

105TH CONGRESS  
1ST SESSION

# H. R. 2364

To reduce Federal spending in several programs.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 31, 1997

Mr. SHAYS introduced the following bill; which was referred to the Committee on National Security, and in addition to the Committees on International Relations, Science, Agriculture, Transportation and Infrastructure, Resources, Education and the Workforce, Veterans' Affairs, and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To reduce Federal spending in several programs.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

### 3 **TITLE I—DEFENSE**

#### 4 **SEC. 101. REDUCTION OF NUCLEAR DELIVERY SYSTEMS.**

5 The Secretary of Defense shall reduce the strategic  
6 nuclear force of the Department of Defense by fiscal year  
7 2003 to include a maximum of 300 Minuteman III inter-  
8 continental ballistic missiles.

1 **SEC. 102. TERMINATION OF PRODUCTION OF TRIDENT II**  
2 **(D-5) MISSILES AND RETIREMENT OF TRI-**  
3 **DENT I SUBMARINES.**

4 (a) TERMINATION OF TRIDENT II MISSILE PRODUC-  
5 TION.—No funds may be appropriated to the Department  
6 of Defense for any fiscal year after fiscal year 1997 for  
7 production of Trident II (D-5) missiles for the Depart-  
8 ment of the Navy.

9 (b) RETIREMENT OF TRIDENT I SUBMARINES.—The  
10 Secretary of Defense shall retire eight Trident I sub-  
11 marines during fiscal years 2000 through 2003.

12 **SEC. 103. REDUCTION IN THEATER MISSILE DEFENSE PRO-**  
13 **GRAMS.**

14 (a) TERMINATION OF PROGRAMS.—The Secretary of  
15 Defense shall reduce theater missile defense programs by  
16 terminating development of—

17 (1) the Navy sea-based area theater missile de-  
18 fense system;

19 (2) the Army Medium Extended Air Defense  
20 System (MEADS);

21 (3) the Air Force airborne laser for destruction  
22 of missiles system; and

23 (4) the Space and Missile Tracking System  
24 (Brilliant Eyes).

25 (b) PROHIBITION ON FUNDING FOR DEVELOPMENT  
26 OF ARROW MISSILE FOR ISRAEL.—No funds may be ap-

1 appropriated to the Department of Defense for any fiscal  
2 year after fiscal year 1997 to provide assistance to Israel  
3 for development of the Arrow missile.

4 **SEC. 104. TERMINATION OF THE MARINE CORPS V-22**  
5 **OSPREY AIRCRAFT PROGRAM.**

6 No funds may be appropriated to the Department of  
7 Defense for any fiscal year after fiscal year 1997 for re-  
8 search, development, test, and evaluation or for procure-  
9 ment for the Marine Corps V-22 Osprey aircraft program.

10 **SEC. 105. RETIREMENT OF EXCESS KC-135 TANKERS.**

11 The Secretary of Defense shall retire 20 Air Force  
12 KC-135E aircraft during each of fiscal years 1998  
13 through 2002.

14 **SEC. 106. ASSIGNMENT OF WARTIME FUNCTION TO MILI-**  
15 **TARY PERSONNEL IN TRAINING OR TRANSIT.**

16 The Secretary of Defense shall assign to a unit of  
17 the Armed Forces members of the Armed Forces—

18 (1) who are in transit during a scheduled move  
19 from one military installation to another military in-  
20 stallation; and

21 (2) who are undergoing military training other  
22 than basic training.

1 **SEC. 107. INCREASE IN SURCHARGE ON COMMISSARY**  
2 **PRICES TO REDUCE NEED FOR APPRO-**  
3 **PRIATED SUBSIDY.**

4 The Secretary of Defense shall increase the surcharge  
5 on sale prices of goods and services sold in commissary  
6 store facilities so that commissary prices are increased by  
7 at least 10 percent, as compared to commissary prices in  
8 effect immediately before the date of the enactment of this  
9 Act, and maintain such increased surcharge in order to  
10 make the commissary store network more self-sufficient  
11 and reduce the need to appropriate funds to subsidize the  
12 commissary store network. Consistent with section  
13 2486(c) of title 10, United States Code, the increased sur-  
14 charge shall be applied as a uniform percentage of the  
15 sales price of all goods and services sold in commissary  
16 store facilities.

