-*
23 *mination or redetermination shall be judicially*
24 *reviewable under section 10 (a) of the Administrative*
25 *Procedures Act, 5 U.S.C. Sec. 702, only for actions*

1 *filed within 30 days of the Secretary's determination*
2 *or redetermination.*

3 “(iii) *In the event that the Secretary fails to*
4 *make the determination or redetermination called for*
5 *in clause (ii) upon application by the lessee within*
6 *the time period, together with any extension thereof,*
7 *provided for by clause (ii), no royalty payments shall*
8 *be due on new production as follows:*

9 “(I) *For new production, as defined in*
10 *clause (iv)(aa) of this subparagraph, no royalty*
11 *shall be due on such production according to the*
12 *schedule of minimum volumes specified in clause*
13 *(ii) of this subparagraph.*

14 “(II) *For new production, as defined in*
15 *clause (iv)(bb) of this subparagraph, no royalty*
16 *shall be due on such production for one year fol-*
17 *lowing the start of such production.*

18 “(iv) *For purposes of this subparagraph, the*
19 *term ‘new production’ is—*

20 “(I) *any production from a lease from*
21 *which no royalties are due on production, other*
22 *than test production, prior to the date of enact-*
23 *ment of the Outer Continental Shelf Deep Water*
24 *Royalty Relief Act; or*

1 “(II) any production resulting from lease
2 development activities pursuant to a Develop-
3 ment Operations Coordination Document, or
4 supplement thereto that would expand produc-
5 tion significantly beyond the level anticipated in
6 the Development Operations Coordination Docu-
7 ment, approved by the Secretary after the date of
8 enactment of the Outer Continental Shelf Deep
9 Water Royalty Relief Act.

10 “(v) During the production of volumes deter-
11 mined pursuant to clause (ii) or (iii) of this subpara-
12 graph, in any year during which the arithmetic aver-
13 age of the closing prices on the New York Mercantile
14 Exchange for Light Sweet crude oil exceeds \$28.00 per
15 barrel, any production of oil will be subject to royalti-
16 es at the lease stipulated royalty rate. Any produc-
17 tion subject to this clause shall be counted toward the
18 production volume determined pursuant to clause (ii)
19 or (iii). Estimated royalty payments will be made if
20 such average of the closing prices for the previous
21 year exceeds \$28.00. After the end of the calendar
22 year, when the new average price can be calculated,
23 lessees will pay any royalties due, with interest but
24 without penalty, or can apply for a refund, with in-
25 terest, of any overpayment.

1 “(vi) During the production of volumes deter-
2 mined pursuant to clause (ii) or (iii) of this subpara-
3 graph, in any year during which the arithmetic aver-
4 age of the closing prices on the New York Mercantile
5 Exchange for natural gas exceeds \$3.50 per million
6 British thermal units, any production of natural gas
7 will be subject to royalties at the lease stipulated roy-
8 alty rate. Any production subject to this clause shall
9 be counted toward the production volume determined
10 pursuant to clauses (ii) or (iii). Estimated royalty
11 payments will be made if such average of the closing
12 prices for the previous year exceeds \$3.50. After the
13 end of the calendar year, when the new average price
14 can be calculated, lessees will pay any royalties due,
15 with interest but without penalty, or can apply for a
16 refund, with interest, of any overpayment.

17 “(vii) The prices referred to in clauses (v) and
18 (vi) of this subparagraph shall be changed during any
19 calendar year after 1994 by the percentage, if any, by
20 which the implicit price deflator for the gross domes-
21 tic product changed during the preceding calendar
22 year.”.

1 **SEC. 5931. NEW LEASES.**

2 (a) *AMENDMENTS.*—Section 8(a)(1) of the Outer Con-
3 tinental Shelf Lands Act (43 U.S.C. 1337(a)(1)) is amended
4 as follows:

5 (1) *Redesignate section 8(a)(1)(H) as section*
6 *8(a)(1)(I);*

7 (2) *Add a new section 8(a)(1)(H) as follows:*

8 “(H) *cash bonus bid with royalty at no less*
9 *than 12 and 1/2 per centum fixed by the Sec-*
10 *retary in amount or value of production saved,*
11 *removed, or sold, and with suspension of royal-*
12 *ties for a period, volume, or value of production*
13 *determined by the Secretary. Such suspensions*
14 *may vary based on the price of production from*
15 *the lease.”.*

16 (b) *PRODUCTION.*—*For all tracts located in water*
17 *depths of 200 meters or greater in the Western and Central*
18 *Planning Ares of the Gulf of Mexico, including that portion*
19 *of the Eastern Planning Area of the Gulf of Mexico encom-*
20 *passing whole lease blocks lying west of 87 degrees, 30 min-*
21 *utes West longitude, any lease sale within seven years of*
22 *the date of enactment of this Act, shall use the bidding sys-*
23 *tem authorized in section 8(a)(1)(H) of the Outer Continen-*
24 *tal Shelf Lands Act, as amended by this Act, except that*
25 *the suspension of royalties shall be set at a volume of not*
26 *less than the following:*

1 (1) 17.5 million barrels of oil equivalent for
2 leases in water depths of 200 to 400 meters;

3 (2) 52.5 million barrels of oil equivalent for
4 leases in 400 to 800 meters of water; and

5 (3) 87.5 million barrels of oil equivalent for
6 leases in water depths greater than 800 meters.

7 **SEC. 5932. REGULATIONS.**

8 *The Secretary shall promulgate such rules and regula-*
9 *tions as are necessary to implement the provisions of this*
10 *Act within 180 days after the enactment of this Act.*

11 **TITLE VI—COMMITTEE ON ENVI-**
12 **RONMENT AND PUBLIC**
13 **WORKS**

14 **SEC. 6001. SHORT TITLE; TABLE OF CONTENTS.**

15 (a) *SHORT TITLE.*—*This title may be cited as the*
16 *“Public Works Reconciliation Act of 1995”.*

17 (b) *TABLE OF CONTENTS.*—*The table of contents of this*
18 *title is as follows:*

Sec. 6001. Short title; table of contents.

Sec. 6002. Highway demonstration projects.

Sec. 6003. Technical correction concerning minimum allocation.

Sec. 6004. Nuclear Regulatory Commission annual charges.

Sec. 6005. Radiological emergency preparedness fees.

19 **SEC. 6002. HIGHWAY DEMONSTRATION PROJECTS.**

20 (a) *PROJECTS AUTHORIZED FOR FISCAL YEARS 1996*
21 *AND 1997.*—

22 (1) *REDUCTIONS.*—*Subject to paragraph (2),*
23 *notwithstanding any other law, for each of fiscal*

1 *years 1996 and 1997 and with respect to each State,*
2 *the total of the amounts authorized, allocated, or*
3 *unallocated to the State for highway demonstration*
4 *projects under sections 1103 through 1108 of the*
5 *Intermodal Surface Transportation Efficiency Act of*
6 *1991 (Public Law 102–240; 105 Stat. 2027) shall be*
7 *reduced by 15 percent.*

8 (2) *ORDER OF REDUCTIONS.—For fiscal year*
9 *1996, the reductions required by paragraph (1) shall*
10 *be made after any reduction required for the fiscal*
11 *year under section 1003(c) of the Act (Public Law*
12 *102–240; 105 Stat. 1921).*

13 (b) *PROJECTS PREVIOUSLY AUTHORIZED UNDER CER-*
14 *TAIN TRANSPORTATION LAWS.—*

15 (1) *REDUCTIONS.—Subject to paragraph (2),*
16 *notwithstanding any other law, with respect to each*
17 *State, the total unobligated balance as of September*
18 *30, 1995, of the amounts authorized, allocated,*
19 *unallocated, or otherwise provided to the State for*
20 *highway demonstration projects under all of the fol-*
21 *lowing laws shall be reduced by 15 percent:*

22 (A) *For each of fiscal years 1992 through*
23 *1995, sections 1103 through 1108 of the Inter-*
24 *modal Surface Transportation Efficiency Act of*
25 *1991 (Public Law 102–240; 105 Stat. 2027).*

1 (B) *Section 149 of the Surface Transpor-*
 2 *tation and Uniform Relocation Assistance Act of*
 3 *1987 (Public Law 100–17; 101 Stat. 181).*

4 (C) *Section 131 of the Surface Transpor-*
 5 *tation Assistance Act of 1982 (Public Law 97–*
 6 *424; 96 Stat. 2119).*

7 (2) *EFFECT ON OTHER REDUCTIONS.—A reduc-*
 8 *tion under paragraph (1) made with respect to a law*
 9 *described in paragraph (1)(A) shall not affect any re-*
 10 *duction required for a fiscal year under section*
 11 *1003(c) of the Intermodal Surface Transportation Ef-*
 12 *iciency Act of 1991 (Public Law 102–240; 105 Stat.*
 13 *1921).*

14 **SEC. 6003. TECHNICAL CORRECTION CONCERNING MINI-**
 15 **MUM ALLOCATION.**

16 (a) *FINDINGS.—Congress finds that—*

17 (1) *under the amendments made by section*
 18 *1013(a) of the Intermodal Surface Transportation Ef-*
 19 *iciency Act of 1991 (Public Law 102–240; 105 Stat.*
 20 *1940), each State receives back from the Federal-aid*
 21 *highway program not less than 90 percent of the*
 22 *State’s percentage of all contributions to the Highway*
 23 *Account of the Highway Trust Fund established by*
 24 *section 9503 of the Internal Revenue Code of 1986;*

1 (2) for fiscal year 1995, the amount apportioned
2 under section 157(a)(4) of title 23, United States
3 Code, was \$1,427,000,000;

4 (3) in fiscal year 1996, the Interstate construc-
5 tion program under the title will be terminated and
6 replaced with a new reimbursement program; and

7 (4) as a result of the termination of the Inter-
8 state construction program, the number of States re-
9 ceiving funds under section 157(a)(4) of the title for
10 fiscal year 1996 may decrease and the amount of
11 funds some States will require will decrease, and,
12 therefore, the amount of funds necessary to ensure
13 that each State receives not less than 90 percent will
14 be reduced from \$1,427,000,000 to an estimated
15 \$565,000,000.

16 (b) CORRECTION.—

17 (1) IN GENERAL.—With respect to the first fiscal
18 year beginning after September 30, 1995—

19 (A) the Secretary of Transportation shall
20 determine, in accordance with the policies estab-
21 lished by the Intermodal Surface Transportation
22 Efficiency Act of 1991 (Public Law 102–240;
23 105 Stat. 1914)—

24 (i) which of the States will no longer
25 require an apportionment under section

1 157(a)(4) of title 23, United States Code;
2 and

3 (ii) which of the States will require de-
4 creased funding under section 157(a)(4) of
5 the title;

6 as a result of the termination of the Interstate
7 construction program; and

8 (B) as a result of the reduced number of
9 States that may require an apportionment under
10 section 157(a)(4) of the title, and the decrease in
11 the amount of funds some States will require
12 under section 157(a)(4) of the title, the amount
13 apportioned under section 157(a)(4) of the title
14 shall be reduced from the amount apportioned
15 for fiscal year 1995 by 60.4 percent.

16 (2) *EFFECT ON CERTAIN CALCULATIONS.*—The
17 correction made by paragraph (1) shall not be taken
18 into account in making the calculations required
19 under sections 1003(c), 1013(c), and 1015 of the
20 Intermodal Surface Transportation Efficiency Act of
21 1991 (Public Law 102–240; 105 Stat. 1921, 1940,
22 and 1943).

1 **SEC. 6004. NUCLEAR REGULATORY COMMISSION ANNUAL**
2 **CHARGES.**

3 *Section 6101(a)(3) of the Omnibus Budget Reconcili-*
4 *ation Act of 1990 (42 U.S.C. 2214(a)(3)) is amended by*
5 *striking “September 30, 1998” and inserting “September*
6 *30, 2005”.*

7 **SEC. 6005. RADIOLOGICAL EMERGENCY PREPAREDNESS**
8 **FEES.**

9 *The first paragraph of the matter under the heading*
10 *“ADMINISTRATIVE PROVISIONS” under the heading “FED-*
11 *ERAL EMERGENCY MANAGEMENT AGENCY” in title III of*
12 *the Departments of Veterans Affairs and Housing and*
13 *Urban Development, and Independent Agencies Appropria-*
14 *tions Act, 1995 (Public Law 103–327; 108 Stat. 2325), is*
15 *amended—*

16 *(1) in the first and second sentences, by striking*
17 *“fiscal year 1995” each place it appears and insert-*
18 *ing “each of fiscal years 1995 through 2005”; and*

19 *(2) in the last sentence, by striking “only author-*
20 *ized during fiscal year 1995” and inserting “author-*
21 *ized only during fiscal years 1995 through 2005”.*

1 **TITLE VII—COMMITTEE ON FI-**
 2 **NANCE—SPENDING CONTROL**
 3 **PROVISIONS**

4 **SEC. 7000. REFERENCES; TABLE OF CONTENTS.**

5 (a) *AMENDMENTS TO SOCIAL SECURITY ACT.*—*Except*
 6 *as otherwise specifically provided, whenever in subtitles A*
 7 *through G of this title an amendment is expressed in terms*
 8 *of an amendment to or repeal of a section or other provi-*
 9 *sion, the reference shall be considered to be made to that*
 10 *section or other provision of the Social Security Act.*

11 (b) *REFERENCES TO OBRA.*—*In this title, the terms*
 12 *“OBRA–1986”, “OBRA–1987”, “OBRA–1990”, and*
 13 *“OBRA–1993” refer to the Omnibus Budget Reconciliation*
 14 *Act of 1986 (Public Law 99–509), the Omnibus Budget Rec-*
 15 *onciliation Act of 1987 (Public Law 100–203), the Omnibus*
 16 *Budget Reconciliation Act of 1989 (Public Law 101–239),*
 17 *the Omnibus Budget Reconciliation Act of 1990 (Public*
 18 *Law 101–508), and the Omnibus Budget Reconciliation Act*
 19 *of 1993 (Public Law 103–66), respectively.*

20 (c) *TABLE OF CONTENTS OF SUBTITLES A THROUGH*
 21 *J.*—*The table of contents of subtitles A through J of this*
 22 *title is as follows:*

TITLE VII—COMMITTEE ON FINANCE—SPENDING CONTROL
PROVISIONS

Sec. 7000. References; table of contents.

*Subtitle A—Medicare**CHAPTER 1—MEDICARE CHOICE PLANS**SUBCHAPTER A—ESTABLISHMENT OF MEDICARE CHOICE PLANS*

- Sec. 7001. Medicare choice plans.*
- Sec. 7002. Treatment of 1876 organizations.*
- Sec. 7003. Special rule for calculation of payment rates for 1996.*

SUBCHAPTER B—TAX PROVISIONS RELATING TO MEDICARE CHOICE PLANS

- Sec. 7006. Medicare Choice Accounts.*
- Sec. 7007. Certain rebates included in gross income.*

*CHAPTER 2—PROVISIONS RELATING TO PART A**SUBCHAPTER A—GENERAL PROVISIONS RELATING TO PART A*

- Sec. 7011. PPS hospital payment update.*
- Sec. 7012. PPS-exempt hospital payments.*
- Sec. 7013. Capital payments for PPS hospitals.*
- Sec. 7014. Disproportionate share hospital payments.*
- Sec. 7015. Indirect medical education payments.*
- Sec. 7016. Graduate medical education and disproportionate share payment adjustments for medicare choice.*
- Sec. 7017. Payments for hospice services.*
- Sec. 7018. Extending medicare coverage of, and application of hospital insurance tax to, all State and local government employees.*
- Sec. 7019. Nurse aide training in skilled nursing facilities subject to extended survey and certain other conditions.*

*SUBCHAPTER B—PAYMENTS TO SKILLED NURSING FACILITIES**PART I—PROSPECTIVE PAYMENT SYSTEM*

- Sec. 7025. Prospective payment system for skilled nursing facilities.*

PART II—INTERIM PAYMENT SYSTEM

- Sec. 7031. Payments for routine service costs.*
- Sec. 7032. Cost-effective management of covered non-routine services.*
- Sec. 7033. Payments for routine service costs.*
- Sec. 7034. Reductions in payment for capital-related costs.*
- Sec. 7035. Treatment of items and services paid for under part B.*
- Sec. 7036. Medical review process.*
- Sec. 7037. Revised salary equivalence limits.*
- Sec. 7038. Report by Prospective Payment Assessment Commission.*
- Sec. 7039. Effective date.*

CHAPTER 3—PROVISIONS RELATING TO PART B

- Sec. 7041. Payments for physicians' services.*
- Sec. 7042. Elimination of formula-driven overpayments for certain outpatient hospital services.*
- Sec. 7043. Payment for clinical laboratory diagnostic services.*
- Sec. 7044. Durable medical equipment.*
- Sec. 7045. Updates for orthotics and prosthetics.*
- Sec. 7046. Payments for capital-related costs of outpatient hospital services.*

- Sec. 7047. Payments for non-capital costs of outpatient hospital services.*
Sec. 7048. Updates for ambulatory surgical services.
Sec. 7049. Payment for ambulance services.
Sec. 7050. Physician supervision of nurse anesthetists.
Sec. 7051. Part B deductible.
Sec. 7052. Part B premium.
Sec. 7053. Increase in medicare part B premium for high income individuals.

CHAPTER 4—PROVISIONS RELATING TO PARTS A AND B

SUBCHAPTER A—GENERAL PROVISIONS RELATING TO PARTS A AND B

- Sec. 7055. Secondary payor provisions.*
Sec. 7056. Treatment of assisted suicide.
Sec. 7057. Administrative provisions.
Sec. 7058. Sense of Senate regarding coverage for treatment of breast and prostate cancer under medicare.

SUBCHAPTER B—PAYMENTS FOR HOME HEALTH SERVICES

- Sec. 7061. Payment for home health services.*
Sec. 7062. Maintaining savings resulting from temporary freeze on payment increases for home health services.
Sec. 7063. Extension of waiver of presumption of lack of knowledge of exclusion from coverage for home health agencies.

CHAPTER 5—RURAL AREAS

- Sec. 7071. Medicare-dependent, small, rural hospital payment extension.*
Sec. 7072. Medicare rural hospital flexibility program.
Sec. 7073. Establishment of rural emergency access care hospitals.
Sec. 7074. Additional payments for physicians' services furnished in shortage areas.
Sec. 7075. Payments to physician assistants and nurse practitioners for services furnished in outpatient or home settings.
Sec. 7076. Demonstration projects to promote telemedicine.
Sec. 7077. PROPAC recommendations on urban medicare dependent hospitals.

CHAPTER 6—HEALTH CARE FRAUD AND ABUSE PREVENTION

- Sec. 7100. Short title.*

SUBCHAPTER A—FRAUD AND ABUSE CONTROL PROGRAM

- Sec. 7101. Fraud and abuse control program.*
Sec. 7102. Application of certain health anti-fraud and abuse sanctions to fraud and abuse against Federal health programs.
Sec. 7103. Health care fraud and abuse guidance.

SUBCHAPTER B—REVISIONS TO CURRENT SANCTIONS FOR FRAUD AND ABUSE

- Sec. 7111. Mandatory exclusion from participation in medicare and State health care programs.*
Sec. 7112. Establishment of minimum period of exclusion for certain individuals and entities subject to permissive exclusion from medicare and State health care programs.
Sec. 7113. Permissive exclusion of individuals with ownership or control interest in sanctioned entities.

- Sec. 7114. Sanctions against practitioners and persons for failure to comply with statutory obligations.*
- Sec. 7115. Intermediate sanctions for medicare health maintenance organizations.*
- Sec. 7116. Clarification of and additions to exceptions to anti-kickback penalties.*
- Sec. 7117. Effective date.*

SUBCHAPTER C—ADMINISTRATIVE AND MISCELLANEOUS PROVISIONS

- Sec. 7121. Establishment of the health care fraud and abuse data collection program.*
- Sec. 7122. Elimination of reasonable cost reimbursement for certain legal fees.*

SUBCHAPTER D—CIVIL MONETARY PENALTIES

- Sec. 7131. Social Security Act civil monetary penalties.*

SUBCHAPTER E—AMENDMENTS TO CRIMINAL LAW

- Sec. 7141. Health care fraud.*
- Sec. 7142. Forfeitures for Federal health care offenses.*
- Sec. 7143. Injunctive relief relating to Federal health care offenses.*
- Sec. 7144. Grand jury disclosure.*
- Sec. 7145. False statements.*
- Sec. 7146. Obstruction of criminal investigations of Federal health care offenses.*
- Sec. 7147. Theft or embezzlement.*
- Sec. 7148. Laundering of monetary instruments.*
- Sec. 7149. Authorized investigative demand procedures.*

SUBCHAPTER F—STATE HEALTH CARE FRAUD CONTROL UNITS

- Sec. 7151. State health care fraud control units.*
- Sec. 7152. Beneficiary incentive programs.*

CHAPTER 7—OTHER PROVISIONS FOR TRUST FUND SOLVENCY

- Sec. 7171. Nondischargeability of certain medicare debts.*
- Sec. 7172. Transfers of certain part B savings to hospital insurance trust fund.*

Subtitle B—Transformation of the Medicaid Program

- Sec. 7190. Short title.*
- Sec. 7191. Transformation of medicaid program.*
- Sec. 7192. Medicaid drug rebate program.*
- Sec. 7193. Waivers.*
- Sec. 7194. Children with special health care needs.*
- Sec. 7195. CBO reports.*
- Sec. 7196. Adjustments of pool amounts.*
- Sec. 7197. State review of mentally ill or retarded nursing facility residents upon change in physical or mental condition.*
- Sec. 7198. Nurse aide training in nursing facilities subject to extended survey and under certain other conditions.*
- Sec. 7199. Nurse aide training in nursing facilities subject to extended survey and under certain other conditions.*

Subtitle C—Block Grants for Temporary Assistance for Needy Families

- Sec. 7200. Short title.*
- Sec. 7201. Block grants to States.*
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- Sec. 7203. Census data on grandparents as primary caregivers for their grandchildren.*
- Sec. 7204. Study of effect of welfare reform on grandparents as primary caregivers.*
- Sec. 7205. Development of prototype of counterfeit-resistant social security card required.*
- Sec. 7206. Modifications to the job opportunities for certain low-income individuals program.*
- Sec. 7207. Demonstration projects for school utilization.*
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- Sec. 7209. Parental responsibility contracts.*
- Sec. 7210. Expenditure of Federal funds in accordance with laws and procedures applicable to expenditure of State funds.*
- Sec. 7211. Conforming amendments to the Social Security Act.*
- Sec. 7212. Conforming amendments to the Food Stamp Act of 1977 and related provisions.*
- Sec. 7213. Conforming amendments to other laws.*
- Sec. 7214. Secretarial submission of legislative proposal for technical and conforming amendments.*
- Sec. 7215. Effective date; transition rule.*

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- Sec. 7251. Denial of supplemental security income benefits by reason of disability to drug addicts and alcoholics.*
- Sec. 7252. Denial of SSI benefits for 10 years to individuals found to have fraudulently misrepresented residence in order to obtain benefits simultaneously in 2 or more States.*
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- Sec. 7262. Eligibility redeterminations and continuing disability reviews.*
- Sec. 7263. Additional accountability requirements.*

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- Sec. 7271. Annual report on the supplemental security income program.*
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- Sec. 7281. Establishment.*
- Sec. 7282. Duties of the Commission.*
- Sec. 7283. Membership.*
- Sec. 7284. Staff and support services.*
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- Sec. 7301. State obligation to provide child support enforcement services.*
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- Sec. 7311. State case registry.*
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- Sec. 7313. State directory of new hires.*
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- Sec. 7315. Locator information from interstate networks.*
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- Sec. 7341. Performance-based incentives and penalties.*
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- Sec. 7351. National Child Support Guidelines Commission.*
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- Sec. 7361. Internal Revenue Service collection of arrearages.*
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- Sec. 7365. Work requirement for persons owing child support.*
- Sec. 7366. Definition of support order.*
- Sec. 7367. Reporting arrearages to credit bureaus.*
- Sec. 7368. Liens.*
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- Sec. 7370. Denial of passports for nonpayment of child support.*
- Sec. 7371. International child support enforcement.*
- Sec. 7372. Denial of means-tested Federal benefits to noncustodial parents who are delinquent in paying child support.*
- Sec. 7373. Child support enforcement for Indian tribes.*
- Sec. 7374. Financial institution data matches.*
- Sec. 7375. Enforcement of orders against paternal grandparents in cases of minor parents.*
- Sec. 7376. Sense of the Senate regarding the inability of the non-custodial parent to pay child support.*

CHAPTER 8—MEDICAL SUPPORT

- Sec. 7378. Technical correction to ERISA definition of medical child support order.*
- Sec. 7379. Enforcement of orders for health care coverage.*

CHAPTER 9—ENHANCING RESPONSIBILITY AND OPPORTUNITY FOR NONRESIDENTIAL PARENTS

- Sec. 7381. Grants to States for access and visitation programs.*

CHAPTER 10—EFFECT OF ENACTMENT

- Sec. 7391. Effective dates.*

Subtitle F—Noncitizens

- Sec. 7401. State option to prohibit assistance for certain aliens.*
- Sec. 7402. Deemed income requirement for Federal and federally funded programs.*
- Sec. 7403. Requirements for sponsor's affidavit of support.*
- Sec. 7404. Limited eligibility of noncitizens for SSI benefits.*
- Sec. 7405. Treatment of noncitizens.*
- Sec. 7406. Information reporting.*
- Sec. 7407. Prohibition on payment of Federal benefits to certain persons.*

Subtitle G—Additional Provisions Relating To Welfare Reform

CHAPTER 1—REDUCTIONS IN FEDERAL GOVERNMENT POSITIONS

- Sec. 7411. Reductions.*
- Sec. 7412. Reducing personnel in Washington, D.C. area.*

CHAPTER 2—BLOCK GRANT FOR SOCIAL SERVICES.