17 **SEC. 108. RECOVERY OF FULL COST OF MILITARY**  
18 **EXPORTS.**

19 (a) RECOUPMENT OF CERTAIN NONRECURRING  
20 COSTS IN COMMERCIAL EXPORT SALES OF MAJOR DE-  
21 FENSE EQUIPMENT.—

22 (1) IN GENERAL.—Section 38 of the Arms Ex-  
23 port Control Act (22 U.S.C. 2778) is amended by  
24 adding at the end the following new subsection:

25 “(i)(1) Any sale involving the export of major defense  
26 equipment pursuant to a license or other approval granted

1 under this section shall include an appropriate charge for  
2 a proportionate amount of the nonrecurring costs incurred  
3 by the United States in the research, development, and  
4 production of such equipment. Such charge shall be com-  
5 parable to the charge imposed pursuant to section  
6 21(e)(1)(B) of this Act relating to government-to-govern-  
7 ment sales of major defense equipment.

8 “(2) The charge provided for in paragraph (1) shall  
9 not apply with respect to major defense equipment that  
10 is wholly paid for from funds transferred under section  
11 503(a)(3) of the Foreign Assistance Act of 1961 (22  
12 U.S.C. 2311(a)(3)) or from funds made available on a  
13 grant or other nonrepayable basis under section 23 of this  
14 Act.”.

15 (2) EFFECTIVE DATE.—Section 38(i) of the  
16 Arms Export Control Act, as added by paragraph  
17 (1), applies with respect to major defense equipment  
18 sold pursuant to a contract entered into on or after  
19 the date of the enactment of this Act.

20 (b) RECOVERY OF CERTAIN ADMINISTRATIVE EX-  
21 PENSES IN CONNECTION WITH FOREIGN MILITARY  
22 SALES.—Section 43(b) of the Arms Export Control Act  
23 (22 U.S.C. 2792(b)) is amended—

24 (1) by adding “and” at the end of paragraph  
25 (1);

1 (2) by striking “; and” at the end of paragraph

2 (2) and inserting a period; and

3 (3) by striking paragraph (3).

4 **TITLE II—OTHER**  
 5 **DISCRETIONARY ACCOUNTS**

6 **SEC. 201. TERMINATION OF SPACE STATION PROGRAM.**

7 (a) TERMINATION.—The Administrator of the Na-  
 8 tional Aeronautics and Space Administration shall termi-  
 9 nate the participation of the United States in the Inter-  
 10 national Space Station program.

11 (b) TERMINATION COSTS.—There are authorized to  
 12 be appropriated to the Administrator of the National Aer-  
 13 onautics and Space Administration \$700,000,000 for fis-  
 14 cal year 1998 for costs associated with carrying out sub-  
 15 section (a).

16 **SEC. 202. ELIMINATION OF LOAN SUBSIDIES AVAILABLE**  
 17 **UNDER THE RURAL ELECTRIFICATION ACT**  
 18 **OF 1936.**

19 (a) IN GENERAL.—Title I of the Rural Electrification  
 20 Act of 1936 (7 U.S.C. 901–946) is amended by adding  
 21 at the end the following:

22 **“SEC. 19. INTEREST RATE ON LOANS AND ADVANCES**  
 23 **UNDER THIS ACT.**

24 “The rate of interest on any loan made under this  
 25 Act on or after the date of the enactment of this section,

1 and the rate of interest on any advance made under this  
 2 Act on or after such date under loan commitments made  
 3 at any time, shall equal the coupon equivalent yield on  
 4 obligations of the Treasury of the United States of com-  
 5 parable maturity, at the most recent auction of such obli-  
 6 gations by the Department of the Treasury.

7 **“SEC. 20. LOAN ORIGINATION FEES.**

8       “(a) IN GENERAL.—The Secretary and the Governor  
 9 of the telephone bank shall charge and collect a loan origi-  
 10 nation fee, in an amount determined by use of the sched-  
 11 ule prescribed under subsection (b), from each borrower  
 12 to whom a loan is made under this Act on or after the  
 13 date of the enactment of this section.

14       “(b) FEE SCHEDULE.—The Secretary shall prescribe  
 15 a schedule of loan origination fees to be collected under  
 16 subsection (a), which shall be calculated so as to result  
 17 in the collection of amounts sufficient to cover the cost of  
 18 defaults on loans made under this Act on or after the date  
 19 of the enactment of this section.”.

20       (b) CONFORMING AMENDMENTS.—

21               (1) Section 305(a) of such Act (7 U.S.C.  
 22 935(a)) is amended by striking “and at the interest  
 23 rates hereinafter provided”.

24               (2) Section 305(c)(1) of such Act (7 U.S.C.  
 25 935(c)(1)) is amended by striking “of 5 percent per

1       year” each place it appears and inserting “deter-  
2       mined pursuant to section 19”.