- Sec. 7421. Reduction in block grant for social services.*
- Sec. 7422. Establishing national goals to prevent teenage pregnancies.*

CHAPTER 3—FOSTER CARE MAINTENANCE PAYMENTS PROGRAM

Sec. 7431. *Limitation on growth of administrative expenses for foster care maintenance payments program.*

CHAPTER 4—MISCELLANEOUS PROVISIONS

- Sec. 7441. *Exemption of battered individuals from certain requirements.*
 Sec. 7442. *Sense of the Senate on legislative accountability for unfunded mandates in welfare reform legislation.*
 Sec. 7443. *Sense of the Senate regarding enforcement of statutory rape laws.*
 Sec. 7444. *Sanctioning for testing positive for controlled substances.*
 Sec. 7445. *Fraud under means-tested welfare and public assistance programs.*

Subtitle H—Reform of the Earned Income Tax Credit

- Sec. 7460. *Amendment of 1986 code.*
 Sec. 7461. *Earned income credit denied to individuals not authorized to be employed in the United States.*
 Sec. 7462. *Repeal of earned income credit for individuals without children.*
 Sec. 7463. *Modification of earned income credit amount and phaseout.*
 Sec. 7464. *Rules relating to denial of earned income credit on basis of disqualified income.*
 Sec. 7465. *Modification of adjusted gross income definition for earned income credit.*
 Sec. 7466. *Provisions to improve tax compliance.*

Subtitle I—Increase in Public Debt Limit

- Sec. 7471. *Increase in public debt limit.*

1 **Subtitle A—Medicare**
 2 **CHAPTER 1—MEDICARE CHOICE PLANS**
 3 **Subchapter A—Establishment of Medicare**
 4 **Choice Plans**

5 **SEC. 7001. MEDICARE CHOICE PLANS.**

6 (a) *Title XVIII of the Social Security Act (42 U.S.C.*
 7 *1395 et seq.) is amended by adding at the end the following*
 8 *new part:*

9 **“PART D—MEDICARE CHOICE PLANS**

 “SUBPART 1—DEFINITIONS

“Sec. 1895A. *Definitions.*

“SUBPART 2—ENTITLEMENT OF MEDICARE CHOICE ELIGIBLE INDIVIDUALS TO
HEALTH CARE CHOICES

“Sec. 1895B. Entitlement to medicare choices.

“Sec. 1895C. Enrollment procedures.

“Sec. 1895D. Effect of enrollment.

“SUBPART 3—MEDICARE CHOICE PLAN REQUIREMENTS

“Sec. 1895G. Availability and enrollment.

“Sec. 1895H. Benefits provided to individuals.

“Sec. 1895I. Licensing and financial requirements.

“Sec. 1895J. Health plan standards.

“SUBPART 4—DETERMINATION OF MEDICARE PAYMENT AMOUNTS AND REBATES

“Sec. 1895M. Medicare payment amounts.

“Sec. 1895N. Premiums and rebates.

“Sec. 1895O. Payments to plan sponsors.

“SUBPART 5—CONTRACTUAL AUTHORITY; TEMPORARY CERTIFICATION;
REGULATIONS

“Sec. 1895P. General permission to contract.

“Sec. 1895Q. Renewal and termination of contract.

“Sec. 1895R. Temporary certification process for coordinated care plans.

“Sec. 1895S. Regulations.

1 **“Subpart 1—Definitions**

2 **“SEC. 1895A. DEFINITIONS.**

3 “(a) *MEDICARE CHOICE PLAN.*—In this part—

4 “(1) *IN GENERAL.*—The term ‘medicare choice
5 plan’ means an eligible health plan with respect to
6 which there is a contract in effect under this part to
7 provide health benefits coverage to medicare choice eli-
8 gible individuals.

9 “(2) *MEDICARE CHOICE PLAN SPONSOR.*—The
10 terms ‘medicare choice plan sponsor’ and ‘plan spon-
11 sor’ mean a public or private entity which establishes
12 or maintains a medicare choice plan.

13 “(b) *TERMS RELATING TO HEALTH PLANS.*—In this
14 part:

1 “(1) *ELIGIBLE HEALTH PLAN.*—

2 “(A) *IN GENERAL.*—*The term ‘eligible*
3 *health plan’ means a policy, contract, or plan*
4 *which is capable of providing health benefits cov-*
5 *erage of items and services provided under the*
6 *traditional medicare program to medicare choice*
7 *eligible individuals.*

8 “(B) *TYPES OF INSURANCE.*—*The term ‘eli-*
9 *gible health plan’ shall include any of the follow-*
10 *ing types of plans of health insurance:*

11 “(i) *INDEMNITY OR FEE-FOR-SERVICE*
12 *PLANS.*—*Private indemnity plans that re-*
13 *imburse hospitals, physicians, and other*
14 *providers on the basis of a privately deter-*
15 *mined fee schedule.*

16 “(ii) *COORDINATED CARE PLANS.*—
17 *Private managed or coordinated care plans*
18 *which provide health care services through*
19 *an integrated network of providers, includ-*
20 *ing—*

21 “(I) *qualified health maintenance*
22 *organizations as defined in section*
23 *1310(d) of the Public Health Service*
24 *Act; and*

1 “(II) preferred provider organiza-
2 tion plans, point of service plans, pro-
3 vider-sponsored network plans, or other
4 coordinated care plans.

5 “(iii) OTHER HEALTH CARE PLANS.—
6 Any other private plan for the delivery of
7 health care items and services that is not
8 described in clause (i), or (ii).

9 “(2) UNION OR ASSOCIATION PLAN.—

10 “(A) IN GENERAL.—The term ‘union or as-
11 sociation plan’ means an eligible health plan
12 with a union sponsor, a Taft-Hartley sponsor, or
13 a qualified association sponsor that—

14 “(i) is organized for purposes other
15 than to market a health plan;

16 “(ii) may not condition its member-
17 ship on health status, health claims experi-
18 ence, receipt of health care, medical history,
19 or lack of evidence of insurability of a po-
20 tential member;

21 “(iii) may not exclude a member or
22 spouse of a member from health plan cov-
23 erage based on factors described in clause
24 (ii);

1 “(iv) is a permanent entity which re-
2 ceives a substantial majority of its financial
3 support from active members; and

4 “(v) may not be owned or controlled by
5 an insurance company.

6 “(B) UNION SPONSOR.—The term ‘union
7 sponsor’ means an employee organization that
8 establishes or maintains an eligible health plan
9 other than pursuant to a collective bargaining
10 agreement.

11 “(C) TAFT-HARTLEY SPONSOR.—The term
12 ‘Taft-Hartley sponsor’ means, with respect to a
13 group health plan established or maintained by
14 2 or more employees or jointly by 1 or more em-
15 ployees and 1 or more employee organizations,
16 the association, committee, joint board of trust-
17 ees, or other similar group of representatives of
18 parties who establish or maintain the plan.

19 “(D) QUALIFIED ASSOCIATION SPONSOR.—
20 The term ‘qualified association sponsor’ means
21 an association, religious fraternal organization,
22 or other organization (which may be a trade, in-
23 dustry, or professional association, a chamber of
24 commerce, or a public entity association) which
25 establishes or maintains an eligible health plan.

1 “(E) *TERMS.*—*In this paragraph, the terms*
2 *‘employee’, ‘employee organization’, and ‘group*
3 *health plan’ have the meanings given such terms*
4 *for purposes of part 6 of subtitle B of title I of*
5 *the Employee Retirement Income Security Act of*
6 *1974.*

7 “(c) *OTHER DEFINITIONS.*—*In this part:*

8 “(1) *AREAS.*—

9 “(A) *MEDICARE PAYMENT AREA.*—

10 “(i) *IN GENERAL.*—*Except as provided*
11 *in clause (ii), the term ‘medicare payment*
12 *area’ means—*

13 “(I) *a metropolitan statistical*
14 *area (whether or not such area is in a*
15 *single State) or in the case of a con-*
16 *solidated metropolitan statistical area,*
17 *each primary metropolitan statistical*
18 *area within the consolidated area; or*

19 “(II) *one area within each State*
20 *composed of all areas that do not fall*
21 *within a metropolitan statistical area.*

22 “(ii) *GEOGRAPHIC ADJUSTMENT.*—
23 *Upon request of a State, the Secretary may*
24 *make a geographic adjustment to a medi-*

1 *care payment area otherwise determined*
2 *under clause (i).*

3 “(iii) *AREAS.*—*In this subparagraph,*
4 *the terms ‘metropolitan statistical area’,*
5 *‘consolidated metropolitan statistical area’,*
6 *and ‘primary metropolitan statistical area’*
7 *mean any area designated as such by the*
8 *Secretary of Commerce.*

9 “(B) *MEDICARE SERVICE AREA.*—

10 “(i) *IN GENERAL.*—*Except as provided*
11 *in clause (ii), the term ‘medicare service*
12 *area’ means a medicare payment area.*

13 “(ii) *GEOGRAPHIC ADJUSTMENT.*—*The*
14 *Secretary may designate a medicare service*
15 *area other than a medicare payment area*
16 *for a medicare choice plan if the Secretary*
17 *determines that such designation would not*
18 *result in the enrollment of enrollees in the*
19 *plan in such area which are substantially*
20 *nonrepresentative, as determined in accord-*
21 *ance with regulations of the Secretary, of*
22 *the population in the medicare payment*
23 *area.*

24 “(2) *MEDICARE CHOICE ELIGIBLE INDIVIDUAL.*—

1 “(A) *IN GENERAL.*—*The term ‘medicare*
2 *choice eligible individual’ means an individual*
3 *who is entitled to benefits under part A and en-*
4 *rolled under part B.*

5 “(B) *SPECIAL RULE FOR END-STAGE RENAL*
6 *DISEASE.*—*Such term shall not include an indi-*
7 *vidual medically determined to have end-stage*
8 *renal disease, except that an individual who de-*
9 *velops end-stage renal disease while enrolled in a*
10 *medicare choice plan may continue to be enrolled*
11 *in that plan. Not later than December 31, 1999,*
12 *the Secretary shall submit to the Congress rec-*
13 *ommendations on expanding the definition of*
14 *‘medicare choice eligible individual’ to include*
15 *individuals with end-stage renal disease and the*
16 *enrollment of such individuals in medicare*
17 *choice plans.*

18 “(3) *TRADITIONAL MEDICARE PROGRAM.*—*The*
19 *term ‘traditional medicare program’ means the pro-*
20 *gram of benefits available to individuals entitled to*
21 *benefits under part A and enrolled under part B of*
22 *this title, other than enrollment in a medicare choice*
23 *plan under this part.*

1 **“Subpart 2—Entitlement of Medicare Choice Eligible**
2 **Individuals to Health Care Choices**

3 **“SEC. 1895B. ENTITLEMENT TO MEDICARE CHOICES.**

4 *“Each medicare choice eligible individual is entitled*
5 *to choose to receive health care items and services covered*
6 *under parts A and B—*

7 *“(1) through the traditional medicare program;*

8 *or*

9 *“(2) by receiving payments toward the individ-*
10 *ual’s enrollment in a medicare choice plan under this*
11 *part.*

12 **“SEC. 1895C. ENROLLMENT PROCEDURES.**

13 *“(a) IN GENERAL.—Except as provided in section*
14 *1895G(a)(2), each medicare choice eligible individual shall*
15 *be entitled to enroll in any medicare choice plan with a*
16 *medicare service area including the geographic area in*
17 *which the individual resides during—*

18 *“(1) the annual open enrollment period described*
19 *in section 1895G(b)(1); or*

20 *“(2) any other enrollment period described in*
21 *section 1895G(b)(2) applicable to the individual.*

22 **“(b) METHOD OF ENROLLMENT AND**
23 **DISENROLLMENT.—**

24 **“(1) NOTICE PROVIDED TO THE SECRETARY.—**
25 *Each medicare choice eligible individual desiring to*
26 *enroll or terminate enrollment in a medicare choice*

1 *plan shall provide the Secretary with notice of such*
2 *enrollment or disenrollment during any enrollment*
3 *period applicable to the individual. The Secretary*
4 *shall, to the extent feasible, provide for the receipt of*
5 *such notice by telephone, through the mail, and in*
6 *person at local social security offices.*

7 *“(2) INFORMATION FORWARDED TO THE PLAN.—*
8 *The Secretary shall promptly provide each medicare*
9 *choice plan with notice of an individual’s enrollment*
10 *or disenrollment with the plan.*

11 *“(c) NOTICES TO INDIVIDUALS TO ASSIST IN ENROLL-*
12 *MENT.—*

13 *“(1) OPEN SEASON NOTIFICATION.—*

14 *“(A) MAILING OF NOTICE.—By September*
15 *30 of each year beginning after 1995, the Sec-*
16 *retary shall mail a notice of eligibility to each*
17 *medicare choice eligible individual and each in-*
18 *dividual entitled to benefits under part A prior*
19 *to the end of the annual open enrollment period*
20 *described in section 1895G(b)(1).*

21 *“(B) NOTICE DESCRIBED.—The notice de-*
22 *scribed in subparagraph (A) shall include an in-*
23 *formational brochure that includes the informa-*
24 *tion described in this section, and any other in-*

1 *formation that the Secretary determines will as-*
2 *sist the individual’s enrollment decision.*

3 “(2) *NOTIFICATION TO NEWLY MEDICARE CHOICE*
4 *ELIGIBLE INDIVIDUALS.—With respect to an individ-*
5 *ual who becomes eligible to enroll in a medicare*
6 *choice plan during the period described in section*
7 *1895G(b)(2)(A) and to whom paragraph (1) does not*
8 *apply, the Secretary shall, not later than 2 months*
9 *before the date on which the individual becomes eligi-*
10 *ble, mail to the individual the notice of eligibility de-*
11 *scribed in paragraph (1).*

12 “(d) *SECRETARY’S MATERIALS; CONTENTS.—The no-*
13 *tice and informational materials mailed by the Secretary*
14 *under subsection (c) shall be written and formatted in the*
15 *most easily understandable manner possible, and shall in-*
16 *clude, at a minimum, the following:*

17 “(1) *GENERAL INFORMATION.—General informa-*
18 *tion with respect to coverage under this part during*
19 *the next calendar year, including—*

20 “(A) *the part B premium rates that will be*
21 *charged for part B coverage,*

22 “(B) *the deductible, copayment, and coin-*
23 *surance amounts for coverage under the tradi-*
24 *tional medicare program,*

1 “(C) a description of the coverage under the
2 *traditional medicare program and any changes*
3 *in coverage under the program from the prior*
4 *year,*

5 “(D) a description of the individual’s medi-
6 *care payment area, and the standardized medi-*
7 *care payment amount available with respect to*
8 *such individual,*

9 “(E) information and instructions on how
10 *to enroll in a medicare choice plan,*

11 “(F) the right of each medicare choice plan
12 *sponsor by law to terminate or refuse to renew*
13 *its contract and the effect the termination or*
14 *nonrenewal of its contract may have on individ-*
15 *uals enrolled with the medicare choice plan*
16 *under this part, and*

17 “(G) to the extent available, quality indica-
18 *tors for the traditional medicare program and*
19 *each medicare choice plan, including—*

20 “(i) disenrollment rates for medicare
21 *enrollees for the previous 2 years (excluding*
22 *disenrollment due to death or moving out-*
23 *side the plan’s medicare service area), and*

24 “(ii) information on medicare enrollee
25 *satisfaction and health outcomes.*

1 “(2) *PLAN-SPECIFIC INFORMATION.*—*Information*
2 *for the next calendar year for each medicare choice*
3 *plan in the individual’s medicare payment area, in-*
4 *cluding—*

5 “(A) *the plan’s medicare service area,*

6 “(B) *the enrollee’s rights to benefits under*
7 *the plan, including—*

8 “(i) *covered items and services,*

9 “(ii) *deductible, coinsurance, and*
10 *copayment amounts, and*

11 “(iii) *the enrollee’s liability for pay-*
12 *ment amounts billed in excess of the plan’s*
13 *fee schedule,*

14 “(C) *the extent to which enrollees may select*
15 *the providers of their choice (from within or out-*
16 *side the plan’s network of providers if applica-*
17 *ble) and the restrictions (if any) on the plan’s*
18 *payment for services furnished to the enrollees by*
19 *other than the plan’s participating providers,*

20 “(D) *out-of-area coverage provided by the*
21 *plan,*

22 “(E) *coverage of emergency services and ur-*
23 *gently needed care,*

1 “(F) appeal rights of enrollees, including
2 the right to address grievances to the Secretary
3 or the applicable external review entity,

4 “(G) whether the plan is out-of-compliance
5 with any requirements of this part (as deter-
6 mined by the Secretary),

7 “(H) the plan’s premium price submitted
8 under section 1895N(a)(1) and an indication of
9 the difference between such premium price and
10 the standardized medicare payment amount, and

11 “(I) optional supplemental coverage avail-
12 able from the plan, including—

13 “(i) the supplemental items and serv-
14 ices covered, and

15 “(ii) the premium price for the op-
16 tional supplemental benefits.

17 “(e) ASSISTANCE.—

18 “(1) AGREEMENTS WITH COMMISSIONER OF SO-
19 CIAL SECURITY.—In order to promote the efficient ad-
20 ministration of this section and this part, the Sec-
21 retary may enter into an agreement with the Com-
22 missioner of Social Security under which the Com-
23 missioner performs administrative responsibilities re-
24 lating to enrollment and disenrollment under this sec-
25 tion.

1 “(2) *USE OF NON-FEDERAL ENTITIES.*—*The Sec-*
2 *retary shall, to the maximum extent feasible, enter*
3 *into contracts with appropriate non-Federal entities*
4 *to carry out activities under subsection (d).*

5 “(3) *PLANS.*—*Each medicare choice plan spon-*
6 *sor shall provide such information as the Secretary*
7 *requests with respect to a medicare choice plan in*
8 *order to carry out activities under subsection (d).*

9 **“SEC. 1895D. EFFECT OF ENROLLMENT.**

10 “(a) *PREMIUM DIFFERENTIALS.*—*If a medicare choice*
11 *eligible individual enrolls in a medicare choice plan, the*
12 *individual—*

13 “(1) *shall receive a rebate in the amount deter-*
14 *mined under section 1895N(b) if the plan’s premium*
15 *is less than the standardized medicare payment*
16 *amount; and*

17 “(2) *shall be required to pay the plan’s premium*
18 *in excess of the standardized medicare payment*
19 *amount.*

20 “(b) *PERIOD OF ENROLLMENT.*—

21 “(1) *ANNUAL ENROLLMENT PERIOD.*—*An indi-*
22 *vidual enrolling in a medicare choice plan during the*
23 *annual open enrollment period under section*
24 *1895G(b)(1) shall be enrolled in the plan for the cal-*
25 *endar year following the open enrollment period.*

1 “(2) *SPECIAL ENROLLMENT PERIODS.*—An indi-
2 vidual enrolling in a plan under section 1895G(b)(2)
3 shall be enrolled in the plan for the portion of the cal-
4 ender year on and after the date on which the enroll-
5 ment becomes effective (as specified by the Secretary).

6 “(3) *TERMINATIONS.*—

7 “(A) *IN GENERAL.*—Except as otherwise
8 provided in this subsection, an individual may
9 not terminate enrollment in a medicare choice
10 plan before the next annual open enrollment pe-
11 riod applicable to the individual.

12 “(B) *QUALIFYING EVENTS.*—Notwithstand-
13 ing subparagraph (A), an individual may termi-
14 nate enrollment in a medicare choice plan if—

15 “(i) the individual moves to a new
16 medicare service area, or

17 “(ii) the individual has experienced a
18 qualifying event (as determined by the Sec-
19 retary).

20 “(C) *FOR CAUSE.*—Notwithstanding sub-
21 paragraph (A), an individual may terminate en-
22 rollment in a medicare choice plan if the plan
23 fails to meet quality or capacity standards or for
24 other cause as determined by the Secretary.

1 “(D) *TERMINATION AFTER INITIAL ENROLL-*
2 *MENT.*—*An individual may terminate enroll-*
3 *ment in a medicare choice plan within 90 days*
4 *of the individual’s initial enrollment in such*
5 *medicare choice plan and enroll in another med-*
6 *icare choice plan or the traditional medicare*
7 *program.*

8 “(4) *SEAMLESS ENROLLMENT.*—*If a medicare*
9 *choice eligible individual is enrolled in a medicare*
10 *choice plan under this part and such individual fails*
11 *to provide the Secretary with notice of the individ-*
12 *ual’s enrollment or disenrollment under section*
13 *1895C(b)(1) during any open enrollment period ap-*
14 *plicable to the individual, the individual shall be*
15 *deemed to have reenrolled in the plan.*

16 “(5) *SPECIAL RULES FOR HIGH DEDUCTIBLE*
17 *PLANS.*—*In the case of a high deductible plan de-*
18 *scribed in section 1895A(b)(1)(B)(iii) operated in*
19 *connection with a medicare choice account, an indi-*
20 *vidual may not terminate enrollment in the plan*
21 *(other than under paragraph (3) (B), (C), or (D))*
22 *without at least 12 months notice given during the*
23 *annual open enrollment period under section*
24 *1895G(b)(1).*

1 “(6) *SPECIAL RULES FOR UNION, TAFT-HART-*
2 *LEY, OR ASSOCIATION PLANS.—The Secretary shall es-*
3 *tablish special enrollment rules for the enrollment of*
4 *individuals in medicare choice plans that are union*
5 *or association-sponsored health plans described in sec-*
6 *tion 1895A(b)(2).*

7 “(c) *SOLE PAYMENTS.—Subject to subsections (d)(2)*
8 *and (e) of section 1895H, payments under a contract to*
9 *a medicare choice plan under section 1895O and for rebates*
10 *under section 1895N(b) shall be instead of the amounts*
11 *which (in the absence of the contract) would be otherwise*
12 *payable under the traditional medicare program for items*
13 *or services furnished to individuals enrolled with the plan*
14 *under this section.*

15 **“Subpart 3—Medicare Choice Plan Requirements**

16 **“SEC. 1895G. AVAILABILITY AND ENROLLMENT.**

17 “(a) *GENERAL AVAILABILITY.—*

18 “(1) *IN GENERAL.—Except as provided in para-*
19 *graph (2), each medicare choice plan sponsor shall*
20 *provide that each medicare choice eligible individual*
21 *shall be eligible to enroll under this part in a medi-*
22 *care choice plan of the sponsor during an enrollment*
23 *period applicable to such individual if the plan’s*
24 *medicare service area includes the geographic area in*
25 *which the individual resides.*

1 “(2) *EXCEPTIONS.*—

2 “(A) *ACCEPTANCE TO LIMITS OF CAPAC-*
3 *ITY.*—*Each medicare choice plan sponsor shall*
4 *provide that, at any time during which enroll-*
5 *ments are accepted, the plan sponsor will accept*
6 *medicare choice eligible individuals in the order*
7 *in which they apply for enrollment up to the*
8 *limits of the medicare choice plan’s capacity (as*
9 *determined by the Secretary) and without re-*
10 *strictions, except as may be authorized in regula-*
11 *tions. The preceding sentence shall not apply if*
12 *it would result in the enrollment of enrollees sub-*
13 *stantially nonrepresentative, as determined in*
14 *accordance with regulations of the Secretary, of*
15 *the medicare population in the medicare service*
16 *area of the plan.*

17 “(B) *UNION, TAFT-HARTLEY, OR ASSOCIA-*
18 *TION HEALTH PLAN.*—*A medicare choice plan*
19 *sponsor of a union or association plan described*
20 *in section 1895A(b)(2) shall limit its enrollment*
21 *to members of the sponsoring group who are en-*
22 *titled to all rights and privileges of any other*
23 *members of the group and spouses of such mem-*
24 *bers. An association plan which is sponsored by*
25 *a religious fraternal benefit society may limit*

1 *membership to individuals who share the same*
2 *religious convictions as the society.*

3 “(3) *POINT-OF-SERVICE COVERAGE.*—*If a Medi-*
4 *care Choice sponsor offers a Medicare Choice plan*
5 *that limits benefits to items and services furnished*
6 *only by providers in a network of providers which*
7 *have entered into a contract with the sponsor, the*
8 *sponsor must also offer at the time of enrollment, a*
9 *Medicare Choice plan that permits payment to be*
10 *made under the plan for covered items and services*
11 *when obtained out-of-network by the individual.*

12 “(b) *ENROLLMENT PERIODS.*—

13 “(1) *ANNUAL OPEN ENROLLMENT PERIOD.*—
14 *Each medicare choice plan sponsor shall offer an an-*
15 *nual open enrollment period in November of each*
16 *year for the enrollment and termination of enrollment*
17 *of medicare choice eligible individuals for the next*
18 *year.*

19 “(2) *ADDITIONAL PERIODS.*—*Each medicare*
20 *choice plan sponsor shall accept the enrollment of an*
21 *individual in the medicare choice plan—*

22 “(A) *during the initial medicare enrollment*
23 *period specified by section 1837 that applies to*
24 *the individual (effective as specified by section*
25 *1838), and*

1 “(B) during the period specified by the Sec-
2 retary following any termination of the enroll-
3 ment of the individual in a medicare choice plan
4 under subparagraph (B), (C), or (D) of section
5 1895D(b)(3).

6 “(c) *PLAN PARTICIPATION IN ENROLLMENT PROC-*
7 *ESS.—*

8 “(1) *IN GENERAL.—*In addition to any informa-
9 tional materials distributed by the Secretary under
10 section 1895C(c), a medicare choice plan sponsor may
11 develop and distribute marketing materials and en-
12 gage in marketing strategies in accordance with this
13 subsection.

14 “(2) *PLAN MARKETING AND ADVERTISING STAND-*
15 *ARDS.—*Any marketing material developed or distrib-
16 uted by a medicare choice plan sponsor and any mar-
17 keting strategy developed by such plan sponsor—

18 “(A) shall accurately describe differences be-
19 tween health care coverage available under the
20 plan and the health care coverage available
21 under the traditional medicare program,

22 “(B) shall be pursued in a manner not in-
23 tended to violate the nondiscrimination require-
24 ment of section 1895J(e)(1), and

1 “(C) shall not contain false or materially
2 misleading information, and shall conform to
3 any other fair marketing and advertising stand-
4 ards and requirements applicable to such plans
5 under law.