3               (3) Section 305(c)(2)(A) of such Act (7 U.S.C.  
4       935(c)(2)(A)) is amended—

5                       (A) by striking “the interest rate described  
6                       in subparagraph (B)” and inserting “an inter-  
7                       est rate determined pursuant to section 19”;  
8                       and

9                       (B) by striking “(C)” and inserting “(B)”;

10               (4) Section 305(c)(2)(C)(i) of such Act (7  
11       U.S.C. 935(c)(2)(C)(i)) is amended by striking “sub-  
12       paragraph (B)” and inserting “section 19”.

13               (5) Section 305(c)(2) of such Act (7 U.S.C.  
14       935(c)(2)) is amended by striking subparagraph (B)  
15       and redesignating subparagraphs (C) and (D) as  
16       subparagraphs (B) and (C), respectively.

17               (6) Section 305(d)(1)(A) of such Act (7 U.S.C.  
18       935(d)) is amended by striking “of 5 percent per  
19       year” and inserting “determined pursuant to section  
20       19”.

21               (7) Section 305(d)(2) of such Act (7 U.S.C.  
22       935(d)(2)) is amended by striking “equal to the then  
23       current cost of money to the Government of the  
24       United States for loans of similar maturity, but not



1 more than 7 percent per year,” and inserting “deter-  
2 mined pursuant to section 19”.

3 (8) Section 305(d)(3)(C) of such Act (7 U.S.C.  
4 935(d)(3)(C)) is amended by striking  
5 “408(b)(4)(C)” and inserting “408(b)(3)(C)”.

6 (9) Section 306C(c)(1) of such Act (7 U.S.C.  
7 936c(c)(1)) is amended—

8 (A) by striking “the interest rate described  
9 in paragraph (2)” and inserting “an interest  
10 rate determined pursuant to section 19”; and

11 (B) by striking “(3)” and inserting “(2)”.

12 (10) Section 306C(c)(3)(A) of such Act (7  
13 U.S.C. 936c(c)(3)(A)) is amended by striking “para-  
14 graph (2)” and inserting “section 19”.

15 (11) Section 306C(c)(4) of such Act (7 U.S.C.  
16 936c(c)(4)) is amended by striking “(3)” and insert-  
17 ing “(2)”.

18 (12) Section 306C(c) of such Act (7 U.S.C.  
19 936c(c)) is amended by striking paragraph (2) and  
20 redesignating paragraphs (3) and (4) as paragraphs  
21 (2) and (3), respectively.

22 (13) Section 306C of such Act (7 U.S.C. 936c)  
23 is amended by striking subsection (d).

1           (14) Section 310 of such Act (7 U.S.C. 940) is  
 2           amended by striking “provided in section 305” and  
 3           inserting “determined pursuant to section 19”.

4           (15) Section 408(b)(2) of such Act (7 U.S.C.  
 5           948(b)(2)) is amended by striking “, however, to”  
 6           and inserting “to section 19 and”.

7           (16) Section 408(b) of such Act (7 U.S.C.  
 8           948(b)) is amended by striking paragraph (3) and  
 9           redesignating paragraphs (4) through (8) as para-  
 10          graphs (3) through (7), respectively.

11          (17) Section 408(e) of such Act (7 U.S.C.  
 12          948(e)) is amended by striking the 1st and 2nd sen-  
 13          tences.

14   **SEC. 203. ELIMINATION OF BELOW-COST SALES OF TIMBER**  
 15                   **FROM NATIONAL FOREST SYSTEM LANDS.**

16          The National Forest Management Act of 1976 is  
 17          amended by inserting after section 14 (16 U.S.C. 472a)  
 18          the following new section:

19   **“SEC. 14A. ELIMINATION OF BELOW-COST TIMBER SALES**  
 20                   **FROM NATIONAL FOREST SYSTEM LANDS.**

21          “(a) REQUIREMENT THAT SALE REVENUES EXCEED  
 22          COSTS.—On and after October 1, 2002, in appraising tim-  
 23          ber and setting a minimum bid for trees, portions of trees,  
 24          or forest products located on National Forest System  
 25          lands proposed for sale under section 14 or any other pro-

1 vision of law, the Secretary of Agriculture shall ensure  
2 that the estimated cash returns to the United States  
3 Treasury from each sale exceed the estimated costs to be  
4 incurred by the Federal Government in the preparation  
5 of the sale or as a result of the sale.