6 “(3) *PRIOR APPROVAL BY SECRETARY.*—

7 “(A) *IN GENERAL.*—No marketing materials
8 may be distributed by a medicare choice plan
9 sponsor to (or for the use of) individuals eligible
10 to enroll with the plan under this part unless—

11 “(i) at least 45 days before its distribu-
12 tion, the plan has submitted the material to
13 the Secretary for review, and

14 “(ii) the Secretary has not disapproved
15 the distribution of the material.

16 “(B) *REVIEW.*—The Secretary shall review
17 all marketing materials submitted under guide-
18 lines established by the Secretary and shall dis-
19 approve such material if the Secretary deter-
20 mines, in the Secretary’s discretion, that the ma-
21 terial is materially inaccurate or misleading or
22 otherwise makes a material misrepresentation.

23 “(C) *DEEMED APPROVAL.*—If marketing
24 material has been submitted under subparagraph
25 (A) to the Secretary or a regional office of the

1 *Department of Health and Human Services and*
2 *the Secretary or the office has not disapproved*
3 *the distribution of the materials under subpara-*
4 *graph (B) with respect to an area, the Secretary*
5 *is deemed not to have disapproved such distribu-*
6 *tion in all areas covered by the plan.*

7 ***“SEC. 1895H. BENEFITS PROVIDED TO INDIVIDUALS.***

8 *“(a) BASIC BENEFITS.—Each medicare choice plan*
9 *shall provide to members enrolled under this part, through*
10 *providers and other persons that meet the applicable re-*
11 *quirements of this title and part A of title XI—*

12 *“(1) those items and services covered under parts*
13 *A and B of this title which are available to individ-*
14 *uals residing in the medicare service area of the plan,*
15 *and*

16 *“(2) additional health services as the Secretary*
17 *may approve.*

18 *The Secretary shall approve any such additional health*
19 *care services which the plan proposes to offer to such mem-*
20 *bers, unless the Secretary determines that including such*
21 *additional services will substantially discourage enrollment*
22 *by medicare choice eligible individuals with the plan.*

23 *“(b) SUPPLEMENTAL BENEFITS.—Each medicare*
24 *choice plan may offer optional supplemental benefits to each*
25 *individual enrolled in the plan under this part for an addi-*

1 tional premium amount. If the supplemental benefits are
2 offered only to individuals enrolled in the sponsor's plan
3 under this part, the additional premium amount shall be
4 the same for all enrolled individuals in the medicare pay-
5 ment area. Such benefits may be marketed and sold by the
6 medicare choice plan sponsor outside of the enrollment proc-
7 ess described in section 1895D(b).

8 “(c) *COST-SHARING*.—

9 “(1) *ENROLLEE COST-SHARING UNDER CHOICE*
10 *PLAN MAY NOT EXCEED MEDICARE ENROLLEE*
11 *COST*.—*Except as provided in paragraph (2), in no*
12 *event may the average total amount of deductibles, co-*
13 *insurance, and copayments charged an individual*
14 *under a medicare choice plan with respect to basic*
15 *benefits described in subsection (a)(1) for a year ex-*
16 *ceed the average total amount of deductibles, coinsur-*
17 *ance, and copayments charged an individual under*
18 *the traditional medicare program for a year.*

19 “(2) *HIGH DEDUCTIBLE PLANS*.—*Subparagraph*
20 *(A) shall not apply to a high deductible plan de-*
21 *scribed in section 1895A(b)(1)(B)(iii).*

22 “(3) *DETERMINATION ON OTHER BASIS*.—*If the*
23 *Secretary determines that adequate data are not*
24 *available to determine the average amount under*
25 *paragraph (1), the Secretary may determine such*

1 *amount with respect to all individuals in the medi-*
2 *care payment area, the State, or in the United States,*
3 *eligible to enroll in such plan under this part or on*
4 *the basis of other appropriate data.*

5 *“(d) NATIONAL COVERAGE DETERMINATION.—If there*
6 *is a national coverage determination made in the period*
7 *beginning on the date of an announcement under section*
8 *1895M(a) and ending on the date of the next announcement*
9 *under such section and the Secretary projects that the deter-*
10 *mination will result in a significant change in the costs*
11 *to the medicare choice plan of providing the benefits that*
12 *are the subject of such national coverage determination and*
13 *that such change in costs was not incorporated in the deter-*
14 *mination of the medicare payment amount included in the*
15 *announcement made at the beginning of such period—*

16 *“(1) such determination shall not apply to con-*
17 *tracts under this part until the first contract year*
18 *that begins after the end of such period, and*

19 *“(2) if such coverage determination provides for*
20 *coverage of additional benefits or coverage under ad-*
21 *ditional circumstances, section 1895I(b)(2) shall not*
22 *apply to payment for such additional benefits or ben-*
23 *efits provided under such additional circumstances*
24 *until the first contract year that begins after the end*
25 *of such period,*

1 *unless otherwise required by law.*

2 “(e) *OVERLAPPING PERIODS OF COVERAGE.—A con-*
3 *tract under this part shall provide that in the case of an*
4 *individual who is receiving inpatient hospital services from*
5 *a subsection (d) hospital (as defined in section*
6 *1886(d)(1)(B)) as of the effective date of the individual’s—*

7 “(1) *enrollment with a medicare choice plan*
8 *under this part—*

9 “(A) *payment for such services until the*
10 *date of the individual’s discharge shall be made*
11 *under this title as if the individual were not en-*
12 *rolled with the plan,*

13 “(B) *the plan sponsor shall not be finan-*
14 *cially responsible for payment for such services*
15 *until the date after the date of the individual’s*
16 *discharge, and*

17 “(C) *the plan sponsor shall nonetheless be*
18 *paid the full amount otherwise payable to the*
19 *plan under this part, or*

20 “(2) *termination of enrollment with a medicare*
21 *choice plan under this part—*

22 “(A) *the plan sponsor shall be financially*
23 *responsible for payment for such services after*
24 *such date and until the date of the individual’s*
25 *discharge,*

1 “(B) payment for such services during the
2 stay shall not be made under section 1886(d),
3 and

4 “(C) the plan sponsor shall not receive any
5 payment with respect to the individual under
6 this part during the period the individual is not
7 enrolled.

8 “(f) ORGANIZATION AS SECONDARY PAYER.—Notwith-
9 standing any other provision of law, a medicare choice plan
10 sponsor may (in the case of the provision of services to an
11 individual under this part under circumstances in which
12 payment is made secondary pursuant to section 1862(b)(2))
13 charge or authorize the provider of such services to charge,
14 in accordance with the charges allowed under the law, plan,
15 or policy which is the primary payer under such cir-
16 cumstances—

17 “(1) the insurance carrier, employer, or other en-
18 tity which under such law, plan, or policy is to pay
19 for the provision of such services, or

20 “(2) such individual to the extent that the indi-
21 vidual has been paid under such law, plan, or policy
22 for such services.

23 **“SEC. 1895I. LICENSING AND FINANCIAL REQUIREMENTS.**

24 “(a) LICENSING REQUIREMENT.—

1 “(1) *IN GENERAL.*—A medicare choice plan
2 sponsor shall be organized and licensed under appli-
3 cable State law as a risk-bearing entity eligible to
4 offer health insurance or health benefits coverage in
5 each State in which the medicare choice plan enrolls
6 individuals under this part.

7 “(2) *EXCEPTION FOR UNION, TAFT-HARTLEY, OR*
8 *ASSOCIATION PLANS.*—Paragraph (1) shall not apply
9 to a union or association plan described in section
10 1895A(b)(2) if such plan is exempt from such require-
11 ments under the Employee Retirement Income Secu-
12 rity Act of 1974.

13 “(3) *COORDINATED CARE PLANS.*—Paragraph
14 (1) shall apply to a coordinated care plan except to
15 the extent provided in section 1895R.

16 “(b) *ASSUMPTION OF FULL FINANCIAL RISK.*—A med-
17 icare choice plan sponsor shall assume full financial risk
18 on a prospective basis for the provision of health care serv-
19 ices for which benefits are required to be provided under
20 section 1895H(a)(1), except that such plan sponsor may—

21 “(1) obtain insurance or make other arrange-
22 ments for the cost of such health care services the ag-
23 gregate value of which exceeds \$5,000 in any year,

24 “(2) obtain insurance or make other arrange-
25 ments for the cost of such health care services provided

1 to its enrolled members other than through the plan
2 sponsor because medical necessity required their pro-
3 vision before they could be secured through the plan
4 sponsor,

5 “(3) obtain insurance or make other arrange-
6 ments for not more than 90 percent of the amount by
7 which its costs for any of its fiscal years exceed 115
8 percent of its income for such fiscal year, and

9 “(4) make arrangements with physicians or
10 other health professionals, health care institutions, or
11 any combination of such individuals or institutions
12 to assume all or part of the financial risk on a pro-
13 spective basis for the provision of basic health services
14 by the physicians or other health professionals or
15 through the institutions.

16 “(c) *PROTECTION AGAINST RISK OF INSOLVENCY.*—

17 “(1) *IN GENERAL.*—A medicare choice plan
18 sponsor shall make adequate provision against the
19 risk of insolvency (including provision to prevent en-
20 rollees from being held liable to any person or entity
21 for the plan sponsor’s debts in the event of the plan
22 sponsor’s insolvency)—

23 “(A) as determined by the Secretary, or

24 “(B) as determined by a State which the
25 Secretary determines requires solvency standards

1 *at least as stringent as the standards under sub-*
2 *paragraph (A).*

3 “(2) *FACTORS TO CONSIDER.*—*In establishing*
4 *standards under paragraph (1) for coordinated care*
5 *plans described in section 1895A(b)(1)(B)(ii), the Sec-*
6 *retary shall consult with interested parties and shall*
7 *take into account—*

8 “(A) *a coordinated care plan sponsor’s de-*
9 *livery system assets and its ability to provide*
10 *services directly to enrollees through affiliated*
11 *providers, and*

12 “(B) *alternative means of protecting*
13 *against insolvency, including reinsurance, unre-*
14 *stricted surplus, letters of credit, guarantees, or-*
15 *ganizational insurance coverage, and partner-*
16 *ships with other licensed entities.*

17 *The Secretary is not required to include alternative*
18 *means described in subparagraph (B) in the stand-*
19 *ards but may consider such alternatives where con-*
20 *sistent with the standards.*

21 “(d) *PAYMENTS TO THE PLAN.*—

22 “(1) *PREPAID PAYMENT.*—*A medicare choice*
23 *plan sponsor shall be compensated (except for*
24 *deductibles, coinsurance, and copayments) for the pro-*
25 *vision of health care services to individuals enrolled*

1 *under this part by a payment by the Secretary (and*
2 *if applicable, the individual) which is paid on a peri-*
3 *odic basis without regard to the date the health care*
4 *services are provided and which is fixed without re-*
5 *gard to the frequency, extent, or kind of health care*
6 *service actually provided to a member.*

7 *“(2) SOLE PAYMENTS.—Subject to subsections*
8 *(d)(2) and (e) of section 1895H, if an individual is*
9 *enrolled under this part with a medicare choice plan,*
10 *only the plan sponsor shall be entitled to receive pay-*
11 *ments from the Secretary under this title for services*
12 *furnished to the individual.*

13 ***“SEC. 1895J. HEALTH PLAN STANDARDS.***

14 *“(a) IN GENERAL.—Each medicare choice plan spon-*
15 *sor shall meet the requirements of this section.*

16 *“(b) QUALITY ASSURANCE AND ACCREDITATION.—*

17 *“(1) INTERNAL REVIEW.—*

18 *“(A) IN GENERAL.—Each medicare choice*
19 *plan sponsor must establish an ongoing quality*
20 *assurance program (in accordance with regula-*
21 *tions established by the Secretary) for health care*
22 *services it provides to such individuals.*

23 *“(B) ELEMENTS OF PROGRAM.—The quality*
24 *assurance program established under subpara-*
25 *graph (A) shall—*

1 “(i) *stress health outcomes,*

2 “(ii) *provide for the establishment of*
3 *written protocols for utilization review,*
4 *based on current standards of medical prac-*
5 *tice,*

6 “(iii) *provide review by physicians*
7 *and other health care professionals of the*
8 *process followed in the provision of such*
9 *health care services,*

10 “(iv) *monitor and evaluate high-vol-*
11 *ume and high-risk services and the care of*
12 *acute and chronic conditions,*

13 “(v) *evaluate the continuity and co-*
14 *ordination of care that enrollees receive,*

15 “(vi) *have mechanisms to detect both*
16 *underutilization and overutilization of serv-*
17 *ices,*

18 “(vii) *after identifying areas for im-*
19 *provement, establish or alter practice pa-*
20 *rameters,*

21 “(viii) *take action to improve quality*
22 *and assess the effectiveness of such action*
23 *through systematic followup,*

24 “(ix) *make available information on*
25 *quality and outcomes measures to facilitate*

1 *beneficiary comparison and choice of health*
2 *coverage options (in such form and on such*
3 *quality and outcomes measures as the Sec-*
4 *retary determines to be appropriate), and*

5 *“(x) provide that the program is evalu-*
6 *ated on an ongoing basis as to its effective-*
7 *ness.*

8 “(2) *EXTERNAL REVIEW.*—

9 “(A) *IN GENERAL.*—*Each medicare choice*
10 *plan sponsor shall, for each medicare choice plan*
11 *it operates, have an agreement with an inde-*
12 *pendent quality review and improvement organi-*
13 *zation approved by the Secretary.*

14 “(B) *FUNCTIONS OF ORGANIZATION.*—*Each*
15 *independent quality review and improvement or-*
16 *ganization with an agreement under subpara-*
17 *graph (A) shall—*

18 “(i) *provide an alternative mechanism*
19 *for addressing enrollee grievances,*

20 “(ii) *review plan performance based on*
21 *accepted quality performance criteria,*

22 “(iii) *promote and make plans ac-*
23 *countable for improved plan performance,*

24 “(iv) *integrate into ongoing external*
25 *quality assurance activities a new set of*

1 *quality indicators and standards developed*
2 *specifically for the medicare population that*
3 *would be used to determine whether a plan*
4 *is providing quality care and appropriate*
5 *continuity and coordination of care, and*

6 *“(v) report to the Secretary on those*
7 *plans that have demonstrated unwillingness*
8 *or inability to improve their performance.*

9 “(3) *ACCREDITATION.—Each medicare choice*
10 *plan sponsor shall be required—*

11 *“(A) to meet accreditation standards estab-*
12 *lished by the Secretary, or*

13 *“(B) to be accredited by an external inde-*
14 *pendent accrediting organization, recognized by*
15 *the Secretary as requiring standards at least as*
16 *stringent as the standards established under sub-*
17 *paragraph (A).*

18 “(4) *ENCOUNTER DATA.—The Secretary shall*
19 *create incentives for medicare choice plan sponsors to*
20 *report aggregate encounter data, including data on*
21 *physician visits, nursing home days, home health*
22 *days, hospital inpatient days, and rehabilitation serv-*
23 *ices.*

24 “(c) *ACCESS.—Each medicare choice plan sponsor*
25 *shall—*

1 “(1) make the services described in section
2 1895H(a) (and such other health care services as such
3 individuals have contracted for) available and acces-
4 sible to each such individual, within the medicare
5 service area of the plan, with reasonable promptness,
6 and in a manner which assures continuity,

7 “(2) provide for reimbursement with respect to
8 such services which are provided to such an individ-
9 ual other than through the plan’s providers, if—

10 “(A) the services were medically necessary
11 and immediately required because of an unfore-
12 seen illness, injury, or condition, and

13 “(B) it was not reasonable given the cir-
14 cumstances to obtain the services through the
15 plan’s providers,

16 “(3) provide access to appropriate providers, in-
17 cluding credentialed specialists, for all medically nec-
18 essary treatment and services, and

19 “(4) except as provided by the Secretary on a
20 case-by-case basis, in the case of a coordinated care
21 plan described in section 1895A(b)(1)(B)(ii), provide
22 primary care services within 30 minutes or 30 miles
23 from an enrollee’s place of residence if the enrollee re-
24 sides in a rural area.

1 “(d) *CAPACITY.*—*Each medicare choice plan sponsor*
2 *shall provide the Secretary with a demonstration of the*
3 *plan’s capacity to adequately service the plan’s expected en-*
4 *rollment of individuals under this part.*

5 “(e) *CONSUMER PROTECTIONS.*—

6 “(1) *NONDISCRIMINATION.*—*Each medicare*
7 *choice plan sponsor shall provide assurances to the*
8 *Secretary that it will not deny enrollment to, expel,*
9 *or refuse to reenroll any such individual because of*
10 *the individual’s health status or requirements for*
11 *health care services, and that it will notify each such*
12 *individual of such fact at the time of the individual’s*
13 *enrollment. A medicare choice plan sponsor may not*
14 *cancel or refuse to renew a beneficiary except in the*
15 *case of fraud or nonpayment of premium amounts*
16 *due the plan.*

17 “(2) *GRIEVANCE PROCEDURES.*—

18 “(A) *IN GENERAL.*—*Each medicare choice*
19 *plan sponsor shall provide meaningful proce-*
20 *dures for hearing and resolving grievances be-*
21 *tween the plan (including any entity or individ-*
22 *ual through which the plan provides health care*
23 *services) and members enrolled with the plan*
24 *under this part.*

1 “(B) *HEARING REQUIREMENT.*—A member
2 enrolled with a medicare choice plan under this
3 part who is dissatisfied by reason of his failure
4 to receive any health service to which he believes
5 he is entitled and at no greater charge than he
6 believes he is required to pay is entitled, if the
7 amount in controversy is \$100 or more, to a
8 hearing before the Secretary to the same extent
9 as is provided in section 205(b), and in any such
10 hearing the Secretary shall make the plan spon-
11 sor a party. If the amount in controversy is
12 \$1,000 or more, the individual or plan sponsor
13 shall, upon notifying the other party, be entitled
14 to judicial review of the Secretary’s final deci-
15 sion as provided in section 205(g), and both the
16 individual and the plan sponsor shall be entitled
17 to be parties to that judicial review. In applying
18 sections 205(b) and 205(g) as provided in this
19 subparagraph, and in applying section 205(l)
20 thereto, any reference therein to the Commis-
21 sioner of Social Security or the Social Security
22 Administration shall be considered a reference to
23 the Secretary or the Department of Health and
24 Human Services, respectively.

1 “(C) *EXPEDITED REVIEW.*—*The Secretary*
2 *shall provide an expedited review procedure*
3 *under subparagraph (B) where a failure to re-*
4 *ceive any health care service or payment for such*
5 *service would result in significant harm.*

6 “(3) *SUPPLEMENTAL COVERAGE IF PLAN TERMI-*
7 *NATES THE CONTRACT.*—*Each medicare choice plan*
8 *sponsor that provides items and services pursuant to*
9 *a contract under this part shall provide assurances to*
10 *the Secretary that in the event the contract is termi-*
11 *nated, the sponsor shall provide or arrange for sup-*
12 *plemental coverage of benefits under this title related*
13 *to a preexisting condition with respect to any exclu-*
14 *sion period, to all individuals enrolled with the entity*
15 *who receive benefits under this title, for the lesser of*
16 *6 months or the duration of such period.*

17 “(f) *PROMPT PAYMENT.*—

18 “(1) *IN GENERAL.*—*Each medicare choice plan*
19 *sponsor shall provide prompt payment (consistent*
20 *with the provisions of sections 1816(c)(2) and*
21 *1842(c)(2)) of claims submitted for services and sup-*
22 *plies furnished to individuals pursuant to such con-*
23 *tract, if the services or supplies are not furnished*
24 *under a contract between the plan and the provider*
25 *or supplier.*

1 “(2) *DIRECT PAYMENT.*—*In the case of a medi-*
2 *care choice plan sponsor which the Secretary deter-*
3 *mines, after notice and opportunity for a hearing, has*
4 *failed to make payments of amounts in compliance*
5 *with paragraph (1), the Secretary may provide for*
6 *direct payment of the amounts owed to providers and*
7 *suppliers for such covered services furnished to indi-*
8 *viduals enrolled under this part under the contract.*
9 *If the Secretary provides for such direct payments,*
10 *the Secretary shall provide for an appropriate reduc-*
11 *tion in the amount of payments otherwise made to the*
12 *plan sponsor under this part to reflect the amount of*
13 *the Secretary’s payments (and costs incurred by the*
14 *Secretary in making such payments).*

15 “(g) *ADVANCE DIRECTIVES.*—*A contract under this*
16 *part shall provide that a medicare choice plan sponsor shall*
17 *meet the requirement of section 1866(f) (relating to main-*
18 *taining written policies and procedures respecting advance*
19 *directives).*

20 “(h) *TIMELY AUTHORIZATION FOR PROMPTLY NEED-*
21 *ED CARE IDENTIFIED AS A RESULT OF REQUIRED SCREEN-*
22 *ING EVALUATION.*—

23 “(1) *ACCESS TO PROCESS.*—*A medicare choice*
24 *plan sponsor shall provide access 24 hours a day, 7*
25 *days a week to such persons as may be authorized to*

1 *make any prior authorizations required by the plan*
2 *sponsor for coverage of items and services (other than*
3 *emergency services) that a treating physician or other*
4 *emergency department personnel identify, pursuant to*
5 *a screening evaluation required under section*
6 *1867(a), as being needed promptly by an individual*
7 *enrolled with the organization under this part.*

8 “(2) *DEEMED APPROVAL.*—*A medicare choice*
9 *plan sponsor is deemed to have approved a request for*
10 *such promptly needed items and services if the physi-*
11 *cian or other emergency department personnel in-*
12 *volved—*

13 “(A) *has made a reasonable effort to contact*
14 *such a person for authorization to provide an*
15 *appropriate referral for such items and services*
16 *or to provide the items and services to the indi-*
17 *vidual and access to the person has not been pro-*
18 *vided (as required in paragraph (1)), or*

19 “(B) *has requested such authorization from*
20 *the person and the person has not denied the au-*
21 *thorization within 30 minutes after the time the*
22 *request is made.*

23 “(3) *EFFECT OF APPROVAL.*—*Approval of a re-*
24 *quest for a prior authorization determination (includ-*
25 *ing a deemed approval under paragraph (2)) shall be*

1 *treated as approval of a request for any items and*
2 *services that are required to treat the medical condi-*
3 *tion identified pursuant to the required screening*
4 *evaluation.*

5 “(4) *DEFINITION OF EMERGENCY SERVICES.—In*
6 *this subsection, the term ‘emergency services’ means—*

7 “(A) *health care items and services fur-*
8 *nished in the emergency department of a hospital*
9 *(including a trauma center), and*

10 “(B) *ancillary services routinely available*
11 *to such department,*

12 *to the extent they are required to evaluate and treat*
13 *an emergency medical condition (as defined in para-*
14 *graph (5)) until the condition is stabilized.*

15 “(5) *EMERGENCY MEDICAL CONDITION.—In*
16 *paragraph (4), the term ‘emergency medical condi-*
17 *tion’ means a medical condition, the onset of which*
18 *is sudden, that manifests itself by symptoms of suffi-*
19 *cient severity, including severe pain, that a prudent*
20 *layperson, who possesses an average knowledge of*
21 *health and medicine, could reasonably expect the ab-*
22 *sence of immediate medical attention to result in—*

23 “(A) *placing the person’s health in serious*
24 *jeopardy,*

1 “(B) serious impairment to bodily func-
2 tions, or

3 “(C) serious dysfunction of any bodily
4 organ or part.

5 **“Subpart 4—Determination of Medicare Payment**
6 **Amounts and Rebates**

7 **“SEC. 1895M. MEDICARE PAYMENT AMOUNTS.**

8 “(a) *IN GENERAL.*—Not later than July 31 of each cal-
9 endar year (beginning with 1996), the Secretary shall deter-
10 mine, and announce in a manner intended to provide no-
11 tice to interested parties, a standardized medicare payment
12 amount determined in accordance with this section for the
13 following calendar year for each medicare payment area.

14 “(b) *CALCULATION OF STANDARDIZED MEDICARE*
15 *PAYMENT AMOUNTS.*—For purposes of this part—

16 “(1) 1997.—

17 “(A) *IN GENERAL.*—The standardized medi-
18 care payment amount for calendar year 1997 for
19 a medicare payment area shall be equal to the
20 sum of—

21 “(i) 50 percent of the modified per
22 capita rate for calendar year 1996, and

23 “(ii) 50 percent of the adjusted average
24 national per capita rate for calendar year
25 1996,

1 *increased by the percentage increase in the gross*
2 *domestic product per capita for the 12-month pe-*
3 *riod ending on June 30, 1996.*

4 “(B) *MODIFIED PER CAPITA RATE.—For*
5 *purposes of subparagraph (A)(i), the modified*
6 *per capita rate for calendar year 1996 for a*
7 *medicare payment area shall be equal to the per*
8 *capita rate which would have been determined*
9 *(without regard to class) under section*
10 *1876(a)(1)(C) for 1995 if—*

11 “(i) *the applicable geographic area*
12 *were the medicare payment area, and*

13 “(ii) *50 percent of any payments at-*
14 *tributable to sections 1886(d)(5)(B),*
15 *1886(h), and 1886(d)(5)(F) (relating to*
16 *IME, GME, and DSH payments) were not*
17 *taken into account,*

18 *increased by the percentage increase which the*
19 *Secretary estimates will occur in medicare ex-*
20 *penditures per capita for 1996 over medicare ex-*
21 *penditures per capita for 1995.*

22 “(C) *ADJUSTED AVERAGE NATIONAL PER*
23 *CAPITA RATE.—*

24 “(i) *IN GENERAL.—For purposes of*
25 *subparagraph (A)(ii), the adjusted average*

1 *national per capita rate for a medicare*
2 *payment area for calendar year 1996 shall*
3 *be equal to the sum, for all types of medi-*
4 *care services (as classified by the Secretary),*
5 *of the product for each such type of—*

6 “(I) *the average national per cap-*
7 *ita rate for 1996,*

8 “(II) *the proportion of such rate*
9 *for the year which is attributable to*
10 *such type of services, and*

11 “(III) *an index that reflects for*
12 *1996 and that type of service the rel-*
13 *ative input price of such services in the*
14 *medicare payment area as compared to*
15 *the national average input price of*
16 *such services.*