6 “(b) COSTS TO BE CONSIDERED.—For purposes of  
7 estimating under this section the costs to be incurred by  
8 the Federal Government from each timber sale, the Sec-  
9 retary shall assign to the sale the following costs:

10 “(1) The actual appropriated expenses for sale  
11 preparation and harvest administration incurred or  
12 to be incurred by the Federal Government from the  
13 sale and the payments to counties to be made as a  
14 result of the sale.

15 “(2) A portion of the annual timber resource  
16 planning costs, silvicultural examination costs, other  
17 resource support costs, road design and construction  
18 costs, road maintenance costs, transportation plan-  
19 ning costs, appropriated reforestation costs, timber  
20 stand improvement costs, forest genetics costs, gen-  
21 eral administrative costs (including administrative  
22 costs of the national and regional offices of the For-  
23 est Service), and facilities construction costs of the  
24 Federal Government directly or indirectly related to

1 the timber harvest program conducted on National  
2 Forest System lands.

3 “(c) METHOD OF ALLOCATING COSTS.—The Sec-  
4 retary shall allocate the costs referred to in subsection  
5 (b)(2) to each unit of the National Forest System, and  
6 each proposed timber sale in such unit, on the basis of  
7 harvest volume.

8 “(d) TRANSITIONAL REQUIREMENTS.—To ensure the  
9 elimination of all below-cost timber sales by the date speci-  
10 fied in subsection (a), the Secretary shall progressively re-  
11 duce the number and size of below-cost timber sales on  
12 National Forest System lands as follows:

13 “(1) In fiscal years 1998 and 1999, the quan-  
14 tity of timber sold in below-cost timber sales on Na-  
15 tional Forest System lands shall not exceed 75 per-  
16 cent of the quantity of timber sold in such sales in  
17 the preceding fiscal year.

18 “(2) In fiscal year 2000, the quantity of timber  
19 sold in below-cost timber sales on National Forest  
20 System lands shall not exceed 65 percent of the  
21 quantity of timber sold in such sales in fiscal year  
22 1998.

23 “(3) In fiscal year 2001, the quantity of timber  
24 sold in below-cost timber sales on National Forest  
25 System lands shall not exceed 50 percent of the

1 quantity of timber sold in such sales in the fiscal  
2 year 2000.

3 “(e) BELOW-COST TIMBER SALE.—For purposes of  
4 this section, the term ‘below-cost timber sale’ means a sale  
5 of timber in which the costs to be incurred by the Federal  
6 Government exceed the cash returns to the United States  
7 Treasury.”.

8 **SEC. 204. ELIMINATION OF THE FOREIGN MARKET DEVEL-**  
9 **OPMENT COOPERATOR PROGRAM.**

10 Title VII of the Agricultural Trade Act of 1978 (7  
11 U.S.C. 5712 et seq.) is repealed.

12 **SEC. 205. ELIMINATION OF COCHRAN FELLOWSHIP PRO-**  
13 **GRAM.**

14 Section 1543 of the Food, Agriculture, Conservation,  
15 and Trade Act of 1990 (7 U.S.C. 3293) is repealed.

16 **SEC. 206. ELIMINATION OF SUPPORT FOR PRODUCERS AND**  
17 **USERS OF COMMERCIAL AIRLINERS.**

18 The Administrator of the National Aeronautics and  
19 Space Administration shall not obligate any funds for the  
20 Advanced Subsonic Technology Program, High-Speed Re-  
21 search, or the National Aeronautics Facility.

1 **SEC. 207. ELIMINATION OF APPALACHIAN REGIONAL COM-**  
2 **MISSION.**

3 Effective September 30, 1997, the Appalachian Re-  
4 gional Development Act of 1965 (Public Law 89–4) is re-  
5 pealed.

6 **SEC. 208. ELIMINATION OF FEDERAL FUNDING FOR TVA.**

7 Section 27 of the Tennessee Valley Authority Act of  
8 1933 (16 U.S.C. 831z) is amended to read as follows:

9 “SEC. 27. No appropriations are authorized to carry  
10 out the provisions of this Act after September 30, 1997.”.