17 *In applying subclause (III), the Secretary*
18 *shall apply those indices that are used in*
19 *applying (or updating) medicare payment*
20 *rates for specific areas and localities.*

21 “(ii) *AVERAGE NATIONAL PER CAPITA*
22 *RATE.—For purposes of clause (i), the aver-*
23 *age national per capita rate for 1996 is the*
24 *weighted average of the modified per capita*

1 *rates determined under subparagraph (B)*
2 *for all medicare payment areas for 1996.*

3 “(2) *SUCCEEDING YEARS.*—

4 “(A) *IN GENERAL.*—*The standardized medi-*
5 *care payment amount for any calendar year*
6 *after 1997 in a medicare payment area shall be*
7 *an amount equal to the standardized medicare*
8 *payment amount determined for such area for*
9 *the preceding year, increased by the percentage*
10 *increase in the gross domestic product per capita*
11 *for the 12-month period ending on June 30 of*
12 *the preceding calendar year.*

13 “(B) *SPECIAL RULE FOR 1998.*—*In applying*
14 *subparagraph (A) for 1998, the standardized*
15 *medicare payment amount for the preceding cal-*
16 *endar year shall be the amount which would*
17 *have been determined if clause (ii) of paragraph*
18 *(1)(B) had been applied by substituting ‘100*
19 *percent’ for ‘50 percent’.*

20 “(3) *SPECIAL RULE FOR INDIVIDUALS WITH*
21 *END-STAGE RENAL DISEASE.*—*In computing the*
22 *standardized medicare payment amount for any med-*
23 *icare payment area, there shall not be taken into ac-*
24 *count any individuals with end-stage renal disease or*
25 *any medicare expenditures for such individuals.*

1 “(c) *ADJUSTMENTS FOR PAYMENTS TO PLAN SPON-*
2 *SORS.—*

3 “(1) *IN GENERAL.—The rate of payment under*
4 *section 1895O to a medicare choice plan sponsor with*
5 *respect to any individual enrolled in a medicare*
6 *choice plan of the sponsor shall be equal to the stand-*
7 *ardized medicare payment amount for the medicare*
8 *payment area, adjusted for such risk factors as age,*
9 *disability status, gender, institutional status, health*
10 *status, and such other factors as the Secretary deter-*
11 *mines to be appropriate, so as to ensure actuarial*
12 *equivalence. The Secretary may add to, modify, or*
13 *substitute for such classes, if such changes will im-*
14 *prove the determination of actuarial equivalence.*

15 “(2) *SPECIAL RULE FOR END-STAGE RENAL DIS-*
16 *EASE.—The Secretary shall establish a separate rate*
17 *of payment under section 1895O to a medicare choice*
18 *plan sponsor with respect to any individual with end-*
19 *stage renal disease enrolled in a medicare choice plan*
20 *of the sponsor. Such rate of payment shall be actuari-*
21 *ally equivalent to rates paid to other enrollees in the*
22 *medicare payment area (or such other area as speci-*
23 *fied by the Secretary).*

24 “(d) *GEOGRAPHICAL ADJUSTMENTS.—*

25 “(1) *ANNUAL ADJUSTMENTS.—*

1 “(A) *IN GENERAL.*—Unless Congress pro-
2 vides otherwise, beginning with calendar years
3 after 1999, the Secretary shall, based on the
4 analysis under paragraph (2) and to the extent
5 the Secretary determines necessary, make annual
6 differential adjustments to the standardized medi-
7 care payment amounts determined under sub-
8 section (b)(2) for calendar years 2000 and 2001
9 in a manner designed to achieve appropriate
10 and equitable variation in standardized medi-
11 care payment amounts across medicare payment
12 areas by calendar year 2002. Such variation
13 shall be reasonably related to measurable geo-
14 graphic differences in medicare payment areas.

15 “(B) *BUDGET NEUTRALITY.*—The Secretary
16 shall adjust the standardized medicare payment
17 amounts under subsection (b) in a manner that
18 ensures that total payments under this section
19 for a year are not greater or less than total pay-
20 ments under this section would have been but for
21 the application of subparagraph (A).

22 “(2) *ANALYSIS.*—The Secretary, in consultation
23 with interested parties, shall conduct an analysis of
24 the measurable input cost differences across medicare
25 payment areas, including wage differentials, and

1 *other measurable variables identified by the Sec-*
2 *retary. The Secretary shall also determine the degree*
3 *to which medicare beneficiaries, including bene-*
4 *ficiaries in rural and underserved areas, have access*
5 *to more health plan choices by calendar year 2000*
6 *under this part, and the extent to which standardized*
7 *medicare payment amounts have limited or enhanced*
8 *such choices.*

9 “(3) *REPORT TO CONGRESS.*—*Not later than*
10 *March 1, 1999, the Secretary shall submit a report to*
11 *the appropriate committees of Congress that includes*
12 *the results of the analysis described in paragraph (2)*
13 *and the annual differential adjustments that the Sec-*
14 *retary intends to implement under paragraph (1) for*
15 *calendar years 2000 and 2001.*

16 “(e) *NOTICE IN CHANGES TO BENEFIT ASSUMP-*
17 *TIONS.*—

18 “(1) *IN GENERAL.*—*At least 45 days before mak-*
19 *ing the announcement under subsection (a) for a year*
20 *(beginning with the announcement for 1998), the Sec-*
21 *retary shall provide for notice to medicare choice*
22 *plans of proposed changes to be made in the methodol-*
23 *ogy or benefit coverage assumptions from the meth-*
24 *odology and assumptions used in the previous an-*

1 *nouncement and shall provide such plans an oppor-*
2 *tunity to comment on such proposed changes.*

3 “(2) *EXPLANATION.—In each announcement*
4 *made under subsection (a) for a year (beginning with*
5 *the announcement for 1998), the Secretary shall in-*
6 *clude an explanation of the assumptions (including*
7 *any benefit coverage assumptions) and changes in*
8 *methodology used in the announcement in sufficient*
9 *detail so that medicare choice plans can compute*
10 *medicare payment rates under subsection (d) for*
11 *classes of individuals located in each medicare pay-*
12 *ment area which is in whole or in part within the*
13 *medicare service area of such a plan.*

14 “(f) *DEMONSTRATION PROJECT ON MARKET-BASED*
15 *REIMBURSEMENT AND COMPETITIVE PRICING.—The Sec-*
16 *retary shall establish 1 or more demonstration projects to*
17 *determine the standardized medicare payment amounts de-*
18 *scribed in subsection (b) through competitive bidding by*
19 *medicare choice plans in a medicare payment area. Not*
20 *later than December 31, 2001, the Secretary shall submit*
21 *a report to the Congress on the success of such projects in*
22 *determining standardized medicare payment amounts that*
23 *are reflective of market price.*

24 **“SEC. 1895N. PREMIUMS AND REBATES.**

25 “(a) *SUBMISSION AND CHARGING OF PREMIUMS.—*

1 “(1) *IN GENERAL.*—*Each medicare choice plan*
2 *sponsor shall file with the Secretary each year, in a*
3 *form and manner and at a time specified by the Sec-*
4 *retary, the amount of the monthly premium for cov-*
5 *erage under each medicare choice plan it offers under*
6 *this part in each medicare payment area in which the*
7 *plan is being offered.*

8 “(2) *UNIFORM PREMIUM.*—*The premiums*
9 *charged by a medicare choice plan sponsor under this*
10 *part may not vary among individuals who reside in*
11 *the same medicare payment area.*

12 “(3) *TERMS AND CONDITIONS OF IMPOSING PRE-*
13 *MIUMS.*—*Each medicare choice plan sponsor shall*
14 *permit the payment of monthly premiums on a*
15 *monthly basis.*

16 “(b) *REBATES.*—

17 “(1) *IN GENERAL.*—*If the standardized medicare*
18 *payment amount for the medicare payment area in*
19 *which an individual resides exceeds the amount of the*
20 *monthly premium for the plan in which the individ-*
21 *ual is enrolled (as submitted under subsection (a)(1)),*
22 *the Secretary shall—*

23 “(A) *in the case of an individual—*

24 “(i) *who is enrolled in a high deduct-*
25 *ible health plan described in section*

1 1895A(b)(1)(B)(iii), deposit 100 percent of
2 such excess in the medicare choice account
3 specified by the individual, or

4 “(ii) who is not so enrolled but who
5 elects the application of this clause, deposit
6 100 percent of such excess in the medicare
7 choice account specified by the individual;
8 or

9 “(B)(i) pay to the medicare choice plan
10 sponsor on behalf of such individual the monthly
11 amount equal to 100 percent of such excess up to
12 the amount of the premium amount of such indi-
13 vidual for supplemental benefits described in sec-
14 tion 1895H(b),

15 “(ii) pay to such individual an amount
16 equal to 75 percent of the remainder of such ex-
17 cess, and

18 “(iii) deposit the remainder of such excess
19 in the Federal Hospital Insurance Trust Fund.

20 “(2) TIME FOR PAYMENT.—

21 “(A) IN GENERAL.—A rebate under para-
22 graph (1)(B)(ii) shall be paid as of the close of
23 the calendar year to which the enrollment ap-
24 plied.

1 “(B) *DEPOSITS IN MEDICARE CHOICE AC-*
2 *COUNTS.—Deposits described in paragraph*
3 *(1)(A) shall be made on a monthly basis.*

4 “(C) *OTHER PAYMENTS AND DEPOSITS.—*
5 *Payments and deposits described in subpara-*
6 *graphs (B)(i) and (iii) shall be made on a*
7 *monthly basis.*

8 “(3) *SOURCE OF REBATES.—Deposits and pay-*
9 *ments described in paragraph (1) shall be made in*
10 *the same manner as payments are made under sec-*
11 *tion 1895O(b).*

12 **“SEC. 1895O. PAYMENTS TO PLAN SPONSORS.**

13 “(a) *MONTHLY PAYMENTS.—*

14 “(1) *IN GENERAL.—For each individual enrolled*
15 *with a plan under this part, the Secretary shall make*
16 *monthly payments in advance to the medicare choice*
17 *plan sponsor of the medicare choice plan with which*
18 *the individual is enrolled in an amount equal to the*
19 *medicare payment rate determined with respect to*
20 *such individual under section 1895M(c).*

21 “(2) *RETROACTIVE ADJUSTMENTS.—The amount*
22 *of payment under this paragraph may be retro-*
23 *actively adjusted to take into account any difference*
24 *between the actual number of individuals enrolled in*
25 *the plan under this section and the number of such*

1 “(1) *IN GENERAL.*—*In accordance with proce-*
2 *dures established under paragraph (2), the Secretary*
3 *may terminate any contact with a medicare choice*
4 *plan sponsor at any time or may impose the inter-*
5 *mediate sanctions described in paragraph (2) or (3)*
6 *or subsection (f) (whichever is applicable) on the plan*
7 *sponsor, if the Secretary finds that the plan spon-*
8 *sor—*

9 “(A) *has failed substantially to carry out*
10 *the contract,*

11 “(B) *is carrying out the contract in a man-*
12 *ner substantially inconsistent with the efficient*
13 *and effective administration of this part, or*

14 “(C) *no longer substantially meets the ap-*
15 *plicable conditions of this part.*

16 “(2) *PROCEDURES.*—*The Secretary may termi-*
17 *nate a contract with a medicare choice plan sponsor*
18 *under this part or may impose the intermediate sanc-*
19 *tions described in subsection (f)(3) on the plan in ac-*
20 *cordance with formal investigation and compliance*
21 *procedures established by the Secretary under*
22 *which—*

23 “(A) *the Secretary first provides the medi-*
24 *care choice plan sponsor with the reasonable op-*
25 *portunity to develop and implement a corrective*

1 *action plan to correct the deficiencies that were*
2 *the basis of the Secretary’s determination under*
3 *paragraph (1) and the medicare choice plan*
4 *sponsor fails to develop or implement such a cor-*
5 *rective action plan,*

6 “(B) *in deciding whether to impose sanc-*
7 *tions, the Secretary considers aggravating factors*
8 *such as whether a plan sponsor has a history of*
9 *deficiencies or has not taken action to correct de-*
10 *ficiencies the Secretary has brought to the plan*
11 *sponsor’s attention,*

12 “(C) *there are no unreasonable or unneces-*
13 *sary delays between the finding of a deficiency*
14 *and the imposition of sanctions, and*

15 “(D) *the Secretary provides the plan spon-*
16 *sor with reasonable notice and opportunity for*
17 *hearing (including the right to appeal an initial*
18 *decision) before imposing any sanction or termi-*
19 *nating the contract.*

20 “(c) *TERMS OF CONTRACT.—Each contract under this*
21 *part—*

22 “(1) *shall provide that the Secretary, or any per-*
23 *son or organization designated by the Secretary—*

24 “(A) *shall have the right to inspect or other-*
25 *wise evaluate—*

1 “(i) the quality, appropriateness, and
2 timeliness of services performed under the
3 contract, and

4 “(ii) the facilities of the plan sponsor
5 when there is reasonable evidence of some
6 need for such inspection,

7 “(B) shall have the right to audit and in-
8 spect any books and records of the plan sponsor
9 that pertain—

10 “(i) to the ability of the plan sponsor
11 to bear the risk of potential financial losses,
12 and

13 “(ii) shall require the plan sponsor
14 with a contract to provide (and pay for)
15 written notice in advance of the contract’s
16 termination, as well as a description of al-
17 ternatives for obtaining benefits under this
18 title, to each individual enrolled under this
19 part with the plan sponsor,

20 “(C)(i) except as provided by the Secretary,
21 shall require the plan sponsor to comply with re-
22 quirements similar to the requirements of sub-
23 sections (a) and (c) of section 1318 of the Public
24 Health Service Act (relating to disclosure of cer-
25 tain financial information) and section

1 1301(c)(8) of such Act (relating to liability ar-
2 rangements to protect members),

3 “(i) shall require the plan sponsor to pro-
4 vide and supply information (described in sec-
5 tion 1866(b)(2)(C)(ii)) in the manner such infor-
6 mation is required to be provided or supplied
7 under that section, and

8 “(iii) shall require the plan sponsor to no-
9 tify the Secretary of loans and other special fi-
10 nancial arrangements which are made between
11 the plan sponsor and subcontractors, affiliates,
12 and related parties, and

13 “(D) shall contain such other terms and
14 conditions not inconsistent with this part (in-
15 cluding requiring the plan sponsor to provide the
16 Secretary with such information) as the Sec-
17 retary may find necessary and appropriate.