11 **TITLE III—ENTITLEMENTS**

12 **SEC. 301. SALE AND PURCHASE OF POWER BY FEDERAL**  
13 **POWER MARKETING ADMINISTRATIONS.**

14 (a) MARKET BASED RATES.—Notwithstanding sec-  
15 tions 4 and 5 of the Bonneville Project Act of 1937 (16  
16 U.S.C. 832), sections 9 and 10 of the Federal Columbia  
17 River Transmission System Act (16 U.S.C. 838 and fol-  
18 lowing), the Act of August 31, 1964 (16 U.S.C. 837–  
19 837h), section 7 of the Pacific Northwest Electric Power  
20 Planning and Conservation Act (16 U.S.C. 839–839h),  
21 section 5 of the Flood Control Act of 1944, the Depart-  
22 ment of Energy Organization Act (Public Law 93–454),  
23 or any other authority of law, after October 1, 1997, for  
24 any contract or other arrangement entered into by any  
25 Federal Power Marketing Administration after October 1,

1 1997 for the sale of electric power, notwithstanding any  
2 other provision of law—

3 (1) the rate for the sale of such power shall be  
4 the market rate established by competitive bidding  
5 and no discount or special rate shall be provided to  
6 any purchaser; and

7 (2) no public body or cooperative, Federal agen-  
8 cy, investor-owned utility, direct service industrial  
9 customer, or other entity shall be entitled to any  
10 preference or priority right to contract for or other-  
11 wise purchase such power.

12 Nothing in this subsection shall affect any contract en-  
13 tered into before October 1, 1997. Notwithstanding the  
14 Federal Power Act or section 7 of the Pacific Northwest  
15 Electric Power Planning and Conservation Act (16 U.S.C.  
16 839–839h), the Federal Energy Regulatory Commission  
17 shall not be authorized or required to approve or confirm  
18 any rate for the sale of electric power or transmission serv-  
19 ices established under this subsection.

20 (b) TERMINATION OF RESIDENTIAL EXCHANGE PRO-  
21 GRAM.—Section 5(c) of the Pacific Northwest Power Plan-  
22 ning and Conservation Act (16 U.S.C. 839–839h) shall  
23 not apply to any contract or other arrangement for the  
24 purchase or sale of electric power entered into after Octo-  
25 ber 1, 1997.

1 (c) CONTRACT RENEWAL.—After the enactment of  
 2 this Act, no Federal Power Marketing Administration may  
 3 enter into or renew any power marketing contract for a  
 4 term that exceeds 5 years.

5 **SEC. 302. ELIMINATION OF MARKET ACCESS PROGRAM.**

6 Section 203 of the Agricultural Trade Act of 1978  
 7 (7 U.S.C. 5623) is repealed.

8 **SEC. 303. INCREASE IN ASSESSMENTS UNDER TOBACCO**  
 9 **PRICE SUPPORT PROGRAM.**

10 (a) INCREASE IN ASSESSMENT RATE.—Section  
 11 106(g)(1) of the Agricultural Act of 1949 (7 U.S.C.  
 12 1445(g)(1)) is amended—

13 (1) in subparagraph (A), by striking “.5 per-  
 14 cent” and inserting “1 percent”; and

15 (2) in subparagraph (B), by striking “1 per-  
 16 cent” and inserting “2 percent”.

17 (b) DURATION OF ASSESSMENTS.—Such section is  
 18 further amended by striking “1998 crops” and inserting  
 19 “2002 crops”.

20 **SEC. 304. PAYMENT OF IN-SCHOOL INTEREST BY STUDENT**  
 21 **LOAN BORROWERS.**

22 Section 428(b)(7) of the Higher Education Act of  
 23 1965 (20 U.S.C. 1078(b)(7)) is amended—



1 (1) in subparagraph (A), by striking “In the  
 2 case” and inserting “Except as provided in subpara-  
 3 graph (D), in the case”; and

4 (2) by adding at the end the following new sub-  
 5 paragraph:

6 “(D) In the case of a loan made under section  
 7 427 or 428 after October 1, 1997, the repayment  
 8 period shall exclude any period of authorized  
 9 deferment or forbearance, and shall begin as de-  
 10 scribed in clause (i) or (ii) of subparagraph (A), but  
 11 interest shall begin to accrue or be paid by the bor-  
 12 rower at the beginning of the 6 month period de-  
 13 scribed in such clause (i).”.

14 **SEC. 305. COPAYMENT FOR PRESCRIPTION MEDICATIONS**  
 15 **FURNISHED TO VETERANS BY THE DEPART-**  
 16 **MENT OF VETERANS AFFAIRS.**

17 (a) INCREASE IN COPYAMENT.—Subsection (a)(1) of  
 18 1722A of title 38, United States Code, is amended by  
 19 striking “\$2” and inserting “\$5”.

20 (b) EXTENSION OF COPAYMENT REQUIREMENT.—  
 21 Subsection (c) of such section is amended by striking ”Sep-  
 22 tember 30, 1998” and inserting ”September 30, 2002”.

○