18 “(d) 5-YEAR LOCKOUT.—The Secretary may not enter
19 into a contract under this part with a medicare choice plan
20 sponsor if a previous contract with that plan sponsor under
21 this part was terminated at the request of the plan sponsor
22 within the preceding 5-year period, except in circumstances
23 which warrant special consideration, as determined by the
24 Secretary.

1 “(e) *APPLICATION OF OTHER FEDERAL LAWS.—The*
2 *authority vested in the Secretary by this part may be per-*
3 *formed without regard to such provisions of law or regula-*
4 *tions relating to the making, performance, amendment, or*
5 *modification of contracts of the United States as the Sec-*
6 *retary may determine to be inconsistent with the further-*
7 *ance of the purpose of this title.*

8 “(f) *REMEDIES FOR FAILURE TO COMPLY.—*

9 “(1) *FAILURE OF PLAN SPONSOR TO COMPLY*
10 *WITH CONTRACT.—If the Secretary determines that a*
11 *medicare choice plan sponsor—*

12 “(A) *fails substantially to provide medically*
13 *necessary items and services that are required*
14 *(under law or under the contract) to be provided*
15 *to an individual covered under the contract, and*
16 *the failure has adversely affected (or has substan-*
17 *tial likelihood of adversely affecting) the individ-*
18 *ual,*

19 “(B) *imposes cost sharing on individuals*
20 *enrolled under this part in excess of the cost*
21 *sharing permitted,*

22 “(C) *acts to expel or to refuse to re-enroll an*
23 *individual in violation of the provisions of this*
24 *part,*

1 “(D) engages in any practice that would
2 reasonably be expected to have the effect of deny-
3 ing or discouraging enrollment (except as per-
4 mitted by this part) by eligible individuals with
5 the plan whose medical condition or history in-
6 dicates a need for substantial future medical
7 services,

8 “(E) misrepresents or falsifies information
9 that is furnished—

10 “(i) to the Secretary under this section,

11 or

12 “(ii) to an individual or to any other
13 entity under this section,

14 “(F) fails to comply with the requirements
15 of section 1895J(f), or

16 “(G) employs or contracts with any indi-
17 vidual or entity that is excluded from participa-
18 tion under this title under section 1128 or 1128A
19 for the provision of health care, utilization re-
20 view, medical social work, or administrative
21 services or employs or contracts with any entity
22 for the provision (directly or indirectly) through
23 such an excluded individual or entity of such
24 services,

1 *the Secretary may provide, in addition to any other*
2 *remedies authorized by law, for any of the remedies*
3 *described in paragraph (2).*

4 *“(2) REMEDIES.—The remedies described in this*
5 *paragraph are—*

6 *“(A) civil money penalties of not more than*
7 *\$25,000 for each determination under paragraph*
8 *(1) or, with respect to a determination under*
9 *subparagraph (D) or (E)(i) of such paragraph,*
10 *of not more than \$100,000 for each such deter-*
11 *mination, plus, with respect to a determination*
12 *under paragraph (1)(B), double the excess*
13 *amount charged in violation of such subpara-*
14 *graph (and the excess amount charged shall be*
15 *deducted from the penalty and returned to the*
16 *individual concerned), and plus, with respect to*
17 *a determination under paragraph (1)(D),*
18 *\$15,000 for each individual not enrolled as a re-*
19 *sult of the practice involved,*

20 *“(B) suspension of enrollment of individ-*
21 *uals under this section after the date the Sec-*
22 *retary notifies the plan sponsor of a determina-*
23 *tion under paragraph (1) and until the Sec-*
24 *retary is satisfied that the basis for such deter-*

1 *mination has been corrected and is not likely to*
2 *recur, or*

3 *“(C) suspension of payment to the plan*
4 *sponsor under this section for individuals en-*
5 *rolled after the date the Secretary notifies the*
6 *plan sponsor of a determination under para-*
7 *graph (1) and until the Secretary is satisfied*
8 *that the basis for such determination has been*
9 *corrected and is not likely to recur.*

10 *“(3) INTERMEDIATE SANCTIONS.—In the case of*
11 *a medicare choice plan sponsor for which the Sec-*
12 *retary makes a determination under subsection (b)(1)*
13 *the basis of which is not described in subparagraph*
14 *(A) thereof, the Secretary may apply the following in-*
15 *termediate sanctions:*

16 *“(A) Civil money penalties of not more*
17 *than \$25,000 for each determination under sub-*
18 *section (b)(1) if the deficiency that is the basis*
19 *of the determination has directly adversely af-*
20 *ected (or has the substantial likelihood of ad-*
21 *versely affecting) an individual covered under*
22 *the plan’s contract.*

23 *“(B) Civil money penalties of not more*
24 *than \$10,000 for each week beginning after the*
25 *initiation of procedures by the Secretary under*

1 “(B) a State denies a licensing application
2 and the Secretary determines that the State’s li-
3 censing standards or review process create an
4 unreasonable barrier to market entry,
5 the Secretary shall evaluate such application pursu-
6 ant to the procedures established under subsection (b).

7 “(2) *UNREASONABLE BARRIERS TO MARKET*
8 *ENTRY.*—A State’s licensing standards and review
9 process shall not be treated as unreasonable barriers
10 to market entry under paragraph (1) if—

11 “(A) they are applied consistently to all co-
12 ordinated care medicare choice plan applica-
13 tions,

14 “(B) are not directly in conflict, or incon-
15 sistent with, the Federal standards.

16 “(b) *FEDERAL CERTIFICATION PROCEDURES.*—

17 “(1) *IN GENERAL.*—The Secretary shall establish
18 a process for certification of a coordinated care plan
19 and its sponsor as meeting the requirements of this
20 part in cases described in subsection (a)(1).

21 “(2) *REQUIREMENTS.*—Such process shall—

22 “(A) set forth the standards for certifi-
23 cation,

24 “(B) provide that final action will be taken
25 on an application for certification within 120

1 *business days of receipt of the completed applica-*
2 *tion,*

3 “(C) *provide that State law and regulations*
4 *shall apply to the extent they have not been*
5 *found to be an unreasonable barrier to market*
6 *entry under subsection (a)(1)(B), and*

7 “(D) *require any person receiving a certifi-*
8 *cate to provide the Secretary with all reasonable*
9 *information in order to ensure compliance with*
10 *the certification.*

11 “(3) *EFFECT OF CERTIFICATIONS.—*

12 “(A) *IN GENERAL.—A certificate under this*
13 *section shall be issued for not more than 36*
14 *months and may not be renewed.*

15 “(B) *COORDINATION WITH STATE.—A per-*
16 *son receiving a certificate under this section*
17 *shall continue to seek State licensure under sub-*
18 *section (a) during the period the certificate is in*
19 *effect.*

20 “(C) *SUNSET.—No certificate shall be is-*
21 *sued under this section after December 31, 2000,*
22 *and no certificate under this section shall re-*
23 *main in effect after December 31, 2001.*

24 “(c) *REPORT.—Not later than December 31, 1998, the*
25 *Secretary shall report to Congress on the temporary Federal*

1 *certification system under subsection (b), including an*
2 *analysis of State efforts to adopt licensing standards and*
3 *review processes that take into account the fact that coordi-*
4 *nated care plan sponsors provide services directly to enroll-*
5 *ees through affiliated providers.*

6 “(d) *COORDINATED CARE PLAN.*—*In this section, the*
7 *term ‘coordinated care plan’ means a plan described in sec-*
8 *tion 1895A(b)(1)(B)(ii).*

9 “(e) *TRANSITION RULE FOR CERTAIN RISK CONTRAC-*
10 *TORS.*—*A medicare choice plan sponsor that is an eligible*
11 *organization (as defined in section 1876(b)) and that—*

12 “(1) *has a risk-sharing contract in effect under*
13 *section 1876 as of the date of the enactment of this*
14 *part, or*

15 “(2) *has an application for such a contract filed*
16 *before such date and the contract is entered into before*
17 *July 1, 1996,*

18 *shall be treated as meeting the Federal standards in effect*
19 *under this section for any contract year beginning before*
20 *January 1, 2000.*

21 “(f) *PARTIAL CAPITATION DEMONSTRATION.*—*The*
22 *Secretary shall conduct a demonstration on alternative par-*
23 *tial risk-sharing arrangements between the Secretary and*
24 *health care providers. The Secretary shall report to Con-*
25 *gress no later than December 31, 1998, on the administra-*

1 *tive feasibility of such partial capitation methods and the*
2 *information necessary to implement such arrangements.*

3 **“SEC. 1895S. REGULATIONS.**

4 “(a) *IN GENERAL.—The Secretary shall establish such*
5 *regulations as may be necessary to carry out the purposes*
6 *of this part, including regulations setting forth the require-*
7 *ments to meet all quality, access, and solvency standards*
8 *specified in sections 1895I and 1895J.*

9 “(b) *USE OF INTERIM, FINAL REGULATIONS.—In*
10 *order to carry out the provisions of this part in a timely*
11 *manner, the Secretary may, within 120 days after the date*
12 *of the enactment of this part, promulgate regulations de-*
13 *scribed in subsection (a) that take effect on an interim*
14 *basis, after notice and opportunity for public comment.”.*

15 “(b) *COORDINATION WITH FEHBP.—Notwithstanding*
16 *any provision of part D of title XVIII of the Social Security*
17 *Act (as added by subsection (a)), individuals who are en-*
18 *rolled in a health benefit plan under chapter 89 of title 5,*
19 *United States Code, shall not be eligible to enroll in high*
20 *deductible medicare choice plans described in section*
21 *1895A(b)(1)(B)(iii) of such Act until such time as the Di-*
22 *rector of the Office of Management and Budget certifies to*
23 *the Secretary of Health and Human Services that the Office*
24 *of Personnel Management has adopted policies which will*
25 *ensure that the enrollment of such individuals in such plans*

1 *will not result in increased expenditures for the Federal*
2 *Government for health benefit plans under such chapter.*

3 *(c) CONFORMING AMENDMENTS.—*

4 *(1) IN GENERAL.—Not later than 90 days after*
5 *the date of the enactment of this Act, the Secretary of*
6 *Health and Human Services shall submit to the ap-*
7 *propriate committees of Congress a legislative pro-*
8 *posal providing for such technical and conforming*
9 *amendments in the law as are required by the provi-*
10 *sions of this chapter.*

11 *(2) OTHER AMENDMENTS.—(A) Section*
12 *1866(a)(1)(O) (42 U.S.C. 1395cc(a)(1)(O)) is amend-*
13 *ed—*

14 *(i) in the matter preceding clause (i), by in-*
15 *serting “or medicare choice plan under part D”*
16 *after “eligible organization”, and*

17 *(ii) in clause (i), by inserting “or under a*
18 *contract under part D, ” after “1972,”.*

19 *(B) Section 1882(g)(1) (42 U.S.C.*
20 *1395ww(g)(1)) is amended in the first sentence by in-*
21 *serting “, or under a medicare choice plan under part*
22 *D” before the end period.*

23 *(d) EFFECTIVE DATE.—The amendments made by this*
24 *section shall apply with respect to contracts effective on and*
25 *after January 1, 1997.*

1 **SEC. 7002. TREATMENT OF 1876 ORGANIZATIONS.**

2 (a) *TERMINATION OF 1876 RISK-SHARING ORGANIZA-*
3 *TIONS.—Section 1876 (42 U.S.C. 1395mm) is amended by*
4 *adding at the end the following new subsection:*

5 “(k)(1) *Except as provided in paragraph (2), this sec-*
6 *tion shall not apply to risk-sharing contracts effective for*
7 *contract years beginning on or after January 1, 1997.*

8 “(2) *An individual who is enrolled in part B only and*
9 *is enrolled in an eligible organization with a risk-sharing*
10 *contract under this section on December 31, 1996, may con-*
11 *tinue enrollment in such organization. Not later than July*